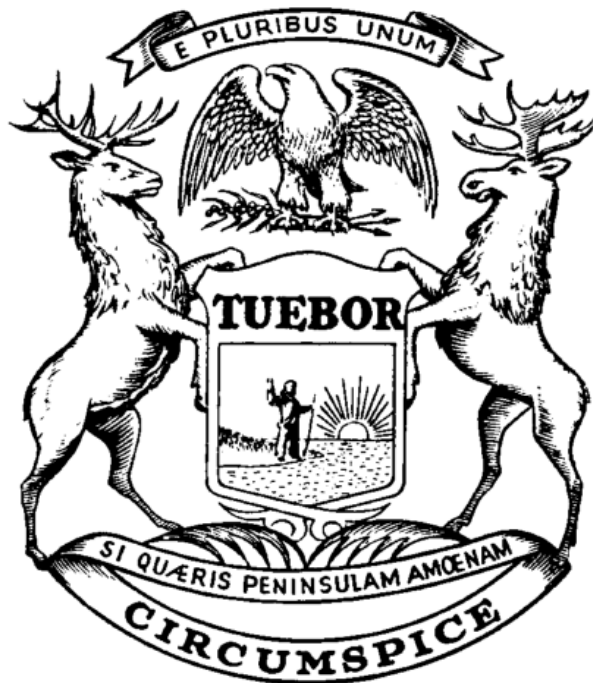


STATE OF MICHIGAN
FISCAL YEAR 2013-14

Appropriations Summary and Analysis



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FISCAL
AGENCY

Mary Ann Cleary, Director

AUGUST 2013

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HOUSE FISCAL AGENCY

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August 2013

TO: Members of the Michigan House of Representatives

FROM: Mary Ann Cleary, Director

This ***FY 2013-14 Appropriations Summary and Analysis*** summarizes the enacted FY 2013-14 state budget. A *Glossary*, following the table of contents, explains terms used throughout this report to describe Michigan's budget. The *Director's Overview* provides information on resources used in the enacted FY 2013-14 budget; 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 of the report provides an overview of consensus revenue estimates.

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 (including spending from federal sources) on the state's economy.

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

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

Information in the *Budget Detail* section was provided by HFA Analysts; report production was coordinated by Kathryn Bateson, 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.

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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 nongovernment entities: rents, royalties or interest payments; payments from hospitals or individuals; and gifts and bequests.

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

Intradepartmental Transfer (IDT): Transfers of 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.

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 2013-14 Budget Detail

DIRECTOR'S OVERVIEW

**Overview
Resources Used in Enacted Budget
Summary Tables**

OVERVIEW

FY 2013-14 DIRECTOR'S OVERVIEW Summary and Analysis

The enacted state budget for Fiscal Year (FY) 2013-14, year-to-date (YTD) at June 13, 2013, includes \$48.7 billion in adjusted gross appropriations, funded from the following sources:

- \$19.3 billion from federal funds.
- \$0.5 billion from local and private sources.
- \$19.4 billion from state restricted funds.
- \$9.4 billion from General Fund/General Purpose (GF/GP) revenue.

Compared to FY 2012-13 YTD appropriations (at July 15, 2013), the enacted budget provides an adjusted gross increase of 2.2% and a GF/GP increase of 4.0%. The current FY 2013-14 GF/GP appropriation total reflects an increase of \$356.6 million. The School Aid appropriation increase is \$454.5 million or 3.4% of which \$156.0 million is from the MPSERS Reform Reserve Fund. In addition, there is a one-time deposit of \$75.0 million into the Budget Stabilization Fund (BSF).

FY 2013-14 enacted budget assumes the passage of various fee changes. See pages 13-15 for specific details.

The FY 2013-14 GF/GP and School Aid budgets use the consensus revenue estimates agreed to at the May 15, 2013, Consensus Revenue Estimating Conference (CREC). The FY 2013-14 GF/GP adjusted estimate is an increase of \$257.0 million or 2.8%, and the School Aid Fund (SAF) estimate is an increase of \$261.9 million or 2.3%.

Appropriation comparison tables for individual budget areas in the *Budget Detail* section of this report generally reflect FY 2012-13 year-to-date amounts as of February 7, 2013 (rather than July 15, 2013) to reflect FY 2012-13 budget amounts appropriated when the FY 2013-14 Executive Budget was originally released.

The figures shown in the Budget Detail tables include both standard line item appropriation totals and funds appropriated for purposes designated as one-time only.

RESOURCES USED IN FY 2013-14 YEAR-TO-DATE BUDGET

Resources used to fund General Fund/General Purpose, School Aid Fund, and Merit Award Trust Fund expenditures in the FY 2013-14 YTD budget are reported below.

FY 2013-14 GENERAL FUND/GENERAL PURPOSE RESOURCES
(Millions of Dollars)

Beginning fund balance	\$657.8
Revenue estimate	9,446.2
Individual relief	(20.0)
Adjustments:	
EVIP/Revenue sharing	(396.6)
Other revenue	4.0
Total Resources	\$9,691.4

Beginning Fund Balance: Carryforward from prior fiscal year.

Revenue Estimate: Revenue estimate agreed to at the May 2013 Consensus Revenue Estimating Conference.

Individual Relief: Set aside; specific purpose yet to be determined.

EVIP/Revenue Sharing: Appropriations for Economic Vitality Incentive Program and County Revenue Sharing, which reduce available GF/GP resources.

Other Revenue: Miscellaneous revenue adjustments.

FY 2013-14 SCHOOL AID FUND
(Millions of Dollars)

Beginning balance	\$140.4
Revenue estimate	11,470.1
Adjustments:	
GF/GP transfer	234.9
MPSER reform reserve fund:	156.0
Federal revenue	1,764.4
Total Resources	\$13,765.8

Beginning Balance: Carryforward from prior fiscal year.

Revenue Estimate: Revenue estimate agreed to at the May 2013 Consensus Revenue Estimating Conference.

GF/GP Transfer: Annual transfer; amount varies from year to year.

MPSER Reform Reserve Fund: The MPSERS retirement obligation reform reserve fund is a separate account created within the School Aid Fund for deposit of funds to pay for a portion of MPSERS unfunded accrued liability costs.

Federal Revenue: Includes grants for the (federal) No Child Left Behind Act, special education, school lunch, and other smaller grant programs.

OVERVIEW

**FY 2013-14 ESTIMATES
TOBACCO SETTLEMENT REVENUE/EXPENDITURES
(Millions of Dollars)**

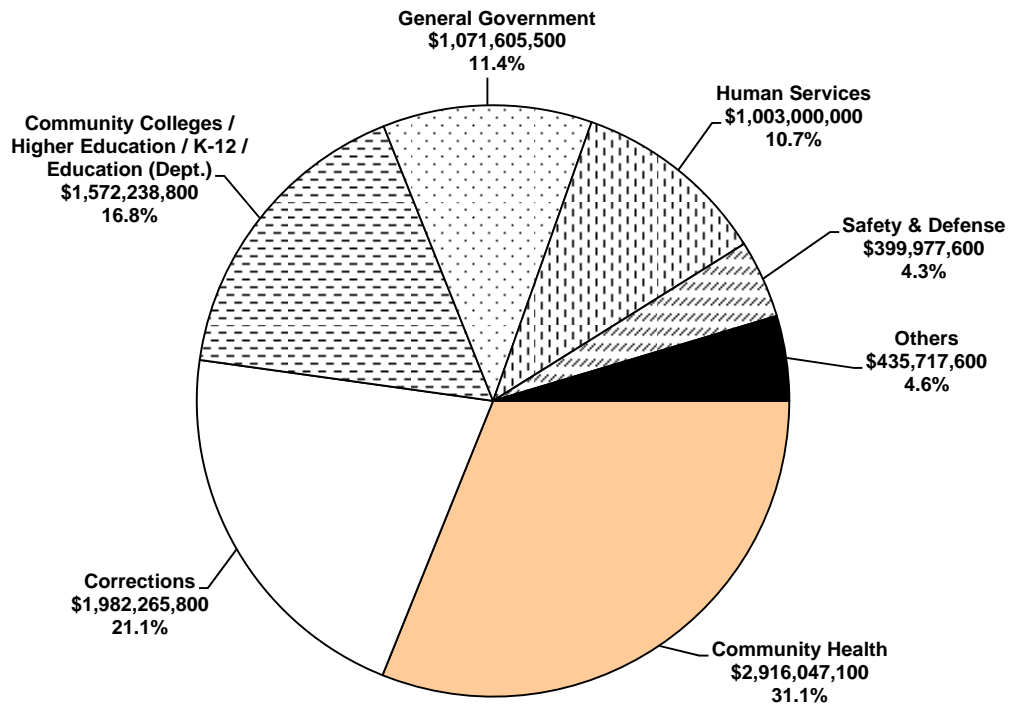
Merit Award Trust Fund Revenue

FY 2013-14 Beginning Balance	\$74.6
Tobacco settlement revenue	253.5
Settlement credit / adjustments	(29.7)
Payments on securitization bonds	(53.9)
Deposit to 21st Century Jobs Fund	(75.0)
Resources Subtotal	\$169.5
Attorney General: Administration	(\$0.5)
Community Health: Medicaid base funding	(81.8)
Community Health: Aging - respite care	(4.1)
Human Services: Family Independence Program	(30.1)
State Police: Tobacco tax enforcement	(0.7)
Treasury: Tuition Incentive Program administration	(1.1)
Expense Subtotal	(\$118.3)
FY 2013-14 Ending Balance	\$51.2*

*Balance projected to be depleted on subsequent two years based on current revenue and expenditure trends.

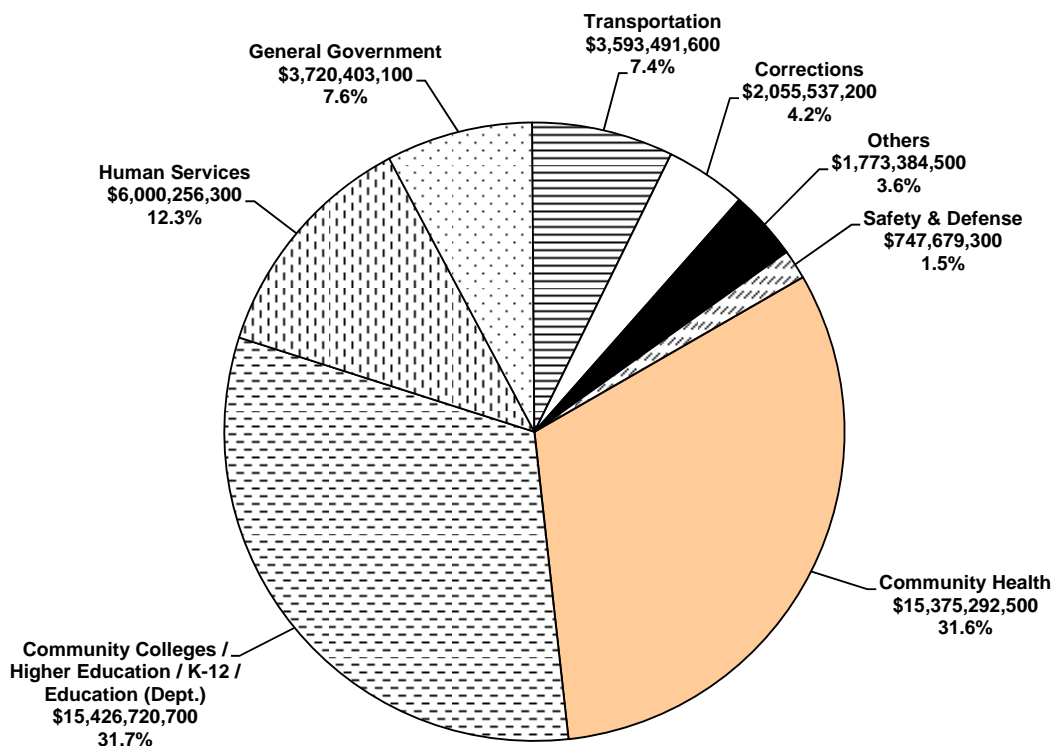
FY 2013-14 Enacted General Fund/General Purpose (GF/GP) Appropriations

Total: \$9,380,852,400



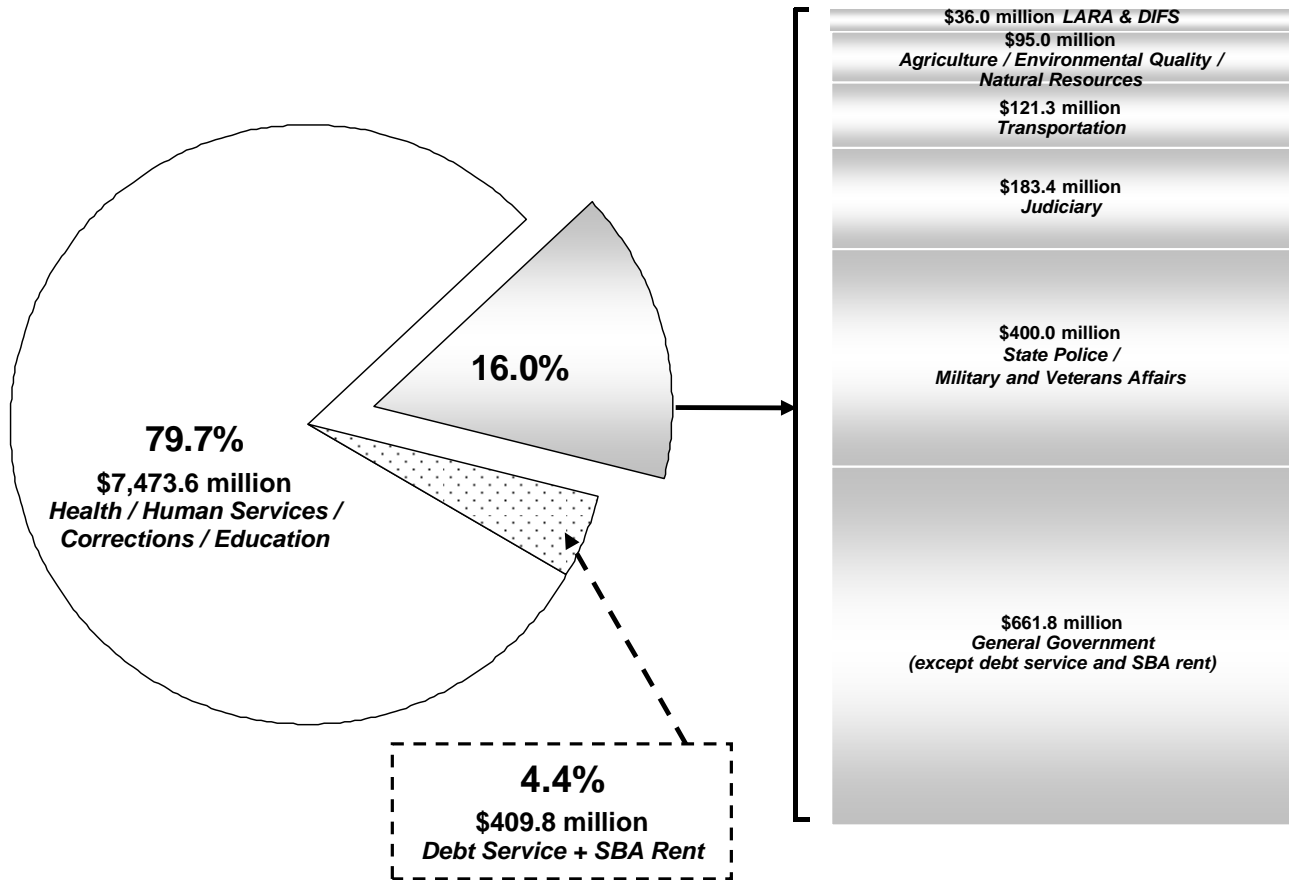
FY 2013-14 Enacted Adjusted Gross Appropriations

Total: \$48,692,765,200

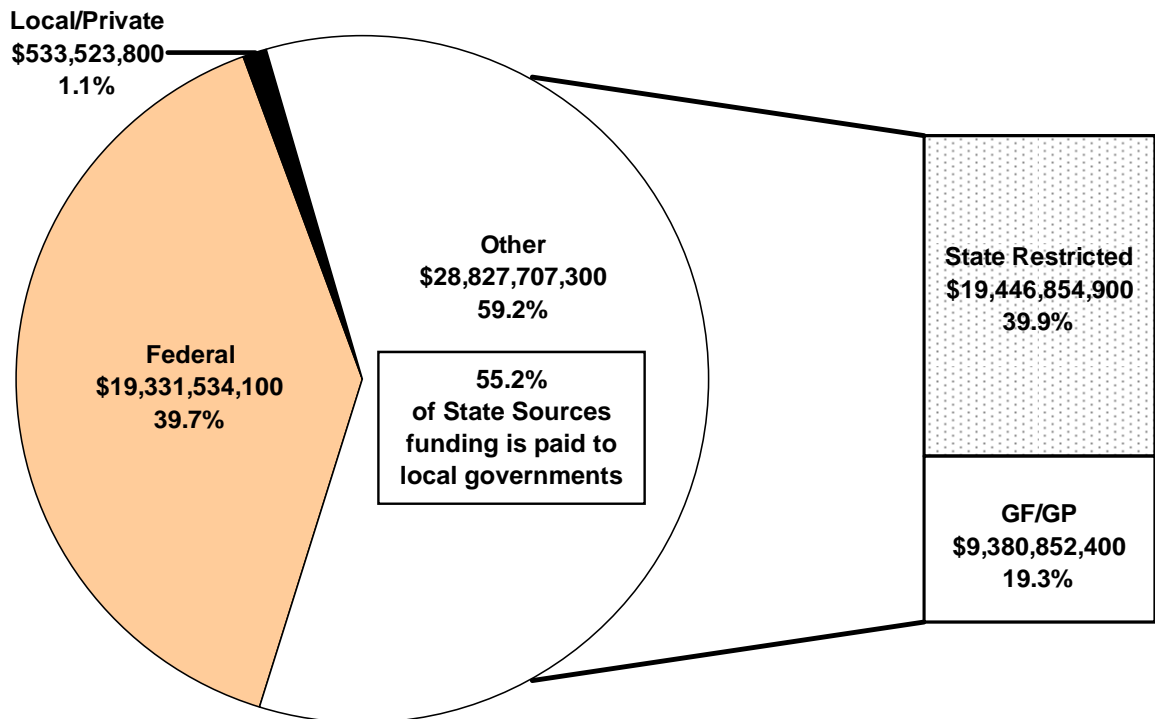


OVERVIEW

FY 2013-14 GF/GP Distribution = \$9,380,852,400



FY 2013-14 Adjusted Gross Sources = \$48,692,765,200



SUMMARY TABLES

In the following tables, FY 2012-13 appropriations are year-to-date through July 15, 2013 and FY 2013-14 appropriations are enacted figures.

Table 1 (page 8) details the FY 2013-14 budget by Source of Funds. When interdepartmental grants and intradepartmental transfers are deducted (to avoid double counting), gross appropriations of \$49.5 billion reduce to \$48.7 billion in adjusted gross appropriations.

Table 2 (page 9) and **Table 3** (page 10) compare FY 2012-13 YTD appropriations to FY 2013-14 enacted appropriations.

Adjusted Gross Appropriations increase from \$47.7 billion in FY 2012-13 to \$48.7 billion in FY 2013-14, an increase of \$1.0 billion or 2.2%.

GF/GP Appropriations increase from \$9.0 billion in FY 2012-13 to \$9.4 billion in FY 2013-14, an increase of \$356.6 million or 4.0%.

Table 4 (page 11) compares the number of authorized Full-Time Equated (FTE) Positions (classified and unclassified) for FY 2012-13 YTD to FY 2013-14. A decrease of 758.0 FTEs or -1.4% in total FTEs is shown in Table 4—from 53,738.0 in FY 2012-13 to 52,980.0 in FY 2013-14. 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 12) shows FY 2013-14 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 2013-14 budget provides for \$15.9 billion in state spending to local units of government, 55.2% of the estimated \$28.8 billion in state spending from state resources—well above the constitutional requirement.

Table 6 (pages 13-15) details the target agreement for fee changes. The agreement includes sunset extensions, new fees, and numerous fees maintained at the current fee level—with an estimated total of \$487.9 million in revenue.

OVERVIEW

**TABLE 1
FY 2013-14 ENACTED APPROPRIATIONS BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Community Colleges	335,977,600	0	335,977,600	0	0	0	197,614,100	138,363,500
Education	298,366,000	0	298,366,000	211,873,000	5,633,700	1,933,300	8,032,100	70,893,900
Higher Education	1,430,573,500	0	1,430,573,500	97,026,400	0	0	200,565,700	1,132,981,400
School Aid	13,361,803,600	0	13,361,803,600	1,764,421,300	0	0	11,367,382,300	230,000,000
EDUCATION	\$15,426,720,700	\$0	\$15,426,720,700	\$2,073,320,700	\$5,633,700	\$1,933,300	\$11,773,594,200	\$1,572,238,800
Attorney General	89,139,900	27,188,500	61,951,400	9,838,200	0	0	17,631,900	34,481,300
Civil Rights	15,198,300	0	15,198,300	2,690,200	0	18,700	151,900	12,337,500
Executive Office	5,370,000	0	5,370,000	0	0	0	0	5,370,000
Legislative Auditor General	20,954,400	5,092,100	15,862,300	0	0	0	1,951,000	13,911,300
Legislature	123,819,300	0	123,819,300	0	0	400,000	1,109,800	122,309,500
State	219,548,900	20,000,000	199,548,900	1,810,000	0	100	182,485,400	15,253,400
Tech., Mgmt., and Budget: Operations	931,804,500	677,159,800	254,644,700	8,790,900	1,320,800	190,400	94,125,900	150,216,700
Tech., Mgmt., and Budget: SBA Rent	258,570,600	0	258,570,600	0	0	0	0	258,570,600
Treasury: Operations	498,233,500	9,130,000	489,103,500	39,410,400	1,959,500	22,000	357,908,300	89,803,300
Treasury: MI Strategic Fund	1,008,273,900	0	1,008,273,900	638,370,300	4,433,500	5,454,900	141,851,300	218,163,900
Treasury: Debt Service	154,202,500	0	154,202,500	0	0	0	3,014,500	151,188,000
Treasury: Revenue Sharing	1,133,857,700	0	1,133,857,700	0	0	0	1,133,857,700	0
GENERAL GOVERNMENT	\$4,458,973,500	\$738,570,400	\$3,720,403,100	\$700,910,000	\$7,713,800	\$6,086,100	\$1,934,087,700	\$1,071,605,500
Community Health	15,385,348,600	10,056,100	15,375,292,500	9,915,647,000	251,820,200	126,342,400	2,165,435,800	2,916,047,100
Human Services	6,018,383,400	18,127,100	6,000,256,300	4,814,517,900	35,685,600	11,582,800	135,470,000	1,003,000,000
HEALTH AND HUMAN SERVICES	\$21,403,732,000	\$28,183,200	\$21,375,548,800	\$14,730,164,900	\$287,505,800	\$137,925,200	\$2,300,905,800	\$3,919,047,100
Corrections	2,056,646,800	1,109,600	2,055,537,200	8,852,500	8,392,800	0	56,026,100	1,982,265,800
Military and Veterans Affairs	166,730,000	650,000	166,080,000	89,782,700	1,500,000	740,000	27,554,000	46,503,300
State Police	606,819,000	25,219,700	581,599,300	98,846,100	6,967,500	239,700	122,071,700	353,474,300
PUBLIC SAFETY AND DEFENSE	\$2,830,195,800	\$26,979,300	\$2,803,216,500	\$197,481,300	\$16,860,300	\$979,700	\$205,651,800	\$2,382,243,400
Insurance and Financial Services	75,335,500	707,600	74,627,900	2,000,000	0	0	61,627,900	11,000,000
Licensing and Regulatory Affairs	502,918,700	14,228,200	488,690,500	195,559,900	656,500	2,011,800	265,457,400	25,004,900
REGULATORY	\$578,254,200	\$14,935,800	\$563,318,400	\$197,559,900	\$656,500	\$2,011,800	\$327,085,300	\$36,004,900
Agriculture and Rural Development	80,183,300	524,300	79,659,000	9,960,900	0	96,900	29,020,900	40,580,300
Environmental Quality	517,168,800	9,401,900	507,766,900	150,779,700	0	541,800	327,340,900	29,104,500
Natural Resources	342,988,900	1,412,300	341,576,600	67,127,300	0	7,237,200	241,925,500	25,286,600
RESOURCE PROTECTION	\$940,341,000	\$11,338,500	\$929,002,500	\$227,867,900	\$0	\$7,875,900	\$598,287,300	\$94,971,400
Capital Outlay	0	0	0	0	0	0	0	0
Judiciary	283,414,100	2,350,500	281,063,600	5,343,900	7,133,100	931,500	84,213,800	183,441,300
Transportation	3,597,116,700	3,625,100	3,593,491,600	1,198,885,500	50,177,100	100,000	2,223,029,000	121,300,000
ALL OTHERS	\$3,880,530,800	\$5,975,600	\$3,874,555,200	\$1,204,229,400	\$57,310,200	\$1,031,500	\$2,307,242,800	\$304,741,300
TOTAL APPROPRIATIONS	\$49,518,748,000	\$825,982,800	\$48,692,765,200	\$19,331,534,100	\$375,680,300	\$157,843,500	\$19,446,854,900	\$9,380,852,400

Note: FY 2013-14 enacted amounts include \$450.4 million Gross (\$275.8 million GF/GP) in appropriations designated as one-time only in budget act language.

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2013-14 Enacted Compared with FY 2012-13 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2012-13 YTD*</u>	<u>Enacted FY 2013-14</u>	<u>FY 2013-14 vs. FY 2012-13 Difference</u>	
Community Colleges	306,630,500	335,977,600	29,347,100	9.6%
Education	313,376,700	298,366,000	(15,010,700)	-4.8%
Higher Education	1,399,220,400	1,430,573,500	31,353,100	2.2%
School Aid	12,912,055,600	13,361,803,600	449,748,000	3.5%
EDUCATION	\$14,931,283,200	\$15,426,720,700	\$495,437,500	3.3%
Attorney General	63,371,400	61,951,400	(1,420,000)	-2.2%
Civil Rights	14,805,700	15,198,300	392,600	2.7%
Executive Office	4,887,900	5,370,000	482,100	9.9%
Legislative Auditor General	14,895,600	15,862,300	966,700	6.5%
Legislature	111,172,500	123,819,300	12,646,800	11.4%
State	201,029,300	199,548,900	(1,480,400)	-0.7%
Tech., Mgmt., and Budget: Operations	250,638,800	254,644,700	4,005,900	1.6%
Tech., Mgmt., and Budget: SBA Rent	257,770,600	258,570,600	800,000	0.3%
Treasury: Operations	494,432,700	489,103,500	(5,329,200)	-1.1%
Treasury: MI Strategic Fund	985,417,600	1,008,273,900	22,856,300	2.3%
Treasury: Debt Service	140,554,900	154,202,500	13,647,600	9.7%
Treasury: Revenue Sharing	1,096,096,300	1,133,857,700	37,761,400	3.4%
GENERAL GOVERNMENT	\$3,635,073,300	\$3,720,403,100	\$85,329,800	2.3%
Community Health	14,930,580,600	15,375,292,500	444,711,900	3.0%
Human Services	6,131,241,700	6,000,256,300	(130,985,400)	-2.1%
HEALTH AND HUMAN SERVICES	\$21,061,822,300	\$21,375,548,800	\$313,726,500	1.5%
Corrections	2,020,023,500	2,055,537,200	35,513,700	1.8%
Military and Veterans Affairs	179,041,100	166,080,000	(12,961,100)	-7.2%
State Police	559,873,200	581,599,300	21,726,100	3.9%
PUBLIC SAFETY AND DEFENSE	\$2,758,937,800	\$2,803,216,500	\$44,278,700	1.6%
Insurance and Financial Services	0	74,627,900	74,627,900	--
Licensing and Regulatory Affairs	642,159,400	488,690,500	(153,468,900)	-23.9%
REGULATORY	\$642,159,400	\$563,318,400	(\$78,841,000)	-12.3%
Agriculture and Rural Development	78,013,700	79,659,000	1,645,300	2.1%
Environmental Quality	423,308,700	507,766,900	84,458,200	20.0%
Natural Resources	357,216,600	341,576,600	(15,640,000)	-4.4%
RESOURCE PROTECTION	\$858,539,000	\$929,002,500	\$70,463,500	8.2%
Capital Outlay	23,349,400	0	(23,349,400)	-100.0%
Judiciary	271,790,200	281,063,600	9,273,400	3.4%
Transportation	3,478,302,200	3,593,491,600	115,189,400	3.3%
ALL OTHERS	\$3,773,441,800	\$3,874,555,200	\$101,113,400	2.7%
TOTAL APPROPRIATIONS	\$47,661,256,800	\$48,692,765,200	\$1,031,508,400	2.2%

* As of 7/15/2013

OVERVIEW

TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2013-14 Enacted Compared with FY 2012-13 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2012-13 YTD*</u>	<u>Enacted FY 2013-14</u>	<u>FY 2013-14 vs. FY 2012-13 Difference</u>	
Community Colleges	109,016,400	138,363,500	29,347,100	26.9%
Education	68,443,200	70,893,900	2,450,700	3.6%
Higher Education	1,101,628,300	1,132,981,400	31,353,100	2.8%
School Aid	282,400,000	230,000,000	(52,400,000)	-18.6%
EDUCATION	\$1,561,487,900	\$1,572,238,800	\$10,750,900	0.7%
Attorney General	33,825,800	34,481,300	655,500	1.9%
Civil Rights	11,953,600	12,337,500	383,900	3.2%
Executive Office	4,887,900	5,370,000	482,100	9.9%
Legislative Auditor General	13,004,900	13,911,300	906,400	7.0%
Legislature	109,662,700	122,309,500	12,646,800	11.5%
State	14,888,100	15,253,400	365,300	2.5%
Tech., Mgmt., and Budget: Operations	149,146,300	150,216,700	1,070,400	0.7%
Tech., Mgmt., and Budget: SBA Rent	257,770,600	258,570,600	800,000	0.3%
Treasury: Operations	101,794,500	89,803,300	(11,991,200)	-11.8%
Treasury: MI Strategic Fund	174,722,400	218,163,900	43,441,500	24.9%
Treasury: Debt Service	135,040,400	151,188,000	16,147,600	12.0%
Treasury: Revenue Sharing	0	0	0	--
GENERAL GOVERNMENT	\$1,006,697,200	\$1,071,605,500	\$64,908,300	6.4%
Community Health	2,787,167,600	2,916,047,100	128,879,500	4.6%
Human Services	1,029,205,100	1,003,000,000	(26,205,100)	-2.5%
HEALTH AND HUMAN SERVICES	\$3,816,372,700	\$3,919,047,100	\$102,674,400	2.7%
Corrections	1,941,235,600	1,982,265,800	41,030,200	2.1%
Military and Veterans Affairs	46,367,400	46,503,300	135,900	0.3%
State Police	319,513,800	353,474,300	33,960,500	10.6%
PUBLIC SAFETY AND DEFENSE	\$2,307,116,800	\$2,382,243,400	\$75,126,600	3.3%
Insurance and Financial Services	0	11,000,000	11,000,000	--
Licensing and Regulatory Affairs	39,745,200	25,004,900	(14,740,300)	-37.1%
REGULATORY	\$39,745,200	\$36,004,900	(\$3,740,300)	-9.4%
Agriculture and Rural Development	37,098,900	40,580,300	3,481,400	9.4%
Environmental Quality	29,812,400	29,104,500	(707,900)	-2.4%
Natural Resources	31,337,900	25,286,600	(6,051,300)	-19.3%
RESOURCE PROTECTION	\$98,249,200	\$94,971,400	(\$3,277,800)	-3.3%
Capital Outlay	700	0	(700)	-100.0%
Judiciary	171,571,500	183,441,300	11,869,800	6.9%
Transportation	23,000,000	121,300,000	98,300,000	427.4%
ALL OTHERS	\$194,572,200	\$304,741,300	\$110,169,100	56.6%
TOTAL APPROPRIATIONS	\$9,024,241,200	\$9,380,852,400	\$356,611,200	4.0%

* As of 7/15/2013

TABLE 4
AUTHORIZED FULL-TIME EQUATED (FTE) POSITIONS*
FY 2013-14 Enacted Compared with FY 2012-13 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2012-13 YTD</u>	<u>Enacted FY 2013-14</u>	<u>FY 2013-14 vs. FY 2012-13 Difference</u>	
Community Colleges	0.0	0.0	0.0	--
Education	590.5	593.5	3.0	0.5%
Higher Education	0.0	0.0	0.0	--
School Aid	0.0	0.0	0.0	--
EDUCATION	590.5	593.5	3.0	0.5%
Attorney General	515.0	517.0	2.0	0.4%
Civil Rights	127.0	128.0	1.0	0.8%
Executive Office	84.2	84.2	0.0	0.0%
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
State	1,695.0	1,568.0	(127.0)	-7.5%
Tech., Mgmt., and Budget: Operations	2,814.0	2,822.0	8.0	0.3%
Tech., Mgmt., and Budget: SBA Rent	0.0	0.0	0.0	--
Treasury: Operations	1,784.5	1,794.5	10.0	0.6%
Treasury: MI Strategic Fund	748.0	756.0	8.0	1.1%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
GENERAL GOVERNMENT	7,767.7	7,669.7	(98.0)	-1.3%
Community Health	3,552.6	3,591.6	39.0	1.1%
Human Services	12,314.0	12,150.5	(163.5)	-1.3%
HEALTH AND HUMAN SERVICES	15,866.6	15,742.1	(124.5)	-0.8%
Corrections	14,758.3	14,559.6	(198.7)	-1.3%
Military and Veterans Affairs	853.0	898.5	45.5	5.3%
State Police	2,886.0	2,934.0	48.0	1.7%
PUBLIC SAFETY AND DEFENSE	18,497.3	18,392.1	(105.2)	-0.6%
Insurance and Financial Services	0.0	343.0	343.0	--
Licensing and Regulatory Affairs	3,767.3	2,970.5	(796.8)	-21.2%
REGULATORY	3,767.3	3,313.5	(453.8)	-12.0%
Agriculture and Rural Development	431.0	440.0	9.0	2.1%
Environmental Quality	1,327.5	1,287.5	(40.0)	-3.0%
Natural Resources	2,099.8	2,140.3	40.5	1.9%
RESOURCE PROTECTION	3,858.3	3,867.8	9.5	0.2%
Capital Outlay	0.0	0.0	0.0	--
Judiciary	472.0	483.0	11.0	2.3%
Transportation	2,918.3	2,918.3	0.0	0.0%
ALL OTHERS	3,390.3	3,401.3	11.0	0.3%
TOTAL FTE POSITIONS	53,738.0	52,980.0	(758.0)	-1.4%

* Includes classified, unclassified, and nonlegislative exempt positions. Represents authorized/estimated positions, not necessarily actual positions funded.

OVERVIEW

TABLE 5
STATE SPENDING FROM STATE SOURCES PAID TO LOCAL GOVERNMENTS
FY 2013-14 Enacted

<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	335,977,600	335,977,600	100.0%
Education	78,926,000	10,376,000	13.1%
Higher Education	1,333,547,100	0	0.0%
School Aid	11,597,382,300	11,437,124,700	98.6%
EDUCATION	\$13,345,833,000	\$11,783,478,300	88.3%
Attorney General	52,113,200	0	0.0%
Civil Rights	12,489,400	0	0.0%
Executive Office	5,370,000	0	0.0%
Legislative Auditor General	15,862,300	0	0.0%
Legislature	123,419,300	0	0.0%
State	197,738,800	1,360,800	0.7%
Tech., Mgmt., and Budget: Operations	244,342,600	0	0.0%
Tech., Mgmt., and Budget: SBA Rent	258,570,600	0	0.0%
Treasury: Operations	447,711,600	153,383,300	34.3%
Treasury: MI Strategic Fund	360,015,200	15,224,800	4.2%
Treasury: Debt Service	154,202,500	0	0.0%
Treasury: Revenue Sharing	1,133,857,700	1,133,857,700	100.0%
GENERAL GOVERNMENT	\$3,005,693,200	\$1,303,826,600	43.4%
Community Health	5,081,482,900	1,227,298,200	24.2%
Human Services	1,138,470,000	92,153,400	8.1%
HEALTH AND HUMAN SERVICES	\$6,219,952,900	\$1,319,451,600	21.2%
Corrections	2,038,291,900	90,609,700	4.4%
Military and Veterans Affairs	74,057,300	165,000	0.2%
State Police	475,546,000	16,187,600	3.4%
PUBLIC SAFETY AND DEFENSE	\$2,587,895,200	\$106,962,300	4.1%
Insurance and Financial Services	72,627,900	0	0.0%
Licensing and Regulatory Affairs	290,462,300	29,417,500	10.1%
REGULATORY	\$363,090,200	\$29,417,500	8.1%
Agriculture and Rural Development	69,601,200	3,500,000	5.0%
Environmental Quality	356,445,400	2,775,000	0.8%
Natural Resources	267,212,100	5,109,400	1.9%
RESOURCE PROTECTION	\$693,258,700	\$11,384,400	1.6%
Judiciary	267,655,100	136,975,300	51.2%
Transportation	2,344,329,000	1,208,386,800	51.5%
ALL OTHERS	\$2,611,984,100	\$1,345,362,100	51.5%
TOTALS	\$28,827,707,300	\$15,899,882,800	55.2%

**TABLE 6
FY 2013-14 TARGET AGREEMENT ON FEES**

Fee Title	Current Law FY 2014 Fee Amount	Proposed FY 2014 Fee Amount	Estimated Revenue
COMMUNITY HEALTH			
<u>HICA – Health Insurance Claims Assessment (Sunset Extension)</u>	1%	Extend sunset and identify additional revenue	\$400.0 million annually
<u>Emergency Medical Service Fees (New and Increases)</u>			
• Initial education program sponsor triennial fee	\$0	\$500	\$1.0 million
• Satellite education location fee, per location	\$0	\$250	
• Ongoing education program sponsor triennial fee	\$0	\$250	
• Ongoing education program sponsor fee per topic (1-100+ topics)	\$0	\$20-\$150	
• Ongoing education applications from instructor coordinators (1-100+ topics)	\$0	\$20-\$150	
• Ambulance operation license/upgrade	\$100	\$150	
• Ambulance operation - 1 year conditional license	\$0	\$150	
• Ambulance license, renewal	\$25	\$50	
• Nontransport prehospital life support operation license, renewal	\$100	\$150	
• Nontransport prehospital life support vehicle license, renewal	\$25	\$50	
• Aircraft transport operation license, renewal	\$100	\$150	
• Aircraft transport vehicle license, renewal	\$100	\$150	
• Late fee for above vehicle or transport operation renewal	\$100	\$150	
• Medical first response service license, renewal	\$0	\$150	
• Medical first responder vehicle license, renewal	\$0	\$50	
• Nonrenewable conditional life support agency license	\$0	\$150	
• Medical first responder initial license	\$0	\$100	
• Medical first responder license - triennial renewal	\$0	\$75	
• Emergency medical technician initial license	\$40	\$100	
• Emergency medical technician license - triennial renewal	\$25	\$75	
• Emergency medical technician specialist initial license	\$60	\$100	
• Emergency medical technician specialist license - triennial renewal	\$25	\$75	
• Paramedic initial license	\$80	\$100	
• Paramedic license - triennial renewal	\$25	\$75	
• Emergency medical services instructor- coordinator initial license	\$100	\$150	
• Emergency medical services instructor- coordinator license - triennial renewal	\$25	\$75	
• Reciprocity/national registry licensure applicant initial fee	\$0	\$225	
• Criminal background check for individuals as required	\$0	\$100	
• Late fee for above individual license renewal	\$50	\$100	
• Various noncompliance fines	\$0	Up to \$1,000	

OVERVIEW

**TABLE 6
FY 2013-14 TARGET AGREEMENT ON FEES
(cont.)**

Fee Title	Current Law FY 2014 Fee Amount	Proposed FY 2014 Fee Amount	Estimated Revenue
COMMUNITY HEALTH (CONT.)			
<u>Certificate of Need Fees (New and Increases)</u> with provision for annual automatic CPI adjustment			
• Base fee, each application	\$1,500	\$3,000	\$700,000
• Additional fee, projects \$500,000-\$4,000,000	\$4,000	\$5,000	
• Additional fee, projects \$4,000,000-\$10,000,000	\$7,000	\$8,000	
• Additional fee, projects over \$10,000,000	\$7,000	\$12,000	
• Additional fee, designated complex project	\$0	\$3,000	
• Expedited processing	\$0	\$1,000	
• Review waiver request or receipt	\$0	\$500	
• Amendment request to an approved certificate of need	\$0	\$500	
• Annual fee for approved covered clinical service as part of annual survey	\$0	\$100	
<u>Vital Record Fees (Increase)</u>			
• Search for vital record and one copy	\$26	\$34	\$1.5 million
• Additional vital record copies at time of initial search, each	\$12	\$16	
• Authenticated vital record copy	\$29	\$42	
• Additional vital record authenticated copies at time of initial search, each	\$15	\$26	
• Verification of facts in Sec. 2881 (2)	\$10	\$18	
• Expedited search for vital record	\$10	\$12	
• Various other expedited services	\$10	\$25	
• Application for delayed certificate of birth or death and one copy	\$40	\$50	
• Registration of delayed certificate of birth for foreign born adopted child, 1 copy	\$40	\$50	
• Search for vital record and one copy, senior aged 65 or older for self	\$7	\$14	
• Creation of new certificate of birth following adoption or other event	\$40	\$50	
• Creation of new certificate of birth or death within 1 year, for correction	\$40	\$50	
• Amend birth or death record more than 1 year after event, for correction/addition	\$40	\$50	
• Amend birth record for documented legal change of name for an adult	\$40	\$50	
• Copy or certified copy of a vital records-related document	\$0	\$12	
ENVIRONMENTAL QUALITY			
<u>Solid Waste Surcharge (Sunset Extension)</u>	12 cents per cubic yard; \$500-\$3,000 per facility	12 cents per cubic yard; \$500-\$3,000 per facility	\$4.3 million
<u>Hazardous Waste Fees - Environmental Pollution Prevention Fund (Sunset Extension)</u>			
• Manifest fee	\$8	\$8	\$1.0 million
• Site ID user charge	\$50	\$50	
• Annual handler user charge	\$100-\$2,000	\$100-\$2,000	

TABLE 6
FY 2013-14 TARGET AGREEMENT ON FEES
(cont.)

Fee Title	Current Law FY 2014 Fee Amount	Proposed FY 2014 Fee Amount	Estimated Revenue	
HUMAN SERVICES				
<u>Low-Income Energy Assistance Fund (New)</u>				
• Public Service Commission (PSC) established a surcharge to be included on an electric customer's bill	Various	Various	\$60.0 million	
NATURAL RESOURCES				
<u>Hunting License (New)</u>				
Note: Must purchase base license to buy any additional hunting licenses				
• Base License; Resident (small game and non-waterfowl migratory birds)	N/A	\$10.00 + \$1.00 surcharge	\$19.7 million annually (\$11.8 million in FY 2013-14)	
• Base License; Non-Resident (small game and non-waterfowl migratory birds)	N/A	\$150.00 + \$1.00 surcharge		
• Base License; Junior (small game and non-waterfowl migratory birds)	N/A	\$5.00 + \$1.00 surcharge		
• Base Senior License (small game and non-waterfowl migratory birds)	N/A	\$4.00 + \$1.00 surcharge		
<u>Hunting License (Increase)</u>				
• Antlerless Deer	\$15.00	\$20.00		
• Hunting License Application	\$4.00	\$5.00		
• Bear Harvest	\$15.00	\$25.00		
• Bear Participation	\$15.00	\$15.00		
• Bear; Senior	\$6.00	N/A		
• Deer	\$15.00	\$20.00		
• Waterfowl	\$5.00	\$12.00		
• Military (active duty and disabled veteran)	\$1.00	\$0.00		
<u>Fishing License (Increase)</u>				
• 24-hour Fishing License	\$7.00	\$10.00		
• 24-hour Fishing License; Senior	\$3.00	N/A		
• 72-hour Fishing License	\$21.00	\$30.00		
• Resident All-Species Fishing License	\$28.00	\$25.00 + \$1.00 surcharge		
• Resident All-Species Fishing License; Senior	\$11.20	\$10.00 + \$1.00 surcharge		
• Non-Resident All-Species Fishing License	\$42.00	\$75.00 + \$1.00 surcharge		
<u>Combination Hunt and Fish License (New)</u>				
Resident: Base License, 2 Deer Licenses, All-Species Fishing License	N/A	\$75.00 + \$1.00 surcharge		
Non-Resident: Non-Resident Base License, 2 Deer Licenses, All-Species Fishing License	N/A	\$265.00 + \$1.00 surcharge		
<u>Off-Road Vehicle Base License (Increase)</u>	\$16.25	\$26.25		
<u>Additional Off-Road Vehicle License Fee for State Trails (New)</u>	\$0.00	\$10.00	\$2.7 million	
STATE				
<u>Record Look-Up Fees (Increase)</u>	\$7.00	\$8.00	\$4.7 million	
TREASURY				
<u>911 Emergency Fund (Sunset Extension)</u> (Department of Treasury Earmark)	N/A	N/A	\$150,000	
TOTAL ESTIMATED REVENUE			\$487.9 million	

**FY 2013-14
Budget Detail
for
EDUCATION**

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

COMMUNITY COLLEGES
Summary of FY 2013-14 Enacted Appropriations
Article II, 2013 Public Act 60 (House Bill 4228)

Analysts: Bethany Wicksall and Kyle I. Jen

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	197,614,100	197,614,100	197,614,100	197,614,100	197,614,100	0	0.0
GF/GP	96,516,400	138,363,500	137,263,500	138,363,500	138,363,500	41,847,100	43.4
Gross	\$294,130,500	\$335,977,600	\$334,877,600	\$335,977,600	\$335,977,600	\$41,847,100	14.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Community Colleges budget supports the 28 community colleges located throughout the state. The colleges are governed by locally-elected boards of trustees. The colleges offer numerous educational programs aimed at traditional transfer students, career and technical education, developmental and remedial education, and continuing education courses. The colleges are funded through a combination of state aid, local property tax revenue, tuition and fees revenue, and other sources of revenue such as federal grants and investment earnings. State aid makes up about 19% of total community college general fund operating revenue, although the revenue mix varies considerably among the colleges.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
1. Operations Funding	Gross	\$292,396,900	\$5,847,100
Increases community college operations funding by 2 percent or \$5.8 million GF/GP. Funds are allocated based on performance funding components identical to those in the FY 2012-13 budget. Performance funding components are as follows:	Restricted	195,880,500	0
<ul style="list-style-type: none"> 50.0% Across-the-board distribution 17.5% Weighted degree completions 15.0% Local strategic value 10.0% Contact-hour equated students (CHES) 7.5% Administrative spending 	GF/GP	\$96,516,400	\$5,847,100
2. MPSERS Retirement Reform Payments	Gross	\$1,733,600	\$31,400,000
Adds \$31.4 million GF/GP for FY 2013-14, for payments to community colleges to pay MPSERS retirement liabilities as required by PA 300 of 2012. PA 300 caps the employer share of MPSERS contributions for unfunded liabilities at 20.96% of payroll and requires the state to pay the balance. Retains \$1.7 million appropriated for MPSERS retirement costs in FY 2012-13, but appropriates these funds in proportion to each college's total MPSERS-covered payroll.	Restricted	1,733,600	0
	GF/GP	\$0	\$31,400,000

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
3. Renaissance Zone Reimbursements	Gross	\$0
Transfers \$3.5 million GF/GP from the Treasury budget for community college renaissance zone reimbursements. These funds replace property tax revenue lost to community colleges as a result of renaissance zones. Previously, such reimbursements were included in the community colleges budget, but were eliminated in FY 2009-10 before they were included in the FY 2012-13 Treasury budget.	GF/GP	\$3,500,000
		\$0
		\$3,500,000
4. Virtual Learning Collaborative	Gross	N/A
Adds one-time appropriation of \$1.1 million GF/GP to support the Michigan Community College Association Virtual Learning Collaborative. Funds will be used to develop an infrastructure and course repository for community college online courses. This program allows students to enroll in online courses from other community colleges when home institution courses are full or unavailable.	GF/GP	\$1,100,000
		N/A
		\$1,100,000

Major Boilerplate Changes From FY 2012-13

NOTE: Boilerplate sections with no changes from current law do not appear in budget bill but remain in compiled School Aid Act and apply to FY 2013-14 appropriations.

Sec. 209. Transparency Website – REVISED

Requires the colleges to post general fund expenditures on their websites. This information includes: annual operating budgets, collective bargaining agreements, health care benefits plans, and audits and financial reports. Colleges must provide a link to this information on their homepage using a standardized icon. Revises to include general fund revenue and expenditure projections and a listing of debt service obligations, as well as update reporting requirements to FY 2014-15. Adds requirement that community colleges provide an estimate of their costs resulting from the Patient Protection and Affordable Care Act.

Sec. 210. Collaboration With Four-Year Universities, Local Employers, and Each Other – REVISED

Encourages colleges to collaborate with four-year universities, particularly in areas of training, instruction, program articulation, and meeting local employment needs. Revised to include encouragement for community colleges to work with universities to develop equivalency standards.

Sec. 210a. Block Transfer – DELETED

Establishes a 14-member committee made up of representatives from community colleges, universities, and legislators to develop a process to improve the transferability of core college courses between community colleges and universities, including the development of equivalency standards and identifying equivalent courses offered by the institutions.

Sec. 210b. Block Transfer Reporting for FY 2013-14 – NEW

Adds new language stating legislative intent that the Michigan Association of Collegiate Registrars and Admissions Officers (MACRAO) implement the agreements concerning transferability of core college courses under the Block Transfer Committee. Adds legislative intent that an update on the status of implementation be provided by March 1, 2014.

Sec. 216. Review of Statutory Mandates – DELETED

Intent language providing for the review of statutory mandates imposed on the colleges, including reviewing the costs and necessity of the mandates.

Sec. 229. Veterans Notice on Applications – REVISED

Intent language stating that community colleges include a place on the admissions application allowing applications to indicate whether they are a veteran or the spouse of a veteran eligible for educational assistance benefits. Adds intent language stating that community colleges work to review the issue of in-district tuition for veterans.

Sec. 229b. Report on Educational Outcomes – NEW

Requires DTMB to prepare a report on the feasibility of providing accurate information on student educational outcomes in the employment market.

COMMUNITY COLLEGES

Major Boilerplate Changes From FY 2012-13

Sec. 230. Local Strategic Value and Performance Funding – REVISED

Identifies performance funding formula, as well as local strategic value (LSV) components that community colleges must meet in order to qualify for performance funding. Revised to remove requirement that all additional funding be used to offset retirement costs.

Sec. 230a. State Building Authority Rent Payments – REVISED

Indicates an estimated amount appropriated to the Department of Technology, Management, and Budget specifically for community college-related state building authority rent payments. Updates amounts for FY 2013-14 appropriations.

Supplemental for FY 2012-13 Appropriations

**FY 2012-13
Change**

1. MPSERS Retirement Reform Payments

Supplemental of \$12.5 million for payments to community colleges to pay MPSERS retirement liabilities as required by PA 300 of 2012. PA 300 caps the employer share of MPSERS contributions for unfunded liabilities at 20.96% of payroll and requires the state to pay the balance.

**Gross
GF/GP**

**\$12,500,000
\$12,500,000**

DEPARTMENT OF EDUCATION
Summary of FY 2013-14 Enacted Appropriations
Article VI, 2013 Public Act 59 (House Bill 4328)

Analyst: Bethany Wicksall

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	244,551,300	232,395,400	232,145,300	232,241,650	211,873,000	(32,678,300)	(13.4)
Local	5,560,400	5,633,700	5,633,700	5,633,700	5,633,700	73,300	1.3
Private	3,078,700	1,933,300	1,933,300	1,933,300	1,933,300	(1,145,400)	(37.2)
Restricted	7,626,300	8,032,100	8,015,300	8,021,800	8,032,100	405,800	5.3
GF/GP	68,093,200	70,893,900	70,558,300	74,416,450	70,893,900	2,800,700	4.1
Gross	\$328,909,900	\$318,888,400	\$318,285,900	\$322,246,900	\$298,366,000	(\$30,543,900)	(9.3)
FTEs	590.5	594.5	590.5	594.5	593.5	3.0	0.5

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

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 libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2012-13 YTD Appropriations**1. Child Development and Care (CDC) Funding**

Reduces transfers to DHS for use in CDC-related activities by \$12.5 million in federal CDC funding and shifts those funds into CDC public assistance, allowing the elimination of \$11.8 million in Federal Temporary Assistance for Needy Families (TANF) funding from the CDC program. Reduces CDC public assistance funding by \$20.5 million to align with May 2013 consensus caseload estimates.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	\$186,114,200	(\$32,279,200)
Federal	147,125,400	(32,279,200)
GF/GP	\$38,988,800	\$0

2. State Aid to Libraries

Transfers \$1.3 million from the School Aid budget designated for state aid to libraries and adds an additional \$1.4 million GF/GP.

Gross	\$6,208,100	\$2,668,000
GF/GP	\$6,208,100	\$2,668,000

3. Renaissance Zone Reimbursements for Libraries

Transfers \$1.5 million from School Aid budget for renaissance zone reimbursements to libraries.

Gross	N/A	\$1,500,000
GF/GP	N/A	\$1,500,000

4. Michigan College Access Network

Transfers \$2.0 million GF/GP for the Michigan College Access Network (MCAN) to the Higher Education budget. Removes related line items and boilerplate.

Gross	N/A	(\$2,000,000)
GF/GP	N/A	(\$2,000,000)

5. Additional Support Staff

Funds an additional \$374,000 (\$210,000 GF/GP) for 3.0 FTEs. Includes one new employee to provide support for new charter schools, as well as accommodate increased departmental responsibilities related to charter schools as a result of PA 277 of 2011. One new employee for additional accounting support tied to the transfer of the CDC program from DHS in FY 2011-12. One new employee to review school improvement plans for priority schools.

FTE	N/A	3.0
Gross	N/A	\$374,000
Federal	N/A	153,700
Restricted	N/A	10,300
GF/GP	N/A	\$210,000

DEPARTMENT OF EDUCATION

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
6. Creation of School Reform Office	Gross	\$2,078,100	\$0
Creates the School Reform Office, whose duties and staff were previously spread among several units within the department. No new funds are provided for this line item.	GF/GP	\$2,078,100	\$0
7. Economics Adjustments	Gross	N/A	\$2,400,600
Reflects increased costs of \$2.4 million Gross (\$510,100 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	Federal	N/A	1,498,600
	Private	N/A	28,100
	Restricted	N/A	363,800
	GF/GP	N/A	\$510,100
8. Elimination of One-Time Appropriations	Gross	\$674,300	(\$674,300)
Discontinues the FY 2012-13 one-time appropriations for State employee lump-sum payments and the Central Michigan University Assessment Lending Library. No additional one-time appropriations are included in FY 2013-14.	Federal	429,100	(429,100)
	Local	16,500	(16,500)
	Restricted	64,600	(64,600)
	GF/GP	\$164,100	(\$164,100)

Major Boilerplate Changes From FY 2012-13

Sec. 209. Department Scorecard – NEW

Adds language requiring that the department maintain a department scorecard on a publicly accessible website. This scorecard shall identify, track, and regularly update key metrics that are used to monitor and improve the agency's performance.

Sec. 231. Prohibit Funding for Common Core and Smarter Balance – NEW

Adds new language requiring that funds not be appropriated for common core standards or smarter balanced assessments unless the legislature affirms the standards or assessments.

Sec. 232. Funds for Sub-Recipient Monitoring Services – NEW

Adds language allowing for an additional appropriation of up to \$180,000 from payments for sub-recipient monitoring services provided to other departments. These funds may be expended for all expenses related to providing such monitoring services.

Sec. 601. Administration of Charter Schools – DELETED

Earmarks funds to operate the charter school office.

Sec. 804. Renaissance Zone Reimbursements – NEW

Adds language directing funds for renaissance zone reimbursements be used to offset lost tax revenue from the Michigan renaissance zone act. If funds are not sufficient to fully pay offset lost revenue, payments shall be prorated.

Sec. 902. College Access Grant Program – DELETED

Boilerplate provisions related to the College Access Grant Program. Funding and related boilerplate were moved to the Higher Education budget.

Sec. 903. Online Education – DELETED

Directs MDE to work with districts that operate a cyber-school or an alternative education program with a seat-time waiver to provide a report by March 1, 2013 detailing enrollments, resident districts, per pupil operating costs, and online education providers.

Sec. 1002. Early Childhood Programs Funding Study – DELETED

Requires a report on various factors relating to the funding of early childhood activities, including a review of the roles and responsibilities of the Office of Great Start and the Early Childhood Investment Corporation.

Sec. 1005. Requirements for Head Start Programs – NEW

Adds language stating that Head Start providers shall ensure that regulations related to Head Start programs be at least as rigorous as those on Great Start Readiness Programs. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.

Major Boilerplate Changes From FY 2012-13

Sec. 1302. Identifying Normal and Legacy Retirement Costs – NEW

Adds language stating legislative intent that the department identify the amounts for normal and legacy retirement costs for the fiscal year ending September 30, 2015.

HIGHER EDUCATION

**HIGHER EDUCATION
Summary of FY 2013-14 Enacted Appropriations
Article III, 2013 Public Act 60 (House Bill 4228)**

Analyst: Kyle I. Jen

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	97,026,400	97,026,400	97,026,400	97,026,400	97,026,400	0	0.0
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	200,565,700	200,565,700	200,565,700	200,565,700	200,565,700	0	0.0
GF/GP	1,101,628,300	1,132,981,400	1,132,981,400	1,132,981,400	1,132,981,400	31,353,100	2.8
Gross	\$1,399,220,400	\$1,430,573,500	\$1,430,573,500	\$1,430,573,500	\$1,430,573,500	\$31,353,100	2.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Higher Education budget, as contained in Article III of the compiled School Aid Act, provides funding for operational support of the state's 15 public universities, the AgBioResearch and Extension programs operated by Michigan State University, various financial aid programs for students attending public and independent colleges and universities in the state, and several other smaller higher education-related programs.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. University Funding

Includes a \$21.9 million GF/GP increase (1.8%) in total university operations funding based on a performance funding model similar to that used in the FY 2012-13 budget, with some modifications:

- \$4.9 million based on critical skill area undergraduate degree completions.
- \$2.4 million in proportion to research and development expenditures (only for universities in "research university" Carnegie classifications).
- \$14.6 million for three components based on national comparisons to Carnegie peers: six-year graduation rate, total degree completions, and institutional support as a percentage of core expenditures. These components are weighted based on total undergraduate FYES (including nonresidents) and revised scoring: "3" for top 20% nationally and "2" for both above the national median and improving over three years, with intent to move to "1" for the final category in FY 2014-15.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	\$1,243,451,700	\$21,869,000
Restricted	200,019,500	0
GF/GP	\$1,043,432,200	\$21,869,000

Requirements to be eligible for the performance funding increase are maintained from FY 2012-13, related to reverse transfer agreements, dual enrollment policy, and the Michigan Transfer Network. Additionally, universities must restrain the increase in resident undergraduate tuition/fees to 3.75% or below to be eligible for the increase. Performance funding forfeited by a university due to discompliance with requirements would be redistributed to other universities in proportion to their performance funding amounts.

HIGHER EDUCATION

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
2. MPSERS Reimbursement	Gross	\$446,200	\$2,000,000
Increases appropriation for partial reimbursement of retiree health care costs to seven universities with employees in the Michigan Public School Employees' Retirement System (MPSERS) by \$2.0 million GF/GP, for a total of \$2.4 million (\$446,200 School Aid Fund).	Restricted	446,200	0
	GF/GP	\$0	\$2,000,000
3. MSU AgBioResearch and Extension	Gross	\$54,204,600	\$2,084,100
Provides increase of \$2.1 million (3.8%) for the two programs and unrolls the appropriation into two line items: \$30.2 million for AgBioResearch and \$26.0 million for Extension.	GF/GP	\$54,204,600	\$2,084,100
4. Tuition Grant Program	Gross	\$31,664,700	\$0
Maintains appropriation amount for need-based program restricted to students at independent colleges and universities at current year level (\$31.7 million Federal TANF).	Federal	31,664,700	0
5. Tuition Incentive Program (TIP)	Gross	\$43,800,000	\$3,200,000
Includes \$3.2 million GF/GP increase (7.3%) for projected cost growth due to continued increases in participation by Medicaid-eligible students who complete high school and enroll in an associate's degree program. (Existing appropriation is funded from Federal TANF revenue.)	Federal	43,800,000	0
	GF/GP	\$0	\$3,200,000
6. Children of Veterans Tuition Grant Program	Gross	\$1,200,000	\$200,000
Includes an increase of \$200,000 GF/GP due to an increased number of program applicants.	Restricted	100,000	0
	GF/GP	\$1,100,000	\$200,000
7. College Access Program	Gross	N/A	\$2,000,000
Transfers \$2.0 million GF/GP for program from Department of Education budget. No net increase in state appropriations. Funding is provided as grant to Michigan College Access Network, which seeks to increase college readiness, participation, and completion in Michigan.	GF/GP	N/A	\$2,000,000

Major Boilerplate Changes From FY 2012-13

NOTE: Boilerplate sections with no changes from current law do not appear in budget bill but remain in compiled School Aid Act and apply to FY 2013-14 appropriations.

Sec. 236c. State Building Authority (SBA) Rent Payments – REVISED

Existing Sec. 293a lists amounts appropriated through Department of Technology, Management, and Budget for SBA rent payments associated with state costs for previous capital projects at universities. Revised to reflect updated total of \$125.4 million (vs. \$124.0 million in FY 2012-13 budget act) and renumbered to Sec. 236c.

Sec. 245. University Transparency – REVISED

Requires universities to post various budget, compensation (including salary list), other financial, and performance data on its website, using a standard format; allows Budget Director to withhold payments for a university not in compliance. Revised to add general fund budget projections, a listing of all debt service obligations, the number of Pell Grant graduates, core college course transfer policy, and reverse transfer agreements as reporting items. Removes employee names from salary list requirement (position titles only).

Sec. 259. College Access Program – NEW

Specifies allowable uses of funding, to be administered by Department of Treasury: Michigan College Access Network operations, local college access networks, the Michigan College Access Portal, public awareness and outreach campaigns, and subgrants to postsecondary institutions. (Similar language previously included in the Department of Education budget.)

Sec. 262a. Textbook Policies – NEW

States intent that universities develop policies for reviewing required textbook and course materials to minimize costs while maintaining quality of education; requires report on university policies.

HIGHER EDUCATION

Major Boilerplate Changes From FY 2012-13

Sec. 263a. MSU AgBioResearch and MSU Extension – REVISED

Provides for establishment of a strategic growth initiative for the food and agriculture industry and states intent regarding metric goals that will be used to evaluate impacts of MSU AgBioResearch and MSU Extension; requires annual report containing financial data and metric goals for the two organizations. Revised to remove language related to strategic growth initiative but retain metric goals and reporting requirement.

Sec. 265. Tuition Restraint – REVISED

Provides for allocation of funding component tied to tuition restraint in FY 2012-13. Revised to set threshold for FY 2013-14 at 3.75% or below and make tuition restraint a requirement to receive performance funding (rather than a separate funding allocation).

Sec. 265a. Performance Funding – REVISED

Specifies requirements for a university to receive performance funding: participation in at least three reverse transfer agreements, a dual enrollment policy that does not consider whether the credits were used toward high school graduation, and participation in the Michigan Transfer Network. Revised to describe performance funding methodology, including weighting based on total undergraduate FYES (including nonresidents) and revised scoring for Carnegie-based components. Also adds tuition restraint compliance under Sec. 265 as a requirement to receive performance funding and provides that performance funding forfeited by a university due to noncompliance with boilerplate requirements would be redistributed to other universities based on performance funding amounts.

Sec. 268. Unfunded Indian Tuition Waiver Costs – REVISED

States legislative intent to allocate funds for unfunded Indian Tuition Waiver costs at universities from the General Fund. Revised to require the Department of Civil Rights to report certain information related to the waivers.

Sec. 272a. Transfer Credit Reporting – NEW

Requires universities to report on the number of transfer credits, with grade of C or better, rejected for incoming students, by both academic area and prior institution. (Similar language was included in the FY 2011-12 budget.)

Sec. 273a. Non-Profit Worker Centers – DELETED

States intent that universities not use appropriated funds to benefit a non-profit worker center whose documented activities include coercion through protest, demonstration, or organization against a Michigan business.

Sec. 275. Veterans Assistance – REVISED

States intent for universities to participate in the Yellow Ribbon GI Education Enhancement Program and provide other veterans-related services; requires report on program participation. Revised to add intent that universities consider all veterans as in-state residents for determining tuition/fees and waive enrollment fees for all veterans.

Sec. 289. Enrollment Reporting – REVISED

Requires period audit of Higher Education Institutional Data Inventory (HEIDI) data and excludes certain credit hours from those reported to HEIDI. Revised to remove requirement that legislature authorize new degree programs for enrollment reporting purposes, with clarification that legislature retains authority to exclude programs for enrollment reporting purposes.

Sec. 290. Degree Programs – REVISED

Lists new degree programs established by public universities for which credit hours may be reported to HEIDI. Revised to replace list with requirement that Presidents Council continue to report new and discontinued programs. (See Sec. 289 above.)

SCHOOL AID

Summary of FY 2013-14 Enacted Appropriations

Article I, 2013 Public Act 60 (House Bill 4228)

Analyst: Bethany Wicksall

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	<i>Difference: Enacted From FY 2012-13 YTD</i>	
						<i>Amount</i>	<i>%</i>
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,701,041,400	1,764,421,300	1,764,421,300	1,764,421,300	1,764,421,300	63,379,900	3.7
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	10,961,245,600	11,240,813,500	11,242,113,600	11,231,665,600	11,367,382,300	406,136,700	3.7
GF/GP	282,400,000	230,000,000	230,000,100	229,600,000	230,000,000	(52,400,000)	(18.6)
Gross	\$12,944,687,000	\$13,235,234,800	\$13,236,535,000	\$13,225,686,900	\$13,361,803,600	\$417,116,600	3.2

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
 (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The School Aid budget makes appropriations to the state's 549 local school districts, 277 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
1. Foundation Allowances (Secs. 22a and 22b)	Gross \$8,864,300,000	\$43,400,000
Increases by \$43.4 million to provide a foundation increase through the 2x formula equaling \$30 per pupil for districts at the Basic or higher and as much as \$60 per pupil at the minimum foundation, with an incremental increase in between for districts in between the minimum and the Basic. Minimum would increase from \$6,966 to \$7,026, and the Basic would increase from \$8,019 to \$8,049. The cost of the increase is partially offset by savings from changing the pupil membership blend. (FY 2012-13 appropriations for foundations were reduced by \$19.3 million to adjust for updated consensus cost estimates of pupils and taxable values.) (See Major Boilerplate Changes Sec. 6(4) for discussion of changes to pupil membership blend.)	Restricted 8,599,110,200	112,687,400
	GF/GP \$265,189,800	(\$69,287,400)
2. One-Time Foundation Equity Payment (Sec. 22c)	Gross \$0	\$36,000,000
Provides \$36.0 million in one-time funding for an equity payment of up to \$50 per pupil to districts with an FY 2013-14 foundation allowance below \$7,076.	Restricted 0	36,000,000
3. MPSERS - Cost Offset (Sec. 147a)	Gross \$155,000,000	(\$55,000,000)
Reduces the line to \$100.0 million, which will reduce the funding, intended to offset a portion of the Michigan Public School Employees' Retirement System (MPSERS) cost increases, received by districts by about 36%.	Restricted 155,000,000	(55,000,000)
4. MPSERS - Reserve Fund (Sec. 147b)	Gross \$41,000,000	(\$41,000,000)
Eliminates transfer of funds to the MPSERS reserve fund. After deposits in FYs 2011-12 and 2012-13, the fund balance totals \$174.0 million, and \$156.0 million of it is used as a restricted fund source in Sec. 147c for FY 2013-14.	Restricted 41,000,000	(41,000,000)

SCHOOL AID

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
5. MPSERS - State Share of Unfunded Liabilities (Sec. 147c)	Gross	\$130,000,000	\$274,600,000
Increases funding for the state's share of MPSERS costs as required by PA 300 of 2012. PA 300 caps the employer share of MPSERS contributions for unfunded liabilities at 20.96% of payroll and requires the state to pay the balance. Total appropriations increase to \$404.6 million in FY 2013-14. (FY 2012-13 appropriations were increased by \$30.5 million to reflect updated estimates for MPSERS liabilities.)	Restricted	130,000,000	273,300,000
	GF/GP	\$0	\$1,300,000
6. Great Start Readiness Program (GSRP) (Sec. 32d)	Gross	\$109,575,000	\$65,000,000
Increases funding for preschool programs by \$65.0 million to \$174.6 million in FY 2013-14. The additional funding increases the current allocation for each half-day slot from \$3,400 to \$3,625 and provides up to 16,000 more half-day slots in FY 2013-14. ISDs may use two half-day slots to provide a child with a full-day program. However, of the \$65 million increase, \$25 million is set aside in an early childhood reserve fund to be used only if there is sufficient need for the slots. Expenditure of the \$25.0 million would require further legislative action. (See Major Boilerplate Changes for discussion of other proposed program changes.)	Restricted	109,275,000	65,000,000
	GF/GP	\$300,000	\$0
7. Best Practices Incentive Grants (Sec. 22f)	Gross	\$80,000,000	\$0
Maintains current appropriation and provides \$52 per pupil to districts that meet 7 out of 8 criteria. (See Major Boilerplate Changes for discussion of proposed changes to the 8 criteria.)	Restricted	80,000,000	0
8. Technology Infrastructure Improvement (Sec. 22i)	Gross	\$50,000,000	\$0
Maintains funding at FY 2012-13 levels of \$50.0 million, but earmarks \$5.0 million of the total for a competitive bid to a provider of whole school technology. (See Major Boilerplate Changes for discussion of proposed changes.)	Restricted	50,000,000	0
9. District Performance Funding (Sec. 22j)	Gross	\$30,000,000	\$16,400,000
Increases to \$46.4 million to fully fund awards to eligible districts of up to \$100 per pupil: \$30 per pupil for academic growth in grades 3-8 math, \$30 per pupil for academic growth in grades 3-8 reading, and \$40 per pupil for academic growth in all high school tested subjects.	Restricted	30,000,000	16,400,000
10. Consolidation Innovation Grants (Sec. 22g)	Gross	\$10,000,000	(\$5,000,000)
Reduces to \$5.0 million for consolidation of districts and ISDs.	Restricted	10,000,000	(5,000,000)
11. Competitive Student-Centric Grants (Sec. 22k)	Gross	\$0	\$8,000,000
Provides \$8.0 million in one-time funding in FY 2013-14 for competitive grants to districts that align instruction with individual student learning styles and pace and advance students based on individual mastery of each subject area.	Restricted	0	8,000,000
12. Intermediate School District (ISD) Operations (Sec. 81)	Gross	\$64,108,000	\$7,000
Maintains current funding levels for ISDs, including \$62.1 million for general operations and \$2.0 million for ISD best practices. Adds \$7,000 to fund the existing 3-year consolidation incentive payment for which the newly created West Shore ISD qualifies. (FY 2012-13 appropriations also were increased by \$7,000 to fund the incentive consolidation payment.) (See Major Boilerplate Changes for discussion of other proposed changes.)	Restricted	64,108,000	7,000

SCHOOL AID

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
13. Special Education Funding (Secs. 51a, 51c, 51d, 53a)	Gross	\$1,398,388,000	(\$10,823,000)
Decreases by \$10.8 million from the current YTD appropriation for FY 2013-14 to adjust for consensus estimates for the growth in special education reimbursement costs. (FY 2012-13 appropriations were decreased by \$43.7 million to adjust for updated current year consensus cost estimates.)	Federal	439,000,000	5,000,000
	Restricted	959,388,000	(15,823,000)
14. School Lunch Programs (Sec. 31d)	Gross	\$425,001,100	\$60,694,000
Increases funding to \$485.7 million to recognize increased available federal funding for the national school lunch program.	Federal	402,506,000	60,694,000
	Restricted	22,495,100	0
15. School Breakfast Programs (Sec. 31f)	Gross	\$9,625,000	(\$4,000,000)
Decreases funding by \$4.0 million to \$5.6 million to reflect actual prior-year expenditure levels.	Restricted	9,625,000	(4,000,000)
16. Bilingual Education (Sec. 41)	Gross	\$0	\$1,200,000
Adds \$1.2 million for districts and ISDs offering instructional programs to students with limited English-speaking ability. A district or ISD is not eligible for funding if they allow a student who does not legally reside in the United States to participate.	Restricted	0	1,200,000
17. Special Education Millage Equalization (Sec. 56)	Gross	\$36,881,100	\$877,000
Increases the appropriation to \$37.6 million, caps an individual ISD's allocation at no more than 62.9% of the total, and provides that no ISD shall receive less than 75% of its prior year allocation.	Restricted	36,881,100	877,000
18. Vocational Education Millage Equalization (Sec. 62)	Gross	\$9,000,000	\$190,000
Increases the appropriation to \$9.2 million, caps an individual ISD's allocation at no more than 38.4% of the total, and provides that no ISD shall receive less than 75% of its prior year allocation.	Restricted	9,000,000	190,000
19. School Bond Redemption Fund (Sec. 11j)	Gross	\$120,390,000	\$11,270,000
Increases by \$11.3 million to a total of \$131.7 million in FY 2013-14 to pay for increased interest payments associated with loans to districts participating in the School Bond Loan Program.	Restricted	120,390,000	11,270,000
20. Cash Flow Borrowing Costs (Sec. 11m)	Gross	\$3,200,000	\$800,000
Increases costs to \$4.0 million in FY 2013-14 to reflect anticipated higher interest rates for short-term borrowing costs related to the School Aid Fund.	Restricted	3,200,000	800,000
21. Isolated District Funding (Sec. 22d)	Gross	\$2,025,000	\$559,600
Increases funding to \$2.6 million for certain small, rural or low-density school districts.	Restricted	2,025,000	559,600
22. Renaissance Zone Reimbursements (Sec. 26a)	Gross	\$27,800,000	\$1,700,000
Adds \$1.7 million for reimbursements to libraries to bring the total appropriation for library reimbursements to \$3.2 million. Additionally, \$1.5 million was added to the Department of Education budget for library reimbursements.	Restricted	26,300,000	0
	GF/GP	\$1,500,000	\$1,700,000
23. Payments In Lieu of Taxes (PILT) (Sec. 26b)	Gross	\$3,328,000	\$681,500
Increases funding to \$4.0 million in FY 2013-14 to recognize increased PILT reimbursements to districts, ISDs, and community colleges as required under PAs 603 and 604 of 2012.	Restricted	3,328,000	681,500
24. State Aid to Libraries - MeLCat (Sec. 93)	Gross	\$1,304,300	(\$1,304,300)
Transfers funding supporting the Michigan eLibrary Catalog (MeLCat) from the School Aid budget to the Department of Education budget.	GF/GP	\$1,304,300	(\$1,304,300)

SCHOOL AID

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
25. Center for Educational Performance and Information (Sec. 94a) Increases by \$216,700 for employee economics including salary and wages, insurance, and retirement costs, and adds an additional \$100,000 to pay for the pupil transfer application required under the proposed Sec. 25e.	Gross	\$9,411,900	\$316,700
	Federal	193,500	0
	GF/GP	\$9,218,400	\$316,700
26. Principal Educator Evaluation Training (Sec. 95) Reduces to \$500,000 in FY 2013-14 for grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs, and appropriates any FY 2012-13 unexpended funds as a work project to be carried forward into the next fiscal year.	Gross	\$1,750,000	(\$1,250,000)
	Restricted	1,750,000	(1,250,000)
27. Michigan Virtual University (MVU) (Sec. 98) Increases funding to \$9.4 million in FY 2013-14 for MVU to operate the Michigan Virtual School and the Michigan Virtual Learning Research Institute. (See Major Boilerplate Changes for discussion of other proposed changes.)	Gross	\$4,387,500	\$5,000,000
	GF/GP	\$4,387,500	\$5,000,000
28. Math and Science Centers (Sec. 99) Adds \$125,000 to increase funding for Math and Science centers. Also adds \$375,000 for the Michigan STEM Partnership to administer a competitive grant process to organizations providing either classroom or extracurricular programs or competitions in science, technology, engineering and mathematics (STEM).	Gross	\$7,974,300	\$500,000
	Federal	5,249,300	0
	Restricted	2,725,000	500,000
29. FIRST Robotics (Sec. 99h) Provides \$3.0 million for grants to districts for coaches and program and competition costs for FIRST Robotics programs.	Gross	\$0	\$3,000,000
	Restricted	0	3,000,000
30. Vocational Education (Sec. 61a) Provides \$1.0 million for grants to districts and ISDs for career and technical education centers to integrate Michigan merit curriculum content standards into career and technical education.	Gross	\$0	\$1,000,000
	Restricted	0	1,000,000
31. High School Postsecondary Credit Transfer (Sec. 64a) Provides \$1.0 million for grants to districts and ISDs to work with early middle colleges, colleges, and universities to develop statewide transfer or articulation agreements to ensure that postsecondary credit earned in high school is transcribed and transferred to postsecondary institutions.	Gross	\$0	\$1,000,000
	Restricted	0	1,000,000
32. Hold Harmless Categorical (Sec. 20f) Provides \$6.0 million for grants to districts so that no district receives less than a \$5 increase when adding together the increases in the foundation allowances, equity payments and MPSERS offset reductions.	Gross	\$0	\$6,000,000
	Restricted	0	6,000,000

Major Boilerplate Changes From FY 2012-13

Sec. 6(4). Pupil Membership Blend – REVISED

Revises the pupil membership blend from 90% of the October count and 10% of the *previous* February count to 90% of the October count and 10% of the *following* February count in order to align with the proposed pupil transfer process in Sec. 25e.

Sec. 18. Spending and Audit Requirements – REVISED

Maintains required online learning cost report due September 1, 2014, but revises to include enrollment data, online learning provider data, and cost details broken down by training, personnel, hardware and software, payment to each online learning provider, and other associated costs.

Major Boilerplate Changes From FY 2012-13

Sec. 18a. Public School Academy (PSA) Property Transfer – REVISED

Current law requires that PSA property acquired substantially with public funds be transferred to the state if a PSA's contract is revoked or not reissued, or if the PSA is ineligible for state aid funding for 18 consecutive months. Adds that a PSA corporation must initiate a transfer process within 30 days after its contract expires.

Sec. 20(10). Foundation Allowances for District Consolidations or Annexations – REVISED

Revises language which currently provides that the foundation allowance for a consolidated district is the per pupil weighted average of all the affected districts. Instead the foundation allowance would be either the highest foundation of the affected districts or the sum of \$100 plus the per pupil weighted foundation, whichever is less.

Sec. 21f. Online Courses – NEW

Allows pupils in grades 5 to 12 to enroll in online courses as provided in this section (does not apply to cyber schools). Requires that a district allow a pupil to enroll in up to 2 online courses per term, semester, or trimester with the consent of the pupil's parent or legal guardian. Provides intent to study increasing the number of online classes allowed if a pupil has demonstrated previous success in online courses. Allows pupil to enroll in online courses published in the district's catalog of online courses or the statewide catalog of online courses maintained by MVU pursuant to Sec. 98. Allows educating district to prohibit enrollment in an online course under certain circumstances, but provides the pupil an opportunity to appeal that decision to the ISD. Requires a district, if offering an online course, to provide MVU with the course syllabus for inclusion in the statewide catalog and provide links to the catalog on the district's website. Caps the amount a district has to pay for an online course to 1/12 of the district's foundation allowance per semester or 1/18 of the district's foundation allowance for a trimester and requires that a district pay 80% upon enrollment and 20% upon successful completion.

Sec. 22f. Best Practices – REVISED

Maintains per pupil awards of \$52 per pupil for districts complying with 7 out of 8 best practices. 5 out of the 8 best practices include revisions:

- Acts as policyholder for insurance - Adds that a district with a voluntary employee beneficiary association (VEBA) that pays no more than the maximum allowed under PA 152 of 2011 is considered to have met this requirement.
- Competitively bid at least one non-instructional service - Adds that the unfunded liability costs for retirement must be excluded from district costs when comparing competitive bids.
- Provide online learning opportunities - Adds that a district must publish syllabi for offered online courses, as required under Sec. 21f.
- Provide a dashboard to parents and the community - Adds additional required dashboard items including revenue and expenditure projections, list of all debt service obligations by project including anticipated payments for FY 2013-14, and total outstanding debt.
- Provide physical or health education that meet State Board of Education standards - Eliminates reference to State Board of Education Standards.

The 3 other best practices remain the same and include participating in schools of choice, measuring student growth twice annually, and providing dual enrollment.

Sec. 22i. Technology Infrastructure Grants – REVISED

Limits the uses to technology infrastructure, shared service consolidation of technology and data, and hardware, and earmarks \$5.0 million to a competitive bid for a provider for whole school technology.

Sec. 22j. District Performance Grants – REVISED

Updates the school year assessment used for awards to 2011-2012 and revises the high school award to broaden from just the Michigan Merit Exam to all high school assessments.

Sec. 25e. Pupil Transfer Process – NEW

Repeals Sec. 25, which was to take effect in FY 2013-14 and replaces it with Sec. 25e. Requires CEPI to work with MDE, districts, and intermediate districts to develop a pupil transfer application modeled after the graduation and dropout application, and allow districts to transfer students and revise membership between the October and February count dates. Limits the transfer process to those students who were enrolled as of the fall count date, and does not include new enrollments. Also adds that the new district must report the transfer within 30 days of the transfer.

SCHOOL AID

Major Boilerplate Changes From FY 2012-13

Sec. 32d. Great Start Readiness Program (GSRP) – REVISED

Provides significant funding increases, but also includes several major policy changes including:

- Revises to align with new kindergarten age requirements, phased in over 3 years, to move the eligibility age cutoff date from December 1 to September 1.
- Eliminates former Parents Involved in Education (PIE) programs as an allowable use of funds.
- Distributes 100% of the funding through the Sec. 39 formula and requires all entities including ISDs, districts, public or private, for-profit and nonprofit entities receiving funding to comply with Secs. 32d and 39 rather than continuing a separate competitive application for public or private, for-profit and nonprofit entities.
- Requires that a program receiving funds under this section must participate in the state's Great Start to Quality Process, the Tiered Quality Rating Improvement System (TQRIS), with a rating of at least 3 stars.
- Reduces eligibility by decreasing the eligibility threshold from families with income less than 300% of federal poverty level to families with income less than 250% of the federal poverty level. Increases the minimum percentage of participating children who must qualify based on income eligibility from at least 75% to at least 90%. Requires providers to rank children based on family income and provide slots to the lowest quintile first and move up until it fills its slots.
- Requires an ISD to contract with eligible public and private, for-profit and nonprofit community-based providers for at least 30% of its total allocated slots. Requires notification to department if ISD is unable to meet this requirement. If MDE verifies an ISD tried to contract at least 30% of their slots and is unable to do so, the ISD may keep those remaining slots.

Sec. 32p. Early Childhood Block Grants – REVISED

Provides that beginning in FY 2013-14 funding shall be determined by a distribution formula to be established by the MDE Office of Great Start in order to provide for equitable funding statewide.

Sec. 81(6). ISD Best Practices – REVISED

Maintains \$2.0 million allocation for ISD best practices, but revises to require 5 out of 6 best practices:

- Develop a consolidation plan - Adds for an ISD that developed a plan in FY 2012-13; it must implement that plan to qualify in FY 2013-14.
- Obtain competitive bids on at least 1 non-instructional service valued at \$50,000 or more for itself or its constituent districts - Adds that the unfunded liability costs for retirement must be excluded from costs when comparing competitive bids.
- Develop a technology plan - Adds for an ISD that developed a plan in FY 2012-13; it must implement that plan to qualify in FY 2013-14.
- Provide a dashboard to parents and the community - Adds additional, required dashboard items including revenue and expenditure projections, list of all debt service obligations by project including anticipated payments for FY 2013-14, and total outstanding debt.
- Work in a consortium with other ISDs to develop system requirements and bid specifications for a statewide model information system - Adds working with CEPI and changes focus to developing local systems that result in a recommended model information system that supports interoperability to ensure linkage and connectivity in a manner that facilitates the efficient exchange of data between districts, ISDs, and CEPI.
- New requirement that ISD act as policyholder for health care services benefits. An ISD that does not directly employ its staff or an ISD with a voluntary employee beneficiary association (VEBA) that pays no more than the maximum allowed under PA 152 of 2011 is considered to have met this requirement.

Sec. 98. Michigan Virtual University – REVISED

Renames the Center for Online Learning and Innovation, which was established in FY 2012-13, as the Michigan Virtual Learning Research Institute. Requires that the Institute do the following: provide professional development to at least 500 education personnel on integrating digital learning, research and establish an internet-based platform that educators can use to create student-centric learning tools and resources, and create a statewide catalog of all online courses at all public schools including course syllabi. Also requires MVU to report a detailed budget and the costs of providing online courses and fees charged to districts.

Sec. 101. Instructional Days and Hours – REVISED

Beginning in FY 2014-15, deletes the provision allowing up to 38 hours of professional development for teachers to count as instruction in order to meet the 1,098 minimum number of instructional hours required and increases the minimum number of days of instruction required from 170 to 175.

Sec. 107. Adult Education – REVISED

Adds legislative intent to study allocating grant funds under this section on a competitive basis beginning in FY 2014-15.

Major Boilerplate Changes From FY 2012-13

Sec. 147. MPERS Contribution Rates – REVISED

Reflects employer contribution rates for defined benefit pension and retiree health benefits, which are now broken out for seven different subgroups based on hire date and benefit and contribution choices made under PA 300 of 2012. For FY 2013-14, rates are based on a 25-year amortization period, and they range from 20.96% to 24.79% of MPERS payroll. Employer rates do not include contributions into employee defined contribution accounts.

Sec. 147b. MPERS Reserve Fund – REVISED

Makes no appropriation into the MPERS reserve fund, and instead begins to use available funds as a source of revenue under Sec. 147c. Adds new language, which would direct the funds collected in FY 2010-11 and FY 2011-12 for the employee 3% contributions for retiree health care, currently being held in escrow pursuant to a court injunction, to be deposited into the MPERS reserve fund for the purposes of funding health care unfunded liabilities if the injunction is lifted.

Sec. 147c. MPERS State Share for Health Care Unfunded Accrued Liabilities – REVISED

Revises such that instead of paying the MPERS funds directly to the MPERS system, funding would be distributed to districts and ISDs based on their proportional share of MPERS payroll. Then districts and ISDs would be required to pay the exact amount back to the MPERS system.

**FY 2013-14
Budget Detail
for
GENERAL GOVERNMENT**

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

**ALL GENERAL GOVERNMENT
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2013 Public Act 59 (House Bill 4328)**

Analysts: Ben Gielczyk and Paul Holland

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$692,338,500	\$738,737,400	\$738,837,400	\$738,737,400	\$738,570,400	\$46,231,900	6.7
Federal	722,234,100	700,910,000	700,910,000	700,910,000	700,910,000	(21,324,100)	(3.0)
Local	8,007,000	7,713,800	7,713,800	7,713,800	7,713,800	(293,200)	(3.7)
Private	5,989,000	6,086,100	6,086,100	6,086,100	6,086,100	97,100	1.6
Restricted	1,889,005,100	1,926,743,900	1,931,095,300	1,923,393,900	1,934,087,700	45,082,600	2.4
GF/GP	1,018,018,000	1,052,945,600	906,153,800	1,070,885,500	1,071,605,500	53,587,500	5.3
Gross	\$4,335,591,700	\$4,433,136,800	\$4,290,796,400	\$4,447,726,700	\$4,458,973,500	\$123,381,800	2.8
FTEs	7,766.7	7,675.7	7,640.7	7,639.7	7,659.7	(107.0)	(1.4)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

Overview of All General Government Departments

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2012-13

GENERAL SECTIONS OF BOILERPLATE

Sec. 211. Budget Stabilization Fund Pay-In – REVISED

Revises to appropriate \$75.0 million for FY 2013-14 from GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund.

Sec. 211b. Roads and Risks Reserve Fund – NEW

Requires \$230.0 million GF/GP to be deposited in a newly created Roads and Risks Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date.

Sec. 219. Department Metrics – NEW

Requires departments and agencies to maintain, on a publicly accessible website, a department or agency scorecard that identifies, tracks, and regularly updates, key metrics that are used to monitor and improve the department or agency performance.

Sec. 232. Measurable Outcomes – DELETED

Requires departments to identify and rank by importance 10 measurable outcomes to be affected by expenditure of appropriations; requires biannual updates on the measurable outcomes; requires 5 measurable outcomes, rather than 10, for smaller departments/agencies. Sec. 219 provides new department and agency metrics language.

Sec. 235. Contract Request for Information and Qualification – NEW

Requires state departments and agencies to issue and receive a Request for Information (RFI) or Request for Qualification (RFQ) before a Request for Proposal for any contract in excess of \$5.0 million. States that department may not issue RFP unless it first considers issuing an RFI or RFQ. Requires department to notify DTMB of evaluation process used to determine if an RFI or RFQ was not necessary.

Sec. 1202. Retirement Costs – NEW

Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items listed in part 1.

ATTORNEY GENERAL

Summary of FY 2012-13 Enacted Appropriations

Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$24,082,100	\$27,355,500	\$27,355,500	\$27,355,500	\$27,188,500	\$3,106,400	12.9
Federal	9,932,600	9,838,200	9,838,200	9,838,200	9,838,200	(94,400)	(1.0)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	17,242,000	17,631,900	17,631,900	17,631,900	17,631,900	389,900	2.3
GF/GP	33,825,800	34,481,300	34,187,500	34,481,300	34,481,300	655,500	1.9
Gross	\$85,082,500	\$89,306,900	\$89,013,100	\$89,306,900	\$89,139,900	\$4,057,400	4.8
FTEs	514.0	517.0	517.0	517.0	517.0	3.0	0.6

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and 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. Its goals include making the state a safe place for its citizens, offering justice to victims of crime, defending common natural resources and monetary assets of the state, and delivering excellent legal services at a minimum cost to taxpayers.

Major Budget Changes From FY 2012-13 YTD Appropriations

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Memoranda of Understanding - Legal Services	Gross	N/A
Includes \$2.1 million Gross (\$0 GF/GP) as an IDG from Departments of Community Health, Human Services, and Licensing and Regulatory Affairs to cover the costs of legal services provided under new Memoranda of Understanding (MOUs).	IDG	N/A
		\$2,124,200
2. Department of Human Services Fraud Prevention	FTE	N/A
Includes \$333,000 Gross (\$0 GF/GP) and 2.0 FTEs to partner with the Department of Human Services to increase fraud prevention, detection, prosecution, and recoupment.	Gross	N/A
	IDG	N/A
		\$333,000
3. Information Technology Adjustments	Gross	\$1,371,300
Includes \$53,100 GF/GP to support information technology investments in wireless infrastructure and Internet bandwidth. Funds also support Microsoft Enterprise Agreement and Center for Shared Solutions Framework.	GF/GP	\$1,371,300
		\$53,100
4. Removal of One-Time Appropriations	Gross	\$1,025,900
Removes \$1.0 million (\$393,300 GF/GP) in FY 2012-13 one-time negotiated lump-sum payments to state employees.	IDG	297,300
	Federal	122,600
	Restricted	212,700
	GF/GP	\$393,300
		(\$1,025,900)

ATTORNEY GENERAL

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD</u>	<u>Enacted Change</u>	
	<u>(as of 2/7/13)</u>	<u>From YTD</u>	
5. Economic Adjustments	Gross	N/A	\$2,573,000
Includes funding to reflect increased costs of \$2.6 million Gross (\$1.0 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG	N/A	946,500
	Federal	N/A	28,200
	Restricted	N/A	602,600
	GF/GP	N/A	\$995,700

Major Boilerplate Changes From FY 2012-13

Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED

Appropriates up to \$500,000 from litigation expense reimbursements; authorizes unexpended funding, up to \$500,000, to be carried forward. Revises to include arbitration awards or other administrative litigation decisions as allowable expenses.

CIVIL RIGHTS

Summary of FY 2013-14 Enacted Appropriations

Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	2,641,300	2,690,200	2,690,200	2,690,200	2,690,200	48,900	1.9
Local	0	0	0	0	0	0	--
Private	18,700	18,700	18,700	18,700	18,700	0	0.0
Restricted	151,900	151,900	151,900	151,900	151,900	0	0.0
GF/GP	11,953,600	12,337,500	11,771,500	12,337,500	12,337,500	383,900	3.2
Gross	\$14,765,500	\$15,198,300	\$14,632,300	\$15,198,300	\$15,198,300	\$432,800	2.9
FTEs	127.0	128.0	113.0	128.0	128.0	1.0	0.8

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on 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.

Major Budget Changes From FY 2012-13 YTD Appropriations

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Division on Deaf and Hard of Hearing	FTE 5.0	1.0
Includes \$100,000 GF/GP and 1.0 FTE to provide increased educational support for persons taking the Sign Language Interpreters Examination. Funds also support efforts to reduce time required to review and score examination.	Gross \$654,700	\$100,000
	Private 18,700	0
	Restricted 93,400	0
	GF/GP \$542,600	\$100,000
2. Hispanic and Latino Commission	Gross \$196,500	\$54,000
Includes \$54,000 GF/GP to increase assistance services for new Hispanic and Latino residents in the State of Michigan. Services provided include translation, outreach, and partnerships with local organizations.	GF/GP \$196,500	\$54,000
3. Information Technology	Gross N/A	\$6,100
Includes \$6,100 GF/GP for various statewide Information Technology (IT) adjustments (both increases and decreases). Specifically, IT funding supports investments in wireless infrastructure, Internet bandwidth, Microsoft Enterprise Agreement, and Center for Shared Solutions Framework.	GF/GP N/A	\$6,100
4. Removal of One-Time Appropriations	Gross \$128,900	(\$128,900)
Removes \$128,900 Gross (\$104,300 GF/GP) designated as one-time appropriations in FY 2012-13 for employee lump-sum payments.	Federal 24,600	(24,600)
	GF/GP \$104,300	(\$104,300)

CIVIL RIGHTS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD</u>	<u>Enacted Change</u>
	<u>(as of 2/7/13)</u>	<u>From YTD</u>
5. Economic Adjustments	Gross	\$401,600
Includes funding for increased costs of \$401,600 Gross (\$328,100 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	Federal	73,500
	GF/GP	\$328,100

Major Boilerplate Changes From FY 2012-13

Sec. 404. Operations Report – NEW

Requires the Department of Civil Rights to report on various operations information.

Sec. 405. Federal Complaint Report – NEW

Requires the Department of Civil Rights to notify the Legislature and State Budget Office prior to submitting a report of complaint to the United States Commission on Civil Rights or other federal department.

EXECUTIVE OFFICE

Summary of FY 2013-14 Enacted Appropriations

Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	0	0	0	0	0	0	--
GF/GP	4,887,900	4,970,000	4,970,000	4,970,000	5,370,000	482,100	9.9
Gross	\$4,887,900	\$4,970,000	\$4,970,000	\$4,970,000	\$5,370,000	\$482,100	9.9
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

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.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD Enacted</u> <u>(as of 2/7/13)</u>	<u>Change</u> <u>From YTD</u>
1. Executive Office Operations	Gross	\$3,708,500	\$97,800
Includes \$97,800 GF/GP to increase investment in Executive Office operations.	GF/GP	\$3,708,500	\$97,800
2. Unclassified Positions	Gross	\$849,800	\$400,000
Includes \$400,000 GF/GP for unclassified positions line item.	GF/GP	\$849,800	\$400,000
3. Removal of One-Time Appropriations	Gross	\$58,700	(\$58,700)
Removes FY 2012-13 one-time funding of \$58,700 GF/GP for employee lump sum payments.	GF/GP	\$58,700	(\$58,700)
4. Economic Adjustments	Gross	N/A	\$43,000
Includes \$43,000 GF/GP to reflect increased costs for employee economics.	GF/GP	N/A	\$43,000

Major Boilerplate Changes From FY 2012-13

There are no major boilerplate changes recommended for FY 2013-14.

LEGISLATURE
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$100,000	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	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	113,705,000	122,309,500	118,309,500	122,309,500	122,309,500	8,604,500	7.6
Gross	\$115,214,800	\$123,819,300	\$119,919,300	\$123,819,300	\$123,819,300	\$8,604,500	7.5
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
 (2) FY 2012-13 year-to-date figures reflect mid-year budget adjustment for FY 2012-13 OPEB for legislative employees.
 (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. 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 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD Enacted</u> <u>(as of 2/7/13)</u>	<u>Change</u> <u>From YTD</u>
1. Economic Adjustments		Gross	N/A
Includes increased costs of \$8.6 million GF/GP for economic adjustments for legislative staff.		GF/GP	\$8,604,500

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2013-14 budget recommendations, but appears separate in this document.**

Major Boilerplate Changes From FY 2012-13

There are no major boilerplate changes recommended for FY 2013-14.

LEGISLATIVE AUDITOR GENERAL
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$3,792,100	\$5,092,100	\$5,092,100	\$5,092,100	\$5,092,100	\$1,300,000	34.3
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	1,890,700	1,951,000	1,951,000	1,951,000	1,951,000	60,300	3.2
GF/GP	13,004,900	13,511,300	14,364,400	14,711,300	13,911,300	906,400	7.0
Gross	\$18,687,700	\$20,554,400	\$21,407,500	\$21,754,400	\$20,954,400	\$2,266,700	12.1
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Legislative Auditor General 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. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The 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.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Technical Boilerplate Funding Shift	Gross	N/A	\$1,255,200
Includes \$1.3 million Gross (\$0 GF/GP) in increased appropriation authorization for operations. Reflects shift from boilerplate spending authorization to line item spending authorization to reflect actual restricted revenues that OAG earns from its audit activities statewide.	IDG	N/A	982,800
	Restricted	N/A	272,400
2. Economics Adjustments	Gross	N/A	\$632,400
Includes funding for increased costs of \$632,400 Gross (\$441,200 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG	N/A	127,900
	Restricted	N/A	63,300
	GF/GP	N/A	\$441,200
3. Information Technology Systems Audit Operations	Gross	\$0	\$400,000
Includes \$400,000 GF/GP to support increased audit oversight and service delivery for audits related to information technology systems.	GF/GP	\$0	\$400,000
4. Increased Audit Funding	Gross	N/A	\$250,000
Includes \$250,000 GF/GP to increase audit oversight and service delivery for mandated statewide audits, including the State of Michigan Comprehensive Financial Report (CAFR).	GF/GP	N/A	\$250,000
5. Removal of One-Time Appropriations	Gross	\$270,900	(\$270,900)
Removes \$270,900 Gross (\$184,800 GF/GP) in one-time funding associated with employee lump-sum payments.	IDG	59,000	(59,000)
	Restricted	27,100	(27,100)
	GF/GP	\$184,800	(\$184,800)

LEGISLATIVE AUDITOR GENERAL

**Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2013-14 budget recommendations, but appears separate in this document.*

Major Boilerplate Changes From FY 2012-13

There are no major boilerplate changes recommended for FY 2013-14.

DEPARTMENT OF STATE
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Paul Holland

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,810,000	1,810,000	1,810,000	1,810,000	1,810,000	0	0.0
Local	0	0	0	0	0	0	--
Private	100	100	100	100	100	0	0.0
Restricted	183,971,100	182,485,400	182,485,400	182,485,400	182,485,400	(1,485,700)	(0.8)
GF/GP	14,888,100	15,253,400	14,659,200	15,253,400	15,253,400	365,300	2.5
Gross	\$220,669,300	\$219,548,900	\$218,954,700	\$219,548,900	\$219,548,900	(\$1,120,400)	(0.5)
FTEs	1,695.0	1,568.0	1,568.0	1,568.0	1,568.0	(127.0)	(7.5)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. The mission of the DOS is to provide the most efficient and effective services to the people of Michigan by licensing drivers; registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The DOS serves citizens with programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Increase Record Look-Up Fees	Gross	N/A	\$4,700,000
Appropriates for an increase of the record look-up fee to \$8.00 per record to support DOS economics adjustments (including OPEB pre-funding). DOS currently charges a \$7.00 per record to individuals and entities requesting registration and driving records (e.g., insurance companies, reporting agencies, data aggregators). The fee is established in boilerplate Sec. 703 and generated \$34.0 million in FY 2011-12.	Restricted	N/A	4,700,000
2. Eliminate FY 2012-13 One-Time Appropriations	Gross	\$2,294,400	(\$2,294,400)
Eliminates FY 2012-13 one-time appropriations for state employee lump-sum payments, executive direction, and central operations.	Restricted	1,259,500	(1,259,500)
	GF/GP	\$1,034,900	(\$1,034,900)
3. Privatization of Michigan Assigned Claims Facility	FTE	7.0	(7.0)
Eliminates spending authorization, FTE positions, and fund sourcing for the Michigan Assigned Claims Facility. 2012 PA 204 transferred the Michigan Assigned Claims Facility (which indemnified uninsured individuals injured by uninsured or unidentified drivers, supported by annual assessments on insurers writing auto insurance in Michigan) from DOS to the Michigan Automobile Insurance Placement Facility (a joint underwriting association established by the Insurance Code, supported by member insurers writing auto insurance in Michigan).	Gross	\$1,098,600	(\$1,098,600)
	Restricted	1,098,600	(1,098,600)
4. Increase in Document Handling Costs	FTE	150.0	0.0
Increases spending authorization for document handling costs due to increased postage rates (\$500,000 GF/GP). DOS services and sends approximately twenty million documents to its customers annually.	Gross	\$23,108,200	\$500,000
	Restricted	22,957,100	0
	GF/GP	\$151,100	\$500,000

STATE

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
5. Increase IT Services and Projects to DTMB	Gross	\$21,248,800	\$160,000
Increases spending authorization for IT services and projects to reflect DOS' share of DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	Restricted	19,713,200	148,400
	GF/GP	\$1,535,600	\$11,600
6. Eliminate Olympic Center Plate Line Item	Gross	\$75,700	(\$75,700)
Eliminates spending authorization for the Olympic Center Plate Line Item as it is now included in the Specialty License Plates line item.	Restricted	75,700	(75,700)
7. Increase for Anatomical Gift Donor Registry	Gross	\$79,100	\$50,000
Increases spending authorization for the Organ Donor Program pursuant to 2012 PAs 54 and 55 which amended the Michigan Vehicle Code to authorize DOS to issue a new fundraising license plate ("Donate Life") and deposit the proceeds into the Thomas Daley Gift of Life Fund for the administration of a state anatomical gift donor registry.	Restricted	0	50,000
	Private	100	0
	GF/GP	\$79,000	\$0
8. Decrease Excess Spending Authorization	Gross	\$77,138,500	(\$8,000,000)
Decreases spending authorization within several line items supported by the Transportation Administration Collection Fund (TACF) to more accurately reflect available revenue. The TACF (established by 2003 PA 152) is supported by revenues generated by various registration and service fees collected by the DOS and is utilized to support administrative expenses of enforcing Secs. 801 through 810 of the Michigan Vehicle Code.	Restricted	77,138,500	(8,000,000)
9. FTE Rebasing	FTE	694.5	(120.0)
Decreases FTE positions within several line items to more accurately reflect actual staffing and funding levels.			
10. Economics Adjustments	Gross	N/A	\$4,938,300
Increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments within DOS.	IDG/IDT	N/A	606,300
	Restricted	N/A	4,049,700
	GF/GP	N/A	\$282,300
11. Offset for Michigan Transportation Fund Economics	Gross	\$20,000,000	\$0
Offsets the economics adjustments related to the Michigan Transportation Fund (MTF) appropriation with GF/GP. The DOS is appropriated \$20.0 million annually from the MTF to partially reimburse administrative expenses of collecting registration and title fees deposited into the MTF (\$905.0 million in FY 2011-12). The annual appropriation of MTF revenue for the DOS may not exceed \$20.0 million pursuant to Sec. 10(1) of 1951 PA 51.	IDG/IDT	20,000,000	(606,300)
	GF/GP	\$0	\$606,300

Major Boilerplate Changes From FY 2012-13

Sec. 702. Assigned Claims Assessments – DELETED

Stipulates that funds made available by Sec. 3171 of the Insurance Code of 1956 are appropriated to be expended for the purposes of the Michigan Assigned Claims Facility as provided by Secs. 3171 to 3177 of the Insurance Code of 1956.

Sec. 703. Commercial Look-Up Fees – REVISED

Stipulates that DOS shall sell copies of specified records, sets the price of the sale of these records at \$7.00 per record, and stipulates that the funds generated from the sale of records shall be credited to the Transportation Administration Collection Fund. Increases the price to \$8.00 per record.

Sec. 714. Branch Office Closings or Consolidations – REVISED

Requires DOS to notify appropriations committees and legislators who represent affected areas of closing and/or consolidation of DOS branch offices at least 180 days prior to closing or consolidation or at least 60 days prior to relocation. Adds language exempting DOS from making the notification if the branch consolidation or relocation takes place entirely within a single local unit of government.

Sec. 719. General Fund Expenditures – DELETED

Requires DOS to use available restricted funding for expenditures before using general fund dollars.

Sec. 1202. Normal Retirement Costs and Legacy Retirement Costs – NEW

States that it is the intent of the Legislature that DOS identifies the amounts for normal retirement costs and legacy retirement costs for FY 2014-15.

**TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary of FY 2013-14 Enacted Appropriations
Article VIII, 2013 Public Act 59 (House Bill 4328)**

Analyst: Paul Holland

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$635,564,900	\$677,159,800	\$677,159,800	\$677,159,800	\$677,159,800	\$41,594,900	6.5
Federal	9,464,300	8,790,900	8,790,900	8,790,900	8,790,900	(673,400)	(7.1)
Local	1,320,800	1,320,800	1,320,800	1,320,800	1,320,800	0	0.0
Private	190,200	190,400	190,400	190,400	190,400	200	0.1
Restricted	90,517,200	92,625,900	92,625,900	92,625,900	94,125,900	3,608,700	4.0
GF/GP	405,916,200	405,887,400	383,895,100	404,287,300	408,787,300	2,871,100	0.7
Gross	\$1,142,973,600	\$1,185,975,200	\$1,163,982,900	\$1,184,375,100	\$1,190,375,100	\$47,401,500	4.1
FTEs	2,814.0	2,812.0	2,810.0	2,812.0	2,822.0	8.0	0.3

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Increase for Statewide IT Services and Projects	FTE	1,459.5	0.0
Increases IDT spending authorization for IT services and projects to reflect DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	Gross	\$457,192,100	\$5,117,700
	IDG/IDT	457,192,100	5,117,700
2. Align IT Services and Projects for State Agencies With DTMB	FTE	1,459.5	0.0
Aligns and increases IDG spending authorization for existing IT services and projects affecting various state agencies to more accurately reflect DTMB's expenditures and fund sources. This is a technical correction to the IDG authorization for DTMB to align it with state agencies' actual funding for information technology service and projects (including those altered at the Conference Committee for FY 2012-13).	Gross	\$457,192,100	\$4,385,700
	IDG/IDT	457,192,100	4,385,700
3. Adjust IT Services and Projects for State Agencies	FTE	1,459.5	0.0
Adjusts and increases IDG spending authorization for IT services and projects affecting various state agencies (including DOC, DHS, DNR, MSP, and Treasury).	Gross	\$457,192,100	\$4,051,300
	IDG/IDT	457,192,100	4,051,300
4. Increase for DTMB IT Services and Projects	Gross	\$31,630,600	\$406,300
Increases spending authorization for IT services and projects to reflect DTMB's share of DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	IDG/IDT	881,900	51,000
	Federal	976,900	20,500
	Restricted	16,443,900	128,800
	GF/GP	\$13,327,900	\$206,000

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
5. Increase State Building Authority Rent	Gross	\$68,305,800	\$1,700,000
Increases spending authorization for State Building Authority rent for state agencies to support rent payments for anticipated obligations for the State Emergency Operations Center (SEOC) project in FY 2013-14 (\$1.7 million GF/GP).	GF/GP	\$68,305,800	\$1,700,000
6. Increase Motor Vehicle Fleet for MSP and DHS	FTE	35.0	0.0
Increases spending authorization for the motor vehicle fleet for the Michigan State Police (MSP), which is closing trooper stations and equipping patrol vehicles to operate as mobile offices, and the Department of Human Services (DHS), which is hiring Child Welfare Services staff who conduct home visits and appear at court proceedings.	Gross	\$57,624,000	\$1,500,000
	IDG/IDT	57,624,000	1,500,000
7. Military Retirement System Prefunding	FTE	162.0	0.0
Increases spending authorization to begin prefunding the Military Retirement System, administered by the Office of Retirement Services, to reduce unfunded liabilities, totaling \$48.4 million, and future contributions.	Gross	\$23,922,300	\$826,100
	Restricted	19,940,600	0
	GF/GP	\$3,981,700	\$826,100
8. Transfer of CSC Staff to DHS	FTE	320.0	(4.0)
Transfers spending authorization and FTE positions from the Civil Service Commission (CSC) to the Department of Human Services (DHS) as the staff provide DHS-specific training.	Gross	\$34,394,200	(\$465,600)
	IDG/IDT	1,134,000	0
	Federal	0	(322,100)
	Local	662,700	0
	Restricted	15,706,900	0
	GF/GP	\$16,890,600	(\$143,500)
9. Hire ADA Staff With Offset GF/GP	FTE	134.5	2.0
Increases FTE positions for staff to assist state agencies with coordination and compliance under the Americans with Disabilities Act (ADA), supports staff with \$300,000 GF/GP offset with increased state restricted revenues.	Gross	\$16,376,300	\$300,000
	IDG/IDT	10,708,900	0
	Restricted	3,973,000	300,000
	GF/GP	\$1,694,400	\$0
10. Include Professional Development Funds	Gross	N/A	\$200,000
Includes spending authorization for professional development funds for non-exclusively represented employees (NERE), supported by employer contributions.	IDG/IDT	N/A	200,000
11. Decrease Accounting Service Center for MSP	FTE	134.5	0.0
Decreases spending authorization for the Accounting Service Center, which provides accounting services for the Michigan State Police (MSP), resultant from identified efficiencies.	Gross	\$16,376,300	(\$120,000)
	IDG/IDT	10,708,900	(120,000)
	Restricted	3,973,000	0
	GF/GP	\$1,694,400	\$0
12. Eliminate FY 2012-13 One-Time Appropriations	Gross	\$25,680,200	(\$25,680,200)
Eliminates FY 2012-13 one-time appropriations for state employee lump-sum payments, special maintenance for state facilities, Office Space Consolidation Project, and the Teacher Evaluation Pilot Program.	IDG/IDT	3,104,100	(3,104,100)
	Federal	426,700	(426,700)
	Restricted	357,200	(357,200)
	GF/GP	\$21,792,200	(\$21,792,200)
13. Include FY 2013-14 One-Time Appropriations	Gross	N/A	\$37,300,000
Includes new one-time appropriations for:	IDG/IDT	N/A	21,300,000
• The Department of Community Health (DCH) and Michigan Casino Gaming Board IT systems and projects (\$21.3 million Gross, \$0 GF/GP)	GF/GP	N/A	\$16,000,000
• Delta County bridge removal (\$1.5 million GF/GP)			
• Regional Prosperity Initiative (\$2.5 million GF/GP)			
• Special maintenance for state facilities (\$10.0 million GF/GP)			
• Legal services to support litigation costs on behalf of the state (\$2.0 million GF/GP)			

TECHNOLOGY, MANAGEMENT, AND BUDGET

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
14. Various Fund Shifts	Gross	\$1,571,300	\$0
Includes various fund shifts within line items between fund sources which net out to zero gross, though they may alter the types of fund sources, which reflect changes in the availability and allocation of funds or reflect changes to more accurately reflect program administration.	IDG/IDT	125,400	49,400
	Federal	325,900	0
	Restricted	330,900	431,600
	GF/GP	\$789,100	(\$481,000)
15. Include Economics Adjustments	Gross	N/A	\$12,980,200
Increases and decreased spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments within DTMB.	IDG/IDT	N/A	8,163,900
	Federal	N/A	54,900
	Private	N/A	200
	Restricted	N/A	1,605,500
	GF/GP	N/A	\$3,155,700
16. Cyber Security	FTE	N/A	10.0
Increases spending authorization and FTEs for the Michigan Cyber Security Operations Center pursuant to a homeland security initiative that will add positions and shifts to provide staffing to the Center 24/7/365.	Gross	N/A	\$2,000,000
	GF/GP	N/A	\$2,000,000
17. Public Private Partnerships	Gross	N/A	\$1,500,000
Includes spending authorization for public private partnerships between the state and private entities for capital asset improvements, energy resource projects, financial and investment opportunities, infrastructure projects, and joint ventures to provide economic benefits.	Restricted	N/A	1,500,000
18. Bureau of Labor Market Information and Strategies	FTE	42.0	0.0
Increases GF/GP spending authorization to offset increased costs for the Bureau of Labor Market Information and Strategies (LMI) that are not supported with federal grants from the U.S. Department of Labor (USDOL). The LMI collects and analyzes economic and employment data utilized by state and federal department and agencies.	Gross	\$5,587,900	\$600,000
	Federal	5,587,900	0
	GF/GP	\$0	\$600,000
19. Office of Project Management	FTE	95.0	0.0
Increases spending authorization for a proposed Office of Project Management (OPM) which would provide additional oversight to major procurement and contracting processes by acting as a referee in the development of departmental RFPs and applying project management methodologies.	Gross	\$10,040,300	\$500,000
	IDG/IDT	460,200	0
	Federal	100	0
	Restricted	5,570,800	0
	GF/GP	\$4,009,200	\$500,000
20. Fringe Benefits for Unclassified Positions Within the Executive Office	FTE	364.5	0.0
Increases spending authorization within several existing DTMB line items for increased fringe benefits for unclassified positions employed within the Executive (i.e., Governor's) Office to correspond to salary increases for unclassified positions employed within the Executive Office.	Gross	\$70,545,300	\$300,000
	IDG/IDT	12,586,900	0
	Federal	100	0
	Restricted	29,933,800	0
	GF/GP	\$28,024,500	\$300,000

Major Boilerplate Changes From FY 2012-13

Sec. 803. Statewide Administration and Support Services – REVISED

Permits DTMB to receive and expend funds in addition to those appropriated in part 1 for maintenance and operation, real estate, architectural, design, engineering, mail pickup, delivery, and purchasing services provided to various entities within the state government. Also requires DTMB to develop a plan regarding a statewide inventory management system. Eliminates statewide inventory management system plan requirement.

Sec. 816. Privatization RFP Factors – NEW

Stipulates that DTMB shall include all factors that will be used to evaluate and determine price related to requests for proposals issued for the purpose of privatization.

Major Boilerplate Changes From FY 2012-13

Sec. 821. Space Consolidation Plan – REVISED

Requires DTMB to provide a detailed plan for the funding appropriated for the Space Consolidation Fund and delineates reporting requirements. Revises the reference to the Office Space Consolidation Project and requires DTMB to update and distribute the plan annually.

Sec. 822a. Federal and State Restricted Revenue for Special Maintenance for State Facilities – NEW

Appropriates additional federal and state restricted revenue for the Special Maintenance, Remodeling, and Addition - State Facilities line item up to the amounts earned based on the initiatives undertaken with the General Fund appropriation. Transfers from "General Sections".

Sec. 822b. Federal and State Restricted Revenue for Enterprisewide IT Investments – NEW

Appropriates additional federal and state restricted revenue for the Enterprisewide Information Technology Investments line item up to the amounts earned based on the initiatives undertaken with the General Fund appropriation. Transfers from "General Sections".

Sec. 822c. Former State Police Headquarters Re-Appropriation – NEW

Authorizes Michigan State University (MSU) to use any unexpended funds initially appropriated under PA 63 of 2011 for asbestos abatement at the former Michigan State Police (MSP) headquarters for combined sewer overflow connections at the property to the municipal sewer system.

Sec. 822d. Public-Private Partnership Investments – NEW

Creates Public-Private Partnership Investment Fund and stipulates for what types of projects money from the Fund may be expended. Prohibits money from the Fund from being expended for the Detroit River International Crossing, or any successor project, unless approved by the Legislature and signed into law. Stipulates that the State Budget Director shall determine whether or not a specific project qualifies for funding from the Fund and that the money in the Fund shall carry forward into subsequent fiscal years. Requires DTMB to submit an annual report pertaining to the Fund and projects financed with money from the Fund and to propose legislative transfers if the revenue in the fund is insufficient to pay amounts appropriated from the Fund.

Sec. 822e. Detroit River International Cross Prohibition – NEW

Prohibits funds appropriated in part 1 from being expended for the Detroit River International Crossing, or any successor project, unless approved by the Legislature and signed into law.

Sec. 823. Paid Advertising and Sponsorships on State Webpages – REVISED

Permits DTMB to sell and accept or reject paid advertising on or sponsorships for state websites. Revenue raised for the sale of advertising shall be used for operating costs and future IT enhancements, except for amount exceeding \$250,000 which shall be deposited into the General Fund. Eliminates reporting requirement pertaining to revenue received from the sale of paid advertising on DTMB websites.

Sec. 826. Information Technology Services Definition – REVISED

Defines information technology services. Expands the definition to include social media and cyber security.

Sec. 831. ICT Innovation Fund – NEW

Stipulates that the Information, Communications, and Technology (ICT) Innovation Fund shall be administered by DTMB for the purpose of providing a revolving, self-sustaining resource for financing ICT innovation projects for state agencies, local units of government, educational institutions, and nonprofit organizations, in addition to permitting outside contributions to the fund and carryforward of money within the fund.

Sec. 832. Child Support Enforcement System Penalties – REVISED

Requires DTMB to submit a report pertaining to amounts expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government. Revises requirement to submit reports only if the federal government imposes penalties.

Sec. 840. General Fund Advances to the SBA for Cash Flow Requirements – REVISED

Stipulates procedures for cash flow advances from the General Fund for the State Building Authority (SBA). Replaces references to "legislative concurrent resolution" with "legislative appropriations act" and eliminates Joint Capital Outlay Subcommittee (JCOS) approval of the repayment of general fund advances if a project is terminated.

Sec. 863. Lump-Sum Appropriations – DELETED

Requires DTMB to allocate lump-sum appropriations consistent with statutory provisions and purposes for which they were appropriated, addressing priority program or facility needs, and that lump-sum appropriations are available for up to three fiscal years before reverting to the fund from which it was appropriated.

TECHNOLOGY, MANAGEMENT, AND BUDGET

Major Boilerplate Changes From FY 2012-13

Sec. 870. Statement of Proposed Operating Costs – DELETED

Requires DTMB to include a statement of proposed operating costs with planning documents.

Sec. 871. Final Planning and Construction – DELETED

Stipulates administrative processes and agreements under DTMB to be completed before proceeding with final planning and construction for community college and university projects.

Sec. 872. Match Requirements – DELETED

Requires state agencies, community colleges, and universities to use available federal or other funds to satisfy matching requirements.

Sec. 890. Regional Prosperity Initiative (One-Time) – NEW

Stipulates prerequisites, provisos, and procedures for the Regional Prosperity Initiative through which DTMB will administer incentive-based grants to regional planning organizations that qualify as Regional Prosperity Collaborates, Councils, or Boards. Total cost of the Initiative is estimated at \$2.5 million and it is estimated to be completed by the end of fiscal year 2018.

Sec. 1202. Normal Retirement Costs and Legacy Retirement Costs – NEW

States that it is the intent of the Legislature that DTMB identifies the amounts for normal retirement costs and legacy retirement costs for FY 2014-15.

TREASURY

Summary of FY 2013-14 Enacted Appropriations

Article VIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Ben Gielczyk

IDG/IDT	FY 2012-13 YTD	FY 2013-14	FY 2013-14	FY 2013-14	FY 2013-14	Difference: Enacted	
	as of 2/7/13	Revised Executive	House	Senate	Enacted	From FY 2012-13 YTD	
						Amount	%
	\$8,899,400	\$9,130,000	\$9,130,000	\$9,130,000	\$9,130,000	\$230,600	2.6
Federal	698,385,900	677,780,700	677,780,700	677,780,700	677,780,700	(20,605,200)	(3.0)
Local	6,686,200	6,393,000	6,393,000	6,393,000	6,393,000	(293,200)	(4.4)
Private	5,380,000	5,476,900	5,476,900	5,476,900	5,476,900	96,900	1.8
Restricted	1,594,122,400	1,630,788,000	1,635,139,400	1,627,438,000	1,636,631,800	42,509,400	2.7
GF/GP	419,836,500	444,195,200	323,996,600	462,535,200	459,155,200	39,318,700	9.4
Gross	\$2,733,310,400	\$2,773,763,800	\$2,657,916,600	\$2,788,753,800	\$2,794,567,600	\$61,257,200	2.2
FTEs	2,532.5	2,566.5	2,548.5	2,530.5	2,540.5	8.0	0.3

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

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 and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), Michigan State Housing and Development Authority (MSHDA), 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 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Constitutional Revenue Sharing	Gross	\$725,496,300	\$11,761,400
Includes \$11.8 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments in FY 2013-14 based on May Consensus Revenue Estimating Conference (CREC).	Restricted	725,496,300	11,761,400
2. Economic Vitality Incentive Program	Gross	\$225,000,000	\$10,840,000
Includes additional \$10.8 million Gross (\$0 GF/GP) for the Economic Vitality Incentive Program (EVIP) payments to cities, villages, and townships. Of that amount, \$8.8 million Gross (\$0 GF/GP) supports ongoing appropriations and \$2.0 million Gross (\$0 GF/GP) supports one-time appropriations.	Restricted	225,000,000	10,840,000
3. Competitive Grant Assistance Program	Gross	\$15,000,000	\$0
Maintains FY 2012-13 appropriation for the Competitive Grant Assistance Program in both ongoing (\$5.0 million) and one-time (\$10.0 million) appropriations.	Restricted	15,000,000	0
4. County Revenue Sharing/Incentive Program	Gross	\$130,600,000	\$15,160,000
Increases county revenue sharing payments by \$12.1 million Gross (\$0 GF/GP). Increases one-time County Incentive Payments by \$4.0 million Gross (\$0 GF/GP) and reduces ongoing County Incentive Payments by \$1.0 million Gross (\$0 GF/GP) for a net increase of \$3.0 million Gross (\$0 GF/GP). Results in 80.0% of full funding.	Restricted	130,600,000	15,160,000

TREASURY

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
5. Payments in Lieu of Taxes	Gross	\$15,612,600	\$1,734,500
Increases Payments in Lieu of Taxes (PILT) by \$1.7 million Gross (\$1.0 million GF/GP) to fully fund PILT as required under statute.	Restricted	3,288,800	695,400
	GF/GP	\$12,323,800	\$1,039,100
6. Debt Service	Gross	\$140,554,900	\$13,647,600
Includes \$2.5 million GF/GP to replace corresponding amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include an increase of \$5.6 million GF/GP for scheduled FY 2013-14 adjustments and an increase of \$8.0 million GF/GP for debt service on proposed new Strategic Water Quality bond issues.	Restricted	5,514,500	(2,500,000)
	GF/GP	\$135,040,400	\$16,147,600
7. Dual Enrollment	Gross	\$10,000,000	(\$9,000,000)
Reduces dual enrollment payments for nonpublic school pupils by \$9.0 million GF/GP due to lower than anticipated participation.	GF/GP	\$10,000,000	(\$9,000,000)
8. Distressed Communities/At-Risk Local Unit Administration	Gross	N/A	\$5,000,000
Includes \$5.0 million GF/GP in one-time funding to assist at-risk/distressed local units of government facing financial emergencies and pay emergency manager salaries.	GF/GP	N/A	\$5,000,000
9. Tax System Information Technology	Gross	N/A	\$2,705,900
Includes \$942,600 GF/GP to support ongoing IT contracting and Department of Technology, Management, and Budget staffing expenses related to the corporate income tax and flow through withholding tax created under PA 38 of 2011. Includes \$1.8 million GF/GP in one-time funding for an upgrade of the sales, use, and withholding legacy system.	GF/GP	N/A	\$2,705,900
10. Community College Renaissance Zone Reimbursement	Gross	\$3,500,000	(\$3,500,000)
Removes \$3.5 million GF/GP for community college renaissance zone reimbursement and transfers funding to Community College budget.	GF/GP	\$3,500,000	(\$3,500,000)
11. Digital Tobacco Stamping	Gross	N/A	\$3,000,000
Includes \$3.0 million GF/GP for new digital tobacco stamp costs required under PA 188 of 2012.	Restricted	N/A	3,000,000
12. Michigan Gaming Control Board System Upgrade	Gross	N/A	\$3,000,000
Includes \$3.0 million Gross (\$0 GF/GP) in one-time funding for new Casino Gaming IT system replacement to improve licensing, regulation, audit, investigative, and administrative functions.	Restricted	N/A	3,000,000
13. Removal of Other One-Time Appropriations	Gross	\$26,522,700	(\$26,522,700)
Removes various FY 2012-13 one-time appropriations:	IDG	112,800	(112,800)
• Agricultural Loan Origination Program: \$15.0 million GF/GP	Federal	171,700	(171,700)
• Treasury Legal Services: \$3.0 million GF/GP	Restricted	2,146,700	(2,146,700)
• Office of Fiscal Responsibility: \$5.8 million GF/GP	GF/GP	\$24,091,500	(\$24,091,500)
• State Employee Lump Sum Payments: \$2.7 million Gross (\$311,500 GF/GP)			
14. Treasury Economics	Gross	N/A	\$7,253,100
Includes funding that reflects increased costs for Treasury of \$7.3 million Gross (\$1.3 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG	N/A	180,900
	Federal	N/A	458,400
	Restricted	N/A	5,305,900
	GF/GP	N/A	\$1,307,900
15. Facility for Rare Isotope Beams	Gross	\$2,339,900	\$4,960,100
Includes \$7.3 million GF/GP in the Department of Treasury for debt service related to the State commitment for the Facility for Rare Isotope Beams (FRIB) at Michigan State University, an increase of \$5.0 million from FY 2012-13 (appropriated in Treasury). Appropriation would cover debt service for \$91.0 million bond issue for the Community Share portion of the project.	GF/GP	\$2,339,900	\$4,960,100

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
16. Public Private Partnership	Gross	\$1,513,700	(\$1,513,700)
Transfers spending authority to DTMB.	Restricted	1,513,700	(1,513,700)
17. Information Technology Adjustments	Gross	N/A	\$203,000
Includes \$203,000 Gross (\$28,200 GF/GP) to support information technology investments in wireless infrastructure and Internet bandwidth. Funds also support Microsoft Enterprise Agreement and Center for Shared Solutions Framework.	Federal	N/A	1,700
	Restricted	N/A	173,100
	GF/GP	N/A	\$28,200
MICHIGAN STRATEGIC FUND	Gross	\$100,000,000	\$20,000,000
18. Business Attraction and Community Revitalization	Restricted	25,000,000	0
Reduces Business Attraction and Community Revitalization by \$7.5 million Gross (\$0 GF/GP) and includes \$27.5 million GF/GP (\$24.8 million GF/GP appropriated as one-time funding) for a net increase of \$20.0 million Gross (\$27.5 million GF/GP). General Funds will support business attraction and community revitalization (\$5.5 million), a debt financing program for underserved communities (\$20.0 million), and a Food and Agriculture Industry Growth Initiative (\$2.0 million).	GF/GP	\$75,000,000	\$20,000,000
19. Pure Michigan	Gross	\$25,000,000	\$4,000,000
Includes \$4.0 Gross (\$0 GF/GP) in additional funding for Pure Michigan tourism promotion. Funding is transferred from Business Attraction and Community Revitalization.	Restricted	25,000,000	4,000,000
20. Innovation and Entrepreneurship	Gross	\$25,000,000	\$3,500,000
Includes \$3.5 million Gross (\$0 GF/GP) in additional funding for Innovation and Entrepreneurship. Funding is transferred from Business Attraction and Community Revitalization.	Restricted	25,000,000	3,500,000
21. Film Incentives	Gross	\$50,000,000	\$0
Maintains \$50.0 million GF/GP in one-time funding for film incentive funding.	GF/GP	\$50,000,000	\$0
22. Arts and Cultural Grants	FTE	0.0	2.0
Includes \$2.0 million GF/GP and 2.0 FTEs (FTEs placed in Job Creation Services line item) for increased funding for Arts and Cultural Grants.	Gross	\$6,150,000	\$2,000,000
	GF/GP	\$6,150,000	\$2,000,000
23. Land Bank Fast Track Authority	FTE	6.0	0.0
Reduces restricted revenues by \$1.9 million Gross (\$0 GF/GP) to align appropriation with actual revenues.	Gross	\$2,993,900	(\$1,851,400)
	Federal	1,000,000	0
	Restricted	1,993,900	(1,851,400)
24. Skilled Trades Training Program	Gross	N/A	\$10,000,000
Includes \$10.0 million GF/GP in one-time funding for a new Skilled Trades Training Program. Program would address job and talent mismatches and enable employers to design training programs for potential employees.	GF/GP	N/A	\$10,000,000
25. Federal Funds Adjustments	Gross	N/A	(\$20,163,400)
Reduces various federal fund authorizations by \$20.2 million (\$0 GF/GP) to align fund sources with anticipated revenues.	Federal	N/A	(20,163,400)
26. Precollege Engineering – VETOED	Gross	N/A	\$0
Governor vetoes \$340,000 GF/GP included for precollege engineering programs in Detroit and Grand Rapids (split equally).	GF/GP	N/A	\$0

TREASURY

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>	
27. Job Creation Services	Gross	N/A	\$4,960,000
Includes additional \$5.0 million GF/GP for various priority projects and Job Creation Services operations. Projects include \$2.0 million for Kalamazoo Valley Community College Healthy Living; \$2.0 million for Grand Rapids Public Museum; up to \$375,000 for the Holland Windmill Restoration; and \$200,000 for the American-Arab Chaldean Association. Additional \$385,000 GF/GP is included in Job Creation Services line item to support operations.	GF/GP	N/A	\$4,960,000
28. Michigan Strategic Fund Economics	Gross	N/A	\$2,686,800
Includes funding to reflect increased costs for MSF of \$2.7 million Gross (\$475,500 GF/G-P) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	Federal	N/A	847,000
	Private	N/A	74,900
	Restricted	N/A	1,289,400
	GF/GP	N/A	\$475,500

Major Boilerplate Changes From FY 2012-13

Sec. 907. Assessor Certification and Training Fund – REVISED

Requires Treasury to organize and operate Property Assess Certification and Training program with participant fees used for program expenses; requires collections to be credited to Assessor Certification and Training Fund. Revises to update exam fees and certification fee maximums.

Sec. 925. Public Private Partnership – DELETED

Creates Public Private Partnership Investment Fund to fund public private partnership investments; requires annual report. Prohibits public private partnership activities related to the Detroit River International Crossing or successor project unless approved by the legislature. Requires department to monitor revenue deposited in the fund. Transfers revised boilerplate to DTMB.

Sec. 925a. Public Private Partnership Appropriations – DELETED

Prohibits funds appropriated in part 1 from being used for activities related to the Detroit River International Crossing or any successor project. Transfers language to DTMB.

Sec. 935. Dual Enrollment Payments – NEW

Requires dual enrollment payments to be distributed in a manner as determined by the Department of Treasury.

REVENUE SHARING

Sec. 951. Competitive Grant Assistance Program – REVISED

Includes direction for distribution of \$15.0 million appropriated for assistance grants to CVTs that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes school districts and ISDs; includes work project language; and continues to make available unclaimed EVIP funds. Revises to include public community colleges, public universities, and public authorities as eligible units under program. Removes language stating that if a local unit of government qualifies under the school aid Competitive Grant Assistance Program they cannot qualify under Treasury program due to elimination of program in School Aid Act.

Sec. 952. Economic Vitality Incentive Program – REVISED

Specifies the eligibility (three incentive categories) and distribution of funds appropriated under the Economic Vitality Incentive Program and County Incentive Program. Revises to include counties in both sections of the bifurcated category requirements. Revises Category One to include a detailed debt service report. Revises Category Two to include innovations and privatizations as part of consolidation plan. Revises Category Three to eliminate employee compensation requirements and adds new Category Three that requires a local unit to submit report on unfunded accrued liabilities.

MICHIGAN STRATEGIC FUND

Sec. 1005. Pure Michigan Slogan Revenue – REVISED

Authorizes Travel Michigan to receive and expend private revenue related to the use of copyrighted slogans and images; requires revenue generated to be used to market the state as a travel destination. Revises language to include reporting requirement.

Major Boilerplate Changes From FY 2012-13**Sec. 1006. Grant Reporting Requirements – DELETED**

Requires report on recipients, amounts, and purposes of grants distributed by agency. Deletes section and incorporates language into Sec. 1007.

Sec. 1007. Program Reporting Requirements – REVISED

Requires report on activities of each program administered by MSF or MEDC, including spending and FTES; requires report on tourism promotion and business marketing expenditures and revenues by source. Revises language to incorporate Sec. 1006 and adds all revenue sources and projects for MSF and MEDC. Includes requirement for tourism information by marketing area as required in Sec. 1023.

Sec. 1011. Disposition of Unexpended GF/GP Funds – REVISED

Requires unexpended and unencumbered GF/GP at the end of the fiscal year to be disposed of in accordance with the Management and Budget Act unless carryforward authorization has otherwise been provided. Revises to eliminate GF/GP reference.

Sec. 1013. Fundraising Activity – REVISED

Prohibits MEDC staff involved in fundraising from being party to grant award or tax abatement decisions. Revises to include staff involved in the awarding of incentives to the listing of staff prohibited from private fundraising activities.

Sec. 1023. Tourism Promotion – DELETED

Requires MSF to coordinate tourism promotion with the tourism industry. Requires annual report which lists places included in tourism promotion. Deletes section and rolls report into Sec. 1007.

Sec. 1024. Business Attraction and Economic Gardening – REVISED

Requires not less than \$20.0 million of the funds appropriated in part 1 be used for brownfield and historic preservation incentives. Revises to eliminate references to brownfield and historic preservation incentives and replace with reference to Community Revitalization Program. Specifies that the minimum applies to spending for brownfield and historic preservation projects under Community Revitalization Program.

Sec. 1033b. Film Production Expenditures – REVISED

Specifies legislative intent that the applicable percentage of the state certified qualified production expenditures be determined based on the date of the agreement. Revises to remove legislative intent.

Sec. 1034. Business Incubator Program – REVISED

Stipulates funding be awarded competitively to business incubators in 10 counties or cities. Requires each of the 10 business incubators to receive awards from the Innovation and Entrepreneurship line item. Each incubator is required to submit a dashboard of indicators. Total Funding is not to exceed \$8.5 million. Revises language to eliminate funding allocation for incubators but retains indicators, reporting, and intent language.

Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Arts and Cultural Grants – REVISED

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Revises language to prohibit any funds from the grant line for administration.

Sec. 1036. General Fund Appropriation Transfers – NEW

Requires GF/GP funds appropriated in part 1 to the Michigan Strategic Fund for Business Attraction and Community Revitalization and Film Incentives to be transferred to the specific funds designated by statute for those programs listed.

Sec. 1037. Facility for Rare Isotope Beams Debt Service – NEW

Stipulates that no long-term indebtedness shall be issued by the Michigan Strategic Fund until Michigan State University provides certification that all necessary approvals have been secured and federal funds are available to commence construction of the facility. Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

Sec. 1039. Skilled Trades Training Program Report – NEW

Requires MSF to provide report on Skilled Trades Training Program.

Sec. 1040. MAIN System Reporting – NEW

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures.

TREASURY

Major Boilerplate Changes From FY 2012-13

Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – NEW

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1, 2014.

Sec. 1053. Precollege Engineering Program – VETOED

Requires MSF to appropriate \$340,000 to Detroit precollege engineering program and Grand Rapids precollege engineering program.

**FY 2013-14
Budget Detail
for
HEALTH AND
HUMAN SERVICES**

**Community Health
Human Services**

**COMMUNITY HEALTH
Summary of FY 2013-14 Enacted Appropriations
Article IV, 2013 Public Act 59 (House Bill 4328)**

Analysts: Margaret Alston, Susan Frey, and Steve Stauff

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$10,023,800	\$10,056,100	\$10,056,100	\$10,056,100	\$10,056,100	\$32,300	0.3
Federal	9,693,023,500	11,392,469,900	9,882,379,600	9,924,142,100	9,915,647,000	222,623,500	2.3
Local	257,148,600	227,545,600	251,820,200	253,450,100	251,820,200	(5,328,400)	(2.1)
Private	93,364,000	106,333,300	126,342,400	106,342,400	126,342,400	32,978,400	35.3
Restricted	2,158,060,000	2,172,313,600	2,165,424,200	2,226,518,200	2,165,435,800	7,375,800	0.3
GF/GP	2,817,437,800	2,725,532,500	2,891,001,700	2,844,743,000	2,916,047,100	98,609,300	3.5
Gross	\$15,029,057,700	\$16,634,251,000	\$15,327,024,200	\$15,365,251,900	\$15,385,348,600	\$356,290,900	2.4
FTEs	3,552.6	3,589.6	3,577.6	3,599.6	3,591.6	39.0	1.1

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
 (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
 (3) Federal revenue is overstated by \$3,836,700, local revenue is understated by \$23,900, and state restricted revenue is understated by \$3,812,800 in the Executive Budget Bill for FY 2013-14.

Overview

The Department of Community Health budget provides funding for a wide range of behavioral health (mental health and substance abuse), public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

Major Budget Changes From FY 2012-13 YTD Appropriations	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Medicaid Expansion	Gross \$12,158,621,600	\$0
Does not include the Executive's Medicaid expansion savings within the Department of Community Health budget which were projected to be \$181.7 million GF/GP and additional federal Medicaid revenue of \$1.5 billion, both covering three quarters of the fiscal year. Across the Department of Community Health and the Department of Corrections, the GF/GP savings were estimated to be \$205.9 million, mainly from shifting current state costs to federal revenue, with one-half of these savings to be deposited in a Budget Stabilization Fund sub-fund entitled the Michigan Health Savings Fund to pay future state costs when the state share of expansion costs increases from 0% to 5% in 2017 and then 10% in 2020. The expansion of the income criteria for Medicaid eligibility up to 133% of the federal poverty level (FPL) is estimated to qualify an additional 320,000 Michigan residents in FY 2013-14. The assumed expansion start date was January 1, 2014.	Federal 8,242,226,900 Restricted 1,954,513,900 Local 45,815,600 Private 2,100,000 GF/GP \$1,913,965,200	0 0 0 0 \$0
2. Medicaid Cost Increases	Gross \$12,158,621,600	\$14,914,900
Includes an increase for FY 2013-14 of \$197.9 million Gross (\$68.9 million GF/GP) to cover Medicaid caseload, utilization and inflation changes within Medical Services, Mental Health/Substance Abuse, Children's Special Health Care Services and the Federal Medicare Pharmaceutical programs. Also recognized is a FY 2012-13 Medicaid caseload, utilization and inflation adjustment reducing various Medicaid appropriation lines by \$183.0 million Gross (\$63.1 million GF/GP).	Federal 8,242,226,900 Restricted 1,954,513,900 Local 45,815,600 Private 2,100,000 GF/GP \$1,913,965,200	9,141,500 0 0 0 \$5,773,400
3. Health Insurance Claims Assessment (HICA)	Gross \$398,051,600	\$0
Continues FY 2012-13 base HICA authorization. In both FY 2011-12 and FY 2012-13 shortfalls occurred in the amount of HICA revenue collected.	Restricted 398,051,600 GF/GP \$0	0 \$0

COMMUNITY HEALTH

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
4. Healthy Kids Dental Expansion	Gross	\$99,000,000
Continues the phase-in of the statewide coverage for the Healthy Kids Dental program by increasing the budget \$11.6 million Gross (\$3.9 million GF/GP). The expansion would include the counties of Ingham, Ottawa and Washtenaw, enrolling an additional 70,500 children.	Federal	7,721,600
	GF/GP	\$3,921,400
5. Economic Adjustments	Gross	N/A
Includes a net increase of \$16.3 million Gross (\$7.3 million GF/GP) to finance negotiated lump sum salary and wage increase of 1.0%, insurance rate increases, actuarially-required retirement rate increase, and economic adjustments for worker's compensation, building occupancy, rent, and food costs for FY 2013-14.	IDG	52,000
	Federal	4,007,500
	Restricted	773,800
	Local	4,206,100
	Private	3,300
	GF/GP	\$7,265,800
6. Community Health Automated Medicaid Processing System (CHAMPS) One-Time Only Appropriation	Gross	\$60,201,100
Eliminates the FY 2012-13 one-time only appropriation of \$30.0 million Gross (\$3.0 million GF/GP) for CHAMPS. Includes the FY 2013-14 one-time only appropriation of \$18.3 million Gross (\$2.3 million GF/GP) for CHAMPS in order to finalize implementation of the medical codes for diagnosis and inpatient procedures (ICD-10) as required by federal law.	Federal	(11,000,000)
	GF/GP	(\$700,000)
7. Jail Diversion Programs Initiative	FTE	N/A
Redirects base funding reduction from Caro Regional Mental Health Center - Psychiatric Hospital and Walter P. Reuther Psychiatric Hospital that is partially financed by \$1.6 million GF/GP from the CMHSP, Purchase of State Services Contracts line item for jail diversion programs initiative that would do the following: create an Advisory Council to advise the Department of Community Health on the state's jail diversion plan; and enhance current jail diversion efforts for individuals with mental illness, emotional disturbance, or developmental disability within five communities. Sec. 500 is related boilerplate to the new programs initiative.	Gross	N/A
	GF/GP	N/A
		1.0
		\$1,630,000
		\$1,630,000
8. Mental Health and Substance Abuse Services for Veterans	Gross	N/A
Adds \$60,000 GF/GP to the Behavioral Health Program Administration line item to support programs designed to improve mental health and substance abuse service quality for veterans and their families. The funding would be allocated as follows: \$20,000 for credentialing CMHSPs and Substance Use Disorder (SUD) providers in TriCare, an insurance system that pays for treatment for active duty/military families; \$10,000 for co-location and/or co-credentialing of CMHSP and SUD providers by the Veterans Health Administration; \$20,000 for a law enforcement training program in recognizing post-traumatic stress disorder-related behavior; and \$10,000 for military cultural competency for all CMHSPs and at least one SUD provider in each coordinating agency area.	GF/GP	N/A
		\$60,000
		\$60,000
9. Behavioral Health Homes	Gross	N/A
Adds funding of \$900,000 Gross (\$90,000 GF/GP) for the implementation of three behavioral health homes demonstration projects ensuring better coordination of physical and behavioral health care for Medicaid beneficiaries with chronic conditions such as asthma, heart disease, obesity, mental condition, or substance abuse disorder. The demonstration projects will be located in the Washtenaw region (Washtenaw, Livingston, Lenawee, and Monroe counties), Northern Michigan (21 counties which include Manistee, Emmett, and Iosco), and either Saginaw County or the Genesee region (which includes St. Clair, Lapeer, and Sanilac counties).	Federal	N/A
	GF/GP	N/A
		\$900,000
		810,000
		\$90,000

COMMUNITY HEALTH

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
10. Family Support Subsidy Program	Gross	\$19,161,000	\$203,900
Increases TANF funding for the Family Support Subsidy Program which provides \$222.11 monthly payment to an average of 7,189 income-eligible families with a child under age 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic by \$203,900 anticipating a 1.1% caseload increase in FY 2013-14.	TANF	19,161,000	203,900
	GF/GP	\$0	\$0
11. Actuarially Sound Capitation Payment Rates Adjustment	Gross	\$6,572,096,900	\$112,546,900
Includes a capitation rate increase of 2.5% for Health Plans and 1.25% for Prepaid Inpatient Health Plans (PIHPs) to ensure that capitation payment rates for these managed care entities are actuarially sound in FY 2013-14. This adjustment results in an additional \$112.5 million Gross (\$37.9 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Abuse Services, and Health Plan Services line items.	IDG	2,925,900	0
	Federal	4,472,162,300	74,641,100
	Restricted	1,269,917,600	0
	Local	38,931,800	0
	GF/GP	\$788,159,300	\$37,905,800
12. Mental Health Services for Special Populations	Gross	\$8,842,800	\$0
Eliminates the FY 2012-13 one-time appropriation of \$3.0 million GF/GP for mental health services for special populations and includes the funds in the ongoing appropriation line item. The funding is allocated as follows: \$250,000 for Hispanic/Latino Commission within the Department of Civil Rights; \$700,000 for ACCESS; \$700,000 for Arab/Chaldean; \$650,000 for Chaldean Chamber Foundation; and \$700,000 for Michigan Jewish Federation.	GF/GP	\$8,842,800	\$0
13. Mental Health Innovation Grants One-Time Only Appropriation	Gross	N/A	\$5,000,000
Includes one-time only FY 2013-14 appropriation of \$5.0 million GF/GP for mental health innovation grants that will be allocated as follows: \$2.5 million to finance and support home-based mental health services for children; \$1.0 million for care management and treatment of high-risk youth; and \$1.5 million for mental health training and awareness programs in identifying youth with mental health needs. Sec. 1901 is related boilerplate for the one-time only appropriation.	GF/GP	N/A	\$5,000,000
14. Health and Wellness Initiatives	Gross	\$12,146,600	(\$4,000,000)
Eliminates one-time funding of \$5.0 million GF/GP for health and wellness initiatives. Ongoing funding is increased by \$1.0 million GF/GP. Most projects funded in the current year are funded at reduced levels.	Restricted	5,146,600	0
	GF/GP	\$7,000,000	(\$4,000,000)
15. Fee Increases - Vital Records, EMS Licensure, CON	Gross	\$16,167,600	\$3,206,100
Includes \$3.2 million of additional state restricted revenue from proposed new fees and fee increases to maintain the following programs: emergency medical services licensure and regulation (\$1.0 million), certificate of need (CON) for health facilities (\$700,000), and vital records services (\$1.5 million). Statutory changes are required for each and are introduced as HB 4785, HB 4786, and HB 4787.	IDG	1,293,600	0
	Federal	3,764,100	0
	Restricted	10,724,600	3,206,100
	GF/GP	\$385,300	\$0
16. HIV/AIDS Drug Assistance	Gross	\$58,558,700	\$10,570,700
Recognizes increased private pharmaceutical manufacturer rebate revenue of \$10.6 million to the HIV/AIDS drug assistance program.	Federal	26,115,600	0
	Restricted	4,735,400	0
	Private	27,707,700	10,570,700
	GF/GP	\$0	\$0
17. Public Health Federal and Private Grants	Gross	N/A	\$2,925,400
Recognizes net adjustments of \$2.9 million from federal and private grants for public health programs and for family, maternal, and child health programs, including 10 new grants totaling \$4.0 million, 9 completed grants of \$2.1 million and net adjustments to 8 ongoing grants totaling \$1.0 million.	Federal	N/A	2,788,800
	Private	N/A	136,600
	GF/GP	N/A	\$0

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
18. Health Care Service Delivery Innovation Grants	Gross	N/A	\$1,500,000
Provides \$1.5 million GF/GP for a new Health Innovation Grants program to address emerging issues and encourage innovative advances in health care and service delivery. Allocates \$250,000 of the funds for a chronic disease syndrome study. Sec. 717 is related boilerplate.	GF/GP	N/A	\$1,500,000
19. Michigan Essential Health Provider Program	Gross	\$1,491,300	\$1,000,000
Includes an increase of \$1.0 million Gross (\$500,000 GF/GP) for the Michigan Essential Health Provider program, to assist primary care providers practicing in designated medically underserved and health professional shortage areas in the repayment of health education loans. Related boilerplate Sec. 709 is revised.	Federal	736,300	500,000
	Private	255,000	0
	GF/GP	\$500,000	\$500,000
20. Essential Local Public Health Services	Gross	\$37,386,100	\$2,000,000
Includes a \$2.0 million GF/GP funding increase for Essential Local Public Health Services funding to local health departments.	Local	5,150,000	0
	GF/GP	\$32,236,100	\$2,000,000
21. Traumatic Brain Injury Treatment Services	Gross	N/A	\$1,250,000
Provides new funding of \$1.25 million GF/GP for public health traumatic brain injury treatment services programming.	GF/GP	N/A	\$1,250,000
22. Childhood Lead Program	Gross	\$653,900	\$582,600
Partially restores funding to the childhood lead program with a \$582,600 appropriation of available federal Maternal and Child Health Block Grant funding. Program had been significantly reduced in FY 2012-13 due to elimination of federal grants.	Federal	540,000	582,600
	GF/GP	\$113,900	\$0
23. Lead Abatement	Gross	\$2,932,100	\$1,250,000
Includes increased funding of \$1.25 million GF/GP to expand lead abatement efforts under the Healthy Homes program for the safe removal of lead hazards from homes in areas with high incidence of lead-poisoned children, and coordinate with Michigan Public Service Commission on window replacement. Sec. 851 is related boilerplate.	Federal	2,155,600	0
	Private	75,000	0
	Restricted	701,500	0
	GF/GP	\$0	\$1,250,000
24. Newborn Screening Fee Adjustments	Gross	\$11,323,600	\$650,400
Recognizes increased state restricted revenue of \$650,400 from fee adjustments for newborn screening for genetic diseases, including increases recommended by the Newborn Screening Quality Assurance Advisory Committee related to testing changes and program costs, and statutorily authorized annual CPI adjustment. \$352,300 is allocated for program services and \$298,100 for related laboratory services.	Restricted	11,323,600	650,400
	GF/GP	\$0	\$0
25. Infant Mortality Reduction Plan	FTEs	0.0	4.0
Provides 4.0 new FTEs and increased funding of \$2.0 million GF/GP to address infant mortality, to promote regional perinatal care system, improve health of women of childbearing age, and encourage infant safe sleep practices, pursuant to Infant Mortality Reduction Plan of August 2012, Strategies and Goals 2012-2015.	Gross	\$8,101,400	\$2,000,000
	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$2,000,000
26. Alternative Home Visit and Support Program	Gross	\$8,101,400	\$700,000
Provides \$700,000 GF/GP for a new pregnancy and parenting support services program as a pilot project, which promotes childbirth and alternatives to abortion. Sec. 1136 is related new boilerplate.	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$700,000
27. Infant Mortality Expanded Programming	Gross	\$8,101,400	\$500,000
Provides \$500,000 GF/GP to support evidence-based programs to reduce infant mortality including nurse family partnership programs, to enhance support, education, client recruitment, strategic planning, marketing and communications. Sec. 1137 is related new boilerplate.	Federal	6,601,400	0
	GF/GP	\$1,500,000	\$500,000

COMMUNITY HEALTH

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
28. Autism Center Grants - One-Time Funding	Gross	\$500,000	\$2,000,000
Provides new one-time funding of \$2.0 million GF/GP for four \$500,000 grants to autism education centers and programs at four higher education institutions, including Eastern Michigan University Autism Collaborative Center, recipient of current year \$500,000 GF/GP funding which is continued. Sec. 1902 is related boilerplate for the new one-time funding.	GF/GP	\$500,000	\$2,000,000
29. WIC Infrastructure and Children's Summer EBT Pilot	Gross	\$16,294,500	\$1,392,200
Includes net federal funds increase of \$1.4 million for special projects of the Women, Infants, and Children Special Supplemental Food and Nutrition Program, recognizing completion of infrastructure and electronic benefits transfer (EBT) projects and related funding of \$1.3 million, and receipt of \$2.7 million federal WIC Summer EBT for Children pilot project grant, first awarded in FY 2010-11 and anticipated to continue. YTD shown is WIC Administration and Special Projects.	Federal	15,990,200	1,392,200
	Private	304,300	0
	GF/GP	\$0	\$0
30. Aging Nutrition Services	Gross	\$35,430,200	\$500,000
Includes a \$500,000 GF/GP funding increase for home-delivered and congregate meals and nutrition services for seniors.	Federal	26,343,200	0
	Private	300,000	0
	GF/GP	\$8,787,000	\$500,000
31. Aging Respite Care Fund Shift for GF/GP Savings	Gross	\$5,868,700	\$0
Replaces \$400,000 of Merit Award Trust Fund state restricted revenue with a like amount of anticipated increased revenue from the state restricted Senior Respite Care Fund, for a net \$0 senior respite care program funding change. The Merit Award Trust Funds are transferred to the Medicaid program to replace GF/GP for savings. YTD shown is Respite Care Program only.	Restricted	1,400,000	400,000
	Merit Awd	4,468,700	0
	GF/GP	\$0	(\$400,000)
32. Graduate Medical Education	Gross	\$162,888,300	\$0
Maintains graduate medical education funding.	Federal	108,141,500	0
	GF/GP	\$54,746,800	\$0
33. Low-Income Rural Resident Hospitals	Gross	\$35,484,000	\$0
Maintains the hospital, low-income rural resident payments pool of \$12.0 million and associated federal match. Related boilerplate Sec. 1866 is modified.	Federal	23,484,000	0
	GF/GP	\$12,000,000	\$0
34. Detroit Medical Center Reduction	Gross	\$19,989,600	(\$19,989,600)
Removes the Detroit Medical Center (DMC) hospital rate adjustment (HRA) payment of \$20.0 million Gross (\$6.7 million GF/GP) which was established in FY 2008-09 due to a conversion from a disproportionate share hospital (DSH) payment not financed with GF/GP. The conversion was due to an effort to establish more room under the DSH ceiling. DMC is the only hospital that receives a GF/GP financed HRA payment.	Federal	13,257,100	(13,257,100)
	GF/GP	\$6,732,500	(\$6,732,500)
35. Primary Care Physician Rate Increase	Gross	\$281,800,000	\$103,200,000
Increases the Medicaid program by \$103.2 million, annualizing the 3/4 amount of federal funds included in FY 2012-13 that will be available to provide an increase in the reimbursement rates for primary care doctors, family doctors and pediatricians up to 100% of Medicare rates. Not included in the rate increase are nurse practioners, physician assistants and OB/GYNs. This reimbursement level change is a requirement of the Affordable Care Act of 2010 and is entirely federally funded. The federal funding is available through December 31, 2014.	Federal	281,800,000	103,200,000
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
36. Integration of Care for Dual Eligibles	Gross	\$0
Includes a partial, \$24,541,900 Gross (\$8,265,7000), reinstatement of the \$29.8 million Gross (\$10.1 million GF/GP) which was removed from the FY 2012-13 budget as savings generated by integrating care for dual eligibles. The care integration pilot projects are scheduled to start in April 2014.	Federal	16,276,200
	GF/GP	\$8,265,700
37. Transparency Database	Gross	\$0
Funding of \$300,000 GF/GP is included in the Medical Services Administration line to create and develop a transparency database website contingent upon enactment of enabling legislation.	Federal	0
	GF/GP	\$300,000

Major Boilerplate Changes From FY 2012-13

GENERAL SECTIONS

Sec. 206(4). Private Contingency Funds – REVISED

Increases the private contingency funds limit from \$20.0 million to \$40.0 million.

Sec. 298. Michigan-Illinois Alliance Medicaid Management Information Systems Project – NEW

Allocates \$20.0 million in private revenue for the Michigan-Illinois Alliance Medicaid Management Information Systems Project.

BEHAVIORAL HEALTH SERVICES

Sec. 500. Jail Diversion Programs Initiative – NEW

Requires DCH in allocating funds for the jail diversion programs initiative that priority is given to county sheriffs including St. Joseph County Sheriff, and community court projects including the 36th District Court community court project.

Sec. 502. Fetal Alcohol Syndrome Services – NEW

Requires DCH to explore developing an outreach program on fetal alcohol syndrome services and report on efforts to prevent, combat, and reduce the incidence of fetal alcohol syndrome.

Sec. 503. Policies and Procedures for PIHPs or CMHSPs – NEW

Requires DCH to consult with CMHSPs from across the state when developing policies and procedures that will impact PIHPs or CMHSPs.

Sec. 504. Workgroup on PIHPs Capitation Payments – NEW

Requires DCH to create a Workgroup to make recommendations to achieve more uniformity in capitation payments made to the PIHPs. Requires DCH to provide the Workgroup's recommendation to the Senate and House Appropriations Subcommittees on Community Health, Senate and House Fiscal Agencies, and State Budget Director by March 1, 2014.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. Fish Consumption Advisory Methodology – REVISED

Directs DCH to report to the Legislature by October 1, 2013 on the process by which Michigan fish consumption advisories are created and revised, and identifies specific information to be included in the report.

Sec. 651. Michigan Health Endowment Fund – NEW

Requires the Department to work with the Michigan Health Endowment Fund Corporation established under the Blue Cross and Blue Shield reform enacted this year as Act 4 PA 2013 (SB 61), to explore ways to expand health and wellness programs.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1004. Cancer Rate Investigations – DELETED

Establishes legislative intent that DCH continue to collaborate with St. Clair County and the City of Detroit's southwest community to investigate and evaluate cancer rates.

MEDICAL SERVICES

Sec. 1689. Home- and Community-Based Services (HCBS) Waiver – REVISED

Language is removed that required reporting concerning the net cost savings from moving individuals from nursing homes to the community.

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2012-13

Sec. 1861. Nonemergency Medical Transportation Competitive Bid – REVISED

Replaces current language with a report required from the Department regarding the nonemergency medical transportation pilot program.

Sec. 1866. Rural Hospital Payments – REVISED

Requires the distribution of \$12.0 million GF/GP, along with the federal match, to rural hospitals meeting certain criteria. New requirements are that the department must include hospital assistance with labor and delivery services as a component in the distribution formula. Also, the Department must communicate to hospitals the methodology which was used in calculating the distribution amounts.

Sec. 1873. Hospital Funding Workgroup – NEW

New language which directs the Department to report the findings of the Workgroup established to discuss new ways to distribute funding paid for by the hospital quality assurance assessment program tax. A report is required.

Sec. 1883. Observation Stay Policy – NEW

New language which directs the Department to consider developing an appropriate policy and rate for observation stays.

PART 2A, PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2014-2015

Sec. 2001. Anticipated FY 2014-15 Appropriations – REVISED

Anticipates that the FY 2014-15 appropriations would be the same as FY 2013-14, except that the line items will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. (Boilerplate intent language only; would not be binding appropriation.)

Sec. 2002. Retirement Costs for FY 2014-15 – NEW

Expresses the legislature's intent that the DCH identify the amounts for normal and legacy retirement costs for FY 2014-15 for Part 1 line items.

HUMAN SERVICES

Summary of FY 2013-14 Enacted Appropriations

Article X, 2013 Public Act 59 (House Bill 4328)

Analyst: Kevin Koorstra

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
	\$30,581,300	\$30,594,600	\$28,970,900	\$30,594,600	\$18,127,100	(\$12,454,200)	(40.7)
Federal	5,507,467,200	4,802,702,800	4,768,780,800	4,802,815,200	4,814,517,900	(692,949,300)	(12.6)
Local	39,029,400	37,891,500	32,572,400	37,891,500	35,685,600	(3,343,800)	(8.6)
Private	9,792,600	9,856,000	9,856,000	9,856,000	11,582,800	1,790,200	18.3
Restricted	88,453,600	151,618,800	90,797,500	151,506,400	135,470,000	47,016,400	53.2
GF/GP	1,028,769,600	1,013,112,400	1,007,624,800	1,013,112,400	1,003,000,000	(25,769,600)	(2.5)
Gross	\$6,704,093,700	\$6,045,776,100	\$5,938,602,400	\$6,045,776,100	\$6,018,383,400	(\$685,710,300)	(10.2)
FTEs	12,314.0	12,282.5	11,312.1	12,038.7	12,150.5	(163.5)	(1.3)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

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 and emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services, for Michigan Rehabilitation Services, and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Public Assistance Caseload Adjustments

Reduces funding for public assistance programs \$730.6 million Gross (\$6.0 million GF/GP):

- Food Assistance Program (FAP) is reduced \$683.7 million Gross from 1,088,146 cases at \$271 per month to 876,650 cases at \$269 per month.
- Family Independence Program (FIP) is reduced \$41.0 million Gross from 53,298 cases at \$397 per month to 44,400 cases at \$395 per month.
- State Disability Assistance (SDA) program is reduced \$6.3 million GF/GP from 8,777 cases at \$257 per month to 7,777 cases at \$223 per month.
- State Supplementation program is increased \$303,500 GF/GP from 271,800 cases at \$19.31 per month to 275,000 cases at \$18.95 per month.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	\$3,862,229,300	(\$730,619,100)
Federal	3,603,104,200	(708,537,500)
Restricted	81,211,700	(16,113,900)
GF/GP	\$177,913,400	(\$5,967,700)

2. Energy Services

Eliminates \$59.9 million Gross (\$27.7 million GF/GP) designated as one-time funding for state emergency relief energy services. Provides \$60.0 million in new restricted revenues to offset elimination of one-time funding, and provides 1.0 FTE for grant management. Also earmarks \$25 million in federal LIHEAP funds for self-sufficiency programming. Senate Bill 284 (2013 PA 95) creates the Low-Income Energy Assistance Fund that allows the Michigan Public Service Commission to approve a monthly surcharge up to \$1 on each electric customer of participating electric providers. Senate Bill also limits fund from exceeding \$50 million.

	FTE	
	0.0	1.0
Gross	\$59,900,000	\$100,000
Federal	32,200,000	(32,200,000)
Restricted	0	60,000,000
GF/GP	\$27,700,000	(\$27,700,000)

HUMAN SERVICES

Major Budget Changes From FY 2012-13 YTD Appropriations

**FY 2012-13 YTD Enacted Change
(as of 2/7/13) From YTD**

3. Temporary Assistance for Needy Families (TANF) Offset of GF/GP

Redirects \$11.7 million in TANF reductions to offset GF/GP and increases TANF authorization \$5.0 million to offset GF/GP. TANF increase is part of informal Executive request to offset GF/GP costs related to the adoption subsidy base shortfall.

Gross	\$579,339,800	\$0
Federal	579,339,800	16,680,600
GF/GP	\$0	(\$16,680,600)

4. Child Welfare Caseload Adjustments

Reduces funding for child welfare programs \$30.6 million Gross (\$24.6 million GF/GP) as follows:

- Foster care payments are reduced \$19.0 million Gross (\$8.9 million GF/GP) from 7,200 cases at \$24,378 per year to 6,250 cases at \$26,997 per year.
- Adoption subsidies are increased \$652,500 Gross (\$170,000 GF/GP) from 26,850 cases at \$651 per month to 27,150 cases at \$641 per month.
- The County Child Care Fund is reduced \$7.6 million Gross (\$3.6 million GF/GP).
- Guardianship assistance payments are increased \$1.1 million Gross (\$228,200 GF/GP) from 518 cases at \$712 per month to 650 cases at \$713 per month.

Gross	\$614,653,700	(\$30,618,600)
Federal	330,598,300	(3,855,000)
Local	18,274,500	(3,780,500)
Private	1,600,000	1,600,900
GF/GP	\$264,180,900	(\$24,584,000)

5. Adoption Subsidy Base Funding Shortfall

Provides \$28.0 Gross (\$12.1 million GF/GP) to support a \$3.00 per child per day rate increase for all adoption subsidy cases. The FY 2012-13 DHS budget included sufficient funding for a \$3.00 per child per day rate increase for current foster care cases and for only new adoption subsidy cases (the FY 2012-13 budget does not include boilerplate language mandating a rate increase). Due to an informal legal opinion indicating that DHS could not exclude current cases, DHS implemented the rate increase on October 1, 2012 for both new and existing adoption subsidy cases.

Gross	\$215,422,000	\$28,000,000
Federal	133,681,300	15,899,500
GF/GP	\$81,740,700	\$12,100,500

6. Child Welfare Staffing Enhancement

Annualizes the cost to hire additional child welfare staff during FY 2012-13. Staff were requested in order to be in compliance with the case-to-worker ratios required by the Children's Rights settlement agreement. On May 22, 2012, DHS requested 307 new child protective service workers, 174 new direct care workers, and 96 new first-line supervisors. The FY 2013-14 Enacted Appropriations revises the staffing request to 416 total FTEs for 319 new child protective service workers, 12 fewer direct care workers, 1 new education planner, 1 new permanency planning conference coordinator, 63 new first-line supervisors, 17 new administrative support workers, 14 new second-line supervisors, and 13 new permanency planning specialists.

FTE	577.0	(161.0)
Gross	\$23,320,300	\$20,101,300
Federal	16,027,300	13,877,100
GF/GP	\$7,293,000	\$6,224,200

7. Private Child Placing Agency Administrative Rate Increase

Increases \$5.1 million Gross (\$3.8 million GF/GP) to increase private child placing agency administrative rates by \$3.00 per child per day. Includes boilerplate provision that the \$3.00 rate increase will only be provided if state law is amended to eliminate the county matching requirement for the \$3.00 rate increase.

Gross	N/A	\$5,142,400
Federal	N/A	1,357,900
GF/GP	N/A	\$3,784,500

8. Federal Title IV-E Waiver Pilot

Provides \$2.5 million federal funds for a pilot program in Kalamazoo, Macomb, and Muskegon for programs designed to keep at-risk children from birth through age 5 at home rather than entering foster care.

Gross	N/A	\$2,500,000
Federal	N/A	2,500,000
GF/GP	N/A	\$0

HUMAN SERVICES

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
9. Child Care Fund Reduction	Gross	\$188,657,800	(\$11,000,000)
Reduces child care fund \$11.0 million Gross (\$5.5 million GF/GP) through new efforts to identify improper claims made by the counties.	Federal	95,465,500	(5,500,000)
	GF/GP	\$93,192,300	(\$5,500,000)
10. Family Preservation Program Reductions	FTE	34.0	0.0
Reduces \$4.2 million in federal TANF funds from families first and child protection and permanency line items. Reduction part of informal Executive request to offset GF/GP costs related to the adoption subsidy base shortfall.	Gross	\$42,385,700	(\$4,150,000)
	Federal	42,199,400	(4,150,000)
	GF/GP	\$186,300	\$0
11. Permanency Planning Specialists	FTE	61.0	(30.5)
Reduces \$3.2 million Gross (\$1.3 million GF/GP) from reducing the number of FTEs allocated in the permanency planning specialists line item from 61.0 to 30.5. Line item currently supports both permanency resource managers and permanency planning assistants. Reduction also includes fringe benefits, payroll taxes, travel, CSS&M, and IT savings.	Gross	\$3,693,200	(\$3,175,000)
	Federal	2,128,700	(1,833,700)
	GF/GP	\$1,564,500	(\$1,341,300)
12. Youth in Transition - Runaway Youth Program Reduction	FTEs	5.5	0.0
Reduces contracts to runaway youth program 10% (\$760,000 Gross, \$357,200 GF/GP). Reduction part of informal Executive request to offset GF/GP costs related to the adoption subsidy base shortfall.	Gross	\$14,439,200	(\$760,000)
	Federal	11,234,400	(402,800)
	GF/GP	\$3,204,800	(\$357,200)
13. Juvenile Justice In-Home Community Care	Gross	N/A	\$1,000,000
Provides \$1.0 million GF/GP to expand and create new in-home community-based programs for juvenile justice services within rural counties.	GF/GP	N/A	\$1,000,000
14. Juvenile Justice Data Analyst	FTE	23.0	1.0
Provides \$116,000 GF/GP to hire a juvenile justice data analyst. Data analyst would work with State Court Administrative Office (SCAO), counties, and other stakeholders to compile statewide data on juvenile justice.	Gross	\$4,362,400	\$116,000
	Federal	78,300	0
	Local	946,200	0
	GF/GP	\$3,337,900	\$116,000
15. W.J. Maxey Training School Reduction	FTE	69.0	0.0
Reduces \$300,000 GF/GP from W.J. Maxey Training School.	Gross	\$10,514,300	(\$300,000)
	Federal	161,100	0
	Local	5,418,000	0
	GF/GP	\$4,935,200	(\$300,000)
16. Base Funding Shortfall	Gross	N/A	\$22,000,000
Provides \$22.0 million Gross (\$30.0 million GF/GP) based on informal Executive requests to support retirement and Other Post-Employment Benefits (OPEB) charges above what were anticipated and to offset \$12.5 million less in IDG funds from the Department of Education with \$12.5 million in federal TANF.	IDG	N/A	(12,467,500)
	Federal	N/A	4,467,500
	GF/GP	N/A	\$30,000,000
17. Staffing Reduction	Gross	N/A	(\$3,500,000)
Reduces \$3.5 million GF/GP through a budgetary savings line item and requires DHS to achieve those savings through department-wide staff attrition or lay-offs.	GF/GP	N/A	(\$3,500,000)
18. Emergency Services Local Office Allocation Reductions	Gross	\$16,092,600	(\$2,484,100)
Reduces emergency services local office allocations \$2.5 million Gross (\$1.2 million GF/GP). Reduction part of informal Executive request to offset GF/GP costs related to the adoption subsidy base shortfall.	Federal	7,907,100	(1,242,100)
	GF/GP	\$8,185,500	(\$1,242,000)
19. Rent Reduction	Gross	\$47,022,600	(\$1,236,400)
Reduces rent line item \$1.2 million Gross (\$494,200 GF/GP).	IDG	800,000	0
	Federal	31,179,000	(742,200)
	GF/GP	\$15,043,600	(\$494,200)

HUMAN SERVICES

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD</u> <u>(as of 2/7/13)</u>	<u>Enacted Change</u> <u>From YTD</u>
20. Employment and Training Support Services Reduction	Gross	\$5,377,800	(\$558,700)
Reduces employment and training support services \$558,700 GF/GP.	Federal	3,805,600	0
This line item provides vehicle repairs/purchases, work clothing, and tools for public assistance recipients seeking to become self-sufficient.	GF/GP	\$1,572,200	(\$558,700)
This line has historically lapsed GF/GP.			
21. Supplemental Security Income (SSI) Advocates	FTE	10.0	0.0
Replaces GF/GP with restricted SSI recovery revenue. Also replaces GF/GP associated with FY 2013-14 employee economics with restricted SSI recovery revenue.	Gross	\$755,500	\$0
	Restricted	605,900	155,700
	GF/GP	\$149,600	(\$155,700)
22. Fraud Prevention, Detection, and Recoupment	Gross	N/A	\$1,833,000
Provides \$333,000 GF/GP for 2 attorneys within the Department of Attorney General to prosecute persons who provide fraudulent information to DHS. Also provides \$1.5 million Gross (\$1.0 million GF/GP) for one-time biometrics fraud detection technology.	Federal	N/A	500,000
	GF/GP	N/A	\$1,333,000
23. Centers for Independent Living	Gross	\$4,488,600	\$1,500,000
Provides \$1.5 million GF/GP for guide programs administrated by the centers for independent living to develop accessible, comprehensive, and integrated services for persons with disabilities, and to assist persons with disabilities with assessing public assistance.	Federal	2,818,600	0
	Private	100,000	0
	GF/GP	\$1,570,000	\$1,500,000
24. Crucial Accountability Training	FTE	35.0	10.0
Provides \$1.2 million Gross (\$395,200 GF/GP) to support a new Crucial Accountability Training program. New program is intended to improve communication skills.	Gross	\$5,833,900	\$1,234,900
	Federal	3,689,800	839,700
	GF/GP	\$2,144,100	\$395,200
25. Child Support Enforcement	FTE	174.7	11.0
Provides \$1.1 million Gross (\$371,400 GF/GP) to hire 11.0 new child support specialists to provide child support case management.	Gross	\$20,038,700	\$1,092,400
	Federal	13,071,000	721,000
	GF/GP	\$6,967,700	\$371,400
26. Medical Consultation Program	FTE	21.4	4.0
Provides \$807,300 Gross (\$532,800 GF/GP) to hire 4.0 new medical consultation staff to address a backlog of medical determination cases. Includes boilerplate provision stating legislative intent that funds be allocated on a one-time basis only.	Gross	\$2,436,200	\$807,300
	Federal	856,200	274,500
	GF/GP	\$1,580,000	\$532,800
27. Multicultural Integration	Gross	\$1,515,500	\$500,000
Provides \$500,000 GF/GP for the multicultural integration line item for the Jewish Federation of Metropolitan Detroit.	Federal	1,115,500	0
	GF/GP	\$400,000	\$500,000
28. Gentle Teaching Methods Pilot	Gross	\$0	\$100,000
Provides \$100,000 GF/GP to pilot gentle teaching methods for public assistance field staff.	Federal	0	0
	GF/GP	\$0	\$100,000
29. Phone Costs	Gross	N/A	\$2,187,300
Increases \$1.2 million Gross (\$478,100 GF/GP) for Cisco phone charges, \$1.0 million Gross (\$394,400 GF/GP) for \$22 per smartphone per month charge to DTMB, and \$218,100 Gross (\$92,100 GF/GP) for Mobile Worker Initiative. Reduces rent \$218,100 Gross (\$92,100 GF/GP) to pay for Mobile Worker Initiative costs.	Federal	N/A	1,314,800
	GF/GP	N/A	\$872,500
30. National Voter Registration Act	Gross	N/A	\$717,600
Provides \$717,600 Gross (\$350,600 GF/GP) for printing and postage costs to comply with the National Voter Registration Act.	Federal	N/A	367,000
	GF/GP	N/A	\$350,600

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD</u>	<u>Enacted Change</u>
	<u>(as of 2/7/13)</u>	<u>From YTD</u>
31. Information Technology	FTE	0.0
Reduces Statewide Automated Child Welfare Information System (SACWIS) development costs \$7.5 million Gross (\$3.2 million GF/GP); reduces number of computers purchased by DHS by 3,000 (\$2.8 million Gross, \$1.0 million GF/GP); and discontinues FY 2012-13 one-time appropriations of \$2.5 million Gross (\$1.5 million GF/GP) for Inspector General IT upgrades. Provides \$2.4 million Gross (\$754,300 GF/GP) for new T-1 lines; \$467,900 Gross (\$168,400 GF/GP) for wireless infrastructure; \$407,700 Gross (\$108,500 GF/GP) for Microsoft enterprise agreement; \$351,800 Gross (\$126,600 GF/GP) to increase internet bandwidth; and \$140,600 Gross (\$50,600 GF/GP) for the Center for Shared Solutions within DTMB.	Gross	\$162,780,500
	IDG	1,943,600
	Federal	107,101,500
	GF/GP	\$53,735,400
		0.0
		(\$7,046,500)
		0
		(3,615,400)
		(\$3,431,100)
32. Adjustments to Current Services Baseline	Gross	N/A
Reduces \$6.9 million Gross and increases \$132,800 GF/GP to align line item appropriations with projected spending and available revenues. Offsets \$2.5 million GF/GP increase with \$2.5 million in federal TANF appropriated in payroll taxes and fringe benefits line item.	Federal	N/A
	Restricted	N/A
	GF/GP	N/A
		(\$6,944,500)
		(7,577,300)
		3,000,000
		(\$2,367,200)
33. Employee Economics	Gross	N/A
Provides \$40.3 million Gross (\$14.5 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG	N/A
	Federal	N/A
	Local	N/A
	Private	N/A
	Restricted	N/A
	GF/GP	N/A
		\$40,270,600
		13,300
		24,991,100
		436,700
		189,300
		92,600
		\$14,547,600
34. Federal Medical Assistance Percentage (FMAP) Adjustments	Gross	N/A
Increases GF/GP by \$188,300 from the FMAP federal match rate adjustment from 66.39% to 66.32%. Also increases federal TANF funds to offset child support collections. This rate is used to determine federal cost sharing for foster care payments, adoption subsidies and retained child support collections.	Federal	N/A
	Restricted	N/A
	GF/GP	N/A
		\$12,900
		(63,000)
		(112,400)
		\$188,300
35. One-Time Funding: Eliminate FY 2012-13 Appropriations	Gross	\$12,546,500
Discontinues FY 2012-13 one-time appropriations of \$11.5 million Gross (\$5.0 million GF/GP) for state employee lump sum payments and Medicaid eligibility review.	Federal	7,104,100
	Restricted	5,600
	GF/GP	\$5,436,800
		(\$11,546,500)
		(6,504,100)
		(5,600)
		(\$5,036,800)

Major Boilerplate Changes From FY 2012-13

GENERAL SECTIONS

Sec. 226. Request for Information or Qualification – NEW

Requires DHS to issue a request for information or qualification prior to issuing a request for proposal for new services, programs, or concepts in excess of \$1.0 million.

Sec. 252. One-Time Funding – NEW

States legislative intent that funding for medical review team staff increase and juvenile justice behavioral study be allocated on a one-time basis.

Sec. 275. Staffing Reduction Appropriation – NEW

Requires DHS to offset negative appropriation for staffing reductions through FTE reductions, prohibits offset through program, benefit, or caseload reductions; requires monthly report; requires staffing reduction line item achieve zero balance by the close of the fiscal year; and requires offset be made through legislative transfer process.

Sec. 284. Contingency Fund Appropriations – REVISED

Appropriates \$200.0 million in federal, \$5.0 million in state restricted, \$20.0 million in local, \$20.0 million in private, and \$40.0 million in federal TANF contingency funds; appropriations may not be expended until transferred through legislative transfer process. Strikes TANF contingency fund subsection and prohibits using federal contingency funds to increase TANF authorization.

HUMAN SERVICES

Major Boilerplate Changes From FY 2012-13

Sec. 295. Timely Information to Legislature – NEW

Requires DHS to provide legislative reports and other data required by statute within 30 days after information is due, reduces salaries and wages responsible for preparing and submitting the information by \$150,000 if information not provided.

Sec. 299. DHS Performance Metrics – NEW

Requires DHS to maintain, on a publically accessible website, a scorecard that identifies, tracks, and updates key metrics.

ADULT AND FAMILY SERVICES

Sec. 404. Centers for Independent Living Pilot Program – NEW

Allocates \$1.5 million to centers for independent living to develop accessible, comprehensive, and integrated services for persons with disabilities, also requires pilot guide services to assist persons with disabilities and their families navigate state public assistance.

CHILDREN'S SERVICES

Sec. 506. Medicaid Coverage for Children Under State or Court Supervision – REVISED

Requires DHS to guarantee that a child in foster care who is eligible for Medicaid will not have a break in coverage if they move from one county to another. Strikes language and replaces with annual report on number of children in foster care under DHS supervision that do not receive Medicaid coverage and number of children in foster care under DHS supervision that experience a break in Medicaid coverage during the previous fiscal year.

Sec. 509. Gentle Teaching Pilot – NEW

Allocates \$100,000 to enter into a contract for a pilot program for gentle teaching methods; requires report.

Sec. 515. Kent County Privatization Work Group – REVISED

Requires DHS to convene a work group to identify a plan for implementing a pilot program to privatize all foster care and adoption services within Kent County by September 30, 2013. Strikes work group and requires implementation by October 1, 2014, based on work group findings.

Sec. 520. Foster Family Group Home Request for Information – NEW

Requires DHS post a request for information for foster family group homes by December 31, 2013.

Sec. 522. Campus Coaches Program – NEW

Allocates \$750,000 to the campus coaches program for youth transition from foster care who are attending college, requires 100% of funding be used for scholarships. In a signing letter dated June 13, 2013, Governor asserts that this section is only enforceable if it does not conflict with federal funding guidelines.

Sec. 524. Strong Families/Safe Children Spending Plans – NEW

Requires counties to submit strong families/safe children services spending plans by October 1 of the current fiscal year and for DHS to approve the services spending plans within 30 days after the receipt of a properly completed services spending plan.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; reinstates specialized independent living administrative rates provided in FY 2010-11. Adds \$3 foster care administrative rate increase, provided state law is amended to eliminate the county match rate for the \$3 rate increase, and requires private providers to submit quarterly expenditure reports, if required by the federal government.

Sec. 547. Guardianship Assistance – NEW

Requires DHS to pay a minimum rate for guardianship assistance that is not less than the approved age-appropriate payment rate for youth in family foster care.

Sec. 557. Nonrecurring Adoption Expenses – NEW

Allows DHS to provide reimbursement for nonrecurring adoption expenses in excess of the limit described in Sec. 115/ of the social welfare act, MCL 400.115/.

Sec. 585. Private Agency Staff Training – REVISED

Allows private nationally accredited foster care and adoption agencies to conduct their own staff training provided that training and materials are accredited by DHS; requires DHS to provide access to training materials and post training materials online. Strikes current law and replaces with requirement for DHS to make available at least 1 pre-service training class each month for new private foster care and adoption caseworkers.

Major Boilerplate Changes From FY 2012-13

Sec. 587. In-Home Grant Program – NEW

Allocates \$1.0 million to expand in-home and community-based juvenile justice services to rural counties; requires annual report.

Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision – REVISED

Prohibits DHS from transferring foster care cases currently under DHS supervision to private agency supervision where the case requires a county contribution for the private agency administrative rate; requires monthly report on the number of foster care cases supervised by private agencies and by DHS. Revised to allow transfer of cases that require county contribution for the private agency administrative rate if agreed to by the county.

Sec. 590. Task Force on the Prevention of Sexual Abuse of Children – NEW

Allocates \$30,000 for travel costs related to task force operations.

PUBLIC ASSISTANCE

Sec. 613. Cremation of Unclaimed Bodies – REVISED

Provides reimbursements for the cremation of indigent persons if a person with the right to control the disposition of the body does not claim the body or refuses to exercise that right. Strikes reference to cremation of unclaimed persons.

Sec. 621. Energy Self-Sufficiency Program – NEW

Establishes requirements of energy self-sufficiency program.

Sec. 622. Disability Redetermination – NEW

Requires DHS to implement a 1-page disability redetermination form no later than November 1, 2013.

Sec. 669. Annual FIP Clothing Allowance – REVISED

Allocates up to \$2.9 million for children's annual clothing allowance for children in FIP groups that do not include an adult. Strikes "up to".

Sec. 686. Caseworker Policy Changes – REVISED

Requires DHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires caseworkers to confirm resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$500,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH. Revises property assets from \$500,000 to \$250,000.

Sec. 695. Jewish Federation of Metropolitan Detroit – NEW

Allocates \$500,000 to the Jewish Federation of Metropolitan Detroit to assist low-income individuals achieve self-sufficiency.

JUVENILE JUSTICE SERVICES

Sec. 709. Child Care Fund Financial Reviews – NEW

Requires DHS to conduct financial reviews of claims made by counties in the child care fund, requires report on number of claims disallowed by county.

Sec. 710. Residential Public School Academy Workgroup – NEW

Requires workgroup on the feasibility of a public school academy that provides lodging, meals, and other essential wraparound services or at-risk youth; requires report on workgroup findings.

LOCAL OFFICE SERVICES

Sec. 753. Child Welfare Train-the-Trainer Program – DELETED

Directs DHS to implement a train-the-trainer program for private child welfare agency staff, requires report.

**FY 2013-14
Budget Detail
for
PUBLIC SAFETY AND
DEFENSE**

**Corrections
Military and Veterans Affairs
State Police**

CORRECTIONS

CORRECTIONS
Summary of FY 2013-14 Enacted Appropriations
Article V, 2013 Public Act 59 (House Bill 4328)

Analyst: Robin R. Risko

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$992,100	\$1,109,600	\$1,109,600	\$1,109,600	\$1,109,600	\$117,500	11.8
Federal	8,784,400	8,852,500	8,852,500	8,852,500	8,852,500	68,100	0.8
Local	264,300	8,392,800	266,200	266,200	8,392,800	8,128,500	3,075.5
Private	0	0	0	0	0	0	--
Restricted	66,989,500	56,026,100	56,002,900	53,348,500	56,026,100	(10,963,400)	(16.4)
GF/GP	1,941,485,600	1,963,053,600	1,977,578,300	1,956,800,800	1,982,265,800	40,780,200	2.1
Gross	\$2,018,515,900	\$2,037,434,600	\$2,043,809,500	\$2,020,377,600	\$2,056,646,800	\$38,130,900	1.9
FTEs	14,695.2	14,559.6	14,496.5	14,496.5	14,559.6	(135.6)	(0.9)
Avg. Pop.	45,917	43,953	43,953	43,953	43,953	(1,964)	(4.3)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education and other prisoner programs, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of May 31, 2013, the department was responsible for 109,644 Michigan offenders: 48,093 probationers, 43,450 prisoners, and 18,101 parolees.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. One-Time New Employee Training School	Gross	\$8,672,300	\$9,032,500
Includes \$9.0 million GF/GP in one-time funding to train an additional 400 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, and travel and lodging (paid if participants are located away from the facilities to which they will be assigned).	GF/GP	\$8,672,300	\$9,032,500
2. Special Equipment Fund	Gross	\$5,800,000	\$6,000,000
Includes an additional \$6.0 million in revenue from prisoner phone charges to finance replacement of personal protection systems at several facilities. Investment in these systems is intended to reduce serious assaults on staff and improve safety within the prisons.	Restricted	5,800,000	6,000,000
3. Detroit Re-Entry Center Adjustment	FTE	201.4	8.8
Includes 8.8 FTE positions and an additional \$881,400 GF/GP to correct the adjustment made in the FY 2012-13 budget for the staffing complement of the Detroit Re-Entry Center. The Ryan Correctional Facility was re-purposed in the FY 2012-13 budget as the Detroit Re-Entry Center to house parolees and parole violators. The original staffing chart estimated that 187.4 FTE positions would be needed to operate the facility. As planning and development progressed, it was realized that 196.2 positions would be needed.	Gross	\$30,224,200	\$881,400
	Restricted	413,500	0
	GF/GP	\$29,810,700	\$881,400

CORRECTIONS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>	
4. Maintenance Costs at Closed Facilities	Gross	\$6,725,500	\$634,100
Includes an additional \$634,100 GF/GP for maintenance and upkeep costs at the following facilities which have been closed: Camp Kitwen, Camp Manistique, Camp Ottawa, and Standish Correctional Facility. Funding is used for air handling and water systems, lawn care, snow removal, and security in order to keep facilities ready to use in case of future need.	Restricted	5,800,000	0
	GF/GP	\$925,500	\$634,100
5. Alger Housing Unit Conversion	Gross	N/A	\$506,200
Includes an additional \$506,200 GF/GP to correct the adjustment made in the FY 2012-13 budget for the conversion of housing units at Alger Correctional Facility. Level IV housing units were converted to Level II, and a single-bunked administrative segregation unit was converted to double-bunked, which resulted in the addition of 88 beds. This funding will cover operational costs for the 88 additional beds, including food service and health care.	GF/GP	N/A	\$506,200
6. Economic Adjustments	Gross	N/A	\$48,876,700
Includes an additional \$48.9 million Gross (\$47.8 million GF/GP) for salary and wages, insurance, retirement, building occupancy, worker's compensation, and food and fuel costs.	IDG	N/A	21,700
	Federal	N/A	151,500
	Local	N/A	3,200
	Restricted	N/A	876,900
	GF/GP	N/A	\$47,823,400
7. Food Service at Maxey/Green Oaks Center	Gross	N/A	\$219,700
Authorizes the department to receive \$219,700 in IDG funding from DHS to fund food service which is provided by DOC to DHS staff and resident clients at the Maxey/Green Oaks Center.	IDG	N/A	219,700
8. Food Service at DCH Forensic Center	Gross	\$660,000	(\$120,000)
Reduces authorization for IDG funding by \$120,000 that is received from DCH in order to reflect the actual cost of food service provided by DOC to DCH at the Forensic Center.	IDG	660,000	(120,000)
9. Information Technology Adjustments	Gross	\$24,403,600	\$929,100
Includes additional funding to cover rate increases and DOC's share of the following statewide information technology-related projects/services:	Restricted	830,200	23,200
	GF/GP	\$23,573,400	\$905,900
<ul style="list-style-type: none">• Expansion of internet bandwidth (\$379,800 Gross; \$366,800 GF/GP)• Expansion of wireless availability in state-owned buildings (\$298,400 Gross; \$288,200 GF/GP)• Replacement of the current Windows XP operating system with the Windows 7 operating system (\$216,300 Gross; \$216,300 GF/GP)• Costs for use of the Center for Shared Solutions Framework, which provides base geospatial mapping services (\$34,600 Gross; \$34,600 GF/GP).			
10. Re-Entry FTE Adjustment	FTE	N/A	18.0
Includes authorization for a total of 18.0 additional FTE positions. These positions will be located at seven of the correctional facilities and will focus on violence prevention programming. Funding for these positions is already included in the budget.	Gross	N/A	\$0
	GF/GP	N/A	\$0
11. Technical Adjustments	Gross	N/A	\$0
Makes internal funding adjustments and technical transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect where expenditures occur.	GF/GP	N/A	\$0
12. Eliminate FTE Position Authorization	FTE	N/A	(225.5)
Eliminates authorization for 225.5 unfunded FTE positions as part of the realignment of department resources.	Gross	N/A	\$0
	GF/GP	N/A	\$0

CORRECTIONS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
13. Eliminate One-Time FY 2012-13 Funding Eliminates one-time funding that was included in the FY 2012-13 budget for employee lump sum payments (\$13.2 million Gross), information technology projects (\$1.1 million Gross), and special equipment funds (\$17.6 million Gross).	Gross \$31,955,400 IDG 3,900 Federal 83,400 Local 1,300 Restricted 17,863,500 GF/GP \$14,003,300	(\$31,955,400) (3,900) (83,400) (1,300) (17,863,500) (\$14,003,300)
14. Goodwill's Oil Filter Recycling Project Reduces funding for the Public Safety Initiative line item by \$250,000 and transfers the funding to a new line item called "Second Chance Employment - Goodwill's Oil Filter Recycling Project". Funding will be used to assist Goodwill's Green Works with placing reintegrating citizens into skill development training to help prepare them for other employment opportunities.	Gross N/A GF/GP N/A	\$0 \$0
15. Funding Reductions Reduces funding for Prison Food Service by \$6.0 million GF/GP to reflect savings anticipated to result from the competitive bidding contract.	Gross N/A GF/GP N/A	(\$6,000,000) (\$6,000,000)
16. H.I.R.E. - Job Training Pilot Program Includes an additional \$1.0 million GF/GP for a job training pilot program intended to assist parolees who are returning to employment with being hired.	Gross N/A GF/GP N/A	\$1,000,000 \$1,000,000
17. City of Detroit Detention Center Includes 63.1 FTE positions and authorization for the department to receive \$8.1 million in local funds from the City of Detroit pursuant to an agreement with the City of Detroit to open and operate a detention center on the site of the former Mound Correctional Facility. The department will operate the facility on behalf of the city as a 200-bed lock-up starting in July 2013. Costs for operating the facility will be fully covered by the city and include one-time physical plant changes to install cameras and fencing.	FTE N/A Gross N/A Local N/A	63.1 \$8,126,600 8,126,600

Major Boilerplate Changes From FY 2012-13

Boilerplate Deletions

Thirty-five sections and three subsections of boilerplate language included in the FY 2012-13 appropriations bill are deleted. Deletions include reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, and sections which served a one-time purpose and are no longer applicable.

Boilerplate Addition

Adds the Legislative Corrections Ombudsman to the list of recipients of reports that are required in 28 different sections of boilerplate.

Sec. 214. Receipt and Retention of Required Reports – NEW

Requires the department to receive and retain copies of all reports required in the bill, to follow federal and state guidelines for short-term and long-term retention of records, and authorizes the department to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 219. Special Equipment Fund – REVISED

Adds requirement that \$2.0 million from the Special Equipment Fund be used for programming that is a condition of parole for prisoners, with particular emphasis on programming for prisoners who are past their earliest release dates, specifies what programming, and adds requirement that department report on names of vendors that products/services are purchased from.

Major Boilerplate Changes From FY 2012-13

Sec. 230. Use of Funding for Legal Services – NEW

Prohibits use of appropriations for hiring 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.

Sec. 231. Website for Performance Scorecard – NEW

Requires the department to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics that are used to monitor and improve the department's performance.

Sec. 245. SCT/CQI Reporting – NEW

Requires the department to issue a report detailing the steps taken by the department to implement the internal strategies and cost reductions recommended by the supply chain transformation (SCT) continuous quality improvement (CQI) teams and department personnel influenced by the SCT/CQI activities, and on recommendations that were not implemented and reasons why.

Sec. 418. Documentation for Prisoners – REVISED

Requires the department to collaborate with other state entities to develop processes to assist prisoners in obtaining state identification and birth certificates. Language is revised to include assistance with obtaining military DD Form 214 or other military discharge documentation if necessary.

Sec. 434. Employment of Parolees in Agricultural Settings – NEW

Requires the department to explore opportunities to collaborate with Michigan colleges and universities on establishing programs that will employ parolees in agricultural settings.

Sec. 506. Colleges Offering New Employee Training – NEW

Expresses legislative intent that the department work with colleges that are interested in offering new employee training academies.

Sec. 904. Cost Per Prisoner Per Day – NEW

Requires the department to report on per diem costs for each custody level, specifying actual direct and indirect costs for the previous fiscal year, including the allocation of statewide legacy costs.

Sec. 937. Competitive Bidding – NEW

Prohibits the department from issuing a request for proposal for a contract in excess of \$5.0 million unless the department has first considered a request for information or a request for qualification relative to that contract.

Sec. 939(2). Competitive Bidding – NEW

Requires the department to release requests for information for competitive bids for prisoner clothing, for a secure detention facility that would house inmates serving terms of two years or less and provide job training and related programming, and for the electronic monitoring center; adds requests for proposals on prisoner clothing in subsection (1).

Sec. 940. Use of State-Owned Facilities – NEW

Requires any for-profit entities using state-owned facilities to pay fair market value for the use of the facilities and to make payments in lieu of taxes to the local jurisdictions equivalent to what the local units would receive if the facilities were privately-owned.

Sec. 947. Prison Clothing Manufacturing Pilot Program – NEW

Authorizes the department to work with a Michigan non-profit agency to develop a pilot program to manufacture prison clothing. The pilot program is required to utilize the prisoner re-entry population and provide comprehensive job training with the goal of transitioning into community employment. The pilot program is required to be funded from 15% of the current funds allocated to Michigan State Industries for the manufacture of prison clothing. The non-profit agency is required to have existing statewide capacity to serve paroled prisoners. The agency selected is required to provide semi-annual reports detailing cost savings incurred and outcomes of parolee employment programs.

Sec. 1051. Carryforward of Capital Outlay Appropriations – NEW

Requires unspent capital outlay appropriations to be carried forward consistent with provisions of the Management and Budget Act.

Sec. 1202. Retirement Costs – NEW

Expresses intent of the legislature that the department identify the amounts for normal retirement costs and legacy retirement costs, for line item appropriations, in fiscal year 2015.

**MILITARY AND VETERANS AFFAIRS
Summary of FY 2013-14 Enacted Appropriations
Article XIV, 2013 Public Act 59 (House Bill 4328)**

Analyst: Mark Wolf

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$1,166,500	\$650,000	\$650,000	\$650,000	\$650,000	(\$516,500)	(44.3)
Federal	99,239,400	89,782,700	89,773,800	89,782,700	89,782,700	(9,456,700)	(9.5)
Local	1,503,600	1,500,000	1,500,000	1,500,000	1,500,000	(3,600)	(0.2)
Private	1,503,700	740,000	740,000	740,000	740,000	(763,700)	(50.8)
Restricted	30,427,000	27,554,000	27,547,600	27,554,000	27,554,000	(2,873,000)	(9.4)
GF/GP	38,233,400	42,381,300	42,378,700	42,381,300	46,503,300	8,269,900	21.6
Gross	\$172,073,600	\$162,608,000	\$162,590,100	\$162,608,000	\$166,730,000	(\$5,343,600)	(3.1)
FTEs	842.0	880.0	880.0	880.0	898.5	56.5	6.7

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Department of Military and Veterans Affairs supports the operations of the Michigan National Guard and provides several services and programs for veterans in the state. The Michigan National Guard serves to protect the lives and property of Michigan citizens during times of natural disaster and civil unrest; to preserve peace, order and public safety at the direction of the Governor; and to assist the federal government in defending the sovereign interests of the United States when they are threatened or violated. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans homes in Grand Rapids and Marquette, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Grand Rapids Veterans Home (GRVH)	FTE	343.0	12.0
Adds \$1,772,000 GF/GP (12.0 FTE positions) to address issues raised by the recent review of the GRVH by the Office of the Auditor General. The additional funding will provide additional funds for psychiatric and behavioral care (\$500,000 GF/GP), upgrades to the home's pharmaceutical inventory control system (\$72,000 GF/GP), and additional nursing staff (\$1.2 million/12.0 FTE positions).	Gross	\$46,516,500	\$1,772,000
	Federal	21,695,600	0
	Restricted	14,594,700	0
	GF/GP	\$10,226,200	\$1,772,000
2. D.J. Jacobetti Veterans Home (DJJVH)	FTE	158.0	6.5
Adds \$850,000 GF/GP (6.5 FTE positions) to provide additional support for psychiatric and behavioral care (\$200,000 GF/GP) and additional nursing staff (\$650,000 GF/GP and 6.5 FTE positions.)	Gross	\$18,095,700	\$850,000
	Federal	7,621,900	0
	Restricted	5,378,600	0
	GF/GP	\$5,095,200	\$850,000
3. Hero 2 Hired (H2H) - Michigan Talent Connect Integration	Gross	N/A	\$1,500,000
Adds \$1.5 million GF/GP (one-time) for costs related to the integration of the Pure Michigan Talent Connect website (www.mitalent.org) into the H2H platform (https://h2h.jobs), in an effort to help the MTC site translate the veteran's military skills, experiences, and occupations into the education, skills, and experiences required for civilian employment.	GF/GP	N/A	\$1,500,000

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD</u>	<u>Enacted Change</u>	<u>From YTD</u>
	<u>(as of 2/7/13)</u>		
4. Veterans Services Delivery Initiative	FTE	N/A	33.0
Adds \$4.0 million GF/GP (33.0 FTE positions) in ongoing funding and staff support, and an additional one-time appropriation of \$4.0 million GF/GP related to the restructuring of the administration and delivery of veterans affairs programs, services, and benefits within DMVA following the creation of the Michigan Veterans Affairs Agency (MVAA) by E.O. 2013-2. Ongoing appropriations support the operations of the agency, while the one-time appropriation supports initial agency activities related to program (service delivery) design and development. The new agency is tasked to review state veterans services and benefits, re-engineer intra-agency and inter-agency business processes to improve the delivery of services to veterans, and coordinate veterans programs and services throughout state government.	Gross	N/A	\$7,955,000
	GF/GP	N/A	\$7,955,000
5. College Campus Veterans Outreach Initiative	Gross	\$390,600	(\$390,600)
Discontinues the specific appropriation for the initiative, which funds additional VSO service officers at colleges and universities throughout the state (serving campuses within 6 regions). Boilerplate language on the one-time appropriation for the MVAA (veterans service delivery initiative) expressly indicates that program is an example of something that could be funded from the one-time appropriation.	GF/GP	\$390,600	(\$390,600)
6. County Veterans Counselor Training and Education	Gross	\$50,000	\$45,000
Adds \$45,000 GF/GP (one-time) for county veterans counselor training and education. Current law allocates up to \$50,000 for an annual training conference for county veterans counselors in the state. The one-time increase would enable county counselors to attend training and education events at the national convention of the National Association of County Veterans Service Officers, which is to be held in Grand Rapids in January 2014.	GF/GP	\$50,000	\$45,000
7. Veterans Homes Maintenance	Gross	\$2,116,000	(\$1,616,000)
Adds \$500,000 GF/GP in ongoing support for special maintenance activities at the Grand Rapids and Jacobetti veterans homes; eliminates \$2.1 million designated as a one-time appropriation in FY 2012-13 for maintenance at the two homes.	GF/GP	\$2,116,000	(\$1,616,000)
8. Information Technology Adjustments	Gross	\$1,078,500	\$26,000
Increases funding for IT-related services and projects (common to all departmental budgets) for cost increases for the Windows 7 upgrade, the Center for Shared Solutions, and improvements to the state's wireless infrastructure and internet bandwidth.	Federal	531,600	12,900
	Restricted	384,800	9,300
	GF/GP	\$162,100	\$3,800
9. Veterans Service Officers	FTE	1.0	5.0
Adds \$600,000 and 5.0 FTE positions to support the hiring of state employees to serve as VA-accredited veterans service officers who provide assistance to qualified veterans in the preparation, presentation, and prosecution of claims for veterans' benefits; also supports continued efforts in training VA-accredited county veterans counselors (service officers).	Gross	\$125,000	\$600,000
	GF/GP	\$125,000	\$600,000
10. D.J. Jacobetti Veterans Home Laundry Services	Gross	\$199,000	\$60,000
Adds \$60,000 GF/GP for a new contract for laundry and linen services at the D.J. Jacobetti Veterans Home in Marquette. DTMB cancelled the old contract nine months early (in November 2012) with services provided under temporary contract while a new vendor is selected through the procurement process. The request for proposals (RFP) for the new contract was released in late January 2013, with the new contract starting in April 2013. The old contract had a single rate for both personal items of the residents and linens of the home. The new contract has a higher rate to launder the personal items of the residents.	GF/GP	\$199,000	\$60,000

MILITARY AND VETERANS AFFAIRS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
11. Lands and Acquisitions	Gross	\$250,000	\$750,000
Adds \$750,000 in authorization from the Michigan National Guard Armory Construction Fund (which receives revenue from the sale of National Guard facilities and properties) for the acquisition costs of land and properties for new (or expanded) armories. DMVA is seeking a replacement for the armory in Flint and would use the funds appropriated here to acquire a suitable existing facility (rather than building anew) if the department is able to find a suitable facility. The funding here isn't specifically earmarked for a new Flint armory.	Restricted	250,000	750,000
12. Economic Adjustments	Gross	N/A	\$3,381,600
Reflects increased costs of \$3.4 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	Federal	N/A	1,837,900
	Restricted	N/A	503,700
	GF/GP	N/A	\$1,040,000
13. Special Maintenance Consolidation	Gross	\$23,351,200	(\$3,000,000)
Consolidates the several special maintenance program lines for military sites included in the department operations sections with a separate capital outlay program line (remodeling and additions), and adjusts the spending authorization from federal National Guard Bureau (NGB) revenues to align with anticipated revenue.	Federal	20,300,000	(3,000,000)
	GF/GP	\$3,051,200	\$0
14. Armories and Joint Force Readiness	FTE	80.0	0.0
Increases by \$700,000 in federal NGB revenues to align with anticipated revenue.	Gross	\$11,958,800	\$700,000
	Federal	4,656,800	700,000
	Restricted	346,400	0
	GF/GP	\$6,955,600	\$0
15. Youth ChalleNGe Program	Gross	\$5,276,700	(\$925,300)
Reduces spending authorization from IDG and private sources to reflect anticipated revenues for Youth ChalleNGe, a voluntary boot camp-style program for 16- to 18-year-old high school dropouts administered by the department in Battle Creek. The federal Safe and Drug-Free Schools and Communities State Grant program has ended. Funding available from that federal grant was made available to DMVA through an IDG from the Department of Community Health. Reduces spending authorization from private donations to reflect a decline in the amount donated to the program.	IDG	165,800	(165,800)
	Federal	2,651,400	0
	Local	1,500,000	0
	Private	959,500	(759,500)
16. Eliminate FY 2012-13 One-Time Appropriations	Gross	\$16,101,300	(\$16,101,300)
Eliminates other one-time appropriations in FY 2012-13, including those related to the Flint armory (\$12.0 million); Internet-based data system (\$43,400), county veterans counselor accreditation (\$200,000), data upgrades and records digitization (\$750,000), state employee lump-sum payments (\$707,000), and special maintenance at state armories (\$2.4 million).	IDG	700	(700)
	Federal	9,407,500	(9,407,500)
	Local	3,600	(3,600)
	Private	4,200	(4,200)
	Restricted	3,136,000	(3,136,000)
	GF/GP	\$3,549,300	(\$3,549,300)
17. Homeland Security	Gross	\$1,000,000	(\$350,000)
Recognizes the elimination of federal grant funding made available to DMVA through an IDG from the Department of Community Health, Office of Public Health Preparedness. Also reduces the IDG from the Department of State Police supported by federal homeland security funds.	IDG	1,000,000	(350,000)
18. Grand Rapids Veterans Home	FTE	343.0	0.0
Reduces spending authorization for the GRVH by \$1.6 million Gross to reflect actual revenues collected from federal Medicaid and Medicare funds, and income and assessments from residents at the home.	Gross	\$46,516,500	(\$1,600,000)
	Federal	21,695,600	(600,000)
	Restricted	14,594,700	(1,000,000)
	GF/GP	\$10,226,200	\$0

Major Budget Changes From FY 2012-13 YTD Appropriations

	FY 2012-13 YTD	Enacted Change
	(as of 2/7/13)	From YTD

19. Military Training Sites and Support Facilities	FTE	205.0	0.0
Increases spending authorization from federal National Guard Bureau revenues for military training sites and support facilities (Camp Grayling, Fort Custer, Battle Creek Air National Guard (ANG) Base, Selfridge ANG Base, Alpena Combat Readiness Training Center (CRTC) to reflect actual revenues collected.	Gross	\$30,065,500	\$1,000,000
	Federal	28,456,300	1,000,000
	GF/GP	\$1,609,200	\$0

Major Boilerplate Changes From FY 2012-13

Sec. 209. Purchase of Foreign Goods – REVISED

Prohibits the purchase of foreign goods and services if American-sourced goods and services are competitively priced and are of comparable quality; gives preference to goods and services from Michigan-based businesses and businesses that are owned and operated by veterans. Adds a preference for small businesses where veterans comprise at least 35% of the workforce.

Sec. 219. Quarterly Performance Metrics Reports – REVISED

Requires the department to provide quarterly report on the status of performance metrics, work projects, the department's financial status, evidence of efficiencies, property sales, information which validates that all requirements in the budget have been achieved, corrective action plans for requirements that have not been achieved, a summary of any funding shifts between scheduled programs, and the results of any inspections at the two veterans homes. Adds a requirement for quarterly reports on armory closings, the MVAA's performance against the strategic plan and outcomes developed under 2013 PA 9, the number of active employees by job classification and scheduled program, and maintenance projects at the two veterans homes.

Sec. 230. Performance Metrics Report – NEW

Requires the department to maintain a publicly accessible website that identifies and tracks the department's performance against key metrics used to monitor and improve the department's performance.

MILITARY

Sec. 300. Unclassified Positions – REVISED

Lists titles of unclassified positions currently in the department; requires the department to notify subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of unclassified positions. Adds the MVAA director and senior policy executive (replacing the Veterans Affairs Directorate director).

Sec. 304. National Guard Training Facilities – REVISED

Requires the department to operate and maintain Army National Guard (ARNG) facilities (Fort Custer and Camp Grayling) and Air National Guard (ANG) facilities (Selfridge, Battle Creek ANG Base, and the Alpena Combat Readiness Training Center), and maintain a system that measures the condition of ANG facilities.

Sec. 306. National Guard Forces – REVISED

Requires the department to provide ANG and ARNG forces, when directed, for state and local emergencies and in support of national military requirements and to operate and maintain national guard training facilities and air bases. Adds a requirement that the department provide effective and efficient executive leadership and administration.

Sec. 307. Michigan Youth Challenge Academy – REVISED

Requires the department to maintain proper levels of staffing and resources for operating the Michigan Youth Challenge Academy; lists specific operating requirements; authorizes unexpended funding to be carried forward. Adds requirement that the department maintain staffing sufficient to train 144 cadets, and requires the department to ensure that the cadets' average grade level increases at least two grades as measured by the tests of adult basic education (TABE).

Sec. 308. Military Family Relief Fund – REVISED

Requires the department to provide grant funding from the Military Family Relief Fund and outreach services to families of active members of the armed forces. Adds a requirement for quarterly reports on fund activities, maintenance of staffing levels sufficient to process at least 60 applications for assistance, and outreach to Michigan families of members of the reserved component of the armed forces called into active duty.

MILITARY AND VETERANS AFFAIRS

Major Boilerplate Changes From FY 2012-13

MICHIGAN VETERANS AFFAIRS AGENCY

Sec. 401. Michigan Veterans Affairs Agency – NEW

Requires the department to provide outreach services to veterans (with a goal of reaching 35% of the state's veterans population), and provide information on available assistance from the Military Family Relief Fund, the MVTF, and the U.S. Department of Veterans Affairs. Requires the department to process at least 5,295 requests for military discharge certificates (DD-214), process at least 500 claims for VA benefits, ensure at least 20% of claims filed (whether processed by the state, VSOs, or CVCs) are "fully developed", provide training support to county veterans counselors, and continue the process to digitize medical and military discharge records currently on paper or microfilm. Retains the 5-member advisory board.

Sec. 401(10)-(14). County Veterans Counselors – REVISED

Requires the department to provide training and resources for county veterans counselors. Adds a 20% fully developed claims performance metric on CVC-filed claims for VA benefits and specifically includes an allocation of \$50,000 for CVC training.

Sec. 402. Veterans Advice, Advocacy, and Assistance – REVISED

Requires the department to administer the veterans advice, advocacy, and assistance grants to VSOs, and to ensure that 20% of VSO-filed claims for VA benefits are fully developed.

Sec. 405. Veterans Trust Fund – REVISED

Requires the department to work with the Michigan Veterans Trust Fund Board to provide emergency grant funds, outreach services, and other services to veterans, and includes a performance goal of processing at least 2,000 applications.

Secs. 501 and 502. Veterans Homes – REVISED

Requires the department to provide proper levels of staffing and resources for operating the two veterans homes; authorizes appropriations for Boards of Managers to be expended for facility improvements; specifies requirements for competency evaluated nursing assistants employed at the homes.

Sec. 501(15) and Sec. 502(15). Veterans Homes Complaints – NEW

Requires all complaints of abuse or neglect at the veterans homes by a resident member, a resident member's family (or guardian), or staff received by a supervisor to be forwarded to the director of nursing within 10 days, and adds that the director of nursing at the homes shall report at least monthly to the MVAA, board of managers, homes' administrators, senate and house fiscal agencies, and subcommittees regarding the complaints received.

Sec. 501(16)-(25). Grand Rapids Veterans Home Performance Standards – NEW

Several new provisions are aimed at addressing the issues raised in the recent performance audit of the Grand Rapids veterans home by the Office of the Auditor General. The provisions do the following: (16) requires an on-site board-certified psychiatrist; (17) requires the home to monitor all comprehensive care plans in accordance with federal regulations and internal home policies; (18) requires the home to implement controls over its food, maintenance supply, and medical supply inventories; (19) requires the home to maintain controls over its pharmaceutical inventories; (20) requires the home to maintain controls over the calculation of maintenance assessments paid by resident members and provide accurate calculation for each billing cycle and to address past due assessments within 30 days; (21) requires the home to establish controls of monetary donations and donated goods; (22) requires the home to establish controls over the handling of personal funds of resident members to ensure that former resident members receive their funds within 3 business days of leaving the home and that representatives of deceased resident members are paid the deceased member's funds within 10 business days; (23) requires the home to provide a direct care nursing staffing level of at least 2.5 hours per patient per 24 hours, 7 days per week; (24) requires the department to provide a quarterly report on the home's compliance with all of the standards and requirements established in Sec. 501 (including the existing, retained standards and requirements), including data on the patient care hours provided, the number and dollar value of lost and discarded prescriptions and the number of early prescription refills, the value of monetary donations received, the number of donated goods received, the number of donated goods disposed of, the number of member assessments calculated; and (25) requires a report by November 30 providing a copy of the complaint form, a description of the complaint process, a description of the roles and responsibilities of stakeholders in the complaint process, an issue resolution status report, and the process by which the issue resolution status report is reviewed.

Sec. 602. Michigan Veterans Facility Ombudsman – DELETED

Specifies legislative intent for establishing a Michigan Veterans Facility Ombudsman; specifies duties and responsibilities of the Ombudsman. Ombudsman's purpose would be to conduct investigations concerning actions or omission of actions or conditions at the veterans homes which are alleged to be contrary to law or policy or that pose a significant health or safety issue.

Major Boilerplate Changes From FY 2012-13

Sec. 703. Special Maintenance at the Veterans Homes – DELETED

Requires appropriations to be used for maintenance and information technology needs at the homes; specifies projects considered to be maintenance/remodeling projects as approved by the subcommittees; requires homes to report on their plans for expending the one-time appropriations.

ONE-TIME APPROPRIATIONS

Sec. 701. County Veterans Counselor Training and Education – NEW

Specifies that the one-time \$45,000 GF/GP appropriation is in addition to the ongoing appropriation for county veterans counselor training and education at the national conference of the National Association of County Veterans Service Officers.

Sec. 702. Veterans Service Delivery Initiative – NEW

Specifies that the one-time appropriation to the MVAA may be expended for a college campus outreach program and shall be expended to establish the infrastructure necessary for the agency to achieve its performance goals and objectives, including the performance outcomes, measures, and initiatives outlined in its strategic plan.

Sec. 703. Hero 2 Hired (H2H) - Michigan Talent Connect Integration

Specifies that the \$1.5 million G/GP one-time appropriation for the veterans affairs agency computer upgrade shall be expended to support costs related to the integration of the Pure Michigan Talent Connect website (www.mitalent.org) into the H2H platform (<https://h2h.jobs>), in an effort to help the MTC site translate the veteran's military skills, experiences, and occupations into the education, skills, and experiences required for civilian employment.

PART 2A: PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2014-2015

Sec. 1201. Anticipated FY 2014-15 Appropriations

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors.

Sec. 1202. Retirement Costs – NEW

State legislative intent that the department identify the amounts for normal retirement costs and legacy retirement costs for the line items listed in part 1.

Sec. 1203. Veterans Outreach – NEW

Requires the Michigan Veterans Affairs Agency to report the percentage of veterans counted, with a goal of 100%, at quarterly meetings of the appropriations subcommittees.

**STATE POLICE
Summary of FY 2013-14 Enacted Appropriations
Article XVI, 2013 Public Act 59 (House Bill 4328)**

Analyst: Mark Wolf

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$25,238,500	\$25,219,700	\$25,219,700	\$25,219,700	\$25,219,700	(\$18,800)	(0.1)
Federal	104,911,000	98,846,100	98,846,100	98,846,100	98,846,100	(6,064,900)	(5.8)
Local	6,869,400	6,967,500	6,967,500	6,967,500	6,967,500	98,100	1.4
Private	231,300	239,700	239,700	239,700	239,700	8,400	3.6
Restricted	123,218,700	121,554,400	122,041,400	121,554,400	122,071,700	(1,147,000)	(0.9)
GF/GP	317,513,800	350,974,300	347,872,500	347,774,300	353,474,300	35,960,500	11.3
Gross	\$577,982,700	\$603,801,700	\$601,186,900	\$600,601,700	\$606,819,000	\$28,836,300	5.0
FTEs	2,884.0	2,917.0	2,917.0	2,917.0	2,934.0	50.0	1.7

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Michigan Department of State Police (MSP) provides general law enforcement services throughout the state and provides for the development and coordination of state-level programs, technologies, and specialized services that enhance enforcement and emergency response capabilities for the entire public safety community.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
1. State Capitol Complex Security	FTEs	7.0	17.0
Adds \$1.8 million GF/GP and 17.0 FTE civilian positions (state properties security officers) to provide security services for the downtown Lansing state capitol complex, including the State Capitol. This would lessen the reliance on local law enforcement agencies.	Gross	\$712,200	\$1,800,000
	GF/GP	\$712,200	\$1,800,000
2. Security at Major Events (Uniform Services)	Gross	N/A	\$1,200,000
Adds \$1.2 million GF/GP funding to cover costs of MSP troopers associated with additional show-of-force, enforcement, and traffic safety during major public or recreational events in the state.	GF/GP	N/A	\$1,200,000
3. Secondary Road Patrol (One-Time Appropriation)	Gross	\$14,060,000	\$150,000
Adds \$150,000 GF/GP (one-time) for the Secondary Road Patrol program, which provides funding for county sheriffs' departments for secondary road patrol. The funds would be available for FY 2013-14 only. These funds supplement funding from the Secondary Road Patrol and Training Fund supported by \$10 from each traffic citation. (As discussed in #10 the Enacted Budget also reduces the excess spending authorization for the Secondary Road Patrol program by \$3.0 million.)	Restricted	14,060,000	0
	GF/GP	\$0	\$150,000
4. Grand Rapids Forensics Laboratory (One-Time Appropriation)	Gross	N/A	\$400,000
Adds \$400,000 GF/GP (one-time) for maintenance and repair of the HVAC system at the Grand Rapids forensics laboratory.	GF/GP	N/A	\$400,000

Major Budget Changes From FY 2012-13 YTD Appropriations	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
5. Trooper Recruit School	FTE	N/A 107.0
Adds \$14.7 million GF/GP (\$3.7 million GF/GP one-time) for costs related to a new trooper school projected to graduate 107 troopers. The \$11.0 million identified as ongoing costs supports the costs of salaries and wages (including benefits) paid to recruits during the time at the academy and upon graduation and placement in the field, while the one-time funds support costs related to recruitment and selection of candidates, overtime costs for training instructors, outfitting and equipping the recruits, and costs related to the Field Officer Training program. The recruit school would commence in January 2014.	Gross	N/A \$14,661,900
	GF/GP	N/A \$14,661,900
6. State Emergency Operations Center (SEOC) Rent	Gross	\$350,000 \$350,000
Provides \$700,000 GF/GP for rent payments for the SEOC facility. Funding is built into the ongoing appropriations for Support Services, rather than one-time appropriations. The FY 2012-13 budget only included funding for a partial year through a one-time appropriation, while a new state-owned facility is being constructed.	GF/GP	\$350,000 \$350,000
7. Disaster and Emergency Contingency Fund	Gross	N/A \$2,000,000
Appropriates \$2.0 million GF/GP to the Disaster Contingency Fund established in the Emergency Management Act to provide assistance to state agencies and qualifying local governments responding to natural or man-made disasters; includes a boilerplate authorization of up to \$800,000 to be expended from the fund; per the Emergency Management Act, the fund is only available to state agencies and local governments responding to a state disaster or state of emergency (declared by the governor) when federal assistance is not available; implementing legislation (HB 4670) would change the name of the fund and increase the minimum and maximum amounts that may be held in the fund.	GF/GP	N/A \$2,000,000
8. Michigan International Speedway Traffic Control	Gross	\$800,000 \$0
Continues the \$800,000 GF/GP appropriation for traffic control at MIS, but builds the funding into ongoing appropriations, rather than continuing funding as a one-time appropriation.	GF/GP	\$800,000 \$0
9. Information Technology Services and Projects	Gross	\$21,258,700 \$2,287,300
Adds \$2.3 million Gross (\$2.1 million GF/GP) for increased information technology costs related to the mobile data computers in MSP vehicles (\$2.0 million Gross); upgrading to Windows 7 and increased costs related to the Center for Shared Solutions (\$151,200 Gross); and improvements to the state's wireless infrastructure and Internet bandwidth (\$132,100 Gross).	IDG/IDT	402,200 49,000
	Federal	1,201,800 30,600
	Local	1,294,600 7,500
	Restricted	6,205,600 85,400
	GF/GP	\$12,154,500 \$2,114,800
10. Align Spending and FTE Authorization	FTE	N/A (74.0)
Reduces spending authorization by \$9.8 million Gross (\$0 GF/GP) in two dozen scheduled program lines to align spending authority with anticipated revenues collected. Of these reductions, the most notable is a reduction of \$3.0 million in spending authorization for the Secondary Road Patrol Program, which provides grants to county sheriff's departments. (Appropriations have been about \$14.0 million in the last several years, while available revenues from the Secondary Road Patrol and Training Fund have been less than \$9.0 million.) Also makes several adjustments transferring spending authority between several program lines to better reflect where expenditures are actually made.	Gross	N/A (\$9,811,500)
	IDG/IDT	N/A (749,300)
	Federal	N/A (4,776,600)
	Local	N/A 0
	Private	N/A 0
	Restricted	N/A (4,285,600)
	GF/GP	N/A \$0

STATE POLICE

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
11. At-Post Troopers: COPS Grant GF/GP Offset	FTE 933.0	0.0
Adds \$2.1 million GF/GP to offset the exhaustion of a three-year \$5.8 million grant from the federal Department of Justice Community Oriented Policing Services (COPS) Hiring Program in FY 2010-11. The original grant enabled the department to hire 21 community service troopers (CST), paying 100% of the approved salary and benefits for the troopers over a three-year period. At the end of the grant period, the MSP (as a condition of its grant award) must retain the troopers for a minimum of 12 months. This fund shift would fulfill that requirement.	Gross \$133,692,200	\$0
	Federal 2,077,900	(2,094,800)
	Restricted 36,901,400	0
	GF/GP \$94,712,900	\$2,094,800
12. Portable Radio Batteries Life Cycle	Gross N/A	\$80,000
Adds \$80,000 Gross (\$70,000 GF/GP) to establish a 2.5-year life cycle for the batteries on the portable communications radios (on the trooper's person), allowing MSP to replace an additional 626 batteries/year (at a cost of \$112 each). The department has about 3,085 portable radios and currently has the resources to replace about 223 batteries/year.	IDG/IDT N/A	1,300
	Restricted N/A	8,700
	GF/GP N/A	\$70,000
13. Motor Vehicle Fleet Leasing	Gross \$15,630,700	\$1,122,400
Adds \$1.1 million GF/GP related to increases in the monthly vehicle fleet leasing costs, largely because MSP is cycling out older model Ford Crown Vics with new Dodge Chargers as its main patrol sedan.	GF/GP \$15,630,700	\$1,122,400
14. Emergency Support Team Vehicles (One-Time Appropriation)	Gross N/A	\$350,000
Adds \$350,000 GF/GP (one-time) support to replace two vehicles for the Emergency Support Team, which responds to extremely difficult and dangerous situations, such as hostage rescue, barricaded gunmen, high-risk arrests, meth labs, and counter terrorism. The current vehicles are more than 10 years old, and would be replaced with two Ford F550s with a cube rear box, which allows the EST to transport tactical team members and sensitive equipment.	GF/GP N/A	\$350,000
15. Eliminate Other FY 2013 One-Time Appropriations	Gross \$4,843,700	(\$4,843,700)
Eliminates one-time appropriations made in FY 2012-13 for state employee lump sum payments (\$3.2 million Gross) and At-post trooper equipment (\$1.6 million GF/GP).	IDG/IDT 168,700	(168,700)
	Federal 249,700	(249,700)
	Local 38,900	(38,900)
	Private 1,700	(1,700)
	Restricted 675,800	(675,800)
	GF/GP \$3,708,900	(\$3,708,900)
16. Economics Adjustment	Gross N/A	\$19,089,900
Reflects increased costs of \$19.1 million Gross (\$13.4 million GF/GP) for negotiated salary and wage amounts (1.0%). Insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG/IDT N/A	845,200
	Federal N/A	1,029,600
	Local N/A	127,300
	Private N/A	10,100
	Restricted N/A	3,722,200
	GF/GP N/A	\$13,355,500

Major Boilerplate Changes From FY 2012-13

Sec. 205. IDG Funding Made Available to Other State Departments – REVISED

Lists specific amounts and sources of interdepartmental grant funding made available by the department to other state departments; specifically allocates \$1.8 million to the Judiciary from the federal Byrne Justice Assistance Grant Program. The listing of IDGs to other departments is retained and updated, but the Byrne grant allocation to the Judiciary is reduced to \$1.5 million.

Major Boilerplate Changes From FY 2012-13

Sec. 209. *Purchase of Foreign Goods* – REVISED

Prohibits the purchase of foreign goods or services if competitively priced and of comparable quality American goods or services are available; requires preference be given to goods and services manufactured by Michigan businesses and Michigan businesses owned and operated by veterans. Adds a preference for small businesses where veterans comprise at least 35% of the workforce.

Sec. 222. *Post Closure or Consolidation* – RETAINED

Requires the department to notify subcommittees not less than 90 days before recommending closure or consolidation of any state police posts. Adds that the notice also be provided to the chairpersons of the House and Senate appropriations committees.

Sec. 230. *Performance Metrics Report* – NEW

Requires the department to maintain a publicly accessible website that identifies and tracks the department's performance against key metrics used to monitor and improve the department's performance.

Sec. 232. *Michigan Public Safety Communications System* – REVISED

Requires the department to act as a liaison between DTMB and local public safety agencies to facilitate the use of Michigan Public Safety Communications System towers. Adds a requirement that the department report user issues to DTMB and work with DTMB in establishing interoperability standards.

EXECUTIVE DIRECTION

Sec. 251. *Administration of the Department* – NEW

Requires the effective and efficient executive administration of the department.

Sec. 252. *Special Operations* – NEW

Requires the department to provide effective protection for the governor and visiting dignitaries.

SCIENCE, TECHNOLOGY, AND TRAINING

Sec. 302. *Training and Education Metrics* – REVISED

Establishes performance metrics and other requirements for the department's Training Division. Expands the report on how the department implemented the hiring preference to veterans to also include the preference for MCOLES-certified officers. Also requires the department to provide course evaluations.

Sec. 303. *MCOLES Services* – REVISED

Requires MCOLES to provide standards for law enforcement officers and to maintain proper levels of staffing and resources for providing basic law enforcement training for police academy programs. Adds a requirement that MCOLES maintain staffing and resources necessary to update law enforcement standards within 30 days of the effective date of any new legislation.

Sec. 304(1)-(4). *Criminal History and Accident Data Collection Systems* – REVISED

Requires the department to maintain proper levels of staffing and resources for maintaining criminal history and accident data collection systems. Specifies that criminal records and accident data be maintained in accordance with state and federal requirements.

Sec. 304(5)-(8). *Fingerprint and Background Checks* – REVISED

Requires the department to maintain proper levels of staffing and resources for providing fingerprint and background check services to law enforcement agencies. Revises the reference year for the metric to FY 2010-11 and deletes a requirement that the department pursue means of reducing the costs of fingerprint services.

Sec. 304(9)-(12). *Law Enforcement Information Network (LEIN) Services* – REVISED

Requires the department to maintain proper levels of staffing and resources for maintaining LEIN services in support of public safety and law enforcement communities; lists requirements of the department if they propose LEIN user fees. Deletes the requirement placed on the department if they propose new LEIN user fees, and requires the department to provide a report on ways to reduce the LEIN budget by 5% without adversely affecting services.

Sec. 304(13)-(15). *Sex Offender Registry* – REVISED

Requires the department to maintain proper levels of staffing and resources to oversee and enforce the state's Sex Offender Registry. Adds a requirement that the sex offender registry unit follow up on tips assigned to law enforcement agencies within 10 working days.

STATE POLICE

Major Boilerplate Changes From FY 2012-13

FORENSIC SCIENCES

Sec. 401. Forensic Testing Services and Evidence – REVISED

Requires the department to maintain proper levels of staffing and resources for providing forensic testing services and evidence; requires the department to post changes to protocol for retaining and purging DNA samples and records on the department's website; establishes a performance goal of an 82-day turnaround period, but provides an intent to reach an average 30-day turnaround for forensic evidence. Reduces the performance goal from 82 days to 55 days and requires the department maintain accreditation by the American Society of Crime Laboratory Directors/Laboratory Accreditation Board (ASCLD/LAB).

UNIFORM SERVICES

Sec. 501(1)-(3). Traffic Safety and Enforcement – REVISED

Requires the department to maintain proper levels of staffing and resources for traffic safety and enforcement. Adds a requirement to dedicate at least 300,000 hours to statewide patrol, including at least 24,000 hours in distressed cities.

Sec. 501(6). Secure Cities Initiative – REVISED

Requires the department to report on statistics regarding trooper levels and the trooper schools, criminal activity, and law enforcement officers associated with the secure cities initiative. The report is due April 1 for the prior six month period. Changes the date of the report to December 1 and requires it to be provided for the prior fiscal year.

Sec. 501(7)-(9). Security at Events – NEW

Requires the department to respond to potential and imminent threats to the state's facilities, systems, and property, and large-scale recreational and major public-sponsored events and directs that the funds appropriated in part 1 be expended to support the department's costs associated with the additional show-of-force, enforcement, or traffic safety efforts during major public events within the state. Also establishes a metric that the department maintain the ability to support the cost of 7,000 overtime hours or the financial equivalent of 7,000 overtime hours in terms of overtime, fuel, equipment, and other costs.

Sec. 501(10). Michigan International Speedway – NEW

Requires the department to provide traffic control for events at Michigan International Speedway.

Sec. 505. Security Services at State Capitol Complex Facilities – REVISED

Requires the department to maintain proper levels of staffing and resources for providing security services at the State Capitol Building; requires the department to pursue federal grants to improve security services. Adds a requirement that the department provide a minimum of 35,000 patrol hours to the entire State Capitol complex.

SPECIALIZED SERVICES

Sec. 601. Specialty Services to Citizens – REVISED

Requires the department to maintain proper levels of staffing and resources for providing specialty services, such as canine unit, bomb squad, emergency support teams, underwater recovery, and aviation services; requires private donations to the canine unit to be used for purchasing equipment and other items to enhance operation of the unit. Changes the base performance metric year to FY 2011, requires the department to operate the Michigan Intelligence Operation Center (MIOC), and requires the department to increase the number of contacts that receive homeland security and intelligence information.

Sec. 602. Criminal Investigations – REVISED

Requires the department to maintain proper levels of staffing and resources for identifying and apprehending criminals through criminal investigations; requires the department to enforce the tobacco products tax act; and enforce tobacco tax laws for a minimum of 8,320 hours. Increases the minimum number of hours to 16,600, changes the base performance metric to FY 2011, and requires the department to train local law enforcement agencies on gambling laws, trends, and legal issues.

Sec. 603. Fire Investigation Services – REVISED

Requires the department to maintain proper levels of staffing and resources for providing fire investigation services through investigative assistance to local law enforcement agencies. Changes the base performance metric to FY 2011.

Sec. 604. Commercial Vehicle Enforcement: School Bus Inspections – REVISED

Requires the department to annually inspect all black and yellow school buses. Adds a requirement that the department maintain staffing and resources necessary to enforce motor carrier safety laws and regulations.

Major Boilerplate Changes From FY 2012-13

SUPPORT SERVICES

Sec. 701. Civil Disorders and Natural Disasters – REVISED

Requires the department to respond to civil disorders and natural disasters and to maintain readiness, including training and equipment. Incorporates existing language on information to public and private partners, requires the department to foster partnerships to protect the state and homeland from all hazards, incorporates language on the expenditure of funds upon the declaration of a state of emergency or state of disaster, and incorporates language providing boilerplate authorization of excess emergency management and homeland security funds.

Sec. 701(5). Emergency Management Training – REVISED

FY 2012-13 Sec. 703 requires the department to maintain proper levels of staffing and resources for providing hazardous materials response training and requires the department to ensure that federal homeland security grants are allocated to first responders in the highest percentage possible and that homeland security grants awarded to the City of Detroit are not used to supplant general funds. FY 2012-13 Sec. 704 requires the department to operate and maintain the state's emergency operations center and to maintain readiness to respond to civil disorders and natural disasters; requires the department to begin construction or renovation of a state emergency operations center to facilitate relocation from its current site at Collins Road by September 30, 2013. Deletes language on the allocation of homeland security grants and the reference to the relocation of the EOC.

Sec. 703(9)-(12). Disaster Contingency Fund – NEW

Provides authorization to expend up to \$800,000 from the fund to cover costs related to disasters as defined in the Emergency Management Act; requires prior notice be given to the House and Senate appropriations committees; requires a report by December 1 of fund activities for the prior fiscal year be provided to the fiscal agencies and state budget office; permits federal funds provided subsequent to the distribution of funds from the Disaster Contingency Fund to be used to reimburse the fund; provides that any unexpended funds shall be carried forward into subsequent fiscal years.

Sec. 703(13). Urban Search and Rescue Task Force – NEW

Requires \$500,000 from the funds appropriated in part 1 to be expended for the urban search and rescue task force, which provides quick response search and rescue activities following disasters and other emergencies.

ONE-TIME APPROPRIATIONS

Sec. 801. Secondary Road Patrol – NEW

Provides that the one-time \$150,000 GF/GP appropriation for the Secondary Road Patrol program shall be expended as provided by Sec. 629e of the Michigan Vehicle Code, and provides intent language that a workgroup convene to look at revenue, the allocation formula, administration, and other issues concerning the program.

Sec. 802. Trooper Recruits – NEW

Requires the department to train at least 107 recruits.

Sec. 803. Grand Rapids Forensics Laboratory – NEW

Requires the one-time \$400,000 GF/GP appropriation to the Grand Rapids forensics laboratory be used for special maintenance at the laboratory.

Sec. 804. Emergency Vehicle Response Team – NEW

Requires the one-time \$350,000 GF/GP appropriation for the emergency response team to be used for the purchase of two vehicles to support the response team.

PART 2A: PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FY 2014-2015

Sec. 1201. Anticipated FY 2014-15 Appropriations – NEW

Legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 figures based on economic and other factors.

Sec. 1202. Retirement Costs – NEW

Senate adds legislative intent that the department identify the amounts of normal retirement and legacy retirement for FY 2014-15 for the line items listed in part 1.

**FY 2013-14
Budget Detail
for
REGULATORY**

**Insurance and Financial Services
Licensing and Regulatory Affairs**

**INSURANCE AND FINANCIAL SERVICES
Summary of FY 2013-14 Enacted Appropriations
Article XI, 2013 Public Act 59 (House Bill 4328)**

Analyst: Paul Holland

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$0	\$707,600	\$0	\$707,600	\$707,600	\$707,600	--
Federal	0	2,000,000	0	2,000,000	2,000,000	2,000,000	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	0	61,627,900	0	61,627,900	61,627,900	61,627,900	--
GF/GP	0	15,000,000	0	12,000,000	11,000,000	11,000,000	--
Gross	\$0	\$79,335,500	\$0	\$76,335,500	\$75,335,500	\$75,335,500	--
FTEs	0.0	353.0	0.0	353.0	343.0	343.0	--

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for licensing, evaluating, regulating, and promoting the insurance and financial industries operating within the state and providing consumer information and protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces numerous state statutes pertaining to state-chartered banks, credits unions, mortgage lenders, consumer finance entities, insurance companies and agents, and health maintenance organizations. Additionally, DIFS administers the Autism Coverage Reimbursement Program created by PA 101 of 2012. DIFS is organized into the following principal offices: Banking, Consumer Finance, Consumer Services, Credit Unions, Insurance Evaluation, Insurance Rates and Forms, Insurance Licensing and Market Conduct, General Counsel, and Policy. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Transfer OFIR Appropriations to DIFS

Transfers spending authorization and FTE positions for the former Office of Financial and Insurance Regulation (OFIR) within the Department of Licensing and Regulatory Affairs (LARA) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. Spending authorization transferred to DIFS is equivalent to the FY 2013-14 Executive Recommendation for OFIR (including overhead charges for departmental administration, rent, property management, worker's compensation, administrative hearings, and IT projects and services) and is appropriated within fourteen line items under DIFS. FTE positions transferred to DIFS are reduced by 10.0 positions because they were not actually required by DIFS.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
FTE	N/A	337.0
Gross	N/A	\$63,627,900
Federal	N/A	2,000,000
Restricted	N/A	61,627,900

2. Transfer Autism Coverage Reimbursement Program to DIFS

Transfers spending authorization for the Autism Coverage Reimbursement Program (ACRP) within the Department of Licensing and Regulatory Affairs (LARA) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. Spending authorization transferred to DIFS is reduced by \$4.0 million from the \$15.0 million appropriated in FY 2012-13.

Gross	N/A	\$11,000,000
GF/GP	N/A	\$11,000,000

INSURANCE AND FINANCIAL SERVICES

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD</u>	<u>Enacted Change</u>	
	<u>(as of 2/7/13)</u>	<u>From YTD</u>	
3. <i>Appropriate IDG From LARA for Debt Management Regulation</i>	Gross	N/A	\$707,600
Includes an IDG from the Department of Licensing and Regulatory Affairs (LARA), funded with revenue generated by statutory fees on individuals and entities within the financial securities industry, to support the regulatory activities of the Department of Insurance and Financial Services (DIFS) pertaining to the Debt Management Act, 1975 PA 148.	IDG/IDT	N/A	707,600
4. <i>Include Unclassified FTE Positions for DIFS</i>	FTE	N/A	6.0
Includes 6.0 unclassified FTE positions, pursuant to Section 5 of Article II of the Michigan Constitution, for the Department of Insurance and Financial Services (DIFS). No net funding increase is included.	Gross	N/A	\$0

Major Boilerplate Changes From FY 2012-13

Various Standard Boilerplate Sections – NEW

Includes standard boilerplate Secs. 201, 202, 203, 208, 209, 210, 212, 215, 216, 218, 221, 223, 228, 229, 231, 234, 1201, and 1202.

Sec. 219. Office-Space Utilization Report – NEW

Requires DIFS to submit a report pertaining to the amount of office space paid for with the appropriation in part 1 and the actual amount of office space actually utilized during the previous fiscal year and the amount of office space that DIFS estimates will be utilized during subsequent fiscal years.

Sec. 232. Television and Radio Productions – NEW

Prohibits DIFS from developing or producing any television or radio productions.

Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs – NEW

Prohibits DIFS from issuing requests for proposals (RFP) for contracts in excess of \$50,000,000 without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and that DIFS shall notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary.

Sec. 240. Filled FTE Report – NEW

Stipulates that the Legislature intends that LARA does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled, FTE positions by line item during the preceding fiscal year.

Sec. 310. Economic Development Report – NEW

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed plan for ongoing and future DIFS activities to support the economic development of the insurance or financial industries. Also, defines "economic development" for the purpose of the report.

Sec. 341. Administrative Rules Restriction – NEW

Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

Sec. 391. Conservatorship and Insurance Liquidation Funds – NEW

Stipulates that funds collected by DIFS in connection with a conservatorship pursuant to Section 32 of Public Act 173 of 1987 and from corporations being liquidated pursuant to PA 218 of 1956 shall be appropriated for expenses necessary to provide required services and shall not lapse to the general fund.

Sec. 801. Autism Coverage Reimbursement Program Appropriation – NEW

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101.

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – NEW

Stipulates reporting requirements pertaining to the Autism Coverage Reimbursement Program authorized by 2012 PA 101.

LICENSING AND REGULATORY AFFAIRS
Summary of FY 2013-14 Enacted Appropriations
Article XIII, 2013 Public Act 59 (House Bill 4328)

Analyst: Paul Holland

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$13,496,900	\$14,228,200	\$13,221,900	\$14,228,200	\$14,228,200	\$731,300	5.4
Federal	268,708,300	195,560,000	191,887,800	195,560,000	195,559,900	(73,148,400)	(27.2)
Local	659,900	656,500	656,500	656,500	656,500	(3,400)	(0.5)
Private	2,011,800	2,011,800	2,011,800	2,011,800	2,011,800	0	0.0
Restricted	324,079,700	258,540,000	316,312,800	259,957,300	265,457,400	(58,622,300)	(18.1)
GF/GP	36,945,200	23,804,900	37,839,900	22,864,600	25,004,900	(11,940,300)	(32.3)
Gross	\$645,901,800	\$494,801,400	\$561,930,700	\$495,278,400	\$502,918,700	(\$142,983,100)	(22.1)
FTEs	3,767.3	2,977.5	3,210.3	2,977.5	2,970.5	(796.8)	(21.2)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
 (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

The Department of Licensing and Regulatory Affairs (LARA) is organized into four principal functions: 1) Licensing and Regulation, which implements and enforces Michigan laws pertaining to commercial and occupational, construction and fire safety, healthcare, public utility, and liquor regulation; 2) Employment Security and Workplace Safety, which administers unemployment insurance, workers' compensation insurance, occupational safety and health standards, labor and wage laws, and vocational rehabilitation services for the blind; 3) the Michigan Administrative Hearing System (MAHS), a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; and 4) the Office of Regulatory Reinvention (ORR), which oversees administrative rule-making and evaluates the state's regulatory infrastructure. The agencies within LARA are primarily supported by various federal grants and revenue generated through numerous fees collected from regulated entities.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Decreases for the UIA Due to Reduced Federal Grants	FTE	1,262.7	(402.0)
Decreases the Unemployment Insurance Agency's (UIA) spending authorization and FTE positions due to reduced federal grants. The federal government supports the administrative expenses of the UIA through formula grants based on the Insured Unemployment Rate within the state. Due to the decline in the state's Insured Unemployment Rate during 2012, the federal government reduced the amount of these grants and UIA employees were laid off in 2012.	Gross	\$153,814,400	(\$37,161,900)
	Federal	148,999,700	(37,161,900)
	Restricted	4,814,700	0
2. Transfer of Storage Tank Programs From DEQ	FTE	N/A	35.0
Transfers spending authorization and FTE positions from the Department of Environmental Quality (DEQ) for the Aboveground and Underground Storage Tank Programs to the LARA budget. The state restricted revenues are generated by application, registration, installation, inspection, and certification fees while the federal revenues are supported by grants from the US EPA. E.O. 2012-14 transferred the Aboveground and Underground Storage Tank Programs from the DEQ to the Bureau of Fire Services (BFS).	Gross	N/A	\$4,393,100
	Federal	N/A	1,255,300
	Restricted	N/A	3,137,800
3. Eliminate FY 2012-13 One-Time Appropriations	Gross	\$4,532,200	(\$4,532,200)
Eliminates FY 2012-13 one-time appropriations for state employee lump-sum payments.	IDG/IDT	163,500	(163,500)
	Federal	2,316,400	(2,316,400)
	Restricted	1,874,800	(1,874,800)
	GF/GP	\$177,500	(\$177,500)

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
4. Remove "Right to Work" Appropriations	FTE	21.0	0.0
Removes the appropriations made by 2012 PAs 348 and 349 for the Bureau of Employment Relations (BER) to implement the acts and inform stakeholders and the public about the acts.	Gross	\$5,984,500	(\$2,000,000)
	Restricted	3,984,500	0
	GF/GP	\$2,000,000	(\$2,000,000)
5. Increase Survey and Remonumentation Grants	Gross	\$5,300,000	\$2,000,000
Increases spending authorization for survey and remonumentation grants, supported with existing and expected revenue reserves. The Bureau of Construction Codes (BCC) administers grants to counties for implementation of their plans to survey, remonument, and maintain the original national Public Land Survey System corners under the State Survey and Remonumentation Act of 1990. These grants are supported by statutory fees collected from county Registers of Deeds.	Restricted	5,300,000	2,000,000
6. Decrease Rent for UIA Detroit Offices	Gross	\$8,612,600	(\$900,000)
Decreases rent payments from the Unemployment Insurance Agency (UIA) to recognize the UIA's move out of the state-leased Fisher Building into the state-owned Cadillac Building in Detroit.	Federal	4,022,800	(900,000)
	Local	127,500	0
	Restricted	4,442,500	0
	GF/GP	\$19,800	\$0
7. Increase Liquor Law Enforcement Grants	Gross	\$6,600,000	\$600,000
Increases the spending authorization for liquor law enforcement grants, supported with existing and expected revenue reserves. The Liquor Control Commission (LCC) administers grants to local law enforcement agencies for the enforcement of the Liquor Control Code of 1998. These grants are supported by 55% of retail liquor license fees collected by the LCC.	Restricted	6,600,000	600,000
8. Increase IT Services and Projects to DTMB	Gross	\$42,216,100	\$443,300
Increases spending authorization for IT services and projects to reflect LARA's share of DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	Federal	23,019,700	221,400
	Restricted	19,131,200	221,900
	GF/GP	\$65,200	\$0
9. Targeted Increases in Unclassified Salaries for MAHS	FTE	57.5	0.0
Increases the annual salaries for select administrative law judges serving on the Michigan Tax Tribunal, Worker's Compensation Board of Magistrates, and Michigan Compensation Appellate Commission within the Michigan Administrative Hearing System (MAHS) to better attract and retain qualified lawyers by offering compensation competitive with the private sector.	Gross	\$4,595,900	\$176,300
	Federal	944,400	28,200
	Restricted	3,551,500	148,100
	GF/GP	\$100,000	\$0
10. Transfer of Prevailing Wage Functions From MSF	FTE	31.0	1.0
Transfers spending authorization and a FTE position relating to prevailing wages on state projects functions from the Michigan Strategic Fund (MSF) to the LARA budget. E.O. 2012-09 transferred functions relating to the Prevailing Wages on State Projects Act of 1965 from the MSF to the Wage and Hour Division within the Michigan Occupational Safety and Health Administration (MIOSHA).	Gross	\$3,388,300	\$132,300
	Restricted	3,388,300	0
	GF/GP	\$0	\$132,300
11. Align MAHS Spending Authorization and FTEs	FTE	231.4	(2.0)
Aligns the spending authorization and FTE positions for the Michigan Administrative Hearing System (MAHS) to accurately reflect the caseload needs of the Departments of Community Health (DCH) and Human Services (DHS).	Gross	\$35,418,100	(\$111,500)
	IDG/IDT	13,233,400	(111,500)
	Federal	8,531,000	0
	Restricted	12,641,000	0
	GF/GP	\$1,012,700	\$0
12. Decrease Excess Spending Authorization	Gross	\$216,276,900	(\$44,800,000)
Decreases spending authorization within several line items from various fund sources to more accurately reflect available revenues.	Federal	183,050,700	(36,500,000)
	Restricted	33,226,200	(8,300,000)

LICENSING AND REGULATORY AFFAIRS

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
13. Rebasings of FTE Positions	FTE	1,875.7	(84.8)
Increases and decreases FTE positions within several line items, resulting in a net decrease, to more accurately reflect actual staffing and funding levels.			
14. Offset for Veteran Fee Exemptions	Gross	\$3,700,000	\$0
Partially offsets state restricted revenues expended by the Bureau of Construction Codes (BCC) and the Michigan Occupational Safety and Health Administration (MIOSHA) with GF/GP. These state restricted revenues will be reduced as a result of 2012 PAs 309 through 315 which exempted honorably discharged military veterans from licensing fees charged to plumbers, electricians, mechanical contractors, and various building officials by the BCC and filing fees charged to for-profit, nonprofit, and limited liability companies by the Bureau of Commercial Services (BCS).			
	Restricted	3,700,000	(2,759,700)
	GF/GP	\$0	\$2,759,700
15. Various Fund Shifts	Gross	\$12,558,100	\$0
Includes various fund shifts within line items between fund sources which net out to zero gross, though they may alter the types of fund sources, which reflect changes in the availability and allocation of funds or reflect changes to more accurately reflect program administration.			
	Federal	1,792,000	(188,100)
	Local	3,400	(3,400)
	Restricted	10,762,700	191,500
16. Economics Adjustments	Gross	N/A	\$11,765,100
Increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments within LARA.			
	IDG/IDT	N/A	1,006,300
	Federal	N/A	4,413,200
	Restricted	N/A	6,140,700
	GF/GP	N/A	\$204,900
17. Replace Restricted Revenues for ORR With GF/GP From WCA	Gross	\$954,000	\$0
Eliminates state restricted revenue spending authorization for the Office of Regulatory Reinvention (ORR) and replaces it with GF/GP spending authorization offset with an equivalent reduction of GF/GP spending authorization for the Worker's Compensation Agency (WCA). Includes an equivalent increase in state restricted revenue spending authorization for the WCA to offset the reduction in GF/GP spending authorization.			
	Restricted	477,000	0
	GF/GP	\$477,000	\$0
18. Transfer OFIR Appropriations to DIFS	FTE	347.0	(347.0)
Transfers spending authorization and FTE positions from the former Office of Financial and Insurance Regulation (OFIR) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. Spending authorization and FTE positions transferred out of LARA are equivalent to the FY 2013-14 Executive Recommendation for OFIR (including overhead charges for departmental administration, rent, property management, worker's compensation, administrative hearings, and IT projects and services).			
	Gross	\$63,627,900	(\$63,627,900)
	Federal	2,000,000	(2,000,000)
	Restricted	61,627,900	(61,627,900)
19. Transfer Autism Coverage Reimbursement Program to DIFS	Gross	\$15,000,000	(\$15,000,000)
Transfers spending authorization for the Autism Coverage Reimbursement Program (ACRP) to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1. Spending authorization transferred out of LARA is equivalent to the FY 2012-13 enacted appropriation for the ACRP.			
	GF/GP	\$15,000,000	(\$15,000,000)
20. Include Fireworks Safety Grants	Gross	\$0	\$1,000,000
Includes spending authorization for fireworks safety grants to local units of government to defray inspection costs associated with the enforcement of the Michigan Fireworks Safety Act of 2011. These grants are supported by the Fireworks Safety Fund in which consumer fireworks certification and retail fireworks safety fees are deposited.			
	Restricted	0	1,000,000

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
21. Medical Marihuana Operation and Oversight Grants	Gross	N/A	\$3,000,000
Includes spending authorization for Medical Marihuana Operation and Oversight Grants to county law enforcement departments for the operation and oversight of the Michigan Medical Marihuana Program. The grants would be supported with revenue generated by registration card fees deposited into the Michigan Medical Marihuana Fund. Requirements for the grant program are stipulated in boilerplate Sec. 728.	Restricted	N/A	3,000,000
22. One-Time Nursing Home IT System	Gross	N/A	\$2,140,300
Includes one-time spending authorization for information technology systems utilized by nursing home surveyors within the Bureau of Health Care Services (BHCS) to support IT upgrades pursuant to PA 322 of 2012.	GF/GP	N/A	\$2,140,300
23. Reductions in FTEs and State Restricted Revenues	FTE	330.5	(7.0)
Reduces FTE positions and state restricted revenue spending authorization within the Worker's Compensation Agency (WCA), Michigan Administrative Hearing System (MAHS), and Michigan Compensation Appellate Commission (MCAC) line items.	Gross	\$46,899,400	(\$500,000)
	IDG/IDT	13,233,400	0
	Federal	12,083,400	0
	Restricted	16,788,800	(500,000)
	GF/GP	\$4,793,800	\$0

Major Boilerplate Changes From FY 2012-13

Sec. 210. Deprived and Depressed Communities – NEW

Directs LARA to reasonably ensure that businesses in "deprived and depressed" communities compete for and perform contracts for services and supplies.

Sec. 211. Information Technology Work Projects – REVISED

Permits appropriations for information technology to be designated as work projects and carried forward, including the LCC IT Upgrade. Eliminates subsection 1, pertaining to unspecified appropriations for IT.

Sec. 214. Technology User Fees to DTMB – DELETED

Requires LARA to pay user fees to DTMB for IT services and projects subject to interagency agreements.

Sec. 218 (Fmr. Sec. 217). Out-of-State Travel – REVISED

Requires LARA to submit a report pertaining to out-of-state travel for LARA employees, including the dates of each travel occurrence and the related costs and fund sourcing of each travel occurrence. Removes previous travel restrictions and reduces reporting requirements.

Sec. 219. Office Space Consolidation Plan – REVISED

Stipulates that the Legislature intends to cooperate with the office space consolidation plan implemented by DTMB. Substantially revises language to require LARA to submit a report pertaining to the amount of office space paid for during the previous year, the amount actually utilized during the previous year, and the estimated amount that will be utilized during the current and subsequent years.

Sec. 223. Contingency Funds – REVISED

Appropriates federal, state restricted, local, and private contingency funds to LARA, subject to the Management and Budget Act of 1984. Reduces federal contingency funds from \$45.0 million to \$19.0 million, state restricted funds from \$31.0 million to \$25.0 million, local funds from \$8.0 million to \$7.8 million, and private funds from \$600,000 to \$400,000.

Sec. 229. Department Scorecard Website – NEW

Requires LARA to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance.

Sec. 230. Principal Measurable Outcomes – DELETED

Requires LARA to identify and rank 10 measurable outcomes by October 31, 2012 and provide biennial updates on efforts and improvements in those outcomes by April 1.

Sec. 232. Television Productions – REVISED

Prohibits LARA from developing or producing any television productions. Includes radio productions within prohibition.

LICENSING AND REGULATORY AFFAIRS

Major Boilerplate Changes From FY 2012-13

Sec. 236. One-Time Lump-Sum Payments Report – DELETED

Requires LARA to provide a report with information about every employee that receives a payment of more than \$1,000.

Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs – NEW

Prohibits LARA from issuing requests for proposals (RFP) for contracts in excess of \$50,000,000 without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and that LARA shall notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary.

Sec. 240. Filled FTE Report – NEW

Stipulates that the Legislature intends that LARA does not use FTE positions as spending placeholders and requires LARA to provide a report specifying the quarterly number of filled, FTE positions by line item during the preceding fiscal year.

Sec. 250. OPEB Prefunding – NEW

Stipulates that the Legislature intends that LARA continues the prefunding of other postemployment benefits (OPEB) pursuant to 2011 PA 264.

Sec. 305. Fireworks Safety Grants – NEW

Stipulates that the Legislature intends that LARA expends \$1.0 million in fireworks safety grants to local units of government, requires local units of government to submit a report to LARA indicating the annual costs of inspections and enforcement activities associated with the Fireworks Safety Act of 2011, and requires LARA to submit a report providing information pertaining to the amounts of fireworks safety grants awarded to local units of government.

Sec. 320. Licensing and Regulation Fees Carryforward – DELETED

Permits LARA to carry forward licensing and regulation fees collected by the Corporations, Securities, and Commercial Licensing Bureau in excess of expenditures into future fiscal years.

Sec. 325. Veteran Fee Exemption Report – NEW

Requires LARA to submit a report providing information about the number of veteran fee exemptions from licensure, registration, filing, and other fees, the amount of revenue lost due to veteran fee exemptions during the preceding fiscal year, the costs of providing licensing and regulatory services to veterans exempted from the fees, and estimate the amount of revenue lost due to the veteran fee exemptions in future fiscal years.

Sec. 332. UI Computer System Report – REVISED

Requires LARA to provide quarterly status reports pertaining to the UIA Integrated System IT Project. Includes language requiring reports only until the project is complete.

Sec. 333. UI Internet Claims Report – REVISED

Requires LARA to provide quarterly reports pertaining to the percentage of claimants using the internet MARVIN system to certify and receive UI benefits and implement improvement to the system to reach a goal of 50.0% of claimants certifying on the system. Increases goal to 80.0% of claimants certifying on the internet system and expands reporting requirement to include "any application developed for that purpose" and goal to include "systems that reduces staff face time and MARVIN telephone system usage".

Sec. 340. Workplace Deaths and Injuries Report – DELETED

Requires LARA to provide an annual report on the number of individuals killed or injured on the job for the most recent year data are available to the Legislature and SBO.

Sec. 341. Administrative Rules Restriction – RETAINED

Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

Sec. 342. Training Grant to Mining Industry – DELETED

Requires LARA to allocate not less than \$80,000 of MIOSHA CET grants to nonprofit organizations representing the mining industry.

Sec. 368. Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report including statistical, revenue, and expenditure data for the Bureau of Construction Codes (BCC) and the Corporations, Securities, and Commercial Licensing Bureau (CSCLB). Substantially revises language to include all regulatory agencies within LARA and expands reporting requirements to include several additional metrics.

Major Boilerplate Changes From FY 2012-13

Sec. 391. Conservatorship and Insurance Liquidation Funds – DELETED

Stipulates that funds collected by DIFS in connection with a conservatorship pursuant Section 32 of Public Act 173 of 1987 and from corporations being liquidated pursuant to PA 218 of 1956 shall be appropriated for expenses necessary to provide required services and shall not lapse to the general fund. Transferred to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1.

Sec. 603. Local Match Requirements for Facilities Establishment Grants – DELETED

Stipulates that the local match for vocational rehabilitation facilities establishment grants shall not exceed 21.3%.

Sec. 604. Centers for Independent Living – DELETED

Stipulates that all funds appropriated to Independent Living shall be used in support of Centers for Independent Living in underserved areas and the build capacity in compliance with federal regulations and consistence with the State Plan for Independent Living.

Sec. 727. Health Systems and Radiological Health Revenue Carryforward – NEW

Permits LARA to carry forward excess revenue collections for the Health Systems Administration or Radiological Health Administration.

Sec. 728. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – NEW

Requires LARA to provide a report pertaining to the number of medical marihuana registry identification cards issued or renewed in each county. Stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement departments. Requires reports submitted by both county law enforcement departments and LARA pertaining to the amounts, recipients, and uses of the grants. Permits county law enforcement departments to distribute discretionary grants to municipal law enforcement agencies.

Sec. 731. Bureau of Health Systems Regulatory Costs and Fee Report – REVISED

Requires the Bureau of Health Care Services (BHCS) to submit a report to the Legislature pertaining to the costs to regulate each of the several types of health facilities, a proposed fee schedule to offset BHCS' regulatory costs, and recommended statutory and rule changes. Requires an updated report based on previous report.

Sec. 801. Autism Coverage Reimbursement Program Appropriation – DELETED

Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101. Transferred to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1.

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – DELETED

Stipulates reporting requirements pertaining to the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Transferred to the Department of Insurance and Financial Services (DIFS) created by Executive Order 2013-1.

Sec. 801. Nursing Home Survey IT System Project – NEW

Stipulates that the appropriation for nursing home survey IT system is for costs associated with complying with 2012 PA 322 and is one-time, sufficient to cover expenditures, and that no future appropriations are anticipated.

Sec. 1202. Normal Retirement Costs and Legacy Retirement Costs – NEW

States that it is the intent of the Legislature that LARA identifies the amounts for normal retirement costs and legacy retirement costs for FY 2014-15.

**FY 2013-14
Budget Detail
for
RESOURCE PROTECTION**

**Agriculture and Rural Development
Environmental Quality
Natural Resources**

**AGRICULTURE AND RURAL DEVELOPMENT
Summary of FY 2013-14 Enacted Appropriations
Article I, 2013 Public Act 59 (House Bill 4328)**

Analyst: Susan Frey

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$519,300	\$524,300	\$524,300	\$524,300	\$524,300	\$5,000	1.0
Federal	11,199,600	9,720,900	9,720,900	9,720,900	9,960,900	(1,238,700)	(11.1)
Local	0	0	0	0	0	0	--
Private	175,800	96,900	96,900	96,900	96,900	(78,900)	(44.9)
Restricted	28,959,400	29,020,900	29,020,900	29,020,900	29,020,900	61,500	0.2
GF/GP	36,098,900	37,630,300	37,430,300	39,780,300	40,580,300	4,481,400	12.4
Gross	\$76,953,000	\$76,993,300	\$76,793,300	\$79,143,300	\$80,183,300	\$3,230,300	4.2
FTEs	431.0	434.0	434.0	435.0	440.0	9.0	2.1

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

Overview

Key programs and priorities of the Department of Agriculture and Rural Development include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

Major Budget Changes From FY 2012-13 YTD Appropriations

1. Economic Adjustments

Reflects increased costs of \$1.8 million Gross (\$904,600 GF/GP) for negotiated salary and wage amounts, insurance rate increases, actuarially-required retirement rate increases, building and other economic adjustments.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	N/A	\$1,764,400
IDG	N/A	7,400
Federal	N/A	230,300
Private	N/A	3,400
Restricted	N/A	618,700
GF/GP	N/A	\$904,600

2. Food Safety

Includes net \$250,000 GF/GP reduction for food safety wholesale and retail sampling and follow-up and related laboratory testing with elimination of \$500,000 GF/GP one-time funding, offset by \$250,000 GF/GP increase in ongoing funding. The ongoing funding increase is allocated \$65,000 to food safety and \$185,000 to laboratory services. YTD shown is Food Safety and Quality Assurance line item, and one-time New Food Safety Requirements line item.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	\$10,667,500	(\$250,000)
Federal	687,400	0
Restricted	3,296,400	0
GF/GP	\$6,683,700	(\$250,000)

3. Pesticide and Plant Pest Management

Provides net increase of 4.0 FTEs and \$787,600 Gross (\$1.8 million GF/GP) for agriculture product assurance and export assistance to maintain current inspection and certification programs. GF/GP is increased by \$1.0 million to offset federal and state restricted funds reductions to the program of the same amount. One-time funding of \$800,000 GF/GP is also provided to offset shortfall in state restricted revenue from agriculture licensing and inspection fees.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
FTEs	77.0	4.0
Gross	\$10,610,100	\$787,600
Federal	2,049,300	(435,600)
Private	86,800	(66,800)
Restricted	4,837,400	(510,000)
GF/GP	\$3,636,600	\$1,800,000

4. Department of Interior Grant Funds

Includes new federal grant funds of \$120,000 for the pesticide and plant pest management program and \$120,000 for the environmental stewardship program from the U.S. Department of the Interior.

	FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
Gross	\$0	\$240,000
Federal	0	240,000
GF/GP	\$0	\$0

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
5. Animal Industry - Disease Prevention and Response	Gross	\$8,956,700	(\$449,300)
Recognizes \$449,300 of reduced federal and state restricted revenue for the animal disease prevention and response program reflecting declines of \$336,200 from federal USDA grants and \$113,100 from agriculture licensing and inspection fees.	Federal	880,400	(336,200)
	Restricted	332,700	(113,100)
	GF/GP	\$7,743,600	\$0
6. Producer Security/Grain Dealer Program	FTEs	4.0	1.0
Reflects increase of 1.0 FTE and \$150,000 of state restricted fee revenue from recently enacted grain dealer license fee increase (PA 148 of 2012). Funds are used to provide regulatory oversight of grain dealers and administer the farm producer security program.	Gross	\$574,200	\$150,000
	Restricted	557,400	150,000
	GF/GP	\$16,800	\$0
7. Farmland and Open Space Preservation	Gross	\$1,372,000	\$192,500
Increases funding for administration of the Farmland and Open Space Preservation program by \$392,500 from the state restricted Agricultural Preservation Fund, an increase from \$872,000 to \$1.26 million, which requires statutory amendment (enacted in PA 86 of 2013 (HB 4663)). Also, reduces capital outlay appropriation for farmland and open space development acquisition from \$500,000 to \$300,000, funded by the Agricultural Preservation Fund.	Restricted	1,372,000	192,500
	GF/GP	\$0	\$0
8. USDA Monitoring	Gross	\$2,548,700	(\$1,000,000)
Recognizes \$1.0 million reduction in funding for the USDA Monitoring Program from USDA federal grants. Program collects data on pesticide residue and microbiological pathogens in foods, and has food emergency response network capabilities in case of microbiological threat agents in food.	Federal	2,548,700	(1,000,000)
	GF/GP	\$0	\$0
9. Agriculture Development Staffing	FTE	10.0	1.0
Includes an increase of \$130,000 GF/GP and 1.0 FTE to add an agriculture economic development specialist position with a focus on the Upper Peninsula.	Gross	\$2,712,000	\$130,000
	Federal	1,566,800	0
	Restricted	104,500	0
	GF/GP	\$1,040,700	\$130,000
10. New Food and Agriculture Industry Strategic Growth Initiative	Gross	N/A	\$1,000,000
Provides \$1.0 million GF/GP for new competitive grant program to foster agriculture industry-wide development and growth, focused on removing barriers and leveraging opportunities in food processing and other areas as identified by an advisory group formed by the Director. Sec. 711 is related new boilerplate, which also allows for receipt and expenditure of funds for the program from the Michigan Strategic Fund or the Michigan Economic Development Corporation.	GF/GP	N/A	\$1,000,000
11. County Fairs Capital Improvement Grants	Gross	\$281,600	\$20,000
Increases grants for capital improvements for county fairs by \$20,000 GF/GP.	GF/GP	\$281,600	\$20,000
12. Qualified Forest Affidavit Program	FTE	0.0	5.0
Provides \$1.7 million GF/GP increase for one-time funding for qualified forest affidavit program, as enacted June 2013 in a 9-bill package. Current year one-time funding of \$600,000 GF/GP for this program is continued and combined with the new funding. Current year ongoing funding of \$200,000 GF/GP (private forest development line item) is maintained and 5.0 FTEs are added to administer the expanded program.	Gross	\$800,000	\$1,700,000
	GF/GP	\$800,000	\$1,700,000

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD</u> <u>(as of 2/7/13)</u>	<u>Enacted Change</u> <u>From YTD</u>
13. Water Resources Study - One-Time Appropriation	Gross	N/A	\$300,000
Includes new one-time funding of \$300,000 GF/GP for an Ottawa County water resources study. Sec. 1104 is new related boilerplate defining participation and scope of study. Findings shall be made available to the Department and to the Department of Environmental Quality.	GF/GP	N/A	\$300,000
14. Other One-Time Appropriations	Gross	\$1,370,300	(\$1,370,300)
Discontinues a one-time appropriation for lump-sum payments to state employees of \$470,300 Gross (\$235,300 GF/GP), and a one-time appropriation for rural development value-added grants of \$900,000 GF/GP.	IDG	2,400	(2,400)
	Federal	85,000	(85,000)
	Private	1,500	(1,500)
	Restricted	146,100	(146,100)
	GF/GP	\$1,135,300	(\$1,135,300)
15. Technical Fund Source Change	Gross	N/A	N/A
Fund source identified in the budget as "Licensing and inspection fees" is revised to "Agriculture licensing and inspection fees".	GF/GP	N/A	N/A

Major Boilerplate Changes From FY 2012-13

Sec. 231. Report on Ten Measurable Outcomes – REVISED

Requires the Department to maintain a scorecard on a publicly accessible website that identifies, tracks and regularly updates key metrics used to monitor and improve the agency's performance.

Sec. 453. Indemnification Payments – REVISED

(1) Allows the Department to provide for indemnification payments pursuant to the Animal Industry Act, not to exceed \$100,000 per order; requires report prior to an indemnification. (2) Requires the Department to make an indemnification payment for the fair market value of livestock killed by wolves, coyotes, or cougars. (3) Directs that the part 1 appropriation is for indemnifications under (2) and related costs, and provides for a report. In a signing letter dated June 13, 2013, the Governor asserts that (2) of this boilerplate section is unenforceable.

Sec. 551. Commodity Export Inspection Programs – DELETED

States legislative intent that the Department work with industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables. Allocates \$200,000 to ensure timely commodity export inspections.

Sec. 552. Clean Sweep Program – DELETED

Encourages the Department to work with local public health departments and the USDA to maintain and expand the Clean Sweep program, including disposal of prescription drugs; requires report.

Sec. 608. Lake St. Clair Water Quality – DELETED

Requires the Department to work to address water quality issues affecting Lake St. Clair including efforts to reduce nonpoint source pollution, from the funds appropriated for the Michigan agriculture environmental assurance program.

Sec. 803. Thoroughbred Program Escrow – REVISED

Requires that if there is no live thoroughbred race meet in 2013 or 2014 all purse money and program money appropriated for the thoroughbred program be held in escrow for a stated period, and establishes the portion of the purse pool distribution related to thoroughbred races that is to be held in escrow. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

Sec. 1101. Rural Development Value-Added Grant Program – REVISED

Provides criteria for the Rural Development Value-Added Grant Program, and requires reports. Sec. 1101 is moved from One-Time Basis Only Appropriations section to Agriculture Development section, and renumbered to Sec. 701.

PART 2A, PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2014-2015

Sec. 1201. Anticipated FY 2014-15 Appropriations – REVISED

States legislative intent to provide FY 2014-15 appropriations for the line items in part 1, anticipated to be the same as FY 2013-14 except for adjustments for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue.

Major Boilerplate Changes From FY 2012-13

Sec. 1202. FY 2014-15 Retirement Costs – NEW

Establishes legislative intent that the Department identify normal retirement costs and legacy retirement costs for the line items for FY 2014-15.

ENVIRONMENTAL QUALITY

**ENVIRONMENTAL QUALITY
Summary of FY 2013-14 Enacted Appropriations
Article VII, 2013 Public Act 59 (House Bill 4328)**

Analyst: Viola Bay Wild

IDG/IDT	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$9,021,200	\$9,401,900	\$9,399,300	\$9,401,900	\$9,401,900	\$380,700	4.2
Federal	161,687,500	150,929,700	150,911,400	150,929,700	150,779,700	(10,907,800)	(6.7)
Local	0	0	0	0	0	0	--
Private	533,200	541,800	541,800	541,800	541,800	8,600	1.6
Restricted	231,275,600	327,690,900	320,626,100	320,690,900	327,340,900	96,065,300	41.5
GF/GP	29,812,400	29,104,500	26,399,900	29,104,600	29,104,500	(707,900)	(2.4)
Gross	\$432,329,900	\$517,668,800	\$507,878,500	\$510,668,900	\$517,168,800	\$84,838,900	19.6
FTEs	1,327.5	1,291.5	1,291.5	1,291.5	1,287.5	(40.0)	(3.0)

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

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.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Funding Authorization Reductions	Gross	N/A	(\$1,937,000)
Reduces restricted funding by \$1.9 million to align with anticipated revenues. Restricted funds reduced include Water Analysis Fund, Waste Reduction Fund, Septage Waste License Fees, Hazardous Materials Transport Permit Fund, Infrastructure Construction Fund, and CMI Clean Water Fund.	Restricted	N/A	(1,937,000)
2. Hazardous Waste Management Program Fee Increase	Gross	N/A	\$0
Replaces \$1.5 million restricted funding used in FY 2012-13 that is no longer available with \$1.5 million restricted funding from fund balances of 2 restricted funds anticipated to be statutorily combined with the Environmental Pollution Prevention Fund through statutory change; eliminates \$400,000 federal funding to align with anticipated revenues and replaces that funding with \$400,000 one-time GF/GP.	Federal	N/A	(400,000)
	Restricted	N/A	0
	GF/GP	N/A	\$400,000
3. Office of Environmental Assistance	FTEs	44.0	(4.0)
Reduces Office of Environmental Assistance funding by \$500,000 Gross and eliminates 4.0 FTE positions.	Gross	\$7,082,600	(\$500,000)
	Private	348,700	0
	Federal	902,700	(150,000)
	Restricted	5,831,200	(350,000)
4. Wetlands Funding	FTE	24.0	1.0
Funds Wetlands Program at \$2.1 million Gross (\$1.6 million GF/GP), reclassifies \$1.0 million GF/GP one-time funding in current year for Wetlands Program to ongoing base funding, and includes additional \$100,000 GF/GP funding and 1.0 FTE for a Wetlands Ombudsman. In addition, continues \$600,000 current-year one-time GF/GP support.	Gross	\$2,000,000	\$100,000
	Federal	500,000	0
	GF/GP	\$1,500,000	\$100,000

ENVIRONMENTAL QUALITY

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
5. Great Lakes Restoration Initiative (GLRI)	Gross	\$25,000,000	(\$10,000,000)
Decreases federal EPA authorization for GLRI funding by \$10.0 million. Funding is reduced because many GLRI grants are being awarded directly to locals rather than to DEQ as a pass-through agency.	Federal	25,000,000	(10,000,000)
6. Leaking Underground Storage Tanks (LUST) Cleanups	Gross	\$30,000,000	\$2,500,000
Appropriates an additional \$2.5 million Refined Petroleum Fund (RPF) revenue for cleanup work at LUST sites.	Restricted	30,000,000	2,500,000
7. Underground and Aboveground Storage Tank Inspection/Permitting Program	FTE	37.0	(37.0)
Reduces restricted funding by \$3.7 million and federal funding by \$1.3 million and eliminates 37.0 FTE positions to reflect the transfer to LARA of the underground and aboveground storage tank programs. Transfer authorized by E.O. 2012-14.	Gross	\$4,925,700	(\$4,925,700)
	Federal	1,255,300	(1,255,300)
	Restricted	3,670,400	(3,670,400)
8. Strategic Water Quality Initiatives Funding (SWQIF)	Gross	N/A	\$100,000,000
Includes additional \$100.0 million restricted funding from SWQIF bond revenues. Provides \$97.0 million funding for the SWQIF grants and loans program which makes awards to local governments to improve sewage collection and treatment systems and \$3.0 million to establish the new wetland mitigation bank funding program to provide grants and loans to eligible municipalities. Funding for the annual debt service for this bonding is appropriated in Treasury budget.	Restricted	N/A	100,000,000
9. Office of the Great Lakes	Gross	\$2,806,600	\$0
Appropriates \$500,000 GF/GP funding to support the Office of the Great Lakes and to satisfy the state's responsibilities under the Great Lakes Compact Agreement. Funding would replace restricted funding that is no longer available.	Federal	1,626,200	0
	Restricted	804,600	(500,000)
	GF/GP	\$375,800	\$500,000
10. Revenue Alignment Adjustments	Gross	N/A	\$229,400
Includes additional \$234,400 IDG authorization to receive additional funding from the Michigan Department of State Police to more accurately reflect the DEQ's costs associated with the radiological protection program. Decreases restricted funding by \$5,000 for IT charges due to program rate changes.	IDG	N/A	234,400
	Restricted	N/A	(5,000)
11. Surface Water Quality Program	Gross	N/A	\$200,000
Includes additional \$200,000 GF/GP funding to be used as matching funds for federal grants available for enforcement, the issuance of permits, and compliance activities concerning water quality.	GF/GP	N/A	\$200,000
12. Cost Allocation Adjustment	Gross	N/A	\$0
Adjusts funding amounts to reflect cost allocation changes from FY 2012-13.	IDG	N/A	22,500
	Federal	N/A	(36,500)
	Restricted	N/A	14,000
13. Information Technology Expansion	Gross	N/A	\$90,300
Appropriates additional \$90,300 (\$4,600 GF/GP) funding for wireless infrastructure and Internet bandwidth expansions.	IDG	N/A	2,600
	Federal	N/A	18,300
	Restricted	N/A	64,800
	GF/GP	N/A	\$4,600
14. Removal of FY 2012-13 One-Time Supplemental Funding - Aquifer Protection Program	Gross	\$600,000	(\$600,000)
Eliminates \$600,000 supplemental funding for the Aquifer Protection Program appropriated in PA 305 of 2012. One-time appropriation is anticipated to sufficiently fund program for 3 years.	Restricted	600,000	(600,000)

ENVIRONMENTAL QUALITY

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD</u> <u>(as of 2/7/13)</u>	<u>Enacted Change</u> <u>From YTD</u>
15. Removal of FY 2012-13 One-Time Boilerplate Appropriation - Engineering Study		Gross	\$300,000
Eliminates \$300,000 boilerplate appropriation for an engineering study concerning the Wickes Manufacturing TCE plume site.		Restricted	(300,000)
16. Removal of FY 2012-13 One-Time Appropriations		Gross	\$11,049,200
Eliminates one-time funding items from previous year that will not receive any funding in FY 2013-14:		IDG	(48,800)
<ul style="list-style-type: none"> • Brownfield Grants and Loans (\$5.0 million) • MiWaters Data System Project (\$2.0 million) • State Employees Lump-Sum Payments (\$1.5 million) • Drinking Water Revolving Fund State Match (\$2.5 million) 		Federal	(415,700)
		Private	(4,200)
		Restricted	(7,920,400)
		GF/GP	(\$2,660,100)
17. Brownfield Grants		Gross	N/A
Appropriates \$5.5 million Clean Michigan Initiative funding for grants to give support for existing contaminated site cleanup projects.		Restricted	5,500,000
18. Economic Adjustments		Gross	\$5,531,100
Reflects increased costs of \$5.5 million Gross (\$747,600 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.		IDG	170,000
		Federal	1,331,400
		Private	12,800
		Restricted	3,269,300
		GF/GP	\$747,600

Major Boilerplate Changes From FY 2012-13

Sec. 227. Permit Application Status Tracking Tool – DELETED

Requires report on implementation of a permit application tracking tool on DEQ website.

Sec. 229. Expedited Permitting Program – REVISED

Requires report listing actions and program changes taken to implement the Expedited Permitting Program and which program areas have implemented the Expedited Permitting Program.

Sec. 230. Measurable Outcomes Report – DELETED

Requires report identifying 10 principal measurable outcomes of budget expenditures.

Sec. 231. Website Scorecard – NEW

Requires DEQ to maintain on a publicly accessible website a department scorecard with key metrics concerning the agency's performance.

Sec. 232. Publication Revenue Fund Transfer – NEW

Transfers surplus funds of up to \$72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund on October 1, 2013.

Sec. 233. Request for Proposal (RFP) Language – NEW

Prohibits Department from issuing an RFP for a contract greater than \$5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ) has been considered.

Sec. 306. Refined Petroleum Fund Cleanup Site List – REVISED

Lists cleanup projects to be funded through the Refined Petroleum Product Cleanup Program.

Sec. 307. Engineering Study Appropriation – DELETED

Appropriates \$300,000 CMI funding for an engineering study concerning the Wickes Manufacturing TCE plume site.

Sec. 309. Brownfield Grants and Loans Program Work Project Language – REVISED

Provides that Brownfield Grant Program funding are work project appropriations and allows carryforward of remaining funds; projects accomplished by contract; tentative completion date is September 30, 2018.

Sec. 401. Aquatic Nuisance Control (ANC) – REVISED

Requires \$700,000 and 5.0 FTEs be allocated to support the permit review program within the ANC program; requires report.

Major Boilerplate Changes From FY 2012-13

Sec. 402. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available.

Sec. 403. Aquatic Invasive Species Council – DELETED

Requires DEQ to support funding for an Aquatic Invasive Species Council.

Sec. 407. Groundwater Discharge Sodium Levels – NEW

Prohibits DEQ from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable.

Sec. 408. Beach Monitoring – NEW

Provides that \$100,000 of funding appropriated in part 1 for surface water be allocated for water quality beach monitoring equipment for Lake St. Clair Metropark Beach.

Sec. 601. Solid Waste Program Report – DELETED

Requires report on the Department's Solid Waste Management Program and policies. Report shall include plan for long-term funding and all actions and program changes taken to implement recommendation of 2012 report.

Sec. 603. Environmental Pollution Prevention Fund (EPPF) – NEW

Provides that if statutory changes are made to combine certain hazardous waste program restricted funds into the EPPF, appropriations in part 1 from these funds shall be appropriated from the EPPF.

Sec. 604. EPPF Balance Stipulation – NEW

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced.

Sec. 1202. Identification of Future Retirement Costs – NEW

States legislative intent that the DEQ identify the FY 2014-15 retirement costs for line items listed in part 1.

NATURAL RESOURCES

NATURAL RESOURCES
Summary of FY 2013-14 Enacted Appropriations
Article XV, 2013 Public Act 59 (House Bill 4328)

Analyst: Viola Bay Wild

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$2,027,200	\$1,412,300	\$1,412,300	\$1,412,300	\$1,412,300	(\$614,900)	(30.3)
Federal	66,524,800	67,127,300	67,127,300	67,127,300	67,127,300	602,500	0.9
Local	0	0	0	0	0	0	--
Private	7,239,200	7,237,200	7,237,200	7,237,200	7,237,200	(2,000)	0.0
Restricted	242,353,700	251,325,500	241,873,000	241,925,500	241,925,500	(428,200)	(0.2)
GF/GP	19,737,900	27,286,600	17,929,700	22,136,600	25,286,600	5,548,700	28.1
Gross	\$337,882,800	\$354,388,900	\$335,579,500	\$339,838,900	\$342,988,900	\$5,106,100	1.5
FTEs	2,099.8	2,141.3	2,089.3	2,115.3	2,140.3	40.5	1.9

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

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, state parks and forest campgrounds, and Michigan's historical programs.

Major Budget Changes From FY 2012-13 YTD Appropriations

**FY 2012-13 YTD Enacted Change
(as of 2/7/13) From YTD**

1. Funding and FTE Authorization Adjustments

Reduces gross funding authorization by \$14.7 million to align with anticipated revenues; eliminates 54.5 FTE unfilled and unfunded positions. Major restricted funds reductions include:

FTE	N/A	(54.5)
Gross	N/A	(\$14,689,900)
IDG	N/A	(626,700)
Federal	N/A	(37,600)
Private	N/A	(17,900)
Restricted	N/A	(14,007,700)

Game and Fish Protection Fund	\$5.2 million
Forest Development Fund	5.0 million
Marine Safety Fund	522,700
Snowmobile Trail Improvement Fund	500,000
Game and Fish - Turkey Permit Fees	536,300
Game and Fish - Deer Habitat Reserve	353,300

2. Hunting and Fishing License Fees Increase

Includes additional \$11.4 million restricted funding in FY 2013-14 and 44.0 FTE positions. Funding would be realized through an increase in hunting and fishing license fees. The current license fee structures would be replaced. Hunting licenses would require a base \$10 license that allows hunters to hunt small game and waterfowl. Additional tags could be purchased for deer, turkey, bear, wolf, elk, and fur-bearing animals to add to base license. The following fishing licenses would be offered: 24-hour all-species license, and all-species licenses for residents, senior residents, and non-residents. Fee increases would begin on March 1, 2014. Proposal also requires additional \$1.00 be charged to each base hunting license and the all-species fishing license; funding from the \$1.00 charge must be used for marketing, education, and outreach activities. Fee changes estimated to generate \$19.7 million additional funding annually; a portion of new revenue would fund 44.0 additional FTEs.

FTEs	N/A	44.0
Gross	N/A	\$11,365,000
Restricted	N/A	11,365,000

NATURAL RESOURCES

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
3. Off-Road Vehicle (ORV) License Fee Increase	Gross	N/A	\$2,700,000
Includes \$2.7 million additional restricted funding to be realized through an increase in ORV licenses from the current annual fee of \$16.25 to a \$26.25 annual fee. Proposal also includes an additional optional cost of \$10 to the license fee to be authorized to ride on state trails.	Restricted	N/A	2,700,000
4. Conservation Officer Academy and Training	FTE	N/A	35.0
Includes \$4.6 million GF/GP funding and 35.0 FTEs for additional Conservation Officers; \$4.0 million will be ongoing funding and \$600,000 will be one-time funding for an officer training academy.	Gross	N/A	\$4,600,000
	GF/GP	N/A	\$4,600,000
5. IT Rate Adjustments and Upgrades	Gross	N/A	\$155,200
Appropriates additional \$95,700 Gross (\$11,000 GF/GP) funding for IT charges due to program rate changes and appropriates an additional \$59,500 Gross (\$6,900 GF/GP) for wireless infrastructure and Internet bandwidth expansions.	Restricted	N/A	137,300
	GF/GP	N/A	\$17,900
6. Summer Youth Initiative	Gross	\$3,000,000	(\$500,000)
Reduces current-year funding of the Summer Youth Initiative Program by \$500,000 GF/GP.	GF/GP	\$3,000,000	(\$500,000)
7. Wildfire Protection	Gross	N/A	\$750,000
Appropriates additional \$750,000 GF/GP funding for wildfire protection.	GF/GP	N/A	\$750,000
8. Accounting Service Center Funding Adjustment	Gross	N/A	\$5,000
Includes additional restricted funding of \$5,000 as a technical adjustment to properly align expenditures with services received from the accounting service center.	Restricted	N/A	5,000
9. Removal of FY 2012-13 One-Time Funding Items	Gross	\$3,892,600	(\$3,892,600)
Eliminates \$3.9 million one-time funding items from previous year that will not receive one-time funding in FY 2013-14:	IDG	11,300	(11,300)
	Federal	260,500	(260,500)
	Private	15,500	(15,500)
• State Employees Lump-Sum Payments (\$1.9 million)	Restricted	1,509,100	(1,509,100)
• Dam Management Program (\$2.0 million)	GF/GP	\$2,096,200	(\$2,096,200)
10. Belle Isle	FTEs	N/A	16.0
Includes additional \$2.5 million GF/GP funding and 16.0 FTE positions for the operation of Belle Isle as a state park, assuming a lease agreement with the City of Detroit. The new FTE positions would include 10.0 additional FTE authorizations within the State Parks program as well as 6.0 additional positions.	Gross	N/A	\$2,500,000
	GF/GP	N/A	\$2,500,000
11. Capital Outlay Projects - State Parks	Gross	\$12,125,900	(\$2,625,900)
Reduces funding for state parks repair and maintenance capital outlay projects by \$2.6 million to align funding with available revenue.	Restricted	12,125,900	(2,625,900)
12. Capital Outlay Projects - Waterways Boating Program	Gross	\$6,250,600	\$665,000
Includes additional \$327,000 restricted funding (Waterways Fund) and \$338,000 federal funding for waterways boating projects.	Federal	1,300,000	338,000
	Restricted	4,950,600	327,000
13. Economic Adjustments	Gross	N/A	\$4,074,300
Reflects increased costs of \$4.1 million Gross (\$277,000 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments.	IDG	N/A	23,100
	Federal	N/A	562,600
	Private	N/A	31,400
	Restricted	N/A	3,180,200
	GF/GP	N/A	\$277,000

NATURAL RESOURCES

Major Boilerplate Changes From FY 2012-13

Sec. 230. Measurable Outcomes Report – DELETED

Requires report identifying 10 principal measurable outcomes of budget expenditures.

Sec. 235. Website Scorecard – NEW

Requires DNR to maintain on a publicly accessible website a department scorecard with key metrics concerning the agency's performance.

Sec. 236. Request for Proposal (RFP) Language – NEW

Prohibits Department from issuing an RFP for a contract greater than \$5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ) has been considered.

Sec. 406. Historical Program Fees – REVISED

Allows DNR to charge fees for historical program services and museum admissions.

Sec. 703. Soo-Raco Trail – NEW

Requires Department to work with the Department of Transportation, local officials, and local landowners to investigate traffic routing and flow on the Soo-Raco trail through Brimley.

Sec. 801. Abandoned Mine Shaft Closures – DELETED

Appropriates \$350,000 for any declared emergency for the collapse of an abandoned mine shaft on state land.

Sec. 806. State Forest Campground Closures – DELETED

States legislative intent that the state forest campgrounds proposed by the DNR to be closed will remain open.

Sec. 807. Disaster and Emergency Contingency Fund – NEW

Appropriates up to \$800,000 funding from the Disaster and Emergency Contingency Fund to cover disaster-related costs. Funds cannot be expended without State Budget Director recommendation and notification to House and Senate Appropriations Committees; requires report.

Sec. 1003. Dam Management Program – DELETED

Provides that unexpended funds for the Dam Management Grant Program are considered work project appropriations; requires that a long-term plan be part of grant application.

Sec. 1104. Federal Reimbursement for Harbor Dredging – NEW

Requires DNR to seek reimbursement from the United States Army Corps of Engineers (ACOE) for emergency dredging of harbors under the ACOE's jurisdiction. Any reimbursement received shall be deposited into the Michigan State Waterways Fund.

Sec. 1202. Identification of Future Retirement Costs – NEW

States legislative intent that the DNR identify the FY 2014-15 retirement costs for line items listed in Part 1.

**FY 2013-14
Budget Detail
for
ALL OTHERS**

**Judiciary
Transportation**

**JUDICIARY
Summary of FY 2013-14 Enacted Appropriations
Article XII, 2013 Public Act 59 (House Bill 4328)**

Analyst: Robin R. Risko

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$2,638,200	\$2,350,500	\$2,350,500	\$2,350,500	\$2,350,500	(\$287,700)	(10.9)
Federal	6,017,100	5,343,900	5,343,900	5,343,900	5,343,900	(673,200)	(11.2)
Local	7,049,300	7,133,100	7,133,100	7,133,100	7,133,100	83,800	1.2
Private	921,800	931,500	931,500	931,500	931,500	9,700	1.1
Restricted	86,382,200	86,115,900	86,115,900	86,115,900	84,213,800	(2,168,400)	(2.5)
GF/GP	170,751,500	183,441,300	171,834,100	171,834,100	183,441,300	12,689,800	7.4
Gross	\$273,760,100	\$285,316,200	\$273,709,000	\$273,709,000	\$283,414,100	\$9,654,000	3.5
FTEs	472.0	482.0	480.0	480.0	483.0	11.0	2.3

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.
(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

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.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. Regionalization and Expansion of Specialty Courts	Gross	\$13,383,000	\$2,500,000
Includes an additional \$2.5 million GF/GP for the regionalization and/or expansion of drug courts, driving while intoxicated/sobriety courts, and veterans courts. The goal is to make these courts available to more citizens in the state by regionalizing courts to serve multiple jurisdictions and expanding the number of specialty courts available.	IDG	1,800,000	0
	Federal	800,000	0
	Restricted	3,649,900	0
	GF/GP	\$7,133,100	\$2,500,000
2. Expansion of Mental Health Courts	Gross	\$2,100,000	\$2,000,000
Includes an additional \$2.0 million GF/GP for grants to be awarded to trial courts that are interested in operating mental health courts. Currently, there are nine pilot courts operating mental health courts. The funding will allow for five to ten additional mental health courts.	GF/GP	\$2,100,000	\$2,000,000
	FTE	61.0	2.0
3. State Appellate Defender Office (SADO) Staff Increase	Gross	\$13,645,900	\$214,400
Includes 2.0 FTE positions and \$214,400 GF/GP to assist the office with meeting the statutory requirement to manage 25% of the state's criminal defense appellate cases for indigents. The office met 18% in FY 2011-12 and is expected to meet 22% in FY 2012-13.	Federal	3,048,500	0
	Private	777,500	0
	Restricted	1,263,400	0
	GF/GP	\$8,556,500	\$214,400
4. Savings for Eliminated Judgeships	Gross	N/A	(\$391,500)
Reflects a savings of \$391,500 GF/GP from elimination of five judgeships under PA 300 of 2011. The amount of savings represents full-year savings for two of the five judgeships and partial year savings for the other three. Savings amounts are a result of the effective dates of the retirements of the judges.	GF/GP	N/A	(\$391,500)

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
5. Adjustments to Reflect Actual Revenues	Gross	N/A (\$1,284,500)
Adjusts funding for the following programs in order to reflect the actual amount of revenue available:	IDG	(300,000)
	Federal	(708,100)
	Restricted	(276,400)
<ul style="list-style-type: none"> Decreases IDG Byrne Justice Assistance grant funding received from the Department of State Police for drug treatment courts by \$300,000 Decreases federal DOT National Highway Traffic Safety Administration funding for Judicial Information Systems by \$572,400 Decreases federal HHS Title IV-E funding for the Foster Care Review Board by \$254,000 Increases federal DOJ funding for the Appellate Public Defender program by \$118,300 Decreases Justice System Fund revenues for SCAO by \$205,400 Eliminates \$71,000 in restricted Miscellaneous Revenues for the Judicial Institute. 		
6. New Line Items	Gross	N/A \$0
Separates funding for the Swift and Sure Sanctions program from the Drug Treatment Courts line item and funding for Mental Health Courts from the State Court Administrative Office (SCAO) line item and establishes two new line items for these programs.	GF/GP	N/A \$0
7. Economic Adjustments	Gross	N/A \$2,452,100
Includes an additional \$2.5 million Gross (\$2.1 million GF/GP) for justices' and judges' retirement, salary and wages, insurances, employee retirement, rent, building occupancy, and worker's compensation.	IDG	21,400
	Federal	86,100
	Local	162,400
	Private	17,900
	Restricted	53,300
	GF/GP	\$2,111,000
8. Eliminate One-Time FY 2012-13 Funding	Gross	\$827,200 (\$827,200)
Eliminates \$827,200 Gross (\$636,900 GF/GP) in one-time funding that was included in the FY 2012-13 budget for employee lump sum payments.	IDG	9,100 (9,100)
	Federal	51,200 (51,200)
	Local	78,600 (78,600)
	Private	8,200 (8,200)
	Restricted	43,200 (43,200)
	GF/GP	\$636,900 (\$636,900)
9. One-Time Trial Court Innovations Fund	FTE	N/A 1.0
Includes 1.0 FTE position and \$1.0 million GF/GP in one-time funding to be used to create incentives which encourage positive change, adoption of best practices, and high performance in the state's trial courts.	Gross	N/A \$1,000,000
	GF/GP	N/A \$1,000,000
10. One-Time Implementation of the Michigan Court System	FTE	N/A 8.0
Includes 8.0 FTE positions and \$3.5 million GF/GP in one-time funding to assist with implementation of a unified case management information system, called the Michigan Court System (MiCS), in 264 trial court locations. The new system will combine the four current legacy case management systems that are built on technology that is more than 25 years old. Funding will also be used to train the more than 4,000 users of the system.	Gross	N/A \$3,490,700
	GF/GP	N/A \$3,490,700
11. Veterans Courts	Gross	N/A \$500,000
Creates a new line item for Veterans Courts and funds the line item at \$500,000 GF/GP.	GF/GP	N/A \$500,000
12. Court Fee Fund Adjustment	Gross	N/A \$0
Reduces state restricted Court Fee Fund revenue by \$1.9 million to reflect an anticipated shortfall in collections and offsets the reduction with an increase of \$1.9 million in GF/GP. This funding supports probate and circuit court judges' salaries.	Restricted	N/A (1,902,100)
	GF/GP	N/A \$1,902,100

JUDICIARY

Major Boilerplate Changes From FY 2012-13

Sec. 223. Website for Performance Scorecard – NEW

Requires the judiciary to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics that are used to monitor and improve the judiciary's performance.

Sec. 320. Swift and Sure Sanctions Pilot Program – REVISED

Current year language authorizes \$6.0 million in grant funding to be awarded by SCAO to qualifying courts to operate a Swift and Sure Sanctions program; requires courts to operate a drug court or be part of a unified trial court system in order to qualify for grant funding; specifies priorities for SCAO to follow when distributing grant funding; and requires reports from courts that receive grant funding. Language is revised to include reference to the Swift and Sure Sanctions program act, delete the requirement that funding be distributed only to courts which operate a drug court or have a unified trial court, and delete the list of priorities to be used in awarding grant funding.

Sec. 321. Self-Help Website – REVISED

Current year language expresses intent of the legislature that the judicial branch support a statewide legal self-help website and local nonprofit self-help centers that provide assistance to persons who represent themselves in civil legal proceedings. Language is revised to add the requirement that SCAO evaluate the effectiveness of the website, summarize the costs of maintaining the website, estimate the savings the website generates for the state court system, and report this information to the legislature.

Sec. 322. Funding for State Appellate Defender Office – REVISED

Current year language authorizes SADO to receive and expend up to \$250,000 in federal Byrne grant funding. Language is revised to include authorization for SADO to receive and expend up to an additional \$300,000 from the Department of Justice if the funding is made available.

Sec. 323. Report on Juvenile Out-of-State Placements – NEW

Requires SCAO to provide courts with a quarterly listing of out-of-state placements of juveniles made by each court, along with an annual listing of per diem costs of the public and private residential care facilities located or doing business in the state, and the recidivism data for each facility, if available from the Department of Human Services.

Sec. 1202. Retirement Costs – NEW

Expresses intent of the legislature that the judicial branch identifies the amounts for normal retirement costs and legacy retirement costs, for line item appropriations, in fiscal year 2015.

TRANSPORTATION

Summary of FY 2013-14 Enacted Appropriations

Article XVII, 2013 Public Act 59 (House Bill 4328)

Analyst: William E. Hamilton

	FY 2012-13 YTD as of 2/7/13	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Enacted	Difference: Enacted From FY 2012-13 YTD	
						Amount	%
IDG/IDT	\$3,531,900	\$3,625,100	\$3,625,100	\$3,625,100	\$3,625,100	\$93,200	2.6
Federal	1,221,830,100	1,198,885,500	1,198,885,500	1,198,885,500	1,198,885,500	(22,944,600)	(1.9)
Local	52,080,200	50,177,100	50,177,100	50,177,100	50,177,100	(1,903,100)	(3.7)
Private	100,000	100,000	100,000	100,000	100,000	0	0.0
Restricted	2,165,895,300	3,321,999,900	2,088,181,000	2,241,029,000	2,223,029,000	57,133,700	2.6
GF/GP	23,000,000	0	150,000,000	0	121,300,000	98,300,000	427.4
Gross	\$3,466,437,500	\$4,574,787,600	\$3,490,968,700	\$3,493,816,700	\$3,597,116,700	\$130,679,200	3.8
FTEs	2,918.3	2,918.3	2,918.3	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

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

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 revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Almost all the state-restricted revenue in this budget is constitutionally restricted—from motor fuel taxes and vehicle registration taxes. Most of this revenue is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2012-13 YTD Appropriations

		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
1. State Trunkline Maintenance	FTEs	808.7	0.0
Recognizes economic adjustments of \$2.3 million; does not include \$10.0 million increase in baseline funding proposed by the Governor.	Gross	\$273,395,700	\$2,293,800
	Restricted	273,395,700	2,293,800
2. State Trunkline Road and Bridge Construction	Gross	\$941,053,200	(\$72,859,700)
Reflects the end of that one-time restricted revenue, as well as other adjustments to restricted revenue sources. The enacted budget did not include additional revenue from the Governor's transportation funding proposals.	Federal	742,092,000	0
	Local	30,000,000	0
	Restricted	168,961,200	(72,859,700)
	GF/GP	\$0	\$0
3. Local Federal Aid Road and Bridge Construction	Gross	\$240,443,000	\$0
Placeholder for estimated federal aid revenue designated for local federal aid programs. The enacted budget retains current year appropriation level.	Federal	240,443,000	0
	Restricted	0	0
4. Local Bridge Program	Gross	\$26,763,700	(\$5,382,100)
Budget retains this Act 51 earmark; reflects anticipated decrease in baseline gasoline tax revenue.	Restricted	26,763,700	(5,382,100)
5. MTF to Local Road Agencies	Gross	\$898,485,400	\$9,613,000
Reflects anticipated increase in baseline MTF revenue as compared to current year budget estimates. Total MTF appropriation to local road agencies, \$908.1 million, is appropriated as follows: County road commissions, \$583.0 million; cities/villages, \$325.1 million.	Restricted	898,485,400	9,613,000

TRANSPORTATION

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>Enacted Change From YTD</u>
6. Local Program Fund	Gross	\$33,000,000	\$0
Retains current Act 51 program.	Restricted	33,000,000	0
7. Rail Grade Crossing	Gross	\$3,000,000	\$0
Retains current Act 51 program.	Restricted	3,000,000	0
8. Transportation Economic Development Fund (TEDF)	Gross	\$32,058,200	\$0
Retains current program.	Restricted	32,058,200	0
9. Aeronautics Services	FTEs	54.0	0.0
Reflects economic increases of \$166,600, and offsetting adjustments to estimated SAF revenue (\$779,200). Enacted budget includes funding for Air service [grant] program at \$301,200.	Gross	\$8,268,500	(\$612,600)
	Restricted	8,268,500	(612,600)
10. Bus Transit - Local Bus Operating Assistance	Gross	\$166,624,000	\$0
Retains current year funding levels for program of state operating assistance to local public transit agencies.	Restricted	166,624,000	0
11. Bus Transit - Non-Urban Operating/Capital	Gross	\$22,787,900	\$2,400,000
Recognizes federal non-urban transit grants at MAP-21 funding levels, and related local matching funds.	Federal	21,987,900	1,200,000
	Local	800,000	1,200,000
12. Discretionary State Operating – NEW	Gross	\$0 *	\$5,400,000
Includes \$5.4 million CTF for a new line of discretionary operating grants to urban transit agencies, other than the city of Detroit. *Subsequent to enactment of the FY 2013-14 budget, House Bill 4112, enacted as 2013 PA 102, included \$5.4 million (CTF) in current year funding for this line item.	Restricted	0 *	5,400,000
13. Freight Property Management	Gross	\$1,000,000	\$0
Retains current funding levels for program that maintains state-owned rail facilities.	Restricted	1,000,000	0
14. Intercity Services	Gross	\$7,690,000	(\$1,750,000)
Supports intercity bus service through operating and capital assistance; enacted budget reduces CTF revenue support.	Federal	4,500,000	0
	Local	50,000	0
	Restricted	3,140,000	(1,750,000)
15. Rail Operations and Infrastructure – PARTIAL VETO	Gross	\$24,592,000	\$0
Supports rail passenger and rail freight programs. The enrolled bill had provided additional \$1.5 million in CTF funding above the current year baseline in order to provide for rail grade crossing pilot project (Sec. 736). The Governor's veto of that boilerplate earmark reduced funding to current year levels.	Federal	3,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	21,292,000	0
16. Rail Passenger Service/Wolverine – NEW	Gross	\$0	\$19,333,000
CTF funding for AMTRAK Wolverine service (Pontiac-Detroit-Chicago) service—service previously provided without cost to the state as part of AMTRAK national system; \$16.3 million represents anticipated operating costs and \$3.0 million related track maintenance.	Restricted	0	19,333,000
17. Marine Passenger Service	Gross	\$400,000	\$0
Retains current year funding levels.	Restricted	400,000	0
18. Terminal Development	Gross	\$461,000	\$0
Retains current year funding levels.	Restricted	461,000	0
19. Specialized Services	Gross	\$8,913,800	\$9,115,000
Supports transit programs for elderly and disabled citizens; recognizes federal and local revenue adjustments; does not include increase in baseline CTF revenue from Governor's proposed funding package.	Federal	2,485,000	7,415,000
	Local	2,485,000	1,700,000
	Restricted	3,943,800	0

TRANSPORTATION

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Enacted Change From YTD
20. Municipal Credit Program	Gross	\$2,000,000	(\$2,000,000)*
Not included in the enacted FY 2013-14 budget. However, House Bill 4112, enacted as 2013 PA 102, subsequently restored this \$2.0 million (CTF) Act 51 earmark for FY 2013-14. It is not clear how this program will work under Regional Transit Authority Act (2012 PA 387).	Restricted	2,000,000	(2,000,000)
21. Bus Capital/Transit Capital	Gross	\$66,942,900	(\$34,797,600)
Provides matching funds for federal transit grants to local transit agencies. The enacted budget adjusts federal revenue, and related state and local matching funds, to reflect MAP-21 funding.	Federal	28,300,000	(23,300,000)
	Local	5,000,000	(3,750,000)
	Restricted	33,642,900	(7,747,600)
22. Van Pooling	Gross	\$807,000	\$0
Provides state CTF funds for matching federal transit grants; no change from current year funding levels.	Restricted	807,000	0
23. Service Initiatives	Gross	\$2,115,000	(\$432,100)
Reduces CTF revenue support.	Federal	1,150,000	0
	Local	200,000	0
	Restricted	765,000	(432,100)
24. Transportation to Work	Gross	\$9,700,000	(\$5,000,000)
Recognizes federal and local revenue adjustments; does not recognize increase in baseline CTF revenue from Governor's proposed funding package.	Federal	2,700,000	(2,700,000)
	Local	2,300,000	(2,300,000)
	Restricted	4,700,000	0
25. Airport Improvement Program	Gross	\$107,733,200	(\$14,628,900)
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program (AIP). Reduction in FY 2013-14 SAF revenue is due to the end of one-time redirection of state General Fund revenue made in 2012 PA 226, an amendment to the General Sales Tax Act. The enacted budget does not recognize revenue from an increase in aircraft registration taxes as proposed by the Governor.	Federal	82,183,100	(3,605,100)
	Local	11,145,200	1,246,900
	Restricted	14,404,900	(12,270,700)
26. Priority Roads Investment Program – NEW	Gross	\$0	\$115,000,000
Includes new one-time basis only line item, funded from a new restricted fund source, "Roads and risks reserve fund" established in Sec. 211b of the General Government budget (Article VIII of 2013 PA 59).	Restricted	0	115,000,000
27. Federal Aid Match - State Trunkline Program – NEW	Gross	\$0	\$121,300,000
Includes new one-time only basis line item. Sec. 1001 identifies the intent of the appropriation as to ensure the state is able to match all available federal funds.	GF/GP	\$0	\$121,300,000
28. Economics	Gross	N/A	\$11,230,400
Reflects increased costs of \$11.2 million for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially required retirement rate increases, and other economic adjustments. These adjustments are reflected in departmental/administrative line items.	IDG	N/A	108,000
	Restricted	N/A	11,122,400

Major Boilerplate Changes From FY 2012-13

Sec. 233. Report on Department Administration/Planning for Local Units of Government – NEW

Establishes new reporting requirement, due by April 1, 2014.

Sec. 308. Contract Compliance – REVISED

Current year language requires department and local road agencies to pursue compliance with contract specifications for construction and maintenance and provides for sanctions for unsatisfactory contractors. The enacted budget provides for a reporting requirement on the department's prequalification process and unsatisfactory contractor performance rating.

TRANSPORTATION

Major Boilerplate Changes From FY 2012-13

Sec. 311. *Father Marquette National Memorial Museum* – NEW

Directs the department to work with the MEDC to update a 1992 study, including identification of funding alternatives.

Sec. 313. *State Infrastructure Bank* – REVISED

Establishes new reporting requirement.

Sec. 382. *Require Department to Settle Local Agency Cost Sharing Agreements* – NEW

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. In a signing letter dated June 13, 2013, the Governor indicates that this boilerplate section "is considered enforceable to the extent that it does not alter or amend Act 51 of 1951 requiring local cost sharing."

Secs. 384 and 385. *Detroit River International Crossing (DRIC)* – REVISED/NEW

Sec. 384 currently restricts the department's ability to obligate the state to expend state transportation revenue on the project, currently referenced by the Executive as the *New International Trade Crossing* (NITC). The enacted budget includes new language stating that "an expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources." Sec. 385 provides new reporting requirements.

Sec. 504. *MTF Distribution* – RETAINED

Requires use of MTF revenue in accordance with Act 51 requirements; retains current year language with minor style changes.

Sec. 601. *Road Construction Warranties* – RETAINED

Encourages use of road construction warranties; reporting requirement.

Sec. 603. *Traffic Congestion* – RETAINED

Directs department to consider traffic congestion be used as criteria in project selection.

Sec. 660. *Use of Alternative Materials* – RETAINED

Encourages department to examine the use of alternative road surface materials including crumb rubber from tires.

Sec. 711. *Rail Passenger Service (AMTRAK)* – REVISED

Enacted budget strikes current year restrictive language; adopts new reporting requirement.

Sec. 736. *Rail Grade Crossing Pilot Project* – VETOED

The Governor vetoed this boilerplate earmark of \$1.5 million (CTF) for a pilot project on high-speed rail corridor.

Sec. 901. *Aeronautics Capital Program* – REVISED

Permits department to contract for AIP projects on behalf of local airport owners. Enacted budget reflects new federal requirements and modifies local match from 2.5% to 5% of project cost; requires local agencies to obtain authorization before submitting projects to federal agencies.

Sec. 1001. *Matching Federal-Aid Highway Funds* – NEW

Indicates that the \$121.3 million GF/GP one-time basis only appropriation is appropriated to the state trunkline road and bridge construction program and is intended to ensure that the state is able to match all available federal-aid highway funds.

Sec. 1201. *Anticipated FY 2014-15 Appropriations* – REVISED

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 based on economic and other factors.

Sec. 1202. *Identify Normal and Legacy Retirement Costs for 2014-15 Appropriations* – NEW

States legislative intent that the department identify retirement costs for FY 2014-15.

**FY 2013-14
CONSENSUS REVENUE
ESTIMATES**

Consensus Revenue Estimates FY 2013-14

Senior Economist: Jim Stansell

This section describes the May 2013 Consensus Revenue Estimating Conference revenue estimates, adjusted for changes enacted for GF/GP and School Aid Fund (SAF) revenue for FY 2012-13 and FY 2013-14.

For Michigan:

- ▶▶ Personal income is expected to increase 2.5% in 2013 and increase 4.0% in 2014.
- ▶▶ Wage and salary employment is expected to increase 1.3% in 2013 and increase 1.2% in 2014.
- ▶▶ The unemployment rate is expected to be 8.6% in 2013, and then decrease to 8.1% in 2014.

General Fund/General Purpose Revenue by Source

Personal Income Tax

- ▶▶ Michigan personal income tax revenue is forecast to increase 18.1% in FY 2012-13, and then increase 1.2% in FY 2013-14.
- ▶▶ GF/GP income tax revenue is expected to increase 21.3% in FY 2012-13, and then increase 1.2% to \$5,914.2 million in FY 2013-14.

Sales and Use Taxes

- ▶▶ GF/GP sales and use tax revenue will decrease from \$1,875.2 million in FY 2011-12 to \$1,831.8 million in FY 2012-13. In FY 2013-14, sales and use tax revenue is estimated to be \$2,041.3 million.

Michigan Business, Corporate Income and Insurance Taxes

- ▶▶ The MBT and all of the corporate income tax plus insurance taxes accrue to the GF/GP.
- ▶▶ Net business taxes were \$1,569.4 million in FY 2011-12, and will decrease to \$727.0 million in FY 2012-13, then increase 3.9% to \$755.2 million in FY 2013-14.

GF/GP Tax Revenue

- ▶▶ Final GF/GP tax revenue totaled \$8,698.8 million in FY 2011-12.
- ▶▶ GF/GP tax revenue is expected to increase 1.3% to \$8,811.0 million in FY 2012-13 and 3.5% to \$9,115.0 million in FY 2013-14.

Net GF/GP Revenue

- ▶▶ Total net GF/GP revenue includes 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 revenue was \$9,265.2 million in FY 2011-12.
- ▶▶ Net GF/GP revenue is expected to decrease 0.8% to \$9,189.2 million in FY 2012-13, and then increase 2.8% to \$9,446.2 million in FY 2013-14.

**GF/GP REVENUE ESTIMATES
(Millions of Dollars)**

	Final			FY 2013-14 Over FY 2012-13	
	FY 2011-12	FY 2012-13	FY 2013-14	Change	
Personal Income Tax	\$4,817.2	\$5,843.9	\$5,914.2	\$70.3	1.2%
Sales and Use Taxes	1,875.2	1,831.8	2,041.3	209.5	11.4%
MBT/CIT and Insurance Taxes	1,569.4	727.0	755.2	28.2	3.9%
Other Taxes	437.0	408.3	404.3	(4.0)	-1.0%
GF/GP Tax Revenue	\$8,698.8	\$8,811.0	\$9,115.0	\$304.0	3.5%
Non-Tax Revenue	566.4	378.2	331.2	(47.0)	-12.4%
Net GF/GP Revenue	\$9,265.2	\$9,189.2	\$9,446.2	\$257.0	2.8%

**SCHOOL AID FUND REVENUE ESTIMATES
(Millions of Dollars)**

Revenue	Final			FY 2013-14 Over FY 2012-13	
	FY 2011-12	FY 2012-13	FY 2013-14	Change	
Sales and Use Taxes	\$5,469.6	\$5,579.4	\$5,776.3	\$196.9	3.5%
Income Tax Earmark	2,100.2	2,326.6	2,353.7	27.1	1.2%
Lottery and Casinos	894.2	854.7	854.5	(0.2)	-0.0%
Tobacco Taxes	374.1	366.5	359.8	(6.7)	-1.8%
State Education Tax	1,789.5	1,792.0	1,818.0	26.0	1.5%
Real Estate Transfer Tax	150.1	190.5	202.1	11.6	6.1%
Liquor Excise and Specific Taxes	101.2	103.5	105.7	2.2	2.1%
Net SAF Revenue	\$10,878.9	\$11,213.2	\$11,470.1	\$256.9	2.3%

School Aid Fund Revenue by Source

Sales and Use Taxes

- ▶ Combined sales and use tax revenue dedicated to the SAF equaled \$5,469.6 million in FY 2011-12; it is forecast to increase to \$5,579.4 million in FY 2012-13 and to increase 3.5% to \$5,776.3 million in FY 2013-14.

Income Tax

- ▶ Approximately 24% of gross income tax collections are dedicated to the SAF.
- ▶ SAF dedicated income tax revenue is forecast to increase 10.8% to \$2,326.6 million in FY 2012-13, and increase 1.2% to \$2,353.7 million in FY 2013-14.

Lottery/Casinos

- ▶ Lottery and casino revenue contributed \$894.2 million to the SAF in FY 2011-12.
- ▶ Lottery and casino revenue to the SAF is projected to decrease 4.4% to \$854.7 million in FY 2012-13, and remain essentially unchanged in FY 2013-14.

Tobacco Taxes

- ▶ Approximately 40% of gross tobacco tax revenue is dedicated to the SAF.
- ▶ The SAF received \$374.1 million from tobacco taxes in FY 2011-12.

CONSENSUS REVENUE

- ▶▶ The demand for tobacco products is expected to decline over the duration of the forecast, total SAF tobacco tax revenue is expected to decrease 2.0% to \$366.5 million in FY 2012-13 and decline 1.86% to \$359.8 million in FY 2013-14.

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 \$1,789.5 million in FY 2011-12.
- ▶▶ SET revenue is expected to increase 0.1% to \$1,792.0 million in FY 2012-13, and increase 1.5% to \$1,818.0 million in FY 2013-14.
- ▶▶ RET contributed \$150.1 million to the SAF in FY 2011-12, and is forecast to contribute \$190.5 million in FY 2012-13 and \$202.1 million in FY 2013-14.

Net SAF Revenue

- ▶▶ Net SAF revenue represents revenue available for expenditure each year; it includes tax changes but does not include any GF/GP transfers, federal funds or year-end balances.
- ▶▶ Net SAF revenue was \$10,878.9 million in FY 2011-12; it is expected to increase 3.1% to \$11,213.2 million in FY 2012-13, and increase 2.3% to \$11,470.1 million in FY 2013-14.

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).

**YEAR-END BALANCE ESTIMATES
(Millions of Dollars)**

	<u>FY 2012-13</u>	<u>FY 2013-14</u>
General Fund/General Purpose	\$657.8	\$0.0
School Aid Fund	\$140.4	\$1.0
Budget Stabilization Fund	\$508.8	\$591.4

Year-end estimates notes:

- ▶▶ FY 2012-13 estimates for GF/GP and the SAF are based on consensus revenue estimates and enacted tax changes, year-to-date appropriations, and target agreements.
- ▶▶ 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 Technology, Management, and Budget 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 1999-00 to FY 2011-12, and HFA estimates of deposits, expected interest earnings, and year-end balances for FY 2012-13 and FY 2013-14. A complete list of BSF historical data is available from the HFA upon request.

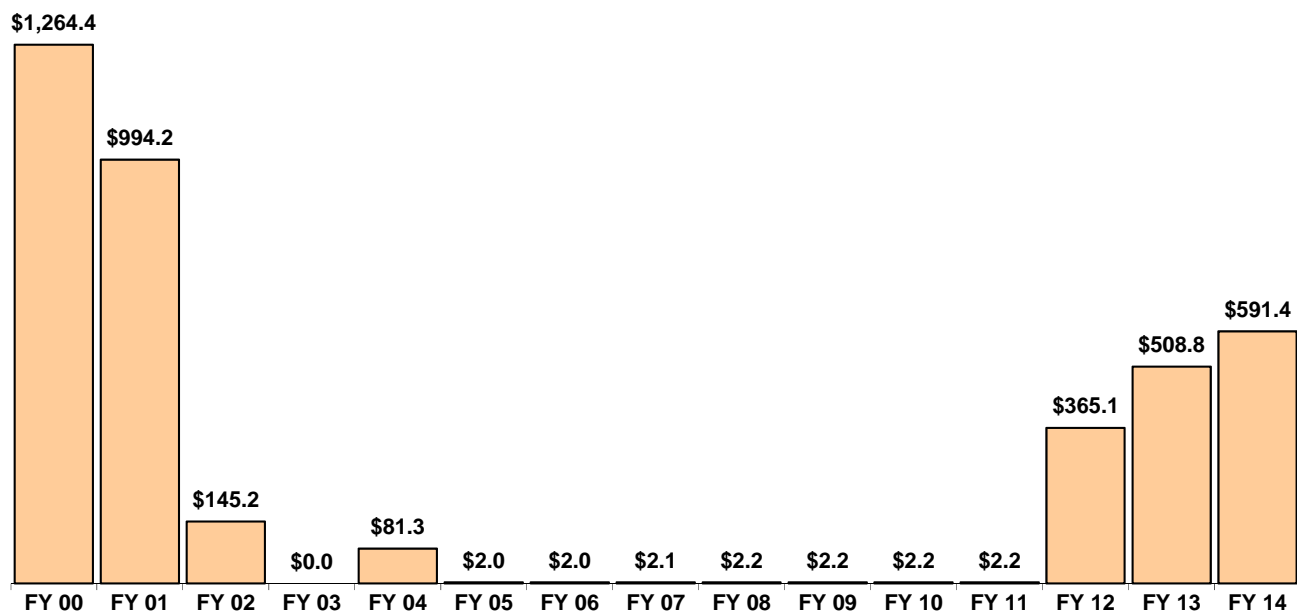
The final BSF fund balance was \$365.1 million for FY 2011-12. Pursuant to Public Act (PA) 63 of 2011 and PA 89 of 2012, a total of \$140.0 million will be deposited into the BSF at the end of FY 2012-13. Also, a target agreement is expected to result in a deposit of \$75.0 million at the end of FY 2013-14. The fund balance is forecast to be \$508.8 million for FY 2012-13 and \$591.4 million for FY 2013-14.

**BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)**

Fiscal Year	Deposits	Withdrawals	Interest Earned	Balance
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	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.1	2.2
2009-10	0.0	0.0	0.0	2.2
2010-11	0.0	0.0	0.0	2.2
2011-12	362.7	0.0	2.2	365.1
2012-13	140.0	0.0	3.7	508.8
2013-14	75.0	0.0	7.6	591.4

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)**

<u>Revenue Limit Calculations</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
Personal Income	CY 2010	CY 2011	CY 2012
Amount	\$342,663	\$358,152	\$370,599
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	32,518.7	33,988.6	35,169.8
Total Revenue Subject to Revenue Limit	\$27,227.0	\$27,581.2	\$28,130.5
Amount (Under) Over State Revenue Limit	(\$5,290.7)	(\$6,407.4)	(\$7,039.3)

Implications of Exceeding the State Revenue Limit

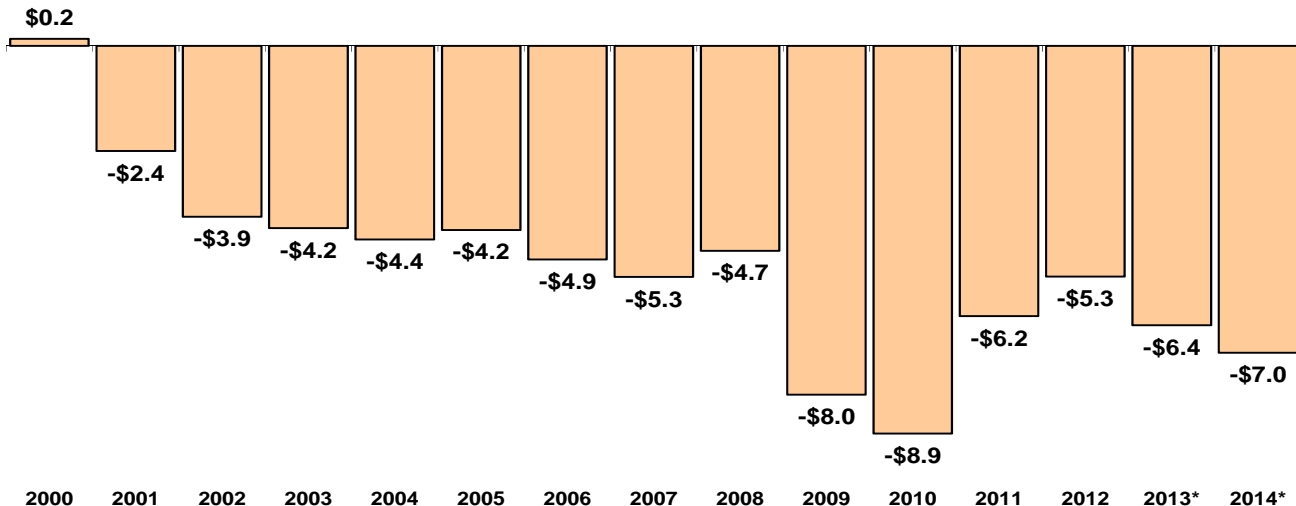
Article IX, Section 26, *Constitution of the State of Michigan*, provides that:

... 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 FY 2011-12 revenue limit calculation indicates that the state revenue collections will be under the revenue limit by \$5.3 billion. For both FY 2012-13 and FY 2013-14, state revenue is estimated to be substantially below the revenue limit—by \$6.4 billion and \$7.0 billion, respectively.

**Constitutional Revenue Limit
(Billions of Dollars)**



*2013 and 2014 are consensus estimates



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