

**STATE OF MICHIGAN
FISCAL YEAR 2003-04**

Appropriations Summary and Analysis



prepared by the



Mitchell E. Bean, Director

September 2003

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TO: Members of the Michigan House of Representatives

This **FY 2003-04 Appropriations Summary and Analysis** summarizes the enacted FY 2003-04 appropriations. The report begins with a *Director's Overview* section, includes a section on recent supplementals (2003 PAs 39 and 173), notes major budget and boilerplate changes for each department/agency, and ends with a *Consensus Revenue* section. A *Glossary* follows the table of contents and explains several terms used throughout the report to describe the budget for the State of Michigan.

When analyzing the budget, it is important to note the following:

Adjusted Gross is the amount to use when measuring the effect of state spending on the state's economy.

General Fund/General Purpose (GF/GP) is the amount to use when measuring state resources available for legislative allocation to various state programs.

State Spending from State Sources is the amount to use when measuring the amount of state resources collected from taxpayers to finance state spending.

The *Director's Overview* provides information on resources used in the enacted FY 2003-04 budget, current information on tobacco settlement funds, the status of FY 2003-04 fee changes, and summary tables of the appropriated funds and sources.

Agency Analysts prepared the individual budget sections with help from their Budget Assistants. Report production was coordinated by Jeanne Dee, Administrative Assistant. This publication can be accessed through our website at house.mi.gov/hfa by selecting Reports, and then Appropriation Reports; the publication will be listed with the 2003 reports as "Appropriations: Summary and Analysis, FY 2003-04."

House Fiscal Agency staff and their areas of responsibility are listed on the inside back cover of this publication. Please feel free to contact them, or me, if you have questions or need further information.

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

Director's Overview	3
Resources Used in Enacted Year-to-Date Budget	5
Appropriations from Tobacco Settlement Funds for FY 2003-04	7
Fee and Statutory Changes	9
Other Budget Information.....	11
FY 2003-04 Appropriations Summary Tables	12

SUPPLEMENTAL APPROPRIATIONS

House Bill 4032 (2003 PA 39).....	19
Senate Bill 540 (2003 PA 173).....	25

BUDGET DETAIL

EDUCATION

Community Colleges	35
Education	37
Higher Education.....	39
School Aid/K-12	43

GENERAL GOVERNMENT

Appropriation Summary	49
Attorney General.....	50
Civil Rights	53
Civil Service	55
Executive.....	57
Information Technology	59
Legislature.....	62
Management and Budget.....	64
State.....	67
Treasury	70

HUMAN SERVICES

Community Health (includes Medicaid, Public Health, Mental Health, and Aging).....	77
Corrections.....	82
Family Independence Agency.....	86

REGULATORY

Consumer and Industry Services	93
Career Development.....	95
Michigan Strategic Fund Agency	97

RESOURCE PROTECTION

Agriculture 103
Environmental Quality 106
Natural Resources 109

SAFETY AND DEFENSE

Military and Veterans Affairs 115
State Police 117

ALL OTHERS

Capital Outlay 123
History, Arts, and Libraries 125
Judiciary 127
Transportation 130

CONSENSUS REVENUES..... 135

Table: General Fund/General Purpose Revenue Estimates 138
Table: School Aid Fund Revenue Estimates 139
Table: HFA Year-End Balance Estimates 139
Budget Stabilization Fund Year-End Balances 140
State Revenue Limit 141

GLOSSARY

Frequently-Used State Budget Terms

Adjusted Gross

Total net amount of all line item gross appropriations less (or minus) interdepartmental grants (IDGs) and intradepartmental transfers (IDTs)

Boilerplate

Specific language sections contained in an appropriations act which direct, limit or restrict line item expenditures, and/or require reports

Budget Stabilization Fund (BSF)

The countercyclical economic and budget stabilization fund—also known as the "rainy day" fund

Federal Revenues

Federal grant or matchable revenues dedicated to specific programs

General Fund/General Purpose (GF/GP)

The state's primary operating fund; the portion of the state's General Fund that does not include restricted revenues

Gross Appropriations (Gross)

The total of all applicable line item spending authorizations

Interdepartmental Grant (IDG)

Revenue or funds received by one state department from another state department (usually for a service the receiving department provides)

Intradepartmental Transfer (IDT)

Transfers or funds being provided from one appropriation unit to another in the same department

Lapses

Unspent/unobligated funds remaining in line item accounts at the end of the fiscal year

Line Items

Specific funding amount in an appropriations bill which establishes spending authorization for a particular program or function (may be for a single purpose or for multiple purposes)

Local Revenue

Revenues from local units of government

State Restricted (Restricted Funds)

State revenue dedicated to a specific fund; revenue which results from state mandates or initiatives; used for used for specific programs pursuant to the Constitution or statute

Private Funds

Revenues from non-government entities such as rents, royalties or interest payments, payments from hospitals, payments from individuals, and gifts and bequests

School Aid Fund (SAF)

The primary funding source for K-12 schools and Intermediate School Districts (ISDs)

Work Project

An account established to allow for certain specific unspent funds to be carried over from one fiscal year to a succeeding fiscal year or years

FY 2003-04 Budget Detail

DIRECTOR'S OVERVIEW

Overview
Resources Used in Enacted Budget
Tobacco Settlement Funds
Fee and Statutory Changes
Other Budget Information
Summary Tables

FY 2003-04 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2003-04 year-to-date (YTD) includes \$38.55 billion in adjusted gross appropriations. Funding sources include \$16.99 billion in state restricted funds, \$11.63 billion in federal funds, \$8.89 billion in General Fund/General Purpose (GF/GP) revenues, and \$1.03 billion in local and private sources. This represents a decrease of 1.87% in adjusted gross appropriations from the FY 2002-03 YTD and an increase of 0.63% in GF/GP appropriations from the FY 2002-03 level.

Consensus Revenue Estimates

The FY 2003-04 GF/GP budget is based on consensus revenue estimates agreed to at the May 13, 2003, Consensus Revenue Estimating Conference. These estimates included a GF/GP revenue increase of \$76.3 million (0.93%) from FY 2002-03 and School Aid Fund (SAF) revenue decline of \$128.7 million (-1.1%) from FY 2002-03. The primary reason for the decline is a one-time revenue source of \$455.0 million included in FY 2002-03 resulting from a timing change in State Education Tax collections. Consensus revenue estimates are discussed briefly in this Overview (page 11) and in detail in the Consensus Revenues section of this document.

Additional Funding Resources

General Fund/General Purpose expenditures are also funded with \$531.9 million from non-GF/GP resources: \$168.9 million in unrestricted federal aid received in FY 2002-03 and carried forward to FY 2003-04, an additional \$168.9 million in unrestricted federal aid received in FY 2003-04, a \$195.6 million fund transfer in FY 2002-03 that was carried forward to FY 2003-04, and fund transfers of \$20.8 million in FY 2003-04. See details on page 5.

The Executive budget recommendation included \$119 million of fee increases to replace GF/GP spending and \$128.9 million in tax changes. New and increased fees deposited directly into GF/GP are expected to increase GF/GP revenues \$98.1 million. New and increased fees are estimated to produce \$213.2 million in additional restricted funds that are used to supplant GF/GP spending in various state departments. Other statutory changes increased anticipated restricted funds \$188.8 million. A list of fee changes and other important statutory changes that were part of the budget process is included on pages 9 and 10.

In addition to consensus SAF revenue estimates and a GF/GP transfer, the SAF is funded for FY 2003-04 funded with \$128.3 million in one-time savings from refinancing School Bond Loan Fund debt; see details on page 6.

The FY 2003-04 budget includes \$281.9 million in FY 2003-04 appropriations to be made from tobacco settlement funds; see detail on pages 7 and 8.

This Overview also includes a review of state workforce changes and state spending returned to local governments. Overall content of the budget is summarized on page 11, and reported in Tables 1 through 5 (pages 12 through 16) of this publication. Following this Overview, FY 2002-03 and FY 2003-04 supplemental appropriations included in Public Acts 39 and 173 of 2003 are reported (page 17).

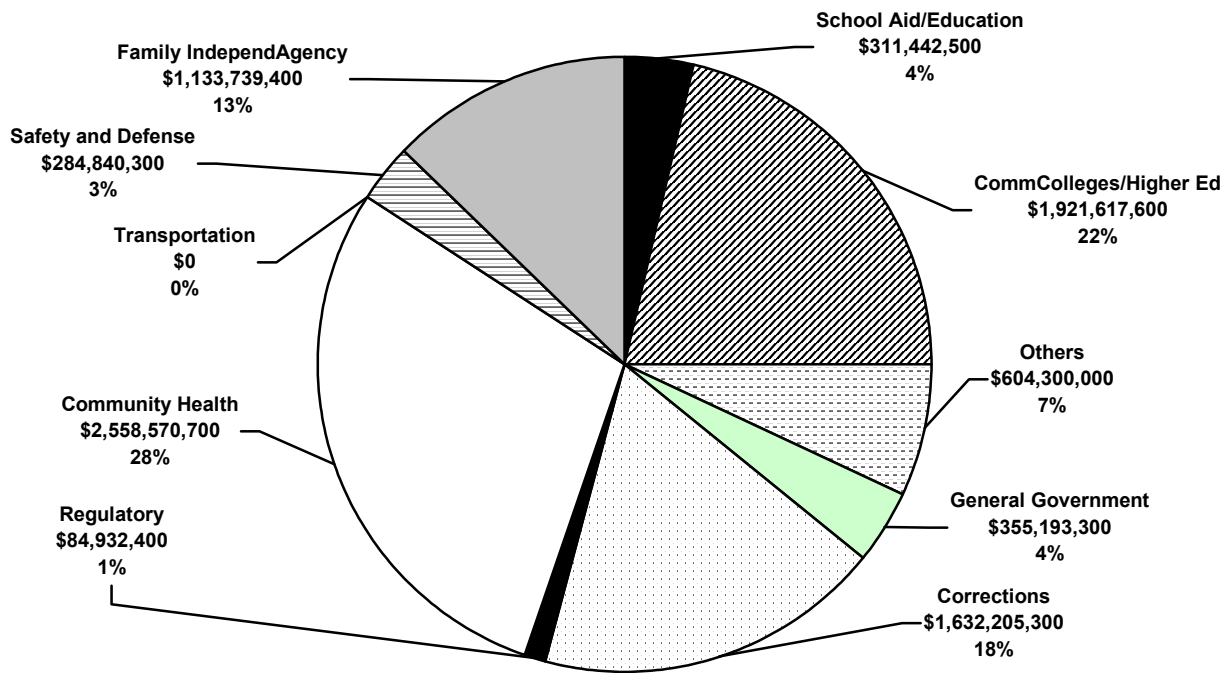
Following the Supplemental section, individual sections explain appropriations by department or major budget area. Each section includes a comparison of FY 2002-03 appropriations with the FY 2003-04 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

The figure on the following page shows the distribution of FY 2003-04 YTD Adjusted Gross and GF/GP appropriations. For Adjusted Gross appropriations, School Aid/Education (34%) and Community Health (25%) receive the largest shares. Of GF/GP appropriations, Community Health (28%), Community Colleges/Higher Education (22%), and Corrections (18%) receive the largest portions.

OVERVIEW

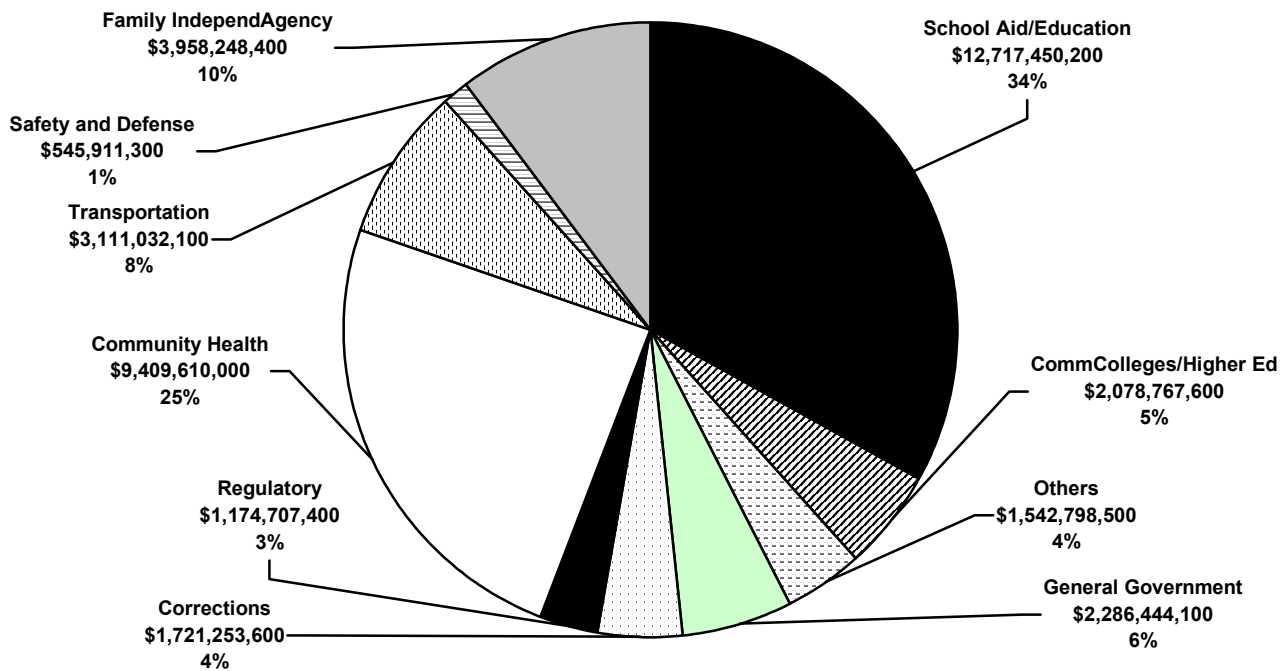
General Fund/ General Purpose Appropriations: FY 2003-04

Total: \$8,886,841,500



Adjusted Gross Appropriations: FY 2003-04

Total: \$38,546,223,200



Note: For these graphs, Capital Outlay is shown at target amount.

RESOURCES USED IN ENACTED FY 2003-04 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose and School Aid Fund expenditures in the FY 2003-04 year-to-date budget are reported below. An explanation of each source is included.

**GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)**

Beginning Balance	\$363.0
FY 2003-04 Consensus Revenue Estimate	\$8,158.7
Unrestricted Federal Aid	\$168.9
Reduce Local Revenue Sharing Payments	\$245.4
Bad Driver Fees	\$65.0
Increase Driver's License Fees	\$25.9
Federal Tax Reform: State Revenue Impact	(\$34.5)
Fund Transfers: \$10.8 from CTF and \$10.0 from UI Contingency Fund (P&I account)	\$20.8
State Tax Policy Changes	\$12.1
Increased Unemployment Benefits: State Revenue Impact	\$8.0
Sale of Detroit Plaza	<u>\$2.0</u>
Total	\$9,035.30

Beginning Balance

One-time money not appropriated in FY 2002-03 made possible by \$168.9 million in unrestricted federal aid and the transfer of \$195.6 million from unrestricted revenue sharing reserve to GF\GP.

FY 2003-04 Consensus Revenue Estimate

Revenue estimates agreed to by the Consensus Conference in May 2003.

Unrestricted Federal Aid

One-time federal aid to the state.

Reduce Local Revenue Sharing Payments

Total revenue sharing payments were reduced 3.0% below FY 2002-03 levels and \$245.4 million below full funding. As a result, GF/GP resources increase \$245.4 million.

Bad Driver's Fees

New fees enacted to encourage safe driving.

Increase Drivers' License Fees

Increased renewal fees for drivers' licenses.

Federal Tax Reform

Effects of federal tax reform that reduce Michigan's tax base.

State Tax Policy Changes

Impact of legislation that closed certain loopholes in the state tax code.

Increased Unemployment Benefits

State revenue impact of federal extensions of unemployment benefits.

OVERVIEW

**SCHOOL AID BUDGET
(Millions of Dollars)**

Beginning Fund Balance	\$1.5
FY 2003-04 Consensus Revenue Estimate	\$10,749.0
General Fund/General Purpose Grant to School Aid Fund	\$282.0
Refinance School Bond Loan Fund	\$128.3
New Lottery Games	\$50.0
Personal Property Tax Audits	\$8.5
Federal Tax Reform: State Revenue Impact	(\$5.4)
Increased Unemployment Benefits: State Revenue Impact	\$2.1
State Tax Policy Changes	\$4.4
Federal Aid	<u>\$1,316.7</u>
Total	\$12,537.10

FY 2003-04 Consensus Revenue Estimate

Revenue estimates agreed to by the Consensus Conference in May 2003.

Refinance School Bond Loan Fund

One-time savings from refinancing bonds at lower interest rates.

New Lottery Games

Governor's proposal for expanded set of lottery games.

Personal Property Tax Audits

Increased audits of compliance expected to increase revenues to the SAF.

Federal Tax Reform

Effects of federal tax reform that reduce Michigan's tax base.

Increased Unemployment Benefits

State revenue impact of federal extensions of unemployment benefits.

State Tax Policy Changes

Impact of legislation that closed certain loopholes in the state tax code.

Federal Aid

Includes federal grants previously appropriated in Department of Education budget that were transferred to School Aid Budget, and new federal money appropriated by the (federal) No Child Left Behind Act.

APPROPRIATIONS FROM TOBACCO SETTLEMENT FUNDS: FY 2003-04

Appropriations from Tobacco Settlement Funds: FY 2003-04

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
<u>Attorney General</u>		
Additional FTE positions: Funding for 3.0 FTE positions (two attorneys and one secretary) to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement.		\$351,800
<u>Career Development</u>		
Council of Michigan Foundations: Grant to the Council will support local initiatives to address smoking prevention and cessation efforts.	Tobacco Settlement	1,000,000
<u>Community Health</u>		
Office of Services to the Aging - Respite Care: Supports in-home or adult day care of elderly persons, to provide respite for regular at-home care givers.	Tobacco Settlement	5,000,000
Medical Services - EPIC Program: Provides coverage for prescription medications to senior citizens with incomes up to 200% of the poverty level.	Tobacco Settlement	30,000,000
Medical Services - Long-Term Care Services: Supports the personal needs allowance increase from \$30 to \$60 per month for Medicaid patients in nursing homes.	Tobacco Settlement	5,000,000
Medicaid Base Funding: Replaces state GF/GP match required for ongoing Medicaid program funding needs.	Tobacco Settlement	30,300,000
	Merit Award	27,700,000
<u>Higher Education</u>		
Michigan Merit Award Program: Provides merit scholarships to high school graduates with a high qualifying score on the MEAP test.	Merit Award	130,000,000
Floor Fundings: Allocates funds to state universities that were allocated less than \$3,890 per full-year equated student.	Merit Award	9,500,000
Tuition Incentive Program: Two-phase program to encourage low-income students to graduate from high school; phase I provides qualifying students with up to two years of free tuition at a community college; phase II provides qualifying students with up to \$2,000 toward tuition at a community college or four-year university.	Merit Award	9,250,000
Nursing Scholarship Program: New program to be administered by Michigan Higher Education Assistance Authority to provide awards to nursing students who agree to work in Michigan after licensure.	Merit Award	4,000,000
<u>Michigan Strategic Fund</u>		
Health and Aging Research and Development Initiative: Provide grants to Michigan universities and private research facilities to conduct research (including collaborative research) in the area of life sciences; commercialize innovations discovered or developed through the research.	Tobacco Settlement	10,000,000
<u>Treasury</u>		
Michigan Merit Awards Board /Michigan Educational Assessment Program (MEAP) Administration and Testing Contracts: Administration of the Michigan Merit Award Scholarship program which provides awards for postsecondary education to high school students who have taken the MEAP test and met certain standards; and funding for the test development component of the program.	Merit Award	18,128,500
Department of Information Technology	Merit Award	393,000
Tuition Incentive Program: Administration of the Tuition Incentive Program.	Merit Award	369,100

OVERVIEW

Appropriations from Tobacco Settlement Funds: FY 2003-04

<u>Department and Program</u>	<u>Trust Fund</u>	<u>Amount</u>
Michigan Education Savings Plan: Provides the state match to accounts of qualified beneficiaries, giving Michigan families an incentive to save for higher education through a combination of tax deductions and state matching grants.	Merit Award	<u>1,000,000</u>
TOTAL Tobacco Settlement Appropriations		\$281,992,400

STATUS OF FY 2003-04 FEE AND STATUTORY CHANGES

Status of FY 2003-04 Fee and Statutory Changes

<u>Department/Fee</u>	<u>Status</u>	<u>Additional Revenue</u>	<u>Revenue Type</u>
<i>Agriculture</i>			
Pet Shop License & Animal Shelter Registration	2003 PA 83	\$17,900	Restricted
Horse Riding Stable License	2003 PA 84	\$5,000	Restricted
Livestock Operations License	2003 PA 85	\$23,800	Restricted
Private Pesticide Applicator License	2003 PA 82	\$130,000	Restricted
Nursery Stock License	2003 PA 104	\$140,000	Restricted
<i>Career Development</i>			
Employment Contingency Fund Transfer	2003 PA 84	\$10,000,000	Restricted
<i>Community Health</i>			
Hospital Quality Assurance Assessment	2003 PA 113	\$18,900,000	Restricted
Nursing Home Quality Assurance Assessment	2003 PA 113	\$18,900,000	Restricted
<i>Consumer and Industry Services</i>			
Limited Liability Company Fee	2003 PA 81	\$1,100,000	Restricted
Nonprofit Corporation Fee	2003 PA 107	\$565,000	Restricted
Business Corporation Fee	2003 PA 103	\$2,480,000	Restricted
Security Dealer Fee	2003 PA 150	\$4,400,000	Restricted
Occupational License Fee	2003 PA 87	\$2,800,000	Restricted
<i>Corrections/Judiciary/State Police</i>			
Justice System Assessments & Filing Fee Increases	2003 PA 70–79 2003 PA 95–102 2003 PA 138	\$25,500,000	Restricted
<i>Education</i>			
Motorcycle Safety Program Transfer to State	2003 PA 103	\$0	
<i>Environmental Quality</i>			
Solid Waste Fee	2003 PA 153	\$3,914,500	Restricted
Various Fee Sunsets	2003 PA 163	\$2,106,000	Restricted
Waste Water Reports Fee	2003 PA 148	\$45,000	Restricted
Aquatic Nuisance Fee	2003 PA 164	\$225,000	Restricted
<i>Natural Resources</i>			
State Park Entrance Fees	2003 PA 170	\$2,068,540	Restricted
Off-Road Vehicle Program Transfer	2003 PA 111	\$344,300	Restricted
<i>State</i>			
Personal Identification Cards	2003 PA 143	\$782,000	Restricted
Bad Driver Fees	2003 PA 165	\$73,063,920	GF/GP

OVERVIEW

Status of FY 2003-04 Fee and Statutory Changes

<u>Department/Fee</u>	<u>Status</u>	<u>Additional Revenue</u>	<u>Revenue Type</u>
Bad Driver Fees*	2003 PA 165	\$3,500,000	Restricted
Drivers License/Vehicle Registration Fees	2003 PA 152	\$18,000,000	Restricted
Drivers License/Vehicle Registration Fees	2004 PA 152	\$25,000,000	GF/GP
<i>State Police</i>			
Vehicle Registration Fees	2004 PA 152	\$21,800,000	Restricted
<i>Transportation</i>			
Comprehensive Transportation Fund Shift	2003 PA 139	(\$10,833,000)	Restricted
Comprehensive Transportation Fund Shift	2004 PA 139	\$10,833,000	GF/GP
Vehicle Registration Fees (MTF)	2004 PA 152	\$5,300,000	Restricted
Trailer Registration Fees (One-Time MTF)	2004 PA 152	\$107,975,000	Restricted
<i>Treasury</i>			
School Bond Loan Refinancing**	2003 PA 108-109	\$100,000,000	Restricted
Revenue Sharing Reductions	2003 PA 168	\$0	
Audit Homestead Property Tax Exemption	2003 PA 105	\$51,000,000	Restricted

NOTE: *\$3.5 million restricted is for fire protection grants.

**\$100 million represents net revenue to the School Aid Fund due to the refinancing of School Bond Loan Fund Loans.

CONSENSUS REVENUE ESTIMATES

State law requires that the State Treasurer or the State Budget Director and the Directors of the Senate and House Fiscal Agencies meet at least twice a year to review and revise GF/GP and School Aid Fund revenue forecasts. A Consensus Revenue Estimating Conference was held on May 13, 2003, to revise estimated revenues for FY 2002-03 and reach a consensus on initial FY 2003-04 revenues. Budget recommendations for FY 2003-04 are based on this consensus agreement which anticipates that baseline GF/GP and SAF revenues will increase by 0.8% between fiscal years 2002-03 and 2003-04.

STATE SPENDING RETURNED TO LOCAL GOVERNMENTS

Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. As shown in **Table 5** (page 16), the FY 2003-04 budget provides for \$15.9 billion in payments to local units of government, or 61.5% of the estimated \$25.9 billion in state spending from state resources—well within the constitutional requirement.

STATE WORKFORCE CHANGES

Table 4 (page 15) compares the number of full-time equated or FTE positions (classified and unclassified) between FY 2002-03 and FY 2003-04 year-to-date. Table 4 shows a decrease in total FTE positions from 62,937.7 in FY 2002-03 to 57,744.1 in FY 2003-04—a decrease of 5,193.6 FTEs or 8.3%. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave and used sick leave) during the year.

FY 2003-04 APPROPRIATIONS: SUMMARY TABLES

Table 1 (following) details the FY 2003-04 year-to-date budget. When interdepartmental grants and intradepartmental transfers are deducted, Gross appropriations of \$39.2 billion reduce to \$38.5 billion in Adjusted Gross appropriations.

State Restricted	\$16,991,606,900
GF/GP	\$8,886,841,500
Federal	\$11,632,898,950
Local and Private	<u>\$1,034,875,850</u>
Adjusted Gross	\$38,546,223,200

Table 2 (following) compares Adjusted Gross appropriations for FY 2002-03 YTD to FY 2003-04 YTD. Appropriations decrease from \$39.28 billion in FY 2002-03 to \$38.55 billion in FY 2003-04—a \$734.74 million or 1.87% decrease.

Table 3 (following) compares GF/GP appropriations for FY 2002-03 YTD to FY 2003-04 YTD. Appropriations increase from \$8.83 billion in FY 2002-03 to \$8.89 billion in FY 2003-04—an increase of \$55,913,301 or 0.63%.

Table 4 (following) compares the number of Full-time Equated or FTE employees (classified and unclassified) for FY 2002-03 YTD to FY 2003-04 YTD. Fiscal Year 2003-04 YTD shows a change in total FTE positions from 62,937.7 in FY 2002-03 to 57,744.1 in FY 2003-04—a decrease of 5,193.6 FTEs or 8.3%. Each FTE is equivalent to 2,088 hours of employee compensated time (including overtime, annual leave, and used sick leave) during the year.

Table 5 (following) shows FY 2003-04 YTD enacted payments to local units of government compared to the amount of spending from state sources provided in each budget. Pursuant to Article IX, Section 30 of the *Constitution of the State of Michigan of 1963*, at least 48.97% of state spending from state resources must be paid to all units of local government. The enacted FY 2003-04 YTD budget provides for \$15.9 billion in state spending to local units of government, 61.5% of the estimated \$25.9 billion in state spending from state resources—well within the constitutional requirement.

**TABLE 1
FY 2003-04 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS**

<u>Department/Major Budget Area</u>	<u>Gross</u>	<u>IDGs and IDTs</u>	<u>Adjusted Gross</u>	<u>Federal Funds</u>	<u>Local Revenue</u>	<u>Private Revenue</u>	<u>State Restricted</u>	<u>General Fund/General Purpose</u>
Community Colleges	289,013,100	0	289,013,100	0	0	0	0	289,013,100
Education	114,381,200	1,000,000	113,381,200	65,834,100	4,791,600	701,400	12,661,600	29,392,500
Higher Education	1,789,754,500	0	1,789,754,500	4,400,000	0	0	152,750,000	1,632,604,500
School Aid	<u>12,604,069,000</u>	<u>0</u>	<u>12,604,069,000</u>	<u>1,316,681,900</u>	<u>0</u>	<u>0</u>	<u>11,005,337,100</u>	<u>282,050,000</u>
EDUCATION	\$14,797,217,800	\$1,000,000	\$14,796,217,800	\$1,386,916,000	\$4,791,600	\$701,400	\$11,170,748,700	\$2,233,060,100
Attorney General	61,462,400	10,810,600	50,651,800	8,971,800	0	0	10,670,100	31,009,900
Civil Rights	13,117,200	0	13,117,200	934,000	0	0	0	12,183,200
Civil Service	31,853,900	2,300,000	29,553,900	4,779,100	1,700,000	150,000	14,872,200	8,052,600
Executive Office	4,859,500	0	4,859,500	0	0	0	0	4,859,500
Information Technology	360,239,300	360,239,300	0	0	0	0	0	0
Legislature	119,880,400	1,662,900	118,217,500	0	0	400,000	2,495,100	115,322,400
Management and Budget	230,187,800	162,216,800	67,971,000	440,800	0	0	31,201,300	36,328,900
State	181,121,500	20,000,000	161,121,500	1,319,500	0	100	143,070,200	16,731,700
Treasury: Operations	372,232,900	12,417,600	359,815,300	44,196,100	910,800	0	256,411,700	58,296,700
Treasury: Debt/Revenue Sharing	<u>1,481,136,400</u>	<u>0</u>	<u>1,481,136,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,408,728,000</u>	<u>72,408,400</u>
GENERAL GOVERNMENT	\$2,856,091,300	\$569,647,200	\$2,286,444,100	\$60,641,300	\$2,610,800	\$550,100	\$1,867,448,600	\$355,193,300
Community Health	9,478,814,800	69,204,800	9,409,610,000	5,243,530,900	812,256,100	57,844,000	737,408,300	2,558,570,700
Corrections	1,724,507,200	3,253,600	1,721,253,600	27,798,400	391,100	0	60,858,800	1,632,205,300
Family Independence Agency	<u>3,959,304,200</u>	<u>1,055,800</u>	<u>3,958,248,400</u>	<u>2,679,842,950</u>	<u>65,097,100</u>	<u>9,472,150</u>	<u>70,096,800</u>	<u>1,133,739,400</u>
HUMAN SERVICES	\$15,162,626,200	\$73,514,200	\$15,089,112,000	\$7,951,172,250	\$877,744,300	\$67,316,150	\$868,363,900	\$5,324,515,400
Consumer and Industry Services	603,526,200	111,100	603,415,100	283,831,500	0	770,000	299,143,800	19,669,800
Career Development	466,880,000	0	466,880,000	418,100,400	15,011,900	2,396,300	6,664,700	24,706,700
Michigan Strategic Fund Agency	<u>104,513,200</u>	<u>100,900</u>	<u>104,412,300</u>	<u>52,953,300</u>	<u>0</u>	<u>853,100</u>	<u>10,050,000</u>	<u>40,555,900</u>
REGULATORY	\$1,174,919,400	\$212,000	\$1,174,707,400	\$754,885,200	\$15,011,900	\$4,019,400	\$315,858,500	\$84,932,400
Agriculture	97,150,800	10,858,600	86,292,200	14,051,700	0	1,127,600	39,733,900	31,379,000
Environmental Quality	345,924,400	14,142,900	331,781,500	129,169,500	0	435,700	145,460,000	56,716,300
Natural Resources	<u>254,151,000</u>	<u>3,437,900</u>	<u>250,713,100</u>	<u>33,706,600</u>	<u>0</u>	<u>1,871,400</u>	<u>186,333,700</u>	<u>28,801,400</u>
RESOURCE PROTECTION	\$697,226,200	\$28,439,400	\$668,786,800	\$176,927,800	\$0	\$3,434,700	\$371,527,600	\$116,896,700
Military and Veterans Affairs	103,097,500	200,000	102,897,500	40,627,900	0	1,270,700	23,800,100	37,198,800
State Police	<u>460,898,900</u>	<u>17,885,100</u>	<u>443,013,800</u>	<u>103,892,300</u>	<u>4,506,600</u>	<u>10,000</u>	<u>86,963,400</u>	<u>247,641,500</u>
SAFETY AND DEFENSE	\$563,996,400	\$18,085,100	\$545,911,300	\$144,520,200	\$4,506,600	\$1,280,700	\$110,763,500	\$284,840,300
Capital Outlay	568,083,700	0	568,083,700	202,652,000	42,789,600	0	41,340,000	281,302,100
History, Arts, and Libraries	57,131,100	137,500	56,993,600	9,322,600	0	577,400	2,308,800	44,784,800
Judiciary	253,567,900	4,633,500	248,934,400	4,106,500	2,898,700	842,500	79,770,300	161,316,400
Transportation	<u>3,111,032,100</u>	<u>0</u>	<u>3,111,032,100</u>	<u>941,755,100</u>	<u>5,800,000</u>	<u>0</u>	<u>2,163,477,000</u>	<u>0</u>
ALL OTHERS	\$3,989,814,800	\$4,771,000	\$3,985,043,800	\$1,157,836,200	\$51,488,300	\$1,419,900	\$2,286,896,100	\$487,403,300
TOTAL APPROPRIATIONS	\$39,241,892,100	\$695,668,900	\$38,546,223,200	\$11,632,898,950	\$956,153,500	\$78,722,350	\$16,991,606,900	\$8,886,841,500

NOTE: Capital Outlay Enacted YTD figure is target amount.

TABLE 2
FY 2003-04 ADJUSTED GROSS APPROPRIATIONS
FY 2003-04 Year-to-Date Compared with FY 2002-03 Year-to-Date

<u>Department/Major Budget Area</u>	<u>FY 2002-03 Year-to-Date</u>	<u>FY 2003-04 Year-to-Date</u>	<u>FY 2003-04 vs 2002-03</u>	
			<u>Amount Different</u>	<u>Percent Different</u>
Community Colleges	310,885,794	289,013,100	(21,872,694)	-7.0%
Education	215,154,016	113,381,200	(101,772,816)	-47.3%
Higher Education	1,841,901,735	1,789,754,500	(52,147,235)	-2.8%
School Aid	<u>12,554,692,100</u>	<u>12,604,069,000</u>	<u>49,376,900</u>	0.4%
EDUCATION	\$14,922,633,645	\$14,796,217,800	(\$126,415,845)	-0.8%
Attorney General	50,435,483	50,651,800	216,317	0.4%
Civil Rights	13,623,900	13,117,200	(506,700)	-3.7%
Civil Service	25,554,000	29,553,900	3,999,900	15.7%
Executive Office	5,021,500	4,859,500	(162,000)	-3.2%
Information Technology	0	0	0	0.0%
Legislature	121,813,900	118,217,500	(3,596,400)	-3.0%
Management and Budget	75,679,811	67,971,000	(7,708,811)	-10.2%
State	146,734,961	161,121,500	14,386,539	9.8%
Treasury: Operations	354,223,197	359,815,300	5,592,103	1.6%
Treasury: Debt/RevenueShare	<u>1,530,086,400</u>	<u>1,481,136,400</u>	<u>(48,950,000)</u>	-3.2%
GENERAL GOVERNMENT	\$2,323,173,152	\$2,286,444,100	(\$36,729,052)	-1.6%
Community Health	9,657,293,248	9,409,610,000	(247,683,248)	-2.6%
Corrections	1,683,738,331	1,721,253,600	37,515,269	2.2%
Family Independence Agency	<u>4,130,285,100</u>	<u>3,958,248,400</u>	<u>(172,036,700)</u>	-4.2%
HUMAN SERVICES	\$15,471,316,679	\$15,089,112,000	(\$382,204,679)	-2.5%
Consumer and Industry Services	586,769,264	603,415,100	16,645,836	2.8%
Career Development	458,111,700	466,880,000	8,768,300	1.9%
Michigan Strategic Fund Agency	<u>148,982,500</u>	<u>104,412,300</u>	<u>(44,570,200)</u>	-29.9%
REGULATORY	\$1,193,863,464	\$1,174,707,400	(\$19,156,064)	-1.6%
Agriculture	91,492,800	86,292,200	(5,200,600)	-5.7%
Environmental Quality	395,093,561	331,781,500	(63,312,061)	-16.0%
Natural Resources	<u>263,583,847</u>	<u>250,713,100</u>	<u>(12,870,747)</u>	-4.9%
RESOURCE PROTECTION	\$750,170,208	\$668,786,800	(\$81,383,408)	-10.8%
Military and Veterans Affairs	104,328,808	102,897,500	(1,431,308)	-1.4%
State Police	<u>459,747,548</u>	<u>443,013,800</u>	<u>(16,733,748)</u>	-3.6%
SAFETY AND DEFENSE	\$564,076,356	\$545,911,300	(\$18,165,056)	-3.2%
Capital Outlay	634,269,800	568,083,700	(66,186,100)	-10.4%
History, Arts, and Libraries	69,252,536	56,993,600	(12,258,936)	-17.7%
Judiciary	238,790,300	248,934,400	10,144,100	4.2%
Transportation	<u>3,113,421,400</u>	<u>3,111,032,100</u>	<u>(2,389,300)</u>	-0.1%
ALL OTHERS	\$4,055,734,036	\$3,985,043,800	(\$70,690,236)	-1.7%
TOTAL APPROPRIATIONS	\$39,280,967,540	\$38,546,223,200	(\$734,744,340)	-1.9%

NOTE: Capital Outlay Enacted YTD figure is target amount.

TABLE 3
FY 2003-04 GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2003-04 Year-to-Date Compared with FY 2002-03 Year-to-Date

<u>Department/Major Budget Area</u>	<u>FY 2002-03 Year-to-Date</u>	<u>FY 2003-04 Year-to-Date</u>	<u>FY 2003-04 vs 2002-03</u>	
			<u>Amount Different</u>	<u>Percent Different</u>
Community Colleges	307,512,112	289,013,100	(18,499,012)	-6.0%
Education	29,018,216	29,392,500	374,284	1.3%
Higher Education	1,741,466,933	1,632,604,500	(108,862,433)	-6.3%
School Aid	<u>249,413,500</u>	<u>282,050,000</u>	<u>32,636,500</u>	42.2%
EDUCATION	\$2,327,410,761	\$2,233,060,100	(\$94,350,661)	-4.1%
Attorney General	32,363,383	31,009,900	(1,353,483)	-4.2%
Civil Rights	12,689,900	12,183,200	(506,700)	-4.0%
Civil Service	9,285,700	8,052,600	(1,233,100)	-13.3%
Executive Office	5,021,500	4,859,500	(162,000)	-3.2%
Information Technology	0	0	0	0.0%
Legislature	118,883,500	115,322,400	(3,561,100)	-3.0%
Management and Budget	39,247,311	36,328,900	(2,918,411)	-7.4%
State	18,141,161	16,731,700	(1,409,461)	-7.8%
Treasury: Operations	55,723,597	58,296,700	2,573,103	4.6%
Treasury: Debt/Revenue	<u>19,586,400</u>	<u>72,408,400</u>	<u>52,822,000</u>	269.7%
GENERAL GOVERNMENT	\$310,942,452	\$355,193,300	\$44,250,848	14.2%
Community Health	2,382,030,412	2,558,570,700	176,540,288	7.4%
Corrections	1,599,803,231	1,632,205,300	32,402,069	2.0%
Family Independence Agency	<u>1,115,085,079</u>	<u>1,133,739,400</u>	<u>18,654,321</u>	1.7%
HUMAN SERVICES	\$5,096,918,722	\$5,324,515,400	\$227,596,678	4.5%
Consumer and Industry Services	32,900,464	19,669,800	(13,230,664)	-40.2%
Career Development	26,572,800	24,706,700	(1,866,100)	-7.0%
Michigan Strategic Fund Agency	<u>52,626,100</u>	<u>40,555,900</u>	<u>(12,070,200)</u>	-22.9%
REGULATORY	\$112,099,364	\$84,932,400	(\$27,166,964)	-24.2%
Agriculture	36,773,700	31,379,000	(5,394,700)	-14.7%
Environmental Quality	66,653,261	56,716,300	(9,936,961)	-14.9%
Natural Resources	<u>43,124,447</u>	<u>28,801,400</u>	<u>(14,323,047)</u>	-33.2%
RESOURCE PROTECTION	\$146,551,408	\$116,896,700	(\$29,654,708)	-20.2%
Military and Veterans Affairs	38,378,308	37,198,800	(1,179,508)	-3.1%
State Police	<u>277,389,448</u>	<u>247,641,500</u>	<u>(29,747,948)</u>	-10.7%
SAFETY AND DEFENSE	\$315,767,756	\$284,840,300	(\$30,927,456)	-9.8%
Capital Outlay	289,167,000	281,302,100	(7,864,900)	-2.7%
History, Arts, and Libraries	58,451,636	44,784,800	(13,666,836)	-23.4%
Judiciary	173,619,100	161,316,400	(12,302,700)	-7.1%
Transportation	<u>0</u>	<u>0</u>	<u>0</u>	0.0%
ALL OTHERS	\$521,237,736	\$487,403,300	(\$33,834,436)	-6.5%
TOTAL APPROPRIATIONS	\$8,830,928,199	\$8,886,841,500	\$55,913,301	0.6%

NOTE: Capital Outlay Enacted YTD figure is target amount.

TABLE 4
FULL-TIME EQUATED POSITIONS*
FY 2003-04 Year-to-Date Compared with FY 2002-03 Year-to-Date

<u>Department/Major Budget Area</u>	<u>FY 2002-03 Year-to-Date</u>	<u>FY 2003-04 Year-to-Date</u>	<u>FY 2003-04 vs. FY 2002-03</u>	
			<u>Amount Differnt</u>	<u>Percent Differnt</u>
Community Colleges	0.0	0.0	0.0	0.0%
Education	442.1	433.1	(9.0)	-2.0%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
EDUCATION	443.1	434.1	(9.0)	-2.0%
Attorney General	592.5	568.0	(24.5)	-4.1%
Civil Rights	163.5	142.0	(21.5)	-13.1%
Civil Service	201.5	211.5	10.0	5.0%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,771.4	1,755.4	(16.0)	0.0%
Legislature	0.0	0.0	0.0	0.0%
Management and Budget	854.5	722.0	(132.5)	-15.5%
State	1,853.8	1,855.8	2.0	0.1%
Treasury: Operations	1,861.5	1,535.0	(326.5)	-17.5%
Treasury: Debt/Revenue Sharing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
GENERAL GOVERNMENT	7,382.9	6,873.9	(509.0)	-6.9%
Community Health	5,672.3	4,388.3	(1,284.0)	-22.6%
Corrections	18,843.9	18,312.7	(531.2)	-2.8%
Family Independence Agency	<u>12,501.1</u>	<u>10,774.6</u>	<u>(1,726.50)</u>	-13.8%
HUMAN SERVICES	37,017.3	33,475.6	(3,541.70)	-9.6%
Consumer and Industry Services	4,012.4	3,533.5	(478.9)	-11.9%
Career Development	1,095.0	989.5	(105.5)	-9.6%
Michigan Strategic Fund	<u>231.5</u>	<u>200.0</u>	<u>(31.5)</u>	-13.6%
REGULATORY	5,338.9	4,723.0	(615.9)	-11.5%
Agriculture	645.5	569.0	(76.5)	-11.9%
Environmental Quality	1,596.7	1,611.7	15.0	0.9%
Natural Resources	<u>2,081.5</u>	<u>2,094.5</u>	<u>13.0</u>	0.6%
RESOURCE PROTECTION	4,323.7	4,275.2	(48.5)	-1.1%
Military and Veterans Affairs	1,079.0	1,079.0	0.0	0.0%
State Police	<u>3,448.5</u>	<u>2,990.0</u>	<u>(458.5)</u>	-13.3%
SAFETY AND DEFENSE	4,527.5	4,069.0	(458.5)	-10.1%
Capital Outlay	0.0	0.0	0.0	0.0%
History, Arts, and Libraries	247.5	254.5	7.0	2.8%
Judiciary	582.5	582.5	0.0	0.0%
Transportation	<u>3,074.3</u>	<u>3,056.3</u>	<u>(18.0)</u>	-0.6%
ALL OTHERS	3,904.3	3,893.3	(11.0)	-0.3%
TOTAL FULL-TIME EQUATED POSITIONS	62,937.7	57,744.1	(5,193.6)	-8.3%

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

Table 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2003-04 Year-to-Date

<u>Department/Major 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	289,013,100	289,013,100	100.0%
Education	42,054,100	18,960,100	45.1%
Higher Education	1,785,354,500	3,759,100	0.2%
School Aid	<u>11,287,387,100</u>	<u>11,298,682,800</u>	100.1%
EDUCATION	\$13,403,808,800	\$11,610,415,100	86.6%
Attorney General	41,680,000	0	0.0%
Civil Rights	12,183,200	0	0.0%
Civil Service	22,924,800	0	0.0%
Executive Office	4,859,500	0	0.0%
Information Technology	0	0	0.0%
Legislature	117,817,500	0	0.0%
Management and Budget	67,530,200	0	0.0%
State	159,801,900	945,600	0.6%
Treasury: Operations	314,708,400	108,571,700	34.5%
Treasury: Debt/Revenue Sharing	<u>1,481,136,400</u>	<u>1,407,850,000</u>	95.1%
GENERAL GOVERNMENT	\$2,222,641,900	\$1,517,367,300	68.3%
Community Health	3,295,979,000	1,042,260,100	31.6%
Corrections	1,693,064,100	81,068,000	4.8%
Family Independence Agency	<u>1,203,836,200</u>	<u>185,302,200</u>	15.4%
HUMAN SERVICES	\$6,192,879,300	\$1,308,630,300	21.1%
Consumer & Industry Services	318,813,600	29,315,900	9.2%
Career Development	31,371,400	0	0.0%
Michigan Startegic Fund Agency	<u>50,605,900</u>	<u>0</u>	0.0%
REGULATORY	\$400,790,900	\$29,315,900	7.3%
Agriculture	71,112,900	3,461,200	4.9%
Environmental Quality	202,176,300	20,145,500	10.0%
Natural Resources	<u>215,135,100</u>	<u>21,983,000</u>	10.2%
RESOURCE PROTECTION	\$488,424,300	\$45,589,700	9.3%
Military and Veterans Affairs	60,998,900	120,000	0.2%
State Police	<u>334,604,900</u>	<u>20,302,758</u>	6.1%
SAFETY AND DEFENSE	\$395,603,800	\$20,422,758	5.2%
Capital Outlay	322,642,100	0	0.0%
History, Arts, and Libraries	47,093,600	17,530,400	37.2%
Judiciary	241,086,700	124,506,800	51.6%
Transportation	<u>2,163,477,000</u>	<u>1,237,245,900</u>	57.2%
ALL OTHER	\$2,774,299,400	\$1,379,283,100	49.7%
TOTALS	\$25,878,448,400	\$15,911,024,158	61.5%

FY 2003-04 Budget Detail

SUPPLEMENTAL APPROPRIATIONS

**House Bill 4032 (2003 PA 39)
Senate Bill 540 (2003 PA 173)**

**Summary: Enacted Supplemental Bills
House Bill 4032 (Public Act 39 of 2003)
Senate Bill 540 (Public Act 173 of 2003)**

Coordinator: Al Valenzio

**Summary of House Bill 4032
FY 2002-03 Supplemental**

	House Passed		Senate Passed		Enacted	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	\$0	\$0	\$7,250,000	\$0	\$7,250,000	\$0
Capital Outlay	12,000,000	0	12,000,000	0	12,000,000	0
Career Development	0	0	(50,000)	(50,000)	0	0
Community Health	8,841,600	(4,900,000)	228,173,200	(4,900,000)	228,173,200	(4,900,000)
Family Independence Agency	0	0	8,400,000	0	8,400,000	0
History, Arts, and Libraries	0	0	26,900	0	26,900	0
Judiciary	(1,103,700)	(1,101,900)	(1,103,700)	(1,101,900)	(1,103,700)	(1,101,900)
Legislature	(1,843,200)	(1,843,200)	(1,843,200)	(1,843,200)	(1,843,200)	(1,843,200)
Military and Veterans Affairs	0	0	50,000	50,000	50,000	50,000
Natural Resources	0	0	3,500,000	0	2,000,000	0
State	0	0	14,144,000	0	16,700,000	0
State Police	0	0	60,282,000	2,200,000	58,082,000	0
Transportation	24,000,000	0	0	0	18,000,000	0
Totals	\$41,894,700	(\$7,845,100)	\$330,829,200	(\$5,645,100)	\$347,735,200	(\$7,795,100)

Budgetary Issues:

AGRICULTURE

Emerald Ash Borer Program

Provides federal funds to help eradication efforts in southeast Michigan and for prevention activities to avoid spread of the insect to other wood products.

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
FTE	0.0	100.0	10.0
Gross	\$0	\$7,250,000	\$7,250,000
Federal	0	7,250,000	7,250,000
GF/GP	\$0	\$0	\$0

Budgetary Issues:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
CAPITAL OUTLAY				
<i>Detroit Metro Airport – Northwest Midfield Terminal Project</i>				
Executive Order 2003-3 eliminated GF/GP support for the last payment toward the state’s commitment for this project; however, the funds had already been expended resulting in the need for an alternative funding source. That source is Comprehensive Transportation Fund Bond Proceeds.	Gross	\$12,000,000	\$0	\$12,000,000
	Restricted	12,000,000	0	12,000,000
	GF/GP	\$0	\$0	\$0
CAREER DEVELOPMENT				
<i>Focus: HOPE</i>				
Unspecified reduction in funding. VETOED	Gross	\$0	(\$50,000)	\$0
	GF/GP	\$0	(\$50,000)	\$0
COMMUNITY HEALTH				
<i>Medicaid Special Adjustor Payments</i>				
Increases funding to authorize a new Medicaid special financing payment to practitioner groups affiliated with public hospitals that would result in GF/GP savings of \$4.9 million in FY 2002-03.	Gross	\$8,841,600	\$0	\$8,841,600
	Federal	4,900,000	0	4,900,000
	Local	8,841,600	0	8,841,600
	GF/GP	(\$4,900,000)	\$0	(\$4,900,000)
COMMUNITY HEALTH				
<i>Bioterrorism Preparedness Funding</i>				
Provides funding for public health bioterrorism preparedness planning and readiness assessment, surveillance and epidemiology capacity, laboratory capacity for biologic and chemical agents, communications including a health alert network, risk communication and health information dissemination, education and training, and upgrades for hospital and health care entity bioterrorism preparedness.	Gross	\$0	\$23,300,000	\$23,300,000
	Federal	0	23,300,000	23,300,000
	GF/GP	\$0	\$0	\$0
COMMUNITY HEALTH				
<i>Medicaid Hospital, Long-Term Care, and Health Plan Services</i>				
Restores funds eliminated when the Medicaid Long-Term Care Services and Health Maintenance Organizations line items were vetoed by the Governor in the FY 2002-03 Community Health Appropriations Act. Of the restored funding, \$48.0 million is shifted to the Hospital Services line to reflect anticipated expenditure needs.	Gross	\$0	\$196,031,600	\$196,031,600
	Federal	0	86,187,400	86,187,400
	Local	0	109,844,200	109,844,200
	GF/GP	\$0	\$0	\$0
FAMILY INDEPENDENCE AGENCY				
<i>Low-Income Energy Assistance Program</i>				
Recognizes available federal Low-Income Energy Assistance Program funding consistent with current FIA FY 2002-03 spending plan.	Gross	\$0	\$8,400,000	\$8,400,000
	Federal	0	8,400,000	8,400,000
	GF/GP	\$0	\$0	\$0
HISTORY, ARTS AND LIBRARIES				
<i>Reed Act Funds</i>				
Provides funds to be awarded on a competitive basis to eligible libraries for computers and training to assist claimants in accessing unemployment agency websites.	Gross	\$0	\$26,900	\$26,900
	Federal	0	26,900	26,900
	GF/GP	\$0	\$0	\$0

Budgetary Issues:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>	
JUDICIARY				
<i>Executive Order 2003-03 Reductions</i>				
Includes \$1.1 million GF/GP reduction for the Judiciary budget recommended by the Executive, corresponding to Executive Order 2003-3 reductions in other budget areas. Boilerplate language states that reductions are to be applied to specific line items by authorized agent of Judiciary. Reduction equates to 0.6% of total year-to-date GF/GP appropriation for Judiciary budget. Small reduction to Local User Fees revenue line item is tied to underutilized fleet savings.	Gross	(\$1,103,700)	(\$1,103,700)	(\$1,103,700)
	Local	(1,800)	(1,800)	(1,800)
	GF/GP	(\$1,101,900)	(\$1,101,900)	(\$1,101,900)
LEGISLATURE				
<i>Executive Order 2003-03 Reductions</i>				
Includes \$1.8 million GF/GP reduction for the legislative budgets recommended by the Executive, corresponding to Executive Order 2003-3 reductions in other budget areas. This is a net reduction of 2% after deducting SOCC expenses.	Gross	(\$1,843,200)	(\$1,843,200)	(\$1,843,200)
	GF/GP	(\$1,843,200)	(\$1,843,200)	(\$1,843,200)
MILITARY AND VETERANS AFFAIRS				
<i>Family Support Services</i>				
Provides financial support to families of National Guard members who have been recently called to active duty.	Gross	\$0	\$50,000	\$50,000
	GF/GP	\$0	\$50,000	\$50,000
NATURAL RESOURCES				
<i>Emerald Ash Borer Program</i>				
Provides funds to support tree restoration activities and public outreach efforts associated with this insect that is causing destruction of ash trees in SE Michigan.	FTE	0.0	5.0	5.0
	Gross	\$0	\$2,000,000	\$2,000,000
	Federal	0	2,000,000	2,000,000
	GF/GP	\$0	\$0	\$0
NATURAL RESOURCES				
<i>Payments In Lieu of Taxes</i>				
Appropriates sufficient funds to pay summer property taxes on departmentally-owned properties. VETOED	Gross	\$0	\$1,500,000	\$0
	Restricted	0	1,500,000	0
	GF/GP	\$0	\$0	\$0
STATE				
<i>Federal Election Reform Funding</i>				
Provides appropriation of federal revenue to implement Title I and Title II provisions of the Help America Vote Act of 2002 (Public Law 107-252), state election reform initiatives including expenses for administration and enforcement.	Gross	\$0	\$14,144,000	\$16,700,000
	Federal	0	14,144,000	16,700,000
	GF/GP	\$0	\$0	\$0
STATE POLICE				
<i>Homeland Security Grants</i>				
Actual award to the state is still pending; this amount has been placed in the bill as a reasonable estimate. At least 80% of these monies will be awarded to local units.	Gross	\$0	\$42,164,000	\$42,164,000
	Federal	0	42,164,000	42,164,000
	GF/GP	\$0	\$0	\$0
STATE POLICE				
<i>Homeland Security Grants – Hazardous Materials Program</i>				
Provides for federal funds for equipment, training, planning and exercises. More than half of these monies will be awarded to local units.	Gross	\$0	\$15,918,000	\$15,918,000
	Federal	0	15,918,000	15,918,000
	GF/GP	\$0	\$0	\$0

Budgetary Issues:

		<u>House</u>	<u>Senate</u>	<u>Enacted</u>
STATE POLICE				
<i>Disaster Assistance Grants</i>	Gross	\$0	\$2,200,000	\$0
Provides reimbursement funds to local units in Oakland County for costs incurred as a result of damages from the 2003 ice storm. VETOED	GF/GP	\$0	\$2,200,000	\$0
TRANSPORTATION				
<i>Critical Bridge Fund</i>	Gross	\$24,000,000	\$0	\$18,000,000
Restores \$24.0 million in federal bridge funds to the local road and bridge projects line item (\$18.0 million) and the state road and bridge projects line item (\$6.0 million). VETOED partially by eliminating the \$6.0 million appropriation.	Federal	24,000,000	0	18,000,000
	GF/GP	\$0	\$0	\$0
TRANSPORTATION				
<i>New Construction Projects</i>	Gross	\$0	\$0	\$0
Conference Committee version appropriates all 34 new construction projects as identified in the Department's five-year plan and reduces the lump-sum account by an equal amount. The amount for all the projects is \$181.2 million. VETOED	GF/GP	\$0	\$0	\$0

FY 2002-03 Boilerplate Issues:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
<i>Sec. 203. Tobacco Settlement Trust Fund</i>	Included	Included	Included
Transfers \$14.6 million from this fund to the General Fund.			
<i>Sec. 204. Merit Award Trust Fund</i>	Included	Included	Included
Transfers \$1.3 million from this fund to the General Fund.			
<i>Sec. 205. Management and Budget – Department Reports</i>	Not Included	Included	Included
Requires the Department of Management and Budget to provide a monthly report on vendors prohibited from doing business with the state pursuant to Executive Order 2003-01; the report is required to include the name of the vendor, the reason for exclusion, and the time period of exclusion.			
<i>Sec. 251. Agriculture – Unclaimed Winnings</i>	Included	Included	Included
Provides for disbursement of uncollected winning ticket revenue to county fairs on or before May 31, 2003. Section 811 of the FY 2002-03 Agriculture budget would be repealed. This section provides for the transfer of appropriated ticket revenue to line items from which these county fair payments would be made. Total estimated revenue in FY 2002-03 is \$692,000.			
<i>Sec. 275. Attorney General – Prisoner Reimbursement Revenue</i>	Included	Included	VETOED (partially)
Authorizes the Department to spend up to \$301,700 of prisoner reimbursement revenue on activities related to the State Correctional Facilities Reimbursement Act; authorizes the Department to spend up to \$800,000 of excess collections, if the Department collects in excess of \$1,131,000, on defense of litigation against the state, its departments, or employees in civil actions filed by prisoners. VETOED partially by eliminating the \$800,000 authorization.			
<i>Sec. 301. Capital Outlay – Northwest Midfield Terminal Project</i>	Included	Included	Included
Clarifies that the Part 1 appropriation is for the state-funded components of this project.			
<i>Sec. 315. Community Health – Harbor Light</i>	Not- Included	Included	Included
Mandates that DCH is to contract directly with the Salvation Army Harbor Light Program for substance abuse services.			

FY 2002-03 Boilerplate Issues:

	<u>House</u>	<u>Senate</u>	<u>Enacted</u>
<p>Sec. 316. Community Health – Bioterrorism Preparedness Establishes legislative intent that bioterrorism funding allocations assure local public health ability to detect and respond to bioterrorism events. Also requires the Department of Community Health to document to the Legislature the direct collaborative participation of local public health departments with the state in bioterrorism preparedness plan development and requires local funding allocation formulation, and that the approved plans and fund allocations reflect a majority consensus of the state and local public health departments.</p>	Not- Included	Included	Included
<p>Sec. 325. Consumer and Industry Services – Broadband Authority Location Provides legislative intent language that the headquarters of the Broadband Authority remain in Ann Arbor.</p>	Included	Included	Included
<p>Sec. 351. Education – Reporting Penalty Requires the Department to include certain data when determining a school district's Adequate Yearly Progress (AYP) required by the federal "No Child Left Behind" Act, or risk losing \$1.0 million of GF/GP appropriations if the data are not included. Declared Unenforceable by the Executive.</p>	Not Included	Included	Declared Unenforce- able
<p>Sec. 402. History, Arts, and Libraries – Reed Act Funds Funds in Part 1 to be awarded on a competitive basis to eligible libraries for computers and training to assist claimants in accessing unemployment agency websites.</p>	Not Included	Included	Included
<p>Sec. 501. Judiciary – Transfer of Funds Authorizes chief financial officer to implement transfers to achieve reductions in Part 1.</p>	Included	Included	Included
<p>Sec. 601. Michigan Strategic Fund – Life Sciences Corridor Senate corrects language in the enacted Michigan Strategic Fund appropriation bill due to the \$12.5 million reduction to the Life Sciences Corridor appropriation resulting from DMB letter dated 2/19/03. Declared Unenforceable by the Executive.</p>	Not Included	Included	Declared Unenforce- able
<p>Sec. 701. Military and Veterans Affairs – Family Support Funds Appropriates funds appropriated in Part 1 to financially assist National Guard members who have been called to active duty.</p>	Not- Included	Included	Included
<p>Sec. 752. State – Help America Vote Act Appropriates funding collected and received under the Help America Vote Act of 2002 to the Department of State for the purpose of implementing Title I and Title II of the Act, to include necessary expenses for administration, and enforcement.</p>	Included as Sec. 601.	Included	Included
<p>Sec. 751. State – Credit Card Transactions Appropriates service assessments collected by the Department of State to be used for expenses related to credit and debit card services; authorizes the Department to base service assessments on either a percentage of each transaction or on a flat rate per transaction, or both; prohibits the Department from charging an amount which exceeds the costs billable to the Department; authorizes carryforward of service assessment balances; and defines "service assessment" to mean costs associated with service fees imposed by credit and debit card companies and processing fees imposed by banks and other financial institutions.</p>	Not Included	Included	Included
<p>Sec. 775. State Police – Disaster Assistance Grants Specifies funds in Part 1 are to assist local governments for costs incurred as a result of the April 4, 2003, storm in Oakland County. VETOED</p>	Not Included	Included	VETOED

FY 2002-03 Boilerplate Issues:

Sec. 776. State Police – Homeland Security Grants - Hazardous Materials

Federal funds for equipment, training, planning and exercises. At least 80% of these monies must, under the Senate version, be awarded to local units. Conference Committee language merely provides that funds will be distributed according to federal guidelines and regulations.

<u>House</u>	<u>Senate</u>	<u>Enacted</u>
Not Included	Included	Included

Sec. 800. Transportation – New Construction Projects

Directs the Department to “complete the phase(s) as scheduled for all projects identified in the department’s 5-year road and bridge program volume IV - 2002-2006.” **VETOED**

Not Included	Included	VETOED
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Summary of Senate Bill 540
FY 2002-03 Supplemental and FY 2003-04 Appropriation/Supplemental

For FY 2002-03	Senate Passed		House Passed		Enacted	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Capital Outlay	\$16,712,400	\$0	\$16,712,500	\$100	\$16,712,400	\$0
Community Health	269,835,300	(29,280,000)	269,835,300	(29,280,000)	269,835,300	(29,280,000)
Consumer & Industry Services	37,700,000	0	37,700,000	0	37,700,000	0
Environmental Quality	2,500,100	100	2,500,100	100	2,500,100	100
Family Independence Agency	52,421,000	0	52,421,000	0	52,421,000	0
Higher Education	3,400,000	0	3,400,000	0	3,400,000	0
Information Technology	41,588,700	0	41,588,700	0	41,588,700	0
Michigan Strategic Fund	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Natural Resources	8,269,500	1,500,000	8,269,500	1,500,000	8,269,500	1,500,000
State	47,565,000	2,265,000	47,565,000	2,265,000	47,565,000	2,265,000
State Police	12,270,000	0	12,270,000	0	12,270,000	0
Transportation	(5,000,000)	0	(5,000,000)	0	(5,000,000)	0
Treasury	351,200	0	351,200	0	351,200	0
Totals	\$497,613,200	(\$15,514,900)	\$497,613,300	(\$15,514,800)	\$497,613,200	(\$15,514,900)

For FY 2003-04	Senate Passed		House Passed		Enacted	
	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Capital Outlay	\$308,152,100	\$304,302,100	\$50,000,000	\$49,677,500	\$50,000,000	\$49,677,500
Environmental Quality	0	0	520,000	520,000	520,000	520,000
Totals	\$308,152,100	\$304,302,100	\$50,520,000	\$50,197,500	\$50,520,000	\$50,197,500

FY 2002-03 Budgetary Issues:

CAPITAL OUTLAY

Natural Resources Trust Fund Acquisition and Development Projects

Represents the second round of calendar year 2002 NRTF Board approved development and acquisition projects. Included in this round are four acquisition and 23 development projects for state and local agencies.

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Gross	\$8,980,400	\$8,980,400	\$8,980,400
Restricted	8,980,400	8,980,400	8,980,400
GF/GP	\$0	\$0	\$0

SENATE BILL 540

FY 2002-03 Budgetary Issues:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
CAPITAL OUTLAY				
<i>Western Wayne Correctional Facility, Construct Housing Unit (VETOED)</i>				
	Gross	\$0	\$100	\$0
	GF/GP	\$0	\$100	\$0
Authorizes construction of a \$4.8 million, 400-bed drop-in housing unit at this prison to house female prisoners. It will be financed mostly by State Building Authority bond monies. This will relieve the overcrowding condition for female prisoners at Camp Brighton.				
CAPITAL OUTLAY				
<i>Airport Improvement Programs</i>				
	Gross	\$7,732,000	\$7,732,000	\$7,732,000
	Federal	2,200,000	2,200,000	2,200,000
	Local	532,000	532,000	532,000
	Restricted	5,000,000	5,000,000	5,000,000
	GF/GP	\$0	\$0	\$0
Eliminates the \$5.0 million appropriation for debt service payment from the MDOT operational budget and re-appropriates it here. It will also generate additional federal and local funds to support improvement projects at various airports statewide. The debt service payment on CTF bonds to support airport safety projects is not required for this fiscal year.				
COMMUNITY HEALTH				
<i>Medicaid Funding Shortfall</i>				
	Gross	\$268,110,000	\$268,110,000	\$268,110,000
	Federal	148,590,000	148,590,000	148,590,000
	GF/GP	\$119,520,000	\$119,520,000	\$119,520,000
Provides funds to cover increased Medicaid costs due to caseload and utilization growth. The Senate concurs and also reflects the GF/GP impact.				
COMMUNITY HEALTH				
<i>Funding Shift from GF/GP to Medicaid</i>				
	Gross	(\$1,136,700)	(\$1,136,700)	(\$1,136,700)
	Federal	148,800,000	148,800,000	148,800,000
	Local	(1,136,700)	(1,136,700)	(1,136,700)
	GF/GP	(\$148,800,000)	(\$148,800,000)	(\$148,800,000)
Appropriates Federal Medicaid fiscal relief funds to replace GF/GP monies. Also, related adjustments are made to the CMHSP purchase of state services contracts for state mental health facilities.				
COMMUNITY HEALTH				
<i>Salvation Army Veto Restoration</i>				
	Gross	\$2,862,000	\$2,862,000	\$2,862,000
	Federal	2,862,000	2,862,000	2,862,000
	GF/GP	\$0	\$0	\$0
Restores federal funds eliminated due to the veto of language in the DCH operational budget that required the Department to contract with the Salvation Army's Harbor Light and Turning Point of West Michigan for substance abuse services.				
CONSUMER AND INDUSTRY SERVICES				
<i>Housing Assistance Payments</i>				
	Gross	\$37,700,000	\$37,700,000	\$37,700,000
	Federal	37,700,000	37,700,000	37,700,000
	GF/GP	\$0	\$0	\$0
Requests additional federal HUD, Lower Income Housing Assistance Program authorization for processing payments (\$5,700,000), and the actual payments (\$32,000,000) to Section 8 contractors. This program is administered by the Michigan State Housing Development Authority.				
ENVIRONMENTAL QUALITY				
<i>Scrap Tire Program</i>				
	Gross	\$2,500,000	\$2,500,000	\$2,500,000
	Restricted	2,500,000	2,500,000	2,500,000
	GF/GP	\$0	\$0	\$0
Appropriates additional Scrap Tire Regulatory Fund revenue to the grant program. Also, up to \$500,000 will be made available for new scrap tire market development grants.				

FY 2002-03 Budgetary Issues:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
ENVIRONMENTAL QUALITY				
<i>Lead Abatement Effectiveness Program</i>	Gross	\$100	\$100	\$100
Provides funds to communities with child populations greater than 1,000, if more than 15% of the child population is affected by lead poisoning. Funding may be provided from Clean Michigan Initiative Bond revenue through work project language included in prior appropriation acts.	GF/GP	\$100	\$100	\$100
FAMILY INDEPENDENCE AGENCY				
<i>Child Support Automation</i>	Gross	\$41,588,700	\$41,588,700	\$41,588,700
Draws down additional Federal Title IV-D funds to complete Child Support Enforcement System with the goal of obtaining federal certification by September 30, 2003. Timely certification will result in a penalty refund of approximately \$34.0 million, \$28.0 million for FIA and \$6.0 million for Treasury, and avoiding additional penalties of approximately \$147.5 million. The FIA plans to use \$8.8 million in CSES penalty refunds and \$14.1 million in retained child support incentive payments as the state match.	Federal	27,468,500	27,468,500	27,468,500
	Restricted	14,120,200	14,120,200	14,120,200
	GF/GP	\$0	\$0	\$0
FAMILY INDEPENDENCE AGENCY				
<i>Low Income Energy Assistance Program</i>	Gross	\$10,832,300	\$10,832,300	\$10,832,300
Provides funds to cover planned fiscal year expenditure level in excess of the original \$86.0 million appropriation and the \$8.4 million provided in supplemental appropriation HB 4032. Fund source is additional Federal Low Income Energy Assistance program funds from a combination of FY 2001-02 carryover, FY 2002-03, and prior-year contingency funds.	Federal	10,832,300	10,832,300	10,832,300
	GF/GP	\$0	\$0	\$0
HIGHER EDUCATION				
<i>Tuition Incentive Program (TIP) Shortfall</i>	Gross	\$3,400,000	\$3,400,000	\$3,400,000
Estimated Tuition Incentive Plan (TIP) program costs, due to increased TIP enrollment and better retention of students as well as higher tuition, exceed the available spending authority by \$3.4 million.	Restricted	3,400,000	3,400,000	3,400,000
	GF/GP	\$0	\$0	\$0
INFORMATION TECHNOLOGY				
<i>Child Support Automation</i>	Gross	\$41,588,700	\$41,588,700	\$41,588,700
Authorizes the Department of Information Technology to expend additional federal Title IV-D funding made available to the Family Independence Agency for completing implementation and obtaining federal certification of the Child Support Enforcement System.	IDG	41,588,700	41,588,700	41,588,700
	GF/GP	\$0	\$0	\$0
MICHIGAN STRATEGIC FUND				
<i>Biosciences Research and Commercialization Center</i>	Gross	\$10,000,000	\$10,000,000	\$10,000,000
Provides a \$10.0 million GF/GP appropriation for a biosciences research and commercialization center to be located in Kalamazoo County. The center will coordinate and promote Michigan life sciences research initiatives, business establishment, and commercialization opportunities at Western Michigan University and within the business technology park.	GF/GP	\$10,000,000	\$10,000,000	\$10,000,000

SENATE BILL 540

FY 2002-03 Budgetary Issues:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
NATURAL RESOURCES				
<i>Hunting and Fishing License Terminals</i>				
Provides funds to replace existing point-of-sale terminals and purchase and install kiosks to expand self service at large volume locations.	Gross	\$4,000,000	\$4,000,000	\$4,000,000
	Restricted	4,000,000	4,000,000	4,000,000
	GF/GP	\$0	\$0	\$0
NATURAL RESOURCES				
<i>Recreational Development Funding</i>				
Provides increased federal grant for local recreation development projects.	Gross	\$2,769,500	\$2,769,500	\$2,769,500
	Federal	2,769,500	2,769,500	2,769,500
	GF/GP	\$0	\$0	\$0
NATURAL RESOURCES				
<i>Payments in Lieu of Taxes</i>				
Adds GF/GP to cover summer tax obligations for lands purchased by the state. Since most summer tax payments are school related, much of this appropriation ultimately would be deposited into the State School Aid Fund.	Gross	\$0	\$1,500,000	\$1,500,000
	GF/GP	\$0	\$1,500,000	\$1,500,000
STATE				
<i>Help America Vote Act</i>				
Provides appropriation of federal revenue made available for implementation of Title I and Title II provisions of the Help America Vote Act of 2002 (Public Law 107-252). Funding will be used for state election reform initiatives, including expenses for administration and enforcement. Also appropriated is the 5% state GF/GP match, which is required by the federal government.	Gross	\$47,565,000	\$47,565,000	\$47,565,000
	Federal	45,300,000	45,300,000	45,300,000
	GF/GP	\$2,265,000	\$2,265,000	\$2,265,000
STATE POLICE				
<i>Homeland Security Funding</i>				
Recognizes federal grant award for homeland security planning, operations, equipment purchases, training, and exercises in Detroit urban area. At least 80% must be passed through to local units. Eligible units are City of Detroit, Wayne County, and contiguous jurisdictions designated as part of needs assessment and homeland security strategy.	Gross	\$12,270,000	\$12,270,000	\$12,270,000
	Federal	12,270,000	12,270,000	12,270,000
	GF/GP	\$0	\$0	\$0
DEPARTMENT OF TRANSPORTATION				
<i>Airport Safety and Protection Program</i>				
Eliminates a \$5 million appropriation for debt service payment here and re-appropriates it to support the Airport Improvement Program under Capital Outlay. The debt service payment on CTF bonds to support airport safety projects is not required for this fiscal year.	Gross	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
	Restricted	(5,000,000)	(5,000,000)	(5,000,000)
	GF/GP	\$0	\$0	\$0
DEPARTMENT OF TREASURY				
<i>Home Heating Assistance Administration</i>				
Appropriates federal grant funding made available for administrative costs associated with processing special home heating assistance payments as authorized by the Family Independence Agency.	Gross	\$351,200	\$351,200	\$351,200
	Federal	351,200	351,200	351,200
	GF/GP	\$0	\$0	\$0

FY 2002-03 Boilerplate Issues:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
Sec. 203. General – Deposit to the BSF States that if the year-end General Fund balance is at least \$350.0 million, \$73.1 million will be deposited into the BSF.	Not Included	Included	Included
Sec. 204. General – Temporary State Fiscal Relief (Federal) Funds Directs that these monies will be deposited into the General Fund and are to be used to support essential State Police services.	Not Included	Included	Included
Sec. 251. Capital Outlay – Prison Construction Projects – VETOED Terminates the State Building Authority construction project for a new housing unit at Camp Brighton; transfers the SBA financing to the Scott Prison project in Part 1.	Not Included	Included	Vetoed
Sec. 252. Capital Outlay – Natural Resources Trust Fund Requires local units to enter into agreements with the DNR in order to receive Natural Resources Trust Fund monies. Also sets basic criteria for agreements.	Included	Included	Included
Sec. 253. Capital Outlay – Natural Resources Trust Fund Allows Natural Resources Trust Fund appropriations to be effective for three years.	Included	Included	Included
Sec. 254. Capital Outlay – Airport Improvement Funds Airport Improvement funds in Part 1 can only be expended on safety and security projects.	Included	Included	Included
Sec. 255. Capital Outlay – Eastern Michigan University, President’s House Construction Requires EMU to request state approval of a Use and Finance Statement for this self-funded project in order to continue to receive operational payments appropriated under the FY 2002-03 Higher Education budget act.	Included	Not Included	Not Included
Sec. 301. Community Health – State by State Pharmaceutical Survey Requires DCH to complete a state-by-state survey of pharmaceutical based disease management and health management programs, and provide a report with recommendations by January 1, 2004.	Included	Included	Included
Sec. 302. Community Health – Establish Pilot Programs Authorizes DCH to establish disease management and health management pilot programs, and utilize the resulting savings rather than requiring supplemental rebates for inclusion of the drug manufacturer’s products on the preferred drug list.	Included	Included	Included
Sec. 351. Environmental Quality – Environmental Cleanup Projects Re-appropriates funds authorized in earlier appropriation acts for environmental cleanup projects and establishes projects as work projects. Funds will be available until September 30, 2008.	Included	Included	Included
Sec. 352. Environmental Quality – Clean Michigan Initiative Re-appropriates unspent appropriations from the Clean Michigan Initiative for the same original purposes.	Included	Included	Included
Sec. 353. Environmental Quality – Lead Abatement Effectiveness Provides funds to communities with child populations greater than 1,000, if more than 15% of the child population is affected by lead poisoning.	Included	Not Included	Not Included
Sec. 371. Family Independence Agency – Child Support Program Allows \$29.5 million in federal child support incentive payments to be retained by the state and expended for legal support contracts and child support program expenses. Also provides that additional incentive funds may be retained for special, enhanced, or centralized initiatives or services.	Included	Included	Included

FY 2002-03 Boilerplate Issues:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
<p>Sec. 381. Michigan Strategic Fund – Biosciences Research and Commercialization Center Provides guidance on the use of \$10.0 million appropriated in Part 1 for the biosciences research and commercialization center. Language 1) designates the partners in the organization of the center, 2) details responsibilities of the life sciences steering committee in providing advice and oversight of grant awards, 3) mandates a report by February 1, 2004, and lists what the report is to include, and 4) allows any unexpended or unencumbered balances at close of FY 2002-03 to be set up as a work project.</p>	Included	Included	Included
<p>Sec. 401. Natural Resources – Quality of Life Bonds Debt Service Authorizes unspent Quality of Life Bond revenues to be used to pay debt service normally paid from the General Fund. This would implement provisions of Executive Order 2002-22.</p>	Included	Included	Included
<p>Sec. 402. Natural Resources – Work Project Status States that appropriations in Part 1 for federal land and water conservation fund payments are work project accounts.</p>	Included	Included	Included
<p>Sec. 501. State – Work Project Status Designates appropriation for implementing provisions of the Help America Vote Act as a work project account so the funds will not lapse at the end of the fiscal year.</p>	Included	Included	Included
<p>Sec. 601. Treasury – Appropriation for Homestead Property Tax Audits Provides for an appropriation of \$1.0 million if Enrolled Senate Bill 520 is enacted into law to conduct these audits.</p>	Not Included	Included	Included
<p>Sec. 1001. Repealers Section 401(FIA budget act) is repealed and replaced by Sec. 371 in this bill. The old section allowed \$10.4 million in federal child support incentive payments to be retained by the state and expended for legal support contracts and child support program expenses. New language allows \$29.5 million to be retained for these expenses and the statewide Child Support Enforcement System. Section 371 further provides that additional incentive funds may be retained for special, enhanced, or centralized initiatives or services.</p>	Included	Included	Included

FY 2003-04 Budgetary Issues:

		<u>Senate</u>	<u>House</u>	<u>Enacted</u>
CAPITAL OUTLAY				
State Building Authority Rent Payments				
<p>The state pays rent to the SBA so it can pay off bonds that are used to finance building construction projects for state agencies, universities, and community colleges. This Act includes enough funding to ensure that at least the October 1 payment is met with the remainder to be provided under the full-year Capital Outlay bill.</p>	Gross	\$308,152,100	\$50,000,000	\$50,000,000
	Restricted	3,850,000	322,500	322,500
	GF/GP	\$304,302,100	\$49,677,500	\$49,677,500
ENVIRONMENTAL QUALITY				
National Pollution Discharge Elimination System Non-stormwater (NPDES) Program				
<p>Provides GF/GP replacement for fee revenue not included in the Department of Environmental Quality for FY 2003-04.</p>	Gross	\$0	\$420,000	\$420,000
	GF/GP	\$0	\$420,000	\$420,000
ENVIRONMENTAL QUALITY				
Groundwater Discharge				
<p>Provides GF/GP replacement for fee revenue not included in the Department of Environmental Quality for FY 2003-04.</p>	Gross	\$0	\$100,000	\$100,000
	GF/GP	\$0	\$100,000	\$100,000

FY 2003-04 Boilerplate Issues:

	<u>Senate</u>	<u>House</u>	<u>Enacted</u>
<p>Sec. 1251. Attorney General – Prisoner Reimbursement Revenue Authorizes the Attorney General to expend all prisoner reimbursement revenue collected in excess of \$1.1 million. The Department is authorized to expend the funding on defending the state, state departments, and state employees in civil litigation claims filed by prisoners.</p>	Not Included	Included	Included
<p>Sec. 1301. Capital Outlay – State Building Authority, General Fund Advances Allows advances from the state’s General Fund for cash flow on state agency building projects funded with State Building Authority monies.</p>	Included	Included	Included
<p>Sec. 1302. Capital Outlay – State Building Authority, Facility Revenues Provides that State Building Authority funding to finance construction or renovation of a facility that collects revenue in excess of money required to operate the facility shall not be released to a university or community college unless the institution agrees to reimburse that excess revenue to the SBA.</p>	Included	Included	Included
<p>Sec. 1303. Capital Outlay – State Building Authority, Insurance Payments Allows appropriations for State Building Authority Rent in Part 1A to be used to pay insurance premiums and deductibles.</p>	Included	Included	Included
<p>Sec. 1304. Capital Outlay – State Building Authority, University of Michigan Hospital Rent Requires that the University of Michigan Hospital take all reasonable steps to ensure that eligible interest reimbursements are collected from third parties and forwarded to the state for State Building Authority rent payments.</p>	Included	Included	Included
<p>Sec. 1401. Environmental Quality – Aquifer Protection Revolving Fund Explains the purpose, intent and limitations placed on the appropriations for aquifer protection and conflict resolution and the aquifer protection revolving fund, included in the appropriations bill for the Department of Environmental Quality (HB 4393).</p>	Not Included	Included	Included
<p>Sec. 1402. Environmental Quality – Groundwater Inventory and Mapping Program States that water use reporting fees noted in the Department of Environmental Quality budget for FY 2003-04 are directed to the groundwater inventory and mapping program in support of the groundwater use conflict resolution program.</p>	Not Included	Included	Included
<p>Sec. 1403. Environmental Quality – Groundwater Inventory and Mapping Program Directs the \$1.0 million appropriation in the Department of Environmental Quality appropriation act for FY 2003-04 from the Clean Water Fund (CMI) to the statewide groundwater inventory and mapping program.</p>	Not Included	Included	Included
<p>Sec. 1501. Repealers Section 308 of Enrolled Senate Bill 270 (General Government) is repealed and replaced by Section 1251 in this bill.</p>	Not Included	Included	Included

**FY 2003-04
Budget Detail
for
EDUCATION**

**Community Colleges
Education
Higher Education
School Aid / K-12**

**Summary: Enacted Appropriations
COMMUNITY COLLEGES
FY 2003-04 House Bill 4388
Public Act 146 of 2003**

Analyst: Marilyn Peterson

	FY 2002-03 YTD					Difference: Enacted from FY 2002-03 YTD	
	(as of 3/6/03)	Executive	House	Senate	Enacted	Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	2,295,982	0	0	4,717,500	0	(2,295,982)	(100.0)
GF/GP	307,512,112	289,013,100	289,013,100	289,013,100	289,013,100	(18,499,012)	(6.0)
Gross	\$309,808,094	\$289,013,100	\$289,013,100	293,730,600	\$289,013,100	(\$20,794,994)	(6.7)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Michigan Constitution charges the Legislature with enacting laws to provide for the establishment and financial support of community colleges; the twenty-eight existing community colleges have been established under statutes that provided for the creation of community college districts coinciding with the boundaries of counties, school districts, or intermediate school districts. Community colleges utilize various sources of revenue: state aid, student tuition and fees, local property taxes, private donations, and federal grants.

Located throughout the state, community colleges offer a variety of programs of two years or less in duration, including traditional transfer programs (for students moving on to four-year institutions), technical training programs, certificate programs, and customized training or retraining for employees in skilled positions. In recognition of the role that community colleges play in workforce development, various statutory powers and responsibilities pertaining to community colleges were transferred from the Department of Education to the Department of Career Development under Executive Reorganization Order 1999-7.

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Across-the-Board Operations Reductions	Gross	\$309,180,888	(\$20,386,288)
Reduces operations funding for most community colleges by 6.7%.	Restricted	1,577,521	(1,577,521)
Reduces funding for Wayne County Community College by 9.4%, distributing the \$450,000 thus freed equally among three small community colleges (Alpena, Bay de Noc, and Gogebic), resulting in reductions of 3.2% to 3.8% for those three.	GF/GP	\$302,870,666	(\$18,808,767)
2. Eliminate PASS Program	Gross	\$700,000	(\$700,000)
Eliminates Postsecondary Access Student Scholarship (PASS) program due to low participation rates (fewer than 700 students received awards last year). The program was fully supported by the Michigan Merit Award Trust Fund.	Restricted	700,000	(700,000)
	GF/GP	\$0	\$0

COMMUNITY COLLEGES

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD	Enacted Change
		(as of 3/6/03)	from YTD
3. At-Risk Student Success Program	Gross	\$3,562,706	(\$240,006)
Appropriations reflect a 6.7% reduction to this formula grant program that supports colleges' efforts to address the special needs of at-risk students through funding equipment and technology upgrades that may be (but need not be) used by such students.	Federal	0	0
	Restricted	18,461	(18,461)
	GF/GP	\$3,544,245	(\$221,546)
4. Renaissance Zone Tax Reimbursements	Gross	\$1,097,200	\$652,800
Includes increase for Renaissance Zone reimbursement payments. These payments restore funding lost when property tax levies are reduced due to the presence of a Renaissance Zone within a college's taxing authority.	Federal	0	0
	Restricted	0	0
	GF/GP	\$1,097,200	\$652,800
5. Additional FY 2002-03 Funding for College Operations	Gross	\$309,180,888	\$1,077,700
Provides current-year, across-the-board increase for community college operations .	Restricted	1,577,521	1,077,700
	GF/GP	\$302,870,666	\$0

Major Boilerplate Changes from FY 2002-03:

Sec. 216. Contributions to Public School Employees Retirement System – MODIFIED

Bars community colleges from being required to submit more than four reports annually to the Michigan public school employees retirement system for the purposes of calculating retirement benefits. New provision.

Sec. 217. Capital Outlay Projects – MODIFIED

Requires Joint Capital Outlay Subcommittee review for projects over \$1.0 million, eliminates current language pertaining to capital projects, and retains prohibition on self-liquidating projects.

Sec. 236. Site Visits – NEW

Limits the frequency and scope of site visits and related activities, and requires the Department of Career Development to provide copies of proposed state plan prior to submission to the U.S. Department of Education for approval under the Perkins act.

Sec. 404. Michigan Postsecondary Access Student Scholarship (PASS) – DELETED

Eliminates PASS program.

**Summary: Enacted Appropriations
DEPARTMENT OF EDUCATION
FY 2003-04 House Bill 4391
Public Act 145 of 2003**

**Analyst: Mary Ann Cleary
Laurie Cummings**

	FY 2002-03 YTD (as of 3/6/03)					Difference: Enacted from FY 2002-03 YTD	
		Executive	House	Senate	Enacted	Amount	%
IDG/IDT	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	0.0
Federal	166,260,200	64,479,400	64,479,400	65,184,100	65,834,100	(100,426,100)	(60.4)
Local	4,744,200	4,744,200	4,744,200	4,791,600	4,791,600	47,400	1.0
Private	701,400	701,400	701,400	701,400	701,400	0	0.0
Restricted	14,430,000	12,507,500	12,607,600	12,561,700	12,661,600	(1,768,400)	(12.3)
GF/GP	29,018,216	29,392,500	29,392,500	29,220,800	29,392,500	374,284	1.3
Gross	\$216,154,016	\$112,825,000	\$112,925,100	\$113,459,600	\$114,381,200	(\$101,772,816)	(47.1)
FTEs	442.1	433.1	433.1	433.1	433.1	(9.0)	(2.0)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, collecting and reporting educational data, disbursing funds to educational organizations, and providing technical assistance to local school districts.

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. School Breakfast Program	Gross	\$7,774,900	\$2,595,200
Provides an increase of \$2.6 million in GF/GP to cover additional program costs and fully fund this program.	GF/GP	\$7,774,900	\$2,595,200
2. Federal Grants	Gross	\$120,904,100	(\$100,904,100)
Eliminates federal funding for the following grant programs: Class Size Reduction, Eisenhower Math and Science, Goals 2000, and Technology Literacy Challenge Grants. Reduces funding for Urgent School Renovation by \$25.0 million to \$20.0 million to reflect a reduction at the federal level.	Federal	120,904,100	(100,904,100)
3. Motorcycle and Off-Road Vehicle Safety Programs	Gross	\$1,951,300	(\$1,951,300)
Eliminates from the Department of Education budget the Motorcycle Safety Education program at \$1.5 million and Off-Road Vehicle Safety Training program at \$421,100. Transfers the Motorcycle Safety program to the Department of State and the Off-Road Vehicle Safety program to the Department of Natural Resources.	Restricted	1,951,300	(1,951,300)

EDUCATION

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>
4. Funding for Administration	Gross	N/A	(\$662,300)
Reduces GF/GP for administration by \$801,300 by reducing travel and other various costs, including not filling vacant positions, and making fund shifts throughout the Department.	Federal	N/A	94,000
	Restricted	N/A	45,000
	GF/GP	N/A	(\$801,300)
5. Education Commission of the States Membership	Gross	\$99,300	(\$99,300)
Eliminates the Department's membership in the national organization, Education Commission of the States.	GF/GP	99,300	(\$99,300)
6. Eliminate State Tenure Commission Per Diems	Gross	\$11,100	(\$11,100)
Eliminates the per diem of \$50 per meeting to the State Tenure Commission members.	GF/GP	11,100	(\$11,100)

Major Boilerplate Changes from FY 2002-03:

Sec. 201. Personal Services Contracts – REVISED

Requires reporting on all contracts over \$10,000; prohibits the Department from entering into personal services contracts without competitive bidding for contracts over \$10,000; prohibits the Department from issuing more than one contract per year to any one contractor.

Sec. 219. Motorcycle Safety Education – NEW

Specifies that the Department of Education will work with the Department of State to ensure the motorcycle safety program is administered in the same manner as in the current year.

Sec. 220. Off-Road Vehicle Safety Training Education – NEW

Recommends that the Department of Education work with the Department of Natural Resources to ensure that the off-road vehicle safety training program is administered in the same manner as in the current year.

Sec. 222. Appeal of Adequate Yearly Progress Reporting – NEW

States that before publishing a list of schools determined to have failed to make adequate yearly progress, the Department must allow the schools 30 days to appeal the determination.

Sec. 412. Report on the Number of Blind Students – NEW

Requires the Department to provide a report to the House and Senate Appropriations Subcommittees on Education on the number of blind students in Michigan, the number of teachers certified to teach Braille, and other related information.

Sec. 801. Teacher Tenure Report – NEW

Requires the Department to report to the Legislature the history, purpose, and estimated litigation costs of teacher tenure.

**Summary: Enacted Appropriations
HIGHER EDUCATION
FY 2003-04 House Bill 4396
Public Act 144 of 2003**

Analyst: Hank Prince

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	5,500,000	4,400,000	4,400,000	4,400,000	4,400,000	(1,100,000)	(20.0)
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	84,534,802	78,350,000	138,350,000	171,540,926	152,750,000	68,215,198	80.7
GF/GP	1,741,466,933	1,632,687,000	1,632,687,000	1,642,240,348	1,632,604,500	(108,862,433)	(6.3)
Gross	\$1,831,501,735	\$1,715,437,000	\$1,775,437,000	\$1,818,181,274	\$1,789,754,500	(\$41,747,235)	(2.3)
FTEs	1.0	0.0	1.0	1.0	1.0	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Budget Overview

The higher education budget currently provides funding for the operational needs of state universities, need-based and merit-based financial aid programs for college students, grants for independent colleges and universities, and support for statewide programs.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. State Universities – Operations	Gross	\$1,558,942,342	(\$95,506,842)
Applies a 6.74% reduction, allocates Merit Trust funds to campuses below \$3,890 per FYES, and caps funding increases at \$5.0 million.	Restricted	8,077,436	1,422,564
	GF/GP	\$1,550,864,906	(\$96,929,406)
2. Statewide Programs	Gross	\$68,747,491	(\$6,779,391)
Retains full funding for the Midwest Higher Education Compact dues, eliminates funding for the Japan Center, and maintains funding for the HEIDI database operations. The Governor vetoed funding for the Compact dues.	Restricted	2,245,934	(2,245,934)
	GF/GP	\$66,501,557	(\$4,533,457)
3. King-Chavez-Parks Programs	Gross	\$2,885,884	(\$194,384)
Reduces three KCP programs (student support services, college/university partnership, and educator development) in FY 2003-04 as proposed under the executive budget.	Restricted	14,953	(14,953)
	GF/GP	\$2,870,931	(\$179,431)
4. Michigan Merit Award Program	Gross	\$64,323,850	\$65,676,150
Rejects the Executive-proposed reduction in the level of Merit Awards from \$2,500 to \$500 for high school graduation classes beginning with the class of 2004, and adopts a funding level that is \$130.0 million for FY 2003-04. That amount is midway between the House and Senate passed amounts and provides for the first installment of the Merit Awards for the high school graduation class of 2004.	Restricted	64,323,850	65,676,150

Major Budget Changes from FY 2002-03 YTD Appropriations: FY 2002-03 YTD Enacted Change
(as of 3/6/03) from YTD

<p>5. Michigan Opportunity Scholarships Does not include funding for the Governor's proposed a new scholarship program that would replace five of the seven financial aid and grant programs (described below). The new program would be needs-based and provide support for in-state use of these scholarships at a public or independent college or university. Under a phase-out plan, current recipients of state competitive scholarships and tuition grant programs would continue to receive funding as long as they remain eligible. Fiscal Year 2003-04 funding for this initiative would be slightly less than the FY 2002-03 aggregate of the five financial aid programs.</p>			
<p>6. State Competitive Scholarships Reduces state competitive scholarships after transfer of funds from the general degree and allied health degree reimbursement programs, total funding by \$463,000. Under the Executive budget, this program, which provides support to students attending a public or independent college or university and which is needs- and merit-based, would be eliminated, and the funding transferred to the Michigan Opportunity Scholarship program.</p>	<p>Gross Federal Restricted GF/GP</p>	<p>\$35,993,486 3,600,000 165,273 \$32,228,213</p>	<p>(\$462,986) (700,000) (165,273) \$402,287</p>
<p>7. Tuition Grants Retains most funding for Tuition Grants with funds transferred from the degree reimbursement line items discussed below. This program, which provides support to students attending only an independent college or university and which is needs-based, would be eliminated under the Executive budget, and the funding transferred to the proposed Michigan Opportunity Scholarship program.</p>	<p>Gross Restricted GF/GP</p>	<p>\$64,778,121 330,501 \$64,447,620</p>	<p>(\$10,021) (330,501) \$320,480</p>
<p>8. Michigan Work-Study Program Reduces funding by 6.74% for the Michigan Work-Study Program. Financial support for this program, which provides support to students attending a public or independent college or university at least half-time and which is needs-based, would be eliminated, and monies would be transferred to the proposed Michigan Opportunity Scholarships (MOS) program under the Executive budget.</p>	<p>Gross Restricted GF/GP</p>	<p>\$7,855,475 40,079 \$7,815,396</p>	<p>(\$529,175) (40,079) (\$489,096)</p>
<p>9. Adult Part-time Grant Retains the Adult Part-Time Grant program and applies a 6.74% reduction to FY 2002-03 levels. The Executive proposed termination of funding for this program, which provides support to students attending a public or independent college or university and which is needs-based, and the transfer of monies to the proposed Michigan Opportunity Scholarship(MOS) program.</p>	<p>Gross Restricted GF/GP</p>	<p>\$2,844,937 14,515 \$2,830,422</p>	<p>(\$191,637) (14,515) (\$177,122)</p>
<p>10. Michigan Education Opportunity Grants (MEOG) Retains the MEOG program and reduces its funding by 6.74%. Funding for this program, which provides support to students attending a Michigan public community college or university and which is needs-based, would be eliminated under the Executive budget and monies transferred to the proposed Michigan Opportunity Scholarship program.</p>	<p>Gross Restricted GF/GP</p>	<p>\$2,234,692 11,402 \$2,223,290</p>	<p>(\$150,492) (11,402) (\$139,090)</p>
<p>11. General Degree Reimbursement Grants Eliminates funding for General Degree Reimbursement Grants and transfers funds to the Competitive Scholarships and Tuition Grants line items. The Executive proposed termination of this program, which provides funds to independent colleges and universities based on the number of prior academic-year graduates.</p>	<p>Gross Restricted GF/GP</p>	<p>\$5,967,611 30,921 \$5,936,690</p>	<p>(\$5,967,611) (30,921) (\$5,936,690)</p>

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
12. Allied Health Degree Reimbursement Grants	Gross	\$902,397	(\$902,397)
Eliminates funding for Allied Health Degree Reimbursement Grants and transfers funds to the Competitive Scholarships and Tuition Grants line items. The Executive proposed termination of this program, which provides funds to independent colleges and universities based on the number of prior academic-year graduates in allied health programs.	Restricted	4,676	(4,676)
	GF/GP	\$897,721	(\$897,721)
13. Dental Clinics Grant	Gross	\$4,875,449	(\$328,449)
Concurs with the 6.74% reduction proposed by the Governor for the dental clinics grant to the University of Detroit-Mercy for provision of dental services to low-income recipients in southeastern Michigan.	Restricted	25,262	(25,262)
	GF/GP	\$4,850,187	(\$303,187)
14. Byrd Scholarship Program	Gross	\$1,900,000	(\$400,000)
Reduces funding for the Byrd Scholarship Program due to reduced federal funding as proposed by the Executive budget.	Federal	1,900,000	(400,000)
15. Tuition Incentive Program (TIP)	Gross	\$5,250,000	\$4,000,000
Concurs with the Executive-recommended increase of \$4.0 million in this program targeted at low-income, Medicaid-eligible students by providing financial assistance to attend college. The additional funding addresses increased participation rates and higher college costs. The enacted bill includes the additional funding.	Restricted	5,250,000	4,000,000
16. MPSERS Contribution Subsidy			
The Executive proposed to use funds in a Michigan Public School Employee Retirement System (MPSERS) stabilization subaccount to offset the required contribution rate increase for the seven state universities who have employees in the MPSERS system. There is no appropriation required for this action to occur. The enacted bill includes Senate-proposed language.			
17. FY 2002-03 State University Operations	Gross	0	\$7,000,000
Provides for supplemental funding for twelve state universities that did not receive floor-funding increases greater than \$600,000.	Restricted	0	7,000,000

Major Boilerplate Changes from FY 2002-03:

Sec. 304. General Degree Reimbursement Grant – DELETED

The Executive proposed repeal of the statute and enactment of the Michigan Opportunity Scholarship program. The House substitute retained and revised subsections (1) and (2) and deleted the remaining subsections. The Senate retained current law, except for deletion of the set-aside language in subsections (3) through (5). The enacted budget does not include this section.

Sec. 305. Allied Health Degree Reimbursement Grant – DELETED

Deletes language related to the allied health degree reimbursement grant program. The Executive proposed repeal of the statute and enactment of the Michigan Opportunity Scholarship program. The House version concurred in the deletion of this section. The Senate revised the current section to identify the equally prorated amount of the reimbursement grant.

Sec. 315. Dental Clinics Grant – NEW

Adds language to specify that funds provided to the University of Detroit Mercy and previously listed as a dental degree reimbursement line item are intended to support dental clinical services (as the current appropriation does), as proposed by the Executive and concurred in by the House and Senate.

Sec. 433. Project GREEN – REVISED

Reduces funding for Project GREEN by 6.74%, as proposed in the Executive, House, and Senate recommendations.

Major Boilerplate Changes from FY 2002-03:

Sec. 436. Tuition Restraint – REVISED

Current law specifies a maximum resident undergraduate tuition and fee increase for FY 2002-03 of the greater of \$425 or 8.5%. The Executive, House, and Senate include “reasonable” tuition increases without stating a limit either in dollar increase or in percent increase.

Sec. 437. MPSERS Contribution Rate – NEW

Includes House intent language related to use of a MPSERS stabilization subaccount to maintain the FY 2003-04 contribution rate at the FY 2002-03 level of 12.99%, but incorporates Senate changes to eliminate reference to the contribution rate.

Sec. 439. Dormitory Smoking Policy Report – NEW

Adds language regarding a proposed December 2003 report by the state universities concerning smoking policy in dormitories and residence halls, as proposed by the House and Senate.

Sec. 1201. FY 2002-03 Supplemental – NEW

Adds \$7.0 million in a one-time supplemental for thirteen of the fifteen state universities: \$2.75 million is distributed proportionately on the basis of FY 2002-03 funding as recommended by the Conference Committee, \$2.75 million is distributed on an equal-dollar basis for eleven universities, and CMU is allocated \$1.5 million.

Sec. 1301. Switch in Fund Source for December 2002 FY 2002-03 Supplemental – NEW

Adopts the Senate version that adds text to switch the fund source for the December 2002 FY 2002-03 supplemental from the Merit Award Trust Fund to the Tobacco Settlement Trust Fund.

Sec. 1302. Intent Language Concerning Financial Aid Notice – NEW

Modifies Senate-added intent language regarding notification of competitive scholarship and tuition grant award recipients by July 1, 2003, by revising the notification date to July 31, 2003.

**Summary: Enacted Appropriations
SCHOOL AID
FY 2003-04 House Bill 4401
Public Act 158 of 2003**

**Analyst: Mary Ann Cleary
Laurie Cummings**

	2002 PA 521 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: 2003 PA 528 from 2002 PA 521	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,219,825,200	1,244,363,100	1,242,733,900	1,315,612,300	1,316,681,900	96,856,700	7.9
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,278,667,500	11,223,600,000	11,063,658,400	10,955,778,600	11,005,337,100	(273,330,400)	(2.4)
GF/GP	198,413,500	0	206,870,100	306,800,000	282,050,000	83,636,500	42.2
Gross	\$12,696,906,200	\$12,467,963,100	\$12,513,262,400	\$12,578,190,800	\$12,604,069,000	(\$92,837,200)	(0.7)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: Public Act 521 of 2002 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003. Public Act 528 of 2003 GF/GP number includes \$22.0 million which was then transferred to the School Aid Stabilization Fund.

Overview

The School Aid budget makes appropriations to the state's 554 local school districts, 184 public school academies, and 57 intermediate school districts for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance, Department of Career Development, and other entities to implement certain grants and other programs related to K-12 education. Public Act 158 of 2003 is the second act to make FY 2003-04 appropriations, with Public Act 521 of 2003, which continued FY 2002-03 appropriations into FY 2003-04, being the first. However, unlike other bills in recent years which created multi-year School Aid budgets, this bill budgets for only one future fiscal year.

Major Budget Changes from 2002 PA 521 YTD Appropriations:		2002 PA 521 YTD FY 2003-04	2003 PA 158 FY 2003-04
1. Durant Debt Service	Gross	\$40,000,000	(\$39,859,000)
Reduces appropriations by \$39.9 million to reflect refinancing of bonds issued as part of the Durant ruling.	GF/GP	\$40,000,000	(\$39,859,000)
2. School Bond Redemption Fund	Gross	\$0	\$28,300,000
Adds funding to pay for the debt service on the School Bond Loan Fund to be funded from the refinancing of the school bond loans.	GF/GP	\$0	\$28,300,000
3. Proposal A Obligation Payment	Gross	\$6,953,000,000	(\$137,000,000)
Reduces appropriation by \$137.0 million from current law to reflect changes in pupil counts, taxable values, and anticipated savings due to personal property tax audits.	Restricted	6,953,000,000	(137,000,000)

SCHOOL AID

<u>Major Budget Changes from 2002 PA 521 YTD Appropriations:</u>		2002 PA 521 YTD FY 2003-04	2003 PA 158 FY 2003-04
4. Discretionary Payment	Gross	\$2,880,000,000	\$16,000,000
Increases the appropriation by \$1.0 million from current law to reflect changes in pupil counts and taxable values, elimination of \$15.0 million to Detroit, and \$2.5 million for declining enrollment districts in the Upper Peninsula. The Executive vetoed the elimination of the Detroit grant, resulting in retention of the \$15.0 million appropriation to Detroit contained in current law.	Restricted	2,880,000,000	16,000,000
5. Early Childhood Grants	Gross	\$2,000,000	(\$1,750,000)
Reduces appropriation by \$1.75 million to \$250,000.	Restricted	2,000,000	(1,750,000)
6. ISD 0-5 Parenting Grants	Gross	N/A	\$3,326,000
Appropriates \$3.3 million for this new program to help parents of children aged five and under ready their children to enter school.	Restricted	N/A	3,326,000
7. Bilingual Education	Gross	\$4,212,000	(\$179,900)
Reduces state funds by \$1.4 million and adds new federal funds of \$1.2 million.	Federal	0	1,232,100
	Restricted	4,212,000	(1,412,000)
8. Advanced & Accelerated (Gifted & Talented) Programs	Gross	\$5,000,000	(\$4,750,000)
Reduces funding to \$250,000 and changes the name to Advanced and Accelerated programs.	Restricted	5,000,000	(4,750,000)
9. Vocational Education	Gross	\$31,027,600	(\$1,027,600)
Reduces the appropriation for vocational education by \$1.03 million from current law.	Restricted	31,027,600	(1,027,600)
10. Career Preparation System	Gross	\$22,200,000	(\$21,200,000)
Reduces funding from \$22.2 million to \$1.0 million.	GF/GP	\$22,200,000	(\$21,200,000)
11. Center for Education Performance and Information	Gross	\$6,857,600	\$0
Reduces the state appropriation for the Center for Education Performance and Information (CEPI) to \$1.9 million, of which \$1.5 million must be used for a contract with Standard and Poors. The Executive vetoed this section of the bill, thus retaining the original appropriation.	Federal	2,357,600	0
	GF/GP	\$4,500,000	\$0
12. Michigan Virtual University	Gross	\$11,584,700	(\$8,584,700)
Appropriates \$750,000 in state funds and \$2.25 million in federal funds, with \$1.25 million earmarked for professional development activities. Transfers the Learning Without Limits grants to a new section 98b.	Federal	6,584,700	(4,334,700)
	GF/GP	\$5,000,000	(\$4,250,000)
13. Freedom to Learn (Learning Without Limits) Grants	Gross	N/A	39,343,200
Increases the state appropriation to purchase wireless technology for 6 th grade pupils to \$22.0 million from the \$3.5 million formerly appropriated in Sec. 98 and adds \$17.3 million in federal funds. (Formerly named "Learning Without Limits" grants.)	Federal	N/A	17,343,200
	Restricted	N/A	22,000,000
14. Math and Science Centers	Gross	\$10,232,300	(\$5,244,600)
Reduces state funding by \$7.7 million and increases federal funds by \$2.5 million.	Federal	0	2,487,700
	Restricted	9,684,300	(7,184,300)
	GF/GP	\$548,000	(\$548,000)
15. Adult Education	Gross	\$77,500,000	(\$57,500,000)
Reduces the Adult Education program by \$57.5 million and retains the per-participant amount at \$2,850.	Restricted	77,500,000	(57,500,000)
16. Partnership for Adult Learning	Gross	\$20,000,000	(\$19,000,000)
Reduces the Partnership for Adult Learning program by \$19.0 million to \$1.0 million.	GF/GP	\$20,000,000	(\$19,000,000)

Major Boilerplate Changes from 2002 PA 521:

Sec. 6(4). Membership Blend – RETAINED

Retains the membership blend upon which foundation allowance payments are calculated at an “80/20” blend, which is a sum of 80% of the current fall pupil count plus 20% of the previous February’s count.

Sec. 11(1). New Revenue Sources

Assumes \$100.0 million in new revenue from the refinancing of the School Bond Loan Fund debt, \$50.0 million in new money from two new lottery games, and \$4.3 million from the closing of tax loopholes.

Sec. 11(3). Proration Language – MODIFIED

Changes the method used to prorate payments when revenues are expected to fall short of appropriations from the current equal percentage reduction to an equal per-pupil reduction.

Sec. 11a. School Aid Stabilization Fund – NEW

Establishes the School Aid Stabilization Fund and sets up an automatic transfer to the School Aid Fund if School Aid expenditures exceed revenues.

Sec. 11b. General Fund Transfers to School Aid Stabilization Fund – NEW

Transfers \$22.0 million from the General Fund to the School Aid Stabilization Fund for the Freedom to Learn Program under Sec. 98b and requires a transfer of \$73.1 million from the General Fund to the School Aid Stabilization Fund if the balance in the General Fund at the end of FY 2002-03 is at least \$350 million.

Sec. 20(1). Basic Foundation Allowance – MAINTAINED

Retains per-pupil foundation allowances at the same level as FY 2002-03.

Sec. 20(10). School District Consolidation – MODIFIED

Replaces current-law language that gives consolidating districts a new foundation allowance equal to the highest foundation allowance among the consolidating districts plus \$50, with new language that would give consolidating districts a pupil-weighted average foundation allowance.

Sec. 20(20). Reform Board Allocation – VETOED

Eliminates an allocation of \$15.0 million to the Detroit school district in FY 2003-04 as long as the district is operated under a reform board. Section had been deleted and was restored through veto.

Sec. 101. Days and Hours – MODIFIED

Revises the number of “snow days” to 30 hours from two days, eliminates the 180 days of instruction time requirement, and maintains the required hours of instruction at 1,098.

Sec. 147. MPSERS Contribution Subsidy – MODIFIED

Proposes to reduce the estimated percentage of payroll that districts must allocate for public school employee retirement from 14.37% to 12.99%, contingent upon districts refinancing their School Bond Loan Fund debt.

**FY 2003-04
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Civil Service
Executive
Information Technology
Legislature
Management and Budget
State
Treasury-Operations
Treasury-Revenue Sharing/Debt Service**

**Summary: Enacted Appropriations
ALL GENERAL GOVERNMENT DEPARTMENTS
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted
IDG/IDT	\$666,338,700	\$585,519,100	\$562,831,100	\$578,420,900	\$569,647,200
Federal	59,360,000	59,233,900	59,233,900	104,533,900	60,641,300
Local	2,610,800	2,610,800	2,610,800	2,610,800	2,610,800
Private	1,733,100	550,100	550,100	550,100	550,100
Restricted	1,885,468,000	1,795,330,800	1,800,501,600	1,858,051,500	1,867,448,600
GF/GP	309,320,652	346,364,400	358,886,000	344,450,700	355,193,300
Gross	\$2,924,831,252	\$2,789,609,100	\$2,784,613,500	\$2,888,617,900	\$2,856,091,300
FTEs	7,382.9	7,356.4	6,842.4	6,842.4	6,873.9

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview of All General Government Departments

Public Act 161 of 2003 (SB 270) totals \$2.9 billion gross and \$355.2 million GF/GP.

The budget is:

\$68.7 million gross (2.4%) under and \$45.9 million GF/GP (14.8%) over current-year figures.

\$66.5 million gross (2.4%) over and \$8.8 million GF/GP (2.5%) over the Executive recommendation.

\$71.5 million gross (2.6%) over and \$3.7 million GF/GP (1.0%) under Senate passed figures.

\$32.5 million gross (1.1%) under and \$10.7 million GF/GP (3.1%) over the House passed figures.

**Summary: Enacted Appropriations
ATTORNEY GENERAL
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$9,917,900	\$11,119,200	\$11,119,200	\$11,909,000	\$10,810,600	\$892,700	9.0
Federal	7,672,700	7,564,400	7,564,400	7,564,400	8,971,800	1,299,100	16.9
Local	0	0	0	0	0	0	0.0
Private	1,183,000	0	0	0	0	(1,183,000)	(100.0)
Restricted	9,216,400	9,945,100	10,145,100	9,145,100	10,670,100	1,453,700	15.8
GF/GP	32,363,383	31,009,900	31,688,900	31,959,700	31,009,900	(1,353,483)	(4.2)
Gross	\$60,353,383	\$59,638,600	\$60,517,600	\$60,578,200	\$61,462,400	\$1,109,017	1.8
FTEs	592.5	588.5	543.0	543.0	568.0	(24.5)	(4.1)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Attorney General's powers are prescribed in the State Constitution, in statute, and in court decisions. Serving as legal counsel for state departments, agencies, boards, commissions, and their officers, the Attorney General defends the state in court, and brings actions and intervenes in cases on the state's behalf. In addition to defending state agencies, the Attorney General represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

The Department of Attorney General is organized into five bureaus: Child & Family Services, Criminal Justice, Economic Development & Oversight, Consumer Protection, and Governmental Affairs. In general, each bureau represents certain state agencies, boards, and commissions, and practices in specialized legal areas. Also, the Department includes the Prosecuting Attorneys Coordinating Council, an autonomous entity which provides services to Michigan's prosecutors, their assistants, and other office staff.

Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and goals of the Department do not change from one year to the next. The mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD</u> <u>(as of 03/06/03)</u>	<u>Enacted Change</u> <u>from YTD</u>
1. Child Support Enforcement	FTEs	0.0	25.0
Includes additional FTE position authorization and funding in a new line item for Child Support Enforcement activities.	Gross	\$0	\$2,132,400
	Federal	0	1,407,400
	Restricted	0	725,000
2. Prisoner Reimbursement Revenue	Gross	\$301,700	\$0
Includes authorization to collect an additional \$800,000 in prisoner reimbursement revenue and offsets the additional funding by reducing GF/GP. Department is authorized to expend the appropriation on defending the state, state departments, and state employees in civil litigation claims filed by prisoners.	Restricted	301,700	800,000
	GF/GP	\$0	(\$800,000)
3. Accident Fund Company Revenue	Gross	\$1,183,000	\$0
Replaces private accident fund company revenue with an IDG from DMB, risk management revolving fund. The Accident Fund no longer serves as the third party administrator for workers' compensation insurance to the state; the Attorney General does continue to provide representation to the state on workers' compensation claims related to state employees.	IDG	0	1,183,000
	Private	1,183,000	(1,183,000)
4. Eliminate IDG Funding from MDA	Gross	\$308,600	(\$308,600)
Eliminates IDG funding from the Department of Agriculture originally appropriated for bovine research.	IDG	308,600	(308,600)
5. Eliminate MUSTFA Funding	FTEs	2.0	(2.0)
Eliminates 2.0 FTE positions and \$161,300 in state restricted Michigan Underground Storage Tank Financial Assurance funding due to the scheduled 2003 sunset of the statutory fee which supports this revenue source. The 7/8 cent fee on motor fuels will no longer be collected due to bonding requirements being met in FY 2002-03.	Gross	\$161,300	(\$161,300)
	Restricted	161,300	(161,300)
6. Reduced Funding for Information Technology	Gross	\$769,500	(\$87,300)
Reduces funding for information and technology-related services and projects. Reductions will be taken in the areas of equipment and infrastructure.	GF/GP	\$769,500	(\$87,300)
7. Unfunded Vacancies	FTEs	586.5	(45.5)
Eliminates authorization for 45.5 classified FTE positions which are vacant and unfunded.			

Major Boilerplate Changes from FY 2002-03:

Sec. 300. Contingency Funds – DELETED

Appropriates federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 302. Biennial Report on Attorney General Operations – MODIFIED

Authorizes the sale of the biennial report on Attorney General operations after the first 350 copies are distributed on a gratis basis, prohibits gratis copies from being distributed to legislators, and requires electronic copies of the report to be made available on the Department's website.

Sec. 308. Prisoner Reimbursement Revenue – NEW

Authorizes the Department to spend up to \$301,700 of prisoner reimbursement revenue on activities related to the State Correctional Facilities Reimbursement Act and authorizes the Department to spend up to \$800,000 of excess collections, if the Department collects in excess of \$1,131,000, on defense of litigation against the state, its departments, or employees in civil actions filed by prisoners.

ATTORNEY GENERAL

Sec. 309. Child Support Enforcement Agreement with Family Independence Agency (FIA) – NEW

Requires the FIA to enter into a cooperative agreement with the Attorney General for Federal Title IV-D Child Support Enforcement Funding to support child support enforcement activities within the Department of Attorney General, and authorizes access for the Attorney General, to the extent allowable under federal law, to any information used by the state to locate parents who fail to pay court ordered child support.

**Summary: Enacted Appropriations
CIVIL RIGHTS
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	934,000	934,000	934,000	934,000	934,000	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	12,689,900	12,183,200	12,167,000	12,166,800	12,183,200	(506,700)	(4.0)
Gross	\$13,623,900	\$13,117,200	\$13,101,000	\$13,100,800	\$13,117,200	(\$506,700)	(3.7)
FTEs	163.5	163.5	140.0	140.0	142.0	(21.5)	(13.1)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Michigan Civil Rights Commission was established in 1963 pursuant to Article I, Section 2 of the State Constitution to carry out the guarantees against discrimination. In Article V, Section 29, the Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." Public Acts 453 and 220 of 1976, the Elliot-Larsen Civil Rights Act and the Handicappers' Civil Rights Act, respectively, and subsequent amendments have added sex, age, marital status, height, weight, arrest record, and physical and mental disabilities to the original four protected categories.

The Michigan Department of Civil Rights was established in 1965 to serve as the administrative arm charged with implementing the policies of the Commission. The Department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws; investigates and resolves discrimination complaints in the areas of employment, public accommodations and service, education, housing, and law enforcement; and disseminates information that explains the rights and responsibilities of Michigan citizens as provided by law. Also, the Department provides information and services to businesses on diversity initiatives, equal employment laws, contract compliance, coordination of certification programs for enterprises owned by persons with disabilities, and joint venture/strategic alliance matchmaking. A discrimination complaint may be filed at any of the Department's offices if the alleged discrimination has occurred within the past 180 days.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
1. Commission Per Diem	Gross	\$16,200	\$0
Eliminates the Commission Per Diem line item due to the Governor recommended suspension of paying Commission per diems. The \$16,200 originally appropriated for the Commission per diem payments is transferred to the Civil Rights Operations line item.	GF/GP	\$16,200	\$0

CIVIL RIGHTS

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
2. <i>Reduced Funding for Information and Technology</i>	Gross	\$894,529	(\$90,529)
Reduces funding for information and technology-related services and projects. This reduction will affect the intended scope of the Document Imaging Initiative; the Department had intended to begin a project that would convert written correspondence, contract compliance, and other contracts to electronic storage from the current paper storage filing system.	GF/GP	\$894,529	(\$90,529)
3. <i>Unfunded Vacancies</i>			
Eliminates authorization for 21.5 classified FTE positions, which are vacant and unfunded.	FTEs	158.5	(21.5)

Major Boilerplate Changes from FY 2002-03:

Sec. 400. Contingency Funds – DELETED

Appropriates federal contingency funds that can be expended only upon legislative transfer to a specific line item.

**Summary: Enacted Appropriations
CIVIL SERVICE
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$5,300,000	\$4,300,000	\$4,300,000	\$2,300,000	\$2,300,000	(\$3,000,000)	(56.6)
Federal	4,779,100	4,779,100	4,779,100	4,779,100	4,779,100	0	0.0
Local	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	0	0.0
Private	150,000	150,000	150,000	150,000	150,000	0	0.0
Restricted	9,639,200	14,872,200	14,872,200	14,872,200	14,872,200	5,233,000	54.3
GF/GP	9,285,700	8,052,600	8,052,600	8,052,300	\$8,052,600	(1,233,100)	(13.3)
Gross	\$30,854,000	\$33,853,900	\$33,853,900	\$31,853,600	\$31,853,900	\$999,900	3.2
FTEs	201.5	201.5	211.5	211.5	211.5	10.0	5.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department of Civil Service administers a statewide merit system that provides classified job opportunities within state government. This system includes classification of positions, administration of competitive examinations for all classified positions, setting of pay scales, development of rules governing personnel transactions and conditions of employment, administration of employee benefits and the quality recognition system, and administration of the Civil Service Commission's Employment Relations Policy. In addition, the Department maintains ongoing statewide recruitment.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 03/06/03)</u>	<u>Enacted Change from YTD</u>
1. Transfer of Employee Benefits Program	FTEs	0.0	31.0
Transfers FTE positions and funding associated with the Employee Benefits Program from the Department of Management and Budget to the Department of Civil Service. Program was transferred pursuant to Executive Order 2002-13 and administers group insurance plans for medical, dental, vision, disability, life, and long-term care benefits. Program includes pretax benefit programs, COBRA, and other insurance continuation programs.	Gross	\$0	\$5,234,100
	Restricted	0	5,234,100
2. State Employee Quality Recognition System	Gross	\$191,800	(\$191,800)
Eliminates funding for the State Employee Quality Recognition System. Program rewards current and retired state employees who are involved in recommending, initiating, and implementing process improvements or measures to advance the overall success of a state organization or program.	GF/GP	\$191,800	(\$191,800)

CIVIL SERVICE

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
3. Reduced Funding for Training	Gross	\$4,000,000	(\$3,000,000)
Reduces funding for employee and management training by \$3.0 million. Training provided by the Department is funded by interdepartmental grant charges to other state departments and agencies.	IDG	4,000,000	(3,000,000)
4. Administrative Reduction	Gross	\$27,754,400	(\$977,200)
Reduces funding for Civil Service operations to be achieved through implementation of administrative efficiencies. Current FTE positions which are vacant will not be filled and costs for contractual services, supplies, and materials will be reduced.	IDG	5,300,000	0
	Federal	3,529,100	0
	Local	1,700,000	0
	Private	150,000	0
	Restricted	8,867,600	0
	GF/GP	\$8,207,700	(\$977,200)
5. Reduced Funding for Information Technology	Gross	\$3,099,600	(\$41,000)
Reduces funding for information and technology-related services and projects. Savings are to be achieved through vendor rate reductions, data center reductions, and reductions in other expenses associated with day-to-day operations.	Federal	1,250,000	0
	Restricted	771,600	0
	GF/GP	\$1,078,000	(\$41,000)
6. Unfunded Vacancies	FTEs	201.5	(21.0)
Eliminates authorization for 21.0 classified FTE positions which are vacant and unfunded.			

Major Boilerplate Changes from FY 2002-03:

Sec. 500. Contingency Funds – DELETED

Appropriates federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 503. Flexible Spending Accounts – TRANSFERRED

Describes fund sourcing for the flexible spending accounts program and specifies how unspent employee contributions are to be used. This language is transferred from the DMB section of the bill due to transfer of the Employee Benefits Program from DMB to Civil Service, pursuant to Executive Order 2002-13.

Sec. 504. Consolidation of Human Resources Functions – NEW

Requires the Department to compile and report on information about human resources for all executive branch departments, to include the total number of employees in each department's human resources office, the amount of funding allocated to each department's human resources operations, recommendations for consolidating executive branch human resources functions into one department, and an estimate of cost savings that would be realized from consolidation.

Summary: Enacted Appropriations
EXECUTIVE
FY 2003-04 Senate Bill 270
Public Act 161 of 2003

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	5,021,500	4,859,500	4,859,500	4,859,300	4,859,500	(162,000)	(3.2)
Gross	\$5,021,500	\$4,859,500	\$4,859,500	\$4,859,300	\$4,859,500	(\$162,000)	(3.2)
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The budget for the Executive Office provides funding for the Governor, the Lieutenant Governor, and their staffs. The Governor is elected by the people to a four-year term, is the Chief Executive Officer of the state, the Commander-in-Chief of the state's military establishment, and the Chairperson of the State Administrative Board. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. The Lieutenant Governor is nominated at party convention, is elected with the Governor to a four-year term, performs gubernatorial functions in the Governor's absence, and serves as President of the Michigan Senate.

Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

Major Budget Changes from FY 2002-03 YTD Appropriations:

Administrative Reduction

Reduces funding for Executive Office Operations by \$136,900 to be achieved through implementation of administrative efficiencies. One copy machine will be eliminated and costs for travel, cell phones, subscriptions, copying, and supplies will be reduced significantly.

	FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
Gross	\$3,870,700	(\$136,900)
GF/GP	\$3,870,700	(\$136,900)

EXECUTIVE

Major Boilerplate Changes from FY 2002-03:

Sec. 550. Office of Regulatory Reform – TRANSFERRED

Authorizes the collection of funding to cover costs associated with publication and distribution of the Michigan Register and the Michigan Administrative Code, appropriates the funding, and specifies that the funding will not lapse to the general fund at the end of the fiscal year. This language is transferred to the DMB section of the bill due to the transfer of the Office of Regulatory Reform from the Executive Office to DMB, pursuant to Executive Order 2002-11.

**Summary: Enacted Appropriations
INFORMATION TECHNOLOGY
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$424,006,800	\$355,689,300	\$355,689,300	\$356,489,300	\$360,239,300	(\$63,767,500)	(15.0)
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	0	0	0	0	0	0	0.0
Gross	\$424,006,800	\$355,689,300	\$355,689,300	\$356,489,300	\$360,239,300	(\$63,767,500)	(15.0)
FTEs	1,771.4	1,769.4	1,752.4	1,752.4	1,755.4	(16.0)	(0.9)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Information Technology was created pursuant to Executive Order 2001-3 for the purposes of improving the delivery of services to citizens by utilizing advancements in technology, improving the management of state information and technology resources, and assuring the reliability, security, and confidentiality of state data and computer facilities. The Department acts as a general contractor between the state's information technology users and private sector providers of information technology products and services.

"Information Technology Services" is defined to mean services involving all aspects of managing and processing information including, but not limited to, all of the following: application development and maintenance; desktop computer support and management; mainframe computer support and management; server support and management; local area network support and management; information technology contract, project, and procurement management; information technology planning and budget management; and telecommunication services, security, infrastructure, and support.

The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies to support the long-term technology needs of the state, and to find solutions and identify more effective ways to achieve missions. Each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. The administration of fund sources remains with each agency. Funding is organized into the following broad theme areas which are based on agency missions: Enterprisewide Services, Health and Human Services, Education Services, Public Protection, Resources Services, Transportation Services, and General Services.

INFORMATION TECHNOLOGY

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 03/06/03)</u>	<u>Enacted Change from YTD</u>
1. Adjustment for Budgetary Savings	Gross	\$424,006,800	(\$10,111,500)
Reduces funding by \$10.1 million, reflecting the 1% GF/GP budgetary savings realized by state departments/agencies in FY 2002-03. Savings were a result of administrative efficiencies and were reflected in the various state department/agency budgets for FY 2002-03, but not in this budget.	IDG	424,006,800	(10,111,500)
2. Executive Order 2002-22 Reductions	Gross	\$424,006,800	(\$7,066,700)
Reduces funding by \$7.1 million, reflecting the 2.5% GF/GP savings realized by state departments/agencies as a result of Executive Order 2002-22. Savings were a result of administrative efficiencies and were reflected in the various state department/agency budgets for FY 2002-03, but not in this budget.	IDG	424,006,800	(7,066,700)
3. Executive Order 2003-03 Reductions	Gross	\$424,006,800	(\$14,839,800)
Reduces funding by \$14.8 million, reflecting the savings realized by state departments/agencies as a result of Executive Order 2003-03. Savings were a result of reductions in vendor rates, data center rates, contractual services for application support, other contractual services, supplies, and materials, and equipment. Savings were reflected in the various state department/agency budgets for FY 2002-03, but not in this budget.	IDG	424,006,800	(14,839,800)
4. Reduced Funding for CSES	Gross	N/A	(\$20,571,000)
Reflects a savings of \$20.6 million due to reduced funding for the Child Support Enforcement System (CSES) in the Family Independence Agency budget. The CSES project has been certified and fully implemented. Funding will continue to be available for ongoing operation and maintenance costs.	IDG	N/A	(20,571,000)
5. FY 2003-04 Savings	Gross	\$424,006,800	(\$11,700,900)
Reduces funding by \$11.7 million to reflect savings anticipated to occur in department/agency budgets in FY 2003-04. Savings are expected to result from reductions in vendor rates, telecomm rates, contractual services for application support, other contractual services, supplies, and materials, personnel, equipment, training, travel, and desktops, canceling or delaying projects, changing the scope of projects, and reducing hardware and software maintenance.	IDG	424,006,800	(11,700,900)
6. Increased IDG Authorization for Department of State	Gross	\$0	\$4,550,000
Increases IDG authorization from the Department of State due to an additional \$4.6 million in the Department of State's budget for replacement of the mainframe computer system.	IDG	0	4,550,000
7. Unfunded Vacancies	FTEs	1,765.4	(14.0)
Eliminates authorization for 14.0 classified FTE positions, which are vacant and unfunded.			

Major Boilerplate Changes from FY 2002-03:

Sec. 570. Contingency Funds – DELETED

Appropriates IDG funds that can be expended only upon legislative transfer to a specific line item.

Sec. 575. Transfer of DIT Employees – DELETED

Expresses that the intent of the Legislature is for the Department to transfer their employees from the other state departments and agencies within a reasonable time frame.

Major Boilerplate Changes from FY 2002-03:

Sec. 577. Michigan Public Safety Communications System – NEW

Requires the appropriation for the Michigan Public Safety Communications System to be expended upon approval by the State Budget Director of an expenditure plan, and requires the Department to assess reasonable access and maintenance fees to all subscribers of the system, requires revenue received to be deposited into the general fund, and requires a report to be submitted on the amount of revenue collected and deposited.

Sec. 578. Report on Appropriations and Expenditures – NEW

Requires the Department to submit a report that states the total amount of funding appropriated for information technology services and projects, by funding source, for all state departments and agencies, and requires a listing of expenditures made from the amounts received by the Department of Information Technology.

Sec. 579. Report on Life-Cycle of Hardware and Software – NEW

Requires the Department to submit a report that analyzes and makes recommendations on the life-cycle of information technology hardware and software.

Sec. 580. Department of State's Business Application Modernization Project – NEW

Requires funding appropriated to the Department of Information Technology for the Department of State's Business Application Modernization project to be used only for the development, implementation, and maintenance of the project, and designates the funding as a work project account, authorizing the remaining funding at the end of the fiscal year to be carried forward.

LEGISLATURE

**Summary: Enacted Appropriations
LEGISLATURE
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

IDG/IDT	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
Federal	\$1,627,600	\$1,662,900	\$1,662,900	\$1,662,900	\$1,662,900	\$35,300	2.2
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	400,000	400,000	400,000	400,000	400,000	0	0.0
GF/GP	2,530,400	2,495,100	2,495,100	2,495,100	2,495,100	(35,300)	-1.4
Gross	120,726,700	118,883,500	115,953,800	114,930,400	115,322,400	(5,404,300)	(4.5)
FTEs	\$125,284,700	\$123,441,500	\$120,511,800	\$119,488,400	\$119,880,400	(\$5,404,300)	(4.3)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The budget for the Legislature provides funding for the Legislative branch of state government, to include the Legislative Council and agencies it governs, the Office of the Auditor General, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, appropriates funding from revenues collected for the support of public institutions and the administration of the affairs of state government, initiates and considers amendments to the State and U.S. Constitutions, and exercises legislative oversight over the Executive branch of government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature and is responsible for maintaining bill drafting, research, and other services. Carpenters, painters, maintenance mechanics, and electricians provide maintenance, operation, and repair of the Capitol Building, House of Representatives Office Building, and Farnum Building.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. The resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government, provide citizens with a measure of accountability, and assist state departments and agencies in improving financial management.

The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. The system is funded through state appropriations, member contributions, certain court filing fees, and investment income.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
1. Senate Line Item Reductions	Gross	\$33,887,200	(\$1,021,900)
Reduces funding for Senate line items by a total of \$1.0 million. Reductions are figured from the current-year appropriated levels, not including the negative supplemental, HB 4032. (Senate operations reduced by \$1,161,400; Senate ADP increased by \$292,600; and SFA reduced by \$153,100)	GF/GP	\$33,887,200	(\$1,021,900)
2. House Line Item Reductions	Gross	\$48,486,100	(\$1,399,100)
Reduces funding for House line items by a total of \$1.4 million. Reductions are figured from the current-year appropriated levels, not including the negative supplemental, HB 4032. (House operations reduced by \$1,493,400; House ADP increased by \$238,500; and HFA reduced by \$144,200)	GF/GP	\$48,486,100	(\$1,399,100)
3. Legislative Auditor General Line Item Reduction	Gross	\$15,384,600	(\$911,700)
Reduces GF/GP funding for the Legislative Auditor General line item by a total of \$911,700. Reduction is figured from the current-year appropriated level, not including the negative supplemental, HB 4032. Includes additional IDG funding and reduces state restricted funding by the same amount in order to more accurately reflect where audit charges occur.	IDG	1,627,600	35,300
	Restricted	1,420,600	(35,300)
	GF/GP	\$12,336,400	(\$911,700)
4. Legislative Council Line Item Reductions	Gross	\$13,636,300	(\$2,511,500)
Reduces GF/GP funding for Legislative Council line items by a total of \$2.5 million, which includes elimination of funding for Legislative Corrections Ombudsman. Reductions are figured from the current-year appropriated levels, not including the negative supplemental, HB 4032. (Legislative Council reduced by \$1,394,300; LSB-ADP by \$107,200; e-Law project by \$194,500; Workers' Compensation by \$10,800; National Association dues by \$272,100; and Legislative Corrections Ombudsman eliminated \$532,600).	Private	400,000	0
	GF/GP	\$13,236,300	(\$2,511,500)
5. Property Management	Gross	\$7,613,400	\$500,000
Includes an additional \$400,000 for the House Office Building and an additional \$100,000 for the Farnum Building. Increase is figured from current-year appropriated level, not including the negative supplemental, HB 4032.	GF/GP	\$7,613,400	\$500,000
6. Legislative Retirement System Reductions	Gross	\$4,117,100	(\$60,100)
Reduces GF/GP funding for the Michigan Legislative Retirement System by a total of \$60,100. Reduction figured from current-year appropriated level, not including negative supplemental, HB 4032.	Restricted	1,109,800	0
	GF/GP	\$3,007,300	(\$60,100)

Major Boilerplate Changes from FY 2002-03:

Sec. 604. National Association Dues – MODIFIED

Authorizes the Legislative Council to distribute funding appropriated for payment of National Association Dues.

Sec. 610. Contingency Funds – DELETED

Appropriates state restricted contingency funds that can be expended only on legislative transfer to a specific line item.

Sec. 614. Report on Audits Not Complied With – DELETED

Requires the Office of the Auditor General to report on audits that are not complied with by the audited agencies.

Sec. 615. Auditor General's Salary – MODIFIED

Requires that the salaries of the Auditor General and other 2.0 unclassified positions be determined by legislative leadership.

MANAGEMENT AND BUDGET

**Summary: Enacted Appropriations
MANAGEMENT AND BUDGET
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$109,548,100	\$103,716,800	\$103,716,800	\$103,716,800	\$162,216,800	\$52,668,700	48.1
Federal	358,600	440,800	440,800	440,800	440,800	82,200	22.9
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	36,073,900	31,201,300	31,201,300	89,701,300	31,201,300	(4,872,600)	(13.5)
GF/GP	38,047,311	36,328,900	35,328,900	36,328,600	36,328,900	(1,718,411)	(4.5)
Gross	\$184,027,911	\$171,687,800	\$170,687,800	\$230,187,500	\$230,187,800	\$46,159,889	25.1
FTEs	854.5	819.0	722.0	722.0	722.0	(132.5)	(15.5)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Management and Budget (DMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. The Department is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies, managing capital outlay projects, managing property for the state (i.e., managing state leases, selling surplus property), executing cost-effective purchasing programs, managing the state's retirement systems, supervising the state motor vehicle fleet, administering travel policies, and providing office support services to state agencies. In addition, the Office of the State Budget prepares, presents, and executes the state budget on behalf of the Governor.

The Department has several autonomous units, including the following: Office of the State Employer, which is primarily responsible for central labor relations as the employer of the state classified work force; Office of the Children's Ombudsman, which investigates the actions, decisions, policies, and protocols of the Family Independence Agency and child placing agencies as they relate to children in Michigan's child welfare system; and Office of Regulatory Reform, which is responsible for reviewing proposed rules, coordinating the processing of rules by state agencies, and working with agencies to streamline the rule-making process and to improve public access.

Major Budget Changes from FY 2002-03 YTD Appropriations:

	FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD	
1. Motor Vehicle Fleet	Gross	\$0	\$58,500,000
Includes a \$58.5 million line item appropriation for the state's Motor Vehicle Fleet program. Current-year funding is in an "off-budget" internal service fund, the Motor Transport fund, at \$71.0 million.	IDG	0	58,500,000

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
2. Retirement System – Vision ORS	Gross	\$24,886,111	\$1,290,000
Includes additional funding for implementation of Vision ORS, \$840,000 for additional costs associated with application support, and \$450,000 for equipment hosting and licensing charges.	IDG	915,500	0
	Federal	58,600	0
	Restricted	7,499,800	1,290,000
	GF/GP	\$16,412,211	\$0
3. Building Occupancy Adjustments	Gross	\$101,043,500	(\$4,250,000)
Reduces funding for security, janitorial services, and for operating costs that are part of the leases the Department has for Cadillac Place and Constitution Hall. Security costs will be reduced through technology and other alternatives, such as key card readers, automated gates in place of gate arms, surveillance cameras, and alternative use of security services. Janitorial costs will be reduced by changing the frequency or type of service requirement in areas such as vacuuming, window cleaning, and trash pick-up.	IDG	99,041,600	(4,250,000)
	Federal	12,000	0
	Restricted	443,600	0
	GF/GP	\$1,546,300	\$0
4. Private Building Lease Adjustments	Gross	\$101,043,500	\$729,900
Includes additional funding to cover increased cost requirements contained in private leases. Requirements include annual CPI increases in the base rent, increased utility costs, property tax adjustments, and operating and maintenance adjustments.	IDG	99,041,600	729,900
	Federal	12,000	0
	Restricted	443,600	0
	GF/GP	\$1,546,300	\$0
5. Removal of Victor Center from State Space Plan	Gross	\$101,043,500	(\$1,678,900)
Eliminates funding associated with lease costs paid for state space in the Victor Center. Initially, private leases were assigned to DMB for state tenants in the building. Now, due to a number of executive reorganizations, the sole state tenant in the Victor Center is the Department of Career Development, and there is no advantage to the state in transferring the private leases to DMB.	IDG	99,041,600	(1,678,900)
	Federal	12,000	0
	Restricted	443,600	0
	GF/GP	\$1,546,300	\$0
6. Parking Leases and Shuttle Bus Efficiencies	Gross	\$101,043,500	(\$750,000)
Reduces funding for parking leases and shuttle bus services as a result of early retirements and completion of parking lot renovations. State employees are being reassigned from leased parking spaces to state-owned parking spaces and shuttle bus services will be reduced.	IDG	99,041,600	(750,000)
	Federal	12,000	0
	Restricted	443,600	0
	GF/GP	\$1,546,300	\$0
7. Transfer of Employee Benefits to Civil Service	FTEs	31.0	(31.0)
Reflects transfer of the Employee Benefits and State Employee Quality Recognition System programs from DMB to the Department of Civil Service, pursuant to Executive Order 2002-13.	Gross	\$5,425,900	(\$5,425,900)
	Restricted	5,234,100	(5,234,100)
	GF/GP	\$191,800	(\$191,800)
8. Transfer of Demographics and Records Management Center to History, Arts, and Libraries	FTEs	8.5	(8.5)
Reflects transfer of the demographics program, the state data center program, and the records management and records center programs from DMB to the Department of History, Arts, and Libraries, pursuant to Executive Order 2002-17.	Gross	\$1,402,000	(\$1,402,000)
	IDG	137,500	(137,500)
	Restricted	102,900	(102,900)
	GF/GP	\$1,161,600	(\$1,161,600)
9. Reduced Funding for Information Technology	Gross	\$24,886,111	(\$646,200)
Reduces funding for information and technology-related services and projects. Savings will be realized through decreased use of contractors for maintenance of the Michigan Administrative Information Network, renegotiation of contract costs, data center rate reductions, and other support cost reductions.	IDG	915,500	0
	Federal	58,600	0
	Restricted	7,499,800	0
	GF/GP	\$16,412,211	(\$646,200)
10. Unfunded Vacancies	FTEs	848.5	(97.0)
Eliminates authorization for 97.0 classified FTE positions which are vacant and unfunded.			

MANAGEMENT AND BUDGET

Major Boilerplate Changes from FY 2002-03:

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 700. Contingency Funds – DELETED

Appropriates federal, state restricted, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 704. Supply of Census Information and Technical Services – TRANSFERRED

Authorizes the Department to supply census information and technical services to other state departments and agencies, local units of government, and other organizations, and authorizes the Department to receive and expend funding for providing such services. Language is transferred to the Department of History, Arts, and Libraries bill due to transfer of the demographics program from DMB to DHAL pursuant to Executive Order 2002-17.

Sec. 707. Per Diems for Retirement Boards – DELETED

Authorizes per diem amounts for the Judges, Public School Employees, State Police, and State Employees retirement boards.

Sec. 711. Flexible Spending Accounts – TRANSFERRED

Describes fund sourcing for the flexible spending accounts program and specifies how unspent employee contributions are to be used. Language is transferred to the Department of Civil Service boilerplate section of the bill due to transfer of Employee Benefits Program from DMB pursuant to Executive Order 2002-13.

Sec. 712. Health Insurance Reserve Fund – DELETED

Specifies the amount of funding to be appropriated into the Health Insurance Reserve Fund pursuant to Section 52 of the State Employees' Retirement Act, 1943 PA 240.

Sec. 718. Reference to Townships on Forms – DELETED

Prohibits the Department from printing, or authorizing the printing of, forms that reference a city or village unless the form also references a township in the same size print and in the same font.

Sec. 718. Office of Regulatory Reform – TRANSFERRED

Authorizes the collection of funding to cover costs associated with publication and distribution of the Michigan Register and the Michigan Administrative Code, appropriates the funding, and specifies that the funding will not lapse to the general fund at the end of the fiscal year. Language is transferred from the Executive Office boilerplate section of the bill due to transfer of the Office of Regulatory Reform from the Executive Office to DMB pursuant to Executive Order 2002-11.

Sec. 719. Motor Vehicle Fleet – NEW

Requires the appropriation for motor vehicle fleet to be used for administration and the acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles; specifies that the appropriation is to be funded by revenue from rates charged to state departments and agencies for utilizing vehicle travel services provided by DMB; expresses intent of the Legislature that DMB have the authority to determine the appropriateness of vehicle assignment, to include, year, make, model, size, and price of vehicle; gives DMB the authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses intent of the Legislature that DMB complete a project plan which results in the reduction of expenditures related to vehicle travel services, to include a reduction in the number of state vehicles; and requires a quarterly report on the status of the project plan.

GENERAL SECTIONS OF BOILERPLATE

Sec. 205. Hiring Freeze – MODIFIED

Imposes a hiring freeze on the state classified civil service, permits exceptions, requires a report on the number of exceptions granted, to include justification for the exceptions, and authorizes the Attorney General and Secretary of State to grant exceptions to the hiring freeze for their respective departments instead of the State Budget Director granting the exceptions.

Sec. 216. Presidential Primary – NEW

Prohibits appropriations from being used to fund costs associated with a 2004 presidential primary.

Summary: Enacted Appropriations
STATE
FY 2003-04 Senate Bill 270
Public Act 161 of 2003

Analyst: Robin Risko

	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$96,493,000	\$94,752,300	\$73,925,300	\$89,925,300	\$20,000,000	(\$76,493,000)	(79.3)
Federal	1,319,500	1,319,500	1,319,500	46,619,500	1,319,500	0	0.0
Local	0	0	0	0	0	0	0.0
Private	100	100	100	100	100	0	0.0
Restricted	65,274,200	66,447,400	73,418,200	73,418,200	143,070,200	77,796,000	119.2
GF/GP	15,876,161	12,981,700	\$28,812,500	12,980,900	16,731,700	855,539	5.4
Gross	\$178,962,961	\$175,501,000	\$177,475,600	\$222,944,000	\$181,121,500	\$2,158,539	1.2
FTEs	1,853.8	1,853.8	1,854.3	1,854.3	1,855.8	2.0	0.1

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of State administers programs in four major areas: motor vehicle transactions, which includes titling and registration of automobiles, watercraft, and recreational vehicles; traffic safety, which includes testing drivers for ability and the suspension of license privileges when laws are broken or incompetence is judged; consumer protection, which includes inspection and licensing of automotive repair facilities; and regulation and administration of the state's electoral process, which entails training local election officials and monitoring campaign finance.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 03/06/03)</u>	<u>Enacted Change from YTD</u>
1. Michigan Transportation Fund Source Shift	Gross	\$0	\$0
Retains \$20.0 million in IDG funding from the MTF and shifts the balance to the newly created Transportation Administration Collection Fund established by 2003 Public Act 152.	IDG	0	(74,752,300)
	Restricted	0	74,752,300
2. Additional Commercial Look-Up Fee Revenue	Gross	N/A	\$0
Includes an additional \$2.1 million in state restricted commercial look-up fee revenue and reduces GF/GP by a like amount due to an anticipated fee increase from \$6.55 to \$7.00. This user fee is paid by insurance companies for information about a driver's record which assists the companies in determining insurance premiums. The fee has not been increased since 1990 and is projected to generate \$2.1 million in additional revenue.	Restricted	N/A	2,100,000
	GF/GP	N/A	(\$2,100,000)

STATE

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 03/06/03)</u>	<u>Enacted Change from YTD</u>
3. Funding for Legacy Mainframe	Gross	\$0	\$4,550,000
Includes \$4.6 million in additional funding for the Department to begin replacement of the mainframe computer system. Of the \$4.6 million, \$800,000 is funded with state restricted funding anticipated to result from a \$3.00 increase in the fee for personal identification cards from \$7.00 to \$10.00; the remaining \$3.8 million is funded with GF/GP.	Restricted	0	800,000
	GF/GP	\$0	\$3,750,000
4. Motorcycle Safety Education	FTEs	0.0	2.0
Includes additional funding and FTE positions for the Motorcycle Safety Education Grants and Administration Program, which was previously funded in the Department of Education budget, but was recommended for elimination by the Executive. Funds to support the program are derived from original and renewal motorcycle license endorsements, annual motorcycle registration fees, and motorcycle operator driving test fees.	Gross	\$0	\$1,200,000
	Restricted	0	1,200,000
5. Specialty License Plate Funding Adjustment	Gross	\$3,915,000	(\$1,993,000)
Reduces IDG funding to reflect the amount of funding that is made available in the Department of Transportation budget. Reduction is based on the level of anticipated sales. The public's interest level in specialty plates has not been sustained.	IDG	3,915,000	(1,993,000)
6. Vertical Drivers' License and Personal ID Card	Gross	\$1,000,000	(\$1,000,000)
Eliminates the one-time appropriation of \$1.0 million in state restricted State Services Fee Fund revenue used for the development of vertical drivers' licenses and personal identification cards for persons under the age of 21.	Restricted	1,000,000	(1,000,000)
7. Administrative Savings Reduction	Gross	N/A	(\$500,000)
Reflects a savings to be achieved through implementation of administrative efficiencies. Current FTE positions which are vacant will not be filled and costs for contractual services, supplies, and materials will be reduced.	GF/GP	N/A	(\$500,000)
8. Reduced Funding for Information Technology	Gross	\$20,637,861	(\$112,600)
Reduces funding for information and technology-related services and projects. Savings will be realized through reductions in FTE positions, costs for contractual services, supplies, and materials, rate reductions, and other support cost reductions.	IDG	14,473,200	0
	Restricted	4,581,900	0
	GF/GP	\$1,582,761	(\$112,600)

Major Boilerplate Changes from FY 2002-03:

Sec. 800. Contingency Funds – DELETED

Appropriates federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 802. Commercial Look-Up Fees – MODIFIED

Authorizes the Department to sell copies of records for various conveyances and to use the revenue to finance necessary expenses. The charge per record is increased from \$6.55 to \$7.00. The balance of the fee revenue at the end of the fiscal year is required to revert to the general fund.

Sec. 814. Qualified Voter File Reimbursements – DELETED

Requires the Department to reimburse municipalities with voting populations over 5,000 in any calendar year for qualified voter file systems and subjects reimbursement to the appropriation of funds.

Major Boilerplate Changes from FY 2002-03:

Sec. 815. Credit or Debit Card Service Assessments – NEW

Appropriates service assessments collected by the Department from the users of credit or debit cards to be used for expenses related to providing services, limits charges by the Department to not more than the costs billable to the Department, and provides for carry forward of any balance of service assessments received.

Sec. 816. Unlicensed Dealer Fines – NEW

Authorizes funding collected by Department from unlicensed dealer fines to be used to offset administrative expenses and requires funding be transferred via the legislative transfer process in order to be available for expenditure.

Sec. 817. Motorcycle Safety Education Program – NEW

Requires funding appropriated for the Motorcycle Safety Education Grants and Administration program to be used for operation of the program, authorizes funding for grants to help subsidize safety training courses for individuals interested in operating motorcycles, and authorizes funding to be used for costs associated with administration of the program.

TREASURY

**Summary: Enacted Appropriations
TREASURY
FY 2003-04 Senate Bill 270
Public Act 161 of 2003**

Analyst: Robin Risko

IDG/IDT	FY 2002-03 YTD (as of 03/06/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$19,445,300	\$14,278,600	\$12,417,600	\$12,417,600	\$12,417,600	(\$7,027,700)	(36.1)
Federal	44,296,100	44,196,100	44,196,100	44,196,100	44,196,100	(100,000)	(0.2)
Local	910,800	910,800	910,800	910,800	910,800	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	1,762,733,900	1,670,369,700	1,668,369,700	1,668,419,600	1,665,139,700	(97,594,200)	(5.5)
GF/GP	75,309,997	122,065,100	122,022,800	123,172,700	130,705,100	55,395,103	73.6
Gross	\$1,902,696,097	\$1,851,820,300	\$1,847,917,000	\$1,849,116,800	\$1,853,369,300	(\$49,326,797)	(2.6)
FTEs	1,861.5	1,876.5	1,535.0	1,535.0	1,535.0	(326.5)	(17.5)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Treasury is the chief fiscal agency of the state and is the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. In addition, the Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. Also, the Department investigates fraudulent financial activity, provides recommendations and assistance on all property tax-related issues, trains and gives advice concerning accounting, auditing, budgeting, and financial management to local units of government, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

Major Budget Changes from FY 2002-03 YTD Appropriations:

		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
TREASURY OPERATIONS	Gross	N/A	(\$3,477,300)
1. Administrative Savings Reductions	GF/GP	N/A	(\$3,477,300)
Reduces funding to be achieved through implementation of administrative efficiencies which include: suspension of seasonal overtime services (\$1.9 million); suspension of customer contact center toll free line (\$200,000); reductions in individual income tax form notification services (\$600,000); reduced revenue training (\$500,000); reduced information technology-related travel (\$177,300); and using the Internet for local unit mailings (\$100,000).			
2. Funding for Warrant Processing Activities	Gross	\$3,000,000	(\$3,000,000)
Eliminates funding for warrant processing activities due to transfer of responsibilities to the Department of Management and Budget.			
	IDG	3,000,000	(3,000,000)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
3. Motor Fuel Tax Project	Gross	\$1,664,000	(\$1,664,000)
Eliminates \$1.7 million in one-time IDG funding associated with the motor fuel tax electronic reporting system.	IDG	1,664,000	(1,664,000)
4. MUSTFA	FTEs	4.0	(4.0)
Eliminates 4.0 FTE positions and state restricted Michigan Underground Storage Tank Financial Assurance funding due to the scheduled 2003 sunset of the statutory fee which supports this revenue source. The 7/8 cent fee on motor fuels will no longer be collected as bonding requirements will be met in FY 2002-03.	Gross	\$224,400	(\$224,400)
	Restricted	224,400	(224,400)
5. Unfunded Vacancies	FTEs	1,852.5	(319.0)
Eliminates authorization for 319.0 classified FTE positions which are vacant and unfunded.			
REVENUE SHARING	Gross	\$1,470,500,000	(\$62,650,000)
6. Revenue Sharing	Restricted	1,470,500,000	(62,650,000)
Includes an additional \$3.6 million, for a total of \$683.1 million, in Constitutional State General Revenue Sharing grant funding, and reduces Statutory State General Revenue Sharing grant funding by \$66.3 million, for a total of \$724.8 million. The net is a reduction of \$62.7 million, or 3.0%, from current-year appropriated levels.			
DEBT SERVICE	Gross	\$59,586,400	\$13,700,000
7. Debt Service	Restricted	40,000,000	(39,122,000)
Includes an additional \$35.7 million GF/GP for the Quality of Life bond, an additional \$17.1 million GF/GP for the Clean Michigan Initiative bond, and maintains current-year funding for the Water Pollution Control bond.	GF/GP	\$19,586,400	\$52,822,000
GRANTS	Gross	\$117,795,400	\$9,397,300
8. Grants	Restricted	95,500,000	2,500,000
Includes an additional \$2.5 million in state restricted funding for Commercial Mobile Radio Service Payments for local 911 telephone emergency programs in local communities; reflects the transfer from DHAL of \$1.6 million in GF/GP funding for Renaissance Zone Reimbursement payments to be made to libraries for lost property tax revenue associated with renaissance zones; reduces funding by \$1.0 million for the Qualified Agricultural Loan payment program based on estimates of what interest payments will be for FY 2003-04; reduces funding for the Senior Citizen Cooperative Housing Tax Exemption Program by \$700,000 due to the change in payment dates for the state education property tax; reduces funding for reimbursement payments made to the City of Benton Harbor for lost property tax revenue associated with an enterprise zone; includes \$7.0 million in GF/GP funding for reimbursement payments to local units of government for audits of personal property, pursuant to Section 22a of the General Property Tax Act; and maintains current-year funding levels for Grants to Counties in Lieu of Taxes, Convention Facility Development Distribution, and Health and Safety Fund Grants.	GF/GP	\$22,295,400	\$6,897,300

TREASURY

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 03/06/03)	Enacted Change from YTD
BUREAU OF STATE LOTTERY	FTEs	164.0	19.0
9. New Lottery Games	Gross	\$33,697,600	\$1,474,100
Increases FTE position authorization and funding for contractual services, supplies, materials, and information technology-related projects associated with two new lottery games. It is anticipated that the two new games, Lottery Keno and break-open lottery tickets, will generate \$50.0 million in new revenues for deposit into the School Aid Fund.	Restricted	33,697,600	1,474,100
10. Promotion and Advertising	Gross	\$18,372,000	\$250,000
Includes additional funding for Lottery Promotion and Advertising.	Restricted	18,372,000	250,000
11. Unfunded Vacancies	FTEs	164.0	(17.0)
Eliminates authorization for 17.0 classified FTE positions which are vacant and unfunded.			

Major Boilerplate Changes from FY 2002-03:

Sec. 900. Contingency Funds – DELETED

Appropriates federal, state restricted, local, and private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 902(3). Defaulted Student Loan Collections – NEW

Authorizes the Department to contract with private collection agencies and law firms to collect defaulted student loans and other accounts due the Michigan Guaranty Agency, and appropriates funding to cover collection costs and fees which may not be greater than 22% of the collections or a lesser amount as prescribed by contract, requires that the Department explore the feasibility of donated services in lieu of repayment when the Department is unable to collect defaulted student loans, and requires the Department to file a report on the implementation status of this section.

Sec. 916. Technology Investment Plan – DELETED

Authorizes the Department to develop and maintain a technology investment plan.

Sec. 922. Renaissance Zone Reimbursement – TRANSFERRED

Requires reimbursement to public libraries for property taxes levied in the prior tax year. Language is transferred from the Department of History, Arts, and Libraries bill due to transfer of the appropriation to the Department of Treasury.

Sec. 923. Michigan Transportation Funds – NEW

Requires the Department to submit a report stating the amount of Michigan Transportation Fund revenue collected and the cost of collection.

Sec. 924. Audit and Collection Procedures – NEW

Requires the Department to publish the handbook required, pursuant to 1941 PA 122, Section 205.4(3), which informs taxpayers and tax preparers of audit and collection procedures and authorizes the Department to publish the handbook on the Internet.

Sec. 925. Homestead Property Tax Exemption Audit Fund – NEW

Appropriates Homestead Property Tax Audit Fund revenue for costs of audits consistent with 2003 Public Act 105 and requires a report which states the amount of revenue appropriated for Homestead Property Tax Exemption audits.

Sec. 926. Personal Property Tax – NEW

Requires funding be used to reimburse local units of government for a portion of costs paid for personal property audits.

Sec. 951(3). MEAP Item Analysis – NEW

Requires the results of each test administered as part of MEAP, including tests administered to high school students, to include an item analysis that lists all items that are counted for individual student scores and the percentage of students choosing each possible response.

Major Boilerplate Changes from FY 2002-03:

Sec. 983. Plan to Increase Lottery Ticket Sales – NEW

Requires the Bureau of State Lottery to complete a project plan which includes new strategies for the Bureau to use in its efforts to increase lottery ticket sales and improvements they are going to make as to how they expend funding for advertising and promotion. Language requires the Bureau to report quarterly on the status of the project plan.

**FY 2003-04
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Family Independence Agency**

**Summary: Enacted Appropriations
COMMUNITY HEALTH
FY 2003-04 Budget House Bill 4392
Public Act 159 of 2003**

Analysts: Margaret Alston, Bill Fairgrieve, Sue Frey

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$69,172,900	\$69,204,800	\$69,204,800	\$69,204,800	\$69,204,800	\$31,900	0.0
Federal	4,915,609,536	4,890,865,600	4,845,868,100	5,048,870,200	5,243,530,900	327,921,364	6.7
Local	938,759,100	806,552,500	806,552,500	805,256,100	812,256,100	(126,503,000)	(13.5)
Private	64,736,600	59,458,000	57,844,000	57,844,000	57,844,000	(6,892,600)	(10.6)
Restricted	804,921,500	707,327,400	650,962,500	650,962,600	737,408,300	(67,513,200)	(8.4)
GF/GP	2,416,210,412	2,583,938,600	2,648,369,200	2,583,938,600	2,558,570,700	142,360,288	5.9
Gross	\$9,209,409,748	\$9,117,346,900	\$9,078,801,100	\$9,216,076,300	\$9,478,814,800	\$269,405,052	2.9
FTEs	5,672.3	4,672.2	4,388.3	4,388.3	4,388.3	(1,284.0)	(22.6)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. Established in 1996, the Department also includes the Office of Drug Control Policy, the Office of Services to the Aging, and the Crime Victim Services Commission. The enacted DCH budget for FY 2003-04 totals \$9.5 billion gross, \$2.6 billion GF/GP in funding.

Major Budget Changes from FY 2002-03 YTD Appropriations:

		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Medicaid Adult Benefits Waiver	Gross	N/A	(\$158,467,500)
Includes Medicaid program changes proposed by the Executive to provide limited health care benefits for caretaker relatives, persons currently enrolled in state and local indigent care plans, and adults in TANF-eligible households who currently have full Medicaid coverage. Funding to continue adult coverage for hearing aid, podiatric, and chiropractic services was vetoed (Sec. 1630).	Federal	N/A	(48,567,400)
	GF/GP	N/A	(\$109,900,100)
2. Medicaid Caseload, Utilization, and Inflation Increases	Gross	\$6,071,770,300	\$496,993,600
Additional federal and GF/GP funding is recommended to reflect Medicaid costs associated with inflation, utilization and caseload growth. The increase is \$77.8 million gross, \$32.4 million GF/GP over the Executive Recommendation, based on the consensus Medicaid base spending estimate.	Federal	4,390,476,200	278,397,800
	GF/GP	\$1,681,294,100	\$218,595,800

COMMUNITY HEALTH

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. Medicaid Capitation Payment Rate Increase for CMHSPs	Gross	\$1,324,695,900	\$81,614,200
Recognizes an increase of \$58.9 million for Medicaid Mental Health Services financed in part with local funds from CMHSPs. It also includes \$22.7 million gross, \$10.0 million GF/GP for a 1.6% capitation payment rate increase to CMHSPs. The rate increase is financed by redirecting \$40.0 million from CMH Non-Medicaid Services for the Medicaid Adult Benefits Waiver program.	Federal	797,995,200	45,614,200
	Local	0	26,000,000
	GF/GP	\$526,700,700	\$10,000,000
4. Redirection of Funds to CMHSPs	Gross	\$271,346,700	\$36,714,400
Due to the closure of Northville Psychiatric Hospital for Adults with Mental Illness in FY 2002-03, the enacted budget increases funding for CMH Non-Medicaid Services by \$36.7 million GF/GP which has been redirected from CMHSP, Purchase of State Services Contracts. This adjustment corrects the Executive Recommendation in which funding for Medicaid Mental Health Services had been increased by \$83.2 million.	Restricted	1,582,400	0
	GF/GP	\$269,764,300	\$36,714,400
5. Increased Federal Grants for Substance Abuse Services	Gross	\$76,335,400	\$4,213,000
Includes \$4.2 million in additional and new federal grant funds for community substance abuse prevention, education and treatment programs. These funds are to be used as required by federal regulations for the Substance Abuse Block Grant and the State Incentive Grant Program.	Federal	57,744,900	4,213,000
	Restricted	1,460,000	0
	GF/GP	\$17,130,500	\$0
6. Early Retirement Savings	Gross	N/A	(\$11,644,900)
Reflects early retirement savings totaling \$11.6 million gross and \$6.1 million GF/GP for FY 2003-04 for the Department of Community Health. These savings are in addition to the net early retirement savings achieved during this fiscal year of \$7.5 million gross and \$5.8 million GF/GP.	Federal	N/A	(1,069,700)
	Restricted	N/A	(202,600)
	Local	N/A	(4,276,800)
	GF/GP	N/A	(\$6,095,800)
7. Respite Services	Gross	\$1,000,000	\$0
Includes \$1.0 million GF/GP for respite care services for children with serious emotional disturbances and their families. The increase is financed by a reduction to the worker's compensation program. The Executive Budget proposed the elimination of funding for this line item.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$0	\$1,000,000
8. Multicultural Services	Gross	\$3,163,600	\$500,000
Adds \$500,000 for the Multicultural Services line item in which these funds would be authorized to the Jewish Federation. The increase is financed from additional GF/GP savings realized from the Medicaid match rate change from 55.42% to 55.89% for Medicaid Mental Health Services.	GF/GP	\$3,163,600	\$500,000
9. CMH Non-Medicaid Services	Gross	\$271,346,700	\$4,532,100
Allocates \$4.5 million GF/GP for CMH Non-Medicaid Services that has been redirected from CMHSP, Purchase of State Services Contracts due to the rebasing of authorizations for state mental health facilities. This funding was not included in the Executive Budget proposal.	Restricted	1,582,400	0
	GF/GP	\$269,764,300	\$4,532,100
10. Family Planning Waiver	Gross	\$14,160,400	\$2,250,000
A new federal waiver will provide an additional \$2.25 million of federal Medicaid funds to expand family planning and pregnancy prevention services to low income women, as proposed by the Executive. Other funding adjustments of \$753,800 to this program are included in items 13 and 14.	Federal	7,615,200	2,250,000
	Restricted	2,985,100	0
	GF/GP	\$3,560,100	\$0

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
11. African-American Male Health Initiative Funding	Gross	\$106,700	\$0
Retains \$106,700 of GF/GP funding for the African-American Male Health Initiative. The Executive had proposed to eliminate this funding.	GF/GP	\$106,700	\$0
12. Bioterrorism Preparedness Grant Increase	FTEs	33.0	26.5
Reflects an additional \$41.2 million of federal funds for public health and hospital bioterrorism preparedness, response, and staffing; \$1.0 million is vetoed (Sec. 853).	Gross	\$8,383,700	\$41,196,200
	Federal	8,383,700	41,196,200
	GF/GP	\$0	\$0
13. Public Health Federal Grant Increases	Gross	N/A	\$28,646,700
Appropriates \$28.7 million gross in additional federal grant funds for public health, family health, and aging programs, including \$19.5 million for the Women, Infants, and Children Supplemental Food program, \$3.3 million for senior community and nutrition services, and \$5.9 million for 13 other program areas, as proposed by the Executive.	Federal	N/A	28,646,700
	GF/GP	N/A	\$0
14. Healthy Michigan Fund Revisions	Gross	\$57,765,900	(\$1,148,800)
Replaces GF/GP funds with Healthy Michigan Fund monies for certain chronic disease, smoking, and pregnancy prevention programs, as recommended by the Executive.	Restricted	57,765,900	(1,148,800)
	GF/GP	\$0	\$0
15. School Health Education Funding	Gross	\$102,800	\$500,000
Provides \$500,000 GF/GP for school health education and the Michigan Model for Comprehensive School Health Education.	Federal	102,800	0
	GF/GP	\$0	\$500,000
16. Early Childhood Collaborative Funding	Gross	\$0	\$524,000
Includes \$524,000 GF/GP for an ongoing cooperative program with the Family Independence Agency and the Department of Education to fund community-based projects that foster healthy development for children 0-3 years of age.	GF/GP	\$0	\$524,000
17. Diabetes Outreach Funding	Gross	\$208,300	\$41,700
Provides \$250,000 GF/GP for statewide and community diabetes outreach programs of the Morris Hood Comprehensive Diabetes Center at Wayne State University, for which state restricted funds are eliminated.	Restricted	208,300	(208,300)
	GF/GP	\$0	\$250,000
18. Pharmaceutical Services Savings	Gross	\$521,491,500	(\$90,443,400)
Recognizes Medicaid savings, as proposed by the Governor, from maximum allowable cost price changes for generic drugs and lower prescription drug prices resulting from the multi-state purchasing initiative.	Federal	291,528,900	(50,443,400)
	Tobacco	8,000,000	0
	GF/GP	\$221,962,600	(\$40,000,000)
19. Medical Services Restructuring Policy Changes	Gross	N/A	(\$29,799,900)
Includes Medicaid, MICHild, and Children's Special Health Care (CSHCS) policy revisions in the Conference Report as proposed by the Executive.	Federal	N/A	(23,597,700)
	GF/GP	N/A	(\$6,202,200)
20. Eligibility for Caretaker Relatives	Gross	N/A	\$47,250,000
Restores Medicaid eligibility for caretaker relatives and replaces \$6.0 million in federal funds with state GF/GP since coverage of this group was not eliminated and will not qualify for enhanced federal matching funds.	Federal	N/A	26,659,200
	GF/GP	N/A	\$20,590,800
21. Medicaid Special Financing Payments	Gross	\$1,079,094,900	(\$256,662,800)
Concurs with the Executive proposed adjustments to reduce Medicaid special financing payments due to federal policies that limit the amount of such payments. As a result, state GF/GP revenues to fund the Medicaid program are increased.	Federal	670,336,700	(153,805,800)
	Local	840,638,900	(232,561,400)
	Restricted	160,429,500	(16,981,500)
	GF/GP	(\$592,310,200)	\$146,685,900

COMMUNITY HEALTH

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>	
22. Federal Medicaid Fiscal Relief	Gross	N/A	\$0
Allocates \$168.4 million in federal funds due to the recently-enacted temporary increase in the federal Medicaid match rate to 58.84% through June 2004.	Federal	N/A	168,400,000
	GF/GP	N/A	(\$168,400,000)
23. Tobacco Settlement Revenue Adjustments	Gross	N/A	\$0
Appropriates an additional \$27.4 million in tobacco settlement funds to replace state GF/GP that would be required for the Medicaid program rather than the \$126.7 million tobacco settlement revenue increase proposed by the Executive.	Restricted	N/A	27,384,000
	GF/GP	N/A	(\$27,384,000)
24. Detroit Medical Center	Gross	N/A	\$50,000,000
Provides \$50.0 million as a special Medicaid payment to the Detroit Medical Center to stabilize the hospital system and prevent service reductions.	Federal	N/A	27,945,000
	Local	N/A	7,000,000
	Restricted	N/A	15,055,000
	GF/GP	N/A	\$0

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Appropriates up to \$100.0 million in federal contingency funds, up to \$20.0 million in state restricted contingency funds, up to \$20.0 million in local contingency funds, and up to \$10.0 million in private contingency funds. Specifies that contingency funds are not available for expenditure until transferred according to provisions in Section 393(2) of the Management and Budget Act. The enacted budget does not retain current-year language in which the Executive proposed to increase the ceiling on state restricted contingency funds and local contingency funds from \$20.0 million to \$50.0 million.

Sec. 224. Appropriation of Unexpended and Unreserved General Fund – NOT INCLUDED

Excludes new language recommended by the Executive to appropriate up to one-half of the unexpended and unreserved GF/GP portions of FY 2002-03 appropriations made to the Department for salaries and wages expenses, contractual services, supplies and material expenses, information technology expenses, and program operation costs in order to encourage administrative efficiencies.

Sec. 262. Expenditure of Appropriated Funds – MODIFIED

Modifies current year language to require the Department to provide a written explanation for all legislative transfers upon submission of the request for the legislative transfer by the Department of Management and Budget and an annual report of lapses by line item for this appropriation act. The Executive proposed the deletion of this section.

Sec. 428. Contingency Appropriation of \$100 Million for CMHSPs – MODIFIED

Modifies current-year language that requires each CMHSP and affiliation of CMHSPs to provide local funds to be used as state match required under the Medicaid program in order to increase capitation rates for CMHSPs and affiliations of CMHSPs. This section also requires the distribution of the rate increase to be based on a formula developed by a Committee established by the Department that includes representatives from CMHSPs or affiliations of CMHSPs and Department staff. This section had been proposed for deletion by the Executive.

Sec. 442. Medicaid Adult Benefits Waiver – MODIFIED

Revises current-year language to express the Legislature's intent that the \$40.0 million transferred from CMH Non-Medicaid Services to support the Medicaid Adult Benefits Waiver be used to provide state match for increases in federal funding for primary care and specialty services provided to enrollees and economic increases for the Medicaid specialty services and supports program. Also requires the Department to request in a Medicaid Specialty Services waiver renewal application that the amount of savings retained by a Specialty Prepaid Health Plan (PHP) be changed from 5% to 7.5% of aggregate capitation payments. If the Department is unable to secure federal approval for this change, the Department is then required to allow PHPs and their affiliate CMHSP members to retain 50% of the GF/GP portion of funds allocated under the Medicaid Specialty Services waiver. This section had been proposed for deletion by the Executive.

Sec. 450. Audit and Reporting Requirements for CMHSPs – NEW

Requires DCH to establish a Work Group comprised of CMHSPs or specialty prepaid health plans and departmental staff to recommend strategies to streamline audit and reporting requirements for these entities.

Major Boilerplate Changes from FY 2002-03:

Sec. 853. Bioterrorism Preparedness Funding Allocation – VETOED

New language to allocate up to \$1.0 million of federal bioterrorism preparedness funding to a Biosafety Level 2/3 certified laboratory facility, as allowed by federal law and regulations.

Sec. 1109. Volunteer Dental Services Program and Report - MODIFIED

Requires the Michigan Dental Association to report on the Association's efforts to increase its membership's participation as Medicaid providers. New subsection.

Sec. 1250. Interdepartmental Grant to Judiciary for Drug Treatment Courts – NEW

Provides for \$1.8 million of federal Byrne grant money to be directed as an interdepartmental grant to the Judiciary for local drug treatment courts, in addition to the \$1.8 million funding that the Department currently distributes to local drug treatment courts from the Byrne grant, as proposed by the Executive.

Sec. 1621a. Disease Management Pilot Projects – NEW

Allows DCH to establish pilot projects to test the efficacy of disease/health management systems and use the savings in lieu of supplemental rebates to include the drug manufacturer's products on the preferred drug list.

Sec. 1625. Atypical Antipsychotic Medications – NEW

Directs the Department to continue the practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Sec. 1628. CSHC Prior Authorization for Prescribed Drugs – VETOED

Exempts Children's Special Health Care Services recipients from needing prior authorization for prescribed drugs through the Pharmaceutical Best Practice initiative.

Sec. 1629. Maximum Allowable Cost (MAC) Drug Pricing – NEW

Requires the Department to base its MAC prices for generic drugs on the pricing available from at least two wholesalers who deliver in Michigan.

Sec. 1630. Medicaid Dental, Podiatric, and Chiropractic Services – VETOED

Continues hearing aid, podiatric, and chiropractic services at not less than the level provided on October 1, 2002. Prohibits restrictions on chiropractic services unless the recipient exceeds 18 visits within a year.

Sec. 1689. MIChoice Home and Community Based Services – MODIFIED

Gives priority in HCBS enrollment to nursing home residents and those eligible for nursing homes, and requires screening to prevent unnecessary nursing home admissions. Directs DCH to transfer funds to the HCBS program for successfully moving persons out of nursing homes if there is a net reduction in the number of Medicaid nursing home days of care. Provides for a quarterly report on HCBS allocations and expenditures by regions and net cost savings. Requires competitive bid for administration of the new screening and assessment process for long-term care services.

Sec. 1715. Pharmaceutical Services Savings – NEW

Requires the pharmaceutical savings of \$18.9 million GF/GP in Part 1 to be achieved through implementation of the federal Medicare prescription drug program, or a withdrawal from the Medicaid Benefits Trust Fund.

Sec. 1716. Adult Benefits Waiver Hospital Case Rate – VETOED

Requires the hospital case rate under the Medicaid Adult Benefits Waiver to be set at a rate that does not exceed \$108.6 million in gross savings.

Sec. 1717. Detroit Medical Center Payment – NEW

Requires \$7.0 million in local funds to be received by the state prior to distributing the Detroit Medical Center payment.

CORRECTIONS

**Summary: Enacted Appropriations
CORRECTIONS
FY 2003-04 House Bill 4390
Public Act 154 of 2003**

Analyst: Marilyn B. Peterson

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$3,318,500	\$3,253,600	\$3,253,600	\$3,253,600	\$3,253,600	(\$64,900)	(2.0)
Federal	26,403,400	27,798,400	27,798,400	27,798,400	27,798,400	1,395,000	5.3
Local	391,100	391,100	391,100	391,100	391,100	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	55,750,600	60,748,800	60,858,800	60,858,800	60,858,800	5,108,200	9.2
GF/GP	1,599,803,231	1,632,315,300	1,623,748,700	1,632,199,800	1,632,205,300	32,402,069	2.0
Gross	\$1,685,666,831	\$1,724,507,200	\$1,716,050,600	\$1,724,501,700	\$1,724,507,200	\$38,840,369	2.3
FTEs	18,843.9	18,308.7	18,308.7	18,266.7	18,312.7	(531.2)	(2.8)

Note: FY 2002-03 figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 5, 2003.

Overview

The budget for the Department of Corrections (MDOC) funds the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs, most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction, however, is not funded through the MDOC budget, but rather through Capital Outlay.

Current-year appropriations for prisoner custody and care amount to roughly 85% of the total MDOC authorization, and growth in the prison population has been largely responsible for growth in the corrections spending, particularly of the state GF/GP revenues that account for about 95% of the current Corrections budget. Over the past two decades, prison population, inflation-adjusted Corrections GF/GP spending, and Corrections' share of total state GF/GP all have more than tripled. As of June 20, 2003, the prison and camp population stood at 48,534, and Corrections' GF/GP authorization was about 18% of total state GF/GP.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>	
ALTERNATIVES TO PRISON INCARCERATION			
1. Conditional Reintegration Program (CRP)	Gross	\$0	\$7,897,200
Funds new Conditional Reintegration Program, under which selected prisoners would be placed in centers or on tether immediately prior to parole. Funded with \$6.0 million prison cost savings and \$1.9 million in collections from program participants. Originally-projected bed space savings of 1,375 beds was pared to roughly 750 due to decision to avoid changes to truth-in-sentencing statute.	Restricted	0	1,865,100
	GF/GP	\$0	\$6,032,100

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
2. County Jail Reimbursement Program (CJRP)		Gross	\$17,700,000
Provides counties with per-diem payments for housing certain offenders; reimbursement criteria and rates are set in annual budget act boilerplate. Criteria revised to delete third-offense drunk driving (OUIL 3) as a stand-alone criterion; for OUIL offender's jail term to qualify for reimbursement, offender would have a sentencing guidelines score reflective of a prison sentence. Predicted savings: \$7.0 million, \$5.5 million of which is redirected to other local programs (see below). Distributions to other line items offset by anticipated \$1.0 million increase in civil infraction revenues.		Restricted	17,700,000
			(\$4,451,000)
			(4,451,000)
3. Local Housing Program		Gross	\$0
Uses \$2.5 million of the savings achieved through CJRP criteria change to fund new line item to be used to lease local beds to house state prisoners, should that become necessary.		Restricted	0
			\$2,451,000
			\$2,451,000
4. Drunk Driver Program		Gross	\$0
Increases local resources for treating and housing felony drunk drivers with new line item funded with \$3.0 million of the savings achieved through the change in CJRP. Funding to be used for assessment, treatment, and local housing of felony drunk drivers; collateral purpose of opening jail beds for housing additional offenders who meet jail reimbursement criteria by virtue of their sentencing guideline scores.		Restricted	0
			\$3,000,000
			3,000,000
5. Parole and Probation Services		Gross	\$2,455,300
Increases spending of the statutory 20% set-aside of parole and probation oversight fees. Spending to be used to enhance services in conjunction with the proposed conditional reintegration program (CRP).		Restricted	2,455,300
			\$1,412,000
			1,412,000
6. Community Corrections Grant Programs		Gross	\$26,066,300
Reverses current-year Executive Order reductions to community corrections grant programs. Restores \$651,700 to Comprehensive Plans and Services and \$1.3 million to Probation Residential Centers.		Restricted	1,492,100
		GF/GP	\$24,574,200
			\$1,963,700
			0
			\$1,963,700
PRISON AND CAMP BED SPACE CHANGES			
7. Youth Correctional Facility		Gross	\$11,400,700
Includes additional \$1.4 million for anticipated cost of new contract, and \$770,700 to recognize 30-bed increase gained through double-bunking administrative segregation unit. Addition of GF/GP funding offsets depletion of federal grant.		Federal	11,400,700
		GF/GP	\$0
			\$2,167,000
			(1,124,500)
			\$1,124,500
8. Beds Open and Partially Funded in Prior Year		Gross	\$6,871,700
Includes funding to meet full-year costs of beds open and receiving partial-year funding in the current fiscal year (485 beds at Egeler's C Unit, 240 beds each at Macomb and Saginaw, 210 beds through double-bunking at Riverside).		GF/GP	\$6,871,700
			\$8,217,900
			\$8,217,900
9. Beds Open and Unfunded in Prior Year		FTEs	0.0
Funds full-year costs of beds open and receiving no funding in the current fiscal year (56 beds at Lakeland, 42 beds at Cotton, 50 beds at Crane, 24 beds at Egeler, and 99 beds at 11 different locations).		Gross	\$0
		GF/GP	\$0
			\$2,255,200
			\$2,255,200

CORRECTIONS

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>
10. Camp Lehman reflects reduction of 200 beds and associated funding support in FY 2003-04. Current-year budget includes \$2.4 million and 29.4 FTEs to support a planned double-bunking of 240 beds at Camp Lehman as the result of plans revised due to difficulties securing adequate water and sewer service at that site.	FTEs 29.4 Gross \$2,410,600 GF/GP \$2,410,600	(23.0) (\$1,389,200) (\$1,389,000)
PRISONER HEALTH CARE AND PROGRAMS		
11. Managed Care Contract Includes Executive-recommended increase to meet costs of new managed care contract for prisoner hospital and specialty care, which takes effect April 1, 2003.	Gross \$52,729,100 GF/GP \$52,729,100	\$8,138,400 \$8,138,400
12. Pharmaceutical Cost Increases Includes additional \$5.1 million for pharmaceutical price and volume increases, including an increase of \$674,900 for psychotropic medications.	Gross N/A GF/GP N/A	\$5,051,700 \$5,051,700
13. Health Care Co-Pay Recognizes actual collections with \$90,000 increase in prisoner health care co-pay revenues, plus another \$110,000 in additional revenue through assumed increase (from \$3 to \$5) in co-pay amount.	Gross \$100,200,800 Restricted 101,200 GF/GP \$100,169,600	\$0 200,000 (\$200,000)
14. Academic/Vocational Programs Saves \$2.6 million by eliminating funding for education programs for maximum-security prisoners.	FTEs 475.5 Gross \$35,177,700 GF/GP \$35,177,700	(36.0) (\$2,567,000) (\$2,567,000)
MISCELLANEOUS PERSONNEL AND ADMINISTRATIVE MATTERS		
15. New Corrections Officer Training Assumes no increase in prison capacity, and therefore funds training for only as many new corrections officers as needed to accommodate staff turnover. Result is a decrease from current funding level.	Gross \$10,968,600 GF/GP \$10,968,600	(\$7,968,400) (\$7,968,400)
16. FY 2001-02 Early Retirement Program Includes additional funding needed as a result of FY 2001-02 early retirement program. Figure is the net of increased costs due to statewide apportionment of retiree health care (\$28.3 million GF/GP) and savings accruing through retirements that were delayed until current year (\$5.3 million gross and GF/GP).	Gross N/A Restricted N/A GF/GP N/A	\$23,370,900 319,000 \$23,051,900
17. Administrative and Support Staffing Reduces administrative and support staffing by 170.5 FTEs, with associated funding reduction.	FTEs N/A Gross N/A GF/GP N/A	(170.5) (\$10,180,800) (\$10,180,800)
18. Leap Year Funding Includes one-time funding of \$3.9 million for costs deriving from having an additional day in FY 2003-04.	Gross N/A Restricted N/A GF/GP N/A	\$3,937,900 55,500 \$3,882,400

Major Boilerplate Changes from FY 2002-03:

Secs. 218, 262(3), New Sec. 218. Hepatitis C – NEW

Renumbers and retains current-year sections requiring prisoner education on Hepatitis C (Sec. 218) and giving prisoners opportunity to be tested prior to parole [Sec. 262(3)]. Further requires Department to conduct survey of prisoner intake to determine the incidence of Hepatitis C among the prisoner population (new Sec. 218).

Major Boilerplate Changes from FY 2002-03:

Sec. 224. Unfunded Economics – NEW

Requires Department to report on how it will implement reductions to compensate for unfunded economic increases in salaries, insurance, and retirement.

Sec. 406. Prisoner Transport – NEW

Requires cost/benefit analysis on privatizing prisoner transport.

Sec. 706. County Jail Reimbursement Program – MODIFIED

"For the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison," the county jail reimbursement program provides counties with per diem payments under criteria set by boilerplate language. Two sets of criteria exist: one applying to offenders sentenced under comprehensive sentencing guidelines enacted in 1998 (which apply to offenses occurring on or after January 1, 1999), the other to offenders sentenced for offenses occurring prior to January 1, 1999. Each set allows qualification by virtue of either of two things: a sentencing guidelines score indicative of a prison sentence, or a conviction for third-offense drunk driving (OUIL 3). Criteria applicable to pre-1999 offenses also include certain habitual offenders. Budget act for FY 2003-04 eliminates OUIL 3 as a stand-alone criterion, thus conditioning qualification on one of the remaining criteria and generating savings estimated at \$7.0 million. Savings are split three ways: \$1.5 million to stay with the county jail reimbursement program (thus providing additional funds for reimbursements for offenders diverted from likely prison sentences); \$2.5 million to go into a local housing program line item (see below); and \$3.0 million to go into a new felony drunk driver program (see below).

Sec. 707. Local Housing Program – NEW

Uses \$2.5 million of jail reimbursement savings for new line item to be used to reimburse local units of government for housing state prisoners, should that become necessary.

Sec. 710. Felony Drunk Driver Program – NEW

Uses \$3.0 million of jail reimbursement savings for new program to provide additional resources to assess, house, and treat felony drunk drivers, and to open jail space for housing additional offenders whose sentencing guidelines scores are indicative of prison sentences, and who therefore would continue to qualify for reimbursement under the county jail reimbursement program.

Sec. 905. "Frequent Flyers" – NEW

Requires Department to identify and manage prisoners who abuse the availability of medical services by obtaining transportation to off-site medical care when unnecessary or reasonably avoidable.

**Summary: Enacted Appropriations
FAMILY INDEPENDENCE AGENCY
FY 2003-04 Senate Bill 283
Public Act 172 of 2003**

Analysts: Erin Black, Richard Child, Bill Fairgrieve

	FY 2002-03 YTD (as of 2/26/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$978,800	\$1,055,800	\$1,055,800	\$1,055,800	\$1,055,800	\$77,000	7.9
Federal	2,773,916,471	2,697,630,071	2,697,630,050	2,702,130,150	2,679,842,950	(94,073,521)	-3.4
Local	66,956,700	65,097,100	65,097,100	65,097,100	65,097,100	(1,859,600)	-2.8
Private	9,856,850	9,472,150	9,472,150	9,472,150	9,472,150	(384,700)	-3.9
Restricted	70,370,500	70,096,800	70,096,800	70,096,800	70,096,800	(273,700)	-0.4
GF/GP	1,115,085,079	1,102,339,379	1,102,339,400	1,102,344,900	1,133,739,400	18,654,321	1.7
Gross	\$4,037,164,400	\$3,945,691,300	\$3,945,691,300	\$3,950,196,900	\$3,959,304,200	(\$77,860,200)	-1.9
FTEs	12,501.1	10,771.6	10,771.6	10,774.6	10,774.6	(1,726.5)	-13.8

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence. The FY 2003-04 enacted budget includes Gross appropriations of \$3.96 Billion and General Fund/General Purpose funding of \$1.11 Billion.

Major Budget Changes from FY 2002-03 YTD Appropriations:

		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Employment and Training Support Services - VETOED	Gross	\$14,064,200	(\$715,500)
Provides a \$25,000 increase in the Fatherhood program, and increases the Marriage Initiatives program by \$512,500. Both programs were eliminated in the Executive Recommendation. (See Sec. 415 and Sec. 416)	Federal	13,339,100	(715,500)
	GF/GP	\$725,100	\$0
2. Foster Care Payments	Gross	\$245,010,600	(\$30,943,500)
Includes \$30.9 million in various base funding reductions, primarily related to a caseload decline as recommended by the Executive and a technical adjustment for removal of supervised independent living contracts.	Federal	108,078,000	(16,803,700)
	Local	34,918,000	0
	Private	5,033,900	0
	GF/GP	\$96,980,700	(\$14,139,800)
3. Adoption Subsidy Program	Gross	\$204,952,800	\$14,433,400
Concurs with the Executive, Senate, and House caseload adjustments totaling \$18.0 million and a reduction of \$3.6 million to limit adoption subsidy payments to age 19 instead of age 21 for those who have not completed high school.	Federal	126,180,200	9,409,200
	GF/GP	\$78,772,600	\$5,024,200

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
4. Teen Parent Counseling	Gross	\$4,218,500	(\$447,200)
Reduces funding for the Teen Parent Counseling program by 9.4% (\$390,800). The Executive recommended elimination of the program while the Senate included a 5% reduction and the House a 10% reduction. Concurrs with Executive and Senate proposed base adjustments of \$56,400. Sec. 523 requires recipients of Teen Parent Counseling funds to provide at least 10% in matching funds.	Federal	4,218,500	(472,600)
	GF/GP	\$0	\$25,400
5. Family Preservation and Prevention Services	Gross	\$74,469,700	(\$8,184,100)
Includes \$8.2 million in total reductions as recommended by the Executive. Specifies in Sec. 546 that the \$8.0 million program reduction shall be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 2002-03 levels.	Federal	74,183,400	(8,142,700)
	GF/GP	\$286,300	(\$41,400)
6. Child Care Fund	Gross	\$139,500,000	\$29,337,900
Transfers the Child Care Fund line, recognizes anticipated expenditure growth, and annualizes the TANF claim for in-home services. Does not include proposed increase in state reimbursement for in-home services from 50% to 75% or the transfer to the new Enhanced Child Care Fund line. Includes the consensus caseload adjustments.	Federal	53,104,400	11,033,500
	GF/GP	\$86,395,600	\$18,304,400
7. Family Independence Program	Gross	\$376,339,600	(\$7,000,000)
Recognizes \$34.8 million in savings from the current-year budgeted FIP caseload as proposed by the Governor, but restores \$31.3 million GF/GP for the consensus caseload recommendation. Includes \$440,000 for an increase in the annual child clothing allowance to \$40 per child. Also, the Executive proposed elimination of the \$3.0 million Kinship Care Pilot Program is rejected, but the Conference Committee report reflects a 10% reduction in the program totaling \$300,000.	Federal	168,339,400	(38,300,000)
	Restricted	50,449,300	(238,600)
	GF/GP	\$157,550,900	\$31,538,600
8. State Disability Assistance Program	Gross	\$22,139,900	\$1,373,500
Includes \$1.9 million in program base adjustments as proposed by the Governor. Increases funding by \$1.4 million to reflect a portion of the consensus caseload recommendation. An additional \$3.3 million caseload adjustment is appropriated in Sec. 413 from the child support penalty refund.	Restricted	5,108,800	0
	GF/GP	\$17,035,100	\$1,373,500
9. State Emergency Relief	Gross	\$43,132,600	(\$1,724,400)
Concurrs with the Executive, Senate, and House base adjustments and a reduction of indigent burial payments by \$167 per burial saving \$952,000. Does not include the \$500,000 increase in the House version to partially restore the emergency shelter per diem rate from \$12.00 to \$12.50.	Federal	14,795,600	(719,200)
	GF/GP	\$28,337,000	(\$1,005,200)
10. Low Income Energy Assistance Program Weatherization Assistance	Gross	\$96,903,600	\$35,504,900
Recognizes increased federal funding available for the Low Income Home Energy Assistance Program (\$30.5 million) and the Weatherization Program (\$5.0 million).	Federal	96,903,600	35,504,900
	GF/GP	\$0	\$0

FAMILY INDEPENDENCE AGENCY

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
11. Day Care Services	Gross	\$456,972,300	\$33,271,700
Concurs with the Executive proposed \$6.2 million base decrease, \$35.0 million increase to cover caseload spending adjustments, and a reduction of \$4.4 million to no longer allow exceptions to the 100 hours of care per two-week pay period limit. An additional \$9.9 million GF/GP is included to reflect the consensus caseload adjustment. The Before- and After-School Program funding is maintained, but with a 10% reduction (\$950,000), as contained in the House version. The Executive recommended elimination of the program and the Senate reduced it by \$1.0 million. Sec. 657 specifies the funding for the program.	Federal	253,606,100	44,420,300
	GF/GP	\$203,366,200	(\$11,148,600)
12. Food Stamp Reinvestment	Gross	\$5,700,000	\$12,726,300
Adds \$12.7 million GF/GP for Food Stamp Reinvestment earmarked for reducing food stamp issuance error rates and a set aside in anticipation of additional federal food stamp error penalties.	GF/GP	\$5,700,000	\$12,726,300
13. Information Technology Cost Reductions	Gross	\$178,675,900	(\$45,479,500)
Concurs with the Executive reduction of \$34.3 million in the area of information systems associated with Child Support Enforcement System development costs and information technology services and data enhancement programs. The enacted bill includes additional reductions totaling \$11.2 million.	IDG	150,000	(150,000)
	Federal	121,472,421	(36,449,900)
	Local	257,600	(257,600)
	Restricted	11,032,200	(5,620,000)
	GF/GP	\$45,763,679	(\$3,002,000)

Major Boilerplate Changes from FY 2002-03:

GENERAL SECTIONS

Sec. 206. Contingency Fund Appropriations – DELETED

Deletes language that enables the Department to receive additional federal, local, private, and state restricted contingency funds but prohibits expenditure unless funds are transferred to a line item in the act. The Executive had proposed to retain this section.

Sec. 222. Additional Appropriation Authorization – NOT INCLUDED

Does not include the Executive proposal to allow the Department to spend a portion of unexpended or unreserved FY 2002-03 GF/GP funds in identified areas for the same purposes in FY 2003-04.

Sec. 261(2). Local Office Restructuring – NEW

Requires FIA to implement a plan to save \$2.0 million by restructuring local field offices in counties with more than ten local offices and provide a report on the plan by January 1, 2004.

Sec. 270-274, 276. Reporting Requirements – NEW

Includes various new FIA reporting requirements related to uniform FIA reporting standards (Sec. 270), child and family services federal review (Sec. 271), Federal Title IV-E foster care eligibility review (Sec. 272), a report on policy changes (Sec. 273), a report on federal grant activity (Sec. 274), and retention of departmental reports (Sec. 276).

Sec. 275. Prohibits Use of Funds for Advertising – NEW

Prohibits FIA from using funds for billboard advertising unless required in state or federal regulation. Executive does not include this section.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 413. Child Support Enforcement System Penalty Refund – PARTIALLY VETOED

Appropriates up to \$12.7 million of the Child Support Enforcement System penalty refund. The remainder of the refund, \$16.1 million, is appropriated for FY 2002-03 in Sec. 1001, which is discussed below. The Governor vetoed \$1.5 million in innovation grants, \$1.5 million for Project Zero and volunteer services, \$100,000 for Medicaid spend down analysis, \$500,000 for Effective Family Formation, \$1.8 million for foster care and adoption rate increases, and another \$1.8 million in Federal matching funds for the same increases, \$50,000 for the One Church One Child Program, \$50,000 for Medicaid-eligible teen parent adoption counseling, and \$1.5 million for the Amer-I-Can Program.

Major Boilerplate Changes from FY 2002-03:

Sec. 415. *Fatherhood Initiative* – VETOED

Allows the Department to spend up to \$500,000 in TANF to fund a fatherhood initiative program.

Sec. 416. *Marriage Initiative* – VETOED

Allows the Department to spend up to \$750,000 in TANF to fund a marriage initiative using licensed providers.

Sec. 418. *Individual Development Accounts (IDA) Plan* – VETOED

Continues current-year language requiring FIA to maintain a plan to provide for the implementation of Individual Development Accounts. Includes House language appropriating \$200,000 to the Michigan IDA Partnership with the intent of appropriating the same amount in each of the next four years.

Sec. 420. *Welfare to Career Innovation Grant* – VETOED

Directs the Department to allocate \$40,000 in TANF funds to replicate the Kent County model with Cascade Engineering in four other counties.

CHILD AND FAMILY SERVICES

Sec. 523(3). *Teenage Parent Counseling Funds* – NEW

Requires agencies receiving Teenage Parent Counseling funds to provide at least 10% in matching funds.

Sec. 532(2). *Child and Family Agency Contract Compliance and Licensing Review* – NEW

Requires FIA to develop a streamlined licensing and contract compliance review process and a report on the new review process by April 1, 2004.

Sec. 533 *Prompt Payment to Child Placing Agencies* – REVISED

Revises current law that requires payment to child placing agencies within 30 days.

Sec. 537. *Foster Care Placement - First Opportunity* – REVISED

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children if it has a child to caseworker ratio not more than the Department's child to caseworker ratio. Also provides a report on public-private service cost similarities and differences.

Sec. 543. *Training to Reduce Underage Youth Criminal Sexual Conduct* – NEW

Requires the Department to develop an education and training plan to reduce the incidence of criminal sexual conduct involving underage youth. Also requires a report.

Sec. 544. *Accelerated Residential Treatment Pilot Projects* – NEW

Directs the Department to consider approval of pilot projects with applications pending for accelerated residential treatment.

Sec. 545. *Specialized Foster Care Program Freeze* – NEW

Specifies that the Department shall eliminate the current administrative freeze on approval of new specialized foster care programs.

Sec. 546. *Family Preservation and Prevention Services Reduction* – NEW

Requires the \$8.0 million reduction in the Family Preservation and Prevention Services line item to be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 2002-03 levels.

PUBLIC ASSISTANCE

Sec. 613. *Indigent Burial Charge Limit and Report Requirements* – REVISED

Reduces the maximum allowable charge limit of \$1,114 for indigent burials to \$947 per case and removes reporting requirement. House adds a report on the number of burials and cremations, as well as the amount spent for each.

Sec. 657. *Before- or After-School Program* – REVISED

Requires the Department to continue to offer a before- or after-school program pilot for school-aged children with funding of up to \$8.55 million, instead of \$10.0 million in current law, and provide a report on the pilot.

Sec. 666. *Federal Earned Income Tax Credit* – REVISED

Directs the Department to develop and implement a plan to increase FIP recipient participation in the federal Earned Income Tax Credit. House adds language that requires the plan to be done in conjunction with the MSU Extension Services and a report by December 31, 2003.

Major Boilerplate Changes from FY 2002-03:

Sec. 668. SMART Moves Program – REVISED

Restores vetoed language authorizing the Department to develop a community-based child care program for children ages 6 to 15. New language states that FIA may expend up to \$250,000 for a pilot program and provides funding priority to programs that provide at least 10% match.

Sec. 669(2). Annual School Clothing Allowance – REVISED

Requires the Department to allocate \$4.7 million for the annual school clothing allowance and notify eligible recipients of participating retailers that offer discounts. House adds intent language for the Department to expand outreach to retailers encouraging them to offer discounts.

Sec. 671. Benefit Bank Internet-Based Information System – NEW

Allows the Department to work with private nonprofit service providers to implement an internet-based information system providing centralized eligibility information and electronic application forms.

Sec. 672. Food Assistance Outreach Efforts – NEW

Provides for a report to the Legislature on the Department's Food Assistance outreach efforts by February 1, 2004.

Sec. 673. Client Eligibility Termination Notice – NEW

Directs the Department to send notification to clients participating in the State Child Day Care program and the child care providers when client eligibility is reduced or eliminated.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey Reporting Requirement – REVISED

Requires an annual report on the W.J. Maxey facility, outlines required assessment and treatment issues, and includes a new comparative analysis of public training schools and private facilities.

Sec. 716. Appraisal and Sale of Excess Maxey Property – VETOED

Directs the Department to work with DMB to obtain an appraisal and pursue the sale of the excess property located at the Maxey facility. Appropriates \$5.0 million for salaries and wages and contractual services, supplies, and materials within the Executive Operations unit contingent upon the property sale.

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 750. Out-Stationed Eligibility Workers – NEW

Requires FIA to maintain out-stationed eligibility specialists at the same locations and staffing levels that exist in FY 2002-03.

CHILD SUPPORT ENFORCEMENT

Sec. 901. Child Support Incentive Payments – REVISED

Allows the Department to retain portions of federal child support incentive payments and expend them for various child support collection efforts. Provides guidelines for counties to avoid penalty payment. Increases the incentive payment amount FIA may retain, identifies minimum payment levels to counties. It also requires the Department to enter into a cooperative agreement with the Attorney General to support child support enforcement activities.

FY 2002-03

Sec. 1001. CSES Penalty Refund Appropriation – NEW

Authorizes up to \$16.1 million of the CSES penalty refund for the child support enforcement system, caseload costs, and the transitional work support program. Sec. 413 in the current-year FIA budget (2002 Public Act 529) is repealed.

**FY 2003-04
Budget Detail
for
REGULATORY**

**Consumer and Industry Services
Career Development
Michigan Strategic Fund**

**Summary: Enacted Appropriations
CONSUMER AND INDUSTRY SERVICES
FY 2003-04 Senate Bill 286
Public Act 167 of 2003**

Analyst: Steve Stauff

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$111,100	\$111,100	\$111,100	\$111,100	\$111,100	\$0	0.0
Federal	241,911,500	283,831,500	283,831,500	283,831,500	283,831,500	41,920,000	17.3
Local	0	0	0	0	0	0	0.0
Private	770,000	770,000	770,000	770,000	770,000	0	0.0
Restricted	273,487,300	285,815,300	298,343,800	298,694,400	299,143,800	25,656,500	9.4
GF/GP	32,900,500	19,669,800	20,185,800	20,184,700	19,669,800	(13,230,700)	(40.2)
Gross	\$549,180,400	\$590,197,700	\$603,242,200	\$603,591,700	\$603,526,200	\$54,345,800	9.9
FTEs	4,012.4	4,001.0	3,535.5	3,535.5	3,533.5	(478.9)	(11.9)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Consumer and Industry Services (CIS) is the state's primary regulatory agency. The Department has responsibility for a diverse set of programs, including the state's unemployment and worker's compensation systems, enforcement of industrial and occupational safety laws, regulation of specific industry groups (e.g., banking, public utilities), and licensing and regulation of occupational groups and regulated facilities. Over 93% of the current-year budget is financed through either regulatory fee/assessment revenue or federal funding.

Major Budget Changes from FY 2002-03 YTD Appropriations:

		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Fee Increases Offset GF/GP Appropriations	Gross	N/A	\$0
Recognizes \$10.6 million in state restricted revenue that is anticipated to be generated by a number of fee increases. The appropriations are used to offset GF/GP appropriations within the budget. The increases include corporate annual report and document filing fees, registration fees for investment advisors and securities brokers/agents, licensing-related fees for a number of different occupational fields, and licensing and regulatory fees imposed on different health facilities.	Restricted	N/A	10,600,000
	GF/GP	N/A	(\$10,600,000)
2. Worker's Compensation Appellate Commission	Gross	\$1,788,600	(\$849,300)
Reduces appropriations for the Worker's Compensation Appellate Commission to support four commissioners, office space and staff instead of the previous seven-member Commission.	Restricted	1,788,600	(849,300)

CONSUMER AND INDUSTRY SERVICES

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. Section 8 Rental Subsidies	Gross	\$78,000,000	\$42,000,000
Authorizes additional \$42.0 million in federal revenue to reflect increased funds for use in providing Section 8 rental vouchers to low-income individuals. The voucher program is administered by the Michigan State Housing Development Authority and helps to subsidize rental costs for eligible individuals.	Federal	78,000,000	42,000,000
4. Fire Protection Grants	Gross	\$3,710,500	\$12,128,500
Increases Fire Protection Grants funding level to \$15,839,000 funded from the Liquor Purchase Revolving Fund, contingent upon statutory changes that will affect a \$12,128,500 increase to the fund. Funding contingency language can be found in boilerplate Sec. 347.	Restricted	3,710,500	12,128,500
5. Supplemental FY 2002-03 - SB 540 - Housing Assistance Payments	Gross	\$0	\$37,700,000
Provides additional federal HUD, Lower Income Housing Assistance Program authorization for processing payments (\$5.7 million), and the actual payments (\$32.0 million) to Section 8 contractors. Program is administered by the Michigan State Housing Development Authority.	Restricted	0	37,700,000

Major Boilerplate Changes from FY 2002-03:

Sec. 335. Low-Income/Energy Efficiency Assistance Program – MODIFIED

Retains FY 2002-03 law which requires reporting from the Department on the Low-Income/Energy Efficiency Assistance Program. Language is modified to include an earmarking of \$3.0 million from the fund to community action agencies across the state.

Sec. 347. Fire Protection Grants Funding Contingency – NEW

Requires that of the appropriation for fire protection grants, \$12,128,500 is contingent upon statutory changes that would increase the deposit into the Liquor Purchase Revolving Fund.

Sec. 350. Adverse Determination by Health Benefit Plan/External Review Awareness Promotion – NEW

Requires the Department to allocate funds to promote awareness of policy holders to request an external review of an adverse determination by a health benefit plan, after the health carrier's internal grievance process has been exhausted.

Sec. 351. Real Estate Continuing Education – NEW

Requires that 1) the Department report no later than December 31 to the subcommittees showing the date each real estate continuing education course was submitted for approval and the date of final disposition, approval or denial; 2) the Department post on its website approved real estate continuing education courses, dates, times, instructors, locations and credit hours of the courses; 3) the Department make available by November 15, 2003, to the public the pre-licensure and continuing education course approvals; 4) the legislative intent that sponsors of continuing education be able to report on an applicant's or licensee's completion of courses to the Department electronically by the close of FY 2003-04.

Sec. 352. Appellate Commission/Board of Magistrates Case Timeliness and Membership – NEW

Requires that expenditures in part 1 be used so that the two bodies decide cases in a timely manner and that funding from the Unclassified Salaries appropriation line support only four worker's compensation appellate commissioners and 27.5 magistrates.

Sec. 355. Lead and Lead Paint Testing – NEW

Requires if federal funds are available, that before issuing a license for a day care facility the Department shall inspect for the presence of lead and lead-based paint in that facility.

Sec. 325. Supplemental FY 2002-03 - Public Act 39 of 2003 – Broadband Authority

States legislative intent that the headquarters of the Broadband Authority remain in Ann Arbor.

**Summary: Enacted Appropriations
CAREER DEVELOPMENT
FY 2003-04 Senate Bill 285
Public Act 169 of 2003**

Analyst: Steve Stauff

IDG/IDT	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	406,469,200	418,100,400	418,100,400	418,100,400	418,100,400	11,631,200	2.9
Local	15,011,900	15,011,900	15,011,900	15,011,900	15,011,900	0	0.0
Private	2,396,300	2,396,300	2,396,300	2,396,300	2,396,300	0	0.0
Restricted	7,661,500	6,664,700	6,664,700	6,664,700	6,664,700	(996,800)	(13.0)
GF/GP	26,572,800	24,706,700	23,956,700	23,955,000	24,706,700	(1,866,100)	(7.0)
Gross	\$458,111,700	\$466,880,000	\$466,130,000	\$466,128,300	\$466,880,000	\$8,768,300	1.9
FTEs	1,095.0	1,089.0	989.5	989.5	989.5	(105.5)	(9.6)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Career Development is charged with fostering the state's workforce development system. A primary duty is administration of various federal funding streams which support job readiness, job search, and employment training programs for various populations. These include the state's Work First program for welfare recipients, the Michigan Rehabilitation Services unit, which supports vocational programs for the disabled, and general job search/training programs for adults and youth. Most direct services in these areas are provided through a network of 25 regional Michigan Works! agencies across the state. Almost 90% of the budget is financed through federal revenue.

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Council of Michigan Foundations	Gross	\$2,000,000	(\$1,000,000)
Reduces the Council of Michigan Foundations by \$1.0 million. Modified FY 2002-03 boilerplate would earmark all remaining funds to programs related to smoking prevention and cessation.	Restricted	2,000,000	(1,000,000)
2. Pre-College Programs in Engineering and the Sciences	Gross	\$900,000	(\$400,000)
Reduces the gross appropriation by \$400,000. As indicated in boilerplate, both the Detroit program and Grand Rapids program will receive an allocation of \$250,000. Both programs provide special math and science programs for disadvantaged youth interested in science and engineering careers.	GF/GP	\$900,000	(\$400,000)
3. Michigan Works! Service Centers	Gross	\$98,792,700	(\$180,000)
Removes most of the remaining GF/GP subsidy for the operations of the state's Michigan Works! Service Centers. The GF/GP support was provided to help subsidize general administrative activity not specifically related to any one program.	Federal	98,602,700	0
	GF/GP	\$190,000	(\$180,000)

CAREER DEVELOPMENT

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
4. Administrative Reductions	Gross	\$7,039,700	(\$539,400)
Removes \$539,400 GF/GP supporting Department administrative activities in anticipation of the proposed consolidation of the DCD with the Department of Consumer and Industry Services. This includes elimination of the remaining FY 2002-03 appropriation of \$110,000 for the DCD's Unclassified Salaries line item as well as a reduction of \$429,400 to the Department's Administration line item.	Federal	4,501,100	0
	Restricted	417,900	0
	GF/GP	\$2,120,700	(\$539,400)
5. Non-GF/GP Reductions – Executive Order 2003-3	Gross	N/A	(\$415,500)
Reduces federal appropriations that were tied to GF/GP matching funds removed in Executive Order 2003-3. Reductions include \$128,400 in federal Perkins Act funding for vocational education programs and \$287,100 in federal vocational rehabilitation dollars.	Federal	N/A	(415,500)
6. Federal Trade Adjustment Assistance	Gross	\$5,000,000	\$11,000,000
Increases available federal revenue to assist dislocated workers impacted by the North American Free Trade Agreement (NAFTA).	Federal	5,000,000	11,000,000
7. Other Federal Funding Changes	Gross	N/A	\$1,142,300
Increases federal authorization to account for increased federal revenues available to support administration of adult education programs (\$150,000) and to support enhancements to the state's labor market information programs (\$992,300).	Federal		\$1,142,300
8. Volunteer Investment Grants Reduction	Gross	\$780,100	(\$500,000)
Reduces the Volunteer Investment Grants program by \$500,000 GF/GP.	GF/GP	\$780,100	(\$500,000)

Major Boilerplate Changes from FY 2002-03:

Sec. 309. Pre-College Grants Program Funding – MODIFIED

Modifies current-year language changing the funding amounts to \$250,000 for Detroit and \$250,000 for Grand Rapids.

Sec. 313. Council of Michigan Foundations – MODIFIED

Current law provides that the tobacco settlement revenue appropriation to the Council of Michigan Foundations be distributed to support local community efforts to address youth and senior health needs. The modified language earmarks the remaining appropriation to support local smoking prevention and cessation efforts.

Section 316. School Fee Fund – DELETED

Deletes current-year language. Providing for the carry-forward of any un-expended balance within this fund at the end of the fiscal year.

**Summary: Enacted Appropriations
MICHIGAN STRATEGIC FUND
FY 2003-04 Senate Bill 285
Public Act 169 of 2003**

Analyst: Steve Stauff

	FY 2002-03 YTD (as of 3/6/03)					Difference: Enacted from FY 2002-03 YTD	
	Executive	Senate	House	Enacted	Amount	%	
IDG/IDT	\$100,900	\$100,900	\$100,900	\$100,900	\$100,900	\$0	0.0
Federal	62,953,300	52,953,300	52,953,300	52,953,300	52,953,300	(10,000,000)	(15.9)
Local	0	0	0	0	0	0	0.0
Private	853,100	853,100	853,100	853,100	853,100	0	0.0
Restricted	32,550,000	10,050,000	15,150,000	15,149,900	10,050,000	(22,500,000)	(69.1)
GF/GP	40,426,100	35,555,900	31,388,400	41,387,900	40,555,900	129,800	0.3
Gross	\$136,883,400	\$99,513,200	\$100,445,700	\$110,445,100	\$104,513,200	(\$32,370,200)	(23.6)
FTEs	231.5	231.5	200.0	200.0	200.0	(31.5)	(13.6)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Michigan Strategic Fund (MSF) Agency administers the state's economic development programs and initiatives. Currently housed as an autonomous agency within the Department of Management and Budget, the MSF administers most of its programming through the Michigan Economic Development Corporation (MEDC)—which is a public corporation representing a partnership between the state-level MSF and various local economic development agencies. MEDC programs include the Life Sciences Corridor, initiative to encourage the commercialization of life sciences research, the state's tourism promotion efforts, business attraction and incentive programs, and general efforts to market the state as a business location.

Major Budget Changes from FY 2002-03 YTD Appropriations:

1. Life Sciences and Technology Tri-Corridor - Life Sciences Initiative

Reduces life sciences research and commercialization funding by \$17.5 million, the result of a \$22.5 million tobacco settlement revenue reduction and an increase of \$5.0 million GF/GP. Homeland security and automotive initiatives, as stated in the Executive recommendation, will be paid for with tribal gaming revenue.

	FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
Gross	\$32,500,000	(\$17,500,000)
Restricted	32,500,000	(22,500,000)
GF/GP	\$0	\$5,000,000

2. Economic Development Job Training Grants

Reduces appropriations for the grant program by 18.6%. Funds are utilized to support the development and delivery of customized job training curricula for specific Michigan businesses seeking to retain or attract jobs.

Gross	\$12,348,000	(\$2,300,000)
GF/GP	\$12,348,000	(\$2,300,000)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. Michigan Promotion Program	Gross	\$6,417,500	(\$700,000)
Reduces the appropriation for the state's tourism promotion activities by \$700,000 (a 10.9% reduction from FY 2002-03). The line item primarily supports advertising campaigns in targeted markets that promote Michigan as a vacation destination.	GF/GP	\$6,417,500	(\$700,000)
4. Community Development Block Grants	Gross	\$60,000,000	(\$10,000,000)
Reduces federal appropriation for Community Development Block Grants by \$10.0 million; reflects available funding and historical expenditures.	Federal	60,000,000	(10,000,000)
5. MEDC Administration Line	Gross	\$4,563,700	(\$509,000)
Reduces appropriations supporting the economic development programs and staff of the Michigan Economic Development Corporation by \$509,000.	GF/GP	\$4,563,700	(\$509,000)
6. Supplemental FY 2002-03 - SB 540 Automotive Technological Accelerator Grants	Gross	\$0	\$2,200,000
Provides grant funding for research, development and commercialization of innovative automotive technologies and products.	GF/GP	\$0	\$2,200,000
7. Supplemental FY 2002-03 - SB 540 Biosciences Research and Commercialization Center	Gross	\$0	\$10,000,000
Provides a \$10.0 million GF/GP appropriation for a biosciences research and commercialization center to be located in Kalamazoo County. The center will coordinate and promote Michigan life sciences research initiatives, business establishment, and commercialization opportunities at Western Michigan University and within the business technology park.	GF/GP	\$0	\$10,000,000

Major Boilerplate Changes from FY 2002-03:

Sec. 401. Economic Development Job Training (EDJT) Grants – MODIFIED

Makes major changes in the following subsections: (1) the program is split into two separate components; the Business Response Program and the Manufacturing Competitiveness Program, an appropriation is made for each, (2) administration and operating costs are set at \$800,000 instead of a set percentage of total funds, (3) modifies current-year language by allowing EDJT grants to be expended for the training of permanent strike replacement workers if the strike exceeds three years and good faith negotiations are ongoing, (4) modifies current-year language to allow 75% of EDJT funding to community colleges or a consortium of community colleges, (11) existing match requirements for participating businesses are increased from 25% to 30%.

Sec. 410. Life Sciences Corridor/Technology Tri-Corridor – MODIFIED

Makes major changes in the following subsections: (1) now designates \$15,000,000 for the Life Sciences Initiative, with all potential businesses taking advantage of commercialization funds, and tribal casino revenue will support the Homeland Security and Automotive Initiatives, (2) a new 19-member steering committee is proposed, including new committee designations for the Director of the Department of Consumer and Industry Services, the State Treasurer, a representative from Western Michigan University, and two members representing the Legislature, (3) allows not more than \$5.0 million for all business commercialization activities, (4) requires that funded homeland security and automotive initiative proposals contain a life sciences component, (5) creates the business commercial development fund.

Sec. 416. Ethnic Destination Marketing Organizations – DELETED

Deletes current-year language which requires Travel Michigan to coordinate with ethnic marketing organizations to promote ethnic festivals and events in Michigan target markets.

Major Boilerplate Changes from FY 2002-03:

Sec. 419. Port Huron Technical Assistance Center – DELETED

Deletes current-year language allocating \$20,000 of the appropriation for “Job Creation Services” to the Port Huron Technical Assistance Center, one of a number of centers around the state that provides assistance to regional businesses in the areas of government procurement and international trade.

Sec. 419. Advice and Consent Language – NEW

Includes intent language that the members of the executive committee of the MEDC are subject to the advice and consent of the Senate.

Sec. 381. Supplemental FY 2002-03 - SB 540 Biosciences Research and Commercialization Center – NEW

Provides guidance on the use of \$10.0 million appropriated in part 1 for the biosciences research and commercialization center. The language: 1) designates the partners in the organization of the center, 2) details the responsibilities of the life sciences steering committee in providing advice and oversight of grant awards, 3) mandates a report by February 1, 2004, and lists what the report is to include, and 4) allows any unexpended or unencumbered balances at close of FY 2002-03 to be set up as a work project.

Sec. 601. Supplemental FY 2002-03 - PA 39 of 2003 Life Sciences Corridor Initiative

Corrects language in the FY 2002-03 enacted Michigan Strategic Fund appropriation bill due to a \$12.5 million reduction to the Life Sciences Corridor appropriation resulting from DMB letter dated 2/19/03.

Sec. 1001. Supplemental FY 2002-03 - PA 39 of 2003 Life Sciences Corridor Repealer

Repeals language in the FY 2002-03 enacted Michigan Strategic Fund appropriation bill relating to an original appropriation of \$45.0 million for the Life Sciences Corridor Initiative.

**FY 2003-04
Budget Detail
for**

RESOURCE PROTECTION

**Agriculture
Environmental Quality
Natural Resources**

**Summary: Enacted Appropriations
AGRICULTURE
FY 2003-04 Senate Bill 288
Public Act 157 of 2003**

Analyst: Kirk Lindquist

	FY 2002-03 YTD (as of 3/6/03)					Difference: Enacted from FY 2002-03 YTD	
	Executive	Senate	House	Enacted	Amount	%	
IDG/IDT	\$10,960,400	\$10,857,400	\$10,758,600	\$10,758,600	\$10,858,600	(\$101,800)	(0.9)
Federal	6,851,700	6,801,700	6,801,700	14,051,700	14,051,700	7,200,000	105.1
Local	0	0	0	0	0	0	0.0
Private	1,127,600	1,127,600	1,127,600	1,127,600	1,127,600	0	0.0
Restricted	38,335,800	39,053,300	37,065,600	41,135,800	39,733,900	1,398,100	3.6
GF/GP	36,773,700	31,404,000	33,429,000	33,627,000	31,379,000	(5,394,700)	(14.7)
Gross	\$94,049,200	\$89,244,000	\$89,182,500	\$100,700,700	\$97,150,800	\$3,101,600	3.3
FTEs	641.5	569.0	569.0	569.0	569.0	(72.5)	(11.3)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling. It regulates product labeling and producer practices for dairy products, animals, and plants, as well as enforcing consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

Major Budget Changes from FY 2002-03 YTD Appropriations:

	FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Agricultural Enhancement Fund - VETOED	Gross	\$0
Appropriates Agricultural Enhancement Funds in boilerplate Section 224. This funding source, authorized by legislation permitting installation of video lottery terminals at Michigan's seven race tracks, would provide revenue during FY 2003-04. To the extent that funding is available, programs, services, and projects are funded in the following priority:		\$0
<ul style="list-style-type: none"> • Market Development\$1,000,000 • Bovine TB750,000 • Migrant Housing600,000 • Local Conservation Districts.....200,000 • Future Farmers of America50,000 		
2. Emerald Ash Borer Program	Gross	\$0
Includes federal funding for the second year of this program. Funds are provided for eradication efforts in affected areas of southeast Michigan.	Federal	\$7,250,000
		\$7,250,000

AGRICULTURE

Major Budget Changes from FY 2002-03 YTD Appropriations:

	FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. Restricted Fund Shifts	Gross	\$0
Increases restricted fund in programs where similar GF/GP savings could be realized. License and inspection fees will save \$100,000 in the Food/Dairy and Pesticide/Plant Pest Management programs; Laboratory will save \$100,000 through testing and weights/measures fees. Groundwater/Freshwater Fund and Agriculture Equine Industry Development Fund increases (total \$75,000) are made in Environmental Stewardship and Animal Industry. Building Occupancy Charges would include \$200,000 federal as well, replacing reduced GF/GP.	Restricted	0
	GF/GP	\$0
		475,000
		(\$475,000)
4. New Fees and Fee Increases	Gross	\$83,800,100
Includes new fees and fee increases. Estimated revenue increases are:	Federal	6,639,500
• Nursery Stock Inspection Fees\$140,000	Private	1,127,600
• Private Pesticide Applicator Fees.....130,000	Restricted	38,335,800
• Metrology Laboratory Testing Fees.....120,000	GF/GP	\$36,773,700
• Laboratory Analysis Fees50,000		316,700
• Livestock Dealer/Agent Fees23,800		(\$316,700)
• Pet Shop Fees - NEW17,900		
• Animal Control/Protection Shelters NEW5,200		
• Horse Riding Stable Licenses5,000		
5. Redistribution of Equine Industry Development Fund (EIDF)	Gross	\$83,800,100
Does not redistribute funds to administrative units. Instead, a fund transfer to GF/GP will be made at year-end. Executive budget would have reduced EIDF support in equine programs and redistribute funds to Department programs.	Federal	6,639,500
	Private	1,127,600
	Restricted	38,335,800
	GF/GP	\$36,773,700
		2,025,000
		(\$2,025,000)
6. Elimination of the Regulatory Seed Program	Gross	\$452,000
Eliminates the Seed Inspection & Testing Program. The program was established to assure that seed for sowing meets label guarantees and is weed free.	GF/GP	\$452,000
		(\$452,000)
7. Reduce Fruit and Vegetable Inspections	Gross	\$1,206,000
Reduces funding for fruit and vegetable grading and quality inspections. Increased reliance is placed on buyer/seller quality control and assurance efforts.	Restricted	570,000
	GF/GP	\$636,000
		0
		(\$300,000)
8. Local Conservation District Grants	Gross	\$1,856,700
Reduces grants to soil conservation districts. Reduces amount for training grants from \$130,000 to \$81,200. The remaining savings is absorbed through the Department's distribution formula.	GF/GP	\$1,856,700
		(\$195,500)
9. Agricultural Development Program Reduction	Gross	\$0
Combines the two line items for Marketing and Agricultural Development. Makes a \$100,000 reduction, reflecting administrative efficiencies possible through a reorganization of these two divisions.	GF/GP	\$0
		(\$100,000)

Major Boilerplate Changes from FY 2002-03:

Sec. 211. Restricted Revenue Carryforward – DELETED

Prohibits the lapse of restricted fund revenue to GF/GP.

Major Boilerplate Changes from FY 2002-03:

Sec. 223. Incentive for Administrative Efficiencies – NEW

Allows funds to be spent from GF/GP lapse from FY 2002-03 administrative efficiencies. Funds could be spent if the proposed spending plan is approved by the State Budget Director and the legislative appropriations committees.

Sec. 224. Agricultural Enhancement Funding Priorities – VETOED

Provides priority for revenue distribution pursuant to the appropriation. Funds would be appropriated from the Agricultural Enhancement Fund if revenue is available.

Sec. 301. Commissions and Boards – MODIFIED

Deletes authorization to make per diem payments to members of Department commissions and boards.

ENVIRONMENTAL QUALITY

**Summary: Enacted Appropriations
ENVIRONMENTAL QUALITY
FY 2003-04 House Bill 4393
Public Act 171 of 2003**

Analyst: Kirk Lindquist

	FY 2002-03 YTD					Difference: Enacted from FY 2002-03 YTD	
	(as 3/6/03)	Executive	House	Senate	Enacted	Amount	%
IDG/IDT	\$14,042,900	\$14,142,900	\$14,142,900	\$14,142,900	\$14,142,900	\$100,000	0.7
Federal	131,521,400	129,169,500	129,169,500	129,169,500	129,169,500	(2,351,900)	(1.8)
Local	0	0	0	0	0	0	0.0
Private	435,700	435,700	435,700	435,700	435,700	0	0.0
Restricted	192,059,100	147,153,500	143,442,400	146,905,800	145,460,000	(46,599,100)	(24.3)
GF/GP	66,653,161	53,055,800	51,459,700	56,196,500	56,716,300	(9,936,861)	(14.9)
Gross	\$404,712,261	\$343,957,400	\$338,650,200	\$346,850,400	\$345,924,400	(\$58,787,861)	(14.5)
FTEs	1,596.7	1,616.7	1,622.7	1,605.7	1,611.7	15.0	0.9

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs. Appropriated funds support regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. General Fund/General Purpose revenue for environmental programs represents 16.3% of the total appropriation. Nearly half of the revenue is provided from restricted (permit and license) revenue.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
PROGRAM REDUCTIONS	Gross	\$295,800	(\$295,800)
1. Environmental Training	Restricted	295,800	(295,800)
Deletes workshop revenue as source of funding for department-sponsored workshop program. This program no longer generates workshop registration fee support.			
2. Great Lakes Shorelands	Gross	\$2,494,800	(\$120,000)
Provides matching funds for the Federal Coastal Zone Management Program from existing restricted fund expenditures.	Federal	1,260,100	0
	Restricted	624,600	0
	GF/GP	\$490,100	(\$120,000)
ONE TIME PROGRAMS AND FUNDING ADJUSTMENTS	Gross	\$0	(\$58,035,700)
3. Michigan Underground Storage Tank Financial Assurance Fund	Restricted	0	(58,035,700)
Eliminates the 7/8 cent fee on motor fuels since bonding requirements for the Underground Storage Tank cleanup program will be met in FY 2002-03. Remaining revenue in the fund will be transferred to the Environmental Response Fund and used to clean up contamination at underground storage tank sites.			

ENVIRONMENTAL QUALITY

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>
4. Superfund Program	Gross	\$7,000,000	(\$3,000,000)
Reduces Federal Superfund deduct to reflect expected FY 2003-04 revenue.	Federal	7,000,000	(3,000,000)
5. Lake St. Clair Water Quality Monitoring	Gross	\$2,500,000	(\$800,000)
Includes second-year funding and authorizes funds for water quality monitoring.	Restricted	2,500,000	(800,000)
6. Environmental Response Fund	Gross	\$2,439,000	(\$850,000)
Reduces the Environmental Response Fund deduct in the Storage Tank Program to reflect expected spending requirements and anticipated FY 2003-04 revenue.	Restricted	2,439,000	(850,000)
7. Scrap Tire Research	Gross	\$200,000	(\$200,000)
Eliminates funding for this one-time budget item.	Restricted	200,000	(200,000)
8. Submerged Log Program	Gross	\$134,600	(\$33,000)
Eliminates GF/GP support for this program. This program is wholly supported from restricted funds.	Restricted	101,600	0
	GF/GP	\$33,000	(\$33,000)
PROGRAM EXPANSIONS AND FUNDING INCREASES		Gross	\$700,000
9. Scrap Tire Grants	Restricted	700,000	2,800,000
Increases scrap tire fees from \$.50 to \$1.50 in 2002. This revenue increase is added to the existing grant program for scrap tire recycling and site cleanup.			
10. Storm Water Discharge Program	Gross	\$900,000	\$1,162,500
Allows the Department to meet new federal standards for storm water discharge through this expanded program, funded by an increased fee on municipal storm sewer systems and commercial sites. Enabling legislation is required.	Restricted	900,000	1,162,500
11. Public Water System Security	Gross	\$0	\$400,000
Provides additional federal funds for training programs for public water system operators.	Federal	0	400,000
12. Great Lakes Shorelands	Gross	\$2,494,800	\$125,000
Increases restricted fund support to expand Department efforts supporting the permit process for application of chemicals to control aquatic vegetative nuisance species in inland lakes. A GF/GP savings is possible through this increase.	Federal	1,260,100	0
	Restricted	624,600	225,000
	GF/GP	\$490,100	(\$100,000)
13. Groundwater Database Program	Gross	\$0	\$180,000
Provides federal funds to the Drinking Water Program to support ongoing efforts to model and predict groundwater supply, demand, and flow in the subsurface.	Federal	0	180,000
14. Groundwater Inventory and Map	Gross	\$0	\$1,000,000
Adds Clean Michigan Initiative Clean Water Fund support to cover the cost of preparing a statewide groundwater map.	Restricted	0	1,000,000
FEE INCREASES AND FUNDING SHIFTS		Gross	\$0
15. National Pollution Discharge Elimination Permit Fees	Restricted	0	3,000,000
Authorizes a new fee to be collected from facilities that produce and discharge liquid waste into Michigan surface waters. This increase provides nearly \$6.9 million in new revenue. Enabling legislation is required.			
16. Groundwater Discharge Fees	Gross	\$1,388,200	\$0
Replaces reduced GF/GP support for the groundwater permit and solid waster compliance program with a new fee on public and private discharges into the subsurface. Enabling legislation is required.	Restricted	0	1,700,000
	GF/GP	\$1,388,200	(\$1,700,000)

FY 2003-04 APPROPRIATIONS SUMMARY AND ANALYSIS

HOUSE FISCAL AGENCY: SEPTEMBER 2003

RESOURCE PROTECTION: PAGE 107

ENVIRONMENTAL QUALITY

Major Budget Changes from FY 2002-03 YTD Appropriations:

		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
17. Solid Waste Fees	Gross	\$0	\$0
Revises the fee structure for Michigan landfills to generate \$3.9 million in revenue. This change replaces reduced GF/GP support for the groundwater permit and solid waste compliance program. Enabling legislation is required.	Restricted	2,598,400	2,598,400
	GF/GP	(\$2,598,400)	(\$2,598,400)
18. Laboratory User Fees	Gross	\$2,750,400	\$89,300
Revises fee structure for laboratory services for sample follow-up testing, cleanup site sample test, and other activities; replaces GF/GP subsidy.	Restricted	2,600,400	239,300
	GF/GP	\$150,000	(\$150,000)

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Transfer Authorization – DELETED

Deletes current-year language.

Sec. 503. Great Lakes Water Quality Bond Report – NEW

Describes the effectiveness of the 1988 Quality of Life Bond program.

Sec. 904. Groundwater Inventory and Mapping – NEW

Explains the desired use of the CMI appropriation for the groundwater inventory and mapping program.

Sec. 1104. County Grants: Water Quality Monitoring – PARTIAL VETO

Provides \$700,000 to the City of St. Clair Shores for dredging and \$1.0 million for the monitoring program for the Lake St. Clair watershed. Note the \$1.0 million for monitoring was vetoed.

**Summary: Enacted Appropriations
NATURAL RESOURCES
FY 2003-04 House Bill 4400
Public Act 147 of 2003**

Analyst: Kirk Lindquist

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$0	0.0
Federal	30,427,300	27,806,600	33,706,600	27,806,600	33,706,600	3,279,300	10.8
Local	0	0	0	0	0	0	0.0
Private	1,793,700	1,871,400	1,871,400	1,871,400	1,871,400	77,700	4.3
Restricted	177,513,900	180,203,500	188,146,600	188,146,600	186,333,700	8,819,800	5.0
GF/GP	41,624,447	28,823,500	30,785,600	30,785,600	28,801,400	(12,823,047)	(30.8)
Gross	\$254,797,247	\$242,142,900	\$257,948,100	\$231,351,800	\$254,151,000	(\$646,247)	(0.3)
FTEs	2,081.5	2,082.5	2,095.5	2,082.5	2,094.5	13.0	0.6

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Natural Resources supports resource protection, conservation, and management programs. The GF/GP contribution to resource protection programs is only 11.3% of the total appropriation. Of the \$28.8 million GF/GP appropriation for FY 2003-04, nearly \$11.7 million is provided to local governments for payments in lieu of taxes. Nearly all state support comes from license and fee revenue. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
PROGRAM REDUCTIONS	Gross	\$9,717,200	(\$1,444,400)
1. Payments in Lieu of Taxes	Restricted	5,742,200	0
Reduces GF/GP support by \$1.4 million to reflect the portion of 2004 tax payments related to local and state school taxes.	GF/GP	\$3,975,000	(\$1,444,400)
2. Baseline Program Reductions EO 2002-22	Gross	\$252,384,100	(\$1,095,800)
Reduces programs to make permanent reductions in Department's operating budget. Reductions in FY 2001-02 were realized through the use of residual Recreation Bond revenue for debt service on 1988 Quality of Life Bonds (Department of Treasury).	Private	1,793,700	0
	Federal	30,427,300	0
	Restricted	176,338,800	0
	GF/GP	\$43,824,300	(\$1,095,600)
3. Marine Safety Grants	Gross	\$3,230,000	(\$425,000)
Reduces Marine Safety grant funds. These grants are provided to county sheriffs to partially support the cost of enforcing watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program.	Restricted	3,230,000	(425,000)

NATURAL RESOURCES

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>
ONE-TIME PROGRAMS AND FUNDING ADJUSTMENTS		Gross	
4. Federal Land and Water Conservation Fund Grants		Federal	
Reduces funding level for this grant program to \$1,000; \$200,000 appropriation for administrative costs will continue. Federal allocation for Michigan projects has not been established for FY 2003-04.		\$4,134,000	(\$3,933,000)
		4,134,000	(3,933,000)
5. Treaty Waters and Natural Rivers Program Funding		Gross	
Provides Game and Fish Protection funds to replace GF/GP reduced in FY 2002-03.	Restricted	\$0	\$204,000
		0	204,000
6. Federal Grant for Emerald Ash Borer Eradication		Gross	
Includes federal grant to cover DNR obligations under the statewide strategy to deal with Emerald Ash Borer infestation in Southeast Michigan.	Federal	\$0	\$3,500,000
		0	3,500,000
7. Land Sale Fund Elimination		Gross	
Eliminates funding in FY 2003-04. The Land Sale Fund was declared unconstitutional in 2003.	Restricted	\$1,781,200	(\$1,781,200)
		1,781,200	(1,781,200)
PROGRAM EXPANSIONS AND FUNDING INCREASES		Gross	
8. Snowmobile Grants		Restricted	
Increases the grant amount available for local snowmobile trail contracts.		\$5,480,000	\$1,000,000
		5,480,000	1,000,000
9. Fish Production Federal Grant Increase		Gross	
Increases the grant level for fisheries programs from the US Department of Interior.	Federal	\$24,322,400	\$900,000
		6,699,400	900,000
	Private	22,300	0
	Restricted	17,396,700	0
	GF/GP	\$204,000	\$0
10. Marine Safety Training Grants		Gross	
Makes additional federal funds available for watercraft safety programs. This increase replaces GF/GP support.	Federal	\$26,770,300	\$0
		2,001,200	400,000
	Restricted	20,611,800	0
	GF/GP	\$4,157,300	(\$400,000)
11. Rural Community Fire Protection Grants		Gross	
Makes additional federal funds available for local fire departments.	Federal	\$100,000	\$150,000
		100,000	150,000
12. Off Road Vehicle Safety Training		Gross	
Transfers the ORV safety education program from the Department of Education.	Restricted	\$0	\$344,300
		0	344,300
FEE INCREASES AND OTHER ADJUSTMENTS		Gross	
13. State Park Funding Adjustments		Restricted	
Increases Motor Vehicle Permits from \$20 to \$24; increases Daily Permit fees from \$4 to \$6; increases Park Endowment Fund support by \$6.0 million.	GF/GP	\$0	\$8,546,900
		0	8,546,900
		\$0	(\$8,546,900)
14. Park Improvement Fund Debt Service Payments		Gross	
Accommodates reduced debt service requirement for bonds sold for improvements at Sterling State Park.	Restricted	\$1,200,000	(\$133,100)
		1,200,000	(133,100)

Major Boilerplate Changes from FY 2002-03:

Sec. 207. DIT User Fees – NEW

Adds requirement for each department to pay a user fee to the Department of Information Technology.

Sec. 403. Land Transfer Application and Transaction Fees – NEW

Authorizes the Department to collect fees to cover costs related to the sale or exchange of state land.

Sec. 1201. Fish and Wildlife Audit Settlement – NEW

Authorizes \$556,000 to cover audit report exceptions identified in the advisory report dated October 11, 2002.

**FY 2003-04
Budget Detail
for**

SAFETY AND DEFENSE

**Military and Veterans Affairs
State Police**

**Summary: Enacted Appropriations
MILITARY AND VETERANS AFFAIRS
FY 2003-04 Senate Bill 266
Public Act 156 of 2003**

Analyst: Kyle I. Jen

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$0	0.0
Federal	40,623,800	40,627,900	40,627,900	40,627,900	40,627,900	4,100	0.0
Local	0	0	0	0	0	0	0.0
Private	530,000	1,870,700	530,000	1,870,600	1,270,700	740,700	139.8
Restricted	23,646,700	23,800,100	23,800,100	23,800,100	23,800,100	153,400	0.6
GF/GP	38,328,308	36,598,800	37,939,500	36,616,400	37,198,800	(\$1,129,508)	(2.9)
Gross	\$103,328,808	\$103,097,500	\$103,097,500	\$103,115,000	\$103,097,500	(\$231,308)	(0.2)
FTEs	1,079.0	1,079.0	1,079.0	1,079.0	1,079.0	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency fund transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities, as well as several National Guard-related programs, such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund. Spending for veterans programs makes up 63% of the Department's enacted FY 2003-04 budget.

Major Budget Changes from FY 2002-03 YTD Appropriations:	FY 2002-03YTD (as of 3/6/03)	Enacted Change from YTD
1. Challenge Program	Gross \$3,296,900	\$0
Replaces \$740,700 in GF/GP funding for the Challenge Program—a voluntary boot camp-style program for high school dropouts funded by the federal National Guard Bureau on a 60/40 federal/state basis—with authorization for private funding. Private sources must be identified by Department to avoid forfeiture of federal funding.	IDG 200,000	0
	Federal 1,651,200	0
	Private 105,000	740,700
	GF/GP \$1,340,700	(\$740,700)
2. Civil Air Patrol	Gross \$86,000	(\$86,000)
Eliminates a grant to the Michigan wing of the Civil Air Patrol, which serves as the official auxiliary of the U.S. Air Force. (Funds were appropriated in a FY 2002-03 supplemental budget bill.)	GF/GP \$86,000	(\$86,000)

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03YTD</u> <u>(as of 3/6/03)</u>	<u>Enacted Change</u> <u>from YTD</u>
3. Early Retirement Adjustments	Gross	N/A	(\$259,800)
Reflects two types of adjustments related to 2002 early retirement package: (1) removal of funds for one-time leave payouts and (2) annualization of savings for October 2002 retirees.	GF/GP	N/A	(\$259,800)
4. Information Technology Reduction	Gross	\$1,157,408	(\$69,808)
Applies reduction to funds appropriated as IDG to Department of Information Technology for information technology services.	Federal	520,100	0
	Restricted	141,600	0
	GF/GP	\$495,708	(\$69,808)
5. Economic Adjustments	Gross	N/A	\$101,800
Includes economic adjustments for food and utility costs at veterans homes (positive \$113,800) and worker's compensation (negative \$12,000).	Federal	N/A	37,300
	Restricted	N/A	37,700
	GF/GP	N/A	\$26,800
6. Grand Rapids Veterans Home – Medicaid	Gross	\$500,000	(\$150,000)
Decreases appropriation of Medicaid revenue for Grand Rapids Veterans Home to reflect projected collections.	Federal	500,000	(150,000)
7. Grand Rapids Veterans Home – VA Payments	Gross	\$12,917,400	\$118,000
Increases appropriation of revenue from U.S. Department of Veterans Affairs (VA) per diem payments for Grand Rapids Veterans Home to reflect projected collections and available carry forward revenue.	Federal	12,917,400	118,000
8. Jacobetti Veterans Home – Income and Assessments	Gross	\$4,068,000	\$115,700
Increases appropriation of revenue from income and assessment payments by residents at D.J. Jacobetti Veterans Home to reflect projected collections and available carry forward revenue.	Restricted	4,068,800	115,700

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Appropriates federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item.

Sec. 212. National Guard Education Assistance Program – MODIFIED

Adjusts disbursement limit for National Guard Education Assistance Program from \$2.0 million to \$1.3 million (the actual funding amount contained in the budget).

Sec. 214. Military Cemeteries – NEW

States intent that, should funds become available and necessary legislation be enacted, funds be appropriated for state military cemeteries in Crawford and/or Dickinson counties.

Sec. 302(2). Challenge Program Revenue Sources – NEW

Encourages Department to identify alternative revenue sources to replace GF/GP funding for the Challenge Program.

Sec. 303. (Current Year) Oak Park Armory – DELETED

Provides for reappraisal of Oak Park Armory property and grants City of Oak Park the right to purchase property at appraisal value.

Sec. 303. (Enacted) Prepaid Phone Cards – NEW

Encourages the state program family office to promote and inform private individuals, businesses, and organizations regarding the distribution of phone cards and other services to National Guard members and military reservists deployed overseas on active duty.

**Summary: Enacted Appropriations
STATE POLICE
FY 2003-04 Senate Bill 277
Public Act 149 of 2003**

Analyst: Kyle I. Jen

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$19,282,800	\$17,882,800	\$17,882,800	\$17,885,100	\$17,885,100	(\$1,397,700)	(7.2)
Federal	45,570,500	55,292,300	55,292,300	103,892,300	103,892,300	58,321,800	128.0
Local	3,913,700	4,506,600	4,506,600	4,506,600	4,506,600	592,900	15.1
Private	0	0	0	10,000	10,000	10,000	100.0
Restricted	59,816,900	103,363,400	100,863,400	103,363,400	86,963,400	27,146,500	45.4
GF/GP	277,389,448	231,241,500	231,241,500	231,238,600	247,641,500	(29,747,948)	(10.7)
Gross	\$405,973,348	\$412,286,600	\$409,786,600	\$460,896,000	\$460,898,900	\$54,925,552	13.5
FTEs	3,448.5	3,337.5	3,337.5	2,990.0	2,990.0	(458.5)	(13.3)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency fund transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of State Police provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation and education, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards, and administration of several law enforcement-related grant programs. In the FY 2003-04 enacted budget, Uniform Services—which constitutes the Department's road patrol presence—accounts for roughly 35% of the Department's gross budget and 49% of its GF/GP budget.

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. At-Post Troopers – Vehicle Registration Fee Revenue Includes \$20.0 million in new restricted revenue from vehicle registration fee increases. These funds offset a \$15.0 million GF/GP reduction to the At-Post Troopers line item, leaving a net \$5.0 million increase for the costs of conducting a 100-recruit trooper school beginning in April 2004.	Gross	\$110,120,500	\$5,000,000
	Restricted	8,423,200	20,000,000
	GF/GP	\$101,697,300	(\$15,000,000)
2. At-Post Troopers – Unfilled Positions Reduces the At-Post Troopers line item to reflect 50 unfilled trooper positions.	Gross	\$110,120,500	(\$2,872,000)
	Restricted	8,423,200	0
	GF/GP	\$101,697,300	(\$2,872,000)
3. At-Post Troopers – Highway Safety Fund Increase Includes \$6.3 million in additional revenue from \$5 increase in assessments for traffic citations and less serious misdemeanors, with offsetting reduction in GF/GP funds.	Gross	\$110,120,500	\$0
	Restricted	8,423,200	6,284,700
	GF/GP	\$101,697,300	(\$6,284,700)

STATE POLICE

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
4. Vacancy Savings	Gross	N/A	(\$2,317,600)
Reflects annualized savings from vacant position adjustments and other reductions made in the FY 2002-03 budget as part of EO 2003-3.	GF/GP	N/A	(\$2,317,600)
5. Early Retirement Adjustments	Gross	N/A	(\$1,116,500)
Reflects two types of adjustments related to 2002 early retirement package: (1) removal of funds for one-time leave payouts and (2) annualization of savings for Oct. 2002 retirees.	GF/GP	N/A	(\$1,116,500)
6. Information Technology Reduction	Gross	\$20,885,748	(\$2,127,148)
Reduces funds appropriated as IDG to Department of Information Technology for information technology services.	IDG	105,300	0
	Federal	29,600	0
	Local	2,068,600	0
	Restricted	14,200	0
	GF/GP	\$18,668,048	(\$2,127,148)
7. Economic Adjustments	Gross	N/A	(\$30,000)
Includes economic adjustments for worker's compensation (positive \$310,000) and building occupancy charges (negative \$340,000).	GF/GP	N/A	(\$30,000)
8. Homeland Security Grant Funding	Gross	\$5,000,000	\$55,000,000
Includes \$55.0 million increase to reflect increased federal grant funding for first responder equipment/training and other homeland security initiatives.	Federal	5,000,000	55,000,000
9. Federal DNA Funding	Gross	\$383,200	\$3,000,000
Increases federal authorization to allow for the expenditure of potential DNA grant funding.	Federal	383,200	3,000,000
10. Secondary Road Patrol Grants	Gross	\$12,506,600	\$1,500,000
Increases authorization for restricted funding from judicial assessments for grant program.	Restricted	12,506,600	1,500,000
11. LEIN Fees	Gross	\$2,035,600	\$592,900
Reflects higher collection levels for Law Enforcement Information Network (LEIN) user fees.	Local	2,035,600	592,900
12. Reimbursed Services	Gross	\$2,117,700	\$585,000
Reflects additional revenue from federal and local agencies and other outside entities for reimbursed services.	Federal	519,700	200,000
	Restricted	1,598,000	385,000
13. Forensic Laboratory Fund	Gross	\$1,100,000	\$400,000
Increases authorization for restricted funding from judicial assessments for forensic science costs.	Restricted	1,100,000	400,000
14. At-Post Troopers – Highway Safety Fund Carry Forward	Gross	\$110,120,500	(\$1,423,200)
Decreases authorization for restricted funding from current \$5 traffic citation assessment for trooper costs by \$1.4 million (carry forward revenue was expended in FY 2001-02 under the higher authorization amount).	Restricted	8,423,200	(\$1,423,200)
	GF/GP	\$101,697,300	\$0
15. IDG from State Trunkline Fund	Gross	\$7,916,400	(\$1,400,000)
Removes unexpended authorization increase in IDG from State Trunkline Fund for Motor Carrier Enforcement.	IDG	7,916,400	(1,400,000)
16. Canine Unit Donations	Gross	\$0	\$10,000
Adds authorization for private donations to Department's canine unit (see boilerplate section 1002).	Private	0	10,000

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD</u> <u>(as of 3/6/03)</u>	<u>Enacted Change</u> <u>from YTD</u>
17. FTE Adjustments	FTEs	3,448.5	(458.5)
Reduces appropriated full-time equated positions (FTEs) throughout budget to more closely reflect current staffing levels.			
18. Homeland Security Grant Funding	Gross	\$5,000,000	\$70,352,000
Includes \$70.4 million to reflect increased federal grant funding for first responder equipment/training and other homeland security initiatives. (Bulk of funds will actually be expended under FY 2003-04 authorization; \$58.1 million appropriated in 2003 PA 39; remaining \$12.3 million appropriated in 2003 PA 173.)			
	Federal	5,000,000	70,352,000

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Appropriates federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item.

Sec. 218. At-Post Trooper Strength – MODIFIED

Modifies language to state specific goal of minimum at-post trooper strength of 1,075, encourage Department to adopt deferred retirement option plan (DROP) for troopers, and direct that such a plan may be utilized to help achieve trooper strength goal.

Sec. 301. Michigan Public Safety Communications System (MPSCS) – DELETED

Removes section requiring expenditure plan for MPSCS, providing for collection and deposit of subscriber fees into General Fund, and requiring reports on fee revenue. (Similar language included in budget for Department of Information Technology, which is now responsible for maintenance of the system.)

Sec. 802. Emergency Management Network – NEW

Prohibits Department from making any purchases related to a statewide emergency management network unless authorized to do so by the director of the Department of Information Technology.

Sec. 1002. Private Donations – NEW

Specifies that private donations to Department's canine unit be used to enhance operation of unit and states legislative intent that such donations not supplant GF/GP appropriations.

Sec. 1202. Motor Carrier Enforcement Appropriations – DELETED

Requires a report on the allocation plan for funds appropriated for motor carrier enforcement.

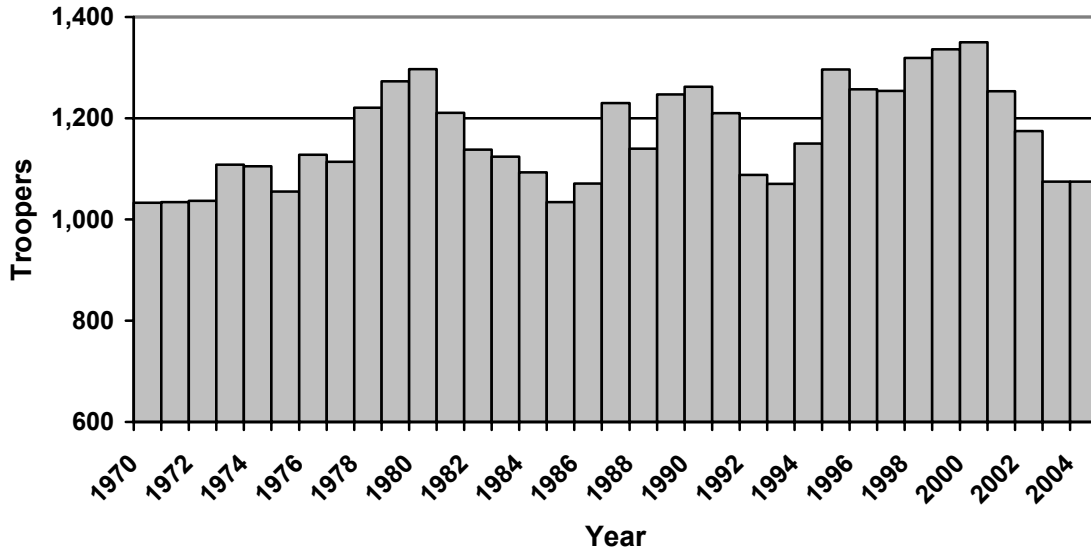
Sec. 1203. (Current Year) Recovery Boat – DELETED

Requires Department to station at least one recovery boat in the Upper Peninsula.

Sec. 1651. Homeland Security Funds (Adopted in Public Act 746 of 2002) – DELETED

States legislative intent that up to 10% of federal funds received by the state for homeland security equipment grants be allocated for construction of an upgraded Detroit crime lab.

State Police At-Post Trooper Strength



Notes:

- (1) At-post trooper strength determined as of October 1 each year.
- (2) 2003 and 2004 figures are projected; strength of 1,075 maintained due to planned 100-recruit trooper school.

**FY 2003-04
Budget Detail
for
ALL OTHERS**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Transportation**

**Summary: Target Budget Recommendation
CAPITAL OUTLAY
FY 2003-04 House Bill No. 4386**

Analyst: Al Valenzio

	FY 2002-03 YTD (as of 03/06/03)	Target	House	Senate	Enacted	Difference: Target from 2002-03 YTD	
						Amount	%
IDG/IDT	\$4,000,000					(\$4,000,000)	(100.0)
Federal	189,892,000	202,652,000				12,760,000	6.7
Local	43,000,000	42,789,600				(210,400)	(0.5)
Private	0	0				0	0.0
Restricted	83,498,400	41,340,000				(42,158,400)	(50.5)
GF/GP	289,166,900	281,302,100				(7,864,800)	(2.7)
Gross	\$609,557,300	\$568,083,700				(\$41,473,600)	(6.8)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency fund transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Michigan Capital Outlay process encompasses the *budgetary and administrative functions devoted to the financing and planning for the acquisition, construction/renovation, and maintenance of facilities used by a state agency, public university, or community college*. General operational practices and procedures are contained in the Management and Budget Act (1984 PA 431), the State Building Authority Act (1964 PA 183), the annual Capital Outlay Appropriations Act (2002 PA 518), and the formal policies of the Legislative Joint Capital Outlay Subcommittee. Act 431 contains numerous oversight and approval action steps that define the respective roles of the Executive and Legislative branches.

Most major state-owned facility renovations and new construction projects are financed by the State Building Authority (SBA). This is accomplished through the issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill's SBA rent line items. Rent is often referred to as "true" rent because it is based on the facility's economic or market value. The SBA has a statutory bonded indebtedness ceiling, currently set at \$2.7 billion.

The full FY 2003-04 budget has not yet been enacted for Capital Outlay. Instead, a \$50.0 million appropriation was included under Senate Bill 540, 2003 PA 173. This will ensure that at least the October 1 SBA rent payment is paid while negotiations continue between the respective parties on the full-year budget.

Negotiations with the Governor and Legislative majority party leadership did, however, result in a GF/GP 'target' number and that is what is reflected in the table above.

CAPITAL OUTLAY

Major Budget Changes from FY 2002-03 YTD Appropriations:

STATE BUILDING AUTHORITY RENT

SBA Rent – State Agencies, Corrections, Universities, and Community Colleges

The state pays rent to the SBA so it can pay off bonds that are used to finance building construction projects for state agencies, universities, and community colleges. Provided in SB 540, 2003 PA 173, is a \$50 million preliminary appropriation to ensure that the October 1 SBA rent payment is met. Please see supplemental detail in the Director's Overview section of this publication.

	<u>FY 2002-03 YTD</u> <u>(as of 3/6/03)</u>	<u>Enacted Change</u> <u>from YTD</u>
Gross	\$291,311,700	(\$241,311,700)
Restricted	4,145,000	(3,822,500)
GF/GP	\$287,166,700	(\$237,489,200)

**Summary: Enacted Appropriations
HISTORY, ARTS, AND LIBRARIES
FY 2003-04 Senate Bill 279
Public Act 160 of 2003**

Analyst: Steve Stauff

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$0	\$137,500	\$137,500	\$137,500	\$137,500	\$137,500	100.0
Federal	8,295,700	9,322,600	9,322,600	9,322,600	9,322,600	1,026,900	12.4
Local	0	0	0	0	0	0	0.0
Private	577,400	577,400	577,400	577,400	577,400	0	0.0
Restricted	1,900,900	2,308,800	2,308,800	2,308,800	2,308,800	407,900	21.5
GF/GP	58,451,600	46,440,000	44,786,300	44,784,800	44,784,800	(13,666,800)	(23.4)
Gross	\$69,225,600	\$58,786,300	\$57,132,600	\$57,131,100	\$57,131,100	(\$12,094,500)	(17.5)
FTEs	247.5	254.5	254.5	254.5	254.5	7.0	2.8

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Arts and Cultural Grants	Gross	\$22,400,500	(\$10,629,200)
Reduces Arts and Cultural Grants funding from the FY 2002-03 year-to-date (YTD) level by 47%.	Federal	700,000	0
	GF/GP	\$21,700,500	(\$10,629,200)
2. State Aid to Libraries	Gross	\$12,660,600	\$666,500
Increases grant funding to State Aid to Libraries from the FY 2002-03 YTD level. This represents a 5.3% increase from YTD.	GF/GP	\$12,660,600	\$666,500
3. Book Distribution Centers	Gross	\$297,300	\$10,200
Increases current-year GF/GP by \$10,200, with new boilerplate mandating funding levels for the two distribution agencies. Gross funding equals \$307,500.	GF/GP	\$297,300	\$10,200
4. Renaissance Zone Reimbursement	Gross	\$995,600	(\$995,600)
Transfers the Renaissance Zone Reimbursement payments program to the Treasury Department. These payments hold harmless libraries that lose money from their property tax levies due to the presence of a Renaissance Zone within their taxing authority.	GF/GP	\$995,600	(\$995,600)

HISTORY, ARTS, AND LIBRARIES

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD (as of 3/6/03)</u>	<u>Enacted Change from YTD</u>
5. Grand Rapids Public Library	Gross	\$194,300	(\$69,300)
Includes a gross reduction to the library of \$69,300, leaving a FY 2003-04 funding amount of \$125,000. The FY 2003-04 amount is fully supported with federal Reed Act funds which are not available after September 30, 2004.	Federal	64,800	60,200
	GF/GP	\$129,500	(\$129,500)
6. Grant to the Detroit Public Library	Gross	\$2,780,000	(\$1,780,000)
Includes a gross reduction to the library of \$1.8 million, leaving a FY 2003-04 funding amount of \$1.0 million. The FY 2003-04 amount is fully supported with federal Reed Act funds which are not available after September 30, 2004.	Federal	935,200	64,800
	GF/GP	\$1,844,800	(\$1,844,800)
7. Local Historical Societies	Gross	\$0	\$100,000
Includes an additional \$100,000 for the Historical Administration and Services appropriation line. Funding is accompanied by the new boilerplate section 508 which provides guidance on a competitive grant program for all state and local historical societies.	GF/GP	\$0	\$100,000
8. Supplemental FY 2002-03: PA 39 of 2003 Additional Reed Act Funding	Gross	\$0	\$26,900
FY 2002-03 supplemental funding of federal Reed Act revenues to support activities within the Library of Michigan Operations appropriation line.	Federal	0	26,900

Major Boilerplate Changes from FY 2002-03:

Sec. 401(1). Criteria for Grant Applications – MODIFIED

Includes "Historical Projects Program" as an additional category of arts and cultural grants funding.

Sec. 401(10). Limiting Anchor Organization Program Funding Level – MODIFIED

Changes the limit of how much the total anchor organization program funding can be as a percentage of the total arts and cultural grants funding. The percentage is increased from 65% to 70%.

Sec. 402. Supplemental FY 2002-03 - PA 39 of 2003 Reed Act Funds

States that funds in part 1 are to be awarded on a competitive basis to eligible libraries for computers and training to assist claimants in accessing unemployment agency websites.

Sec. 506. Sale of State Historical Museum Artifacts – NEW

Allows that proceeds from the sale of unsuitable Michigan Historic Museum artifacts may be used to purchase additional material for the collection. These revenues are immediately appropriated for expenditure. The Department shall notify the chairs and vice-chairs of the appropriations committees one week prior to any auctions or sales.

Sec. 507. Historical Society of Michigan Access to Michigan History Magazine Subscriber List – NEW

Makes available to the Historical Society of Michigan the Michigan History Magazine subscriber list at actual cost and unless prohibited by law.

Sec. 508. Local Historical Society – NEW

Includes language that provides guidance on the use of \$100,000 within the Historical Administration and Services appropriation line to be used for a competitive grant program for all state and local historical societies.

Sec. 604. Federal Aid to Libraries – NEW

Requires that funding in the new Federal Aid to Libraries appropriation line be awarded on a competitive basis to all eligible libraries for the purpose of providing computers to train library staff to assist claimants in accessing unemployment agency websites.

Sec. 607. Book Distribution Centers – NEW

Includes language authorizing Book Distribution Centers funding in part 1 to the Public Enrichment Foundation and to the Michigan Friends of Education, \$158,700 and \$148,800 respectively.

**Summary: Enacted Appropriations
JUDICIARY
FY 2003-04 Senate Bill 281
Public Act 155 of 2003**

Analyst: Kyle I. Jen

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
IDG/IDT	\$2,833,500	\$4,633,500	\$4,633,500	\$4,633,500	\$4,633,500	\$1,800,000	63.5
Federal	3,901,000	3,806,500	3,806,500	4,106,500	4,106,500	205,500	5.3
Local	2,941,800	2,898,700	2,898,700	2,898,700	2,898,700	(43,100)	(1.5)
Private	842,500	842,500	842,500	842,500	842,500	0	0.0
Restricted	57,477,700	78,995,300	79,082,900	79,183,100	79,770,300	22,292,600	38.8
GF/GP	174,721,000	161,316,400	161,316,400	161,314,400	161,316,400	(13,404,600)	(7.7)
Gross	\$242,717,500	\$252,492,900	\$252,580,500	\$252,978,700	\$253,567,900	\$10,850,400	4.5
FTEs	582.5	582.5	582.5	582.5	582.5	0.0	0.0

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency fund transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

Article VI of the State Constitution of 1963 is the basis for Michigan's judicial branch of government. The Judiciary budget includes operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. Additionally, the budget funds the salaries of justices of the Supreme Court and judges at the appeals, circuit, probate, and district levels according to constitutional and statutory requirements. Grant funding for trial court operations is provided to counties through Court Equity Fund reimbursements based on a statutory formula. Various other grant programs provide funding to trial courts and related organizations. In the enacted FY 2003-04 budget, justices' and judges' salaries constitute the largest portion of the Judiciary budget: 36% of the gross budget and 53% of the GF/GP budget.

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
1. Court Equity Fund Reimbursements	Gross	\$70,656,100	(\$750,100)
Reflects increased restricted revenue for Court Equity Fund reimbursements from filing fee increases (\$3.0 million) and the new Justice System Fund (\$5.6 million) which will receive revenue from assessments on civil infractions and criminal offenses. A GF/GP reduction offsets this revenue increase, resulting in a net reduction of \$750,100.	Restricted	36,044,000	8,625,900
	GF/GP	\$34,612,100	(\$9,376,000)
2. Judicial Technology Improvement Fund	Gross	\$2,072,800	\$2,392,200
Includes new restricted revenue for the Judicial Technology Improvement Fund from filing fee increases. Elimination of the existing GF/GP funds appropriated for judicial technology improvement and court boundary realignment costs leaves a \$2.4 million net increase.	Restricted	0	4,465,000
	GF/GP	\$2,072,800	(\$2,072,800)

JUDICIARY

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. Drug Court Grant Program	Gross	\$1,280,800	\$3,354,200
Includes new restricted revenue for the Drug Court Grant Program from the new Justice System Fund, as well as an IDG of federal Byrne Grant funding from the Community Health budget to fund drug court initiatives (see new boilerplate section 306(5)). Federal authorization for possible drug court training and evaluation grant also included.	IDG	0	1,800,000
	Federal	0	300,000
	Restricted	0	1,267,500
	GF/GP	\$1,280,800	(\$13,300)
4. Community Dispute Resolution Program	Gross	\$2,505,600	(\$5,800)
Reflects increased restricted revenue for the Community Dispute Resolution Program from filing fee increases. This increase roughly offsets the elimination of the current GF/GP appropriation for the program.	Federal	275,000	0
	Restricted	1,665,600	559,200
	GF/GP	\$565,000	(\$565,000)
5. Operational Reductions	Gross	N/A	(\$1,328,600)
Contains \$1.3 million GF/GP in reductions across all operational line items in the budget.	GF/GP	N/A	(\$1,328,600)
6. Justices' and Judges' Compensation	Gross	\$90,679,600	\$1,585,100
Includes three types of positive adjustments: (1) restored funding for one-time savings in FY 2002-03 due to timing of pay periods (\$953,500), (2) new/annualized funding for additional/converted judgeships (\$500,100), and (3) social security and retirement cost increases (\$131,500).	Restricted	7,090,200	0
	GF/GP	\$83,589,400	\$1,585,100
7. Rent and Building Occupancy Charges	Gross	N/A	(\$1,068,000)
Includes reductions in private rent (\$295,100) and building occupancy charges (\$772,900) for facilities in which judicial agencies are housed.	GF/GP	N/A	(\$1,068,000)
8. Early Retirement Adjustments	Gross	N/A	(\$566,000)
Reflects two types of adjustments related to 2002 early retirement package: (1) removal of funds for one-time leave payouts and (2) annualization of savings for October 2002 retirees.	GF/GP	N/A	(\$566,000)
9. Juror Compensation Reimbursement	Gross	\$0	\$6,600,000
Includes new statutory restricted funding source for juror compensation reimbursement payments to trial courts.	Restricted	0	6,600,000
10. Court of Appeals Fee Revenue	Gross	\$1,571,000	\$175,000
Increases appropriation for Court of Appeals fee revenue to reflect filing and motion fee increases.	Restricted	1,571,000	175,000
11. Justice System Fund Administration	Gross	\$0	\$600,000
Includes funds the State Court Administrative Office will receive to administer new Justice System Fund (1.0% of fund collections).	Restricted	0	600,000

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Appropriates federal, restricted, local, and private contingency funds that can be expended upon legislative transfer to a specific line item.

Sec. 307. Court of Appeals Backlog Reduction – NEW

States legislative intent that \$225,000 of additional revenue from the Court of Appeals filing and motion fee increases be used for the purpose of delay reduction.

Major Boilerplate Changes from FY 2002-03:

Sec. 310. (Current Year) Community Dispute Resolution Program – DELETED

Provides for distribution of GF/GP funding for the program (1) to achieve a base level of \$30,000 and (2) for the remainder based on performance measures (similar language proposed for incorporation into governing statute). Section also encourages distribution of informational brochures regarding program.

Sec. 310. (Enacted) Drug Court Evaluation – NEW

Requires an independent evaluation of drug court programs funded by the Judiciary budget, with the evaluation to include measures of the impact of drug court programs in changing recidivism and substance abuse and reducing prison admissions.

Sec. 311(5). Byrne Grant Funding – NEW

Provides for Judiciary to receive \$1.8 million in Byrne formula grant funding for expansion of drug treatment courts to assist in avoiding prison bed space growth for nonviolent offenders.

Sec. 313. Child Support Enforcement System (CSES) Penalties – DELETED

Provides that counties not be penalized for non-compliance with federal CSES requirements if the Family Independence Agency determines that certain conditions have been met.

Sec. 316(3). CSES Refund/Cyber Court – MODIFIED

Modifies language to require that not less than \$1.0 million, but not more than \$2.0 million, of the \$6.0 million to be appropriated into the JTIF if a CSES refund is received, be used for development of a cyber court (current-year language provides that up to \$1.0 million could be used for that purpose).

Sec. 318. Child Care Studies – DELETED

Directs Supreme Court to assist local trial courts with feasibility studies on the provision of child care for parents who must appear in court.

Sec. 320. Juvenile Justice System – DELETED

Calls for judicial branch to work with other state agencies to improve delivery of mental health/substance abuse treatment and education/training services for individuals leaving the juvenile justice system.

Sec. 322. Court Boundary Realignment – DELETED

Provides for allocation of funds appropriated for court boundary realignment (one-time appropriation).

TRANSPORTATION

**Summary: Enacted Appropriations
TRANSPORTATION
FY 2003-04 Senate Bill 265
Public Act 162 of 2003**

Analyst: William E. Hamilton

IDG/IDT	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	963,136,100	965,255,100	965,255,100	965,255,100	941,755,100	(21,381,000)	(2.2)
Local	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	2,124,655,300	2,228,934,100	2,184,941,300	2,165,322,000	2,163,477,000	38,821,700	1.8
GF/GP	0	0	0	0	0	0	0.0
Gross	\$3,093,591,400	\$3,199,989,200	\$3,155,996,400	\$3,136,377,100	\$3,111,032,100	\$17,440,700	0.6
FTEs	3,074.3	3,075.3	3,004.0	3,056.3	3,056.3	(18.0)	(0.6)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.

Overview

The \$3.1 billion state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Funding is provided from state-restricted, federal, and local revenue. There is no state GF/GP revenue in this budget.

Major Budget Changes from FY 2002-03 YTD Appropriations:

1. Debt Service

Reduces the appropriation for debt service to \$135.3 million which reflects anticipated debt service schedules. The current-year appropriation was subsequently reduced by \$5.0 million in supplemental appropriation bill SB 540 and re-appropriated in Capital Outlay to support federal aid airport improvement program projects.

	FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
Gross	\$137,632,100	(\$2,356,400)
Federal	21,000,000	3,000,000
Restricted	116,632,100	(5,356,400)

2. Michigan Transportation Fund (MTF) Grants to Other State Departments (IDGs)

Appropriates \$27.8 million in MTF grants to other state departments, including \$20.0 million to the Department of State, and \$6.7 million to the Department of Treasury, to reimburse those departments for the costs of collecting MTF revenue. Appropriation reflects the provisions of enacted Senate Bills 554 and 539. (See the House Fiscal Agency analysis of these bills at www.michiganlegislature.org).

Gross	\$105,747,800	(\$77,981,900)
Restricted	105,747,800	(77,981,900)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
3. State Trunkline Fund Grants (IDGs) to Other State Departments	Gross	\$14,386,700	(\$1,004,900)
Authorizes \$13.4 million for STF grants to other state departments as proposed in the Executive Recommendation.	Restricted	14,386,700	(1,004,900)
4. State Transportation Commission Per Diem	Gross	\$10,000	(\$10,000)
Adopts the Executive recommendation to eliminate this line, currently used to reimburse members of the State Transportation Commission for attending meetings.	Restricted	10,000	(10,000)
5. Highway Maintenance	Gross	\$232,911,100	\$1,117,500
Appropriates \$234.0 million for state trunkline maintenance—an increase of less than 1%. Increase largely reflects costs of additional lane miles added to the state trunkline system through new construction and jurisdictional transfers, and the increased cost of road maintenance materials. Enacted bill does not follow the Executive’s recommendation to roll up the \$135.3 million Contract operations line item into a single State trunkline operations line.	Restricted	232,911,100	1,117,500
6. State Trunkline Road and Bridge Construction – PARTIAL VETO	Gross	\$912,670,300	\$40,994,800
Increases funding to support construction and reconstruction of state trunkline roads and bridges. The appropriation of \$961.3 million (before vetoes) is \$42.3 million less than estimated available revenue. It is anticipated that subsequent appropriation of this additional revenue will be used to support restoration of 17 capacity improvement projects deferred as part of the Department’s Preserve first initiative. The enacted appropriation of \$953.7 million reflects \$7.8 million in vetoes, including \$1.8 million for legislative project earmarks in Sections 613 through 621. Specific projects and estimated FY 2003-04 costs are as follows: Sec. 613 –Bridge in Hume Township bridge (\$200,000) Sec. 614 - Ogemaw County I-75 interchange (\$50,000) Sec. 615 - Chandler Road/I-69 interchange (\$350,000) Sec.616 - Cheboygan bridge replacement (\$400,000) Sec. 617 - I-75 interchange Chippewa County (\$100,000) Sec. 618 - Vance Rd/M-37 traffic signal (\$75,000) Sec. 619 - I-275 interchange Canton Twp (\$500,000) Sec.620 - Newaygo traffic signal (\$75,000) Sec. 621 - Bay Harbor traffic signal (\$75,000) The veto reduced spending authority for the State trunkline road and bridge construction line by \$1.775 million (STF), and Planning administration by \$50,000 (STF).	Federal	656,187,300	(24,587,300)
	Local	5,000,000	0
	Restricted	251,483,000	65,582,100

TRANSPORTATION

Major Budget Changes from FY 2002-03 YTD Appropriations:		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
7. Federal Aid to Local Road Agencies – PARTIAL VETO	Gross	\$215,132,000	\$(6,232,000)
Appropriates \$208.9 million in federal funds for local road agency construction projects. The enacted appropriation reflects the Governor's veto of a \$17.6 million earmark for local bridge programs. The Governor vetoed Section 405 which earmarked 20% of federal bridge funds to the Critical Bridge program for local road agency bridge projects. This equates to \$23.5 million—\$5.9 million more than Executive recommendations. The veto reduced spending authority for the State trunkline road and bridge construction line item by \$5.9 million, and the Local federal aid road and bridge construction line item by \$17.6 million.	Federal	215,132,000	(6,232,000)
It is anticipated that the Executive will propose to restore these funds in a supplemental appropriation, without the earmark for local bridge programs. The current-year appropriation was subsequently increased by \$18.0 million in supplemental appropriation bill HB 4032. This represents a restoration of federal bridge funds vetoed in September 2002.			
8. MTF Distribution to Local Road Agencies	Gross	\$931,367,800	\$61,603,400
Appropriates \$993.0 million—\$637.5 million to county road commissions and \$355.4 million to cities and villages based on February 2003 MTF revenue estimates. Public Act 51 of 1951 (Act 51) provides a formula distribution of funds from the MTF to local road agencies (county road commissions, and incorporated cities and villages). Actual MTF distributions will be based on actual MTF revenue.	Restricted	931,367,800	61,603,400
9. Transportation Economic Development Fund (TEDF)	Gross	\$42,848,300	(\$2,875,900)
Appropriates \$40.0 million for TEDF programs—a decrease of \$2.9 million from the current year. The decrease reflects a \$2.9 million increase in TEDF debt service related to the Build Michigan III program. The Executive's proposal to redirect \$13.0 million in driver's license fee revenue currently earmarked for the TEDF was not adopted.	Restricted	42,848,300	(2,875,900)
10. Aeronautics Programs	Gross	\$5,809,600	\$709,300
Reflects increased estimates of State Aeronautics Fund revenue.	Restricted	5,809,600	709,300
11. UPTRAN Administration	FTEs	104.0	(19.0)
Appropriates \$6.6 million for the Bureau of Urban and Public Transportation, with 85.0 authorized FTE positions.	Gross	\$8,725,400	(\$2,075,400)
	Restricted	8,725,400	(2,075,400)
12. Bus Transit - Local Bus Operating Assistance	Gross	\$160,000,000	\$1,680,000
Appropriates \$161.7 million (CTF) for this line item to provide state operating assistance to 75 public transit agencies in Michigan. The enacted appropriation reflects the veto of Sec. 732 which prohibited transit agencies that operate ferry services from charging tolls to school buses and provided \$20,000 reimbursement for lost revenue. Includes boilerplate limiting funding for the RTCC (DDOT and SMART) to current year (FY 2002-03) funding levels.	Restricted	160,000,000	1,680,000
13. Bus Transit - Non-Urban Operating/Capital	Gross	\$10,300,000	\$600,000
Provides federal funds (from Federal Transit Act, Section 5311) to transit systems in "non-urbanized" areas (populations less than 50,000). Anticipates federal revenue increase.	Federal	10,100,000	600,000
	Restricted	0	0
	Local	200,000	0

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
14. Bus Capital	Gross	\$49,544,900	\$4,200,000
Appropriates \$53.0 million based on anticipated increased federal revenue support.	Federal	34,650,000	4,200,000
	Restricted	13,699,500	0
	Local	500,000	0
15. Work first initiative	Gross	\$5,850,000	\$150,000
Appropriates \$6.0 million to reflect anticipated federal revenue sources.	Federal	0	150,000
	Restricted	5,850,000	0
16. Other Public Transportation Programs	Gross	N/A	\$0
Maintains funding at current-year levels for the following programs that the Senate-passed bill had eliminated or reduced. The Senate eliminated Ridesharing (\$330,700), Van pooling (\$195,000), Planning grants (\$80,000), and Regional service coordination (\$500,000), and had reduced CTF funding other public transportation line items - Specialized services (\$339,500), Service development and new technology (\$200,000), Freight preservation and development (\$389,400), and Marine passenger service (\$400,000).	Federal	N/A	0
	Restricted	N/A	0

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Funds – DELETED

Excludes any contingency funds.

Sec. 324. Construction Zone Traffic Law Enforcement – MODIFIED

Appropriates \$500,000 to law enforcement agencies for construction traffic law enforcement and the “Give ‘em a brake campaign.”

Sec. 358. Director’s Salary – NOT INCLUDED

Excludes Senate language that would have reduced the Department director’s salary based on the number of days a legislatively-mandated report is late.

Sec. 359. Personal Service Contracts – NOT INCLUDED

Excludes Senate language that would have prohibited the Bureau of Multi-modal transportation services and the Bureau of Planning from using personal service contracts.

Sec. 360. Public Transit Planning – NOT INCLUDED

Excludes Senate language that would have prohibited the Bureau of Planning from engaging in planning activities associated with local public transit agencies.

Sec. 361. Bureau of Multi-modal Transportation Services – NEW

Requires the Bureau of Multi-modal transportation services to prepare a management plan, and to conduct functions only under formal program policies adopted by the State Transportation Commission.

Sec. 362. Emergency Vehicles Signage – NEW

Requires the Department to work with law enforcement agencies to inform public regarding duties under Section 653a of the Michigan Vehicle Code to use care and caution in passing emergency vehicles.

Sec. 363. Log Truck Safety Study – NEW

Earmarks funds to complete Michigan Technological University study.

Sec. 364. Full-service Service Station Project – NEW

Provides \$25,000 to assist veteran and disabled groups in identifying full-service service stations that assist persons with disabilities.

Sec. 405. Federal Bridge Funds to Local Critical Bridge Fund – VETOED

Earmarks 20% of federal bridge funds for local road and road agency bridge projects.

TRANSPORTATION

Major Boilerplate Changes from FY 2002-03:

Sec. 611. Pavement Marking – NEW

Directs the Department to use high quality pavement marking materials on state trunkline projects. Provides for pilot project and reporting requirement.

Sec. 612. Incentive/Disincentive Contracts – NEW

Requires the Department to establish guidelines for use of incentive/disincentive contracts and establishes a reporting requirement.

Sec. 711. Rail Passenger (AMTRAK) – MODIFIED

Raises the subsidy limit from \$5.7 million to \$7.1 million and requires marketing and kiosk staffing. Adds new subsection (7) that does not allow funding to AMTRAK if AMTRAK discontinued service during the current fiscal year (FY 2002-03).

Sec. 726. CTF Balance Transfer to General Fund – NOT INCLUDED

Excludes Senate language that would have directed that \$16.0 million from the unreserved and unencumbered CTF fund balance at September 30, 2004, be transferred to the state General Fund.

Sec. 727. Local Bus Operating – Limitation on RTCC Funding – NEW

Limits the local bus operating assistance to the RTCC (DDOT and SMART) to current-year funding.

Sec. 728. Alternative Rail Passenger Service – NEW

Permits the Department to provide funds to explore alternative rail passenger service and new transportation technology.

Sec. 729. DARTA Start-Up Costs – NEW

Limits state CTF matching funds to \$200,000 and requires equal matching by local sources. Prohibits expenditure of CTF funds for initial comprehensive regional public transportation plan until 45 days after the plan has been presented to the Legislature, state budget office, and the Department.

Sec. 730. Intercity Bus Security

Permits the expenditure of funds for increased security of intercity bus carriers.

Sec. 731. DIFT – RETAINED

Retains restrictions on funding Detroit intermodal freight terminal outside of existing rail freight property prior to environmental impact statement.

Sec. 732. School Buses and Ferry Service – VETOED

Prohibits transit agencies that operate ferry services from charging tolls to school buses. Provides reimbursement for lost revenue.

Sec. 733. State Maritime Policy – NEW

Requires the Department to conduct study of state maritime development and investments. Provides reporting requirement.

FY 2003-04

CONSENSUS REVENUES

Consensus Revenues FY 2003-04

Senior Economist: Rebecca Ross

This section explains May 2003 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund revenue for FYs 2002-03 and 2003-04 by major revenue sources. Several important assumptions behind the revenue estimates are discussed in the following text. Figures presented include Public Acts issued through August 2003.

General Fund/General Purpose Revenue by Source

Personal Income Tax

Wage and salary employment is expected to decline 0.7% in 2003, then grow by 1.4% in 2004. Michigan's unemployment rate is expected to reach 6.5% in 2003, up from the 6.2% rate in 2002, then decline to 6.1% in 2004.

As a result, Michigan personal income tax revenues are forecast to increase 1.5% in FY 2002-03 and 4.4% in FY 2003-04. Baseline GF/GP income tax revenues are expected to increase 1.5% to \$4,298.7 million in FY 2002-03, and increase by 4.5% to \$4,491.4 million in FY 2003-04.

Sales and Use Taxes

Improved growth in wage and salary income will increase baseline sales and use tax revenue from \$916.6 million in FY 2002-03 to \$992.3 million in FY 2003-04.

Single Business and Insurance Taxes

Single Business Tax (SBT) revenues accrue to the General Fund. Net baseline business taxes (SBT plus insurance taxes) were \$2,176.2 million in FY 2001-02 and will increase 3.0% to \$2,240.8 million in FY 2002-03 and 5.2% to \$2,358.0 million in FY 2003-04. Baseline Single Business Tax revenues alone were \$1,949.1 million in FY 2001-02; they are expected to increase 2.1% to \$1,990.0 million in FY 2002-03 and 5.3% to \$2,095.0 million in FY 2003-04.

GF/GP Baseline Tax Revenues

Final GF/GP baseline tax revenues totaled \$7,951.2 million in FY 2001-02. General Fund/General Purpose baseline tax revenues are expected to increase in FY 2002-03 by 1.8% to \$8,094.8 million and in FY 2003-04 by 4.9% to \$8,494.5 million.

Total GF/GP Baseline Revenues

Total baseline GF/GP revenues include baseline tax revenues and non-tax revenues. Non-tax revenue includes revenue from the liquor purchase revolving fund, federal aid, licenses and permits, and investment income and borrowing costs. Total GF/GP baseline revenues were \$8,280.2 million in FY 2001-02. General Fund/General Purpose baseline revenues are expected to increase by 0.4% to \$8,313.8 million in FY 2002-03 and by 4.3% to \$8,670.5 million in FY 2003-04.

Actual GF/GP Revenues

Actual GF/GP revenues represent revenues available for expenditure each year and include adjustments to the baseline, such as tax changes and one-time federal revenue. Final total actual GF/GP revenues were \$8,427.0 million in FY 2001-02. Actual GF/GP revenues are expected to decline by 2.1% to \$8,250.7 million in FY 2002-03, then increase by \$76.3 million or 0.9% to \$8,327.0 million in FY 2003-04.

GF/GP REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

	Final <u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2003-04 over 2002-03</u>	
				<u>% Change</u>	<u>\$ Change</u>
Personal Income Taxes	\$4,233.5	\$4,298.7	\$4,491.4	4.5%	\$192.7
Sales and Use Taxes	956.3	916.6	992.3	8.3%	75.7
SBT and Insurance Taxes	2,176.2	2,240.8	2,358.0	5.2%	117.2
Other Taxes	<u>585.1</u>	<u>638.7</u>	<u>652.8</u>	2.2%	<u>14.1</u>
GF/GP Baseline Tax Revenues	\$7,951.2	\$8,094.8	\$8,494.5	4.9%	\$399.7
Non-Tax Revenue	<u>329.0</u>	<u>219.0</u>	<u>176.0</u>		<u>(43.0)</u>
Total GF/GP Baseline Revenues	\$8,280.2	\$8,313.8	\$8,670.5	4.3%	\$356.7
Adjustments to Baseline					
Prior to May Consensus	146.8	(229.9)	(511.8)		(\$281.9)
After May Consensus	<u>0.0</u>	<u>166.8</u>	<u>168.3</u>		<u>\$1.5</u>
Actual GF/GP Revenues	\$8,427.0	\$8,250.7	\$8,327.0	0.9%	\$76.3

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF equaled \$5,130.0 million in FY 2001-02 and is forecast to increase 0.5% to \$5,156.4 million in FY 2002-03 and 5.1% to \$5,418.9 million in FY 2003-04. Baseline sales tax revenue is forecast to increase 0.9% in FY 2002-03 and 5.1% in FY 2003-04; baseline use tax revenue to the SAF is estimated to decrease 4.0% in FY 2002-03 and increase 5.2% in FY 2003-04.

Income Tax

Approximately 23.0% of gross income tax collections are dedicated to the SAF. Baseline dedicated income tax revenue is forecast to increase 1.4% to \$1,886.8 million in FY 2002-03 and increase 4.1% to \$1,964.1 million in FY 2003-04.

Lottery/Casinos

Lottery revenues contributed \$613.5 million to the SAF in FY 2001-02. Baseline lottery revenues to the SAF are projected to decrease 5.3% to \$581.0 million in FY 2002-03 and increase 0.7% to \$585.0 million in FY 2003-04. Casino revenue contributed \$91.9 million to the SAF in FY 2001-02, and is estimated to be \$91.0 million in FY 2002-03 and \$94.5 million in FY 2003-04.

Tobacco Taxes

Approximately 64.0% of gross tobacco tax revenue is dedicated to the School Aid Fund. The School Aid Fund received \$379.9 million from tobacco taxes in FY 2001-02. The demand for tobacco products is expected to decline over the duration of the forecast. Total SAF tobacco tax revenues are expected to decrease to \$371.0 million in FY 2002-03 and \$363.4 million in FY 2003-04.

State Education Tax/Real Estate Transfer Tax

All of the 6-mill state education tax (SET) and the real estate transfer tax (RET) is dedicated to the SAF. Revenues from the SET were \$1,583.7 million in FY 2001-02. SET revenues are expected to increase 5.5% to \$1,671.0 million in FY 2002-03 and 4.5% to \$1,746.0 million in FY 2003-04. The real estate transfer tax contributed \$253.1 million to the SAF in FY 2001-02 and is forecast to contribute \$260.0 million to the SAF in FY 2002-03 and in FY 2003-04.

Total SAF Baseline Revenues

Final total SAF baseline revenues were \$10,105.3 million in FY 2001-02. Baseline revenues are expected to increase 1.0% to \$10,209.0 million in FY 2002-03 and 4.1% to \$10,629.7 million in FY 2003-04.

Actual SAF Revenues

Actual SAF revenues represent revenues available for expenditure each year. Actual SAF revenues include tax changes, beginning balances, federal funds, and BSF transfers, but do not include any GF/GP transfers to SAF. Actual SAF revenues were \$11,413.7 million in FY 2001-02 and are expected to increase 7.4% to \$12,255.0 million in FY 2002-03, then decrease 1.1% to \$12,126.3 million in FY 2003-04.

SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars and Fiscal Years)

<u>Revenues</u>	<u>Final 2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2003-04 over 2002-03</u> <u>% Change</u>	<u>\$ Change</u>
Sales and Use Tax	\$5,130.0	\$5,156.4	\$5,418.9	5.1%	262.5
Income Tax Earmark	1,860.4	1,886.8	1,964.1	4.1%	77.3
Lottery and Casinos	705.4	672.0	679.5	1.1%	7.5
Tobacco Taxes	379.9	371.0	363.4	-2.0%	(7.6)
State Education Tax	1,583.7	1,671.0	1,746.0	4.5%	75.0
Real Estate Transfer Tax	253.1	260.0	260.0	0.0%	0.0
Liquor Excise and Specific Taxes	<u>192.8</u>	<u>191.8</u>	<u>197.8</u>	3.1%	<u>6.0</u>
Baseline SAF Revenues	\$10,105.3	\$10,209.0	\$10,629.7	4.1%	\$420.7
Adjustments to Baseline	<u>1,308.4</u>	<u>2,046.0</u>	<u>1,496.6</u>		<u>(\$549.4)</u>
Actual SAF Revenues (less GF/GP Transfer)	\$11,413.7	\$12,255.0	\$12,126.3	-1.1%	(\$128.7)

HFA Estimates of Year-End Balances

The following table reports House Fiscal Agency estimates of year-end balances for GF/GP, the SAF, and the BSF. Please see notes following the table for additional detail.

YEAR-END BALANCE ESTIMATES
(Millions of Dollars)

	<u>FY 2001-02</u>	<u>FY 2002-03</u>
General Fund/General Purpose	\$114.5	\$363.0
School Aid Fund	237.0	1.0
Budget Stabilization Fund	145.2	0.0

With regard to the year-end estimates, please note the following:

- Fiscal year 2002-03 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- School Aid Fund revenues are restricted; hence, any year-end balance is carried forward to the subsequent year.
- Budget Stabilization Fund (BSF) estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

CONSENSUS REVENUES

Budget Stabilization Fund Year-End Balances

The following table reports a history of BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2001-02 and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2002-03 through FY 2003-04. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance for FY 2001-02 was \$145.2 million. The fund balance for FY 2002-03 is forecast to be eliminated and for FY 2003-04 is forecast to measure \$73.1 million. If the FY 2002-03 GF/GP year-end balance exceeds \$350.0 million, then \$73.1 million will be deposited into the BSF and \$73.1 million will be deposited into the School Aid Stabilization Fund.

BUDGET STABILIZATION FUND
(Millions of Dollars)

<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.8	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.3	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03 <i>Estimate</i>	0.0	148.8	3.6	0.0
2003-04 <i>Estimate</i>	73.1	0.0	0.0	73.1

**HFA Estimates*

Compliance with the State Revenue Limit

HFA estimates of the state revenue limit provided for in Article IX, Section 26, *Constitution of the State of Michigan*, and estimates of total state revenue collections subject to the state revenue limit are shown in the following table. As provided for in the *Constitution*, the revenue limit is calculated as 9.49% of total state personal income in the previous full calendar year prior to the fiscal year in which the revenues are measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)

<u>Revenue Limit Calculations</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
Personal Income			
Calendar Year	CY 2000	CY 2001	CY 2002
Amount	\$289,390	\$297,609	\$304,491
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$27,463.1	\$28,243.1	\$28,896.2
Total Revenues Subject to Revenue Limit	23,546.0	23,911.7	24,115.1
Amount Under (Over) State Revenue Limit	\$3,917.1	\$4,331.4	\$4,781.1

Implications of Exceeding the State Revenue Limit

Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

. . . For any fiscal year in the event that Total State Revenues exceed the limit established in this section by 1% or more, the excess revenues shall be refunded pro rata based on the liability reported on the Michigan income tax and single business tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than 1%, this excess may be transferred to the State Budget Stabilization Fund . . .

Furthermore, the state is prohibited from spending any current-year revenue in excess of the limit established in Section 26 by Article IX, Section 28.

The final FY 2001-02 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. In addition, for both FY 2002-03 and FY 2003-04, state revenues are estimated to be substantially below the revenue limit, by \$4.3 billion and \$4.8 billion respectively.

*Consensus Estimates