

REVIEW AND ANALYSIS
OF THE
FY 2015-16 AND
FY 2016-17
EXECUTIVE BUDGET
RECOMMENDATION



prepared by the

HOUSE
FISCAL
AGENCY

Mary Ann Cleary, Director

February 2015

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February 2015

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2015-16 and FY 2016-17 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2015-16 and FY 2016-17. It also provides summary charts and tables of appropriations and fund sources in the proposed budget.

Budget summaries and analyses in this report were prepared for each department/agency by House Fiscal Agency analysts; the Consensus Revenue section was prepared by the Agency economist.

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 additional information.

A handwritten signature in black ink that reads "Mary Ann Cleary". The signature is written in a cursive, flowing style.

Mary Ann Cleary, Director

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GLOSSARY

STATE BUDGET TERMS

Line Item

Specific funding amount in an appropriation bill which establishes spending authorization for a particular program or function.

Boilerplate

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

Lapse

Appropriated amounts that are unspent or 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

Account authorized through statutory process which allows appropriated spending authorization from one fiscal year to be utilized for expenditures in a succeeding fiscal year or years for a specific project or purpose.

APPROPRIATION TERMS AND FUND SOURCES

Appropriations

Authority to expend funds for a particular purpose. An appropriation is not a mandate to spend.

Gross: Total of all applicable appropriations in an appropriation bill.

Adjusted Gross: Net amount of gross appropriations after subtracting interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Interdepartmental Grant (IDG) Revenue

Funds received by one state department from another state department—usually for service(s) provided.

Intradepartmental Transfer (IDT) Revenue

Funds transferred from one appropriation unit to another within the same departmental budget.

Federal Revenue

Federal grant or match revenue; generally dedicated to specific programs or purposes.

Local Revenue

Revenue received from local units of government for state services.

Private Revenue

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

State Restricted Revenue

State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue; at year-end, unused restricted revenue generally remains in the restricted fund.

General Fund/General Purpose (GF/GP) Revenue

Unrestricted general fund revenue available to fund basic state programs and other purposes determined by the Legislature; unused GF/GP revenue lapses to the General Fund at the end of a fiscal year.

MAJOR STATE FUNDS

General Fund

The state's primary operating fund; receives state revenue not dedicated to another state fund.

School Aid Fund (SAF)

A restricted fund that serves as the primary state funding source for K-12 schools and Intermediate School Districts. Constitutionally, SAF revenue may also be used for postsecondary education.

Budget Stabilization Fund

The Countercyclical Economic and Budget Stabilization Fund (also known as the "rainy day fund"); the Management and Budget Act provides guidelines for making deposits into and withdrawals from the fund.

FY 2015-16 AND FY 2016-17 Budget Detail

BUDGET OVERVIEW

Overview
Resources Used in the Executive Budget
Executive Recommendation –
Fee Proposal
Summary Information and Tables

FY 2015-16 AND FY 2016-17 Executive Recommendation BUDGET OVERVIEW

Mary Ann Cleary, Director, and Kyle I. Jen, Deputy Director

The FY 2015-16 Executive Budget Recommendation incorporates the January 2015 Consensus Revenue Estimating Conference revenue estimates. In addition to those estimates, the recommendation assumes the following:

- Continued collection of the use tax on Medicaid managed care providers (\$377.1 million GF/GP).
- Increased revenue from Public Acts 553 and 554 of 2014 (online sales tax-related) of \$54.0 million (\$10.0 million GF/GP and \$44.0 million School Aid Fund [SAF]).
- A decrease in revenue from the Michigan Venture Fund tax vouchers of \$50.0 million (\$38.1 million GF/GP and \$11.9 million SAF).

The FY 2015-16 Executive Recommendation is for \$53,033.6 million in adjusted gross appropriations. This includes:

- \$22,662.5 million in federal funds.
- \$365.2 million in local and private funds.
- \$20,489.6 million in state restricted funds.
- \$9,480.5 million in General Fund/General Purpose (GF/GP) funds.

Of the \$29,970.0 million in state resources recommended for appropriation in FY 2015-16, \$16,681.3 million (55.7% of the total) is designated for payments to local units of government. Article IX, Section 30 of Michigan's Constitution requires that at least 48.97% of spending from state resources must be paid to local governments.

As of February 11, 2015, total year-to-date GF/GP appropriations for FY 2014-15 were \$10,116.8 million. Budget reductions and other adjustments contained in Executive Order (EO) 2015-5 and House Bills 4110 and 4112 are anticipated to reduce that total by \$522.6 million, to an adjusted year-to-date amount of \$9,594.2 million.

Total GF/GP appropriations under the Executive Recommendation for FY 2015-16 are \$9,480.5 million. This total reflects a reduction of \$636.5 million (6.3%) from the original FY 2014-15 year-to-date total—or a reduction of \$113.8 million (1.2%) from the FY 2014-15 total adjusted for EO 2015-5 and House Bills 4110 and 4112. (See Table 3)

Throughout this document, comparisons are made to adjusted year-to-date figures, accounting for proposed FY 2014-15 budget reductions, in order to provide a more accurate measure of how resources allocated to the various areas of the state budget would change from FY 2014-15 to FY 2015-16 under the Executive Recommendation.

The FY 2015-16 Executive Recommendation proposes both program reductions and increases to the state budget, as well as allocations designated as one-time in nature.

Two major fund shifts are proposed for the Medicaid program under the Executive Recommendation to offset existing GF/GP appropriations with proposed increases in state restricted revenue:

- A GF/GP reduction of \$180.1 million to the Medicaid budget to be offset by a proposed increase in the Health Insurance Claims Assessment (HICA) rate from 0.75% to 1.3% and removal of the current statutory cap on annual HICA collections.
- Total GF/GP reduction of \$77.1 million reduction (compared to original FY 2014-15 levels) for Graduate Medical Education and Special Rural Hospital Medicaid payments, to be offset by a proposed increase in the hospital provider tax.

Major GF/GP program reductions proposed in the Executive Recommendation compared to adjusted FY 2014-15 levels include:

- A reduction of \$16.8 million from moving pharmacy coverage from managed care contracts to fee-for-service effective January 1, 2016.
- A \$9.0 million fund shift to utilize Special Equipment Fund revenue in place of GF/GP funds for prisoner education in the Corrections budget.
- A reduction of \$7.1 million tied to reductions in foster care rates in the Human Services budget.

Major GF/GP program increases proposed in the Executive Recommendation compared to adjusted FY 2014-15 levels include:

- \$28.0 million for a 2.0% increase in funding for public university operations.
- \$13.0 million for maintenance at state facilities (including restoration of a \$5.0 million EO 2015-5 reduction).
- \$8.8 million (including \$3.2 million in one-time costs) for State Police trooper and motor carrier officer schools.
- \$7.9 million to implement an enhanced dental benefit for adults in the traditional Medicaid program effective July 1, 2016.
- \$7.5 million to expand the Healthy Kids Dental program to children age 0 to 8 in Kent, Oakland, and Wayne counties.
- \$9.5 million for information technology investment (including restoration of a \$2.5 million EO 2015-5 reduction in the EO).

Major one-time allocations of GF/GP funding proposed in the Executive Recommendation include:

- \$139.5 million for federal Transportation match needs (down from \$284.6 million in FY 2014-15).
- \$25.0 million for the Film Incentive Program; total funding would be restored to the original FY 2014-15 level of \$50.0 million (prior to a \$12.0 million reduction under EO 2015-5).
- \$17.9 million for the Business Attraction and Community Revitalization Program; total funding would be \$128.0 million (\$1.0 million below the original FY 2014-15 level, prior to EO 2015-5 adjustments).
- A \$95.0 million deposit to the Budget Stabilization Fund (BSF), consistent with the deposit amount estimated at the January Consensus Revenue Estimating Conference. (The BSF deposit is not included in appropriation totals.) This deposit would increase the projected BSF balance at the close of FY 2015-16 to \$615.9 million.

The Executive Recommendation proposes the following major adjustments for local revenue sharing programs:

- Reflect an estimated increase of \$30.2 million in constitutional revenue sharing payments to cities, villages, and townships based on projected growth in sales tax revenues.
- Hold discretionary revenue sharing payments to cities, villages, and townships flat after removal of \$5.8 million in payments to an expanded pool of local units that had been designated as one-time funding in FY 2014-15.
- Increase funding for revenue sharing and incentive payments to counties by \$3.5 million to provide full funding to two additional counties who will have exhausted their reserve funds.

Major School Aid and Community Colleges funding changes proposed in the Executive Recommendation compared to adjusted FY 2014-15 levels include:

- \$108.0 million for a \$75 across-the-board increase to district foundation allowances.
- \$100.0 million in increased funding for the At-Risk Program.
- A \$75.0 million deposit into the Distressed Districts Rehabilitation Fund.
- \$20.0 million for an early literacy (3rd grade reading) initiative.
- \$17.8 million to expand career and technical education middle college programs statewide.
- A \$216.6 million increase for state-level MPSERS unfunded accrued liability costs in the School Aid budget and a \$17.2 million increase for such costs in the Community Colleges budget.
- \$112.6 million in reductions to other major School Aid categoricals (best practice grants, technology grants, and district performance grants).
- \$4.3 million for a 1.4% increase in funding for Community College operations.
- A continued \$30.0 million SAF shift from GF/GP in the Community Colleges budget compared to the original FY 2014-15 budget (i.e., reverses \$137.1 million of GF/GP fund shift in HB 4110).

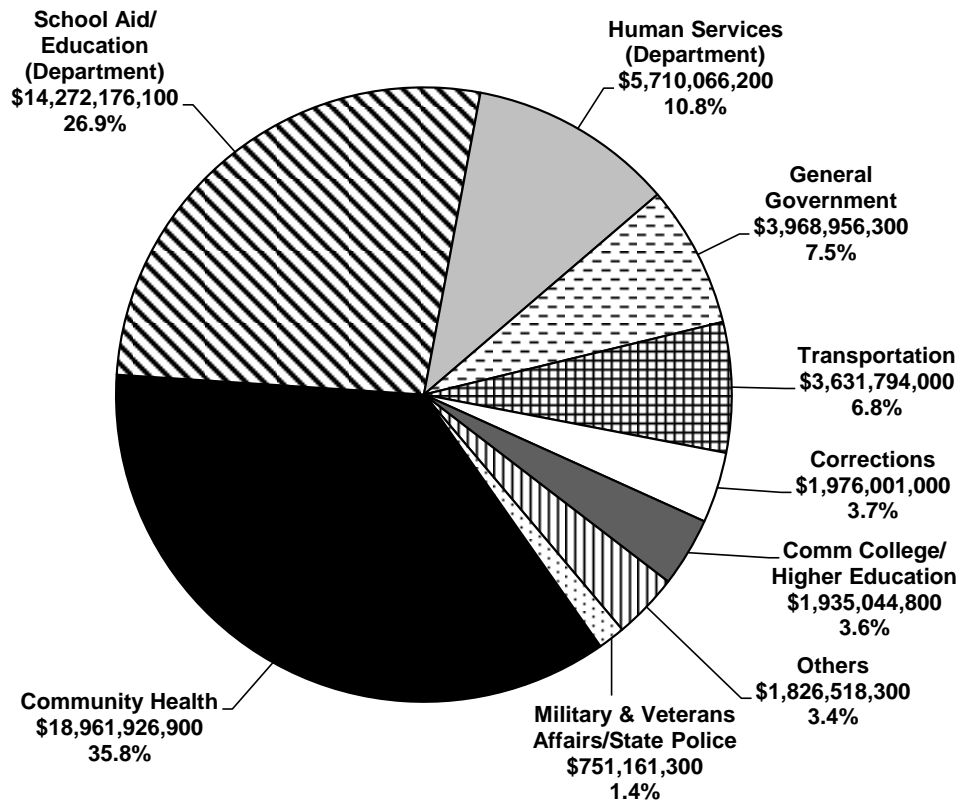
Finally, the Executive recommendation proposes a number of statutory adjustments related to fees (see Table 7). Proposed revenue impacts include:

- \$1.1 million from new fees.
- \$12.9 million from fee increases.
- \$17.6 million from maintaining current fee levels that would otherwise decline without statutory change.
- \$422.3 million from fee sunset extensions.

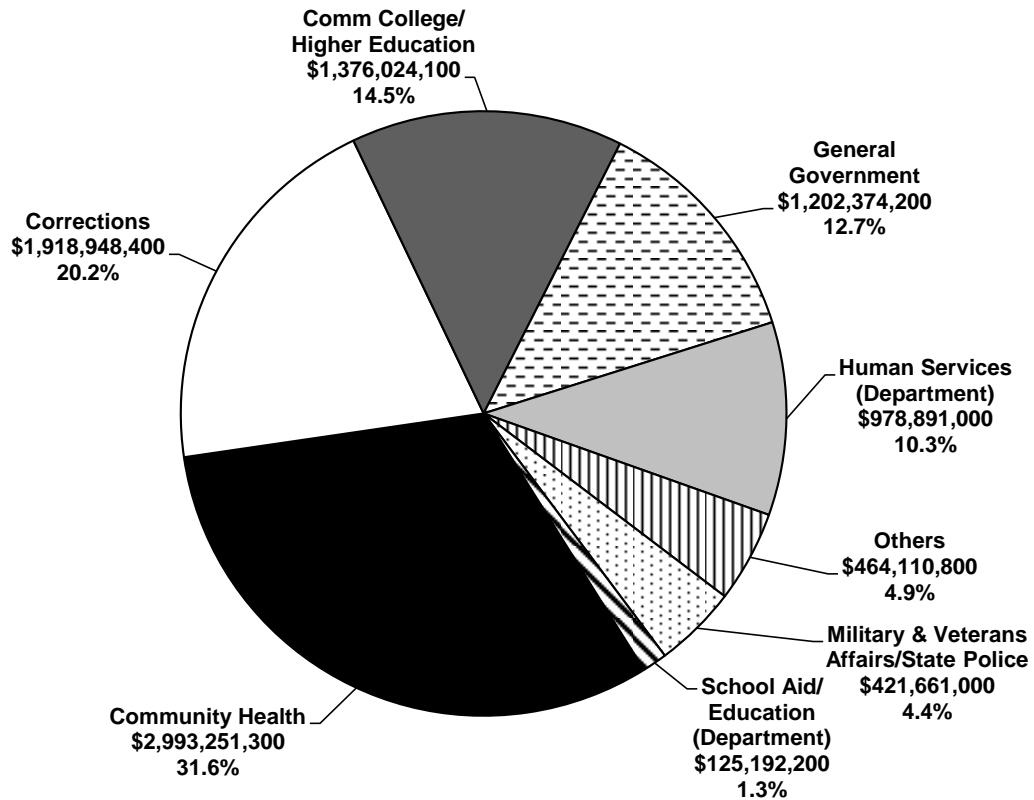
A more detailed summary of proposed changes by department begins on page 18.

A list of House Fiscal Agency staff by area of responsibility is included at the end of this document. Please do not hesitate to contact us if you have questions regarding this information.

**FY 2015-16 Executive Recommendation
Adjusted Gross = \$53,033,644,900**



**FY 2015-16 Executive Recommendation
General Fund/General Purpose (GF/GP) = \$9,480,453,000**



RESOURCES USED IN THE FY 2015-16 AND FY 2016-17 EXECUTIVE BUDGET RECOMMENDATION

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

FY 2015-16 and FY 2016-17 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars		
	FY 2015-16	FY 2016-17
<u>Resources</u>		
Beginning balance	\$0.3	\$28.9
Revenue estimate	9,713.2	10,000.6
Online sales tax legislation	10.0	10.0
Venture Michigan Fund certificates	(38.1)	(30.5)
Use tax on Medicaid MCOs	377.7	97.7
Revenue Sharing	(462.7)	(462.7)
Charge SAF for short-term borrowing cost	<u>4.0</u>	<u>5.0</u>
Total Resources	\$9,604.4	\$9,649.0
<u>Expenditures</u>		
Ongoing recommendations	\$9,264.3	\$9,331.1
One-time recommendations	76.7	0.0
One-time Transportation	139.5	0.0
BSF deposit	<u>95.0</u>	<u>0.0</u>
Total Expenditures	\$9,575.5	\$9,331.1
Estimated Ending Balance	\$28.9	\$317.9

Beginning balance: Estimated ending balance from FY 2014-15.

Revenue estimate: FY 2015-16 and FY 2016-17 revenue estimates agreed to at the January 2015 consensus revenue estimating conference.

Online sales tax legislation: Estimates from PAs 553 and 554 of 2014.

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

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

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

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

Ongoing recommendations: Executive recommendation for the ongoing GF/GP appropriations.

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

One-time Transportation: Allocation of GF/GP funds to match available federal Transportation funds.

BSF deposit: Executive recommendation for GF/GP deposit to the Budget Stabilization Fund (BSF).

OVERVIEW

FY 2015-16 and FY 2016-17 Executive Recommendation School Aid Fund (SAF) Millions of Dollars		
	FY 2015-16	FY 2016-17
Resources		
Beginning balance	\$119.8	\$5.3
Revenue estimate	12,263.7	12,640.9
Online sales tax legislation	44.0	45.3
Venture Michigan Fund certificates	(11.9)	(9.5)
Use tax on Medicaid MCOs	188.9	48.8
GF/GP contribution	45.9	57.00
Federal funds	<u>1,775.8</u>	<u>1,775.8</u>
Total Resources	\$14,426.2	\$14,563.6
Expenditures		
School Aid ongoing recommendations	\$13,844.3	\$13,839.3
School Aid one-time recommendations	114.7	0.0
Community College recommendations	256.7	263.6
Higher Education recommendations	<u>205.2</u>	<u>205.4</u>
Total Expenditures	\$14,420.9	\$14,308.2
Estimated Ending Balance	\$5.3	\$255.4

Beginning balance: Estimated ending balance from FY 2014-15.

Revenue estimate: FY 2015-16 and FY 2016-17 revenue estimates agreed to at the January 2015 consensus revenue estimating conference.

Online sales tax legislation: Estimates from PAs 553 and 554 of 2014.

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

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

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

Federal funds: Federal revenue available for School Aid programs.

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

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

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

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

FY 2015-16 and FY 2016-17 Executive Recommendation Merit Award Trust Fund Millions of Dollars		
	FY 2015-16	FY 2016-17
<u>Resources</u>		
Beginning balance	\$75.7	\$75.0
Tobacco Settlement MSA payment	276.7	275.4
Settlement adjustments	(22.8)	(21.1)
Payment on 2006/2007 securitization bonds (24.11%)	(61.2)	(61.3)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF payment	<u>(17.5)</u>	<u>(17.5)</u>
Total Resources	\$175.9	\$175.5
<u>Expenditures</u>		
Attorney General: Administration	\$0.5	\$0.5
DCH: Aging-respite care	4.1	4.1
DCH: Medicaid base funding	64.3	64.3
DHS: Family Independence Program	30.1	30.1
State Police: Tobacco tax enforcement	0.8	0.8
Treasury: Tuition Incentive Program Administration	<u>1.1</u>	<u>1.1</u>
Total Expenditures	\$100.9	\$100.9
Estimated Ending Balance	\$75.0	\$74.8

OVERVIEW

FY 2015-16 AND FY 2016-17 EXECUTIVE RECOMMENDATION SUMMARY/TABLES

The Executive Budget Recommendation for FY 2015-16 increases adjusted gross appropriations by \$1,123.0 million (2.2%) from FY 2014-15 year-to-date amounts adjusted for EO 2015-5, HB 4110, and HB 4112:

- GF/GP appropriations are decreased by \$113.8 million (1.2%).
- State restricted appropriations are increased by \$357.3 million (1.8%).
- Federal appropriations are increased by \$1,012.3 million (4.7%).
- Local and private appropriations are decreased by \$129.8 million (36.3%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2015-16 Executive Budget Recommendation is increased by \$243.6 million (0.8%) from adjusted FY 2014-15 year-to-date amounts.

Projected appropriation amounts for FY 2016-17 under the Executive Budget (which are presented only for planning purposes) reflect a 1.6% decrease in GF/GP appropriations, a 0.8% decrease in total state spending from state sources, and a 1.1% decrease in adjusted gross appropriations.

The following pages include seven tables summarizing the Executive Budget Recommendation by budget area.

The following should be noted regarding the appropriation amounts in the following tables and throughout the report:

- FY 2014-15 adjusted year-to-date figures includes proposed FY 2014-15 adjustments under Executive Order 2015-5, House Bill 4110, and House Bill 4112.
- Some appropriation items in the FY 2014-15 budget are designated as one-time, indicating intent that those items will not be funded in the subsequent budget year in order to maintain a structurally-balanced budget. The FY 2015-16 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both standard line items and the items designated as one-time, in order to provide an accurate representation of resources available for expenditure in each budget year by state departments, local units of government, and other entities receiving funds through the state budget.

**FY 2015-16 and FY 2016-17
Executive Budget Appropriation Changes
Millions of Dollars**

	Adjusted Year-to-Date FY 2014-15	Executive Recommendation FY 2015-16	Change Amounts		Executive Recommendation FY 2016-17	Change Amounts	
General Fund/General Purpose	\$9,594.2	\$9,480.5	(\$113.8)	(1.2%)	\$9,331.1	(\$149.3)	(1.6%)
State Restricted	<u>20,132.2</u>	<u>20,489.6</u>	<u>357.3</u>	1.8%	<u>20,388.9</u>	<u>(100.7)</u>	(0.5%)
Total State Spending from State Sources	\$29,726.4	\$29,970.0	\$243.6	0.8%	\$29,720.0	(\$250.0)	(0.8%)
Federal	\$21,650.1	\$22,662.5	\$1,012.3	4.7%	\$22,335.7	\$326.8	(1.4%)
Local	357.6	227.8	(129.8)	(36.3%)	227.8	0.0	0.0%
Private	176.4	173.4	(3.0)	(1.7%)	172.6	(0.8)	(0.4%)
Total Adjusted Gross	\$51,910.6	\$53,033.6	\$1,123.0	2.2%	\$52,456.1	(\$577.6)	(1.1%)

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

State Restricted: State revenue dedicated to a specific fund; revenue which results from state laws or initiatives; includes state School Aid Fund.

Adjusted Gross: Total of appropriations from all sources; gross appropriations minus interdepartmental grants (IDGs) and intradepartmental transfers (IDTs).

Notes:

- (1) FY 2014-15 adjusted year-to-date figures includes proposed FY 2014-15 adjustments under Executive Order 2015-5, House Bill 4110, and House Bill 4112.
- (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.
- (3) Numbers may not add due to rounding.

OVERVIEW

**TABLE 1
FY 2015-16 EXECUTIVE BUDGET RECOMMENDATION BY SOURCE OF FUNDS**

<u>Department/Budget Area</u>	<u>Gross</u>	<u>IDG/IDT</u>	<u>Adjusted Gross</u>	<u>Federal</u>	<u>Local</u>	<u>Private</u>	<u>State Restricted</u>	<u>GF/GP</u>
Agriculture & Rural Development	\$84,144,000	\$317,300	\$83,826,700	\$10,427,900	\$0	\$128,100	\$30,897,100	\$42,373,600
Attorney General	91,941,600	28,533,900	63,407,700	9,278,600	0	0	17,281,700	36,847,400
Civil Rights	16,128,700	286,700	15,842,000	2,721,700	0	18,700	151,900	12,949,700
Community Colleges	393,825,600	0	393,825,600	0	0	0	256,714,800	137,110,800
Community Health	18,971,605,000	9,678,100	18,961,926,900	13,465,957,200	85,984,600	127,698,700	2,289,035,100	2,993,251,300
Corrections	1,976,226,000	225,000	1,976,001,000	5,568,700	8,533,200	0	42,950,700	1,918,948,400
Education	313,212,200	0	313,212,200	218,583,400	5,633,700	2,033,300	7,669,600	79,292,200
Environmental Quality	487,925,900	9,115,300	478,810,600	138,163,100	0	546,000	304,723,800	35,377,700
Executive Office	5,916,100	0	5,916,100	0	0	0	0	5,916,100
Higher Education	1,541,219,200	0	1,541,219,200	97,026,400	0	0	205,279,500	1,238,913,300
Human Services	5,734,326,500	24,260,300	5,710,066,200	4,542,043,600	45,441,300	26,356,900	117,333,400	978,891,000
Insurance & Financial Services	65,057,700	707,600	64,350,100	2,000,000	0	0	62,200,100	150,000
Judiciary	283,901,300	2,362,900	281,538,400	6,428,600	7,229,000	942,900	84,245,700	182,692,200
Legislative Auditor General	22,840,500	5,392,800	17,447,700	0	0	0	1,987,600	15,460,100
Legislature	136,464,300	0	136,464,300	0	0	400,000	4,192,000	131,872,300
Licensing & Regulatory Affairs	545,605,900	15,754,900	529,851,000	200,388,700	679,000	311,300	304,248,600	24,223,400
Military & Veterans Affairs	163,953,700	99,300	163,854,400	90,208,600	1,497,400	739,600	23,221,500	48,187,300
Natural Resources	389,494,200	1,352,700	388,141,500	76,028,000	0	8,157,700	264,183,000	39,772,800
School Aid	13,958,963,900	0	13,958,963,900	1,775,769,200	0	0	12,137,294,700	45,900,000
State	225,256,700	20,000,000	205,256,700	1,460,000	0	100	186,635,100	17,161,500
State Police	613,531,200	26,224,300	587,306,900	87,945,900	5,456,700	76,700	120,353,900	373,473,700
Tech., Mgmt. & Budget: Operations	1,010,335,700	678,478,500	331,857,200	7,997,300	3,587,700	190,100	95,771,900	224,310,200
Tech., Mgmt. & Budget: SBA Rent	254,570,600	0	254,570,600	0	0	0	0	254,570,600
Transportation	3,635,722,500	3,928,500	3,631,794,000	1,257,488,000	50,293,500	100,000	2,184,391,400	139,521,100
Treasury: Operations	533,426,200	9,500,700	523,925,500	39,661,500	9,029,700	25,400	354,978,600	120,230,300
Treasury: Michigan Strategic Fund	1,006,582,500	0	1,006,582,500	627,305,000	4,433,500	5,649,000	142,588,000	226,607,000
Treasury: Debt Service	156,449,000	0	156,449,000	0	0	0	0	156,449,000
Treasury: Revenue Sharing	1,251,237,000	0	1,251,237,000	0	0	0	1,251,237,000	0
TOTAL APPROPRIATIONS	\$53,869,863,700	\$836,218,800	\$53,033,644,900	\$22,662,451,400	\$227,799,300	\$173,374,500	\$20,489,566,700	\$9,480,453,000

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

TABLE 2
ADJUSTED GROSS APPROPRIATIONS
FY 2015-16 Executive Recommendation Compared with FY 2014-15 Year-to-Date

<u>Department/Budget Area</u>	<u>FY 2014-15 Year-to-Date as of 2/11/15</u>	<u>*Proposed Adjustments</u>	<u>Adjusted FY 2014-15 Appropriations</u>	<u>FY 2015-16 Exec Rec</u>	<u>Exec Rec Change from YTD as of 2/11/15</u>		<u>Exec Rec Change from Adjusted YTD</u>	
					<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>
Agriculture & Rural Development	\$84,144,100	(\$600,000)	\$83,544,100	\$83,826,700	(\$317,400)	(0.4)	\$282,600	0.3
Attorney General	66,038,500	0	66,038,500	63,407,700	(2,630,800)	(4.0)	(2,630,800)	(4.0)
Civil Rights	16,355,300	0	16,355,300	15,842,000	(513,300)	(3.1)	(513,300)	(3.1)
Community Colleges	364,724,900	0	364,724,900	393,825,600	29,100,700	8.0	29,100,700	8.0
Community Health	18,216,419,000	(181,133,200)	18,035,285,800	18,961,926,900	745,507,900	4.1	926,641,100	5.1
Corrections	2,040,296,700	(17,800,000)	2,022,496,700	1,976,001,000	(64,295,700)	(3.2)	(46,495,700)	(2.3)
Education	287,096,100	3,402,600	290,498,700	313,212,200	26,116,100	9.1	22,713,500	7.8
Environmental Quality	493,061,300	16,600,000	509,661,300	478,810,600	(14,250,700)	(2.9)	(30,850,700)	(6.1)
Executive Office	5,916,100	0	5,916,100	5,916,100	0	0.0	0	0.0
Higher Education	1,516,496,300	0	1,516,496,300	1,541,219,200	24,722,900	1.6	24,722,900	1.6
Human Services	5,733,628,800	(33,333,000)	5,700,295,800	5,710,066,200	(23,562,600)	(0.4)	9,770,400	0.2
Insurance & Financial Services	64,482,100	0	64,482,100	64,350,100	(132,000)	(0.2)	(132,000)	(0.2)
Judiciary	285,403,200	0	285,403,200	281,538,400	(3,864,800)	(1.4)	(3,864,800)	(1.4)
Legislative Auditor General	16,938,100	0	16,938,100	17,447,700	509,600	3.0	509,600	3.0
Legislature	131,930,500	0	131,930,500	136,464,300	4,533,800	3.4	4,533,800	3.4
Licensing & Regulatory Affairs	528,078,400	(200,000)	527,878,400	529,851,000	1,772,600	0.3	1,972,600	0.4
Military & Veterans Affairs	166,843,700	1,500,000	168,343,700	163,854,400	(2,989,300)	(1.8)	(4,489,300)	(2.7)
Natural Resources	383,330,300	6,800,000	390,130,300	388,141,500	4,811,200	1.3	(1,988,800)	(0.5)
School Aid	13,870,325,600	(183,365,500)	13,686,960,100	13,958,963,900	88,638,300	0.6	272,003,800	2.0
State	203,984,900	1,200,000	205,184,900	205,256,700	1,271,800	0.6	71,800	0.0
State Police	645,839,800	(23,331,100)	622,508,700	587,306,900	(58,532,900)	(9.1)	(35,201,800)	(5.7)
Tech, Mgmt, & Budget: Operations	330,568,100	(15,500,000)	315,068,100	331,857,200	1,289,100	0.4	16,789,100	5.3
Tech, Mgmt, & Budget: SBA Rent	254,570,600	(17,800,000)	236,770,600	254,570,600	0	0.0	17,800,000	7.5
Transportation	3,695,731,700	25,544,000	3,721,275,700	3,631,794,000	(63,937,700)	(1.7)	(89,481,700)	(2.4)
Treasury: Operations	536,227,300	8,700,000	534,927,300	523,925,500	(12,301,800)	(2.3)	(21,001,800)	(3.9)
Treasury: Michigan Strategic Fund	1,024,779,900	(22,000,000)	1,002,779,900	1,006,582,500	(18,197,400)	(1.8)	3,802,600	0.4
Treasury: Debt Service	152,395,000	0	152,395,000	156,449,000	4,054,000	2.7	4,054,000	2.7
Treasury: Revenue Sharing	1,226,312,400	0	1,226,312,400	1,251,237,000	24,924,600	2.0	24,924,600	2.0
TOTAL	\$52,341,918,700	(\$431,316,200)	\$51,910,602,500	\$53,033,644,900	\$691,726,200	1.3	\$1,123,042,400	2.2

*Proposed FY 2014-15 adjustments under Executive Order 2015-5, House Bill 4110, or House Bill 4112.

OVERVIEW

**TABLE 3
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS
FY 2015-16 Executive Recommendation Compared with FY 2014-15 Year-to-Date**

<u>Department/Budget Area</u>	<u>FY 2014-15 Year-to-Date as of 2/11/15</u>	<u>*Proposed Adjustments</u>	<u>Adjusted FY 2014-15 Appropriations</u>	<u>FY 2015-16 Exec Rec</u>	<u>Exec Rec Change from YTD as of 2/11/15</u>		<u>Exec Rec Change from Adjusted YTD</u>	
					<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>
Agriculture & Rural Development	\$45,916,200	(\$600,000)	\$45,316,200	\$42,373,600	(\$3,542,600)	(7.7)	(\$2,942,600)	(6.5)
Attorney General	38,267,100	0	38,267,100	36,847,400	(1,419,700)	(3.7)	(1,419,700)	(3.7)
Civil Rights	13,448,200	0	13,448,200	12,949,700	(498,500)	(3.7)	(498,500)	(3.7)
Community Colleges	167,110,800	(167,110,800)	0	137,110,800	(30,000,000)	(18.0)	137,110,800	--
Community Health	3,239,701,400	(150,994,600)	3,088,706,800	2,993,251,300	(246,450,100)	(7.6)	(95,455,500)	(3.1)
Corrections	1,980,798,400	(20,700,000)	1,960,098,400	1,918,948,400	(61,850,000)	(3.1)	(41,150,000)	(2.1)
Education	82,083,000	(8,403,100)	73,679,900	79,292,200	(2,790,800)	(3.4)	5,612,300	7.6
Environmental Quality	40,875,900	(3,400,000)	37,475,900	35,377,700	(5,498,200)	(13.5)	(2,098,200)	(5.6)
Executive Office	5,916,100	0	5,916,100	5,916,100	0	0.0	0	0.0
Higher Education	1,214,902,000	(2,000,000)	1,212,902,000	1,238,913,300	24,011,300	2.0	26,011,300	2.1
Human Services	995,452,600	(14,297,100)	981,155,500	978,891,000	(16,561,600)	(1.7)	(2,264,500)	(0.2)
Insurance & Financial Services	55,000	0	55,000	150,000	95,000	172.7	95,000	172.7
Judiciary	186,527,400	0	186,527,400	182,692,200	(3,835,200)	(2.1)	(3,835,200)	(2.1)
Legislative Auditor General	14,937,300	0	14,937,300	15,460,100	522,800	3.5	522,800	3.5
Legislature	127,420,700	0	127,420,700	131,872,300	4,451,600	3.5	4,451,600	3.5
Licensing & Regulatory Affairs	40,133,800	(312,500)	39,821,300	24,223,400	(15,910,400)	(39.6)	(15,597,900)	(39.2)
Military & Veterans Affairs	49,154,500	3,300,000	52,454,500	48,187,300	(967,200)	(2.0)	(4,267,200)	(8.1)
Natural Resources	48,591,500	(2,000,000)	46,591,500	39,772,800	(8,818,700)	(18.1)	(6,818,700)	(14.6)
School Aid	114,900,000	(81,200,000)	33,700,000	45,900,000	(69,000,000)	(60.1)	12,200,000	36.2
State	17,539,000	200,000	17,739,000	17,161,500	(377,500)	(2.2)	(577,500)	(3.3)
State Police	414,171,000	(23,331,100)	390,839,900	373,473,700	(40,697,300)	(9.8)	(17,366,200)	(4.4)
Tech, Mgmt, & Budget: Operations	224,527,900	(15,500,000)	209,027,900	224,310,200	(217,700)	(0.1)	15,282,300	7.3
Tech, Mgmt, & Budget: SBA Rent	254,570,600	(17,800,000)	236,770,600	254,570,600	0	0.0	17,800,000	7.5
Transportation	284,647,900	0	284,647,900	139,521,100	(145,126,800)	(51.0)	(145,126,800)	(51.0)
Treasury: Operations	118,118,300	3,550,000	121,668,300	120,230,300	2,112,000	1.8	(1,438,000)	(1.2)
Treasury: Michigan Strategic Fund	244,642,500	(22,000,000)	222,642,500	226,607,000	(18,035,500)	(7.4)	3,964,500	1.8
Treasury: Debt Service	152,395,000	0	152,395,000	156,449,000	4,054,000	2.7	4,054,000	2.7
TOTAL	\$10,116,804,100	(\$522,599,200)	\$9,594,204,900	\$9,480,453,000	(\$636,351,100)	(6.3)	(\$113,751,900)	(1.2)

*Proposed FY 2014-15 adjustments under Executive Order 2015-5, House Bill 4110, or House Bill 4112.

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2015-16 GF/GP</u>
Agriculture and Rural Development	\$500,000
Community Health	7,000,000
Human Services	400,000
Natural Resources	250,000
State Police	3,700,000
Tech., Mgmt. & Budget: Operations	2,000,500
Transportation	139,521,100
Treasury: Operations	19,900,000
Treasury: Michigan Strategic Fund	42,900,000
TOTAL: ONE-TIME APPROPRIATIONS	\$216,171,600
Budget Stabilization Fund Deposit	95,000,000
TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS	\$311,171,600

**TABLE 5
FULL-TIME EQUATED (FTE) POSITIONS*
FY 2015-16 Executive Recommendation Compared with FY 2014-15 Year-to-Date**

<u>Department/Budget Area</u>	<u>** Adjusted Year-To-Date FY 2014-15</u>	<u>Executive Recommendation FY 2015-16</u>	<u>Difference FY 2015-16 vs. FY 2014-15</u>	
Agriculture & Rural Development	452.0	460.0	8.0	1.8%
Attorney General	519.5	524.5	5.0	1.0%
Civil Rights	138.0	135.0	(3.0)	(2.2%)
Community Colleges	0.0	0.0	0.0	--
Community Health	3,659.1	3,683.1	24.0	0.7%
Corrections	14,195.3	14,190.3	(5.0)	0.0%
Education	606.5	606.5	0.0	0.0%
Environmental Quality	1,291.5	1,227.0	(64.5)	(5.0%)
Executive Office	88.2	88.2	0.0	0.0%
Higher Education	0.0	0.0	0.0	--
Human Services	12,208.5	12,043.9	(164.6)	(1.3%)
Insurance & Financial Services	343.0	343.0	0.0	0.0%
Judiciary	490.0	487.0	(3.0)	(0.6%)
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing & Regulatory Affairs	2,877.8	2,877.8	0.0	0.0%
Military & Veterans Affairs	898.5	897.5	(1.0)	(0.1%)
Natural Resources	2,228.3	2,225.8	(2.5)	(0.1%)
School Aid	0.0	0.0	0.0	--
State	1,593.0	1,593.0	0.0	0.0%
State Police	3,073.0	3,094.0	21.0	0.7%
Tech., Mgmt. & Budget: Operations	2,823.0	2,839.0	16.0	0.6%
Tech., Mgmt. & Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,918.3	2,918.3	0.0	0.0%
Treasury: Operations	1,873.5	1,911.5	38.0	2.0%
Treasury: Michigan Strategic Fund	756.0	756.0	0.0	0.0%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
TOTAL FTE APPROPRIATIONS	53,033.0	52,901.4	(131.6)	(0.2%)

*Includes classified, unclassified, and nonlegislative exempt positions.

** Proposed FY 2014-15 adjustments under Executive Order 2015-5, House Bill 4110, or House Bill 4112.

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

<u>Department/Budget Area</u>	<u>FY 2015-16 Executive Recommendation</u>		
	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture & Rural Development	\$73,270,700	\$4,750,000	6.5%
Attorney General	54,129,100	0	0.0%
Civil Rights	13,101,600	0	0.0%
Community Colleges	393,825,600	393,825,600	100.0%
Community Health	5,282,286,400	1,125,752,600	21.3%
Corrections	1,961,899,100	114,323,600	5.8%
Education	86,961,800	15,176,000	17.5%
Environmental Quality	340,101,500	3,648,500	1.1%
Executive Office	5,916,100	0	0.0%
Higher Education	1,444,192,800	0	0.0%
Human Services	1,096,224,400	97,088,300	8.9%
Insurance & Financial Services	62,350,100	0	0.0%
Judiciary	266,937,900	136,329,400	51.1%
Legislative Auditor General	17,447,700	0	0.0%
Legislature	136,064,300	0	0.0%
Licensing & Regulatory Affairs	328,472,000	30,936,900	9.4%
Military & Veterans Affairs	71,408,800	102,400	0.0%
Natural Resources	303,955,800	5,548,400	1.8%
School Aid	12,183,194,700	12,022,427,700	98.7%
State	203,796,600	1,272,100	0.6%
State Police	493,827,600	11,899,400	2.4%
Tech., Mgmt. & Budget: Operations	320,082,100	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	254,570,600	0	0.0%
Transportation	2,323,912,500	1,252,574,400	53.9%
Treasury: Operations	475,208,900	199,157,300	41.9%
Treasury: Michigan Strategic Fund	369,195,000	15,224,800	4.1%
Treasury: Debt Service	156,449,000	0	0.0%
Treasury: Revenue Sharing	1,251,237,000	1,251,237,000	100.0%
TOTALS APPROPRIATED	\$29,970,019,700	\$16,681,274,400	55.7%

TABLE 7
FY 2015-16 Executive Recommendation – Fee Proposal

<u>Department/Budget Area</u>	<u>New Fees</u>	<u>Increased Fees</u>	<u>Decreased Fees</u>	<u>(Potential Loss) Maintain Fees at Current Level Otherwise Decline</u>	<u>(Potential Loss) Sunset Extensions</u>
Agriculture	\$41,700	\$4,228,250		\$100,000	\$4,920,000
Community Health					249,800,000
Environmental Quality		2,250,000			27,421,800
Licensing & Regulatory Affairs	1,029,500	6,405,830	(4,828)	17,482,544	
State Police					30,600,000
State					109,600,000
Totals	\$1,071,200	\$12,884,080	(\$4,828)	\$17,582,544	\$422,341,800
Total Executive Recommendation for Fees					\$453,874,796

FY 2015-16 AND FY 2016-17 Budget Detail

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

Analyst: William E. Hamilton

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$318,100	\$0	\$318,100	\$317,300	(\$800)	(0.3)
Federal	10,126,200	0	10,126,200	10,427,900	301,700	3.0
Local	0	0	0	0	0	--
Private	98,300	0	98,300	128,100	29,800	30.3
Restricted	28,003,400	0	28,003,400	30,897,100	2,893,700	10.3
GF/GP	45,916,200	(600,000)	45,316,200	42,373,600	(2,942,600)	(6.5)
Gross	\$84,462,200	(\$600,000)	\$83,862,200	\$84,144,000	\$281,800	0.3
FTEs	452.0	0.0	452.0	460.0	8.0	1.8

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development's key programs and priorities 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 Adjusted FY 2014-15 Appropriations

1. Operational Services

This line item funds department business and administrative support functions. The proposed budget recognizes \$673,700 in additional restricted funds to properly align fund sources with projected expenditures. The increase does not reflect a projected increase in baseline service activity or costs for this line item. In prior years, Operations Services costs have been charged back to other program areas.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
FTE	15.0	0.0
Gross	\$1,065,700	\$673,700
Restricted	58,700	673,700
GF/GP	\$1,007,000	\$0

2. Information Technology

Reflects elimination of Agriculture Equine Industry Development Fund (AEIDF) revenue in this line item.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$1,460,000	(\$84,800)
IDG	3,200	0
Restricted	149,400	(84,800)
GF/GP	\$1,307,400	\$0

3. Food Safety and Quality Assurance

The Governor has requested an increase in food licensing and inspection fees established under the Food Law of 2000. These fees are used to support department's food safety programs. Budget recognizes \$1.5 million related to the proposed fee increases and 8.0 additional FTE positions. The line item also reflects the redirection of \$347,100 in Dairy and Food Safety Fund revenue to Operational Services, described above, and a \$31,300 increase in Consumer and Industry Food Safety Education Fund support to reflect new allergen awareness requirements for food safety training programs under recent amendments to the Food Law of 2000 (Senate Bill 730 enacted as 2014 PA 516).

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
FTE	83.0	8.0
Gross	\$12,378,200	\$1,198,600
Federal	1,255,000	0
Restricted	3,432,000	1,198,600
GF/GP	\$7,691,200	\$0

4. Milk Safety and Quality Assurance

Reflects the redirection of \$37,900 in Dairy and Food Safety Fund revenue to Operational Services, described above.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
FTE	30.0	0.0
Gross	\$4,219,200	(\$37,900)
Federal	55,000	0
Restricted	253,200	(37,900)
GF/GP	\$3,911,000	\$0

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
5. Animal Industry - Disease Prevention and Response	FTE	60.0	0.0
Reflects the redirection of \$11,000 in Licensing and Inspection Fee revenue to Operational Services, described above, and \$69,400 increased restricted and federal revenue to better align budget to actual anticipated revenue.	Gross	\$8,836,600	\$58,400
	Federal	565,400	19,800
	Restricted	257,800	38,600
	GF/GP	\$8,013,400	\$0
6. Pesticide and Plant Pest Management (PPPM)	FTE	81.0	(1.0)
The Governor has requested increases in pesticide, fertilizer, and feed licensing and regulatory fees used to support department's PPPM programs. Budget recognizes \$1.2 million related to the proposed fee increases. The line item also reflects the redirection of \$169,500 in Licensing and Inspection Fee revenue to Operational Services, described above, \$72,900 increased Commodity and Inspection Fee revenue to better align budget to actual anticipated revenue. The reduction of one FTE is a technical adjustment to the budget.	Gross	\$12,181,800	\$1,123,400
	Federal	1,901,100	0
	Private	20,700	0
	Restricted	4,666,200	1,123,400
	GF/GP	\$5,593,800	\$0
7. Producer Security/Grain Dealer Program	FTE	5.0	0.0
Reflects the redirection of \$7,800 in restricted revenue to Operational Services, described above, and \$6,000 increased Licensing and Inspection Fee revenue to recognize transfer of potato dealer licensing program to this line item (formerly in PPPM).	Gross	\$646,700	(\$1,800)
	Restricted	629,200	(1,800)
	GF/GP	\$17,500	\$0
8. MAEAP/Environmental Stewardship/Local Conservation Districts	FTE	23.0	0.0
Budget would roll up three current line items into a single line encompassing the department's conservation and freshwater protection programs. These programs are supported by the state restricted Freshwater Protection Fund, by federal grant funding, and by state GF/GP revenue. The FY 2014-15 Adjusted Year-to-Date figure to the right shows the three current line items as if they were already rolled up in order to show the changes in baseline funding. Budget recognizes a \$300,000 EPA grant related to Western Lake Erie Basin projects, and a \$140,000 grant from Bayer CorpScience LP.	Gross	\$7,704,000	\$440,000
	Federal	1,343,200	300,000
	Restricted	5,013,000	140,000
	GF/GP	\$1,347,800	\$0
9. Migrant Labor Housing	FTE	9.0	0.0
The line item reflects the redirection of \$26,200 in Migratory Labor Housing Fund revenue to Operational Services, described above; Migrant Labor Housing Revenue comes from an inspection fee established in 2010 PA 13 and 2010 PA 14.	Gross	\$1,214,300	(\$26,200)
	Restricted	164,600	(26,200)
	GF/GP	\$1,049,700	\$0
10. Qualified Forest Program	FTE	9.0	0.0
Budget anticipates \$100,000 in additional restricted revenue from the Private Forestland Development Fund, which allows for a \$100,000 reduction in GF/GP support.	Gross	\$2,535,000	\$0
	Private	35,000	100,000
	GF/GP	\$2,500,000	(\$100,000)
11. Commercial Forestry Audit Program	Gross	\$150,000	(\$150,000)
Eliminates funding for the commercial forestry audit program, and related boilerplate Sec. 609, which provided for a commercial forestry audit.	GF/GP	\$150,000	(\$150,000)
12. Laboratory Services	FTE	36.0	1.0
Reflects the redirection of \$74,200 in restricted Licensing and Inspection Fee revenue to Operational Services, described above. The increase in FTE positions is a technical correction.	Gross	\$5,409,200	(\$74,200)
	IDG	213,500	0
	Federal	782,900	0
	Restricted	2,203,000	(74,200)
	GF/GP	\$2,209,800	\$0
13. Grape and Wine Program	FTE	3.0	0.0
Recognizes additional \$30,000 in restricted revenue (non-retail liquor fees) to better reflect actual anticipated revenue.	Gross	\$828,500	\$30,000
	Restricted	828,500	30,000
14. Strategic Growth Initiative	Gross	\$2,050,000	(\$950,000)
Budget would combine two current year grant programs, Rural Development Value-Added grants, and Food and Agriculture Industry Growth Initiative, into a single line-item grant program, Strategic Growth Initiative, funded at \$1.1 million GF/GP, \$950,000 less than the current total funding for the two combined programs. The FY 2014-15 Adjusted Year-To-Date figure to the right is the total for the two current year line items.	GF/GP	\$2,050,000	(\$950,000)

AGRICULTURE AND RURAL DEVELOPMENT

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
15. Horse Racing Programs	FTE	3.0	(2.0)
Budget reduces AEIDF funding and two FTE positions for fairs and racing administration functions. Budget retains current year funding levels for horse racing awards and purse supplements.	Gross	\$3,167,300	(\$100,000)
	Restricted	3,167,300	(100,000)
16. County Fairs Capital Improvement Grants	Gross	\$320,000	(\$150,000)
Reduces funding for county fairs capital improvement grants program to \$170,000.	GF/GP	\$320,000	\$150,000
17. Shows and Expositions	Gross	\$50,000	(\$50,000)
Budget would eliminate shows and expositions grant program.	GF/GP	\$50,000	(\$50,000)
18. Food and Agriculture Industry Strategic Growth Initiative (One-Time)	Gross	\$1,400,000	(\$1,400,000)
Governor eliminates one-time GF/GP competitive grant program. The original appropriation was \$2.0 million; reduced by \$600,000 after Executive Order 2015-5.	GF/GP	\$1,400,000	(\$1,400,000)
19. Muskegon Farmers Market (One-Time)	Gross	\$200,000	(\$200,000)
Governor eliminates one-time GF/GP grant authorization.	GF/GP	\$200,000	(\$200,000)
20. Ottawa County Agriculture Incubator (One-Time)	Gross	\$500,000	(\$500,000)
Governor eliminates one-time GF/GP authorization for a grant award.	GF/GP	\$500,000	(\$500,000)
21. One Item Capital Equipment for Geagley Laboratory – NEW	Gross	\$0	\$500,000
Budget includes one-time funding for laboratory testing equipment.	GF/GP	\$0	\$500,000
22. Economic Adjustments	Gross	NA	(\$167,400)
Reflects net cost reduction of \$167,400 million Gross (\$92,600 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(800)
	Federal	NA	(18,100)
	Private	NA	(200)
	Restricted	NA	(55,700)
	GF/GP	NA	(\$92,600)

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

In general, the Executive Budget Recommendation deletes a large majority of boilerplate language included in the FY 2014-15 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted. For the Department of Agriculture and Rural Development, the Executive deletes 23 of 45 boilerplate sections.

Sec. 205. Report on Specific Performance Benchmarks – DELETED

Requires the department to identify specific performance benchmarks for new programs or program expansions in excess of \$500,000.

Sec. 401. Food Safety and Quality Assurance – NEW

Directs that from the additional funds appropriated for food safety programs in Part 1, from proposed increases in food safety licensing and inspection fees, the department increase the number of inspections at licensed food establishments. The section further directs the department to identify specific outcomes and performance measures.

Sec. 402. Food Safety Report – REVISED

Retains the current report on food-borne outbreaks and emergencies related to food safety, but as a part of the department's Food and Dairy annual report. Retains the April 1 reporting due date.

Sec. 451. Bovine TB Whole-Herd Testing – DELETED

Deletes current requirement that the department pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury.

Sec. 453. Indemnification Payments – DELETED

Deletes current section that authorizes the department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; and requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) currently authorizes the department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) currently indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related department costs; requires a report, due March 1.

Major Boilerplate Changes From FY 2014-15

Sec. 456. *Electronic Animal Identification* – DELETED

Current year language prohibits the use of appropriated funds to enforce electronic ID programs for domestic animals.

Sec. 457. *Bovine TB Quarterly Report* – DELETED

Deletes current reporting requirement.

Sec. 458. *Aquaculture* – DELETED

Deletes current language that directs the department to provide inspection and testing of aquaculture facilities and researchers.

Sec. 459. *Bovine TB Testing, Legislative Intent* – DELETED

Indicates that it is the intent of the Legislature that the department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions.

Sec. 501. *Pesticide and Plant Pest Management* – NEW

Directs that from the additional funds appropriated for PPPM programs in Part 1, from proposed fee increases, the department improve its ability to perform proper surveillance of the fertilizer and pesticide industries.

Sec. 601. *MAEAP/Environmental Stewardship* – REVISED

Clarifies intent that line item funding be used to support Department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2014.

Sec. 603. *Local Conservation Districts* – DELETED

Deletes current language that directs the use of money appropriated for local conservation districts in Part 1. The proposed budget would roll up the Local Conservation District line item into the MAEAP/Environmental Stewardship line item.

Sec. 605. *MAEAP Restrictions* – DELETED

Deletes current language that restricts funding for the Michigan Agriculture Environmental Assurance Program (MAEAP) to the specific MAEAP appropriation in Part 1. The proposed budget would roll up the MAEAP line item into a new MAEAP/Environmental Stewardship line item.

Sec. 609. *Commercial Forestry Audit Program* – DELETED

Deletes current language that describes Legislative intent with respect to the program.

Sec. 701. *Rural Development Value Added Grant Program* – DELETED

Deletes current language that provided guidance for the program. The proposed budget would roll up this grant program into a new Strategic Growth Initiative grant program.

Sec. 706. *Agriculture Development/Export Market Development Report* – DELETED

Deletes current reporting requirement.

Sec. 709. *Grape and Wine Industry Council Report* – DELETED

Deletes current reporting requirement.

Sec. 711. *Food and Agriculture Industry Growth initiative Grant Program* – REVISED

Revises current language that provided guidance for the program to reference new Strategic Growth Initiative grant program.

Sec. 803. *Thoroughbred Program Escrow* – DELETED

Deletes current language that required "escrowing" of funds for thoroughbred program if there is no live thoroughbred race meet in 2014 or 2015.

Sec. 804. *Michigan Gaming Control Board* – DELETED

Deletes section that requires the Michigan Gaming Control Board to use actual expenditure data in determining regulatory costs of conducting racing dates.

Sec. 1101. *Food and Agriculture Industry Value-Added Grant Program* – DELETED

Deletes language that provided criteria for One-time grant program; this program is not included in FY 2015-16 proposed budget.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
COMMUNITY COLLEGES**

Analyst: Marilyn Peterson

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	197,614,100	167,110,800	364,724,900	256,714,800	(108,010,100)	(29.6)
GF/GP	\$167,110,800	(\$167,110,800)	\$0	\$137,110,800	137,110,800	--
Gross	\$364,724,900	\$0	\$364,724,900	\$393,825,600	\$29,100,700	8.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments reflect House Bill 4110. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Community Colleges budget supports the 28 public community colleges located throughout the state. Community colleges offer a wide variety of educational programs, including traditional two-year transfer programs, associates' degrees, career and technical education, developmental and remedial education, continuing education, and, after 2012, baccalaureate programs in a limited number of areas. The colleges are supported primarily through a combination of state aid, local property tax revenue, and tuition and fees.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Community College Operations Grants

Increases funding for community college operations grants by \$4.3 million (1.4%), to be distributed according to a revised performance funding formula. Projected increases for individual community colleges range from 1.2% to 1.9%. Increase funded with School Aid Fund (SAF) revenues. Restores \$81.3 million of originally enacted GF/GP support of \$111.3 million. Total funding would be \$311.5 million (\$81.3 million GF/GP).

Gross	\$307,191,300	\$4,300,700
Restricted	307,191,300	(77,010,100)
GF/GP	\$0	\$81,310,800

2. Michigan Public School Employees' Retirement System (MPSERS) State Share

Includes \$17.2 million increase, funded with SAF, for the state's share of colleges' unfunded liability to MPSERS; state's share is the difference between the actuarial accrued liability to the system and the employer contribution cap of 20.96% of payroll set by the Public School Employees Retirement act (MCL 38.1341). Total funding for state share would be \$69.5 million (\$52.3 million GF/GP). An additional \$6.9 million is expected to be needed in FY 2016-17.

Gross	\$52,300,000	\$17,200,000
Restricted	52,300,000	(35,100,000)
GF/GP	\$0	\$52,300,000

3. MPSERS Offset

Maintains funding for payments to community colleges to offset prior-year retirement contributions.

Gross	\$1,733,600	\$0
Restricted	1,733,600	0
GF/GP	\$0	\$0

4. Financial Aid

Provides \$6.0 million SAF to re-institute the Independent Part-Time Student Grant program, which was last funded in FY 2008-09. Program to be limited to community colleges and to provide assistance to adult students taking fewer than 12 credits, with priority for former postsecondary students who left prior to completing a degree or certificate.

Gross	\$0	\$6,000,000
Restricted	0	6,000,000
GF/GP	\$0	\$0

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>	<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
5. Renaissance Zone Reimbursements	Gross	\$3,500,000
Increases funding for Renaissance Zone reimbursements by \$1.6 million SAF, bringing total funding to \$5.1 million (\$3.5 million GF/GP), the approximate amount of college tax revenue lost under Renaissance Zones in FY 2013-14. Restores GF/GP funding support to its originally-enacted level of \$3.5 million.	Restricted	3,500,000
	GF/GP	\$0
		(1,900,000)
		\$3,500,000

Major Boilerplate Changes From FY 2014-15

Sec. 209. Community College Transparency – REVISED

Deletes from college transparency reporting requirements a requirement to post the estimated cost resulting from the Affordable Care Act, and a requirement to post a copy of the board of trustees resolution regarding compliance with the funding formula's local strategic value component (a component that the Executive proposes to eliminate). Also deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements, and provisions added in FY 2014-15 that require a community college to report certain data on dual enrollment, early college programs, and related endeavors.

Sec. 213. Michigan Transfer Agreement – REVISED

Adds language expressing an expectation that community colleges will work with the Michigan Association of Collegiate Registrars and Admissions Officers (MACRAO) and public universities to implement the Michigan Transfer Agreement.

Sec. 215. Independent Part-Time Student Grants – NEW

Urges community colleges to prioritize funds for aid to students who have enrolled in an academic program after not being enrolled for more than a semester or term, who have previously earned credits in an academic program, and who have not yet earned a certificate or degree.

Sec. 216. Activities Classification Structure (ACS) Advisory Committee – REVISED

Deletes language referring to initial report of ACS advisory committee, due July 30, 2015.

Sec. 226. Completion Data – REVISED

Adds to a requirement to report degree and completion data to the Workforce Development Agency (WDA) a requirement to work with WDA and the Center for Educational Performance and Information (CEPI) to develop a systematic approach to accomplish the task.

Sec. 229a. State Building Authority (SBA) Rent Payments – REVISED

Updates itemized list of community college capital outlay projects on which the state will pay SBA rent in FY 2015-16. Funding for SBA rent is appropriated under the General Government budget.

Sec. 230. Performance Funding Formula – REVISED

Eliminates the "local strategic value" component (currently set at 15%) of the formula for distributing performance-based funding, increases the weighted degree component from its current 17.5% to 32.5% of the formula, and adds a requirement to actively participate in the Michigan transfer network, which enables students to identify courses and credits transferable to and from Michigan postsecondary institutions.

COMMUNITY COLLEGES

**FY 2015-16 Community College Performance Funding Increases
Executive Recommendation**

College	FY 2014-15 Year-to-Date Appropriation	50.0%		32.5%		10.0%		7.5%		Total Performance Funding	Total Operations Funding	% Change from FY 15
		Proportional to FY 2014-15 Operations Funding		Weighted Completions		Contact-Hour-Equated Students		Adjusted Administrative Costs				
		Share of Total	Funding	Total Weighted Completions	Funding	Number	Funding	Difference from Average	Funding			
Alpena	\$5,390,700	1.8%	\$37,735	1,128	\$19,318	1,415	\$3,454	8.6%	\$10,830	\$71,300	\$5,462,000	1.3%
Bay de Noc	\$5,419,500	1.8%	\$37,937	1,196	\$20,474	1,834	\$4,477	4.7%	\$5,865	\$68,800	\$5,488,300	1.3%
Delta	\$14,498,900	4.7%	\$101,493	4,195	\$71,842	8,009	\$19,550	11.8%	\$14,879	\$207,800	\$14,706,700	1.4%
Glen Oaks	\$2,516,100	0.8%	\$17,613	955	\$16,355	985	\$2,404	0.7%	\$917	\$37,300	\$2,553,400	1.5%
Gogebic	\$4,451,400	1.4%	\$31,160	739	\$12,647	1,006	\$2,456	6.9%	\$8,709	\$55,000	\$4,506,400	1.2%
Grand Rapids	\$17,947,500	5.8%	\$125,633	3,414	\$58,467	12,309	\$30,047	11.9%	\$14,905	\$229,100	\$18,176,600	1.3%
Henry Ford	\$21,623,800	7.0%	\$151,367	3,656	\$62,611	11,856	\$28,941	8.0%	\$10,023	\$252,900	\$21,876,700	1.2%
Jackson	\$12,087,300	3.9%	\$84,612	2,859	\$48,962	4,459	\$10,885	8.6%	\$10,763	\$155,200	\$12,242,500	1.3%
Kalamazoo Valley	\$12,503,100	4.1%	\$87,522	4,023	\$68,888	7,897	\$19,277	12.8%	\$16,131	\$191,800	\$12,694,900	1.5%
Kellogg	\$9,813,500	3.2%	\$68,695	2,243	\$38,404	4,628	\$11,296	12.2%	\$15,369	\$133,800	\$9,947,300	1.4%
Kirtland	\$3,167,700	1.0%	\$22,174	1,189	\$20,354	1,410	\$3,442	8.4%	\$10,591	\$56,600	\$3,224,300	1.8%
Lake Michigan	\$5,342,900	1.7%	\$37,400	1,045	\$17,888	3,196	\$7,802	7.0%	\$8,794	\$71,900	\$5,414,800	1.3%
Lansing	\$30,877,600	10.1%	\$216,144	8,435	\$144,455	13,800	\$33,686	14.4%	\$18,144	\$412,300	\$31,289,900	1.3%
Macomb	\$32,816,600	10.7%	\$229,717	6,557	\$112,293	19,283	\$47,070	13.3%	\$16,683	\$405,800	\$33,222,400	1.2%
Mid Michigan	\$4,682,000	1.5%	\$32,774	1,724	\$29,516	3,178	\$7,758	7.5%	\$9,420	\$79,500	\$4,761,500	1.7%
Monroe County	\$4,492,900	1.5%	\$31,450	1,119	\$19,164	2,799	\$6,832	11.7%	\$14,709	\$72,200	\$4,565,100	1.6%
Montcalm	\$3,226,700	1.1%	\$22,587	1,012	\$17,323	1,335	\$3,258	9.5%	\$11,925	\$55,100	\$3,281,800	1.7%
Mott	\$15,686,100	5.1%	\$109,803	4,071	\$69,719	8,452	\$20,632	11.7%	\$14,696	\$214,800	\$15,900,900	1.4%
Muskegon	\$8,901,000	2.9%	\$62,307	1,495	\$25,594	3,740	\$9,129	12.5%	\$15,768	\$112,800	\$9,013,800	1.3%
North Central	\$3,172,400	1.0%	\$22,207	651	\$11,140	1,815	\$4,429	10.5%	\$13,138	\$50,900	\$3,223,300	1.6%
Northwestern	\$9,078,800	3.0%	\$63,552	1,731	\$29,645	3,977	\$9,707	10.6%	\$13,385	\$116,300	\$9,195,100	1.3%
Oakland	\$21,123,300	6.9%	\$147,864	5,795	\$99,235	20,359	\$49,697	8.5%	\$10,744	\$307,500	\$21,430,800	1.5%
Schoolcraft	\$12,513,700	4.1%	\$87,596	4,555	\$77,999	10,234	\$24,980	9.4%	\$11,844	\$202,400	\$12,716,100	1.6%
Southwestern	\$6,576,400	2.1%	\$46,035	1,158	\$19,832	2,256	\$5,506	4.1%	\$5,210	\$76,600	\$6,653,000	1.2%
St Clair County	\$7,061,600	2.3%	\$49,431	1,449	\$24,815	3,341	\$8,154	8.5%	\$10,630	\$93,000	\$7,154,600	1.3%
Washtenaw	\$13,077,300	4.3%	\$91,542	7,131	\$122,114	10,083	\$24,612	11.5%	\$14,435	\$252,700	\$13,330,000	1.9%
Wayne County	\$16,727,600	5.4%	\$117,094	7,621	\$130,515	11,455	\$27,962	9.3%	\$11,742	\$287,300	\$17,014,900	1.7%
West Shore	\$2,414,900	0.8%	\$16,904	477	\$8,160	1,078	\$2,630	1.8%	\$2,303	\$30,000	\$2,444,900	1.2%
TOTAL:	\$307,191,300	100.0%	\$2,150,350	81,616	\$1,397,728	176,185	\$430,070	256.6%	\$322,553	\$4,300,700	\$311,492,000	1.4%

Notes: (1) Calculations for weighted completions, contact hour equated students, and adjusted administrative costs are based on a two-year average of data from FYs 2013 and 2014. (2) Weighted completions metric includes awards for computer and information sciences. (3) Contact-Hour-Equated Students and Adjusted Administrative Cost data are preliminary data provided by the Workforce Development Agency. Completions data are from IPEDS.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF COMMUNITY HEALTH

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

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted Amount	%
IDG/IDT	\$9,425,900	\$0	\$9,425,900	\$9,678,100	\$252,200	2.7
Federal	12,567,108,200	(111,200,600)	12,455,907,600	13,465,957,200	1,010,049,600	8.1
Local	220,349,300	6,771,100	227,120,400	85,984,600	(141,135,800)	(62.1)
Private	127,856,600	0	127,856,600	127,698,700	(157,900)	(0.1)
Restricted	2,061,403,500	74,290,900	2,135,694,400	2,289,035,100	153,340,700	7.2
GF/GP	3,239,701,400	(150,994,600)	3,088,706,800	2,993,251,300	(95,455,500)	(3.1)
Gross	\$18,225,844,900	(\$181,133,200)	\$18,044,711,700	\$18,971,605,000	\$926,893,300	5.1
FTEs	3,654.1	5.0	3,659.1	3,683.1	24.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Community Health budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid and the Healthy Michigan Plan. 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 Adjusted FY 2014-15 Appropriations

1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Increases

Increases \$104.5 million Gross (\$20.2 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, Federal Medicare Pharmaceutical Program, and Family Support Subsidy. Amount also includes the Federal Medical Assistance Percentage (FMAP) adjustment from 65.54% to 65.60% and the Enhanced FMAP adjustment from 75.88% to 98.92%, offsetting \$22.9 million GF/GP.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$12,912,819,100	\$104,456,200
IDG	2,999,900	(11,000)
Federal	8,447,570,900	85,768,000
Local	45,465,200	0
Private	2,100,000	0
Restricted	1,900,374,300	(1,536,100)
GF/GP	\$2,514,308,800	\$20,235,300

2. Healthy Michigan Plan (HMP) Cost Increases

Increases projected FY 2014-15 HMP costs \$361.1 million and FY 2015-16 HMP costs \$454.6 million in increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. Preliminary estimate of FY 2016-17 GF/GP cost to support Healthy Michigan Plan once 5% state match requirement becomes effective January 1, 2017 is \$142.9 million GF/GP.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$2,651,022,800	\$815,762,200
Federal	2,651,022,800	815,762,200
GF/GP	\$0	\$0

3. Actuarial Sound Capitation Payment Rates Adjustments

Provides \$170.0 million Gross (\$38.0 million GF/GP) to increase capitation payment rates for Medicaid Health Plans 2.0% and Prepaid Inpatient Health Plans (PIHPs) 1.5% to comply with federal requirement that rates for these managed care entities are actuarially sound. Line items increased include Medicaid mental health services, Medicaid substance use disorder services, Healthy Michigan Plan – behavioral health, health plan services, and Healthy Michigan Plan.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$9,818,279,800	\$170,040,500
IDG	2,999,900	0
Federal	7,401,269,800	132,035,300
Local	38,846,400	0
Restricted	1,235,226,000	0
GF/GP	\$1,139,937,700	\$38,005,200

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
DEPARTMENTWIDE ADMINISTRATION			
4. Administrative Hearing System Costs			
Increases funding for administrative hearing costs related to DCH programs by \$1.0 million gross (\$519,700 GF/GP): \$139,400 for new charges for related rent and information technology costs, and \$900,000 transferred from Department of Licensing and Regulatory Affairs (LARA) for Healthy Michigan Plan related hearings costs. LARA is paid to administer the hearings system through an interdepartmental grant, and the appropriation should reside within DCH budget.	Gross	\$1,424,600	\$1,039,400
	Federal	704,000	519,700
	GF/GP	\$720,600	\$519,700
5. Economic Adjustments			
Includes a net reduction of \$607,500 Gross (\$232,100 GF/GP) for the following economics adjustments for employees and other: negotiated salary and wage increases (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and increases for worker's compensation, building occupancy, and rent. There are no economic adjustments recommended for costs for food, gas, fuel, or utilities for state hospitals and centers.	Gross	NA	(\$607,500)
	IDG	NA	(5,500)
	Federal	NA	(250,400)
	Local	NA	(42,800)
	Private	NA	(400)
	Restricted	NA	(76,300)
	GF/GP	NA	(\$232,100)
BEHAVIORAL HEALTH SERVICES			
6. Mental Health and Wellness Commission			
Provides \$5.0 million Gross (\$1.9 million GF/GP) and 1.0 FTE for a 12-bed psychiatric residential treatment facility and a children's behavioral action team with an emphasis on children residing at Hawthorn Center; provides \$1.5 million GF/GP designated as one-time basis only to coordinate child trauma response and to partially offset reductions from Executive Order 2015-5; and removes \$6.1 million Gross (\$2.1 million GF/GP) designated as one-time basis funding appropriated in FY 2014-15.	FTE	0.0	1.0
	Gross	\$33,625,000	\$437,500
	Federal	22,205,000	(838,500)
	GF/GP	\$11,420,000	\$1,276,000
7. Mental Health Jail Diversion and Transition			
Restores Executive Order 2015-5 reduction of \$300,000 GF/GP and transfers in \$1.0 million GF/GP from Department of Corrections for jail diversion and transition programming.	FTE	1.0	0.0
	Gross	\$3,050,000	\$1,300,000
	GF/GP	\$3,050,000	\$1,300,000
8. Community Mental Health (CMH) Non-Medicaid Services			
Replaces \$20.0 million in one-time Roads and Risks Reserve funds with a like amount of GF/GP to maintain annual CMH Non-Medicaid funding at \$117.1 million. The \$20.0 million in one-time Roads and Risks Reserve funds is included in the proposed current year supplemental, HB 4112.	Gross	\$117,050,400	\$0
	Restricted	20,000,000	(20,000,000)
	GF/GP	\$97,050,400	\$20,000,000
9. Community Mental Health (CMH) Purchase of State Services			
Eliminates the transfer of GF/GP to local Community Mental Health Services Programs (CMHSP) for the purchase of state services, reducing the corresponding \$139.5 million in local revenue appropriated for state psychiatric hospitals. The GF/GP currently appropriated for CMHSP purchase of state services is instead directly appropriated to support the state psychiatric hospitals.	Gross	\$278,931,200	(\$139,465,600)
	Local	139,465,600	(139,465,600)
	GF/GP	\$139,465,600	\$0
10. Liquor License Fee Increases			
Provides \$913,200 in restricted funds to support fetal alcohol syndrome disorders. Restricted funds are available through increased liquor fees, which have a statutory requirement for 3.5% of license fees to be used for prevention, rehabilitation, care, and treatment of alcoholics and 15% of the fee charged for the issuance of licenses to sell spirits or mixed spirit drinks on Sunday to be used for the treatment of alcoholics. Remaining liquor license fee revenue appropriated in Licensing and Regulatory Affairs (LARA).	Gross	\$1,784,200	\$913,200
	Restricted	1,784,200	913,200
	GF/GP	\$0	\$0
11. One-Time Drug Policy Initiatives			
Provides \$1.5 million GF/GP on a one-time basis to support a new initiative for prescription drug abuse prevention and treatment. Funding targeted to reduce prescription drug abuse and to support those seeking recovery.	Gross	\$0	\$1,500,000
	GF/GP	\$0	\$1,500,000
12. Children's Waiver Home Care Program			
Revises fund sourcing for the children's waiver home care program by offsetting \$1.4 million in federal funds that are not available with GF/GP.	Gross	\$21,544,900	\$0
	Federal	15,488,700	(1,355,200)
	GF/GP	\$6,056,200	\$1,355,200

Major Budget Changes From Adjusted FY 2014-15 Appropriations**STATE PSYCHIATRIC HOSPITALS & FORENSIC MENTAL HEALTH SERVICES****13. State Psychiatric Hospitals**

Provides \$567,600 Gross (\$449,100 GF/GP) for a 5% inflationary increase for pharmacy costs at the state's 4 psychiatric hospitals and the Forensic Center.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	NA	\$567,600
Federal	NA	38,200
Local	NA	39,400
Restricted	NA	40,900
GF/GP	NA	\$449,100

HEALTH POLICY**14. Health Policy - State Innovation Model Grant**

Recognizes \$50.0 million in federal grant funds to implement Michigan's Blueprint for Health Innovation, supporting major innovations in health care service delivery and payment systems, an increase of \$30.0 million from FY 2014-15. Authorization for the remaining \$20.0 million of the \$70.0 million grant is included in proposed current year supplemental, HB 4112. Also adds new related boilerplate Sec. 718, including outcomes and performance measures.

Gross	\$20,000,000	\$30,000,000
Federal	20,000,000	30,000,000
GF/GP	\$0	\$0

PUBLIC HEALTH, AND MATERNAL AND CHILD HEALTH SERVICES**15. Reinstate Public Health, Wellness, and Maternal and Child Health Funding**

Reinstates the following funds reduced in the current fiscal year by Executive Order 2015-5: \$1.5 million GF/GP for essential local public health services, \$1.5 million GF/GP for health and wellness initiatives including breast cancer screening and services, and \$1.5 million GF/GP for one-time funding for pay for success contracts for maternal and child services programs. Year-to-date (YTD) amount shown is for all 3 line items.

Gross	\$46,836,100	\$4,500,000
Local	5,150,000	0
Restricted	5,210,700	0
GF/GP	\$36,475,400	\$4,500,000

16. Newborn Screening

Increases funding for newborn screening and treatment program, and related laboratory and vital records services by \$2.1 million from state restricted newborn screening fees. Additional revenues are from fee increases for inflation and for new tests as recommended by the Quality Assurance Advisory Committee, pursuant to the Public Health Code. YTD amount shown includes funding for all newborn screening services.

Gross	\$14,070,500	\$2,060,900
Restricted	14,070,500	2,060,900
GF/GP	\$0	\$0

17. Chronic Disease Prevention

Includes \$3.5 million authorization for a new 4-year federal grant to support coordinated population approaches and reduce disparities in prevention of adult chronic disease, including obesity, diabetes, heart disease and stroke.

Gross	NA	\$3,520,000
Federal	NA	3,520,000
GF/GP	NA	\$0

18. Other Public Health Federal Grants

Recognizes additional federal grant adjustments for public health and family, maternal, and child health programs totaling \$2.3 million, including: five new grants totaling \$2.9 million, removal of one completed grant of \$850,000, and an increase of \$286,000 to one ongoing grant. New grants address immunization, lead poisoning prevention, environmental public health tracking, and school readiness for children with high health needs.

FTE	NA	4.0
Gross	NA	\$2,348,200
Federal	NA	2,348,200
GF/GP	NA	\$0

19. Trauma Hospital Traumatic Brain Injury (TBI) Treatment Support

Eliminates \$1.0 million GF/GP supporting evidence-based traumatic brain injury intensive care treatment management system, training, and interactive software at Level I trauma hospitals, first funded in FY 2011-12. This program was also reduced by \$350,000 GF/GP in the current fiscal year by Executive Order 2015-5.

Gross	\$1,000,000	(\$1,000,000)
GF/GP	\$1,000,000	(\$1,000,000)

20. Real Alternatives Pilot Program

Eliminates funding of \$800,000 GF/GP for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion; pilot program was first funded in FY 2013-14. Related boilerplate Sec. 1136 is also eliminated.

Gross	\$800,000	(\$800,000)
GF/GP	\$800,000	(\$800,000)

COMMUNITY HEALTH

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
21. Autism University and Family Assistance Programs			
Provides one-time funding of \$2.5 million GF/GP for university autism programs related to education and development of autism service providers, which is a reduction from \$7.5 million Gross (\$7.0 million one-time and \$500,000 ongoing); also eliminates one-time funding of \$1.5 million for autism family assistance services, from the Autism Coverage Fund. Proposed current year supplemental, HB 4112, includes a shift of \$3.0 million from GF/GP to Autism Coverage Fund for university autism program grants.	Gross	\$9,000,000	(\$6,500,000)
	Restricted	8,500,000	(8,500,000)
	GF/GP	\$500,000	\$2,000,000
OFFICE OF SERVICES TO THE AGING			
22. Seniors – Ombudsman Fund Shift and Nursing Home Quality Improvement			
Includes a net \$0 gross (\$357,500 GF/GP) shift from civil monetary penalty fund revenues to GF/GP to fund state and local long-term care ombudsman programs, in order to comply with revised federal guidelines that disallow use of penalty fund revenue for this purpose. In addition, \$200,000 of the civil monetary penalty fund monies are retained as a budget increase for a new voluntary nursing home culture and quality improvement project emphasizing person-centered services.	Gross	\$357,500	\$200,000
	Private	357,500	(157,500)
	GF/GP	\$0	\$357,500
MEDICAL SERVICES			
23. Health Insurance Claims Assessment (HICA) Rate Increase and Cap Removal			
Increases HICA revenue \$180.1 million to offset a like amount of GF/GP. The additional HICA revenues are from a proposed rate increase from 0.75% to 1.30% (\$162.8 million) and a proposed removal of the statutory cap on annual HICA collections (\$17.3 million).	Gross	\$237,178,400	\$0
	Restricted	237,178,400	180,103,000
	GF/GP	\$0	(\$180,103,000)
24. 6% Medicaid Managed Care Use Tax			
Revises GF/GP portion of the 6% Use Tax on Medicaid managed care organizations to \$377.7 million for FY 2015-16. Projected GF/GP portion of Use Tax revenue during FY 2016-17 is \$97.7 million, reflecting its availability during only the first quarter of FY 2016-17. Of the projected \$280.0 million reduction in FY 2016-17, \$116.0 million is estimated to be offset through actuarial soundness savings as a result of the Medicaid managed care organizations no longer having to pay the Use Tax for a net FY 2016-17 GF/GP loss of \$165.0 million.	Gross	\$373,700,000	\$4,000,000
	GF/GP	\$373,700,000	\$4,000,000
25. Replacement of Medicaid Restricted Revenue with GF/GP			
Increases \$90.0 million GF/GP to replace the following: one-time Roads and Risks Reserve funds (\$62.9 million), a decline in Medicaid Benefits Trust Fund revenue (\$19.5 million), one-time Certified Public Expenditures (\$5.9 million federal), and a decline in Healthy Michigan Fund revenue (\$1.7 million) that are currently used to support Medicaid medical services.	Gross	\$90,037,300	\$0
	Federal	5,900,000	(5,900,000)
	Restricted	84,137,300	(84,137,300)
	GF/GP	\$0	\$90,037,300
26. Graduate Medical Education (GME)			
Restores \$14.5 million Gross (\$5.0 million GF/GP) Executive Order 2015-5 reduction and finances GME with \$63.5 million in increased hospital quality assurance assessment program (QAAP) revenue to offset \$63.5 million GF/GP. Amount includes \$7.4 million in GF/GP retainer savings.	Gross	\$148,378,700	\$14,509,600
	Federal	97,278,700	9,509,600
	Restricted	0	63,505,200
	GF/GP	\$51,100,000	(\$58,505,200)
27. Special Rural Hospital Payments			
Restores \$5.8 million Gross (\$2.0 million GF/GP) Executive Order 2015-5 reduction and finances special rural hospital payments with \$13.6 million in increased hospital QAAP revenue to offset \$13.6 million GF/GP. Amount includes \$1.6 million in GF/GP retainer savings.	Gross	\$29,019,200	\$5,803,800
	Federal	19,019,200	3,803,800
	Restricted	0	13,584,000
	GF/GP	\$10,000,000	(\$11,584,000)
28. Hospital Capital Cost Reimbursements			
Assumes savings of \$34.8 million Gross (\$12.0 million GF/GP) from incorporating managed care hospital capital cost expenditure data into the hospital capital cost reimbursement formula.	Gross	NA	(\$34,806,800)
	Federal	NA	(22,833,300)
	GF/GP	NA	(\$11,973,500)

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
29. Primary Care Rate Annualization	Gross	\$72,547,900	\$24,182,600
Annualizes the partial continuation of the primary care rate increase that was provided through the Affordable Care Act with 100% federal funds through calendar year 2014. After calendar year 2014, states have the option to continue the higher rates at regular FMAP.	Federal	47,547,900	15,863,800
	GF/GP	\$25,000,000	\$8,318,800
30. OB/GYN Hospital Lump Sum Payment Elimination	Gross	\$11,027,300	(\$11,027,300)
Eliminates \$11.0 million Gross (\$3.8 million GF/GP) allocated as lump sum payments based on amount of obstetrical care and newborn care provided through hospitals that qualify for special rural hospital payments.	Federal	7,233,900	(7,233,900)
	GF/GP	\$3,793,400	(\$3,793,400)
31. Healthy Kids Dental Services	Gross	NA	\$21,802,300
Provides \$21.8 million Gross (\$7.5 million GF/GP) to expand Healthy Kids Dental for an estimated 210,000 additional children ages 0-8 in Kent, Oakland, and Wayne counties.	Federal	NA	14,302,300
	GF/GP	NA	\$7,500,000
32. Adult Dental Services	Gross	NA	\$23,037,800
Provides \$23.0 million Gross (\$7.9 million GF/GP) to convert the current Medicaid fee-for-service adult dental program to a managed care organization statewide. Adult dental increase would be effective for only the last quarter of FY 2015-16; full year cost is \$92.1 million Gross (\$31.7 million GF/GP).	Federal	NA	15,112,800
	GF/GP	NA	\$7,925,000
33. Program of All-Inclusive Care for the Elderly (PACE)	Gross	\$66,672,600	\$8,275,000
Provides \$8.3 million Gross (\$2.8 million GF/GP) to expand PACE into Jackson County and Traverse City. Assumes expansion of PACE will offset a like amount of funding within the long-term care services line item. YTD and change amounts shown only include PACE line item.	Federal	43,697,300	5,428,400
	GF/GP	\$22,975,300	\$2,846,600
34. Medicaid Managed Care Pharmacy Coverage to Fee-For-Service	Gross	NA	(\$48,771,800)
Assumes savings of \$48.8 million Gross (\$16.8 million GF/GP) from moving pharmacy coverage from managed care contracts to fee-for-service effective January 1, 2016.	Federal	NA	(31,994,300)
	GF/GP	NA	(\$16,777,500)
35. Medicaid Managed Care Laboratory Reimbursement Annualization	Gross	(\$4,352,900)	(\$27,437,100)
Annualizes laboratory reimbursement savings effective August 1, 2015 under Executive Order 2015-5. Savings are from a policy change that reduces laboratory service payments benchmark from Medicare payment rates to Medicaid fee-for-service rates.	Federal	(2,852,900)	(18,001,300)
	GF/GP	(\$1,500,000)	(\$9,435,800)
36. Medicaid Managed Care Integration Savings	Gross	\$4,883,751,900	(\$15,375,000)
Assumes savings of \$15.4 million Gross (\$5.3 million GF/GP) from Medicaid managed care coordination and other contractual changes effective January 1, 2016.	Federal	3,258,756,400	(10,086,000)
	Local	13,617,500	0
	Restricted	1,217,104,000	0
	GF/GP	\$394,274,000	(\$5,289,000)
37. Medicaid Autism Services through Age 21	Gross	\$25,171,800	\$7,350,100
Provides \$7.4 million Gross (\$2.5 million GF/GP) to expand Medicaid autism benefit through age 21. Current benefit is offered to individuals from ages 18 months to 5 years. Also transfers line item from Medical Services to Behavioral Health Services.	Federal	16,497,500	4,821,700
	GF/GP	\$8,674,300	\$2,528,400
ONE-TIME BASIS ONLY APPROPRIATIONS			
38. Eliminate Certain One-Time Basis Appropriations	Gross	\$10,742,300	(\$10,742,300)
Removes the following one-time funding items that were included in the FY 2014-15 budget: \$250,000 GF/GP for bone marrow registry, \$2.0 million GF/GP for child and adolescent health services pilot in schools, \$4.1 million GF/GP for University of Detroit dental program, \$3.0 million Gross (\$300,000 GF/GP) for Healthy Kids Dental computer project, \$1.3 million for statewide trauma system (from state restricted Crime Victim's Rights Fund in proposed current year supplemental HB 4112, and \$100,000 GF/GP for Senior Olympics.	Federal	2,700,000	(2,700,000)
	Restricted	1,300,000	(1,300,000)
	GF/GP	\$6,742,300	(\$6,742,300)

COMMUNITY HEALTH

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2014-15 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 204. Benchmarks for New Programs or Program Increases – DELETED

Requires DCH to identify performance measurement benchmarks for new programs or program expansions for which funds of \$500,000 or greater are appropriated, and provide a report; also expresses Legislative intent for FY 2015-16 budget proposals.

Sec. 218. Basic Health Services – DELETED

Lists eight basic health services embodied in Part 23 of the Public Health Code, 1978 PA 368, that are to be available and accessible throughout the state.

Sec. 282. Performance Metrics for Contracts – DELETED

Requires the establishment of an automated annual metric collection, validation, and reporting system for contracts via the state's e-procurement system, and deadlines for generation of report under the system for state-funded contracts of \$1.0 million or more.

BEHAVIORAL HEALTH SERVICES

Sec. 412. Non-Medicaid Substance Use Disorder Services – DELETED

Requires DCH to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services.

Sec. 424. Timely Claims Process for PIHPs – DELETED

Requires that PIHPs contracting with DCH to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in Section 111i of the Social Welfare Act, 1939 PA 280, MCL 400.111i.

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

Requires DCH to notify the Michigan Association of CMH Boards when developing policies and procedures that will impact PIHPs or CMHSPs.

PUBLIC HEALTH ADMINISTRATION

Sec. 654. School Children's Healthy Exercise Program – DELETED

Allocates \$1.0 million for the school children's healthy exercise program for children in kindergarten through grade 8, using evidence-based best practice models; no less than one half of the funds shall be granted for before- and after-school programs.

HEALTH POLICY

Sec. 712. Free Health Clinic Funding – DELETED

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic; defines free health clinic.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1103. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – DELETED

Requires annual report of estimate of public funds expended for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and client demographics as voluntarily provided to DCH; and to report data by marital status.

Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force and Report – DELETED

Requires DCH to establish a joint task force with Department of Human Services and Michigan State Housing Development Authority to review housing rehabilitation, energy and weatherization, and hazard abatement program policies, and report recommendations.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1205. Expansion of Telemedicine Capacity – DELETED

Authorizes the Department to use up to \$500,000 for continued development and expansion of telemedicine capacity to allow CSHCS children better access to specialty providers.

CRIME VICTIM SERVICES COMMISSION

Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs – DELETED

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Funds to be used for program coordination and training.

MEDICAL SERVICES

Sec. 1815. Cap on Health Plan Capitation Withhold – DELETED

Prohibits DCH from implementing a capitation withhold as part of overall health plan capitation rate schedule that exceeds the 0.19% withhold administered during FY 2008-09.

Major Boilerplate Changes From FY 2014-15

Sec. 1861. Nonemergency Medical Transportation Pilot Program – DELETED

Requires the Department to review the efficiency and effectiveness of the current nonemergency transportation system and report the results to the Legislature. Directs the Department to create a pilot in at least two counties, with priority given to Berrien and Muskegon counties, to provide nonemergency transportation services encouraging use of nonprofit entities.

Sec. 1870. MIDocs Consortium – DELETED

Directs the Department to establish the MIDocs consortium, consisting of Michigan-based medical schools. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties. Directs the Department to require an annual report from the consortium detailing per resident costs for medical training and clinical quality measures. Clarifies that, from the funds appropriated in part 1, \$500,000 is allocated to prepare the report, legally create the consortium, prepare to obtain ACGME accreditation, and develop new residency programs.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF CORRECTIONS

Analyst: Robin R. Risko

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$225,000	\$0	\$225,000	\$225,000	\$0	0.0
Federal	5,081,000	0	5,081,000	5,568,700	487,700	9.6
Local	8,547,700	0	8,547,700	8,533,200	(14,500)	(0.2)
Private	0	0	0	0	0	--
Restricted	45,869,600	2,900,000	48,769,600	42,950,700	(5,818,900)	(11.9)
GF/GP	1,980,798,400	(20,700,000)	1,960,098,400	1,918,948,400	(41,150,000)	(2.1)
Gross	\$2,040,521,700	(\$17,800,000)	\$2,022,721,700	\$1,976,226,000	(\$46,495,700)	(2.3)
FTEs	14,195.3	0.0	14,195.3	14,190.3	(5.0)	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 32 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, 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 February 1, 2015, the department was responsible for 106,869 Michigan offenders: 43,283 prisoners, 46,812 probationers, and 16,774 parolees.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Remove One-Time Funding

Removes all one-time funding that was included in the FY 2014-15 budget:

- \$25.0 million for Neal, et al. Settlement Agreement
- \$1.0 million for Education Program one-time enhancement costs
- \$600,000 for 70 x 7 Life Recovery Muskegon Pilot program
- \$440,600 for Field Operations one-time mobilization costs.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$27,085,900	(\$27,085,900)
GF/GP	\$27,085,900	(\$27,085,900)

2. Continuation of FY 2014-15 Executive Order Reductions

Reflects a savings from continuing, in the FY 2015-16 budget, various FY 2014-15 reductions that were included in Executive Order 2015-5:

- \$7.4 million and 5.0 FTE positions from correctional facility operating efficiencies
- \$4.0 million from the purchase of electronic monitoring devices versus leasing the devices
- \$1.8 million from recognizing typical year-end lapses in the County Jail Reimbursement Program line item (\$1.3 million) and the Prisoner Re-Entry Local Service Providers line item (\$500,000)
- \$1.0 million from a reduction in transportation costs resulting from increased usage of tele-medicine and video-conferencing between prisoners and courts.

	FTE	NA	(5.0)
Gross	NA	NA	(\$14,100,000)
GF/GP	NA	NA	(\$14,100,000)

3. Utilize Special Equipment Fund Revenue to Offset GF/GP

Replaces portions of GF/GP funding in the Education Program line item (\$7.0 million) and the Prisoner Re-Entry MDOC Programs line item (\$2.0 million) with state restricted Special Equipment Fund revenue that is currently used to cover capital outlay, equipment, and special maintenance costs.

	Gross	\$46,429,900	(\$9,000,000)
Federal	1,229,700		0
GF/GP	\$45,200,200		(\$9,000,000)

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
4. Eliminate Goodwill Flip the Script	Gross	\$2,500,000	(\$2,500,000)
Eliminates funding appropriated in FY 2014-15 for Goodwill Flip the Script. Funding was granted to Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-29 year-olds, in an effort to keep them out of prison.	GF/GP	\$2,500,000	(\$2,500,000)
5. Eliminate IDG to DHS for Swift and Sure	Gross	\$1,000,000	(\$1,000,000)
Eliminates funding appropriated in FY 2014-15 to be granted by the department to DHS to be used for expansion of the Swift and Sure Sanctions Probation Program through the Michigan Rehabilitative Services program.	GF/GP	\$1,000,000	(\$1,000,000)
6. Closure of Kinross – Transfer Prisoners to Hiawatha	Gross	\$37,781,900	(\$2,000,000)
Reflects partial year savings as a result of the decision to close the Kinross Correctional Facility and transfer prisoners to the former Hiawatha Correctional Facility. Due to the size and outdated physical plant, the department has determined it would be more cost effective to close the Kinross facility. The planned facility changes are currently scheduled for November 2015, yielding a partial year savings.	GF/GP	\$37,781,900	(\$2,000,000)
7. Transfer Jail Mental Health Transition Pilot Program to DCH	Gross	\$1,000,000	(\$1,000,000)
Reflects the transfer of the Jail Mental Health Transition Pilot Program to DCH in an effort to streamline mental health diversion services, programs, and projects.	GF/GP	\$1,000,000	(\$1,000,000)
8. Program and Fund Source Adjustments	Gross	\$69,021,500	(\$59,500)
Makes the following program and fund source adjustments. The adjustments have no GF/GP impact on the budget:	Federal	1,229,700	495,500
• Eliminates the Public Works Program due to non-utilization (\$1.0 million)	Restricted	1,023,900	(555,000)
• Eliminates the Parole and Probation Oversight Fees Set-Aside fund source included in the budget for the Community Re-Entry Centers line item (\$421,300)	GF/GP	\$66,767,900	\$0
• Increases authorization to receive additional federal Title I funding to be used for prisoner education programs (\$495,500)			
• Includes state restricted fund source authorization for the Information Technology Services and Projects line item (\$866,300)			
9. Reduce Funding for Prison Industries Operations	Gross	\$12,297,400	(\$2,297,400)
Reflects a savings as a result of eliminating operations at three facilities, reducing operations at a facility, and reducing administrative costs for the program.	Restricted	12,297,400	(2,297,400)
10. Technical Adjustments	Gross	NA	\$0
Makes internal funding adjustments and transfers throughout the budget. The adjustments have no overall Gross or GF/GP impact and are made in order to more accurately reflect where expenditures occur and to reflect reorganization within the department.	GF/GP	NA	\$0
11. Economic Adjustments	Gross	NA	(\$5,252,900)
Reflects a net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, private rent increases, reductions in building occupancy charges, and reductions in worker's compensation.	Federal	NA	(7,800)
	Local	NA	(14,500)
	Restricted	NA	(66,500)
	GF/GP	NA	(\$5,164,100)

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

The Executive deletes the majority of boilerplate language included in the FY 2014-15 appropriations bill (58 sections and 1 subsection of 92 sections are deleted). Deletions include legislative reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, sections which served a one-time purpose, and sections which are no longer applicable. Following is a list of current year boilerplate sections recommended for deletion: 204, 206, 207, 212, 214, 232, 238, 239, 247, 304, 305, 402, 403, 404, 406, 407, 409, 411, 412, 413, 417, 418, 420, 421, 431, 434, 435, 436, 437, 504, 505, 508, 509, 510, 511, 601, 608, 611, 612, 615, 802, 803, 804(2), 805, 812, 814, 816, 904, 907, 911, 912, 913, 915, 937, 938, 940, 1011, 1051, and 1201.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF EDUCATION**

Analyst: Samuel Christensen

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	189,473,500	11,805,700	201,279,200	218,583,400	17,304,200	8.6
Local	5,633,700	0	5,633,700	5,633,700	0	0.0
Private	1,933,300	0	1,933,300	2,033,300	100,000	5.2
Restricted	7,972,600	0	7,972,600	7,669,600	(303,000)	(3.8)
GF/GP	82,083,000	(8,403,100)	73,679,900	79,292,200	5,612,300	7.6
Gross	\$287,096,100	\$3,402,600	\$290,498,700	\$313,212,200	\$22,713,500	7.8
FTEs	600.5	0.0	600.5	600.5	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Child Development and Care (CDC) — Increase Exit Threshold

Increases funding by \$763,700 federal Child Care Developmental Fund (CCDF) to raise the exit threshold for determining CDC eligibility from 121% to 250% of the federal poverty level to reflect full-year funding, in addition to the proposed FY 2014-15 partial-year increase of \$764,000 federal CCDF, for a total increase of \$1.5 million federal CCDF compared to the original FY 2014-15 budget.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$119,697,700	\$763,700
Federal	83,108,900	763,700
GF/GP	\$36,588,800	\$0

2. Child Development and Care (CDC) — 12-month Continuous Eligibility Model

Increases funding by \$8.0 million federal CCDF to allow 12-month continuous child eligibility regardless of income after enrollment for CDC public assistance to reflect full-year funding, in addition to a proposed FY 2014-15 partial-year increase of \$8.0 million federal CCDF, for a total increase of \$16.0 million federal CCDF compared to the original FY 2014-15 budget.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$119,697,700	\$7,973,300
Federal	83,108,900	7,973,300
GF/GP	\$36,588,800	\$0

3. Child Development and Care (CDC) — Increasing Provider Rates for Tiered Reimbursement

Increases funding by \$3.1 million federal CCDF to increase provider reimbursement rates for the high quality licensed and registered programs as defined by the Great Start to Quality provider rating system to reflect full-year funding, in addition to a proposed FY 2014-15 partial-year increase of \$3.1 million federal CCDF, for a total increase of \$6.1 million federal CCDF compared to the original FY 2014-15 budget.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$119,697,700	\$3,068,600
Federal	83,108,900	3,068,600
GF/GP	\$36,588,800	\$0

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>	<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
<p>4. Child Development and Care (CDC) — Additional Child Care Licensing Consultants</p> <p>Increases the interdepartmental grant to Department of Human Services by \$5.7 million in federal CCDF to increase the number of Child Care Licensing (CCL) consultants by 39.0 FTEs.</p>	<p>Gross \$17,766,500 Federal 17,766,500 GF/GP \$0</p>	<p>\$5,661,500 5,661,500 \$0</p>
<p>5. Educator Evaluations</p> <p>Provides \$3.6 million GF/GP for educator evaluations. Funding would be used for staffing, compliance monitoring, and information technology systems modifications. This would restore a \$3.4 million GF/GP reduction to this line in Executive Order 2015-5 and add additional \$200,000. This line item originally comprised \$2.5 million GF/GP in ongoing funds and \$900,000 GF/GP in one-time funds. However, for the FY 2015-16 line item, all \$3.6 million GF/GP would be ongoing funds.</p>	<p>Gross NA GF/GP NA</p>	<p>\$3,611,800 \$3,611,800</p>
<p>6. State Aid to Libraries Increase</p> <p>Increases state aid to libraries by \$1.0 million GF/GP for a total of \$9.9 million. This increase is tied to boilerplate Section 806, in which the increased funding to libraries would be prioritized to early literacy programming in public libraries.</p>	<p>Gross \$8,876,000 GF/GP \$8,876,000</p>	<p>\$1,000,000 \$1,000,000</p>
<p>7. Renaissance Zone Reimbursements to Libraries</p> <p>Increases reimbursements to libraries for local revenue lost due to renaissance zones by \$600,000 GF/GP to reflect the amount necessary to fully fund the payments at \$5.3 million. In FY 2014-15 the renaissance zone reimbursements were prorated.</p>	<p>Gross \$4,700,000 GF/GP \$4,700,000</p>	<p>\$600,000 \$600,000</p>
<p>8. Economic Adjustments</p> <p>Reflects net cost reduction of \$159,400 Gross (\$14,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.</p>	<p>Gross NA Federal NA Restricted NA GF/GP NA</p>	<p>(\$159,400) (131,400) (13,800) (\$14,200)</p>

Major Boilerplate Changes From FY 2014-15

Sec. 208. Personnel Records – DELETED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Sec. 211. Adequate Yearly Progress (AYP) – REVISED

Currently requires MDE to allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results and that MDE act within 30 days. Revises to remove MDE's 30 day timeline. Changes MDE's requirement to allow a school or district to appeal the school designation, and revises such that those appeals shall be "addressed" rather than "currently required considered and decided upon" before designations may be published.

Sec. 216. Communication with the Legislature – DELETED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Sec. 218. Records Retention – DELETED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 220. Timely Data – DELETED

Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Sec. 233. Request for Proposals – DELETED

Prohibits department from issuing a request for proposal for a contract exceeding \$5.0 million unless it first considers issuing a request for information or request for qualification.

Sec. 234. Performance Measures – DELETED

Requires MDE to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment of each new program or program expansion for which funds appropriated in part 1 are greater than \$500,000. Requires the department to provide an update on program progress and expenditures as it relates to those benchmarks by November 1, 2014.

EDUCATION

Major Boilerplate Changes From FY 2014-15

Sec. 235. Contract Notification – DELETED

Requires MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million or seeking a federal waiver from, or amending the federal waiver from, the No Child Left Behind Act of 2001.

Sec. 236. Nonpublic School Mandates – DELETED

Requires MDE to compile a report that identifies mandates required of nonpublic schools by April 1, 2015.

Sec. 302. Travel Expenditures – DELETED

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Sec. 408. Carry Forward of Programmatic Service Funds – NEW

Allows the Michigan schools for the deaf and blind to carry forward funds available for expenditure into the next succeeding year for the low incidence program; conferences, workshops, and training classes; and the use of specialized equipment, facilities, and software for required services.

Sec. 502. Student Teaching Credits – DELETED

Authorizes teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Sec. 702. Educator Evaluations – DELETED

Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.

Sec. 703. Educator Evaluation Guidelines – NEW

States that the funds appropriated for educator evaluations (Section 115) be based on classroom observations and student growth metrics to identify target professional development opportunities for educators. Requires that the outcomes and performance measures be focused towards math and reading testing, as well as third grade reading proficiency.

Sec. 803. Keep Library Functions Together – DELETED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Sec. 805. MPSERS Funds for District Libraries – DELETED

States that funds appropriated in part 1 for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that received funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system.

Sec. 806. State Aid to Libraries – Early Literacy Focus – NEW

Requires the department to utilize the increased funding for state aid to public libraries in support to local library operations and programming for early literacy and third grade reading proficiency.

Sec. 901. Federal and Private Grants – DELETED

Requires department to notify Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under federal and private grants line.

Sec. 1001. Number of Childcare Providers – DELETED

Requires a report by November 1, 2014 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2014.

Sec. 1003. Early Childhood Investment Corporation Annual Report – DELETED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2013-14 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Sec. 1004. Child Development and Care (CDC) Program Expansion – NEW

Requires the department to expend increased funding for the Child Development and Care (CDC) program on increasing the number of low-income children in high quality early learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are reading at grade level by the end of third grade.

Sec. 1201. FY 2015-16 Appropriation – DELETED

Expresses intent that FY 2015-16 appropriations are anticipated to be the same as FY 2014-15 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF ENVIRONMENTAL QUALITY

Analyst: Austin Scott

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$9,530,500	\$0	\$9,530,500	\$9,115,300	(\$415,200)	(4.4)
Federal	149,867,600	(118,000)	149,749,600	138,163,100	(11,586,500)	(7.7)
Local	0	0	0	0	0	--
Private	546,900	0	546,900	546,000	(900)	(0.2)
Restricted	301,770,900	20,118,000	321,888,900	304,723,800	(17,165,100)	(5.3)
GF/GP	40,875,900	(3,400,000)	37,475,900	35,377,700	(2,098,200)	(5.6)
Gross	\$502,591,800	\$16,600,000	\$519,191,800	\$487,925,900	(\$31,265,900)	(6.0)
FTEs	1,290.5	1.0	1,291.5	1,227.00	(64.5)	(5.0)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Elimination of Fee Sunsets

Proposes to eliminate the 15 fee sunsets that are scheduled to sunset prior to October 1, 2016. Collectively these fees provide \$27.1 million in annual revenue for DEQ.

Fee	Annual revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	5,300,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (6 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27,143,700

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	NA	NA
GF/GP	NA	NA

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
2. Air Quality Program - Fee Increase	Gross	\$26,093,200	\$683,300
Proposes to raise the air emissions (air quality) fee from \$47.95 per ton to \$65.00 per ton. This fee is paid by more than 800 facilities and has generated \$9.6 million in annual revenue; it is scheduled to sunset October 1, 2015. This proposed fee increase is expected to generate \$2.3 million in additional revenue, which would exceed a reduction of \$1.3 million in restricted funding to air quality from the environmental pollution prevention fund, resulting in a net increase of \$913,000 in restricted funding. Air emissions fee revenue allows the state to operate its own emissions regulation program rather than be subject to the EPA's program.	Federal	7,565,300	(229,700)
	Restricted	13,938,700	913,000
	GF/GP	\$4,589,200	\$0
3. Drinking Water Revolving Fund Loan Program (DWRFL)	Gross	\$85,193,000	(\$200,000)
The FY 2014-15 budget as originally enacted included \$5.0 million GF/GP for DWRFL loans. A reduction of \$2.8 million GF/GP was included in EO 2015-5. The FY 2015-16 executive recommended budget includes an additional reduction of \$200,000 GF/GP. These funds are used for state match to a federal program that provides water suppliers with low interest loans to finance public drinking water system infrastructure projects.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,250,000	(\$200,000)
4. FTE Reductions	FTE	1,291.5	(64.5)
Reduces total FTEs from 1,291.5 to 1,227.0. All reduced FTEs are classified positions. The department does not have adequate funding to fill all of its currently allotted positions and this reduction will align FTEs with available resources. No current DEQ employees are expected to lose employment as a result of this reduction.	Gross	NA	NA
	GF/GP	NA	NA
5. Refined Petroleum Product Cleanup Program	Gross	\$32,900,000	(\$12,900,000)
Reduces refined petroleum product cleanup program (RPPCP) by \$12.9 million in restricted funding. Responsibility for underground storage tank cleanups was transferred from RPPCP to the newly established Underground Storage Tank Cleanup Program (USTCP) under PA 416 of 2014. This new program receives the first \$20 million of the environmental protection regulatory fee which was first appropriated for FY 2014-15 in HB 4112 and continued in FY 2015-16. The reduction of restricted funding to RPPCP is intended to offset the increase in restricted funding to USTCP.	Restricted	32,900,000	(12,900,000)
	GF/GP	\$0	\$0
6. Removal of FY 2014-15 One-time GF/GP for Electronic Document Management	Gross	\$1,850,000	(\$1,850,000)
The FY 2014-15 budget as originally enacted included \$2.5 million in one-time GF/GP for electronic document management. A reduction of \$650,000 GF/GP was included in EO 2015-5. The FY 2015-16 executive recommended budget removes the remaining \$1.9 million GF/GP for this one-time appropriation.	GF/GP	\$1,850,000	(\$1,850,000)
7. Federal Authorization Adjustment	Gross	NA	(\$10,559,600)
Reduces federal authorization by \$10.6 million to reflect a decrease in available federal funds.	Federal	NA	(10,559,600)
	GF/GP	NA	0
8. Clean Michigan Initiative (CMI) and Environmental Protection Bond Fund	Gross	\$9,282,100	(\$1,473,200)
Reduces restricted funding of the CMI by \$1.5 million. Increases to the environmental bond site reclamation program, nonpoint source pollution prevention and control program, and the contaminated sediment program totaling \$2.5 million in restricted funding are exceeded by a decrease of \$4.0 million in restricted funding for Brownfield grants.	Restricted	9,282,100	(1,473,200)
	GF/GP	\$0	\$0
9. Radiological Protection Program	Gross	\$1,693,900	\$249,000
Provides increase of \$249,000 Gross for the radiological protection program. A decrease of \$117,000 in federal funding is exceeded by an increase in \$366,000 IDG support received from Department of State Police. This program supports radiological emergency response training for state and local personnel. An increase in federally mandated preparedness exercises is anticipated in FY 2015-16.	IDG	1,272,100	366,000
	Federal	421,800	(117,000)
	GF/GP	\$0	\$0

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
10. Contaminated Site Investigation, Cleanup, and Revitalization	Gross	\$29,385,200	(\$5,000,000)
Reduces restricted funding by \$5.0 million to reflect available resources. This program supports remediation and cleanup efforts at contaminated sites in order to eliminate public health and safety hazards.	Private	187,200	0
	Restricted	29,198,000	(5,000,000)
	GF/GP	\$0	\$0
11. Economic Adjustments	Gross	NA	(\$332,700)
Reflects net cost reduction of \$332,700 Gross (\$48,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(13,200)
	Private	NA	(900)
	Federal	NA	(93,700)
	Restricted	NA	(176,700)
	GF/GP	NA	(\$48,200)

Major Boilerplate Changes From FY 2014-15

Sec. 204. Benchmark Requirements – DELETED

Requires DEQ establish benchmarks and report performance of programs appropriated at \$500,000 or more.

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 213. Administrative Rule Promulgation – DELETED

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 216. Annual Report on Cleanup Projects – NEW

Requires DEQ to report on cleanup projects appropriated from specific DEQ cleanup funds.

Sec. 217. Unexpended Appropriations for Remediation Projects – NEW

Allows DEQ to expend unexpended and unencumbered amounts remaining from current and prior year appropriations for legislatively-approved cleanup, remediation, and redevelopment projects.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item.

Sec. 228. Customer Satisfaction Evaluation Program – DELETED

Requires report on development of customer satisfaction evaluation program and public feedback received.

Sec. 229. Expedited Permitting Program – DELETED

Requires report listing actions and program changes taken to implement the Expedited Permitting Program.

Sec. 305. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

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

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed.

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

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

Sec. 402. Water Quality and Use Initiative Report – DELETED

Requires DEQ to report a plan detailing the use of the water quality use and initiative appropriation in part 1. The Department must also detail expenditures for specific programs made from the water quality and use/ general, real-time beach monitoring, and wetlands programs.

Sec. 501. Air Quality Program – NEW

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act.

Sec. 502. Air Quality Penalties – DELETED

Prevents DEQ from assessing penalties under part 55 of NREPA (1994 PA 451) for violations that occurred under a previous owner unless legally required to do so.

ENVIRONMENTAL QUALITY

Major Boilerplate Changes From FY 2014-15

Sec. 603. Local Government Asset Management Plans – DELETED

Requires DEQ compile an annual report of completed asset management plans for stormwater, asset management, or wastewater grants awarded to local units of government.

Sec. 604. Environmental Pollution Prevention Fund Balance Stipulation (EPPF) – DELETED

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

Sec. 701. Underground Storage Tank Authority – NEW

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 20, 2020.

Sec. 1201. FY 2015-16 Anticipated Appropriations – DELETED

States intent that FY 2015-16 line item appropriations will be the same as those for FY 2014-15 with certain economic adjustments.

Sec. 1202. Identification of Future Retirement Costs – DELETED

States legislative intent that the DEQ identify the FY 2015-16 retirement costs for line items listed in part 1.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 TOTAL GENERAL GOVERNMENT

Analysts: Ben Gielczyk and Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$739,896,100	\$0	\$739,896,100	\$742,192,600	\$2,296,500	0.3
Federal	689,103,500	0	689,103,500	688,424,100	(679,400)	(0.1)
Local	9,969,700	0	9,969,700	17,050,900	7,081,200	71.0
Private	6,287,200	0	6,287,200	6,283,300	(3,900)	(0.1)
Restricted	2,048,873,600	6,150,000	2,055,023,600	2,054,823,800	(199,800)	(0.0)
GF/GP	1,211,782,700	(51,550,000)	1,160,232,700	1,202,374,200	42,141,500	3.6
Gross	\$4,705,912,800	(\$45,400,000)	\$4,660,512,800	\$4,711,148,900	\$50,636,100	1.1
FTEs	7,791.2	0.0	7,791.2	7,847.2	56.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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, State Building Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2014-15

Sec. 207. New Program Metrics – DELETED

Requires benchmarks to be developed by the department of agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated by November 1 and requires update of benchmarks on March 1. Expresses legislative intent that beginning in FY 2015-16, any new program proposed by the Executive include a list of benchmarks intended to measure performance of the program.

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

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Revises appropriated amount to \$95.0 million from \$94.0 million. Includes new subsection that dedicates 25 percent of FY 2015-16 GF/GP surplus revenues and 25 percent of FY 2015-16 GF/GP lapse funds to the BSF.

Sec. 212. Receipt and Retention of Require Reports – DELETED

Requires departments to receive and retain copies of all reports funded from appropriations in part 1; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 217. General Fund Restrictions – DELETED

Prohibits use of General Fund appropriations where federal funds are available for the same purpose.

Sec. 221. Reporting Requirements on Policy Changes – DELETED

Requires departments to report on policy changes made in order to implement enacted legislation.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – DELETED

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the Auditor General in audit reports.

Major Boilerplate Changes From FY 2014-15

Sec. 231. Full-Time Equated Position Report – DELETED

Expresses intent of the Legislature that departments properly account for their spending and do not use FTE positions as placeholders for spending in other parts of their budgets; requires report.

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

Requires state departments and agencies to issue and receive a Request for Information (RFI) or Request for Quotation (RFQ) before a Request for Proposal (RFP) 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. 239. State Building Energy Performance – DELETED

Requires DTMB, with assistance from the Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts.

Sec. 1301. Anticipated Appropriations – DELETED

Expresses intent of the Legislature to provide the same appropriations for fiscal year 2016 as provided in fiscal year 2015, except for where adjustments are made for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 ATTORNEY GENERAL

Analyst: Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$27,783,800	\$0	\$27,783,800	\$28,533,900	\$750,100	2.7
Federal	9,857,200	0	9,857,200	9,278,600	(578,600)	(5.9)
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	17,914,200	0	17,914,200	17,281,700	(632,500)	(3.5)
GF/GP	38,267,100	0	38,267,100	36,847,400	(1,419,700)	(3.7)
Gross	\$93,822,300	\$0	\$93,822,300	\$91,941,600	(\$1,880,700)	(2.0)
FTEs	519.5	0.0	519.5	524.5	5.0	1.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations		
1. Sexual Assault Law Enforcement		
Adds \$1.7 million GF/GP and 5.0 FTEs to test backlogged sexual assault kits in communities statewide with the exception of Wayne County, and to assist in investigations and prosecutions that may result.	FTE Gross GF/GP	0 \$0 \$1,700,000
		5.0 \$1,700,000
2. Sexual Assault Prosecutions		
Eliminates \$3.0 million GF/GP of one-time funding for prosecutions of sexual assault cases within Wayne County that resulted from the testing of rape kits discovered upon the closure of the Detroit crime laboratory.	Gross GF/GP	\$3,000,000 \$3,000,000
		(\$3,000,000) (\$3,000,000)
3. Fund Source Adjustments		
Adjusts interdepartmental grant, federal, and restricted revenue fund sources to accurately reflect costs of providing legal services and memorandums of understanding with other state agencies and departments.	Gross IDG Federal Restricted	NA NA NA NA
		(\$239,200) 866,400 (543,600) (562,000)
4. Economics		
Reflects net cost reduction of \$341,500 Gross (\$119,700 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	Gross IDG Federal Restricted GF/GP	NA NA NA NA NA
		(\$341,500) (116,300) (35,000) (70,500) (\$119,700)

Major Boilerplate Changes From FY 2014-15

Sec. 316 Sexual Assault Kit Testing – NEW

Appropriates \$1.7 million to test sexual assault kits statewide in order to eliminate county backlogs by the end of FY 2015-16, assist with prosecutions that may result and provide victim services.

Sec. 320. Sexual Assault Prosecutions – DELETED

Required a detailed work and spending plan for the sexual assault prosecution line item to be submitted to the state budget office and the legislature and approved by the state budget director prior to spending any of the \$3.0 million appropriation.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF CIVIL RIGHTS

Analyst: Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$288,900	\$0	\$288,900	\$286,700	(\$2,200)	(0.8)
Federal	2,736,500	0	2,736,500	2,721,700	(14,800)	(0.5)
Local	0	0	0	0	0	--
Private	18,700	0	18,700	18,700	0	0.0
Restricted	151,900	0	151,900	151,900	0	0.0
GF/GP	13,448,200	0	13,448,200	12,949,700	(498,500)	(3.7)
Gross	\$16,644,200	\$0	\$16,644,200	\$16,128,700	(\$515,500)	(3.1)
FTEs	138.0	0.0	138.0	135.0	(3.0)	(2.2)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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.

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
1. Unclassified Funding	Gross	\$724,700	(\$90,000)
Reduces funding by \$90,000 GF/GP that was not utilized by the department.	GF/GP	\$724,700	(\$90,000)
2. Vacant Public Affairs Position	FTE	124.0	(1.0)
Reduces funding by \$115,000 GF/GP through proposed elimination of a vacant Public Affairs position.	Gross	\$14,091,800	(\$115,000)
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$115,000)
3. Librarian Position	FTE	124.0	(1.0)
Reduces funding by \$105,000 GF/GP through proposed elimination of a librarian position.	Gross	\$14,091,800	(\$105,000)
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$105,000)
4. Executive Secretary Position	FTE	124.0	(1.0)
Reduces funding by \$90,000 GF/GP through proposed elimination of an executive secretary position.	Gross	\$14,091,800	(\$90,000)
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$90,000)

GENERAL GOVERNMENT: CIVIL RIGHTS

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>	<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>	
5. Economic Adjustments	Gross	NA	(\$115,500)
Reflects net cost reduction of \$115,500 Gross (\$98,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	IDG	NA	(2,200)
	Federal	NA	(14,800)
	GF/GP	NA	(\$98,500)

Major Boilerplate Changes From FY 2014-15

Sec. 404. Operations Report – DELETED

Required the department to report on various details of department operations.

Sec. 405. Federal Complaint Report – DELETED

Required the department to notify the Legislature and State Budget Office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal department.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
EXECUTIVE OFFICE**

Analyst: Ben Gielczyk

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	0	0	0	0	0	--
GF/GP	5,916,100	0	5,916,100	5,916,100	0	0.0
Gross	\$5,916,100	\$0	\$5,916,100	\$5,916,100	\$0	0.0
FTEs	88.2	0.0	88.2	88.2	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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.

Executive Changes

Major Budget Changes From FY 2014-15 YTD Appropriations

FY 2014-15 YTD (as of 2/5/14)	FY 2014-15 to FY 2015-16	FY 2015-16 to FY 2016-17
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There are no proposed budget changes for FY 2015-16

Major Boilerplate Changes From FY 2014-15

There are no major boilerplate changes for FY 2015-16.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 LEGISLATURE

Analyst: Ben Gielczyk

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	400,000	0	400,000	400,000	0	0.0
Restricted	4,109,800	0	4,109,800	4,192,000	82,200	2.0
GF/GP	127,420,700	0	127,420,700	131,872,300	4,451,600	3.5
Gross	\$131,930,500	\$0	\$131,930,500	\$136,464,300	\$4,533,800	3.4
FTEs	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (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 House of Representatives Office Building, and Farnum Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations		
1. Legislature Operations	Gross \$131,930,500	\$4,533,800
Reflects \$4.5 million Gross (\$4.5 million GF/GP) related to legislative staff and other operations.	Private 400,000	0
	Restricted 4,109,800	82,200
	GF/GP \$127,420,700	\$4,451,600

Major Boilerplate Changes From FY 2014-15

Sec. 609. Capitol Historic Site Fund – DELETED

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97th Legislature.

Sec. 618. Legislative Retirement Administration – DELETED

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the DTMB before the end of FY 2014-15.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 LEGISLATIVE AUDITOR GENERAL

Analyst: Ben Gielczyk

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$5,220,700	\$0	\$5,220,700	\$5,392,800	\$172,100	3.3
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	2,000,800	0	2,000,800	1,987,600	(13,200)	(0.7)
GF/GP	14,937,300	0	14,937,300	15,460,100	522,800	3.5
Gross	\$22,158,800	\$0	\$22,158,800	\$22,840,500	\$681,700	3.1
FTEs	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Auditor General Operations

Reflects increased costs of \$681,700 Gross (\$522,800 GF/GP) related to Auditor General staff and other operations.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$22,158,800	\$681,700
IDG	5,220,700	172,100
Restricted	2,000,800	(13,200)
GF/GP	\$14,937,300	\$522,800

Major Boilerplate Changes From FY 2014-15

Sec. 625. Information Technology Audits – DELETED

Specifies that not more than \$400,000 may be used to hire up to 10 additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to the General Fund.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF STATE**

Analyst: Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$20,000,000	\$0	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	0	1,460,000	1,460,000	0	0.0
Local	0	0	0	0	0	--
Private	100	0	100	100	0	0.0
Restricted	184,985,800	1,000,000	185,985,800	186,635,100	649,300	0.3
GF/GP	17,539,000	200,000	17,739,000	17,161,500	(577,500)	(3.3)
Gross	\$223,984,900	\$1,200,000	\$225,184,900	\$225,256,700	\$71,800	0.0
FTEs	1,593.0	0.0	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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. Services provided by the department include: 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 department operates 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 Adjusted FY 2014-15 Appropriations

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
1. Credit and Debit Assessment Service Fees	Gross	\$5,000,000	\$1,000,000
Increases funding authorization by \$1.0 million state restricted revenue as usage of credit and debit cards by customers increase at branch locations.	Restricted	5,000,000	1,000,000
2. Ignition Interlock Program	Gross	\$1,000,000	\$0
Continues funding authorization of \$1.0 million state restricted revenue to accommodate increasing workload with inspecting and regulating businesses related to the installation of ignition interlocks to motor vehicles. Initial increased authorization was added through HB 4112 for FY 2014-15.	Restricted	1,000,000	0
3. Departmental Identified Budgetary Savings	Gross	NA	(\$500,000)
Reduces funding by \$500,000 GF/GP through departmental identified budgetary savings in Branch Operations (\$241,800), Unclassified Positions (122,100), Department Service Operation (\$83,800), Central Operations (\$26,900), Election Administration and Services (\$25,000) and Legal Services (\$400).	GF/GP	NA	(\$500,000)
4. Removal of FY 2014-15 One-Time Appropriations	Gross	\$200,000	(\$200,000)
Eliminates one-time funding (added through HB 4112) of \$200,000 GF/GP for IT system changes related to the May 2015 transportation ballot proposal.	GF/GP	\$200,000	(\$200,000)
5. Economics	Gross	NA	(\$228,200)
Reflects net cost reduction of \$228,200 Gross (increase of \$122,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	Restricted	NA	(350,700)
	GF/GP	NA	\$122,500

Major Boilerplate Changes From FY 2014-15

Sec. 716b. Business Application Modernization (BAM) Project Report – DELETED

Required the Department of State to report on funding expended for the BAM project since its inception.

Sec. 718. Buena Vista Township Branch Office – DELETED

Required Department of State to maintain a full-service branch office in Buena Vista Township.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17**

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET

Analyst: Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$677,193,600	\$0	\$677,193,600	\$678,478,500	\$1,284,900	0.2
Federal	7,974,100	0	7,974,100	7,997,300	23,200	0.3
Local	3,553,700	0	3,553,700	3,587,700	34,000	1.0
Private	190,400	0	190,400	190,100	(300)	(0.2)
Restricted	94,322,000	0	94,322,000	95,771,900	1,449,900	1.5
GF/GP	479,098,500	(33,300,000)	445,798,500	478,880,800	33,082,300	7.4
Gross	\$1,262,332,300	(\$33,300,000)	\$1,229,032,300	\$1,264,906,300	\$35,874,000	2.9
FTEs	2,823.0	0.0	2,823.0	2,839.0	16.0	0.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 Adjusted FY 2014-15 Appropriations

1. Removal of FY 2014-15 One-Time Appropriations

Eliminates one-time funding of \$22.5 million Gross (\$14.7 million GF/GP) for various projects: Litigation Fund (\$2.0 million GF/GP, on top of EO 2015-5 reduction of \$2.0 million); Regional Prosperity Grants (\$500,000 GF/GP, on top of EO 2015-5 reduction of \$500,000); Technology Services funding (\$6.9 million IDG, \$300 GF/GP); Office of Urban Initiatives (\$4.0 million GF/GP, on top of EO 2015-5 reduction of \$1.0 million); Business One Stop – Depreciation (\$871,700 IDG); Special Projects (\$1.2 million GF/GP); and Enterprisewide Special Maintenance (\$7.0 million GF/GP).

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$22,522,000	(\$22,522,000)
IDG	7,771,700	(7,771,700)
GF/GP	\$14,750,300	(\$14,750,300)

2. State Building Authority (SBA) Rent Payments

Restores \$17.8 million GF/GP to State Building Authority rent funding that was reduced in the FY 2014-15 mid-year negative supplemental (HB 4112).

Gross	\$236,770,600	\$17,800,000
GF/GP	\$236,770,600	\$17,800,000

3. Capital Outlay – Enterprisewide Special Maintenance at State Facilities

Increases funding by \$13.0 million GF/GP for maintenance and upkeep projects at state-owned properties. The figure includes \$5.0 million in restored funding from reductions made in Executive Order 2015-5.

Gross	\$20,000,000	\$13,000,000
IDG	2,000,000	0
GF/GP	\$18,000,000	\$13,000,000

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
4. Information Technology Investment Fund	Gross	\$60,500,000	\$9,500,000
Increases funding by \$9.5 million GF/GP to continue upgrading various IT related projects and legacy systems. The figure includes \$2.5 million in restored funding from reductions made in Executive Order 2015-5. Total proposed funding is \$70.0 million. FY 2014-15 budget rolled out IT investment projects.	GF/GP	\$60,500,000	\$9,500,000
5. Motor Vehicle Fleet	Gross	\$67,669,300	\$6,515,500
Increases spending authorization by \$6.5 million IDG to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet.	IDG	67,669,300	6,515,500
6. General Services Technical Adjustments	FTE	324.5	5.0
Aligns funding of the Information Technology IDGs with agency investment requests by \$3.8 million. Includes funding and FTE authorization for Treasury Business Portal (\$2.0 million IDG and 2.0 FTEs), Treasury City Income Tax Operations (\$1.2 million IDG and 2.0 FTEs), and Treasury Personal Property Tax Reform Operations (\$650,000 IDG and 1.0 FTE).	Gross	\$90,562,100	\$3,850,000
	IDG	90,562,100	3,850,000
7. Office of Urban Initiatives	FTE	NA	5.0
Establishes ongoing funding of \$2.5 million GF/GP and 5.0 FTEs, partially restoring an Executive Order 2015-5 reduction to one-time funding, for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development.	Gross	NA	\$2,500,000
	GF/GP	NA	\$2,500,000
8. Information Technology Interdepartmental Grant (IDG) Adjustments	Gross	NA	(\$2,018,800)
Reduces funding by \$2.0 million IDG to align funding of the Information Technology IDGs with adjusted anticipated agency costs.	IDG	NA	(2,018,800)
9. Legal Services	Gross	NA	\$2,000,000
Establishes ongoing funding of \$2.0 million GF/GP, restoring an Executive Order 2015-5 reduction to one-time funding, for major litigation involving the Governor and Attorney General in their official capacity, and for securing outside legal advice on major statewide issues not unique to a single agency.	GF/GP	NA	\$2,000,000
10. Michigan Public Safety Communications System (MPSCS)	Gross	\$38,359,000	\$1,500,000
Increases funding by \$1.5 million GF/GP for radio replacement cycle and system maintenance. Funding was decreased by \$3.5 million in Executive Order 2015-5 for FY 2014-15, proposal maintains \$2.0 million of that reduction resulting in \$1.5 million increase over prior fiscal year adjusted numbers.	Local	2,212,100	0
	GF/GP	\$36,146,900	\$1,500,000
11. Office of Retirement Services - Deferred Compensation Fund	Gross	\$25,983,700	\$1,257,600
Increases funding authorization by \$1.2 million state restricted revenue to Defined Contribution/Deferred Compensation Fund in the Office of Retirement Services to cover increased administrative expenses.	Restricted	20,738,900	1,257,600
	GF/GP	\$5,244,800	\$0
12. Civil Service Commission	Gross	\$4,385,800	(\$1,085,800)
Reduces funding of \$1.1 million GF/GP to the Civil Service Commission's Information Technology Services and Projects.	Federal	1,025,400	0
	Restricted	1,407,800	0
	GF/GP	\$1,952,600	(\$1,085,800)
13. Homeland Security/Cyber Security	Gross	\$8,068,200	\$1,000,000
Restores \$1.0 million GF/GP of funding reductions made in Executive Order 2015-5: Homeland Security Initiative/Cyber Security.	GF/GP	\$8,068,200	\$1,000,000
14. Procurement Improvement Plan – Category Management Implementation	FTE	91.0	6.0
Includes funding of \$825,000 Gross (\$479,100 GF/GP) and 6.0 FTEs to examine state purchasing from an enterprisewide perspective and reduce the number of contracts and suppliers utilized.	Gross	\$10,476,400	\$825,000
	IDG	452,900	16,900
	Federal	100	0
	Restricted	4,916,300	329,000
	GF/GP	\$5,107,100	\$479,100

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
15. State Emergency Operations Center	Gross	\$91,352,000	\$631,700
Increases authorization by \$631,700 IDG to the Building Operation Services line item to cover revenue, maintenance, utilities, security, and operations costs of the State Emergency Operations Center commencing October 1, 2015.	IDG	91,352,000	631,700
16. One-Time Technology Service Funding	Gross	NA	\$600,000
Increases funding by \$600,000 IDG to align agency IT funding costs for the Treasury Business Portal.	IDG	NA	600,000
17. Offset of GF and Restricted Revenue	Gross	NA	\$0
Reduces funding by \$45,000 GF/GP for the Office of State Employer to offset increase in restricted revenue authorization for the Health Management Fund.	Restricted	NA	45,000
	GF/GP	NA	(\$45,000)
18. Professional Development Funds	Gross	\$1,095,000	\$7,600
Increases funding by \$7,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts.	IDG	1,095,000	7,600
19. Various Technical Adjustments	Gross	NA	\$478,100
Makes fund source adjustments by replacing \$3,100 GF/GP with \$3,100 IDG and \$12,700 restricted revenue with \$12,700 IDG for various adjustments, including: funding authorization realignment, Statewide Cost Allocation Plan adjustment, and State Building Authority Rent adjustment. Finally restores \$478,100 in IDG user fee authorizations that were reduced based FY 2014-15 mid-year adjustment.	IDG	NA	493,900
	Restricted	NA	(12,700)
	GF/GP	NA	(\$3,100)
20. Capital Outlay Planning Authorizations	Gross	NA	\$500
Includes \$500 GF/GP for three university and two community college capital outlay planning authorizations: Lake Superior State – Center for Freshwater Research and Education, University of Michigan – Dearborn – Engineering Laboratory Building Replacement, University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition, Delta College – Saginaw Center, and Mott Community College – Southern Lakes Branch Center Renovation.	GF/GP	NA	\$500
21. Administrative Services Offsets	Gross	\$17,611,900	\$0
Makes fund source adjustments that result in \$781,700 GF/GP increase. This includes a \$981,700 GF/GP increase to offset restricted revenues supporting departmental administrative services, in addition to a \$200,000 GF/GP decrease to offset an increase in procurement card revenue authorization.	IDG	11,259,200	(694,700)
	Restricted	4,232,500	(87,000)
	GF/GP	\$2,120,200	\$781,700
22. Economics	Gross	NA	\$34,600
Reflects net cost increase of \$34,600 Gross (\$405,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-required retirement rates, and other economic adjustments.	IDG	NA	(345,500)
	Federal	NA	23,200
	Local	NA	34,000
	Private	NA	(300)
	Restricted	NA	(82,000)
	GF/GP	NA	\$405,200

Major Boilerplate Changes From FY 2014-15

Sec. 808a. Building Occupancy; Vacated Space – DELETED

Barred DTMB from charging for building occupancy for unoccupied space if the affected department or agency has given prior notice to vacate the space as specified by the section.

Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – DELETED

Required DTMB to maintain Internet website with notice of all ITBs and RFPs over \$50,000; generally required ITBs and RFPs to be posted for at least 14 days prior to bid deadline.

Sec. 813. Motor Vehicle Fleet – REVISED

Deleted subsection promoting use of remanufactured parts.

Sec. 814. Reporting on Information Technology Investment Projects – REVISED

Changed quarterly status reports to annual and eliminated notice when transferring \$500,000 between projects.

Major Boilerplate Changes From FY 2014-15

Sec. 814a. Enterprisewide Information Technology Investment Projects – NEW

Explains purpose of the enterprisewide IT investment projects.

Sec. 815. Energy Savings Performance Contracts – DELETED

Required DTMB to review capital improvement projects over \$500,000 for possible inclusion in an energy savings performance contract; required report on use of energy savings performance contracts.

Sec. 816. Privatization RFPs – DELETED

Required RFP issued for purpose of privatization to include all factors to be used in evaluating and determining price.

Sec. 817. Call Center Locations – DELETED

Authorized DTMB to require a contractor providing state call center services to disclose to callers the location from which services are being provided.

Sec. 821. Space Consolidation Plan – DELETED

Required DTMB to annually update the office space consolidation plan and provide a report on space consolidation by February 15.

Sec. 822. Report on Unclassified Salaries – DELETED

Required a report on individual appointee and unclassified employee salaries by January 1.

Sec. 822f. Fees and Rates Charged to State Agencies – DELETED

Required report on fees and rates charged to state agencies, along with justification for any increases from prior year.

Sec. 822g. Wayland Police Post – DELETED

Required DTMB to assist state police as necessary in discussions with City of Wayland regarding a potential joint public safety building.

Sec. 822h. One Division Building – DELETED

Required DTMB to evaluate the feasibility of repurposing the One Division Building in Grand Rapids for a new state police crime laboratory.

Sec. 824. Spatial Information and Technical Services – REVISED

Eliminated report requirement.

Sec. 827. Michigan Public Safety Communications System (MPSCS) – REVISED

Eliminated report requirement.

Sec. 828. IT-Related Appropriations and Expenditures – DELETED

Required detailed report on funding and expenditures for IT services and projects.

Sec. 829. Life-Cycle of Hardware and Software – DELETED

Required report that analyzes and makes recommendations on life-cycle of IT hardware and software.

Sec. 830. IT Contract Change Orders – DELETED

Required report on IT change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB

Sec. 831. Information, Communications and Technology (ICT Innovation Fund – DELETED

Provided for administration and expenditure of ICT innovation fund created under prior-year budget acts.

Sec. 832. Child Support Enforcement System – DELETED

Required DTMB to notify legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; required additional reporting in the event of penalties being imposed.

Sec. 836. Cloud Computing – DELETED

Required DTMB to conduct analyses on use of public or private cloud computing technologies for new projects and for migration of existing projects or system platforms.

Sec. 840. Online Citizens Guide – DELETED

Required DTMB to issue RFP for publicly accessible statewide online citizens guide.

Sec. 862. Required Reports – DELETED

Required DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by the SBA.

Sec. 866. State Building Authority (SBA) Leases – DELETED

Expressed legislative approval for execution of SBA leases for SBA-financed construction.

Major Boilerplate Changes From FY 2014-15

Sec. 867. Farnum Building – NEW

Allocates proceeds from the sale of the Farnum Building to DTMB. If net proceeds are less than \$7.0 million, the shortfall would be appropriated to the department.

Sec. 890. Regional Prosperity Initiative – REVISED

Changed to Sec. 822d, makes various minor changes.

Sec. 891. Litigation Fund – DELETED

Required itemized report on litigation fund expenditures.

Sec. 895. Michigan Business One-Stop (MBOS) – DELETED

Prohibited DTMB from charging other departments and agencies for continued MBOS operation, and allowed DTMB to spend up to \$1.5 million of its own funds on MBOS maintenance and operation to the extent necessary to minimize disruptions while transitioning to elimination of MBOS

Sec. 896. Farnum Building – DELETED

Required DTMB to make up to \$7.0 million available to the Senate for future costs associated with the relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB

Sec. 897. Special Projects – DELETED

From the \$1.25 million appropriated for special projects, allocated \$500,000 for 120 payments to National Guard retirees and \$250,000 to the Catholic Charities Center for Hope in Genesee, leaving \$500,000 unallocated.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF TREASURY

Analyst: Ben Gielczyk

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$9,409,100	\$0	\$9,409,100	\$9,500,700	\$91,600	1.0
Federal	39,705,400	0	39,705,400	39,661,500	(43,900)	(0.1)
Local	1,982,500	0	1,982,500	9,029,700	7,047,200	355.5
Private	23,100	0	23,100	25,400	2,300	10.0
Restricted	1,602,710,400	5,150,000	1,607,860,400	1,606,215,600	(1,644,800)	(0.1)
GF/GP	270,513,300	3,550,000	274,063,300	276,679,300	2,616,000	1.0
Gross	\$1,924,343,800	\$8,700,000	\$1,933,043,800	\$1,941,112,200	\$8,068,400	0.4
FTEs	1,873.5	0.0	1,873.5	1,911.5	38.0	2.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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. MSF and MSHDA changes are summarized separately.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Constitutional Revenue Sharing

Provides \$30.2 million in restricted sales tax revenues to adjust constitutional revenue sharing payments upward 4.0% from the FY 2014-15 budget act appropriated amount (3.1% above the January 2014 Consensus Revenue Estimating Conference (CREC) estimate for FY 2014-15). FY 2015-16 Executive Recommended amount is based on January 2015 CREC estimates plus \$6.0 million in revenues associated with the Main Street Fairness Act which were not included in the CREC estimate.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$758,272,400	\$30,224,600
Restricted	758,272,400	30,224,600

2. City, Village, and Township Revenue Sharing

Removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component (See Sec. 952 of boilerplate). By removing the one-time funding per capita distribution component, 101 townships that were added in FY 2014-15 would not receive a payment in FY 2015-16. Maintains FY 2014-15 CVT Revenue Sharing ongoing funding level of \$243.0 million.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$248,840,000	(\$5,800,000)
Restricted	248,840,000	(5,800,000)

3. County Revenue Sharing/County Incentive Program

Increases county payments by \$3.5 million in restricted sales tax revenue to accommodate two new counties coming online for state payments in FY 2015-16. Maintains full-funding levels for county revenue sharing. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$211,200,000	\$3,500,000
Restricted	211,200,000	3,500,000

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
4. Financially Distressed Cities, Villages, and Townships	Gross	\$8,000,000	(\$3,000,000)
Removes \$3.0 million in one-time restricted sales tax revenues for Financially Distressed CVT grant program. Maintains \$5.0 million in ongoing funding for Financially Distressed CVT grant program.	Restricted	8,000,000	(3,000,000)
5. Payments in Lieu of Taxes	Gross	\$21,174,900	\$4,919,200
Increases by \$4.9 million Gross (\$4.5 million GF/GP) to support scheduled and statutory-required increases in payments in lieu of taxes (PILT). Swamp and tax reverted lands PILT increased from \$3 to \$4 per acre in FY 2015-16 per statute.	Private	23,100	2,300
	Restricted	4,482,500	448,400
	GF/GP	\$16,669,300	\$4,468,500
6. Debt Service	Gross	\$152,395,000	\$4,054,000
Increases by \$4.1 million GF/GP to support scheduled and statutory-required debt service payments. Funding increase allows for \$5.0 million in new bond issues related to the Strategic Water Quality Initiative.	GF/GP	\$152,395,000	\$4,054,000
7. City Income Tax Administration Program	FTE	NA	24.0
Includes \$7.1 million in local funds and 24.0 FTEs to support the City Income Tax Administration Program. Under the program, the Department of Treasury would collect the City of Detroit's individual income tax. A portion of the funding would support expansion of the system to include collection of the City of Detroit's business tax. Transfers additional 26.0 FTEs from Tax Processing to support program.	Gross	NA	\$7,050,000
	Local	NA	7,050,000
8. Personal Property Tax Reform Administration	FTE	NA	9.0
Includes \$3.3 million GF/GP and 9.0 FTEs to support administration of the personal property tax reform changes including collection and distribution of the essential services assessment.	Gross	NA	\$3,345,000
	GF/GP	NA	\$3,345,000
9. Financial Review Commission	FTE	NA	8.0
Includes \$2.0 million GF/GP and 8.0 FTEs to support new Financial Review Commission created under the Michigan Financial Review Commission Act. The commission will ensure that the City of Detroit is meeting statutory requirements under the city's debt-cutting plan, review and approve the city's four-year financial plan, and ensure fiscal management among other roles and responsibilities.	Gross	NA	\$2,000,000
	GF/GP	NA	\$2,000,000
10. Financial Independence Teams	Gross	\$2,250,000	\$1,750,000
Increases by \$1.8 million GF/GP to restore a portion of the FY 2014-15 mid-year negative supplemental (HB 4112) reduction of \$2.3 million GF/GP to the program.	GF/GP	\$2,250,000	\$1,750,000
11. Treasury Online Business Portal	Gross	NA	\$2,600,000
Includes \$2.6 million GF/GP (\$600,000 GF/GP considered one-time) for the Department of Treasury's Business Portal. The portal allows businesses to conduct online business tax registration, tax returns, and tax payments.	GF/GP	NA	\$2,600,000
12. Casino Gaming Legal Affairs and Gaming Regulation	FTE	NA	12.0
Includes \$514,100 in restricted funds and 12.0 FTEs to support licensing and regulation with live horse races, verify electronic gaming devices, and enhance the agency's communication strategies.	Gross	NA	\$514,100
	Restricted	NA	514,100
13. Lottery Promotion and Advertising	Gross	\$18,622,000	(\$18,622,000)
Removes \$18.6 million in State Lottery Fund for promotion and advertising. Recommends elimination of line item and inclusion of boilerplate that would authorize the Bureau of State Lottery to collect 1% of the prior fiscal year's gross sales for promotion and advertising.	Restricted	18,622,000	(18,622,000)
14. Contractual Services, Supplies, and Materials Reductions	Gross	NA	(\$300,000)
Reduces various tax programs line items by \$300,000 GF/GP. Reflects budget savings from reductions in contracted services, supplies, and materials (CSS&M). Executive Order 2015-5 and HB 4112 implemented \$1.1 million in CSS&M reductions to Tax and Economic Policy (\$600,000 GF/GP) and Tax Compliance (\$500,000 GF/GP). The Executive Recommendation carries forward those reductions reducing both by an additional \$50,000 GF/GP and reduces Tax Processing and Office of Collections by \$100,000 GF/GP.	GF/GP	NA	(\$300,000)

Major Budget Changes From Adjusted FY 2014-15 Appropriations

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
15. Fund Source Revenue Adjustments	Gross	NA (\$3,264,500)
Net reduction of \$3.3 million Gross (\$0 GF/GP) to align with actual available revenues in fund source. Adjusts IDG for Data Collection Services Fee up by \$40,000 and Land Reutilization Fund restricted funds down by \$3.3 million. Makes technical adjustment in fund sourcing by shifting \$62,300 in restricted funding to IDG funding.	IDG	NA 102,300
	Restricted	NA (3,366,800)
16. One-Time Appropriations	FTE	15.0 (15.0)
Provides a net reduction of \$20.4 million Gross (\$15.2 million GF/GP) and 15.0 FTEs in one-time appropriations. Personal property tax payments to reimburse local units for lost debt service millages under the personal property tax reforms are retained at \$19.3 million GF/GP. Funding for the following items is removed: credit card payment services (\$500,000 GF/GP and 6.0 FTEs), personal property tax reform implementation (\$1.5 million GF/GP and 9.0 FTEs), City of Flint police and fire safety grant (\$1.1 million GF/GP), MBT adjustments under PA 282 of 2014 (\$1.0 million GF/GP), Financial Review Commission from PA 182 of 2014 (\$100,000 GF/GP), May Election Administration included in HB 4112 (\$10.0 million GF/GP), Driver Responsibility Fee Phase Out Administrative Costs included in HB 4112 (\$550,000 Restricted), Transportation Ballot Proposal IT included in HB 4112 (\$1.0 million GF/GP), Gaming Control Board IT Replacement included in HB 4112 (\$3.0 million Restricted), and Fraud Prevention Services included in HB 4112 (\$1.6 million Restricted).	Gross	\$39,650,000 (\$20,350,000)
	Restricted	5,150,000 (5,150,000)
	GF/GP	\$34,500,000 (\$15,200,000)
17. Economic Adjustments	Gross	NA (\$552,000)
Reflects net cost reduction of \$552,000 Gross (\$101,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA (10,700)
	Federal	NA (43,900)
	Local	NA (2,800)
	Restricted	NA (393,100)
	GF/GP	NA (\$101,500)

Major Boilerplate Changes From FY 2014-15

Sec. 902a. Notification of Bond Refinancing and Restructuring – DELETED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over the duration of the debt, and the projected change in present value of the debt service due to the refinancing.

Sec. 927. Personal Property Tax Audits – DELETED

Requires the Department of Treasury to submit annual progress reports regarding personal property tax audits.

Sec. 944. Pension Plan Consultant Report – DELETED

Requires the Department of Treasury to forward any report received from a pension plan consultant within 30 days of receipt.

Sec. 945. Assessment and Certification Division Reviews – REVISED

Requires assessment and certification division to conduct 14-point reviews in at least one assessment jurisdiction per county. Revised to require the Department of Treasury to conduct an audit of minimum assessing requirements reviews for each county.

Sec. 948. Fraud Prevention Appropriation – NEW

Specifies that the Department of Treasury may contract with private agencies from the funds appropriated in part 1 to prevent the disbursement of fraudulent tax refunds. Appropriates a total amount not to exceed \$1.6 million from the fund or account to which the revenues being collected are recorded or dedicated to pay contract costs or fund operations designed to reduce fraudulent income tax refund payments. Requires report.

Sec. 949. Personal Property Tax Reimbursements Performance Measures – NEW

Specifies that the department shall identify specific outcomes and performance measures for the personal property tax reimbursements to local units of government. Provides example of performance metric/outcome stating that the Department of Treasury's role in reimbursing the local units will provide the department the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely.

Sec. 949a. City of Flint Police and Fire Grant – DELETED

Requires appropriation of \$1.1 million to be expended on police and fire services in the city of Flint. Authorizes emergency manager or receivership transition advisory board to determine distribution of funds.

Major Boilerplate Changes From FY 2014-15

Sec. 949a. City Income Tax Administration Performance Measures – NEW

Specifies that the department shall identify specific outcomes and performance measures for the administration of the city income tax program. Provides example of performance metric/outcome stating that the Department of Treasury shall track and reduce fraudulent returns by expanding compliance and enforcement services which will benefit Michigan cities by allowing the taxpayer to e-file the city return as part of the state return.

Sec. 949b. Operations Information Technology Services and Projects Performance Measures – NEW

Specifies that the department shall identify specific outcomes and performance measures for the operations information technology services and projects. Provides example of performance metric/outcome stating that the funding will provide businesses with the opportunity for electronic business tax registration, authentication of taxpayers, and tax filing for more than 325,000 Michigan businesses.

Sec. 949c. Financial Review Commission Performance Measures – NEW

Specifies that the department shall expand financial review commission efforts in FY 2015-16. The funds shall cover ongoing costs associated with the operation of the commission. Provides example of performance metric/outcome stating that the funding will allow the department to perform critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy.

Sec. 949d. State Essential Services Assessment Program – NEW

Specifies the purpose of the new program is to provide the department with the ability to collect the new state essential services assessment which is a phased in replacement of locally collected personal property taxes on eligible manufacturing personal property.

Sec. 949e. Tobacco Tax Revenue Distribution Appropriation Authorization – NEW

Requires revenue received under the tobacco products act related to Wayne County to be appropriated and distributed as required under the act.

REVENUE SHARING

Sec. 952. City, Village, and Township Revenue Sharing – REVISED

Specifies distribution of \$248.8 million to all cities, villages, and townships (CVTs) with a population of 7,500 or more by providing the greater of a 3.05% increase over its FY 2013-14 payment or a per capita payment of \$2.65. CVTs with a population below 7,500 that were eligible for an Economic Vitality Incentive Program (EVIP) payment in FY 2013-14 would be eligible to receive a 3.05% increase from their FY 2013-14 EVIP payment. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956. Revised to eliminate per capita distribution option, thereby eliminating 101 townships that were added as new recipients in FY 2014-15. Includes new subsection that would allow payments to counties to be withheld if a county is more than three months delinquent in maintaining county child care fund or state ward board and care chargeback obligations pursuant to Section 5 of the Youth Rehabilitation Services Act.

Sec. 957. County Revenue Sharing Increased Funding Statement of Purpose – NEW

Specifies that the increased funds for county revenue sharing are to provide the maximum amount of funding to eligible counties.

Sec. 958. Statewide Online Financial Accountability Reporting System – DELETED

Requires department to work with DTMB to issue an RFP for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data.

LOTTERY

Sec. 963. Department of Human Services Bridge Cards – DELETED

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets.

Sec. 964. Promotion and Advertising Appropriation – NEW

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17

DEPARTMENT OF TREASURY - MICHIGAN STRATEGIC FUND

Analyst: Ben Gielczyk

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	627,370,300	0	627,370,300	627,305,000	(65,300)	(0.0)
Local	4,433,500	0	4,433,500	4,433,500	0	0.0
Private	5,654,900	0	5,654,900	5,649,000	(5,900)	(0.1)
Restricted	142,678,700	0	142,678,700	142,588,000	(90,700)	(0.1)
GF/GP	244,642,500	(22,000,000)	222,642,500	226,607,000	3,964,500	1.8
Gross	\$1,024,779,900	(\$22,000,000)	\$1,002,779,900	\$1,006,582,500	\$3,802,600	0.4
FTEs	756.0	0.0	756.0	756.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Strategic Fund (MSF) contains programs that work with existing Michigan businesses and communities to retain and expand jobs through coordination of business assistance services through interdisciplinary account management teams and other economic development services. These programs build partnerships with local, state, and federal economic development agencies and the business community to coordinate and leverage resources and improve the State's business climate. The MSF has administrative responsibilities over Workforce Investment Act activities, Community Development Block Grants, GEAR-UP grants, Carl D. Perkins grants, adult education, Bureau of Energy Systems, postsecondary education services, and welfare-to-work programs. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund. Michigan State Housing Development Authority (MSHDA) is an autonomous agency within the MSF. Under Executive Order 2011-4, the MSF supervises and directs the budgeting, procurement, and related management function of the MSHDA.

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
1. Business Attraction and Community Revitalization		Gross	\$127,800,000
Increases by \$1.2 million Gross (\$10.0 million GF/GP) to support Business Attraction and Community Revitalization. FY 2014-15 mid-year negative supplemental (HB 4112) removed \$10.0 million GF/GP and shifted \$7.8 million 21 st Century Jobs Trust Fund from Entrepreneurship Eco-System to this line item for a net reduction of \$2.2 million GF/GP to the line item. FY 2015-16 Executive Recommendation shifts \$7.8 million 21 st Century Jobs Trust Fund back to Entrepreneurship Eco-System and restores \$10.0 million GF/GP. Shifts \$1.0 million 21 st Century Jobs Trust Fund to Pure Michigan. \$17.9 million of total funding is considered one-time appropriations.		Restricted	28,800,000
		GF/GP	\$99,000,000
			\$1,200,000
			(8,800,000)
			\$10,000,000
2. Entrepreneurship Eco-System		Gross	\$17,200,000
Increases by \$7.8 million 21 st Century Jobs Trust Fund. FY 2014-15 mid-year negative supplemental (HB 4112) shifted \$7.8 million 21 st Century Jobs Trust Fund to the Business Attraction and Community Revitalization to mitigate GF/GP reductions in that line item. FY 2015-16 Executive Recommendation shifts \$7.8 million back to Entrepreneurship Eco-System.		Restricted	17,200,000
			7,800,000

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>			
3. Pure Michigan		Gross \$29,000,000	\$1,000,000
Shifts \$1.0 million 21 st Century Jobs Trust Fund from Business Attraction and Community Revitalization to increase support Pure Michigan. Funding would support enhanced international marketing, update Pure Michigan commercials, and upgrade the Pure Michigan website.		Restricted 29,000,000	1,000,000
4. Film Incentives		Gross \$38,000,000	\$12,000,000
Increases by \$12.0 million GF/GP for a total of \$50.0 million GF/GP. FY 2014-15 mid-year negative supplemental (HB 4112) reduced film incentives by \$12.0 million. FY 2015-16 Executive Recommendation restores the reduction. \$25.0 million of total funding is considered one-time appropriations.		GF/GP \$38,000,000	\$12,000,000
5. One-Time Appropriations		Gross \$17,750,000	(\$17,750,000)
Removes \$17.8 million GF/GP in one-time appropriations for various special projects (\$15.8 million GF/GP) and the Automotive, Engineering, and Manufacturing Technology Fund (\$2.0 million GF/GP).		GF/GP \$17,750,000	(\$17,750,000)
6. Michigan Film Office		Gross \$891,900	(\$237,100)
Removes \$237,100 GF/GP from Michigan Film Office operations. Statute allows for the capture of 4.0% of film incentive appropriations to support administration thereby eliminating the need for appropriated GF/GP for Michigan Film Office operations.		Restricted 654,800 GF/GP \$237,100	0 (\$237,100)
7. Economic Adjustments		Gross NA	(\$210,300)
Reflects net cost reduction of \$210,300 Gross (\$48,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.		Federal NA Private NA Restricted NA GF/GP NA	(65,300) (5,900) (90,700) (\$48,400)

Major Boilerplate Changes From FY 2014-15

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 980. Michigan State Housing Development Authority Annual Report – DELETED

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs.

Sec. 981. Michigan Broadband Development Authority Report – DELETED

Requires the department and MSHDA to report on the status of loans entered into by the Michigan Broadband Development Authority.

Sec. 986. Land Bank Fast Track Authority Operations Report – DELETED

Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities.

Sec. 990. Housing Rehabilitation Task Force – DELETED

Requires Michigan State Housing Development Authority to work with the Department of Community Health and the Department of Human Services to appoint members to a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies and to make recommendations for integrating and coordinating project delivery.

MICHIGAN STRATEGIC FUND

Sec. 1033. Film Incentives Status Report – REVISED

Requires quarterly reports on the status of the film incentives approved under section 29h of the MSF Act. Revised to remove indirect economic impact, indirect jobs, and indirect investment from the reporting requirement.

Sec. 1034. Business Incubator Program – REVISED

Requires each of the 10 business incubators that received awards in FY 2012-13 from the Innovation and Entrepreneurship line item to submit a dashboard of indicators to gauge performance. Indicates intent of the legislature that any additional funding be based on performance of the business incubator. Strikes intent language.

Major Boilerplate Changes From FY 2014-15

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

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. 1039b. Skilled Trades Training Program Administration – REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Revised to include subsection allowing up to \$5.0 million to be used for matching funds when a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government.

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

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1, 2015.

Sec. 1043. West Michigan Film Office – DELETED

Requires \$250,000 of the funds appropriated in part 1 for film incentives to be dedicated to the West Michigan Film Office.

Sec. 1044. Michigan Heritage Restoration Program – DELETED

Directs distribution of \$600,000 GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed \$250,000.

Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund – DELETED

Directs funds appropriated in part 1 for the Michigan Law Enforcement Officers Memorial Monument Fund to be used as match funds. For every \$1.00 raised in private money, \$2.00 is to be distributed from state funds up to a maximum of \$2.0 million.

Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – DELETED

Stipulates that no long-term indebtedness may be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million is to be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. States that plans demonstrating collaboration between postsecondary and school districts and ISDs should get additional consideration. Awards to be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides for the State Budget Director to 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. 1052. Status of Projects Report – NEW

Requires MSF to provide a report on the status of projects by award recipient in an annual report to the legislature as required in the MSF Act.

Sec. 1057. Aerospace Supplier Development Program – DELETED

Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-System for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted.

Sec. 1058. Transportation Workgroup – DELETED

Requires MSF to conduct a workgroup with MDOT, MDOC, MDHS, and members of the Senate and House of Representatives to determine how the state can maximize services and funding for transportation for low-income individuals.

Sec. 1059. Pre-College Engineering – DELETED

Provides for distribution of funds appropriated to a pre-college engineering program in southeast Michigan.

Sec. 1069. Michigan GED-to-School Program – DELETED

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report.

Sec. 1070. Welfare-to-Work Workgroup – DELETED

Requires Workforce Development Agency to conduct a workgroup with DHS and members of the Senate and House of Representatives to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report.

Sec. 1071. Business Attraction and Community Revitalization Performance Measures – NEW

Requires MSF to identify specific outcomes and performance metrics for the one-time funds associated with the program that shall include, but not be limited to, monthly total jobs and private investment for community projects.

Major Boilerplate Changes From FY 2014-15

Sec. 1072. Film Incentive Performance Measures – NEW

Requires MSF to identify specific outcomes and performance metrics for the one-time funds associated with the program that shall include, but not be limited to, direct jobs created and private investment.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 HIGHER EDUCATION

Analyst: Marilyn Peterson

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	97,026,400	0	97,026,400	97,026,400	0	0.0
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	204,567,900	2,000,000	206,567,900	205,279,500	(1,288,400)	(0.6)
GF/GP	1,214,902,000	(2,000,000)	1,212,902,000	1,238,913,300	26,011,300	2.1
Gross	\$1,516,496,300	\$0	\$1,516,496,300	\$1,541,219,200	\$24,722,900	1.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments reflect House Bill 4110. (3) 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 Adjusted FY 2014-15 Appropriations

1. University Operations

Increases university operations funding by \$26.8 million GF/GP (2.0%), bringing total support to \$1.4 billion (\$1.2 billion GF/GP). Funding increase to be distributed according to a performance funding formula, which would be revised to eliminate the component that distributes 50% of performance funding based on each university's share of operational funding appropriated in the baseline year of FY 2010-11. Percentages applying to the other formula components (weighted completions, research and development, and comparison to Carnegie peers) thus would be doubled. Receipt of performance funding would be conditioned on restraining resident undergraduate tuition/fee increases to 2.8% (set at 3.2% in the current year). Projected funding increases for individual universities range from 0.6% to 4.0%.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$1,339,958,200	\$26,799,100
Restricted	200,019,500	0
GF/GP	\$1,139,938,700	\$26,799,100

2. Michigan Public School Employees Retirement System (MPSERS)

Institutes a cap of 25.73% of payroll on university payments for unfunded accrued liability under MPSERS. Funding of \$5.2 million in School Aid Fund (SAF) revenues would be provided to pay the difference between the 25.73% cap and universities' unfunded accrued liability rate. This would affect the seven universities with MPSERS employees: Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western. Current-year funding of \$6.4 million includes \$4.0 million designated as one-time appropriations. Current-year funding is allocated based on specified payroll and appropriated "solely for the purpose of offsetting a portion of the retirement contributions owed by the university."

	Gross	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$6,448,400	\$6,448,400	(\$1,228,400)
Restricted	6,448,400	6,448,400	(1,228,400)
GF/GP	\$0	\$0	\$0

3. MSU Extension Service and AgBioResearch

Provides 2.0% increase (\$1.2 million GF/GP) for Michigan State's AgBioResearch (\$640,600) and Extension (\$551,600) programs, bringing total funding to \$60.8 million.

	Gross	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$59,609,000	\$59,609,000	\$1,192,200
GF/GP	\$59,609,000	\$59,609,000	\$1,192,200

HIGHER EDUCATION

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
4. Michigan College Access Network (MCAN)	Gross	\$2,000,000	(\$2,000,000)
Moves support for the Michigan College Access Network, currently funded in the Higher Education budget at \$2.0 million GF/GP, to the K-12 budget.	GF/GP	\$2,000,000	(\$2,000,000)
5. Midwest Higher Education Compact	Gross	\$95,000	\$20,000
Funds dues increase for participation in the Midwest Higher Education Compact, which promotes regional cooperation and economies of scale in purchasing, encourages tuition reciprocity programs, and conducts research into higher education issues.	GF/GP	\$95,000	\$20,000
6. Indian Tuition Waivers	Gross	\$500,000	\$0
Rolls current-year appropriation for Indian Tuition Waivers into individual university operations appropriations based on the number of eligible students at each university. Current-year appropriation was distributed based on the amount of tuition waived at each university, adjusted for amounts included in university operations appropriations. (Funding for Indian Tuition Waivers was rolled into university operations appropriations in FY 1996-97, and has been assumed to rise or fall with subsequent across-the-board increases and decreases.)	GF/GP	\$500,000	\$0
7. Grants and Financial Aid	Gross	\$104,994,200	\$0
Maintains current-year funding levels for the various financial aid programs:	Federal	97,026,400	0
<ul style="list-style-type: none">Tuition Incentive Program (total \$48.5 million, \$43.8 million federal TANF funds and \$4.7 million GF/GP).	Restricted	100,000	0
<ul style="list-style-type: none">Tuition Grant Program (total \$33.5 million, \$31.7 million TANF and \$1.9 million GF/GP).	GF/GP	\$7,867,800	\$0
<ul style="list-style-type: none">State competitive scholarships (\$18.4 million, all TANF).			
<ul style="list-style-type: none">Project GEAR-UP scholarships (\$3.2 million federal program funds).			
<ul style="list-style-type: none">Children of Veterans and Officer's Survivor Tuition Grant Programs (\$1.3 million GF/GP, \$100,000 restricted revenue).			
8. King-Chavez-Parks (KCP) Programs	Gross	\$2,691,500	\$0
In addition to allocations contained in each university's operations appropriation, Executive maintains funding for the three KCP programs that are separately funded:	GF/GP	\$2,691,500	\$0
<ul style="list-style-type: none">Select Student Support Services (\$2.0 million)			
<ul style="list-style-type: none">Michigan College/University Partnership Program (\$586,800)			
<ul style="list-style-type: none">Morris Hood, Jr. Educator Development Program (\$148,600)			
9. Higher Education Institutional Data Inventory (HEIDI)	Gross	\$200,000	\$0
Maintains funding for the state's higher education database. Public universities submit finance, enrollment, and other data annually under statutory and budget act requirements.	GF/GP	\$200,000	\$0

Major Boilerplate Changes From FY 2014-15

GENERAL SECTIONS

Sec. 236a. Intent Regarding Succeeding Fiscal Year – DELETED

Replaces Sec. 236a, which expresses legislative intent to maintain appropriations, with a new Article IV containing an itemized summary of appropriations for FY 2015-16 and anticipated appropriations for FY 2016-17, with the only FY 2016-17 change being an additional \$180,000 in funding for MPSERS unfunded accrued liabilities in excess of the proposed 25.73% employer cap.

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

Itemizes SBA rent payments made for university capital outlay projects. Current-year payments total \$124.8 million, updated to \$136.0 million in FY 2015-16. SBA rent is appropriated under the budget for the Department of Technology, Management, and Budget.

Sec. 239a. Foreign Auto Manufacturers – DELETED

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

Sec. 242. Federal or Private Funds – REVISED

Appropriates federal or private funds received by the state for use by a college or university. Deletes language specifying that acceptance of funds does not create an ongoing obligation.

Major Boilerplate Changes From FY 2014-15**Sec. 245. University Transparency – REVISED**

Requires universities to post various budget, compensation (including salary list), other financial, and performance data, as well as transfer policies, on its website, using a standard format. Deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance.

Sec. 246. Michigan Public School Employees' Retirement System (MPERS) – REVISED

Allocates MPERS funding based on each participating university's percentage of the total combined payrolls of employees who are MPERS members hired before January 1, 1996, and employees who would have been MPERS members but for enactment of 1995 PA 272, which closed the system to new hires. New language would assume a maximum employer rate of 25.73% of payroll and would specify that the amount of a university's MPERS payment would be equal to the difference between the capped rate and the rate that would otherwise apply in order to meet the unfunded accrued actuarial liability. Language requiring funding to be used "solely for the purpose of offsetting a portion of the retirement contributions owed by the university" would be replaced with language requiring each university that receives MPERS support to forward the amount received to MPERS.

GRANTS AND FINANCIAL AID**Sec. 252. Tuition Grant Program – REVISED**

Revises conditions for the tuition grant program, which provides need-based tuition assistance at Michigan independent (i.e., private nonprofit) colleges and universities:

- Deletes requirement for unexpended funds to continue to be available in the next fiscal year; unexpended funds thus would lapse to the General Fund.
- Reduces cap on awards at any one institution from the current \$3.2 million to \$3.0 million.
- Conditions student eligibility for awards on the college's submission of annual P-20 longitudinal data system data sets to the Center for Education Performance and Information (CEPI).
- Moves application deadline from July 1 to March 1.
- Deletes requirement for Department of Treasury to report projected year-end appropriation balance.
- Revises requirement for Department of Treasury to confirm by December 15 and again by February 18 whether appropriations are sufficient for awards, deleting the December 15 requirement.
- Moves deadline for institutional reporting from August 31 to September 30.

Sec. 255. Financial Aid Need Criteria – REVISED

Provides for Treasury to determine the needs analysis criteria for students to qualify for state competitive scholarship program and tuition grant program. Extends provision to Independent Part-Time Student Grants Program, which is proposed for funding under the Community Colleges budget.

Sec. 258. Treasury Financial Aid Reports – REVISED

Extends requirement for Treasury to post annual report on financial aid programs to include financial aid that is appropriated through university operations appropriations as well as financial aid programs that are funded under separate appropriations.

Sec. 259. Michigan College Access Network (MCAN) – DELETED

In conjunction with transferring the college access program to the K-12 budget, removes MCAN language from the Higher Education budget.

UNIVERSITY OPERATIONS**Sec. 260. Common Application for Admissions – NEW**

Encourages public universities to adopt the common application (a standardized application developed by the eponymous and nonprofit The Common Application) in order to make postsecondary education more accessible.

Sec. 261. Douglas Lake Biological Station – DELETED

Designates University of Michigan Douglas Lake Biological Station as a unique resource.

Sec. 262a. Textbook Policies – DELETED

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.

Sec. 265. Performance Funding Criteria: Tuition Restraint – REVISED

Conditions receipt of performance funding on compliance with tuition restraint requirements (additional conditions set by Sec. 265a). To receive performance funding, resident undergraduate tuition/fee increases would have to be limited to 2.8% (set at 3.2% in the current year). Deletes language that in part defines "fee" to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage as a condition of enrollment.

HIGHER EDUCATION

Major Boilerplate Changes From FY 2014-15

Sec. 265a. Performance Funding Criteria and Formula – REVISED

Conditions receipt of performance funding on:

- Compliance with tuition restraint provisions
- Certification that university participates in reverse transfer agreements with at least three Michigan community colleges.
- Certification that dual enrollment policy does not consider use of credits toward high school graduation requirements.
- Participation in Michigan Transfer Network; Executive revises to specify active participation, including submission of timely updates.

Establishes process for universities to certify (by August 31) that they have complied with all requirements. Provides that performance funding forfeited by a university due to noncompliance be redistributed to other universities based on their performance funding appropriations.

Sets the formula used to distribute performance funding, currently distributed as follows:

- 50% proportional to each university's share of total operations funding in the baseline year of FY 2010-11.
- 11.1% based on weighted undergraduate completions in critical skills areas.
- 5.6% based on research and development expenditures (for high-research universities).
- 33.3% based on comparisons with Carnegie classification peers on four metrics: six-year graduation rate, total degree completions, institutional support as a percentage of core expenditures, and number of students receiving Pell grants.

Executive deletes the component based on FY 2010-11 allocations, thereby doubling the percentages applying to the remaining three components, and revises the Pell grant metric to apply to the percentage of students receiving Pell grants, rather than the number of students receiving Pell grants. Also deletes statement of intent to lower scoring for university improving over three-year period from 2 points to 1 point.

Sec. 268. Indian Tuition Waivers – REVISED

Revises to require that a public university provide Department of Civil Rights any information necessary for preparing the report required by the budget.

Sec. 271a. Instructional Activity Pertaining to Unionization – DELETED

Bars public universities from using appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union.

Sec. 273. Student Religious Beliefs – DELETED

States intent that universities report on efforts to accommodate the religious beliefs of students in accredited counseling programs.

Sec. 274. Embryonic Stem Cell Research – DELETED

States intent that universities conducting research using human embryonic stem cells report to the Department of Community Health regarding compliance with federal guidelines and stem cell lines derived by university.

Sec. 274a. Adult Coresident Health Benefits – DELETED

States intent that universities not provide benefits to unmarried adult coresidents or their dependents, and that each university report on the costs of providing such benefits.

Sec. 275. Veterans' Policies – REVISED

Retains provisions encouraging universities to provide various veterans-related services; deletes report requirements.

Sec. 275a. Capital Outlay Reporting – DELETED

Prohibits use of state funds for self-liquidating projects; requires compliance with Joint Capital Outlay Subcommittee reporting compliance, with specified penalty of 1.0% of appropriation for failure to comply.

GENERAL REPORTS AND AUDITS

Sec. 283. Former High School Students – REVISED

Explicitly requires universities to use the P-20 longitudinal data system to comply with requirement to systematically inform Michigan high schools regarding former students' academic status.

Sec. 284. Former Community College Students – REVISED

Explicitly requires universities to use the P-20 longitudinal data system to comply with requirement to systematically inform Michigan community colleges regarding transfer students' academic status.

Sec. 293. Student Records – DELETED

Requires universities to provide information from the records of a student to persons authorized by the student.

FY 2015-16 University Performance Funding Increases
Executive Budget Recommendation

University	FY 2014-15 Year-to-Date Appropriation	Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers										*Total Funding Increase	Proposed FY 2015-16 Appropriation	Percent Change
		Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend	% of Students Receiving Pell Grants	Total Points	Total Undergrad FYES	FYES- Weighted Points	Funding					
		22.2%		11.1%		66.7%												
		\$384.57 per completion		\$0.0022 per dollar		\$10.34 per weighted point												
Michigan State	\$264,429,100	2,716	\$1,044,335	\$328,770,128	\$738,626	2	3	2	2	9	36,203	325,827	\$3,369,621	\$5,152,600	\$269,581,700	1.9%		
UM-Ann Arbor	\$295,174,100	2,911	1,119,470	746,124,000	1,676,268	3	3	2	2	10	28,048	280,480	2,900,654	\$5,696,400	300,870,500	1.9%		
Wayne State	\$190,519,800	731	281,117	155,643,759	349,675	0	0	0	3	3	14,909	44,727	462,555	\$1,093,300	191,613,100	0.6%		
Michigan Tech	\$45,923,100	886	340,557	53,719,135	120,687	3	2	2	2	9	5,466	49,194	508,752	\$970,000	46,893,100	2.1%		
Western	\$102,742,000	1,066	409,947	19,502,342	43,815	2	2	2	2	8	17,149	137,192	1,418,805	\$1,872,600	104,614,600	1.8%		
Central	\$79,115,000	766	294,577	11,338,433	25,473	3	3	3	2	11	17,740	195,140	2,018,089	\$2,338,100	81,453,100	3.0%		
Oakland	\$48,364,100	1,089	418,792	10,296,931	23,133	2	2	2	2	8	14,591	116,728	1,207,172	\$1,649,100	50,013,200	3.4%		
Eastern	\$71,771,100	741	284,771			0	3	2	2	7	15,601	109,207	1,129,392	\$1,414,200	73,185,300	2.0%		
Ferris	\$49,087,000	1,249	480,346			2	3	2	2	9	10,822	97,398	1,007,266	\$1,487,600	50,574,600	3.0%		
Grand Valley	\$63,136,000	1,293	497,315			3	3	2	2	10	19,594	195,940	2,026,363	\$2,523,700	65,659,700	4.0%		
Saginaw Valley	\$27,610,200	427	164,209			0	2	0	2	4	8,089	32,356	334,618	\$498,800	28,109,000	1.8%		
UM-Dearborn	\$23,689,300	404	155,364			2	0	0	2	4	5,786	23,144	239,349	\$394,700	24,084,000	1.7%		
UM-Flint	\$21,337,700	505	194,206			0	2	2	2	6	5,606	33,636	347,855	\$542,100	21,879,800	2.5%		
Northern	\$44,277,200	520	199,998			2	3	2	2	9	7,694	69,246	716,125	\$916,100	45,193,300	2.1%		
Lake Superior	\$12,782,500	183	70,351			2	2	2	2	8	2,169	17,352	179,450	\$249,800	13,032,300	2.0%		
TOTAL:	\$1,339,958,200	15,486	\$5,955,356	\$1,325,394,728	\$2,977,678	26	33	25	31	115	209,467	1,727,567	17,866,067	\$26,799,100	\$1,366,757,300	2.0%		

Total Funding Increase: \$26,799,100

Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2013-2014	STEM/health/etc.
Research & develop expend	Federal IPEDS	FY 2013	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2009-2012	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2009-2012	Includes graduate degrees
Inst support as % of core expend	Federal IPEDS^	FYs 2009-2012	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2010-2012	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2013	Includes nonresident students

^ via BLM/AEG

Scoring Based on Carnegie Peers	
Top 20% nationally	3
Above national median	2
Improving over 3 years	2

Requirements to receive funding increase:

1. Restrain FY 2015-16 resident undergraduate tuition/fee rate increase to 2.8% or below
2. Participate in at least three reverse transfer agreements with community colleges (or make good-faith effort)
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in the Michigan Transfer Network

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF HUMAN SERVICES**

Analyst: Viola Bay Wild

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$21,545,900	\$0	\$21,545,900	\$24,260,300	\$2,714,400	12.6
Federal	4,551,275,200	(11,166,800)	4,540,108,400	4,542,043,600	1,935,200	0.0
Local	40,364,300	1,573,400	41,937,700	45,441,300	3,503,600	8.4
Private	20,299,300	(829,400)	19,469,900	26,356,900	6,887,000	35.4
Restricted	126,237,400	(8,613,100)	117,624,300	117,333,400	(290,900)	(0.2)
GF/GP	995,452,600	(14,297,100)	981,155,500	978,891,000	(2,264,500)	(0.2)
Gross	\$5,755,174,700	(\$33,333,000)	\$5,721,841,700	\$5,734,326,500	\$12,484,800	0.2
FTEs	12,227.5	(19.0)	12,208.5	12,043.9	(164.6)	(1.3)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 Adjusted FY 2014-15 Appropriations

1. Public Assistance Caseload Adjustments

Increases funding for public assistance programs by \$11.8 million Gross (reduction of \$2.4 million GF/GP) as follows:

- Food Assistance Program (FAP) is increased \$13.7 million Gross (\$0 GF/GP) adjusting the monthly caseload estimate to 847,700 cases at \$252 per month.
- Family Independence Program (FIP) is reduced \$1.7 million Gross (\$1.7 million GF/GP) from 32,300 cases at \$363 per month to 31,400 cases at \$361 per month.
- State Disability Assistance (SDA) program is reduced \$770,400 Gross (GF/GP reduced \$1.3 million) from 6,450 cases at \$212 per month to 5,800 cases at \$214 per month.
- State Supplementation program is increased \$601,300 GF/GP from 279,100 cases at \$18.75 per month to 280,600 cases at \$18.75 per month.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	NA	\$11,816,600
Federal	NA	13,719,100
Restricted	NA	508,700
GF/GP	NA	(\$2,411,200)

Major Budget Changes From Adjusted FY 2014-15 Appropriations

2. Child Welfare Caseload Adjustments

Increases funding for child welfare programs \$2.7 million Gross (\$1.3 million GF/GP) as follows:

- Increases foster care caseload costs by \$2.7 million Gross (\$1.1 million GF/GP), in addition to FY 2014-15 supplemental reduction of \$4.2 million Gross (\$4.3 million GF/GP), for a total net reduction of \$1.4 million Gross (increase of \$5.4 million GF/GP) compared to the original FY 2014-15 budget. Because of the data system conversion, caseload forecast retains the consensus estimate for FY 2016 of 6,500 cases and annual cost per case estimate of \$27,085.
- Adoption subsidies are reduced \$938,600 Gross (reduction of 370,700 GF/GP); caseload forecast retains the consensus estimate of 26,600 cases at \$730 per month.
- Guardianship assistance payments are increased \$961,000 Gross (\$577,700 GF/GP) for an estimate of 900 cases at \$780 per month.

Gross	NA	\$2,730,900
Federal	NA	1,141,900
Local	NA	254,100
Private	NA	37,700
GF/GP	NA	\$1,297,200

3. Foster Care Rate Reductions

Reduces funding by a total of \$8.8 million Gross (\$7.1 million GF/GP) through two changes: (1) \$3.7 million Gross (\$3.3 million GF/GP) reduction from rescinding the FY 2014-15 increase for private residential rate foster care payments. DHS was required by statute to pay 100% of increase; this provision sunsets at the end of FY 2014-15. (2) \$5.1 million Gross (\$3.8 million GF/GP) reduction from rescinding a \$3 per day administrative rate increase for foster care services provided by child placing agencies; private agency daily administrative rates reduced from \$40 to \$37.

Gross	NA	(\$8,797,700)
Federal	NA	(1,713,200)
GF/GP	NA	(\$7,084,500)

4. Adoption Subsidies Re-Determination of Care Program

Continues a FY 2014-15 reduction of \$6.9 million Gross (\$6.5 million GF/GP) contained in EO 2015-5 to reduce the funding for the Adoption Re-Determination of Care Program; program allows eligible adoptive parents to request a redetermination of payments for certain children with special needs after an agreement has been finalized; reduces program funding to \$1.0 million.

Gross	\$1,000,000	\$0
Federal	0	0
GF/GP	\$1,000,000	\$0

5. Child Care Fund Administrative Rates – Eliminate County Hold Harmless Provision

Reduces funding by \$1.7 million GF/GP by rescinding the county hold harmless provision requiring DHS to pay 100% of the foster care administrative rate to private agencies for all new cases referred to service providers beginning October 1, 2013.

Gross	\$1,650,000	(\$1,650,000)
GF/GP	\$1,650,000	(\$1,650,000)

6. Family Independence Program

Reduces funding by a total of \$1.7 million Gross (\$1.7 million GF/GP) through the following three changes: (1) the elimination of the Extended Family Independence Program (EFIP), which provided \$10 per month benefit for six months as clients exited FIP program (\$116.4 GF/GP savings); (2) elimination of the Short Term Family Support Program, a short-term diversion program for families that could become eligible for ongoing FIP benefits (\$726,200 GF/GP savings); (3) new requirement of pre-assistance cooperation with child support before clients can receive public assistance benefits (\$900,300 Gross/ \$889,200 GF/GP).

Gross	NA	(\$1,742,900)
Federal	NA	(11,100)
GF/GP	NA	(\$1,731,800)

7. Centers for Independent Living

Reduces funding by \$1.5 million GF/GP for Centers for Independent Living which provide core independent living services for persons with disabilities.

Gross	\$6,488,600	(\$1,500,000)
Federal	2,818,600	0
Private	100,000	0
GF/GP	\$3,570,000	(\$1,500,000)

8. One-Time Funding: Eliminate FY 2014-15 Appropriations

Discontinues FY 2014-15 one-time appropriations of \$5.2 million GF/GP for Child Support Enforcement Operations, Legal Support Contracts, MRS, Flint Catholic Charities, Performance Based Funding Implementation, Private Child Welfare IT Services, Fostering Futures Endowment, JJ In-Home Community Care Grants, Food Banks, Michigan Reading Corps, and Parent-to-Parent Adoption Support Services.

Gross	\$5,150,000	(\$5,150,000)
GF/GP	\$5,150,000	(\$5,150,000)

HUMAN SERVICES

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
9. Eliminate IDG Funding for Swift and Sure Program		Gross	\$3,000,000
Reduces IDG funding by \$3.0 million to reflect the elimination of funding from the Corrections budget for the Swift and Sure Punishment program within the Michigan Rehabilitation Services Program for re-entry services for former prisoners.		IDG	(\$3,000,000)
10. Office Closures and Consolidations		Gross	NA
Reduces funding by \$5.3 million Gross (\$2.2 million GF/GP) through the closure and consolidation of targeted DHS facilities and the use of the community partner network facilities for certain county offices.		Federal	(\$3,146,000)
		GF/GP	(\$2,185,000)
11. Other Program Reductions		Gross	NA
Reduces funding by 2.9 million Gross (\$1.3 million GF/GP) from changing to electronic notifications for MiBridges and Child Support billing coupons by offering clients option of electronic correspondence.		Federal	(1,550,100)
		GF/GP	(\$1,314,900)
12. Budgetary Savings: Staffing Reductions		FTE	0.0
Rolls out the \$7.5 million GF/GP staffing reductions line item in FY 2014-15 to various line items within the DHS budget. The roll out is achieved through the following steps: First, 332.0 FTE positions are removed saving \$13.8 million Gross (\$4.5 million GF/GP). Second, \$3.0 million TANF federal block grant funding is used to offset \$3.0 million GF/GP.		Gross	(332.0)
		Federal	\$0
		Local	0
		GF/GP	0
			\$0
13. Adjustments to Current Services Baseline		FTE	NA
Adjusts funding by decreasing federal funding by \$8.7 million and increasing GF/GP spending by \$8.7 million to align line item appropriations with projected spending and available revenues; also adjusts FTE allocations to align with supportable positions (81.7); discontinues \$7.0 million one-time fund source shift from GF/GP to TANF federal funding.		Gross	NA
		Federal	(15,650,400)
		Private	(90,000)
		GF/GP	\$15,740,400
14. Michigan Rehabilitation Services (MRS)		FTE	526.0
Includes \$1.3 million GF/GP funding to replace the \$1.3 million GF/GP reduction in EO 2015-5 to allow MRS to draw down sufficient federal funds to maintain current services.		Gross	0.0
		IDG	\$149,289,700
		Federal	\$1,300,000
		Local	0
		Private	0
		Restricted	0
		GF/GP	0
			\$1,300,000
15. Child Care Licensing (CCL)		FTE	NA
Provides \$5.7 million Gross and 39.0 FTEs to increase the number of CCL consultants and management staff to align the state's consultant-to-caseload ratio with the national average (1 consultant: 98 programs). Current caseload ratio is estimated to be 1:150; program funded through a federally funded IDG from Michigan Department of Education.		Gross	NA
		IDG	39.0
		GF/GP	\$5,661,500
			\$0
16. Donated Funds Positions		FTE	338.0
Provides \$20.6 million Gross (\$0 GF/GP) to expand donated funds positions by 200 FTEs. These caseworkers would be located based on the requests of adult placement and independent living settings, federally qualified health clinics, hospitals with high uncompensated costs, and employer-based sites; the entities would expend their own funds to draw down federal funding to cover the personnel costs of caseworkers.		Gross	200.0
		IDG	\$39,690,800
		Federal	\$20,551,200
		Local	10,275,600
		Private	4,110,200
		GF/GP	6,165,400
			\$0
			\$0
17. Healthy Michigan Plan Call Center		Gross	\$11,976,300
Restores \$7.6 million Gross (\$2.2 million GF/GP) funding for the Healthy Michigan Plan Call Center to replace the funding reduced in EO 2015-5; includes additional \$2.1 million GF/GP for a fund source shift to replace federal funding.		Federal	3,313,100
		GF/GP	\$4,246,900
18. Specialized Employment and Training Services Pilot		Gross	NA
Includes \$800,000 Gross (\$400,000 GF/GP) one-time funding for an expanded pilot for specialized employment and training services in partnership with Michigan Works! Agencies to provide training for DHS clients with significant employment barriers.		Federal	400,000
		GF/GP	\$400,000

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
19. Disability Determination Program Positions	FTE	545.9	16.0
Authorizes 16.0 additional FTE positions for Disability Determination Program to reflect supportable FTE positions authorized by the federal Social Security Administration; current federal funding authorization in line item is sufficient to support new positions.	Gross	\$107,284,100	\$0
	IDG	173,300	0
	Federal	105,097,400	0
	GF/GP	\$2,013,400	\$0
20. Economic Adjustments	Gross	NA	(\$2,478,700)
Reflects net cost reduction of \$2.5 million Gross (\$740,800 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(33,000)
	Federal	NA	(1,619,400)
	Local	NA	(51,700)
	Private	NA	(30,000)
	Restricted	NA	(3,800)
	GF/GP	NA	(\$740,800)
21. DHS Budget Restructure	Gross	NA	\$0
Restructures budget to better align with the organizational structure of the DHS; includes consolidation of budget units and certain line items, as well as recombining program areas differently than current-year. These proposed structural changes are independent of the proposed merger of DHS with the Department of Community Health under Executive Order 2015-4.	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2014-15 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 226. Request for Information or Qualification – DELETED

Requires DHS to issue a Request for Information or Qualification before any contract for new services, programs, or concepts in excess of \$1.0 million is approved, also requires DHS to provide the results of the Request for Information or Qualification before approval.

Sec. 229. Job Readiness Work Group – DELETED

Requires DHS to conduct a work group with Treasury and the Legislature to align spending on Michigan Works job readiness programs with the declining family independence program caseload; requires report on work group findings.

Sec. 240. Child Welfare Contract Change Notification – DELETED

Requires DHS to notify the Legislature if changes are made to a child welfare master contract not less than 30 days before the changes take effect.

Sec. 264. DHS Employee Communication With Legislature – DELETED

Prohibits disciplinary action by DHS against employees for communicating with a legislator or legislative staff.

Sec. 291. E-Verify – DELETED

Requires DHS to use E-Verify to verify that new employees and new contractors are legally present in the United States; requires report on number of employees found to not be legally present in the United States.

Sec. 295. Late Boilerplate Reporting Penalty – DELETED

Reduces appropriations by \$150,000 if DHS fails to provide boilerplate reports and other required data within 30 days after due date.

Sec. 298. Supervisor-to-Staff Ratio Report – DELETED

Requires DHS to report the supervisor-to-staff ratios by department divisions and subdivisions.

Sec. 315. Licensing Adult Assisted Living Services Work Group – DELETED

Requires DHS to conduct a work group in conjunction with Community Health, organizations representing disabled and elderly adults, representatives of assisted living facilities, and the Legislature that explores licensing standards, practices, and performance measures for facilities providing assisted living services.

Sec. 316. Terminal Leave Payouts – NEW

Prohibits DHS from spending amounts in excess of the annual terminal leave pay outs gross appropriation unless it identifies and requests a legislative transfer from another budgetary line item from the Legislature.

HUMAN SERVICES

Major Boilerplate Changes From FY 2014-15

Sec. 317. Child Care Licensure Funding – NEW

Requires DHS to use the additional funds appropriated in part 1 for child care licensing to increase the number of licensing consultants and staff in order to increase the number of monitoring visits to child care license applicants and to already licensed individuals.

ADULT AND FAMILY SERVICES

Sec. 404. Centers for Independent Living Guide Services – DELETED

Provides \$1.5 million for Centers for Independent Living guide services to assist persons with disabilities.

Sec. 405. Order of Selection – DELETED

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

Sec. 407. Swift and Sure Probation Program – DELETED

Requires DHS to use IDG funding from Corrections to expand Swift and Sure Probation Program through MRS, requires legislative notification if available federal funding is less than appropriated.

CHILDREN SERVICES

Sec. 506. Medicaid Coverage for Foster Children Report – DELETED

Requires DHS to report on the number of foster children that experience a break in Medicaid coverage and the number that did not receive Medicaid coverage.

Sec. 511. Physical and Mental Health Assessment Report – DELETED

Requires DHS to track and report quarterly the number and percentage of foster children who received physical and mental health assessments.

Sec. 525. On-Site Evaluations – DELETED

Requires DHS to use same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities.

Sec. 532. Licensing and Contract Compliance Review – DELETED

Requires collaboration between DHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes, requires report; restricts licensing reviews to no more than once every two years for nationally-accredited organizations with no outstanding violations.

Sec. 533. Child Welfare Payment Promptness – DELETED

Directs DHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services; requires report on implementation and operation.

Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED

Requires DHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Current-year language 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; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Executive deletes language that requires a \$3 increase to the foster care administrative rate and deletes the language that increases funding to each private provider of residential services.

Sec. 556. Special Needs Adoption Subsidy – DELETED

Requires report on number of complaints filed by adoptive parents for not being notified that their adoptive child has special needs; allows adoptive parents to request a redetermination of their adoption assistance when extraordinary care or expense is required for a condition that existed or the cause of which existed before the adoption was finalized, allows current adoptive parents to request redetermination between January 1, 2015 and March 31, 2015, allows new adoptive parents one request for redetermination; allows adoptive parent to request administrative hearing; requires DHS to notify in writing current adoptive parents of right to request redetermination; states that state statute amended subsequent to this act shall control; defines "certification".

Sec. 559. Parent to Parent – DELETED

Allocates \$700,000, including one-time funding, to parent to parent program for adoptive parents; requires report.

Sec. 563. Performance Evaluation Report – DELETED

Requires DHS to report on the number and percentage of department employees who had a satisfactory and unsatisfactory performance evaluation.

Major Boilerplate Changes From FY 2014-15

Sec. 585. Private Agency Staff Training – DELETED

Requires DHS to make available at least 1 pre-service training class each month for caseworkers of private agencies.

Sec. 587. In-Home Community Programs Expansion – DELETED

Provides \$650,000 to expand and create new in-home and community-based programs for juvenile justice services in rural counties, requires report.

Sec. 589. Payment of Foster Care Administrative Rate – DELETED

Requires DHS to pay 100% of the administrative rate for all new cases referred to providers of foster care services beginning October 1, 2013; requires monthly report on the number of foster care cases supervised by private agencies and by DHS.

PUBLIC ASSISTANCE

Sec. 612. Refugee Medical Benefits Asset Test – DELETED

Requires DHS to implement an asset test for applicants and recipients of refugee assistance program medical benefits.

Sec. 620. Medicaid Eligibility Determination Standards of Promptness – REVISED

Requires DHS to determine Medicaid eligibility in 60 days when disability is an eligibility factor and 45 days for other Medicaid applicants, including patients in nursing homes; requires quarterly reports on Medicaid standards of promptness. Executive revises language by eliminating the quarterly report requirement.

Sec. 657. Extended Family Independence Program (EFIP) Notifications – DELETED

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits.

Sec. 686. Caseworker Policy – DELETED

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 \$200,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities.

LOCAL OFFICE SERVICES

Sec. 751. Healthy Michigan Plan Administration – REVISED

Requires DHS, in conjunction with the Department of Community Health, to establish an accounting structure in the state accounting system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan; requires quarterly report. Executive eliminates language requiring DHS and DCH to establish an accounting structure within MAIN to allow Healthy Michigan Plan administrative expenditures to be identified.

Sec. 752. Donated Funds Positions and Contracts – NEW

Requires the Department to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless these entities request them to be removed; authorizes 200 additional FTEs and places performance metrics on these contracts.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Analyst: Paul Holland

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$707,600	\$0	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	0	2,000,000	2,000,000	0	0.0
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	62,427,100	0	62,427,100	62,200,100	(227,000)	(0.4)
GF/GP	55,000	0	55,000	150,000	95,000	172.7
Gross	\$65,189,700	\$0	\$65,189,700	\$65,057,700	(\$132,000)	0.2
FTEs	343.0	0.0	343.0	343.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 regulating, licensing, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; all insurance companies and agents, and health maintenance organizations. 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 Adjusted FY 2014-15 Appropriations

1. Report on Healthy Michigan Plan Impact on Insurance Rates

Increases GF/GP spending authorization to support departmental expenses to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform) on the cost of uncompensated care as it relates to changes in health insurance rates, pursuant to Section 105d of The Social Welfare Act (as amended by 2013 PA 107). 2014 PA 252 appropriated \$55,000 for the initial baseline report, included as ongoing for FY 2015-16, resulting in a recommended total of \$150,000 for the aforementioned evaluation and report.

Gross	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
GF/GP	\$55,000	\$95,000

2. Michigan Business One Stop Charges

Decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252.

Gross	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Restricted	78,500	(\$78,500)

3. Technical Adjustments

Includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items.

FTE	42.0	0.0
Gross	\$11,879,300	\$0
Restricted	11,879,300	0

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
4. Economic Adjustments	Gross	NA	(\$148,500)
Reflects net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	Restricted	NA	(148,500)

Major Boilerplate Changes From FY 2014-15**Sec. 205. Benchmarks for New Programs or Program Expansions – DELETED**

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Sec. 212. Records Retention – DELETED

Requires DIFS to retain all records in accordance with state and federal guidelines.

Sec. 215. Communications with the Legislature – DELETED

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or their staff.

Sec. 219. Office Space Utilization Report – DELETED

Requires DIFS 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. 232. Television and Radio Productions – DELETED

Prohibits DIFS from developing or producing television or radio productions.

Sec. 240. Filled FTE Report – DELETED

Stipulates that the Legislature intends that DIFS 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 and indicating FTEs allocated to economic development activities during the preceding fiscal year.

Sec. 245. Healthy Michigan Plan Accounting Structure – DELETED

Requires DIFS in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to annually provide the Legislature with relevant accounting scripts and reports.

Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – DELETED

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939 and requires DIFS to acquire at least two bids prior to expending the appropriation.

Sec. 310. Economic Development Report – DELETED

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 2-year plan for DIFS activities to support the economic development of the insurance or financial industries.

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

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and the average age of patients for reimbursed claims under the Autism Coverage Reimbursement Program authorized by 2012 PA 101.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 JUDICIARY

Analyst: Robin R. Risko

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$2,364,400	\$0	\$2,364,400	\$2,362,900	(\$1,500)	(0.1)
Federal	6,437,400	0	6,437,400	6,428,600	(8,800)	(0.1)
Local	7,241,100	0	7,241,100	7,229,000	(12,100)	(0.2)
Private	944,800	0	944,800	942,900	(1,900)	(0.2)
Restricted	84,252,500	0	84,252,500	84,245,700	(6,800)	0.0
GF/GP	186,527,400	0	186,527,400	182,692,200	(3,835,200)	(2.1)
Gross	\$287,767,600	\$0	\$287,767,600	\$283,901,300	(\$3,866,300)	(1.3)
FTEs	488.0	2.0	490.0	487.0	(3.0)	(0.6)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget 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. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement 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 Adjusted FY 2014-15 Appropriations

1. Budgetary Savings

Reflects a savings from recognizing year-end lapses that typically occur in various line items and from delaying hiring for vacant positions. The largest amounts of savings are taken from the Swift and Sure Sanctions Program line item (\$2.5 million) and from the Mental Health Courts and Diversion Services line item (\$500,000). The remaining savings of \$150,000 is taken from various operation/administration line items throughout the budget.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$140,215,300	(\$3,150,000)
IDG	738,600	0
Federal	3,987,300	0
Private	944,800	0
Restricted	54,059,800	0
GF/GP	\$80,484,800	(\$3,150,000)

2. Remove One-Time Funding

Removes one FTE position and the associated one-time funding that was included in the FY 2014-15 budget for the Trial Court Innovations Fund. The funding was used to create incentives which encourage positive change, adoption of best practices, and high performance in the state's trial courts.

FTE	1.0	(1.0)
Gross	\$375,000	(\$375,000)
GF/GP	\$375,000	(\$375,000)

3. Savings for Eliminated Judgeships

Reflects a savings from elimination of 10.0 judgeships under Public Acts 35 of 2012, and 58, 59, and 60 of 2014. The amount of savings is a result of the effective dates of the retirements of the judges. Seventy-five percent of the savings was recognized in FY 2014-15 and the remaining twenty-five percent will be recognized in FY 2015-16.

Gross	NA	(\$351,800)
GF/GP	NA	(\$351,800)

Major Budget Changes From Adjusted FY 2014-15 Appropriations

4. Eliminate Community Court Pilot Program

Eliminates funding appropriated for the Community Court Pilot Program. Funding was used by the 36th District Court to assist their community court. Community courts are neighborhood-focused courts that harness the power of the justice system to address local problems. They test new and aggressive approaches to public safety rather than responding to crime once it has occurred.

Gross	\$20,000	(\$20,000)
GF/GP	\$20,000	(\$20,000)

5. Economic Adjustments

Reflects a net cost increase for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, private rent increases, reductions in building occupancy charges, and reductions in worker's compensation.

Gross	NA	\$30,500
IDG	NA	(1,500)
Federal	NA	(8,800)
Local	NA	(12,100)
Private	NA	(1,900)
Restricted	NA	(6,800)
GF/GP	NA	\$61,600

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

The Executive deletes roughly half of the boilerplate language included in the FY 2014-15 appropriations bill (16 of 34 sections are deleted). Deletions include legislative reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, sections which served a one-time purpose, and sections which are no longer applicable. Following is a list of current year boilerplate sections recommended for deletion: 204, 205, 207, 209, 211, 212, 225, 306, 309, 310, 312, 318, 320, 321, 323, and 1201.

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17**

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Analyst: Paul Holland

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$14,509,800	\$0	\$14,509,800	\$15,754,900	\$1,245,100	8.6
Federal	200,624,800	0	200,624,800	200,388,700	(236,100)	(0.1)
Local	656,500	0	656,500	679,000	22,500	3.4
Private	311,800	0	311,800	311,300	(500)	(0.2)
Restricted	286,351,500	112,500	286,464,000	304,248,600	17,784,600	6.2
GF/GP	40,133,800	(312,500)	39,821,300	24,223,400	(15,597,900)	(39.2)
Gross	\$542,588,200	(\$200,000)	\$542,388,200	\$545,605,900	\$3,217,700	0.6
FTEs	2,877.8	0.0	2,877.8	2,877.8	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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 primarily responsible for business regulatory and employment services programs and is organized according to its four principal functions: 1) Licensing and Regulation, which implements and enforces statutory laws and administrative rules pertaining to commercial and occupational, construction and fire safety, healthcare professional and facility, public utility, and liquor regulation; 2) Employment Security and Workplace Safety, which oversees unemployment and 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 manages administrative rule-making and evaluates the state's regulatory infrastructure. The agencies within LARA are primarily supported by revenue generated through numerous fees collected from regulated entities and various federal grants awards.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Career and Technology Education and Skilled Trades Initiative

Includes spending authorization for various programs intended to enhance career and technology education and skilled trades training; consisting of \$10.0 million for the Skilled Trades Training Program (in addition to an existing \$10.0 million appropriation within the MSF budget), \$2.1 million for an At-Risk Youth Initiative, \$1.8 million for a Michigan Advanced Technical Training Initiative, \$1.5 million to enhance re-employment opportunities for unemployed workers, and \$200,000 to support the re-tooling of credentials received by persons immigrating to Michigan. The Initiative is primarily supported with revenue from the Penalty and Interest Account of the Unemployment Insurance Agency's Contingent Fund and partially with federal unemployment insurance administration grants.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	NA	\$15,600,000
Federal	NA	1,500,000
Restricted	NA	14,100,000

Major Budget Changes From Adjusted FY 2014-15 Appropriations

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
2. Unemployment Insurance Customer Service			
Transfers spending authorization from one-time to include as ongoing for the maintenance of customer services at the Unemployment Insurance Agency (UIA), supported with revenue from the Penalty and Interest Account of the Contingent Fund (Fund) in which penalties, damages, and interest collected from employers and claimants are deposited. In August of 2012, due to the decline in the state's Insured Unemployment Rate, the federal government reduced the amount of administration grants to the UIA by \$37.2 million, resulting in 402 FTEs being laid-off, and there continues to be uncertainty concerning the amounts of quarterly grant awards. The Legislature approved a contingency transfer authorizing \$5.0 million from the Fund to support the maintenance of UIA operations during both FY 2012-13 and FY 2013-14 and included a one-time appropriation of \$18.0 million for FY 2014-15 (see #6 below). In July 2014, the U.S. Department of Labor has notified the UIA that it is "at risk" of decertification, resulting in loss of federal employer tax credits and administration grants, for failing to satisfy timeliness standards for first benefit payments and determination of appeals.	Gross	\$18,000,000	\$0
	Restricted	18,000,000	0
3. Eliminate Statutory Fee Sunsets			
Assumes revenues generated by the elimination of sunsets on numerous past statutory fee increases, set to expire on September 30, 2015, for various business and nonprofit filing and securities registration fees collected by the Corporations, Securities, and Commercial Licensing Bureau (CSCLB) and numerous occupational registration and licensure fees collected by the CSCLB and the Bureau of Construction Codes (BCC). LARA estimates that the elimination of these fee sunsets will preserve <u>\$17.5 million</u> in restricted revenue during FY 2015-16. The Legislature increased these fees in either 2003 or 2008 and last extended the sunsets in 2012.	Gross	\$67,173,200	\$0
	Restricted	67,173,200	0
4. Increase Health Facilities Fees			
Assumes revenues generated by implementation of increases in application, base rate, and per bed regulatory fees levied on acute and psychiatric hospitals, hospice agencies and residences, long term care and freestanding surgical outpatient facilities, and substance use disorder programs, and collected by the Bureau of Health Care Services (BHCS). LARA estimates these fee increases would generate an additional <u>\$1.3 million</u> per year. These fees were last adjusted between 20 and 35 years ago and the increases are substantially similar to those proposed by the BHCS in the annual report required by boilerplate Sec. 509 of 2014 PA 252. It is further assumed that fees would be levied annually while inspections of facilities would be triennial. No increase in spending authorization is required as the Health Systems Fees fund, into which these fees are deposited, is currently over-appropriated.	Gross	\$3,702,900	\$0
	Restricted	3,702,900	0
5. Increase Liquor License Fees			
Assumes and increases spending authorization for revenues generated by implementation of increases in annual licensure and ancillary fees levied on various on- and off-premise retailers of beer, wine, and liquor products and collected by the Liquor Control Commission (LCC). These fees would be increased by 50.0% for FY 2015-16 through FY 2018-19; thereafter the increase would be reduced to 25.0% above current levels. LARA estimates these fee increases would generate an additional <u>\$6.3 million</u> per year through FY 2018-19 and \$3.1 million thereafter. Annual licensure fees were last adjusted in 1976. 55.0% of licensure fee revenue is distributed to local law enforcement agencies for the enforcement of state liquor laws, 41.5% of licensure fee revenue and all ancillary fee revenue is retained by the LCC for implementation and enforcement of state liquor laws, and 3.5% of annual licensure fee revenue and all of the 15.0% surcharge for Sunday P.M. sales is deposited with the Department of Community Health for programs pertaining to alcohol-related illnesses.	Gross	\$15,280,000	\$5,262,900
	Restricted	15,280,000	5,262,900

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
6. FY 2014-15 One-Time Appropriations		Gross	\$15,700,000
Removes spending authorization for FY 2014-15 one-time appropriations for Delphi Corporation workers' compensation payments (\$15.0 million GF/GP), Liquor Control Commission IT upgrades (\$500,000 Gross), and a disability access pilot project implemented by the Disability Advocates of Kent County (\$100,000 Gross). Also, eliminates \$100,000 GF/GP appropriated by 2014 PA 414 for costs incurred by the Bureau of Employment Relations to receive and upload specified collective bargaining documents. One-time spending authorization for customer services at the Unemployment Insurance Agency customer service (\$18.0 million Gross) is transferred to ongoing authorization (see #2 above).		Restricted	600,000
		GF/GP	\$15,100,000
			(\$15,700,000)
			(600,000)
			(\$15,100,000)
7. Michigan Business One Stop Charges		Gross	\$41,795,200
Decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252.		Federal	23,446,600
		Restricted	18,283,400
		GF/GP	\$65,200
			(\$2,147,900)
			(76,900)
			(2,071,000)
			\$0
8. Corporate and Commercial Licensing Databases		Gross	\$41,795,200
Increases spending authorization for information technology costs associated with upgrades to the databases utilized by the Corporation, Securities, and Commercial Licensing Bureau (CSCLB) for regulatory, examination, registration, and licensure activities pursuant to state laws applicable to business and nonprofit entities or various professional occupations.		Federal	23,446,600
		Restricted	18,283,400
		GF/GP	\$65,200
			\$1,820,000
			0
			1,820,000
			\$0
9. METRO Authority		FTE	3.0
Eliminates spending and staff authorization for the Metropolitan Extension Telecommunication Rights-of-Way Oversight (METRO) Authority abolished via 2014 PA 88. This authorization also included LARA's expenses related to compliance with and coordination of and Freedom of Information Act (FOIA) requests. The METRO Authority and LARA's FOIA costs were supported with Public Utility Assessments levied pursuant to 1972 PA 299.		Gross	\$383,600
		Restricted	383,600
			(383,600)
			(383,600)
10. FOIA Coordination and Local Community Stabilization Authority		FTE	NA
Increases spending and staff authorization for the expenses related to the powers, duties, functions, and responsibilities of the former METRO Authority transferred to the Local Community Stabilization Authority (LCSA) via 2014 PAs 86 and 88. LARA is currently negotiating a contract with the LCSA which is intended to establish a funding mechanism to support these expenses. This authorization also includes LARA's expenses related to compliance with and coordination of and Freedom of Information Act (FOIA) requests, supported with statutory filing fees levied on business on nonprofit entities.		Gross	NA
		Local	NA
		Restricted	NA
			\$452,900
			150,000
			302,900
11. Michigan Administrative Hearing System Overhead Costs		FTE	215.0
Increases spending authorization to support the overhead costs (e.g., property management, information technology, and departmental administration) of the Michigan Administrative Hearing System (MAHS) associated with administrative hearings on decisions made under programs administered by other state departments and agencies.		Gross	\$38,425,800
		IDG/IDT	14,259,800
		Federal	9,842,600
		Restricted	12,834,300
		GF/GP	\$1,489,100
			\$1,014,200
			1,014,200
			0
			0
			\$0
12. Technical Adjustments		FTE	5.0
Includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items.		Gross	\$83,811,700
		IDG/IDT	100,000
		Federal	38,375,600
		Local	127,500
		Restricted	44,758,600
		GF/GP	\$450,000
			(\$807,700)
			900,000
			(1,289,000)
			(127,500)
			158,800
			(\$450,000)
13. Economic Adjustments		Gross	NA
Reflects net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.		IDG/IDT	NA
		Federal	NA
		Private	NA
		Restricted	NA
		GF/GP	NA
			(\$1,893,800)
			(62,100)
			(977,900)
			(500)
			(805,400)
			(\$47,900)

Major Boilerplate Changes From FY 2014-15

Sec. 205. Benchmarks for New Programs or Program Expansions – DELETED

Requires LARA to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget.

Sec. 211. LCC IT Upgrades Work Project – DELETED

Designates the appropriation for Liquor Control Commission (LCC) IT upgrades as a work project, stipulates that the appropriation remain available and shall not lapse, and indicates that the estimated completion date is February 1, 2016.

Sec. 212. Records Retention – DELETED

Requires LARA to retain all records in accordance with state and federal guidelines.

Sec. 215. Communications with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the Legislature or their staff.

Sec. 219. Office Space Utilization Report – DELETED

Requires 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. 232. Television and Radio Productions – DELETED

Prohibits LARA from developing or producing television or radio productions.

Sec. 240. Filled FTE Report – DELETED

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 and indicating FTEs allocated to economic development activities during the preceding fiscal year.

Sec. 241. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Stipulates that LARA may charge registration fees for events sponsored by LARA, that fees shall reflect costs of sponsoring events, that revenue generated by fees is appropriated for sponsorship costs, that excess revenue shall carry-forward, requires annual report pertaining to revenues and expenditures related to events, and limits appropriation to \$500,000. *Eliminates reporting requirement.*

Sec. 243. Reinventing Performance in Michigan MOUs – DELETED

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative, requires an annual report, and stipulates the Legislature's intent that the RPM shall be funded by participating state departments.

Sec. 245. Healthy Michigan Plan Accounting Structure – DELETED

Requires LARA in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to annually provide the Legislature with relevant accounting scripts and reports.

Sec. 246. Regulatory Statistical Report – DELETED

Requires LARA to submit an annual report that includes statistical information pertaining to revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by regulatory agencies within LARA.

Sec. 250. OPEB Prefunding – DELETED

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

Sec. 503. Veteran Fee Exemption Report – REVISED

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. *Eliminates reporting requirement concerning future fiscal years.*

Sec. 505. Homeowner Construction Lien Recovery Fund – REVISED

Appropriates unexpended funds in the Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to the repeal of the Fund on August 23, 2010 and includes a financial reporting requirement. *Eliminates reporting requirement.*

Major Boilerplate Changes From FY 2014-15

Sec. 506. Nursing Facility Complaint Investigations Report – DELETED

Requires LARA to report the timeliness of nursing facility complaint investigations, the number of allegations that are substantiated on an annual basis, the most frequently cited complaint deficiencies for the prior three years, the causes of the changes in the number of citations, and whether education and training are needed; also requires LARA to make every effort to contact complainants during the investigations.

Sec. 507. Medical Marijuana Program Report and Fees – REVISED

Requires LARA to submit a report pertaining to the revenue, expenditures, application determinations, and timeliness of the Medical Marijuana Program and other specified information; permits LARA to raise application and renewal fees if revenue is insufficient to offset expenses of the Program. *Eliminates delineated reporting requirements and authorization to increase fees.*

Sec. 509. Bureau of Health Care Services Regulatory Costs and Fee Report – DELETED

Requires the Bureau of Health Care Services (BHCS) to submit to the Legislature a proposed updated fee schedule to offset BHCS' regulatory costs, including recommended statutory and rule changes.

Sec. 510. Support for BHCS Inspections of FSOFs – DELETED

Requires that the Bureau of Health Care Services (BHCS) expend at least \$530,000 of the amount appropriated within the Health Systems Regulation line item in Part 1 for the inspection of Freestanding Surgical Outpatient Facilities (FSOFs).

Sec. 512. Public Availability of BHCS Disciplinary Actions – DELETED

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website and includes language pertaining to one-time appropriation for website development.

Sec. 702. UI Computer System Report – DELETED

Requires quarterly reports on the status of the implementation of and improvements to the Unemployment Insurance Agency's (UIA) integrated IT system project.

Sec. 703. UI Internet Claims Report – DELETED

Requires LARA to submit quarterly reports pertaining to the percentage of claimants using the internet MiWAM system, or any application developed for that purpose, to certify and receive unemployment insurance benefits and implement improvement to the system to reach a goal of 75.0% of claimants certifying on systems that reduces staff face time and MARVIN telephone system usage.

Sec. 705. Vocational Rehabilitation Matching Funds – DELETED

Requires the Bureau of Services for Blind People (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds.

Sec. 801. Tax Tribunal Caseload Report – DELETED

Requires the Michigan Tax Tribunal to submit a report containing specified information pertaining to the caseload, timeliness, dispositions, and backlog of Tax Tribunal cases.

Sec. 901. Fire Protection Grants – REVISED

Requires LARA to expend funds in accordance with 1977 PA 289 to local units of government with state-owned facilities within their jurisdictions and stipulates that local units of government are eligible for funds if they provide a specified report to LARA. *Eliminates reporting requirements for local units of government and the department.*

Sec. 903. Firefighter Training Grants – REVISED

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, and stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. *Eliminates intent language that stipulates that each county receives at least a \$5,000 payment and that future appropriations are adjusted to reallocate prior lapses.*

Sec. 904. UIA Customer Service Metrics – NEW

Requires LARA to maintain customer service standards within the Unemployment Insurance Agency and identify specific outcomes and performance metrics, including the Unemployment Benefit Fund balance, fiscal integrity, and the timeliness and quality of determinations concerning unemployment insurance.

Sec. 905. Career Tech and Skilled Trades Initiative Metrics – NEW

Requires LARA to expand workforce training and re-employment services and identify specific outcomes and performance metrics, including new apprenticeships, jobs created and retained, training completion, employment retention, and hourly wages.

Major Boilerplate Changes From FY 2014-15

Sec. 1001. Delphi Corp Workers' Compensation Claims – DELETED

Stipulates how LARA is to expend the \$15.0 million appropriation (\$8.0 million immediately, \$7.0 million over five years) and specifying under what conditions future expenditures may occur, stipulates that unexpended funds shall lapse to the General Fund, requires LARA to annually notify the Legislature of any expenditures, and designates the appropriation as a work project available for expenditure until September 30, 2019.

Sec. 1002. Disability Accessibility Pilot Project – DELETED

Requires LARA to work with a nonprofit group with expertise in disability accessibility evaluations on a pilot project to provide services to municipalities and business to improve accessibility for persons with disabilities and create universal design blueprints that are electronically-available through the Bureau of Construction Codes (BCC).

**Summary: Executive Budget Recommendation
for Fiscal Years 2015-16 and 2016-17
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

Analyst: Perry Zielak

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$100,000	\$0	\$100,000	\$99,300	(\$700)	(0.7)
Federal	90,362,800	0	90,362,800	90,208,600	(154,200)	(0.2)
Local	1,500,000	0	1,500,000	1,497,400	(2,600)	(0.2)
Private	740,000	0	740,000	739,600	(400)	(0.1)
Restricted	25,086,400	(1,800,000)	23,286,400	23,221,500	(64,900)	(0.3)
GF/GP	49,154,500	3,300,000	52,454,500	48,187,300	(4,267,200)	(8.1)
Gross	\$166,943,700	\$1,500,000	\$168,443,700	\$163,953,700	(\$4,490,000)	(2.7)
FTEs	898.5	0.0	898.5	897.5	(1.0)	(0.1)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
1. Removal of FY 2014-15 One-Time Appropriations	Gross	\$3,400,000	(\$3,400,000)
Eliminates one-time funding of \$3.4 million GF/GP: \$3.0 million GF/GP for Special Maintenance – Veterans' Homes; and \$400,000 GF/GP for National Guard Tuition Assistance Program Reserve.	GF/GP	\$3,400,000	(\$3,400,000)
2. Income and Assessment Revenue Offsets	Gross	\$0	\$0
Continues increase of ongoing funding of \$3.3 million GF/GP to offset income and assessment restricted revenue shortfalls at the Grand Rapids and D.J. Jacobetti Veterans' Homes due to declining member census and the inability of veterans to pay the maximum assessment. Offsets were originally made for FY 2014-15 in HB 4112.	Restricted	(3,300,000)	0
	GF/GP	\$3,300,000	\$0
3. Chargeable Transient Quarters Program and Billeting Fund	Gross	\$1,500,000	\$0
Continues establishment of ongoing funding of \$1.5 million state restricted revenue to reinstate the Chargeable Transient Quarters program and Billeting Fund for ongoing operations in National Guard lodging facilities at Fort Custer and Camp Grayling. Change was originally made for FY 2014-15 in HB 4112.	Restricted	1,500,000	0
4. Veteran Service Grants	Gross	\$3,762,500	(\$429,000)
Reduces funding by \$429,000 GF/GP for grants made to veteran service organizations (VSOs) to support veterans outreach services statewide.	GF/GP	\$3,762,500	(\$429,000)
5. Vacant Partnership Development Analyst Position	FTE	40.0	(1.0)
Reduces funding by \$117,300 GF/GP through proposed elimination of a vacant Partnership Development Analyst position.	Gross	\$6,045,100	(\$117,300)
	GF/GP	\$6,045,100	(\$117,300)

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
6. Military Training Sites	Gross	\$33,450,600	(\$100,000)
Reduces funding by \$100,000 GF/GP by eliminating Air National Guard Fire Protection Activities at the Battle Creek Air National Guard Base and Alpena Combat Readiness Training Center.	Federal	30,295,600	0
	Restricted	1,500,000	0
	GF/GP	\$1,655,000	(\$100,000)
7. Departmentwide Service	Gross	\$1,909,400	(\$100,000)
Reduces funding by \$100,000 GF/GP through savings gained by increased departmentwide efficiencies within contractual services, supplies, and materials.	Federal	1,546,300	0
	GF/GP	\$363,100	(\$100,000)
8. Counterdrug Program	Gross	\$50,000	\$50,000
Increases authorization by \$50,000 Federal for Counterdrug Program (formerly Counter Narcotic Operations) to collect more revenue that may be used for investigations, law enforcement training, equipment and operations, asset accounting and tracking, awards and memorials.	Federal	50,000	50,000
9. Economics	Gross	NA	(\$393,700)
Reflects net cost reductions of \$393,700 Gross (\$120,900 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reduction in actuarially-required retirement rates, and other economic adjustments.	IDG	NA	(700)
	Federal	NA	(204,200)
	Local	NA	(2,600)
	Private	NA	(400)
	Restricted	NA	(64,900)
	GF/GP	NA	(\$120,900)

The Executive deletes several sections of boilerplate language included in the FY 2014-15 appropriations bill. Deletions include legislative reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, sections which served a one-time purpose, and sections which are no longer applicable. Following is a list of current year boilerplate sections recommended for deletion: 203, 204, 205a, 205b, 205c, 205d, 212, 215, 216, 217, 227, 233, 234, 300, 301, 309, 311, 400(6), 701, 702, 1201, 1202, and 1203.

Major Boilerplate Changes From FY 2014-15

Sec. 302. Armories and Joint Force Readiness – REVISED

Deleted reporting requirements on the current state of the armories, a development strategy for physical improvements, consolidation, and establishing new armories.

Sec. 309. Starbase Grant – DELETED

Required DMVA to maintain a Starbase program, providing programs in mathematics, science, and technology to K-12 students, at Air National Guard facilities.

Sec. 310. National Guard Tuition Assistance Program – REVISED

Deleted program's performance metrics.

Sec. 312. Billeting Fund Account – NEW

Authorizes the creating of the billeting fund account for funds received from the operation of the Chargeable Transient Quarter Program, requires annual report of operations and expenditures.

Sec. 400(6). Veterans Advisory Board – DELETED

Established a five-member advisory board representing small, medium, and large veterans service organizations to assist the MVAA in developing plans and service delivery initiatives that assist it in meeting its performance goals and objectives.

Sec. 501. Veterans' Home Service and Care Requirements – REVISED/DELETED

Merges Grand Rapids Veterans' Home and D.J. Jacobetti Veterans' Home boilerplate, deletes several subsections.

Sec. 501(9)-(13). Veterans' Home Competency Evaluated Nursing Assistants (CENAs) – DELETED

Required that contractors that provide nursing assistants (CENAs) at the home meet certain performance standards regarding pre-service and in-service training and experience.

Sec. 502. Board of Managers – REVISED

Merges Grand Rapids and D.J. Jacobetti board of managers boilerplate.

MILITARY AND VETERANS AFFAIRS

Major Boilerplate Changes From FY 2014-15

Sec. 503(1)-(18). D.J. Jacobetti Veterans' Home – DELETED/REVISED
Merged with Sec. 501.

Sec. 504. Board of Managers – DELETED/REVISED
Merged with Sec. 502.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF NATURAL RESOURCES

Analyst: Austin Scott

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$1,355,100	\$0	\$1,355,100	\$1,352,700	(\$2,400)	(0.2)
Federal	67,954,500	3,150,000	71,104,500	76,028,000	4,923,500	6.9
Local	0	0	0	0	0	--
Private	10,286,300	0	10,286,300	8,157,700	(2,128,600)	(20.7)
Restricted	256,498,000	5,650,000	262,148,000	264,183,000	2,035,000	0.8
GF/GP	48,591,500	(2,000,000)	46,591,500	39,772,800	(6,818,700)	(14.6)
Gross	\$384,685,400	\$6,800,000	\$391,485,400	\$389,494,200	(\$1,991,200)	(0.5)
FTEs	2,228.3	0.0	2,228.3	2,225.8	(2.5)	(0.1)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Shooting Range Enhancement Projects – One-time

Continues a \$1.0 million federal funding increase appropriated for FY 2014-15 in HB 4112 with an additional \$3.0 million Gross (\$750,000 private, \$2.0 million federal, and \$250,000 GF/GP) to support recreational shooting opportunities through range projects in the following 12 priority counties: Alger, Allegan, Alpena/Presque Isle, Barry, Crawford, Jackson, Livingston, Marquette, Oakland, Ontonagon, Roscommon, and St. Clair. Private and GF/GP funding will be used as required non-federal match.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$1,000,000	\$3,000,000
Private	0	750,000
Federal	1,000,000	2,000,000
GF/GP	\$0	\$250,000

2. Forestry Investment – One-time

Continues a \$4.0 million restricted funding increase appropriated for FY 2014-15 in HB 4112; it is designated as a one-time appropriation for FY 2015-16. Funds will be used for timber cultivation equipment and the vegetative management system. This system will assist the DNR's Forest Resources Division in maintaining timber inventory and interacting with industry.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$4,000,000	\$0
Restricted	4,000,000	0
GF/GP	\$0	\$0

3. Wildlife Restoration

Continues a \$2.2 million federal funding increase appropriated for FY 2014-15 in HB 4112 with an additional \$5,000 in federal funding to manage wildlife habitats across the state.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	\$2,150,000	\$5,000
Federal	2,150,000	5,000
GF/GP	\$0	\$0

4. Non-Motorized Trail Initiative

Restores \$100,000 GF/GP to the non-motorized trail initiative. This initiative was reduced by \$1.25 million GF/GP for FY 2014-15 in EO 2015-5. The non-motorized trail initiative includes appropriations for forest recreation and trails, Mackinac Island state park operations, the Michigan Historical Center, and non-motorized trail development and maintenance grants.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Gross	NA	\$100,000
GF/GP	NA	\$100,000

NATURAL RESOURCES

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
5. Recreation Passport Grants – One-time		Gross	\$1,000,000
Increases the recreation passport grants program by \$500,000 in restricted funding. This program provides grants to local units of government for the construction, maintenance, and enhancement of public recreation facilities; it is funded by the sale of Recreation Passports. This one-time appropriation is intended to provide DNR the authority to expend an available fund balance.		Restricted	500,000
		GF/GP	\$0
6. State Parks Repair and Maintenance		Gross	\$12,000,000
Continues a \$250,000 GF/GP reduction to state parks repair and maintenance for FY 2014-15 in EO 2015-5 with additional reductions of \$1.25 million GF/GP and \$2.5 million in private funding. These FY 2015-16 reductions are exceeded by an increase of \$4.0 million in restricted funding from the state parks endowment and Recreation Passport fees for a net increase of \$200,000 to the line item. This appropriation addresses capital projects in state parks including trail improvements, road maintenance, and recreation structure repairs.		Private	(2,500,000)
		Restricted	3,950,000
		GF/GP	(\$1,250,000)
7. State Game and Wildlife Area Infrastructure		Gross	NA
Increases federal funding for state game and wildlife area infrastructure by \$3.6 million. Federal Pittman-Robertson funds will be used to support maintenance, renovations, repairs, and some construction of facilities in state game and wildlife management areas.		Federal	3,600,000
		GF/GP	\$0
8. Wetland Restoration, Enhancement, and Acquisition		Gross	\$3,000,000
Reduces restricted funding for wetland restoration, enhancement, and acquisition by \$3.0 million. The waterfowl hunt stamp program (game and fish protection fund) was used to expand water recreation opportunities through projects focused in southern Michigan.		Restricted	(3,000,000)
		GF/GP	\$0
9. Removal of FY 2014-15 One-time GF/GP		Gross	\$4,750,000
Removes one-time GF/GP for River Raisin national battlepark foundation (\$2.0 million), Saginaw River feasibility study (\$280,000), Flint River dike repair (\$1.0 million), Hart-Montague Trail (\$470,000), and City of Alma/Alma College public safety land improvements (\$1.0 million).		GF/GP	(\$4,750,000)
10. Cormorant Population Mitigation Program		Gross	\$150,000
Removes funding for the cormorant population mitigation program resulting in a reduction of \$150,000 GF/GP. Program was intended to control the cormorant population statewide.		GF/GP	(\$150,000)
11. Hart-Montague Trail		Gross	\$530,000
Removes on-going funding for the Hart-Montague trail in west Michigan by reducing \$530,000 GF/GP. The removal of this on-going funding in addition to the removal of one-time funding eliminates support for the trail.		GF/GP	(\$530,000)
12. Great Lakes Research Vessel		Gross	\$2,000,000
Removes \$2.0 million Gross funding (\$500,000 private, \$500,000 restricted, and \$1.0 million GF/GP) for the Great Lakes research vessel. This new vessel was purchased to replace an outdated vessel and is used to conduct research on Lake Huron.		Private	(500,000)
		Restricted	(500,000)
		GF/GP	(\$1,000,000)
13. Revenue Adjustments		Gross	\$797,000
Increases \$797,000 Gross funding to reflect necessary adjustments in anticipated revenue and expenditures for FY 2015-16. Reductions of \$375,000 in private funding and \$343,800 in federal funding are exceeded by an increase of \$1.5 million in restricted funding.		Private	(375,000)
		Federal	(343,800)
		Restricted	1,515,800
		GF/GP	\$0
14. Economic Adjustments		Gross	NA
Reflects net cost reduction of \$333,700 Gross (\$11,300 GF/GP increase) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.		IDG	(2,400)
		Private	(3,600)
		Federal	(58,200)
		Restricted	(280,800)
		GF/GP	\$11,300

Major Boilerplate Changes From FY 2014-15

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase of \$500,000 or more; includes intent language that any new program include list of benchmarks in future.

Sec. 212. Disciplinary Action Against State Employees – DELETED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs.

Sec. 217. Retention of Reports – DELETED

Requires DNR to retain copies of all reports funded from appropriations.

Sec. 223. Waterways Fund Projects – DELETED

Requires report on activities of Waterways Commission during the previous fiscal year; list of completed waterways fund projects to be provided to Legislature.

Sec. 250. Michigan Civilian Conservation Corps (MCCC) – DELETED

Requires DNR to work with MCCC steering committee to plan for a nonprofit MCCC outside of state government.

Sec. 408. Land Transactions – DELETED

Requires detailed report to Legislature on land purchases, sales and exchanges.

Sec. 501. Wildlife Management – NEW

Requires DNR to use increased federal funding available from increased firearm and ammunition sales for the purpose of wildlife management which includes habitat restoration, conservation, and enhancement.

Sec. 503. Invasive Species Order Enforcement – DELETED

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan.

Sec. 504. Cervid Operation Fees – DELETED

Requires report on the use of registration fees from privately owned cervid operations.

Sec. 602. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures.

Sec. 603. Cormorant Management – DELETED

Requires quarterly report on the use of cormorant management funding; provides that the Department must submit funding to the USDA to pay for increased taking of cormorants and their nests.

Sec. 702. State Park Campground Closures – DELETED

Requires DNR to notify Legislature if Department intends to reduce operations or recreation opportunities at any state park or recreation area.

Sec. 704. Pure Michigan Trails – DELETED

Allocates \$200,000 from appropriations in part 1 for Pure Michigan Trails if Senate Bills 873 through 877 are enacted. (Note: Four of these bills were enacted: Senate Bill 873 - PA 210, Senate Bill 875 - PA 211, Senate Bill 876 – PA 212, Senate Bill 877 – PA 213.)

Sec. 801. Forest Management and Timber Market Development – NEW

Requires DNR to use increased restricted funding available from the increased timber harvest for the purpose of forest management and timber market development which includes investments in technology and equipment aimed at growing the timber economy.

Sec. 802. Timber Marking – DELETED

Directs Department to mark and prescribe treatment on 79,000 acres, prepare for harvest 67,500 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report.

Sec. 804. Horseback Riding Opportunities – DELETED

Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities.

Sec. 805. Contract Foresters – DELETED

Allows Department to hire sufficient contract foresters to mark timber.

Sec. 808. Gas and Oil Lease Development – DELETED

Requires DNR to develop a plan to motivate state-land oil and gas lessees to undertake warranted new operations.

Sec. 901. Snowmobile Law Enforcement Grants – DELETED

Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails.

NATURAL RESOURCES

Major Boilerplate Changes From FY 2014-15

Sec. 902. Marine Safety Grants – DELETED

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county.

Sec. 1002. Off Road Vehicle (ORV) Trail Improvement Grants – DELETED

Requires expenditure of not less than \$980,000 for the development of new ORV trails.

Sec. 1201. Saginaw River Study – DELETED

Requires DNR to conduct a study concerning the deepening of the Saginaw River.

Sec. 1301. FY 2015-16 Anticipated Appropriations – DELETED

States legislative intent that FY 2015-16 line item appropriations will be the same as those for FY 2014-15 with certain economic adjustments.

Sec. 1302. Identification of Future Retirement Costs – DELETED

States legislative intent that the DNR identify the FY 2015-16 retirement costs for line items listed in part 1.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 SCHOOL AID

Analysts: Bethany Wicksall and Samuel Christensen

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	1,808,162,700	0	1,808,162,700	1,775,769,200	(32,393,500)	(1.8)
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	11,947,262,900	(102,165,500)	11,845,097,400	12,137,294,700	292,197,300	2.5
GF/GP	114,900,000	(81,200,000)	33,700,000	45,900,000	12,200,000	36.2
Gross	\$13,870,325,600	(\$183,365,500)	\$13,686,960,100	\$13,958,963,900	\$272,003,800	2.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments reflect House Bill 4110. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." 4) See attached Line Item Summary table for projected FY 2016-17 budget amounts under Executive Recommendation.

Overview

The School Aid budget makes appropriations to the state's 548 local school districts, 302 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.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. Foundation Allowances (Secs. 22a, 22b, 22c)

Provides a \$75 per pupil increase to all districts, raising the minimum foundation allowance to \$7,326 (after rolling in the FY 2014-15 equity payment) and raising the state maximum guaranteed foundation allowance to \$8,174 for FY 2015-16. The increase costs \$108.0 million, but after an overall cost reduction of \$86.0 million due to increasing local contributions from increasing taxable values and declining pupils, the net cost increase totals \$22.0 million.

Gross	\$8,917,000,000	\$22,000,000
Restricted	8,908,985,300	13,094,200
GF/GP	\$8,014,700	\$8,905,800

2. At-Risk Program (Sec. 31a)

Provides a \$100.0 million increase, bringing total funding to \$409.0 million SAF for FY 2015-16. Funding is intended to provide 11.5% of a district's foundation allowance for each student qualifying for free lunch; however, even after the proposed increase, the program would be approximately \$97 million short of reaching full funding, thus necessitating proration.

Gross	\$308,988,200	\$100,000,000
Restricted	308,988,200	100,000,000

3. Best Practices (Sec. 22f)

Reduces best practices grant funding by \$45.0 million to a total of \$30.0 million for FY 2015-16, reducing the per pupil awards from \$50 to \$20. Revises the best practices with which a district must comply with 2 out of 3 financial and 2 out of 3 academic best practices. (See Major Boilerplate Changes below for more detail.)

Gross	\$75,000,000	(\$45,000,000)
Restricted	75,000,000	(45,000,000)

4. District Performance Grants (Sec. 22j)

Eliminates grants to districts for improving achievement levels on statewide assessments for FY 2015-16.

Gross	\$51,100,000	(\$51,100,000)
Restricted	51,100,000	(51,100,000)

5. Technology Infrastructure Grants (Sec. 22i)

Reduces funding by \$16.5 million to a total of \$25 million for FY 2015-16. Funds with one-time revenue, thus assumes no appropriation for FY 2016-17.

Gross	\$41,500,000	(\$16,500,000)
Restricted	41,500,000	(16,500,000)

SCHOOL AID

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
6. Great Start Readiness Program (GSRP) (Sec. 32d)	Gross	\$239,575,000	\$0
Maintains \$239.6 million for GSRP 4-year-old preschool programs for children in low-income families.	Restricted	239,275,000	0
	GF/GP	\$300,000	\$0
7. Early Childhood Block Grants (Sec. 32p)	Gross	\$10,900,000	\$5,000,000
Increases by \$5.0 million for a total of \$15.9 million for both FY 2015-16. New funding would provide home-visiting programs for parents in at-risk families as part of the Governor's Early Literacy – 3 rd Grade Reading Initiative.	Restricted	10,900,000	5,000,000
8. Educator and Administrator Evaluations (Sec. 95a)	Gross	\$14,800,000	(\$14,800,000)
Eliminates funding for implementing statewide educator and administrator evaluations for FY 2015-16. FY 2014-15 funding was deposited into the Educator Evaluation Reserve fund, but expenditures were tied to the enactment of HB 5223 and 5224 of the 2013-2014 legislative session. The Executive recommendation would delete the provision tying the expense of FY 2014-15 funds to those bills which were not enacted.	Restricted	12,100,000	(12,100,000)
	GF/GP	\$2,700,000	(\$2,700,000)
9. MPSERS Cost Offset (Sec. 147a)	Gross	\$100,000,000	\$0
Maintains \$100.0 million SAF for districts to reimburse them for a share of their MPSERS costs for FY 2015-16.	Restricted	100,000,000	0
10. MPSERS Unfunded Liability State Share (Sec. 147c)	Gross	\$676,900,000	\$216,600,000
Increases funding for the state share of Michigan Public School Employees' Retirement System (MPSERS) unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by \$216.6 million, bringing the total to \$893.5 million for FY 2015-16.	Restricted	676,400,000	216,500,000
	GF/GP	\$500,000	\$100,000
11. MPSERS Additional Liability Payment (Sec. 147d)	Gross	\$19,634,000	(\$19,634,000)
Eliminates the \$19.6 million SAF one-time additional unfunded liability payment. (HB 4110 reduced the original FY 2014-15 appropriation by \$88.4 million.)	Restricted	19,634,000	(19,634,000)
12. Distressed District Rehabilitation Fund (Sec. 11r)	Gross	\$4,000,000	\$71,000,000
Deposits an additional \$75.0 million SAF into a fund created originally as the Distressed District Emergency Grant fund in FY 2014-15 with an initial \$4.0 million. Funding may be disbursed per the State Treasurer and is intended to support the rehabilitation of districts experiencing severe academic and financial stress in order to mitigate the impact on student learning. Funds with one-time revenue, thus assumes no appropriation for FY 2016-17.	Restricted	4,000,000	71,000,000
13. Early Literacy (3rd Grade Reading) Initiative (Sec. 35, 35a, 35b, 35c, 35d, 35e, 35f, 35g) – NEW	Gross	\$0	\$18,400,000
Provides \$18.4 million (\$2.0 million GF/GP) for FY 2015-16 for new efforts to improve early literacy in an attempt to have children reading on grade level by 3 rd Grade. Funded activities include implementation (\$1.0 million), pilot parenting programs (\$1.0 million), professional development (\$950,000), teacher certification tests (\$500,000), diagnostic tools (\$1.5 million), teacher coaches (\$3.0 million), added instructional time (\$10.0 million), and a research clearinghouse (\$500,000). Maintains funding at \$16.9 million for all but the parenting pilots and one-time cost of developing early literacy teacher certification tests for FY 2016-17.	Restricted	0	16,400,000
	GF/GP	\$0	\$2,000,000
14. Career and Technical Education Dual Enrollment (Sec. 61b) – NEW	Gross	\$0	\$17,800,000
Provides \$17.8 million SAF to expand CTE Middle College programs statewide for FY 2015-16. Programs are intended to provide high school students with an opportunity to finish an associates' degree, finish technical certification or earn college credit while taking high school courses. Programs would be based on 10 prosperity regions and focused on the occupational needs of the region.	Restricted	0	17,800,000
15. Career and College Readiness Tools (Sec. 67) – NEW	Gross	\$0	\$3,600,000
Appropriates \$3.6 million GF/GP for FY 2015-16 administered through the Michigan College Access Network (MCAN) for programs to inform students of college and career options and provide tools and resources to increase the number of students prepared to make informed college and career decisions.	GF/GP	\$0	\$3,600,000

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
16. Gang Prevention and Intervention Programs (Sec. 31c) – NEW	Gross	\$0	\$1,000,000
Appropriates \$1.0 million for programs intended to improve public safety, reduce the number of youth in gang-related activity, and to increase graduation rates. Funds with one-time revenue, thus assumes no appropriation for FY 2016-17.	Restricted	0	1,000,000
17. Durant – Non Plaintiff Debt Service (Sec. 11g)	Gross	\$39,500,000	(\$39,500,000)
Eliminates funding for the debt service for bonds for districts that were not plaintiffs in the Durant v. State of Michigan special education funding case. FY 2014-15 was the final year for debt service payments.	Restricted	39,500,000	(39,500,000)
18. School Bond Loan Fund (Sec. 11j)	Gross	\$126,000,000	\$17,000,000
Increases debt service payments on behalf of districts that participate in the School Bond Qualification and Loan Program by \$17.0 million in FY 2015-16 for a total of \$143.0 million SAF.	Restricted	126,000,000	17,000,000
19. Cash Flow Borrowing Costs (Sec. 11m)	Gross	\$3,000,000	\$1,000,000
Increases by \$1.0 million each year for a total of \$4.0 million in FY 2015-16 for estimated interest costs incurred by the School Aid Fund associated with cash-flow borrowing to meet the requirement to pay local and intermediate school districts over 11 payments.	Restricted	3,000,000	1,000,000
20. Strict Disciplinary Academy Dropout Recovery (Sec. 25f)	Gross	\$2,000,000	(\$1,000,000)
Reduces funding for alternative count mechanisms for both strict disciplinary academies and dropout recovery programs by \$1.0 million to \$1.0 million for FY 2015-16.	Restricted	2,000,000	(1,000,000)
21. Federal No Child Left Behind and Other Funding (Sec. 39a)	Gross	\$808,001,200	(\$29,393,500)
Decreases level of anticipated federal funds by \$28.9 million to a total of \$809.9 million. Decreases primarily driven by a \$26.5 million reduction in available Title I funds for disadvantaged children.	Federal	808,001,200	(29,393,500)
22. Special Education (Secs. 51a, 51c, 51d, 53a, 54, 56)	Gross	\$1,358,946,100	\$16,600,000
Increases by \$19.6 million SAF from the current YTD appropriation to a total of \$934.5 million SAF for FY 2015-16 to adjust for consensus cost estimates. Federal funds are reduced to \$441.0 million.	Federal	444,000,000	(3,000,000)
	Restricted	914,946,100	19,600,000
23. Career and Technical Education (Sec. 61a)	Gross	\$27,611,000	(\$1,000,000)
Maintains funding at \$26.6 million to reimburse local districts and secondary area vocational/technical centers for a portion of the added costs of career and technical education (CTE) programs for both FY 2015-16. Eliminates \$1.0 million in one-time funding for grants to integrate the Michigan merit curriculum content standards into state-approved CTE instructional programs to award academic credit.	Restricted	27,611,000	(1,000,000)
24. School Bus Natural Gas Conversion (Sec. 74a)	Gross	\$3,000,000	(\$3,000,000)
Eliminates one-time funding for grants to districts to convert their buses from diesel to natural gas.	Restricted	3,000,000	(3,000,000)
25. ISD General Operations (Sec. 81)	Gross	\$67,115,000	(\$7,000)
Maintains \$67.1 million in funding for ISDs after eliminating a 3-year increase tied to the past consolidation of two ISDs. Maintains \$65.1 million for general operations and \$2.0 million for ISD best practices that comply with all 4 remaining best practices. (See Major boilerplate changes below for more detail.)	Restricted	67,115,000	(7,000)
26. Michigan Virtual University (Sec. 98)	Gross	\$7,387,500	\$600,000
Increases funding to \$8.0 million tied to expanded responsibilities including maintaining a statewide network of school-based mentors for online instruction, including community college online courses into the statewide online course catalog, and providing a prototype and pilot to add registration, payment, and transcript functions to the statewide online course catalog.	GF/GP	\$7,387,500	\$600,000
27. STEM Professional Development (Sec. 99b)	Gross	\$330,000	(\$330,000)
Eliminates one-time funding for professional development for teachers in science, technology, and mathematics instruction.	Restricted	330,000	(330,000)

SCHOOL AID

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
28. FIRST Robotics (Sec. 99h)	Gross	\$2,000,000	0
Maintains \$2.0 million in funding for district grants for FIRST Robotics programs. Funds may be used for stipends for coaches and/or program and competition expenses.	Restricted	2,000,000	0
29. State Assessments (Sec. 104)	Gross	\$47,644,400	2,600,000
Increases funding for state assessments to add additional components to determine a pupil's proficiency level prior to grade 3 for implementation in 2016-2017 including assessments administered in fall and spring to measure English language arts and mathematics in 1 st and 2 nd grades and a kindergarten entry assessment administered in the fall in kindergarten including English language arts and mathematics, and which may also include observational components measuring cognitive, social-emotional, and physical skills.	Federal	6,250,000	0
	Restricted	41,394,400	2,600,000

Major Boilerplate Changes From FY 2014-15

Sec. 6. Pupil Membership Definitions – REVISED

Restricts those pupils who may be counted in membership under (4)(f)(ii) that attend programs focused on homeless students to pupils considered homeless under the federal McKinney Homeless Assistance Act.

Adds (4)(ee) to require that a pupil enrolled in an online course under Sec. 21f be counted in membership in its resident (primary) district and strikes a related provision under (6)(p) allowing a student enrolled in an online course under Sec. 21f from being counted in a district other than the resident district without the permission of the resident district.

Sec. 18. Financial Reporting Requirements – REVISED

Revises to require a district or ISD to adopt an annual budget that complies with the Uniform Budgeting and Accounting Act. Revises to maintain the November 15 deadline for reporting 2014-2015 data and to move to November 1 for 2015-2016 data and successive years rather than moving to October 15 as was required in the FY 2014-15 School Aid budget.

Sec. 21f. Online Courses – REVISED

Revises to add community colleges as eligible online course providers. Adds that an online course provider must assign each student with a teacher of record and that a primary (resident) district must assign each student with a mentor. Strikes the payment provisions requiring the primary district to pay the providing district 80% upon enrollment and 20% upon course completion. Revises the maximum amount a primary district must pay a providing district from 8.33% of the minimum foundation allowance (equal to \$610) to 6.66% of the minimum foundation allowance (equal to \$488).

Sec. 22f. Best Practices – REVISED

Deletes all but 1 of the current 9 best practices. Revises to require that districts satisfy 2 of 3 financial best practices including (1) Provide a dashboard of both academic and school finance data, (2) If general fund balance is less than or equal to 5% of operating expenditures, board members receive department-approved training, and (3) General fund balance is greater than 5% of its operating expenditures. Districts must also satisfy 2 of 3 academic best practices including (1) Administer department-approved kindergarten entry assessment, (2) Administer department-approved diagnostic tools to monitor early literacy skills in grades K to 3 and support professional development to identify students who need additional support and to offer research-based interventions, and (3) Assess effectiveness of college and career advising programs by reviewing student-to-counselor ratios, time dedicated to college and career readiness counseling, and amount of professional development offered to advisors.

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

Eliminates 2 of the current best practices and requires ISDs to satisfy all the remaining 4 including (1) Develop or implement a consolidation plan to reduce costs, (2) Develop or implement a technology plan in accordance with MDE policy on behalf of all of its constituent districts to integrate technology into the classroom and prepare teachers to use digital technology for instruction, (3) Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly, and (4) Work in a consortium with other ISDs and CEPI to develop local information management system requirements and bid specifications that result in a recommended model that supports interoperability to ensure linkage and connectivity in a manner that facilitates the efficient exchange of data between districts, ISDs, and CEPI.

Major Boilerplate Changes From FY 2014-15***Sec. 102. Deficit Elimination Plans – REVISED***

Revises to require a district or ISD to immediately notify the department if a deficit is incurred or a budget with a deficit is adopted and within 30 days of notifying the department, submit to MDE and Treasurer a preplan financial report. Allows department to withhold some or all of money payable under this act, in an amount necessary to incentivize the district or ISD to eliminate its deficit. Deletes two-year deficit elimination requirement, but allows State Superintendent to establish a period within which a district or ISD must eliminate its deficit. Allows MDE to require a deficit elimination plan to include an education plan. MDE shall release funds after it approves the deficit elimination plan, but no longer requires the current year budget to be balanced for approval.

Creates an enhanced deficit elimination plan (EDEP) which shall provide resolution for deteriorating financial circumstances, persistently declining enrollment, or indicators of financial stress likely to result in recurring operating deficits or financial stress. As a condition of approving an EDEP, the Treasurer may require a district or ISD to enter into a financial recovery agreement. Allows Treasury to withhold some or all of state aid funding to incentivize deficit elimination and release funds after approval of EDEP. Treasury may establish a period within which a district or ISD must eliminate its deficit and may set special conditions while an EDEP is in place. A district or ISD with an EDEP must submit to MDE and Treasury an enhanced monthly monitoring report on revenue, expenditures, cash flow, liabilities, budget amendments, pupil membership, and other financial data. Makes an allocation of state aid under the act contingent upon the district's or ISD's compliance with this section.

Sec. 103a. Budgetary Assumptions Reports – NEW

Requires that by July 7 of each year, a district report to CEPI the budgetary assumptions used when adopting its annual budget including projected foundation allowance, projected pupil membership, previous year's expenditures per pupil, and projected expenditures per pupil for current year. Makes an allocation of state aid under the act contingent upon a district's compliance.

Sec. 103b. Distressed Districts – NEW

Requires that if a district determines that conditions of fiscal stress, a deficit, or a financial emergency have arisen or may arise, the district shall notify the State Superintendent and request technical assistance in addressing the issue. The State Superintendent shall notify the State Treasurer of any request for assistance. After receiving a request for technical assistance MDE and Treasury shall, subject to available resources, review the financial condition and budget of the district and provide assistance including, but not limited to, data analysis tools. Makes an allocation of state aid under the act contingent upon a district's compliance with this section.

Sec. 103c. Periodic Financial Status Reports – NEW

Allows Superintendent or Treasurer to require a district to submit periodic financial reports if potential financial stress exists, if a deficit may arise within the current or next two fiscal years, or if a district is unable to meet its financial obligations. A district must provide copies of periodic financial status reports to its governing board and provide Treasury access to all financial records and information requested. Treasury may require a district to submit an EDEP.

Sec. 104b. Michigan Merit Examination – REVISED

Revises such that MME includes a college entrance exam, work skills exam, and a summative Michigan Student Test of Educational Progress (M-STEP). Revises such that the MME "may" include a writing component instead of "shall". Revises to base MME on Michigan Content Standards. Allows MDE to augment the college entrance and work skills components of the MME to develop the assessment, dependent on those components' alignment to Michigan Content Standards. If alignment is not present in these components, MDE will produce additional components as required by law, while minimizing the amount of time needed for assessments.

Sec. 104c. New State Assessments – REVISED

Updates to replace the MEAP with the Michigan Student Test of Education Progress (M-STEP) beginning with 2015-2016 and revises to grades 3-11 instead of grades 3-10. Deletes subsection that required last year's RFP for a new assessment. Deletes subsection that required MDE to seek a federal waiver due to changing assessments. Adds that beginning in 2015-2016, MDE shall field test additional components of the assessment to determine a pupil's proficiency level prior to grade 3 to implement in 2016-2017 including:

- (1) Assessments administered in fall and spring to measure English language arts and mathematics in 1st and 2nd grades.
- (2) A kindergarten entry assessment administered in the fall in kindergarten including English language arts and mathematics, and which may also include observational components measuring cognitive, social-emotional, and physical skills.

Sec. 107. Adult Education – REVISED

Adds that ISDs must give special consideration to adult education providers that provide contextualized learning and career pathways and adds that they base awards on past performance and quality indicators identified by MSF in addition to current requirements of location, demand for services, and cost to provide instruction. Defines "Career Pathway" as education, training, and services that (1) Aligns with the skill needs of industries in the economy of the state or region, (2) Prepares an individual to be successful in any of a full range of secondary or postsecondary education options including apprenticeships, (3) Includes counseling to support an individual's education and career goals, (4) Includes education offered concurrently with workforce preparation activities and training for a specific occupation, (5) Organizes education, training and other services to meet the needs of an individual that accelerates the advancement of the individual to the extent possible, (6) Enables an individual to attain a secondary school diploma or its recognized equivalent and at least 1 recognized postsecondary credential, (7) Helps an individual enter or advance within a specific occupation.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 STATE POLICE

Analyst: Paul Holland

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$26,233,200	\$0	\$26,233,200	\$26,224,300	(\$8,900)	(0.0)
Federal	99,429,900	0	99,429,900	87,945,900	(11,484,000)	(11.5)
Local	4,861,700	0	4,861,700	5,456,700	595,000	12.2
Private	77,200	0	77,200	76,700	(500)	(0.6)
Restricted	127,300,000	0	127,300,000	120,353,900	(6,946,100)	(5.5)
GF/GP	414,171,000	(23,331,100)	390,839,900	373,473,700	(17,366,200)	(4.4)
Gross	\$672,073,000	(\$23,331,100)	\$648,741,900	\$613,531,200	(\$35,210,700)	(5.4)
FTEs	3,073.0	0.0	3,073.0	3,094.0	21.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services that enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Major Budget Changes From Adjusted FY 2014-15 Appropriations

1. 129th Trooper Recruit School (One-Time and Ongoing)

Increases spending and staff authorization for the 129th Trooper Recruit School, which is anticipated to commence on 04/24/16 and graduate 75 new troopers on 09/16/16. Ongoing spending authorization (\$4.5 million) supports personnel, fleet, and ancillary costs incurred throughout and subsequent to the school, while one-time authorization (\$3.2 million) supports the costs of recruiting, boarding, training, and equipping recruits admitted to the school. The Executive recommends a concomitant increase of \$6.2 million GF/GP in ongoing spending authorization for FY 2016-17 which would annualize the ongoing personnel, fleet, and ancillary costs to account for the portion of FY 2015-16 that preceded commencement of the school.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
FTE	NA	75.0
Gross	NA	\$7,700,000
GF/GP	NA	\$7,700,000

2. 20th Motor Carrier Recruit School (Ongoing)

Increases spending authorization for the ongoing personnel and ancillary costs and decreases staff authorization associated with the 20th Motor Carrier Recruit School, which is anticipated to commence on 10/01/15 and graduate ten new motor carrier officers. Spending authorization for the one-time costs of recruiting, boarding, training, and equipping recruits admitted to the school is expected to be supported with a forthcoming work project designation of the FY 2014-15 appropriation for one-time costs associated with the school, which was originally planned to occur during FY 2014-15 and graduate 31 new officers, but was subsequently cancelled by MSP resultant from the elimination, via E.O. 2015-5, of the FY 2014-15 ongoing spending authorization associated with the school.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
FTE	31.0	(21.0)
Gross	NA	\$1,050,000
GF/GP	NA	\$1,050,000

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
3. Annualize 128th Trooper Recruit School Costs (Ongoing)	FTE	100.0	(40.0)
Increases spending authorization to annualize the personnel, fleet, and ancillary costs and decreases staff authorization associated with the 128 th Trooper Recruit School, which is anticipated to commence on 03/01/15 and graduate 60 new troopers on 07/24/15. Personnel, fleet, and ancillary costs incurred throughout and subsequent to the school were appropriated for FY 2014-15 and incorporated into ongoing spending authorization for FY 2015-16. This additional ongoing spending authorization annualizes these costs for FY 2015-16 to account for the portion of FY 2014-15 that preceded commencement of the school. MSP initially estimated annualized costs of \$5.4 million; however E.O. 2015-5 reduced the number of anticipated graduates from 100 to 60 troopers, resulting in a reduction of \$2.4 million in annualized costs for FY 2015-16.	Gross	\$5,464,400	\$3,005,700
	GF/GP	\$5,464,400	\$3,005,700
4. Eliminate Statutory Fee Sunsets	Gross	\$48,292,400	\$0
Assumes revenues generated by the elimination of sunsets on statutory fees charged and collected by the MSP for taking and processing fingerprints (\$30) and processing and completing name-based criminal history searches (\$10) and on the \$2.25 regulatory fee levied on various vehicles specified by the Michigan Vehicle Code (1949 PA 300) and expended to enhance traffic law enforcement and safety. These fees are which are set to expire on September 30, 2015. MSP estimates that the elimination of these fee sunsets will preserve approximately <u>\$30.6 million</u> in restricted revenue during FY 2015-16.	Restricted	48,292,200	0
5. FY 2014-15 One-Time Appropriations	Gross	\$35,229,300	(\$35,229,300)
Removes spending authorization for various FY 2014-15 one-time appropriations under Sec. 106 of \$18.7 million Gross (\$17.5 million GF/GP), subsequent to the \$500,000 GF/GP reduction to the Local Public Safety Initiative under E.O. 2015-5. Also, removes \$16.5 million Gross (\$14.0 million GF/GP) in spending authorization appropriated by 2014 PA 356 for disaster assistance (\$3.0 million GF/GP of which was subsequently transferred to the Disaster and Emergency Contingency Fund by HB 4112), subsequent to the \$16.0 million GF/GP lapse recognized by E.O. 2015-5.	Restricted	3,750,000	(3,750,000)
	GF/GP	\$31,479,300	(\$31,479,300)
6. Analysis of Sexual Assault Kit Evidence	FTE	292.0	11.0
Increases spending and staff authorization for additional positions within the Forensic Science and Biometrics and Identification Divisions, assigned to the laboratories located in Northville and Stealing Heights, pursuant to 2014 PA 227, which requires law enforcement agencies to submit sexual assault kit evidence to the MSP (or another accredited laboratory) for analysis within 14 days of taking possession and the MSP to analyze the evidence and upload extracted DNA profiles onto MSP-specified databases within 90 days of receiving all necessary evidence. MSP is currently analyzing sexual assault kit evidence within the 90 day standard, excluding time spent creating and uploading DNA profiles, yet anticipates the number of sexual assault kits submitted for analysis to increase consequent to the enactment of 2014 PA 227.	Gross	\$48,155,800	\$1,649,600
	Federal	5,126,700	0
	Restricted	13,950,200	0
	GF/GP	\$29,078,900	\$1,649,600
7. State Records Management System Fees	Gross	NA	\$600,000
Increases spending authorization for the MSP to expend the fees collected from local law enforcement agencies (\$200/officer, \$150/jail bed) utilizing the State Records Management System (SRMS), which facilitates the sharing of certain information between law enforcement agencies and sworn officers. The SRMS was created via a \$3.6 million grant awarded in 2013 by the Department of Treasury under the Competitive Grant Assistance Program to transfer the Area Records Management System (ARMS), then operated by the Saginaw County Sheriff's Office, to the MSP and expand the ARMS (renamed the SRMS) to interested law enforcement agencies statewide. As of 10/24/2014 there were 994 users within 35 agencies utilizing the SRMS and MSP anticipates that there will be 3,000 users by the close of FY 2015-16.	Local	NA	600,000
8. Sexual Assault Prevention and Education Initiative (One-Time)	Gross	NA	\$500,000
Increases one-time spending authorization for the new Sexual Assault Prevention and Education Initiative proposed by the Governor.	GF/GP	NA	\$500,000

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
9. State Emergency Operations Center IT Costs	FTE	32.0	0.0
Increases spending authorization for information technology (IT) charges incurred by the MSP and collected by the Department of Technology, Management, and Budget for the State Emergency Operations Center (SEOC), overseen by the Emergency Management and Homeland Security Division and responsible for coordinating response and recovery efforts by state agencies and local governmental units.	Gross	\$6,438,600	\$152,000
	Federal	3,820,500	0
	GF/GP	\$2,618,100	\$152,000
10. Technical Adjustments	FTE	29.0	(4.0)
Includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items.	Gross	\$18,068,100	(\$15,168,800)
	IDG/IDT	0	6,000
	Federal	11,438,500	(11,431,100)
	Restricted	4,152,600	(3,211,800)
	GF/GP	\$2,477,000	(\$531,900)
11. Economic Adjustments	Gross	NA	\$530,100
Reflects net cost increase for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG/IDT	NA	(14,900)
	Federal	NA	(52,900)
	Local	NA	(5,000)
	Private	NA	(500)
	Restricted	NA	15,700
	GF/GP	NA	\$587,700

Major Boilerplate Changes From FY 2014-15

Sec. 204. IDG Funding Received by the Department – DELETED

Lists specific amounts and sources of interdepartmental grant funding received by the department.

Sec. 204a. 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 and stipulates that the MSP shall provide \$1.5 million in federal Byrne grants to the state Judiciary. *Eliminates list of IDGs to other state departments.*

Sec. 205a. Department of Homeland Security Funding – DELETED

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which MSP receives federal Department of Homeland Security funds.

Sec. 205b. Department of Justice Funding – DELETED

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which MSP receives federal Department of Justice funds.

Sec. 205c. Department of Transportation Funding – DELETED

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which MSP receives federal Department of Transportation funds.

Sec. 209. Buy American and Buy Michigan – 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; requires preference to goods and services provided by small business where veterans comprise at least 35% of the total workforce. *Eliminates preference for small businesses owned by veterans.*

Sec. 212. Records Retention – DELETED

Requires MSP to retain all records in accordance with state and federal guidelines.

Sec. 215. Communications with the Legislature – DELETED

Prohibits MSP from taking disciplinary action against an employee for communicating with a member of the Legislature or their staff.

Sec. 216. Schedule of Programs Disclaimer – REVISED

Specifies that the schedule of programs is a list of programs which may be, but is not required to be, funded; specifies that the schedule of revenue sources may or may not be received from the entities listed; specifies that Secondary Road Patrol funding is not subject to funding flexibility and the program will be funded in accordance with law; specifies that funding required by statute is not subject to funding flexibility. *Eliminates stipulations pertaining to revenues received from entities and the Secondary Road Patrol Program.*

Major Boilerplate Changes From FY 2014-15**Sec. 217. Budgetary Efficiency – DELETED**

Requires the department to improve its budgetary efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained via the reduction or elimination of programs.

Sec. 219. Quarterly Reporting on Achieving Requirements – REVISED

Requires the department to provide quarterly reports on the its performance against the metrics cited in the article, status of work projects, financial status, information which validates that all requirements in the article have been achieved, corrective action plans for requirements not achieved, and summary of fund shifts. *Eliminates requirement that the MSP provide information to validate that the requirements of Part 2 have been achieved.*

Sec. 222. Post Closure or Consolidation – DELETED

Requires the department to notify subcommittees not less than 90 days before recommending closure or consolidation of any state police posts.

Sec. 223. Privatization Project Plans – DELETED

Requires submission of a project plan to the appropriations subcommittees and the fiscal agencies 90 days before beginning any effort to privatize.

Sec. 232. Michigan Public Safety Communications System – DELETED

Requires the department to act as a liaison between DTMB and local public safety agencies to facilitate the use of MPSCS towers and to establish interoperability standards among communications systems.

Sec. 235. Wayland Post and Report – DELETED

Requires MSP to begin discussions with the City of Wayland on moving the current MSP post in Wayland into a new joint public safety building in Wayland. MSP would have to report on the feasibility of moving the post.

Sec. 300. Unclassified Positions – DELETED

Lists titles of unclassified positions currently in the department; requires the department to notify the subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of existing unclassified positions.

Sec. 301. Executive Direction – DELETED

Requires to provide executive administration of the department as provided under 1935 PA 59 and Chapter 7 of the Executive Organization Act, 1965 PA 380.

Sec. 302. State Executive Security – DELETED

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

Sec. 303. Capitol Complex Security – REVISED

Requires the department to maintain proper levels of staffing and resources for providing security services at the state Capitol Building and surrounding building, as provided under 1935 PA 59; requires the department to pursue federal grants to improve security services; requires at least 35,000 patrol hours. *Eliminates statutory cites and includes State Secondary Complex to areas to be secured.*

Sec. 304. Departmental Services – DELETED

Requires MSP to provide administrative support for MSP operations, ensure proper accountability of funds, and adhere to financial and administrative guides; requires MSP to provide grant and community service support functions; requires MSP to provide for the statewide administration of 911 service; states the purpose of funding for information technology services and projects.

Sec. 401. Training – REVISED

Requires the department to maintain proper levels of staffing and resources for providing training and educational opportunities that support enforcement and public safety efforts of the criminal justice community; specifies training program metrics; requires post-recruit school report on recruiting efforts and assignments of recent graduates. Lists the specific authority under which the Training Division, Traffic Services Section operates. *Eliminates statutory cites, eliminates requirement to recruit MCOLES-certified police officers for recruit schools, reduces performance data and recruit school reporting requirement criteria, and eliminates requirement to provide specialized traffic safety support services.*

Sec. 404. Commission on Law Enforcement Standards – REVISED

Requires MCOLES to provide standards for law enforcement officers and to maintain staffing and resources to provide basic law enforcement training for regional academies; lists the specific authority under which MCOLES operates; requires annual licensure data; requires semi-annual data on Justice Training Fund allocations. *Eliminates statutory cites and MCOLES licensure and justice training fund grant reporting requirements.*

Major Boilerplate Changes From FY 2014-15

Sec. 405. Criminal Justice Information Systems – REVISED

Requires MSP to maintain criminal justice information systems in support of the public safety and law enforcement community under listed legal authorities. Requires MSP to conduct at least 30 outreach services to improve submission of criminal history information; requires report on reducing the Law Enforcement Information Network budget. Lists the specific legal authority for the reporting or crime information and the compilation of crime statistics; requires annual report on Michigan crime statistics. Requires MSP to comply with the Freedom of Information Act; requires submission of an annual report on the number of requests for public records received, fulfilled, or denied, and the total amount of fees received. Requires traffic crash reports to be provided at a reasonable cost; lists the legal authority for the reporting and compilation of traffic crash records; requires quarterly reports on the number of copies of traffic crash reports provided to the public via the Traffic Crash Purchasing System. Lists the specific legal authority for maintains criminal history records; requires MSP to provide fingerprint and criminal history records check services to law enforcement agencies, with a capacity equal to the FY 2010-11 level; requires quarterly information on the number of fingerprint and name-based criminal records checks. Lists the specific legal authorities under which MSP maintains firearms records. Requires a report on CPL fee revenues and expenditures, the cost of administering selected sections of 1927 PA 372 (itemized per section), and revenues and expenditures from the Concealed Weapons Enforcement Fund. Lists the specific legal authority under which MSP maintains the sex offender registry; requires MSP to follow-up on tips assigned to law enforcement agencies within 10 working days; requires quarterly information on the number of individuals in the law enforcement and public sex offender databases. *Eliminates statutory cites, eliminates LEIN budget reduction reporting requirement, eliminates requirement concerning compilation of crime statistics and reporting, eliminates requirement to process FOIA requests and associated reporting requirements, eliminates traffic crash reports reporting requirement, eliminates fingerprinting and ICHAT reporting requirements, eliminates CPL revenue and expenditures reporting requirement, eliminates sex offender registry reporting requirements.*

Sec. 412. Laboratory Operations – REVISED

Requires MSP to provide forensic testing services and to maintain third-party accreditation; lists legal authorities under which MSP provides forensic testing services. Requires MSP to maintain an average 55-day turnaround time for processing evidence, to develop a plan to reach an average 30-day turnaround time, and to provide quarterly information on the backlog of cases and staffing information. Establishes goal of reducing firearms backlog by 20% and the toxicology backlog by 15%. *Eliminates statutory cites.*

Sec. 413. DNA Analysis Program – REVISED

Requires MSP to post a copy of changes to its DNA sampling and records retention protocol; lists specific legal authority under which MSP provide DNA analysis services; establishes a goal of reducing the DNA analysis backlog by 15% annually. *Eliminates statutory cites.*

Sec. 414. Biometrics and Identification – REVISED

Lists the specific legal authority under which MSP operates the automated fingerprint identification system (AFIS), the statewide agency of network photographs (SNAP), the Combined DNA Index System (CODIS), and other biometric databases. Requires quarterly reports on the number of 10-print and palm-print submissions (with a 97% electronic submission goal), requires MSP to maintain a 29-day average wait time for scheduling polygraph examinations, with a goal of achieving a 15-day average. *Eliminates statutory cites, eliminates requirement to maintain biometrics and identification databases and technologies, eliminates requirement to achieve a 28-day average wait time for scheduling polygraph examinations, includes fingerprinting and ICHAT reporting requirements.*

Sec. 415. Sexual Assault Kit Initiative – NEW

Requires MSP to establish the Sexual Assault Kit Initiative and stipulates that the purpose of the Initiative is to improve case clearance rates and turnaround times for the collection, submission, and testing of criminal sexual conduct kits.

Sec. 501. General Law Enforcement and Traffic Safety – REVISED

Requires MSP to provide general law enforcement and traffic safety, including service as the law enforcement agency of last resort in communities unable to provide law enforcement; requires enlisted personnel enforcing traffic laws to respond to crimes in process and other emergency situations. Requires report on activities under the Secure Cities Initiative; requires at least 93% compliance rate for reporting by sex offenders, and requires MSP to provide 315,000 statewide patrol hours, including 24,000 patrol hours in distressed cities and 4,000 patrols hours. *Eliminates statutory cites, eliminates Secure Cities Initiative reporting requirement specifications.*

Sec. 502. Security at Events – DELETED

Requires MSP to respond to potential and imminent threats to the state's facilities, systems, and property, and to large scale recreational and public events.

Sec. 503. Criminal Investigations – REVISED

Requires MSP to provide criminal investigative services, providing the number or investigation hours comparable to the number of hours in FY 2012-13 and maintains a clearance rate of 56% (with a goal of achieving a 60% rate by the end of FY 2015-16. Also requires MSP to provide at least 4 training sessions to local law enforcement agencies on gambling issues. *Eliminates statutory cites and FY 2014-15 clearance rate goal.*

Sec. 505. Fire Investigations – REVISED

Requires MSP to provide fire investigation services, maintaining services at a level equal to the FY 2010-11 performance level and be available for service 100% of the time. *Eliminates statutory cite.*

Major Boilerplate Changes From FY 2014-15**Sec. 601. Special Operations – REVISED**

Requires the department to maintain proper levels of staffing and resources for providing specialized law enforcement services, such as canine unit, bomb squad, emergency support teams, underwater recovery, and aviation services; requires MSP to operate the Michigan Intelligence Operations Center for Homeland Security (MIOC) as the state's primary federally-recognized fusion center, requiring MIOC to increase the number of contacts that receive homeland security and intelligence information. *Eliminates requirement to seek to increase contact receiving homeland security information and includes suspicious activity monthly reporting requirement.*

Sec. 602. Commercial Vehicle Enforcement – REVISED

Requires MSP to enforce state and federal motor carrier regulations, as provided under listed legal authorities, including size/weight requirements, fuel tax requirements, safety requirements, vehicle registration/certificate of authority requirements, and pupil transportation safety requirements; requires quarterly reports on commercial vehicle size and weight enforcement efforts, border enforcement grant activities, and new entrant audits; requires MSP to maintain resources to annually inspect 57,000 commercial motor vehicles; and requires MSP to submit annual report on school bus inspections. Requires MSP to enforce motor carrier safety regulations, maintain the staffing to annually inspect 57,000 commercial motor vehicles, and provide quarterly reports on border enforcement grant activities and new entrant safety audits. Requires the department to annually inspect public and private school buses, as provided under listed legal authorities, and to submit an annual report on the result of school bus inspections. *Eliminates statutory cites, eliminates commercial vehicle enforcement reporting requirements, eliminates requirements concerning federal commercial vehicle safety inspections, eliminates safety inspection reporting requirements, eliminate requirements concerning school bus inspections, eliminates school bus inspections reporting requirements.*

Sec. 606. Emergency Management and Homeland Security – REVISED

Requires MSP to coordinate emergency management efforts within the state under listed statutory/regulatory authorities; authorizes MSP to expend appropriated funds to call upon any agency or department to protect life or property or to protect the health or safety of any area under a state of emergency or state of disaster; provides authority to expend funds received above the amounts appropriated in Part 1 for any federal, private, local, or state resource to provide emergency management training or emergency preparedness, response, recovery, or mitigation. Requires MSP to respond to civil disorders and natural disasters; to maintain readiness, including training and equipment; requires the department to foster partnerships to protect against hazards and emergencies, maintain local emergency management preparedness programs, operate the State Emergency Operations Center (SEOC); and provide training in responding to civil disorders, natural disasters, hazardous materials, and other emergencies, disasters, and incidents. Authorizes expenditure of up to \$800,000 from the Disaster and Emergency Contingency Fund upon approval of the State Budget Director and notification to the legislature; requires annual report on fund activities. Allocates up to \$500,000 to the urban search and rescue task force, requires the task force to provide reports on FY 2013-14 revenues and expenditures, proposed FY 2014-15 grant expenditures, and a final report on FY 2014-15 grant expenditures. *Eliminates statutory cites, eliminates earmark and reporting requirements for urban search and rescue task force.*

Sec. 608. Highway Safety Planning – REVISED

Requires MSP to maintain staffing and resources to carry out highway safety programs under listed statutory/regulatory authorities; requires MSP to publish annual traffic crash data. *Eliminates statutory cites, eliminates annual traffic crash reports reporting requirement.*

Sec. 610. Secondary Road Patrol program – REVISED

Describes the purpose of the secondary road patrol (SRP) program and sheriff's department responsibilities; requires quarterly data (reported biannually) on the number of full-time equivalent SRP deputies and number of patrol hours, with a goal of at least 178,000 hours. *Eliminates statutory cites.*

Sec. 701. Trooper Recruit School – DELETED

Requires MSP to maintain staffing and resources to train at least 100 trooper recruits.

Sec. 702. Emergency Support Team (EST) Vehicle – DELETED

Requires MSP to use the one-time funds to purchase one EST vehicle.

Sec. 703. Motor Carrier Recruit School – DELETED

Requires the department to maintain staffing and resources to train at least 31 motor carrier officer recruits.

Sec. 704. Aviation Support – DELETED

Specifies the helicopter purchased with one-time funds would be used to provide patrols over Detroit, allowing the two existing helicopters to be used in other areas of the state, and to reduce the number of times when MSP has to deny requests for service for air support.

Sec. 705. LEIN Language Conversion – DELETED

Requires the one-time funds to be expended on updating the programming language that supports the Law Enforcement Information Network (LEIN).

Sec. 706. Electronic Warrant System – DELETED

Requires the one-time funds to be expended in support of the development of an electronic warrant reporting system.

STATE POLICE

Major Boilerplate Changes From FY 2014-15

Sec. 707. MIS Traffic Control – DELETED

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

Sec. 708. Local Public Safety Initiative – DELETED

Requires the one-time funds to be expended in support of a grant program, in collaboration with the Council on Law Enforcement and Reinvention (CLEAR), in support of school security needs, directing that 80% of the funds be allocated to public and private schools (K-12) for safety-related improvements and 20% be allocated to county sheriff's departments for equipment, technologies, or officer training that enhances school safety and the departments' ability to respond to incidents at schools.

Sec. 709. Marshall Post Lease Costs – DELETED

Specifies that funds be expended to buy down a portion of the MSP's share of construction and operating costs for the Marshall regional law enforcement center. Lease terms shall be subject to a market analysis performed by the Department of Technology, Management and Budget to substantiate the rental amount.

Sec. 1201. Anticipated FY 2015-16 Appropriations – DELETED

States legislative intent that FY 2015-16 appropriations will be the same as in FY 2014-15, except as adjusted for caseload changes, federal fund match rates, economic factors, and available revenue.

Sec. 1202. FY 2015-16 Performance Metrics – DELETED

States legislative intent that, with the funds appropriated in FYs 2014-15 and 2015-16:

- Trooper patrol hours should increase by at least 9% from FY 2014-15 to FY 2015-16.
- Aviation patrol hours should increase by 30%, the helicopter should patrol over Detroit 5 days/week, allowing patrols over other areas of the state (including the distressed cities), and the number of times MSP is unable to provide air support declines to less than 50 (from 72 in FY 2013).
- Commercial vehicle inspections should increase by 12%.
- LEIN services should improve.
- Warrant entry and processing should improve throughout the criminal justice community.

Summary: Executive Budget Recommendation for Fiscal Years 2015-16 and 2016-17 DEPARTMENT OF TRANSPORTATION

Analyst: William E. Hamilton

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$3,786,900	\$0	\$3,786,900	\$3,928,500	\$141,600	3.7
Federal	1,205,821,500	17,778,000	1,223,599,500	1,257,488,000	33,888,500	2.8
Local	50,177,100	0	50,177,100	50,293,500	116,400	0.2
Private	100,000	7,766,000	7,866,000	100,000	(7,766,000)	(98.7)
Restricted	2,154,985,200	0	2,154,985,200	2,184,391,400	29,406,200	1.4
GF/GP	284,647,900	0	284,647,900	139,521,100	(145,126,800)	(51.0)
Gross	\$3,699,518,600	\$25,544,000	\$3,725,062,600	\$3,635,722,500	(\$89,340,100)	(2.4)
FTEs	2,918.3	0.0	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) 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. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and 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.

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
Major Budget Changes From Adjusted FY 2014-15 Appropriations			
1. Debt Service			
Reflects anticipated debt service schedules.	Gross	\$242,318,300	(\$3,457,500)
	Federal	45,726,400	40,500
	Restricted	196,591,900	(3,498,000)
2. Support Services by Other State Departments			
Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Governor's budget includes \$20.0 million MTF for Department of State vehicle registration tax collection program, and \$2.7 million MTF for Department of Treasury motor fuel tax collection program – both the same as current year funding. Budget reflects a reduction of \$414,800 to reflect agency cost allocation adjustments.	Gross	\$46,932,800	(\$414,800)
	Restricted	46,932,800	(414,800)
3. Finance, Contracts, and Support Services			
Reflects \$150,000 increase in IDG support to better reflect actual cost of accounting service center.	FTE	185.0	0.0
	Gross	\$21,311,000	\$150,000
	IDG	3,786,900	150,000
	Restricted	17,524,100	0
4. Transportation Planning			
Restores \$80,000 related to the Governor's veto in the current year budget of a boilerplate appropriation.	FTE	141.0	0.0
	Gross	\$38,191,800	\$80,000
	Federal	19,936,000	64,000
	Restricted	18,255,800	16,000

TRANSPORTATION

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
5. Design and Engineering Services			
	FTE	1,586.3	4.0
Recognizes transfer of 4.0 FTE positions from State Trunkline Maintenance (FTE position changes net to zero across the department). Increased funding associated with the 4.0 FTEs of \$462,400 is offset by \$834,800 reduction associated with position transfers made in development of the current year budget.	Gross	\$160,088,600	(\$372,400)
	Federal	23,529,800	0
	Restricted	136,558,800	(372,400)
6. State Trunkline Maintenance			
	FTE	747.7	(4.0)
Recognizes transfer of 4.0 FTE positions to Design and Engineering Services (FTE position changes net to zero across the department). Decreased funding associated with the 4.0 FTEs of \$462,400 is offset by \$834,800 increase associated with position transfers made in development of the current year budget. Budget includes additional \$10.0 million support for state trunkline maintenance program to reflect increased prices of maintenance materials, slope restoration/erosion control needed on urban freeways, and cost of ongoing problem of copper theft from electrical fixtures.	Gross	\$310,440,500	\$10,372,400
	Restricted	310,440,500	10,372,400
7. State Trunkline Road and Bridge Construction			
	Gross	\$824,646,200	\$15,017,200
The proposed FY 2015-16 budget for MDOT's capital road and bridge construction/preservation program is \$839.7 million. The proposed budget reflects a \$14.1 million decrease in restricted Blue Water Bridge Fund support, (Blue Water Bridge Fund revenue in this line in FYs 2013-14 and 2014-15 was unusually high because of the Blue Water Bridge Plaza project). Reduced Blue Water Bridge Fund support is offset by a net increase of \$28.8 million in STF revenue. Among other things, the increase in available STF revenue for this line reflects STF share of increased baseline MTF revenue, \$7.6 million; the redirection of \$12.0 million from the Transportation Economic Development Fund to the STF; and \$3.5 million in reduced STF debt service.	Federal	742,277,800	0
	Local	30,000,000	0
	Restricted	52,368,400	15,017,200
Governor's budget does not assume any increases in transportation revenue from changes to tax rates or tax bases, or changes to current statutory distribution programs.			
Budget also includes a separate one-time appropriation of \$113.0 million GF/GP to match federal aid for state trunkline road and bridge construction – See item #19 below.			
8. Local Bridge Program			
	Gross	\$26,477,400	\$351,200
Reflects Act 51 earmarks to this program, including dedication of one-half cent of revenue raised by the motor fuel tax on gasoline.	Restricted	26,477,400	351,200
9. MTF to Local Road Agencies			
	Gross	\$930,801,500	\$28,231,800
MTF distribution to local road agencies, \$615,734,000 to county road commissions, and \$343,299,300 to cities/villages reflects estimated MTF revenue and Act 51 statutory distribution.	Restricted	930,801,500	28,231,800
10. Transportation Economic Development Fund (TEDF)			
	Gross	\$41,515,800	(\$10,745,300)
Reflects redirection of \$12.0 million to the STF, noted above, offset in part by \$1.3 million increase in TEDF revenue. The TEDF reduction would be made from the Targeted Industries category.	Restricted	41,515,800	(10,745,300)
11. Aeronautics Services			
	FTE	54.0	0.0
Budget reduces support for Office of Aeronautics to better reflect estimated SAF revenue. Budget would eliminate <i>Air service</i> grant program, funded in the current year at \$289,300.	Gross	\$7,720,300	(\$663,300)
	Restricted	7,720,300	(663,300)
12. Bus Transit - Local Bus Operating Assistance			
	Gross	\$167,400,000	\$0
Budget does not change CTF state operating assistance to local public transit agencies from current year funding.	Restricted	167,400,000	0
13. Bus Transit - Non-Urban Operating/Capital			
	Gross	\$25,187,900	\$840,000
Recognizes federal non-urban transit grants; reflects MAP-21 funding levels.	Federal	23,187,900	840,000
	Local	2,000,000	0

Major Budget Changes From Adjusted FY 2014-15 Appropriations		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
14. Rail Operations and Infrastructure		Gross	\$57,022,400
Line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for the <i>Wolverine</i> (Detroit-Chicago) high speed rail corridor. Recognizes \$50.0 million in additional Federal Railroad Administration grant for capital improvement along the Detroit-Chicago Accelerated Rail Corridor. Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Federal	50,000,000
		Local	0
		Private	0
		Restricted	(3,932,000)
Budget includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. (See Item #20, below).		Gross	\$32,145,300
15. Bus Capital/Transit Capital		Federal	300,000
Reflects anticipated federal pass-through grants to transit grants to local transit agencies and related state and federal matching funds. Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Local	0
		Restricted	(1,284,500)
The Governor has requested a \$25.5 million increase in spending authority for this line in the current year to recognize \$17.8 million in federal grants associated with the M-1 Rail project in Detroit, and \$7.7 million in associated private funds. This request was included in supplemental appropriation bill, House Bill 4112, as passed by the House on February 18, 2015.		Gross	\$4,197,300
The proposed FY 2015-16 budget also includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. (See Item #20, below).		Federal	0
16. Service Initiatives		Local	0
Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Restricted	(1,847,500)
17. Transportation to Work		Gross	\$4,700,000
Budget reduces baseline CTF support to balance to anticipated CTF revenue.		Restricted	(800,000)
18. Airport Improvement Program		Gross	\$91,978,000
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.		Federal	422,000
		Local	116,400
		Restricted	526,800
Budget includes a separate one-time appropriation of \$1.5 million GF/GP for airport capital program. (See Item #21 below)		Gross	\$127,000,000
19. State Trunkline Road and Bridge Construction (One-time)		GF/GP	(\$14,000,000)
Provides \$113.0 million in GF/GP funding to ensure that the state match all available federal-aid highway funds. Governor would eliminate one-time GF/GP funding in FY 2016-17.		Gross	\$10,000,000
20. Transit Capital and Rail Infrastructure (One-time)		GF/GP	\$15,000,000
Proposed budget would provide \$25.0 million one-time GF/GP support to match federal transit and rail infrastructure grants. Governor would eliminate one-time GF/GP funding in FY 2016-17.		Gross	\$2,047,900
21. Airport Safety, Safety, and Improvement Program (One-time)		GF/GP	(\$526,800)
Proposed budget would provide \$1.5 million one-time GF/GP support to match federal Airport Improvement Program funds. Governor would eliminate one-time GF/GP funding in FY 2016-17.		Gross	\$144,500,000
22. State and Local Road and Bridge Programs (One-time)		GF/GP	(\$144,500,000)
Budget would eliminate current GF/GP line item that provided funding to the STF and to local road agencies according to the Act 51 distribution formula.		Gross	\$1,100,000
23. Regional Transit Authority (One-time)		GF/GP	(\$1,100,000)
Budget would eliminate current GF/GP line item that provided start-up funding for the Southeast Michigan Regional Transit Authority.			

TRANSPORTATION

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
24. Economics	Gross	NA	(\$1,548,700)
Reflects net cost reduction of \$1.5 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(8,400)
	Restricted	NA	(1,540,300)

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

In general, the Executive Budget Recommendation deletes a large majority of boilerplate language included in the FY 2014-15 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted. For the Department of Transportation, the Executive deletes 41 of 74 boilerplate sections.

Sec. 270. Remanufactured Parts – DELETED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

Sec. 303. Legislative Report – DELETED

Report of funds received by city, village, and county road commission by legislative district.

Sec. 307. Rolling Five-Year Plan – DELETED

Requires Five-Year Plan report to legislature by March 1st.

Sec. 308. Contract Compliance – DELETED

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; also provides for a reporting requirement on the department's prequalification process and unsatisfactory contractor performance rating.

Sec. 310. State Transportation Commission Minutes/Agenda – DELETED

Requires department provide copies of minutes and agenda to House and Senate Appropriations Subcommittees on Transportation, House and Senate Fiscal Agencies, and State Budget Director.

Sec. 319. Rest Area Maintenance – DELETED

Requires signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 353. Prompt Payment – DELETED

Directs department to review contractor payment process; references Special Provision 109.10.

Sec. 357. Local Federal Aid Project Review – DELETED

Directs MDOT complete project reviews within 120 days; requires system for monitoring review process.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – DELETED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – DELETED

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – DELETED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor

Sec. 383. Report on Use of State Airfleet – REVISED

Requires quarterly report on use of MDOT-owned aircraft; recovery of department costs. No change from current year other than date reference and minor wording change. Does not include Subsection (5) which directed the department to establish a reciprocal agreement with the Michigan State Police.

Sec. 384. Detroit River International Crossing (DRIC) – RETAINED

Section restricts the department's ability to obligate the state to expend state transportation revenue on the project, referenced by the Executive as the *New International Trade Crossing* (NITC). States 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." No change from current year other than date references.

Major Boilerplate Changes From FY 2014-15

Sec. 385. DRIC/NITC Reporting Requirement – RETAINED

Budget retains current year reporting requirements

Sec. 393. Best Practices for Public Transportation – DELETED

Directs department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost.

Sec. 394. Priority of Preservation – DELETED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

Sec. 401. Federal Aid Distribution Report – DELETED

Requires department to notify local agencies, Legislature, and state budget director on proposed distribution of federal funds between state and local units.

Sec. 601. Road Construction Warranties – DELETED

Encourages use of road construction warranties; reporting requirement.

Sec. 603. Traffic Congestion – DELETED

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

Sec. 605. Highway Maintenance Performance Measures – NEW

Directs that from the additional funds appropriated for State Trunkline Maintenance in Part 1, the department "expend maintenance activities in the current fiscal year to support safety-related, high-priority and deferred routine maintenance needs on Michigan's state trunkline network. Identifies specific outcomes and performance measures.

Sec. 610. Dead Deer – DELETED

Legislative intent language regarding cleanup of dead deer and other large animal remains.

Sec. 612. Incentive/Disincentive – DELETED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year.

Sec. 660. Use of Alternative Materials – DELETED

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

Sec. 703. Rail Abandonment Notice – DELETED

Requires notification of Legislature when railroad companies file for abandonment of lines.

Sec. 712. Rail Passenger Feasibility Study – DELETED

Directs the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides for report due date of May 1, 2015.

Sec. 735. Street Railway Appropriation – REVISED

Provides for \$0 appropriation to a street railway pursuant to section 10e(22) of 1951 PA 51. No change from current year other than date reference.

Sec. 740. Review of CTF Fund Balances – DELETED

Requires report on unencumbered CTF balance by March 1 of each year.

Sec. 741. Transit Buses - Safety Standard Report – DELETED

Directs the department to study need, feasibility, and costs of increasing safety standard of transit buses; rollover test standard; provides for report due date of December 1, 2014.

Sec. 802. Department-Owned Airports – DELETED

States legislative intent that department find private or local owner/operator of department-owned airports.

FY 2015-16 and FY 2016-17

CONSENSUS REVENUE

Consensus Revenue: FY 2015-16 and FY 2016-17

Senior Economist: Jim Stansell

This section explains January 2015 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2014-15 through FY 2016-17 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 1.3% in 2015, 1.3% in 2016, and 1.2% in 2017.

The unemployment rate is expected to be 6.9% in 2015, and then decrease to 6.5% by 2017.

GF/GP REVENUE ESTIMATES (Millions of Dollars)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2015-16 Over FY 2014-15		FY 2016-17 Over FY 2015-16	
				Change	Change	Change	Change
Personal Income Tax	\$5,948.1	\$6,184.2	\$6,453.1	\$236.1	4.0%	\$268.9	4.3%
Sales Tax	1,202.8	1,261.4	1,307.3	58.6	4.9%	45.9	3.6%
Use Tax	965.5	905.6	656.2	(59.9)	(6.2%)	(249.4)	(27.5%)
Business Taxes	655.9	582.3	796.8	(73.6)	(11.2%)	214.5	36.8%
Other Taxes	365.1	420.4	440.8	55.3	15.1%	20.4	4.9%
GF/GP Tax Revenue	\$9,137.4	\$9,353.9	\$9,654.2	\$216.5	2.4%	\$300.3	3.2%
Non-Tax Revenue	364.0	359.3	346.4	(4.7)	(1.3%)	(12.9)	(3.6%)
Net Total GF/GP Revenue	\$9,501.4	\$9,713.2	\$10,000.6	\$211.8	2.2%	\$287.4	3.0%

General Fund/General Purpose Revenue by Source

Personal Income Tax

Michigan personal income tax revenue is forecast to increase 5.2% in FY 2014-15, 4.0% in FY 2015-16, and 4.3% in FY 2016-17.

Sales Tax

Improving wage and salary income growth will increase GF/GP sales tax revenue from \$1,202.8 million in FY 2014-15 to \$1,261.4 million in FY 2015-16, and \$1,303.7 million in FY 2016-17.

Use Tax

Use tax revenue is forecast to decrease from \$965.5 million in FY 2014-15 to \$905.6 million in FY 2015-16, and to \$656.2 million in FY 2016-17. This reduction is due to a portion of the use tax being levied by the Metropolitan Areas Metropolitan Authority as a replacement for eliminating the personal property tax on eligible manufacturing personal property.

Business Taxes

Net business taxes will increase 31.2% to \$655.9 million in FY 2014-15. Net business taxes are expected to decrease 11.2% to \$582.3 million in FY 2015-16 due to an increase in MEGA credit being claimed, and although these credits will remain historically large, net business taxes are expected to increase 36.8% to \$796.8 million in FY 2016-17.

GF/GP Tax Revenue

GF/GP tax revenue is expected to increase to \$9,137.4 million (5.9% increase) in FY 2014-15, to \$9,353.9 million (2.4% increase) in FY 2015-16, and to \$9,654.2 million or 3.2% in FY 2016-17

Net Total GF/GP Revenue

Net total 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.

Net total GF/GP revenue is expected to increase to \$9,501.4 million (5.4% increase) in FY 2014-15, and to \$9,713.2 million (increase of \$211.8 million, or 2.2%) in FY 2015-16, and to \$10,000.6 million (increase of \$287.4, or 3.0%) in FY 2016-17.

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

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2015-16 Over FY 2014-15		FY 2016-17 Over FY 2015-16	
				Change		Change	
Sales and Use Taxes	\$6,018.5	\$6,244.5	\$6,467.8	\$226.0	3.8%	\$223.3	3.6%
Income Tax Earmark	2,446.6	2,534.7	2,632.5	88.1	3.6%	97.8	3.9%
Lottery and Casinos	871.0	888.5	897.5	17.5	2.0%	9.0	1.0%
Tobacco Taxes	345.9	338.4	331.0	(7.5)	(2.2%)	(7.4)	(2.2%)
State Education Tax	1,845.3	1,880.9	1,924.4	35.6	1.9%	43.5	2.3%
Real Estate Transfer Tax	247.8	260.7	270.3	12.9	5.2%	9.6	3.7%
Liquor Excise Tax	47.1	48.1	49.1	1.0	2.1%	1.0	2.1%
Other Specific Taxes	66.9	67.9	68.3	1.0	1.7%	0.4	0.6%
Total SAF Revenue	\$11,889.1	\$12,263.7	\$12,640.9	\$374.6	3.2%	\$377.2	3.1%

School Aid Fund Revenue by Source

Sales and Use Taxes

Combined sales and use tax revenue dedicated to the SAF is forecast to increase to \$6,018.5 million in FY 2014-15, \$6,244.6 million (3.8% increase) in FY 2015-16, and \$6,467.8 million in FY 2016-17.

Income Tax Earmark

Approximately 23.8% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase to \$2,446.6 million (3.8% increase) in FY 2014-15, \$2,534.7 million (3.6% increase) in FY 2015-16, and \$2,632.5 million in FY 2016-17.

Lottery and Casinos

Lottery and Casino revenue is projected to increase to \$871.0 million (3.6% increase) in FY 2014-15, \$888.5 in FY 2015-16, and \$897.5 million in FY 2016-17.

Tobacco Taxes

Approximately 38% of gross tobacco tax revenue is dedicated to the SAF.

The demand for tobacco products is expected to decline over the duration of the forecast causing estimated SAF tobacco tax revenue to decrease to \$345.9 million in FY 2014-15, \$338.4 million in FY 2015-16, and \$331.0 million in FY 2016-17.

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 is expected to increase to \$1,845.3 million (2.3% increase) in FY 2014-15, \$1,880.9 million (1.9% increase) in FY 2015-16, and \$1,924.4 million in FY 2016-17.

RET revenue contributed \$233.4 million to the SAF in FY 2013-14. It is forecast to increase to \$247.8 million in FY 2014-15, \$260.7 million in FY 2015-16, and \$270.3 million in FY 2016-17.

CONSENSUS REVENUE

Total SAF Revenue

Total SAF revenue is expected to increase 3.2% to \$11,889.1 million in FY 2014-15, increase 3.2% to \$12,263.7 million in FY 2015-16, and increase 3.1% to \$12,640.9 million in FY 2016-17.

Budget Stabilization Fund Year-End Balances

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2013-14, along with the Executive Recommendation for deposits, and HFA estimates of expected interest earnings and year-end balances for FY 2014-15 and FY 2015-16.

The final BSF fund balance for FY 2013-14 was \$386.2 million. The fund balance is forecast to be \$499.7 million for FY 2014-15 and \$615.9 million for FY 2015-16. These projections include the impact of PA 186 of 2014, which requires annual deposits of \$17.5 million of tobacco settlement revenue to the BSF from FY 2014-15 through FY 2034-35.

BUDGET STABILIZATION FUND HISTORY
(Millions of Dollars)

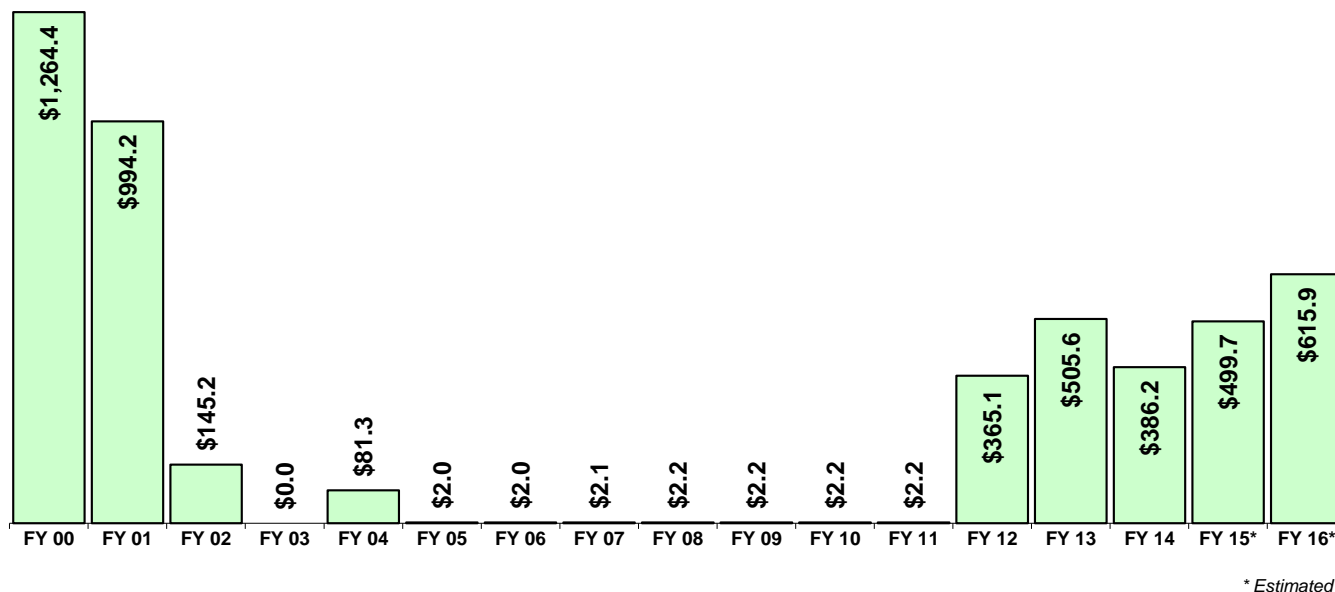
<u>Fiscal Year</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Earned</u>	<u>Balance</u>
1990-91	0.0	230.0	27.1	182.2
1991-92	0.0	170.1	8.1	20.1
1992-93	282.6	0.0	0.7	303.4
1993-94	460.2	0.0	11.9	775.5
1994-95	260.1	90.4	57.7	1,003.0
1995-96	91.3	0.0	59.2	1,153.6
1996-97	0.0	69.0	67.8	1,152.4
1997-98	0.0	212.0	60.1	1,000.5
1998-99	244.4	73.7	51.2	1,222.5
1999-2000	100.0	132.0	73.9	1,264.4
2000-01	0.0	337.0	66.7	994.2
2001-02	0.0	869.8	20.8	145.2
2002-03	0.0	156.1	10.9	0.0
2003-04	81.3	0.0	0.0	81.3
2004-05	0.0	81.3	2.0	2.0
2005-06	0.0	0.0	0.0	2.0
2006-07	0.0	0.0	0.1	2.1
2007-08	0.0	0.0	0.1	2.2
2008-09	0.0	0.0	0.0	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	0.2	365.1
2012-13	140.0	0.0	0.5	505.6
2013-14	75.0	194.8	0.4	386.2
2014-15	111.5**	0.0	1.9*	499.7
2015-16	112.5**	0.0	3.7*	615.9

* HFA Estimate

** FY 2015 actual appropriated deposit; FY 2016 Executive Recommendation

Note: Numbers may not add due to rounding.

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



Compliance With the State Revenue Limit

Consensus 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 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Personal Income	CY 2013	CY 2014	CY 2015
Amount	\$386,471	\$402,703	\$420,219
X Limit Ratio	9.49%	9.49%	9.49%
State Revenue Limit	\$36,676.1	\$38,216.5	\$39,859.8
Total Revenue Subject to Revenue Limit	\$28,168.3	\$28,861.0	\$29,627.0
Amount Under (Over) State Revenue Limit	\$8,507.8	\$9,355.5	\$10,232.8

CONSENSUS REVENUE

Implications of Exceeding the State Revenue Limit

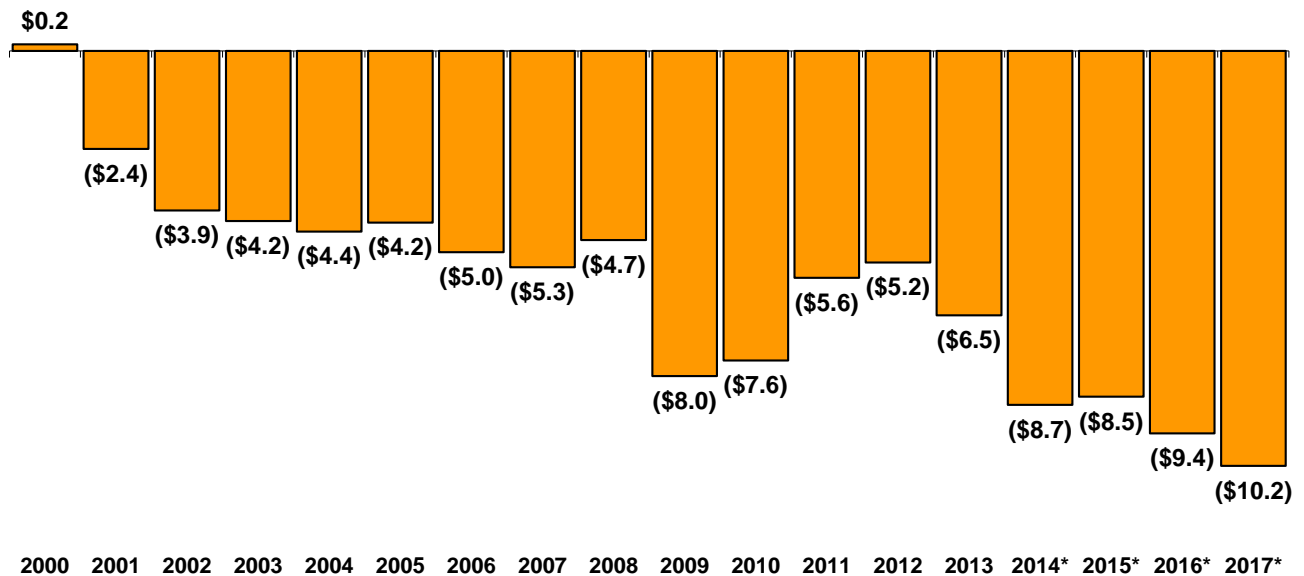
Article IX, Section 26, Constitution of the State of Michigan, provides that:

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

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

The final FY 2013-14 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$8.7 billion. For FY 2014-15 through FY 2016-17, state revenue is estimated to be substantially below the revenue limit—by \$8.5 billion, \$9.4 billion, and \$10.2 billion respectively.

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



*Consensus Estimates



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Corrections Robin R. Risko

Education (Department) Samuel Christensen

Environmental Quality.....Austin Scott

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