

PRELIMINARY REVIEW

of the

FY 2017-18

Executive Budget Recommendation



Mary Ann Cleary, Director
February 14, 2017

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**OVERVIEW OF
FY 2017-18 EXECUTIVE BUDGET RECOMMENDATION**
Mary Ann Cleary, Director, and Bethany Wicksall, Deputy Director

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

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

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

Of the \$31,907.9 million in state resources recommended for appropriation in FY 2017-18, \$17,680.7 million (55.4% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

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

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

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

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

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

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

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

- \$37.6 million GF/GP (\$84.4 million Gross) for 8 statewide IT projects representing three departments and a deposit into the Information Technology Investment Fund (\$7.5 million). Funding includes a mix of ongoing and one-time costs.
- \$35.0 million for a 2.5% increase in public university operations.
- \$14.2 million GF/GP (\$45.0 million Gross) to provide a \$0.50 per hour increase in wages for direct care workers providing Medicaid behavioral health services.
- \$10.0 million increase for Business Attraction and Community Revitalization programs plus shifts \$14.0 million in one-time funding in FY 2016-17 to ongoing in FY 2017-18.
- \$11.0 million increase for tuition grants and competitive scholarships at Michigan universities.

- \$9.2 million (including \$6.2 million in one-time costs) for a State Police trooper school.
- \$8.4 million GF/GP (\$27.2 million Gross) to increase the reimbursement rate for childcare providers delivering services through the Child Development and Care (CDC) program.
- \$8.1 million GF/GP (\$11.3 million Gross) increase for 95 adult services workers.
- \$6.8 million GF/GP (\$14.2 million Gross) for increases in administrative per diem rates to private foster care agencies and residential service providers.
- \$4.9 million GF/GP (\$7.2 million Gross) increase for additional 72 staff workers at state hospitals and centers.

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

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

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

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

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

- \$100.0 million SAF to pay for the additional unfunded liability costs from lowering the assumed rate of return (AROR) for MPERS from 8.0% to 7.5% to community colleges, universities, and school districts. (2-year phase-in)
- \$53.0 million SAF to pay the additional MPSER normal cost to community colleges, universities, and school districts resulting from the change in AROR. (2-year phase-in)
- \$50.8 million GF/GP (\$93.9 million Gross) to pay the additional unfunded liability costs from lowering the assumed rate of return for state employees', state police, and judges' retirement systems from 8.0% to 7.5%.

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

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

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

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

The Executive recommended no change to local revenue sharing programs.

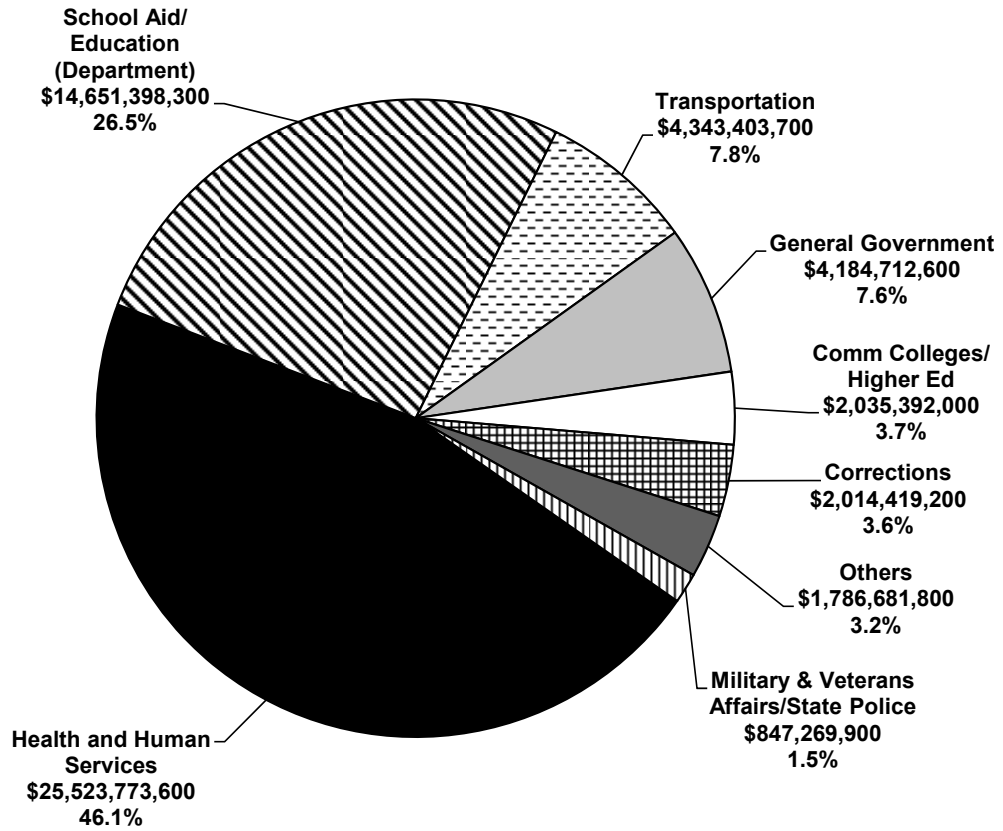
As shown on Table 7 on page 17, the FY 2017-18 budget assumes sunset extension on five fees in the Department of Environmental Quality.

A more detailed summary of major budget changes by individual budget area begins on page 19.

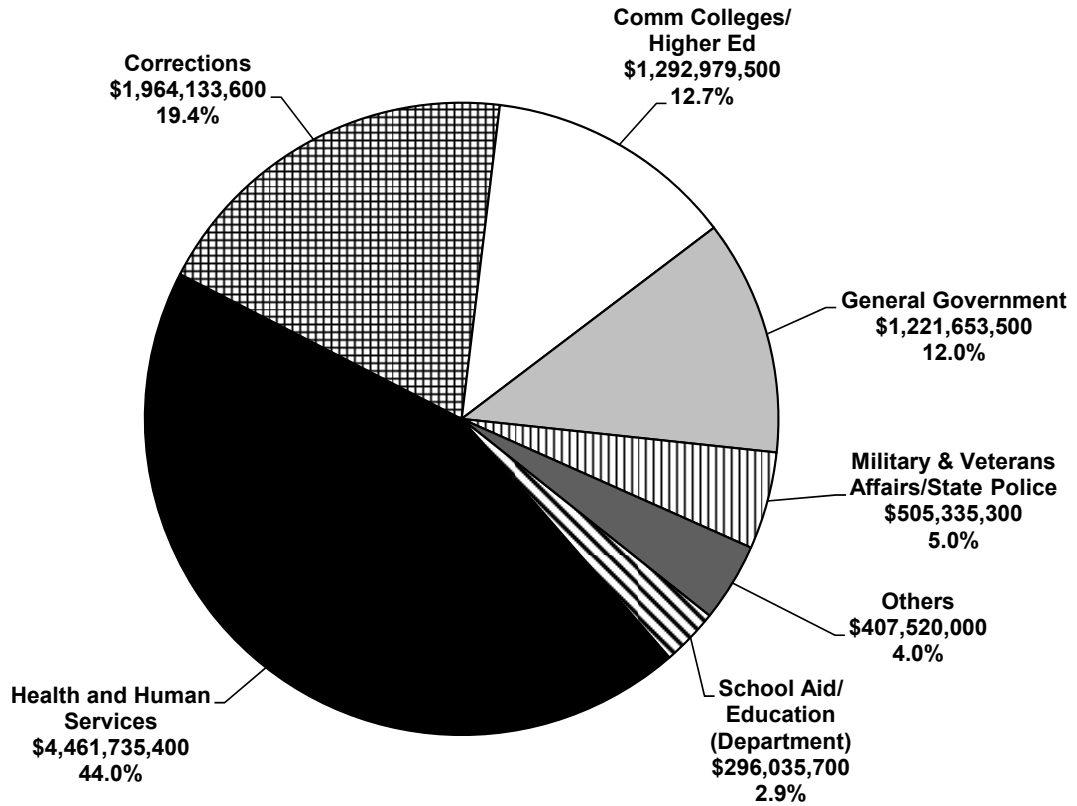
This preliminary review provides a brief summary of the Executive Recommendation for FY 2017-18. The House Fiscal Agency's full Review and Analysis of the FY 2017-18 Executive Budget Recommendation will be available within two weeks, and will contain a more detailed review of major budget and boilerplate changes by budget area.

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

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



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



CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2017-18 and FY 2018-19 Executive Recommendation

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

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

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

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

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

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

Note: Numbers may not add due to rounding.

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available for basic state programs and other purposes determined by the Legislature.

State Restricted: State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

State-Source Appropriations: Appropriations from state-level revenue sources: State Restricted plus GF/GP.

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

Local/Private Funds: Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

Adjusted Gross: Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGs) or intradepartmental transfers (IDTs).

Notes:

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

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

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

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

**FY 2016-17 Through FY 2018-19 Executive Recommendation
School Aid Fund (SAF)
Millions of Dollars**

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

**FY 2017-18 and FY 2018-19 Executive Recommendation
Tobacco Settlement / Merit Award Trust Fund
Millions of Dollars**

	FY 2017-18	FY 2018-19
<u>Resources</u>		
Beginning balance	\$0.5	\$1.4
Tobacco Settlement MSA payment	285.8	284.4
Settlement adjustments / withheld payments	0.0	0.0
Debt service on 2006/2007 securitization bonds (24.11%)	(68.9)	(68.5)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>0.1</u>	<u>0.1</u>
Total Resources	\$53.0	\$52.8
<u>Expenditures</u>		
Attorney General: Administration	\$0.5	\$0.5
DHHS: Aging-respite care	4.1	4.1
DHHS: Medicaid base funding	45.0	45.0
State Police: Criminal investigations / IT	0.8	0.8
Treasury: Student Financial Services programs	<u>1.2</u>	<u>1.2</u>
Total Expenditures	\$51.6	\$51.6
Estimated Ending Balance	\$1.4	\$1.2

BUDGET SUMMARY TABLES

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

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

- FY 2016-17 year-to-date figures include adjustments through February 8, 2017.
- Some appropriation items in the FY 2016-17 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally balanced budget. The FY 2017-18 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**TABLE 1
FY 2017-18 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

FY 2017-18 Executive Recommendation

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

TABLE 7
FY 2017-18 Executive Recommendation – Fee Proposal

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

FY 2017-18 EXECUTIVE BUDGET HIGHLIGHTS
Major Changes Proposed

Agriculture and Rural Development

Analyst: William E. Hamilton

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

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

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

Agriculture Development

Recommends increase of \$3.2 million (GF/GP) and 1.0 additional FTE position to support the promotion of Michigan food processing and products as well as efforts to attract private investment in food processing in the state.

Federal Food Safety Modernization Act (FSMA)

Provides \$1.1 million (\$980,000 GF/GP) and 4.0 FTE positions to assist producers implementing FSMA requirements.

Bovine Tuberculosis (TB) – Wildlife Risk Mitigation

Recommends \$1.0 million GF/GP, identified as one-time, for a cost share program with local conservation districts to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB.

Tree Fruit Commission

Provides \$1.5 million GF/GP, identified as one-time, to the Michigan Tree Fruit Commission to complete unspecified capital improvements.

Double-up Food Bucks

Recommends \$1.4 million GF/GP, identified as one-time, to support expansion of "Double-up Food Bucks" nutrition program throughout the state; \$680,800 is identified as specific to the city of Flint and the Drinking Water Declaration of Emergency. Funding also in proposed FY 2016-17 supplemental.

Right to Farm Program

Includes \$384,000 GF/GP program increase and additional 2.5 FTE positions.

Intercounty Drain Mapping Project

Provides \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool.

Value Added Grant Program

Eliminates \$1.5 million GF/GP competitive grant program.

Economic Adjustments

Reflects increased costs of \$676,200 Gross (\$473,800 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Double-up Food Bucks

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

Community Colleges

Analyst: Perry Zielak

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

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

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

Michigan Public School Employee Retirement System (MPERS) Rate Cap Costs

Reduces funding by \$9.1 million School Aid Fund (SAF) for the state's share of colleges' unfunded liability to MPERS. The state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). Increased investment gains and more positive health experiences have reduced the amount of funding needed above the cap for FY 2017-18. The total funding for the state share of MPERS would be \$70.8 million SAF.

MPERS Assumed Rate of Return

Increases funding by \$6.7 million SAF for the state's share of colleges' unfunded liability to MPERS. The increase will cover the reduction in the assumed rate of return for MPERS from 8% to 7.5%. The total funding for the state share of MPERS would be \$70.8 million SAF.

MPERS Normal Cost Offset

Includes \$3.6 million SAF to reimburse community colleges for their normal cost portion to reduce the assumed rate of return for MPERS from 8% to 7.5%.

Renaissance Zone Reimbursement Costs

Reduces funding for Renaissance Zone reimbursements to community colleges by \$2.0 million GF/GP. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reforms. Also includes funding shift of \$3.1 million from GF/GP to SAF, bringing total funding to \$3.1 million SAF.

Independent Part-Time Student Grant

Adds \$2.0 million GF/GP for a pilot program that provides financial support to part-time adult students who have earned 15 credits or more. The grants are limited to students enrolled at community colleges who are near the completion of a degree or certificate.

Michigan Transfer Network

Includes \$1.0 million GF/GP in one-time funds to support the enhancement of the Michigan Transfer Network website. The new site will better assist students in transferring credits between different institutions of Higher Education within the state.

Community Colleges Operations Grants Fund Shift

Maintains current funding levels for community colleges operations grants of \$315.9 million. However, there is an increase of \$130.4 million SAF and a corresponding decrease of \$130.4 million GF/GP as the entirety of operations grants are funded through SAF.

Corrections

Analyst: Robin R. Risko

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

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

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

One-Time Funding for Training of New Custody Staff

Includes \$4.4 million GF/GP in one-time funding to train an additional 177 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.)

Trinity Food Service Contract Adjustment

Includes \$4.0 million GF/GP to cover the required contract rate adjustment and an increase in the projected cost of food service utilizing a census-based billing model with prices per meal based on prisoner population levels. The contract requires that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index - All Urban Consumers, U.S. City Average for Food Away from Home. That CPI has averaged a 2.6% increase over the last 10 years. The amount of additional funding assumes the same increase in FY 2017-18.

Corizon Health Care Contract Adjustment

Includes \$3.5 million GF/GP to cover required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals.

Increased Oncology Costs

Includes \$2.3 million GF/GP to cover increased cancer treatment-related costs (i.e. costs for chemo/radiation, surgeries, observation, and office visits). The number of inmates treated for cancer increased by 48% from FY 2015 to FY 2016. The higher number of inmates requiring cancer treatment services is expected to continue.

Westside Residential Alternative to Prison Program

Includes \$1.5 million GF/GP to expand the current Wayne Residential Alternative to Prison Program to thirteen counties on the west side of the state. The program provides new and additional sentencing options for probation violators who may otherwise be sent to prison, including vocational, educational, and cognitive programming in a secure, highly structured setting. Funding will be utilized to lease a housing unit at a jail on the west side of the state and to pay for contracted vocational, cognitive, and substance abuse services.

Removal of One-Time Funding

Reduces the budget by \$9.5 million Gross (\$9.0 million GF/GP) to reflect the removal of one-time funding that was included in the FY 2016-17 budget.

Program Eliminations

Reflects a savings of \$4.0 million GF/GP due to the following program eliminations:

- Goodwill Flip the Script Program (\$1.5 million) - Funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison.

- Supervising Region Incentive Program (\$2.5 million) - Funding was first included in the FY 2016-17 budget and was authorized to be expended in accordance with provisions contained in the Supervising Region Incentive Act. To date, that act has not been enacted, so the funding is eliminated.

Funding Adjustment for Hepatitis C Treatment

Reflects a savings of \$3.2 million GF/GP to align FY 2017-18 base funding for Hepatitis C treatment with anticipated caseload needs. The Executive budget recommendation includes a supplemental request for \$13.9 million in the FY 2016-17 budget (see below) to address treatment needs of prisoners that have Hepatitis C with metavir scores of F2. Currently, the department is treating prisoners with metavir scores of F3 and F4. If the department is appropriated the \$13.9 million in the FY 2016-17 year budget, the FY 2017-18 base funding level should be reduced to reflect the amount of funding needed in FY 2017-18 for prisoners still requiring treatment.

Economic Adjustments

Reflects increased costs of \$12.5 million Gross (\$12.4 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Expanded Treatment for Prisoners with Hepatitis C

Includes \$13.9 million GF/GP to cover increased costs of the expanded drug treatment protocol for treatment of prisoners with Hepatitis C to align with the community standard of care set by Medicaid. The treatment protocol now is to treat prisoners that have Hepatitis C with metavir scores of F2, F3, and F4. This funding will enable the department to eliminate the backlog of prisoners with metavir scores of F3 and F4 and to treat prisoners with metavir scores of F2. The total number of prisoners that can be treated is determined based on individual treatment plans and costs to provide treatment. A corresponding negative supplemental in the DHHS budget will support this supplemental request. Sufficient funding is available in the pharmaceutical services line in the DHHS budget.

Education (Department)

Analyst: Samuel Christensen

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

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

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

Child Development and Care (CDC) – Provider Reimbursement Rate Increase

Provides \$27.2 million Gross (\$18.8 million federal Child Care Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to closer match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.

CDC – License-Exempt Monitoring

Provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child's own home—are offering care that meets health and safety requirements.

CDC – Background Check Staffing in Department of Licensing and Regulatory Affairs (LARA)

Provides \$800,000 federal CCDF for the staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings.

State Assessments Staffing

Provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Reductions in federal funding for state assessments have decreased in recent years, thus eliminating funding for FTE positions.

Partnership Model with Districts

Creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance.

Field Services – Every Student Succeeds Act (ESSA) Required Staffing

Provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements. 1.0 FTE for a nonpublic schools ombudsman and 1.0 FTE for a foster care liaison.

Economic Adjustments

Reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for negotiated salary and wage increase (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

CDC – Provider Reimbursement Rates, Child Care Monitoring, and Technology Improvements

Includes \$15.4 million Gross (\$13.3 million federal CCDF and \$2.1 million GF/GP) to provide implementation of child care provider reimbursement rate increase (\$6.8 million Gross), child care Monitoring (\$7.1 million Gross), and technology improvements and system maintenance (\$1.5 million Gross).

Environmental Quality

Analyst: Austin Scott

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

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

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

Drinking Water Declaration of Emergency one-time funding

Provides \$1.0 million GF/GP for engineering support and technical assistance in response to the drinking water declaration of emergency.

Vapor Intrusion

Provides 4.0 FTEs and \$1.4 million Gross (\$1.3 million GF/GP) to establish a vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites.

Environmental Cleanup and Redevelopment Program one-time funding

Provides \$14.9 million from the refined petroleum fund to partially offset the loss of Clean Michigan Initiative – response activities funding.

Lead and Copper Rule Program

Provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program.

Communications and Community Outreach – Communications and Public Affairs Staff

Provides 5.0 FTEs and \$1.0 million GF/GP funding to create a communications and public affairs office for the department.

Oil, Gas, and Mineral Services ongoing GF/GP

Provides \$4.0 million GF/GP funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding was included in the FY 2016-17 DNR budget on a one-time basis.

Economic Adjustments

Reflects increased costs of \$1.6 million Gross (\$313,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Water Infrastructure Improvements for the Nation program

Provides \$100.0 million in federal funding for the drinking water declaration of emergency. Funding will be used for water treatment plant improvements, service line and water meter replacement, distribution system upgrades, corrosion control, and other infrastructure needs. This funding requires a 20% match (\$20.0 million) which will be provided by DEQ from the funds appropriated in the current FY 2016-17 budget.

All General Government

Analysts: Ben Gielczyk and Michael Cnossen

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$760,158,300	\$782,493,800	\$22,335,500	2.9
Federal	826,723,500	807,906,500	(18,817,000)	(2.3)
Local	12,021,000	17,332,700	5,311,700	44.2
Private	6,064,500	6,244,900	180,400	3.0
Restricted	2,127,740,600	2,131,575,000	3,834,400	0.2
GF/GP	1,233,516,700	1,221,653,500	(11,863,200)	(1.0)
Gross	\$4,966,224,600	\$4,967,206,400	\$981,800	0.0
FTEs	8,760.7	8,895.7	135.0	1.5

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

Summary pages for individual department/agency budgets contained within the current FY 2016-17 General Government appropriations bill follow this page.

Attorney General

Analyst: Michael Cnossen

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

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

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

Prescription Drug Abuse Enforcement

Provides \$700,000 GF/GP to continue support of the statewide drug enforcement strategy targeting opioid addiction and abuse.

Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases

Provides \$750,000 GF/GP to local prosecutors for legal services related to the reconsideration of juvenile life without parole cases.

Student Safety – OK2SA Y

Adds \$470,000 state restricted to continue funding the student safety program call center operations. Funding will require a legislative repeal of a sunset placed on the Student Safety Fund on October 1, 2017.

Policy Implementation and Enforcement

Appropriates funds for activities required in 2016 legislation. Appropriations include \$375,000 state restricted for investigation and enforcement activities related to medical marijuana regulation (Public Acts 281 – 283 of 2016) and \$217,000 state restricted for utility consumers' rate advocacy cases (PA 341 of 2016).

Unlicensed Activity Law Enforcement

Appropriates \$732,300 IDG from LARA for 5.5 FTEs and for the investigation and prosecution of unlicensed activities among realtors and accountants in addition to builders.

Economic Adjustments

Reflects increased costs of \$745,800 Gross (\$415,200 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Unlicensed Activity Law Enforcement

Appropriates \$719,300 Gross (\$0 GF/GP) for investigations of unlicensed activities of builders, realtors, and accountants.

PACC NextGen Case Management System

Appropriates \$1.2 million Gross (\$0 GF/GP) for software development, installation, and maintenance for Prosecuting Attorneys Coordinating Council's NextGen Case Management System.

Civil Rights

Analyst: Michael Clossen

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$293,600	\$296,600	\$3000	1.0
Federal	2,763,000	2,775,800	12,800	0.5
Local	0	0	0	--
Private	18,700	18,700	0	0
Restricted	151,900	151,900	0	0
GF/GP	13,021,300	12,856,600	(164,700)	(1.3)
Gross	\$16,248,500	\$16,099,600	(\$148,900)	(0.9)
FTEs	135.0	133.0	(2.0)	(1.5)

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

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

Removal of Current Year One-Time Funding

Removes \$250,000 GF/GP one-time funding for the Division on Deaf, Deaf/Blind, and Hard of Hearing.

Economic Adjustments

Reflects increased costs of \$101,100 Gross (\$85,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Executive Office

Analyst: Ben Gielczyk

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

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

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

Executive Office Operations

Reflects increased costs of \$200,000 GF/GP related to Executive Office staff and other operations.

Office of Urban Initiatives

Includes \$1.0 million GF/GP to reflect move of Office of Urban Initiatives from the Department of Technology, Management, and Budget to the Executive Office.

Legislature

Analyst: Ben Gielczyk

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

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

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

Legislature Operations

Includes \$10.6 million Gross (\$10.6 GF/GP) to reflect increased costs related to legislative staff and other operations.

Legislative Information Technology Systems Design Project

Includes \$3.0 million GF/GP in one-time funding to support the design, development, and implementation of a legislative-wide integrated computer system. The funds would supplement the \$9.0 million GF/GP appropriated in FY 2016-17.

Removal of One-Time Appropriations

Removes \$6.5 million GF/GP in FY 2016-17 one-time funding for the Criminal Justice Policy Commission Study (\$500,000 GF/GP) and Legislative IT Systems Design Project (\$6.0 million GF/GP).

Legislative Auditor General

Analyst: Ben Gielczyk

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

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

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

Auditor General Operations

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

State (Department)

Analyst: Michael Crossen

	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	0	0	--
Private	100	50,100	50,000	50,000.0
Restricted	204,745,900	205,709,400	963,500	0.5
GF/GP	22,109,600	22,139,000	29,400	0.1
Gross	\$248,315,600	\$249,358,500	\$1,042,900	0.4
FTEs	1,593.0	1,614.0	21.0	1.3

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

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

Office of Investigative Services Expansion

Provides \$1.4 million GF/GP and 11.0 FTEs to increase investigations and regulatory enforcement of vehicle repair facilities and mechanics.

Mi-Time Line Expansion

Provides \$400,000 GF/GP for the expansion of the cell phone texting notification service which allows branch office customers to leave a branch office while they wait and know when to return. The appropriation would allow the service to expand to 20 additional offices from the current 30.

GF/GP Fund Shift for Driver Fee Reductions

Appropriates a shift of \$3.0 million GF/GP to replace driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in PA 348 of 2016.

Lottery Assistance in Upper Michigan

Adds \$1.0 million state restricted to assist with redeeming winning lottery tickets in the Upper Peninsula and northern Lower Peninsula for tickets valued between \$600 and \$50,000. The Department of State will be authorized to retain one percent of the redeemed winnings for administrative costs.

Increase in Credit Card Service Fees

Increases the authorization of state restricted funds by \$2.0 million to provide for the increase in credit card activity and associated fees in branch offices and self-service terminals.

Economic Adjustments

Reflects increased costs of \$506,700 Gross (\$211,700 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

GF/GP Fund Shift for Driver Fee Reductions

Provides \$1.5 million GF/GP to replace driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in PA 348 of 2016.

Talent and Economic Development

Analyst: Benjamin Gielczyk

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

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

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

Business Attraction and Community Revitalization

Includes \$10.0 million GF/GP in one-time appropriations for Michigan Business Development Program grants and loans and Community Revitalization Program grants and loans. Shifts \$14.0 million GF/GP that was considered one-time in FY 2016-17 to ongoing appropriations.

Going Pro (formerly Skilled Trades Training Program)

Includes \$10.0 million GF/GP in one-time appropriations to expand Going Pro program. Program funding supports grants to employers to assist in training, developing, and retaining current employees and individuals to be hired.

Talent Marketing

Provides \$5.0 million GF/GP in one-time appropriations for a marketing program to attract individuals to Michigan.

Project Rising Tide

Provides \$2.0 million GF/GP in one-time appropriations to Project Rising Tide. The funds would support program expansion beyond the initial 10 communities. Project Rising Tide provides technical assistance to communities regarding planning, zoning, and economic development to attract new business and help existing businesses.

Arts and Cultural Grants

Increases Arts and Cultural Grants by \$1.0 million GF/GP. Funding will provide additional grant opportunities to local arts and cultural organizations. Funding is considered one-time.

Protect and Grow

Includes \$1.0 million GF/GP in one-time appropriations for Protect and Grow. The program focuses on retaining and growing the defense industry in Michigan. The FY 2016-17 budget act included \$3.0 million GF/GP in one-time appropriations to support this program.

Temporary Assistance to Needy Families (TANF) Funding

Removes \$1.2 million federal TANF funding for workforce development programs.

Removal of One-Time Appropriations

Removes \$21.8 million Gross (\$13.0 million GF/GP) in FY 2016-17 one-time appropriations including Special Grants (\$12.0 million), Statewide Data System Integration (\$8.8 million Gross), and Sustainable Employment Pilot Program (\$1.0 million GF/GP).

Economic Adjustments

Reflects increased costs of \$497,700 Gross (\$113,500 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Technology, Management, and Budget

Analyst: Michael Clossen

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

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

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

Drinking Water Declaration of Emergency Reserve Fund

Provides \$25.0 million GF/GP in one-time funding to support services and programs for Flint residents related to the Flint Water Declaration of Emergency. These funds will be available to meet additional needs as they are identified and to augment other FY 2017-18 Flint appropriations.

Michigan Infrastructure Fund

Provides \$20.0 million GF/GP in one-time funding for deposit into the Michigan Infrastructure Fund in support of anticipated infrastructure projects.

Michigan.gov Content Management System Rewrite

Provides \$9.1 million GF/GP one-time funding to support the establishment and modernization of a new management system to support 130 state websites. Funding will be used for the procurement and system setup and migration of the websites.

Citizen Centric IT Initiatives

Provides \$6.5 million GF/GP (\$5.5 million in one-time funding), for projects designed for use by Michigan citizens to improve government access. Project services include mobile applications, individualized log-in portals, and system integrations.

Cyber Security Appropriations

Provides \$7.0 million GF/GP and 24.0 FTEs total to support the Cybersecurity Continuous Improvement Program. \$4.0 million and 12.0 FTEs of this total are included as a one-time appropriation.

SIGMA – Permanent Organizational Structure Appropriations

Adds \$15.3 million (\$13.1 million GF/GP) for 36.0 FTEs to transition the state's new enterprise resource planning tool into permanent operations. \$4.5 million and 10.0 limited term FTEs are included in this total as a one-time appropriation.

School Reform Office Appropriations

Includes \$1.1 million GF/GP in four appropriations to the School Reform Office including \$280,000 to assist families' transition to new schools, \$252,000 to support a pilot program for measuring deferred maintenance costs to replacement value of priority schools, \$250,000 for surveys and accountability measurement, and \$353,000 for the automation of priority school district student data for real-time performance review and analysis.

Information Technology Investment Fund (ITIF) Increased Funding

Provides an additional \$7.5 million GF/GP in one-time funding to ITIF for enterprise-wide IT upgrade projects.

Technology Services IT IDG Alignment Adjustments

Adjusts the DTMB IT Inter-departmental Grant line to \$23.3 million to reflect projects and service adjustments in other agency budgets.

Michigan Public Safety Communications Lifecycle Replacement Funding

Appropriates \$5.0 million GF/GP in one-time funding to help replace the mobile radios of the Michigan Public Safety Communication System (MPSCS).

Office of Urban Initiatives Transfer

Removes \$1.0 million for the transfer of the Office of Urban Initiatives from the DTMB to the Executive Office.

Economic Adjustments

Reflects increased costs of \$3.7 million Gross (\$1.1 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Citizen Centric Government IT Project

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

Regional Infrastructure Asset Management Pilot

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

Treasury

Analyst: Ben Gielczyk

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

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

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

Revenue Sharing

- Increases Constitutional revenue sharing by \$15.7 million in restricted sales tax revenue relative to the FY 2016-17 budget act appropriated amount (2.3% increase from the January CREC estimate for FY 2016-17).
- Maintains City, Village, and Township Revenue Sharing at \$248.8 million in restricted sales tax revenue which reflects no change from FY 2016-17. \$5.8 million is considered one-time appropriations.
- Increases County Revenue Sharing by \$640,600 in restricted sales tax revenue to accommodate two new counties coming online for state payments in FY 2017-18. Maintains 1% increase above full funding.

Debt Service

Reduces debt service by \$29.5 million GF/GP to reflect lower debt service costs due to refundings and payoffs.

Grants Authorization Adjustments

Provides the following adjustments to align appropriation authorization with required payments:

- Increases Dual Enrollment payments by \$500,000 GF/GP to accommodate increased participation.
- Decreases Health and Safety Fund Grants by \$7.5 million Gross (\$0 GF/GP) to align with expenditures.
- Decreases Federal Department of Education Resources that support administration of outstanding federal and state postsecondary education loans by \$13.0 million in federal funds to align with receipt of revenues.

- Increases Payments in Lieu of Taxes by \$252,800 Gross (\$96,500 GF/GP) to accommodate new PILT.
- Increases Senior Citizen Cooperative Housing Tax Exemption Program payments by \$200,000 GF/GP.
- Includes \$4.0 million in restricted excise tax revenue to provide oversight, licensing, and regulation under the Medical Marihuana Facilities Licensing Act. Funds support grants to locals and the Michigan State Police.

Tax Processing Bureau

Includes \$992,200 GF/GP and 9.0 FTEs to decrease telephone wait times and reduce processing time of individual income tax returns.

City Income Tax Expansion

Provides \$5.3 million local funds to support expansion of Treasury city income tax collection program for Detroit (corporate and flow-through withholding) and the potential expansion into an additional city. \$1.5 million is considered one-time appropriations.

Information Technology for Systems, Applications, and Products (SAP)

Provides \$2.0 million GF/GP to support implementation of SAP, an enterprise resource planning software.

Removal of One-Time Appropriations

Removes \$3.9 million GF/GP in one-time funds appropriated for Free Individual E-file (\$2.8 million), Urban Search and Rescue (\$500,000), Lenawee ISD Plasma Cutting Matching Grant (\$76,000), Gianna House Grant (\$100,000), and Student Loan Delinquency Counseling Pilot Program Grant (\$345,600).

Economic Adjustments

Reflects increased costs of \$2.0 million Gross (\$435,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Wrongful Imprisonment Compensation Fund

Provides \$15.0 million GF/GP for deposit in the Wrongful Imprisonment Compensation Fund created in 2016 PA 343. Funds are considered appropriated and available for expenditure to support wrongful imprisonment compensation payments.

City Income Tax Administration

Includes \$2.1 million in local funds to allow the department to begin implementation of corporate and flow-through withholding tax program development and expansion of the city income tax program.

Lien Filing Fee Increases

Includes \$1.3 million IDG to cover recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state.

Tax Processing Bureau

Includes \$487,500 GF/GP and 5.0 FTEs to replace limited-term employees with permanent staff to provide assistance in decreasing telephone wait times and reduce the processing time of individual income tax correspondence.

Health and Human Services

Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

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

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

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

DEPARTMENTWIDE ADMINISTRATION

Integrated Service Delivery Project

Provides increase of 27.0 FTEs and \$8.2 million Gross (reduces \$177,700 GF/GP) to support Phase 2 of the Integrated Service Delivery Project. Amount includes an additional \$45.1 million Gross (\$3.5 million GF/GP) in ongoing funding and the removal of \$36.9 million Gross (\$3.7 million GF/GP) in one-time FY 2016-17 funding.

Finance and Accounting Staff

Includes increase of \$1.8 million Gross (\$912,500 GF/GP) to add 19.0 FTEs to the Department's finance and accounting section.

Economic Adjustments

Reflects increased costs of \$16.2 million Gross (\$9.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

MEDICAID AND BEHAVIORAL HEALTH

Traditional Medicaid Cost Adjustments

Provides increase of \$312.0 million Gross (\$177.9 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, financing, and actuarial soundness adjustments. Total includes \$43.1 million GF/GP to offset decline in federal match rate from 65.15% to 64.78% due to relative growth in state's personal income.

Healthy Michigan Plan Cost Adjustments

Provides increase of \$524.2 million Gross (\$83.4 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation, financing, and actuarial soundness adjustments. Total includes \$55.2 million GF/GP to offset the decline in the federal match rate from 96.25% to 94.25%.

Medicaid Managed Care Use Tax Adjustments

Reduces budget \$157.9 million Gross (\$62.2 million GF/GP) to reflect, beginning January 1, 2017, discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs), associated actuarial soundness reimbursement payments to MCOs, and the Health Insurance Claims Assessment (HICA) increasing from 0.75% to 1.0%.

Health Insurance Claims Assessment (HICA) Adjustments

Offsets \$129.9 million GF/GP with available HICA, of which \$59.0 million is from forecasted annual revenues and from not having a HICA rebate to be paid out during FY 2017-18. The other \$70.9 million utilizes available year-end fund balance to offset GF/GP. Revenues are in addition to the \$20.6 million in HICA revenue from increasing the rate from 0.75% to 1.0% related to the discontinuation of the MCO Use Tax. Total forecasted FY 2017-18 annual HICA revenue is \$331.3 million.

Direct Care Wage Increase

Increases Medicaid mental health funding \$45.0 million Gross (\$14.2 million GF/GP) to provide a \$0.50 per hour increase for direct care workers.

State Psychiatric Hospital Staffing Enhancement

Provides \$7.2 million Gross (\$4.9 million GF/GP) to increase state psychiatric hospital staffing by 72.0 FTEs.

Special Hospital Payments

Reduces quality assurance assessment program-funded special hospital payments \$217.6 million Gross (\$20.3 million GF/GP) based on the Hospital Rate Adjustment (HRA) reducing by \$47.9 million Gross (\$42.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.4 million GF/GP).

Medicaid Non-Emergency Medical Transportation Broker Expansion

Includes \$12.0 million Gross (\$3.4 million GF/GP) to expand the Medicaid non-emergency medical transportation broker program into additional counties. Program is currently available in Macomb, Oakland, and Wayne counties. Counties without a broker program rely on local DHHS field staff workers to coordinate non-emergency medical transportation.

New Nursing Facility Quality Pool

Creates a new quality assurance assessment program-funded nursing facility quality pool totaling \$73.0 million Gross (reduces \$8.2 million GF/GP in state retainer savings).

Program of All-inclusive Care for the Elderly (PACE) Expansion

Adds \$20.0 million Gross (\$7.0 million GF/GP) to support enrollment increases within existing programs and for two new PACE sites.

Medical Services Program Reductions

Reduces \$10.4 million Gross (\$6.3 million GF/GP) by eliminating Authority Health GME (\$2.8 million Gross), Dental rate increase for pregnant Medicaid beneficiaries (\$2.7 million Gross), University of Detroit dental clinic (\$2.0 million Gross), Medicaid health plan immunization grant (\$1.5 million Gross), and by reducing Wayne State Psychiatric grant (\$1.4 million Gross).

PUBLIC HEALTH AND AGING & ADULT SERVICES**Flint Drinking Water and Lead Exposure Emergency**

Reduces funding for assistance to residents exposed to lead in the City of Flint by \$1.8 million Gross (\$8.1 million GF/GP). One-time funding of \$13.4 million Gross (\$1.0 million GF/GP) is provided for food and nutrition services, health services at child and adolescent health centers and schools, water filter cartridges and filter replacements, and additional supports and services.

Lead Poisoning Elimination Recommendations

Includes \$2.0 million GF/GP as one-time funding to implement November 2016 recommendations of the Childhood Lead Poisoning Elimination Board, created as a two-year advisory commission under Executive Order 2016-9.

Continuation of FY 2016-17 Supplemental Public Health and Lead Abatement Expansions

Provides \$2.9 million Gross (\$1.3 million GF/GP reduction) increase from year-to-date appropriations to annualize and continue the following new initiatives: vapor intrusion response program funded at \$2.2 million GF/GP, drinking water, childhood lead, toxicology, and staff enhancements funded at \$4.2 million Gross (\$0 GF/GP), and increased lead abatement of homes initially focusing on Flint, funded at \$23.5 million from available federal grants.

Public Health Dental Clinics

Removes \$1.5 million GF/GP funding for local health departments partnering with nonprofit dental providers for dental services, new in FY 2016-17.

Federal Grants for Chronic Disease, Medicaid Outreach, Local Health Services, and Violence Prevention

Recognizes \$8.4 million of additional public health federal funds including new violence prevention program grants of \$1.0 million, Medicaid local outreach reimbursement increase of \$3.5 million, and increased Preventive Health and Health Services Block Grant funds of \$1.5 million for local health services and \$2.4 million for chronic disease prevention.

Aging In-Home and Meals Services

Provides increases of \$2.1 million GF/GP for senior in-home services and \$1.5 million GF/GP for senior home-delivered meals. Together with a FY 2016-17 increase, the program funding will meet demand as of September 30, 2016, including waiting lists. Federal grant increases totaling \$1.7 million for senior meals services are also recognized.

HUMAN SERVICES

Public Assistance Caseload Adjustments

Decreases Family Independence Program (FIP) caseload costs by \$11.2 million Gross (\$4.0 million GF/GP), in addition to a proposed supplemental caseload cost decrease for FY 2016-17 of \$10.5 million Gross (\$0 GF/GP), for a total decrease of \$21.7 million Gross (\$4.0 million GF/GP). Reduces other public assistance programs (State Disability Assistance and State Supplemental payments) by \$694,000 Gross (\$635,000 GF/GP) for caseload cost changes in proposed FY 2016-17 supplemental.

Child Welfare Caseload Adjustments

Reduces funding for child welfare programs by \$5.3 million Gross (\$1.8 million GF/GP) for FY 2017-18, in addition to a proposed supplemental caseload cost decrease for FY 2016-17 of \$4.5 million Gross (increase of \$41,600 GF/GP), for a total decrease of \$9.8 million Gross (\$1.8 million GF/GP). Programs included are the Foster Care Program, Adoption Subsidies, Child Care Fund, Guardian Assistance Program, and Family Support Subsidy.

Foster Care Administrative Rate Increases

Increases funding by \$14.2 million Gross (\$6.8 million GF/GP) to increase administrative per diem rates paid to private foster care placing agencies and residential service providers. Rate increases are based upon a third-party cost analysis. The current general foster care rate would increase from \$45 to \$46.20. Independent living rates would also be increased.

Foster Care Administrative Rate – Elimination of County Hold-Harmless Provision

Reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provisions that required DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Requires counties to pay 50% of all administrative rates for private foster care placing agencies and residential service providers beginning in FY 2017-18.

Foster Parent Support and Michigan Youth Opportunities Initiative (MYOI) Expansion

Includes 11.0 additional FTE positions and \$3.6 million Gross (\$2.8 million GF/GP) to fund the expansion of programs to support foster care parents and the MYOI program. Funding would support 10 additional MYOI coordinators and expand the program, which provides services to youth aging out of foster care, to all 83 counties. Funding would also be used to implement five Regional Resource Teams to help recruit and retain qualified foster parents.

Pathways to Potential Expansion

Includes additional 51.0 FTEs and \$5.6 million Gross (\$3.3 million GF/GP) to expand the Pathways to Potential program to additional school districts. The program places caseworkers in certain schools to help reduce absenteeism and help families obtain community resources; low achieving schools and at-risk communities will be prioritized.

Family Independence Program (FIP) Clothing Allowance Increase

Includes additional \$2.7 million federal TANF funding to increase the clothing allowance for children who are FIP recipients from \$140 per child to \$200 each year.

Homeless Emergency Shelter Per Diem Rate

Increases funding by \$3.7 million GF/GP to fund an increase to the per diem rate provided to emergency shelters from \$12 to \$16 per bed night.

Nutrition Education

Includes additional \$10.0 million federal funding for nutrition education programs that provide educational services to help persons eligible to receive food assistance to improve their eating and lifestyle behaviors.

Adult Services Staffing Increase

Includes additional 95.0 FTE positions and \$11.3 million Gross (\$8.1 million GF/GP) to increase staff because of rising adult services caseloads. Additional staff will help reduce caseloads for caseworkers which is expected to help improve client services and provide faster response times to help decrease risks for elderly and disabled adults.

Multicultural Integration Funding

Increases funding by \$2.0 million GF/GP to various multicultural organizations that provide social services programs to specific populations.

Capped Federal Revenues Fund Source

Rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source.

Supplemental Recommendations for FY 2016-17 Appropriations**Traditional Medicaid Cost Adjustments**

Includes reduction of \$99.8 million Gross (\$30.5 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, and financing adjustments. Total includes \$15.4 million GF/GP to offset decline in disproportionate share hospital (DSH) payment savings.

Healthy Michigan Plan Cost Adjustments

Provides increase of \$298.4 million Gross (\$11.2 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation adjustments. Gross increase is due to caseload increasing from roughly 600,000 beneficiaries to roughly 640,000 beneficiaries.

Special Hospital Payments

Reduces special hospital payments \$187.0 million Gross (\$20.0 million GF/GP) based on the Hospital Rate Adjustment (HRA) reducing by \$17.5 million Gross (\$42.7 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.7 million GF/GP).

Ambulance Quality Assurance Assessment Program (QAAP) Implementation Delay

Reduces QAAP-funded supplemental ambulance payments \$16.9 million Gross (\$0 GF/GP) assuming the ambulance QAAP will be implemented by April 1, 2017 rather than at the start of FY 2016-17. The state retainer savings are also adjusted for partial year implementation, requiring an additional \$1.9 million GF/GP.

Family Independence Program (FIP) Caseload Adjustments

Reduces FIP by \$10.5 million Gross (\$0 GF/GP) for caseload adjustments.

Other Public Assistance Caseload Adjustments

Reduces other public assistance programs by \$694,000 Gross (\$635,700 GF/GP) for caseload adjustments.

Child Welfare Caseload Adjustments

Reduces child welfare programs by \$4.5 million Gross (increase of \$41,600 GF/GP) for caseload adjustments; also includes a fund source shift of TANF and GF/GP for an increase of \$9.5 million GF/GP.

Higher Education

Analyst: Perry Zielak

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

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

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

University Operations Funding

Increases university operations funding by \$35.0 million GF/GP, a 2.5% increase. The increase is distributed under the performance funding formula, where 50% is allocated based on each university's share of operational funding appropriated in the baseline year of FY 2010-11, while the remaining increase is distributed based on other formula components (weighted completions, research and development spending, and comparison to Carnegie peers). Attainment of performance funding would be conditioned on restraining resident undergraduate tuition and fee increases to 3.8% (set at 4.2% in the current year). Projected funding increases for individual universities range from 1.9 to 3.4%.

Michigan Competitive Scholarship Increase

Increases funding for Michigan Competitive Scholarships by \$8.0 million GF/GP, awarded to students with a qualifying ACT/SAT score and demonstrated financial need. The 43.6% increase raises the maximum per-student annual award from \$636 to \$1,000. Total funding for the scholarship would be \$26.4 million (\$8.0 million GF/GP).

Tuition Grant Program Increase

Increases funding for Tuition Grant program by \$3.0 million GF/GP, which provides need-based tuition assistance to students at Michigan independent (i.e. private, non-profit) colleges and universities. The 8.6% increase raises the maximum per-student annual award from \$1,830 to \$2,000. Total funding for the program would be \$38.0 million (\$6.4 million GF/GP).

Tuition Incentive Program

Increases funding for Tuition Incentive Program by \$5.3 million in federal Temporary Assistance for Needy Families (TANF) funds, a 10% increase, which pays for Medicaid-eligible students' tuition costs for associate's degrees. Also includes a fund shift of \$4.7 million from GF/GP to federal TANF funding, bringing total funding to \$58.3 million TANF.

Michigan Public School Employee Retirement System (MPERS) Rate Cap Costs

Reduces funding by \$4.3 million School Aid Fund (SAF) for the state's share of the universities' unfunded liability to MPERS. The state's share is the difference between the unfunded accrued liability to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Total funding for the state share of MPERS would be \$4.0 million SAF.

MPERS Assumed Rate of Return

Increases funding by \$2.4 million SAF for the state's share of the universities' unfunded liability to MPERS. The increase will cover the reduction in the assumed rate of return for MPERS from 8% to 7.5%. The total funding for the state share of MPERS would be \$4.0 million SAF.

MPERS Normal Cost Offset

Includes \$419,000 SAF to reimburse universities for the normal cost increase to reduce the assumed rate of return for MPERS from 8% to 7.5%.

Michigan State University Animal Agriculture Initiative

Adds \$2.5 million GF/GP in one-time funding for an initiative between MSU, the Department of Agricultural and Rural Development (MDARD), and the animal agricultural industry to address issues such as food safety and infectious disease that limit industry growth and sustainability.

MSU Agriculture Workforce Initiative

Adds \$1.2 million GF/GP in one-time funding for an initiative between MSU, MDARD, and the agricultural industry to support workforce development in food processing, education, and agriculture technology.

MSU Extension and AgBioResearch Programs

Increases funding for Michigan State's AgBioResearch program by \$831,100 GF/GP and Extension program by \$718,900 GF/GP, a 2.5% increase for both.

Removal of One-Time Funding

Eliminates \$500,000 GF/GP of one-time funding for MSU's Diagnostic Center for Population and Animal Health.

Supplemental Recommendations for FY 2016-17 Appropriations

Tuition Incentive Program

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

Insurance and Financial Services

Analyst: Marcus Coffin

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

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

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

Economic Adjustments

Reflects increased costs of \$500,000 Gross (\$0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Judiciary

Analyst: Robin R. Risko

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

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

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

Trial Court Videoconferencing

Includes \$815,000 GF/GP to support continued maintenance, upgrades, and replacement of trial court videoconferencing equipment in courtrooms across the state.

Drug Court Medication-Assisted Treatment

Includes \$750,000 GF/GP to continue the drug courts medication-assisted treatment program, which targets new court admissions having heroin or other opiate drug disorders.

One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers

Includes \$750,000 GF/GP in one-time funding for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case. SADO will provide post-conviction representation of juvenile lifers in re-sentencings.

One-Time and Ongoing Funding for Pre-Trial Risk Assessment

Includes \$300,000 GF/GP (one-time) and \$305,700 GF/GP (ongoing) to support the development of a pre-trial risk assessment tool in an effort to increase the number of offenders who are released on personal recognizance while awaiting trial, instead of remanded to jail.

Pre-Funding Judges' Retiree Healthcare

Replaces \$286,000 in Court Fee Fund revenue with GF/GP to begin pre-funding judges' retiree healthcare. This is the first year of a multi-year cycle of payments.

Transfer MIDC to LARA

Reduces the budget by \$2.3 million GF/GP to reflect the transfer of the Michigan Indigent Defense Commission to LARA, pursuant to Public Act 442 of 2016.

Removal of One-Time Funding

Reduces the budget by \$1.7 million GF/GP to reflect the removal of one-time funding that was included in the FY 2016-17 budget.

Judgeship Changes

Reflects a net savings of \$483,300 GF/GP from a combination of the following: replacement of 1.0 judge, elimination of 1.0 judge, retirement of 4.0 judges, restoration of 1.0 judge, and election of 2.0 judges. The amount of savings is a result of the effective dates of the replacement, elimination, retirements, restoration, and elections.

Economic Adjustments

Reflects increased costs of \$4.3 million Gross (\$4.1 million GF/GP) for negotiated salary and wage increases (3.0%), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

Michigan Justice Training Fund Grant Revenue

Includes authorization to receive \$34,600 in MCOLES grant funding from the Department of State Police. Funding will be used to support the Judicial Institute (\$7,100) and the Appellate Public Defender program (\$27,500).

Licensing and Regulatory Affairs

Analyst: Marcus Coffin

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

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

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

Energy Package

Increases authorization by \$2.1 million (\$0 GF/GP) and 13.0 FTEs for the Public Service Commission, \$307,500 (\$0 GF/GP) and 2.0 FTEs for the Michigan Agency for Energy, and \$654,500 (\$0 GF/GP) and 4.0 FTEs for the Michigan Administrative Hearing System (MAHS) for the implementation of provisions contained in Public Acts 341 and 342 of 2016. The appropriation to MAHS will provide support for integrated resource plans and contested cases.

Medical Marihuana Facilities, Licensing and Tracking Program

Provides authorization for \$18.7 million (\$0 GF/GP) and 108.0 FTEs to support the functions of the Department in fulfilling its responsibilities under the Medical Marihuana Facilities Licensing Act (Public Act 281 of 2016). The authorization is prorated to reflect that the Department and the Medical Marihuana Licensing Board can begin accepting applications for licensure in December of 2017.

Michigan Indigent Defense Commission Transfer

Provides authorization for \$2.4 million GF/GP and 16.0 FTEs to reflect the transfer of the Michigan Indigent Defense Commission to LARA from the Judiciary, pursuant to Public Act 442 of 2016.

First Responder Presumed Coverage Claims

Provides authorization for \$1.8 million (\$0 GF/GP) to cover first responder presumed coverage claims pursuant to Public Act 515 of 2014. The authorization will be supported by revenues expected to be generated from the Medical Marihuana Excise Fund.

Economic Adjustments

Reflects increased costs of \$2.3 million Gross (\$233,700 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

- Includes \$7.1 million in federal interdepartmental grant funds and an increase of 8.0 FTE positions for the Bureau of Community and Health systems to support background checks for childcare homes and centers, which are necessary under new federal requirements.
- Includes \$439,300 in state restricted funds for the Bureau of Professional Licensing. The funds will support enforcement activities by the Attorney General for unlicensed regulatory activities.

Military and Veterans Affairs

Analyst: Kent Dell

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

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

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

Grand Rapids Home for Veterans Staff and Training

Includes \$2.8 million GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home.

D.J. Jacobetti Home for Veterans Staff

Includes \$800,000 GF/GP to support increased staffing at the veterans' home, in order to meet Centers for Medicare and Medicaid Services (CMS) certification standards.

Michigan Veterans' Facility Authority

Increases appropriations for the staffing and operation of the Michigan Veterans' Facility Authority by \$500,000 GF/GP. Total two-year appropriations (FY 2016-17 and FY 2017-18) are \$2.5 million GF/GP.

Armory Maintenance

Includes \$2.5 million one-time GF/GP for armory maintenance and infrastructure repairs. The National Guard Bureau provides federal matching funds for armory maintenance.

Armory and Land Sales

Increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received will be deposited into the Michigan National Guard Construction Fund.

National Guard Tuition Assistance Fund

Includes a deposit of \$500,000 GF/GP to the National Guard Tuition Assistance Fund. Total appropriations to the fund in support of the National Guard Tuition Assistance Program are \$4.0 million.

Economic Adjustments

Reflects increased costs of \$1.1 million Gross (\$360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Supplemental Recommendations for FY 2016-17 Appropriations

National Guard Tuition Assistance Program

Includes \$800,000 GF/GP to support higher than anticipated participation in the National Guard Tuition Assistance Program.

Natural Resources

Analyst: Austin Scott

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

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

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

Wetland Mitigation Banking Program

Provides \$3.4 million in one-time GF/GP funding for the initial development and construction of wetland mitigation banks. An additional \$3,500 in ongoing federal funding is also provided to administer the program.

Land Ownership Tracking System one-time funding

Provides \$2.9 million Gross (\$1.9 million GF/GP) to complete a project to convert outdated land management IT system to a web-based system that can interact with current databases.

Abandoned Mines one-time funding

Provides 1.0 FTE and \$2.0 million GF/GP funding to close abandoned mine shafts on DNR-managed lands. The majority of these sites are in the western Upper Peninsula.

Conservation Officers

Provides 12.0 FTEs and \$1.8 million GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units.

Recreation Improvements – Road Funding Revenue

Provides 9.0 FTEs and \$2.8 million in restricted funding for recreational improvements made possible by increased road funding revenue as a result of Public Act 176 of 2015.

Wildfire Protection – Fire Equipment Replacement

Provides \$350,000 in GF/GP funding to replace outdated forest fire equipment. Replacement will be determined by age and condition of equipment.

Minerals Management – Environmental Compliance

Provides 2.0 FTEs and \$304,600 from the Michigan state parks endowment fund to provide environmental compliance with oil, gas, and mineral leases, on DNR-managed lands.

Michigan Historical Center – Public Infrastructure Records

Provides 3.0 FTEs and \$565,100 GF/GP funding to provide long-term access to public infrastructure records at the Michigan Historical Center.

Michigan Wildlife Council – Promotion of Wildlife Conservation

Provides an additional \$500,000 from the wildlife management public education fund to the Michigan Wildlife Council to promote the importance of wildlife conservation in Michigan.

Economic Adjustments

Reflects increased costs of \$2.4 million Gross (\$292,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

School Aid

Analysts: Bethany Wicksall and Samuel Christensen

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

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

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

Foundation Allowances

Increases by \$128.0 million to provide increases ranging from \$50 to \$100 per pupil using the 2x formula. The minimum foundation allowance would increase from \$7,511 to \$7,611 (1.3%) and the state maximum guaranteed foundation allowance would increase from \$8,229 to \$8,279 (0.6%).

MPSERS – Assumed Rate of Return (AROR) – Unfunded Liability State Share

Proposes a 2-year phase-in to reduce the AROR on Michigan Public School Employee Retirement System (MPSERS) investments from 8.0% to 7.5%, at a cost of \$150.0 million for FY 2017-18, and a further increase of \$150.0 million in FY 2018-19. The FY 2017-18 AROR cost increase is offset by savings due to improved health care cost experience and high rates of market returns during the most recent 5-year actuarial smoothing period. Overall costs for the State Share are reduced by \$22.0 million, bringing the total to \$960.8 million for FY 2017-18.

MPSERS – Assumed Rate of Return (AROR) – Normal Cost Increase Offset

Offsets the normal cost increases related to the AROR reduction from 8.0% to 7.5% that would be experienced by districts and ISDs at a cost of \$48.9 million in FY 2017-18 and \$97.8 million in FY 2018-19.

At-Risk Increase and Formula Change

Increases At-Risk funding by \$150.0 million for a total of \$529.0 million. Expands to include hold harmless and out-of-formula districts, which are currently excluded. Revises the metric for which payment is based from pupils eligible for free lunch to those considered economically disadvantaged as reported by CEPI to the US Department of Education. The new metric would include pupils that qualify for free and reduced lunch, Temporary Assistance to Needy Families (TANF), Supplemental Nutritional Assistance Program (SNAP), or are homeless, migrant, or are in foster care, which would increase the number of pupils for which districts are paid by 131,000.

High School Per Pupil Bonus

Provides \$22.0 million to provide districts with an additional \$50 per pupil for each pupil in grades 9 to 12 to recognize the higher cost of high school instruction.

Career and Technical Education (CTE) – Equipment Upgrades

Increases CTE equipment upgrades, first added in FY 2016-17, by \$16.8 million for a total of \$20.0 million.

Flint Water Emergency Funds

Reduces funding by \$1.4 million to \$8.7 million to continue to provide additional district and ISD staff and services including school nurses and school social workers (\$5.1 million), universal access to preschool for 4-year-olds (\$3.0 million), and nutritional services (\$605,000).

Declining Enrollment Supports

Provides \$7.0 million for districts that have experienced enrollment declines of more than 5% in the last two years.

Educator Evaluations

Provides \$7.0 million for professional development and training in educator evaluations.

Shared-Time Nonpublic and Home-schooled Pupils

Revises state support of shared-time programs where districts provide nonessential courses to nonpublic and home-schooled students from a per pupil foundation allowance to a categorical program. Caps total funding at \$60.0 million, an estimated reduction of \$55 million.

Cyber Schools Foundation Allowance Reduction

Reduces cyber school foundation allowances by 20% after the district's first year of operation at an estimated savings of \$16.0 million.

Other Categorical Eliminations

Reduces by a total of \$21.9 million to reflect the elimination of 18 categorical grant programs ranging from \$79,000 to \$4.0 million.

Supplemental Recommendations for FY 2016-17 Appropriations

Decreases state costs by a total of \$15.5 million to reflect reductions in consensus estimates due to reductions of \$28.0 million in estimated special education costs based on year-end FY 2015-16 actual costs, offset by increased costs primarily related to higher than anticipated pupil counts. Also reduces federal grants by \$87.9 million based on updated estimates.

State Police

Analyst: Kent Dell

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

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

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

Disaster and Emergency Contingency Fund Deposit

Includes a deposit of \$10.0 million one-time GF/GP into the Disaster and Emergency Contingency Fund (DECF). The current balance of the DECF is approximately \$3.7 million, which is expected to be depleted by the end of FY 2016-17.

Trooper Recruit School

Includes \$9.2 million GF/GP (\$3.0 million one-time and \$6.2 million ongoing) to support the training, equipment, and salary and benefits costs for 100 additional troopers.

Trooper Annualization

Includes \$6.4 million GF/GP to support salary, benefits, and equipment costs of the expected 65 graduates from the FY 2016-17 Trooper Recruit School.

Medical Marijuana Regulation and Licensing

Includes \$8.8 million from the Marijuana Regulatory Fund and 48.0 FTEs to support medical marijuana regulation and licensing functions in accordance with 2016 PA 281.

State Services Fee Fund Phase Out

Includes \$4.0 million GF/GP to replace state services fee fund support of forensic science laboratory operations.

Specialized Services Expansions

Includes \$2.5 million GF/GP for 7.0 additional Emergency Management and Homeland Security Division FTEs (\$978,900) and 8.0 additional Cyber Crimes Unit FTEs (\$1.5 million).

Secure Cities-Related Equipment Replacement

Includes \$1.0 million one-time GF/GP to the Secure Cities Partnership in order to replace end-of-lifecycle equipment used in support of the program, including in-car camera systems.

Fair and Impartial Policing Training Grants

Includes \$1.0 million one-time GF/GP grants for U.S. Department of Justice fair and impartial policing training to law enforcement agencies.

Forensic Science Expansion

Includes \$730,000 GF/GP to support 14.0 additional FTEs in the Forensic Science Division (10.0 FTEs for controlled substances cases and 4.0 FTEs for firearms cases).

Economic Adjustments

Reflects increased costs of \$10.9 million Gross (\$8.7 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.

Transportation

Analyst: William E. Hamilton

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

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

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

Michigan Transportation Fund (MTF) Revenue Increase

Reflects \$180.6 million increase in estimated MTF revenue of which \$145.0 million relates to increases in motor fuel and vehicle registration taxes from the Road Funding Package effective January 1, 2017; remaining \$36.6 million increase reflects increases in baseline revenue. MTF revenue is distributed to other programs in the budget including local road agencies, the State Trunkline Fund (STF), and the Comprehensive Transportation Fund (CTF).

MTF Distribution to Local Road Agencies

The anticipated increase in MTF revenue is reflected in increases in the statutory MTF distributions to local road agencies: MTF distribution to county road commissions would be \$880.9 million, an \$88.9 million increase; the MTF distribution to cities and villages would be \$441.6 million, a \$49.6 million increase.

State Trunkline Road and Bridge Capital Construction/Reconstruction

Includes \$1,131.6 million, an increase of \$68.9 million from the current year. The increase reflects \$25.7 million increase in STF revenue and \$62.5 million in additional federal aid; increases partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza project.

Transit Capital

Recommends \$59.4 million, of which \$15.3 million would come from federal aid, \$42.9 million from the CTF, with the balance from local matching funds. The CTF figure represents a \$5.5 million increase from the current year.

Rail Operations and Infrastructure

Recommends \$126.5 million, of which \$60.1 million would come from federal aid, \$60.2 million from the CTF, \$6.0 million from the Rail Freight Fund, with the balance from local and private funds. The CTF figure represents a \$7.8 million increase from the current year.

Transportation Economic Development Fund Programs

Recommends \$42.1 million, a net increase of \$17.7 million. Target Industries (Category "A") would be \$19.1 million, an increase of \$18.5 million from the current year which had redirected Category A funding to other programs.

State Aeronautics Capital Programs

Reduces state support for Aeronautics capital programs by \$6.2 million to reflect anticipated available revenue.

Economic Adjustments

Reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.



Mary Ann Cleary, Director
 Bethany Wicksell, Deputy Director
 517.373.8080

Agriculture and Rural Development	William E. Hamilton
Capital Outlay	Benjamin Gielczyk
Community Colleges	Perry Zielak
Corrections	Robin R. Risko
Education (Department)	Samuel Christensen
Environmental Quality	Austin Scott
General Government:	
Attorney General/Civil Rights/State (Department)/	
Technology, Management, and Budget	Michael Crossen
Executive Office/Legislature/Legislative Auditor General/Lottery/	
Michigan Strategic Fund/Talent and Economic Development/Treasury	Benjamin Gielczyk
Health and Human Services:	
Human Services	Viola Bay Wild
Medicaid/Physical and Behavioral Health	Kevin Koorstra
Public Health/Aging/Departmentwide Administration	Susan Frey
Higher Education	Perry Zielak
Insurance and Financial Services	Marcus Coffin
Judiciary	Robin R. Risko
Licensing and Regulatory Affairs	Marcus Coffin
Military and Veterans Affairs	Kent Dell
Natural Resources	Austin Scott
School Aid	Bethany Wicksall; Samuel Christensen
State Police	Kent Dell
Transportation	William E. Hamilton
Unemployment Insurance	Marcus Coffin
Economic/Revenue Forecast; Local Finance; Tax Analysis	Jim Stansell
Revenue Sharing	Jim Stansell; Benjamin Gielczyk
Legislative Analysis	Chris Couch
	Edith Best; Jennifer McInerney; Patrick Morris; Emily Smith; Sue Stutzky
Fiscal Oversight, Audit, and Litigation	Mary Ann Cleary
Retirement	Bethany Wicksall
Supplemental Coordinator	Robin R. Risko
Transfer Coordinator	Viola Bay Wild
Administrative Assistant/Publications	Kathryn Bateson
Budget Assistant/HFA Internet	Tumai Burris
Budget Assistant	Dana Adams



P.O. Box 30014 ■ Lansing, MI 48909-7514
(517) 373-8080
www.house.mi.gov/hfa