

# PRELIMINARY REVIEW

of the

## FY 2016-17

## Executive Budget Recommendation



Mary Ann Cleary, Director  
February 16, 2016



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## HFA STAFF LIST



**OVERVIEW OF  
FY 2016-17 EXECUTIVE BUDGET RECOMMENDATION**  
*Mary Ann Cleary, Director, and Kyle I. Jen, Deputy Director*

The FY 2016-17 Executive Budget Recommendation incorporates the January 2016 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) and School Aid Fund (SAF). In addition to those estimates, the recommendation assumes the following:

- Collection of the use tax on Medicaid managed care providers for one quarter before discontinuation on January 1, 2017 (\$101.7 million GF/GP and \$50.9 million SAF).
- Increased revenue from a proposed amendment to clarify and reduce an Insurance Tax Credit claimed by auto insurers (\$60.0 million GF/GP for FY 2015-16 and \$80.0 million GF/GP for FY 2016-17).
- A decrease in revenue from Michigan Venture Fund tax vouchers (\$30.5 million GF/GP and \$9.5 million SAF).

The FY 2016-17 Executive Recommendation is for \$54,025.4 million in adjusted gross appropriations. This includes:

- \$22,503.9 million in federal funds.
- \$395.3 million in local and private funds.
- \$21,094.4 million in state restricted funds.
- \$10,031.9 million in GF/GP funds.

Of the \$31,126.2 million in state resources recommended for appropriation in FY 2016-17, \$17,235.2 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.

As of February 10, 2016, total year-to-date GF/GP appropriations for FY 2015-16 were \$9,909.1 million. Total GF/GP appropriations under the Executive Recommendation for FY 2016-17 are \$10,031.9 million. This total reflects an increase of \$122.7 million (1.2%) from the FY 2015-16 year-to-date total.

The Executive proposal includes five recommended supplementals totaling \$358.1 million Gross (\$381.7 million GF/GP) for FY 2015-16 they include:

- Michigan Natural Resources Trust Fund projects of \$28.0 million Gross. (Request 2016-3)
- Departmental appropriation adjustment requests of \$235.0 million Gross (\$250.8 GF/GP). (Request 2016-4; non-Flint-related)
- School Aid appropriation net reduction of \$61.6 million. (Request 2016-5; non-Flint-related)
- Departmental appropriations for Flint water emergency of \$147.5 million Gross (\$121.8 million GF/GP). (Request 2016-6)
- School Aid appropriation for Flint water emergency of \$9.2 million. (Request 2016-7)

Major GF/GP and SAF funding items in the non-Flint supplemental requests 2016-4 and 2016-5 include:

- \$50.0 million for transition funding for Detroit Public Schools (Treasury).
- \$13.4 million for unrealized savings from health care contract (Corrections).
- \$9.0 million for statewide school water testing for lead (School Aid).
- \$5.0 million for legal services (DTMB).
- \$5.0 million for Capitol maintenance and IT upgrades (Legislature).
- \$19.7 million for Medicaid and Human Services caseload and baseline cost adjustments (DHHS).
- \$73.6 million reduction for baseline cost adjustments. (School Aid).

Major funding items in the Flint water emergency supplemental requests 2016-6 and 2016-7 include:

- \$30.0 million GF/GP to the City of Flint to provide water bill relief for residential customers (DEQ).
- \$25.0 million GF/GP for replacement of lead service lines for high risk, high hazard homes in Flint (DEQ).
- \$9.2 million GF/GP for Early On services (School Aid).

Boilerplate appropriations included in the supplemental requests are as follows:

- \$165.0 million GF/GP into a new Michigan Infrastructure Fund (DTMB).
- \$50.0 million GF/GP into a Flint Emergency Reserve Fund (DTMB).
- \$8.0 million Federal into a Child Care Development Fund (CCDF) reserve for Flint child care needs (MDE).
- \$6.1 million Federal into a Temporary Assistance for Needy Families (TANF) reserve for Flint emergency needs for children.

Major GF/GP program reductions proposed in the Executive Recommendation compared to FY 2015-16 levels include:

- A reduction of \$389.6 million (ongoing and one-time) in the transportation budget, replaced by new restricted fund revenue under the Transportation package enacted in 2015.
- \$12.1 million savings in DHHS budget from increased hospital provider tax retainer savings.
- \$10.0 million reduction in Corrections budget related to managing prison populations.
- \$5.2 million reduction to county hold harmless provision for foster care administrative rates.
- \$2.0 million elimination of Corrections earmark for Goodwill program.

Major FY 2016-17 GF/GP program increases proposed include:

- \$61.2 million (\$30.0 million GF/GP and \$31.2 million SAF) for a 4.3% increase in public university operations.
- \$32.5 million GF/GP (\$132.8 million Gross) for 14 statewide IT projects representing seven departments includes a mix of ongoing and one-time costs.
- \$16.8 million (including \$13.0 million in one-time costs) for Business Attraction and Community Revitalization programs (replaces \$17.3 million in FY 2015-16 one-time funding).
- \$9.5 million (including \$4.5 million in one-time costs) for a State Police trooper school.
- \$8.9 million to expand the Healthy Kids Dental program to all children in final three counties.
- \$7.6 million for a new patient unit at the Center for Forensic Psychiatry.
- \$7.5 million for a 2.4% increase for community college operations.

Major one-time allocations of GF/GP funding for FY 2016-17 include:

- \$30.0 million reserve for Medicaid costs associated with new specialty pharmacy drugs which may reach the market during the year (in addition to \$135.2 million GF/GP increase above original FY 2015-16 budget for Hepatitis C and Cystic Fibrosis treatments).
- \$10.4 million for Transportation to maintain state road funding at the FY 2015-16 level.
- \$10.0 million for replacement of voting equipment in the Department of State budget.
- \$8.5 million for a Corrections officer academy.
- \$7.5 million for Capitol area (downtown Lansing) space consolidation.
- \$6.5 million net increase for special maintenance at state facilities.
- \$6.0 million to replenish the Disaster Contingency Fund in the State Police budget.
- \$5.0 million for the Grand Rapids Home for Veterans.
- \$4.0 million for a school safety initiative in the State Police budget.

The Flint water emergency funding recommendation for FY 2016-17 includes only a half year of appropriations:

- \$15.1 million Gross (\$9.1 million GF/GP) for assistance for Flint children and families (DHHS).
- \$10.1 million GF/GP in School Aid for Early On services, preschool for 4-year olds, school nurses, and school social workers.
- \$5.4 million for 3-month connection service costs and water assistance (DEQ).
- \$8.1 million federal for continued costs associated with expansion of child care needs (MDE).

Funds for the second half of the year and other potential needs could be transferred from the proposed \$50.0 million reserve.

FY 2016-17 changes recommended for local revenue sharing programs:

- An estimated increase of \$29.4 million in constitutional revenue sharing payments to cities, villages, and townships after adjusting the FY 2015-16 base downward 0.3% for lower sales tax collections. (Estimates from January 2016 CREC)
- \$5.8 million reduction to discretionary revenue sharing payments to cities, villages, and townships by eliminating payments to an expanded pool of local units that had been designated as one-time funding in FY 2014-15 and FY 2015-16.
- \$467,000 increase for revenue sharing payments to counties to provide full funding to two additional counties who will have exhausted their reserve funds in FY 2016-17.
- \$11.0 million (including \$5.2 million one-time) for Competitive Grant Assistance.

Major proposed FY 2016-17 School Aid funding changes include:

- \$150.0 million for increases to district foundation allowances ranging from \$60 to \$120 per pupil based on 2x formula (percentage increases range from 0.7% to 1.6%).
- \$72.0 million in tobacco settlement funds to replace funds from 18-mill levy for foundation allowance costs of the new Detroit Public Schools.
- \$89.3 million increase for state-level MPERS unfunded accrued liability costs (additional \$4.4 million increase for corresponding costs for community colleges and universities).
- \$23.5 million reduction in Technology Readiness Infrastructure Grants.
- \$10.0 million for ongoing training costs for educator evaluations.
- \$15.0 million (including \$10.0 million one-time) for Career and Technical Education early/middle college programs.

The FY 2016-17 Executive Recommendation does not propose a deposit to the Budget Stabilization Fund (BSF), instead proposing the \$165.0 million deposit to the Michigan Infrastructure Fund. The projected BSF balance at the close of FY 2015-16 is \$611.0 million. The recommended deposit for FY 2016-17 based on statutory guidelines, as estimated at the January 2016 Consensus Revenue Estimating Conference, is \$196.9 million.

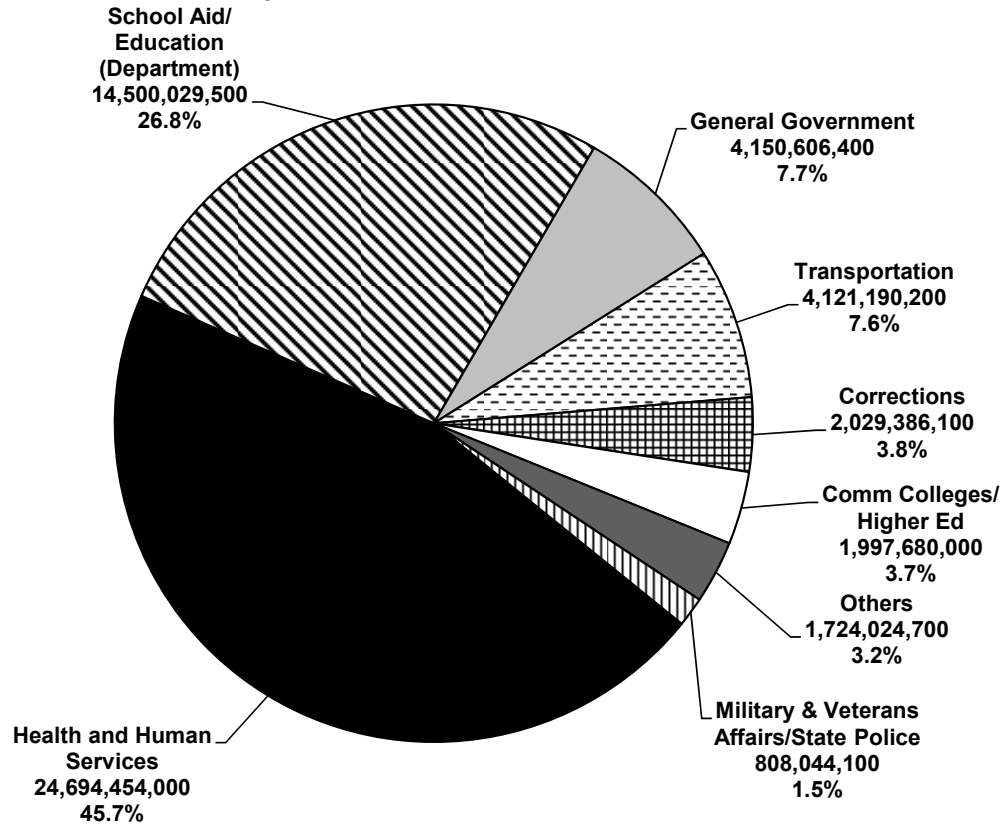
As shown on Table 7 on page 17, the FY 2016-17 budget assumes fees increases in the Department of Education for teacher certification and professional development and in the Department of State for look-up fees.

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

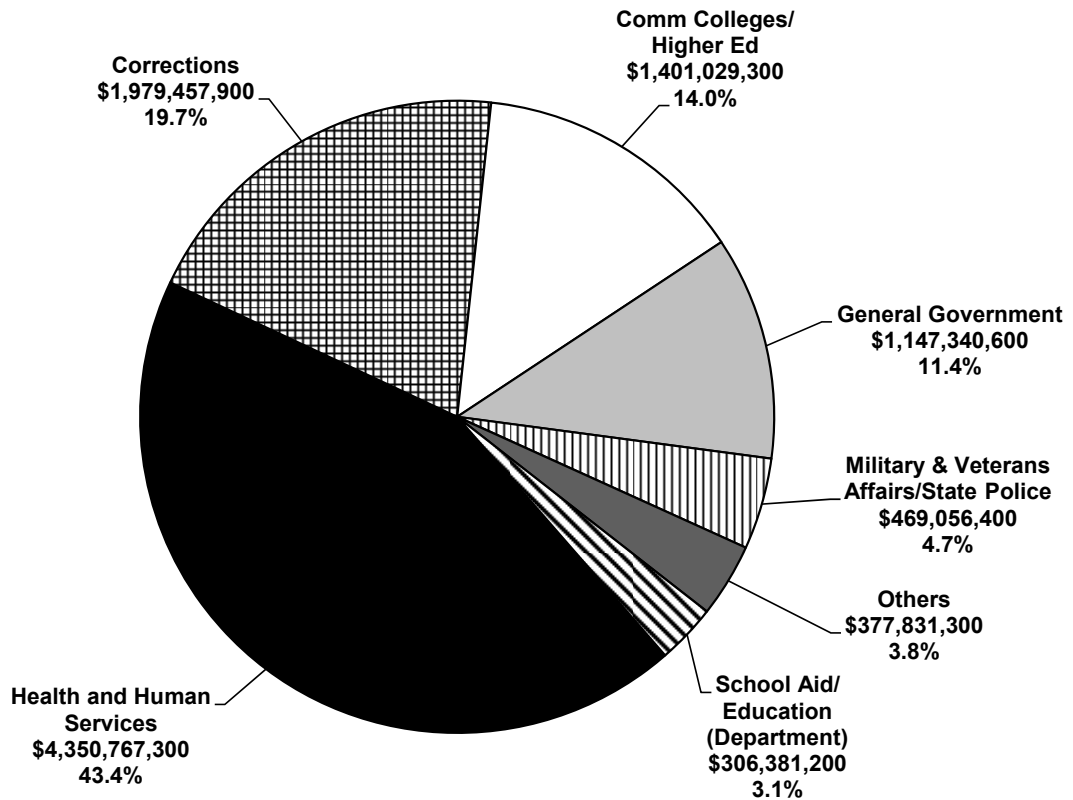
This preliminary review provides a quick look at the Executive Recommendation for FY 2016-17. The House Fiscal Agency's full Review and Analysis of the FY 2016-17 Executive Budget Recommendation will be available in approximately two weeks, and will contain a more detailed review of major budget and 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 2016-17 Executive Recommendation  
Adjusted Gross = \$54,025,415,000**



**FY 2016-17 Executive Recommendation  
General Fund/General Purpose (GF/GP) = \$10,031,864,000**





## **CHANGE IN ADJUSTED GROSS APPROPRIATIONS FY 2016-17 and FY 2017-18 Executive Recommendation**

The Executive Budget Recommendation for FY 2016-17 increases adjusted gross appropriations by \$382.7 million (0.7%) from FY 2015-16 year-to-date amounts:

- GF/GP appropriations are increased by \$122.7 million (1.2%).
- State restricted appropriations are increased by \$834.0 million (4.1%).
- Federal appropriations are decreased by \$573.9 million (-2.5%).
- Local and private appropriations are decreased by \$139,700 (-0.04%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2016-17 Executive Budget Recommendation is increased by \$956.7 million (3.2%) from FY 2015-16 year-to-date amounts.

Projected appropriation amounts for FY 2017-18 under the Executive Budget (which are presented only for planning purposes) reflect a 3.4% decrease in GF/GP appropriations, a 0.7% decrease in total state spending from state sources, and a 1.0% decrease in adjusted gross appropriations.

**FY 2016-17 and FY 2017-18  
Executive Budget Appropriation Changes  
Millions of Dollars**

	<b>Year-to-Date</b>	<b>Executive</b>	<b>Change Amounts</b>		<b>Executive</b>	<b>Change Amounts</b>	
	<b>FY 2015-16</b>	<b>Recommendation FY 2016-17</b>			<b>Recommendation FY 2017-18</b>		
General Fund/General Purpose	\$9,909.1	\$10,031.9	\$122.7	1.2%	\$9,689.9	(\$342.0)	(3.4%)
State Restricted	<u>20,260.4</u>	<u>21,094.4</u>	<u>834.0</u>	4.1%	<u>21,204.4</u>	<u>110.1</u>	0.5%
<b>Total State-Source Appropriations</b>	<b>\$30,169.6</b>	<b>\$31,126.2</b>	<b>\$956.7</b>	<b>3.2%</b>	<b>\$30,894.3</b>	<b>(\$231.9)</b>	<b>(0.7%)</b>
Federal	\$23,077.7	\$22,503.9	(\$573.9)	(2.5%)	\$22,216.1	(\$287.8)	(1.3%)
Local	219.7	220.6	0.9	0.4%	215.6	(5.0)	(2.3%)
Private	175.7	174.7	(1.0)	(0.6%)	174.7	0.0	0.0%
<b>Total Adjusted Gross</b>	<b>\$53,642.7</b>	<b>\$54,025.4</b>	<b>\$382.7</b>	<b>0.7%</b>	<b>\$53,500.7</b>	<b>(\$524.7)</b>	<b>(1.0%)</b>

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 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016.

(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.

<b>FY 2015-16 Through FY 2017-18 Executive Recommendation</b>			
<b>General Fund/General Purpose (GF/GP)</b>			
<b>Millions of Dollars</b>			
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b><u>Resources</u></b>			
Beginning balance	\$694.7	\$153.0	\$15.0
Revenue estimate	9,843.8	10,213.9	10,599.3
Proposed Insurance Credit change	60.0	80.0	80.0
Venture Michigan Fund certificates	0.0	(30.5)	0.0
Use tax on Medicaid MCOs	406.7	101.7	0.0
Revenue Sharing	(468.5)	(474.2)	(469.0)
Charge SAF for short-term borrowing	<u>2.0</u>	<u>3.0</u>	<u>4.0</u>
<b>Total Resources</b>	<b>\$10,538.7</b>	<b>\$10,046.9</b>	<b>\$10,229.3</b>
<b><u>Expenditures</u></b>			
YTD / Recommended Expenditures	\$9,376.7	\$9,687.5	\$9,904.9
One-time recommendations	132.2	334.0	0.0
Pending Supplemental Requests	381.7	0.0	0.0
Transportation (combined one-time/ongoing)	400.0	10.4	0.0
BSF deposit	<u>95.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Expenditures</b>	<b>10,385.6</b>	<b>\$10,031.9</b>	<b>\$9,904.9</b>
<b>Estimated Ending Balance</b>	<b>\$153.0</b>	<b>\$15.0</b>	<b>\$324.4</b>

**Beginning balance:** Estimated ending balance from prior year.

**Revenue estimate:** Revenue estimates agreed to at the January 2016 Consensus Revenue Estimating Conference.

**Proposed Insurance Credit change:** Proposed clarification and reduction in tax credit claimed by auto insurers.

**Venture Michigan Fund certificates:** Revenue loss from tax certificates anticipated to be redeemed under Venture Michigan program.

**Use tax on Medicaid MCOs:** Use tax imposed on Medicaid Managed Care Organizations (MCOs) under PA 161 of 2014.

**Revenue Sharing:** Expenditure of sales tax revenue resulting from revenue sharing proposal.

**Charge SAF for short-term borrowing:** Savings that accrue to GF/GP by shifting short-term borrowing costs to the SAF.

**One-time recommendations:** Executive recommendation for one-time GF/GP appropriations.

**Transportation (combined one-time/ongoing):** Allocation of GF/GP funds for Transportation needs.

**BSF deposit:** GF/GP deposit to the Budget Stabilization Fund (BSF).

<b>FY 2015-16 Through FY 2017-18 Executive Recommendation School Aid Fund (SAF) Millions of Dollars</b>			
	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
<b><u>Resources</u></b>			
Beginning balance	\$190.2	\$47.8	\$15.3
Revenue estimate	12,131.6	12,486.2	12,831.1
Venture Michigan Fund certificates	0.0	(9.5)	0.0
Use tax on Medicaid MCOs	203.3	50.9	0.0
Detroit Public Schools Trust Fund	0.0	72.0	72.0
GF/GP contribution	55.1	230.0	57.4
Federal funds	<u>1,775.8</u>	<u>1,818.6</u>	<u>1,818.6</u>
<b>Total Resources</b>	<b>\$14,356.0</b>	<b>\$14,696.0</b>	<b>\$14,794.4</b>
<b><u>Expenditures</u></b>			
School Aid ongoing recommendations	\$13,846.6	\$14,147.6	\$14,093.3
School Aid one-time recommendations	54.1	35.6	1.5
Pending Supplemental requests	(54.4)	0.0	0.0
Community College recommendations	256.7	260.4	260.9
Higher Education recommendations	<u>205.2</u>	<u>237.1</u>	<u>237.3</u>
<b>Total Expenditures</b>	<b>\$14,308.2</b>	<b>\$14,680.7</b>	<b>\$14,593.0</b>
<b>Estimated Ending Balance</b>	<b>\$47.8</b>	<b>\$15.3</b>	<b>\$201.4</b>

**Beginning balance:** Estimated ending balance from prior year.

**Revenue estimate:** FY 2016-17 and FY 2017-18 revenue estimates agreed to at the January 2016 consensus revenue estimating conference.

**Venture Michigan Fund certificates:** Revenue loss from tax certificates anticipated to be redeemed under Venture Michigan program.

**Use tax on Medicaid MCOs:** Use tax imposed on Medicaid Managed Care Organizations (MCOs) under PA 161 of 2014.

**Detroit Public Schools Trust Fund:** Tobacco settlement revenue available from proposed restricted fund.

**GF/GP contribution:** GF/GP revenue appropriated to SAF.

**Federal funds:** Federal revenue available for School Aid programs.

**School Aid ongoing recommendations:** Executive recommendation for ongoing SAF appropriations.

**School Aid one-time recommendations:** Executive recommendation for one-time SAF appropriations.

**Community College recommendations:** Use of SAF revenue for Community Colleges budget.

**Higher Education recommendations:** Use of SAF revenue for Higher Education budget.

**FY 2016-17 and FY 2017-18 Executive Recommendation  
Tobacco Settlement / Merit Award Trust Fund  
Millions of Dollars**

	FY 2016-17	FY 2017-18
<b><u>Resources</u></b>		
Beginning balance	\$48.7	\$0.0
Tobacco Settlement MSA payment	283.9	295.3
Settlement adjustments / withheld payments	(29.6)	(8.5)
Debt service on 2006/2007 securitization bonds (24.11%)	(61.3)	(69.1)
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>
<b>Total Resources</b>	<b>\$77.3</b>	<b>\$53.3</b>
<b><u>Expenditures</u></b>		
Attorney General: Administration	\$0.5	\$0.5
DHHS: Aging-respite care	4.1	4.1
DHHS: Family Independence Program	30.1	30.1
DHHS: Medicaid base funding	40.6	16.6
State Police: Tobacco tax enforcement	0.8	0.8
Treasury: Tuition Incentive Program administration	<u>1.2</u>	<u>1.2</u>
<b>Total Expenditures</b>	<b>\$77.3</b>	<b>\$53.3</b>
<b>Estimated Ending Balance</b>	<b>\$0.0</b>	<b>\$0.0</b>

## 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 2015-16 year-to-date figures include adjustments through February 10, 2016.
- Some appropriation items in the FY 2015-16 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 2016-17 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 2016-17 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<b>Department/Budget Area</b>	<b>Gross</b>	<b>IDG/IDT</b>	<b>Adjusted Gross</b>	<b>Federal</b>	<b>Local</b>	<b>Private</b>	<b>State Restricted</b>	<b>GF/GP</b>
Agriculture & Rural Development	\$91,591,300	\$323,200	\$91,268,100	\$10,471,200	\$0	\$130,700	\$32,629,300	\$48,036,900
Attorney General	95,185,800	28,989,700	66,196,100	9,476,700	0	0	17,578,900	39,140,500
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,721,900	293,600	16,428,300	2,763,000	0	18,700	151,900	13,494,700
Community Colleges	399,025,600	0	399,025,600	0	0	0	260,414,800	138,610,800
Corrections	2,029,386,100	0	2,029,386,100	5,523,700	8,692,800	0	35,711,700	1,979,457,900
Education	316,917,400	0	316,917,400	225,164,100	5,557,200	2,034,200	7,780,700	76,381,200
Environmental Quality	513,499,400	9,225,700	504,273,700	138,687,200	0	555,300	317,344,800	47,686,400
Executive Office	5,636,300	0	5,636,300	0	0	0	0	5,636,300
Health and Human Services	24,707,967,700	13,513,700	24,694,454,000	17,734,683,600	123,892,300	156,279,300	2,328,831,500	4,350,767,300
Higher Education	1,598,654,400	0	1,598,654,400	99,026,400	0	0	237,209,500	1,262,418,500
Insurance & Financial Services	66,307,200	707,600	65,599,600	2,000,000	0	0	63,449,600	150,000
Judiciary	298,261,400	1,550,000	296,711,400	6,433,500	7,349,300	957,800	92,786,000	189,184,800
Legislative Auditor General	23,451,900	5,558,600	17,893,300	0	0	0	1,969,400	15,923,900
Legislature	141,253,600	0	141,253,600	0	0	400,000	4,275,800	136,577,800
Licensing & Regulatory Affairs	416,567,500	46,923,800	369,643,700	63,818,100	251,600	314,100	262,446,700	42,813,200
Military & Veterans Affairs	176,000,200	101,800	175,898,400	91,793,600	1,522,400	742,800	24,696,000	57,143,600
Natural Resources	397,904,100	1,375,900	396,528,200	72,365,400	0	7,446,400	277,156,400	39,560,000
School Aid	14,183,112,100	0	14,183,112,100	1,818,632,700	0	0	12,134,479,400	230,000,000
State	258,015,600	20,000,000	238,015,600	1,460,000	5,000,000	100	204,445,900	27,109,600
State Police	658,726,100	26,580,400	632,145,700	87,967,800	5,828,500	78,100	126,358,500	411,912,800
Talent and Economic Devel. (MSF)	1,142,494,300	0	1,142,494,300	773,944,800	500,000	5,619,000	192,341,600	170,088,900
Tech., Mgmt. & Budget: Operations	1,073,525,600	696,904,100	376,621,500	4,958,200	2,320,000	0	111,490,800	257,852,500
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	246,570,600	0	0	0	0	246,570,600
Transportation	4,125,203,600	4,013,400	4,121,190,200	1,314,744,000	50,418,500	100,000	2,745,527,700	10,400,000
Treasury: Operations	518,001,500	11,250,600	506,750,900	39,954,200	9,265,700	26,700	359,595,500	97,908,800
Treasury: Debt Service	137,037,000	0	137,037,000	0	0	0	0	137,037,000
Treasury: Revenue Sharing	1,255,708,900	0	1,255,708,900	0	0	0	1,255,708,900	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$54,892,727,100</b>	<b>\$867,312,100</b>	<b>\$54,025,415,000</b>	<b>\$22,503,868,200</b>	<b>\$220,598,300</b>	<b>\$174,703,200</b>	<b>\$21,094,381,300</b>	<b>\$10,031,864,000</b>

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

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2016-17 and FY 2017-18 Executive Recommendation Compared with FY 2015-16 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2015-16</u>	<u>Exec. Rec. FY 2016-17</u>	<u>Difference FY 2016-17 vs. FY 2015-16</u>		<u>Exec. Rec. FY 2017-18</u>	<u>Difference FY 2017-18 vs. FY 2016-17</u>	
Agriculture & Rural Development	\$86,276,700	\$91,268,100	\$4,991,400	5.8%	\$91,268,100	\$0	0.0%
Attorney General	63,573,700	66,196,100	2,622,400	4.1%	65,496,100	(700,000)	(1.1%)
Capital Outlay	400	0	(400)	(100.0%)	0	0	--
Civil Rights	15,842,000	16,428,300	586,300	3.7%	16,078,300	(350,000)	(2.1%)
Community Colleges	387,825,600	399,025,600	11,200,000	2.9%	399,525,600	500,000	0.1%
Corrections	1,962,001,000	2,029,386,100	67,385,100	3.4%	2,019,898,700	(9,487,400)	(0.5%)
Education	308,561,200	316,917,400	8,356,200	2.7%	308,367,300	(8,550,100)	(2.7%)
Environmental Quality	490,880,500	504,273,700	13,393,200	2.7%	477,523,600	(26,750,100)	(5.3%)
Executive Office	5,531,100	5,636,300	105,200	1.9%	5,636,300	0	0.0%
Health and Human Services	25,073,392,600	24,694,454,000	(378,938,600)	(1.5%)	24,420,846,600	(273,607,400)	(1.1%)
Higher Education	1,534,724,400	1,598,654,400	63,930,000	4.2%	1,598,854,400	200,000	0.0%
Insurance & Financial Services	64,350,100	65,599,600	1,249,500	1.9%	65,599,600	0	0.0%
Judiciary	282,488,500	296,711,400	14,222,900	5.0%	294,212,900	(2,498,500)	(0.8%)
Legislative Auditor General	17,447,700	17,893,300	445,600	2.6%	17,893,300	0	0.0%
Legislature	136,464,300	141,253,600	4,789,300	3.5%	141,253,600	0	0.0%
Licensing & Regulatory Affairs	363,780,300	369,643,700	5,863,400	1.6%	365,613,700	(4,030,000)	(1.1%)
Military & Veterans Affairs	168,854,400	175,898,400	7,044,000	4.2%	168,398,400	(7,500,000)	(4.3%)
Natural Resources	402,648,500	396,528,200	(6,120,300)	(1.5%)	387,328,200	(9,200,000)	(2.3%)
School Aid	13,900,654,300	14,183,112,100	282,457,800	2.0%	14,094,759,500	(88,352,600)	(0.6%)
State	210,256,700	238,015,600	27,758,900	13.2%	223,015,600	(15,000,000)	(6.3%)
State Police	601,584,200	632,145,700	30,561,500	5.1%	623,669,900	(8,475,800)	(1.3%)
Talent and Economic Devel. (MSF)	1,153,023,500	1,142,494,300	(10,529,200)	(0.9%)	1,112,915,800	(29,578,500)	(2.6%)
Tech., Mgmt. & Budget: Operations	330,174,600	376,621,500	46,446,900	14.1%	347,120,600	(29,500,900)	(7.8%)
Tech., Mgmt. & Budget: SBA Rent	254,570,600	246,570,600	(8,000,000)	(3.1%)	246,570,600	0	0.0%
Transportation	3,892,272,900	4,121,190,200	228,917,300	5.9%	4,110,790,200	(10,400,000)	(0.3%)
Treasury: Operations	526,696,400	506,750,900	(19,945,500)	(3.8%)	503,908,400	(2,842,500)	(0.6%)
Treasury: Debt Service	156,449,000	137,037,000	(19,412,000)	(12.4%)	118,495,000	(18,542,000)	(13.5%)
Treasury: Revenue Sharing	1,252,406,100	1,255,708,900	3,302,800	0.3%	1,275,687,400	19,978,500	1.6%
<b>TOTAL</b>	<b>\$53,642,731,300</b>	<b>\$54,025,415,000</b>	<b>\$382,683,700</b>	<b>0.7%</b>	<b>\$53,500,727,700</b>	<b>(\$524,687,300)</b>	<b>(1.0%)</b>



**TABLE 3**  
**GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS**  
**FY 2016-17 and FY 2017-18 Executive Recommendation Compared with FY 2015-16 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2015-16</u>	<u>Exec. Rec. FY 2016-17</u>	<u>Difference FY 2016-17 vs. FY 2015-16</u>		<u>Exec. Rec. FY 2017-18</u>	<u>Difference FY 2017-18 vs. FY 2016-17</u>	
Agriculture & Rural Development	\$43,073,600	\$48,036,900	\$4,963,300	11.5%	\$49,236,900	\$1,200,000	2.5%
Attorney General	37,013,400	39,140,500	2,127,100	5.7%	38,440,500	(700,000)	(1.8%)
Capital Outlay	400	0	(400)	(100.0%)	0	0	--
Civil Rights	12,949,700	13,494,700	545,000	4.2%	13,144,700	(350,000)	(2.6%)
Community Colleges	131,110,800	138,610,800	7,500,000	5.7%	138,610,800	0	0.0%
Corrections	1,903,948,400	1,979,457,900	75,509,500	4.0%	1,969,970,500	(9,487,400)	(0.5%)
Education	77,583,700	76,381,200	(1,202,500)	(1.5%)	75,881,200	(500,000)	(0.7%)
Environmental Quality	46,914,200	47,686,400	772,200	1.6%	35,336,400	(12,350,000)	(25.9%)
Executive Office	5,531,100	5,636,300	105,200	1.9%	5,636,300	0	0.0%
Health and Human Services	4,153,708,200	4,350,767,300	197,059,100	4.7%	4,312,132,100	(38,635,200)	(0.9%)
Higher Education	1,232,418,500	1,262,418,500	30,000,000	2.4%	1,262,418,500	0	0.0%
Insurance & Financial Services	150,000	150,000	0	0.0%	150,000	0	0.0%
Judiciary	183,642,200	189,184,800	5,542,600	3.0%	186,686,300	(2,498,500)	(1.3%)
Legislative Auditor General	15,460,100	15,923,900	463,800	3.0%	15,923,900	0	0.0%
Legislature	131,872,300	136,577,800	4,705,500	3.6%	136,577,800	0	0.0%
Licensing & Regulatory Affairs	40,481,500	42,813,200	2,331,700	5.8%	40,343,200	(2,470,000)	(5.8%)
Military & Veterans Affairs	53,187,300	57,143,600	3,956,300	7.4%	49,643,600	(7,500,000)	(13.1%)
Natural Resources	39,597,800	39,560,000	(37,800)	(0.1%)	38,260,000	(1,300,000)	(3.3%)
School Aid	45,900,000	230,000,000	184,100,000	401.1%	57,400,000	(172,600,000)	(75.0%)
State	22,161,500	27,109,600	4,948,100	22.3%	17,109,600	(10,000,000)	(36.9%)
State Police	376,405,600	411,912,800	35,507,200	9.4%	403,437,000	(8,475,800)	(2.1%)
Talent and Economic Devel. (MSF)	198,457,000	170,088,900	(28,368,100)	(14.3%)	155,088,900	(15,000,000)	(8.8%)
Tech., Mgmt. & Budget: Operations	222,627,600	257,852,500	35,224,900	15.8%	228,351,600	(29,500,900)	(11.4%)
Tech., Mgmt. & Budget: SBA Rent	254,570,600	246,570,600	(8,000,000)	(3.1%)	246,570,600	0	0.0%
Transportation	400,000,000	10,400,000	(389,600,000)	(97.4%)	0	(10,400,000)	(100.0%)
Treasury: Operations	123,930,300	97,908,800	(26,021,500)	(21.0%)	95,066,300	(2,842,500)	(2.9%)
Treasury: Debt Service	156,449,000	137,037,000	(19,412,000)	(12.4%)	118,495,000	(18,542,000)	(13.5%)
Treasury: Revenue Sharing	0	0	0	--	0	0	--
<b>TOTAL</b>	<b>\$9,909,144,800</b>	<b>\$10,031,864,000</b>	<b>\$122,719,200</b>	<b>1.2%</b>	<b>\$9,689,911,700</b>	<b>(\$341,952,300)</b>	<b>(3.4%)</b>

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2016-17 GF/GP</u>
Attorney General	\$700,000
Civil Rights	350,000
Corrections	9,487,400
Education	500,000
Environmental Quality	12,350,000
Health and Human Services	40,219,200
Judiciary	2,600,000
Licensing & Regulatory Affairs	2,470,000
Military & Veterans Affairs	7,500,000
Natural Resources	1,300,000
School Aid	173,000,000
State	10,000,000
State Police	15,750,000
Talent and Economic Devel. (MSF)	15,000,000
Tech., Mgmt. & Budget: Operations	29,500,900
Transportation	10,400,000
Treasury: Operations	2,842,500
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$333,970,000</b>
Budget Stabilization Fund Deposit	0
<b>TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS</b>	<b>\$333,970,000</b>

**TABLE 5**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2016-17 Executive Recommendation Compared with FY 2015-16 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2015-16</u>	<u>Executive Recommendation FY 2016-17</u>	<u>Difference FY 2016-17 vs. FY 2015-16</u>	
Agriculture & Rural Development	460.0	479.0	19.0	4.1%
Attorney General	524.5	533.0	8.5	1.6%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	135.0	135.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	14,190.3	14,065.6	(124.7)	(0.9%)
Education	594.5	602.5	8.0	1.3%
Environmental Quality	1,226.0	1,238.0	12.0	1.0%
Executive Office	84.2	84.2	0.0	0.0%
Health and Human Services	15,443.0	15,560.5	117.5	0.8%
Higher Education	0.0	0.0	0.0	--
Insurance & Financial Services	343.0	343.0	0.0	0.0%
Judiciary	489.0	510.0	21.0	4.3%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	2,221.8	2,234.8	13.0	0.6%
Military & Veterans Affairs	897.5	897.5	0.0	0.0%
Natural Resources	2,235.8	2,242.8	7.0	0.3%
School Aid	0.0	0.0	0.0	--
State	1,593.0	1,593.0	0.0	0.0%
State Police	3,134.0	3,253.0	119.0	3.8%
Talent and Economic Devel. (MSF)	1,619.0	1,615.0	(4.0)	(0.2%)
Tech., Mgmt. & Budget: Operations	2,850.0	2,873.0	23.0	0.8%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,918.3	2,918.3	0.0	0.0%
Treasury: Operations	1,911.5	1,916.5	5.0	0.3%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>52,870.4</b>	<b>53,094.7</b>	<b>224.3</b>	<b>0.4%</b>

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

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

**FY 2016-17 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	80,666,200	4,750,000	5.9%
Attorney General	56,719,400	0	0.0%
Capital Outlay	0	0	--
Civil Rights	13,646,600	0	0.0%
Community Colleges	399,025,600	399,025,600	100.0%
Corrections	2,015,169,600	110,420,700	5.5%
Education	84,161,900	15,176,000	18.0%
Environmental Quality	365,031,200	3,750,000	1.0%
Executive Office	5,636,300	0	0.0%
Health and Human Services	6,679,598,800	1,259,438,500	18.9%
Higher Education	1,499,628,000	0	0.0%
Insurance & Financial Services	62,350,100	0	0.0%
Judiciary	281,970,800	138,718,300	49.2%
Legislative Auditor General	17,893,300	0	0.0%
Legislature	140,853,600	0	0.0%
Licensing & Regulatory Affairs	305,259,900	28,225,700	9.2%
Military & Veterans Affairs	81,839,600	102,400	0.1%
Natural Resources	316,716,400	6,100,000	1.9%
School Aid	12,364,479,400	12,212,368,600	98.8%
State	231,555,500	1,211,300	0.5%
State Police	538,271,300	19,198,900	3.6%
Talent and Economic Devel. (MSF)	362,430,500	11,224,800	3.1%
Tech., Mgmt. & Budget: Operations	369,343,300	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	0	0.0%
Transportation	2,755,927,700	1,583,461,200	57.5%
Treasury: Operations	457,504,300	186,270,700	40.7%
Treasury: Debt Service	137,037,000	0	0.0%
Treasury: Revenue Sharing	1,255,708,900	1,255,708,900	100.0%
<b>TOTALS APPROPRIATED</b>	<b>\$31,126,245,300</b>	<b>\$17,235,151,600</b>	<b>55.4%</b>

**TABLE 7**  
**FY 2016-17 Executive Recommendation – Fee Proposal**

<b>Department/Budget Area</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Current Revenue Collected</b>	<b>Additional Revenue Generated with Fee Increase</b>	<b>Estimated Total Revenue</b>
<b>Education (Department)</b>					
• Teaching and Administrative Certification and Renewal	\$160	\$207	\$3,765,100	\$1,106,000	\$4,871,100
• Other Certification Renewal	\$100	\$130	\$346,200	\$103,900	\$450,100
• State Continuing Education Clock Hour Application Fee	\$0	\$35 + \$1 per participant	\$0	\$286,000	\$286,000
• State Continuing Education Clock Hour Participation Fee	\$0	\$4	\$0	\$91,000	\$91,000
• District Provided Professional Development Annual Fee	\$0	\$500	\$0	\$375,000	\$375,000
<b>State (Department)</b>					
• Look-up Fee	\$8	\$11	\$37,932,100	\$14,100,000	\$52,032,100
<b>Totals</b>			<b>\$42,043,400</b>	<b>\$16,061,900</b>	<b>\$58,105,300</b>



## FY 2016-17 EXECUTIVE BUDGET HIGHLIGHTS Major Changes Proposed

### Agriculture and Rural Development

Analyst: William E. Hamilton

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$317,300	\$323,200	\$5,900	1.9
<b>Federal</b>	10,427,900	10,471,200	43,300	4.2
<b>Local</b>	0	0	0	--
<b>Private</b>	128,100	130,700	2,600	2.0
<b>Restricted</b>	32,647,100	32,629,300	(17,800)	(0.1)
<b>GF/GP</b>	43,073,600	48,036,900	4,963,300	11.5
<b>Gross</b>	<b>\$86,594,000</b>	<b>\$91,591,300</b>	<b>\$4,997,300</b>	<b>5.8</b>
<b>FTEs</b>	460.0	479.0	19.0	4.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### **Food Safety Programs**

Increases baseline GF/GP support by \$1.2 million to help agricultural producers comply with new federal food safety standards, the Food Safety Modernization Act (FSMA).

#### **Laboratory Program**

Increases baseline GF/GP support by \$3.1 million for laboratory program, of which \$2.0 million would provide for additional staffing and equipment upgrades at the Geagley Laboratory to enhance food safety and export market testing programs. Increase includes \$1.0 million for Heffron Metrology Laboratory consumer protection programs.

#### **Rural Development Fund Grant Program – New Program**

Includes \$2.0 million from Rural Development Fund for new grant/loan program. Fund revenue is generated from a non-ferrous metal mining severance tax established in Public Act 411 of 2012.

#### **Farmland/Open Space Preservation Program**

Provides additional \$500,000 GF/GP for department activities in support of a farm tax credit program, often referred to as the PA 116 program. Dedicated restricted revenue is not sufficient to support department activities.

#### **Refined Petroleum Fund – Fund Shift**

Reflects partial phase-out of Refined Petroleum Fund (RPF) revenue in this budget. Budget replaces \$1.5 million RPF, primarily in laboratory motor fuel consumer protection programs, with GF/GP.

#### **Program Reductions**

Provides \$500,000 GF/GP for ongoing *Value-added* grant program, a reduction of \$150,000; provides \$2.3 million GF/GP for the *Qualified forest program*, a baseline reduction of \$130,000.

#### **Program Eliminations**

Eliminates support for the following ongoing programs: County fairs capital grants, (\$300,000 GF/GP), Shows and expositions, (\$20,000 GF/GP), and Commercial forest audit program, (\$300,000 GF/GP). Also eliminates \$1.2 million in one-time appropriations: Rural development value-added grant program (\$550,000 GF/GP), Tree fruit research (\$500,000 GF/GP), and Laboratory capital equipment (\$150,000 GF/GP).

#### **Economic Adjustments**

Reflects increased costs of \$1.3 million Gross (\$727,500 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## Supplemental Recommendations for FY 2015-16 Appropriations

### **Intercounty Drain Program**

Requests \$1.9 million (\$925,000 Federal, \$1.0 million Local) increase in spending authority for intercounty drain program to provide for digital elevation mapping project.

### **Community Colleges**

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	256,714,800	260,414,800	3,700,000	1.4
GF/GP	131,110,800	138,610,800	7,500,000	5.7
<b>Gross</b>	<b>\$387,825,600</b>	<b>\$399,025,600</b>	<b>\$11,200,000</b>	<b>2.9</b>

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

### **Community College Operations Grants**

Increases funding for community college operations grants by \$7.5 million GF/GP, to be distributed according to a revised performance funding formula. Projected increases for individual community colleges range from 1.7% to 3.8%. Shift of \$50.7 million from School Aid Fund (SAF) to GF/GP. Total funding would be \$318.9 million (\$133.5 million GF/GP).

### **Michigan Public School Employee Retirement System (MPSERS)**

Increases funding by \$3.7 million SAF, for the state's share of colleges' unfunded liability to MPSERS. 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). There is a \$52.3 million shift from GF/GP to SAF included. Total funding for state share would be \$73.2 million SAF.

### **Performance Funding Formula**

Modifies the formula for distributing performance-based funding:

- Reduces the across-the-board adjustment from 50% to 30%.
- Increases the contact hours component from current 10% unweighted to 30% weighted for health and technology/industrial.
- Increases the performance based component from its current 17.5% based on weighted degree and certificate completions to 30% (20% weighted degree and certificate completions and 10% completion improvement).
- Reduces the local strategic value component from 15% to 5% and lowers the administrative costs component from 7.5% to 5%.

### **Renaissance Zone Reimbursements**

Shifts funding for Renaissance Zone reimbursements by \$1.6 million from SAF to GF/GP, bringing total funding to \$5.1 million GF/GP.



## Corrections

Analyst: Robin R. Risko

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$225,000	\$0	(\$225,000)	(100.0)
Federal	5,568,700	5,523,700	(45,000)	(0.8)
Local	8,533,200	8,692,800	159,600	1.9
Private	0	0	0	--
Restricted	43,950,700	35,711,700	(8,239,000)	(18.7)
GF/GP	1,903,948,400	1,979,457,900	75,509,500	4.0
<b>Gross</b>	<b>\$1,962,226,000</b>	<b>\$2,029,386,100</b>	<b>\$67,160,100</b>	<b>3.4</b>
FTEs	14,190.3	14,065.6	(124.7)	(0.9)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2015-16 Year-to-Date (YTD) Appropriations

#### ***Drug Treatment for Prisoners with Hepatitis C***

Includes \$17.3 million GF/GP to cover increased costs of the expanded drug treatment protocols for treatment of prisoners with Hepatitis C to align with the standard of care recently recommended by the Michigan Pharmacy and Therapeutics Committee for Medicaid recipients. This reflects an additional \$3.4 million above the FY 2015-16 increase of \$13.9 million approved via legislative transfer for this purpose. The treatment protocol is to treat prisoners that have Hepatitis C with metavir scores of F3 and F4. The total number of prisoners that can be treated is to be determined based on individual treatment plans and costs to provide treatments.

#### ***Restoration of Reduced Funding for Health Care***

Restores \$11.2 million GF/GP of a \$15.0 million reduction that was included in the current year budget and anticipated to be achieved as a result of implementing an integrated healthcare delivery system with one vendor managing physical health care, mental health care, and pharmaceutical services. The consolidated contract will not be effective until June 1, 2016 and will result in a full-year savings of \$3.8 million GF/GP in FY 2016-17.

#### ***One-Time Funding for New Employee Training***

Includes \$8.5 million GF/GP in one-time funding to train an additional 350 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.)

#### ***Rebidding of Various Service Contracts***

Includes \$6.8 million GF/GP to cover anticipated costs of rebidding reentry services contracts, substance abuse treatment services contracts, and outpatient and residential sex offender treatment services contracts. Reentry services contracts have been in place for the last seven years, substance abuse treatment services contracts for the last six years, and outpatient and residential sex offender treatment services contracts for the last five years. The additional funding will cover the estimated inflationary increases that are expected to be included in the new contract costs.

#### ***Mental Health Programming for Prisoners***

Includes \$2.0 million GF/GP and 17.0 FTE positions to address the increased caseload and waiting lists for mental health treatment services. The number of prisoners diagnosed with mental illness has increased. Roughly 21% of prisoners currently receive some form of mental health treatment services. Additional staff will address the problem of mental health teams handling more cases than their recommended caseload levels.

#### ***Trinity Food Service Contract Adjustment***

Includes \$1.5 million GF/GP to cover the contract requirement that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index (CPI) – All Urban Consumers, U.S. City Average for Food Away from Home. CPI has averaged a 2.6% increase over the last 10 years. This amount of additional funding assumes that same increase in FY 2016-17.

### ***Increased Information Technology Bandwidth***

Includes \$1.0 million GF/GP to increase information technology bandwidth in an effort to eliminate problems with system slowness and operational outages. All correctional facilities and field operations locations rely on the internet for programs such as meal tracking used for food service billing; electronic law library; video conferencing for health care, parole hearings, and court appearances; GED preparation and testing; and electronic medical records and the Next Gen health care system.

### ***One-Time Funding for Ballistic Vests***

Includes \$981,300 GF/GP for the department to purchase 1,400 ballistic vests for parole/probation staff that go into the field for contacts with parolees and probationers and 170 ballistic vests for transportation officers that are required to wear vests when transporting prisoners.

### ***Life in Recovery Treatment Program***

Includes \$750,000 GF/GP for a new treatment service targeted at repetitive relapse prevention for probation violators. The new 30-day program will aim to increase insight into offenders' relapse factors and triggers, identify issues offenders need to work on to prevent future relapses, revise offenders' relapse prevention plans, and offer sober living support. It is estimated that 250 offenders will be treated through this program as an alternative to 90-day residential treatment programming.

### ***Savings from Managing Prison Populations***

Reflects a total savings of \$10.0 million GF/GP as a result of the following:

- \$5.0 million in savings from taking housing units off-line; due to reduced prisoner population pressures, housing units at the Carson City, Marquette, Central Michigan, Egeler, and Cotton Correctional Facilities are not planned for use in FY 2016-17.
- Full-year savings of \$3.4 million from closure of the Kinross Correctional Facility and transfer of the prisoners to the former Hiawatha Correctional Facility; closure took place in the fall of 2015 and a partial-year savings of \$2.0 million was included in the FY 2015-16 budget.
- \$1.6 million in net savings from in-sourcing leased beds; it has been determined, on a marginal cost basis, that it is more cost-effective for the department to house prisoners in state correctional facilities instead of leasing beds from county jails.

### ***Program Eliminations***

Reflects a savings of \$2.5 million GF/GP due to the following program eliminations:

- Goodwill Flip the Script program (\$2.0 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 roughly 800 troubled 16-29 year-olds, in an effort to keep them out of prison.
- Parole Sanction Certainty Pilot program (\$500,000) - Funding was included in the FY 2015-16 budget to be distributed to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and/or Wayne Counties for operation and administration of a pilot program that was to be utilized as a condition of parole for technical parole violators.

### ***Prison Store Operations Adjustment***

Reflects a reduction of \$2.4 million in state restricted prisoner store revenue and a reduction of 28.0 FTE positions as a result of a change in the way the vendor handles prisoner store orders. Previously, store orders were distributed to regional warehouses and store employees would pick-up and deliver orders to facilities. Store orders will now be distributed by the vendor to each individual facility, resulting in the need for fewer storekeeper positions.

### ***Economic Adjustments***

Reflects increased costs of \$35.6 million Gross (\$34.8 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## **Supplemental Recommendations for FY 2015-16 Appropriations**

### ***Restoration of Reduced Funding for Health Care***

Restores \$13.4 million GF/GP of a \$15.0 million reduction that was included in the current year budget and anticipated to be achieved as a result of implementing an integrated healthcare delivery system with one vendor managing physical health care, mental health care, and pharmaceutical services. The consolidated contract will not be effective until June 1, 2016 and will result in a partial-year savings of \$1.6 million GF/GP in FY 2015-16.

## **Education (Department)**

Analyst: Samuel Christensen

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	215,640,900	225,164,100	9,523,200	4.4
Local	5,633,700	5,557,200	(76,500)	(1.4)
Private	2,033,300	2,034,200	900	0.0
Restricted	7,669,600	7,780,700	111,100	1.4
GF/GP	77,583,700	76,381,200	(1,202,500)	(1.5)
<b>Gross</b>	<b>\$308,561,200</b>	<b>\$316,917,400</b>	<b>\$8,356,200</b>	<b>2.7</b>
FTEs	594.5	602.5	8.0	1.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### ***Multi-Tiered Systems of Supports (MTSS) Implementation Monitoring and Assistance***

Provides \$500,000 GF/GP and 3.0 FTEs to establish a team of consultants to monitor and support implementation of a FY 2015-16 School Aid budget requirement that districts implement MTSS in grades K-3 in order to receive at-risk funding.

#### ***Early/Middle Colleges (EMC) Expansion Supports***

Provides \$395,000 GF/GP and 2.0 FTEs to support technical assistance and monitoring of EMCs, which have increased from 9 in FY 2011-12 to approximately 119 projected for FY 2016-17.

#### ***Special Education Taskforce Recommendations***

Provides \$300,000 GF/GP to implement findings from the Special Education Reform Task Force to design and distribute parent-friendly information for Individualized Education Plans (IEPS) and support mediator training.

#### ***School Safety Consultant***

Provides \$180,000 GF/GP and 1.0 FTE to support school emergency planning and school safety issues for the MDE.

#### ***Home Visit Program Management and Coordination***

Provides \$175,000 GF/GP and 1.0 FTE to the Office of Great Start to manage the home visit program that was part of the FY 2015-16 School Aid budget early literacy initiative.

#### ***E-Rate Technical Assistance for Districts***

Provides 162,500 GF/GP and 1.0 FTE to support an E-Rate consultant to coordinate district applications and projects.

#### ***One-Time Appropriations***

Includes one-time, half-year funding of \$8.1 million federal CCDF to provide subsidized childcare to all 0-3 children in Flint for half-day services, with additional funding available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB, as well as \$500,000 GF/GP to support declining teacher certification fee revenue, for which a fee increase is requested for FY 2017-18.

#### ***Reduction: Financial Independence Teams (FIT) & Educator Evaluations***

Reduces FIT by \$250,000 GF/GP (\$252,800 remaining) and Educator Evaluation by \$1 million (\$1.5 million remaining).

#### ***Economic Adjustments***

Reflects increased costs of \$1.9 million Gross (\$451,100 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

### **Flint Child Care**

Includes \$25.6 million Gross (\$19.6 million Federal and \$6.0 million GF/GP) for funding to subsidize childcare to all 0-3 children in Flint for half-day services, information to childcare providers on identification and intervention services for children demonstrating developmental delays, and expand provisions for reimbursement, vouchers, and/or delivery of programs providing fruits and vegetables to children and families.

### **Environmental Quality**

Analyst: Austin Scott

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$9,115,300	\$9,225,700	\$110,400	1.2
<b>Federal</b>	138,079,100	138,687,200	608,100	0.4
<b>Local</b>	0	0	0	--
<b>Private</b>	546,000	555,300	9,300	1.7
<b>Restricted</b>	305,341,200	317,344,800	12,003,600	3.9
<b>GF/GP</b>	46,914,200	47,686,400	772,200	1.6
<b>Gross</b>	<b>\$499,995,800</b>	<b>\$513,499,400</b>	<b>\$13,503,600</b>	<b>2.7</b>
<b>FTEs</b>	1,226.0	1,238.0	12.0	1.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

### **Flint Declaration of Emergency One-Time Funding**

Provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high-risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget.

### **Removal of FY 2015-16 Flint Declaration of Emergency One-Time Funding**

Removes \$13.1 million Gross (\$12.1 million GF/GP) for FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation.

### **Water Pollution Control and Drinking Water Revolving Fund Loan Program One-Time GF/GP**

Provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants.

### **Environmental Cleanup and Redevelopment Program**

Appropriates remaining \$14.9 million in Clean Michigan Initiative (CMI) response activities funding for cleanup at 13 high priority sites.

### **Contaminated Lake and River Sediment Cleanup Program One-Time Funding**

Provides \$700,000 in CMI contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites.

### **Oil, Gas, and Mineral Services One-Time GF/GP**

Provides \$4.0 million GF/GP for oil, gas and mineral services to help offset a reduction in available oil and gas funding.

### **Economic Adjustments**

Reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

### **Water Bill Relief**

\$30.0 million GF/GP to the City of Flint for water bill relief for city water system residential customers

### **Service Line Replacement**

\$25.0 million GF/GP for the replacement of lead service lines for high-risk homes in Flint

### **Flint Water Response**

\$4.5 million GF/GP for expenses related to the declaration of emergency which may include Flint water system needs or Flint water response team efforts

### **Great Lakes Water Authority**

\$3.9 million GF/GP to the Great Lakes Water Authority for service from July 2016 through September 2016

## All General Government

Analysts: Ben Gielczyk and Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$742,192,600	\$762,996,600	\$20,804,000	2.8
<b>Federal</b>	825,221,900	832,556,900	7,335,000	0.9
<b>Local</b>	17,050,900	17,085,700	34,800	0.2
<b>Private</b>	6,253,300	6,064,500	(188,800)	(3.0)
<b>Restricted</b>	2,092,887,000	2,147,558,700	54,671,700	2.6
<b>GF/GP</b>	1,176,022,600	1,147,340,600	(28,682,000)	(2.4)
<b>Gross</b>	<b>\$4,859,628,300</b>	<b>\$4,913,603,000</b>	<b>\$53,974,700</b>	<b>1.1</b>
<b>FTEs</b>	8,717.2	8,749.7	32.5	0.4

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 General Government appropriations bill follow below.

## Attorney General

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$28,533,900	\$28,989,700	\$455,800	1.6
<b>Federal</b>	9,278,600	9,476,700	198,100	2.1
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	17,281,700	17,578,900	297,200	1.7
<b>GF/GP</b>	37,013,400	39,140,500	2,127,100	5.7
<b>Gross</b>	<b>\$92,107,600</b>	<b>\$95,185,800</b>	<b>\$3,078,200</b>	<b>3.3</b>
<b>FTEs</b>	524.5	533.0	8.5	1.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

### ***Prescription Drug Abuse Unit***

Provides \$700,000 GF/GP in one-time funding and 4.5 FTEs to strengthen the statewide drug enforcement strategy.

### ***Home Protection Unit***

Adds \$600,000 GF/GP and 4.0 FTEs for the Home Protection Unit, which assists home-owners defrauded from foreclosure-related crimes.

### ***Five-year Early Out Deferred Sick Leave Payments***

Removes \$472,200 Gross (\$5,000 GF/GP) with the end of the department's five year payout for sick leave payments.

### ***Human Trafficking Commission***

Appropriates \$390,000 Gross for prosecutions and public awareness regarding human trafficking in Michigan.

### ***Economic Adjustments***

Reflects increased costs of \$1.9 million Gross (\$750,000 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## **Civil Rights**

Analyst: Perry Zielak

	<b>FY 2015-16 Year-to-Date as of 2/10/16</b>	<b>FY 2016-17 Executive</b>	<b>Difference: FY 2016-17 Vs. FY 2015-16</b>	
			<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$286,700	\$293,600	\$6,900	2.4
<b>Federal</b>	2,721,700	2,763,000	41,300	1.5
<b>Local</b>	0	0	0	--
<b>Private</b>	18,700	18,700	0	0.0
<b>Restricted</b>	151,900	151,900	0	0.0
<b>GF/GP</b>	12,949,700	13,494,700	545,000	4.2
<b>Gross</b>	<b>\$16,128,700</b>	<b>\$16,721,900</b>	<b>\$593,200</b>	<b>3.7</b>
<b>FTEs</b>	135.0	138.0	3.0	2.2

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

### ***Advocates and Leaders for Police and Community Trust***

Provides \$250,000 GF/GP in one-time funding and 2.0 FTEs to strengthen outreach and education efforts between law enforcement and community leaders in three additional cities: Battle Creek, Traverse City, and Muskegon Heights.

### ***Commission on Middle Eastern American Affairs***

Provides \$100,000 GF/GP in one-time funding and 1.0 FTE for the Commission on Middle Eastern American Affairs, which was created by Executive Order 2015-6.

### ***Economic Adjustments***

Reflects increased costs of \$293,900 Gross (\$245,700 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## Executive Office

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	5,531,100	5,636,300	105,200	1.9
<b>Gross</b>	<b>\$5,531,100</b>	<b>\$5,636,300</b>	<b>\$105,200</b>	<b>1.9</b>
FTEs	84.2	84.2	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### **Executive Office Operations**

Reflects increased costs of \$105,200 Gross and GF/GP related to Executive Office staff and other operations.

## Legislature

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,192,000	4,275,800	83,800	2.0
GF/GP	131,872,300	136,577,800	4,705,500	3.6
<b>Gross</b>	<b>\$136,464,300</b>	<b>\$141,253,600</b>	<b>\$4,789,300</b>	<b>3.5</b>
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### **Legislature Operations**

Reflects increased costs of \$4.8 million Gross (\$4.7 GF/GP) related to legislative staff and other operations.

### Supplemental Recommendations for FY 2015-16 Appropriations

#### **Legislative Redistricting**

Includes \$450,000 GF/GP to cover costs associated with House and Senate redistricting, including equipment, supplies, and services needed for tracking and reporting census and reapportionment information. Designates as work project with a tentative completion date of September 30, 2020.

#### **Integrated Computer System**

Includes \$3.0 million GF/GP to cover the design, development, and implementation of a legislative wide integrated computer system. Designates as work project with a tentative completion date of September 30, 2019.

**Criminal Justice Policy Commission**

Includes \$500,000 GF/GP to cover the administrative and operational costs associated with the Criminal Justice Policy Commission. Designates as work project with a tentative completion date of September 30, 2019.

**Capitol Historic Site**

Includes \$2.0 million GF/GP for the State Capitol Historic Site restoration, renewal, and maintenance. Specifically, the funds would cover the costs of additional equipment and services for scheduled maintenance and restoration. Designates as work project with a tentative completion date of September 30, 2019.

**Legislative Auditor General**

Analyst: Ben Gielczyk

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16	Executive	Amount	%
<b>IDG/IDT</b>	\$5,392,800	\$5,558,600	\$165,800	3.1
<b>Federal</b>	0	0	0	--
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	1,987,600	1,969,400	(18,200)	(0.9)
<b>GF/GP</b>	15,460,100	15,923,900	463,800	3.0
<b>Gross</b>	<b>\$22,840,500</b>	<b>\$23,451,900</b>	<b>\$611,400</b>	<b>2.7</b>
<b>FTEs</b>	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

**Auditor General Operations**

Reflects increased costs of \$611,400 Gross (\$463,800 GF/GP) related to Auditor General staff and other operations.



**State (Department)**

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	5,000,000	5,000,000	--
Private	100	100	0	0.0
Restricted	186,635,100	204,445,900	17,810,800	9.5
GF/GP	22,161,500	27,109,600	4,948,100	22.3
<b>Gross</b>	<b>\$230,256,700</b>	<b>\$258,015,600</b>	<b>\$27,758,900</b>	<b>12.1</b>
FTEs	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

***State/Local Funding for Voting System Replacement***

Increases funding by \$15.0 million Gross (\$10.0 million GF/GP) for the purchase of new voting systems statewide.

***Removal of FY 2015-16 One-Time Appropriation***

Removes \$5.0 million GF/GP from appropriation made for voting machines in PA 268 of 2015.

***Increased Record Look-up Fee***

Appropriates \$14.1 million State Restricted from increasing the record look-up fee from \$8 to \$11, in order to replace department mainframe legacy systems.

***Five-year Early Out Deferred Sick Leave Payments***

Removes \$598,800 Gross (\$30,700 GF/GP) with the end of the department's five year payout for sick leave payments.

***MI-Time Line Maintenance***

Appropriates \$470,000 State Restricted for system support and maintenance of kiosks that allows customers to schedule an appointment time online.

***Economic Adjustments***

Reflects increased costs of \$3.6 million Gross (\$465,400 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

**Supplemental Recommendations for FY 2015-16 Appropriations**

***Information Technology Services and Projects***

Appropriates \$3.8 million GF/GP for ExpressSOS technology upgrades needed as a result of changes made in PA 174 of 2015, which increased registration fees. Boilerplate provides for the creation of a work project using the appropriated funds, which will be used to upgrade ExpressSOS to accommodate the registration fee changes made in PA 174 of 2015.

## **Talent and Economic Development**

Analyst: Benjamin Gielczyk

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Vs. FY 2015-16
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	764,102,800	773,944,800	9,842,000	1.3
Local	4,433,500	500,000	(3,933,500)	(88.7)
Private	5,619,000	5,619,000	0	0.0
Restricted	180,411,200	192,341,600	11,930,400	6.6
GF/GP	198,457,000	170,088,900	(28,368,100)	(14.3)
<b>Gross</b>	<b>\$1,153,023,500</b>	<b>\$1,142,494,300</b>	<b>(\$10,529,200)</b>	<b>(0.9)</b>
FTEs	1,619.0	1,615.0	(4.0)	(0.2)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### ***Business Attraction and Community Revitalization***

Includes net increase of \$1.5 million Gross: \$2.0 million increase in 21<sup>st</sup> Century Jobs Trust Fund funding and \$500,000 GF/GP decrease. Shifts \$2.0 million 21<sup>st</sup> Century Jobs Trust Fund from Entrepreneurship Eco-System line item. Portion of overall funding considered one-time is reduced from \$17.3 million GF/GP to \$13.0 million GF/GP.

#### ***Entrepreneurship Eco-System***

Removes \$2.0 million 21<sup>st</sup> Century Jobs Trust Fund and shifts to Business Attraction and Community Revitalization.

#### ***Skilled Trades Training Program***

Increases by \$10.0 million Gross (\$0 GF/GP). Funds will support expansion of program and help meet continued demand of Skilled Trades Training Program.

#### ***Community Ventures – Challenge Match***

Includes \$2.0 million GF/GP in one-time appropriations for Community Ventures challenge match program. Private funds raised would be matched dollar for dollar up to \$2.0 million.

#### ***Financial Literacy Pilot***

Includes \$5.8 million Gross (\$0 GF/GP) in one-time TANF funds for a competitive grant to operate a financial literacy pilot for Family Independence Program clients in up to three prosperity regions.

#### ***Statewide Data System Integration***

Includes \$8.8 million Gross (\$0 GF/GP) in one-time appropriations for the replacement of the state's current workforce reporting system with the Michigan Integrated Data System which will allow state to meet new federal workforce data reporting requirements. Funds will also support the enhancement of the Workforce Longitudinal Data System to enhance data integration and sharing between state agencies to measure effectiveness and outcomes of state and federal workforce and education programs.

#### ***Other One-Time Appropriations***

Removes \$30.2 million GF/GP in one-time appropriations for Film Incentives (\$25.0 million GF/GP) and various special grants (\$5.2 million GF/GP).

#### ***Economic Adjustments***

Reflects increased costs of \$3.4 million Gross (\$341,100 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## Technology, Management, and Budget

Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$678,478,500	\$696,904,100	\$18,425,600	2.7
<b>Federal</b>	7,997,300	4,958,200	(3,039,100)	(38.0)
<b>Local</b>	3,587,700	2,320,000	(1,267,700)	(35.3)
<b>Private</b>	190,100	0	(190,100)	(100.0)
<b>Restricted</b>	95,771,900	111,490,800	15,718,900	16.4
<b>GF/GP</b>	477,198,200	504,423,100	27,224,900	5.7
<b>Gross</b>	<b>\$1,263,223,700</b>	<b>\$1,320,096,200</b>	<b>\$56,872,500</b>	<b>4.5</b>
<b>FTEs</b>	2850.0	2873.0	23.0	0.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### ***DTMB Rate Authorization***

Authorizes \$10.6 million GF/GP to collect increases in agencies' budgets for IT baseline and rated service model, mailing warehouse, and vehicle and travel service rate changes.

#### ***Enterprisewide Special Maintenance***

Adds \$10.0 million GF/GP of one-time funding for maintenance and upkeep projects at state-owned properties.

#### ***State Building Authority Rent***

Reduces by \$8.0 million GF/GP due to savings recognized through the cancellation of various leases in the July 2015 refunding deal.

#### ***Capital Area Relocation Project***

Includes \$7.5 million GF/GP in one-time funding for completion of the Capital Area Relocation project, which includes moving several departments around the Greater Lansing area.

#### ***Information Technology Investment Fund***

Includes \$7.0 million GF/GP in one-time funding for a Department of Treasury legacy system replacement project and Project SIGMA updates.

#### ***Enterprise Identity Management System***

Includes \$6.7 million GF/GP to create MiLogin, an enterprisewide single sign-in and identity management tool which allows for the establishment, management, and authentication of user identities for statewide IT systems.

#### ***Removal of FY 2015-16 One-Time Appropriations***

Eliminates one-time funding of \$5.2 million Gross (\$4.6 million GF/GP) for various projects: Treasury –Technology Services (\$3.0 million GF/GP), Litigation Fund (\$1.0 million GF/GP), Technology Services Funding (\$600,000 IDG), Cost Study of 2014 PA 555 (\$500,000 GF/GP), and Special Projects (\$105,000 GF/GP).

#### ***Cyber Security Improvements***

Includes \$5.0 million GF/GP to support the Cyber Security Improvement Program, which will enhance network security, develop a comprehensive security framework and asset security program, and implement an enterprisewide data loss prevention process.

#### ***Legal Services***

Includes \$5.0 million GF/GP in one-time funding for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency.

**Office of Retirement Services Technology Upgrades**

Includes \$3.6 million in state restricted funds and 7.0 FTEs for IT infrastructure expansion, code libraries, data storage and access. The funding will also address more frequent system upgrades and other costs supporting customer service transactions.

**Capital Outlay – Enterprisewide Special Maintenance for State Facilities**

Reduces funding by \$3.5 million GF/GP for maintenance and upkeep projects at state-owned properties.

**Office of Retirement Service IT Modernization and Enterprise Mandates**

Includes \$2.9 million Gross one-time funding for various IT projects, including Filenet upgrades and electronic banking capabilities.

**Office of Good Government**

Increases funding by \$2.7 million Gross (\$1.5 million GF/GP) and 6.0 FTEs for costs related to employee engagement and citizen surveys that support various transformational initiatives.

**Office of Urban Initiatives**

Reduces funding by \$1.0 million GF/GP for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development.

**Capital Outlay Planning Authorizations**

Includes \$900 GF/GP for four university, three community college, and two state agency capital outlay planning authorizations:

- University of Michigan – Flint – Murchie Science Building addition
- Saginaw Valley State University – College of Business and Management expansion
- Wayne State University – STEM Innovation Learning Center
- Eastern Michigan University – Strong Hall renovation
- Kellogg Community College – Regional Manufacturing Technology Center renovation and addition
- Wayne County Community College – Eastern Campus repurposing and upgrading
- Northwestern Michigan College – West Hall Innovation Center renovation and expansion
- Department of Natural Resources – Coolwater Rearing Hatchery improvements
- Department of Technology, Management, and Budget – Jackson State Office Building renovation.

**Economic Adjustments**

Reflects increased costs of \$8.9 million Gross (\$2.1 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

**Flint-related Supplemental Recommendations for FY 2015-16 Appropriations****Flint Emergency Reserve Fund**

Appropriates \$50.0 million GF/GP to the Flint Emergency Reserve Fund, which will fund expenditures addressing the needs of children in Flint in response to the Emergency Declaration made on January 5, 2016. Boilerplate creates the Flint Emergency Reserve Fund, housed within DTMB but managed by the Department of Treasury. The Flint Emergency Reserve Fund will be used for expenditures that address the needs of children in Flint in response to the emergency declaration made on January 5, 2016.

**Other Supplemental Recommendations for FY 2015-16 Appropriations****State Building Authority Rent**

Provides for a reduction of \$26.5 million GF/GP as a result of savings from the State Building Authority's July 2015 refunding deal.

**Legal Services**

Includes \$5.0 million GF/GP for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency.

### **Retirement Services**

Includes \$2.8 million in state restricted funds to support modifications costs associated with transitioning the Office of Retirement Services from MAIN to SIGMA.

### **Civil Service Commission Training**

Includes \$325,000 GF/GP to enhance manager training for state employees to further support performance and transformation initiatives.

### **State Trooper Pension Supplemental Payment**

Includes \$145,000 GF/GP to provide an additional payment to State Police retirees (and beneficiaries) who retired before October 1, 1986 and whose annual pension is less than \$16,000.

### **Treasury**

Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$9,500,700	\$11,250,600	\$1,749,900	18.4
<b>Federal</b>	39,661,500	39,954,200	292,700	0.7
<b>Local</b>	9,029,700	9,265,700	236,000	2.6
<b>Private</b>	25,400	26,700	1,300	5.1
<b>Restricted</b>	1,606,455,600	1,615,304,400	8,848,800	0.6
<b>GF/GP</b>	280,379,300	234,945,800	(45,433,500)	(16.2)
<b>Gross</b>	<b>\$1,945,052,200</b>	<b>\$1,910,747,400</b>	<b>(\$34,304,800)</b>	<b>(1.8)</b>
<b>FTEs</b>	1,911.5	1,916.5	5.0	0.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### **Revenue Sharing**

- Decreases by \$2.4 million in restricted sales tax revenues to adjust constitutional revenue sharing payments downward 0.3% from the FY 2015-16 budget act appropriated amount (3.9% above the January 2016 CREC estimate for FY 2015-16). FY 2016-17 Executive Recommended amount is based on January 2016 Consensus Revenue Estimating Conference (CREC) estimates.
- Removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component. By removing the one-time funding per capita distribution component, 101 townships that were included in FY 2015-16 would not receive a payment in FY 2016-17. Maintains FY 2015-16 CVT Revenue Sharing ongoing funding level of \$243.0 million.
- Increases county payments by \$467,500 in restricted sales tax revenue to accommodate two new counties coming online for state payments in FY 2016-17. Maintains full-funding levels for county revenue sharing.
- Maintains \$5.0 million in restricted sales tax revenue for Financially Distressed CVT grant program.
- Includes \$11.0 million in restricted sales tax revenue (\$5.2 million considered one-time) for Competitive Grant Assistance Program.

#### **Payments in Lieu of Taxes**

Increases by \$1.3 million Gross (\$1.1 million GF/GP) to support scheduled and statutorily required payments in lieu of taxes (PILT).

#### **Debt Service**

Decreases by a net of \$19.4 million GF/GP due to scheduled and statutorily required debt service payment requirements. Reductions from payoffs and refundings are partially offset by debt service increase from \$10.3 million in new bond issuances associated with the Strategic Water Quality Initiative.

**Subject Matter Experts**

Provides \$750,000 GF/GP and 4.0 FTEs to provide testing and analytic review to assure IT systems are designed and tested properly during production and operation.

**One-Time Appropriations**

Provides a net reduction of \$27.7 million GF/GP in one-time appropriations. Includes \$2.8 million GF/GP to support development and implementation costs associated with new Free Individual Income Tax E-File system. Includes \$5.2 million for Competitive Grant Assistance Program (see Revenue Sharing above). Funding for the following items is removed: Personal property tax payments to reimburse local units for lost debt service millages (\$19.3 million GF/GP); Online Business Portal (\$600,000 GF/GP); Presidential Primary (\$10.0 million GF/GP); and CVT Revenue Sharing (\$5.8 million GF/GP).

**Economic Adjustments**

Reflects increased costs of \$5.6 million Gross (\$1.1 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

**Supplemental Recommendations for FY 2015-16 Appropriations****Office of Fiscal Responsibility**

Includes \$2.0 million GF/GP to provide additional assistance to local units of government in areas experiencing financial distress through the Office of Fiscal Responsibility. Funds will support legal, financial, consulting, and accounting services.

**Detroit Public Schools Short-Term Operations**

Includes \$50.0 million GF/GP to fund an estimated operating deficit and cash flow deficiency for the Detroit Public Schools (DPS). Funds will provide resources for the daily operational costs of running the school district through an agreement with the state, emergency manager, and DPS. Designates funds as a work project appropriation with an estimated completion date of September 30, 2017.

**Michigan Infrastructure Fund**

Includes \$165.0 million GF/GP boilerplate appropriation for deposit in the Michigan Infrastructure Fund to be created by amendatory legislation. The funds will be used to offset future infrastructure expenses in local units of government throughout the state of Michigan.

## **Health and Human Services**

Analysts: Susan Frey, Kevin Koorstra, Viola Bay Wild, and Kyle I. Jen

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Amount
<b>IDG/IDT</b>	\$13,551,600	\$13,513,700	(\$37,900)	(0.3)
<b>Federal</b>	18,422,113,900	17,734,683,600	(687,430,300)	(3.7)
<b>Local</b>	123,339,800	123,892,300	552,500	0.4
<b>Private</b>	156,409,100	156,279,300	(129,800)	(0.1)
<b>Restricted</b>	2,217,821,600	2,328,831,500	111,009,900	5.0
<b>GF/GP</b>	4,153,708,200	4,350,767,300	197,059,100	4.7
<b>Gross</b>	<b>\$25,086,944,200</b>	<b>\$24,707,967,700</b>	<b>(\$378,976,500)</b>	<b>(1.5)</b>
<b>FTEs</b>	15,443.0	15,560.5	117.5	0.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### **DEPARTMENTWIDE ADMINISTRATION**

##### ***Information Technology – Child Welfare Information System (MiSACWIS) Implementation***

Includes increased funding of \$22.3 million Gross (\$7.7 million GF/GP) in ongoing and one-time funds to continue implementation of improvements to the Michigan Statewide Automated Child Welfare Information System, to comply with new federal regulations and the Modified Settlement Agreement with Children's Rights, Inc., for improved monitoring of child protective services, and foster care and adoption cases.

##### ***Information Technology/Medicaid – Integrated Service Delivery Application and Enrollment***

Adds \$49.2 million Gross (\$1.2 million GF/GP) for information technology costs to update and streamline the electronic application and enrollment process for services through DHHS. Ongoing funding is \$12.3 million Gross (\$1.2 million GF/GP) and one-time funding is \$36.9 million federal.

##### ***Information Technology – Maintenance and Software Support***

Increases funding by \$7.2 million Gross (\$2.5 million GF/GP) for costs to support information technology and Medicaid Management Information systems including encryption and security software, Medicaid fraud detection software, and transition to the new DTMB financial model for the provision of information technology services across all departments.

##### ***Economic Adjustments***

Reflects increased costs of \$42.8 million Gross (\$17.1 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

#### **MEDICAID AND BEHAVIORAL HEALTH**

##### ***Traditional Medicaid Cost Adjustments***

Provides increase of \$379.1 million Gross (\$215.8 million GF/GP) for traditional Medicaid program caseload/utilization/inflation, financing, and actuarial soundness adjustments. Total includes \$49.2 million GF/GP to offset decline in federal match rate due to relative growth in state's personal income, as well as \$199.4 million Gross (\$65.5 million GF/GP) to offset negative caseload adjustments utilized to fund specialty drug costs in FY 2015-16. Total caseload for traditional Medicaid program is projected at 1.65 million individuals.

##### ***Healthy Michigan Plan Cost Adjustments***

Includes reduction of \$470.3 million Gross (increase of \$114.4 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation, financing, and actuarial soundness adjustments. Gross reduction is due to caseload levelling off at roughly 600,000 individuals. Accounting for other related adjustments, GF/GP funds needed for 5% state match costs beginning January 1, 2017 are \$106.5 million.

### ***Use Tax and Health Insurance Claims Assessment Adjustments***

Reduces budget by \$612.9 million Gross (\$140.4 million GF/GP) to reflect discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs) and associated reimbursement payments to MCOs on January 1, 2017. Also offsets \$58.2 million in GF/GP funds with restricted revenue from associated automatic increase in Health Insurance Claims Assessment rate from 0.75% to 1.0%.

### ***Specialty Drugs***

Adds \$194.6 million Gross (\$69.7 million GF/GP) to annualize costs for specialty drugs added to the Medicaid formulary in 2016 to treat Hepatitis C and Cystic Fibrosis. Total FY 2016-17 costs, including half-year costs added through FY 2015-16 legislative transfer, are \$394.1 million Gross (\$135.2 million GF/GP). Also creates one-time reserve fund of \$86.1 million Gross (\$30.0 million GF/GP) for potential costs associated with anticipated release of other new specialty drugs.

### ***Restricted Fund Adjustments***

Offsets \$23.7 million in Merit Award Trust Fund revenue redirected to pay costs related to Detroit Public Schools with GF/GP funds. Offsets \$17.5 million in GF/GP funds with available Medicaid Benefits Trust Fund revenue.

### ***Other Major Medicaid Adjustments***

Reflects net total reduction of \$119.8 million Gross (\$60.8 million GF/GP) for various other major adjustments: increase in Medicare Part B costs (\$16.9 million GF/GP), special financing adjustments (\$11.0 million GF/GP savings), one-year suspension of federal Health Insurer Fee (\$36.7 million GF/GP savings), and increased use of enhanced State Children's Health Insurance Program (SCHIP) match rate (\$30.0 million GF/GP savings).

### ***Hospital QAAP Retainer***

Replaces one-time increase in GF/GP retainer from hospital Quality Assurance Assessment Program of \$92.9 million in FY 2015-16 with ongoing retainer amount of \$105.0 million beginning in FY 2016-17, for a net GF/GP savings of \$12.1 million compared to FY 2015-16. Of new savings amount of \$105.0 million, \$95.0 million is applied to offset Healthy Michigan Plan match costs. Requires statute change.

### ***Special Hospital Payments***

Maintains payments at FY 2015-16 levels: \$162.9 million Gross (\$56.0 million GF/GP) for Graduate Medical Education, \$34.9 million Gross (\$12.0 million GF/GP) for Special Rural Hospitals, and \$11.0 million Gross (\$3.8 million GF/GP) for OB/GYN Hospital Lump Sum.

### ***New Unit at Center for Forensic Psychiatry***

Adds \$7.6 million GF/GP to fund additional unit to serve 30 patients. Center provides psychiatric treatment to criminal defendants ruled incompetent to stand trial and/or acquitted by reason of insanity.

### ***Healthy Kids Dental***

Adds \$25.6 million Gross (\$8.9 million GF/GP) to complete expansion of program, covering children ages 13 to 20 in Kent, Oakland, and Wayne Counties.

### ***Behavioral Health Integration***

Includes new boilerplate language that would require funding for Medicaid behavioral health services currently provided to Prepaid Inpatient Health Plans to be transferred to Medicaid health plans by the end of FY 2016-17. Provides for process for stakeholders to develop an integration plan and ensure continuity of care. No related funding adjustments are made to the FY 2016-17 or FY 2017-18 budgets.

## **PUBLIC HEALTH, CRIME VICTIM SERVICES, AND AGING AND ADULT SERVICES**

### ***Flint Declaration of Emergency***

Provides \$15.1 million Gross (\$9.1 million GF/GP) in additional funds for evaluation and assistance to residents exposed to lead in the City of Flint, as one-time funding. Services supported include food inspection of restaurants and public venues, nutritional services through existing programs, health services at child and adolescent health centers and schools, community mental health evaluation and care for children with elevated blood levels, and lead investigations and abatement planning for homes. Note that additional funding may be available for transfer from a \$50.0 million Flint Emergency Reserve Fund in the DTMB budget, as well as a \$6.1 million set aside in the DHHS budget (described below), both proposed in a FY 2015-16 supplemental.



### ***Federal Grants for Adult Immunization, Stroke Registry, and Violence Prevention***

Recognizes increased public health federal funds including a new adult immunization program grant of \$517,400, stroke registry grant increase of \$390,000, and use of violence prevention grant carryforward funding of \$290,700 for suicide prevention and violent death reporting.

### ***Crime Victim Assistance Services***

Adds \$44.3 million to reflect increased federal grant award for crime victim justice assistance services including training and technical assistance for service providers, and direct services to crime victims.

## **HUMAN SERVICES**

### ***Food Assistance Program (FAP) Caseload Adjustment***

Increases FAP caseload costs by \$13.8 million Gross (\$0 GF/GP) for FY 2016-17, in addition to a proposed supplemental caseload cost reduction for FY 2015-16 of \$84.7 million Gross (\$0 GF/GP), for a total reduction of \$70.9 million Gross (\$0 GF/GP) compared to the original enacted FY 2015-16 budget. Funding supports 795,400 cases at an average cost of \$246.01 per month; FAP caseload in December 2015 was 786,725.

### ***Additional Public Assistance Caseload Adjustments***

Decreases funding for other public assistance programs by \$5.4 million Gross (\$2.5 million GF/GP). Programs included are Family Independence Program (FIP), State Disability Assistance (SDA), and State Supplemental payments.

### ***Child Welfare Caseload Adjustments***

Increases funding for child welfare programs by \$706,400 Gross (\$1.1 million GF/GP) for FY 2016-17, in addition to a proposed supplemental caseload cost increase for FY 2015-16 of \$2.7 million Gross (\$713,100 GF/GP), for a total increase of \$3.4 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.

### ***Family Preservation Programs***

Includes additional \$10.0 million federal Temporary Assistance for Needy Families (TANF) grant funds as one-time funding to expand the Parent Partner Program and the Family Reunification Program to additional counties.

### ***Family Independence Program (FIP) Clothing Allowance Increase***

Includes additional \$6.1 million federal TANF funding to expand the clothing allowance for FIP recipients to all school-age children receiving benefits instead of the current policy in which only children in "child-only" eligibility groups (adult caretakers not eligible for benefits) receive the clothing allowance; funding would also increase the annual benefit from \$140 per child to \$200.

### ***Foster Care Administrative Rates – Eliminate County Hold Harmless Provision***

Reduces funding by \$6.1 million Gross (\$5.2 million GF/GP) by rescinding the county hold-harmless provision that required DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013; also requires counties to pay 50% of the entire private residential rate and private agency administrative rate at current-year levels.

### ***Multicultural Integration Funding***

Increases funding by \$1.5 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.

## **Flint-Related Supplemental Recommendations for FY 2015-16 Appropriations**

### ***Services for Flint Children and Families Exposed to Lead***

Provides \$2.2 million GF/GP to address needs related to the City of Flint water and lead exposure crisis, which may include food bank resources for nutrition services to mitigate lead exposure, evidence based home visiting programs for pregnant women, infants, and young children to promote better parenting skills and ability to identify developmental delays in children, and intensive services and outreach for children including case management services.

***Child-Related Emergency Needs***

Provides boilerplate appropriation of \$6.1 million federal TANF funding for child-related Flint emergency needs; unexpended funds may be established as work project appropriations for expenditure by September 30, 2018.

**Other Supplemental Recommendations for FY 2015-16 Appropriations**

***Medicaid Cost Adjustments***

Includes net total of \$68.3 million Gross (\$21.2 million GF/GP) for various Medicaid-related adjustments: increase for Autism Services due to federal policy change (\$4.7 million GF/GP), increase in state's Medicare pharmaceutical clawback payment (\$18.4 million GF/GP), increase in Medicare Part B costs (\$12.5 million GF/GP), and increased use of SCHIP match rate (\$14.3 million GF/GP savings).

***Community Behavioral Clinics***

Includes \$980,000 federal for a new grant to support planning costs associated with the creation of community behavioral health clinics.

***Crime Victim Assistance Services***

Adds \$5.0 million to reflect increased federal grant award for crime victim justice assistance services, including crisis counseling, training and technical assistance, personal and legal advocacy, therapy, shelter, and referral.

***FAP Caseload Adjustments***

Reduces FAP by \$84.7 million Gross (\$0 GF/GP) for caseload adjustments.

***Other Public Assistance Caseload Adjustments***

Reduces other public assistance programs by \$4.4 million Gross (\$2.1 million GF/GP) for caseload adjustments.

***Child Welfare Caseload Adjustments***

Increases child welfare programs by \$2.7 million Gross (\$713,100 GF/GP) for caseload adjustments.

***Sexual Assault Evidence Kit Funding***

Includes \$25,000 GF/GP funding to implement PA 318 of 2014, the Sexual Assault Evidence Kit Tracking and Reporting Act.

## Higher Education

Analyst: Marilyn Peterson

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	97,026,400	99,026,400	2,000,000	2.1
Local	0	0	0	--
Private	0	0	0	--
Restricted	205,279,500	237,209,500	31,930,000	15.6
GF/GP	1,232,418,500	1,262,418,500	30,000,000	2.4
<b>Gross</b>	<b>\$1,534,724,400</b>	<b>\$1,598,654,400</b>	<b>\$63,930,000</b>	<b>4.2</b>
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### **University Operations Funding**

Increases university operations funding by \$59.8 million (\$31.2 million SAF, \$28.6 million GF/GP), a 4.4% increase that brings total support to FY 2010-11's level of \$1.4 billion. Increase to be distributed under performance funding formula revised to reinstate a component that distributes 50% of the increase based on each university's share of operational funding appropriated in the baseline year of FY 2010-11. Percentages applying to other formula components (weighted completions, research and development spending, and comparisons to Carnegie peers) thus would be halved. Receipt of performance funding would be conditioned on restraining resident undergraduate tuition/fee increases to 4.8% (set at 3.2% in the current year). Projected funding increases for individual universities range from 3.5% to 6.8%.

#### **Michigan Public School Employees' Retirement System (MPERS)**

Assumes enactment of a cap of 25.73% of payroll on university payments for unfunded accrued liability under MPERS. Increase of \$730,000 in School Aid Fund (SAF) revenues would be provided to pay the difference between the 25.73% cap and universities' unfunded accrued liability. This would affect the seven universities with MPERS employees: Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western. Current-year funding is \$5.2 million, which also assumes enactment of the 25.73% cap.

#### **Tuition Incentive Program (TIP)**

Adds \$2.0 million federal TANF funds for Tuition Incentive Program, which pays associate's degree tuition costs for Medicaid-eligible students completing high school, bringing total funding to \$50.5 million (\$45.8 million TANF, \$4.7 million GF/GP). Establishes annual cap of \$8.5 million on awards at any one college or university, beginning in FY 2017-18 (affects students at Ferris State University).

#### **Tuition Grant Program**

Maintains funding for tuition grant program, which provides need-based tuition assistance at Michigan independent (i.e., private, nonprofit) colleges and universities, at \$34.0 million and revises conditions:

- Deletes requirement for unexpended funds to continue to be available in the next fiscal year; unexpended funds thus would lapse to the General Fund.
- Reduces annual cap on awards at any one institution from the current \$3.2 million to \$3.0 million.
- Moves deadline for application from July 1 to March 1.

#### **MSU Extension Service and AgBioResearch**

Provides increases for Michigan State's AgBioResearch and Extension programs, bringing funding to FY 2010-11 levels. AgBioResearch with 2.3% (\$734,000 GF/GP) increase; Extension with 2.4% (\$677,800 GF/GP) increase.

### Supplemental Recommendations for FY 2015-16 Appropriations

#### **Tuition Incentive Program**

Provides additional \$2.0 million in federal TANF funds to meet anticipated costs of Tuition Incentive Program, increasing total appropriation to \$50.5 million (\$4.7 million GF/GP).

## Insurance and Financial Services

Analyst: Paul B.A. Holland

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
<b>IDG/IDT</b>	\$707,600	\$707,600	\$0	0.0
<b>Federal</b>	2,000,000	2,000,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	62,200,100	63,449,600	1,249,500	2.0
<b>GF/GP</b>	150,000	150,000	0	0.0
<b>Gross</b>	<b>\$65,057,700</b>	<b>\$66,307,200</b>	<b>\$1,249,500</b>	<b>1.9</b>
<b>FTEs</b>	343.0	343.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### ***Economic Adjustments***

Reflects increased costs of \$1.4 million Gross (\$0 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

### Supplemental Recommendations for FY 2015-16 Appropriations

#### ***Autism Coverage Reimbursement Program***

Includes \$2.2 million GF/GP to support the reimbursement of 18 eligible health insurance carriers for approved, yet unpaid, claims associated with the diagnosis and treatment of autism spectrum disorder (ASD) submitted prior to 2016. Reimbursements are administered under the Autism Coverage Reimbursement Program (ACRP) and are financed with money from the Autism Coverage Fund (ACF), which was depleted during November 2015, subsequent to rapidly escalating submissions of reimbursement claims.

## Judiciary

Analyst: Robin R. Risko

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$2,362,900	\$1,550,000	(\$812,900)	(34.4)
Federal	6,428,600	6,433,500	4,900	0.1
Local	7,229,000	7,349,300	120,300	1.7
Private	942,900	957,800	14,900	1.6
Restricted	84,245,800	92,786,000	8,540,200	10.1
GF/GP	183,642,200	189,184,800	5,542,600	3.0
<b>Gross</b>	<b>\$284,851,400</b>	<b>\$298,261,400</b>	<b>\$13,410,000</b>	<b>4.7</b>
FTEs	489.0	510.0	21.0	4.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes from FY 2015-16 Year-to-Date (YTD) Appropriations

#### **Statewide Electronic Filing System**

Includes authorization for the judiciary to receive \$8.5 million in state restricted electronic filing fee revenue. Public Acts 230 through 235 of 2015 established the electronic filing fund to support implementation, operation, and maintenance of a statewide electronic filing system. The system will be used for such things as initiating original actions and appeals; filing motions, briefs, and other materials in existing cases; electronically serving all filings on opposing parties; and making fee payments and requesting fee waivers.

#### **Michigan Indigent Defense Commission**

Includes \$1.3 million GF/GP and 10.0 FTE positions to bring the Michigan criminal defense system into compliance with the right to counsel requirements of the U.S. and state constitutions. Staff will implement minimum standards, rules, and procedures to guarantee the right of indigent defendants to the assistance of proficient counsel, collect data from defense systems and attorneys providing indigent defense, and monitor and audit county compliance plans.

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

Includes \$1.1 million GF/GP in one-time funding and 11.0 FTE positions 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 Funding for Expansion of Problem Solving Courts – Statewide Opioid Task Force Initiative**

Includes \$1.0 million GF/GP in one-time funding for the expansion of veterans courts and for increasing the number of drug treatment court participants. This is part of a statewide effort to lessen recidivism rates related to opioid drug abuse.

#### **One-Time Funding for Medication-Assisted Treatment Pilot Program – Statewide Opioid Task Force Initiative**

Includes \$500,000 GF/GP in one-time funding to establish a medication-assisted treatment pilot program, within existing drug treatment courts, to target new court admissions having heroin or other opiate drug disorders.

#### **Michigan Legal Self-Help Website and Centers**

Includes \$300,000 GF/GP for the Michigan Legal Help program which provides free legal information and assistance to individuals who represent themselves in simple civil legal matters. This funding replaces grant funding which will no longer be available to fund the program.

#### **Savings for Eliminated Judgeships**

Reflects a savings of \$259,700 GF/GP from a combination of 1.0 judgeship elimination by attrition, 4.0 judgeship retirements, restoration of 1.0 judgeship, and election of 3.0 new judges. The amount of savings is a result of the effective dates of the elimination, retirements, restoration, and elections.

#### **Economic Adjustments**

Reflects increased costs of \$1.7 million Gross (\$1.5 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

## **Supplemental Recommendations for FY 2015-16 Appropriations**

### ***Statewide Electronic Filing System***

Includes authorization to receive \$5.0 million in state restricted electronic filing fee revenue to support implementation, operation, and maintenance of a statewide electronic filing system.

### ***Representation of Juvenile Lifers***

Includes \$300,000 GF/GP and 6.0 FTE positions for SADO to provide post-conviction representation of juvenile lifers in re-sentencings as a result of the U.S. Supreme Court decision on the *Montgomery v. Louisiana* case.

### ***Indigent Defense Training***

Includes \$167,000 GF/GP, and reduces IDG funding by a like amount, to reflect discontinued MCOLES grant funding from the Department of State Police. Funding is used by SADO for indigent defense trainings.

## **Licensing and Regulatory Affairs**

Analyst: Paul B.A. Holland

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Vs. FY 2015-16
			Amount	%
<b>IDG/IDT</b>	\$46,068,700	\$46,923,800	\$855,100	1.9
<b>Federal</b>	63,674,900	63,818,100	143,200	0.2
<b>Local</b>	679,000	251,600	(427,400)	(62.9)
<b>Private</b>	341,300	314,100	(27,200)	(8.0)
<b>Restricted</b>	258,603,600	262,446,700	3,843,100	1.5
<b>GF/GP</b>	40,481,500	42,813,200	2,331,700	5.8
<b>Gross</b>	<b>\$409,849,000</b>	<b>\$416,567,500</b>	<b>\$6,718,500</b>	<b>1.6</b>
<b>FTEs</b>	2,221.8	2,234.8	13.0	0.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### ***Michigan Automated Prescription System (Partial One-Time)***

Increases authorization by \$4.5 GF/GP (\$2.5 million of which is one-time) and 9.0 FTEs to support the upgrade of IT components and enhance the staffing for the Michigan Automated Prescription System (MAPS), which is accessed to identify and prevent drug diversion by tracking controlled substances prescriptions, in accordance with the recommendations of the Michigan Prescription Drug and Opioid Abuse Task Force.

#### ***Electric Reliability and Resiliency Programs***

Increases authorization by \$1.0 million Gross (\$0 GF/GP) and 5.0 FTEs to support interagency cooperation and programs implemented by the Michigan Agency for Energy (MAE) related to energy mandates, emergency coordination, electric resiliency, demand response, waste reduction, and reliability expenditures.

#### ***Liquor Control Commission IT Systems (One-Time)***

Increases one-time authorization by \$1.6 million Gross (\$0 GF/GP) to support the upgrade of three IT systems utilized by the Liquor Control Commission (LCC) to improve business processes related to the state's liquor wholesale operations.

#### ***Economic Adjustments***

Reflects increased costs of \$6.5 million Gross (\$568,200 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

### **Supplemental Recommendations for FY 2015-16 Appropriations**

#### ***Higher Education Compacts***

Includes \$300,000 Gross (\$0 GF/GP) to authorize the expenditure of revenue generated by statutory fees levied on and collected from accredited colleges and universities located within and without the state and authorized to participate in reciprocal agreements between the state and other states or higher education compacts entered into by LARA pursuant to the Higher Education Authorization and Distance Education Reciprocal Exchange Act (2015 PA 45). This revenue would be expended by LARA to support departmental administrative expenses incurred under 2015 PA 45.

## **Military and Veterans Affairs**

Analyst: Kent Dell

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Vs. FY 2015-16
			Amount	%
<b>IDG/IDT</b>	\$99,300	\$101,800	\$2,500	2.5
<b>Federal</b>	90,208,600	91,793,600	1,585,000	1.8
<b>Local</b>	1,497,400	1,522,400	25,000	1.7
<b>Private</b>	739,600	742,800	3,200	0.4
<b>Restricted</b>	23,221,500	24,696,000	1,474,500	6.3
<b>GF/GP</b>	53,187,300	57,143,600	3,956,300	7.4
<b>Gross</b>	<b>\$168,953,700</b>	<b>\$176,000,200</b>	<b>\$7,046,500</b>	<b>4.2</b>
<b>FTEs</b>	897.5	897.5	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations**

#### ***National Guard Tuition Assistance Fund***

Appropriates \$1.1 million GF/GP into the National Guard Tuition Assistance Fund, then re-appropriates those funds along with the expected remainder of \$2.4 million (State Restricted) from FY 2015-16 into the National Guard Tuition Assistance Program (\$3.5 million Gross).

#### ***Grand Rapids Home for Veterans Revenue Shortfall***

Appropriates \$2.3 million GF/GP to offset the shortfall in income and assessments restricted revenue, due to declining veterans' home member census.

#### ***Veterans' Homes Medicaid Certification Pilot***

Appropriates \$1.1 million GF/GP for the D.J. Jacobetti Home to adjust nursing unit staffing level and renovate the home to Medicaid standards, as well as one-time \$5.0 million GF/GP for the Grand Rapids Home to renovate a floor to meet Medicaid standards.

#### ***Armory Infrastructure Upgrades***

Appropriates \$2.5 million GF/GP as one-time funds to support installation of upgraded National Guard network connections.

#### ***Economic Adjustments***

Reflects increased costs of \$2.2 million Gross (\$723,500 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

### **Supplemental Recommendations for FY 2015-16 Appropriations**

#### ***National Guard Tuition Assistance Fund***

Appropriates \$2.0 million GF/GP to the National Guard Tuition Assistance Fund and ensures that all funds appropriated from the fund to the National Guard Tuition Assistance Program (including the remainder of the FY 2015-16 appropriation of \$3.7 million GF/GP) do not lapse into the General Fund at the end of a fiscal year.

#### ***Grand Rapids Home for Veterans***

Provides \$2.3 million GF/GP to offset a projected shortfall in income and assessments restricted revenue supporting the Grand Rapids Home for Veterans, due to declining veteran homes member census and the inability of veterans to pay the maximum assessment.

#### ***Veterans Homes Medicaid Certification***

Provides \$1.2 million GF/GP to support the state homes for veterans Medicaid consultant contract and \$200,000 GF/GP to support staffing adjustments for compliance with Medicaid certification at the D.J. Jacobetti Home for Veterans.



## Natural Resources

Analyst: Austin Scott

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$1,352,700	\$1,375,900	\$23,200	1.7
Federal	77,128,000	72,365,400	(4,762,600)	(6.2)
Local	0	0	0	0.0
Private	8,157,700	7,446,400	(711,300)	(8.7)
Restricted	277,765,000	277,156,400	(608,600)	(0.2)
GF/GP	39,597,800	39,560,000	(37,800)	(0.1)
<b>Gross</b>	<b>\$404,001,200</b>	<b>\$397,904,100</b>	<b>(\$6,097,100)</b>	<b>(1.5)</b>
FTEs	2,235.8	2,242.8	7.0	0.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### ***Timber Sale Management System One-Time Funding***

Provides \$2.1 million in restricted funding to continue the replacement of the timber sale system with the Vegetative Management System which tracks timber sales, catalogs inventory, and interfaces with other systems.

#### ***Fisheries Resource Management System One-Time Funding***

Provides \$600,000 Gross (\$300,000 Restricted, \$300,000 GF/GP) for two web-based systems to replace current paper-based system for real-time fish harvest reporting by state-licensed commercial anglers, tribal fishers, and wholesalers.

#### ***Land Ownership Tracking System One-Time Funding***

Provides \$4.0 million Gross (\$100,000 Federal, \$3.9 million Restricted) to convert outdated land management system to a web-based system that can interact with current databases.

#### ***Invasive Species One-Time Funding***

Provides \$1.0 million GF/GP to fight invasive carp from migrating into state waterways from southwest of Michigan.

#### ***Removal of FY 2015-16 One-Time Funding***

Removes \$20.0 million Gross (\$1.1 million GF/GP) for one-time projects included in the previous fiscal year's budget.

#### ***Forest Management and Timber Market Development Investment***

Provides 7.0 additional FTEs and increases restricted funding for forest management and timber market development by \$2.1 million to increase the state's sustainable timber supply.

#### ***Forest Fire Equipment Replacement***

Increases restricted funding for forest fire equipment by \$1.2 million (\$150,000 ongoing, \$1.0 million one-time).

#### ***Economic Adjustments***

Reflects increased costs of \$5.4 million Gross (\$710,100 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

### Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

#### ***Summer Youth Program***

\$250,000 GF/GP for a summer youth employment program in Flint

## Other Supplemental Recommendations for FY 2015-16 Appropriations

### **Off-Road Vehicle Trail Projects**

\$4.0 million restricted funding for off-road vehicle trail projects including infrastructure repair and improvements

### **Dam Management Program**

\$3.0 million GF/GP to expand the dam management program

### **Detroit River Improvements**

\$800,000 federal funding for shoreline and aquatic habitat improvements along the Detroit River

### **East Tawas State Harbor Project**

\$100,000 federal funding for the ongoing East Tawas state harbor project

## School Aid

Analysts: *Bethany Wicksall and Samuel Christensen*

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Vs. FY 2015-16
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,775,769,200	1,818,632,700	42,863,500	2.4
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,078,985,100	12,134,479,400	55,494,300	0.5
GF/GP	45,900,000	230,000,000	184,100,000	401.1
<b>Gross</b>	<b>\$13,900,654,300</b>	<b>\$14,183,112,100</b>	<b>\$282,457,800</b>	<b>2.0</b>

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

### **Foundation Allowances**

Increases by \$150.0 million to provide increases ranging from \$60 to \$120 per pupil using the 2x formula. The minimum foundation allowance would increase from \$7,391 to \$7,511 (1.6%), and the state maximum guaranteed foundation allowance would increase from \$8,169 to \$8,229 (0.7%).

### **Detroit Public Schools**

Provides \$72.0 million in Tobacco Settlement funds deposited into the Detroit Public Schools Trust Fund and appropriated to support the foundation allowance costs of the new district to offset the loss of local school operating millage revenue which will be redirected to pay off the debts of the old district.

### **MPSERS Unfunded Liability - State Share**

Increases the state share of Michigan Public School Employees' Retirement System (MPSERS) unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by \$89.3 million, bringing the total to \$982.8 million.

### **Flint Water Emergency Funds**

Provides \$10.1 million GF/GP for half-year funding to provide universal Early On testing to identify and provide services to children 0-3 (\$6.4 million), universal access to preschool for 4-year-olds (\$1.5 million), and additional district and ISD staff and services including school nurses and school social workers (\$2.2 million). Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB.

### **Career & Technical Education (CTE)**

Adds \$5.0 million for CTE Early/Middle College Programs, bringing the total to \$15.0 million. Also provides \$10.0 million in one-time funds for a competitive grant program for the purchase of CTE equipment.

**Other Major Changes**

- Eliminates \$23.5 million in Technology Readiness Infrastructure Grants (TRIG).
- Adds \$10.0 million for ongoing training costs for Educator Evaluations.
- Adds \$9.0 million for 2<sup>nd</sup> of 3 years to test school building water systems for lead (See FY 2015-16 below).
- Adds \$5.0 million for CEOs and supplemental payments to schools in lowest achieving 5% of schools in the state and under the control of the State School Reform/Redesign Office (SRRO) (See FY 2015-16 below).

**Flint-related Supplemental Recommendations for FY 2015-16 Appropriations*****Early On Testing***

Adds \$9.2 million GF/GP to provide universal Early On testing to identify and provide services to children 0-3 with potential developmental delays due to lead exposure.

**Other Supplemental Recommendations for FY 2015-16 Appropriations*****School Building Lead Testing***

Adds \$9.0 million to provide 1<sup>st</sup> of 3 years of funding to test school building water systems for lead based on a strategic statewide plan developed by MDE in collaboration with DEQ and LARA.

***State Reform/Redesign Office***

Adds \$1.0 million for CEOs appointed by the SRRO for schools in lowest achieving 5% of schools in the state.

***Cost Adjustments***

Decreases costs by a total of \$73.6 million to reflect reductions in consensus estimates primarily related to foundation allowances and school bond loan fund payments as well as increased costs for special education.

## State Police

Analyst: Kent Dell

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$26,224,300	\$26,580,400	\$356,100	1.4
Federal	90,945,900	87,967,800	(2,978,100)	(3.3)
Local	5,456,700	5,828,500	371,800	6.8
Private	76,700	78,100	1,400	1.8
Restricted	128,699,300	126,358,500	(2,340,800)	(1.8)
GF/GP	376,405,600	411,912,800	35,507,200	9.4
<b>Gross</b>	<b>\$627,808,500</b>	<b>\$658,726,100</b>	<b>\$30,917,600</b>	<b>4.9</b>
FTEs	3,134.0	3,253.0	119.0	3.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### ***Trooper Recruit School***

Provides \$5.0 million ongoing and \$4.5 one-time GF/GP to support training, salary & benefit, and equipment & fleet expenses for the 130<sup>th</sup> Trooper Recruit School, anticipated to graduate 85 troopers in September 2017.

#### ***Secure Cities Partnership***

Includes increase of \$1.5 million GF/GP and 9.0 FTEs to provide MSP law enforcement services to Muskegon Heights, Inkster, Hamtramck, Harper Woods, Highland Park, and Benton Harbor.

#### ***Statewide Drug Enforcement***

Provides \$1.3 million GF/GP and 9.0 FTEs to deploy a statewide drug enforcement strategy focusing on prescription drug and opioid diversion.

#### ***Cyber Crimes Enforcement***

Increase of \$2.2 million GF/GP and 9.0 FTEs to expand the capacity to prevent, detect, and investigate cyber crimes.

#### ***Other One-Time Appropriations***

Includes one-time appropriations for competitive grants to K-12 public schools and county sheriffs' offices (\$4.0 million GF/GP), to support sexual assault prevention and education initiatives on higher education campuses (\$500,000 GF/GP), to provide a one-time deposit into the Disaster Emergency Contingency Fund (\$6.0 million GF/GP), and to support the development of a statewide plan to ensure disaster preparedness in the event of widespread, long-duration power outages (\$750,000 GF/GP).

#### ***MIS Traffic Control***

Eliminates funding of \$831,900 GF/GP to support MSP providing traffic control at the Michigan International Speedway.

#### ***Economic Adjustments***

Reflects increased costs of \$9.1 million Gross (\$6.5 million GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.

### Supplemental Recommendations for FY 2015-16 Appropriations

#### ***Trooper Recruits Training Costs***

Provides \$428,800 GF/GP to support the one-time training costs for the 12 additional recruits added to the trooper recruit school beginning in June 2016.

## Transportation

Analyst: William E. Hamilton

	FY 2015-16	FY 2016-17	Difference: FY 2016-17	
	Year-to-Date as of 2/10/16		Executive	Amount
<b>IDG/IDT</b>	\$3,928,500	\$4,013,400	\$84,900	2.2
<b>Federal</b>	1,257,488,000	1,314,744,000	57,256,000	4.6
<b>Local</b>	50,293,500	50,418,500	125,000	0.2
<b>Private</b>	100,000	100,000	0	0.0
<b>Restricted</b>	2,184,391,400	2,745,527,700	561,136,300	25.7
<b>GF/GP</b>	400,000,000	10,400,000	(389,600,000)	(97.4)
<b>Gross</b>	<b>\$3,896,201,400</b>	<b>\$4,125,203,600</b>	<b>\$229,002,200</b>	<b>5.9%</b>
<b>FTEs</b>	2,912.3	2,912.3	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations

#### **Federal Aid Revenue Increases – Surface Transportation Programs**

Assumes \$57.5 million increase from reauthorization of the federal-aid surface transportation program, (FAST Act). Of this increase, \$15.4 million is reflected in state trunkline road and bridge program, \$32.1 million would be made available for local road agency federal aid programs, and \$10.0 million would be used in Transit Capital line.

#### **State Restricted Revenue Increases – Surface Transportation Programs**

Assumes \$2.5 billion in Michigan Transportation Fund (MTF) revenue – revenue generated from motor fuel taxes and vehicle registration taxes – an increase of \$533.6 million. Of this increase, \$69.0 million reflects increases in estimates of baseline revenue as compared to estimates used to develop the current year budget; \$464.5 million of the increase is from implementation, effective January 1, 2017, of the Road Funding Package enacted in November 2015.

MTF revenue increases provide for increases in the distribution to road program recipients according to the Public Act 51 of 1951 (Act 51) formula: \$181.7 million increase for county road commissions; \$101.3 million increase for city/village street programs; \$189.2 million increase for State Trunkline Fund (STF) capital preservation programs. Also provides for new \$3.0 earmark for rail grade surface crossing program.

MTF distribution also provides \$51.4 million increase for Comprehensive Transportation Fund programs, including increases in local bus operating (\$12.6 million); transit capital (\$19.0 million); and rail passenger programs (\$15.8 million).

The MTF revenue distributions in the proposed budget assume that \$100.0 million earmarked to the Road Innovation Fund "lockbox" in the Road Funding Plan would be released for distribution according to the Act 51 formula.

#### **Aeronautics Programs**

Reflects \$12.3 million increase in dedicated aeronautics revenue from aviation funding package (Public Acts 258 through 262 of 2015). Reflected in increased to state matching funds for Airport Improvement program (\$2.8 million); restoration of the Air Service Program (\$250,000); and \$8.8 million for new Detroit Metropolitan Wayne County Airport.

#### **General Fund/General Purpose Reductions**

Increases described above would be partially offset by \$389.6 million decrease in GF/GP support, specifically: \$204.4 million GF/GP decrease for state trunkline road and bridge construction; elimination of GF/GP support for county road commissions, (\$101.8 million); cities/villages, (\$56.8 million); transit capital/rail infrastructure, (\$25.0 million); and aeronautics programs, (\$1.5 million). Retains \$10.4 million one-time GF/GP for state trunkline road and bridge program to maintain state support at FY 2015-16 levels as Road Funding Plan phases-in.

#### **Economic Adjustments**

Reflects increased costs of \$7.0 million Gross (\$0.0 GF/GP) for negotiated salary/wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other adjustments.





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**Community Colleges** ..... Perry Zielak  
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**Supplemental Coordinator** ..... Kyle I. Jen  
**Transfer Coordinator** ..... Viola Bay Wild

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