

**STATE OF MICHIGAN
FISCAL YEAR 2007-08**

Appropriations Summary and Analysis



**HOUSE
FISCAL
AGENCY**

Mitchell E. Bean, Director

December 2007

**HOUSE FISCAL AGENCY
GOVERNING COMMITTEE**

George Cushingberry, Jr.

Andy Dillon

Steve Tobocman

Daniel Acciavatti

Craig DeRoche

Dave Hildenbrand

**MICHIGAN HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE**

George Cushingberry, Jr., Chair

Matthew Gillard, Vice Chair

Joan Bauer

Doug Bennett

Pam Byrnes

Marsha Cheeks

John Espinoza

Lee Gonzales

Richard Hammel

Morris Hood III

Shanelle Jackson

Michael Lahti

Richard LeBlanc

Gary McDowell

Michael Sak

Alma Wheeler Smith

Dudley Spade

Aldo Vagnozzi

Daniel Acciavatti, Minority Vice Chair

David Agema

Fran Amos

Darwin Booher

Jack Brandenburg

Bruce Caswell

Bill Caul

Goeff Hansen

Chuck Moss

Mike Nofs

John Proos

Rick Shaffer

STATE OF MICHIGAN
HOUSE OF REPRESENTATIVES



HOUSE FISCAL AGENCY

MITCHELL E. BEAN, DIRECTOR

P.O. BOX 30014 ■ LANSING, MICHIGAN 48909-7514
PHONE: (517) 373-8080 ■ FAX: (517) 373-5874
www.house.mi.gov/hfa

GOVERNING COMMITTEE

GEORGE CUSHINGBERRY, JR., CHAIR
ANDY DILLON
STEVE TOBOCMAN

DANIEL ACCIAVATTI, VC
CRAIG DEROCHE
DAVE HILDENBRAND

December 2007

TO: Members of the Michigan House of Representatives

This **FY 2007-08 Appropriations Summary and Analysis** summarizes the enacted FY 2007-08 appropriations. A *Glossary*, following the table of contents, explains terms used throughout this report to describe the budget for the State of Michigan. The *Director's Overview* provides information on resources used in the enacted FY 2007-08 budget, including tobacco settlement funds; summary tables of appropriated funds and fund sources are also included. *Budget Detail* pages note major budget and boilerplate changes for each department/agency. The last section provides an overview of *Consensus Revenue*.

Please note that FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

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.

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Jeanne Dee, Administrative Assistant. 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.

A handwritten signature in black ink that reads "Mitchell E. Bean".

Mitchell E. Bean, Director

TABLE OF CONTENTS

OVERVIEW

Director's Overview	2
Resources Used in FY 2007-08 Year-to-Date Budget	4 – 5
FY 2007-08 Appropriations Summary Tables	6 – 10

BUDGET DETAIL

EDUCATION

Community Colleges	12
Department of Education	14
Higher Education	16
School Aid	19

GENERAL GOVERNMENT

All General Government	24
Attorney General	25
Civil Rights	27
Executive Office	28
Information Technology	29
Legislature	31
Legislative Auditor General	32
Management and Budget	33
State	35
Treasury	37

HUMAN SERVICES

Community Health (includes Medicaid, Public Health, Mental Health, and Aging)	42
Corrections	47
Human Services	52

RESOURCE PROTECTION

Agriculture	58
Environmental Quality	62
Natural Resources	65

SAFETY AND DEFENSE

Military and Veterans Affairs	70
State Police	72

ALL OTHERS

Capital Outlay	76
History, Arts, and Libraries	77
Judiciary	79
Labor and Economic Growth	81
Transportation	83

<u>CONSENSUS REVENUE</u>	88
---------------------------------------	-----------

GLOSSARY

Frequently-Used State Budget Terms

STATE BUDGET TERMS

Gross Appropriations (Gross): The total of all applicable appropriations (statutory spending authorizations) in a budget bill.

Adjusted Gross Appropriations (Adjusted Gross): The net amount of all gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Lapses: Appropriation amounts that are unspent/unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless otherwise provided by law.

Work Project: A statutorily-authorized account which allows a spending authorization to be carried over from one fiscal year to a succeeding fiscal year or years—i.e., allows funds to be spent over a period of years.

APPROPRIATION BILL TERMS

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

Boilerplate: Specific language sections in an appropriation bill which direct, limit or restrict line item expenditures, express legislative intent, and/or require reports.

REVENUE SOURCES

General Fund/General Purpose (GF/GP): Unrestricted General Fund revenue available to fund any activity accounted for in the General Fund; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

State Restricted (Restricted): State revenue restricted by state law or outside restriction that is available only for specified purposes; at year-end, unused restricted revenue remains in the restricted fund.

Federal Revenue: Federal grant or matchable revenue dedicated to specific programs.

Local Revenue: Revenue from local units of government.

Private Revenue: Revenue from non-government entities: rents, royalties or interest payments, payments from hospitals or individuals, and gifts and bequests.

Interdepartmental Grant (IDG): Revenue or funds received by one state department from another state department (usually for a service provided by the receiving department).

Intradepartmental Transfer (IDT): Transfers or funds being provided from one appropriation unit to another in the same department.

MAJOR STATE FUNDS

Budget Stabilization Fund (BSF): The countercyclical economic and budget stabilization fund; also known as the "rainy day" fund.

School Aid Fund (SAF): A restricted fund; the primary funding source for K-12 schools and Intermediate School Districts (ISDs).

General Fund: The General Fund (funded from taxes and other general revenue) is used to account for the ordinary operations of a governmental unit that are not accounted for in another fund.

FY 2007-08 Budget Detail

DIRECTOR'S OVERVIEW

**Overview
Resources Used in Enacted Budget
Tobacco Settlement Funds
Summary Tables**

OVERVIEW

FY 2007-08 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted budget for Fiscal Year (FY) 2007-08 year-to-date (YTD) includes \$42.8 billion in adjusted gross appropriations from the following sources:

- \$18.5 billion from state restricted funds
- \$14.0 billion from federal funds
- \$9.9 billion from General Fund/General Purpose (GF/GP) revenue
- \$0.5 billion from local and private sources

This is an increase from FY 2006-07 YTD appropriations of approximately 2.0% adjusted gross and 8.1% GF/GP.

Consensus Revenue Estimates

The FY 2007-08 GF/GP budget is based on consensus revenue estimates agreed to at the May 18, 2007, Consensus Revenue Estimating Conference. The FY 2007-08 estimates show a \$103.7 million (1.3%) increase in GF/GP revenue from FY 2006-07, and a \$479.9 million (3.8%) increase in School Aid Fund (SAF) revenue (including federal funds and beginning balance) from FY 2006-07.

Additional Funding

In addition to consensus revenue forecasts, funding for FY 2007-08 GF/GP expenditures includes the following:

- \$259.1 million in beginning balances
- \$2.3 million transfer from Juror Compensation Fund
- \$5.0 million transfer from Comprehensive Transportation Fund
- \$13.0 million transfer from Transportation Economic Development Fund
- \$2.0 million transfer from Financial Institutions Fund to General Fund

In addition to consensus revenue forecasts, funding for FY 2007-08 School Aid Fund expenditures includes the following:

- \$82.4 million in beginning fund balances
- \$1,479.3 million in federal funds
- \$34.9 million transfer from GF/GP

Please note that FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

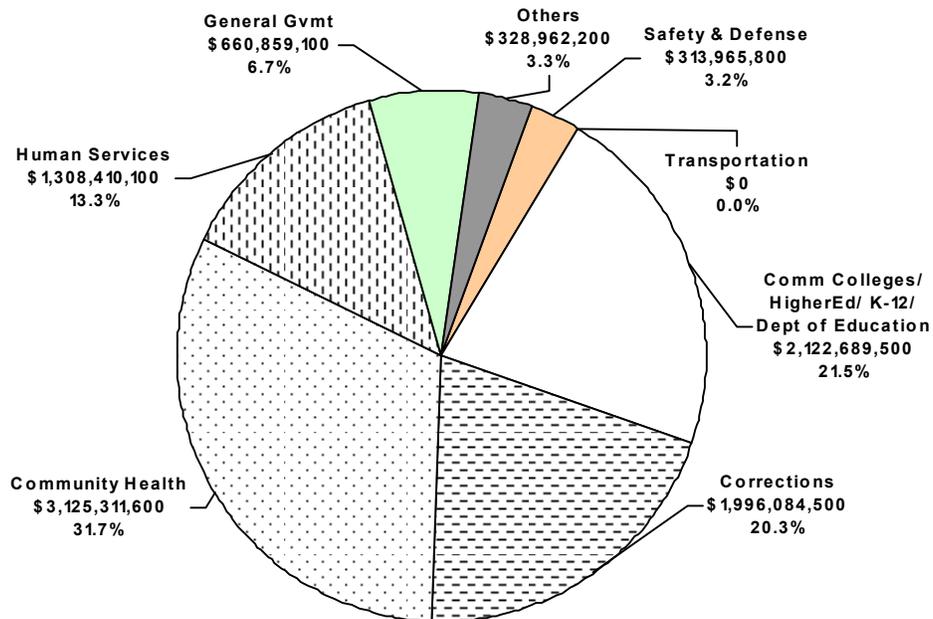
This **Overview** includes the following:

- A review of resources used in the enacted FY 2007-08 YTD budget and appropriations to be made from tobacco settlement funds
- Graphs of FY 2007-08 GF/GP and adjusted gross budget distributions
- A summary of the overall content of the budget and Tables 1 through 5, which provide budget data

Individual sections follow the overview and explain appropriations by department or major budget area. Each section includes a comparison of FY 2006-07 YTD appropriations with the FY 2007-08 budget, a budget overview, and an analysis and discussion of major budget and boilerplate issues.

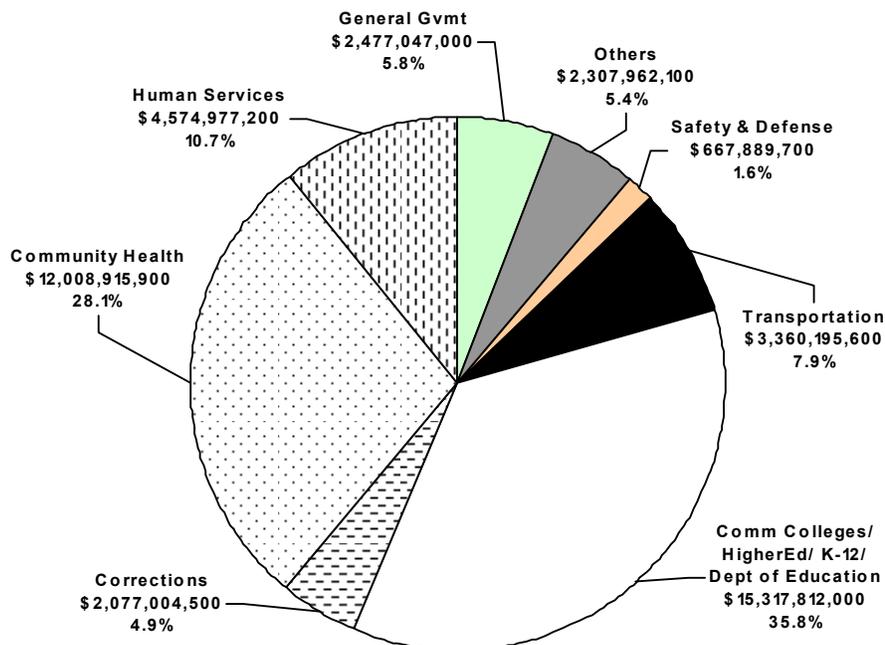
FY 2007-08 YTD General Fund/General Purpose Appropriations

Total: \$9,856,282,800*



FY 2007-08 YTD Adjusted Gross Appropriations

Total: \$42,791,804,000*



*FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

OVERVIEW

RESOURCES USED IN FY 2007-08 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, Medicaid Benefits Trust Fund, and Merit Award Trust Fund expenditures in the FY 2007-08 YTD budget are reported below.

Please note that FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2007-08 GENERAL FUND/GENERAL PURPOSE
(Millions of Dollars)**

Beginning fund balance	\$259.1
Revised HFA revenue estimate	9,289.3
Adjustments:	
Revenue sharing freeze	564.4
Hold harmless guarantee	(14.2)
Shift short-term borrowing costs to SAF	22.8
Juror Compensation Fund transfer to GF/GP	2.3
Comprehensive Transportation Fund transfer to to GF/GP	5.0
Transportation Economic Development Fund transfer to GF/GP	13.0
Financial Institutions Fund transfer to GF/GP	2.0
Total Resources	\$10,143.7

**FY 2007-08 SCHOOL AID FUND
(Millions of Dollars)**

Beginning balance	\$82.4
Revised HFA revenue estimate	11,342.3
Adjustments:	
GF/GP transfer	34.9
Federal revenue	<u>1,479.3</u>
Total Resources	\$12,938.9

**FY 2007-08 MEDICAID BENEFITS TRUST FUND
(Millions of Dollars)**

Estimated beginning balance	\$0.0
Estimated interest	4.1
Estimated deposit:	
Revenue from cigarette tax	341.4
Revenue from other tobacco products tax	<u>34.5</u>
Subtotal: Available funds	\$380.0
Withdrawal in FY 2007-08	(380.0)
FY 2007-08 Total Ending Balance	\$0.0

**FY 2007-08 ESTIMATES
TOBACCO SETTLEMENT REVENUE/EXPENDITURES
(Millions of Dollars)**

<u>Merit Award Trust Fund Revenue</u>	
Tobacco settlement revenue	\$321.4
Reserved fund balance from prior year	5.3
Payment on securitization bonds	(45.7)
Deposit to 21st Century Jobs Fund	(75.0)
FY 06 and FY 07 withheld revenue paid	64.6
Interest	1.0
Revenue Subtotal	\$271.6
Community Health: Medicaid base, long-term care services	(\$139.0)
Community Health: Aging – respite care	(5.0)
Higher Education: Merit award	(60.0)
Higher Education: Tuition incentive program	(15.9)
Promise Grant Program	(43.5)
Higher Education: Nursing scholarships	(4.3)
Attorney general administration	(0.4)
Treasury: Merit award/TIP administration	(2.4)
Treasury: Michigan education savings plan	(0.8)
Expense Subtotal	(\$271.3)
Merit Award Trust Fund Balance	\$0.3

Table 1 (page 6) details the FY 2007-08 year-to-date budget by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted, gross appropriations of \$43.6 billion reduce to \$42.8 billion in adjusted gross appropriations. Please note that FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

Tables 2 (page 7) and **3** (page 8) compare FY 2006-07 YTD appropriations to FY 2007-08 YTD appropriations.

Adjusted Gross Appropriations increase from \$42.0 billion in FY 2006-07 to \$42.8 billion in FY 2007-08, an increase of \$833.0 million or 2.0%.

GF/GP Appropriations increase from \$9.1 billion in FY 2006-07 to \$9.9 billion in FY 2007-08, an increase of \$737.5 million or 8.1%.

Table 4 (page 9) compares the number of Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2006-07 YTD to FY 2007-08 YTD. A decrease of 7.6 FTEs or 0.01% in total FTEs is shown in Table 4—from 56,938.8 in FY 2006-07 to 56,931.2 in FY 2007-08. 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 (page 10) shows FY 2007-08 YTD State Spending From State Sources Paid to Local Governments and compares enacted payments to local units of government 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 2007-08 YTD budget provides for \$16.0 billion in state spending to local units of government, 56.4% of the estimated \$28.3 billion in state spending from state resources—well within the constitutional requirement.

OVERVIEW

TABLE 1

FY 2007-08 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS

Department/Budget Area	Gross	IDG/IDI	Adjusted Gross	Federal	Local	Private	State Restricted	GF/GP
Community Colleges	318,928,800	0	318,928,800	0	0	0	0	318,928,800
Education	96,482,400	0	96,482,400	72,749,800	6,448,900	3,171,800	7,036,500	7,075,400
Higher Education	1,896,375,700	0	1,896,375,700	7,400,000	0	0	127,200,000	1,761,775,700
School Aid	13,006,025,100	0	13,006,025,100	1,479,326,300	0	0	11,491,789,200	34,909,600
EDUCATION	\$15,317,812,000	\$0	\$15,317,812,000	\$1,559,476,100	\$6,448,900	\$3,171,800	\$11,626,025,700	\$2,122,689,500
Attorney General	73,124,200	21,780,300	51,343,900	7,816,000	0	0	11,491,300	32,036,600
Civil Rights	14,491,300	0	14,491,300	2,054,100	0	0	0	12,437,200
Executive Office	5,317,300	0	5,317,300	0	0	0	0	5,317,300
Information Technology	428,868,100	428,868,100	0	0	0	0	0	0
Legislative Auditor General	15,828,200	1,801,500	14,026,700	0	0	0	1,539,900	12,486,800
Legislature	114,504,000	0	114,504,000	0	0	400,000	1,109,800	112,994,200
Management and Budget	504,891,400	162,681,600	342,209,800	4,779,100	1,700,000	150,000	68,101,500	267,479,200
Michigan Strategic Fund	166,422,500	80,000	166,342,500	55,430,700	0	712,800	80,705,200	29,493,800
State	207,681,400	20,000,000	187,681,400	1,911,200	0	100	156,972,900	28,797,200
Treasury: Operations	399,704,500	11,551,400	388,153,100	36,405,700	1,100,700	0	287,227,400	63,419,300
Treasury: Debt/Revenue Sharing	1,192,977,000	0	1,192,977,000	0	0	0	1,096,579,500	96,397,500
GENERAL GOVERNMENT	\$3,123,809,900	\$646,762,900	\$2,477,047,000	\$108,396,800	\$2,800,700	\$1,262,900	\$1,703,727,500	\$660,859,100
Community Health	12,048,326,100	39,410,200	12,008,915,900	6,708,510,700	247,237,400	65,519,800	1,862,336,400	3,125,311,600
Corrections	2,078,269,100	1,264,600	2,077,004,500	10,340,700	429,700	0	70,149,600	1,996,084,500
Human Services	4,577,393,200	2,416,000	4,574,977,200	3,147,497,400	50,331,900	9,039,200	59,698,600	1,308,410,100
HUMAN SERVICES	\$18,703,988,400	\$43,090,800	\$18,660,897,600	\$9,866,348,800	\$297,999,000	\$74,559,000	\$1,992,184,600	\$6,429,806,200
Agriculture	108,369,300	9,615,400	98,753,900	21,240,600	0	233,500	46,121,700	31,158,100
Environmental Quality	370,594,400	18,662,900	351,931,500	131,750,500	0	455,100	187,962,700	31,763,200
Natural Resources	288,195,400	3,808,300	284,387,100	47,968,900	0	3,166,500	210,508,500	22,743,200
RESOURCE PROTECTION	\$767,159,100	\$32,086,600	\$735,072,500	\$200,960,000	\$0	\$3,855,100	\$444,592,900	\$85,664,500
Military and Veterans Affairs	129,430,700	1,680,900	127,749,800	56,187,500	1,283,900	1,463,300	28,428,600	40,386,500
State Police	566,283,600	26,143,700	540,139,900	146,240,200	8,739,100	262,500	111,318,800	273,579,300
SAFETY AND DEFENSE	\$695,714,300	\$27,824,600	\$667,889,700	\$202,427,700	\$10,023,000	\$1,725,800	\$139,747,400	\$313,965,800
Capital Outlay	0	0	0	0	0	0	0	0
History, Arts, and Libraries	49,502,900	139,200	49,363,700	7,307,400	0	112,400	2,645,600	39,298,300
Judiciary	259,291,500	2,523,500	256,768,000	4,626,400	5,409,700	842,500	87,892,700	157,996,700
Labor and Economic Growth	1,301,230,700	34,472,800	1,266,757,900	820,712,500	15,884,700	5,314,300	378,843,700	46,002,700
Transportation	3,360,195,600	0	3,360,195,600	1,200,740,600	42,850,000	0	2,116,605,000	0
ALL OTHERS	\$4,970,220,700	\$37,135,500	\$4,933,085,200	\$2,033,386,900	\$64,144,400	\$6,269,200	\$2,585,987,000	\$243,297,700
TOTAL APPROPRIATIONS	\$43,578,704,400	\$786,900,400	\$42,791,804,000	\$13,970,996,300	\$381,416,000	\$90,843,800	\$18,492,265,100	\$9,856,282,800

NOTE: FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2007-08 Year-To-Date Compared with FY 2006-07 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2006-07 YTD</u>	<u>FY 2007-08 YTD</u>	<u>FY 2007-08 vs. FY 2006-07</u> <u>Difference</u>	
Community Colleges	247,845,500	318,928,800	71,083,300	28.7%
Education	89,432,300	96,482,400	7,050,100	7.9%
Higher Education	1,610,750,400	1,896,375,700	285,625,300	17.7%
School Aid	<u>13,008,200,100</u>	<u>13,006,025,100</u>	<u>(2,175,000)</u>	0.0%
EDUCATION	\$14,956,228,300	\$15,317,812,000	\$361,583,700	2.4%
Attorney General	51,607,500	51,343,900	(263,600)	-0.5%
Civil Rights	13,631,300	14,491,300	860,000	6.3%
Civil Service	29,564,500	0	(29,564,500)	-100.0%
Executive Office	5,272,900	5,317,300	44,400	0.8%
Information Technology	0	0	0	
Legislative Auditor General	13,305,600	14,026,700	721,100	5.4%
Legislature	111,282,500	114,504,000	3,221,500	2.9%
Management and Budget	317,984,200	342,209,800	24,225,600	7.6%
Michigan Strategic Fund	85,793,600	166,342,500	80,548,900	93.9%
State	178,783,000	187,681,400	8,898,400	5.0%
Treasury: Operations	378,954,300	388,153,100	9,198,800	2.4%
Treasury: Debt/RevenueShare	<u>1,206,780,200</u>	<u>1,192,977,000</u>	<u>(13,803,200)</u>	-1.1%
GENERAL GOVERNMENT	\$2,392,959,600	\$2,477,047,000	\$84,087,400	3.5%
Community Health	11,423,223,400	12,008,915,900	585,692,500	5.1%
Corrections	1,951,514,600	2,077,004,500	125,489,900	6.4%
Human Services	<u>4,498,488,300</u>	<u>4,574,977,200</u>	<u>76,488,900</u>	1.7%
HUMAN SERVICES	\$17,873,226,300	\$18,660,897,600	\$787,671,300	4.4%
Agriculture	100,364,490	98,753,900	(1,610,590)	-1.6%
Environmental Quality	429,923,200	351,931,500	(77,991,700)	-18.1%
Natural Resources	<u>287,110,200</u>	<u>284,387,100</u>	<u>(2,723,100)</u>	-0.9%
RESOURCE PROTECTION	\$817,397,890	\$735,072,500	(\$82,325,390)	-10.1%
Military and Veterans Affairs	122,097,400	127,749,800	5,652,400	4.6%
State Police	<u>540,626,100</u>	<u>540,139,900</u>	<u>(486,200)</u>	-0.1%
SAFETY AND DEFENSE	\$662,723,500	\$667,889,700	\$5,166,200	0.8%
Capital Outlay	258,720,900	0	(258,720,900)	-100.0%
History, Arts, and Libraries	50,230,300	49,363,700	(866,600)	-1.7%
Judiciary	255,764,100	256,768,000	1,003,900	0.4%
Labor and Economic Growth	1,283,338,900	1,266,757,900	(16,581,000)	-1.3%
Transportation	<u>3,408,192,400</u>	<u>3,360,195,600</u>	<u>(47,996,800)</u>	-1.4%
ALL OTHERS	\$5,256,246,600	\$4,933,085,200	(\$323,161,400)	-6.1%
TOTAL APPROPRIATIONS	\$41,958,782,190	\$42,791,804,000	\$833,021,810	2.0%

NOTE: FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

OVERVIEW

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2007-08 Year-To-Date Compared with FY 2006-07 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2006-07 YTD</u>	<u>FY 2007-08 YTD</u>	<u>FY 2007-08 vs. FY 2006-07 Difference</u>	
Community Colleges	247,845,500	318,928,800	71,083,300	28.7%
Education	6,188,300	7,075,400	887,100	14.3%
Higher Education	1,364,050,400	1,761,775,700	397,725,300	29.2%
School Aid	<u>35,000,000</u>	<u>34,909,600</u>	<u>(90,400)</u>	-0.3%
EDUCATION	\$1,653,084,200	\$2,122,689,500	\$469,605,300	28.4%
Attorney General	30,471,000	32,036,600	1,565,600	5.1%
Civil Rights	12,043,100	12,437,200	394,100	3.3%
Civil Service	6,337,600	0	(6,337,600)	-100.0%
Executive Office	5,272,900	5,317,300	44,400	0.8%
Information Technology	0	0	0	
Legislative Auditor General	11,765,700	12,486,800	721,100	6.1%
Legislature	109,772,700	112,994,200	3,221,500	2.9%
Management and Budget	266,265,900	267,479,200	1,213,300	0.5%
Michigan Strategic Fund	29,457,700	29,493,800	36,100	0.1%
State	17,758,600	28,797,200	11,038,600	62.2%
Treasury: Operations	65,144,000	63,419,300	(1,724,700)	-2.6%
Treasury: Debt/Revenue	<u>6,455,700</u>	<u>96,397,500</u>	<u>89,941,800</u>	1393.2%
GENERAL GOVERNMENT	\$560,744,900	\$660,859,100	\$100,114,200	17.9%
Community Health	3,145,328,500	3,125,311,600	(20,016,900)	-0.6%
Corrections	1,871,877,500	1,996,084,500	124,207,000	6.6%
Human Services	<u>1,267,636,600</u>	<u>1,308,410,100</u>	<u>40,773,500</u>	3.2%
HUMAN SERVICES	\$6,284,842,600	\$6,429,806,200	\$144,963,600	2.3%
Agriculture	28,833,900	31,158,100	2,324,200	8.1%
Environmental Quality	30,787,700	31,763,200	975,500	3.2%
Natural Resources	<u>31,789,700</u>	<u>22,743,200</u>	<u>(9,046,500)</u>	-28.5%
RESOURCE PROTECTION	\$91,411,300	\$85,664,500	(\$5,746,800)	-6.3%
Military and Veterans Affairs	39,299,200	40,386,500	1,087,300	2.8%
State Police	<u>243,187,000</u>	<u>273,579,300</u>	<u>30,392,300</u>	12.5%
SAFETY AND DEFENSE	\$282,486,200	\$313,965,800	\$31,479,600	11.1%
Capital Outlay	5,000,000	0	(5,000,000)	-100.0%
History, Arts, and Libraries	38,688,600	39,298,300	609,700	1.6%
Judiciary	156,501,200	157,996,700	1,495,500	1.0%
Labor and Economic Growth	45,975,500	46,002,700	27,200	0.1%
Transportation	<u>0</u>	<u>0</u>	<u>0</u>	
ALL OTHERS	\$246,165,300	\$243,297,700	(\$2,867,600)	-1.2%
TOTAL APPROPRIATIONS	\$9,118,734,500	\$9,856,282,800	\$737,548,300	8.1%

NOTE: FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

TABLE 4
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2007-08 Year-To-Date Compared with FY 2006-07 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2006-07 YTD</u>	<u>FY 2007-08 YTD</u>	<u>FY 2007-08 vs. FY 2006-07</u>	
			<u>Difference</u>	
Community Colleges	0.0	0.0	0.0	
Education	435.5	466.5	31.0	7.1%
Higher Education	1.0	1.0	0.0	0.0%
School Aid	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
EDUCATION	436.5	467.5	31.0	7.1%
Attorney General	565.0	562.0	(3.0)	-0.5%
Civil Rights	141.0	141.0	0.0	0.0%
Civil Service	240.5	0.0	(240.5)	-100.0%
Executive Office	84.2	84.2	0.0	0.0%
Information Technology	1,782.4	1,780.4	(2.0)	-0.1%
Legislative Auditor General	0.0	0.0	0.0	
Legislature	0.0	0.0	0.0	
Management and Budget	759.0	995.0	236.0	31.1%
Michigan Strategic Fund	152.0	152.0	0.0	0.0%
State	1,859.8	1,859.8	0.0	0.0%
Treasury: Operations	1,706.5	1,753.5	47.0	2.8%
Treasury: Debt/Revenue Sharing	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
GENERAL GOVERNMENT	7,290.4	7,327.9	37.5	0.5%
Community Health	4,664.1	4,767.6	103.5	2.2%
Corrections	17,798.0	17,383.4	(414.6)	-2.3%
Human Services	<u>10,388.4</u>	<u>10,580.4</u>	<u>192.0</u>	1.8%
HUMAN SERVICES	32,850.5	32,731.4	(119.1)	-0.4%
Agriculture	696.0	692.5	(3.5)	-0.5%
Environmental Quality	1,567.7	1,567.7	0.0	0.0%
Natural Resources	<u>2,092.4</u>	<u>2,088.9</u>	<u>(3.5)</u>	-0.2%
RESOURCE PROTECTION	4,356.1	4,349.1	(7.0)	-0.2%
Military and Veterans Affairs	1,022.0	1,022.0	0.0	0.0%
State Police	<u>2,903.0</u>	<u>2,902.0</u>	<u>(1.0)</u>	0.0%
SAFETY AND DEFENSE	3,925.0	3,924.0	(1.0)	0.0%
Capital Outlay	0.0	0.0	0.0	
History, Arts, and Libraries	238.0	236.0	(2.0)	-0.8%
Judiciary	509.0	519.0	10.0	2.0%
Labor and Economic Growth	4,297.0	4,341.0	44.0	1.0%
Transportation	<u>3,036.3</u>	<u>3,035.3</u>	<u>(1.0)</u>	0.0%
ALL OTHERS	8,080.3	8,131.3	51.0	0.6%
TOTAL FTE POSITIONS	56,938.8	56,931.2	(7.6)	-0.01%

*Includes classified, unclassified, and nonlegislative exempt positions

NOTE: FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

OVERVIEW

**TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2007-08 Year-To-Date**

<u>Department/Budget Area</u>	<u>Spending From State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending From State Sources as Payment to Locals</u>
Community Colleges	318,928,800	318,928,800	100.0%
Education	14,111,900	0	0.0%
Higher Education	1,888,975,700	3,759,100	0.2%
School Aid	<u>11,526,698,800</u>	<u>11,457,218,300</u>	99.4%
EDUCATION	\$13,748,715,200	\$11,779,906,200	85.7%
Attorney General	43,527,900	0	0.0%
Civil Rights	12,437,200	0	0.0%
Executive Office	5,317,300	0	0.0%
Information Technology	0	0	
Auditor General	14,026,700	0	0.0%
Legislature	114,104,000	0	0.0%
Management and Budget	335,580,700	0	0.0%
Michigan Strategic Fund	110,199,000	7,441,200	6.8%
State	185,770,100	1,225,200	0.7%
Treasury: Operations	350,646,700	136,869,900	39.0%
Treasury: Debt/Revenue Sharing	<u>1,192,977,000</u>	<u>1,072,990,600</u>	89.9%
GENERAL GOVERNMENT	\$2,364,586,600	\$1,218,526,900	51.5%
Community Health	4,987,648,000	1,290,792,300	25.9%
Corrections	2,066,234,100	91,440,000	4.4%
Human Services	<u>1,368,108,700</u>	<u>123,730,400</u>	9.0%
HUMAN SERVICES	\$8,421,990,800	\$1,505,962,700	17.9%
Agriculture	77,279,800	2,616,800	3.4%
Environmental Quality	219,725,900	4,050,000	1.8%
Natural Resources	<u>233,251,700</u>	<u>19,241,100</u>	8.2%
RESOURCE PROTECTION	\$530,257,400	\$25,907,900	4.9%
Military and Veterans Affairs	68,815,100	120,000	0.2%
State Police	<u>384,898,100</u>	<u>20,594,700</u>	5.4%
SAFETY AND DEFENSE	\$453,713,200	\$20,714,700	4.6%
Capital Outlay	0	0	
History, Arts, and Libraries	41,943,900	11,536,300	27.5%
Judiciary	245,889,400	123,725,200	50.3%
Labor and Economic Growth	424,846,400	51,470,500	12.1%
Transportation	<u>2,116,605,000</u>	<u>1,240,293,900</u>	58.6%
ALL OTHER	\$2,829,284,700	\$1,427,025,900	50.4%
TOTALS	\$28,348,547,900	\$15,978,044,300	56.4%

NOTE: FY 2007-08 totals do not include Capital Outlay budget figures, which are unavailable at this time.

**FY 2007-08
Budget Detail
for
EDUCATION**

**Community Colleges
Department of Education
Higher Education
School Aid**

**COMMUNITY COLLEGES
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 120 (House Bill 4360)**

Analyst: Viola Bay Wild

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 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	247,845,500	323,128,800	333,839,600	3,200	318,928,800	71,083,300	28.7
Gross	\$247,845,500	\$323,128,800	\$333,839,600	\$3,200	\$318,928,800	\$71,083,300	28.7
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Community Colleges budget includes funds for operation of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property tax revenue and student tuition and fees.

Major Budget Changes From FY 2006-07 YTD Appropriations

1. Community College Operations Funding

Provides overall increase from YTD appropriations of \$71.3 million based on the following adjustments:

- 1.0% operations increase: \$2.9 million GF/GP allocated using Performance Indicator Task Force Formula.
- Wayne County Community College (WCCC): \$225,000 GF/GP to complete restoration of FY 2003-04 reduction of \$450,000 which was allocated to three other colleges that year (2006 PA 153 previously restored \$225,000).
- Low tax base adjustment: \$350,000 GF/GP distributed to Alpena, Bay de Noc, Gogebic, and Mid Michigan to address low tax base disparity. Adjustment made for colleges with property tax bases less than \$1.8 billion and a taxable value per FYES below \$900.
- Delayed payment restoration: EO 2007-3 and 2007 PA 17 delayed August 2007 state aid payments to community colleges (\$25.8 million). Adjustment includes \$51.5 million GF/GP to reimburse for delayed August FY 2006-07 state aid payment and restore funds to FY 2007-08 base.
- Retirement savings adjustment: EO 2007-3 reduced operations funding by \$16.3 million GF/GP based upon Michigan Public School Employees' Retirement System (MPERS) payment credits that colleges would receive through revaluation of MPERS assets and deferral of unfunded liabilities payments. Adjustment restores funds for this one-time reduction.

	FY 2006-07 YTD	Enacted Change From YTD
Gross	\$241,322,800	\$71,258,300
GF/GP	\$241,322,800	\$71,258,300

2. Renaissance Zone Tax Reimbursement

Reduces funds for statutorily-required reimbursement to colleges with renaissance zones in their districts by \$175,000 GF/GP to reflect revised estimates of funding needed for reimbursements.

Gross	\$3,200,000	(\$175,000)
GF/GP	\$3,200,000	(\$175,000)

Major Boilerplate Changes From FY 2006-07

Sec. 209. Foreign Goods and Services – REVISED

Prohibits using funds to purchase foreign goods or services if competitively priced similar American products are available; states preference for Michigan goods and services; adds language giving preference for goods by Michigan businesses owned and operated by veterans.

Sec. 211. Payment of Appropriations – REVISED

Provides payment schedule for appropriations; adds requirement that the one-time supplemental payment to restore the last FY 2006-07 payment delayed through EO 2007-3 and 2007 PA 17 be paid by October 16, 2007.

Sec. 217. Capital Outlay Funding – REVISED

Prohibits appropriations being used for construction or maintenance of self-liquidating project; revision requires that colleges comply with current Joint Capital Outlay Subcommittee use and finance policy.

Sec. 230. Abortion Services – DELETED

Prohibits use of state funds by colleges for provision of health care coverage to employees or their dependents for abortion services, with certain exceptions.

Sec. 231. Benefits to Unmarried Partners – DELETED

States legislative intent that colleges not extend employee benefits to unmarried partners of employees, except for pre- and post-natal costs.

Sec. 240. Economic Development Job Training (EDJT) Grants – DELETED

States legislative intent that at least 70% of EDJT funds appropriated in the Department of Labor and Economic Growth (DLEG) budget be awarded to community colleges.

Sec. 303. Return of Excess Funds – DELETED

Requires that colleges return excess appropriated funds if audited data are significantly different than data used to determine state aid.

Sec. 401. At-Risk Student Success Program – REVISED

Specifies methodology for distributing at-risk funds; adds requirement that equipment or information technology hardware purchased using at-risk funds must be associated with a program to address needs of at-risk students.

Sec. 405. Nursing Program Grant – NEW

States legislative intent that the legislature appropriate funding for nursing grants; if funding occurs, allocations shall be distributed proportionately based on the number of ADN/RN nursing program awards conferred in 2005-06.

Sec. 502. Audit Requirements – REVISED

Allows performance audits by the Auditor General and responses to audits by colleges; revision eliminates requirement for audits of data from seven randomly-selected colleges.

Sec. 503. Taxonomy Review – DELETED

Requires DLEG to review taxonomy of the seven colleges randomly selected for audit pursuant to section 502.

Sec. 511. On-Site Visits and Audits – REVISED

Requires DLEG to provide a state plan under federal Perkins Act to the Legislature prior to submission to U.S. Department of Education; revision deletes language stating legislative intent that the frequency of on-site visits, evaluations, and audits of community colleges be limited.

**DEPARTMENT OF EDUCATION
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 119 (House Bill 4346)**

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	66,745,000	72,749,800	72,749,800	72,749,800	72,749,800	6,004,800	9.0
Local	5,937,300	6,448,900	6,448,900	6,448,900	6,448,900	511,600	8.6
Private	2,914,400	3,171,800	3,171,800	3,171,800	3,171,800	257,400	8.8
Restricted	7,647,300	7,836,500	7,236,500	7,236,500	7,036,500	(610,800)	(8.0)
GF/GP	6,188,300	7,257,800	8,187,900	3,714,600	7,075,400	887,100	14.3
Gross	\$89,432,300	\$97,464,800	\$97,794,900	\$93,321,600	\$96,482,400	\$7,050,100	7.9
FTEs	435.5	441.5	473.5	422.6	466.5	31.0	7.1

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007; House figures are from HB 4346; Senate figures are from SB 511.

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 Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
1. Career and Technical Education (CTE) Operations	FTEs 0.0	25.0
Includes over \$4.3 million to a new CTE operations line and several others to recognize transfer of this unit from Department of Labor and Economic Growth to the MDE.	Gross \$0	\$4,320,100
	Federal 0	3,642,800
	GF/GP \$0	\$677,300
2. Professional Preparation Services	Gross \$5,826,800	\$958,400
Assumes an additional \$1.7 million is generated from a proposed increase in teacher certification fees and new teacher college review fees (HB 4591), as well as a one-time addition of \$200,000 available from carryforward of teacher testing fees. \$904,400 of the additional revenue would fund upgrade and conversion of the teacher licensing database (\$700,000) and restore savings from retirement rate reductions. The balance of the certification fee revenue would shore up this revenue stream, which is no longer expected to meet its current appropriation levels. \$54,000 would reimburse the MDE for reviewing teacher college programs.	Federal 2,687,300	0
	Restricted 3,139,500	958,400
3. Early Childhood Education	Gross \$4,372,200	(\$79,100)
Eliminates \$79,100 in MDE funding used to subsidize the High Scope study of the Michigan School Readiness Program.	Federal 3,186,800	0
	Private 187,700	0
	Restricted 57,400	0
	GF/GP \$940,300	(\$79,100)
4. Education Technology and Data Coordination	FTEs 0.0	7.7
Shifts \$800,300 and 7.7 FTEs from several units in the Department to a new Education Technology and Data Coordination unit.	Gross \$0	\$800,300
	Federal 0	800,300

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
5. Michigan School for the Deaf and Blind (MSDB)	FTEs 96.0	7.0
Adds 7.0 FTEs at the MSDB in anticipation of growth in student membership as well as an increase for summer programs at the school and at Camp Tuhsmeheeta: additional \$973,400 in federal, local and private revenue.	Gross \$11,893,900	\$973,400
	Federal 5,375,400	469,300
	Local 5,804,700	259,100
	Private 495,200	245,000
	Restricted 218,600	0
6. Lansing School for the Blind – Former Site	Gross \$1,821,100	(\$1,821,100)
Reflects sale of Lansing School for the Blind and elimination of \$1.8 million in lease revenue and maintenance costs associated with the property.	Federal 1,811,100	(1,811,100)
	Private 10,000	(10,000)
7. Information Technology	Gross \$2,611,400	(\$100,000)
Reduces IDG to Department of Information Technology by \$100,000, which eliminates funds dedicated to rewrite of the State Aid to Schools Database.	Federal 1,531,500	0
	Local 101,800	0
	Restricted 204,400	0
	GF/GP \$773,700	(\$100,000)
8. Economics	Gross N/A	\$1,704,000
Provides \$1.7 million (\$189,600 GF/GP) gross increase for economic increases in salaries and wages, retirement, insurance, workers compensation, and building occupancy charges.	Federal N/A	1,211,000
	Local N/A	167,100
	Private N/A	22,400
	Restricted N/A	113,900
	GF/GP N/A	\$189,600

Major Boilerplate Changes From FY 2006-07

Sec. 219. Contingency Funds – NEW

Appropriates up to \$5.0 million in federal contingency funds, up to \$700,000 in state restricted contingency funds, up to \$250,000 in private contingency funds, and \$3.0 million in local contingency funds.

Sec. 221. Legal Services – NEW

Prohibits MDE from spending funds for legal services that are the responsibility of the Attorney General, except for bonding activities or activities authorized by the Attorney General.

Sec. 222. Policy Changes, Preparation of Regulatory Plans and Rule Promulgation – NEW

Requires a report of policy changes made to implement enacted legislation; prohibits MDE from spending funds to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses.

Sec. 503. Teacher Preparation Programs – REVISED

Provides \$100,000 each for Central Michigan University alternative route to certification program and Wayne State University pathways to teaching program. Adds a reporting requirement for the programs including number of teachers certified, time served in the classroom, and teacher evaluations.

HIGHER EDUCATION

**HIGHER EDUCATION
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 136 (House Bill 4350)**

Analyst: Kyle I. Jen

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	3,000,000	7,400,000	6,000,000	200	7,400,000	4,400,000	146.7
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	243,700,000	125,800,000	125,800,000	400	127,200,000	(116,500,000)	(47.8)
GF/GP	1,364,050,400	1,750,480,700	1,853,443,300	3,100	1,761,775,700	397,725,300	29.2
Gross	\$1,610,750,400	\$1,883,680,700	\$1,985,243,300	\$3,700	\$1,896,375,700	\$285,625,300	17.7
FTEs	1.0	1.0	1.0	0.0	1.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The FY 2007-08 Higher Education budget act separates budget line items and applicable boilerplate sections: Article 1 contains a total summary unit for the bill, Article 2 covers Research Universities (Michigan State, University of Michigan-Ann Arbor, Wayne State), Article 3 covers State Universities (remaining 12 public universities), and Article 4 covers State and Regional Programs, Grants, and Financial Aid.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD (as of 2/10/07)	Enacted Change From YTD
1. State University Operations – Base Adjustment	Gross \$1,463,093,900	(\$25,882,000)
Reflects adjustment of university base appropriations (2007 PA 17) to continue FY 2006-07 reductions made subsequent to release of Executive Budget. An additional \$232.8 million in GF/GP reductions to the FY 2006-07 Higher Education budget were one-time in nature and not continued for FY 2007-08—resulting in the large GF/GP increase from FY 2006-07 YTD appropriations seen in the summary table above.	Restricted 9,500,000	0
	GF/GP \$1,453,593,900	(\$25,882,000)
2. State University Operations – 1.0% Increase	Gross \$1,463,093,900	\$14,115,400
Includes 1.0% across-the-board increase for state university operations (as compared to adjusted FY 2006-07 base): \$8.1 increase for the three research universities and \$6.0 million increase for other 12 universities. (Technical adjustment offsets \$9.5 million from Merit Award Trust Fund with GF/GP.)	Restricted 9,500,000	(9,500,000)
	GF/GP \$1,453,593,900	\$23,615,400
3. Indian Tuition Waivers	Gross NA	\$1,400,000
Adds \$1.4 million to university operations line items, proportional to unfunded FY 2005-06 Indian Tuition Waiver costs of \$3.6 million.	GF/GP NA	\$1,400,000
4. FY 2006-07 University Funding Restoration	Gross NA	\$138,736,000
Includes delayed payment funds to be paid to state universities on October 16, 2007; August 2007 payment was removed from FY 2006-07 appropriation.	GF/GP NA	\$138,736,000
5. Agricultural Experiment Station	Gross \$33,827,100	\$169,100
Increases Agricultural Experiment Station line item by 0.5%.	GF/GP \$33,827,100	\$169,100
6. Cooperative Extension	Gross \$29,176,400	\$145,900
Increases Cooperative Extension line item by 0.5%.	GF/GP \$29,176,400	\$145,900

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD (as of 2/10/07)	Enacted Change From YTD
7. State Competitive Scholarships	Gross	\$34,130,500	\$1,400,000
Reduces \$3.0 million appropriation from MHEAA Operating Fund to projected available amount of \$1.2 million; reflects additional \$1.4 million in available federal funds.	Federal	1,500,000	1,400,000
	Restricted	3,000,000	(1,800,000)
	GF/GP	\$29,630,500	\$1,800,000
8. Tuition Grant Program	Gross	\$58,768,100	(\$2,100,000)
Continues \$2.1 million mid-year FY 2006-07 reduction; appropriates \$1.4 million in available FY 2006-07 carryforward revenue to offset GF/GP.	Restricted	2,900,000	(1,500,000)
	GF/GP	\$55,868,100	(\$600,000)
9. Michigan Merit Award and Promise Grant Programs	Gross	\$127,700,000	(\$24,200,000)
Reflects net reduction of \$24.2 million for transition from Merit Award Program to new Michigan Promise Grant Program. Costs of \$2,000/\$4,000 Promise Grant awards paid after completion of two years of college will begin in FY 2009-10.	Restricted	127,700,000	(24,200,000)
10. Tuition Incentive Program (TIP)	Gross	\$14,000,000	\$7,100,000
Increases TIP appropriation for projected cost increase to provide financial aid awards to Medicaid-eligible students subsequently graduating from high school. (Technical adjustment offsets \$9.5 million GF/GP with Merit Award Trust fund revenue.)	Restricted	6,350,000	9,500,000
	GF/GP	\$7,650,000	(\$2,400,000)
11. MiLEAD Initiative	Gross	\$5,000,000	(\$5,000,000)
Removes one-time appropriation for MiLEAD Initiative.	Restricted	5,000,000	(5,000,000)
12. Project GEAR-UP	Gross	NA	\$3,000,000
Adds federal grant funds available for scholarships to low-income students in certain urban school districts.	Federal	NA	3,000,000

Major Boilerplate Changes From FY 2006-07

Sec. 203. Research University Definition – NEW

Defines Research University as a public university classified as a "research university (very high research activity)" under the 2005 Carnegie Classifications.

Sec. 210. Foreign Auto Manufacturers – NEW

States intent that funds appropriated to universities not be used to purchase/lease vehicles assembled outside U.S.

Sec. 212(2). FY 2006-07 University Funding Restoration – NEW

Provides for one-time supplemental payments to state universities, offsetting August 2007 payment delay.

Sec. 302. Tuition Grants – REVISED

Describes method for distributing state tuition grant program appropriations; revision increases required maximum grant award from \$2,000 to \$2,100 (equal to actual FY 2006-07 amount).

Sec. 312. Nursing Scholarship Program – REVISED

Provides direction for distributing nursing scholarship and grant program awards, revision removes requirement that master's degree students be eligible for awards (requirement now included in statute).

Sec. 313. MiLEAD Initiative – DELETED

States requirements for distributing grants under FY 2006-07 MiLEAD Initiative.

Sec. 418. State University Funding Model – DELETED

Describes funding model utilized as part of FY 2006-07 university appropriation calculations.

Sec. 434. Future Farmers of America – NEW

States intent that Michigan State University allocate \$80,000 to the Future Farmers of America Association.

Sec. 450. Per-Student Funding Floor – REVISED

States intent to allocate funds for \$3,775 per-FYES floor from GF/GP unreserved balances at close of FY 2006-07.

Sec. 462. Suicide Prevention – NEW

States intent that universities develop an education program on preventing suicide and violence.

HIGHER EDUCATION

Major Boilerplate Changes From FY 2006-07

Sec. 463. Students From Macomb County – NEW

Requires universities to report regarding outreach efforts to enroll students from Macomb County.

Sec. 464. Research Commercialization – NEW

Requires universities to submit plan to inform private/public sectors regarding research that could be commercialized.

Sec. 466. Consolidation of Services – NEW

States intent that universities coordinate purchases of goods and services, including use of MiDEAL and MHEC.

Sec. 467. Performance Standards – NEW

States legislative intent to establish university performance standards; included in both Article 2 (applicable to the three research universities) and Article 3 (applicable to the remaining 12 universities).

Secs. 501 to 506. King-Chavez-Parks (KCP) Programs – REVISED

Specifies target populations for all KCP programs as "academically or economically disadvantaged" students; states that preference may not be given on basis of race, color, ethnicity, gender, or national origin; states that institutions should encourage participation from those who would not otherwise be adequately represented.

Sec. 603. Transfer From Community College – NEW

States intent that universities work with community colleges to encourage the transfer of both students and credits.

Sec. 711. Education Degrees – DELETED

Requires universities to report on efforts to increase teaching degrees in certain areas.

Sec. 712. Research and Technology Transfer – DELETED

Requires universities to report various data items related to research and technology transfer.

Sec. 714. Student Records – NEW

States intent that universities provide information from the records of a student to persons authorized by student.

**SCHOOL AID
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 137 (House Bill 4359)**

Analysts: Mary Ann Cleary and Bethany Wicksall

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate (SB 237)	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,411,236,900	1,479,326,300	1,479,326,300	1,479,326,300	1,479,326,300	68,089,400	4.8
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,561,963,200	11,876,196,700	11,796,943,700	11,299,943,600	11,491,789,200	(70,174,000)	(0.6)
GF/GP	35,000,000	35,000,000	35,000,000	41,000,000	34,909,600	(90,400)	(0.3)
Gross	\$13,008,200,100	\$13,390,523,000	\$13,311,270,000	\$12,820,269,900	\$13,006,025,100	(\$2,175,000)	(0.0)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 230 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
1. Proposal A Obligation Payment (Sec. 22a) Provides a reduction from FY 2006-07 to reflect changes in taxable values, pupil membership blends; includes estimated additional costs for Midland tax appeals.	Gross \$6,204,700,000 Restricted 6,204,700,000	(\$192,700,000) (192,700,000)
2. Discretionary Payment (Sec. 22b) Adds \$156.0 million to provide increases in foundation allowances based on a formula that will give every district an increase of at least \$48 per pupil, and as high as \$96 per pupil. Includes one-time \$40,000 payment to Johannesburg-Lewiston to correct an incorrect millage reduction fraction.	Gross \$3,566,000,000 Restricted 3,566,000,000	\$156,000,000 156,000,000
3. Declining Enrollment (Sec. 29) Maintains current-law funding level for declining enrollment grants to local districts (not including charters) with two years of consecutive pupil membership decline.	Gross \$20,000,000 Restricted 20,000,000	\$0 0
4. Great Start Communities Grants (Sec. 32b) Increases funding by \$750,000 to \$1.8 million for competitive grants awarded to eligible ISDs as determined by the Early Childhood Investment Corporation (ECIC).	Gross \$1,000,000 Restricted 1,000,000	\$750,000 750,000
5. 0-3 Secondary Prevention Early Childhood Grants (Sec. 32c) Increases funding by \$375,000 to \$2.1 million for interagency early childhood grants.	Gross \$1,750,000 Restricted 1,750,000	\$375,000 375,000
6. School Readiness Program - District Grants (Sec. 32d) Increases appropriation to \$80.9 million; \$2.3 million funds increase in per-child allocation from \$3,300 to \$3,400. Adds \$79,100 for total of \$279,100 to continue funding the longitudinal study of program.	Gross \$78,800,000 Restricted 78,600,000 GF/GP \$200,000	\$2,379,100 2,300,000 \$79,100

SCHOOL AID

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
7. School Readiness Program Competitive Grants (Sec. 32L)	Gross	\$12,250,000	\$400,000
Increases appropriation to \$12.7 million to fund an increase in per-child allocation from \$3,300 to \$3,400.	GF/GP	\$12,250,000	\$400,000
8. ISD Parent Involvement Grants (Sec. 32j)	Gross	\$5,000,000	\$0
Maintains FY 2006-07 appropriation level for parent involvement grants run by ISDs.	Restricted	5,000,000	0
9. Special Education Payment (Sec. 51a)	Gross	\$1,396,683,000	\$34,500,000
Increases funds by \$34.5 million to \$1.4 billion to reflect changes in number of special education students and estimated additional costs.	Federal	424,700,000	0
	Restricted	971,983,000	34,500,000
10. Transportation Grants (Sec. 77) – VETOED	Gross	N/A	\$0
Appropriates \$1.3 million to qualified districts with total square miles greater than 200 miles and fewer than 5.0 pupils per square mile for costs associated with transporting pupils to and from school.			
11. ISDs General Operations (Sec. 81)	Gross	\$80,110,900	\$801,100
Increases general operations funding for ISDs by 1.0% or \$0.8 million to \$80.9 million.	Restricted	80,110,900	801,100
12. Michigan Virtual University (Sec. 98)	Gross	\$6,000,000	(\$500,000)
Eliminates \$500,000 to provide online test preparation that aligns with the Michigan Merit Exam.	Federal	3,250,000	0
	Restricted	500,000	0
	GF/GP	\$2,250,000	(\$500,000)
13. Middle School Math District Grants (Sec. 99c)	Gross	\$20,000,000	(\$20,000,000)
Eliminates program and adds boilerplate allowing any funds remaining from 2006-2007 to carry forward and be spent for any purpose.	Restricted	20,000,000	(20,000,000)
14. MEAP Assessment Testing Costs (Sec. 104)	Gross	\$27,925,200	\$6,274,800
Increases funds by \$6.3 million for costs associated with elementary and high school assessments required under state and federal law.	Federal	8,425,200	374,800
	Restricted	19,500,000	5,900,000
15. School Bond Redemption Fund (Sec. 11j)	Gross	\$42,500,000	(\$40,600,000)
Decreases funding by \$40.6 million to \$1.9 million by refinancing some outstanding bonds.	Restricted	42,500,000	(40,600,000)
16. Federal Aid (Various Sections of the Act)	Gross	\$1,411,236,900	\$68,089,400
Increases funding by \$68.1 million to \$1.4 billion as estimated by MDE for federal programs: \$669.7 million for No Child Left Behind programs, and \$424.7 million for special education programs.	Federal	1,411,236,900	68,089,400
17. Other District Grants – NEW	Gross	N/A	\$2,750,000
Adds one-time funding of \$2.75 million for the following districts:	Restricted	N/A	2,750,000
<ul style="list-style-type: none"> • Section 99i: \$300,000 for Pontiac for Crisis Intervention Program. • Section 99j: \$350,000 for Grosse Pointe and \$150,000 for Harper Woods for pilot programs. • Section 99k: \$900,000 for Redford Union, \$400,000 for Pontiac, \$400,000 for Chippewa Valley, and \$250,000 for Clintondale to deal with deficits, deficit mills, and millage reductions. 			
18. Other Categorical Eliminations	Gross	N/A	(\$400,000)
Eliminates Conductive Learning Center Evaluation in Section 54b and FIRST Robotics Grants in Section 99h.	Restricted	N/A	(400,000)

Major Boilerplate Changes From FY 2006-07

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

Reestablishes the formula in place after Proposal A, which sets a new basic foundation allowance for FY 2007-08 at \$8,433. Districts at or above the basic will receive an increase of \$48 per pupil; districts at the current minimum foundation of \$7,108 will receive twice that increase or \$96 per pupil; districts in between will receive an increase on a sliding scale based on the formula between \$48 and \$96 per pupil.

Sec. 32. Early Childhood Education – NEW

States legislative intent that if additional revenue is recognized at the January 2008 consensus revenue conference, the following additional appropriations would be allocated first: \$2.3 million to Section 32d, \$750,000 to Section 32b, \$400,000 to Section 32l, and \$375,000 to Section 32c, and the per pupil allocations in Sec. 32d and 32l would increase from \$3,400 to \$3,500.

Sec. 32d. School Readiness – District Grants – REVISED

Caps the funding spent under this section for PIE (Parents Involved in Education) programs at the lesser of the level spent by each district in FY 2006-07 or subsequent fiscal years.

Sec. 82. Early Intervening Model – NEW

Allows the use of Sec. 81 (ISD operations) funds to be used for an early intervening program for grades K to 3.

**FY 2007-08
Budget Detail
for
GENERAL GOVERNMENT**

**Attorney General
Civil Rights
Executive Office
Information Technology
Legislature
Legislative Auditor General
Management and Budget
State
Treasury**

**ALL GENERAL GOVERNMENT
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analysts: Kim O’Berry, Al Valenzio, and Mark Wolf

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$583,912,800	\$627,854,900	\$619,593,900	\$622,411,800	\$646,762,900	\$62,850,100	10.8
Federal	110,257,200	108,396,800	110,410,100	109,242,700	108,396,800	(1,860,400)	(1.7)
Local	2,745,700	2,800,700	2,800,700	2,800,700	2,800,700	55,000	2.0
Private	1,250,100	1,262,900	1,262,900	1,262,900	1,262,900	12,800	1.0
Restricted	1,717,961,700	1,749,355,700	1,678,870,200	1,747,396,900	1,703,727,500	(14,234,200)	(0.8)
GF/GP	560,744,900	681,009,500	648,218,500	687,283,300	660,859,100	100,114,200	17.9
Gross	\$2,976,872,400	\$3,170,680,500	\$3,061,156,300	\$3,170,398,300	\$3,123,809,900	\$146,937,500	4.9
FTEs	7,290.4	7,280.9	7,280.9	7,299.8	7,327.9	37.5	0.5

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview of All General Government Departments

Departments and agencies included under this budget bill are: Executive Office, Legislature, and the Departments of Attorney General, Civil Rights, Information Technology, Management and Budget (including Civil Service), State, and Treasury (including Lottery, Gaming Control Board, and Michigan Strategic Fund). The Department of Treasury budget also includes revenue sharing payments to local units of government and general obligation debt service.

Major Boilerplate Changes From FY 2006-07

GENERAL SECTIONS OF BOILERPLATE

Sec. 208. Internet Reporting Requirements – REVISED

Requires departments to use the Internet to fulfill reporting requirements and authorizes transmission of reports via email or on an Internet site.

Sec. 220. Contributions to Political Organizations – DELETED

Prohibits funding from being used to establish, operate, or administer a payroll deduction plan that enables classified state employees to make contributions to either a political organization or committee.

Sec. 221. Reporting Requirement on Specific Policy Change – NEW

Requires departments to report no later than April 1, 2008, on each specific policy change made to implement enacted legislation.

Sec. 225. Implementation of Continuous Improvement Efficiency Mechanisms – NEW

Requires that each department receiving an appropriation in part 1 implement continuous improvement efficiency mechanisms in its departmental programs that identify changes made in those programs to increase efficiency and reduce expenditures.

Sec. 226. Restriction on Fund Use for Hiring – NEW

Prohibits use of appropriations by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

**ATTORNEY GENERAL
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Mark Wolf

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$13,539,300	\$21,780,300	\$14,364,500	\$21,780,300	\$21,780,300	\$8,241,000	60.9
Federal	9,960,700	7,816,000	10,179,300	7,816,000	7,816,000	(2,144,700)	(21.5)
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,175,800	11,169,000	12,173,500	11,169,000	11,491,300	315,500	2.8
GF/GP	30,471,000	32,865,500	32,193,500	32,865,500	32,036,600	1,565,600	5.1
Gross	\$65,146,800	\$73,630,800	\$68,910,800	\$73,630,800	\$73,124,200	\$7,977,400	12.2
FTEs	565.0	562.0	562.0	562.0	562.0	(3.0)	(0.5)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Attorney General (AG) serves as legal counsel for state departments, agencies, boards, commissions, and their officers; brings actions and intervenes in cases on the state's behalf; and 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's 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 taxpayers.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
1. Fund Source Adjustments		Gross	\$62,154,000
Adjusts funding sources to more accurately reflect the manner of compensation for legal services provided by the Department.		IDG	13,589,300
		Federal	7,972,200
		Restricted	11,127,800
		GF/GP	\$29,464,700
		Gross	\$4,052,900
		IDG	7,098,400
		Federal	(2,443,400)
		Restricted	(602,100)
		GF/GP	\$0
2. Administrative Reductions		Gross	N/A
Reduces AG Operations by \$2.1 million, Information Technology by \$3,100, Child Support Enforcement by \$24,800, and Prosecuting Attorneys Coordinating Council by \$33,200.		GF/GP	N/A
			(\$2,132,000)
			(\$2,132,000)
3. Eliminate Byrne Grant Funding		FTEs	3.0
Eliminates previously available federal Byrne grant funding.		Gross	\$225,000
		Federal	225,000
			(\$225,000)
			(\$225,000)
4. Eliminate Funding for Early Retirement Sick Leave Payouts		Gross	\$71,300
Eliminates \$71,300 associated with early retirement sick leave payouts from the early out in 2002.		GF/GP	\$71,300
			(\$71,300)
			(\$71,300)
5. Real Estate Fraud Investigations		Gross	\$0
Includes additional funding for real estate fraud investigations.		Restricted	0
			\$322,300
			322,300
6. Economic Adjustments		Gross	N/A
Adds funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges.		IDG	N/A
		Federal	N/A
		Restricted	N/A
		GF/GP	N/A
			\$2,645,000
			767,600
			247,900
			285,600
			\$1,343,900

ATTORNEY GENERAL

Major Boilerplate Changes From FY 2006-07

Sec. 301. Contingency Funding – NEW

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

Sec. 307. Antitrust Revenue – VETOED

Appropriates up to \$250,000 of revenue received by the Department for antitrust, securities fraud, consumer protection, class action enforcement, or attorneys fees recovered by the Department to litigate such cases. Language allowing carryforward of unexpended funds up to \$250,000 was vetoed.

Sec. 311. Prohibitions on Expenditure of Funding – NEW

Prohibits Department from receiving and expending funds in addition to those appropriated for legal services provided to other state departments except for expert witnesses, court costs, or other non-salary litigation expenses associated with pending legal actions.

**CIVIL RIGHTS
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Kim O’Berry

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$221,000	\$0	\$0	\$0	\$0	(\$221,000)	(100.0)
Federal	1,533,200	2,054,100	2,054,100	2,054,100	2,054,100	520,900	34.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	55,000	0	0	0	0	(55,000)	(100.0)
GF/GP	12,043,100	12,436,600	11,705,300	12,887,900	12,437,200	394,100	3.3
Gross	\$13,852,300	\$14,490,700	\$13,759,400	\$14,942,000	\$14,491,300	\$639,000	4.6
FTEs	141.0	141.0	141.0	141.0	141.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Michigan Civil Rights 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.” The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information that explains the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u> <u>(as of 2/08/07)</u>	<u>Enacted Change</u> <u>From YTD</u>
1. Increased Federal Funding	Gross	\$1,566,200	\$0
Allows receipt of additional federal grant funds from U.S. Department of Housing and Urban Development (\$200,000) and Equal Employment Opportunity Commission (\$200,000); GF/GP reduced by a like amount..	Federal	1,566,200	400,000
	GF/GP	\$0	(\$400,000)
2. Administrative Reductions	Gross	N/A	(\$51,300)
Reduces funds for administrative expenses by \$51,300; savings are anticipated to be generated through administrative efficiencies.	GF/GP	N/A	(\$51,300)
3. Economic Adjustments	Gross	N/A	\$605,500
Adds funding for salaries and wages, insurances, retirement, and worker's compensation; reduces funds for building occupancy charges.	Federal	N/A	87,900
	GF/GP	N/A	\$517,600
4. Additional GF/GP Adjustments	Gross	N/A	\$600
Provides partial restoration of Governor's original reduction to Unclassified Positions (\$600) line.	GF/GP	N/A	\$600

Major Boilerplate Changes From FY 2006-07

Sec. 401. Contingency Funding – NEW

Appropriates \$2.0 million for federal contingency funding that can be expended only upon legislative transfer to a specific line item.

EXECUTIVE

**EXECUTIVE OFFICE
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 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	5,272,900	5,509,900	5,305,600	5,575,300	5,317,300	4,400	0.8
Gross	\$5,272,900	\$5,509,900	\$5,305,600	\$5,574,500	\$5,317,300	\$4,400	0.8
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. 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., Southeastern Michigan, and Upper Peninsula Offices.

Major Budget Changes From FY 2006-07 YTD Appropriations

**FY 2006-07 YTD Enacted Change
(as of 2/08/07) From YTD**

Restore One-Time FY 2006-07 Reductions	Gross	N/A	\$1,400
Restores funds eliminated for retirement contribution savings and other program cuts.	GF/GP	N/A	\$1,400

Major Boilerplate Changes From FY 2006-07

There is no boilerplate for the Executive office.

**INFORMATION TECHNOLOGY
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Mark Wolf

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$374,846,400	\$409,955,600	\$409,110,400	\$402,759,900	\$428,868,100	\$54,021,700	14.4
Federal	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0
Restricted	0	0	0	0	0	0	0
GF/GP	0	0	0	0	0	0	0
Gross	\$374,846,400	\$409,955,600	\$409,110,400	\$402,759,900	\$428,868,100	\$54,021,700	14.4
FTEs	1,782.4	1,780.4	1,780.4	1,780.4	1,780.4	(2.0)	(0.1)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology (IT) users and private sector providers of IT products and services. The Department's services include application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund IT-related activities and pays for technology services rendered by DIT through an interdepartmental grant. Administration of fund sources remains with each state department/agency.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD (as of 2/08/07)</u>	<u>Enacted Change From YTD</u>
1. Economic Adjustments	Gross	N/A	\$6,342,100
Adds funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges.	IDG	N/A	6,342,100
2. Program Enhancements	FTEs	N/A	1.0
Funds program enhancements in department budgets: \$712,000 and 1.0 FTE to Management and Budget for security/ disaster recovery efforts, and to implement electronic deposit of retirement payments from public schools and expand customer contact and quality management software; \$560,300 to Human Services for Children's Welfare system improvements and Daycare Case Review project; \$500,000 to Environmental Quality for Information Lifecycle Management System; \$400,000 to Transportation to replace PowerBuilder development program; and \$176,000 to Education for additional security controls resulting from audit findings.	Gross	N/A	\$2,348,300
	IDG	N/A	2,348,300
3. Committee Adjustments	Gross	\$0	\$18,951,800
Reduces funding from Agriculture (\$40,000), Civil Service (\$14,900), Corrections (\$6,700), Education (\$103,300), Management and Budget (\$313,900), Natural Resources (\$300,000), and State Police (\$609,700); increases Community Health (\$18.8 million) for Michigan Medicaid Information Systems (\$16.8 million) and upgrades for WIC system (\$2.0 million); increases Treasury (\$1.5 million) for secondary collections for delinquent taxes and other state agency debt.	IDG	0	18,951,800

INFORMATION TECHNOLOGY

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
4. Base Adjustments and Administrative Reductions	FTEs	N/A (3.0)
Adjusts to reflect IT appropriations in other department budgets; reduces funds for Natural Resources by \$4,500 to reflect loss of Michigan Civilian Conservation Corps Endowment funds (transferred to General Fund).	Gross	\$24,805,400
<u>Adds</u>	IDG	24,805,400
<ul style="list-style-type: none"> • \$17.0 million (Human Services): transfer Juvenile Justice Information System and 2.0 system security FTEs; fund shift (federal to GF/GP) for eliminating child support incentives; on-going Integrated Service Delivery Project development; align federal funds for Child Support Automation. • \$7.0 million (State Police): projected IT line shortfall; reflect increased Michigan Public Safety Communication System local subscriber fees; transfer IT costs currently paid outside the IDG. • \$1.3 million (Community Health): transfer building lease costs/contractual savings to IT line; restore unrealized savings for price reductions; reflect additional federal grant funds for WIC pilot. • \$1.2 million (Corrections): desktop maintenance; one-time computer costs; upgrade telecommunications infrastructure; upgrade current stand-alone timekeeping system. • \$500,000 (State): transfer Uniform Commercial Code program equipment and maintenance to IT line. • \$140,000 (History, Arts, and Libraries): web portal expenses. 		
<u>Removes</u>		
<ul style="list-style-type: none"> • \$1.0 million (Labor and Economic Growth): savings from administrative reduction plan. • \$580,000 in one-time funds (Management and Budget): system changes to retirement systems; \$150,000 MAIN savings from vacancies and administrative efficiencies. • \$50,000 (Transportation): anticipated revenue. • \$443,700 (DIT): savings from 5% administrative reduction plan. • One-time funds (Corrections): \$500,000 for migration to OMNI system; \$300,000 for OMNI server replacement. • \$145,000 (Treasury): transfer 1.0 FTE from DIT to Treasury Tax Processing unit; reduce Land Reutilization Fund monies. 		
5. Early Retirement Sick Leave Payouts	Gross	N/A (\$281,200)
Eliminates \$281,200 associated with employees retired under the 2002 early out who received sick leave payouts over a five-year period; FY 2006-07 was the last year of payments.	IDG	(281,200)
6. Human Resources Optimization Project	Gross	N/A (\$1,481,000)
Reduces funds by \$1.5 million to more accurately reflect DIT's portion of Human Resources Optimization user charges paid to Civil Service.	IDG	(1,481,000)

Major Boilerplate Changes From FY 2006-07

Sec. 573. Sale of Paid Advertising – REVISED

Limits DIT collections for sale of paid advertising to \$250,000; permits DIT to accept gifts, bequests, donations, grants, and other contributions to support costs for state website or services.

Sec. 581. Report on Technology Assets of the State – REVISED

Requires DIT to assess the state's information technology assets; removes a reporting requirement.

Sec. 584. Report on Information and Referral Services – REVISED

Requires DIT report on all information/referral services that exist for all state departments that would result from 211 service.

Sec. 586. Adjustment of Appropriation Line Items – NEW

Allows line item adjustments in DIT budget if corresponding adjustments are made in other state department budgets.

LEGISLATURE

Summary of FY 2007-08 Enacted Appropriations

2007 Public Act 127 (Senate Bill 229)

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$1,750,000	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	0.0
GF/GP	109,772,700	115,066,600	111,066,600	116,724,500	112,994,200	3,221,500	2.9
Gross	\$111,282,500	\$116,576,400	\$112,576,400	\$119,984,300	\$114,504,000	\$3,221,500	2.9
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. 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. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
Restore One-Time FY 2006-07 Reductions	Gross	N/A	\$3,221,500
Partially replaces funds eliminated for retirement contribution savings and other program cuts.	GF/GP	N/A	\$3,221,500

Major Boilerplate Changes From FY 2006-07

None

**LEGISLATIVE AUDITOR GENERAL
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$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	1,539,900	1,539,900	1,539,900	1,540,000	1,539,900	0	0.0
GF/GP	11,765,700	13,006,100	13,295,500	13,458,300	12,486,800	720,900	6.1
Gross	\$15,107,100	\$16,347,500	\$16,636,900	\$16,799,800	\$15,828,200	\$720,900	4.8
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Legislative Auditor General (LAG) is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds and an annual budget of over \$27.0 billion. Audit reports provide citizens with a measure of accountability and assist state departments/agencies in improving financial management of their operations. The LAG's goal is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The LAG's mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
Restore One-Time FY 2006-07 Reductions	Gross	N/A
Partially replaces funds eliminated for retirement contribution savings and other program cuts.	GF/GP	\$720,900

Major Boilerplate Changes From FY 2006-07

None

**MANAGEMENT AND BUDGET
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 127 (Senate Bill 229)**

Analyst: Kim O’Berry

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$160,038,400	\$162,686,100	\$162,686,100	\$162,687,700	\$162,681,600	\$2,643,200	1.7
Federal	4,463,400	4,779,100	4,779,100	5,623,600	4,779,100	315,700	7.1
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	68,631,800	67,824,000	67,824,000	67,847,000	68,101,500	(530,300)	(0.8)
GF/GP	272,603,500	274,667,200	272,118,100	275,954,900	267,479,200	(5,124,300)	(1.9)
Gross	\$507,587,100	\$511,806,400	\$509,257,300	\$513,963,200	\$504,891,400	(\$2,695,700)	(0.5)
FTEs	999.5	995.0	995.0	1,009.4	995.0	(4.5)	(0.5)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007; all numbers have been adjusted to reflect transfer of Civil Service to Management and Budget pursuant to EO 2007-30.

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state’s retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children’s Ombudsman, Office of Regulatory Reform, Michigan State Fair, and State Building Authority. Civil Service, an autonomous unit in DMB, implements policies established by the Civil Service Commission; administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering Civil Service Commission’s Employment Relations Policy; and maintains ongoing statewide recruitment.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
DEPARTMENT OF MANAGEMENT AND BUDGET			
1. Office of Retirement Services – IT Adjustments	Gross	N/A	\$1,012,000
Adds funds for program enhancements: \$300,000 to allow the system to add a new spouse for existing retiree as a pension beneficiary; \$150,000 to hire full-time security officer for retirement-related IT systems; \$150,000 to implement electronic deposit of retirement payments to the state from public schools; and \$412,000 for software to record customer contacts and improve quality.	Restricted	N/A	1,012,000
2. Eliminate One-Time Appropriations	Gross	(\$580,000)	(\$580,000)
Eliminates \$370,000 one-time appropriation reflecting completion of the Social Security Number Privacy project, and \$210,000 used to purchase inter-active voice equipment at the customer call center.	Restricted	(580,000)	(580,000)
3. State Building Authority Rent	Gross	\$237,797,100	(\$10,975,000)
Makes adjustments for previously-constructed projects for projected rent payments and \$6.4 million reduction reflecting refunding and most recent estimates of rental payments for previously constructed projects.	Restricted	5,095,000	(3,575,000)
	GF/GP	\$232,702,100	(\$7,400,000)
4. Building Occupancy Adjustments	Gross	\$87,546,000	\$406,600
Adds \$335,300 for increased rent for leased facilities and \$71,300 for operational cost of new Joint Operations Center (downtown Lansing).	IDG	87,546,000	406,600

MANAGEMENT AND BUDGET

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
5. Professional Development Funds	Gross	\$175,000	\$154,000
Adds funds for cost of agreements approved by Civil Service Commission on professional development funds; funded with charges to other state departments based on proportionate share of employees in each group.	IDG	175,000	154,000
6. Administrative Reductions	FTEs	N/A	(4.5)
Reduces funding for administrative expenses by \$952,200; savings anticipated from staffing reductions, fund source shifts, real estate optimization, and changes to building security and ID mail delivery program. \$245,000 GF/GP reduction from Administrative Services, Business Support Services, Office of State Employer, and Office of Children's Ombudsman.	Gross	N/A	(\$1,197,200)
	IDG	N/A	(439,900)
	Restricted	N/A	(12,500)
	GF/GP	N/A	(\$744,800)
7. Economic Adjustments	Gross	N/A	\$3,381,900
Adds funding for salaries and wages, insurances, retirement, and worker's compensation; reduces funding for building occupancy charges.	IDG	N/A	1,187,100
	Restricted	N/A	955,700
	GF/GP	N/A	\$1,239,100
8. Fund Shift	Gross	N/A	(\$313,900)
Adjusts fund sourcing; replaces existing GF/GP with additional MAIN user charges.	Restricted	N/A	280,000
	GF/GP	N/A	(\$593,900)
9. Additional GF/GP Adjustments	Gross	N/A	\$214,700
Partially restores Governor's reductions to Unclassified positions (\$14,700) and Budget and financial management (\$200,000) lines.	GF/GP	N/A	\$214,700
CIVIL SERVICE			
10. Administrative Reductions	Gross	N/A	(\$524,900)
Reduces funding for administrative expenses by \$361,100; savings anticipated from administrative efficiencies. Reduces Executive direction line by \$163,800 GF/GP.	Restricted	N/A	(10,500)
	GF/GP	N/A	(\$514,400)
11. Economic Adjustments	Gross	N/A	\$818,300
Adds funding for salaries and wages, insurances, and retirement; reduces funding for worker's compensation and building occupancy charges.	IDG	N/A	87,800
	Restricted	N/A	539,500
	GF/GP	N/A	\$191,000

Major Boilerplate Changes From FY 2006-07

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 701. Contingency Funding – NEW

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

Sec. 724a. Existing 2-1-1 Capacities – NEW

Requires DMB to assist DIT in determining how existing 2-1-1 capacities will be utilized by each department with community resource information and referral service.

Sec. 724b. Personal Property and Equipment Report – VETOED

Requires DMB to issue a report with date of acquisition, original equipment cost, estimate of useful life and amount of encumbrances or liens by December 1, 2007, for all personal property and equipment of any nature and energy systems owned by the State of Michigan and/or state department, agency, or authority.

CIVIL SERVICE

Sec. 741. Contingency Funding – NEW

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

STATE

Summary of FY 2007-08 Enacted Appropriations

2007 Public Act 127 (Senate Bill 229)

Analyst: Mark Wolf

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	3,192,100	1,911,200	1,561,200	1,911,200	1,911,200	(1,280,900)	(40.1)
Local	0	0	0	0	0	\$0	0.0
Private	100	100	100	100	100	\$0	0.0
Restricted	157,832,200	156,972,900	156,972,900	156,972,900	156,972,900	(859,300)	(0.5)
GF/GP	\$17,758,600	\$29,337,000	\$25,995,100	\$29,337,000	\$28,797,200	\$11,038,600	62.2
Gross	\$197,783,000	\$208,221,200	\$204,529,300	\$208,221,200	\$207,681,400	\$9,898,400	5.0
FTEs	1,859.8	1,859.8	1,859.8	1,859.8	1,859.8	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

Major Budget Changes From FY 2006-07 YTD Appropriations

		FY 2006-07 YTD Enacted Change (as of 2/08/07)	From YTD
1. Transportation Administration Collection Fund (TACF)	Gross	\$118,209,400	\$0
Reduces state restricted funding authorized in TACF; provides GF/GP to cover anticipated shortfall in collection of TACF revenue.	Restricted	118,209,400	(6,020,500)
	GF/GP	\$0	\$6,020,5600
2. Increased Funding for Fees to Local Units	Gross	\$69,800	\$40,000
Adds funds to reimburse counties for costs associated with training deputy registrars and processing voter registration applications.	GF/GP	\$69,800	\$40,000
3. Fund Source Adjustments	Gross	N/A	(\$950,000)
Adjusts restricted fund sources (fees for auto repair facilities, vehicle theft prevention, mobile home commission, and child support clearance; parking ticket court fines) to more accurately reflect actual revenue collection.	Restricted	N/A	(950,000)
4. Administrative Reductions	Gross	N/A	(\$2,583,000)
Reduces funds available for administrative expenses by \$2.6 million; savings anticipated from administrative efficiencies.	Federal	N/A	(1,489,600)
	Restricted	N/A	(134,500)
	GF/GP	N/A	(\$958,900)
5. GF/GP Reductions	Gross	N/A	(\$539,800)
Reduces funds for Executive Direction Operations; Department Services Operations; Regulatory Services Operations; Branch Operations; Central Operations; and Worker's Compensation.	GF/GP	N/A	(\$539,800)
6. Help America Vote Act	Gross	\$0	\$350,000
Adds \$350,000 (federal) to implement the federal Help America Vote Act.	Federal	0	350,000
7. Economic Adjustments	Gross	N/A	\$6,615,400
Adds funding for salaries and wages, insurances, retirement, and building occupancy charges; reduces funds for worker's compensation.	Federal	N/A	101,200
	Restricted	N/A	1,346,300
	GF/GP	N/A	\$5,167,900

STATE

Major Boilerplate Changes From FY 2006-07

Sec. 801. Contingency Funding – NEW

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

Sec. 815. Branch Office Closings or Consolidations – REVISED

Requires 180 days advance notice of branch office closures and consolidations and 60 days advance notice for relocations.

Sec. 821. Keweenaw County Branch Office – DELETED

Requires Department to complete a cost/benefit analysis on feasibility of locating the Keweenaw County Secretary of State branch office with Keweenaw County Department of Human Services office; specifies information to be provided.

Sec. 821. Gifts and Donations – NEW

Permits Department to accept non-monetary gifts, donations, or contributions from private or public sources to support Department's licensing, regulatory, or safety functions.

Sec. 824. Buena Vista Township Branch Office – NEW

Requires Department to maintain a full service branch office in the Buena Vista Township.

Sec. 825. Milan Branch Office – NEW

Requires Department to maintain a full service branch office in the City of Milan.

Sec. 826. Branch Office Locations – NEW

Requires Department to maintain same number of branch offices in each municipality that existed on August 1, 2007.

Sec. 828. Branch Office Locations in Urban Areas – NEW

Encourages branch offices to be located in downtown areas, town centers, central business districts, and brownfield sites rather than greenfields and open space sites.

TREASURY

Summary of FY 2007-08 Enacted Appropriations

2007 Public Act 127 (Senate Bill 229)

Analysts: Mark Wolf

	FY 2006-07 YTD	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	Difference: Enacted From FY 2006-07 YTD	
		Executive	Senate	House	Enacted	Amount	%
IDG/IDT	\$13,466,200	\$11,631,400	\$11,631,400	\$11,632,400	\$11,631,400	(\$1,834,800)	(13.6)
Federal	91,107,800	91,836,400	91,836,400	91,837,800	91,836,400	728,600	0.8
Local	1,045,700	1,100,700	1,100,700	1,100,700	1,100,700	55,000	5.3
Private	700,000	712,800	712,800	712,800	712,800	12,800	1.8
Restricted	1,477,617,200	1,510,740,100	1,439,250,100	1,508,758,200	1,464,512,100	(13,105,100)	(0.9)
GF/GP	101,057,400	198,120,600	176,538,800	200,480,700	189,310,600	88,253,200	87.3
Gross	\$1,684,994,300	\$1,814,142,000	\$1,721,070,200	\$1,814,522,600	\$1,759,104,000	\$74,109,700	4.4
FTEs	1,858.5	1,858.5	1,858.5	1,863.0	1,905.5	47.00	2.5

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Treasury is the chief fiscal agency of the state and 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. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board, and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD Enacted	Change
		(as of 2/08/07)	From YTD
TREASURY OPERATIONS			
1. Treasury Operations			
Appropriates \$399.8 million gross, \$11.6 million IDG, \$36.4 million federal, \$1.1 million local, \$287.3 million restricted, and \$63.4 million GF/GP for Treasury Operations; this excludes revenue sharing, debt service, and the Michigan Strategic Fund.	FTEs	1,706.5	47.0
	Gross	\$388,813,700	\$10,890,800
	IDG	13,748,200	(2,196,800)
	Federal	35,906,300	499,400
	Local	1,066,200	34,500
	Restricted	281,583,300	5,644,100
	GF/GP	\$56,509,700	\$6,909,600
2. Administrative Reductions			
Reflects Executive-recommended administrative reductions of \$1.6 million gross for the revenue enhancement program (\$1.2 million, \$500,000 of which is consistent with program's three-year funding plan); mail operations (\$100,000); collections (\$100,000); merit award administration (\$100,000); and IT (\$37,000 lottery, \$2,300 casino gaming, and \$40,200 Treasury).	FTEs	N/A	(3.0)
	Gross	N/A	(\$1,579,500)
	IDG	N/A	(1,000)
	Federal	N/A	(1,400)
	Restricted	N/A	(166,300)
	GF/GP	N/A	(\$1,410,800)
3. Supervision of General Property Tax Law			
Reduces the Supervision of the General Property Tax Law line.	Gross	N/A	(\$200,000)
	GF/GP	N/A	(\$200,000)
4. Banking and Management			
Reduces human resources and purchasing (\$50,000); program management (\$100,000), and mail operations (\$50,000).	Gross	N/A	(\$200,000)
	GF/GP	N/A	(\$200,000)
5. Senior Citizen Co-op Housing Tax Exemption			
Reduces funding from the FY 2006-07 enacted level.	Gross	\$18,800,000	(\$1,301,600)
	GF/GP	\$18,800,000	(\$1,301,600)

FY 2007-08 APPROPRIATIONS SUMMARY AND ANALYSIS

HOUSE FISCAL AGENCY: DECEMBER 2007

GENERAL GOVERNMENT: PAGE 37

TREASURY

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD Enacted	Change
		(as of 2/08/07)	From YTD
6. Qualified Agricultural Loan Payments	Gross	\$2,500,000	(\$2,500,000)
Reflects loan program end; current loans to be repaid by October 1, 2007.	GF/GP	\$2,500,000	(\$2,500,000)
7. Economic Adjustments	Gross	N/A	\$7,116,300
Funds 4.0% contractual pay increases, 7.2% increase in employee benefits, and increases in retirement and self-insured worker's compensation; reflects decrease in rent and building occupancy costs.	IDG	N/A	380,200
	Federal	N/A	500,800
	Local	N/A	34,500
	Restricted	N/A	5,245,100
	GF/GP	N/A	\$955,700
8. Implement Tax Law Changes	FTEs	N/A	30.0
Adds \$8.4 million GF/GP and 28.0 FTEs to implement the Michigan Business Tax; \$120,000 GF/GP to implement income tax rate increase; and \$400,000 GF/GP and 2.0 FTEs for the tax on services.	Gross	N/A	\$8,920,000
	GF/GP	N/A	\$8,920,000
9. Blackstone Settlement Payment	Gross	N/A	\$2,000,000
Adds \$2.0 million GF/GP pursuant to settlement agreement with Blackstone Minerals Co. stemming from litigation involving oil and gas interests on land foreclosed because of delinquent property taxes; total of \$7.0 million to be paid over the next four fiscal years.	GF/GP	N/A	\$2,000,000
10. Secondary Collections	FTEs	N/A	17.0
Adds \$1.8 million for Collections Division and \$1.5 million for IT used in delinquent tax collection; increased costs related to implementing secondary collections contract (Sec. 930a).	Gross	N/A	\$3,300,000
	Restricted	N/A	3,300,000
REVENUE SHARING			
11. Constitutional Revenue Sharing	Gross	\$665,976,763	\$7,975,237
Increases constitutional revenue sharing by \$8.0 million from actual FY 2006-07 payments (\$25.0 million reduction from enacted \$698.9 million, based on May 2008 Revenue Estimating Conference estimates).	Restricted	665,976,763	7,975,237
12. Statutory Revenue Sharing	Gross	\$404,915,578	(\$6,202,578)
Decreases statutory revenue sharing by \$6.2 million from actual FY 2006-07 payments (\$8.8 million reduction from enacted \$407.5 million, based on May 2008 Revenue Estimating Conference estimates).	Restricted	404,915,578	6,202,578
13. Special Census Revenue Sharing	Gross	\$892,400	(\$892,400)
Eliminates funding for special census revenue sharing payments; FY 2006-07 payments were eliminated by EO 2007-3.	GF/GP	\$892,400	(\$892,400)
14. County Revenue Sharing Payments	Gross	\$0	\$113,600
Provides revenue sharing funding to Tuscola County, the first county to exhaust its Revenue Sharing Reserve Fund.	GF/GP	\$0	\$113,600
DEBT SERVICE			
15. Debt Service	Gross	\$100,158,200	\$19,828,200
Adds funds for debt service: \$13.1 million Clean Michigan Initiative, \$1.6 million Quality of Life bonds; \$5.2 million Great Lakes Water Quality bond. Reduces Water Pollution Control bond debt service by \$71,800.	Restricted	23,914,500	0
	GF/GP	\$76,243,700	\$19,828,200
MICHIGAN STRATEGIC FUND (MSF)			
16. Michigan Strategic Fund	FTEs	152.0	0.0
Appropriates \$166.4 million gross; \$80,000 IDG; \$55.4 million federal; \$712,800 private; \$80.7 million restricted; and \$29.4 million GF/GP.	Gross	\$80,479,800	\$85,942,700
	IDG	78,600	1,400
	Federal	47,687,000	7,743,700
	Private	700,000	12,800
	Restricted	5,000	80,700,200
	GF/GP	\$32,009,200	(\$2,515,400)
17. 21st Century Jobs Fund	Gross	N/A	\$75,000,000
Uses tobacco settlement revenue for 21 st Century Jobs Fund programs.	Restricted	N/A	75,000,000

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD Enacted (as of 2/08/07)	Change From YTD
18. Michigan Promotion Program	Gross	\$5,717,400	\$5,700,000
Adds \$5.7 million from competitive edge technology grant and loan program awards not taken by awardees to expand advertising.	Restricted	0	5,700,000
	GF/GP	\$5,717,400	\$0
19. Community Development Block Grants	Gross	\$45,000,000	\$8,000,000
Recognizes \$8.0 million in additional federal funds.	Federal	45,000,000	8,000,000
20. Economic Development Job Training Grants	Gross	\$9,798,000	(\$2,235,700)
Reduces funding for economic development job training grants.	GF/GP	\$9,798,000	(\$2,235,700)
21. Business Incubator Program	Gross	N/A	\$100
Adds \$100 placeholder for business incubator program to provide grants/loans to competitive edge technology businesses in certain economically depressed areas; funding will increase by \$4.0 million when/if available.	GF/GP	N/A	\$100
22. Ethanol Plants	Gross	N/A	\$200
Adds two \$100 placeholders for grants to Berrien County Brownfield Redevelopment Authority and McBain Township (Missaukee County) for projects involving construction of ethanol plants.	GF/GP	N/A	\$200
23. Cultural Institutions and Bioscience Research	Gross	N/A	\$400
Adds \$100 placeholders for bioscience research project at Michigan State University, and for the Detroit Zoo, Detroit Institute of Art, and Detroit Historical Center.	GF/GP	N/A	\$400
24. MSF Economics	Gross	N/A	\$413,000
Funds 4.0% contractual pay increases, 7.2% increase in employee benefits, and decreases in retirement and self-insured worker's compensation.	IDG	N/A	1,400
	Federal	N/A	43,700
	Private	N/A	12,800
	Restricted	N/A	200
	GF/GP	N/A	\$354,900

Major Boilerplate Changes From FY 2006-07

DEPARTMENT OF TREASURY

Sec. 901. Contingency Funds – NEW

Appropriates up to \$1.0 million in federal contingency funds, up to \$10.0 million in state restricted contingency funds, up to \$200,000 in local contingency funds, and \$40,000 in private contingency funds.

Sec. 919(2). National Conference of Commissioners on Uniform State Laws Dues – VETOED

Provides \$51,000 in escheats revenue for annual dues to National Conference of Commissioners on Uniform State Laws.

Sec. 930a. Secondary Collections Activities – NEW

Requires Department to select a private collection agency for secondary collection activities in compliance with the accounts receivable collection system contract.

Sec. 949. Income Tax Check-Offs Initiative – DELETED

Directs Department to develop a plan for individual income tax form check-offs to be implemented in tax year 2006.

Sec. 949b. Tobacco Stamp Technology RFP – NEW

Allows Department to conduct a competitive bid for current and new tobacco stamp technology; permits tobacco wholesalers to claim a deduction for costs related to new technology in their monthly reimbursements under Tobacco Products Tax Act.

Sec. 950. Revenue Sharing – REVISED

Freezes total payments to a local unit at FY 2006-07 level; for units that received only a constitutional payment, FY 2007-08 payment would be as required under the Constitution based on sales tax collections; for units that received both constitutional and statutory payments in FY 2006-07, total FY 2007-08 payment would equal FY 2006-07 payment.

LOTTERY

Sec. 962. Use of Athletes in Advertising – DELETED

Prohibits Bureau of State Lottery from associating professional or amateur sports figures (except for NASCAR drivers) with the lottery or its products; requires report to Legislature on costs and net School Aid Fund revenue.

TREASURY

Major Boilerplate Changes From FY 2006-07

MICHIGAN STRATEGIC FUND

Sec. 1001. Contingency Funds – NEW

Appropriates contingency funds up to \$10.0 million federal, up to \$1.0 million restricted funds, and \$0.7 million private.

Sec. 1002. Economic Development Job Training (EDJT) Grants – REVISED

Earmarks \$4.5 million for community colleges rather than the 75% earmark in current law.

Sec. 1002(16). Aerospace Manufacturing Certification EDJT Grants – NEW

Specifies amounts and conditions for allocation of funds for EDJT program grants; sets amounts, conditions, and funding source options for aerospace certification grants.

Sec. 1005. Copyrighted Slogans and Images – REVISED

Permits Travel Michigan to receive and expend private revenue related to the use of the copyrighted slogans and images of "The Upper Hand" and "Pure Michigan."

Sec. 1006. Report of Grants Awarded by MSF and MEDC – REVISED

Requires report on February 15 of grants awarded by MSF and MEDC.

Sec. 1016. Audit of Jobs Created – REVISED

Allows MEDC to develop/implement procedures to audit the number of jobs claimed to be created by its grant recipients.

Sec. 1018. Tourism Advertising Return on Investment – DELETED

Requires MEDC to contract with a state research university in Michigan to conduct a scientific study on the return on investment of state tourism advertising expenditures.

Sec. 1019. MEGA Tax Credits for Leased Employees – DELETED

Specifies conditions for receiving MEGA tax credits.

Sec. 1020. Federal Pass-Through Funds to Local Units – NEW

Appropriates federal pass-through funds to local units that do not require a state match; allows carryforward of funds; requires report within ten business days of receiving such funds.

Sec. 1021. Michigan Promotion Program – NEW

Stipulates that the \$5.7 million Michigan promotion program is to be used to promote the state's tourism industry and business marketing activities; MEDC would coordinate its activities with local tourism efforts where appropriate.

Sec. 1021(3). Michigan Promotion Program Additional Funding – NEW

States legislative intent that if additional funds become available, promotion program funds would increase by \$4.3 million.

Sec. 1022. Business Incubator Program – NEW

Requires business incubator program funds be used for grants/loans for projects that foster creation of new jobs in competitive edge technologies, with preference to grantees in certain economically depressed area; states legislative intent that if additional funds become available, program funds would increase by \$4.0 million.

Sec. 1024. Small Business Technology and Development Centers – NEW

Allocates \$1.4 million from 21st Century Jobs Trust Fund to Small Business Technology and Development Centers for Small Business Innovation Research/Small Business Technology Transfer Research matching grant programs.

Sec. 1025. Jobs Report – NEW

Directs MEDC to report number of actual direct jobs and number of projected indirect jobs to be created as a result of a financial or tax incentive package offered to a business; salary and employer-sponsored benefit information to be included.

Sec. 1027. 21st Century Allocation for Biofuels – NEW

Requires MSF Board to amend its contract with Lakeshore Advantage for a project involving a former Pfizer plant to distribute at least \$3.0 million of contract amount prior to March 31, 2008, and expands allowable use of funds. Requires \$3.0 million total FY 2007-08 payment to Lakeshore Advantage if contract is not amended by February 28, 2008.

Sec. 1029. Tax Incentives for Michigan Workers – NEW

States legislative intent that incentives be awarded to businesses that give preference to Michigan workers.

Sec. 1030. Watervliet Township Ethanol Plant – NEW

Requires \$100 appropriation for Berrien County Brownfield Redevelopment Authority be used for brownfield redevelopment project in Watervliet Township to construct an ethanol plant.

Sec. 1031. McBain Township Infrastructure Improvements – NEW

Requires that \$100 appropriation for McBain Township (Missaukee County) be used for infrastructure improvements.

**FY 2007-08
Budget Detail
for
HUMAN SERVICES**

**Community Health
Corrections
Human Services**

**COMMUNITY HEALTH
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 123 (House Bill 4344)**

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

	FY 2006-07 YTD as of 2/08/07	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$37,286,100	\$38,850,900	\$39,966,900	\$38,850,900	\$39,410,200	\$2,124,100	5.7
Federal	6,042,584,700	6,656,090,400	6,600,405,500	6,486,398,100	6,708,510,700	665,926,000	11.0
Local	241,177,400	247,232,400	246,671,500	246,671,500	247,237,400	6,060,000	2.5
Private	63,826,900	64,702,800	65,519,800	65,702,800	65,519,800	1,692,900	2.7
Restricted	1,871,199,600	1,797,066,000	1,726,469,100	1,726,584,100	1,862,336,400	(8,863,200)	(0.5)
GF/GP	2,940,082,700	3,164,774,300	3,200,582,000	3,066,134,300	3,125,311,600	185,228,900	6.3
Gross	\$11,196,157,400	\$11,968,716,800	\$11,879,614,800	\$11,630,341,700	\$12,048,326,100	\$852,168,700	7.6
FTEs	4,664.1	4,751.2	4,677.6	4,657.0	4,767.6	103.5	2.2

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through February 8, 2007. Senate numbers reflect Part 1 from SB 511 Omnibus, Article 3, as passed by the Senate on September 23, 2007.

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, the Crime Victim Services Commission, and health /regulatory functions.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
1. Economic Adjustments Includes \$26.2 million gross (\$9.8 million GF/GP) for 4.0% salary/wage increase for non-bargaining and unionized employees and economic adjustments for defined benefit/contribution retirement, insurance, building occupancy, food, worker's compensation, and gas, fuel, and utility costs for FY 2007-08. This adjustment includes \$17,100 gross (all GF/GP) for the Director and other unclassified positions.	Gross N/A IDG N/A Federal N/A Restricted N/A Local N/A GF/GP N/A	\$26,177,900 1,739,800 5,177,900 2,867,300 6,594,100 \$9,798,800
2. Worker's Compensation Program Recognizes worker's compensation savings of \$1.8 million (\$881,000 beyond savings proposed in original Executive Recommendation).	Gross \$10,600,000 Restricted 16,000 GF/GP \$10,584,000	(\$1,775,000) 0 (\$1,775,000)
3. Actuarially Sound Rates Increases capitation payment rates for Health Plan Services by 4.2% and Medicaid Mental Health and Substance Abuse Services by 2.5% (\$130.1 million gross, \$52.0 million GF/GP) to ensure rates are actuarially sound in FY 2007-08.	Gross \$4,317,177,800 Federal 2,436,737,700 Local 29,737,100 Restricted 655,116,000 GF/GP \$1,195,587,000	\$130,141,100 75,583,900 0 2,568,500 \$51,988,700
4. Community Mental Health Direct Care Worker Increase Adds \$7.3 million gross (\$3.7 million GF/GP) to fully finance a 2.0% wage increase for direct care workers in community mental health settings. (Sec. 405)	Gross \$10,400,000 Federal 5,863,500 Restricted 0 GF/GP \$4,536,500	\$7,300,000 3,253,600 336,000 \$3,710,400
5. Mental Health Outpatient Teams Adds \$1.0 million for two additional mental health outpatient teams for Department of Corrections (DOC) based on a caseload growth of 961 from October 2005 to December 2006; adds \$559,300 to correspond with DOC budget for Forensic Mental Health Services to DOC.	Gross \$36,018,600 IDG 36,018,600	\$1,584,300 1,584,300

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
6. Quality Assurance Assessment Program (QAAP) Changes	Gross \$1,542,077,000	\$20,925,300
Adds \$20.9 million gross authorization to increase Medicaid hospital QAAP payments to the upper payment limit; increase is funded with \$8.8 million of hospital QAAP revenue and Medicaid matching funds. Adds \$21.4 million GF/GP for Health Plans and CMHSPs to offset reductions in QAAP fee revenue that has been lowered through federal legislation from 6.0% to 5.5%, effective January 1, 2008.	Federal 869,423,000	12,157,600
	Restricted 872,526,400	(12,667,200)
	GF/GP (\$199,872,400)	\$21,434,900
7. Criminal Background Check Program	Gross \$2,600,000	\$4,474,400
Offsets a future loss in federal pilot grant revenue for Criminal Background Check Program for employees of health facilities by using \$3.4 million health systems fees/collections and \$1.1 million federal Medicaid revenue to support the program. This use of health systems fees/collections requires changes to the Public Health Code.	Federal 2,600,000	1,072,900
	Restricted 0	3,401,500
8. Primary Care Services	Gross \$2,265,500	\$360,000
Adds \$150,000 for a community health center serving low income and uninsured populations, \$150,000 for rural health services, and \$60,000 for tribal elders programs of 12 Michigan tribes.	Federal 1,623,500	0
	GF/GP \$642,000	\$360,000
9. Office of Long-Term Care Supports and Services	Gross N/A	\$2,713,800
Provides \$2.7 million for the Office of Long-Term Care Supports and Services created by EO 2005-14. The Office is charged with the following: administer activities to implement recommendations of Michigan's Medicaid Long-Term Care Task Force; coordinate state planning for long-term care support and services; and conduct quality assurance reviews of publicly funded long-term care programs.	Federal N/A	2,131,200
	Private N/A	40,100
	GF/GP N/A	\$542,500
10. Multicultural Services	Gross \$5,163,800	\$600,000
Adds \$600,000 to the Multicultural Services line item to be equally distributed among four organizations.	GF/GP \$5,163,800	\$600,000
11. Healthy Michigan Fund Adjustments	Gross \$43,551,000	\$835,600
Maintains Healthy Michigan Fund appropriations for most disease prevention projects. To recognize \$1.8 million reduction in available Fund revenue and finance economic adjustments totaling \$64,400, replaces \$887,800 of Healthy Michigan Fund allocation for Medicaid services with GF/GP, and reduces funding to four programs (pregnancy prevention and family planning, early hearing detection and screening, and informed consent materials reimbursement) by \$900,000.	Restricted 43,551,000	(1,723,400)
	GF/GP \$0	\$887,800
12. Public Health Prevention Block Grant	Gross \$4,534,000	(\$863,200)
Recognizes 19.0% continued reduction of ongoing federal Preventive Health and Health Services Block Grant, affecting the following prevention programs: minority health grants, emergency medical services grants, primary care services, AIDS counseling and testing, sexually transmitted disease control, laboratory services, Alzheimer's information network, chronic disease prevention, diabetes and kidney program, and pregnancy prevention.	Federal 4,534,000	(863,200)
13. Public Health Medicaid Reimbursement Increases	Gross \$0	\$1,490,000
Includes additional federal Medicaid revenue of \$188,000 for vital records, \$890,000 for local health departments, and \$600,000 for infant mortality projects, reflecting local and state efforts to maximize federal Medicaid matching funds for qualified public health expenditures.	Federal 0	1,678,000
	Restricted 0	(188,000)
14. Drug Control Reductions	Gross \$20,010,000	(\$7,893,200)
Eliminates GF/GP funding increase from FY 2006-07 of \$1.2 million. Recognizes continued federal funding reductions for drug control grants and programs including law enforcement support, drug abuse prevention education, and residential substance abuse treatment. Federal grants are reduced by 58.4% since FY 2005-06.	Federal 18,399,500	(6,658,100)
	GF/GP \$1,610,500	(\$1,235,100)

COMMUNITY HEALTH

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
15. New Grants From Crime Victim's Rights Fund	Gross	\$10,117,200	\$2,327,300
Appropriates \$2.3 million of restricted Crime Victim's Rights Fund available balance for IDGs of \$1.3 million to Department of Human Services for sexual assault treatment services, and \$1.0 million to Department of State Police for costs of the sex offender registry, amber alert missing child notification system, polygraph tests, and forensic science expert witness testimony programs. Appropriations require statutory revisions, offered in HB 5355.	Restricted	10,117,200	2,327,300
16. Women, Infants, and Children (WIC) Program	Gross	\$186,815,800	\$15,698,100
Federal funds are increased for the WIC supplemental food program and administration by \$15.7 million, including food costs, electronic benefits programming, and WIC peer counseling.	Federal	133,577,700	15,698,100
	Private	53,238,100	0
17. Michigan Health Information Technology Project	Gross	\$9,500,000	(\$4,500,000)
Reduces the Health Information Technology Initiatives line by \$4.5 million gross (\$2.3 million GF/GP) recognizing elimination of a health information technology project in Southeast Michigan.	Federal	2,250,000	(2,250,000)
	GF/GP	\$7,250,000	(\$2,250,000)
18. MIChoice Program Expansion	Gross	\$118,800,300	\$5,000,000
Increases the Medicaid Home- and Community-Based Services Waiver line by \$5.0 million gross (\$2.1 million GF/GP) to support expansion of the MIChoice program.	Federal	66,979,600	2,905,000
	GF/GP	\$51,820,700	\$2,095,000
19. Medicaid Estate Recovery Program	Gross	\$1,594,415,800	(\$10,090,700)
Reduces Long-Term Care Services line by \$10.1 million gross (\$4.2 million GF/GP) representing savings generated by the recent statutory change which created a Medicaid long-term care estate recovery program.	Federal	898,447,000	(5,855,300)
	Local	6,618,800	0
	Restricted	677,955,000	0
	GF/GP	\$11,395,000	(\$4,235,400)
20. Adult Home Help Wage Increases	Gross	\$221,924,000	\$5,953,000
Increases Adult Home Help Services line by \$6.0 million gross (\$2.5 million GF/GP) to recognize statutory increase in minimum hourly wage for adult home help workers and assure that all workers receive no less than \$7.50 per hour as of April 1, 2008. These gross increases are \$3.6 million and \$2.4 million respectively.	Federal	125,120,800	3,470,300
	GF/GP	\$96,803,200	\$2,482,700
21. Medicaid Citizenship Verification Requirements	Gross	N/A	(\$33,412,800)
Recognizes anticipated savings from implementation of new citizenship verification requirements for Medicaid eligibility authorized by Federal Deficit Reduction Act.	Federal	N/A	(19,412,800)
	GF/GP	N/A	(\$14,000,000)
22. Increase Guardianship Fee Maximum to \$60 Monthly	Gross	N/A	\$540,000
Increases the Long-Term Care Services line by \$540,000 gross (\$226,300 GF/GP) to fund the increase of the maximum allowable monthly guardian charges from \$45 to \$60. (Sec. 1606)	Federal	N/A	313,700
	GF/GP	N/A	\$226,300
23. Medicaid Adjustments	Gross	\$8,662,601,000	\$496,061,700
Adjusts Medicaid funding levels for multiple lines to reflect original FY 2007-08 Executive Recommendation and consensus FY 2007-08 expenditures agreed to by House and Senate fiscal agencies and State Budget Office in May, and adjusted in September. Adjustments reflect caseload changes, shifts in fund sources, and transfers of anti-psychotic and anti-depressant funds between line items.	Federal	4,942,373,200	270,610,800
	Local	43,009,700	0
	Merit Awd	170,800,000	(17,900,000)
	Restricted	1,471,561,200	(7,325,500)
	GF/GP	\$2,034,856,900	\$250,676,400
24. Healthy Kids Dental Expansion	Gross	N/A	\$2,625,300
Increases Dental Services line by \$2.6 million gross (\$1.1 million GF/GP) to expand the Healthy Kids Dental program; new boilerplate Sec. 1633 expands program to Genesee and Saginaw counties.	Federal	N/A	1,525,300
	GF/GP	N/A	\$1,100,000
25. Third Party Liability Savings	Gross	N/A	(\$3,747,000)
Includes savings of \$3.7 million gross (\$1.6 million GF/GP) representing additional Medicaid recovery and cost avoidance measures by DCH.	Federal	N/A	(2,177,000)
	GF/GP	N/A	(\$1,570,000)

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD (as of 2/08/07)	Enacted Change From YTD
26. Shift Foster Care Children to Managed Care	Gross	N/A	(\$1,749,900)
Assumes savings of \$1.7 million gross (\$733,200 GF/GP) due to the establishment of a program to enroll all Michigan children in foster care in a Medicaid HMO on or before July 1, 2008. (Sec. 1772)	Federal	N/A	(1,016,700)
	GF/GP	N/A	(\$733,200)
27. Medicaid Special Financing Savings	Gross	N/A	\$101,646,800
Increases the Hospital Quality Assurance Assessment Program (QAAP) by \$60.0 million of restricted revenue, of which \$17.5 million will be retained by the state to offset GF/GP; balance of restricted revenue to be used to match federal Medicaid funds. \$101.6 million gross will be returned to hospitals as a Disproportionate Share Hospital (DSH) payment. (Sec. 1778)	Federal	N/A	59,096,800
	Restricted	N/A	60,000,000
	GF/GP	N/A	(\$17,450,000)

Major Boilerplate Changes From FY 2006-07

GENERAL

Sec. 206. Contingency Funds – NEW

Appropriates up to \$100.0 million federal contingency funds, up to \$20.0 million state restricted contingency funds, up to \$20.0 million local contingency funds, and up to \$10.0 million private contingency funds; specifies that contingency funds are not available for expenditure until transferred according to Sec. 393(2) of the Management and Budget Act.

Sec. 215. Policy Changes Implementing Public Acts – NEW

Requires DCH to report on each policy change made to implement a public act affecting DCH which took effect during the prior calendar year. Prohibits the use of appropriated funds by DCH on adopting a rule that will apply and have a disproportionate economic impact on small businesses.

Sec. 271. PIHP and Medicaid HMO Pilot Projects with FQHCs – NEW

Allows a Prepaid Inpatient Health Plan, Medicaid Health Maintenance Organization, and federally qualified health center to establish and implement early mental health services intervention pilot project. The project shall provide care coordination, disease management, and pharmacy management to eligible recipients suffering from chronic disease including, but not limited to, diabetes, asthma, substance addiction, or stroke.

Sec. 272. Administrative Efficiencies, Shared Services, and Consolidations – NEW

Allocates up to \$150,000 for a study on administrative efficiencies, shared services, and consolidations of local public health departments, CMHSPs, coordinating agencies on substance abuse, and area agencies on aging.

Sec. 282. Administrative Costs for Coordinating Agencies and Area Agencies on Agencies – NEW

Requires DCH to establish uniform definitions, standards, and instructions for classification, allocation, assignment, calculation, recording, and reporting of administrative costs by coordinating agencies on substance abuse, Salvation Army Harbor Light program and their subcontractors, area agencies on aging and local providers, and their subcontractors. Requires DCH to provide a written draft of its proposed definitions, standards, and instructions by May 15, 2008.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 480. Atypical Antipsychotic Prescriptions – NEW

Requires report on the number and reimbursement cost of atypical antipsychotic prescriptions by each PIHP for Medicaid beneficiaries by March 30, 2008.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 608. Privatization of Food and Custodial Services – NEW

Requires DCH to evaluate the privatization of food and custodial services at state hospitals and centers and submit a copy of the evaluation by May 1, 2008.

PUBLIC HEALTH

Sec. 1031. Pilot for Traumatic Brain Injury Treatment Guideline Model – NEW

Appropriates \$100 to establish an incentive-based pilot program for level I and level II trauma hospitals to encourage utilization of an interactive, evidence-based treatment guideline model for traumatic brain injury.

Sec. 1104. Pregnancy Planning and Prenatal Program Report and Fund Distribution – REVISED

Requires DCH to report planned allocations for various services, agreements, and programs. New language requires DCH to collect additional data to show distribution of funds between urban and rural communities for future reporting, and ensure that the distribution of funds for these programs takes into account the needs of rural communities.

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2006-07

Sec. 1105. Contract with Local Agencies Best Able to Serve Clients – REVISED

Requires DCH to contract with local agencies best able to serve clients for family, maternal, and children's health services, and specifies evaluation factors. Additional language requires DCH to also consider access to services in rural communities when contracting with local agencies.

Sec. 1153. WIC Program Access in Rural Communities – NEW

Requires DCH to ensure that individuals residing in rural communities have sufficient access to the services offered through the Women, Infants, and Children Food and Nutrition program.

OFFICE OF SERVICES TO THE AGING

Sec. 1417. Area Agency on Aging Reporting of Expenditures – NEW

Requires DCH to report on the allocation of state resources by program and administration to each area agency on aging, and detail expenditures of state and local funds by each area agency on aging.

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee, Copayments, and Mail Order Drugs – REVISED

Specifies pharmaceutical dispensing fees requirements. Revision deletes requirement that an optional mail-order pharmacy program be available, replacing it with intent language that if DCH realizes savings resulting from the way in which the Medicaid program pays pharmacists for prescriptions from average wholesale price to average manufacturer price, the savings shall be returned to pharmacies as an increase up to \$2.00 in the pharmacy dispensing fee.

Sec. 1652. Health Plan Service Area Expansion – NEW

States that if DCH implements changes allowing HMOs to request service area expansions, the HMOs must agree to: (1) not sell or transfer any portion of the HMO's assets or business for a period of three years, and (2) the HMO that expands into a county with a population of at least 1,500,000 shall also expand its coverage to a county with a population of less than 100,000 which has one or fewer HMOs participating in the Medicaid program.

Sec. 1682. OBRA Nursing Home Enforcement Provisions – REVISED

Authorizes DCH to implement federal nursing home enforcement provisions and receive/expend penalty money for noncompliance. Revised language adds that DCH is authorized to provide civil monetary penalty funds to the disability network of Michigan to be distributed to the 15 centers for independent living for the purpose of assisting individuals with disabilities who reside in nursing homes to return to their homes. New language authorizes use of penalty funds to conduct a survey evaluating nursing home consumer satisfaction and quality of care by residents, their families and employees.

Sec. 1695. Nursing Facility Case Mix Reimbursement – NEW

Requires DCH to evaluate the impact of implementing a case mix reimbursement system for nursing facilities; DCH is to consult with the Health Care Association of Michigan, the Michigan County Medical Care Facilities Council, and the Association of Homes and Services for the Aging, with a progress report due by August 1, 2008.

Sec. 1735. Durable Medical Equipment Contract Savings – REVISED

Stipulates provider program requirements. Additional language requires DCH to make notification within 30 days of implementation of any proposed Medicaid policy changes for durable medical equipment and removes all language referring to prosthetics, orthotics and the American Board for Certification in Orthotics and Prosthetics.

Sec. 1763. Medication History Information Exchange – NEW

Requires Medicaid health plans in Southeast Michigan to participate in a medication history information exchange pilot project.

Sec. 1770. Quarterly Medicaid Policy Changes – NEW

Specifies that DCH shall attempt to make adjustments to the Medicaid provider manual and effective dates for proposed Medicaid policy bulletins on October 1, January 1, April 1, or July 1, after the end of the consultation period.

Sec. 1773. Nonemergency Transportation Services – NEW

Directs DCH to establish and implement a bid process to identify a single private contractor to provide Medicaid covered nonemergency transportation services in each county with a population over 750,000.

Sec. 1775. Medicaid Managed Long-Term Care Study – NEW

Requires DCH to conduct a study and publish a report regarding the feasibility of providing long-term care services through managed care.

Sec. 1777. Nursing Home Dining Assistants – NEW

Requires DCH to permit nursing homes to use dining assistants to feed eligible residents, in accordance with federal and state law; DCH will not be responsible for training costs.

CORRECTIONS

Summary of FY 2007-08 Enacted Appropriations

2007 Public Act 124 (House Bill 4348)

Analyst: Marilyn B. Peterson

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$2,108,400	\$1,264,600	\$1,264,600	\$1,264,600	\$1,264,600	(\$843,800)	(40.0)
Federal	11,420,200	10,340,700	10,340,700	10,340,700	10,340,700	(1,079,500)	(9.5)
Local	420,900	429,700	429,700	429,700	429,700	8,800	2.1
Private	0	0	0	0	0	0	0.0
Restricted	67,796,000	57,479,500	70,285,900	70,062,600	70,149,600	2,353,600	3.5
GF/GP	1,871,877,500	1,966,046,400	2,032,900,000	1,940,360,800	1,996,084,500	124,207,000	6.6
Gross	\$1,953,623,000	\$2,035,560,900	\$2,115,220,900	\$2,022,458,400	\$2,078,269,100	\$124,646,100	6.4
FTEs	17,798.0	18,202.2	18,291.2	17,356.5	17,383.4	(414.6)	(2.3)
Avg. Pop.	51,490	53,444	53,444	52,111	51,841	351	0.7

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007; FY 2007-08 Senate figures are from SB 511 as passed by the Senate on September 23, 2007.

Overview

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Enacted</u>	<u>Change</u>
	<u>(as of 2/08/07)</u>		<u>From YTD</u>
PRISON AND CAMP OPERATIONS			
1. Prison and Camp Beds Opened Prior to FY 2007-08			
Funds full-year costs for net of 1,110 beds opening by end of FY 2006-07.	Beds	N/A	1,110
Adjustments included for:	FTEs	N/A	175.2
<ul style="list-style-type: none"> Three facilities (Hiawatha, West Shoreline, and Boyer Road), where seventh bunks were added to six-bunk cubicles. Camp White Lake, a new women's camp developed at the site of the former Camp Gilman. Closure of Jackson complex's 8-Block and re-opening of A and B units, all at Parnall. Miscellaneous beds at eight facilities. 	Gross	N/A	\$22,693,900
	GF/GP	N/A	\$22,693,900
2. Additional Beds			
Funds additional beds in revised Executive Recommendation, issued in response to consensus caseload estimates of total funding needs.	Beds	N/A	554
Adjustments included for:	FTEs	N/A	49.4
<ul style="list-style-type: none"> Cooper Street, to fund additional beds in open-bay cubicles. Huron Valley Complex, to fund additional beds at the men's and women's facilities and at Camp Valley. Parnall Correctional Facility, at the Jackson complex. Scott, to fund additional beds at Camp White Lake. 	Gross	N/A	\$5,989,800
	GF/GP	N/A	\$5,989,800
3. Additional Beds Opening Early FY 2007-08			
Funds beds opening in early FY 2007-08:	Beds	N/A	788
<ul style="list-style-type: none"> Additions of eighth bunk to open-bay units at various facilities. Additional beds at Huron Valley Men's facility. 	FTEs	N/A	100.8
	Gross	N/A	\$9,981,200
	GF/GP	N/A	\$9,981,200

CORRECTIONS

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change</u>
		<u>(as of 2/08/07)</u>	<u>From YTD</u>
4. Jackson and Camp Manistique Closures	Beds	N/A	(2,228)
Recognizes savings associated with closure of Southern Michigan Correctional Facility in Jackson (assumed closure November 15), Jackson's 7-Block (Egeler Annex, closed July 2007), and Camp Manistique in Munising (assumed closure October 20).	FTEs	N/A	(582.8)
	Gross	N/A	(\$50,716,200)
	GF/GP	N/A	(\$50,450,500)
5. Close Riverside, Re-open Michigan Reformatory	Beds	N/A	127
Recognizes savings through closure of Riverside Correctional Facility in Ionia and reopening of Michigan Reformatory, occurring in early November.	FTEs	N/A	(26.1)
	Gross	N/A	(\$1,794,400)
	GF/GP	N/A	(\$1,794,400)
6. Facility Staffing Efficiencies	FTEs	N/A	(79.0)
Recognizes full-year savings from revision of facility staffing charts.	Gross	N/A	(\$5,877,400)
	GF/GP	N/A	(\$5,877,400)
7. Regionalization at Kinross, Ionia, and Jackson	FTEs	N/A	(46.5)
Consolidates functions at three complexes to reduce positions in business offices, warehouses, food service, electrical, and plumbing.	Gross	N/A	(\$2,631,700)
	GF/GP	N/A	(\$2,631,700)
8. Fuel and Utilities Increases	Gross	N/A	\$4,000,000
Recognizes unfunded costs of fuel and utilities increases. MDOC received \$2.2 million increase for fuel and utilities in FY 2006-07, but did not receive increases in FY 2004-05 or FY 2005-06.	GF/GP	N/A	\$4,000,000
9. Contractual Dry Cleaning Allowance	Gross	N/A	\$3,341,700
Recognizes unfunded costs of increased payments for dry cleaning allowances under recent bargaining agreements.	GF/GP	N/A	\$3,341,700
10. Public Works Program	Gross	N/A	(\$1,500,000)
Assumes savings through delayed reinstatement of the public works program, which was discontinued late in FY 2006-07 to maintain staff resources and minimize overtime at the facilities; assumes a doubling of user fees generally charged for use of prisoner public works crews from \$15 per prisoner per day to \$30 per prisoner per day, and uses the revenue to offset GF/GP appropriations in the affected line items.	Restricted	N/A	1,286,900
	GF/GP	N/A	(\$2,786,900)
11. Hospital Security Coverage	FTEs	N/A	138.0
Funds additional FTEs to reflect increased costs of security coverage for hospitalized prisoners, who are accompanied by two officers; most costs for additional FTEs to be absorbed with existing funding, which has supported overtime costs incurred for increased hospital coverage.	Gross	N/A	\$1,100,000
	GF/GP	N/A	\$1,100,000
12. Additional Staffing Costs	FTEs	N/A	39.6
Funds staffing costs included in Executive revision in response to consensus estimates of FY 2007-08 caseload costs. Adjustments included for Mound and Ryan correctional facilities (to fund continued staffing of guard towers), and Saginaw Correctional Facility (for costs attributed to increased hospital security coverage).	Gross	N/A	\$3,290,500
	GF/GP	N/A	\$3,290,500
13. New Officer Training	Gross	\$11,750,600	(\$819,900)
Provides for training of approximately 650 new corrections officers, down from roughly 700 funded under FY 2006-07 enacted budget.	GF/GP	\$11,750,600	(\$819,900)
14. Telephone Fees and Commissions	Gross	\$12,700,000	\$0
Assumes reduction in revenues received under contract for prisoner telephone service, which expires July 6, 2008. Associated boilerplate expresses a legislative intent that any subsequent contract for prisoner telephone service include a condition that fee schedules for prisoner telephone calls generally be the same as those for calls placed from outside of correctional facilities.	Restricted	\$12,700,000	(1,600,000)
	GF/GP	\$0	\$1,600,000

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u> <u>(as of 2/08/07)</u>	<u>Enacted Change</u> <u>From YTD</u>
15. Facility Maintenance and Repurposing	Gross	N/A	\$120,000
Funds feasibility study on potential future use of closed units in Upper Peninsula, such as Camp Manistique and Marquette's Mangum Farm; also funds maintenance/security costs of mothballed Camp Manistique.	GF/GP	N/A	\$120,000
SENTENCING AND POLICY CHANGES			
16. Sentencing Changes - Savings and Expenditures	Gross	N/A	\$0
Excludes Executive's \$92 million in net savings that Executive assumed though increasing paroles and changing sentencing statutes.			
MICHIGAN PRISONER RE-ENTRY INITIATIVE (MPRI) AND COMMUNITY PROGRAMS			
17. Statewide MPRI Roll-Out	Gross	\$12,552,900	\$20,620,800
Provides full-year funds for statewide implementation of community portion of MPRI, which incorporates prisoner assessment, individual case management, prison in-reach services, and community programs in an effort to improve success on parole and reduce recidivism.	Federal	1,035,000	0
	GF/GP	\$11,517,900	\$20,620,800
18. Additional MPRI-Related Staff - Prisons and Central Office	FTEs	N/A	21.0
Funds 16 additional parole agents, who would be placed in prisons to coordinate planning and transitional services for paroling prisoners; funds four positions to provide additional intake staff to administer the COMPAS assessment tool which identifies each offender's criminogenic risk and needs; used in developing each prisoner's case plan under MPRI; funds one additional file screener for the parole board, to review MPRI-related cases prior to parole to ensure that appropriate arrangements for transportation, placement, and programming have been made.	Gross	N/A	\$1,772,700
	GF/GP	N/A	\$1,772,700
19. Global Positioning System (GPS) Tether	FTEs	N/A	36.0
Provides partial-year funding to expand GPS tether by 500 active GPS units, 33.0 FTEs for additional parole agents, and 3.0 FTEs for additional staff at the electronic monitoring center, located in Lansing.	Gross	N/A	\$4,019,000
	GF/GP	N/A	\$4,019,000
20. County Jail Reimbursement Program	Gross	\$13,249,000	\$0
Maintains FY 2006-07 funding levels and criteria for the county jail reimbursement program, which offers counties per-diem payments for housing in jails certain offenders who presumably otherwise would have been sentenced to prison.	Restricted	13,249,000	0
OFFENDER HEALTH CARE AND TREATMENT			
21. Hospital and Specialty Care	Gross	\$58,851,700	\$23,215,700
Funds consensus cost estimates of off-site hospital and specialty care provided to prisoners in prisons, camps, and community placement, and to parolees in technical rule violator centers and re-entry centers.	GF/GP	\$58,851,700	\$23,215,700
22. Prison Clinics	Gross	\$127,767,300	\$11,803,400
Increases prison clinic funding by \$11.8 million, the sum of \$10.4 million in original Executive recommendation plus \$1.4 million in revised Executive to reflect consensus caseload estimates.	Restricted	331,400	0
	GF/GP	\$127,435,900	\$11,803,400
23. Hepatitis C Testing and Treatment	FTEs	N/A	0.0
Funds estimated partial-year cost to begin more extensive Hepatitis C screening and testing at intake, and anticipated identification of increased numbers of prisoners needing and receiving Hepatitis C treatment.	Gross	N/A	\$1,692,900
	GF/GP	N/A	\$1,692,900
24. Mental Health Outpatient Treatment	FTEs	N/A	0.0
Funds equivalent of one additional mental health outpatient treatment team for nine months; services to be provided through Department of Community Health.	Gross	N/A	\$742,300
	GF/GP	N/A	\$742,300

CORRECTIONS

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change</u>
		<u>(as of 2/08/07)</u>	<u>From YTD</u>
25. Mental Health Study	Gross	\$0	\$400,000
Funds independent report on prevalence of mental illness and substance abuse problems in the prisoner population; associated boilerplate requires MDOC to contract for an independent study to compile data and develop recommendations.	GF/GP	\$0	\$400,000
26. Mental Health Awareness Training	Gross	\$0	\$100,000
Provides \$100,000 grant to state police for training on responding to people with mental illness.	GF/GP	\$0	\$100,000
ECONOMICS			
27. Economic Adjustments	Gross	N/A	\$84,890,100
Includes total economic adjustments of \$84.4 million (\$82.4 million GF/GP), of which \$506,800 (\$487,600 GF/GP) is for DIT.	DIGIT	N/A	26,200
	Federal	N/A	21,400
	Local	N/A	8,800
	Restricted	N/A	1,953,200
	GF/GP	N/A	\$82,880,500
<ul style="list-style-type: none">• \$42,283,700 gross, \$41,264,200 GF/GP for salaries/wages• \$16,714,900 gross, \$16,312,000 GF/GP for insurances• \$24,356,500 gross, \$23,769,300 GF/GP for retirement• \$938,100 gross and GF/GP for food• \$1,520,700 gross and GF/GP for fuel and utilities• \$4,600 gross and GF/GP for building occupancy charges• (\$928,400) decrease gross and GF/GP for workers' compensation			

Major Boilerplate Changes From FY 2006-07

Sec. 207a. Privatization Cost-Benefit Analyses and Criteria – NEW

Requires cost-benefit analyses and legislative approval prior to privatizing services or activities provided by state employees; prohibits implementing privatization project plans unless savings of at least five percent are to be achieved.

Sec. 218. Dry Cleaning Allowances – NEW

Expresses legislative intent that no expenditures for employee dry cleaning allowances be made or obligations to pay dry cleaning allowances be incurred for allowances in excess of those authorized under collective bargaining agreements in effect from 2002 to 2004.

Sec. 219. Prisoner Telephone Calls – NEW

Expresses legislative intent that any contract for prisoner telephone services include a condition that fee schedules for prisoner telephone calls be the same as fee schedules for calls placed from outside of correctional facilities.

Sec. 223. Contingency Fund Appropriations – NEW

Appropriates and provides for expenditure of federal, state restricted, local, and private contingency funds, which are revenues that become available during the course of the fiscal year.

Sec. 301. Offender Tracking Information System (OTIS) – REVISED

Specifies length of time MDOC must maintain a felony offender's file on the offender tracking information system, which is publicly available online. Files generally are to be maintained on OTIS for three years after an offender is released from MDOC's jurisdiction; records of offenders found to be wrongfully convicted are to be removed immediately, unless there is another conviction that requires a listing on OTIS.

Sec. 302. Mental Health Study – REVISED

Allocates funding for independent study. Revision expands requirement for report on prevalence of mental illness and substance abuse problems in the prisoner population, requiring MDOC to contract for an independent study to compile data and develop recommendations.

Sec. 406. Michigan Prisoner Re-entry Program (MPRI) Standards – NEW

Requires development, implementation, and report on uniform minimum standards for MPRI pilot sites and the expenditure of MPRI funds.

Sec. 607. Grand Rapids Corrections Center – NEW

Forbids expenditure of funds on premises leased for Grand Rapids Corrections Center after 120 days following the effective date of the bill.

Major Boilerplate Changes From FY 2006-07

Sec. 608. *Global Positioning System (GPS) Tether* – REVISED

Specifies information for report on GPS tethering; revision requires more detail in report on new GPS tether program.

Sec. 609. *Kiosk Reporting Stations* – NEW

Requires report on implementation of kiosk reporting stations for parolees and probationers.

Sec. 802. *Health Care Contracting* – REVISED

Requires quarterly reports on time elapsed between diagnosis and treatment, and on expenditures, allocations, and projected expenditures from accounts for prisoner health care. Also requires detailed report on findings of National Commission on Correctional Health Care. Retains expression of legislative intent that local health care providers be considered and given the opportunity to bid as vendors under future managed care contracts.

Sec. 806. *Hepatitis C and HIV Testing* – NEW

Requires exiting prisoners to be tested for Hepatitis C and HIV, with recommendations for follow-up treatment if appropriate, requires all incoming prisoners to be screened for Hepatitis C risk factors, and requires incoming high-risk prisoners to be offered Hepatitis C antibody tests.

Sec. 901. *Tobacco Ban* – NEW

Replaces current requirement for designated smoking areas with a requirement to develop and implement a plan to make all facilities and camps tobacco-free.

Sec. 903. *Internet Access* – REVISED

Prohibits prisoners' access to the Internet. Revision establishes exceptions to prohibition on prisoner use of Internet; allows use of web-based programming on education, job training, job searches, and other programs/services.

Sec. 918. *Transportation Request for Information* – NEW

Requires request for information to be issued following receipt of auditor general performance audit on offender transportation.

Sec. 919. *Food Services Request for Information* – NEW

Requires request for information to be issued following receipt of auditor general performance audit on prison food service.

HUMAN SERVICES

**HUMAN SERVICES
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 131 (Senate Bill 232)**

Analysts: Bob Schneider and Bill Fairgrieve

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$4,384,600	\$2,416,000	\$2,416,000	\$2,416,000	\$2,416,000	(\$1,968,600)	(44.9)
Federal	3,099,421,400	3,109,378,300	3,107,934,700	3,136,319,700	3,147,497,400	48,076,000	1.6
Local	63,042,500	66,255,800	60,236,400	41,747,000	50,331,900	(12,710,600)	(20.2)
Private	9,202,200	9,039,200	9,039,200	9,039,200	9,039,200	(163,000)	(1.8)
Restricted	59,185,600	59,528,600	72,298,600	59,698,600	59,698,600	513,000	0.9
GF/GP	1,267,636,600	1,320,255,500	1,252,267,400	1,283,134,600	1,308,410,100	40,773,500	3.2
Gross	\$4,502,872,900	\$4,566,873,400	\$4,504,192,300	\$4,532,355,100	\$4,577,393,200	\$86,485,100	1.9
FTEs	10,388.4	10,609.1	9,524.4	10,412.5	10,580.4	192.0	1.8

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2006-07 YTD Appropriations

	FY 2006-07 YTD	Enacted Change From YTD
1. Juvenile Justice Restructuring	FTE 268.0	(131.0)
Shifts 80 beds from the Woodland Center–East complex at the Maxey Training School to private residential service providers, resulting in elimination of 131 FTEs (assumes implementation on May 1, 2008); staff savings of \$4.7 million partially offset with inclusion of \$1.3 million one-time separation costs for displaced workers.	Gross \$27,914,200	(\$3,382,900)
	Local 15,008,500	(2,361,500)
	GF/GP \$12,905,700	(\$1,021,400)
2. Bureau of Juvenile Justice Staff	FTE 50.0	(10.0)
Reduces central staff within the Bureau of Juvenile Justice by 10 positions to reflect the shift of 80 beds out of Maxey Training School. Reductions are effective May 1, 2008. Savings of \$1.4 million is partially offset by inclusion of \$100,000 in one-time separation costs for displaced workers.	Gross \$7,590,000	(\$1,269,300)
	Federal 1,311,700	(108,700)
	Private 600,000	0
	Local 449,400	(150,500)
	GF/GP \$5,228,900	(\$1,010,100)
3. Added Costs for Juvenile Justice Youth	Gross N/A	\$2,433,300
Assumes average cost of private care of \$250/day for youth shifted from Maxey facility to private residential facilities; costs for care of youth included in Foster Care Payments and Child Care Fund line items.	Local N/A	912,500
	GF/GP N/A	\$1,520,800
4. Child Welfare Initiative Staff	FTE N/A	171.0
Funds 171.0 of 257.0 new FTEs for Child Welfare Improvements initiative in Executive budget; includes 138.0 FTEs to address and find permanent placements for long-term foster children, and 33.0 supporting FTEs; does not include 45.0 FTEs aimed at licensing relative caregivers as foster parents (separate proposal for private agency contracts to license relative caregivers addresses relative licensing policy issue).	Gross N/A	\$13,723,900
	Federal N/A	2,799,500
	GF/GP N/A	\$10,924,400

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
5. Title IV-E Specialists and Accountability Office	FTE 0.0	105.0
Funds 100.0 new Title IV-E specialist FTEs to work in local offices to assist with federal Title IV-E funding eligibility, and 5.0 FTEs in new Title IV-E Compliance and Accountability Office to address Title IV-E policy issues; actions aimed at improving process for determining Title IV-E eligibility for foster care cases, thus increasing the number of cases receiving federal funds, which would reduce state and county costs for foster care.	Gross \$0	\$8,553,900
	Federal 0	1,704,800
	GF/GP \$0	\$6,849,100
6. Title IV-E Funding Reforms	Gross \$386,577,600	\$12,069,200
Assumes major shift in financing foster care payments by increasing percentage of out-of-home placements eligible for Title IV-E support; payments for Title IV-E eligible cases usually split 58% federal/42% GF/GP; costs for non-IV-E eligible cases split 50% state/50% counties.	Federal \$153,317,400	34,188,300
	Local 30,742,900	(17,403,900)
	Private 2,802,600	0
	GF/GP \$199,714,700	(\$4,715,700)
7. Day Care Services	Gross \$442,752,900	(\$18,013,800)
Reflects Governor's \$23.6 million GF/GP reduction for Day Care Services linked to proposal to reduce maximum allowable hours of support from 100 hours to 90 hours per two-week pay period; adds \$5.6 million to the line item to either directly offset reduction in allowable hours or allow for provider rate increases to indirectly offset part of the policy change.	Federal 288,902,300	0
	GF/GP \$153,850,600	(\$18,013,800)
8. Additional DHS Field Staff	FTE 7,875.1	150.0
Assigns a portion of the savings achieved elsewhere in the budget to support 150.0 additional DHS field staff positions.	Gross \$379,508,200	\$12,000,000
	Federal 229,524,900	6,960,000
	Other 3,026,700	0
	GF/GP \$146,957,000	\$5,040,000
9. Rate Increase for Residential Providers	Gross N/A	\$4,831,400
Provides 4% increase in contracted rates paid to private residential facilities that serve both delinquent and abused/neglected youth. Boilerplate (Sec. 726) sets rate floor of \$130 per day for providers.	Federal N/A	546,900
	Local N/A	1,241,900
	GF/GP N/A	\$3,042,600
10. Rate Adjustment for Private Child Placing Agencies	Gross N/A	\$1,039,000
Provides child placing agencies with option to maintain current foster care administrative rate or convert to new blended \$25.00 per day rate; agencies now receive \$19.49 per day for general foster care and individual contracted amount for specialized foster care; boilerplate states legislative intent to establish single blended rate of \$27.00 per day in future budgets.	Federal N/A	205,900
	Local N/A	205,900
	GF/GP N/A	\$627,200
11. Adoption Agency Increases - VETOED	Gross N/A	\$374,600
Funds 4% increase in adoption contract rates paid to private adoption agencies for adoption placements and finalizations. Governor vetoed related boilerplate due to a rate schedule drafting error; signing letter indicated she was ordering a 4% increase in existing rates.	Federal N/A	138,600
	GF/GP N/A	\$236,000
12. Family Independence Program (FIP) Caseload	Gross \$439,000,000	(\$64,929,000)
Reduces FIP appropriation by \$64.9 million gross, \$53.2 million GF/GP from current level; assumes significant caseload decline due to recent eligibility determination policy change and expansion of Jobs Education and Training program to engage more recipients in work-related activities.	Federal 101,308,600	(18,481,800)
	Restricted 40,803,000	6,338,200
	GF/GP \$296,888,400	(\$53,193,700)
13. Private Agency Relative Licensure Contracts	Gross \$0	\$2,875,000
Provides \$2.5 million for private agency contracts to recruit/license relative caregivers as foster parents; private agencies to receive \$2,300 for each resulting licensure; adds \$375,000 to support family incentive grants for foster family home improvements needed to accommodate foster children.	Federal 0	529,000
	GF/GP \$0	\$2,346,000
14. Special Needs Adoption Contracts	Gross \$0	\$1,049,400
Supports special needs adoption contracts with private adoption agencies, with focus on children who have been state wards for at least one year since termination of parental rights; agencies to receive \$16,000 for each finalized adoptive placement; funding to cover roughly 65 placements.	Federal 0	193,400
	GF/GP \$0	\$856,000

HUMAN SERVICES

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
15. Child Support Incentive Payments	Gross \$32,409,600	\$0
Holds counties harmless from federal law changes that forbid counties from using federal child support incentive revenue to draw additional federal funds; adds \$9.6 million GF/GP to replace lost federal revenue.	Federal 32,409,600	(9,570,000)
	GF/GP \$0	\$9,570,000
16. Bridges Program	Gross \$11,000,000	\$10,000,000
Adds \$10.0 million over current-year funding to support DHS' "Bridges" computer systems integration project.	Federal 5,500,000	5,333,800
	GF/GP \$5,500,000	\$4,666,200
17. Jobs, Education and Training Program (JET) Expansion	FTE 168.0	30.0
Funds statewide expansion of JET pilot projects seeking to engage cash assistance recipients in work activities. About \$13.5 million to be paid to Department of Labor and Economic Growth for additional staff/services related to rehabilitation/employment support; DHS retains \$4.5 million to add 30 JET coordinator positions and additional support services.	Gross \$24,938,200	\$17,980,800
	Federal 7,187,500	1,836,000
	GF/GP \$17,750,700	\$16,144,800
18. Subsidized Guardianship Program	Gross \$0	\$4,575,000
Establishes new program aimed at providing funding to caregivers who become legal guardians for neglected or abused children.; guardianships would transfer the state's legal responsibility for affected children, thereby removing them from the child welfare system. Guardians would receive financial support similar to current foster families.	GF/GP \$0	\$4,575,000
19. Indigent Burial Program - VETOED	Gross \$5,170,600	\$1,738,700
Restores reduction to the program implemented in EO 2007-3 and adds \$1.0 million. Governor vetoed boilerplate establishing increased rates for funeral providers, and indicated she was ordering rates to be set at levels established in administrative rules.	Federal 430,900	0
	GF/GP \$4,739,700	\$1,738,700
20. Restoration of Executive Budget Reductions	Gross \$15,390,800	\$500,000
Restores proposed reductions for Before & After School programs (\$5.0 million), Teen Parent Counseling (\$3.8 million), Fatherhood and Marriage Initiatives (\$3.2 million), and Community Action Agencies (\$2.85 million, including \$500,000 FY 2006-07 reduction in EO 2007-3).	Federal 15,365,300	500,000
	GF/GP \$25,500	\$0
21. Child Support Arrearage Collections - VETOED	Gross N/A	\$500,000
Provides \$500,000 to support a contract with a private collection agency to collect child support arrearages owed to custodial parents and to the state as reimbursement for past public assistance support.	Federal N/A	330,000
	GF/GP N/A	\$170,000
22. Economic Adjustments	Gross N/A	\$35,662,800
Adds funding for economic adjustments, including an employee salary and wage increase of 4.0% for classified employees, increases for retirement and insurance, and adjustments for worker's compensation, rent and building occupancy, and food/utility costs for state juvenile facilities.	Federal N/A	10,527,400
	IDG N/A	13,300
	Local N/A	940,000
	Private N/A	139,600
	Restricted N/A	61,100
	GF/GP N/A	\$23,981,400

Major Boilerplate Changes From FY 2006-07

GENERAL SECTIONS

Sec. 286. Streamlining Procurement Procedures – NEW

Requires DHS to contract with a private company to conduct a study of ways to streamline procurement procedures for durable goods and services. The contractor shall submit recommendations to the appropriations committees.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 303(3). Earned Income Tax Credit (EITC) and Marriage/Fatherhood Grants – VETOED

Allocates \$250,000 for competitive grants combining education on EITC with marriage, fatherhood and parenting programs.

Sec. 304. Pontiac School-Based Crisis Intervention Program – VETOED

Provides allocation of \$78,500 in TANF funds to support this demonstration project.

Major Boilerplate Changes From FY 2006-07

Sec. 306. Michigan State University (MSU) Kinship Care Center – VETOED

Allocates \$200,000 for the MSU School of Social Work to support its Kinship Care Resource Center.

Sec. 308. University of Detroit Mercy Legal Services – NEW

Allocates \$200,000 to the University of Detroit Mercy for use of its mobile legal services office in providing assistance to disabled veterans who are seeking eligibility under the federal supplemental security income program.

Sec. 309. Newberry Community Action Agency – VETOED

Allocates \$300,000 to support the Newberry Community Action Agency and its social services programs.

CHILD AND FAMILY SERVICES

Sec. 513. Out-of-State Placements of Children – REVISED

Requires DHS and representatives of private licensed child caring institutions to collaborate in establishing an out-of-state placement task force to make recommendations on out-of-state placement of children. Includes new audit requirement aimed at determining compliance with restrictions on out-of-state placements.

Sec. 515. Performance-Based Foster Care Contracts – REVISED

Requires DHS to use performance-based contracts with private nonprofit child placing agencies in an effort to improve services for children.

Sec. 531. Title IV-E Funding to Counties – VETOED

Requires that DHS pay to local units of government the full benefit of federal title IV-E revenue earned on the first \$5.0 million in eligible costs, with the state retaining 50% of revenue above \$5.0 million (current budget allows DHS to retain 50% of any title IV-E revenues claimed on behalf of counties).

Sec. 546. General Foster Care and Specialized Foster Care Rates – REVISED

Provides child placing agencies with a choice of maintaining current administrative rates in effect for FY 2006-07 or switching to a single blended rate of \$25.00 per day for both general and specialized foster care; prohibits a reduction in independent living rates; states legislative intent to establish a single rate of \$27.00 per day in future budgets.

Sec. 566. Direct Foster Care Services – NEW

Establishes a preference in provision of direct foster care services for public and private agencies that are nationally accredited; requires private agency contracts to include specific performance and incentive measures focusing on permanency placement; prohibits DHS from entering or maintaining a contract with a for-profit child placing agency unless the agency was licensed on or before August 1, 2007.

Sec. 571. Title IV-E Compliance and Accountability Office – NEW

Requires establishing Title IV-E Compliance and Accountability office; outlines goals/responsibilities, including determining best practices in other states, coordinating compliance with Title IV-E regulations and providing technical assistance.

Sec. 574. Contracts to License Relative Caregivers – VETOED

Allocates \$2.5 million to contracts with private nonprofit child placing agencies to facilitate licensure of relative caregivers as foster parents; provides \$2,300 for each facilitated licensure. Provides \$375,000 to support family incentive grants aimed at assisting with home improvements needed by foster families. Governor vetoed language allowing private child placing agencies facilitating a relative licensure to retain the placement and provide case management services when cases were appropriate for the agency.

Sec. 576. Adoption Contract Unit Rates – VETOED

Establishes new unit rate schedule for adoption contract payments, provides overall increase in unit rates, and prohibits DHS from establishing rates or payment categories outside of those in this section. Section vetoed due to a drafting error in the rate schedule. In the signing letter, Governor indicated she would order a 4% rate increase for adoption agencies.

Sec. 577. Strong Families/Safe Children Funding – NEW

Requires DHS to allow community collaboratives to use Strong Families/Safe Children program funds for prevention programs that meet federal requirements and are approved by the collaboratives and local DHS offices.

Sec. 579. Youth in Transition Allocation to Wayne County – NEW

Earmarks \$250,000 in Youth in Transition funding to Wayne County for services provided to delinquent state wards.

Sec. 580. Coordination of Mental Health Programs – NEW

Requires DHS and Department of Community Health to initiate efforts to identify overlapping or uncoordinated mental health programs and activities, and report to subcommittees on findings in next year's budget presentations.

HUMAN SERVICES

Major Boilerplate Changes From FY 2006-07

Sec. 581. Midland County Kinship Care Program – VETOED

Provides \$11,500 to the Midland County Office to continue a counseling and support program for kinship families.

PUBLIC ASSISTANCE

Sec. 611. Indigent Burial Program Family Contributions – REVISED

Raises the maximum amount a funeral provider can accept from relatives and/or friends of a low-income deceased person while retaining state indigent burial assistance. The maximum is raised from \$2,600 to \$4,000.

Sec. 613. Indigent Burial Rates and Pilot Project – VETOED

Increases provider reimbursement rates by \$1.7 million over current-year level; requires that DHS continue to work with funeral directors on statewide pilot program that allows flexibility in amount that can be provided by deceased's family toward funeral and burial costs; Governor indicated she would order provider rates to be set as outlined in administrative rules.

Sec. 681. Food Assistance Payment Schedule – REVISED

Appropriates \$600,000 to revise the distribution of food assistance benefits to implement a staggered payment schedule that spans 19 days each month. Requires DHS to collaborate with stakeholders on educating recipients on this policy change and requires updates to the Legislature on progress and issues related to the change.

Sec. 683. Legal Services Association of Michigan Contract – NEW

Provides \$1.27 million to support a Supplemental Security Income (SSI) advocacy program provided by through the Legal Services Association of Michigan. Under contract, DHS would pay \$400 upon case referral and \$250 upon case completion.

Language prohibits DHS from paying for submitting appeals or applications that are frivolous or have been denied in the past with no valid reason for pursuing an appeal.

Sec. 684. Day Care Hours Limit – NEW

States legislative intent that DHS provide day care payments to day care providers for all eligible service hours up to 100 hours per two-week pay period. This reverses an Executive proposal to limit hours to 90 hours per pay period; a portion of the assumed savings from the policy change is retained in the budget.

JUVENILE JUSTICE SERVICES

Sec. 721(5). Transfer of Medium Security Beds – NEW

Transfers 80 medium-security beds at W. J. Maxey Boys Training School to community-based or privately-operated facilities; transfer to be complete by May 1, 2008, if facilities have capacity for new placements.

Sec. 726. Residential Provider Contracts and Rates – NEW

Prohibits DHS from entering or maintaining a contract with a for-profit provider of residential services unless the provider was licensed on or before August 1, 2007. Establishes an increase in residential provider daily rates of 4% above FY 2006-07 levels. Language also establishes floor funding of \$130 per day for these providers.

Sec. 727. Juvenile Justice Per Diem and Chargeback Rates – NEW

Outlines factors to be used by the Legislature in determining the cost of care for public juvenile justice facilities and establishes specific 2008 per diem and chargeback rates for public juvenile justice facilities; Governor declared this section unenforceable because it amends 1974 PA 150 by reference.

Sec. 728. Intergovernmental Agreement – Maxey Training School – NEW

States legislative intent that DHS and Department of Corrections (DOC) examine the potential for entering into an agreement to place 140 youth committed to DOC into Woodland and Sequoyah Centers at Maxey Training School.

Sec. 731. County Charges for Agency Administrative Costs – NEW

Prohibits DHS from charging counties for costs of administrative payments to private child placing agencies that oversee abuse/neglect wards if the same administrative costs are not charged in a uniform manner to all counties.

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 755. Title IV-E Eligibility Specialists – NEW

Allocates \$8.15 million for up to 200 new Title IV-E Eligibility Specialist positions in local DHS offices to increase percentage of Title IV-E eligible placements; requires positions be filled as Services Specialists in the civil service classification system.

CHILD SUPPORT ENFORCEMENT

Sec. 908. Use of Collection Agency for Child Support Arrearages – VETOED

Appropriates \$500,000 for a contract with private collection agency aimed at collecting child support arrearages; requires report on outcomes to House and Senate subcommittees.

**FY 2007-08
Budget Detail
for**

RESOURCE PROTECTION

**Agriculture
Environmental Quality
Natural Resources**

**AGRICULTURE
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 128 (Senate Bill 222)**

Analyst: William E. Hamilton

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$10,367,510	\$9,390,400	\$9,390,600	\$10,390,400	\$9,615,400	(\$752,110)	(7.3)
Federal	23,542,831	21,990,600	21,115,600	21,240,600	21,240,600	(2,302,231)	(9.8)
Local	0	0	0	0	0	0	0.0
Private	183,800	188,500	188,500	188,500	233,500	49,700	27.0
Restricted	47,803,959	45,423,700	49,671,800	46,902,400	46,121,700	(1,682,259)	(3.5)
GF/GP	28,833,900	29,337,400	28,798,200	30,104,200	31,158,100	2,324,200	8.1
Gross	\$110,732,000	\$106,330,600	\$109,164,700	\$108,826,100	\$108,369,300	(\$2,362,700)	(2.1)
FTEs	696.0	680.0	684.0	680.0	692.5	(3.5)	(.5)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007; Senate figures from SB 222 (passed Senate August 22, 2007); House figures from SB 222(H-1) (reported from House Appropriations September 5, 2007).

Overview

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

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
1. Commissions and Boards	Gross \$47,300	(\$29,500)
Eliminates GF/GP support.	Restricted 17,800	0
	GF/GP \$29,500	(\$29,500)
2. Management Services	FTEs 34.5	(3.0)
Reduces GF/GP baseline by \$300,000 after consideration of economics and end of five-year sick leave payout.	Gross \$2,647,700	(\$216,900)
	Restricted 401,300	17,300
	GF/GP \$2,246,400	(\$234,200)
3. Agricultural Statistics (Executive)	FTEs 4.0	(2.0)
Eliminates one-time \$50,000 equine survey funded from Agriculture Equine Industry Development Fund (AEIDF), and reduces GF/GP. FY 2006-07 reflects \$130,700 GF/GP reduction in EO 2007-3.	Gross \$245,300	(\$107,200)
	Restricted 50,000	(50,000)
	GF/GP \$195,300	(\$57,200)
4. Food Safety and Quality Assurance (Food and Dairy)	FTEs 107.0	0.0
Reflects economic increases (\$486,000 gross, \$411,500 GF/GP); end of five-year sick leave payout (\$12,800); and increase in estimated civil penalty revenue (\$222,300).	Gross \$11,932,100	\$695,500
	Federal 388,100	19,200
	Restricted 2,735,600	277,600
	GF/GP \$8,808,400	\$398,700
5. Animal Health and Welfare (Animal Industry)	FTEs 22.5	(1.0)
Reflects \$150,000 GF/GP baseline reduction after consideration of economic increases and end of five-year sick leave payout; adds \$75,000 IDG from DNR for captive cervid program. FY 2006-07 reflects \$125,000 GF/GP reduction made in EO 2007-3.	Gross \$2,303,400	\$104,000
	IDG 0	75,000
	Federal 457,000	12,300
	Restricted 163,200	2,900
	GF/GP \$1,683,200	\$13,800

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
6. Bovine Tuberculosis (Animal Industry)	FTEs 26.5	10.0
Reduces state restricted support by \$215,500 reflecting anticipated reduction in AEIDF revenue. Reflects \$1.6 million increase in baseline GF/GP support per target agreement.	Gross \$5,577,400	\$1,514,800
	Federal 713,200	17,600
	Restricted 2,340,900	(215,500)
	GF/GP \$2,523,300	\$1,712,700
7. Pesticide and Plant Pest Management (PPPM)	FTEs 119.8	(3.0)
Reduces baseline GF/GP support by \$553,000 after consideration of economic increases and end of five-year sick leave payout; offset in part by proposed increases in appropriated restricted licensing and commodity inspection fee revenue. FY 2006-07 YTD reflects \$200,000 GF/GP reduction made in EO 2007-3.	Gross \$13,060,000	\$513,200
	Federal 3,744,600	97,600
	Private 143,800	3,900
	Restricted 4,567,300	594,700
	GF/GP \$4,604,300	(\$183,000)
8. Emerald Ash Borer Program	FTEs 112.0	(0.0)
Reflects continuing reduction in federal support for this program.	Gross \$12,946,000	(\$2,769,700)
	Federal 12,946,000	(2,769,700)
9. Environmental Stewardship	FTEs 32.7	(2.5)
Reflects \$94,600 reduction in baseline GF/GP support after consideration of economic increases and end of five-year sick leave payout (\$28,200); retains \$50,000 from Freshwater protection fund. FY 2006-07 reflects \$234,700 GF/GP reduction made in EO 2007-3.	Gross \$2,920,600	(\$63,300)
	IDG 262,100	7,700
	Federal 225,700	6,800
	Restricted 82,900	(32,900)
	GF/GP \$2,349,900	(\$44,900)
10. Technical Assistance Match – NEW	Gross \$0	\$300,000
Provides funding for technicians (working out of local conservation districts) who assist farmers and landowners in completion of federally-funded NRCS contracts. Related boilerplate section 605.	GF/GP \$0	\$300,000
11. Cooperative Resource Management Initiative – VETOED	Gross \$1,000,000	(\$1,000,000)
Provides timber management assistance through local conservation districts with IDG from DNR Forest Development Fund.	IDG 1,000,000	(1,000,000)
12. Local Conservation Districts	Gross \$758,400	\$158,400
Retains funds Executive proposed to eliminate (equates to \$11,605 per district); FY 2006-07 reflects \$758,400 GF/GP reduction in EO 2007-3.	GF/GP \$758,400	\$158,400
13. Migrant Labor Housing	Gross \$150,100	\$275,000
Recognizes \$25,000 from Migrant labor house fund established under 2005 PA 43, and an increase in anticipated federal grants.	Federal 150,000	250,000
	Restricted 0	25,000
	GF/GP \$100	\$0
14. Laboratory Services	FTEs 62.5	(2.0)
Eliminates \$150,000 GF/GP from baseline for animal feed testing program, after consideration of economic increases end of five-year sick leave payout. Budget anticipates additional restricted revenue from passage of SB 682.	Gross \$6,239,900	\$96,500
	IDG 189,100	0
	Federal 916,200	0
	Restricted 2,107,400	164,600
	GF/GP \$3,027,200	(\$68,100)
15. Consumer Protection Program	FTEs 67.5	0.0
Supports motor fuel quality, weights and measures, and metrology laboratory. Budget recognizes economic increases of \$180,100.	Gross \$4,948,600	\$180,100
	Restricted 4,948,600	179,900
	GF/GP \$0	\$200
16. Agriculture Development – PARTIAL VETO	FTEs 5.0	0.0
Omits Executive-proposed \$500,000 GF/GP increase to baseline programs for Select Michigan program; reflects Governor veto of \$30,000 (private funds) boilerplate grant to the NW Michigan Horticulture Station. FY 2006-07 YTD reflects \$15,000 GF/GP reduction in EO 2007-3, and \$256,000 increase in restricted and federal funds made by transfer.	Gross \$1,142,800	(\$72,600)
	Private 40,000	(29,200)
	Federal 342,500	(68,100)
	Restricted 574,500	31,200
	GF/GP \$185,800	(\$6,500)
17. Michigan Agricultural Surplus System (Food Bank)	Gross \$630,500	\$0
Reflects change in fund sources to include \$150,000 IDG from DHS; total funding is unchanged.	IDG 0	150,000
	GF/GP \$630,500	(\$150,000)

AGRICULTURE

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
18. Future Farmers of America/Michigan 4-H	Gross \$100,000	(\$100,000)
Eliminates grant funds for FFA (\$80,000) and Michigan 4-H, (\$20,000), due to anticipated reduction in AEIDF revenue; conference committee moved programs to Higher Education budget.	Restricted 100,000	(100,000)
19. Building and Track Improvement—County and State Fairs	Gross \$963,200	(\$963,200)
Eliminates line due to anticipated reduction in AEIDF revenue. Related boilerplate Section 813.	Restricted 963,200	(963,200)
20. Horse Industry Programs	Gross \$12,881,600	(\$2,721,300)
Appropriates \$10.2 million AEIDF revenue for various horse programs/purses/awards; change due to reduction in estimated AEIDF revenue after completing two permanent Detroit casinos (anticipated 2008).	Restricted 12,881,600	(2,721,300)
	<u>FY 2006-07</u> <u>FY 2007-08</u>	
Licensed tracks-light horse racing	170,900	132,000
Purses/supplements-fairs/licensed tracks	3,031,700	2,370,000
Standardbred breeders' awards	1,273,000	969,000
Standardbred purses/supplements-licensed tracks	2,305,700	1,789,300
Standardbred sire stakes	1,040,000	810,000
Standardbred training and stabling	44,900	36,000
Thoroughbred owners' awards	159,900	124,000
Thoroughbred program	3,092,400	2,400,000
Thoroughbred sire stakes	1,063,100	830,000
Distribution of winning tickets	<u>700,000</u>	<u>700,000</u>
Total	\$12,881,600	\$10,160,300
21. Economics	Gross	N/A
Provides \$2.4 million gross, \$1.1 million GF/GP for economic increases, including salaries and wages, insurance, retirement contributions, and building occupancy.	IDG	N/A
	Federal	N/A
	Private	N/A
	Restricted	N/A
	GF/GP	N/A
		\$2,411,000
		7,700
		428,100
		4,700
		891,900
		\$1,078,600

Major Boilerplate Changes From FY 2006-07

Sec. 228. Contingency Appropriations – NEW

Includes \$5.0 million federal, \$6.0 million state restricted, and \$100,000 each local and private.

Sec. 229. Impact of New Legislation and Administrative Rules – NEW

Requires Department to report on policy changes made to implement enacted legislation; prohibits disproportionate impact on small businesses.

Sec. 230. Hire of Outside Legal Counsel – NEW

Prohibits state departments from hiring legal services that are the responsibility of the attorney general.

Sec. 231. Management Service – NEW

Establishes baseline level of direct service Department employees.

Sec. 232. Implement Continuous Improvements – NEW

Requires report by Department director on continuous improvement.

Sec. 304. Motor Fuel Quality – REVISED

Requires Department to maintain same level of effort as in FY 2006-07.

Sec. 306. Agriculture Statistics – NEW

Requires industry matching funds for study costs.

Sec. 406. Food Safety FTEs – NEW

Exempts food and dairy inspectors from hiring freeze.

Sec. 407. Carry Forward for Food and Dairy E-inspector Program – NEW

Directs that funds from FY 2006-07 budget not lapse, but be carried forward as a work project for the e-inspector program.

Major Boilerplate Changes From FY 2006-07

Sec. 452. Bovine TB – NEW

Requires Department to apply for all available federal funds to support program.

Sec. 454. Bovine TB – NEW

Directs Department to work with USDA and work to eradicate Bovine TB.

Sec. 455. Cattle ID – NEW

Directs Department to prepare a plan to provide for cattle without identification in saleyard.

Sec. 457 Bovine TB Report – NEW

Requires monthly report on Bovine TB program.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – NEW

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 459. Bovine TB FTEs – NEW

Exempts Bovine TB program from hiring freeze.

Sec. 501. Laboratory Services – NEW

Provides a sufficient amount from licensing and inspection fees to provide for animal feed testing programs.

Sec. 502 Pesticide and Plant Pest Management (PPPM) Fees – NEW

States legislative intent that GF/GP reductions be offset by increased commodity inspection fees.

Sec. 605. Technical Assistance Match – NEW

Appropriates \$300,000 to fund local conservation district technical assistance for contracts under Farm Bill of 2002.

Sec. 607. Inter-County Drain Program – NEW

Indicates legislative intent that Department continue its activities as provided under the Drain Code.

Sec. 703. Northwest Michigan Horticultural Research Station – VETOED

Provides \$30,000 matching grant established in boilerplate earmark to northwest Michigan horticultural research station; vetoed by Governor.

Sec. 705. Export Market

Directs state funding to be used to leverage export marketing programs offered by the federal government.

Sec. 712. Specialty Crop – NEW

Requires 20% of Department applications for USDA specialty block grants be for support of farm markets and agriculture tourism.

Sec. 802. Purses and Supplements - Licensed Tracks – REVISED

Reduces boilerplate earmark from \$280,000, to \$220,000 from the AEIDF.

Sec. 803. Thoroughbred Program Tracks – REVISED

Provides funds from Thoroughbred program line to Michigan United Thoroughbred Breeders and Owners Association to conduct a thoroughbred yearling show. Reduces from \$30,500, to \$23,500 funds from AEIDF.

Sec. 813. Building and Track Improvement – NEW

States legislative intent to restore line next year.

Sec. 902. Thoroughbred Program Escrow – NEW

Directs that in the event that there is not a live thoroughbred meet in 2008, all purse and program money appropriated in FY 2007-08 be held in escrow for a period not to exceed 18 months. Governor's signing message indicated that this provision is not enforceable in that it attempts to amend by reference the Management and Budget Act.

ENVIRONMENTAL QUALITY

**ENVIRONMENTAL QUALITY
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 121 (House Bill 4358)**

Analyst: Kirk Lindquist

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$18,156,400	\$18,411,800	\$18,411,800	\$0	\$18,662,900	\$506,500	2.8
Federal	137,682,700	132,274,300	132,739,700	0	131,750,500	(5,932,200)	(4.3)
Local	0	0	0	0	0	0	0.0
Private	450,000	455,100	455,100	0	455,100	5,100	1.1
Restricted	261,002,800	187,690,000	171,681,900	0	187,962,700	(73,040,100)	(28.0)
GF/GP	30,787,700	32,796,400	49,621,100	(100)	31,763,200	975,500	3.2
Gross	\$448,079,600	\$371,627,600	\$372,909,600	(\$100)	\$370,594,400	(\$77,485,200)	(17.3)
FTEs	1,567.7	1,567.7	1,567.7		1,567.7	0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

Major Budget Changes From FY 2006-07 YTD Appropriations	FY 2006-07 YTD	Enacted Change From YTD
1. Restricted Fee Revenue	Gross \$22,900,450	\$0
Reflects \$16.3 million in increased fee revenue (no program expansions from increase). New fees needed: Air Emissions (\$5.9 million), Land and Water (\$2.7 million), Solid Waste (\$1.2 million), Groundwater Discharge (\$1.8 million), Pollution Prevention (\$2.7 million), Hazardous Waste User (\$1.2 million), Onsite Waste Water Management (\$592,500), Mineral Wells Regulation (\$139,100).	Restricted 22,900,450	0
2. Deposits Into Drinking Water Revolving Fund	Gross \$95,579,900	(\$9,270,600)
Reduces GF/GP to Drinking Water Revolving Fund(affects federal match); sufficient funds available to meet expected demand for community applications for drinking water construction project loans.	Federal 80,000,000 Restricted 11,400,000 GF/GP \$4,179,900	(8,457,000) 0 (\$813,600)
3. One-Time Restricted Fund Appropriations	Gross \$66,061,000	(\$65,147,800)
Removes the following FY 2006-07 appropriations: Strategic Water Quality Initiative (\$40.0 million), Environmental Protection Bond Fund (\$15.5 million), CMI Environmental Response (\$8.7 million) and Pollution Prevention (\$100,000), St. Clair Shores Lange/Revere Canals (\$500,000), and St. Louis Water Supply Wells (\$300,000).	Restricted 66,061,000	(65,147,800)
4. Refined Petroleum Product Cleanup Program	Gross \$22,000,000	(\$2,000,000)
Reduces program to reflect expected revenue level.	Restricted 22,000,000	(2,000,000)
5. Septage Waste Compliance Program	Gross \$1,525,000	(\$1,125,000)
Reduces program funding to reflect expected revenue level.	Restricted 1,525,000	(1,125,000)
6. Air Quality Renewable Operating Permit Program	Gross \$23,948,500	\$1,000,000
Increases staff and IT development cost funds as required by Federal Clean Air Act for Renewable Operating Permit program (Title V).	Federal 5,708,900 Restricted 14,806,200 GF/GP \$3,433,400	0 1,000,000 \$0

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
7. Great Lakes Protection Grants	Gross	\$2,000,000	(\$1,000,000)
Reduces grant levels to reflect anticipated Great Lakes Protection Fund revenue; interest earnings insufficient to sustain current grant level.	Restricted	2,000,000	(1,000,000)
8. Outdoor Bio-watch Network	Gross	\$23,948,500	\$575,000
Recognizes federal funding from Department of Homeland Security to expand existing Bio-watch program to include indoor monitoring.	Federal	5,708,900	575,000
	Restricted	14,806,200	0
	GF/GP	\$3,433,400	\$0
9. Information Lifecycle Content Management System	Gross	\$6,810,400	\$500,000
Provides for efficiency gains in information storage, document handling, and related business processes.	IDT	52,800	0
	Federal	1,915,200	0
	Restricted	4,310,900	500,000
	GF/GP	\$531,500	\$0
10. Expedited Water/Waste Water Permit Program – NEW	Gross	\$0	\$400,000
Allows use of expedited permit review revenue (2006 PAs 601 and 602).	Restricted	0	400,000
11. Clean Michigan Initiative Administrative Funding	Gross	\$1,111,700	(\$785,700)
Reduces support for Clean Michigan Initiative administrative costs.	Restricted	1,111,700	(785,700)
12. Economic Adjustments	Gross	N/A	\$5,500,700
Provides support for negotiated civil service 4.0% wage increase, retirement plan contributions, and employer share of health insurance premiums.	IDG		178,200
	Federal		1,334,600
	Private		5,100
	Restricted	N/A	3,231,900
	GF/GP		\$750,900

Major Boilerplate Changes From FY 2006-07

Sec. 210. Contingency Fund Transfers – NEW

Appropriates and provides for expenditure of federal, state restricted, local, and private contingency funds.

Sec. 218. Michigan Great Lakes Areas of Concern – DELETED

Directs DEQ to develop a strategy, with federal Environmental Protection Agency (EPA) and public advisory councils, to remove Michigan's Great Lakes Areas of Concern from the federal list.

Sec. 223. EPA Regulatory Innovation Agreement – DELETED

States legislative intent that Department renews its agreement with federal EPA to help farms and farm operations prevent or minimize agricultural pollution risks.

Sec. 227. Oil or Alternative Fuels Refinery Permits – DELETED

Requires report on permits necessary to construct and operate proposed refineries; requires Department to expedite permit process for these facilities.

Sec. 227. Restricted Fund Shortfall Plan – NEW

States legislative intent to address restricted fund shortfalls on January 15, 2008.

Sec. 503. Processing Regulatory Compliance Guide – DELETED

Requires publication of a guide containing state regulatory requirements for fruit and vegetable processors.

Sec. 706. Audit of Leaking Underground Storage Tank Program – NEW

States legislative intent to have Legislative Auditor General perform a performance audit of Leaking Underground Storage Tank Program.

Sec. 707. Operational Memoranda – NEW

Bans use of operational memoranda for selected programs.

Sec. 801. Notice of Department Orders—Suspended Sale of Petroleum Products – DELETED

Requires 48-hour notice to Legislature before Department issues an order suspending sale of petroleum products by a wholesale or retail operator.

ENVIRONMENTAL QUALITY

Major Boilerplate Changes From FY 2006-07

Sec. 802. Sewerage Discharge Elimination Plan – NEW

Requires preparation of a plan to eliminate sewerage discharges into water resources by 2015.

Sec. 803. Concentrated Animal Feeding Operations (CAFO) Report – NEW

Requires Department of Environment and Department of Agriculture to prepare a report on the CAFO inspection program.

Sec. 902. Federal Drinking Water Act Technical Assistance – DELETED

Specifies allocation of 2% of available funds for safe drinking water technical assistance activities.

Sec. 1103. Real-Time Water Quality Monitoring – VETOED

Provides \$250,000 to Macomb County and St. Clair County to support real-time water quality monitoring programs in St. Clair watershed.

**NATURAL RESOURCES
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 122 (House Bill 4354)**

Analyst: Kirk Lindquist

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$3,618,900	\$3,808,300	\$3,808,300	\$0	\$3,808,300	\$189,400	5.2
Federal	42,574,200	47,834,700	47,834,700	0	47,968,900	5,394,700	12.7
Local	0	0	0	0	0	0	0.0
Private	3,124,400	3,166,500	3,166,500	0	3,166,500	42,100	1.3
Restricted	209,621,900	210,508,500	230,767,800	0	210,508,500	886,600	0.4
GF/GP	31,789,700	24,791,400	26,363,500	(100)	22,743,200	(9,046,500)	(28.5)
Gross	\$290,729,100	\$290,109,400	\$311,940,800	(\$100)	\$288,195,400	(\$2,533,700)	(0.9)
FTEs	2,092.4	2,088.9	2,088.9	0.0	2,088.9	(3.5)	(0.2)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Enacted Change From YTD
1. Game and Fish Protection Fund License Increase	Gross	\$64,965,900	\$1,792,400
Assumes proposed license increase for game and fish hunters will pass; appropriation will be adjusted to reflect available revenue if bills do not pass before January 15 (Sec. 224).	Restricted	64,965,900	1,792,400
2. Forest Development Fund Revenue Shortfall	Gross	\$34,277,900	(\$7,679,800)
Reduces forest management programs to align spending with expected revenue; \$6.0 million current-year spending reduction has been adopted.	Restricted	34,277,900	(7,679,800)
3. Federal Forest Stewardship Grant – Kamehameha Conservation Easement Purchases	Gross	\$2,315,000	\$3,500,000
Increases grant level to help purchase conservation easements on multiple properties located in the Upper Peninsula.	Federal	2,315,000	3,500,000
4. Conservation District Grants – VETOED	Gross	\$1,000,000	\$0
Funds conservation district grants through Department of Agriculture in Cooperative Resource Programs line item; funds provided through Law Enforcement, IT, and administration program reductions.	Restricted	1,000,000	(1,000,000)
	GF/GP	\$0	\$1,000,000
5. General Fund Program Reductions	Gross		(\$1,598,200)
Reduces funds for State Forest Campgrounds (\$348,200), Law Enforcement (\$700,000), Administration (\$550,000), and DIT (\$200,000).	GF/GP		(\$1,598,200)
6. One-Time Appropriations	Gross	\$445,000	(\$295,000)
Removes FY 2006-07 appropriations: special payments to counties (\$170,000), Bay City State Park access project (\$100,000), and Project F.I.S.H (\$25,000).	Restricted	125,000	(125,000)
	GF/GP	\$320,000	(\$170,000)
7. Tax Payment Adjustments	Gross	\$5,400,000	(\$950,000)
Reduces purchased lands PILT payments to reflect expected payment obligations.	Restricted	2,700,000	(350,000)
	GF/GP	\$2,700,000	(\$600,000)

NATURAL RESOURCES

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
8. Deer Habitat Programs	Gross	\$2,358,000	\$300,000
Adds support from Game and Fish Protection sub-fund to expand the winter deer range habitat improvement program.	Restricted	2,358,000	300,000
9. Forest Use and Minerals Management Permits	Gross	\$2,145,400	\$350,000
Provides funds for permit processing and monitoring of use permits and minerals exploration and development in state forests.	Federal	1,000	0
	Restricted	2,144,400	350,000
10. Civilian Conservation Corps	Gross	\$1,137,300	(\$612,300)
Reduces appropriation to reflect available funds; endowment funds were transferred to General Fund in FY 2006-07 GF/GP reduction plan.	Restricted	1,137,300	(612,300)
11. Clean Vessel Grants	Gross	\$100,000	\$300,000
Recognizes additional federal grant support to provide expanded pump-out services at a private marina on Maumee Bay.	Federal	100,000	300,000
12. Off-Road Vehicle (ORV) Trail Expansion and Improvements	Gross	\$4,978,600	\$250,000
Increases amount available for ORV trail improvement projects on state lands.	Restricted	4,410,400	250,000
	GF/GP	\$568,200	\$0
13. Economic Adjustments	Gross	N/A	\$7,052,800
Provides support for negotiated civil service 4.0% wage increase, retirement plan contributions, and employer share of health insurance premiums.	IDG		108,700
	Federal		838,000
	Private		41,400
	Restricted		5,675,000
	GF/GP	N/A	\$389,700

Major Boilerplate Changes From FY 2006-07

Sec. 218. Rule Promulgation – NEW

Requires report on policy changes made to implement a public act; DNR prohibited from adopting a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 222. Contingency Fund Transfers – NEW

Appropriates and provides for expenditure of federal, state restricted, local, and private contingency funds.

Sec. 223. DNR Funding Work Group – NEW

Requires a seven-person work group appointed by Governor and legislative leadership to develop recommendations for long-term funding for DNR.

Sec. 224. Restricted Fund Shortfalls – NEW

States legislative intent to address restricted fund shortfalls by January 15, 2008.

Sec. 301. Project F.I.S.H. – DELETED

Provides a grant to Project F.I.S.H. to increase the number of Michigan anglers.

Sec. 603. Hatchery Operations – NEW

States legislative intent to operate six fish hatcheries during FY 2007-08.

Sec. 706. Plan to Generate Corporate Park Sponsorship Revenue – NEW

Directs Natural Resource Commission to develop a plan to encourage corporate sponsorship of state parks.

Sec. 707. Boating Access – DELETED

Requires development of plans to improve public boating access on Michigan lakes.

Sec. 708. Bay City State Park – DELETED

Directs that appropriation be used to build floating docks and barrier free access at Bay City State Park.

Sec. 802. IDG to Department of Agriculture for Cooperative Resources Programs – VETOED

Requires \$1.0 million transfer to Department of Agriculture for local conservation district forestry programs.

Sec. 803. Snowmobile Trail Between Gaylord and Cheboygan – DELETED

Requires DNR to develop a snowmobile trail between Gaylord and Cheboygan.

Major Boilerplate Changes From FY 2006-07

Sec. 804. Strategic Fund Grant to Forest Finance Authority – REVISED

States legislative intent to restore funding from 21st Century Jobs Trust Fund (reduced in FY 2006-07) to Forest Finance Authority.

Sec. 808. Federal Forest Fire Compact Expenditure Authorization – NEW

Allows expenditure of funds for forest fire suppression efforts on federal lands, provided DNR is reimbursed.

Sec. 1001. Special Payments in Lieu of Tax Payments to Counties – DELETED

States that appropriation for special payments to counties is to be used to replace lost revenue caused by the single annual statement and billing for payments, and as a result of the set aside to the revenue sharing reserve fund authorized under the general property tax act.

Sec. 1102. Federal Land and Water Conservation Fund Grants – DELETED

Coordinates federal land acquisition grants with Natural Resources Trust Fund grants to minimize matching requirements for local governmental units.

**FY 2007-08
Budget Detail
for**

SAFETY AND DEFENSE

**Military and Veterans Affairs
State Police**

**MILITARY AND VETERANS AFFAIRS
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 126 (Senate Bill 235)**

Analyst: Jan Wisniewski

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$1,664,600	\$1,680,900	\$1,680,900	\$1,680,900	\$1,680,900	\$16,300	1.0
Federal	53,307,800	54,187,500	54,187,500	56,187,500	56,187,500	2,879,700	5.4
Local	1,253,100	1,283,900	1,283,900	1,283,900	1,283,900	30,800	2.5
Private	1,441,300	1,463,300	1,463,300	1,463,300	1,463,300	22,000	1.5
Restricted	26,796,000	28,428,600	28,428,600	28,428,600	28,428,600	1,632,600	6.1
GF/GP	39,299,200	40,817,500	39,955,500	40,934,800	40,386,500	1,087,300	2.8
Gross	\$123,762,000	\$127,861,700	\$126,999,700	\$129,979,000	\$129,430,700	\$5,668,700	4.6
FTEs	1,022.0	1,022.0	1,022.0	1,022.0	1,022.0	0.0	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Military and Veterans Affairs is responsible for 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.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Enacted Change From YTD
1. Military Training Sites and Support Facilities	Gross	\$20,627,800	\$4,316,300
Adds federal funds recently authorized for use by the Department for facility maintenance.	Federal	18,011,000	2,735,600
	Restricted	0	1,500,000
	GF/GP	\$2,616,800	\$80,700
2. Special Maintenance	Gross	\$151,200	\$500,000
Shifts GF/GP from National Guard Tuition Assistance Program as match for up to \$1.5 million in federal funds for armory maintenance.	GF/GP	\$151,200	\$500,000
3. Michigan Regional Training Institute	Gross	\$0	\$1,500,000
Authorizes charging fees for use of the new Michigan Regional Training Institute at Fort Custer in Battle Creek.	Restricted	0	1,500,000
4. Federal Revenue Increases	Gross	\$0	\$832,000
Adds federal funds for communication/personnel costs, security contracts, and expansion of Starbase program to Fort Custer in Battle Creek.	Federal	0	832,000
5. Grand Rapids Veterans' Home	Gross	\$48,144,300	(\$673,500)
Offsets GF/GP with federal funds and federal Medicare/Medicaid adjustments; reduces lease revenue collections; reduces GF/GP from early retirement sick leave payouts and contractual services, overtime, entertainment, nurse on-call costs, and other efficiencies.	Federal	16,018,200	630,300
	Private	415,000	0
	Restricted	15,091,400	(22,800)
	GF/GP	\$16,619,700	(\$1,281,000)
6. D. J. Jacobetti Veterans' Home	Gross	\$15,490,600	(\$172,800)
Reduces GF/GP from early retirement sick leave payouts and administrative/operations efficiencies; offsets federal funds with restricted funds; offsets GF/GP with federal Medicare/Medicaid adjustments and restricted funds.	Federal	4,993,900	(182,300)
	Private	125,000	0
	Restricted	4,990,400	459,700
	GF/GP	\$5,381,300	(\$450,200)

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
7. Economic Adjustments	Gross	NA	\$3,295,700
Provides funding for employee economic adjustments; includes economic adjustments for Information Technology.	IDG	NA	16,300
	Federal	NA	1,463,700
	Private	NA	22,000
	Local	NA	30,800
	Restricted	NA	39,000
	GF/GP	NA	\$1,723,900
8. Headquarters and Armories	Gross	\$10,178,900	(\$300,000)
Eliminates four armory maintenance mechanic vacancies.	Federal	2,717,900	0
	Restricted	350,000	0
	GF/GP	\$7,111,000	(\$300,000)
9. Military Retirement Cost of Living Increase	Gross	\$2,973,800	\$74,200
Provides GF/GP for a federal 3.3% cost of living increase.	GF/GP	\$2,973,800	\$74,200

Major Boilerplate Changes From FY 2006-07

Sec. 209. Buy American – REVISED

Gives preference to state purchases made from businesses owned by veterans.

Sec. 228. Attorney General Legal Services – NEW

Prohibits departmental spending for legal services that are the responsibility of the Attorney General.

Sec. 229. Regional Training Center Revolving Account – NEW

Creates a new revolving account from revenue generated from government agencies and various groups using the new Michigan Regional Training Center at Fort Custer in Battle Creek.

Sec. 230. Regional Training Center Availability – NEW

Specifies availability of the Regional Training Center to military personnel, various government agencies, educational institutions, nonprofit corporations, community service clubs, and other organizations.

Sec. 231. Policy Change Report – NEW

Requires reporting policy changes for implementing legislation to the Legislature.

Sec. 232. Contingency Funds – NEW

Appropriates \$5.0 million in federal contingency funds, \$2.0 million in state restricted contingency funds, \$100,000 in local contingency funds, and \$100,000 in private contingency funds.

Sec. 604. Post and Posthumous Funds Spending Plan Report – NEW

Requires Department to report within 30 days to the appropriations committees any plans to alter the spending plan for the post and posthumous funds by the board of managers of the two state veterans homes.

**STATE POLICE
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 130 (Senate Bill 238)**

Analyst: Jan Wisniewski

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$25,855,500	\$26,043,700	\$26,143,700	\$26,043,700	\$26,143,700	\$288,200	1.1
Federal	169,341,200	146,240,200	146,240,200	146,240,200	146,240,200	(23,101,000)	(13.6)
Local	8,460,600	8,739,100	8,739,100	8,739,100	8,739,100	278,500	3.3
Private	480,300	262,500	262,500	262,500	262,500	(217,800)	(45.3)
Restricted	119,157,000	113,916,300	111,318,800	113,916,300	111,318,800	(7,838,200)	(6.6)
GF/GP	243,187,000	268,633,100	266,505,100	277,655,100	273,579,300	30,392,300	12.5
Gross	\$566,481,600	\$563,834,900	\$559,209,400	\$572,856,900	\$566,283,600	(\$198,000)	0.0
FTEs	2,903.0	2,902.0	2,902.0	2,902.0	2,902.0	(1.0)	0.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

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, 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 (MCOLES) and administration of several law enforcement-related grant programs.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Enacted Change From YTD
1. At-Post Troopers	Gross	\$131,402,300	\$9,952,800
Adds GF/GP to prevent 29 trooper layoffs.	Restricted	53,254,400	(7,495,800)
	GF/GP	\$78,147,900	\$14,448,600
2. Fleet Leasing	Gross	\$13,919,200	\$2,264,900
Adds GF/GP to prevent road patrol mileage restrictions.	GF/GP	\$13,919,200	\$2,264,900
3. Laboratory Operations	Gross	\$19,384,700	(\$450,300)
Reduces Laboratory Operations line item that could result in one or two lab closures in the state with possible lab staff layoffs.	IDG	0	430,000
	Federal	362,900	16,900
	Restricted	1,706,800	(268,200)
	GF/GP	\$17,315,000	(\$729,000)
4. Information Technology Efficiencies	Gross	\$21,035,700	(\$3,104,500)
Reduces Information Technology Services and Project line item for administrative efficiencies.	IDG/IDT	115,900	142,400
	Federal	33,100	820,600
	Local	4,629,100	(1,003,200)
	Restricted	16,100	3,768,900
	GF/GP	\$16,241,500	(\$6,833,200)
5. Calumet State Police Post Acquisition	Gross	\$0	\$450,000
Authorizes acquisition of the State Police post located in Calumet.	GF/GP	\$0	\$450,000
6. Mental Health Awareness Training	Gross	\$0	\$100,000
Adds IDG from Department of Corrections to fund training grants for police officers to properly deal with people with mental health issues.	IDG	0	100,000
7. Special Operations and Events	Gross	\$0	\$2,500,000
Adds a new line for Special Operations and Events from \$2.5 million GF/GP shifted from Executive Direction line.	GF/GP	\$0	\$2,500,000

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
8. State Services Fee Fund Decrease	Gross	\$8,500,000	(\$2,500,000)
Removes restricted State Services Fee Fund revenue added to Traffic Law Enforcement and Safety Fund in FY 2006-07 for At-Post Trooper line to fund trooper operations and a 50-recruit trooper school.	Restricted	8,500,000	(8,500,000)
	GF/GP	\$0	\$6,000,000
9. Increase GF/GP Support	Gross	\$400,000	\$1,500,000
Increases GF/GP to cover an IT shortfall and reverse one-time GF/GP decrease for sale of Department aircraft in FY 2005-06.	Restricted	400,000	(400,000)
	GF/GP	\$0	\$1,900,000
10. State Restricted Authorization Increase	Gross	\$0	\$4,470,700
Increases state restricted authorization for various Department programs and functions.	Restricted	0	4,470,700
11. Federal/State Restricted Authorization Decrease	Gross	\$26,099,200	(\$26,099,200)
Decreases federal and state restricted authorization to reflect actual expenditures for various Department programs and functions.	Federal	24,223,300	(24,223,300)
	Restricted	1,875,900	(1,875,900)
12. Economic Adjustments	Gross	N/A	\$17,221,700
Provides funding for employee economic adjustments; includes economic adjustments for Information Technology.	IDG	N/A	784,700
	Federal	N/A	1,008,400
	Local	N/A	125,500
	Private	N/A	12,500
	Restricted	N/A	839,600
	GF/GP	N/A	\$14,451,000

Major Boilerplate Changes From FY 2006-07

Sec. 209. Buy American – REVISED

Gives preference to state purchases made from businesses owned by veterans.

Sec. 220. Community Assistance – REVISED

Directs Department to provide general law enforcement assistance to communities when needed; revision adds reporting requirement concerning Department cost for providing police services to communities without local law enforcement presence.

Sec. 230. Repayment of Trooper Union Donation – NEW

Requires use of carryforward funds from FY 2006-07 to repay the Michigan State Police Troopers Association for its donation of \$400,000 to avoid trooper layoffs in FY 2006-07.

Sec. 233. Law Enforcement Resource Study – VETOED

Requires a law enforcement resource study; Governor vetoed section added by conference committee.

Sec. 234. Attorney General Legal Services – NEW

Prohibits departmental spending for legal services that are the responsibility of the Attorney General.

Sec. 235. Dignitary Protection – NEW

Provides guidelines for appropriation of funds for special events and operations.

Sec. 236. Policy Change Report – NEW

Requires report to appropriations subcommittees, the fiscal agencies, and JCAR concerning departmental policy changes to implement a public act affecting the Department.

Sec. 237. Maintain State Police Post Operations – NEW

Requires Department to maintain the operation of each State Police post in operation as of April 2, 2007, or an alternative work station for FY 2007-08.

Sec. 238. Building Operations and Lease Cost Review – NEW

Requires Department and DMB to identify building operations and lease costs savings and efficiencies.

Sec. 239. Michigan International Speedway Traffic Control – NEW

Allows any available funds within the Department to be used for traffic control purposes at MIS.

STATE POLICE

Major Boilerplate Changes From FY 2006-07

Sec. 240. Contingency Funds – NEW

Appropriates \$5.0 million in federal contingency funds, \$2.0 million in state restricted contingency funds, \$100,000 in local contingency funds, and \$100,000 in private contingency funds.

Sec. 309. Insurance Data System – NEW

Allows a request for proposal for the implementation of an insurance data system.

Sec. 310. Information Technology (IT) Efficiencies – NEW

Requires Department of Information Technology administrative efficiencies to reduce costs for State Police IT services.

Sec. 603. Mental Health Awareness Training – NEW

Allows mental health awareness training grants to law enforcement agencies for assisting people with mental illness.

Sec. 604. MCOLES Certification for Motor Carrier Officers and Capitol Security Officers – NEW

Allows MCOLES funds to be used for training motor carrier officers and capitol security officers for qualifying for MCOLES certification.

**FY 2007-08
Budget Detail
for
ALL OTHERS**

**Capital Outlay
History, Arts, and Libraries
Judiciary
Labor and Economic Growth
Transportation**

CAPITAL OUTLAY

**CAPITAL OUTLAY
FY 2007-08**

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
			Amount	%
IDG/IDT	\$2,000,000			
Federal	151,230,200			
Local	12,648,300			
Private	0			
Restricted	89,842,400			
GF/GP	5,000,000			
Gross	\$260,720,900			
FTEs	0.0			

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Michigan Capital Outlay process encompasses the budgetary and administrative functions devoted to 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, 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.

The State Building Authority (SBA) finances most major state-owned facility renovations and new construction projects through issuance of revenue bonds. Debt service on these bonds is provided annually in the Capital Outlay budget bill 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.

CAPITAL OUTLAY BUDGET IS INCOMPLETE AT THE TIME OF THIS REPORT

**HISTORY, ARTS, AND LIBRARIES
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 117 (Senate Bill 231)**

Analyst: Jan Wisniewski

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$79,000	\$139,200	\$139,200	\$139,200	\$139,200	\$60,200	76.2
Federal	8,383,900	7,307,400	7,307,400	7,307,400	7,307,400	(1,076,500)	(12.8)
Local	0	0	0	0	0	0	0
Private	577,400	112,400	112,400	112,400	112,400	(465,000)	(80.5)
Restricted	2,580,400	2,645,600	2,645,600	2,645,600	2,645,600	65,200	2.5
GF/GP	38,688,600	37,248,800	33,350,500	43,653,200	39,298,300	609,700	1.6
Gross	\$50,309,300	\$47,453,400	\$43,555,100	\$53,857,800	\$49,502,900	(\$806,400)	(1.6)
FTEs	238.0	234.0	234.0	236.0	236.0	(2.0)	(0.8)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

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 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
1. State Aid to Libraries Reduces state aid grants to libraries.	Gross	\$12,143,000	(\$2,143,000)
	GF/GP	\$12,143,000	(\$2,143,000)
2. Arts and Cultural Affairs Grants Adds funding for arts and cultural grants.	Gross	\$6,544,300	\$1,209,700
	GF/GP	\$6,544,300	\$1,209,700
3. Arts and Cultural Affairs Administration Reduces funding for administrative support; savings from reduced staffing, travel, and contracting.	FTEs	9.0	(4.0)
	Gross	\$664,100	(\$229,700)
	GF/GP	\$664,100	(\$229,700)
4. Michigan History Day Adds GF/GP for the Michigan History Day program.	Gross	\$0	\$25,000
	GF/GP	\$0	\$25,000
5. Book Distribution Centers Maintains funding level for this program, which was recommended for elimination by the Governor.	Gross	\$350,000	\$0
	GF/GP	\$350,000	\$0
6. Library of Michigan Operations Reduces funding for administrative support; savings from reduced collection purchases.	FTEs	71.0	0.0
	Gross	\$6,417,300	(\$394,700)
	GF/GP	\$6,417,300	(\$394,700)
7. Economic Adjustments Makes adjustments for salaries/wages, insurances, workers compensation, and retirement and FICA.	Gross	N/A	\$689,300
	IDG	N/A	7,400
	Federal	N/A	28,300
	Restricted	N/A	56,500
	GF/GP	N/A	\$597,100

HISTORY, ARTS, AND LIBRARIES

Major Boilerplate Changes From FY 2006-07

Sec. 210. Policy Change Report – NEW

Requires reporting to the Legislature on policy changes for implementing legislation.

Sec. 223. Attorney General Legal Services – NEW

Prohibits departmental spending for legal services that are the responsibility of the Attorney General.

Sec. 224. After-School Programs – NEW

Requires Department to collaborate with other state agencies to extend duration of the Michigan After-School Partnership.

Sec. 226. Contingency Funds – NEW

Establishes contingency fund accounts for \$2.0 million in federal funds, \$1.0 million for state restricted funds, \$100,000 for local funds, and \$750,000 for private funds.

Sec. 227. Continuous Improvement Efficiency Mechanisms – NEW

Requires Department to identify efficiency changes made to programs.

Secs. 401 - 406. Arts and Cultural Grants – REVISED

Provides direction for Michigan Council for Arts and Cultural Affairs in administering arts and cultural grants appropriations;; revision modifies grant application criteria.

Sec. 701. Mackinac Island State Park Commission Infrastructure Improvements – REVISED

Appropriates \$200,000 from the Mackinac Island Park Operations Fees Fund for maintenance projects.

JUDICIARY

Summary of FY 2007-08 Enacted Appropriations

2007 Public Act 125 (Senate Bill 233)

Analyst: Viola Bay Wild

IDG/IDT	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
	\$2,563,500	\$2,523,500	\$2,523,500	\$0	\$2,523,500	(\$40,000)	(1.6)
Federal	6,126,400	4,626,400	4,626,400	0	4,626,400	(1,500,000)	(24.5)
Local	4,502,400	5,409,700	5,409,700	0	5,409,700	907,300	20.2
Private	842,500	842,500	842,500	0	842,500	0	0.0
Restricted	87,791,600	87,892,800	87,892,700	0	87,892,700	101,100	0.1
GF/GP	156,501,200	161,937,300	159,365,300	0	157,996,700	1,495,500	1.0
Gross	\$258,327,600	\$263,232,200	\$260,660,100	\$0	\$259,291,500	\$963,900	0.4
FTEs	509.0	509.0	519.0	0.0	519.0	10.0	2.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
1. Judgeship Changes	Gross	N/A	\$339,700
Provides full-year funding for enacted changes in judgeships: four new circuit judgeships and seven probate judgeships which were converted from part-time to full-time as of January 1, 2007.	GF/GP	N/A	\$339,700
2. Early Retirement Sick Leave Payments	Gross	N/A	(\$148,300)
Removes \$148,300 GF/GP; the last of five scheduled yearly sick leave payout payments from the 2002 early retirement program was paid last year; no funding is required for FY 2007-08.	GF/GP	N/A	(\$148,300)
3. Department of Labor and Economic Growth IDG	Gross	\$40,000	(\$40,000)
Eliminates appropriation for a TANF-funded grant to non-custodial parents to help find employment; TANF is no longer available.	IDG	40,000	(40,000)
4. Administrative and GF/GP Reductions/Adjustments	Gross	N/A	(\$843,500)
Reflects \$843,500 in GF/GP reductions spread across various lines; restores \$250,000 to appellate public defender program.	GF/GP	N/A	(\$843,500)
5. Court Equity Fund	Gross	N/A	(\$900,000)
Reflects \$900,000 GF/GP reduction.	GF/GP	N/A	(\$900,000)
6. Justice Information System Software Enhancement	FTE	N/A	10.0
Allots \$803,000 in restricted funds for the first year of an estimated four-year project to develop and implement a new software system for trial court case management; adds 10.0 FTE.	Gross	N/A	\$803,000
	Local	N/A	803,000
	GF/GP	N/A	\$0
7. Transcript Fee Reimbursement	Gross	\$100	(\$100)
Deletes \$100 placeholder for transcript fee reimbursement.	Restricted	100	(100)

JUDICIARY

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
8. One-Time Retirement Savings Appropriation	Gross	(\$1,243,400)	\$1,243,400
Replaces \$1.2 million retirement funding adjustment taken in FY 2006-07.	Restricted	(86,900)	86,900
	GF/GP	(\$1,156,500)	\$1,156,500
9. Judicial Information Systems Federal Funding	Gross	\$1,500,000	(\$1,500,000)
Reduces judicial information systems funding; FY 2006-07 had one-time federal funding for program which is no longer available.	Federal	1,500,000	(1,500,000)
10. Defined Contribution and FICA Costs	Gross	N/A	\$391,400
Increases funds for judges' FICA and defined contribution retirement costs by \$391,400 gross and GF/GP. Increases are recommended separately due to constitutional/ statutory obligation to fund judgeships.	GF/GP	N/A	\$391,400
11. Economics	Gross	N/A	\$1,618,300
Funds economic adjustments as follows:	Federal	N/A	0
• Salaries/wages increase: \$1,250,600 gross, \$1,174,400 GF/GP	Local	N/A	104,300
• Insurance increase: \$452,600 gross, \$425,000 GF/GP	Private	N/A	0
• Retirement increase: \$365,200 gross, \$342,900 GF/GP	Restricted	N/A	14,300
• Rent increase: \$167,700 gross and GF/GP	GF/GP	N/A	\$1,499,700
• Workers' compensation reduction: (\$16,000) gross and GF/GP			
• Building occupancy reduction: (\$601,800) gross, (\$594,300) GF/GP			

Major Boilerplate Changes From FY 2006-07

Sec. 214. Buy American and Michigan – REVISED

Directs the Judiciary to buy American/ Michigan goods and services; includes new language that requires preference for comparative goods or services provided by Michigan businesses owned and operated by veterans.

Sec. 216. Report Requirement – NEW

Requires judicial branch to report by April 1, 2008, on each policy change made to implement enacted legislation; prohibits funding for regulatory plans or for rules that fail to reduce economic impact on small businesses.

Sec. 217. Efficiency Mechanisms – NEW

Requires Chief Justice to implement continuous improvement efficiency mechanisms to increase efficiency and reduce expenditures in judicial branch programs; requires semi-annual report.

Sec. 306a. Third-Party Collection Pilot Project Report – NEW

Requires a report by April 1, 2008, on the feasibility of a pilot project for third-party collection of court-ordered fines, fees, and costs, including victim restitution.

Sec. 310. Drug Treatment Court Evaluation – REVISED

Directs state court administrative office (SCAO) to evaluate drug court programs and provide an annual review.

Sec. 311. Drug Courts – REVISED

Provides direction for administration of drug treatment courts; revision deletes five-year limit on drug treatment court programs receiving funds under this section.

Sec. 313. Judicial Training – DELETED

States legislative intent for judges to receive training concerning expert witnesses.

Sec. 314. Report on Halbert v. Michigan – NEW

Requires SCAO to submit report by April 1, 2008, regarding the impact of Halbert v. Michigan and related cases.

Sec. 316. Mental Health Treatment Courts – NEW

Requires SCAO to evaluate strategies to better respond to defendants with mental illnesses; strategies may include mental health treatment courts.

Sec. 317. Transcript Fees – DELETED

Provides for transcript fee fund to reimburse counties for costs should there be a statutory increase in court transcript fees.

Sec. 317. Judicial Car Leases – NEW

Prohibits using appropriations for permanent assignment of state-owned vehicles to justices, judges, or judicial employees.

**LABOR AND ECONOMIC GROWTH
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 118 (Senate Bill 234)**

Analyst: Richard Child

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Enacted	Difference: Enacted From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$23,485,800	\$34,472,800	\$34,472,800	\$34,472,800	\$34,472,800	\$10,987,000	46.8
Federal	848,745,800	820,712,500	820,712,500	820,712,500	820,712,500	(28,033,300)	(3.3)
Local	15,824,300	15,884,700	15,884,700	15,884,700	15,884,700	60,400	0.4
Private	2,314,300	2,314,300	2,314,300	2,314,300	5,314,300	3,000,000	129.6
Restricted	370,433,000	377,815,200	374,025,100	378,215,200	378,843,700	8,410,700	2.3
GF/GP	45,975,500	98,427,800	46,635,600	49,860,000	46,002,700	27,200	0.1
Gross	\$1,306,778,700	\$1,349,627,300	\$1,294,045,000	\$1,301,459,500	\$1,301,230,700	(\$5,548,000)	(0.4)
FTEs	4,297.0	4,340.0	4,336.0	4,340.0	4,341.0	44.0	1.0

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007.

Overview

The Department of Labor and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. Programs of the Michigan Strategic Fund, an autonomous agency administered by Michigan Economic Development Corporation (MEDC), were transferred to Department of Treasury by 2005 PA 225.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Enacted Change From YTD
1. Fire Protection Grants	Gross	\$9,910,500	\$1,000,000
Replaces GF/GP with \$5.0 million in additional bad driver fees and decrease in Liquor Purchase Revolving Fund of \$1.3 million.	Restricted	7,210,500	3,700,000
	GF/GP	\$2,700,000	(\$2,700,000)
2. New No Worker Left Behind Program	Gross	\$0	\$37,000,000
Redirects some Workforce Incentive Act funds to provide up to two years of college to displaced workers; does not include \$40 million GF/GP recommended by the Executive.	Federal	0	37,000,000
	GF/GP	\$0	\$0
3. New Welfare-to-Work Pilot Program	Gross	\$0	\$140,000
Increases grant by \$140,000 GF/GP; allocates to Focus: Hope to design pilot program to improve job placement of welfare recipients.	GF/GP	\$0	\$140,000
4. Michigan Housing and Community Development Fund	Gross	\$0	\$2,163,400
Provides \$2.2 million GF/GP to Michigan State Housing Development Authority to revitalize downtowns and provide low-income housing.	GF/GP	\$0	\$2,163,400
5. New Michigan Nursing Corps Program	Gross	\$0	\$1,500,000
Provides Includes \$1.5 million for new initiative to rapidly prepare 500 new nursing faculty and recruit 200 displaced workers with bachelor's degrees in science to earn an accelerated one-year nursing certification.	GF/GP	\$0	\$1,500,000
6. FY 2007-08 Economic Increases	Gross	\$0	\$15,637,400
Includes contractual 3.0% wage increases, 7.2% employee benefit increases based on higher wages; provides \$0.5 million decrease for occupancy charges for use of state-owned buildings and \$1.0 million decrease for self-insured worker's compensation; rent does not increase.	IDG	0	510,300
	Federal	0	7,758,900
	Local	0	60,400
	Restricted	0	6,929,400
	GF/GP	\$0	\$378,400

LABOR AND ECONOMIC GROWTH

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
7. Reduction in Workforce Training Program Sub-Grantees	Gross	\$153,952,700	\$184,587,800
Eliminates \$4.35 million GF/GP not expended in FY 2006-2007; federal increase is due to increased Workforce Investment Act (WIA) funds based on Michigan's unemployment rate.	Federal	149,602,700	184,587,800
	GF/GP	\$4,350,000	\$0

Major Boilerplate Changes From FY 2006-07

Sec. 218. Contingent Fund Language – NEW

Appropriates up to \$30.5 million federal contingency funds, \$13.2 million restricted contingency funds, \$8.2 million local contingency funds, and \$550,000 private contingency funds that can be expended only upon legislative transfer to a specific line item.

Sec. 319. Professional Employer Organization Special Rules – DELETED

Prohibits use of appropriated funds to develop rules, guidelines, or standards governing professional employer organizations that are more stringent than currently prescribed by statute.

Sec. 337. Credit Scoring in Insurance Rate Setting

Prohibits using appropriations for implementing prohibitions on the use of credit scoring in insurance rate setting.

Sec. 355. Ergonomic Rules

Prohibits using funds for promulgation of ergonomic rules that are more stringent than voluntary federal standards.

Sec. 405. Welfare Recipient Work Requirements – REVISED

Provides direction for administering work first program; revision simplifies language by citing new requirements in federal Social Security Act.

Sec. 431. Michigan Nursing Corps – NEW

Describes program to train new nursing faculty and recruit and re-train displaced workers with bachelor's degrees in science; creates a work project for unexpended funds until project completion on September 30, 2009. Includes language allowing, but not requiring, matching grants to hospitals providing clinical nursing training.

Sec. 432. No Worker Left Behind Program – NEW

Requires report on status of no worker left behind program; report due July 1, 2008.

Sec. 437. Welfare to Work Pilot Program – NEW

Allocates \$140,000 to Focus: Hope to design a pilot program to improve job placement and retention of welfare recipients. Directs Focus: Hope to work collaboratively with Department of Human Services Jobs, Employment, Training Program and Michigan community colleges and universities.

Sec. 438. Michigan Housing and Community Development Fund – NEW

Allocates \$2.2 million for Michigan State Housing Development Authority to revitalize downtowns and provide low-income housing; requires report to the Legislature on projects funded.

Sec. 439. Land Bank Fast Track Authority – NEW

Requires that \$400,000 of appropriation for land bank fast track authority be used for additional maintenance or demolition of all tax reverted properties.

**TRANSPORTATION
Summary of FY 2007-08 Enacted Appropriations
2007 Public Act 129 (Senate Bill 240)**

Analyst: William E. Hamilton

IDG/IDT	FY 2006-07 YTD	FY 2007-08				Difference: Enacted From FY 2006-07 YTD	
		Executive	Senate	House	Enacted	Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,168,679,700	1,200,740,600	1,200,740,600	1,200,740,600	1,200,740,600	32,060,900	2.8
Local	47,500,000	42,850,000	42,850,000	42,850,000	42,850,000	(4,650,000)	(9.8)
Private	0	0	0	0	0	0	0.0
Restricted	2,192,012,700	2,121,665,000	2,134,665,100	2,134,664,600	2,116,605,000	(75,407,700)	(3.5)
GF/GP	0	0	0	0	0	0	0.0
Gross	\$3,408,192,400	\$3,365,255,600	\$3,378,255,700	\$3,378,255,200	\$3,360,195,600	(\$47,996,800)	(1.4)
FTEs	3,036.3	3,035.3	3,035.3	3,035.3	3,035.3	(1.0)	(0.0)

Note: FY 2006-07 figures reflect supplementals and Executive Order (EO) actions through November 30, 2007; Senate figures from SB 240 (passed Senate August 22, 2007); House figures from SB 240 (H-1) (reported from House Appropriations September 6, 2007).

Overview

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the budget is from constitutionally-restricted state revenue sources—primarily motor fuel taxes and vehicle registrations—which is credited to the Michigan Transportation Fund (MTF) for distribution to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51. Approximately one-third of the budget is federal revenue. There is no state GF/GP revenue in this budget.

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Enacted Change From YTD
1. Debt Service	Gross	\$207,620,000	\$15,992,200
Reflects anticipated debt service schedules, including \$25.1 million for Jobs Today bonds issued in 2007.	Federal	55,000,000	80,000
	Restricted	152,620,000	15,912,200
2. Grants to Other State Departments – PARTIAL VETO	Gross	\$47,410,600	(\$170,800)
Includes MTF to Departments of State (\$20.0 million) and Treasury (\$8.0 million, which is \$796,800 less than FY 2006-07) for cost of collecting MTF revenue. MTF IDG to Treasury reflects Governor's veto of Section 306(3) which required a cost allocation study. State Trunkline Fund (STF) grant to Motor Carrier Division of Michigan State Police and MDOT share of Criminal Justice Information Center is \$9.6 million.	Restricted	47,410,600	(170,800)
3. Information Technology	Gross	\$27,826,500	\$656,800
Reflects economics, administrative savings, and pilot program to convert unsupported client/server software.	Federal	1,446,900	0
	Restricted	26,379,600	656,800
4. Engineering Services	FTEs	802.2	(17.1)
Supports MDOT's engineering functions; includes \$3.0 million in additional federal funds for Safe Routes to Schools, a federally-mandated program new in 2006. Other changes reflect economics, administrative savings, and internal position transfers.	Gross	\$55,537,900	\$2,741,900
	Federal	11,151,300	3,668,000
	Restricted	44,386,600	(926,100)
5. State Trunkline Maintenance	FTEs	825.6	3.1
Reflects state trunkline lane miles added by new construction and jurisdictional transfers, and economic increases.	Gross	\$275,164,900	\$3,442,800
	Restricted	275,164,900	3,442,800

TRANSPORTATION

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Enacted Change From YTD</u>
6. State Trunkline Road and Bridge Construction	Gross	\$987,862,200	(\$36,346,600)
Appropriates \$951.5 million for capital construction/reconstruction program.	Federal	754,536,100	19,835,700
Decrease in available STF (\$61.7 million) partially offset by \$5.6 million in Blue Water Bridge Fund revenue (for Blue Water Bridge capital projects) and by increase in estimated federal revenue.	Local	30,000,000	0
	Restricted	203,326,100	(56,182,300)
7. MTF Distribution to Local Road Agencies	Gross	\$1,011,543,500	(\$40,575,700)
Appropriates \$971.0 million MTF (\$623.4 million to county road commissions, \$347.6 million to cities/villages) based on MTF revenue estimates and Act 51 formula; final distribution will be based on actual MTF revenue, which may be more or less than appropriations.	Restricted	1,011,543,500	(40,575,700)
8. Transportation Economic Development (TEDF) Fund	Gross	\$35,766,800	(\$6,592,500)
Provides \$29.1 million for statutory distribution per 1987 PA 231; reflects target agreement to redirect \$13.0 million drivers' license fee revenue from TEDF to General Fund. EO 2007-3 had reduced TEDF Target Industries by \$6.0 million in FY 2006-07.	Restricted	35,766,800	(6,592,500)
9. Aeronautics Programs	FTEs	56.0	0.0
Provides program management through Airport improvement services line and Aviation services line. Retains funding for Air service program at \$700,000, based on estimated State Aeronautics Fund revenue.	Gross	\$7,693,500	\$117,000
	Restricted	7,693,500	117,000
10. Freight and Safety Services	FTEs	36.0	(8.8)
Transfers Freight and safety services, formerly part of Public transportation services, to new Bureau of Aeronautics and Freight Services to reflect department reorganization. Reduction reflects position transfers net of economic adjustments.	Gross	\$4,121,100	(\$816,000)
	Restricted	4,121,100	(816,000)
11. Public Transportation Services	FTEs	38.0	8.0
Provides oversight and administration of public transit grant programs; reflects economics and position transfers.	Gross	\$4,111,100	\$1,205,400
	Federal	738,100	24,000
	Restricted	3,373,000	1,181,400
12. Bus Transit – Local Bus Operating Assistance	Gross	\$166,624,000	\$0
Includes \$166.6 million from Comprehensive Transportation Fund (CTF) for state operating assistance to local public transit agencies, unchanged from FY 2006-07.	Restricted	166,624,000	0
13. Rail Passenger Service	Gross	\$7,386,500	\$513,500
Provides operating assistance for Port Huron/Chicago and Grand Rapids/Chicago rail service with restricted funds; federal revenue provides capital assistance; FY 2006-07 YTD reflects \$813,500 reduction made in EO 2007-3.	Federal	1,000,000	0
	Restricted	6,386,500	513,500
14. Bus Capital	Gross	\$48,409,300	(\$2,245,700)
Provides matching funds for Federal Transit Administration grants to local transit agencies; line reflects estimated CTF revenue and reduction in local matching funds; FY 2006-07 YTD reflects \$16.3 million reduction made in EO 2007-3.	Federal	30,000,000	0
	Local	7,500,000	(2,500,000)
	Restricted	10,909,300	254,300
15. Economics	Gross	N/A	\$10,354,500
Provides \$6.6 million increase for salaries/wages, \$2.0 million net increase for retirement and insurance contributions, and \$1.7 million for building occupancy charges. Projected workers compensation would increase \$10,000.	Federal	N/A	707,600
	Restricted		9,646,900

Major Boilerplate Changes From FY 2006-07**Sec. 206. Contingency Appropriations – NEW**

Includes \$200.0 million federal, \$40.0 million restricted, and \$1.0 million each local and private in contingency funds.

Major Boilerplate Changes From FY 2006-07

Sec. 262. Hire of Outside Legal Counsel – NEW

Adopts standard language per target agreement (exempts bond counsel).

Sec. 263. Impact of New Legislation and Administrative Rules – NEW

Adopts standard language per target agreement.

Sec. 264. Implement Continuous Improvements – NEW

Adopts standard language per target agreement to require report by department director.

Sec. 306. Biennial Audit of Transportation Funds – REVISED

Outlines conditions for annual contracts; revision modifies to consolidate with Section 504.

Sec. 307. Five-Year Plan – REVISED

Requires five-year plan; revision moves report date to March 1 of each year.

Sec. 376. Report on 17 Deferred Projects – REVISED

Requires report on deferred projects; revision modifies date reference to March 1 of each year.

Sec. 383. Restriction on Use of State Airplanes and Reporting Requirement – REVISED

Requires report on use of MDOT-owned aircraft; revision modifies section restrictions and reporting requirement.

Sec. 384. Detroit River International Crossing (DRIC) Study – REVISED

Restricts MDOT activities with regard to study of a new crossing of the Detroit River between Detroit, Michigan, and Windsor, Ontario; allows MDOT to complete study phase of project without obligating the state to construct; prohibits MDOT from expending funds for activities beyond study phase; permits hardship or opportunity property acquisition with notice to Legislature; requires legislative hearings on DRIC study; requires report on source and use of all funds in furtherance of DRIC study.

Sec. 401. Allocation of Federal Aid

Retains current-year language regarding distribution of federal aid between the state and local road agencies; Governor indicated provisions for legislative development of final distribution are not enforceable as an unconstitutional infringement of Executive authority.

Sec. 659. Life-Cycle Cost – NEW

Allows MDOT to use historical/comparable data from other/similar states in developing life-cycle cost analysis for paving projects for which there is no Michigan pavement management data.

Sec. 707. Local Bus Operating – DELETED

Directs distribution of grant monies. Language regarding distribution not included, previous language duplicated in Public Act 51 of 1951.

Sec. 711. Rail Passenger (AMTRAK) – REVISED

Directs MDOT to negotiate with rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; limits state subsidy to revenue generated from routes, not to exceed \$7.1 million; deletes reporting requirement.

FY 2007-08

CONSENSUS REVENUE

Consensus Revenue FY 2007-08

Senior Economist: Rebecca Ross

This section explains May 2007 Consensus Revenue Estimating Conference estimates and tax changes enacted for GF/GP and School Aid Fund (SAF) revenue for FY 2006-07 and FY 2007-08 by major revenue sources.

Major enacted tax changes include replacing the Single Business Tax (SBT) with the Michigan Business Tax (MBT).

- ▶▶ The MBT was designed to be revenue-neutral in the long run, but is estimated to increase revenue by approximately \$219.3 million in FY 2007-08.
- ▶▶ An increase in the income tax, from 3.9% to 4.35%, is estimated to increase revenue by approximately \$744.3 million in FY 2007-08.
- ▶▶ An expansion of the use tax to include selected services is estimated to increase revenue by approximately \$613.8 million in FY 2007-08.

Combined, these three changes increase FY 2007-08 GF/GP revenue by an estimated \$1,371.5 million, and SAF revenue by an estimated \$203.9 million

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

	<u>Final FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2007-08 Over FY 2006-07</u>	
				<u>\$ Change</u>	<u>% Change</u>
Personal Income Tax	\$4,185.9	\$4,269.6	\$4,247.7	(\$21.9)	(0.5)
Sales and Use Taxes	1,016.4	1,032.4	1,062.0	29.6	2.9
SBT and Insurance Taxes	2,198.3	2,153.5	2,202.0	48.5	2.3
Other Taxes	570.4	538.1	528.9	(9.2)	(1.7)
GF/GP Baseline Tax Revenue	\$7,971.0	\$7,993.6	\$8,040.6	\$47.0	0.6
Non-Tax Revenue	215.9	210.1	203.1	(7.0)	(3.3)
Total GF/GP Baseline Revenue	\$8,186.9	\$8,203.7	\$8,243.7	\$40.0	0.5
Adjustments to Baseline	79.1	(16.2)	47.5	63.7	4,750.0
Actual GF/GP Revenue	\$8,266.0	\$8,187.5	\$8,291.2	\$103.7	1.3

General Fund/General Purpose Revenue by Source

Personal Income Tax

- ▶▶ Wage and salary employment is expected to decrease 1.5% in 2007 and decrease 1.2% in 2008.
- ▶▶ Michigan's unemployment rate is expected to be 7.2% in 2007, then increase to 7.6% in 2008.
- ▶▶ Michigan personal income tax revenue is forecast to increase 2.2% in FY 2006-07 and decline 0.1% in FY 2007-08.
- ▶▶ Baseline GF/GP income tax revenue is expected to increase 2.0% to \$4,269.6 million in FY 2006-07, and then decline 0.5% to \$4,247.7 million in FY 2007-08.

Sales and Use Taxes

Flat or weak growth in wage and salary income will hold down baseline GF/GP sales and use tax revenue from \$1,032.4 million in FY 2006-07 to \$1,062.0 million in FY 2007-08.

Single Business and Insurance Taxes

Business taxes (SBT plus insurance taxes) accrue to the General Fund.

- ▶ Net baseline business taxes were \$2,198.3 million in FY 2005-06, and will decrease 2.0% to \$2,153.5 million in FY 2006-07, and increase 2.3% to \$2,202.0 million in FY 2007-08.
- ▶ Baseline Single Business Tax revenue alone was \$1,978.8 million in FY 2005-06; it is expected to decrease 2.1% to \$1,937.5 million in FY 2006-07 and increase 2.2% to 1,980.0 million in FY 2007-08.

GF/GP Baseline Tax Revenue

- ▶ Final GF/GP baseline tax revenue totaled \$7,971.0 million in FY 2005-06.
- ▶ GF/GP baseline tax revenue is expected to increase in FY 2006-07 by 0.3% to \$7,993.6 million and in FY 2007-08 by 0.6% to \$8,040.6 million.

Total GF/GP Baseline Revenue

Total baseline GF/GP revenue includes baseline tax revenue and non-tax revenue. 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 revenue was \$8,186.9 million in FY 2005-06.
- ▶ GF/GP baseline revenue is expected to increase by 0.2% to \$8,203.7 million in FY 2006-07 and by 0.5% to \$8,243.7 million in FY 2007-08.

Actual GF/GP Revenue

Actual GF/GP revenue represents revenue available for expenditure each year and includes adjustments to the baseline, such as tax changes and one-time federal revenue.

- ▶ Final total actual GF/GP revenue was \$8,266.0 million in FY 2005-06.
- ▶ Actual GF/GP revenue is expected to decline by 1.0% to \$8,187.5 million in FY 2006-07, then increase by \$103.7 million or 1.3% to \$8,291.2 million in FY 2007-08.

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

Revenue	Final FY 2005-06	FY 2006-07	FY 2007-08	FY 2007-08 Over FY 2006-07	
				\$ Change	% Change
Sales and Use Tax	\$5,302.6	\$5,248.5	\$5,327.0	\$78.5	1.5
Income Tax Earmark	2,037.1	2,092.3	2,110.1	17.8	0.9
Lottery and Casinos	792.1	799.1	799.5	0.4	0.0
Tobacco Taxes	468.9	454.9	445.8	(9.1)	(2.0)
State Education Tax	1,997.8	2,079.0	2,168.0	89.0	4.3
Real Estate Transfer Tax	297.7	226.2	231.0	4.8	2.1
Liquor Excise and Specific Taxes	187.4	181.4	185.8	4.4	2.4
Baseline SAF Revenue	\$11,083.6	\$11,081.4	\$11,267.1	\$185.7	1.7
Adjustments to Baseline	1,484.8	1,406.9	1,701.1	294.2	20.9
Actual SAF Revenue	\$12,568.4	\$12,488.3	\$12,968.2	\$479.9	3.8

School Aid Fund Revenue by Source**Sales and Use Taxes**

- ▶ Combined sales and use tax revenue dedicated to the SAF equaled \$5,302.6 million in FY 2005-06 and is forecast to decrease 1.0% to \$5,248.5 million in FY 2006-07 and increase 1.5% to \$5,327.0 million in FY 2007-08.
- ▶ Baseline sales tax revenue is forecast to decrease 1.2% in FY 2006-07 and increase 1.5% in FY 2007-08.
- ▶ Baseline use tax revenue to the SAF is estimated to increase 0.9% in FY 2006-07 and 1.8% in FY 2007-08.

Income Tax

Approximately 26% of gross income tax collections are dedicated to the SAF. Baseline dedicated income tax revenue is forecast to increase 2.6% to \$2,092.3 million in FY 2006-07 and 0.9% to \$2,110.1 million in FY 2007-08.

CONSENSUS REVENUE

Lottery/Casinos

- ▶▶ Lottery and Casino revenue contributed \$792.1 million to the SAF in FY 2005-06.
- ▶▶ Baseline lottery and casino revenue to the SAF is projected to increase 0.9% to \$799.1 million in FY 2006-07, and to be essentially flat in FY 2007-08.

Tobacco Taxes

Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.

- ▶▶ The SAF received \$468.9 million from tobacco taxes in FY 2005-06.
- ▶▶ The demand for tobacco products is expected to decline over the duration of the forecast; total SAF tobacco tax revenue is expected to decrease to \$454.9 million in FY 2006-07 and \$445.8 million in FY 2007-08.

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.

- ▶▶ Revenue from the SET was \$1,997.8 million in FY 2005-06.
- ▶▶ SET revenue is expected to increase 4.1% to \$2,079.0 million in FY 2006-07 and 4.3% to \$2,168.0 million in FY 2007-08.
- ▶▶ RET contributed \$297.7 million to the SAF in FY 2005-06, and is forecast to contribute \$226.2 million in FY 2006-07 and \$231.0 million in FY 2007-08.

Total SAF Baseline Revenue

- ▶▶ Final total SAF baseline revenue was \$11,083.6 million in FY 2005-06.
- ▶▶ Baseline revenue is expected to decrease slightly to \$11,081.4 million in FY 2006-07 and increase 1.7% to \$11,267.1 million in FY 2007-08.

Actual SAF Revenue

Actual SAF revenue represents revenue available for expenditure each year; it includes tax changes, beginning balances, and federal funds, but does not include any GF/GP transfers to SAF. Actual SAF revenue was \$12,568.4 million in FY 2005-06; it is expected to decrease 0.6% to \$12,488.3 million in FY 2006-07, then increase 3.8% to \$12,968.2 million in FY 2007-08.

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 Budget Stabilization Fund (BSF).

	<u>FY 2005-06</u>	<u>FY 2006-07</u>
General Fund/General Purpose	\$0	\$0
School Aid Fund	\$0	\$0
Budget Stabilization Fund	\$2.0	\$2.1

Year-end estimates notes:

- ▶▶ FY 2006-07 estimates for GF/GP and the SAF are based on year-to-date appropriations, projected year-end adjustments, and consensus revenue estimates.
- ▶▶ SAF revenue is restricted; hence, any year-end balance is carried forward to the subsequent year.
- ▶▶ BSF estimates are based on current balance estimates provided by the Michigan Department of Treasury and HFA estimates of future deposits and interest earned.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2005-06, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2006-07 and FY 2007-08. A complete list of BSF historical data is available from the HFA upon request.

The final BSF fund balance was \$2.0 million for FY 2005-06. The fund balance is forecast to be \$2.1 million for FY 2006-07 and \$2.2 million for FY 2007-08.

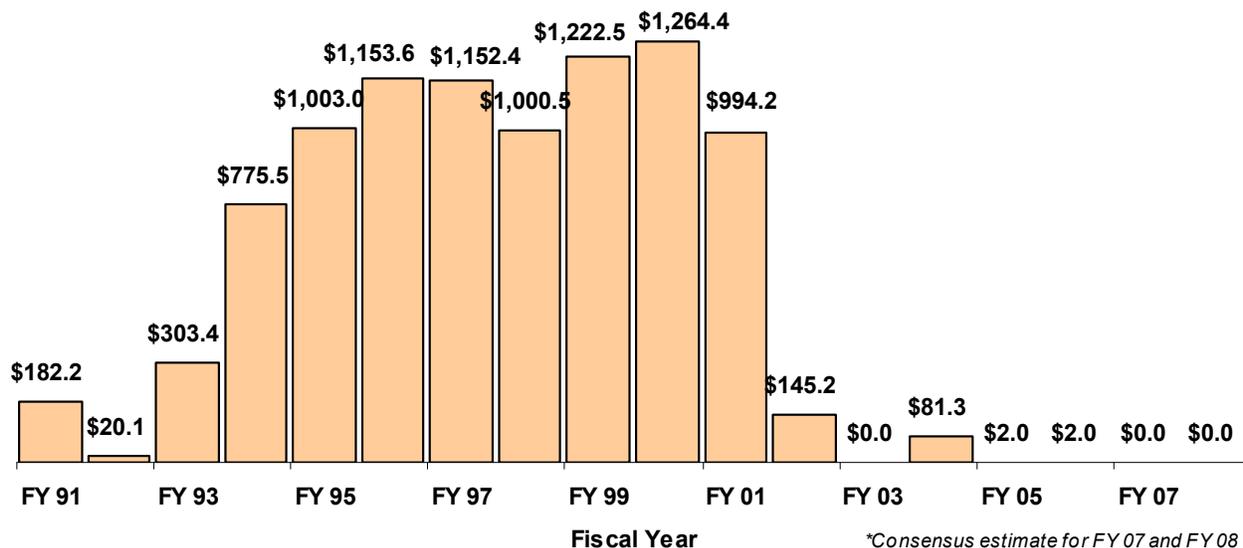
BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

<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	0.7	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	59.2	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	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07*	0.0	2.0	0.0	0.0
2007-08*	0.0	0.0	0.0	0.0

* HFA Estimates

NOTE: Numbers may not add due to rounding.

Budget Stabilization Fund (BSF) Balance
(Millions of Dollars)



CONSENSUS REVENUE

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 (CY) prior to the fiscal year in which the revenue is measured, as estimated by the Bureau of Economic Analysis, United States Department of Commerce.

**COMPLIANCE WITH THE STATE REVENUE LIMIT
(Millions of Dollars)**

Revenue Limit Calculations	FY 2005-06	FY 2006-07	FY 2007-08
Personal Income			
	CY 2004	CY 2005	CY 2006
Amount	\$324,134	\$331,304	\$341,710
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	30,760.3	31,440.8	32,428.3
Total Revenue Subject to Revenue Limit	\$25,814.1	\$25,900.2	\$26,588.3
Amount Under (Over) State Revenue Limit	\$4,946.2	\$5,540.6	\$5,840.0

Implications of Exceeding the State Revenue Limit

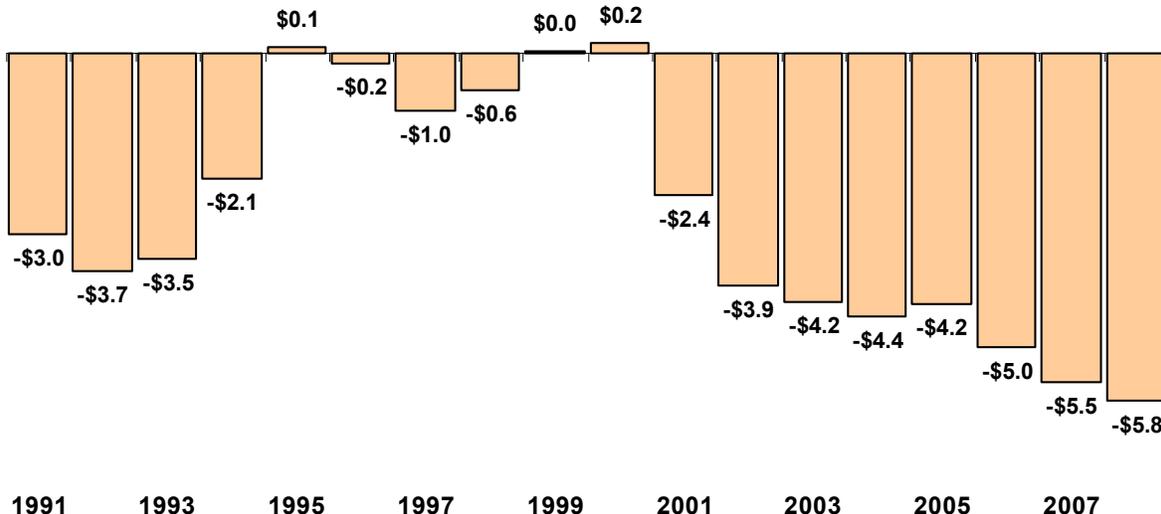
Article IX, Section 26, Constitution of the State of Michigan, provides that:

... For any fiscal year in the event that Total State Revenue 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 2005-06 revenue limit calculation indicates that the state revenue collections were well under the revenue limit. For both FY 2006-07 and FY 2007-08, state revenue is estimated to be substantially below the revenue limit—by \$5.5 billion and \$5.8 billion, respectively.

Constitutional Revenue Limit



* 2007 and 2008 are consensus estimates



Mitchell E. Bean, Director
Bill Fairgrieve, Deputy Director
517.373.8080

- Agriculture..... William E. Hamilton, Senior Analyst
- Capital Outlay..... Al Valenzio, Associate Director
- Community Colleges..... Viola Bay Wild, Fiscal Analyst
- Community Health
 - Medicaid..... Steve Stauff, Senior Analyst
 - Mental Health/Substance Abuse..... Margaret Alston, Senior Analyst
 - Public Health/Aging..... Susan Frey, Senior Analyst
- Corrections..... Marilyn Peterson, Senior Analyst
- Education (Department)..... Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Analyst
- Environmental Quality..... Kirk Lindquist, Senior Analyst
- General Government
 - Executive/Legislature/Legislative Auditor General..... Al Valenzio, Associate Director
 - Civil Rights/Management & Budget..... Kim O’Berry, Fiscal Analyst
 - Attorney General/Information Technology/ Lottery/State/Treasury..... Mark Wolf, Fiscal Analyst
- Higher Education..... Kyle I. Jen, Senior Analyst
- Human Services (Department)..... Robert Schneider, Senior Analyst; Bill Fairgrieve, Deputy Director
- History, Arts, and Libraries..... Jan Wisniewski, Senior Analyst
- Judiciary..... Viola Bay Wild, Fiscal Analyst
- Labor & Economic Growth..... Richard Child, Senior Analyst
- Michigan Strategic Fund..... Richard Child, Senior Analyst; Mark Wolf, Fiscal Analyst
- Military & Veterans Affairs..... Jan Wisniewski, Senior Analyst
- Natural Resources..... Kirk Lindquist, Senior Analyst
- State Police..... Jan Wisniewski, Senior Analyst
- School Aid..... Mary Ann Cleary, Associate Director; Bethany Wicksall, Senior Analyst
- Transportation..... William E. Hamilton, Senior Analyst

- Economic/Revenue Forecast; Tax Analysis; Revenue Sharing..... Rebecca Ross, Senior Economist;
Jim Stansell, Economist

- Legislative Analysis..... Chris Couch, Associate Director;
Edith Best, Joan Hunault, Shannan Kane, Sue Stutzky, Legislative Analysts

- Legislative Transfers..... Margaret Alston, Senior Analyst
- Oversight & Investigations..... William E. Hamilton, Senior Analyst
- Retirement..... Al Valenzio, Associate Director
- Supplementals..... Al Valenzio, Associate Director; Kyle I. Jen, Senior Analyst

- Office Manager..... Sharon Risko, Administrative Assistant
- Publications/Data..... Jeanne Dee, Administrative Assistant
- Facilities Coordinator..... Holly Spitzley, Receptionist
- Unit Support
 - Agriculture/Community Colleges/Education/Higher Education/School Aid/
Transportation/Transfers/HFA Internet/Bill Analysis..... Barbara Graves, Budget Assistant
 - Capital Outlay/Environmental Quality/General Government/History, Arts, & Libraries/
Labor & Economic Growth/Military & Veterans Affairs/Natural Resources/
Retirement/State Police/Supplementals..... Amber Fox, Budget Assistant
 - Community Health/Corrections/Human Services/Judiciary/HFA Library..... Tumai Burris, Budget Assistant



P.O. Box 30014 ■ Lansing, MI 48909-7514
(517) 373-8080 ■ FAX (517) 373-5874
www.house.mi.gov/hfa