

PRELIMINARY REVIEW

of the

FY 2008-09

Executive Budget Recommendation



Mitchell E. Bean, Director
February 11, 2008

February 11, 2008

The FY 2008-09 Executive Budget Recommendation calls for \$44,037.1 million in adjusted gross appropriations. This includes \$9,849.3 million in General Fund/General Purpose (GF/GP), \$18,909.4 million in restricted funds, and \$14,766.2 million in federal funds. Of the \$28,758.7 million in state resources available in FY 2008-09, \$16,262.7 million (56.5% 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 government.)

One important aspect that should be noted is the source of revenue for the Executive Recommendation.

In addition to the January 11, 2008, Consensus Revenue Estimating Conference revenue estimates, the Executive Recommendation incorporates the following:

- ▶ Approximately \$300 million of bond revenue to establish a proposed 21st Century Schools Fund, which would make start-up grants and facilities grants available to ISDs and school districts. Legislation is required to implement this recommendation.
- ▶ An additional \$60 million made available by refinancing existing taxable tobacco settlement bonds as tax-exempt bonds to be used to promote tourism and business in Michigan. Legislation is required to implement this recommendation.
- ▶ Restructuring state general obligation bonds to take advantage of lower interest rates. Restructuring state debt is expected to save the state \$100 million GF/GP over a three-year period. The Executive proposes using the FY 2008-09 savings from this general obligation debt restructuring to expand the No Worker Left Behind program by \$40 million. Debt restructuring does not require legislative action; expanding the No Worker Left Behind program will require legislative action.
- ▶ Amending the Michigan Business Tax to include a proposed Michigan Job Creation Tax Credit. Detail on the proposed credit is not yet available; the House Fiscal Agency has requested more information about which business or industries may qualify and how the program would be administrated.

Purportedly, the Michigan Job Creation Tax Credit would enable growing, target businesses to triple the compensation credit for new jobs available under the MBT for four years. High-growth businesses that move all or a portion of their business to Michigan and create jobs would pay no MBT on the new jobs in the first year, and their MBT liability would phase in over a four-year period. This credit is estimated to reduce revenue by an estimated \$34.8 million in FY 2008-09. Establishing the proposed new credit would require legislation.

This preliminary review provides a quick look at the Executive Recommendation for FY 2008-09. The House Fiscal Agency's full ***Review and Analysis of the FY 2008-09 Executive Budget Recommendation*** will be available in approximately two weeks, and will contain a detailed analysis and discussion, by budget area, of major budget and boilerplate changes proposed in the Executive Budget Recommendation for FY 2008-09.

A list of House Fiscal Agency staff is included in this document. Please do not hesitate to call me, or the Fiscal Analyst responsible for a specific budget area, if you have questions regarding this information.

Mitchell E. Bean

Mitchell E. Bean, Director

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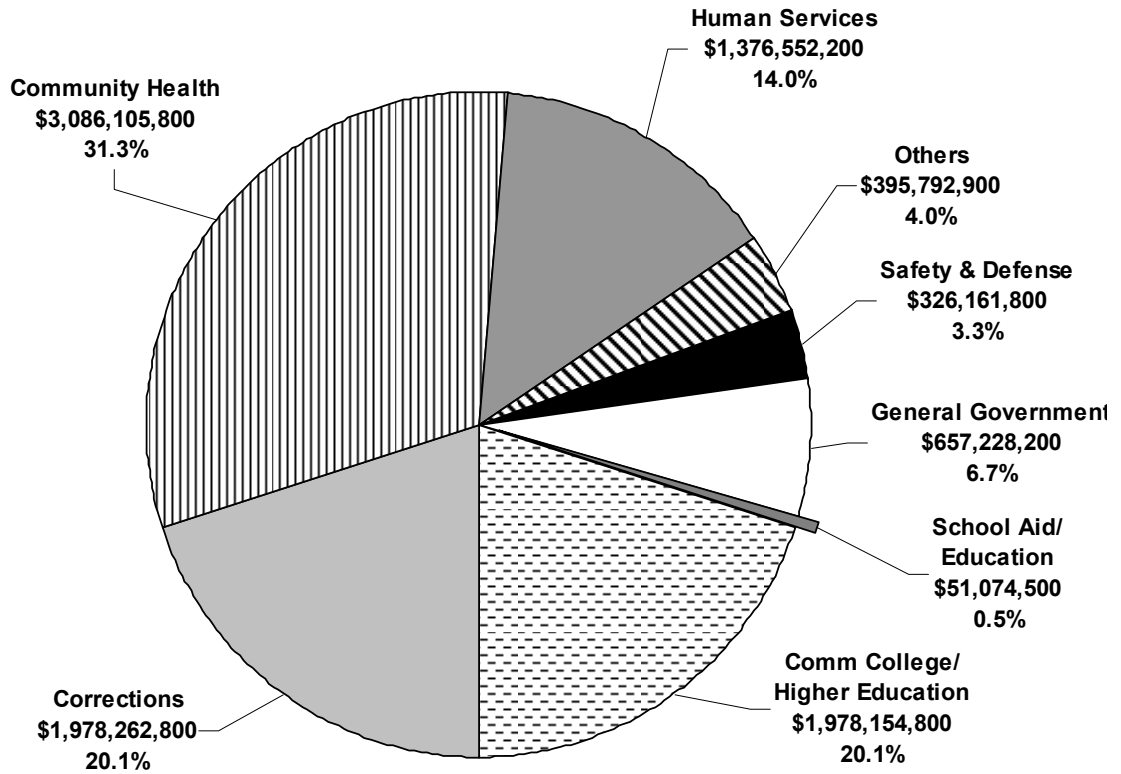
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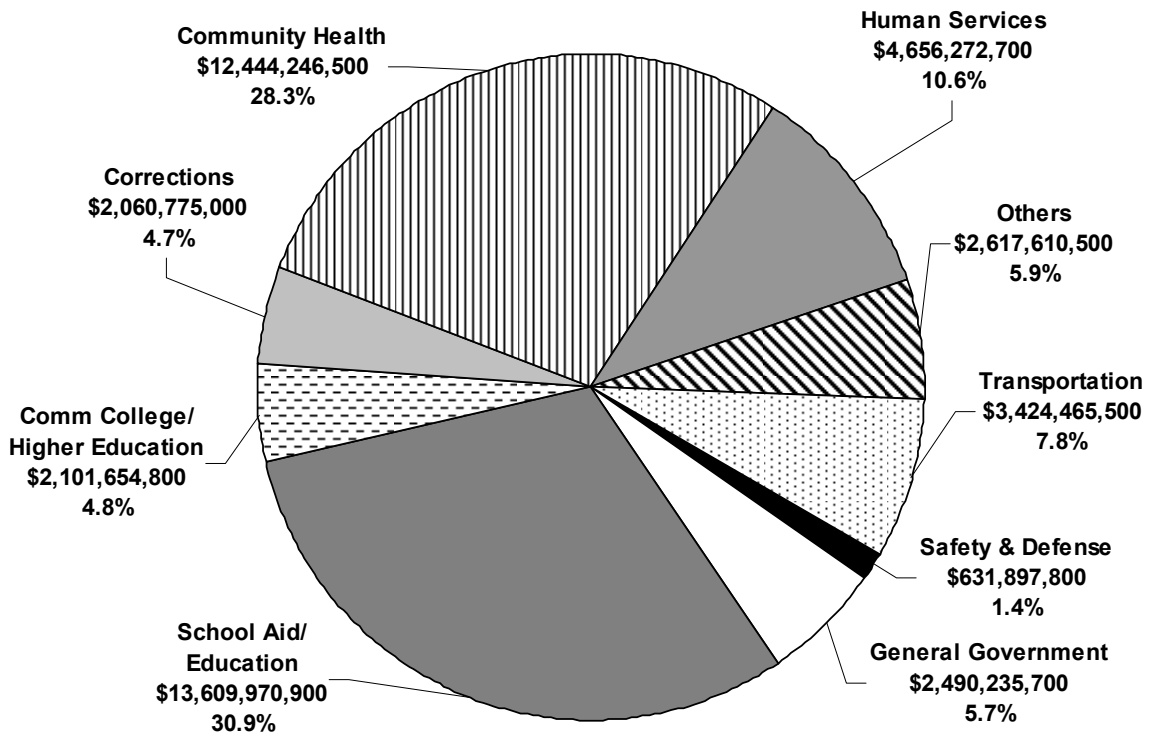
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HFA STAFF LIST

**FY 2008-09 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$9,849,333,000**



**FY 2008-09 Executive Recommendation
Adjusted Gross = \$44,037,129,400**



**CHANGE IN ADJUSTED GROSS APPROPRIATIONS
FY 2008-09 Executive Recommendation and FY 2007-08 Year-to-Date**

The Executive Budget Recommendation for FY 2008-09 increases adjusted gross appropriations by \$1,245.3 million (2.9%), decreases GF/GP appropriations by \$6.9 million (0.1%), and increases state restricted appropriations by \$417.1 million (2.3%) from FY 2007-08 year-to-date levels. Total state spending from state sources increases by \$410.2 million (1.4%) from FY 2007-08 year-to-date levels.

Millions of Dollars				
	Year-to-Date FY 2007-08	Executive Recommendation FY 2008-09	Amount Change	%
				Change
General Fund/General Purpose	\$9,856.3	\$9,849.3	(\$6.9)	(0.1)
State Restricted	<u>18,492.3</u>	<u>18,909.4</u>	<u>417.1</u>	2.3
Total State Spending from State Sources	\$28,348.5	\$28,758.7	\$410.2	1.4
Federal	13,971.0	14,766.2	795.2	5.7
Local	381.4	417.3	35.9	9.4
Private	<u>90.8</u>	<u>94.8</u>	<u>4.0</u>	4.4
Total Adjusted Gross	\$42,791.8	\$44,037.1	\$1,245.3	2.9

General Fund/General Purpose: The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenue

State Restricted: State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives

Adjusted Gross: Total of all line item appropriations; gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

RESOURCES USED IN THE EXECUTIVE BUDGET RECOMMENDATION

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

FY 2008-09 EXECUTIVE RECOMMENDATION GENERAL FUND/GENERAL PURPOSE (GF/GP) (Millions of Dollars)

Revenue	
Beginning Balance	\$125.5
Ongoing Revenue:	
Initial revenue estimate (1/11/08)	\$9,193.7
Revenue sharing savings	\$540.5
Statutory revenue sharing increase (4%)	(\$16.2)
Michigan Job Creation credit	(\$34.8)
Charge SAF for short-term borrowing costs	\$45.0
Northville property sale balloon payment (8/30/09)	\$6.5
Total Revenue	\$9,860.2
Expenditures	
FY 2008-09 Executive Budget Recommendation	\$9,849.3
Total Expenditures	\$9,849.3
Estimated Year-End Balance	\$10.9

Beginning Balance: Beginning balance estimate assumes that a FY 2008-08 GF/GP supplemental is enacted as proposed by the Executive, and that \$100 million is deposited in the Countercyclical Budget and Stabilization fund in FY 2007-08. Additional budgetary action would affect the beginning balance.

FY 2008-09 Consensus Revenue Estimate: Revenue estimate agreed to by the Consensus Conference in January 2008.

Michigan Job Creation Tax Credit: Proposal would enable growing, target businesses to triple the compensation credit for new jobs available under the MBT for four years. High-growth businesses that move all or a portion of their business to Michigan and create jobs would pay no MBT on the new jobs in the first year, and their MBT liability would phase in over a four-year period. This credit is estimated to reduce revenue by an estimated \$34.8 million in FY 2008-09.

**FY 2008-09 EXECUTIVE RECOMMENDATION
SCHOOL AID FUND (SAF)
(Millions of Dollars)**

Revenue	
Beginning balance	\$48.5
Revised forecast (1/11/08)	\$11,870.6
GF/GP transfer	\$43.0
Federal funds	\$1,562.0
Total Revenue	\$13,524.1
 Expenditures	
2007 PA 137 as Enacted	\$13,006.0
FY 2008-09 Current-Services Baseline Adjustments:	
MBT impact on foundation costs	\$341.6
Foundation costs adjustments	(\$389.9)
Durant cash payment ends in FY 2007-08	(\$32.0)
Debt service changes for Durant bond and SBLF	\$79.0
Special Education increased costs	\$19.8
Other CSB adjustments	\$4.3
Enhancements:	
Foundation/Equity increase from \$108 to \$216 per pupil	\$299.0
Federal programs	\$82.7
Small high school bonding	\$32.0
Great Start readiness program	\$31.5
School Aid borrowing costs	\$22.2
Student testing	\$5.5
CEPI education data systems	\$4.3
ISD support	\$2.9
School-based health centers	\$2.0
Isolated districts	\$1.3
MBT impact on out-of-formula districts	\$1.3
First Robotics increased to \$1.0 million	\$1.0
Advanced & Accelerated increased to \$1.0 million	\$0.7
Total Expenditures	\$13,515.2
Estimated Year-End Balance	\$8.9

Beginning Balance: Beginning balance estimate assumes that a FY 2008-08 SAF supplemental is enacted as proposed by the Executive. Additional budgetary action would affect the beginning balance.

FY 2008-09 Consensus Revenue Estimate: Revenue estimates agreed to by the Consensus Conference in January 2008.

**FY 2008-09 EXECUTIVE RECOMMENDATION
 MEDICAID BENEFITS TRUST FUND
 (Millions of Dollars)**

Beginning balance	\$0.0
Estimated interest	4.1
Estimated deposit:	
Revenue from cigarette tax	330.8
Revenue from other tobacco products	34.5
Available Funds	\$369.4
Withdrawal	(\$380.0)
Adjustment	10.6
Estimated Ending Balance	\$0.0

**FY 2008-09 EXECUTIVE RECOMMENDATION
 TOBACCO SETTLEMENT REVENUE/EXPENDITURES
 (Millions of Dollars)**

Prior-year balance	\$15.0
Interest	0.9
Master Settlement Agreement (MSA) payment	321.7
Payment on securitization bonds	(44.6)
Deposit to 21st Century Jobs Trust Fund	(75.0)
Total Estimated Revenue	\$218.0
Proposed Expenditures:	
Merit awards	(5.2)
MI Promise scholarships	(90.5)
Tuition Incentive Program (TIP)	(15.8)
Nursing scholarships	(4.3)
Administration of TIP and merit awards	(2.3)
MI Education Savings Plan	(0.8)
Medicaid base	(93.7)
Aging-respite care	(5.0)
Attorney General administration	(0.4)
Total Proposed Expenditures	(\$218.0)
Estimated Ending Balance	\$0.0

FY 2008-09 ECONOMIC CHANGES BY DEPARTMENT/AGENCY

(Thousands of Dollars)

	Employee-Related Economics		Building Occupancy Charges & Rent		Food & Fuel at 24-Hour Institutions		Total	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	\$276.3	\$190.6	(\$98.6)	(\$58.1)	\$0.0	\$0.0	\$177.7	\$132.5
Attorney General	356.7	169.9	54.6	54.6	0.0	0.0	411.3	224.5
Auditor General	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Civil Rights	34.6	34.6	135.2	135.2	0.0	0.0	169.8	169.8
Civil Service	109.7	26.6	31.9	8.9	0.0	0.0	141.6	35.5
Community Health	3,315.6	1,488.8	491.7	82.5	307.0	52.4	4,114.3	1,623.7
Corrections	4,492.9	4,307.7	199.8	199.8	3,071.4	3,071.4	7,764.1	7,578.9
Education	245.2	40.4	(117.4)	(27.5)	0.0	0.0	127.8	12.9
Environmental Quality	780.8	114.5	(174.8)	(39.0)	0.0	0.0	606.0	75.5
Executive	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
History, Arts, and Libraries	(64.2)	(70.4)	121.3	121.3	0.0	0.0	57.1	50.9
Human Services	3,143.2	2,056.1	300.9	(51.0)	89.0	44.5	3,533.1	2,049.6
Information Technology	932.8	451.0	0.0	0.0	0.0	0.0	932.8	451.0
Judiciary	260.1	247.3	162.7	143.7	0.0	0.0	422.8	391.0
Labor and Economic Growth	1,220.9	17.0	655.0	(29.6)	0.0	0.0	1,875.9	(12.6)
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management and Budget	294.1	123.2	(513.8)	(677.4)	0.0	0.0	(219.7)	(554.2)
Michigan Strategic Fund	78.6	67.4	0.0	0.0	0.0	0.0	78.6	67.4
Military and Veterans Affairs	228.8	109.8	0.0	0.0	125.4	82.5	354.2	192.3
Natural Resources	489.1	22.4	(156.1)	(10.8)	0.0	0.0	333.0	11.6
State	(1,378.1)	(1,117.3)	(357.5)	(318.5)	0.0	0.0	(1,735.6)	(1,435.8)
State Police	1,154.8	900.9	(237.2)	(212.7)	0.0	0.0	917.6	688.2
Transportation	1,461.1	0.0	(1,294.4)	0.0	0.0	0.0	166.7	0.0
Treasury	373.1	(52.1)	121.1	2.4	0.0	0.0	494.2	(49.7)
TOTAL	\$17,806.1	\$9,128.4	(\$675.6)	(\$676.2)	\$3,592.8	\$3,250.8	\$20,723.3	\$11,703.0

*Note: Table shows Department of Information (DIT)-related economics on its own line. In actuality, DIT economics are budgeted in the various department/agency budgets.

FY 2008-09 EXECUTIVE BUDGET HIGHLIGHTS
Major Features and Changes Proposed

BUDGET AREA: EDUCATION

Community Colleges

Analyst: Kyle I. Jen

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	318,928,800	302,228,800	(16,700,000)	(5.2)
Gross	\$318,928,800	\$302,228,800	(\$16,700,000)	(5.2)
FTEs	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Removal of One-Time Payment

Removes \$25.8 million GF/GP for one-time payment made to colleges in FY 2007-08 to repay August 2007 monthly payment. (Results in the gross and GF/GP reductions shown in table above.)

Community College Operations

Provides overall increase of 3.0% totaling \$8.6 million GF/GP for community college operations. Funds are distributed based on formula developed by 2006 performance indicator task force; individual college increases range from 2.4% to 3.9%.

Renaissance Zone Reimbursement

Includes increase of \$455,000 GF/GP for projected growth in statutorily-required renaissance zone reimbursements to colleges.

Education (Department)

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	72,749,800	69,675,500	(3,074,300)	4.2
Local	6,448,900	6,924,600	475,700	7.4
Private	3,171,800	3,087,800	(84,000)	(2.6)
Restricted	7,036,500	6,980,800	(55,700)	(0.8)
GF/GP	7,075,400	8,074,500	999,100	14.1
Gross	\$96,482,400	\$94,743,200	(\$1,739,200)	(1.8)
FTEs	466.5	486.0	19.5	4.2

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Audit and Oversight of School Aid Programs

Increases budget by \$1.2 million and 9.0 FTEs for audit and oversight of school aid programs including 21st Century Schools, high priority schools, at-risk programs, school readiness program, and special education programs in order to comply with recent audit recommendations.

Michigan School for the Deaf and Blind

Increases budget by \$480,000 and 6.0 FTEs at the Michigan School for the Deaf and Blind in expectation of a 10% enrollment increase.

Education Assessment Operations

Increases funding by \$1.8 million and 14.0 FTEs as the department assumes certain educational assessment functions which are currently done under contract in order to avoid contract cost increases. These costs are more than offset by eliminating \$4.0 million in funding for the data articulation system, eliminating \$455,000 for the longitudinal data system, and reducing administrative funding by \$292,100.

Human Resources and Information Technology Savings

Reduces costs by \$613,800 through the centralization of Human Resources pursuant to EO 2007-30 and reduced IT costs.

Economics

Increases economics by \$137,000 gross and \$15,600 GF/GP.

Higher Education

Analyst: Kyle I. Jen

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	7,400,000	7,400,000	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0--
Restricted	127,200,000	116,100,000	(11,100,000)	(8.7)
GF/GP	1,761,775,700	1,675,926,000	(85,849,700)	(4.9)
Gross	\$1,896,375,700	\$1,799,426,000	(\$96,949,700)	(5.1)
FTEs	1.0	1.0	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Removal of One-Time Payment

Removes \$138.7 million GF/GP for one-time payment made to universities in FY 2007-08 to repay August 2007 monthly payment. (Results in gross and GF/GP reductions shown in table above.)

State University Operations

Provides overall 3.0% increase totaling \$43.6 million GF/GP for state university operations. Funds distributed based on participation-, research/commercialization-, and degree completion-based formula components; individual university increases range from minimum of 2.3% to 6.2%. Separate formula calculations are made for the three research universities (Michigan State, UM-Ann Arbor, Wayne State) and the remaining 12 state universities. Current-year budget bill format is maintained: distinct articles for research universities, state universities, and financial aid/other programs.

Tuition Restraint Language

Includes new boilerplate language stating expectation that state universities will limit FY 2008-09 resident undergraduate tuition/fee increases to inflationary level of 2.3%.

Ag. Experiment/Cooperative Extension

Provides 3.0% increase totaling \$1.9 million GF/GP for Agricultural Experiment Station and Cooperative Extension Service line items.

Tuition Grant Program

Maintains Tuition Grant Program line item at FY 2007-08 level of \$56.7 million. Offsets \$1.4 million in one-time carryforward funds with GF/GP.

Promise Grant/Merit Award Programs

Includes net reduction of \$7.8 million (Merit Award Trust Fund) to reflect transition from Merit Award Program to Promise Grant Program. Increased costs of Promise Grant awards for students completing two years of college will begin in FY 2009-10.

Tuition Incentive Program

Provides increase of \$4.1 million GF/GP for projected growth of 19.4% in Tuition Incentive Program costs.

Children of Veterans Tuition Grant Program

Offsets \$700,000 in restricted funds for Children of Veterans Tuition Grant Program with GF/GP to reflect available level of income tax check-off revenue.

School Aid

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,479,326,300	1,562,008,600	82,682,300	5.6
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	11,491,789,200	11,910,219,100	418,429,900	3.6
GF/GP	34,909,600	43,000,000	8,090,400	23.2
Gross	\$13,006,025,100	\$13,515,227,700	\$509,202,600	3.9
FTEs	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Foundation Allowance Increase

Appropriates \$300.0 million to provide increases in foundation allowances based on the existing formula that will give every district an increase of at least \$108 per pupil, and as high as \$216 per pupil. Proportionately reduces the foundation allowance increase to districts and public school academies that do not educate students in all high school grades.

21st Century Schools Fund

Creation of the small high school infrastructure program which establishes the 21st Century Schools Fund. The Executive estimates that about \$300.0 million in bond revenue would be available to districts and ISDs for start up grants and facility grants. To be eligible to apply for the grants, a district or ISD must have at least one high school building that has not made adequate yearly progress for two years, and a district that applies for a facility grant must also have at least 800 pupils in grades 9 through 12.

Early Childhood Programs

Increases to Early Childhood programs total \$31.5 million: an additional \$24.0 million for the Michigan School Readiness Programs (District and Competitive) which will allow an additional 7,000 4-year-olds to be served; \$5.0 million for competitive grants to ISDs for expansion of local great start collaborative as determined by the Early Childhood Investment Corporation (ECIC); and \$2.5 million for a new grant to ISDs to create model programs, through their local great start collaborative, that focus on improving the quality of early learning settings.

Intermediate School Districts (ISD)

Provides an increase to ISDs of 1.2% for general operations and an additional \$1.9 million to help provide technical assistance to Michigan's high priority schools.

Center for Educational Performance (CEPI)

Increases GF/GP by \$4.3 million for continued development of the longitudinal data collection, management and reporting system.

Education Assessment Costs

Increases School Aid funds by \$5.5 million for additional costs associated with assessment.

BUDGET AREA: GENERAL GOVERNMENT
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All General Government

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$646,762,900	\$656,458,000	\$9,695,100	1.5
Federal	108,396,800	114,545,700	6,148,900	5.7
Local	2,800,700	3,098,000	297,300	10.6
Private	1,262,900	1,265,700	2,800	0.2
Restricted	1,703,727,500	1,714,098,100	10,370,600	0.6
GF/GP	660,859,100	657,228,200	(3,630,900)	(0.5)
Gross	\$3,123,809,900	\$3,146,693,700	\$22,883,800	0.7
FTEs	7,327.9	7,497.7	169.8	2.3

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Attorney General

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$21,780,300	\$24,301,000	\$2,520,700	11.6
Federal	7,816,000	8,050,800	234,800	3.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	11,491,300	11,927,600	436,300	3.8
GF/GP	32,036,600	32,265,200	228,600	0.7
Gross	\$73,124,200	\$76,544,600	\$3,420,400	4.7
FTEs	562.0	543.0	(19.0)	(3.4)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

FTE Adjustment

Adjusts FTE allocation to more accurately reflect number of funded FTEs. Includes reduction of 19.0 FTEs in accordance with Department's recommendation.

Interdepartmental Grants (IDGs) and Special Revenues Adjustment

Increases operations appropriation by \$3.0 million gross and GF/GP to reflect memos of understanding concerning IDGs and special revenue received by Department; includes \$200,000 increase in federal funds based on a federal award increase.

Information Technology Administrative Reduction

Reduces funds for Department of Information Technology (DIT) administrative fees by \$1,400 gross and GF/GP—a 5% administrative reduction.

Economic Adjustments

Includes \$411,300 gross and \$224,500 GF/GP for economics (increased funds for salaries and wages, retirement, worker's compensation, and building occupancy charges; reduced funds for insurance). Adds \$5,500 gross and GF/GP for DIT economics.

Civil Rights

Analyst: Kim O'Berry

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	2,054,100	2,057,300	3,200	0.2
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	12,437,200	12,471,100	33,900	0.3
Gross	\$14,491,300	\$14,528,400	\$37,100	0.3
FTEs	141.0	132.0	(9.0)	(6.4)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Information Technology Funding

Includes \$75,000 gross and \$60,000 GF/GP additional funds for computer hardware and software equipment. Funding will be used to replace current out-of-date computer systems.

Human Resources Optimization Transfer

Reflects reduction of \$8,700 gross and GF/GP optimization cost for the final year of the Human Resources Optimization program (reductions have been taken each year during the five-year program).

Human Resources Consolidation

Includes reduction of \$201,200 gross, \$189,400 GF/GP, and 2.0 FTEs to reflect the transfer of all Human Resource responsibilities to Civil Service as a result of EO 2007-30.

FTE Adjustment

Adjusts FTE allocations to more accurately reflect number of funded positions. Includes reduction of 6.0 FTEs in accordance with the Department's recommendation.

Economic Adjustments

Includes \$172,600 gross and GF/GP for economics (increased funding for salaries and wages, retirement, and building occupancy charges; reduction in insurances and workers' compensation).

Executive

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	5,317,300	5,317,300	0	0.0
Gross	\$5,317,300	\$5,317,300	\$0	0.0
FTEs	84.2	84.2	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

No changes to current-year appropriations.

Information Technology

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$428,868,100	\$433,992,900	\$5,124,800	1.2
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	0	0	0	0.0
GF/GP	0	0	0	0.0
Gross	\$428,868,100	\$433,992,900	\$5,124,800	1.2
FTEs	1,780.4	1,660.0	(120.4)	(6.8)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

FTE Adjustment

Adjusts FTE allocation to more accurately reflect number of funded FTE positions. Includes reduction of 119.4 classified FTEs and 3.0 unclassified FTEs in accordance with Department's recommendation.

Current-Services Base Adjustments and Administrative Reductions

Makes adjustments to reflect appropriation for IT services and projects in other state department budgets:

- Adds \$14,900 for Civil Service Commission; adds funds for Departments of Civil Rights (\$75,000), Community Health (\$497,700), Corrections (\$1.6 million), History, Arts and Libraries (\$179,500), Human Services (\$3.3 million), State (\$90,000), State Police (\$3.4 million and 2.0 FTEs), and Treasury (\$790,000).
- Reduction of \$498,000 for Department of Management and Budget (DMB), and \$25,000 for Department of Natural Resources.

Program Enhancements

Makes adjustments to reflect program enhancements made in other state department budgets: adds \$369,700 for DMB.

Administrative Reduction

Includes administrative reduction of \$233,400 gross that will be realized through administrative efficiencies.

Department of Human Services Reduction

Includes reduction of \$5.3 million gross to DHS in accordance with Department's recommended reduction plan.

Economic Adjustments

Includes \$932,800 gross increase for economics (increased funds for salaries and wages, retirement, worker's compensation, and building occupancy charges; reduced funds for insurance).

Legislature

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	400,000	400,000	0	0.0
Restricted	1,109,800	1,109,800	0	0.0
GF/GP	112,994,200	112,994,200	0	0.0
Gross	\$114,504,000	\$114,504,000	\$0	0.0
FTEs	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

No changes to current-year appropriations.

Legislative Auditor General

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$0	0.0
Federal	0	0	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	1,539,900	1,539,900	0	0.0
GF/GP	12,486,800	12,486,800	0	0.0
Gross	\$15,828,200	\$15,828,200	\$0	0.0
FTEs	0.0	0.0	0.0	0.0

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

No changes to current-year appropriations.

Management and Budget

Analyst: Kim O'Berry

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$162,681,600	\$165,468,000	\$2,786,400	1.7
Federal	4,779,100	10,669,900	5,890,800	123.3
Local	1,700,000	1,992,900	292,900	17.2
Private	150,000	150,000	0	0.0
Restricted	68,101,500	77,694,100	9,592,600	14.1
GF/GP	267,479,200	292,616,000	25,136,800	9.4
Gross	\$504,891,400	\$548,590,900	\$43,699,500	8.7
FTEs	995.0	1,425.0	430.0	43.2

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Internal Audit Consolidation

Includes additional \$5.9 million gross and 51.0 FTEs to reflect the transfer of statewide internal audit services to DMB as a result of EO 2007-31.

Human Resources Consolidation/Optimization

Includes additional 344.0 FTEs for the human resource consolidation required by EO 2007-30, which transferred all human resource responsibilities to Civil Service from individual departments. Transfer includes funding of \$32.5 million gross and \$21.4 million GF/GP (final-year funding for the Human Resource Optimization program is included in these totals).

Building Occupancy Adjustments

Includes additional \$446,100 gross to cover an increase in rent payments for leased facilities.

State Building Authority

Includes additional \$5.0 million gross and GF/GP funding to reflect adjustments for previously-constructed projects for projected rent.

Office of Retirement Services

Includes \$357,700 gross for hardware and software upgrades to retain current capability of the Interactive Voice Response System; adds \$440,000 gross and 6.0 FTEs for Office of Retirement Services customer service staff to retain current response times; eliminates one time charges for new spouse as beneficiary program (\$300,000), electronic deposit of retirement payments for schools software (\$150,000), and customer contact software funding (\$348,000).

Space Utilization Study

Includes \$550,000 gross additional funding for a one-time space utilization study. Of this funding, \$150,000 is allocated for a contractor review of space utilization and restacking plans, and \$400,000 for modular furniture, construction and internal moves.

FTE Adjustment

Adjusts FTE allocations to more accurately reflect number of FTE funded positions. Includes an increase of 61.0 FTEs in accordance with Department's recommendation.

Administrative Reductions

Reduces funding available for administrative expenses by \$914,800 gross and \$468,000 GF/GP. Savings are anticipated to be generated through administrative savings and efficiencies.

Economic Adjustments

Includes \$30,000 gross increase and \$439,600 GF/GP reduction for economics (funding included for salaries and wages, insurances, retirement, workers' compensation and building occupancy charges).

State

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,911,200	1,460,000	(451,200)	(23.6)
Local	0	0	0	0.0
Private	100	100	0	0.0
Restricted	156,972,900	156,787,600	(185,300)	(0.1)
GF/GP	\$28,797,200	\$26,888,000	(1,909,200)	(6.6)
Gross	\$207,681,400	\$205,135,700	(\$2,545,700)	(1.2)
FTEs	1,859.8	1,815.0	(44.8)	(2.4)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

FTE Adjustment

Adjusts FTEs to more accurately reflect number of funded FTE positions. Includes reduction of 43.8 classified FTEs in accordance with Department's recommendation.

Technology Replacement

Increases IT appropriation by \$90,000 gross and GF/GP for replacement of DIT server for Department of State call center.

Assigned Claims Assessment Adjustment

Increases appropriation by \$120,000 gross for increased services provided by Attorney General concerning assigned claims program.

Federal Help America Vote Act (HAVA) Funding

Removes federal one-time grant of \$350,000 awarded in the previous year for HAVA program.

Administrative Reductions

Reduces funds for four operations line items and the IT line for a total of \$621,500 gross and \$607,300 GF/GP. Savings will be realized through administrative efficiencies.

Economic Adjustments

Includes reduction of \$1.7 million gross and \$1.4 million GF/GP for economics (increased funds for salaries and wages; reduced funds for insurances, retirement, worker's compensation, and building occupancy charges). Adds \$52,500 gross and \$44,000 GF/GP for DIT economics.

Treasury

Analyst: Viola Bay Wild

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$11,631,400	\$10,894,600	(\$736,800)	(6.3)
Federal	91,836,400	92,307,700	471,300	0.5
Local	1,100,700	1,105,100	4,400	0.4
Private	712,800	715,600	2,800	0.4
Restricted	1,464,512,100	1,465,039,100	527,000	0.0
GF/GP	189,310,600	162,189,600	(27,121,000)	(14.3)
Gross	\$1,759,104,000	\$1,732,251,700	(\$26,852,300)	(1.5)
FTEs	1,905.5	1,838.5	(67.0)	(3.5)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Operations

Provides \$396.9 million gross (\$10.8 million IDG, \$36.9 million federal, \$1.1 million local, \$283.3 million restricted, and \$64.8 million GF/GP) for operations—excluding revenue sharing, debt service, and Michigan Strategic Fund (MSF). Provides \$1,174.5 million gross (\$1,106.7 million restricted, and \$67.8 million GF/GP) for revenue sharing and debt service.

Debt Service Payments

Increases funding for debt service by \$3.1 million gross. Reduces restricted funding of Refined Petroleum Fund and replaces it with GF/GP (\$11.5 million GF/GP increase). Reduces debt service on water pollution control bonds (\$63,400) and Clean Michigan Initiative bonds (\$8.6 million). Increases debt service on Quality of Life bonds (\$2.1 million) and Great Lakes Water Quality bonds (\$9.7 million).

Debt Service Refunding/Restructuring Savings

Includes \$40.0 million gross and GF/GP reduction for debt service payments based on refunding and/or restructuring of current bond programs. Savings is part of a three-year program reducing payments for debt service due to refinancing bond programs.

FTE Rebasing Adjustment

Adjusts FTE allocation to more accurately reflect the number of funded FTE positions. Includes reduction of 46.0 FTEs in accordance with Department's recommendation.

Human Resources Consolidation and Optimization

Reduces funding by \$2.1 million gross and \$1.6 million GF/GP to reflect transfer of funds and 17.0 Human Resources FTEs to Civil Service; also reflects transfer of human resources optimization costs to Civil Service. EO 2007-30 required consolidation of Human Resources within Civil Service.

Michigan Business Tax

Includes \$3.4 million gross and GF/GP for the Michigan Business Tax program—a scheduled increase to fund Department expenses related to the Michigan Business Tax.

Revenue Sharing

Based on January 2008 Consensus Revenue Estimating Conference information, constitutional revenue sharing payments are reduced by \$6.4 million. Statutory revenue sharing payments are increased by \$22.5 million (this increase includes an amount equal to 4.0% of a local unit's FY 2006-07 statutory revenue sharing payment). County revenue sharing payments are increased by \$2.3 million to reflect additional counties eligible again for payments.

Commercial Mobile Radio Service (CMRS)

Reduces CMRS funding by \$6.8 million gross due to the pending CMRS fee sunset; reduction is based on an estimate of fees to be collected before the sunset.

Michigan Gaming Control Board (MGCB)

Increases MGCB funding by \$684,000 gross and includes 8.0 FTEs for additional staff needed to fulfill Board responsibilities related to the Detroit casinos' move to permanent facilities.

Treasury Economic Adjustments

Includes additional \$494,200 gross and a reduction of \$49,700 GF/GP for economics (increased funds for salaries and wages, retirement, worker's compensation, and building occupancy charges; reduced funds for insurance costs). An additional \$77,400 gross and \$19,500 GF/GP is appropriated for DIT economics.

Michigan Strategic Fund (MSF)

Funds the MSF as follows: \$160.8 million gross (\$80,300 IDG, \$55.4 million federal, \$715,600 private, \$75.0 million restricted, and \$29.5 million GF/GP). The MSF and its programs are administered by the Michigan Economic Development Corporation.

Michigan Strategic Fund- Michigan Promotion Program

Reduces funds for the Michigan Promotion program by \$5.7 million to reflect elimination of one-time restricted funding from the Jobs for Michigan Investment Fund.

Michigan Strategic Fund Economic Adjustments

Includes \$78,600 gross and \$67,400 GF/GP for economics (increased funds for salaries and wages, retirement, worker's compensation, and building occupancy charges; reduced funds for insurance costs).

BUDGET AREA: HUMAN SERVICES

Community Health

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$39,410,200	\$40,883,900	\$1,473,700	3.7
Federal	6,708,510,700	7,159,187,100	450,676,400	6.7
Local	247,237,400	241,980,600	(5,256,800)	(2.1)
Private	65,519,800	66,686,800	1,167,000	1.8
Restricted	1,862,336,400	1,890,286,200	27,949,800	1.5
GF/GP	3,125,311,600	3,086,105,800	(39,205,800)	(1.3)
Gross	\$12,048,326,100	\$12,485,130,400	\$436,804,300	3.6
FTEs	4,767.6	4,602.7	(164.9)	(3.5)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Medicaid Cost Increases

Includes a gross increase of \$163.9 million (\$59.4 million GF/GP) to cover caseload/utilization/inflation changes within the Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Adult Benefits Waiver programs. To maintain actuarial soundness within the Medicaid and Mental Health/Substance Abuse programs managed care systems, an additional \$175.4 million gross (\$66.5 million GF/GP) is included.

CMH Non-Medicaid Services Reduction

Includes \$7.25 million GF/GP reduction for CMH Non-Medicaid Services which will be offset by funds from a statewide and centralized mental health managed care risk pool. Mandating, rather than permitting, the use of funds from CMHSPs risk pooling arrangements to support publicly funded mental health services requires changes in the state's Mental Health Code.

Mental Health Court Pilot Programs

Reinvests \$2.3 million GF/GP from savings achieved through creation of a statewide mental health managed care risk pool, in conjunction with \$1.0 million from Judiciary, to implement five mental health court pilot programs that include services such as psychiatric counseling, case management, vocational training, housing assistance, and program adherence monitoring.

Infectious Disease Targeted Initiatives

Supports intensified efforts in two areas of infectious disease with GF/GP appropriations of \$1.0 million for expanded testing and treatment to address high rates of gonorrhea and chlamydia diseases in Wayne County, and \$300,000 to

address the increasing occurrence of highly contagious and highly antibiotic resistant staphylococcus aureus ("staph") infections in and outside of health care facilities in Michigan.

Bioterrorism Funding Revisions and New Match Requirement

Reduction of \$600,000 for hospital and public health system preparedness for a bioterrorism event reflects \$2.2 million reduced federal funds, and new GF/GP and local funding of \$1.6 million to satisfy new federal match requirements of 5% effective July 2008, and rising to 10% July 2009.

Medicaid Special Financing Adjustments

Special financing adjustments are made within the Health Plan Services line, an increase of \$40.4 million gross for new physician adjustor payments made through HMOs using local funds to match federal Medicaid funds. The state portion of the school-based services retained federal earnings will offset an additional \$3.8 million GF/GP.

QAAP Adjustments

Adds \$91.5 million gross for increased hospital QAAP payments up to the allowed Medicare upper payment limit. Of this amount, \$60.8 million is attributable to FY 2007-08 and \$30.7 million to FY 2008-09. It is also proposed to set the amount which the state retains from the nursing home and hospital QAAPs at 14.4% of the total federal gain, which would save \$36.2 million GF/GP. Legislation would be necessary to achieve these savings.

Medicaid Long-Term Care Changes

Community-based long-term care services are expanded by \$32.4 million gross (\$12.9 million GF/GP) and funded through a like amount of savings from reduced nursing home admissions. The Long-Term Care Services line item is reduced \$31.3 million gross (\$12.4 million GF/GP) due to a proposed reduction in the nursing home variable cost growth rate from 4.9% to 2.5%.

Disproportionate Share Hospital (DSH) Payment Reductions

Special payments to hospitals for uncompensated care are reduced by \$5.0 million gross (\$2.0 million GF/GP), from \$50.0 million to \$45.0 million.

Healthy Kids Dental Expansion

Increases funding by \$7.9 million gross (\$3.1 million GF/GP) to fund a full year expansion of the Healthy Kids dental program to Genesee and Saginaw counties. Planned expansion date in FY 2007-08 for these two counties is July 1, 2008.

Other Medicaid Fund Source Adjustments

An increase of federal Medicaid and SCHIP funds would offset \$176.9 million of GF/GP due to changes in federal match rates. A loss of Medicaid Benefits Trust Fund revenue would be made up by \$10.6 million GF/GP. A shortfall of Merit Award Trust Fund revenue would be made up by \$45.3 million GF/GP.

Corrections

Analyst: Marilyn Peterson

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$1,264,600	\$1,277,200	\$12,600	1.0
Federal	10,340,700	10,350,200	9,500	0.1
Local	429,700	430,300	600	0.1
Private	0	0	0	0.0
Restricted	70,149,600	71,731,700	1,582,100	2.3
GF/GP	1,996,084,500	1,978,262,800	(17,821,700)	(0.9)
Gross	\$2,078,269,100	\$2,062,052,200	(\$16,216,900)	(0.8)
FTEs	17,653.4	17,515.5	(137.9)	(0.8)
Avg. Pop.	51,841	52,641	800	1.5

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Justice Policy Changes and Local Programs

Assumes GF/GP savings of \$29.7 million to be gained through a reduction in prisoners under unspecified policy changes. Policy proposals are expected to be developed by a joint House-Senate-Executive workgroup with technical

assistance from the Council of State Governments. Provides \$9.6 million GF/GP for local reinvestment, to be spent on local programs for offender services or treatment provided due to changes in sentencing laws. Also provides \$3.3 million GF/GP for increased field operations costs (e.g., electronic tether, parole/probation agents), and, provides \$6.9 million (all restricted revenue) for local jail programs, to be spent on projects (including jail construction or renovation) and programs (including those provided in conjunction with drug or mental health courts) undertaken due to changes in sentencing laws.

Department Operational Efficiencies

Assumes GF/GP savings of \$21.4 million through unspecified facility operating efficiencies, \$5.0 million through unspecified facility repurposing, \$4.0 million through unspecified health care efficiencies, and \$2.8 million through unspecified program reconfigurations and efficiencies. Changes could include changes in facility staffing assignments, consolidation of certain prison operations, changes to housing unit security levels, revisions to the prisoner security classification system, and centralization of prison store operations.

County Jail Reimbursement Program

Reduces the \$13.2 million (all restricted revenue) county jail reimbursement program by \$6.9 million in order to fund new local jail program line (see Justice Policy Changes and Local Programs above). Revises reimbursement criteria to pay only for parole violators and offenders whose guidelines scores call for prison sentences. Current law reimburses for presumptive-prison felons and certain "straddle cell" offenders (that is, certain offenders for whom sentencing guidelines permit either prison sentences or local sanctions).

Additional Prison Beds

Provides \$5.7 million GF/GP for 560 beds being added to open-bay housing at seven facilities, and \$5.1 million GF/GP for opening a mothballed 240-bed Level IV housing unit at Macomb Correctional Facility.

Mental Health Treatment Services

Increases GF/GP for DCH-provided mental health treatment services by \$4.8 million, to be spent on more outpatient treatment teams, an additional residential treatment unit, and an additional social skills development unit.

Hepatitis C Testing and Treatment

Provides additional \$14.8 million GF/GP to meet estimated costs under second year of implementation of new Hepatitis-C testing protocols that are expected to generate increases in numbers of prisoners receiving treatment.

Human Services

Analysts: *Bob Schneider and Bill Fairgrieve*

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$2,416,000	\$2,416,700	\$700	0.0
Federal	3,147,497,400	3,146,833,100	(664,300)	0.0
Local	50,331,900	61,293,500	10,961,600	21.8
Private	9,039,200	10,174,700	1,135,500	12.6
Restricted	59,698,600	61,419,200	1,720,600	2.9
GF/GP	1,308,410,100	1,376,552,200	68,142,100	5.2
Gross	\$4,577,393,200	\$4,658,689,400	\$81,296,200	1.8
FTEs	10,580.4	10,442.8	(137.6)	(1.3)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Family Independence Program (FIP) Benefits Increase

Increases the FIP payment standard by \$3.00 per person per month at cost of \$7.5 million GF/GP. Program provides cash assistance to low-income households with dependent children. This would increase maximum benefit for family of three from \$489 per month to \$498 per month. Last increase in FIP payment standards occurred in 1990.

State Disability Assistance (SDA) Benefits Increase

Increases the SDA payment standard by \$5.00 per person per month at a cost of \$696,900 GF/GP. Program provides cash assistance to low-income disabled adults. Proposal would increase the typical monthly benefit payment from \$264 per month to \$269 per month for a single adult. Last increase in SDA payment standards occurred in 2000.

Day Care Services Program Increase

Adds \$10.0 million GF/GP to support increased day care provider rates. This increase is in addition to the \$5.7 million added to the FY 2007-08 enacted budget and the additional \$10.0 million recommended in the FY 2007-08 supplemental request. No specific proposal is included as to how this increase is to be allocated to different categories of providers or across different regions of the state.

FIP Children's Clothing Allowance

Includes \$3.9 million to support an increase in the per-child clothing allowance paid once annually to families receiving FIP cash assistance. Funds will allow the clothing allowance to increase from \$43 per child paid in FY 2007-08 to \$75 per child in FY 2008-09; clothing allowance is typically distributed in July/August just prior to the beginning of each school year.

Public Assistance and Child Welfare Caseload Expenditures

Total appropriations for caseload programs (FIP, SDA, day care, SSI supplementation, foster care, adoption, Child Care Fund) would increase by \$57.6 million gross, \$58.0 million GF/GP. Much of this increase is driven by a projected increase in the FIP caseload to 77,000 cases for FY 2008-09, as well as a projected 15% increase in state reimbursement payments to counties for child welfare costs through the Child Care Fund. While foster care spending is projected to fall, the Executive projects increases in each of the other areas.

FIP Savings – Child Support Pass-Through and SSI Recoveries

Combined GF/GP savings of \$9.6 million are assumed due to two factors: 1) a federal law change under which the federal government will now share in the costs of a \$50 child support pass-through provided to FIP households, and 2) a change in state policy that will have the state retain (rather than distribute to the family) the relevant portion of any retroactive SSI payments as reimbursement for prior FIP assistance provided to that household.

Child Welfare and Juvenile Justice Reforms from FY 2007-08

Retains the child welfare agency rate increases and the closure of the Maxey-Woodland East campus consistent with the FY 2007-08 DHS budget agreement.

BUDGET AREA: RESOURCE PROTECTION

Agriculture

Analyst: William E. Hamilton

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$9,615,400	\$9,539,200	(\$76,200)	(0.8)
Federal	21,240,600	14,861,000	(6,379,600)	(30.0)
Local	0	0	0	0.0
Private	233,500	237,200	3,700	1.6
Restricted	46,121,700	45,852,400	(269,300)	(0.6)
GF/GP	31,158,100	32,490,200	1,332,100	4.3
Gross	\$108,369,300	\$102,980,000	(\$5,389,300)	(5.0)
FTEs	692.5	599.5	(93.0)	(13.4)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Food and Dairy

Maintains support for program at \$12.6 million, including \$9.2 million GF/GP; unchanged from FY 2007-08.

Bovine TB

Includes \$1.7 million increase in GF/GP baseline support for Bovine Tuberculosis testing and surveillance program. Proposed increase would bring total support for this program to \$8.9 million, including \$6.0 million GF/GP.

Emerald Ash Borer

Reflects continuing reduction in federal support for containment and eradication program. Proposed budget is \$5.2 million federal—\$5.0 million less than the current year. Appropriation for this program had been as much as \$25 million in FY 2003-04 and 2004-05.

Horse Racing Purses and Supplementals

Appropriation from Agriculture Equine Industry Development Fund would be at current-year level.

Environmental Quality

Analyst: Kirk Lindquist

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$18,662,900	\$19,071,200	\$408,300	2.2
Federal	131,750,500	130,636,100	(1,114,400)	(0.8)
Local	0	0	0	0.0
Private	455,100	455,700	600	0.1
Restricted	187,962,700	173,317,100	(14,645,600)	(7.8)
GF/GP	31,763,200	44,998,600	13,235,400	41.7
Gross	\$370,594,400	\$368,478,700	(\$2,115,700)	(0.6)
FTEs	1,567.7	1,519.7	(48.0)	(3.1)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

General Fund replacement of fee based revenue: \$13.5 million.

Natural Resources

Analyst: Kirk Lindquist

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$3,808,300	\$3,802,200	(\$6,100)	(0.2)
Federal	47,968,900	49,909,100	1,940,200	4.0
Local	0	0	0	0.0
Private	3,166,500	3,245,000	78,500	2.5
Restricted	210,508,500	206,553,500	(3,955,000)	(1.9)
GF/GP	22,743,200	23,458,900	715,700	3.1
Gross	\$288,195,400	\$286,968,700	(\$1,226,700)	(0.4)
FTEs	2,088.9	2,170.9	82.0	3.9

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Vetoed FY 2007-08 GF/GP funding replaced in Trails and Fire Suppression line items: \$1.0 million.

Assumes passage of game and fish license fee legislation.

BUDGET AREA: SAFETY AND DEFENSE
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Military Affairs

Analyst: Jan Wisniewski

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$1,680,900	\$1,681,200	\$300	0.0
Federal	56,187,500	57,538,200	1,350,700	2.4
Local	1,283,900	1,284,600	700	0.1
Private	1,463,300	1,463,700	400	0.0
Restricted	28,428,600	28,300,400	(128,200)	(0.5)
GF/GP	40,386,500	40,120,600	(265,900)	(0.7)
Gross	\$129,430,700	\$130,388,700	\$958,000	0.7
FTEs	1,022.0	992.0	(30.0)	(2.9)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Current Services Baseline Adjustments

Federal Starbase Program increase for training(\$815,000 gross); federal funds for purchase of large vehicles and equipment at Camp Grayling and Fort Custer (\$400,000 gross); utilities and grounds maintenance increase for Joint Forces Headquarters and Baker–Olin Building (\$200,000 gross and GF/GP); military retirement federal cost of living increase (\$169,500 gross and GF/GP).

Human Resources Optimization savings and consolidation (\$984,900 gross; \$829,300 GF/GP).

Economics increase, including DIT economics (\$360,100 gross; \$194,500 GF/GP).

State Police

Analyst: Jan Wisniewski

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$26,143,700	\$26,221,900	\$78,200	0.3
Federal	146,240,200	94,733,400	(51,506,800)	(35.2)
Local	8,739,100	8,522,200	(216,900)	(2.5)
Private	262,500	263,600	1,100	0.4
Restricted	111,318,800	113,629,900	2,311,100	2.1
GF/GP	273,579,300	286,041,200	12,461,900	4.6
Gross	\$566,283,600	529,412,200	(\$36,871,400)	(6.5)
FTEs	2,902.0	2,927.0	25.0	0.9

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Current-Service Baseline Adjustments

Reduction of various federal and state restricted authorization to reflect anticipated revenues and expenditures (\$52.8 million gross); restore funding for Marquette and Sterling Heights labs (\$2.0 million gross and GF/GP); increase funds for the Michigan Public Safety Communication System (\$3.0 million gross and GF/GP); increase state restricted authorization to reflect anticipated revenues for various programs (\$2.3 million gross).

Provides \$7.3 million gross and GF/GP for a 100-student trooper school commencing in September 2008; also provides \$1.0 million in supplemental funds for the FY 2007-08 portion of the trooper school operations.

Reflects \$1.8 million gross and \$1.2 million GF/GP human resources optimization and consolidation savings.

Provides \$973,100 gross and \$733,400 GF/GP economics increase, including DIT economics.

BUDGET AREA: ALL OTHER

Capital Outlay

Analyst: Al Valenzio

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference:	
			Exec to FY 2007-08 YTD Amount	%
IDG/IDT	\$0	\$2,000,000		
Federal	0	188,017,600		
Local	0	30,674,200		
Private	0	1,500,000		
Restricted	0	27,324,900		
GF/GP	0	450,000		
Gross	\$0	\$249,966,700		
FTEs	0.0	0.0		

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Provides funding for:

Transportation (buildings, facilities, and an airport safety and protection plan), Military and Veterans Affairs (land purchases and appraisals, an urban training course, and special maintenance), Natural Resources (state park improvements, waterways, forest roads, bridges, and facilities), Agriculture (farmland and open space preservation), and Management and Budget (state facility maintenance).

History, Arts, and Libraries

Analyst: Mark Wolf

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference:	
			Exec to FY 2007-08 YTD Amount	%
IDG/IDT	\$139,200	\$668,600	\$529,400	380.3
Federal	7,307,400	7,507,400	200,000	2.7
Local	0	200,000	200,000	0.0
Private	112,400	312,400	200,000	177.9
Restricted	2,645,600	3,979,800	1,334,200	50.4
GF/GP	39,298,300	40,111,700	813,400	2.1
Gross	\$49,502,900	\$52,779,900	\$3,277,000	6.6
FTEs	236.0	233.0	(3.0)	(1.3)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Improved Transparency

Adds three new fund sources previously appropriated through boilerplate only: History, Arts, and Libraries Fund (\$788,000), Museum Operations Fund (\$500,000), and Michigan Lighthouse Preservation Fund (\$100,000).

Arts and Cultural Grants

Adds \$242,000 (\$250,000 GF/GP) for arts and cultural grants, to total \$8.0 million.

Records Center Relocation Costs

Adds \$551,300 IDG revenue, and utilizes savings (\$318,700 GF/GP) on current leases for expected one-time costs related to relocation of the state records center necessary to accommodate the move to that site by the Department of Military and Veterans Affairs. Increases rent/building occupancy charges by \$603,400 (GF/GP) for the new facility.

Aid to Libraries

Maintains current-year funding for book distribution centers (\$350,000 GF/GP), state aid to libraries (\$10.0 million GF/GP), and subregional state aid (\$505,000 GF/GP).

Economic Adjustment

Adds \$62,300 (\$55,900 GF/GP) for economics.

Funding Decreases

Reduces funding related to human resources consolidation (\$228,000 GF/GP) and Michigan History Day (\$25,000 GF/GP).

Grants

Adds \$600,000 authorization to receive federal, local, and private grants.

Information Technology

Includes \$179,500 GF/GP to replace server and other hardware.

Judiciary

Analyst: Bethany Wicksall

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$2,523,500	\$2,523,500	\$0	0.0
Federal	4,626,400	4,626,400	0	0.0
Local	5,409,700	6,093,100	683,400	12.6
Private	842,500	842,500	0	0.0
Restricted	87,892,700	87,893,800	1,100	0.0
GF/GP	157,996,700	159,933,400	1,936,700	1.2
Gross	\$259,291,500	\$261,912,700	\$2,621,200	1.0
FTEs	519.0	490.0	(29.0)	(5.6)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Pilot Mental Health Courts

Appropriates \$1.0 million for grants to mental health court pilots to facilitate cooperation between mental health service providers and the judicial system and provide offenders who need mental health services with treatment and other services. Funding will be distributed in conjunction with \$2.25 million in Department of Community Health budget. In addition, there is \$100,000 included for training court and law enforcement personnel.

Next Generation Justice Information System

Appropriates additional local user fees from Berrien and Washtenaw County Courts to support the new trial court case management system in exchange for allowing them a significant role in designing the new system as well as the opportunity to serve as pilot sites. Their investment in the first four years of development will be reimbursed in waived user fees following the system's full implementation.

Defined Contribution and FICA Costs

Increases funds for judges' FICA and defined contribution retirement costs by \$445,700 gross and GF/GP.

Economics

Increases economics by \$422,800 gross and \$391,000 GF/GP.

Labor and Economic Growth

Analyst: Mark Wolf

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$34,472,800	\$30,724,200	(\$3,748,600)	(10.9)
Federal	820,712,500	831,637,300	10,924,800	1.3
Local	15,884,700	15,889,200	4,500	0.0
Private	5,314,300	5,314,300	0	0.0
Restricted	378,843,700	384,937,600	6,093,900	1.6
GF/GP	46,002,700	94,350,100	48,347,400	105.1
Gross	\$1,301,230,700	\$1,362,852,700	\$61,622,000	4.7
FTEs	4,341.0	4,351.0	10.0	0.2

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Workforce Programs

Adds \$40.0 million GF/GP for the No Worker Left Behind program. Adds \$8.5 million GF/GP for the Michigan Nursing Corps program, bringing the total to \$10.0 million. Adds \$6.6 million federal for Trade Adjustment Assistance for displaced workers.

Consumer Protection Initiatives

Adds \$4.7 million (industry-paid fees) and 53.0 FTEs for the Office of Financial and Insurance Regulation for enhanced regulation of the mortgage industry (also included in prior FY 2007-08 supplemental request), payday lending, banking and finance, securities, and insurance. Adds \$1.0 million restricted and 11.0 FTEs for enhanced enforcement of unlicensed occupational activities within the accounting, real estate, and building construction industries.

State Office of Administrative Hearings and Rules

Adds \$1.0 million for DHS case referrals (\$640,700 IDG; 7.0 FTEs) and IT costs for a case management system (\$382,500 federal).

Liquor Control

Adds \$500,000 restricted for liquor enforcement grants to reflect additional revenue from the sale of redevelopment project and development district liquor licenses. Adds \$120,000 from Direct Shipper Enforcement Revolving Fund, relating to the enforcement of regulations concerning the direct shipment of wine.

Jobs, Education, and Training

Reduces funding by \$4.5 million (IDG-DHS) to reflect lower-than-anticipated client referrals to the Michigan Rehabilitation Service; includes reduction of 36.0 FTEs to more accurately reflect program personnel needs.

Departmental Grants

Reduces remonumentation grant authorization by \$3.0 million to reflect estimated revenue. Maintains Fire Protection Grants at current-year funding level (\$10.9 million).

Michigan State Housing Development Authority

Adds \$5.0 million federal for payments on behalf of tenants. Maintains current-year appropriation of \$2.2 million GF/GP to the Michigan Housing and Community Development Fund to support low-income housing projects.

FY 2008 Economic Adjustments

A total of \$2.0 million gross (\$12,600 GF/GP decrease) is added for contractual salary and wage increases of 1% and other economic increases. Economic adjustments are also included for the cost of employee benefits, which have fallen 5.1%, and increases in pensions, worker's compensation, and building occupancy.

Transportation

Analyst: William E. Hamilton

	FY 2007-08 Year-to-Date	FY 2008-09 Executive	Difference: Exec to FY 2007-08 YTD	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,200,740,600	1,316,771,200	116,030,600	9.7
Local	42,850,000	40,950,000	(1,900,000)	(4.4)
Private	0	0	0	0.0
Restricted	2,116,605,000	2,066,744,300	(49,860,700)	(2.4)
GF/GP	0	0	0	0.0
Gross	\$3,360,195,600	\$3,424,465,500	\$64,269,900	1.9
FTEs	3,035.3	3,014.3	(21.0)	(0.7)

Note: FY 2007-08 figures include the results of supplementals and Executive Order (EO) actions through February 7, 2008.

Debt Service

Budgeted debt service would fall from \$223.6 million to \$192.0 million, a reduction of \$31.6 million, reflecting debt service schedules for transportation-related bonds and debt.

Interdepartmental Grants

Budgetary increase of \$2.3 million State Trunkline Fund (STF) to Civil Service Commission reflects related shift of human services functions out of the department.

Executive Direction

Proposes \$70,600 (STF) increase to fund unclassified deputy director for public transportation position, currently unfunded and unfilled.

Highway Maintenance

Includes \$6.1 million (STF) increase for state trunkline maintenance functions to fund additional trunkline mileage and increase costs of materials, equipment, and diesel fuel.

State Trunkline Road and Bridge Program

Includes \$1.0 billion for the MDOT's capital construction/reconstruction program, \$91.5 million more than the current year, reflecting estimated increase in federal funds.

MTF Distribution to Local Road Agencies

Budgeted MTF to County Road Commissions, Cities, Villages would fall by \$39.4 million, reflecting estimated reduction in available MTF revenue.

Transportation Economic Development Fund (TEDF)

Increase of \$13.1 million reflects end of current-year budgeted transfer of \$13.0 million in drivers' license fees to state General Fund.

Local Bus Operating/Bus Capital

Local Bus Operating remains at \$166.6 million. Bus capital would fall \$11.8 million, reflecting anticipated reduction in federal transit act support.

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**TABLE 1
FY 2008-09 EXECUTIVE RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	302,228,800	0	302,228,800	0	0	0	0	302,228,800
Education	94,743,200	0	94,743,200	69,675,500	6,924,600	3,087,800	6,980,800	8,074,500
Higher Education	1,799,426,000	0	1,799,426,000	7,400,000	0	0	116,100,000	1,675,926,000
School Aid	13,515,227,700	0	13,515,227,700	1,562,008,600	0	0	11,910,219,100	43,000,000
EDUCATION	\$15,711,625,700	\$0	\$15,711,625,700	\$1,639,084,100	\$6,924,600	\$3,087,800	\$12,033,299,900	\$2,029,229,300
Attorney General	76,544,600	24,301,000	52,243,600	8,050,800	0	0	11,927,600	32,265,200
Civil Rights	14,528,400	0	14,528,400	2,057,300	0	0	0	12,471,100
Executive Office	5,317,300	0	5,317,300	0	0	0	0	5,317,300
Information Technology	433,992,900	433,992,900	0	0	0	0	0	0
Legislative Auditor General	15,828,200	1,801,500	14,026,700	0	0	0	1,539,900	12,486,800
Legislature	114,504,000	0	114,504,000	0	0	400,000	1,109,800	112,994,200
Management and Budget	548,590,900	165,468,000	383,122,900	10,669,900	1,992,900	150,000	77,694,100	292,616,000
Michigan Strategic Fund	160,782,600	80,300	160,702,300	55,438,800	0	715,600	75,005,200	29,542,700
State	205,135,700	20,000,000	185,135,700	1,460,000	0	100	156,787,600	26,888,000
Treasury: Operations	396,947,000	10,814,300	386,132,700	36,868,900	1,105,100	0	283,332,300	64,826,400
Treasury: Debt/Revenue Sharing	1,174,522,100	0	1,174,522,100	0	0	0	1,106,701,600	67,820,500
GENERAL GOVERNMENT	\$3,146,693,700	\$656,458,000	\$2,490,235,700	\$114,545,700	\$3,098,000	\$1,265,700	\$1,714,098,100	\$657,228,200
Community Health	12,485,130,400	40,883,900	12,444,246,500	7,159,187,100	241,980,600	66,686,800	1,890,286,200	3,086,105,800
Corrections	2,062,052,200	1,277,200	2,060,775,000	10,350,200	430,300	0	71,731,700	1,978,262,800
Human Services	4,658,689,400	2,416,700	4,656,272,700	3,146,833,100	61,293,500	10,174,700	61,419,200	1,376,552,200
HUMAN SERVICES	\$19,205,872,000	\$44,577,800	\$19,161,294,200	\$10,316,370,400	\$303,704,400	\$76,861,500	\$2,023,437,100	\$6,440,920,800
Agriculture	102,980,000	9,539,200	93,440,800	14,861,000	0	237,200	45,852,400	32,490,200
Environmental Quality	368,478,700	19,071,200	349,407,500	130,636,100	0	455,700	173,317,100	44,998,600
Natural Resources	286,968,700	3,802,200	283,166,500	49,909,100	0	3,245,000	206,553,500	23,458,900
RESOURCE PROTECTION	\$758,427,400	\$32,412,600	\$726,014,800	\$195,406,200	\$0	\$3,937,900	\$425,723,000	\$100,947,700
Military and Veterans Affairs	130,388,700	1,681,200	128,707,500	57,538,200	1,284,600	1,463,700	28,300,400	40,120,600
State Police	529,412,200	26,221,900	503,190,300	94,733,400	8,522,200	263,600	113,629,900	286,041,200
SAFETY AND DEFENSE	\$659,800,900	\$27,903,100	\$631,897,800	\$152,271,600	\$9,806,800	\$1,727,300	\$141,930,300	\$326,161,800
Capital Outlay	249,966,700	2,000,000	247,966,700	188,017,600	30,674,200	1,500,000	27,324,900	450,000
History, Arts, and Libraries	52,779,900	668,600	52,111,300	7,507,400	200,000	312,400	3,979,800	40,111,700
Judiciary	261,912,700	2,523,500	259,389,200	4,626,400	6,093,100	842,500	87,893,800	159,933,400
Labor and Economic Growth	1,362,852,700	30,724,200	1,332,128,500	831,637,300	15,889,200	5,314,300	384,937,600	94,350,100
Transportation	3,424,465,500	0	3,424,465,500	1,316,771,200	40,950,000	0	2,066,744,300	0
ALL OTHERS	\$5,351,977,500	\$35,916,300	\$5,316,061,200	\$2,348,559,900	\$93,806,500	\$7,969,200	\$2,570,880,400	\$294,845,200
TOTAL APPROPRIATIONS	\$44,834,397,200	\$797,267,800	\$44,037,129,400	\$14,766,237,900	\$417,340,300	\$94,849,400	\$18,909,368,800	\$9,849,333,000

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2008-09 Executive Recommendation Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2007-08</u>	<u>Executive Recommendation FY 2008-09</u>	<u>Difference FY 2008-09 vs. FY 2008-09</u>	
Community Colleges	318,928,800	302,228,800	(16,700,000)	-5.2%
Education	96,482,400	94,743,200	(1,739,200)	-1.8%
Higher Education	1,896,375,700	1,799,426,000	(96,949,700)	-5.1%
School Aid	<u>13,006,025,100</u>	<u>13,515,227,700</u>	<u>509,202,600</u>	3.9%
EDUCATION	\$15,317,812,000	\$15,711,625,700	\$393,813,700	2.6%
Attorney General	51,343,900	52,243,600	899,700	1.8%
Civil Rights	14,491,300	14,528,400	37,100	0.3%
Executive Office	5,317,300	5,317,300	0	0.0%
Information Technology	0	0	0	0.0%
Legislative Auditor General	14,026,700	14,026,700	0	0.0%
Legislature	114,504,000	114,504,000	0	0.0%
Management and Budget	342,209,800	383,122,900	40,913,100	12.0%
Michigan Strategic Fund	166,342,500	160,702,300	(5,640,200)	-3.4%
State	187,681,400	185,135,700	(2,545,700)	-1.4%
Treasury: Operations	388,153,100	386,132,700	(2,020,400)	-0.5%
Treasury: Debt/Revenue Sharing	<u>1,192,977,000</u>	<u>1,174,522,100</u>	<u>(18,454,900)</u>	-1.5%
GENERAL GOVERNMENT	\$2,477,047,000	\$2,490,235,700	\$13,188,700	0.5%
Community Health	12,008,915,900	12,444,246,500	435,330,600	3.6%
Corrections	2,077,004,500	2,060,775,000	(16,229,500)	-0.8%
Human Services	<u>4,574,977,200</u>	<u>4,656,272,700</u>	<u>81,295,500</u>	1.8%
HUMAN SERVICES	\$18,660,897,600	\$19,161,294,200	\$500,396,600	2.7%
Agriculture	98,753,900	93,440,800	(5,313,100)	-5.4%
Environmental Quality	351,931,500	349,407,500	(2,524,000)	-0.7%
Natural Resources	<u>284,387,100</u>	<u>283,166,500</u>	<u>(1,220,600)</u>	-0.4%
RESOURCE PROTECTION	\$735,072,500	\$726,014,800	(\$9,057,700)	-1.2%
Military and Veterans Affairs	127,749,800	128,707,500	957,700	0.7%
State Police	<u>540,139,900</u>	<u>503,190,300</u>	<u>(36,949,600)</u>	-6.8%
SAFETY AND DEFENSE	\$667,889,700	\$631,897,800	(\$35,991,900)	-5.4%
Capital Outlay	0	247,966,700	247,966,700	0.0%
History, Arts, and Libraries	49,363,700	52,111,300	2,747,600	5.6%
Judiciary	256,768,000	259,389,200	2,621,200	1.0%
Labor and Economic Growth	1,266,757,900	1,332,128,500	65,370,600	5.2%
Transportation	<u>3,360,195,600</u>	<u>3,424,465,500</u>	<u>64,269,900</u>	1.9%
ALL OTHERS	\$4,933,085,200	\$5,316,061,200	\$382,976,000	7.8%
TOTAL APPROPRIATIONS	\$42,791,804,000	\$44,037,129,400	\$1,245,325,400	2.9%

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2008-09 Executive Recommendation Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2007-08</u>	<u>Executive Recommendation FY 2008-09</u>	<u>Difference FY 2008-09 vs. FY 2007-08</u>	
Community Colleges	318,928,800	302,228,800	(16,700,000)	-5.2%
Education	7,075,400	8,074,500	999,100	14.1%
Higher Education	1,761,775,700	1,675,926,000	(85,849,700)	-4.9%
School Aid	34,909,600	43,000,000	8,090,400	23.2%
EDUCATION	\$2,122,689,500	\$2,029,229,300	(\$93,460,200)	-4.4%
Attorney General	32,036,600	32,265,200	228,600	0.7%
Civil Rights	12,437,200	12,471,100	33,900	0.3%
Executive Office	5,317,300	5,317,300	0	0.0%
Information Technology	0	0		
Legislative Auditor General	12,486,800	12,486,800	0	0.0%
Legislature	112,994,200	112,994,200	0	0.0%
Management and Budget	267,479,200	292,616,000	25,136,800	9.4%
Michigan Strategic Fund	29,493,800	29,542,700	48,900	0.2%
State	28,797,200	26,888,000	(1,909,200)	-6.6%
Treasury: Operations	63,419,300	64,826,400	1,407,100	2.2%
Treasury: Debt/Revenue Sharing	96,397,500	67,820,500	(28,577,000)	-29.6%
GENERAL GOVERNMENT	\$660,859,100	\$657,228,200	(\$3,630,900)	-0.5%
Community Health	3,125,311,600	3,086,105,800	(39,205,800)	-1.3%
Corrections	1,996,084,500	1,978,262,800	(17,821,700)	-0.9%
Human Services	1,308,410,100	1,376,552,200	68,142,100	5.2%
HUMAN SERVICES	\$6,429,806,200	\$6,440,920,800	\$11,114,600	0.2%
Agriculture	31,158,100	32,490,200	1,332,100	4.3%
Environmental Quality	31,763,200	44,998,600	13,235,400	41.7%
Natural Resources	22,743,200	23,458,900	715,700	3.1%
RESOURCE PROTECTION	\$85,664,500	\$100,947,700	\$15,283,200	17.8%
Military and Veterans Affairs	40,386,500	40,120,600	(265,900)	-0.7%
State Police	273,579,300	286,041,200	12,461,900	4.6%
SAFETY AND DEFENSE	\$313,965,800	\$326,161,800	\$12,196,000	3.9%
Capital Outlay	0	450,000	450,000	
History, Arts, and Libraries	39,298,300	40,111,700	813,400	2.1%
Judiciary	157,996,700	159,933,400	1,936,700	1.2%
Labor and Economic Growth	46,002,700	94,350,100	48,347,400	105.1%
Transportation	0	0		
ALL OTHERS	\$243,297,700	\$294,845,200	\$51,547,500	21.2%
TOTAL APPROPRIATIONS	\$9,856,282,800	\$9,849,333,000	(\$6,949,800)	-0.1%

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2008-09 Executive Recommendation Compared with FY 2007-08 Year-to-Date

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2007-08</u>	<u>Executive Recommendation FY 2008-09</u>	<u>Difference FY 2008-09 vs. FY 2007-08</u>	
Community Colleges	0.0	0.0		
Education	466.5	486.0	19.5	4.2%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	0.0	0.0		
EDUCATION	467.5	487.0	19.5	4.2%
Attorney General	562.0	543.0	(19.0)	-3.4%
Civil Rights	141.0	132.0	(9.0)	-6.4%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,780.4	1,660.0	(120.4)	-6.8%
Legislative Auditor General	0.0	0.0		
Legislature	0.0	0.0		
Management and Budget	995.0	1,425.0	430.0	43.2%
Michigan Strategic Fund	152.0	147.0	(5.0)	-3.3%
State	1,859.8	1,815.0	(44.8)	-2.4%
Treasury: Operations	1,753.5	1,691.5	(62.0)	-3.5%
Treasury: Debt/Revenue Sharing	0.0	0.0		
GENERAL GOVERNMENT	7,327.9	7,497.7	169.8	2.3%
Community Health	4,767.6	4,602.7	(164.9)	-3.5%
Corrections	17,383.4	17,515.5	132.1	0.8%
Human Services	10,580.4	10,442.8	(137.6)	-1.3%
HUMAN SERVICES	32,731.4	32,561.0	(170.4)	-0.5%
Agriculture	692.5	599.5	(93.0)	-13.4%
Environmental Quality	1,567.7	1,519.7	(48.0)	-3.1%
Natural Resources	2,088.9	2,170.9	82.0	3.9%
RESOURCE PROTECTION	4,349.1	4,290.1	(59.0)	-1.4%
Military and Veterans Affairs	1,022.0	992.0	(30.0)	-2.9%
State Police	2,902.0	2,927.0	25.0	0.9%
SAFETY AND DEFENSE	3,924.0	3,919.0	(5.0)	-0.1%
Capital Outlay	0.0	0.0		
History, Arts, and Libraries	236.0	233.0	(3.0)	-1.3%
Judiciary	519.0	490.0	(29.0)	-5.6%
Labor and Economic Growth	4,341.0	4,351.0	10.0	0.2%
Transportation	3,035.3	3,014.3	(21.0)	-0.7%
ALL OTHERS	8,131.3	8,088.3	(43.0)	-0.5%
TOTAL FTE POSITIONS	56,931.2	56,843.1	(88.1)	-0.2%

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

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2008-09 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>
Community Colleges	302,228,800	302,228,800	100.0%
Education	15,055,300		
Higher Education	1,792,026,000		
School Aid	11,953,219,100	11,738,786,800	98.2%
EDUCATION	\$14,062,529,200	\$12,041,015,600	85.6%
Attorney General	44,192,800		
Civil Rights	12,471,100		
Civil Service	0		
Executive Office	5,317,300		
Information Technology	0		
Legislative Auditor General	14,026,700		
Legislature	114,104,000		
Management and Budget	370,310,100		
Michigan Strategic Fund	104,547,900	1,800,000	1.7%
State	183,675,600	1,253,800	0.7%
Treasury: Operations	348,158,700	133,409,000	38.3%
Treasury: Debt/Revenue Sharing	1,174,522,100	1,091,399,100	92.9%
GENERAL GOVERNMENT	\$2,371,326,300	\$1,227,861,900	51.8%
Community Health	4,976,392,000	1,279,459,400	25.7%
Corrections	2,049,994,500	107,363,000	5.2%
Human Services	1,437,971,400	145,704,400	10.1%
HUMAN SERVICES	\$8,464,357,900	\$1,532,526,800	18.1%
Agriculture	78,342,600	2,416,800	3.1%
Environmental Quality	218,315,700	4,050,000	1.9%
Natural Resources	230,012,400	18,846,100	8.2%
RESOURCE PROTECTION	\$526,670,700	\$25,312,900	4.8%
Military and Veterans Affairs	68,421,000	120,000	0.2%
State Police	399,671,100	20,541,400	5.1%
SAFETY AND DEFENSE	\$468,092,100	\$20,661,400	4.4%
Capital Outlay	27,774,900	9,857,900	35.5%
History, Arts, and Libraries	44,091,500	11,235,400	25.5%
Judiciary	247,827,200	123,720,300	49.9%
Labor and Economic Growth	479,287,700	48,920,900	10.2%
Transportation	2,066,744,300	1,221,559,700	59.1%
ALL OTHER	\$2,865,725,600	\$1,415,294,200	49.4%
TOTALS	\$28,758,701,800	\$16,262,672,800	56.5%



Mitchell E. Bean, Director
 Bill Fairgrieve, Deputy Director

Agriculture	William E. Hamilton, Senior Fiscal Analyst
Capital Outlay	Al Valenzio, Associate Director
Community Colleges	Kyle I. Jen, Senior Fiscal Analyst
Community Health	
Medicaid	Steve Stauff, Senior Fiscal Analyst
Mental Health/Substance Abuse	Margaret Alston, Senior Fiscal Analyst
Public Health/Aging	Susan Frey, Senior Fiscal Analyst
Corrections	Marilyn Peterson, Senior Fiscal Analyst
Education (Department)	Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Fiscal Analyst
Environmental Quality	Kirk Lindquist, Senior Fiscal Analyst
General Government	
Attorney General/Executive/Information Technology/Legislature/ Legislative Auditor General/Lottery/State/Treasury	Viola Bay Wild, Fiscal Analyst
Civil Rights/Management & Budget	Kim O'Berry, Fiscal Analyst
Higher Education	Kyle I. Jen, Senior Fiscal Analyst
Human Services (Department)	Robert Schneider, Senior Fiscal Analyst; Bill Fairgrieve, Deputy Director
History, Arts, and Libraries	Mark Wolf, Fiscal Analyst
Judiciary	Viola Bay Wild, Fiscal Analyst
Labor & Economic Growth	Mark Wolf, Fiscal Analyst
Military & Veterans Affairs	Jan Wisniewski, Senior Fiscal Analyst
Natural Resources	Kirk Lindquist, Senior Fiscal Analyst
State Police	Jan Wisniewski, Senior Fiscal Analyst
School Aid	Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Fiscal Analyst
Transportation	William E. Hamilton, Senior Fiscal Analyst
Economics	
Revenue/Tax Analysis	Rebecca Ross, Senior Economist
Tax Analysis/Revenue Sharing	Jim Stansell, Economist
Legislative Analysis	Chris Couch, Associate Director
	Edith Best, Joan Hunault, Shannan Kane, Sue Stutzky, Legislative Analysts
Legislative Transfers	Margaret Alston, Senior Fiscal Analyst
Oversight & Investigations	William E. Hamilton, Senior Fiscal Analyst
Retirement	Al Valenzio, Associate Director
Supplementals	Al Valenzio, Associate Director; Kyle I. Jen, Senior Fiscal Analyst
Administrative Assistant	Jeanne Dee
Budget Assistants	
Agriculture/Community Colleges/Education/Higher Education/School Aid/ Transportation/Transfers/HFA Internet/Bill Analysis	Barbara Graves
Capital Outlay/Environmental Quality/General Government/History, Arts, & Libraries/ Labor & Economic Growth/Military & Veterans Affairs/Natural Resources/Retirement/ State Police/Supplementals	Amber Fox
Community Health/Corrections/Human Services/Judiciary/HFA Library	Tumai Burris
Receptionist/Facilities Coordinator	Holly Spitzley

February 2008

