

**REVIEW AND ANALYSIS**  
**OF THE**  
**FY 2018-19**  
**EXECUTIVE BUDGET**  
**RECOMMENDATION**



prepared by the

HOUSE  
**FISCAL**  
AGENCY

Mary Ann Cleary, Director

February 2018

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February 2018

TO: Members of the Michigan House of Representatives

We are pleased to provide you with this ***Review and Analysis of the FY 2018-19 Executive Budget Recommendation.***

In this publication, the *Budget Overview* provides information on revenue sources and appropriations proposed in the Executive Budget Recommendation for FY 2018-19 and FY 2019-20. 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".

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 2018-19 Executive Recommendation**

## **OVERVIEW**

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**Budget Overview**  
**Consensus Revenue Estimates**  
**Balance Sheets**  
**Appropriation Summary Tables**  
**Executive Fee Proposal**

# FY 2018-19 Executive Recommendation BUDGET OVERVIEW

**Mary Ann Cleary, Director, and Bethany Wicksall, Deputy Director**

The FY 2018-19 Executive budget recommendation incorporates the January 2018 Consensus Revenue Estimating Conference (CREC) revenue estimates for General Fund/General Purpose (GF/GP) of \$10,339.6 million and School Aid Fund (SAF) of \$13,464.0 million. In addition to the CREC estimates, the recommendation assumes beginning balances of \$191.7 million GF/GP and \$97.1 million SAF, \$13.0 million redirection of Transportation Economic Development Fund (TEDF) revenue to the general fund, and \$15.5 million GF/GP reduction from the passage of the Administration’s driver responsibility fee legislation.

The FY 2018-19 budget recommendation includes \$55,897.4 billion in adjusted gross appropriations, an increase of \$145.2 million or 0.3%. The table below compares current year appropriations to the Executive proposal.

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>Adjusted Gross</b>	\$55,752.2	\$55,897.4	\$145.2	0.3%
<b>Federal</b>	\$23,153.9	\$22,684.8	(\$469.0)	(2.0%)
<b>Local/Private</b>	\$380.9	\$385.9	\$5.0	1.3%
<b>Restricted</b>	\$22,136.0	\$22,777.4	\$641.5	2.9%
<b>GF/GP</b>	\$10,081.5	\$10,049.3	(\$32.1)	(0.3%)

Of the \$32,826.7 million in state resources recommended for appropriation in FY 2018-19, \$18,477.4 million (56.3% 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.

The Executive proposal includes three recommended supplementals totaling a negative \$308.3 million Gross (\$25.4 million GF/GP) for FY 2017-18:

- Michigan Natural Resources Trust Fund projects of \$40.4 million Gross. (Request 2018-4)
- School Aid baseline cost reductions of \$11.2 million Gross and a \$137.0 million GF/GP reduction backfilled with School Aid Fund. (Request 2018-5)
- Departmental appropriation adjustment requests of a negative \$337.4 million Gross and a positive \$162.4 million GF/GP. (Request 2018-2 and 2018-3)

Major GF/GP program reductions proposed in the Executive recommendation compared to FY 2017-18 levels include:

- \$25.0 million GF/GP reduction to Information Technology Investment Fund in Department of Technology, Management and Budget (DTMB).
- \$18.8 million GF/GP savings due to closure of West Shore correctional facility.
- \$8.0 million GF/GP elimination of the county hold-harmless provision to foster care administrative rates.
- \$7.5 million Gross (\$5.3 million GF/GP) reduction for Mental Health and Wellness Commission recommendations.
- \$5.1 million Gross (\$7.1 million GF/GP) reduction in Business Attraction and Community Revitalization grants in the Talent and Economic Development (TED) budget.

The Executive proposal does NOT include a proposed deposit into the Budget Stabilization Fund.

Major FY 2018-19 GF/GP program increases proposed include:

- \$61.3 million Gross (\$46.0 million GF/GP) for Michigan Indigent Defense Commission grants in the Department of Licensing and Regulatory Affairs (LARA).
- \$19.2 million for state building authority (SBA) rent to cover anticipated debt service obligations associated with capital outlay projects authorized for construction.
- \$13.7 million increase in Corrections to change over operation of prison food service from a private provider to state employees.
- \$9.9 million GF/GP (including \$6.1 million in one-time costs) for a State Police trooper school.

Major one-time allocations of GF/GP funding for FY 2018-19 include:

- \$175.0 million for Transportation to accelerate the income tax earmark to roads.
- \$9.2 million for correction officer training academy.



Major proposed changes for FY 2018-19 for School Aid and Higher Education funding include:

- \$312.0 million SAF for increases to district foundation allowances ranging from \$120 to \$240 per pupil based on 2x formula (percentages range from 1.4% to 3.1%).
- \$92.9 million SAF reduction to implement a cap on shared-time pupils and a reduction in cyber school foundation allowances.
- \$28.6 million SAF for a 2.0% increase in public university operations.

The Executive budget recommendation includes additional GF/SAF fund shifts for FY 2018-19:

- \$120.0 million GF/GP reduction in Higher Education budget backfilled with SAF.
- \$33.0 million GF/GP reduction, in addition to the FY 2017-18 shift, in School Aid budget backfilled with SAF.

MPSERS retirement changes included in the Executive recommendation for FY 2018-19 include:

- Eliminates a one-time \$200.0 million additional deposit to accelerate the payoff of the 2010 early retirement incentive.
- Increases the state share of the MPSERS UAAL payments by \$74.8 million.
- Increases state support of higher employer normal costs resulting from the 2<sup>nd</sup> year of phasing in a reduced assumed rate of return from 8.0% to 7.5%, as well as the higher defined contribution and hybrid plan costs required under PA 92 of 2017, by a total of \$56.7 million.

The Executive recommendations for local revenue sharing programs include:

- \$34.3 million increase to Constitutional revenue sharing, a 3.1% increase from January 2018 CREC estimate.
- Removes \$5.8 million in one-time funds to the additional 101 local units (100 townships and 1 city).
- Removes \$6.2 million GF/GP for supplemental city, village, and township revenue sharing.
- Net reduction of \$1.9 million Gross (\$2.2 million GF/GP) for county revenue sharing.

Executive includes a proposal to redistribute Local Community Stabilization Authority (LCSA) Tier 3 payments to first provide a guaranteed total funding of \$15.0 million for Fire Protection Grants (\$8.5 million is estimated from Driver Responsibility Fees in FY 2018-19). Funds remaining would be distributed to local units of government as follows:

- To counties (30%), cities (48%), villages (2%), and townships (5%) on a per capita basis.
- 15% to the 28 community colleges using their proportionate share of base state appropriations.

FY 2018-19 budget assumes one fee increase in the Department of Environmental Quality:

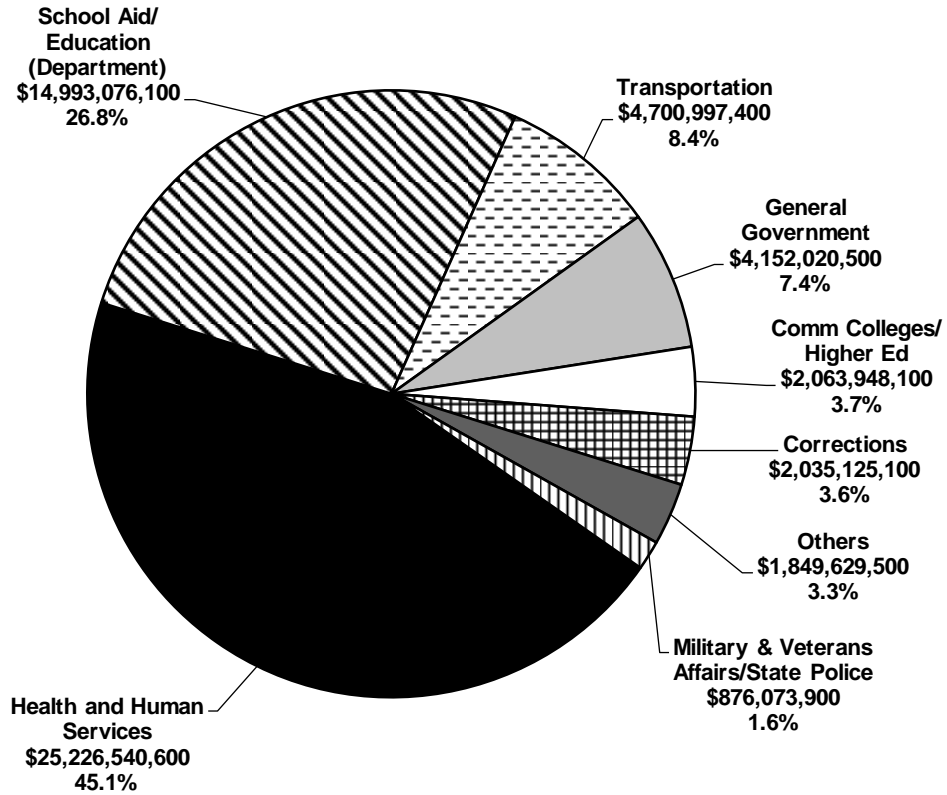
- \$79.0 million additional revenue from an increase (\$0.36/ton to \$4.75/ton) to the solid waste tipping fee to replace expended Clean Michigan Initiative bond funds.

A more detailed summary of major budget changes by individual budget area begins on page 24.

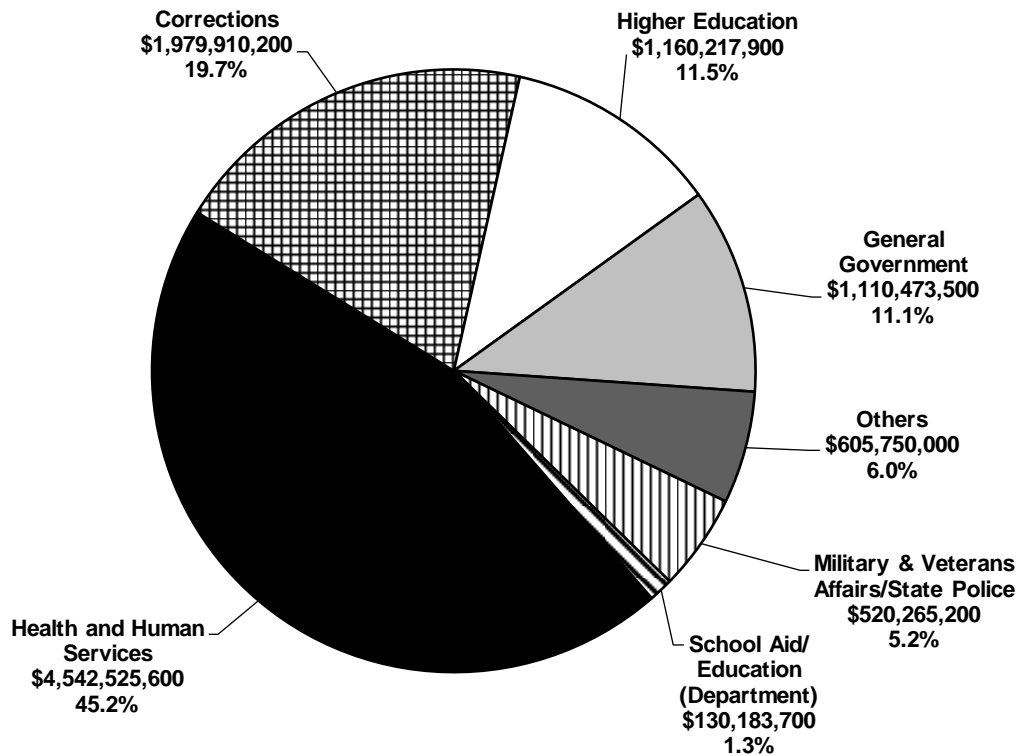
This preliminary review provides a brief summary of the Executive Recommendation for FY 2018-19. The House Fiscal Agency's full Review and Analysis of the FY 2018-19 Executive Budget Recommendation will be available within two weeks, and will contain a more detailed review of major budget and boilerplate changes by budget area.

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 2018-19 Executive Recommendation  
Adjusted Gross = \$55,897,411,200**



**FY 2018-19 Executive Recommendation  
General Fund/General Purpose (GF/GP) = \$10,049,326,100**



## CONSENSUS REVENUE ESTIMATES

Jim Stansell, Associate Director and Senior Economist

This section explains January 2018 Consensus Revenue Estimating Conference estimates for GF/GP and School Aid Fund (SAF) revenue for FY 2017-18 through FY 2019-20 by major revenue sources.

For Michigan:

Wage and salary employment is expected to increase 0.9% in both 2018 and 2019, and 1.1% in 2020.

The unemployment rate is expected to be 4.3% in both 2018 and 2019, and 4.2% in 2020.

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2018-19 Over FY 2017-18		FY 2019-20 Over FY 2018-19	
				Change	Change	Change	Change
Personal Income Tax	\$7,068.2	\$6,961.0	\$7,033.0	(\$107.2)	(1.5%)	\$72.0	1.0%
Sales Tax	1,271.6	1,312.0	1,348.7	40.4	3.2%	36.7	2.8%
Use Tax	558.7	583.8	576.7	25.1	4.5%	(7.1)	(1.2%)
Business Taxes	614.4	687.8	656.4	73.4	11.9%	(31.4)	(4.6%)
Other Taxes	408.6	418.6	431.3	10.0	2.4%	12.7	3.0%
<b>GF/GP Tax Revenue</b>	<b>\$9,921.5</b>	<b>\$9,963.2</b>	<b>\$10,046.1</b>	<b>\$41.7</b>	<b>0.4%</b>	<b>\$82.9</b>	<b>0.8%</b>
Non-Tax Revenue	386.2	376.4	367.4	(9.8)	(2.5%)	(9.0)	(2.4%)
<b>Net Total GF/GP Revenue</b>	<b>\$10,307.7</b>	<b>\$10,339.6</b>	<b>\$10,413.5</b>	<b>\$31.9</b>	<b>0.3%</b>	<b>\$73.9</b>	<b>0.7%</b>

### General Fund/General Purpose Revenue by Source

#### Personal Income Tax

Michigan personal income tax revenue is forecast to increase 5.0% in FY 2017-18 before declining 1.5% in FY 2018-19, in part due to the \$150 million earmark to the Transportation Fund and a \$206 million expansion of the nonhomestead property tax credit. Michigan personal income tax revenue is forecast to increase by just 1.0% in FY 2019-20 as the transportation earmark increases to \$325 million.

#### Sales Tax

After growing by 7.3% in FY 2016-17, GF/GP sales tax revenue is estimated to increase 3.9% in FY 2017-18, 3.2% in FY 2018-19, and 2.8% in FY 2019-20.

#### Use Tax

Use tax revenue is forecast to increase from \$558.7 million in FY 2017-18 to \$583.8 million in FY 2018-19 before decreasing to \$576.7 million in FY 2019-20. The overall lack of substantial growth is due to a portion of the use tax being levied by the Local Community Stabilization Authority as a replacement for eliminating the personal property tax on eligible manufacturing personal property.

#### Business Taxes

Net business taxes are expected to decrease from \$790.4 million in FY 2016-17 to \$614.4 million in FY 2017-18, primarily due to timing issues with MEGA credit claims. As the pattern of credit redemptions smooths, net business taxes are expected to increase 11.9% to \$687.8 million in FY 2018-19 before declining 4.6% to \$656.4 million in FY 2019-20.

#### GF/GP Tax Revenue

GF/GP tax revenue is expected to increase 1.9% to \$9,921.5 million in FY 2017-18, 0.4% to \$9,963.2 million in FY 2018-19, and 0.8% to \$10,046.1 million in FY 2019-20.

**OVERVIEW**

**Net Total GF/GP Revenue**

Net total GF/GP revenue includes both tax revenue and non-tax revenue.

Non-tax revenue includes revenue from the liquor purchase revolving fund, driver responsibility fees, federal aid, licenses and permits, and investment income and borrowing costs.

Net total GF/GP revenue is expected to increase 1.1% to \$10,307.7 million in FY 2017-18, 0.3% to \$10,339.6 million in FY 2018-19, and 0.7% to \$10,413.5 million in FY 2019-20.

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

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2018-19 Over FY 2017-18 Change</b>		<b>FY 2019-20 Over FY 2018-19 Change</b>	
Sales and Use Taxes	\$6,389.9	\$6,596.0	\$6,780.7	\$206.1	3.2%	\$184.7	2.8%
Income Tax Earmark	2,831.0	2,921.7	3,015.0	90.7	3.2%	93.3	3.2%
Lottery and Casinos	1,039.0	1,045.0	1,047.3	6.0	0.6%	2.3	0.2%
Tobacco Taxes	353.0	347.7	347.2	(5.3)	(1.5%)	(0.5)	(0.1%)
State Education Tax	2,027.1	2,098.7	2,170.7	71.6	3.5%	72.0	3.4%
Real Estate Transfer Tax	322.6	331.0	335.9	8.4	2.6%	4.9	1.5%
Liquor Excise Tax	55.6	56.6	57.6	1.0	1.8%	1.0	1.8%
Other Specific Taxes	66.3	67.3	68.3	1.0	1.7%	1.0	1.5%
<b>Total SAF Revenue</b>	<b>\$13,084.5</b>	<b>\$13,464.0</b>	<b>\$13,822.7</b>	<b>\$379.5</b>	<b>2.9%</b>	<b>\$358.7</b>	<b>2.7%</b>

**School Aid Fund Revenue by Source**

**Sales and Use Taxes**

Combined sales and use tax revenue dedicated to the SAF is forecast to increase by 3.5% to \$6,389.9 million in FY 2017-18, 3.2% to \$6,596.0 million in FY 2018-19, and 2.8% to \$6,780.7 million in FY 2019-20.

**Income Tax Earmark**

Approximately 23.8% of gross income tax collections are dedicated to the SAF.

Dedicated income tax revenue is forecast to increase by 4.1% to \$2,831.0 million in FY 2017-18, 3.2% to \$2,921.7 million in FY 2018-19, and 3.2% to \$3,015.0 million in FY 2019-20.

**Lottery and Casinos**

Lottery and Casino revenue is projected to total \$1,039.0 million in FY 2017-18, \$1,045.0 in FY 2018-19, and \$1,047.3 million in FY 2019-20.

**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 \$353.0 million in FY 2017-18, \$347.7 million in FY 2018-19, and \$347.2 million in FY 2019-20.

**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 by 3.2% to \$2,027.1 million in FY 2017-18, by 3.5% to \$2,098.7 million in FY 2017-16, and by 3.4% to \$2,170.7 million in FY 2019-20.

RET revenue is forecast to increase to \$322.6 million in FY 2017-18, \$331.0 million in FY 2018-19, and \$335.9 million in FY 2019-20.

**Total SAF Revenue**

Total SAF revenue is expected to increase by 3.1% to \$13,084.5 million in FY 2017-18, by 2.9% to \$13,464.0 million in FY 2018-19, and by 2.7% to \$13,822.7 million in FY 2019-20.

**Budget Stabilization Fund Year-End Balances**

The following table notes BSF deposits, withdrawals, and interest earnings from FY 1990-91 to FY 2016-17, along with the Executive Recommendation for deposits, and HFA estimates of expected interest earnings and year-end balances for FY 2017-18 and FY 2018-19.

The final BSF fund balance for FY 2016-17 was \$710.0 million. The fund balance is forecast to be \$889.1 million for FY 2017-18 and \$922.2 million for FY 2018-19. 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 2016-17 through FY 2035-36.

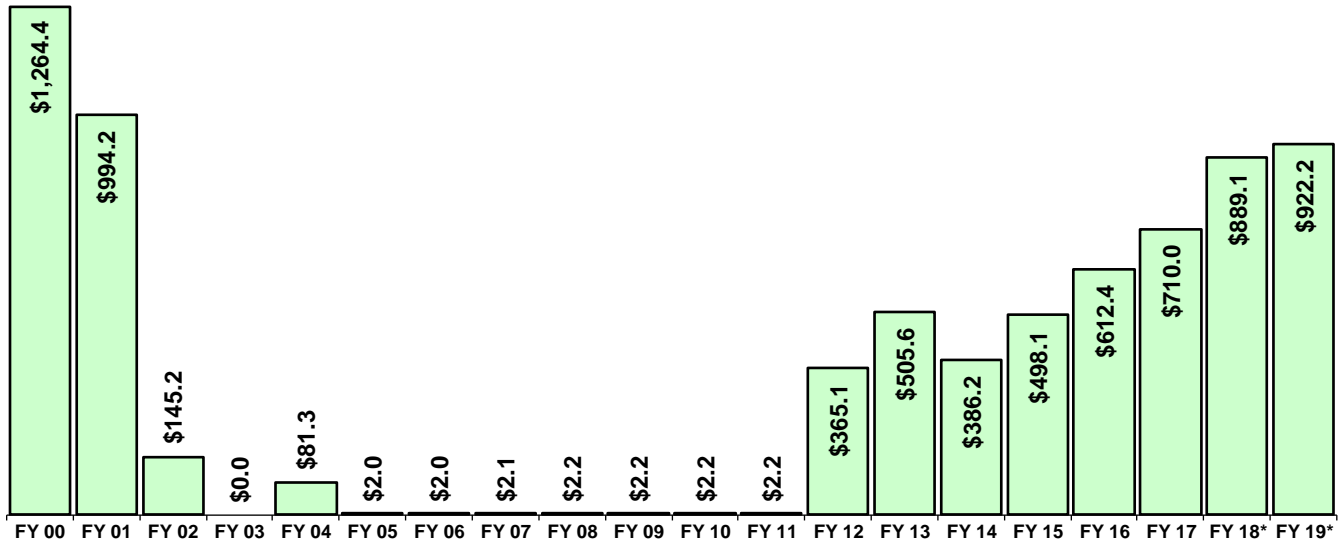
**BUDGET STABILIZATION FUND HISTORY**  
(Millions of Dollars)

<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	111.6	0.0	0.3	498.1
2015-16	112.5	0.0	1.7	612.4
2016-17	92.5	0.0	5.1	710.0
2017-18	167.5**	0.0	11.6*	889.1
2018-19	17.5**	0.0	15.6*	922.2

\* HFA Estimate

\*\* FY 2018 actual appropriated deposit; FY 2019 Executive Recommendation  
Note: Numbers may not add due to rounding.

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



Note: FY 2018-19 - 25% of unassigned GF/GP fund balance for FY 2017-18 shall be deposited in the BSF.

\*Estimated

#### 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 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>
Personal Income	CY 2016	CY 2017	CY 2018
Amount	\$439,361	\$452,542	\$472,001
X Limit Ratio	9.49%	9.49%	9.49%
<b>State Revenue Limit</b>	<b>\$41,695.4</b>	<b>\$42,946.2</b>	<b>\$44,792.9</b>
<b>Total Revenue Subject to Revenue Limit</b>	<b>\$32,682.8</b>	<b>\$33,581.6</b>	<b>\$34,541.1</b>
<b>Amount Under (Over) State Revenue Limit</b>	<b>\$9,012.6</b>	<b>\$9,364.6</b>	<b>\$10,251.8</b>

**Implications of Exceeding the State Revenue Limit**

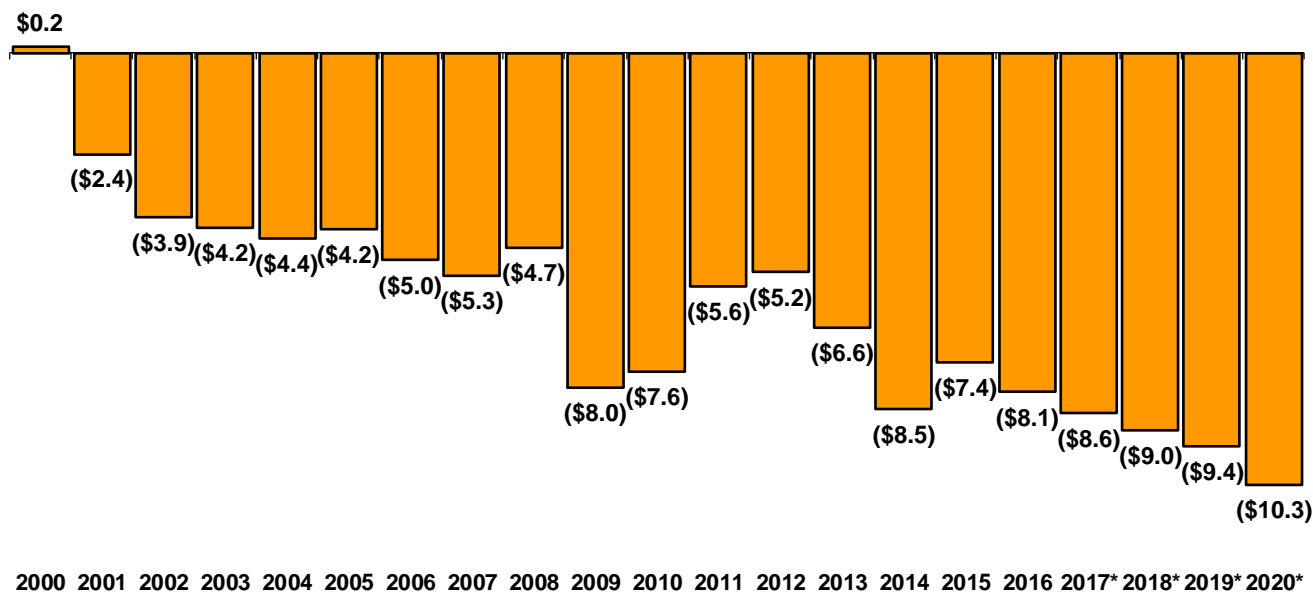
Article IX, Section 26, Constitution of the State of Michigan, provides that:

. . . 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 2015-16 revenue limit calculation indicates that the state revenue collections were under the revenue limit by \$8.1 billion. For FY 2016-17 through FY 2019-20, state revenue is estimated to be even further below the revenue limit—by \$8.6 billion, \$9.0 billion, \$9.4 billion, and \$10.3 billion respectively.

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



\*Consensus Estimates

## BALANCE SHEETS

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

<b>FY 2017-18 Through FY 2019-20 Executive Recommendation General Fund/General Purpose (GF/GP) Millions of Dollars</b>			
	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b><u>Resources</u></b>			
Beginning Balance	\$622.5	\$191.7	\$7.3
Consensus Revenue Estimates: January 2018	10,307.7	10,339.6	10,413.5
Sales Tax on the Difference (SB 94 / SB 95)	0.0	(0.3)	(0.7)
TEDF Target Industries – Redirect to GF	0.0	13.0	13.0
Venture Michigan Fund Tax Vouchers	0.0	0.0	(19.2)
Driver Responsibility Fee (Executive Proposal)	(4.5)	(15.5)	(9.0)
Lawsuit Settlement Proceeds Fund	(6.4)	(5.8)	0.0
Revenue Sharing: Ongoing	(465.9)	(466.2)	(466.2)
Revenue Sharing: One-time	(5.8)	0.0	0.0
<b>Total Resources</b>	<b>\$10,447.6</b>	<b>\$10,056.6</b>	<b>\$9,938.7</b>
<b><u>Expenditures</u></b>			
Enacted Appropriations: Ongoing	\$9,746.2	\$9,831.7	\$9,958.4
Enacted Appropriations: One-time	334.3	217.6	0.0
Baseline Adjustments	0.0	0.0	200.0
Deposit to Budget Stabilization Fund	150.0	0.0 *	0.0
Supplemental Request 2018-3 and 2018-5	25.4	0.0	0.0
<b>Total Expenditures</b>	<b>\$10,255.9</b>	<b>\$10,049.3</b>	<b>\$10,158.4</b>
<b>Estimated Ending Balance</b>	<b>\$191.7</b>	<b>\$7.3</b>	<b>(\$219.7)</b>

\* FY 2018-19 - 25% of unassigned GF/GP fund balance for FY 2017-18 shall be deposited in the BSF.



<b>FY 2017-18 Through FY 2019-20 Executive Recommendation School Aid Fund (SAF) Millions of Dollars</b>			
	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b><u>Resources</u></b>			
Beginning Balance	\$377.4	\$97.0	\$6.0
Consensus Revenue Estimates: January 2018	13,084.5	13,464.0	13,822.7
Sales Tax on the Difference (SB 94 / SB 95)	(0.2)	(2.0)	(4.2)
Michigan Venture Fund Tax Vouchers	0.0	0.0	(6.0)
GF/GP Grant	78.0	45.0	45.0
Detroit Public Schools Trust Fund	72.0	72.0	72.0
MPSERS Retirement Obligation Reform Reserve	23.1	31.9	0.0
Federal Aid	<u>1,726.9</u>	<u>1,724.7</u>	<u>1,719.7</u>
<b>Total Resources</b>	<b>\$15,361.7</b>	<b>\$15,432.6</b>	<b>\$15,655.2</b>
<b><u>Expenditures</u></b>			
School Aid	\$14,573.1	\$14,636.0	\$14,630.6
SAF Deposit into MPSERS Reserve	55.0	0.0	0.0
Community College	398.3	405.0	407.7
Higher Education	<u>238.3</u>	<u>385.6</u>	<u>386.6</u>
<b>Total Expenditures</b>	<b>\$15,264.7</b>	<b>\$15,426.6</b>	<b>\$15,424.9</b>
<b>Estimated Ending Balance</b>	<b>\$97.0</b>	<b>\$6.0</b>	<b>\$230.3</b>

OVERVIEW

<b>FY 2018-19 Through FY 2019-20 Executive Recommendation Tobacco Settlement / Merit Award Trust Fund Millions of Dollars</b>		
	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b><u>Resources</u></b>		
Beginning Balance	\$5.3	\$3.3
Tobacco Settlement MSA payment	285.2	284.0
Debt Service on 2006/2007 Securitization Bonds (24.11%)	(68.8)	(68.5)
Deposit to 21st Century Jobs Trust Fund	(75.0)	(75.0)
BSF Repayment	(17.5)	(17.5)
Detroit Public Schools Trust Fund	(72.0)	(72.0)
Interest	<u>0.9</u>	<u>1.1</u>
<b>Total Resources</b>	<b>\$58.1</b>	<b>\$55.4</b>
<b><u>Expenditures</u></b>		
Attorney General: Administration	(\$0.5)	(\$0.5)
DHHS: Aging-respite Care	(4.1)	(4.1)
DHHS: Medicaid Base Funding	(48.2)	(48.2)
State Police: Criminal Investigations / IT	(0.8)	(0.8)
Treasury: Student Financial Services Programs	<u>(1.2)</u>	<u>(1.2)</u>
<b>Total Expenditures</b>	<b>(\$54.8)</b>	<b>(\$54.8)</b>
<b>Estimated Ending Balance</b>	<b>\$3.3</b>	<b>\$0.6</b>

## **APPROPRIATION SUMMARY TABLES**

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The Executive Budget Recommendation for FY 2018-19 increases adjusted gross appropriations by \$145.2 million (0.3%) from FY 2017-18 year-to-date amounts:

- GF/GP appropriations are decreased by \$32.1 million (-0.3%).
- State restricted appropriations are increased by \$641.5 million (2.9%).
- Federal appropriations are decreased by \$469.0 million (-2.0%).
- Local and private appropriations are increased by \$5.0 million (1.3%).

Total state spending from state sources (GF/GP plus state restricted) in the FY 2018-19 Executive Budget Recommendation is increased by \$609.3 million (1.9%) from FY 2017-18 year-to-date amounts.

Projected appropriation amounts for FY 2019-20 under the Executive Budget (which are presented only for planning purposes) reflect a 0.9% decrease in GF/GP appropriations, a 0.5% increase in total state spending from state sources, and a 0.1% increase 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 2017-18 year-to-date figures include adjustments through February 7, 2018.
- Some appropriation items in the FY 2017-18 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 2018-19 Executive Budget continues this practice.
- The tables in this document show total appropriation amounts by budget area, including both ongoing 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.

OVERVIEW

**FY 2018-19 and FY 2019-20  
Executive Budget Appropriation Changes  
Millions of Dollars**

	<u>Year-to-Date FY 2017-18</u>	<u>Executive Recommendation FY 2018-19</u>	<u>Change Amounts</u>		<u>Executive Recommendation FY 2019-20</u>	<u>Change Amounts</u>	
General Fund/General Purpose	\$10,081.5	\$10,049.3	(\$32.1)	(0.3%)	\$9,958.4	(\$90.9)	(0.9%)
State Restricted	<u>22,136.0</u>	<u>22,777.4</u>	<u>641.5</u>	2.9%	<u>23,033.1</u>	<u>255.7</u>	1.1%
<b>Total State-Source Appropriations</b>	<b>\$32,217.4</b>	<b>\$32,826.7</b>	<b>\$609.3</b>	<b>1.9%</b>	<b>\$32,991.5</b>	<b>\$164.8</b>	<b>0.5%</b>
Federal	\$23,153.9	\$22,684.8	(\$469.0)	(2.0%)	\$22,563.3	(\$121.5)	(0.5%)
Local	212.6	217.8	5.2	2.4%	217.8	0.0	0.0%
Private	168.3	168.0	(0.2)	(0.1%)	168.0	0.0	0.0%
<b>Total Adjusted Gross</b>	<b>\$55,752.2</b>	<b>\$55,897.4</b>	<b>\$145.2</b>	<b>0.3%</b>	<b>\$55,940.7</b>	<b>\$43.3</b>	<b>0.1%</b>

**General Fund/General Purpose (GF/GP):** Unrestricted General Fund revenue available for basic state programs and other purposes determined by the Legislature.

**State Restricted:** State revenue restricted by State Constitution, state statute, or outside restriction that is available only for specific purposes. Includes most fee revenue. Largest such fund is the School Aid Fund.

**State-Source Appropriations:** Appropriations from state-level revenue sources: State Restricted plus GF/GP.

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

**Local/Private Funds:** Revenue received from local units of government and private, non-governmental entities for specific services or purposes.

**Adjusted Gross:** Total state appropriations from all fund sources. Excludes funds appropriated twice in state budget through interdepartmental grants (IDGs) or intradepartmental transfers (IDTs).

Notes:

(1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018.

(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.

**TABLE 1  
FY 2018-19 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 and Rural Development	\$102,888,100	\$313,900	\$102,574,200	\$11,695,200	\$0	\$101,800	\$37,072,000	\$53,705,200
Attorney General	102,028,900	30,386,400	71,642,500	9,628,500	0	0	21,907,200	40,106,800
Capital Outlay	0	0	0	0	0	0	0	0
Civil Rights	16,201,100	299,100	15,902,000	2,802,700	0	18,700	58,500	13,022,100
Community Colleges	405,015,500	0	405,015,500	0	0	0	405,015,500	0
Corrections	2,035,125,100	0	2,035,125,100	5,315,200	8,960,100	0	40,939,600	1,979,910,200
Education	357,107,300	0	357,107,300	255,366,800	5,852,800	2,035,800	8,668,200	85,183,700
Environmental Quality	494,588,000	3,143,700	491,444,300	160,225,400	0	1,061,700	283,210,700	46,946,500
Executive Office	6,980,100	0	6,980,100	0	0	0	0	6,980,100
Health and Human Services	25,240,354,300	13,813,700	25,226,540,600	17,955,593,700	123,112,900	148,409,900	2,456,898,500	4,542,525,600
Higher Education	1,658,932,600	0	1,658,932,600	113,026,400	0	0	385,688,300	1,160,217,900
Insurance and Financial Services	67,571,900	713,800	66,858,100	2,017,300	0	0	64,690,800	150,000
Judiciary	301,783,300	1,551,300	300,232,000	5,987,400	6,599,800	981,600	92,879,500	193,783,700
Legislative Auditor General	24,938,000	5,823,400	19,114,600	0	0	0	2,008,800	17,105,800
Legislature	157,281,800	0	157,281,800	0	0	400,000	4,394,300	152,487,500
Licensing and Regulatory Affairs	500,462,100	48,414,300	452,047,800	65,744,400	100,000	111,800	297,271,300	88,820,300
Military and Veterans Affairs	189,089,300	101,800	188,987,500	98,170,200	1,545,400	630,000	23,279,500	65,362,400
Natural Resources	436,705,300	232,200	436,473,100	81,731,600	0	7,431,400	299,965,800	47,344,300
School Aid	14,635,968,800	0	14,635,968,800	1,724,743,500	0	0	12,866,225,300	45,000,000
State	254,662,800	20,000,000	234,662,800	1,460,000	0	50,100	214,686,400	18,466,300
State Police	711,814,700	24,728,300	687,086,400	78,223,600	5,146,800	115,000	148,698,200	454,902,800
Talent and Economic Devel. (MSF)	1,118,945,600	0	1,118,945,600	762,645,800	500,000	5,621,700	183,432,300	166,745,800
Tech., Mgmt. & Budget: Operations	1,094,747,900	751,777,000	342,970,900	5,033,700	2,341,600	129,400	114,457,400	221,008,800
Tech., Mgmt. & Budget: SBA Rent	265,757,000	0	265,757,000	0	0	0	0	265,757,000
Transportation	4,705,089,900	4,092,500	4,700,997,400	1,318,271,700	50,532,000	900,000	3,156,293,700	175,000,000
Treasury: Operations	525,354,200	12,780,300	512,573,900	27,128,000	13,135,700	27,500	371,069,400	101,213,300
Treasury: Debt Service	107,580,000	0	107,580,000	0	0	0	0	107,580,000
Treasury: Revenue Sharing	1,298,609,300	0	1,298,609,300	0	0	0	1,298,609,300	0
<b>TOTAL APPROPRIATIONS</b>	<b>\$56,815,582,900</b>	<b>\$918,171,700</b>	<b>\$55,897,411,200</b>	<b>\$22,684,811,100</b>	<b>\$217,827,100</b>	<b>\$168,026,400</b>	<b>\$22,777,420,500</b>	<b>\$10,049,326,100</b>

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

OVERVIEW

**TABLE 2**  
**ADJUSTED GROSS APPROPRIATIONS**  
**FY 2018-19 and FY 2019-20 Executive Recommendation Compared with FY 2017-18 Year-to-Date**

<b>Department/Budget Area</b>	<b>Year-To-Date FY 2017-18</b>	<b>Exec. Rec. FY 2018-19</b>	<b>Difference FY 2018-19 vs. FY 2017-18</b>		<b>Exec. Rec. FY 2019-20</b>	<b>Difference FY 2019-20 vs. FY 2018-19</b>	
Agriculture and Rural Development	\$114,388,300	\$102,574,200	(\$11,814,100)	(10.3%)	\$102,574,200	\$0	0.0%
Attorney General	71,883,500	71,642,500	(241,000)	(0.3%)	71,642,500	0	0.0%
Capital Outlay	800	0	(800)	(100.0%)	0	0	--
Civil Rights	15,953,000	15,902,000	(51,000)	(0.3%)	15,902,000	0	0.0%
Community Colleges	399,326,500	405,015,500	5,689,000	1.4%	407,715,500	2,700,000	0.7%
Corrections	2,001,919,200	2,035,125,100	33,205,900	1.7%	2,023,497,400	(11,627,700)	(0.6%)
Education	352,181,200	357,107,300	4,926,100	1.4%	357,107,200	(100)	(0.0%)
Environmental Quality	548,404,700	491,444,300	(56,960,400)	(10.4%)	515,147,400	23,703,100	4.8%
Executive Office	6,848,500	6,980,100	131,600	1.9%	6,980,100	0	0.0%
Health and Human Services	25,495,662,900	25,226,540,600	(269,122,300)	(1.1%)	25,217,513,400	(9,027,200)	(0.0%)
Higher Education	1,629,224,400	1,658,932,600	29,708,200	1.8%	1,659,932,600	1,000,000	0.1%
Insurance and Financial Services	66,033,800	66,858,100	824,300	1.2%	66,858,100	0	0.0%
Judiciary	298,492,400	300,232,000	1,739,600	0.6%	300,316,400	84,400	0.0%
Legislative Auditor General	18,577,000	19,114,600	537,600	2.9%	19,114,600	0	0.0%
Legislature	155,274,800	157,281,800	2,007,000	1.3%	156,531,800	(750,000)	(0.5%)
Licensing and Regulatory Affairs	386,836,900	452,047,800	65,210,900	16.9%	452,047,800	0	0.0%
Military and Veterans Affairs	179,402,600	188,987,500	9,584,900	5.3%	188,987,500	0	0.0%
Natural Resources	409,761,300	436,473,100	26,711,800	6.5%	436,235,600	(237,500)	(0.1%)
School Aid	14,584,313,900	14,635,968,800	51,654,900	0.4%	14,630,585,700	(5,383,100)	(0.0%)
State	234,358,500	234,662,800	304,300	0.1%	234,662,800	0	0.0%
State Police	672,725,200	687,086,400	14,361,200	2.1%	690,539,000	3,452,600	0.5%
Talent and Economic Devel. (MSF)	1,179,421,800	1,118,945,600	(60,476,200)	(5.1%)	1,104,445,500	(14,500,100)	(1.3%)
Tech., Mgmt. & Budget: Operations	452,113,600	342,970,900	(109,142,700)	(24.1%)	342,550,800	(420,100)	(0.1%)
Tech., Mgmt. & Budget: SBA Rent	246,570,600	265,757,000	19,186,400	7.8%	265,757,000	0	0.0%
Transportation	4,345,403,700	4,700,997,400	355,593,700	8.2%	4,730,775,700	29,778,300	0.6%
Treasury: Operations	501,316,200	512,573,900	11,257,700	2.2%	512,573,800	(100)	(0.0%)
Treasury: Debt Service	107,580,000	107,580,000	0	0.0%	107,580,000	0	0.0%
Treasury: Revenue Sharing	1,278,215,000	1,298,609,300	20,394,300	1.6%	1,323,124,100	24,514,800	1.9%
<b>TOTAL</b>	<b>\$55,752,190,300</b>	<b>\$55,897,411,200</b>	<b>\$145,220,900</b>	<b>0.3%</b>	<b>\$55,940,698,500</b>	<b>\$43,287,300</b>	<b>0.1%</b>

**TABLE 3  
GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS  
FY 2018-19 and FY 2019-20 Executive Recommendation Compared with FY 2017-18 Year-to-Date**

<b>Department/Budget Area</b>	<b>Year-To-Date FY 2017-18</b>	<b>Exec. Rec. FY 2018-19</b>	<b>Difference FY 2018-19 vs. FY 2017-18</b>		<b>Exec. Rec. FY 2019-20</b>	<b>Difference FY 2019-20 vs. FY 2018-19</b>	
Agriculture and Rural Development	\$66,251,800	\$53,705,200	(\$12,546,600)	(18.9%)	\$53,705,200	\$0	0.0%
Attorney General	40,248,600	40,106,800	(141,800)	(0.4%)	40,106,800	0	0.0%
Capital Outlay	800	0	(800)	(100.0%)	0	0	--
Civil Rights	13,006,600	13,022,100	15,500	0.1%	13,022,100	0	0.0%
Community Colleges	1,025,000	0	(1,025,000)	(100.0%)	0	0	--
Corrections	1,946,633,600	1,979,910,200	33,276,600	1.7%	1,968,282,500	(11,627,700)	(0.6%)
Education	81,677,400	85,183,700	3,506,300	4.3%	85,183,700	0	0.0%
Environmental Quality	63,081,500	46,946,500	(16,135,000)	(25.6%)	46,946,500	0	0.0%
Executive Office	6,848,500	6,980,100	131,600	1.9%	6,980,100	0	0.0%
Health and Human Services	4,380,531,400	4,542,525,600	161,994,200	3.7%	4,649,998,500	107,472,900	2.4%
Higher Education	1,279,254,500	1,160,217,900	(119,036,600)	(9.3%)	1,160,217,900	0	0.0%
Insurance and Financial Services	150,000	150,000	0	0.0%	150,000	0	0.0%
Judiciary	192,574,400	193,783,700	1,209,300	0.6%	193,863,700	80,000	0.0%
Legislative Auditor General	16,607,600	17,105,800	498,200	3.0%	17,105,800	0	0.0%
Legislature	150,597,100	152,487,500	1,890,400	1.3%	151,737,500	(750,000)	(0.5%)
Licensing and Regulatory Affairs	44,416,600	88,820,300	44,403,700	100.0%	88,820,300	0	0.0%
Military and Veterans Affairs	62,567,500	65,362,400	2,794,900	4.5%	65,362,400	0	0.0%
Natural Resources	57,971,100	47,344,300	(10,626,800)	(18.3%)	47,306,800	(37,500)	(0.1%)
School Aid	215,000,000	45,000,000	(170,000,000)	(79.1%)	45,000,000	0	0.0%
State	24,139,000	18,466,300	(5,672,700)	(23.5%)	18,466,300	0	0.0%
State Police	439,601,700	454,902,800	15,301,100	3.5%	458,355,400	3,452,600	0.8%
Talent and Economic Devel. (MSF)	205,099,400	166,745,800	(38,353,600)	(18.7%)	152,245,800	(14,500,000)	(8.7%)
Tech., Mgmt. & Budget: Operations	333,284,600	221,008,800	(112,275,800)	(33.7%)	221,008,800	0	0.0%
Tech., Mgmt. & Budget: SBA Rent	246,570,600	265,757,000	19,186,400	7.8%	265,757,000	0	0.0%
Transportation	0	175,000,000	175,000,000	--	0	(175,000,000)	(100.0%)
Treasury: Operations	98,368,500	101,213,300	2,844,800	2.9%	101,213,300	0	0.0%
Treasury: Debt Service	107,580,000	107,580,000	0	0.0%	107,580,000	0	0.0%
Treasury: Revenue Sharing	8,379,100	0	(8,379,100)	(100.0%)	0	0	--
<b>TOTAL</b>	<b>\$10,081,466,900</b>	<b>\$10,049,326,100</b>	<b>(\$32,140,800)</b>	<b>(0.3%)</b>	<b>\$9,958,416,400</b>	<b>(\$90,909,700)</b>	<b>(0.9%)</b>

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

<u>Department/Budget Area</u>	<u>Exec. Rec. FY 2018-19 GF/GP</u>
Corrections	\$11,627,700
Health and Human Services	9,027,100
Legislature	750,000
Natural Resources	37,500
State Police	6,670,000
Talent and Economic Devel. (MSF)	14,500,000
Transportation	175,000,000
<b>TOTAL: ONE-TIME APPROPRIATIONS</b>	<b>\$217,612,300</b>
Budget Stabilization Fund Deposit	0
<b>TOTAL: ONE-TIME APPROPRIATION AND DEPOSITS</b>	<b>\$217,612,300</b>



**TABLE 5**  
**FULL-TIME EQUATED (FTE) POSITIONS\***  
**FY 2018-19 Executive Recommendation Compared with FY 2017-18 Year-to-Date**

<u>Department/Budget Area</u>	<u>Year-To-Date FY 2017-18</u>	<u>Executive Recommendation FY 2018-19</u>	<u>Difference FY 2018-19 vs. FY 2017-18</u>	
Agriculture and Rural Development	499.5	506.0	6.5	1.3%
Attorney General	536.0	536.0	0.0	0.0%
Capital Outlay	0.0	0.0	0.0	--
Civil Rights	116.0	116.0	0.0	0.0%
Community Colleges	0.0	0.0	0.0	--
Corrections	13,819.9	13,967.2	147.3	1.1%
Education	609.5	620.5	11.0	1.8%
Environmental Quality	1,252.0	1,263.0	11.0	0.9%
Executive Office	89.2	89.2	0.0	0.0%
Health and Human Services	15,626.5	15,618.7	(7.8)	(0.0%)
Higher Education	0.0	0.0	0.0	--
Insurance and Financial Services	342.5	342.5	0.0	0.0%
Judiciary	501.0	490.0	(11.0)	(2.2%)
Legislative Auditor General	0.0	0.0	0.0	--
Legislature	0.0	0.0	0.0	--
Licensing and Regulatory Affairs	2,379.8	2,379.8	0.0	0.0%
Military and Veterans Affairs	913.5	913.5	0.0	0.0%
Natural Resources	2,267.8	2,333.3	65.5	2.9%
School Aid	0.0	0.0	0.0	--
State	1,592.0	1,592.0	0.0	0.0%
State Police	3,441.0	3,493.0	52.0	1.5%
Talent and Economic Devel. (MSF)	1,453.0	1,456.0	3.0	0.2%
Tech., Mgmt. and Budget: Operations	2,943.0	3,122.0	179.0	6.1%
Tech., Mgmt. and Budget: SBA Rent	0.0	0.0	0.0	--
Transportation	2,826.3	2,826.3	0.0	0.0%
Treasury: Operations	1,862.5	1,870.5	8.0	0.4%
Treasury: Debt Service	0.0	0.0	0.0	--
Treasury: Revenue Sharing	0.0	0.0	0.0	--
<b>TOTAL FTE APPROPRIATIONS</b>	<b>53,071.0</b>	<b>53,535.5</b>	<b>464.5</b>	<b>0.9%</b>

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

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

<b>FY 2018-19 Executive Recommendation</b>			
<u>Department/Budget Area</u>	<u>Spending from State Sources</u>	<u>State Spending to Local Government Units</u>	<u>% of State Spending from State Sources as Payment to Locals</u>
Agriculture and Rural Development	\$90,777,200	\$6,350,000	7.0%
Attorney General	62,014,000	0	0.0%
Capital Outlay	0	0	--
Civil Rights	13,080,600	0	0.0%
Community Colleges	405,015,500	405,015,500	100.0%
Corrections	2,020,849,800	115,868,600	5.7%
Education	93,851,900	13,567,700	14.5%
Environmental Quality	330,157,200	24,581,000	7.4%
Executive Office	6,980,100	0	0.0%
Health and Human Services	6,999,424,100	1,466,684,500	21.0%
Higher Education	1,545,906,200	0	0.0%
Insurance and Financial Services	64,840,800	0	0.0%
Judiciary	286,663,200	147,443,700	51.4%
Legislative Auditor General	19,114,600	0	0.0%
Legislature	156,881,800	0	0.0%
Licensing and Regulatory Affairs	386,091,600	87,951,800	22.8%
Military and Veterans Affairs	88,641,900	142,400	0.2%
Natural Resources	347,310,100	7,712,700	2.2%
School Aid	12,911,225,300	12,733,596,100	98.6%
State	233,152,700	1,129,000	0.5%
State Police	603,601,000	14,231,300	2.4%
Talent and Economic Devel. (MSF)	350,178,100	32,400,000	9.3%
Tech., Mgmt. and Budget: Operations	335,466,200	0	0.0%
Tech., Mgmt. and Budget: SBA Rent	265,757,000	0	0.0%
Transportation	3,331,293,700	1,960,123,900	58.8%
Treasury: Operations	472,282,700	161,949,700	34.3%
Treasury: Debt Service	107,580,000	0	0.0%
Treasury: Revenue Sharing	1,298,609,300	1,298,609,300	100.0%
<b>TOTALS APPROPRIATED</b>	<b>\$32,826,746,600</b>	<b>\$18,477,357,200</b>	<b>56.3%</b>

## EXECUTIVE FEE PROPOSAL

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<u>Department/Budget Area</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Current Revenue Collected</u>	<u>Additional Revenue Generated with Fee Increase</u>	<u>Estimated Total Revenue</u>
Environmental Quality					
• Solid Waste Tipping Fee	\$0.36/ton	\$4.75/ton	\$6.0 million	\$73.0 million	\$79.0 million



**FY 2018-19**

**Budget Detail**

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**Summary: Executive Budget Recommendation  
for Fiscal Year 2017-18  
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

**Analyst: William E. Hamilton**

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	%
IDG/IDT	\$310,300	\$313,900	\$3,600	1.2
<b>Federal</b>	11,373,900	11,695,200	321,300	2.8
<b>Local</b>	0	0	0	--
<b>Private</b>	101,600	101,800	200	0.2
<b>Restricted</b>	36,661,000	37,072,000	411,000	1.1
<b>GF/GP</b>	66,251,800	53,705,200	(12,546,600)	(18.9)
<b>Gross</b>	<b>\$114,698,600</b>	<b>\$102,888,100</b>	<b>(\$11,810,500)</b>	<b>(10.3)</b>
<b>FTEs</b>	499.5	506.5	7.0	1.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Michigan Department of Agriculture and Rural Development's (MDARD) 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, consumer protection, and promoting the state's agricultural economy.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Food and Dairy – Milk Safety Quality Assurance</b>	FTE	31.0	5.0
Increase of \$780,000 GF/GP with 5.0 additional FTE positions in dairy inspection program reflects increased workload due to increase in dairy production and processing in Michigan. This program is necessary to ensure compliance with the Pasteurized Milk Ordinance. Funding increase is provided from various GF/GP reductions within budget, as described below.	<b>Gross</b>	<b>\$4,510,300</b>	<b>\$780,000</b>
	Federal	111,300	0
	Restricted	219,700	0
	GF/GP	\$4,179,300	\$780,000
<b>2. Executive Direction – Office of Organizational Innovation</b>	FTE	20.0	0.0
Increase of \$307,100 GF/GP would support two data management staff positions currently working in the department's Office of Organizational Innovation. These positions have been cross-funded through the Information Technology Investment Fund in the DTMB budget. Funding increase is provided from various GF/GP reductions within budget, as described below.	<b>Gross</b>	<b>\$2,216,900</b>	<b>\$307,100</b>
	Restricted	54,300	0
	GF/GP	\$2,162,600	\$307,100
<b>3. Laboratory Services – Federal Grant for ISO/Genome Sequencer</b>	FTE	42.0	0.0
Recognizes increase in anticipated federal Food and Drug Administration grants for specialized lab equipment. The department anticipates requesting an increase in federal spending authority in the current year as well.	<b>Gross</b>	<b>\$6,829,000</b>	<b>\$300,000</b>
	IDG	218,600	0
	Federal	800,100	300,000
	Restricted	1,272,300	0
	GF/GP	\$4,538,000	\$0
<b>4. Food and Dairy – Food Safety Quality Assurance</b>	FTE	94.0	2.0
Eliminates \$150,000 GF/GP that was added to current year budget for program related to proper management of draft beer delivery systems. Reduces baseline GF/GP support by \$250,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs, including education and outreach programs related to the federal Food Safety Modernization Act (FSMA).	<b>Gross</b>	<b>\$16,798,400</b>	<b>(\$400,000)</b>
	Federal	2,326,500	0
	Restricted	5,510,000	0
	GF/GP	\$8,961,900	(\$400,000)

Budget also increases authorized FTE positions to reflect program staffing.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>5. Environmental Stewardship/MAEAP</b>	FTE 25.0	0.0
Reduces GF/GP support by \$100,000. The department indicates this reduction will not affect program activities; restricted funding in the line is sufficient to fully support programs.	<b>Gross \$10,236,600</b>	<b>(\$100,000)</b>
	Federal 1,477,300	0
	Restricted 7,689,500	0
	GF/GP \$1,069,800	(\$100,000)
<b>6. Farmland and Open Space Preservation</b>	FTE 10.0	0.0
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. Budget would reduce GF/GP support by \$99,900. The department indicates that a backlog in processing applications will soon be cleared allowing for a reduction in temporary employees.	<b>Gross \$1,623,100</b>	<b>(\$99,900)</b>
	Restricted 1,410,600	0
	GF/GP \$212,500	(\$99,900)
<b>7. Qualified Forest Program</b>	FTE 9.0	0.0
Reduces GF/GP support by \$130,000.	<b>Gross \$2,697,300</b>	<b>(\$130,000)</b>
	Restricted 480,200	0
	GF/GP \$2,217,100	(\$130,000)
<b>8. Pesticide and Plant Pest Management (PPPM)</b>	FTE 88.0	0.0
Reduction in GF/GP support is offset by anticipated increase in restricted Fertilizer Control Fund revenue.	<b>Gross \$14,073,800</b>	<b>\$0</b>
	Federal 1,678,500	0
	Private 21,100	0
	Restricted 6,548,400	200,000
	GF/GP \$5,825,800	(\$200,000)
<b>9. Food and Agriculture Investment Program</b>	<b>Gross \$4,743,900</b>	<b>(\$1,443,900)</b>
Includes \$3.3 million GF/GP for grant program, a reduction of \$1.4 million from current year.	GF/GP \$4,743,900	(\$1,443,900)
<b>10. County Fairs, Shows, Expositions Grants</b>	<b>Gross \$649,300</b>	<b>(\$249,300)</b>
Includes \$400,000 GF/GP for program that provides matching capital grants to eligible county fairs, shows, and expositions, a reduction of \$249,300 from current year.	GF/GP \$649,300	(\$249,300)
<b>11. Elimination of One-Time Funding</b>	<b>Gross \$11,750,100</b>	<b>(\$11,750,100)</b>
Eliminates \$11.6 million GF/GP for the following projects or programs identified in the current year budget as one-time: Enhanced Wildlife Risk Management, \$1.0 million; Intercounty drain mapping project, \$250,000; Michigan State University/Agriculture Industry Research and Development, \$8.4 million; Food Bank Council of Michigan quick freeze facility, \$2.0 million; Albion campground development grant, \$100,000. Also eliminates \$100 placeholder related to Drinking water declaration of emergency.	Restricted 100	(100)
	GF/GP \$11,750,000	(\$11,750,000)
<b>12. Technical and Revenue Adjustments</b>	<b>Gross NA</b>	<b>(\$86,300)</b>
Includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources.	Federal NA	(37,800)
	IDG NA	0
	Restricted NA	(48,500)
	GF/GP NA	\$0
<b>13. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$1,061,900</b>
Reflects increased costs of \$1.1 million Gross (\$739,400 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	3,600
	Private NA	200
	Federal NA	59,100
	Restricted NA	259,600
	GF/GP NA	\$739,400

**Major Boilerplate Changes From FY 2017-18**

**Sec. 215. Communication with the Legislature – DELETED**

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature.

**Sec. 234. Record Retention – DELETED**

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 403. FSMA Program – DELETED**

Indicates legislative intent that the department established FSMA education and training program; section also authorizes use of federal funds in addition to those appropriated in Part 1.

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

Requires department to 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**

Requires specific appropriation for indemnification payments that exceed \$100,000; specific reporting requirements related to indemnification payments.

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

Specific reporting requirements related to Bovine TB program.

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

Section describes legislative intent that 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. 461. Bovine TB Risk Mitigation – DELETED**

Describes the Bovine TB risk mitigation program; establishes \$20,000 earmark for apiary protection program. The department indicates that grant funding under this program has been completed.

**Sec. 652. Laboratory Program Turnaround Times – DELETED**

Deletes section that established laboratory turnaround time metrics.

**Sec. 702. Rural Development Fund/Program – DELETED**

Section that directs department to work with Rural Development Fund Board.

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

Current specific reporting requirement would be included as part of the Agriculture Development Division Annual report required under Section 706.

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

Requires MGCB to use actual expenditure data in determining regulatory costs.



# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 CAPITAL OUTLAY



Analyst: Ben Gielczyk

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	800	0	(800)	(100.0)
<b>Gross</b>	<b>\$800</b>	<b>\$0</b>	<b>(\$800)</b>	<b>(100.0)</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

Capital Outlay is the budgetary and administrative functions devoted to planning and financing the acquisition, construction, renovation, and maintenance of facilities used by state agencies, public universities, and community colleges.

## Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations

No planning or construction authorizations included in the FY 2018-19 Executive Recommendation.

## Major Boilerplate Changes From FY 2017-18

No major boilerplate changes recommended for FY 2018-19.

## Supplemental Recommendations for FY 2017-18 Appropriations

### **1. State Capitol Restoration/Infrastructure Upgrade Project**

Includes \$70.0 million GF/GP to reflect costs associated with the state share (100%) of the project. Appropriation of the funds in FY 2017-18 would prevent the state from needing to bond for the project costs and incurring interest and issuance costs that would otherwise be paid. Total GF/GP appropriations would be increased from \$100 placeholder to \$70,009,400.

	FY 2017-18 Recommendation
<b>Gross</b>	<b>\$70,009,300</b>
GF/GP	\$70,009,300

### **2. Grand Rapids and Detroit Veterans Home Projects**

Includes \$42.1 million GF/GP to reflect costs associated with the state share of the project. Overall project costs remain at \$108.1 million; state share is \$42.1 million; and federal share is \$66.0 million. Appropriation of the funds in FY 2017-18 would prevent the state from needing to bond for the project costs and incurring interest and issuance costs that would otherwise be paid. Total GF/GP appropriations would be increased from \$100 to \$42,081,000. Total project costs would remain at \$108,049,000 when the \$65,968,000 in Federal funds are included.

<b>Gross</b>	<b>\$42,080,900</b>
GF/GP	\$42,080,900

**Summary: Executive Budget Recommendation  
for Fiscal Year 2017-18  
COMMUNITY COLLEGES**

**Analyst: Perry Zielak**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	398,301,500	405,015,500	6,714,000	1.7
GF/GP	1,025,000	0	(1,025,000)	(100.0)
<b>Gross</b>	<b>\$399,326,500</b>	<b>\$405,015,500</b>	<b>\$5,689,000</b>	<b>1.4</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Community Colleges budget supports the 28 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 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.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Michigan Public School Employee Retirement System (MPERS)</b>	<b>Gross</b>	<b>\$70,805,000</b>	<b>\$4,495,000</b>
Increases funding by \$4.5 million SAF for MPERS. This includes a reduction of \$3.2 million SAF for the state's share of colleges' unfunded liability to MPERS and a \$7.7 million SAF increase to cover the second year of a two-year phase in to reduce the assumed rate of return for MPERS from 8% to 7.5%. The 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 the state share of MPERS would be \$75.3 million SAF.	Restricted	70,805,000	4,495,000
	GF/GP	\$0	\$0
<b>2. MPERS Normal Cost Offset</b>	<b>Gross</b>	<b>\$3,612,000</b>	<b>\$2,819,000</b>
Increases funding by \$2.8 million SAF to reimburse community colleges for their normal cost portion for the second year of a two-year phase in to reduce the assumed rate of return for MPERS from 8% to 7.5%. The total funding for MPERS normal cost offset would be \$6.4 million.	Restricted	3,612,000	2,819,000
	GF/GP	\$0	\$0
<b>3. Renaissance Zone Reimbursement Costs</b>	<b>Gross</b>	<b>\$3,100,000</b>	<b>(\$600,000)</b>
Reduces funding for Renaissance Zone reimbursements to community colleges by \$600,000 SAF. Estimated reimbursement payments required by statute have decreased due to Personal Property Tax reforms. Total funding for reimbursements would be \$2.5 million SAF.	Restricted	3,100,000	(600,000)
	GF/GP	\$0	\$0
<b>4. Removal of One-Time Funding</b>	<b>Gross</b>	<b>\$1,025,000</b>	<b>(\$1,025,000)</b>
Eliminates \$1.0 million GF/GP of one-time funding for the Michigan Transfer Network.	GF/GP	\$1,025,000	(\$1,025,000)

**Major Boilerplate Changes From FY 2017-18**

**Sec. 206. Community Colleges Activities Classification Structure (ACS) Data – REVISED**

Changes name of data collection entity from Activities Classification Structure to the Michigan Community Colleges Data Inventory. Deletes requirement that the State Budget Director notify the legislature before withholding funds from community colleges that fail to comply with requirements.

**Sec. 208. Self-Liquidating Projects – DELETED**

Prohibits colleges from using state funds for construction or maintenance of self-liquidating projects. Requires colleges to comply with Joint Capital Outlay Subcommittee (JCOS) use and finance policy for any capital outlay project. Subjects colleges that fail to comply with a penalty of 1% of the operations funding for each violation.

**Sec. 209. Community College Transparency – REVISED**

Changes formal name of community colleges database to Michigan Community College Data Inventory. Deletes a provision authorizing state budget director to withhold payment from a college that failed to comply with the reporting requirements.

**Sec. 210b. Articulation Agreements and Academic Partnerships Reporting – NEW**

Requires that the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

**Sec. 212. Cost Containment Initiatives – DELETED**

Encourages colleges to evaluate and pursue efficiency and cost-containment measures, including joint ventures, consolidating services, program collaboration, increasing web-based instruction, improving energy efficiency, eliminating low-volume/high-cost instructional programs, self-insurance and group purchasing.

**Sec. 225. Tuition Rate Reports – REVISED**

Deletes language that requires community colleges to include the annual cost of attendance based on 30 credits.

**Sec. 226. Degrees Awarded by Colleges – REVISED**

Changes reporting deadline from November 15 to October 15.

**Sec. 227. Community College Automobile Purchases – DELETED**

Forbids lease or purchase of foreign-made vehicles if vehicles made in Michigan or elsewhere in the U.S. are competitively priced and of comparable quality.

**Sec. 228. Communication with the Legislature – DELETED**

Forbids a community college from taking disciplinary action against an employee for communicating with the legislature.

## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF CORRECTIONS

Analyst: Robin R. Risko

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	5,293,800	5,315,200	21,400	0.4
Local	8,842,400	8,960,100	117,700	1.3
Private	0	0	0	--
Restricted	41,149,400	40,939,600	(209,800)	(0.5)
GF/GP	1,946,633,600	1,979,910,200	33,276,600	1.7
<b>Gross</b>	<b>\$2,001,919,200</b>	<b>\$2,035,125,100</b>	<b>\$33,205,900</b>	<b>1.7</b>
FTEs	13,819.9	13,967.2	147.3	1.1

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. Also, the department is 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, 2018, the department was responsible for 98,782 Michigan offenders: 39,407 prisoners, 44,147 probationers, and 15,228 parolees.

### Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations

#### 1. West Shoreline Correctional Facility Closure

Reflects a savings of \$18.9 million Gross (\$18.8 million GF/GP) and a reduction of 212.7 FTE positions due to closure of the West Shoreline Correctional Facility. Net savings will be achieved from a combination of the following: eliminating \$21.3 million in funding used for operation of the facility; reducing funding for education programs by \$501,700; reducing funding for clinical and mental health care by \$1.4 million; reducing funding for prison store operations by \$92,000; and increasing funding by \$4.3 million to cover costs of re-opening closed housing units at four other correctional facilities to accommodate the 1,264 prisoners coming from West Shoreline. The closure will impact 164 active employees.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
FTE	212.7	(212.7)
<b>Gross</b>	<b>\$18,924,700</b>	<b>(\$18,924,700)</b>
Restricted	92,000	(92,000)
GF/GP	\$18,832,700	(\$18,832,700)

#### 2. Prison Food Service

Includes \$13.7 million GF/GP and authorization for 352.0 FTE positions to change over operation of prison food service from a private provider to state employees. Roughly \$6.6 million of the increase is attributed to legacy costs. Out-sourcing of prison food service began in December 2013, with Aramark providing the service. The contract with Aramark was terminated and a new contract with Trinity began in July 2015. The current contract with Trinity will expire at the end of July 2018. According to the department, staffing vacancies, food substitutions, food service delays, sanitation issues, and prisoner grievances have been major issues with both contractors.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
FTE	0.0	352.0
<b>Gross</b>	<b>\$57,163,500</b>	<b>\$13,667,100</b>
GF/GP	\$57,163,500	\$13,667,100

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>3. One-Time Funding for Training of New Custody Staff</b>	<b>Gross</b>	<b>NA</b>
Includes \$9.2 million in one-time GF/GP funding to train an additional 359 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.) On average, 50 custody staff retire each month. With the additional funding added to the FY 2017-18 base of \$9.4 million, the department will be able to train roughly 730 new officers in FY 2018-19.	GF/GP	NA
		<b>\$9,227,700</b>
		\$9,227,700
<b>4. Program Eliminations</b>	<b>Gross</b>	<b>\$6,015,000</b>
Reflects a savings of \$6.0 million GF/GP due to the following program eliminations:	GF/GP	\$6,015,000
<ul style="list-style-type: none"> <li>• Goodwill Flip the Script Program (\$1.5 million) – funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison.</li> <li>• Substance Abuse Parole Certain Sanction Program (\$1.4 million) – funding was first included in the FY 2015-16 budget for distribution to accredited rehabilitation organizations offering services to parole violators.</li> <li>• Supervising Region Incentive Program (\$1.0 million) – funding was first included in the FY 2016-17 budget to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction.</li> <li>• Future Facility and Staff Transition Costs (\$1.0 million) – funding was first included in the FY 2016-17 budget to cover staff transition costs when a new correctional facility came online.</li> <li>• Online High School Equivalency Pilot Program (\$1.0 million) – funding was first included in the FY 2017-18 budget to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas.</li> <li>• Federally Qualified Health Center Pilot Program (\$75,000) – funding was first included in the FY 2017-18 budget for the department to work with the organization that represents federally qualified health centers to implement a pilot project to ensure that behavioral and physical health needs of parolees and probationers are met.</li> </ul>		<b>(\$6,015,000)</b>
		(\$6,015,000)
<b>5. Removal of One-Time Funding</b>	<b>Gross</b>	<b>\$4,359,000</b>
Eliminates one-time funding that was included in the FY 2017-18 budget that was appropriated for training new custody staff.	GF/GP	\$4,359,000
		<b>(\$4,359,000)</b>
		(\$4,359,000)
<b>6. Higher Custody Level Programming</b>	<b>Gross</b>	<b>NA</b>
Includes \$4.0 million GF/GP (\$2.4 million one-time; \$1.6 million ongoing) to expand access to programming to higher security level prisoners (i.e., Level IV, Level V, and Administrative Segregation prisoners). The department manages over 9,000 prison beds in higher custody level settings within 76 housing units located at 18 different facilities. Currently, access to programming for these prisoners is very limited and primarily focused on behavior. Through the use of tablet computers, programming will be aimed at improving education, skill level, and behavior.	GF/GP	NA
		<b>\$4,000,000</b>
		\$4,000,000
<b>7. Health Care Recruitment and Retention</b>	<b>Gross</b>	<b>NA</b>
Includes \$3.8 million GF/GP for recruitment and retention of health care professionals, specifically, dentists, registered nurses, and qualified mental health professionals. Civil Service changed classifications and adjusted pay levels for certain medical and psychiatric positions, which requires additional funding. Also, the Bureau of Health Care Services within the department proposes offering a \$5,000 signing bonus to registered nurse candidates per the UAW contract, and increasing base pay for dentists by 20% pursuant to Civil Service rules.	GF/GP	NA
		<b>\$3,762,400</b>
		\$3,762,400

**CORRECTIONS**

<b><u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u></b>	<b><u>FY 2017-18 YTD (as of 2/7/18)</u></b>		<b><u>Executive Change from YTD</u></b>
<b>8. Corizon Contract Adjustment</b> Includes \$2.5 million GF/GP to cover costs of required inflationary adjustments. The contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals.	<b>Gross</b>	<b>\$71,636,400</b>	<b>\$2,458,900</b>
	GF/GP	\$71,636,400	\$2,458,900
<b>9. Offenders with Special Needs Contract – Volume Adjustment</b> Includes \$1.6 million GF/GP to support increased caseload and associated costs for reentry services for high-risk parolees with special needs. The number of these offenders referred for these services by the Parole Board has increased from 680 cases to 839 cases resulting in increased costs to the department.	<b>Gross</b>	<b>NA</b>	<b>\$1,648,700</b>
	GF/GP	NA	\$1,648,700
<b>10. Prisoner Reentry Services Contracts with Local Service Providers</b> Includes \$1.3 million GF/GP to support increased caseload and increased costs for reentry services provided by local service providers for parolees (i.e., housing and job placement, health and behavioral health, and social support services).	<b>Gross</b>	<b>\$13,208,600</b>	<b>\$1,291,400</b>
	GF/GP	\$13,208,600	\$1,291,400
<b>11. Probation Residential Services</b> Includes \$850,000 GF/GP to support increased demand for probation residential services (i.e., cognitive behavioral therapy, substance abuse, employment, medical, case management, and temporary housing). Emphasis placed on use of community-based sanctions and services for the probation population has resulted in increased demand for services and associated increased costs.	<b>Gross</b>	<b>\$15,475,500</b>	<b>\$850,000</b>
	GF/GP	\$15,475,500	\$850,000
<b>12. Sewer Treatment Rate Increase</b> Includes \$184,300 GF/GP to cover the cost of a sewage rate increase at the Gus Harrison Correctional Facility. The 75.9% rate increase was initiated by Madison Township in Lenawee County.	<b>Gross</b>	<b>NA</b>	<b>\$184,300</b>
	GF/GP	NA	\$184,300
<b>13. Economic Adjustments</b> Reflects increased costs of \$25.7 million Gross (\$25.4 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), insurance rate increases, actuarially required retirement contributions, worker’s compensation, building occupancy charges, and fuel and utilities.	<b>Gross</b>	<b>NA</b>	<b>\$25,692,100</b>
	Federal	NA	21,400
	Local	NA	117,700
	Restricted	NA	160,200
	GF/GP	NA	\$25,392,800

**Major Boilerplate Changes From FY 2017-18**

**GENERAL SECTIONS**

**Sec. 206. Disciplinary Action Against State Employees and Prisoners – DELETED**

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

**Sec. 216. FTE Positions and Long-Term Vacancies – DELETED**

Requires MDOC to report on number of FTE positions in pay status by civil service classification, to include an accounting of long-term vacancies.

**Sec. 217. Receipt and Retention of Required Reports – DELETED**

Requires MDOC to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes MDOC to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 239. Management-to-Staff Ratio – DELETED**

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at central office in Lansing and at northern and southern region administration offices.

**Sec. 248. Consensus Revenue Estimating Conference (CREC) – DELETED**

Requires Senate and House Fiscal Agencies and State Budget Director, or State Treasurer, to establish a projected prisoner population, and a projected number of available beds based on prisoner population, at May 2018 CREC.

**DEPARTMENTAL ADMINISTRATION AND SUPPORT**

**Sec. 308. Mental Health Awareness Training – DELETED**

Requires MDOC to provide training for all custody staff who handle prisoners with mental illness; requires mental health awareness training to be incorporated into training of new custody staff.

**Major Boilerplate Changes From FY 2017-18**

***Sec. 309. Maintenance and Utility Costs at Facilities – DELETED***

Requires MDOC to report on maintenance and utility costs and plans for capital improvement costs for each correctional facility.

***Sec. 310. Strategic Plan Reporting – DELETED***

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development.

**OFFENDER SUCCESS ADMINISTRATION**

***Sec. 405. Substance Abuse Testing and Treatment – DELETED***

Requires MDOC to report on substance abuse testing and treatment program objectives, outcome measures, and results, including impact on offender success and programmatic success.

***Sec. 406. Federally Qualified Health Centers (FQHCs) – DELETED***

Requires MDOC to work with the organization representing federally qualified health centers to implement a pilot project to ensure behavioral and physical health needs of parolees and probationers are met; requires pilot project to position FQHCs to ensure parolees and probationers are enrolled in and maintain access to benefits they qualify for, are linked to health care services they need, follow up with providers, stay on medications, are engaged in services, and have barriers to care addressed; requires MDOC to make necessary accommodations to perform transition planning to allow for a direct referral to FQHC organization to patients in relevant areas; authorizes FQHCs to submit annual reports.

***Sec. 411. Community Corrections Comprehensive Plans – DELETED***

Establishes further requirements for community corrections comprehensive plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies.

***Sec. 412. Community Corrections Biannual Report – DELETED***

Specifies details to be included in biannual report required by Community Corrections Act, 1988 PA 511 (e.g., levels of funding, program utilization levels, profile information of offenders, data on residential services, offender disposition data).

***Sec. 413. Community Corrections and Jail Data – DELETED***

Requires development of certain databases on local correctional trends and jail utilization; requires county cooperation in providing necessary jail data.

***Sec. 417. Reports on Community Programs – DELETED***

Requires MDOC to report on program expenditures, program details, and program impacts and results for County Jail Reimbursement Program, Felony Drunk Driver Jail Reduction and Community Treatment Program, and any new initiatives aimed at controlling prison population growth.

***Sec. 419.(1) Offender Data Reports – DELETED***

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security level by facility, prison facility capacities, and parolee and probationer populations.

***Sec. 421. Substance Abuse Parole Certain Sanction Program – DELETED***

Requires MDOC to distribute funding to accredited rehabilitation organizations in Berrien, Calhoun, Genesee, Kalamazoo, Kent, Macomb, Muskegon, Oakland, Saginaw, and Wayne Counties for operation and administration of a pilot program to be utilized as a condition of parole for technical parole violators; requires reports from organizations on program performance measures, number of individuals participating in programs, number of individuals returning to prison after participating in programs, and outcomes of participants completing programs.

***Sec. 437. Goodwill Flip the Script – DELETED***

Requires MDOC to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-39 with education, job training, and mentoring in an effort to keep them out of prison; requires program to target individuals entering criminal justice system for first or second time; requires report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing program.

**FIELD OPERATIONS ADMINISTRATION**

***Sec. 601. Parole and Probation Agent Caseload Audits – DELETED***

Requires caseload audits of field agents to evaluate public protection issues and assess agents' abilities to complete their professional duties.

***Sec. 602. Supervising Region Incentive Program – DELETED***

Requires funding for supervising region incentive program to be used to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction.

CORRECTIONS

**Major Boilerplate Changes From FY 2017-18**

**Sec. 604.(2) Criminal Justice Reinvestment – DELETED**

Allocates \$600,000 to an organization that provides programming and job training services to county jail inmates to prepare them for employment upon release from jail.

**Sec. 611. Annual Program Reports – DELETED**

Specifies content to be included in reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs).

**Sec. 612. Violators of Parole and Probation – DELETED**

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires report on number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, number of offenders who participated in substance abuse treatment programs, mental health programs, or both.

**HEALTH CARE**

**Sec. 802. Health Care Timeliness and Expenditures – DELETED**

Requires MDOC to report on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment.

**Sec. 803. Standard Medical Release Form – DELETED**

Requires MDOC to give all prisoners the opportunity to sign a medical release of information form, effective for one year, designating a family member or other individual to whom MDOC is authorized to release information; requires MDOC to assure forms follow prisoners if and when they are transferred to other facilities or released from prison.

**Sec. 812. Medicaid Utilization by Prisoners – DELETED**

Requires MDOC and DHHS to exchange information regarding newly-committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires report on utilization of Medicaid benefits for prisoners.

**Sec. 816. Pharmaceutical Expenditures – DELETED**

Requires MDOC to report on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies.

**CORRECTIONAL FACILITIES ADMINISTRATION**

**Sec. 902. Future Facility Staff Transition – DELETED**

Requires appropriation to be used for staff transition costs.

**Sec. 904. Cost Per Prisoner Per Day – DELETED**

Requires MDOC to report on per prisoner/per day costs for each prisoner security custody level, including actual direct and indirect costs, and allocation of statewide legacy costs.

**Sec. 905. Leased Beds and Alternatives to Leased Beds – DELETED**

Authorizes MDOC to implement a county jail bed program to house eligible prisoners in county jails rather than in state correctional facilities; authorizes counties to volunteer to participate in the program; specifies criteria that prisoners must meet in order to be eligible to participate in the program.

**Sec. 908. Online Career High School Education Program – DELETED**

Requires MDOC to establish an online career high school education pilot program to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas; requires school district chosen for pilot program to be paid a specified amount per prisoner per course successfully completed; authorizes MDOC to use federal funds to expand the program beyond 400 prisoners; requires MDOC to report on progress of prisoners in the program.

**Sec. 913.(2) Enrollment in and Completion of Various Programming – DELETED**

Expresses legislative intent that prisoners who are required to complete sex offender, assaultive offender, violent offender, and Thinking for Change programming as a condition of parole be transferred to facilities where programming is available.

**Sec. 937. Competitive Bidding – DELETED**

Prohibits MDOC from issuing a RFP for a contract in excess of \$5.0 million unless MDOC has first considered a request for information (RFI) or a request for qualification (RFQ) relative to the contract.

**Sec. 940. Use of State-Owned Facilities – DELETED**

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



**Major Boilerplate Changes From FY 2017-18**

***Sec. 942. Auditor General and Corrections Ombudsman Access to Contracted Facilities – DELETED***

Requires any contract with a third-party to operate a facility to house Michigan prisoners to include a provision allowing access to facility and appropriate records by Auditor General and Legislative Corrections Ombudsman.

***Sec. 943. Savings from Prison Closures – DELETED***

Requires MDOC to report on actual and projected savings achieved by closing correctional facilities, starting with closure of Pugsley Correctional Facility.

***Sec. 944. Economic Impact of Prison Closures – DELETED***

Requires MDOC to consider potential economic impact of prison closure on community where facility is located.

***Sec. 945. Notice on Intent to Renew or Rebid Food Service Contract – DELETED***

Requires MDOC to provide notice to legislature and fiscal agencies of its intent to renew or rebid prisoner food service contract.

***Sec. 1011. Religious Cable Programming – DELETED***

Authorizes MDOC to accept in-kind services and equipment donations to facilitate addition of a cable network that provides religious programming for prisoners; prohibits addition of channels from costing the state.

***Sec. 1013. Faith-Based Reentry Programs – DELETED***

Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives.

***Sec. 1201. Anticipated FY 2018-19 Appropriations – DELETED***

Expresses legislative intent that FY 2018-19 appropriations will be funded at same level as FY 2017-18 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF EDUCATION**

**Analyst: Samuel Christensen**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
<b>Federal</b>	254,084,700	255,366,800	1,282,100	0.5
<b>Local</b>	5,817,200	5,852,800	35,600	0.6
<b>Private</b>	2,034,300	2,035,800	1,500	0.1
<b>Restricted</b>	8,567,600	8,668,200	100,600	1.2
<b>GF/GP</b>	81,677,400	85,183,700	3,506,300	4.3
<b>Gross</b>	<b>\$352,181,200</b>	<b>\$357,107,300</b>	<b>\$4,926,100</b>	<b>1.4</b>
<b>FTEs</b>	609.5	620.5	11.0	1.8

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. State Reform Office to MDE: Partnership District Support Operations</b>	FTE	4.0	9.0
Provides \$2.9 million GF/GP and 9.0 FTEs to Partnership District Support Operations for the transfer of the State Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support will be responsible for supporting existing partnership districts as partnership liaisons, as well as data analysis, financial management, and office management for school reform efforts.	<b>Gross</b>	<b>\$641,800</b>	<b>\$2,853,400</b>
	GF/GP	\$641,800	\$2,853,400
<b>2. State Reform Office to MDE: State Board/Superintendent Operations</b>	FTE	11.0	2.0
Provides \$497,600 GF/GP and 2.0 FTEs to State Board/Superintendent Operations for the transfer of the State Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support staff would work with the superintendent to identify, partner, and hold districts accountable for meeting goals outlined in partnership agreements.	<b>Gross</b>	<b>\$2,104,200</b>	<b>\$497,600</b>
	Federal	156,600	0
	Private	28,100	0
	Restricted	654,400	0
	GF/GP	\$1,265,100	\$497,600
<b>3. Early Literacy Implementation</b>	<b>Gross</b>	<b>\$15,571,200</b>	<b>\$1,000,000</b>
Provides \$1.0 million GF/GP to School Support Services Operations for continuing implementation of literacy initiatives funded in Section 35a of the School Aid Act. Previously, these funds were located in Section 35 of the School Aid Act.	Federal	14,522,300	0
	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$1,000,000
<b>4. Project UNIFY</b>	<b>Gross</b>	<b>\$15,571,200</b>	<b>\$500,000</b>
Provides \$500,000 GF/GP to School Support Services Operations for Project UNIFY, now known as Special Olympics Unified Champion Schools. MDE oversees the program and has been reimbursed by DHHS since 2015, but would now be directly funded. The program brings together students with and without disabilities through education, sports, and leadership enrichment activities in their communities.	Federal	14,522,300	0
	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$500,000

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>5. Braille Textbook Production Expansion</b>		
Increases by \$300,000 in restricted funds in the Michigan Schools for the Deaf and Blind unit's Low Incidence Outreach program to a total of \$750,000. The increased appropriation allows for increased production and sale of specialized braille books, and additional fund revenue provides free books, services, supports, and training for students, teachers, parents, and other related personnel.	<b>Gross</b> Restricted GF/GP	<b>\$450,000</b> 450,000 \$0
		<b>\$300,000</b> 300,000 \$0
<b>6. Renaissance Zones Adjustment</b>		
Reduces funding for Renaissance Zone reimbursements to libraries by \$800,000 GF/GP. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reform.	<b>Gross</b> GF/GP	<b>\$3,300,000</b> \$3,300,000
		<b>(\$800,000)</b> (\$800,000)
<b>7. Economic Adjustments</b>		
Reflects increased costs of \$1.5 million Gross (\$455,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	<b>Gross</b> Federal Local Private Restricted GF/GP	<b>NA</b> NA NA NA NA NA
		<b>\$1,506,300</b> 901,400 47,300 1,500 100,800 \$455,300

**Major Boilerplate Changes From FY 2017-18**

**DELETED Sections:**

- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Keep Library Functions Together (Sec. 803)
- Number of Childcare Providers (Sec. 1001)
- CDC Provider Reimbursement Rate Increase (Sec. 1002)
- CDC TEACH Scholarship (Sec. 1004)
- CDC Childcare Monitoring (Sec. 1005)
- CDC Increase to Eligibility Entrance Threshold (Sec. 1009)
- National Career Readiness Certificate (Sec. 1021)
- Drinking Water Declaration of Emergency – CDC Pilot (Sec. 1101)

**Sec. 225. Grant Application Penalty – REVISED**

Revises that only "known" grants in the School Aid grant application process must be open by December 1, 2018 to reflect the possibility that certain grants, especially federal grants that are available for FY 2018-19, will not be either open or available for review by the deadline.

**Sec. 350. Special Education Reform Task Force Guidelines – REVISED**

Revises to indicate the cost, \$100,000 from Special Education Operations, for the design and distribution to all parents and legal guardians of a student with a disability information for all Individualized Education Plans (IEPs). Deletes the requirement to train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities.

**Sec. 407. Gifts, Bequests, and Donations – REVISED**

Revises to remove local district service fees from the list of unexpended state revenue sources that if unexpended at the end of the fiscal year may be carried over to the next fiscal year and not revert to general fund because it is a fund source that is no longer collected and appropriated.

**Sec. 601. Early Literacy Implementation – NEW**

Creates a new section to direct the early literacy implementation funding to costs associated with programs for early childhood literacy funded in Section 35a of the State School Aid Act. *See major budget changes for Early Literacy Implementation.*

**Sec. 701. Multi-Tiered Systems of Support (MTSS), At Risk, Reading Intervention Funding Support – REVISED**

Revises the report that details progress made by districts receiving At Risk funding under section 31a of the State School Aid Act from those with grades K to 3 to those with grades K to 8. Also revises the portion of the report for implementing MTSS in the prior school year to presumably all grades since the grade restriction, 4 to 8, was removed from the section.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF ENVIRONMENTAL QUALITY**

**Analyst: Austin Scott**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$3,100,500	\$3,143,700	\$43,200	1.4
Federal	170,042,600	160,225,400	(9,817,200)	(5.8)
Local	0	0	0	--
Private	555,300	1,061,700	506,400	91.2
Restricted	314,725,300	283,210,700	(31,514,600)	(10.0)
GF/GP	63,081,500	46,946,500	(16,135,000)	(25.6)
<b>Gross</b>	<b>\$551,505,200</b>	<b>\$494,588,000</b>	<b>(\$56,917,200)</b>	<b>(10.3)</b>
FTEs	1,252.0	1,263.0	11.0	0.9

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. Clean Michigan Program</b>	FTE	NA	75.0
Intends to use 75.0 FTEs and \$79.0 million in restricted funding, the majority of which would be generated by a proposed increase in Michigan's solid waste tipping fee from \$0.36 per ton to \$4.75 per ton, to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:	<b>Gross</b>	<b>NA</b>	<b>\$78,963,200</b>
	Restricted	NA	78,963,200
	GF/GP	NA	\$0
Remediation and redevelopment (including vapor intrusion and PFAS)		\$45,000,000	
Recycling grants		15,000,000	
Solid waste management		6,000,000	
State park infrastructure		5,000,000	
Water quality monitoring grants		5,000,000	
Asbestos and landfill gas monitoring		1,500,000	
Materials management		1,500,000	
<b>2. Oil, Gas, and Mineral Services GF/GP</b>	FTE	59.0	0.0
Continues \$4.0 million GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding is included in the FY 2017-18 DEQ budget on a one-time basis and moved to ongoing for FY 2018-19.	<b>Gross</b>	<b>\$10,680,900</b>	<b>\$0</b>
	Restricted	6,680,900	0
	GF/GP	\$4,000,000	\$0
<b>3. Solid Waste Management Program</b>	FTE	37.0	(37.0)
Eliminates the solid waste management program by transferring 37.0 FTEs and \$5.1 million in restricted funding to the proposed Clean Michigan Program.	<b>Gross</b>	<b>\$5,077,800</b>	<b>(\$5,077,800)</b>
	Restricted	5,077,800	(5,077,800)
	GF/GP	\$0	\$0
<b>4. Removal of FY 2017-18 Supplemental Funding</b>	FTE	7.0	(7.0)
Removes 7.0 FTEs and \$40.5 million Gross (\$15.8 million GF/GP) for FY 2017-18 supplemental appropriations included in Public Acts 158 and 201 of 2017. The vapor intrusion, PFAS, and remediation and redevelopment programs are continued in FY 2018-19 through the proposed Clean Michigan Program.	<b>Gross</b>	<b>\$40,537,500</b>	<b>(\$40,537,500)</b>
	Restricted	24,700,000	(24,700,000)
	GF/GP	\$15,837,500	(\$15,837,500)

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>5. Removal of FY 2017-18 One-Time Funding</b>	<b>Gross \$17,100,000</b>	<b>(\$17,100,000)</b>
Removes \$17.1 million in restricted funding for one-time projects included in the previous fiscal year's budget:	Restricted 17,100,000	(17,100,000)
	GF/GP \$0	\$0
Refined petroleum product cleanup program	\$14,900,000	
Drinking water declaration of emergency	2,200,000	
<b>6. Technical Adjustments</b>	<b>FTE NA</b>	<b>(20.0)</b>
Decreases DEQ budget by 20.0 FTEs and \$76.3 million Gross (\$913,400 GF/GP) to align authorization with available funds and comply with organizational changes.	<b>Gross NA</b>	<b>(\$76,260,400)</b>
Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9) and eliminating authorization for Strategic Water Quality Initiative grants and loans program which was funded through FY 2017-18.	Federal NA	(10,439,200)
	Private NA	506,600
	Restricted NA	(65,414,400)
	GF/GP NA	(\$913,400)
<b>7. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$3,095,300</b>
Reflects increased costs of \$3.1 million Gross (\$615,900 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	43,200
	Federal NA	622,000
	Private NA	(200)
	Restricted NA	1,814,400
	GF/GP NA	\$615,900

**Major Boilerplate Changes From FY 2017-18**

**Sec. 220. Disciplinary Action Against State Employees – DELETED**

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

**Sec. 221. Rule Promulgation – DELETED**

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business.

**Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED**

Allows unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to split environmental cleanup actions (Sec. 302), the environmental cleanup and redevelopment program (Sec. 307), and the refined petroleum product cleanup program (Sec. 308) into separate boilerplate sections.

**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 – REVISED**

Requires list of cleanup sites addressed by the Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year by January 1. Date revised from November 1 to January 1.

**Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – NEW**

Allows unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023.

**Sec. 308. Work Projects - Refined Petroleum Product Cleanup Program – NEW**

Allows unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

**Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – DELETED**

Requires DEQ to expend not more than \$36.0 million of funds appropriated in part 1 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014.

**Sec. 407. Contaminated Lake and River Sediment Cleanup Program – DELETED**

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2022.

ENVIRONMENTAL QUALITY

**Major Boilerplate Changes From FY 2017-18**

**Sec. 411. Kalamazoo River Superfund Site Study – DELETED**

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm.

**Sec. 412. Work Projects – Aquifer Protection Program – NEW**

Allows unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

**Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – DELETED**

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

**1. Drinking Water Declaration of Emergency**

Adds \$29.0 million Gross (\$18.0 million GF/GP) for service line replacement related to the drinking water declaration of emergency. This supplemental funding is intended to help meet the requirements of the Concerned Pastors for Social Action settlement agreement.

<b>Gross</b>	<b>\$29,000,000</b>
Restricted	11,000,000
GF/GP	\$18,000,000

## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 TOTAL GENERAL GOVERNMENT

Analysts: Ben Gielczyk and Michael Crossen

	FY 2017-18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
	Year-to-Date as of 2/7/18		Amount	%
<b>IDG/IDT</b>	\$782,493,800	\$821,066,200	\$38,572,400	4.9
<b>Federal</b>	807,906,500	808,698,700	792,200	0.1
<b>Local</b>	17,332,700	15,977,300	(1,355,400)	(7.8)
<b>Private</b>	6,244,900	6,247,400	2,500	0.0
<b>Restricted</b>	2,185,898,800	2,210,623,600	24,724,800	1.1
<b>GF/GP</b>	1,250,729,600	1,110,473,500	(140,256,100)	(11.2)
<b>Gross</b>	<b>\$5,050,606,300</b>	<b>\$4,973,086,700</b>	<b>(\$77,519,600)</b>	<b>(1.5)</b>
<b>FTEs</b>	8,591.7	8,781.7	190.0	2.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) 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), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Talent and Economic Development (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2017-18 General Government appropriations bill follow this page.

### Major Boilerplate Changes From FY 2017-18

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

The FY 2017-18 pay-in was \$150.0 million, which was appropriated in appropriations act 2017 PA 107. For FY 2018-19, the Executive Recommendation includes a pay-in of \$0.0. However, 25% of the GF/GP appropriation lapses for FY 2017-18 would be required to be deposited in the Budget Stabilization Fund.

#### Sec. 216. Receipt and Retention of Required Reports – DELETED

Requires departments to receive and retain copies of all reports required in Article VIII; 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. 217. Fund Sourcing Priorities – DELETED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure.

#### Sec. 218. Disciplinary Action Against State Employees – DELETED

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

#### Sec. 221. Reporting Requirement 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.

#### Sec. 235. Federal Funding Contingency Plan – DELETED

Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 240. New Program Metrics – REVISED**

Requires the State Budget Office provide a list of new programs and program enhancements that exceed \$500,000. Also requires identified programs to use program-specific measuring metrics in addition to the metrics required under Section 447 of the Management and Budget Act. The State Budget Office shall provide a report on the metrics and performance progress of identified programs by September 30. Express intent that future program funding increases be based on prior performance. Revises the due date of the required report and does not include the stated intent of the Legislature that the Governor consider performances of new programs as the basis for any increase in funds appropriated from the prior year.



## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 ATTORNEY GENERAL

Analyst: Michael Crossen

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18	Executive	Vs. FY 2017-18 Amount	%
IDG/IDT	\$29,915,300	\$30,386,400	\$471,100	1.6
Federal	9,518,000	9,628,500	110,500	1.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	22,116,900	21,907,200	(209,700)	(0.9)
GF/GP	40,248,600	40,106,800	(141,800)	(0.4)
<b>Gross</b>	<b>\$101,798,800</b>	<b>\$102,028,900</b>	<b>\$230,100</b>	<b>0.2</b>
FTEs	536.0	536.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

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

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. Medical Marihuana Enforcement</b>	FTE 4.0	0.0
Includes an additional \$126,700 state restricted to accommodate full year costs for legal support of medical marihuana regulatory oversight as described in Public Acts 281 – 283 of 2016 for a total FY 2018-19 appropriation of \$501,700 state restricted. Legal support services include investigating and prosecuting violations of the acts and rules governing the licensing of medical marihuana facilities.	<b>Gross \$375,000</b>	<b>\$126,700</b>
	Restricted 375,000	126,700
	GF/GP \$0	\$0
<b>2. Flint Special Counsel Investigation</b>	<b>Gross \$2,600,000</b>	<b>\$0</b>
Maintains \$2.6 million from the Lawsuit Settlement Proceeds Fund to support the ongoing investigation of activities associated with the Flint Declaration of Emergency due to drinking water and the resulting prosecutions led by an independent special counsel.	Restricted 2,600,000	0
	GF/GP \$0	\$0
<b>3. PACC Juvenile Life Without Parole Cases</b>	<b>Gross \$700,000</b>	<b>(\$700,000)</b>
Removes \$700,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences.	GF/GP \$700,000	(\$700,000)
<b>4. PACC NextGen IT System</b>	<b>Gross \$600,000</b>	<b>(\$600,000)</b>
Removes \$600,000 in restricted, one-time funding from the Lawsuit Settlement Proceeds Fund used by the Prosecuting Attorneys Coordination Council to upgrade its legacy case management IT system.	Restricted 600,000	(600,000)
	GF/GP \$0	\$0
<b>5. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$1,403,400</b>
Reflects increased costs of \$1.4 million Gross (\$558,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG NA	471,100
	Federal NA	110,500
	Restricted NA	263,600
	GF/GP NA	\$558,200

**Major Boilerplate Changes From FY 2017-18**

**Sec. 314a. PACC Juvenile Life Without Parole Cases – DELETED**

Specifies \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP which was not included in FY 2018-19.

**Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED**

Allows the department the use of lawsuit settlement proceeds for expenses related to the Flint Declaration of Emergency due to drinking water contamination up to a maximum of \$2.6 million and requires a quarterly expenditures report itemized by case, purpose, hourly rate of the retained attorney, and department involved. Authorizes \$600,000 to be used by the Prosecuting Attorneys Coordinating Council to upgrade its IT case management system. Authorizes \$180,000 to be used to support a single FTE costs associated with implementing the duties prescribed under PA 550 2016, The Bad-Faith Patent Infringement Claims Act. Revises by removing the requirement to report the hourly rate of the retained attorney for the Flint water investigation and by deleting the subsection authorizing the one-time funding for the PACC IT case management system.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

**1. Investigation into the Handling of Sexual Misconduct at Michigan State University**

Appropriates \$1.0 million GF/GP for the investigation into systemic mishandling of reports of sexual misconduct at Michigan State University. The investigation will be led by an outside Special Prosecutor and supported by department personnel. The Department anticipates concluding the investigation by September 2018.

<b>Gross</b>	<b>\$1,000,000</b>
<b>GF/GP</b>	<b>\$1,000,000</b>

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF CIVIL RIGHTS

Analyst: Michael Crossen

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	%
<b>IDG/IDT</b>	\$296,600	\$299,100	\$2,500	0.8
<b>Federal</b>	2,775,800	2,802,700	26,900	1.0
<b>Local</b>	0	0	0	--
<b>Private</b>	18,700	18,700	0	0.0
<b>Restricted</b>	151,900	58,500	(93,400)	(61.5)
<b>GF/GP</b>	13,006,600	13,022,100	15,500	0.1
<b>Gross</b>	<b>\$16,249,600</b>	<b>\$16,201,100</b>	<b>(\$48,500)</b>	<b>(0.3)</b>
<b>FTEs</b>	116.0	116.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Deaf, DeafBlind, and Hard of Hearing Transfer to LARA</b>	<b>Gross</b>	<b>\$93,400</b>	<b>(\$93,400)</b>
Transfers \$93,400 state restricted from the Department of Civil Rights (DCR) to the Department of Licensing and Regulatory Affairs in accordance with Executive Order No. 2017-8 which transfers the responsibilities set forth in the Deaf Persons' Interpreters Act, PA 204 of 1982 and the spending authorization of certification fees from the Division on Deafness Fund. This transfer only includes the Division on Deaf, DeafBlind, and Hard of Hearing funding responsible for interpreter licensing. \$715,600 Gross (\$696,900 GF/GP) remains in DCR for duties prescribed under the Division on Deafness Act, 1937 PA 72.	Restricted	93,400	(93,400)
	GF/GP	\$0	\$0
<b>2. Deaf, DeafBlind, and Hard of Hearing Needs Assessment</b>	<b>Gross</b>	<b>\$150,000</b>	<b>(\$150,000)</b>
Removes \$150,000 GF/GP of one-time funding used to survey the deaf, deafblind, and hard of hearing community throughout the state to determine its size, needs, and barriers to government service as well as to collect data for developing a long-term strategic plan.	GF/GP	\$150,000	(\$150,000)
<b>3. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$194,900</b>
Reflects increased costs of \$194,900 Gross (\$165,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	2,500
	Federal	NA	26,900
	GF/GP	NA	\$165,500

## Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
EXECUTIVE OFFICE**

**Analyst: Ben Gielczyk**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
<b>GF/GP</b>	6,848,500	6,980,100	131,600	1.9
<b>Gross</b>	<b>\$6,848,500</b>	<b>\$6,980,100</b>	<b>\$131,600</b>	<b>1.9</b>
FTEs	89.2	89.2	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

**1. Operational Adjustments**

Reflects increased costs of \$131,600 GF/GP related to Executive Office staff and other operations.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
FTE	89.2	0.0
<b>Gross</b>	<b>\$6,848,500</b>	<b>\$131,600</b>
GF/GP	\$6,848,500	\$131,600

**Major Boilerplate Changes From FY 2017-18**

There are no major boilerplate changes in FY 2018-19.

## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 LEGISLATURE

Analyst: Ben Gielczyk

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,277,700	4,394,300	116,600	2.7
GF/GP	150,597,100	152,487,500	1,890,400	1.3
<b>Gross</b>	<b>\$155,274,800</b>	<b>\$157,281,800</b>	<b>\$2,007,000</b>	<b>1.3</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) 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 Cora Anderson House of Representatives Office Building and Binsfield Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>1. Legislature Operations</b>	<b>Gross</b> \$155,274,800	<b>\$4,257,000</b>
Reflects increased costs of \$4.3 million Gross (\$4.1 million GF/GP) related to Legislative staff and other operations.	Private 400,000	0
	Restricted 4,277,700	116,600
	GF/GP \$150,597,100	\$4,140,400
<b>2. Legislative Information Technology Systems Design Project</b>	<b>Gross</b> \$3,000,000	<b>(\$2,250,000)</b>
Includes a net reduction of \$2.3 million GF/GP in one-time appropriations related to operational and implementation costs associated with the Legislative IT System Design Project. Replaces \$3.0 million in FY 2017-18 one-time appropriations with \$750,000 GF/GP in FY 2018-19 one-time appropriations for ongoing maintenance of the system after completion.	GF/GP \$3,000,000	(\$2,250,000)

### Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 LEGISLATIVE AUDITOR GENERAL

Analyst: Ben Gielczyk

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$5,709,200	\$5,823,400	\$114,200	2.0
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,969,400	2,008,800	39,400	2.0
GF/GP	16,607,600	17,105,800	498,200	3.0
<b>Gross</b>	<b>\$24,286,200</b>	<b>\$24,938,000</b>	<b>\$651,800</b>	<b>2.7</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

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

### Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations

#### 1. Auditor General Operations

Reflects increased costs of \$651,800 Gross (\$498,200 GF/GP) related to Auditor General staff and other operations.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>Gross</b>	<b>\$24,286,200</b>	<b>\$651,800</b>
IDG	5,709,200	114,200
Restricted	1,969,400	39,400
GF/GP	\$16,607,600	\$498,200

### Major Boilerplate Changes From FY 2017-18

There are no major boilerplate changes in FY 2018-19.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF STATE

Analyst: Michael Crossen

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	--
<b>Private</b>	50,100	50,100	0	0.0
<b>Restricted</b>	208,709,400	214,686,400	5,977,000	2.9
<b>GF/GP</b>	24,139,000	18,466,300	(5,672,700)	(23.5)
<b>Gross</b>	<b>\$254,358,500</b>	<b>\$254,662,800</b>	<b>\$304,300</b>	<b>0.1</b>
<b>FTEs</b>	1,592.0	1,592.0	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. 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.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Driver License Vendor Contract Extension</b>	<b>Gross</b>	<b>\$0</b>	<b>\$925,000</b>
Provides \$925,000 state restricted for a contract extension with the current vendor responsible for producing driver licenses and a server upgrade to provide greater data security.	Restricted	0	925,000
	GF/GP	\$0	\$0
<b>2. IT Cost Increase</b>	<b>Gross</b>	<b>\$37,452,100</b>	<b>\$800,000</b>
Provides \$800,000 state restricted to accommodate rate increases for services provided by DTMB and for a contract for a disaster recovery solution for the Qualified Voter File registry.	Restricted	35,860,700	800,000
	GF/GP	\$1,591,400	\$0
<b>3. Commercial Driver License Testing Kiosks</b>	<b>Gross</b>	<b>NA</b>	<b>\$500,000</b>
Provides \$500,000 state restricted to offset the anticipated loss of federal funding for kiosks in branch offices used for computerized Commercial Driver License testing.	Restricted	NA	500,000
	GF/GP	NA	\$0
<b>4. Fund Shift GF Reduction</b>	<b>Gross</b>	<b>\$1,148,300</b>	<b>\$0</b>
Replaces \$1.1 million GF/GP with a corresponding amount of state restricted Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross.	Restricted	0	1,148,300
	GF/GP	\$1,148,300	(\$1,148,300)
<b>5. Voting Machine One-Time Funding</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
Removes \$5.0 million GF/GP included as one-time funding in PA 158 of 2017 for new voting machines statewide.	GF/GP	\$5,000,000	(\$5,000,000)
<b>6. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,079,300</b>
Reflects increased costs of \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	2,603,700
	GF/GP	NA	\$475,600

GENERAL GOVERNMENT: STATE

Major Boilerplate Changes From FY 2017-18

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

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

**Sec. 718. Buena Vista Township Branch Office – DELETED**

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

Supplemental Recommendations for FY 2017-18 Appropriations

**FY 2017-18  
Recommendation**

**1. HAVA Interest Earnings for Voting Machines**

Appropriates \$4.0 million in federal funds from interest earned on funds carried forward from previous Help America Vote Act appropriations to complete the purchasing of new statewide voting machines. New voting machines are expected to be in place in time for August 2018 elections.

<b>Gross</b>	<b>\$4,000,000</b>
Federal	4,000,000
GF/GP	\$0



**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET**

**Analyst: Michael Crossen**

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	%
<b>IDG/IDT</b>	\$713,959,000	\$751,777,000	\$37,818,000	5.3
<b>Federal</b>	4,985,300	5,033,700	48,400	1.0
<b>Local</b>	2,316,700	2,341,600	24,900	1.1
<b>Private</b>	127,700	129,400	1,700	1.3
<b>Restricted</b>	111,399,300	114,457,400	3,058,100	2.7
<b>GF/GP</b>	579,855,200	486,765,800	(93,089,400)	(16.1)
<b>Gross</b>	<b>\$1,412,643,200</b>	<b>\$1,360,504,900</b>	<b>(\$52,138,300)</b>	<b>(3.7)</b>
<b>FTEs</b>	2,943.0	3,122.0	179.0	6.1

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. State Building Authority (SBA) Rent Increase</b>	<b>Gross</b>	<b>\$246,570,600</b>	<b>\$19,186,400</b>
Adds \$19.2 million GF/GP to cover anticipated debt service obligations associated with capital outlay projects authorized for construction. The increase does not include \$8.5 million GF/GP for debt service associated with two new DMVA veterans' homes and the Capitol Restoration projects due to recommended payoff of those projects in a FY 2017-18 supplemental request (see Capital Outlay).	GF/GP	\$246,570,600	\$19,186,400
<b>2. EPMO IT Management Services</b>	FTE	NA	11.0
Provides \$2.0 million GF/GP and 11.0 FTEs to expand the Enterprise Portfolio Management Office (EPMO) IT project management services across the portfolio of enterprise IT projects to establish more standardized and efficient IT management processes and controls.	<b>Gross</b>	<b>NA</b>	<b>\$2,010,000</b>
	GF/GP	NA	\$2,010,000
<b>3. Regional Prosperity Grants Increase</b>	FTE	0.0	1.0
Adds \$1.5 million GF/GP and 1.0 FTE to increase grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and on efforts to achieve them. The additional grants would permit funding for infrastructure asset management projects and bring the program's total annual grant funding to \$4.0 million GF/GP.	<b>Gross</b>	<b>\$2,500,000</b>	<b>\$1,500,000</b>
	GF/GP	\$2,500,000	\$1,500,000
<b>4. IT Personnel Retention Incentives</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
Provides \$1.5 million GF/GP to offer pay-per-performance incentives to retain talent among the state's IT personnel.	GF/GP	\$0	\$1,500,000

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>5. Procurement Improvement Plan Completion</b>	FTE	0.0	6.0
Provides \$891,900 state restricted and 6.0 FTEs for ongoing support of improved procurement operations following the guidelines set forth in Executive Order No. 2015-1. Funding will cover the costs of permanent supplier relationship management, contract management, and an enterprise-wide professional development certification program for procurement professionals.	<b>Gross</b>	<b>\$0</b>	<b>\$891,900</b>
	Restricted	0	891,900
	GF/GP	\$0	\$0
<b>6. Financial Services Support</b>	FTE	0.0	6.0
Provides \$559,400 Gross (\$12,900 GF/GP) and 6.0 FTEs to support an increased workload related to procurement of IT hardware and software and to reduce agency services billing errors.	<b>Gross</b>	<b>\$0</b>	<b>\$559,400</b>
	IDG	0	317,900
	Restricted	0	228,600
	GF/GP	\$0	\$12,900
<b>7. Michigan Cyber Civilian Corps</b>	<b>Gross</b>	<b>\$0</b>	<b>\$420,000</b>
Provides \$420,000 one-time state restricted funding from the Michigan Infrastructure Fund to support the expansion of members in the expert volunteer force as well as updated training. The Cyber Civilian Corps (MiC3) is established to provide emergency responses to cyber security threats upon the request of a municipal, educational, non-profit, or business organization.	Restricted	0	420,000
	GF/GP	\$0	\$0
<b>8. FY 2018-19 IT IDG Baseline Adjustment</b>	<b>Gross</b>	<b>\$520,487,100</b>	<b>\$31,023,400</b>
Adjusts the DTMB Information Technology IDG authorization up \$31.0 million IDG to reflect projects and service adjustments in other agency budgets, administrative cost allocation changes, and IT budgetary requests made by agencies.	IDG	520,487,100	31,023,400
	GF/GP	\$0	\$0
<b>9. School Reform Office Transfer to MDE</b>	FTE	11.0	(11.0)
Transfers \$3.4 million GF/GP and 11.0 FTEs to the Department of Education per Executive Order No. 2017-5 for the organizational transfer of the School Reform Office.	<b>Gross</b>	<b>\$3,115,100</b>	<b>(\$3,353,800)</b>
	GF/GP	\$3,115,100	(\$3,353,800)
<b>10. Information Technology Investment Fund (ITIF)</b>	<b>Gross</b>	<b>\$72,500,000</b>	<b>(\$32,500,000)</b>
Reduces \$32.5 million GF/GP from the IT modernization project portfolio to reflect the decreased costs due to the completion of SIGMA. The remaining \$40.0 million GF/GP would be used to support ongoing modernization projects and six new projects. The YTD amount includes \$7.5 million in one-time funding which would result in a \$25.0 million ongoing reduction. NOTE: Additional \$7.5 million in one-time funding was not included in item #18.	GF/GP	\$72,500,000	(\$32,500,000)
<b>11. Homeland Security Initiatives/Cyber Security</b>	<b>Gross</b>	<b>\$16,169,300</b>	<b>(\$1,000,000)</b>
Reduces \$1.0 million GF/GP due to the extension of the timeframe for developments in the State enterprise data network.	GF/GP	\$16,169,300	(\$1,000,000)
<b>12. State Police Retirement Services</b>	<b>Gross</b>	<b>NA</b>	<b>(\$87,000)</b>
Adjusts authorization to the State Police Employee Retirement System (SPERS) by reducing \$87,000 GF/GP for anticipated supplemental payments per 2015 PA 168.	GF/GP	NA	(\$87,000)
<b>13. Special Maintenance for State Facilities</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$1,800,000</b>
Provides an additional \$1.8 million IDG to support increased statewide utility cost increases and other building service contractual costs such as janitorial, security guards, and elevator maintenance. Funds are also included to start the process of standardizing all Automated External Defibrillators (AED) in state owned buildings.	IDG	2,000,000	1,800,000
	GF/GP	\$0	\$0
<b>14. Professional Development Funds</b>	<b>Gross</b>	<b>\$250,000</b>	<b>(\$50,000)</b>
Reduces \$50,000 IDG from employer contributions for professional development of non-union represented state employees (NERES). The reduction is related to collective bargaining agreements and was approved by the Civil Service Commission in December 2017.	IDG	250,000	(50,000)
	GF/GP	\$0	\$0
<b>15. SWCAP Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Reallocates fund sourcing associated with Statewide Cost Allocation Plan (SWCAP) for a net change of \$0 Gross and reduction of \$45,100 GF/GP.	IDG	NA	(36,300)
	Restricted	NA	81,400
	GF/GP	NA	(\$45,100)

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>	
<b>16. Drinking Water Declaration of Emergency Reserve Fund</b>	<b>Gross</b>	<b>NA</b>	<b>\$100</b>
Adds a \$100 Restricted placeholder to accommodate future transfers.	Restricted	NA	100
	GF/GP	NA	\$0
<b>17. Additional FTE Request</b>	FTE	2,937.0	167.0
Adds 167.0 classified FTEs to align department FTE totals with appropriated funds and associated positions.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0
<b>18. Removal of Current Year One-Time Funding</b>	<b>Gross</b>	<b>\$82,125,100</b>	<b>(\$82,125,100)</b>
Removes \$82.1 million GF/GP of one-time funding from ten items. These items are \$2.0 million for citizen-centric government IT initiatives, \$25.0 million for the Drinking Water Declaration of Emergency Reserve Fund, \$3.7 million additional funding for Homeland Security Initiative/Cyber Security, \$35.0 million for the Michigan Infrastructure Fund, \$5.0 million for the Michigan Public Safety Communications System, \$2.1 million for MAIN closeout, \$6.2 million for the Michigan.gov CMS, \$300,000 for a procurement review pilot program, \$353,000 for the School Reform Office, \$2.4 million and 10.0 FTEs for SIGMA transition support, and \$100,000 for MDOT's MiTRIP system enhancement. NOTE: Additional \$7.5 million in one-time funding for the IT Investment Fund (ITIF) was accounted for above in item #10.	GF/GP	\$82,125,100	(\$82,125,100)
<b>19. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$8,086,400</b>
Reflects increased costs of \$3.1 million Gross (\$475,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	4,763,000
	Federal	NA	48,400
	Local	NA	24,900
	Private	NA	1,700
	Restricted	NA	1,436,100
	GF/GP	NA	\$1,812,300

**Major Boilerplate Changes From FY 2017-18**

**Sec. 810a. Vendor Review Pilot Program – DELETED**

Requires a pilot project be established using a third-party vendor that will provide comprehensive information on all vendors with which the State conducts business.

**Sec. 822. Report on Unclassified Salaries – DELETED**

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

**Sec. 822d. Regional Prosperity Initiative – REVISED**

Provides for the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. Revises incentive-based funding grant amounts and creates one-time grants for integrated infrastructure asset management initiatives under the guidance of the Michigan Infrastructure Council; dedicates 0.3 FTE at \$30,000 to manage grant evaluations.

**Sec. 822i. School Reform Office – DELETED**

Requires public schools placed in the reform district to comply with all state and federal laws concerning special education; requires report on the number of students who have an individualized education program and the performance results after the change in school governance.

**Sec. 822l. School Reform Office Hearings – DELETED**

Requires the SRO to conduct one public hearing in the district that the SRO will intervene in; requires the office to give advance notice of the hearing and provide an academic improvement plan outline and projected time frame of involvement.

**Sec. 822m. Vendor Performance Tracking – DELETED**

Requires DTMB to establish a vendor performance tracking system that collaborates with other departments to collected information to factor in to the determination of awarding future contracts in the procurement process.

**Sec. 822n. Request for Proposals Website – DELETED**

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency.

**Sec. 822o. School Reform Office Coordination – DELETED**

Requires the SRO to make an effort to coordinate with the Department of Education to streamline state services and resources, reduce duplication, and increase efficiency.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 828. IT Appropriations and Expenditures Report – DELETED**

Requires a report on the total appropriations and expenditures for IT related services and projects for all executive departments and agencies.

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

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

**Sec. 830. IT Contract Change Orders – DELETED**

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

**Sec. 832. Child Support Enforcement System – DELETED**

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

**Sec. 836a. Cyber Security Investment Projects – DELETED**

Explains the purpose of cyber security improvements to enhance network security, develop comprehensive security framework and additional goals; requires an annual report on the outcomes of the stated goals.

**Sec. 837. Citizen Centric Government IT Initiative – DELETED**

Requires the development and use of metrics for activities related to MiLogin and other Citizen Centric initiatives; requires an annual report to describe the measures developed and the results of these measures.

**Sec. 840. EPMO Performance Measures – NEW**

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office.

**Sec. 880. Drinking Water Declaration of Emergency Reserve Fund – DELETED**

Provides information on the Drinking Water Declaration of Emergency Reserve Fund; requires a legislative appropriation or transfer for spending use; authorizes the end of year balance to be carried forward.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**1. State Broadband Initiative**

Provides \$20.0 million Gross (\$13.6 million GF/GP) to initiate a state strategy to expand broadband access to underserved areas. \$6.4 million would be funded from the Michigan Infrastructure Fund. The investment would support the creation of the Michigan Consortium of Advanced Networks, per Executive Order No. 2018-2, as an advisory body charged with developing a strategic roadmap. The investment would also support competitive grants distributed in accordance with the strategic roadmap.

		<b>FY 2017-18 Recommendation</b>
<b>Gross</b>		<b>\$20,000,000</b>
Restricted		6,380,000
GF/GP		\$13,620,000

**2. Enterprise Special Maintenance**

Provides \$3.0 million GF/GP to support demolitions of surplus state-owned facilities to include structures at the Caro Center Psychiatric Hospital.

<b>Gross</b>		<b>\$3,000,000</b>
GF/GP		\$3,000,000

**3. Gubernatorial Transition Costs**

Provides \$1.75 million GF/GP to support the costs of the upcoming gubernatorial transition. Costs include office space leasing, office equipment and supplies contracts, and outgoing FTE accrued benefits, among other things.

<b>Gross</b>		<b>\$1,750,000</b>
GF/GP		\$1,750,000

**4. State Education Governance Study**

Provides \$100,000 GF/GP to support the selection of a vendor to conduct a study into the role, function, and value of state boards of education in education governance.

<b>Gross</b>		<b>\$100,000</b>
GF/GP		\$100,000

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF TREASURY

Analyst: Ben Gielczyk

	FY 2017-18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
	Year-to-Date as of 2/7/18		Amount	%
<b>IDG/IDT</b>	\$12,613,700	\$12,780,300	\$166,600	1.3
<b>Federal</b>	27,022,600	27,128,000	105,400	0.4
<b>Local</b>	14,516,000	13,135,700	(1,380,300)	(9.5)
<b>Private</b>	27,500	27,500	0	0.0
<b>Restricted</b>	1,631,217,500	1,669,678,700	38,461,200	2.4
<b>GF/GP</b>	214,327,600	208,793,300	(5,534,300)	(2.6)
<b>Gross</b>	<b>\$1,899,724,900</b>	<b>\$1,931,543,500</b>	<b>\$31,818,600</b>	<b>1.7</b>
<b>FTEs</b>	1,862.5	1,870.5	8.0	0.4

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the Department of Treasury.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Constitutional Revenue Sharing</b>		<b>Gross \$798,087,800</b>	<b>\$34,256,000</b>
Increases Constitutional revenue sharing by \$34.3 million in restricted sales tax revenue relative to the FY 2017-18 budget act appropriated amount. When compared to updated January CREC estimates for FY 2017-18 it reflects a \$24.7 million (3.1%) increase.	Restricted	798,087,800	34,256,000
	GF/GP	\$0	\$0
<b>2. City, Village, and Township Revenue Sharing</b>		<b>Gross \$248,850,000</b>	<b>(\$5,800,000)</b>
Eliminates \$5.8 million in restricted sales tax revenue considered one-time appropriations for City, Village, and Township (CVT) Revenue Sharing. 101 CVTs (100 townships and 1 city) that were newly eligible in FY 2014-15 due to the inclusion of the \$5.8 million would no longer be eligible for a CVT Revenue Sharing payment in FY 2018-19.	Restricted	248,850,000	(5,800,000)
	GF/GP	\$0	\$0
<b>3. Supplemental CVT Revenue Sharing</b>		<b>Gross \$6,200,000</b>	<b>(\$6,200,000)</b>
Eliminates \$6.2 million GF/GP included in FY 2017-18 as one-time Supplemental CVT Revenue Sharing distributed to all units eligible to receive a CVT Revenue Sharing payment on a per capita basis.	GF/GP	\$6,200,000	(\$6,200,000)
<b>4. County Revenue Sharing/County Incentive Program</b>		<b>Gross \$220,087,200</b>	<b>(\$1,861,700)</b>
Includes a net reduction of \$1.9 million Gross (\$2.2 million GF/GP) for County Revenue Sharing. Adjustment includes increase of \$317,400 in restricted sales tax revenue to accommodate 3 additional counties that are expected to exhaust their revenue sharing reserve funds in FY 2018-19 and a decrease of \$2.2 million GF/GP to reduce County Revenue Sharing payments to an amount 1% above statutory full-funding from an amount 2% above full-funding included in FY 2017-18. County Revenue Sharing accounts for 80.2% of appropriation and County Incentive Program accounts for 19.8%.	Restricted	217,908,100	317,400
	GF/GP	\$2,179,100	(\$2,179,100)

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>5. Local Community Stabilization Authority Tier 3 Payment Redistribution Proposal (Non-budgetary proposal)</b>	<b>Gross</b>	<b>NA</b>	<b>NA</b>
Executive includes a plan to augment revenue sharing to cities, villages, townships, and counties through a redistribution of the Local Community Stabilization Authority (LCSA) Tier 3 payments. After guaranteeing a \$15.0 million appropriation for fire protection grants, the remaining funds would be allocated to counties (30%), cities (48%), villages (2%), and townships (5%) on a per capita basis with a calculated minimum of \$4,500 required to receive a distribution. Community colleges would receive the remaining 15%. NOTE: This is a proposal without a budgetary component. Changes and distributions would be made statutorily.	Restricted	NA	NA
	GF/GP	NA	NA
<b>6. Medical Marihuana Regulatory and Licensing Framework</b>	FTE	4.0	0.0
Increases by \$7.2 million Gross (\$0 GF/GP) to account for full-year costs associated with administrative personnel and grants to municipalities, counties, and county sheriffs to offset the costs associated with medical marihuana regulatory activities.	<b>Gross</b>	<b>\$4,635,000</b>	<b>\$7,157,100</b>
	Restricted	4,635,000	7,157,100
	GF/GP	\$0	\$0
<b>7. Information Technology System Enhancements</b>	<b>Gross</b>	<b>\$30,909,800</b>	<b>\$5,450,000</b>
Includes \$5.5 million GF/GP to accommodate costs associated with increased staffing for DTMB IT personnel working on necessary IT service requirements (\$2.3 million), continued mainframe legacy upgrades associated with Unisys (\$400,000), and cloud hosting services (\$2.8 million) to enhance data security on mandated projects.	IDG	400,000	0
	Federal	627,800	0
	Local	1,217,500	0
	Restricted	18,318,800	0
	GF/GP	\$10,345,700	\$5,450,000
<b>8. MI Thrive Program Administration</b>	FTE	0.0	1.0
Includes \$214,300 from the Brownfield Redevelopment Fund and 1.0 FTE for costs associated with administering the MI Thrive Brownfield Redevelopment Program. The position would calculate income tax generated from development and determine required payment to the developer.	<b>Gross</b>	<b>\$0</b>	<b>\$214,300</b>
	Restricted	0	214,300
	GF/GP	\$0	\$0
<b>9. Local Pension and Health Benefit Oversight</b>	FTE	0.0	2.0
Includes \$464,000 GF/GP for costs associated with reviewing the status, reports, and corrective action plans of local unit retirement health systems and retirement pension systems as required under the provisions of 2017 PA 202.	<b>Gross</b>	<b>\$0</b>	<b>\$464,000</b>
	GF/GP	\$0	\$464,000
<b>10. Bureau of State Lottery Staffing Increases</b>	FTE	191.0	5.0
Includes \$637,200 State Lottery Fund and 5.0 FTEs to accommodate the administration of the continued expansion in lottery gaming.	<b>Gross</b>	<b>\$25,619,700</b>	<b>\$637,200</b>
	Restricted	25,619,700	637,200
	GF/GP	\$0	\$0
<b>11. Restricted Fund Authorization Removal</b>	<b>Gross</b>	<b>\$158,700</b>	<b>(\$158,700)</b>
Eliminates \$158,700 in Emergency 911 Fund authorization due to funding no longer being available. Fund source supports Tax and Economic Policy line item.	Restricted	158,700	(158,700)
	GF/GP	\$0	\$0
<b>12. General Fund Target Reduction</b>	<b>Gross</b>	<b>NA</b>	<b>(\$750,000)</b>
Reduces multiple line items by a total of \$750,000 GF/GP to provide additional GF/GP savings. Reductions include Tax Compliance (\$350,000 GF/GP), Supervision of the General Property Tax Law (\$150,000 GF/GP), and Department Services (\$250,000 GF/GP).	GF/GP	NA	(\$750,000)
<b>13. Accounting Services User Charges</b>	FTE	24.0	0.0
Includes additional \$30,000 IDG authorization to authorize receipt of additional accounting user charges from Lottery and Casino Gaming. Current authorization level would not allow for collection of additional user charges.	<b>Gross</b>	<b>\$2,786,400</b>	<b>\$30,000</b>
	IDG	1,175,600	30,000
	Restricted	1,335,800	0
	GF/GP	\$275,000	\$0

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>14. Removal of One-Time Appropriations and Grants</b>	<b>Gross</b>	<b>(\$6,500,000)</b>
Removes \$6.5 million Gross (\$3.5 million GF/GP) in other FY 2017-18 one-time appropriations. Appropriations include Beat the Streets (\$100,000 GF/GP), Urban Search and Rescue (\$900,000 GF/GP), Financial Data Analytic Tool Reimbursement for local government financial health (\$500,000 GF/GP), City income tax administration costs associated with implementation of Detroit sales and flow through withholding collections (\$1.5 million in local funds), Information Technology implementation costs associated with SAP (\$2.0 million GF/GP), and the Michigan Infrastructure Council (\$1.5 million from Michigan Infrastructure Fund).	Local	(3,000,000)
	GF/GP	(\$3,500,000)
<b>15. Economic Adjustments</b>	<b>Gross</b>	<b>\$4,880,400</b>
Reflects increased costs of \$4.9 million Gross (\$1.2 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	136,600
	Federal	105,400
	Local	119,700
	Restricted	3,337,900
	GF/GP	\$1,180,800

**Major Boilerplate Changes From FY 2017-18**

**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. 903. Tax Collection Contracts – REVISED**

Authorizes Treasury to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Revises to eliminate requirement that department issue an RFP for a secondary placement collections program.

**Sec. 936. Financial Data Analytical Tool Guidance – DELETED**

Requires funds appropriated in part 1 to be for reimbursement to counties, cities, villages, and townships for the cost of a data analytical tool that provides financial data analysis and early warning analysis. Requires DTMB to provide between 2 and 4 approved vendors by October 15, 2017.

**Sec. 943. Medical Marijuana Closed-Loop Payment System – DELETED**

Authorizes the Department of Treasury to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only by registered participants.

**Sec. 944. Pension Plan Consultant Report – REVISED**

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. A notification that a report was received shall be made to the subcommittees on General Government, fiscal agencies, and State Budget Director. Included in the notification shall be a rationale for the retention of a pension plan consultant. Revises to eliminate requirement that notification shall include a rationale for the retention of a pension plan consultant.

**Sec. 949g. Urban Search and Rescue Task Force – DELETED**

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2016-17 revenues and expenditures, proposed FY 2017-18 grant expenditures, and a final report on FY 2017-18 grant expenditures.

**Sec. 949k. Transformational Brownfield Plan Payments – NEW**

Appropriates an amount sufficient to recognize and pay an amount equal to the captured tax revenues due under approved Transformational Brownfield Plans, as provided by law.

**Major Boilerplate Changes From FY 2017-18**

**TREASURY – REVENUE SHARING**

***Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED***

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2016-17 payment to all CVTs that were eligible for a payment in FY 2016-17. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Revises to distribute \$243.0 million to all CVTs that received a payment above \$4,500 in Sec. 950(2) of 2009 PA 128. CVTs would be eligible to receive a payment equal to 78.51044% of its payment received under Sec. 950(2) of 2009 PA 128 if transparency and accountability requirements are met.

**TREASURY – BUREAU OF STATE LOTTERY**

***Sec. 964. Promotion and Advertising Appropriation – REVISED***

Appropriates 1% of the Bureau of State Lottery’s prior fiscal year’s gross sales or \$30.0 million, whichever is less, for promotion and advertising. Revises to authorize the Bureau of State Lottery to spend 1% of the prior fiscal year’s gross sales for promotion and advertising.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

***1. Protecting Local Government Retirement and Benefits Act***

Includes \$250,000 GF/GP to reflect costs associated with implementing and administering 2017 PA 202. Appropriation supports the monitoring, evaluating, and reporting on pension and retirement health benefit plans offered by 1,400 local units of government.

FTE	1.3
<b>Gross</b>	<b>\$250,000</b>
GF/GP	\$250,000

***2. Trial Court Funding Commission***

Includes \$200,000 GF/GP to reflect costs associated with implementing 2017 PA 65, which established the Trial Court Funding Commission. Appropriation supports the efforts of the commission to review and recommend changes to the trial court funding system after determining how the courts impose and allocate fees and costs.

FTE	1.0
<b>Gross</b>	<b>\$200,000</b>
GF/GP	\$200,000



## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

Analyst: Ben Gielczyk

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	762,144,800	762,645,800	501,000	0.1
Local	500,000	500,000	0	0.0
Private	5,620,900	5,621,700	800	0.0
Restricted	206,056,700	183,432,300	(22,624,400)	(11.0)
GF/GP	205,099,400	166,745,800	(38,353,600)	(18.7)
<b>Gross</b>	<b>\$1,179,421,800</b>	<b>\$1,118,945,600</b>	<b>(\$60,476,200)</b>	<b>(5.1)</b>
FTEs	1,453.0	1,456.0	3.0	0.2

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund, Talent investment Agency, Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority. Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. Business Attraction and Community Revitalization</b>	<b>Gross</b>	<b>\$115,500,000</b>	<b>(\$5,120,100)</b>
Reduces by \$5.1 million Gross (\$7.1 million GF/GP). The GF/GP reduction of \$7.1 million is partially offset by shifting \$2.0 million in 21 <sup>st</sup> Century Jobs Trust Fund from Entrepreneurship Eco-System.	Restricted	21,600,000	2,000,000
	GF/GP	\$93,900,000	(\$7,120,100)
<b>2. Entrepreneurship Eco-System</b>	<b>Gross</b>	<b>\$19,400,000</b>	<b>(\$500,000)</b>
Reflects a net reduction of \$500,000 Gross and an increase of \$1.5 million GF/GP. Adjustment includes a reduction of \$2.0 million 21 <sup>st</sup> Century Jobs Trust Fund which is moved to Business Attraction and Community Revitalization to partially offset GF/GP reduction in that line item and a reduction of \$1.0 million GF/GP in ongoing appropriations. Includes \$2.5 million GF/GP in FY 2018-19 one-time funds to support business accelerators.	Restricted	18,400,000	(2,000,000)
	GF/GP	\$1,000,000	\$1,500,000
<b>3. Going Pro</b>	<b>Gross</b>	<b>\$41,908,300</b>	<b>(\$1,000,000)</b>
Reflects a net reduction of \$1.0 million Gross and an increase of \$24.0 million GF/GP. Adjustment includes the replacement of \$15.0 million in ongoing restricted Contingent Fund, Penalty and Interest Account funds with an equal amount of GF/GP. Replaces FY 2017-18 one-time appropriation of \$10.0 million Contingent Fund, Penalty and Interest Account with \$9.0 million GF/GP one-time appropriation in FY 2018-19. FY 2018-19 Executive Recommendation totals \$40.9 million Gross (\$25.0 million GF/GP).	Restricted	40,908,300	(25,000,000)
	GF/GP	\$1,000,000	\$24,000,000
<b>4. Community Ventures</b>	FTE	7.0	0.0
Reduces by \$3.3 million Contingent Fund, Penalty and Interest Account. Funds are shifted to Community College Skilled Trades Training Program debt service line item to offset GF/GP funds in that line item. FY 2018-19 line item is funded at \$5.0 million Contingent Fund, Penalty and Interest Account. NOTE: \$1.5 million Contingent Fund, Penalty and Interest Account and 7.0 FTEs are shifted to Workforce Program Administration to consolidate Talent Investment Agency (TIA) employees into one appropriation line item.	<b>Gross</b>	<b>\$9,806,700</b>	<b>(\$3,300,000)</b>
	Restricted	9,500,000	(2,993,300)
	GF/GP	\$306,700	(\$306,700)

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>5. Community College Skilled Trades Training Program Debt Service</b>	<b>Gross</b>	<b>\$4,600,000</b>	<b>\$0</b>
Replaces \$4.6 million GF/GP with an equal amount of Contingent Fund, Penalty and Interest (\$3.0 million of total shifted from Community Ventures) for a net change of \$0 Gross.	Restricted	0	4,600,000
	GF/GP	\$4,600,000	(\$4,600,000)
<b>6. Land Bank Fast Track Fund Operations</b>	FTE	6.0	3.0
Reduces by \$1.0 million GF/GP to reflect reduced costs associated with Land Bank Fast Track Authority operations. Includes 3.0 FTE positions to align totals with the number of funded positions.	<b>Gross</b>	<b>\$5,259,100</b>	<b>(\$1,000,000)</b>
	Federal	1,000,000	0
	Restricted	298,400	0
	GF/GP	\$3,960,700	(\$1,000,000)
<b>7. Other One-Time Appropriations</b>	<b>Gross</b>	<b>\$51,097,000</b>	<b>(\$51,096,900)</b>
Removes a total of \$51.1 million GF/GP in one-time appropriations. Appropriations include Michigan Enhancement Grants (\$35.9 million GF/GP), Arts and Cultural Grants (\$1.0 million GF/GP), DTED – grants (\$2.7 million GF/GP), Protect and Grow (\$1.0 million GF/GP), Talent Marketing (\$5.0 million GF/GP), Dropout Support and Career Training Grants included in the Going Pro line item (\$1.5 million GF/GP), Jobs for Michigan Grads program included in the Going Pro line item (\$3.0 million GF/GP), and a Van Andel Institute grant included in the Entrepreneurship Eco-System line item (\$1.0 million GF/GP). Includes new \$100 restricted for Drinking Water Declaration of Emergency placeholder to accommodate future transfer needs.	Restricted	0	100
	GF/GP	\$51,097,000	(\$51,097,000)
<b>8. Technical Fund Source Adjustments to Align with Available Revenues</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,653,900)</b>
Removes \$1.7 million Gross (\$0 GF/GP) in federal and state restricted appropriation authorization to align fund sources with actual revenues.	Federal	NA	(1,622,100)
	Restricted	NA	(31,800)
	GF/GP	NA	\$0
<b>9. Workforce Development Programs</b>	<b>Gross</b>	<b>\$3,499,400</b>	<b>\$501,000</b>
Includes \$501,000 in Federal Department of Agriculture, Employment and Training funds to accommodate the receipt of a new federal award for the existing Food Assistance, Employment and Training workforce development program.	Federal	3,499,400	501,000
	GF/GP	\$0	\$0
<b>10. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,693,700</b>
Reflects increased costs of \$2.7 million Gross (\$270,200 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,622,100
	Private	NA	800
	Restricted	NA	800,600
	GF/GP	NA	\$270,200

**Major Boilerplate Changes From FY 2017-18**

**Sec. 1007. Program Reporting Requirements – DELETED**

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Additionally requires report to include the budget for the MSF and MEDC for the prior fiscal year including all corporate revenue by source, all expenditures by core focus, number of positions at the MEDC, the corporate fund balance remaining at the end of the fiscal year, the total amount of work project funding spent during the previous fiscal year, all work project funding that is being carried forward, and the difference between the enacted budget and final expenditures for the previous fiscal year. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program.

**Sec. 1010. Jobs for Michigan Investment Fund Report – DELETED**

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund.

**Sec. 1011. Disposition of Unexpended Funds – REVISED**

Requires unexpended and unencumbered funds at the end of the fiscal year to be disposed of in accordance with the Management and Budget Act unless carry forward authorization has otherwise been provided. Revises to include subsection that authorizes any carry forward authorization through a work project shall be preserved until a cash or accrued expenditure has been executed or the allowable work project time period has expired.

**Sec. 1033. Film and Digital Media Office Status Report – DELETED**

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 1040. MAIN System Reporting – DELETED**

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

**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.

**Sec. 1047. Michigan Enhancement Grants – DELETED**

Specifies individual grants included in the Michigan Enhancement Grant line item totaling \$35.9 million GF/GP: playground project in Commerce Township (\$100,000); Sanilac FFA “miracle of life” barn (\$35,000); St. Clair River seawall (\$500,000); St. Clair highway bridge (\$2,700,000); Oakland Hope (\$100,000); Michigan Works! retirement shortfall (\$800,000); Sault Sainte Marie Carbide Docks (\$1,000,000); Hillsdale Veteran Affairs Scholarship Program (\$12,000); Plymouth Township intersection upgrade (\$1,000,000); Albion Water Tower Upgrade (\$500,000); Holy Cross Services (\$1,500,000); Gianna House (\$100,000); Livonia Rotary Park accessible playground (\$300,000); Botsford Park upgrade to outdoor pool (\$70,000); Child Restraint Safety Program Awareness Campaign (\$300,000); Former Detroit House of Corrections demolition and cleanup (\$1,500,000); No Wrong Door Program – Wayne County (\$250,000); South Michigan Center for Science and Industry (\$800,000); Voss Park – baseball diamonds upgrades (\$300,000); Salem Township Urban Services District (\$10.0 million); Harvey Street woonerf project (\$1,000,000); Grand Rapids Civic Theatre (\$1,000,000); Lowell Showboat Replacement (\$1,000,000); Dixie Highway Federal Match (\$1,000,000); KVCC Healthy Living Campus (\$2,000,000); White Lake Township Road Infrastructure Improvement (\$750,000); Muskegon County/Coopersville Wastewater Treatment Improvement (\$2,500,000); Monroe County ISD Career Tech Equipment (\$40,000); Ida School District CAD equipment (\$70,000); Whites Bridge Rebuild – Ionia County (\$350,000); Village of Lexington Master Plan Study (\$120,000); Grand Rapids Dam Removal (\$1,500,000); Mackinaw Cutter Repainting (\$300,000); LSSU power grid improvements (\$300,000); Zeeland Interchange Upgrade (\$2,000,000); National Sportsman Caucus National Meeting – Traverse City (\$100,000).

**Sec. 1048. Van Andel Institute Grant – DELETED**

Appropriates \$1.0 million of funding appropriated for Entrepreneurship Eco-System in part 1 to the Van Andel Institute.

**Sec. 1051. Talent Marketing Performance Measures – DELETED**

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures.

**Sec. 1052. Project Rising Tide Performance Measures – DELETED**

Requires department to identify specific performance measures for the Project Rising appropriations; provides two performance measures.

**Sec. 1053. Arts and Cultural Grants Performance Measures – DELETED**

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures.

**Sec. 1054. Protect and Grow Performance Measures – DELETED**

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures; includes reporting requirement.

**Sec. 1055. City Park Development Project – DELETED**

Requires \$500,000 GF/GP appropriated in part 1 for DTED – grants to be awarded as a matching grant to a park development project at Riverbend Park in Rochester Hills.

**DTED – TALENT INVESTMENT AGENCY**

**Sec. 1065. Going Pro Program – REVISED**

Requires TIA to publish data and reports on March 15 and September 30 on the Going Pro Program. Requires the Department of Talent and Economic Development to expand workforce training and re-employment services to better connect workers to in-demand jobs and identify specific outcomes with performance metrics for this initiative. Revises to remove reference to individuals enrolled in skilled trades training program and includes number of individuals enrolled in classroom training, on the job training, and new USDOL registered apprentices. Aligns metric measurements with those required for Going Pro in FY 2017-18 Section 1084.

**Sec. 1067. Helmets to Hardhats Program Grant – DELETED**

Requires \$200,000 GF/GP appropriated in part 1 for DTED - grants to be awarded to a national, nonprofit organization that connects National Guard, Reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry. Funds must be used to recruit and assist military veterans transition into apprenticeship programs in the state of Michigan.

**Sec. 1069. Focus: Hope Grant – DELETED**

Requires \$2.0 million GF/GP appropriated in part 1 for DTED - grants to be awarded to Focus: Hope for programming needs.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 1070. Dropout Support and Career Training Grant – DELETED**

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures.

**Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – DELETED**

Requires \$3.0 million from the funds appropriated for Going Pro to be awarded to an existing dropout prevention and recover program for Michigan youth.

**Sec. 1080. Community Ventures Matching Funds – DELETED**

Stipulates that up to \$2.0 million funding in part 1 for the Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised.

**Sec. 1081. Statewide Data System Integration Performance Metrics – DELETED**

Requires the Department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15.

**Sec. 1082. Sustainable Employment Pilot Program – DELETED**

Requires a status update on the usage of the funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics.

**Sec. 1084. Going Pro Performance Measures – DELETED**

Requires department to identify specific performance measures for the Going Pro appropriations; provides three performance measures.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF HEALTH AND HUMAN SERVICES

Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2017-18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
	Year-to-Date as of 2/7/18		Amount	%
<b>IDG/IDT</b>	\$13,640,900	\$13,813,700	\$172,800	1.3
<b>Federal</b>	18,406,770,700	17,955,593,700	(451,177,000)	(2.5)
<b>Local</b>	116,545,300	123,112,900	6,567,600	5.6
<b>Private</b>	149,875,700	148,409,900	(1,465,800)	(1.0)
<b>Restricted</b>	2,441,939,800	2,456,898,500	14,958,700	0.6
<b>GF/GP</b>	4,380,531,400	4,542,525,600	161,994,200	3.7
<b>Gross</b>	<b>\$25,509,303,800</b>	<b>\$25,240,354,300</b>	<b>(\$268,949,500)</b>	<b>(1.1)</b>
<b>FTEs</b>	15,626.5	15,618.7	(7.8)	(0.0)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The Department of Health and Human Services (DHHS) includes programs and services to assist Michigan's most vulnerable individuals and families, including public assistance, foster care, adoption, family preservation programs, child support enforcement, crime victim services, behavioral health services including mental health and substance use disorder, population health programs, aging and adult services, and medical services programs including Medicaid and the Healthy Michigan Plan.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>MEDICAID AND BEHAVIORAL HEALTH – GENERAL</b>		
<b>1. Traditional Medicaid Cost Adjustments</b>	<b>Gross \$13,352,197,800</b>	<b>\$89,646,600</b>
Provides increase of \$89.6 million Gross (\$72.3 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments. Total includes \$37.1 million GF/GP to offset decline in federal match rate from 64.78% to 64.45% due to relative growth in state's personal income. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 4%.	Federal 8,659,726,100	10,095,200
	Local 47,247,100	491,700
	Private 2,100,000	0
	Restricted 2,100,350,400	6,711,500
	GF/GP \$2,542,774,200	\$72,348,200
<b>2. Healthy Michigan Plan Cost Adjustments</b>	<b>Gross \$4,173,374,700</b>	<b>(\$132,081,300)</b>
Provides reduction of \$132.1 million Gross (increase of \$24.1 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Total includes \$33.0 million GF/GP to offset decline in federal match rate from 94.25% to 93.25%. Compared to FY 2016-17 expenditures, State Budget Office forecasts an average annual increase of 6%.	Federal 3,930,920,900	(165,099,900)
	Local 651,100	328,600
	Restricted 50,955,200	8,634,400
	GF/GP \$190,847,500	\$24,055,600
<b>3. Actuarial Soundness Adjustments</b>	<b>Gross NA</b>	<b>\$140,080,000</b>
Includes \$140.1 million Gross (\$39.0 million GF/GP) to support an estimated 2% actuarial soundness adjustment for prepaid inpatient health plans (PIHPs) and an estimated 1.5% actuarial soundness adjustment for Medicaid health plans and Healthy Kids Dental.	Federal NA	101,086,800
	GF/GP NA	\$38,993,200

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>DEPARTMENTAL ADMINISTRATION</b>		
<b>4. Economic Adjustments</b>	<b>Gross NA</b>	<b>\$32,774,900</b>
Reflects increased costs of \$32.8 million Gross (\$16.7 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges for state-owned buildings, and other economic adjustments.	IDG NA	134,500
	TANF NA	5,222,100
	Federal NA	10,027,000
	Local NA	150,400
	Private NA	72,300
	Restricted NA	442,600
	GF/GP NA	\$16,726,000
<b>5. Property Management</b>	<b>Gross \$64,339,500</b>	<b>\$859,300</b>
Includes increase of \$859,300 Gross (\$455,100 GF/GP), about 2%, for non-state-owned building lease costs for the Department; current year charges paid for state-owned buildings is \$19.8 million and \$44.5 million for non-state-owned buildings. \$767,300 of increased costs for state-owned buildings is included in "Economics Adjustments" item above.	IDG 593,500	0
	TANF 10,314,200	183,400
	Federal 24,648,600	220,800
	Private 36,400	0
	Restricted 166,500	0
	GF/GP \$28,580,300	\$455,100
<b>HUMAN SERVICES</b>		
<b>6. Food Assistance Program Caseload Adjustments</b>	<b>Gross \$2,348,117,400</b>	<b>(\$415,110,400)</b>
Reduces the federally funded Food Assistance Program (FAP) by \$415.1 million Gross (\$0 GF/GP) for caseload adjustments. Reduction based on caseload estimates decreasing from 854,072 cases at \$229.11 per month to 683,950 at \$235.52 per month.	Federal 2,342,117,400	(415,110,400)
	Restricted 6,000,000	0
	GF/GP \$0	\$0
<b>7. Other Public Assistance Caseload Adjustments</b>	<b>Gross \$152,200,000</b>	<b>(\$2,957,000)</b>
Reduces funding for other public assistance programs by \$3.0 million Gross (\$6.9 million GF/GP) as follows:	TANF 54,040,700	3,799,100
<ul style="list-style-type: none"> <li>• Family Independence Program (FIP) is reduced \$2.2 million Gross (\$6.1 million GF/GP) adjusting the monthly caseload estimate from 18,200 cases at \$349.50 per month to 17,938 cases at \$344.38 per month.</li> <li>• State Disability Assistance (SDA) is reduced by \$620,200 GF/GP adjusting the monthly caseload estimate from 3,600 cases at \$216.67 per month to 3,363 cases at \$216.57 per month.</li> <li>• State Supplementation is reduced by \$135,900 GF/GP adjusting the monthly caseload estimate from 268,268 cases at \$18.79 per month to 266,672 cases at \$18.86 per month.</li> </ul>	Restricted 15,411,700	102,900
	GF/GP \$82,747,600	(\$6,859,000)
<b>8. Child Welfare Caseload Adjustments</b>	<b>Gross \$622,467,300</b>	<b>\$40,341,900</b>
Increases funding for child welfare programs by \$40.3 million Gross (\$30.2 million GF/GP) as follows:	Federal 196,452,100	6,742,500
<ul style="list-style-type: none"> <li>• Foster care payments are increased by \$36.5 million Gross (\$21.0 million GF/GP) from 5,800 cases at \$31,643 per year to 6,620 cases at \$33,244 per year.</li> <li>• Adoption subsidies are reduced by \$5.7 million Gross (\$2.0 million GF/GP) from 23,406 cases at \$732.00 per month to 22,791 cases at \$731.00 per month.</li> <li>• The Child Care Fund is increased by \$10.0 million GF/GP.</li> <li>• Guardianship assistance payments are increased by \$1.2 million Gross (\$1.1 million GF/GP) from 1,200 cases at \$778.00 per month to 1,342 cases at \$768.61 per month.</li> <li>• Family Support Subsidies are reduced by \$1.7 million Gross (\$0 GF/GP) from 6,360 cases at \$222.11 per month to 5,716 cases at the same monthly rate.</li> </ul>	TANF 103,537,500	121,900
	Local 14,244,900	4,483,500
	Private 2,929,800	(1,159,100)
	GF/GP \$305,303,000	\$30,153,100

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>9. Foster Care Administrative Rate – Elimination of County Hold-Harmless Provision</b>	<b>Gross</b>	<b>NA</b>
Reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provisions that require DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Requires counties to pay 50% of all administrative rates for private foster care placing agencies paid for out of the Child Care Fund beginning in FY 2018-19.	GF/GP	NA
		<b>(\$8,000,000)</b>
		(\$8,000,000)
<b>10. Foster Care Relative Caregiver Licensure Payments</b>	<b>Gross</b>	<b>NA</b>
Eliminates \$1.0 million GF/GP funding for increased payments to child placing agencies for the completed licensure of relative caregivers. Payments were increased in the FY 2017-18 budget.	GF/GP	NA
		<b>(\$1,000,000)</b>
		(\$1,000,000)
<b>11. Family Independence Program (FIP) Inflationary Adjustment</b>	<b>Gross</b>	<b>\$82,350,800</b>
Includes additional \$1.0 million federal TANF funding to provide a 1.2% inflationary adjustment in benefits. The increase is based upon the growth in the federal poverty standards and will increase benefits by approximately \$2.00 per person per month.	TANF	54,040,700
	Restricted	11,259,000
	GF/GP	\$17,051,100
		<b>\$1,017,600</b>
		1,017,600
		0
		\$0
<b>12. Heat and Eat Program Continuance</b>	<b>Gross</b>	<b>NA</b>
Eliminates the \$2.5 million GF/GP portion of the Heat and Eat program funding. The number of eligible cases not already receiving the enhanced FAP benefits is less than estimated and federal funding is available to fund the program without GF/GP support. Program provides energy assistance payments of \$20.01 to certain food assistance cases making them potentially eligible for additional FAP benefits.	Federal	NA
	GF/GP	NA
		<b>(\$2,500,000)</b>
		0
		(\$2,500,000)
<b>13. Donated Funds Positions Reduction</b>	FTE	288.0
Eliminates 50.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$5.7 million Gross (\$0 GF/GP).	<b>Gross</b>	<b>\$32,702,700</b>
	IDG	266,200
	TANF	1,661,300
	Federal	15,391,200
	Private	9,600,500
	Local	5,783,500
	GF/GP	\$0
		<b>(\$5,675,900)</b>
		0
		0
		(3,540,000)
		(379,000)
		(1,756,900)
		\$0
		\$0
<b>14. Multicultural Integration Funding Increase – One-Time Funding</b>	<b>Gross</b>	<b>\$15,303,800</b>
Includes \$1.4 million GF/GP one-time funding for various multicultural organizations that provide social services programs to specific populations. YTD amount is current ongoing amount.	TANF	421,000
	Federal	694,500
	GF/GP	\$14,188,300
		<b>\$1,381,100</b>
		0
		0
		\$1,381,100
<b>15. Human Services Program Eliminations</b>	<b>Gross</b>	<b>\$780,100</b>
Eliminates funding for several programs as follows: \$250,000 GF/GP for Adoptive Family Support Network, \$280,000 GF/GP for Muskegon Covenant Academy, \$250,000 GF/GP for Supplemental Security Income (SSI) Advocacy Legal Services, and \$100 GF/GP placeholder for MI Cornerstore Initiative.	GF/GP	\$780,100
		<b>(\$780,100)</b>
		(\$780,100)
<b>16. Federal Revenues Fund Source Identification</b>	<b>Gross</b>	<b>NA</b>
Rolls up the “Capped Federal Revenues” fund source, the “Temporary Aid to Needy Families (TANF)” fund source, and the “Total Other Federal Revenues” fund source into one general “Other Federal Revenues” fund source throughout the bill.	TANF	NA
	Federal	NA
	GF/GP	NA
		<b>\$0</b>
		0
		0
		\$0
<b>BEHAVIORAL HEALTH</b>		
<b>17. State Psychiatrist Salary Increase</b>	<b>Gross</b>	<b>NA</b>
Provides \$1.4 million Gross (\$1.3 million GF/GP) to support a civil service salary increase for psychiatrists at the state psychiatric hospitals. Increase supports a minimum increase, by pay level, of at least 11%. The vacancy rate of state psychiatrist positions is approximately 50%.	Federal	NA
	GF/GP	NA
		<b>\$1,394,800</b>
		136,200
		\$1,258,600

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>18. Mental Health and Wellness Commission Recommendations</b>	<b>Gross</b>	<b>\$18,895,000</b>	<b>(\$7,500,000)</b>
Reduces \$7.5 million Gross (\$5.3 million GF/GP) for Mental Health and Wellness Commission Recommendations. Program would have \$11.4 million Gross (\$3.8 million GF/GP) in available ongoing funding for the psychiatric transitional unit and children’s behavioral action team, in addition to available work project authorization. Reduction includes \$500,000 GF/GP transferred to Department of Education.	Federal	9,861,100	(2,241,500)
	GF/GP	\$9,033,900	(\$5,258,500)
<b>19. Behavioral Health Program Eliminations</b>	<b>Gross</b>	<b>\$1,005,000</b>	<b>(\$1,005,000)</b>
Eliminates behavioral health program funding for genomic opioid research in Kalamazoo (\$700,000 GF/GP) and pediatric and adult opioid abuse pilot project through Kids Kicking Cancer (\$305,000 GF/GP).	GF/GP	\$1,005,000	(\$1,005,000)
<b>20. Autism Navigator – One-Time Funding</b>	<b>Gross</b>	<b>\$565,000</b>	<b>\$460,000</b>
Increases one-time autism navigator funding \$460,000 GF/GP to assess statewide rollout of the Medicaid autism benefit and to help families with autistic children find services.	GF/GP	\$565,000	\$460,000
<b>POPULATION HEALTH</b>			
<b>21. Flint Drinking Water and Lead Exposure Emergency</b>	<b>Gross</b>	<b>\$21,541,700</b>	<b>(\$16,920,600)</b>
Reduces funding for assistance to residents exposed to lead in the City of Flint by \$16.9 million Gross (increase of \$2.9 million GF/GP) from year-to-date. One-time funding of \$4.6 million Gross (\$4.6 million GF/GP) is provided for food and nutrition services, health services at child and adolescent health centers and schools, lead abatement and investigation, lead poisoning prevention, and additional supports and services. YTD amount includes \$7.5 million transfer of November 2017.	TANF	3,500,000	(3,500,000)
	Restricted	16,361,700	(16,361,600)
	GF/GP	\$1,680,000	\$2,941,000
<b>22. PFAS Contamination Response</b>	FTE	8.0	15.0
Reduces funding by \$368,700 GF/GP from YTD to address environmental contamination from perfluoroalkyl and polyfluoroalkyl substances (PFAS), first funded in FY 2017-18 supplemental Act 201; proposes funding of \$8.0 million GF/GP and 23.0 FTEs in one new appropriation line item to continue laboratory testing and analysis, local public health department response support, environmental health toxicology and response, and other support services.	<b>Gross</b>	<b>\$8,394,000</b>	<b>(\$368,700)</b>
	GF/GP	\$8,394,000	(\$368,700)
<b>23. Local Health Department Emerging Issues Grants</b>	FTE	0.0	2.0
Includes new funding of \$4.8 million GF/GP and 2.0 FTEs for enhanced support to local public health departments responding to emerging public health issues and threats; intent is that a portion will be allocated for additional PFAS contamination response, and the other portion allocated as needed to address infectious and vector-borne disease outbreaks, and other environmental contamination issues such as vapor intrusion, drinking water contamination, and lead exposure. YTD amount is also reflected in PFAS item YTD amount shown above.	<b>Gross</b>	<b>\$2,500,000</b>	<b>\$4,750,000</b>
	GF/GP	\$2,500,000	\$4,750,000
<b>24. Population Health Program Reductions and Eliminations</b>	<b>Gross</b>	<b>\$4,950,000</b>	<b>(\$4,850,000)</b>
Eliminates GF/GP funding for bone marrow registry (\$250,000), early primary care pilot program (\$1.0 million), and outstate dental clinics (\$1.6 million). Reduces funding for diabetes programming by \$200,000 GF/GP and alternative pregnancy and parenting program by \$550,000 Gross (increase of \$50,000 GF/GP). Eliminates one-time GF/GP funding of \$1.3 million for prenatal diagnosis clearinghouse website, primary care hospital grant, and primary care and dental health services. YTD includes only these amounts and balance of alternative pregnancy program.	TANF	650,000	(600,000)
	GF/GP	\$4,300,000	(\$4,250,000)
<b>25. Primary Care Clinics</b>	<b>Gross</b>	<b>\$5,268,700</b>	<b>\$1,504,500</b>
Provides \$1.5 million GF/GP to continue support for primary care clinics and free health clinics at current year levels which are currently supported by federal bonus funding that is no longer available and will be fully expended as of FY 2017-18 year end. YTD amount shown is for Primary Care Services line item.	Federal	2,597,100	0
	Private	10,000	0
	GF/GP	\$2,661,600	\$1,504,500



<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>26. Population Health – Healthy Michigan Fund Adjustment</b>	<b>Gross</b>	<b>\$4,178,500</b>	<b>\$0</b>
For recent population health initiatives, replaces \$4.2 million of Healthy Michigan Fund (HMF) with GF/GP; expanded programs for childhood lead, drinking water and toxicology were funded with HMF in FY 2017-18 only, using available HMF balance. Combined with a similar fund adjustment in Medicaid, the total HMF to GF/GP fund adjustment proposed is \$0 Gross (\$14.2 million GF/GP).	Restricted	4,178,500	(4,178,500)
	GF/GP	\$0	\$4,178,500
<b>MEDICAL SERVICES</b>			
<b>27. Federal Medicaid Managed Care Final Rule Compliance</b>	FTE	NA	15.0
Includes \$1.7 million Gross (\$830,100 GF/GP) for 15.0 FTEs within Medical Services Administration for compliance and implementation of recent changes to the federal Medicaid managed care rules.	<b>Gross</b>	<b>NA</b>	<b>\$1,660,200</b>
	Federal	NA	830,100
	GF/GP	NA	\$830,100
<b>28. Integrated Service Delivery</b>	FTE	42.0	15.0
Provides \$13.8 million federal and 15.0 FTEs for Integrated Service Delivery information technology project costs. \$4.6 million GF/GP is allocated from the Information Technology Investment Fund within Department of Technology, Management, and Budget to draw down these federal funds.	<b>Gross</b>	<b>\$51,397,800</b>	<b>\$13,783,400</b>
	Federal	47,252,500	13,783,400
	GF/GP	\$4,145,300	\$0
<b>29. Special Hospital Payments</b>	<b>Gross</b>	<b>NA</b>	<b>\$111,166,200</b>
Increases \$111.2 million Gross (reduces \$13.5 million GF/GP) in net special hospital payment adjustments based primarily on changes required to comply with recent changes to federal Medicaid managed care rules that phase out “pass through” payments. The Hospital Rate Adjustment (HRA) is increased by \$190.0 million Gross (reducing \$21.2 million GF/GP) with distribution tied to direct claims. The Rural and Sole Community Hospital and Obstetrical Stabilization “pass through” payments could not be restructured and instead the \$14.7 million GF/GP is provided to the hospitals without federal Medicaid reimbursement; the loss of \$26.6 million in federal Medicaid reimbursement is partially offset with \$7.0 million in additional GF/GP. The Medicaid Access to Care Initiative (MACI) is also adjusted based on projected allocations.	Federal	NA	75,892,300
	Restricted	NA	48,795,500
	GF/GP	NA	(\$13,521,600)
<b>30. Program of All-Inclusive Care for the Elderly (PACE) Expansion</b>	<b>Gross</b>	<b>\$106,289,100</b>	<b>\$41,359,700</b>
Adds \$41.4 million Gross (\$14.7 million GF/GP) to support approximately 950 additional enrollments within existing programs for an estimated statewide enrollment of 3,600. Increase is offset with assumed long-term care savings. Funding supports an annual per member per month increase of 2.0%.	Federal	68,854,100	26,656,300
	GF/GP	\$37,435,000	\$14,703,400
<b>31. Medicaid Pharmacy Savings</b>	<b>Gross</b>	<b>\$366,015,600</b>	<b>(\$14,064,700)</b>
Assumes \$14.1 million Gross (\$5.0 million GF/GP) in Medicaid pharmaceutical savings based on changes in how Medicaid prescribes specialty pharmaceuticals.	Federal	232,092,400	(9,064,700)
	GF/GP	\$133,923,200	(\$5,000,000)
<b>32. Hospice Room and Board Elimination</b>	<b>Gross</b>	<b>\$3,318,000</b>	<b>(\$3,318,000)</b>
Removes \$3.3 million GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement.	GF/GP	\$3,318,000	(\$3,318,000)
<b>33. Medical Services Program Reductions and Eliminations</b>	<b>Gross</b>	<b>NA</b>	<b>(\$7,749,600)</b>
Eliminates level of care determination funding (\$5.0 million Gross, \$2.5 million GF/GP), reduces Medicaid guardian and conservator rates (\$1.4 million Gross, \$500,000 GF/GP), removes Healthy Michigan Plan medical literacy demonstration program (\$830,000 Gross, \$415,000 GF/GP), and removes dental registry funding (\$500,000 GF/GP).	Federal	NA	(3,834,600)
	GF/GP	NA	(\$3,915,000)
<b>34. Federal Money Follows the Person Demonstration Grant</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Recognizes end of \$10.3 million federal Money Follows the Person demonstration grant used to increase use of home- and community-based services and to reduce institutionally-based services. Loss of grant funding is offset with state GF/GP and federal Medicaid matching funds. Over a 10 year period, Michigan received \$88.2 million.	Federal	NA	(2,459,600)
	GF/GP	NA	\$2,459,600

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>		<b>Executive Change from YTD</b>
<b>35. State Restricted Revenue Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Revises restricted revenues based on projected available revenue for a net decrease of \$29.8 million, which is offset with a like amount of GF/GP. Revisions include:	Restricted	NA	(29,824,400)
	GF/GP	NA	\$29,824,400
<ul style="list-style-type: none"> <li>• Reducing Health Insurance Claims Assessment (HICA) fund balance utilization \$60.0 million.</li> <li>• Increasing Medicaid Benefits Trust Fund \$38.3 million.</li> <li>• Reducing Healthy Michigan Fund \$10.0 million (Combined with a similar fund adjustment in Population Health, the total HMF to GF/GP fund adjustment is \$14.2 million).</li> <li>• Increasing Merit Award Trust Fund \$2.0 million.</li> </ul>			
<b>36. Special Medicaid Reimbursements</b>	<b>Gross</b>	<b>NA</b>	<b>(\$11,623,700)</b>
Reduces special Medicaid reimbursements by \$11.6 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, Graduate Medical Education innovations pool, and university disproportionate share hospital (DSH) payments. GF/GP is not used as state matching funds for these special Medicaid reimbursements.	Federal	NA	(15,679,900)
	Local	NA	(150,600)
	Restricted	NA	4,206,800
	GF/GP	NA	\$0
<b>37. Medical Services Program Eliminations – One-Time Funding</b>	<b>Gross</b>	<b>\$6,724,000</b>	<b>(\$6,724,000)</b>
Eliminates one-time medical services funding for direct primary care pilot program (\$5.7 million Gross, \$2.0 million GF/GP) and University of Detroit Dental (\$1.0 million GF/GP).	Federal	3,708,000	(3,708,000)
	GF/GP	\$3,016,000	(\$3,016,000)

**Major Boilerplate Changes From FY 2017-18**

**Executive Boilerplate Deletions**

The Executive Budget Recommendation deletes a significant amount of boilerplate language included in the FY 2017-18 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. 222. Notification and Report of Policy Changes – DELETED**

Requires policy manual to be available on the DHHS website; and requires a report by April 1 on policy changes made to implement new public acts.

**Sec. 228. Interest Payable to DHHS on Late Payments – NEW**

Allows DHHS to charge and collect 1% per month interest for late payments to the Department.

**Sec. 291. E-Verify – DELETED**

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States.

**Sec. 293. TANF Spending Cap and Exception – NEW**

Sets cap of \$548.8 million for DHHS expenditures of federal TANF funds, and allows for additional spending of up to 3% more to offset GF/GP if notification is made to Legislature which includes an updated estimate of year end TANF balance.

**Sec. 296. Employee Legal Costs Related to Flint Water System – NEW**

States that from the funds appropriated in Part 1, DHHS shall be responsible for legal costs of private attorneys defending department employees in any legal action or investigations related to the City of Flint municipal water system. (This boilerplate is current law in Department of Environmental Quality budget as Sec. 237).

**Sec. 298. Behavioral Health Integration Pilot Projects – REVISED**

Requires DHHS to pilot the integration of behavioral health and physical health services, including: contract with a project facilitator, establish a pilot in Kent County with a willing CMHSP, establish up to 3 additional pilots with CMHSPs and Medicaid health plans, reinvest savings into behavioral health services in the pilot area, legislative intent for pilots, and contract with a university to evaluate pilots and replicability. Allocates \$3.1 million for implementation, requires a spending plan, report by DHHS, report by managing entities of pilots, and includes target dates. Executive revises language to require DHHS to continue to pursue and implement the pilot projects and other requirements outlined during FY 2017-18.

**Sec. 299. Request for Proposal for Contract – DELETED**

Prohibits DHHS from issuing a request for proposal for a contract in excess of \$5 million without first considering issuing a request for information or a request for qualification relative to that contract, and requires related notifications and reports.

**Major Boilerplate Changes From FY 2017-18****CHILDREN SERVICES – CHILD WELFARE****Sec. 531. Child Welfare Contract Change Notification – DELETED**

Requires DHHS to notify the Legislature of any changes to a child welfare master contract template not less than 30 days before the changes take effect, including templates for adoption, independent living plus, child placing agency foster care, and residential foster care juvenile justice.

**Sec. 532. Licensing and Contract Compliance Review– DELETED**

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes; requires report.

**Sec. 537. Residential Bed Space Standards and Preferences– DELETED**

Directs DHHS to collaborate with child caring institutions to develop a strategy to implement MCL 400.115o, which restricts out-of-state placements of youth and restricts placements of youth in state administered facilities over comparable private provider facilities; requires report.

**Sec. 546. Foster Care Agency Administrative Rates – REVISED**

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS and increases the rate by \$9.20, provided that the county match rate is eliminated for this increase; requires payments for independent living plus services at the statewide per diem. Executive revises language to set the general foster care rate, independent living rate, and trial unification services rate all at \$46.20 and strikes language requiring a \$9.20 administrative rate increase to private foster care providers and that the county match rate be eliminated.

**Sec. 558. Child Welfare Training Institute Report – DELETED**

Directs DHHS to report on the policies, procedures, and other relevant issues related to modernizing the child welfare training program.

**Sec. 589. Foster Care Administrative Rate County Hold-Harmless Policy – REVISED**

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive deletes language requiring DHHS to pay 100% of the administrative rates.

**PUBLIC ASSISTANCE****Sec. 619. Family Independence Program (FIP) and Food Assistance Benefit Exemption – REVISED**

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving FIP and food assistance benefits; requires benefits be paid to a third-party for these cases; prohibits individuals convicted of 2 or more separate drug felonies from receiving assistance, subject to federal approval of this additional condition. Executive revises language to state that the exemption would be given if the act, not the conviction itself, occurred after August 22, 1996. Also requires that if the grantee is the individual convicted, then FIP benefits must be paid as restricted payments - using a protective payee, if possible, or vendor payments for shelter to the extent possible. If the convicted individual is not the grantee, then assistance shall go to the grantee.

**Sec. 650. Food Assistance Program Able-Bodied Adults Without Dependents Waiver – DELETED**

Requires DHHS to apply the food assistance eligibility requirements as prescribed in 7 CFR 273.24(a)-(d) on a statewide basis beginning May 1, 2018. (Executive signing letter stated section is considered unenforceable.)

**CHILDREN SERVICES – JUVENILE JUSTICE****Sec. 708. County Spending Plan Required – REVISED**

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan for DHHS approval by October 1 of each year; requires DHHS to notify counties of any plan revisions; requires report. Executive revises language to change submission date to August 15, deletes requirement that DHHS cannot request additional plan revisions outside of those in revision notification, and includes new language requiring counties to submit plan amendments by August 30 and payable estimates by September 15.

**Sec. 721. Residential Facility of Last Resort – DELETED**

If demand exceeds capacity at state-operated facilities, requires DHHS 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.

**FIELD OPERATIONS AND SUPPORT SERVICES****Sec. 805. Michigan Rehabilitation Services (MRS) Order of Selection – DELETED**

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services; requires legislative notification if program is at-risk of implementing an order of selection.

Major Boilerplate Changes From FY 2017-18

**BEHAVIORAL HEALTH SERVICES**

**Sec. 912. Salvation Army Harbor Light Program – DELETED**

Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care.

**Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – DELETED**

Requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines “national accrediting entity.”

**Sec. 1008. PIHP Administrative Costs, Mental Health Care, Service Rates, and Direct Care Reimbursement – REVISED**

Requires the PIHP to work to reduce administrative costs, take an active role in managing mental health care, ensure that direct care rate variances are related to the level of need or other quantifiable measures, and whenever possible promote fair and adequate direct care reimbursement. Executive adds Community Mental Health Services Programs to also meet these requirements.

**Sec. 1009. Direct Care Wage Increase – REVISED**

Allocates \$45.0 million to provide a \$0.50 per hour increase for direct care workers and requires DHHS contractually mandate these funds be fully passed through to agencies for paying direct care workers’ wages and includes reporting requirements; establishes provisions for receiving funds; requires a report. Executive replaces current language with requirement for PIHPs to report range of wages paid to direct care workers and for DHHS to report information to legislature.

**Sec. 1061. Caro Regional Mental Health Center – REVISED**

Requires DHHS to only use the funds appropriated for the Caro Regional Mental Health Center to support a psychiatric hospital at its current location, includes legislative intent that the Caro Regional Mental Health Center remain open and operational at its current location and that any capital outlay funding be used for planning and construction at the current location instead of a new location. Executive deletes statement of legislative intent and adds language permitting funds be transferred, either through an administrative transfer or the legislative transfer process.

**POPULATION HEALTH**

**Sec. 701. [PA 201]. PFAS Contamination Response by Local Health Departments – DELETED**

Allocates \$2.5 million to local health departments experiencing potential PFAS contamination, which may be used for staffing, planning and response, materials, and other needs. (Included in supplemental appropriations Act 201 of 2017).

**Sec. 703. [PA 201]. Reimbursement for PFAS Environmental Contamination Response – DELETED**

Expresses intent of the Legislature that the United States Department of Defense shall reimburse the state for costs associated with PFAS and environmental contamination response at military training sites and support facilities. (Included in supplemental appropriations Act 201 of 2017).

**Sec. 704. [PA 201]. Expenditure of Funding for PFAS Environmental Contamination Response – DELETED**

Prohibits expenditure of GF/GP and state restricted funding sources for PFAS and environmental contamination response when federal or private funding is available for the same purpose. (Included in supplemental appropriations Act 201 of 2017).

**MEDICAL SERVICES**

**Sec. 1806. Common Formulary for Medicaid Health Plans – REVISED**

Requires DHHS to monitor progress in implementing the common formulary; requires DHHS to develop policies to operate the common formulary to ensure fair and full public participation; requires a report. Executive deletes requirement to monitor progress in implementing the common formulary and revises to maintain policies to ensure fair and full public participation.

**Sec. 1861. [Sec. 702. of PA 201]. Nonemergency Medical Transportation Pilot – REVISED**

Requires DHHS to increase the number of counties in which a local public transportation entity is the primary administrator of the Medicaid nonemergency medical transportation benefit using a nonprofit as the transportation broker, lists purpose and performance outcomes. Executive deletes requirement that the local public transportation entity uses a nonprofit transportation broker. (Language revised in supplemental appropriations Act 201 of 2017).

**Sec. 1875. Prior Authorization for Certain Drugs – DELETED**

Applies prior authorization prohibition to DHHS and its contractual agents for psychotropic medications, drugs for the treatment of epilepsy/seizure disorder, or drugs for organ transplant therapy, if those drugs were either carved out or not subject to prior authorization procedures as of May 9, 2016, defines “prior authorization.” Executive deletes.

<b>Supplemental Recommendations for FY 2017-18 Appropriations</b>		<b>FY 2017-18 Recommendation</b>	
<b>1. Traditional Medicaid Cost Adjustments</b>		<b>Gross</b>	<b>(\$135,971,100)</b>
Provides reduction of \$136.0 million Gross (\$55.1 million GF/GP) for traditional Medicaid program caseload, utilization, and inflation adjustments. Compared to FY 2016-17 expenditures, State Budget Office forecasts an annual increase of 6%.		Federal	(80,881,000)
		GF/GP	(\$55,090,100)
<b>2. Healthy Michigan Plan Cost Adjustments</b>		<b>Gross</b>	<b>(\$263,482,700)</b>
Provides reduction of \$263.5 million Gross (\$15.2 million GF/GP) for Healthy Michigan Plan caseload, utilization, and inflation adjustments. Compared to FY 2016-17 expenditures, State Budget Office forecasts an annual increase of 10%.		Federal	(248,332,400)
		GF/GP	(\$15,150,300)
<b>3. Affordable Care Act (ACA) Health Insurer Fee</b>		<b>Gross</b>	<b>\$210,000,000</b>
Adds \$210.0 million Gross (\$52.5 million GF/GP) to support actuarial soundness payments for the one-year reinstatement of the federal Affordable Care Act (ACA) health insurer fee.		Federal	157,499,400
		GF/GP	\$52,500,600
<b>4. Federal Medicaid Managed Care Final Rule Compliance</b>		FTE	15.0
Includes \$830,100 Gross (\$415,100 GF/GP) for 15.0 FTEs within Medical Services Administration for compliance and implementation of the recent federal Medicaid managed care rules. Funding would support FTEs for half the fiscal year.		<b>Gross</b>	<b>\$830,100</b>
		Federal	415,000
		GF/GP	\$415,100
<b>5. Special Hospital Payments</b>		<b>Gross</b>	<b>\$110,779,600</b>
Increases \$110.8 million Gross (reduces \$13.7 million GF/GP) in net special hospital payment adjustments based primarily on changes required to comply with recent changes to federal Medicaid managed care rules that phase out "pass through" payments. The Hospital Rate Adjustment (HRA) is increased by \$190.0 million Gross (reducing \$21.5 million GF/GP) with distribution tied to direct claims. The Rural and Sole Community Hospital and Obstetrical Stabilization "pass through" payments could not be restructured and instead the \$14.7 million GF/GP is provided to the hospitals without federal Medicaid reimbursement; the loss of \$27.0 million in federal Medicaid reimbursement is partially offset with \$7.0 million in additional GF/GP. The Medicaid Access to Care Initiative (MACI) is also adjusted based on projected allocations.		Federal	76,360,700
		Restricted	48,135,800
		GF/GP	(\$13,716,900)
<b>6. Ambulance Quality Assurance Assessment Program (QAAP) Implementation Delay</b>		<b>Gross</b>	<b>(\$27,219,100)</b>
Reduces QAAP-funded supplemental ambulance payments \$27.2 million Gross (\$0 GF/GP) assuming the ambulance QAAP will be implemented by April 1, 2018 rather than at the start of FY 2017-18. The state retainer savings are also adjusted for partial year implementation, requiring an additional \$1.9 million GF/GP.		Federal	(21,007,400)
		Restricted	(8,139,100)
		GF/GP	\$1,927,400
<b>7. Federal Money Follows the Person Demonstration Grant</b>		<b>Gross</b>	<b>\$0</b>
Phases out federal Money Follows the Person demonstration grant used to increase use of home- and community-based services and to reduce institutionally-based services. Grant funding is offset with state GF/GP and federal Medicaid matching funds. Over a 10 year period, Michigan received \$88.2 million.		Federal	(563,500)
		GF/GP	\$563,500
<b>8. Special Medicaid Reimbursements</b>		<b>Gross</b>	<b>(\$16,861,300)</b>
Reduces special Medicaid reimbursements by \$16.9 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, Graduate Medical Education innovations pool, and university disproportionate share hospital (DSH) payments. GF/GP is not used as state matching funds for these special Medicaid reimbursements.		Federal	(20,297,400)
		Local	(129,700)
		Restricted	3,565,800
		GF/GP	\$0
<b>9. Food Assistance Program Caseload Adjustments</b>		<b>Gross</b>	<b>(\$441,620,300)</b>
Reduces the federally funded Food Assistance Program by \$441.6 million Gross (\$0 GF/GP) for caseload adjustments. Food assistance caseloads have been steadily declining since 2014.		Federal	(441,620,300)
		GF/GP	\$0
<b>10. Other Public Assistance Caseload Adjustments</b>		<b>Gross</b>	<b>\$1,288,600</b>
Increases other public assistance programs by \$1.3 million Gross (reduction of \$2.8 million GF/GP) for caseload adjustments.		TANF	4,129,900
		GF/GP	(\$2,841,300)
<b>11. Child Welfare Caseload Adjustments</b>		<b>Gross</b>	<b>\$35,326,000</b>
Increases child welfare programs by \$35.3 million Gross (\$26.3 million GF/GP) for caseload adjustments. Of this increase, \$27.3 million Gross (\$16.5 million GF/GP) is for the foster care program for which both caseloads and costs per case are increasing.		Federal	5,267,100
		TANF	1,371,100
		Local	3,578,200
		Private	(1,159,100)
		GF/GP	\$26,268,700

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
HIGHER EDUCATION**

**Analyst: Perry Zielak**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	111,526,400	113,026,400	1,500,000	1.3
Local	0	0	0	--
Private	0	0	0	--
Restricted	238,443,500	385,688,300	147,244,800	61.8
GF/GP	1,279,254,500	1,160,217,900	(119,036,600)	(9.3)
<b>Gross</b>	<b>\$1,629,224,400</b>	<b>\$1,658,932,600</b>	<b>\$29,708,200</b>	<b>1.8</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Higher Education budget, 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.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. University Operations Funding</b>	<b>Gross \$1,428,345,000</b>	<b>\$28,566,800</b>
Increases university operations funding by \$28.6 million School Aid Fund (SAF), a 2.0% increase. The increase is distributed under the performance funding formula, where 50% is allocated based on each university's share of operational funding appropriated in the baseline year of FY 2010-11, while the remaining increase is distributed based on other formula components (weighted completions, research and development spending, and comparison to Carnegie peers). Attainment of performance funding would be conditioned on restraining resident undergraduate tuition and fee increases to 3.8% or \$490 (set at 3.8% or \$475 in the current year). Projected funding increases for individual universities range from 1.5 to 3.1%. Also includes a fund shift of \$120.0 million from GF/GP to SAF.	Restricted 231,219,500	148,566,800
	GF/GP \$1,197,125,500	(\$120,000,000)
<b>2. Michigan Competitive Scholarship Fund Swap</b>	<b>Gross \$26,361,700</b>	<b>\$6,000,000</b>
Increases funding for Michigan Competitive Scholarships by \$6.0 million in federal Temporary Assistance for Needy Families (TANF) funds. The scholarships are awarded to students with a qualifying ACT/SAT score and demonstrated financial need. The funding is taken from the Tuition Grant Program, due to higher than expected demand in Michigan Competitive Scholarships and lower participation in the Tuition Grant Program. Total funding for Michigan Competitive Scholarships would be \$32.4 million.	Federal 18,361,700	6,000,000
	GF/GP \$8,000,000	\$0
<b>3. Tuition Grant Program Fund Swap</b>	<b>Gross \$38,021,500</b>	<b>(\$6,000,000)</b>
Decreases funding for the Tuition Grant Program by \$6.0 million in federal TANF funds. The program provides need-based tuition assistance to students at Michigan independent (i.e. private, non-profit) colleges and universities. The \$6.0 million reduction is transferred to Michigan Competitive Scholarships, due to higher than expected demand in Michigan Competitive Scholarships and lower participation in the Tuition Grant Program. Tuition Grant maximum per-student annual award amounts would increase from \$2,000 to \$2,100. Total funding for the Tuition Grant Program would be \$32.0 million.	Federal 31,664,700	(6,000,000)
	GF/GP \$6,356,800	\$0

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>4. Michigan Public School Employee Retirement System (MPERS) Rate Cap Costs</b>	<b>Gross</b>	<b>\$6,705,000</b>	<b>(\$1,572,000)</b>
Reduces funding by \$1.6 million SAF for the state's share of the universities' unfunded liability to MPERS. The state's share is the difference between the unfunded accrued liability to the system and the employer contribution cap of 25.73% of payroll for the seven universities with MPERS employees (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western). Total funding for the state share of MPERS would be \$5.1 million SAF.	Restricted	6,705,000	(1,572,000)
	GF/GP	\$0	\$0
<b>5. Tuition Incentive Program</b>	<b>Gross</b>	<b>\$58,300,000</b>	<b>\$1,500,000</b>
Increases funding for Tuition Incentive Program by \$1.5 million in federal TANF funds, a 2.6% increase, which pays for Medicaid-eligible students' tuition costs for associate's degrees. Total funding for TIP would be \$59.8 million.	Federal	58,300,000	1,500,000
	GF/GP	\$0	\$0
<b>6. MSU Extension and AgBioResearch Programs</b>	<b>Gross</b>	<b>\$63,165,700</b>	<b>\$1,263,400</b>
Increases funding for Michigan State's AgBioResearch program by \$678,300 GF/GP and Extension program by \$585,100 GF/GP, a 2.0% increase for both.	GF/GP	\$63,165,700	\$1,263,400
<b>7. MPERS Normal Cost Offset</b>	<b>Gross</b>	<b>\$419,000</b>	<b>\$250,000</b>
Increases funding by \$250,000 SAF to reimburse universities for the normal cost increase for the second year of a two-year phase in to reduce the assumed rate of return for MPERS from 8% to 7.5%. Total funding for the offset would be \$669,000 SAF.	Restricted	419,000	250,000
	GF/GP	\$0	\$0
<b>8. Removal of One-Time Funding</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Eliminates \$300,000 GF/GP of one-time funding for the North American Indian Tuition Waiver Program	GF/GP	\$300,000	(\$300,000)

**Major Boilerplate Changes From FY 2017-18**

**Sec. 242. Federal or Private Funds – REVISED**

Deletes language specifying that acceptance of federal or private funds does not place an ongoing obligation on the legislature.

**Sec. 245. University Transparency – REVISED**

Deletes requirement that state budget director determine compliance and language granting authority to withhold payments for a university not in compliance.

**Sec. 252. Tuition Grant Program – REVISED**

Revises program application deadline from July 1 to March 1 to be considered for a tuition grant award. Deletes language that a tuition grant may not be renewed for more than 10 semesters or its equivalent in trimesters or quarters, or if a student has not completed using the grant within 10 years of determined eligibility by the Department of Treasury. Increases maximum award amount from \$2,000 to \$2,100. Deletes expiration date of unexpended funds as a work project. Increases individual institution cap on awards from \$3.5 million to \$4.2 million.

**Sec. 256. Tuition Incentive Program – REVISED**

Deletes requirement for unexpended funds to continue to be available in the next fiscal year as a work project.

**Sec. 261. Douglas Lake Biological Station – DELETED**

Deletes legislative intent section that designates University of Michigan's Douglas Lake Biological Station as a unique research resource and aims to protect the lake area.

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

Revises tuition restraint cap for universities to 3.8% or \$490.00, whichever is greater. Deletes language that defines fees to include the cost of a university-affiliated health insurance policy for a university that compels resident undergraduate students to have health insurance coverage. Deletes legislative intent language that indicates universities that violate the tuition restriction cap shall not receive a capital outlay project authorization in FY 2018-19 and FY 2019-20 and will have its appropriation adjusted.

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

Revises language around weighted undergraduate completions in critical skills areas. Deletes legislative intent language to lower score for three-year improvement criteria from 2 points to 1 point. Deletes intent language about allocating more funding based on performance metrics in future years.

HIGHER EDUCATION

Major Boilerplate Changes From FY 2017-18

**Sec. 265b. Articulation Agreements and Academic Partnerships Reporting – NEW** Requires that the Michigan Community College Association (MCCA), the Michigan Association of State Universities (MASU), and the Michigan Independent Colleges and Universities (MICU) report on the names and number of baccalaureate degree programs offered on community college campuses, the names of articulation agreements between universities and community colleges, and the number of students enrolled and degrees awarded through articulation agreements and on-campus baccalaureate programs.

**Sec. 268. Indian Tuition Waivers – REVISED**

Deletes language that states unfunded Indian Tuition Waiver costs be allocated from the general fund. Deletes language around distribution of funds from one-time appropriation.

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

Deletes legislative intent language that instructs public universities not to use appropriations to offer instructional activity that targets companies or groups of companies for unionization or decertification of a union.

**Sec. 274. Embryonic Stem Cell Research – DELETED**

Deletes legislative intent language that instructs organizations conducting research using human embryonic stem cells report to the Department of Health and Human Services regarding compliance with federal guidelines and detailing usage of stem cell lines.

**Sec. 275a. Capital Outlay Requirements – DELETED**

Deletes section that prohibits use of state funds for self-liquidating projects and requires compliance with Joint Capital Outlay Subcommittee reporting requirements, with specified penalty of 1.0% of appropriation for failure to comply. (Executive Recommendation originally repeals Sec. 275. The State Budget Office notified the fiscal agencies of the mistake.)

**Sec. 289. Audit of Higher Education Institutional Data Inventory (HEIDI) Data – REVISED**

Revises language that the Auditor General shall audit the HEIDI data and selected universities from periodically to not less than every four years.

Supplemental Recommendations for FY 2017-18 Appropriations

**FY 2017-18  
Recommendation**

**1. Michigan Competitive Scholarship Fund Swap**

Increases funding for Michigan Competitive Scholarships by \$6.0 million in federal Temporary Assistance for Needy Families (TANF) funds. The scholarships are awarded to students with a qualifying ACT/SAT score and demonstrated financial need. The funding is taken from the Tuition Grant Program, due to higher than expected demand in Michigan Competitive Scholarships and lower participation in the Tuition Grant Program. Total funding for Michigan Competitive Scholarships would be \$32.4 million.

<b>Gross</b>	<b>\$6,000,000</b>
Federal	6,000,000
GF/GP	\$0

**2. Tuition Grant Program Fund Swap**

Decreases funding for the Tuition Grant Program by \$6.0 million in federal TANF funds. The program provides need-based tuition assistance to students at Michigan independent (i.e. private, non-profit) colleges and universities. The reduction of funds is placed in Michigan Competitive Scholarships, due to higher than expected demand in Michigan Competitive Scholarships and lower participation in the Tuition Grant Program. Total funding for the Tuition Grant Program would be \$32.0 million.

<b>Gross</b>	<b>(\$6,000,000)</b>
Federal	(6,000,000)
GF/GP	\$0



FY 2018-19 University Performance Funding Increases  
Executive Recommendation

University	Proportional to FY 2010-11			Performance Funding Proportional to Share of Total				Performance Funding Scored vs. National Carnegie Peers								*Total Performance Funding Increase	Proposed FY 2018-19 Appropriation	Percent Change
	% of formula:	50.0%		11.1%		5.6%		33.3%										
	Funding per unit:	\$0.0101 per dollar		\$177.62 per completion		\$0.0011 per dollar		\$6.71 per weighted point										
FY 2017-18 Year-to-Date Appropriation	FY 2010-11 Appropriation	Funding	Critical Skills Undergrad Completions	Funding	Research & Development Expenditures	Funding	6-year Grad Rate	Total Degrees	Instl. Support as % of Expend.	% Students Receiving Pell Grants	Total Points	Total FY 2016 Undergrad FYES	FYES-Weighted Points	Funding				
Michigan State	\$281,239,100	\$283,685,200	\$2,852,821	3,244	\$576,104	\$349,725,075	\$369,240	2	3	0	0	5	36,703	183,515	\$1,231,666	\$5,029,800	\$286,268,900	1.8%
UM-Ann Arbor	314,589,100	\$316,254,500	3,180,347	3,159	561,007	\$857,589,000	905,443	3	3	2	0	8	28,671	229,371	1,539,429	\$6,186,200	320,775,300	2.0%
Wayne State	199,169,800	\$214,171,400	2,153,770	961	170,602	\$181,378,000	191,499	2	2	0	3	7	14,375	100,622	675,324	3,191,200	202,361,000	1.6%
Central	85,654,400	\$80,132,000	805,831	822	145,913	\$14,889,698	15,721	2	3	0	2	7	16,842	117,894	791,249	1,758,700	87,413,100	2.1%
Michigan Tech	49,052,200	\$47,924,200	481,940	923	164,013	\$59,326,199	62,637	3	0	2	0	5	5,577	27,884	187,141	895,700	49,947,900	1.8%
Western	109,376,800	\$109,615,100	1,102,321	1,173	208,257	\$22,801,658	24,074	0	2	0	2	4	16,272	65,087	436,835	1,771,500	111,148,300	1.6%
Eastern	75,169,900	\$76,026,200	764,542	938	166,606	\$4,847,557	5,118	2	3	2	2	9	14,419	129,775	870,986	1,807,300	76,977,200	2.4%
Oakland	51,235,900	\$50,761,300	510,470	1,348	239,429	\$12,609,712	13,313	2	2	2	2	8	15,216	121,728	816,981	1,580,200	52,816,100	3.1%
Grand Valley	70,100,100	\$61,976,400	623,253	1,390	246,800			3	3	2	0	8	20,178	161,420	1,083,375	1,953,400	72,053,500	2.8%
Saginaw Valley	29,766,100	\$27,720,700	278,767	495	87,832			2	2	2	2	8	7,341	58,726	394,140	760,700	30,526,800	2.6%
UM-Dearborn	25,421,900	\$24,726,200	248,654	481	85,505			2	2	2	2	8	5,861	46,885	314,672	648,800	26,070,700	2.6%
UM-Flint	23,061,800	\$20,898,000	210,156	610	108,258			2	2	0	2	6	5,062	30,372	203,840	522,300	23,584,100	2.3%
Ferris	53,595,500	\$48,619,200	488,929	1,540	273,550			2	3	2	2	9	10,229	92,061	617,870	1,380,400	54,975,900	2.6%
Northern	47,137,400	\$45,140,300	453,944	598	106,269			2	3	2	0	7	6,534	45,738	306,972	867,200	48,004,600	1.8%
Lake Superior	13,775,000	\$12,694,200	127,657	191	33,943			2	2	0	0	4	1,929	7,716	51,786	213,400	13,988,400	1.5%
<b>TOTAL:</b>	<b>\$1,428,345,000</b>	<b>\$1,420,344,900</b>	<b>\$14,283,400</b>	<b>17,870</b>	<b>\$3,174,089</b>	<b>\$1,503,166,899</b>	<b>\$1,587,044</b>	<b>31</b>	<b>35</b>	<b>18</b>	<b>19</b>	<b>103</b>	<b>205,208</b>	<b>1,418,792</b>	<b>\$9,522,267</b>	<b>\$28,566,800</b>	<b>\$1,456,911,800</b>	<b>2.0%</b>

Component	Source	Years	Notes
Critical skills undergrad completions	State HEIDI	FYs 2016-2017	STEM/health/etc.
Research & develop expends	Federal IPEDS	FY 2016	Carnegie research universities only
Six-year graduation rate	Federal IPEDS^	FYs 2012-2015	First-time, full-time degree seeking students
Total degree completions	Federal IPEDS^	FYs 2012-2015	Includes graduate degrees
Inst support as % of core expends	Federal IPEDS^	FYs 2012-2015	Measure of administrative costs
Pell grant students	Federal IPEDS^	FYs 2013-2015	Federal need-based aid for undergrads
Undergrad FYES	State HEIDI	FY 2017	Includes nonresident students

^ via Business Leaders for Michigan and Anderson Economic Group

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 2018-19 resident undergraduate tuition/fee rate increase to 3.8% or \$490 (whichever is greater)
2. Participate in at least three reverse transfer agreements with community colleges
3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation
4. Actively participate in and submit timely updates to the Michigan Transfer Network

## Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

Analyst: Marcus Coffin

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$707,600	\$713,800	\$6,200	0.9
Federal	2,014,700	2,017,300	2,600	0.1
Local	0	0	0	--
Private	0	0	0	--
Restricted	63,869,100	64,690,800	821,700	1.3
GF/GP	150,000	150,000	0	0.0
<b>Gross</b>	<b>\$66,741,400</b>	<b>\$67,571,900</b>	<b>\$830,500</b>	<b>1.2</b>
FTEs	342.5	342.5	0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial services industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>1. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include fund shifts reflected in several line items in order to align with the department's cost allocation plan.	GF/GP	NA
		<b>\$0</b>
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$830,500 Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		<b>\$830,500</b>
		6,200
		2,600
		821,700
		\$0

### Major Boilerplate Changes From FY 2017-18

#### Sec. 207. Out-of-State Travel Requirements and Report – REVISED

Stipulates various limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Revises by striking sections delineating conditions under which out-of-state travel is permissible and by heavily modifying the requirements for information to be contained within the report.

#### Sec. 218. Communications with the Legislature – DELETED

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

#### Sec. 219. Television and Radio Productions – DELETED

Prohibits DIFS from developing or producing television or radio productions.

#### Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan.

**Major Boilerplate Changes From FY 2017-18**

***Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – DELETED***

Stipulates that the 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.

***Sec. 301. Health Insurance Rate Filings Report – DELETED***

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 JUDICIARY

Analyst: Robin R. Risko

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18	Executive	Vs. FY 2017-18 Amount	%
IDG/IDT	\$1,550,600	\$1,551,300	\$700	0.0
Federal	6,464,100	5,987,400	(476,700)	(7.4)
Local	5,955,300	6,599,800	644,500	10.8
Private	969,600	981,600	12,000	1.2
Restricted	92,529,000	92,879,500	350,500	0.4
GF/GP	192,574,400	193,783,700	1,209,300	0.6
<b>Gross</b>	<b>\$300,043,000</b>	<b>\$301,783,300</b>	<b>\$1,740,300</b>	<b>0.6</b>
FTEs	501.0	490.0	(11.0)	(2.2)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. 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.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Judgeship Changes</b>		<b>Gross</b>	<b>\$31,149,800</b>
Includes \$255,300 Gross (\$242,200 GF/GP) to fund two new circuit court judgeships. Public Act 56 of 2014 authorizes one additional circuit court judge in Oakland County, and Public Act 57 of 2014 authorizes one additional circuit court judge in Macomb County. The amount of funding is a result of the effective date of the additional judgeships, January 1, 2019. Seventy-five percent of the costs will be funded in FY 2018-19 and the remaining twenty-five percent will be recognized in FY 2019-20.	Restricted	1,829,700	13,100
	GF/GP	\$29,320,100	\$242,200
<b>2. Swift and Sure Sanctions Program Reduction</b>		<b>Gross</b>	<b>\$4,000,000</b>
Reduces funding for the Swift and Sure Sanctions Probation Program by \$154,000 GF/GP.	Restricted	1,729,400	0
	GF/GP	\$2,270,600	(\$154,000)
<b>3. Removal of One-Time Funding</b>		FTE	11.0
Reduces the budget by \$1.2 million GF/GP to reflect the removal of one-time funding that was included in the FY 2017-18 budget. Specifically, \$700,000 was for SADO to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case, \$300,000 was for the development of a pretrial risk assessment tool, and \$219,300 was for expansion of problem solving courts.	<b>Gross</b>	<b>\$1,219,300</b>	<b>(\$1,219,300)</b>
	GF/GP	\$1,219,300	(\$1,219,300)
<b>4. GF/GP Fund Source Shift</b>		<b>Gross</b>	<b>NA</b>
Reduces GF/GP by \$500,000 and replaces it with a like amount of state restricted Court Fee Fund revenue.	Restricted	NA	500,000
	GF/GP	NA	(\$500,000)

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>		<u>Executive Change from YTD</u>
<b>5. Non-GF/GP Fund Source Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$190,900)</b>
Reflects a net reduction of \$190,900 Gross from adjusting authorization for various federal, local, and state restricted fund sources in order to more accurately reflect available revenue:	Federal	NA	(525,300)
	Local	NA	544,700
	Restricted	NA	(210,300)
	GF/GP	NA	\$0
<ul style="list-style-type: none"> <li>Reduces federal fund source authorization for SCAO by \$800,300 and increases federal fund source authorization for SADO by \$275,000</li> <li>Increases local user fee authorization for Direct Trial Court Automation Support by \$544,700</li> <li>Adjusts state restricted fund source authorization: reduces Swift and Sure Sanctions Probation Program by \$191,800; increases Supreme Court Administration by \$63,000; reduces SCAO by \$34,600; and reduces SADO by \$46,900.</li> </ul>			
<b>6. Transfer Court of Claims Funding</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Transfers \$511,900 GF/GP from the State Court Administrative Office line item to the Court of Appeals line item. This amount of funding is used by the Court of Appeals for state litigation cases handled by the Court of Claims, pursuant to Public Act 164 of 2013 that transferred jurisdiction for Court of Claims cases to the Court of Appeals.	GF/GP	NA	\$0
<b>7. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,049,200</b>
Reflects increased costs of \$3.0 million Gross (\$2.8 million GF/GP) for negotiated salary and wage increases (2.0% ongoing), insurance rate increases, actuarially required retirement contributions, worker's compensation, building occupancy charges, and private rent.	IDG	NA	700
	Federal	NA	48,600
	Local	NA	99,800
	Private	NA	12,000
	Restricted	NA	47,700
	GF/GP	NA	\$2,840,400

**Major Boilerplate Changes From FY 2017-18**

**Sec. 215. Disciplinary Action Against State Employees – DELETED**

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

**Sec. 216. Input on Foster Care Cases – DELETED**

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings.

**Sec. 217. Changes to Foster Care Family Service Plans – DELETED**

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans.

**Sec. 218. Linking Swift and Sure Sanctions Program to DHHS and DTED Programs – DELETED**

Requires SCAO to evaluate programs within Department of Health and Human Services and Department of Talent and Economic Development to establish programmatic connections with Swift and Sure Sanctions program participants for purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to deliver guidance to courts participating in Swift and Sure Sanctions program.

**Sec. 219. Receipt and Retention of Required Reports – DELETED**

Requires judicial branch to receive and retain copies of all reports required; requires federal and state guidelines to be followed for short- and long-term retention of records; authorizes judicial branch to electronically retain copies of reports unless otherwise required by federal and state guidelines.

**Sec. 304. Judicial Data Warehouse – REVISED**

Authorizes members of legislature to request data or reports from data collected in judicial data warehouse; requires data to be made available to public, unless disclosure is prohibited; requires data provided to be public and non-identifying information. Revised to require reports to be made available to public, instead of data from the warehouse.

**Sec. 306. Collected and Uncollected Payments and Fees – DELETED**

Requires SCAO to provide statistical report, categorized by county, on collected and uncollected amounts of restitution payments, court fees, and other judgements placed on people within the counties.

JUDICIARY

**Major Boilerplate Changes From FY 2017-18**

**Sec. 312. Parental Rights Restoration Act – DELETED**

Requires SCAO to report on total number of petitions filed by minors seeking court-issued waivers of parental consent under Parental Rights Restoration Act, and total number of petitions granted.

**Sec. 316. Pretrial Risk Assessment – REVISED**

Requires SCAO to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on plans for piloting the tool, including implementation timeline; requires SCAO to report on costs associated with piloting the tool. Revised to delete report on plans for piloting the tool. Revised to require SCAO to report on progress made toward implementing the tool, instead of on costs associated with piloting the tool.

**Sec. 317. Judicial Car Leases – REVISED**

Prohibits funding from being used for permanent assignment of state-owned vehicles to justices, judges, or other judicial branch employees. Revised to exempt justices.

**Sec. 401. Veterans Courts – DELETED**

Requires \$68,000 of funding appropriated for veterans courts to be allocated to veterans court in Kalamazoo to be used for increasing number of participants and decreasing recidivism rates.

**Sec. 402. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers – DELETED**

Requires SADO to ensure compliance with U.S. Supreme Court ruling on *Montgomery v. Louisiana* case and to ensure competent, resourced, and supervised counsel in cases involving resentencing of juvenile lifers; requires SADO to submit report on number of juvenile lifer cases investigated and prepared, to include calculation of hours spent, and a focus on incremental costs associated with investigating and conducting each case.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19

## DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Analyst: Marcus Coffin

	FY 2017-18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
	Year-to-Date as of 2/7/18		Amount	%
<b>IDG/IDT</b>	\$47,835,100	\$48,414,300	\$579,200	1.2
<b>Federal</b>	65,020,900	65,744,400	723,500	1.1
<b>Local</b>	250,000	100,000	(150,000)	(60.0)
<b>Private</b>	111,800	111,800	0	0.0
<b>Restricted</b>	277,037,600	297,271,300	20,233,700	7.3
<b>GF/GP</b>	44,416,600	88,820,300	44,403,700	100.0
<b>Gross</b>	<b>\$434,672,000</b>	<b>\$500,462,100</b>	<b>\$65,790,100</b>	<b>15.1</b>
<b>FTEs</b>	2,379.8	2,379.8	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

### Overview

The Department of Licensing and Regulatory Affairs (LARA) is the primary regulatory agency for this state. The department oversees regulation across a variety of areas, including: commercial and occupational activities, construction and fire safety, health care and human services, energy and public utilities, and liquor. Agencies within LARA are also responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws, in addition to providing vocational rehabilitation services for the blind and coordinating employment services for immigrants. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>1. Michigan Indigent Defense Commission Grants</b>	<b>Gross</b>	<b>NA</b>	<b>\$61,300,000</b>
Provides \$61.3 million Gross (\$15.3 million state restricted reimbursements from partially indigent defendants and \$46.0 million GF/GP) to support grants made by the Michigan Indigent Defense Commission (MIDC). Grants will be made to local units in order to support provisions contained within approved compliance plans that will align indigent defense practices with standards that have been set by the MIDC.	Restricted	NA	15,300,000
	GF/GP	NA	\$46,000,000
<b>2. First Responder Presumed Coverage Claims</b>	<b>Gross</b>	<b>\$1,780,000</b>	<b>\$3,465,000</b>
Provides an additional \$3.5 million in restricted funding from the First Responder Presumed Coverage Fund in order to annualize revenues to support payments of First Responder Presumed Coverage claims. The increase will bring the total amount of the authorization to \$5.45 million (\$0 GF/GP). Funds are projected to be available for this purpose from revenues to the Medical Marijuana Excise Fund.	Restricted	1,780,000	3,465,000
	GF/GP	\$0	\$0
<b>3. Medical Marijuana Operation and Oversight Grant Elimination</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
Removes \$3.0 million in restricted funding that supported grants made to county law enforcement agencies and distributed proportionally based on the number of registry identification cards issued or renewed within a given county. Pursuant to 2016 PA 281, local governments now receive different grants that are determined by statutory amounts due from the Medical Marijuana Excise Fund.	Restricted	3,000,000	(3,000,000)
	GF/GP	\$0	\$0
<b>4. Liquor Law Enforcement Grants Enhancement</b>	<b>Gross</b>	<b>\$7,200,000</b>	<b>\$1,200,000</b>
Increases the amount available for the grants by \$1.2 million in restricted funding available from retailers' liquor license fees and license renewal fees. Per statute, 55% of revenues from these license fees are to be distributed to the jurisdiction that collected them for the enforcement of the Liquor Control Code and associated rules.	Restricted	7,200,000	1,200,000
	GF/GP	\$0	\$0

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>5. Fire Protection Grants Reduction</b>		<b>Gross \$9,273,900</b>	<b>(\$773,900)</b>
Removes the \$773,900 GF/GP ongoing portion of Fire Protection Grant funding, resulting in a total remaining authorization for the grants of \$8.5 million (\$0 GF/GP). The total amount available for these grants (including one-time funding of \$1.4 million GF/GP) in FY 2017-18 was \$10.7 million (\$2.2 million GF/GP). The Executive has included a proposal to use \$6.5 million from Local Community Stabilization Authority (LCSA) Tier 3 payments for nonessential services to provide additional funding for the grants.	Restricted	8,500,000	0
	GF/GP	\$773,900	(\$773,900)
<b>6. Nurse Aide Training and Registration Program</b>		<b>Gross NA</b>	<b>\$600,000</b>
Provides \$600,000 in restricted funding from the Nurse Aide Registration Fund to implement the Nurse Aide Training and Registration Program, pursuant to 2017 PA 172.	Restricted	NA	600,000
	GF/GP	NA	\$0
<b>7. Substance Use Disorder Programs</b>		<b>Gross NA</b>	<b>\$500,000</b>
Includes \$500,000 in restricted funding from the Medical Marijuana Regulatory Fund to support costs associated with the licensing of substance use disorder programs. Pursuant to 2016 PA 281, \$500,000 must be distributed from collected regulatory assessments for licensing substance use disorder programs.	Restricted	NA	500,000
	GF/GP	NA	\$0
<b>8. Elimination of Administrative Support for the Local Community Stabilization Authority</b>		<b>Gross \$150,000</b>	<b>(\$150,000)</b>
Eliminates the \$150,000 appropriation that was supported by local revenues and supported staff and operations of the Local Community Stabilization Authority. Responsibilities previously supported by these funds have been shifted to the Michigan Municipal Services Authority (MMSA).	Local	150,000	(150,000)
	GF/GP	\$0	\$0
<b>9. Division on Deafness Fund Transfer</b>		<b>Gross NA</b>	<b>\$93,400</b>
Includes \$93,400 in restricted funding to reflect the transfer of program functions from the Department of Civil Rights to LARA, pursuant to Executive Order No. 2017-8. The Executive Order transferred responsibility for the testing and certification of interpreters for the deaf to LARA.	Restricted	NA	93,400
	GF/GP	NA	\$0
<b>10. Removal of One-Time Appropriations</b>		<b>Gross \$1,400,100</b>	<b>(\$1,400,100)</b>
Removes \$1.4 million Gross (\$1.4 million GF/GP) in FY 2017-18 one-time appropriations. Appropriations include \$1.4 million GF/GP for Fire Protection Grants Enhancement and \$100 in restricted funding for the Drinking Water Declaration of Emergency.	Restricted	100	(100)
	GF/GP	\$1,400,000	(\$1,400,000)
<b>11. Revenue Alignment and Reduction of Overstated Deducts</b>		<b>Gross NA</b>	<b>(\$639,300)</b>
Reduces restricted fund authorizations for a net decrease of \$639,300 in order to accurately reflect fund availability and to align with revenue estimates.	Restricted	NA	(639,300)
	GF/GP	NA	\$0
<b>12. Economic Adjustments</b>		<b>Gross NA</b>	<b>\$4,595,000</b>
Reflects a net increase in costs for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy changes, and other economic adjustments.	IDG	NA	579,200
	Federal	NA	723,500
	Restricted	NA	2,714,700
	GF/GP	NA	\$577,600

**Major Boilerplate Changes From FY 2017-18**

**Sec. 207. Out-of-State Travel Requirements and Report – REVISED**

Stipulates various limitations regarding the conditions when LARA may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Revises by striking sections delineating conditions under which out-of-state travel is permissible and by heavily modifying the requirements for information to be contained within the report.

**Sec. 218. Communications with the Legislature – DELETED**

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

**Sec. 219. Television and Radio Productions – DELETED**

Prohibits LARA from developing or producing television or radio productions.



**Major Boilerplate Changes From FY 2017-18**

**Sec. 220. Healthy Michigan Plan Accounting Structure – DELETED**

Requires LARA, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan.

**Sec. 226 Regulatory and Statistical Report – DELETED**

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, 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. 227. Departmental Employee Performance Monitoring Process – DELETED**

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process.

**Sec. 401. IT Upgrades to Mitigate Licensure Delays – DELETED**

Stipulates funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available.

**Sec. 507. Medical Marihuana Program Report and Fees – REVISED**

Requires LARA to submit a report pertaining to revenue, expenditures, application determinations, and timeliness of the Medical Marihuana Program and other specified information. Revises to exclude requirements for information that is to be contained in the report.

**Sec. 515. Regulatory Fees on Child and Adult Care Facilities – REVISED**

Requires LARA to assess and collect fees on child care and adult foster care organizations in accordance with existing legislation; the department is required to report these collections to the fiscal agencies. Revises to exclude the requirement that the department report collected fees to the fiscal agencies.

**Sec 517. Michigan Automated Prescription System (MAPS) Report – REVISED**

Requires LARA to submit a report detailing usage statistics for MAPS, department activities resulting from information obtained from MAPS, and integrations between MAPS and electronic health record systems. Revises to include a more detailed reporting requirement for the types of entities that have integrated their electronic health records systems and to include a reporting requirement for the number of delegate users registered.

**Sec. 705. Vocational Rehabilitation Matching Funds – DELETED**

Requires BSBP to work collaboratively with service organizations and government entities to identify match dollars and maximize federal vocational rehabilitation funds.

**Sec 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – DELETED**

Stipulates LARA is to award Medical Marihuana Operation and Oversight Grants to county law enforcement offices; requires LARA to post a listing of available grant funds; requires reports to be submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies.

**Sec. 905. Michigan Indigent Defense Commission Performance Metrics – NEW**

Requires the Michigan Indigent Defense Commission to implement performance metrics and to prepare a report on the performance metrics.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

**1. Nurse Aide Training and Registration Program**

Includes \$600,000 from the Nurse Aide Registration Fund to allow the Bureau of Community and Health Systems to implement the Nurse Aide Training and Registration Program, pursuant to 2017 PA 172.

<b>Gross</b>	<b>\$600,000</b>
Restricted	600,000
GF/GP	\$0

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

**Analyst: Kent Dell**

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	
IDG/IDT	\$101,800	\$101,800	\$0	0.0
<b>Federal</b>	92,334,100	98,170,200	5,836,100	6.3
<b>Local</b>	1,528,400	1,545,400	17,000	1.1
<b>Private</b>	640,000	630,000	(10,000)	(1.6)
<b>Restricted</b>	22,332,600	23,279,500	946,900	4.2
<b>GF/GP</b>	62,567,500	65,362,400	2,794,900	4.5
<b>Gross</b>	<b>\$179,504,400</b>	<b>\$189,089,300</b>	<b>\$9,584,900</b>	<b>5.3</b>
FTEs	913.5	921.5	8.0	0.9

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Military and Veterans Affairs 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.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. National Guard Tuition Assistance Fund – Deposit</b>	<b>Gross</b>	<b>\$4,007,000</b>	<b>\$2,500,000</b>
Includes \$2.5 million GF/GP increase to the National Guard Tuition Assistance Fund, which would total \$6.5 million restricted authorization. The department estimates that 1,332 service members will utilize the National Guard Tuition Assistance Program in FY 2018-19, up from 433 participants in FY 2014-15, the first fiscal year in which the program was implemented.	GF/GP	\$4,007,000	\$2,500,000
<b>2. D.J. Jacobetti Home for Veterans – CMS Certification</b>	FTE	179.5	0.0
Includes \$1.1 million GF/GP to support staffing, and operational changes to assist with obtaining Centers for Medicare and Medicaid Services certification, which will increase access to federal revenues for medical care for resident veterans.	<b>Gross</b>	<b>\$22,275,500</b>	<b>\$1,111,700</b>
	Federal	8,396,100	0
	Restricted	5,064,700	0
	GF/GP	\$8,814,700	\$1,111,700
<b>3. Camp Grayling – Operation Northern Strike</b>	FTE	195.0	8.0
Includes \$750,000 GF/GP for 8.0 FTEs in support of the annual National Guard training operation, Northern Strike. Personnel support range control and operation, site maintenance, and logistics.	<b>Gross</b>	<b>\$33,956,100</b>	<b>\$750,000</b>
	Federal	30,760,500	0
	Restricted	1,617,800	0
	GF/GP	\$1,577,800	\$750,000
<b>4. National Guard Armory Sustainment, Restoration, and Modernization</b>	<b>Gross</b>	<b>\$15,000,000</b>	<b>\$5,000,000</b>
Includes \$5.0 million federal authorization in order to expend matching funds provided by the U.S. National Guard Bureau in support of ongoing improvements to Michigan National Guard armories. State funds for National Guard armory maintenance are matched at a 50-50 ratio by the U.S. Department of Defense.	Federal	15,000,000	5,000,000
	GF/GP	\$0	\$0
<b>5. National Guard Land Purchases and Acquisitions</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$900,000</b>
Includes \$900,000 restricted revenue authorization from the Michigan National Guard Construction Fund, in order to purchase, appraise, and survey land in support of continuing National Guard armory consolidation and improvement.	Restricted	2,000,000	900,000
	GF/GP	\$0	\$0

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>		<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>6. Michigan Veterans' Facility Authority – Staffing</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$500,000</b>
Includes \$500,000 GF/GP to provide for staffing of the Michigan Veterans' Facility Authority as it becomes fully operational.	GF/GP	\$1,000,000	\$500,000
<b>7. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,645,000)</b>
Removes FY 2017-18 one-time appropriations; aligns authorizations with expected revenues available from state restricted and private sources; and provides for net-zero internal transfers.	Private	NA	(10,000)
	Restricted	NA	(135,000)
	GF/GP	NA	(\$2,500,000)

**Major Boilerplate Changes From FY 2017-18**

**Sec. 210. Contingency Fund Authorization – REVISED**

Provides for federal, state restricted, local, and private contingency fund spending authorizations to be utilized via legislative transfer when available revenues exceed appropriated revenues. Revised to increase total federal contingency fund authorization from \$10.0 million to \$12.0 million.

**Sec. 215. Disciplinary Action Against State Employees – DELETED**

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature.

**Sec. 219. Intention to Sell Department Property – DELETED**

Requires the department to notify the Legislature sixty days prior to publicly announcing the intention to sell department property.

**Sec. 301. Unclassified Positions – DELETED**

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission.

**Sec. 303. Michigan Youth ChalleNGe Academy – REVISED**

Provides for the standards and requirements of the Michigan National Guard's military-style academy for at-risk youth, the Michigan Youth ChalleNGe Academy. Revised to specify that the department shall maintain the staffing and resources necessary to graduate 228 cadets annually, through two classes of 144 cadets; require the department to measure cadet success through the Test of Adult Basic Education (TABE) scores, and/or high school credit recovery or receipt of a high school, or equivalent, diploma.

**Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED**

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Revised to state that the purpose is to obtain CMS certification by October 1, 2018; previously June, 1 2018.

**Sec. 406. MVAA Outreach Services – REVISED**

Requires the Michigan Veterans Affairs Agency to provide outreach and advisory services to Michigan veterans, and to assist with filing for, and obtaining, military discharge papers (DD-214) and federal veterans benefits. Revised to remove a reporting requirement regarding the community assessment and regional service delivery model pilot program.

**Sec. 407. Grants to Veterans Service Organizations – REVISED**

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Revised to remove the fixed hourly reimbursement rate cap of \$34.00 per hour.

**Sec. 702. MVAA Outreach – DELETED**

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees.

**Sec. 703. MVAA Claims Services – DELETED**

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs.

**Supplemental Recommendations for FY 2017-18 Appropriations**

**FY 2017-18  
Recommendation**

***1. National Guard Tuition Assistance Fund – Deposit***

Includes \$2.5 million GF/GP to increase the balance of the National Guard Tuition Assistance Fund, which would total \$6.5 million restricted authorization in FY 2017-18. The department estimates that 1,332 service members will utilize the National Guard Tuition Assistance Program in FY 2017-18, up from 433 participants in FY 2014-15, the first fiscal year in which the program was implemented.

**Gross**                    **\$2,500,000**  
**GF/GP**                    **\$2,500,000**

***2. D.J. Jacobetti Home for Veterans – CMS Certification***

Includes \$1.8 million GF/GP to support staffing, resident safety, and security improvements to assist with obtaining Centers for Medicare and Medicaid Services certification, which will increase access to federal revenues for medical care for resident veterans.

**Gross**                    **\$1,766,700**  
**GF/GP**                    **\$1,766,700**

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 DEPARTMENT OF NATURAL RESOURCES

Analyst: Austin Scott

	FY 2017-18	FY 2018-19	Difference: FY 2018-19	
	Year-to-Date as of 2/7/18		Executive	Vs. FY 2017-18
			Amount	%
IDG/IDT	\$232,200	\$232,200	\$0	0.0
Federal	70,095,700	81,731,600	11,635,900	16.6
Local	0	0	0	--
Private	7,446,000	7,431,400	(14,600)	(0.2)
Restricted	274,248,500	299,965,800	25,717,300	9.4
GF/GP	57,971,100	47,344,300	(10,626,800)	(18.3)
<b>Gross</b>	<b>\$409,993,500</b>	<b>\$436,705,300</b>	<b>\$26,711,800</b>	<b>6.5</b>
FTEs	2,267.8	2,333.3	65.5	2.9

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

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

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>1. Wildlife Management</b>	FTE	218.5	3.0
Includes an additional 3.0 FTEs and \$1.6 million Gross (\$2.6 million GF/GP) for the wildlife management program. New funding will be used for lab technicians, testing costs and supplies, and veterinary diagnostic services. This increase will also support the DNR's deer management operations including chronic wasting disease response and sharpshooting efforts. A one-time appropriation of \$1.0 million from the Forest Development Fund is not continued in FY 2018-19.	<b>Gross</b>	<b>\$42,932,700</b>	<b>\$1,600,000</b>
	Federal	24,954,900	0
	Private	315,700	0
	Restricted	15,836,900	(1,000,000)
	GF/GP	\$1,825,200	\$2,600,000
<b>2. General Law Enforcement – Conservation Officers</b>	FTE	284.0	10.0
Provides 10.0 FTEs and \$1.5 million GF/GP to support a Conservation Officer (CO) school aimed at producing 10 new commissioned officers. There are 232 COs currently serving; these officers enforce natural resources (game, fish, forestry), environmental pollution, and outdoor recreation (boating, hunting, ORV, snowmobile safety) laws.	<b>Gross</b>	<b>\$42,435,200</b>	<b>\$1,500,000</b>
	Federal	6,510,900	0
	Restricted	24,758,000	0
	GF/GP	\$11,166,300	\$1,500,000
<b>3. Tribal Consent Decree Renegotiation and Implementation</b>	FTE	NA	1.0
Provides 1.0 FTE and \$277,500 GF/GP (including \$37,500 in one-time GF/GP) to cover costs associated with negotiating and implementing a new Great Lakes Consent Decree. A new agreement between signatory tribes, Michigan, and the United States is needed to replace the expiring agreement that has governed the allocation, management, and regulation of Great Lakes fisheries in Michigan since 2000.	<b>Gross</b>	<b>NA</b>	<b>\$277,500</b>
	GF/GP	NA	\$277,500
<b>4. Historical Facilities System – Mackinac Island State Park</b>	FTE	13.0	0.0
Adds \$200,000 GF/GP to increase support for maintenance costs at Mackinac Island State Park facilities.	<b>Gross</b>	<b>\$1,583,700</b>	<b>\$200,000</b>
	Restricted	1,583,700	0
	GF/GP	\$0	\$200,000
<b>5. Snowmobile Trail Groomer Pilot One-Time Funding</b>	<b>Gross</b>	<b>NA</b>	<b>\$200,000</b>
Provides \$200,000 from the snowmobile trail improvement fund to pilot a program aimed at developing a new snowmobile trail groomer to maintain state snowmobile trails.	Restricted	NA	200,000
	GF/GP	NA	\$0

**NATURAL RESOURCES**

<b><u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u></b>		<b><u>FY 2017-18 YTD (as of 2/7/18)</u></b>	<b><u>Executive Change from YTD</u></b>
<b>6. Increased Camping Fee Revenue and Recreation Passport Sales</b>		FTE	NA 26.5
Provides 26.5 FTEs and \$4.1 million in additional restricted funding for departmental marketing and outreach, forest recreation and trails, recreational boating, state parks, and Recreation Passport local grants. Funding comes from increased camping fee revenue and Recreation Passport sales.		<b>Gross</b>	<b>NA \$4,075,000</b>
		Restricted	NA 4,075,000
		GF/GP	NA \$0
<b>7. Increased Off-Road Vehicle Fee Revenue</b>		FTE	NA 2.0
Provides 2.0 FTEs and \$1.3 million in additional off-road vehicle (ORV) trail improvement funding for departmental administration, law enforcement, and ORV trail improvement grants. Funding comes from increased ORV fee revenue.		<b>Gross</b>	<b>NA \$1,300,000</b>
		Restricted	NA 1,300,000
		GF/GP	NA \$0
<b>8. Removal of FY 2017-18 One-Time Funding</b>		<b>Gross</b>	<b>\$16,676,200 (\$16,676,200)</b>
Removes \$16.7 million GF/GP for one-time projects included in the previous fiscal year's budget:		GF/GP	\$16,676,200 (\$16,676,200)
State parks repair and maintenance	\$7,000,000		
Trail development	5,000,000		
Land ownership tracking system	2,900,000		
Bay City state recreation area, playscape reconstruction	400,000		
Onaway state park, pavilion reconstruction	400,000		
Shooting range construction, repair, and maintenance	250,000		
Swimmer's itch pilot program	250,000		
Snowmobile local grants program (one-time)	226,200		
Invasive species (one-time)	200,000		
Mineral extraction summit	50,000		
<b>9. Capital Outlay Project Adjustments</b>		<b>Gross</b>	<b>\$20,575,000 \$17,643,000</b>
Makes current services baseline adjustments to capital outlay projects by increasing federal and restricted funding for a net increase of \$17.6 million Gross. Adjustments include removing funding for East Tawas state harbor phase I as well as adding funding for forest development infrastructure, East Tawas state harbor phase III, Elmwood Township marina, Ottawa Brach marina, and Presque Isle Marina.		Federal	1,075,000 643,000
		Restricted	18,000,000 17,000,000
		GF/GP	\$1,500,000 \$0
<b>10. Technical Adjustments</b>		FTE	NA 23.0
Increases DNR budget by 23.0 FTEs and \$12.8 million Gross (\$929,600 GF/GP) to align authorization with available funds and comply with organizational changes. Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9) and transferring the Historical Marker program from the Michigan History Foundation.		<b>Gross</b>	<b>NA \$12,814,700</b>
		Federal	NA 10,556,000
		Private	NA (15,000)
		Restricted	NA 1,344,100
		GF/GP	NA \$929,600
<b>11. Economic Adjustments</b>		<b>Gross</b>	<b>NA \$3,777,800</b>
Reflects increased costs of \$3.8 million Gross (\$542,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.		Federal	NA 436,900
		Private	NA 400
		Restricted	NA 2,798,200
		GF/GP	NA \$542,300

**Major Boilerplate Changes From FY 2017-18**

**Sec. 218. Retention of Reports – DELETED**

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

**Sec. 220. Disciplinary Action Against State Employees – DELETED**

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

**Sec. 251. Invasive Species Initiative – DELETED**

Requires \$3.6 million for the Invasive Species Initiative be allocated as grants for prevention, detection, eradication, and control of invasive species.

**Sec. 404. Museum Store Revolving Fund – DELETED**

States that contract expenditures for the museum store are exempt from the Management and Budget Act.

**Major Boilerplate Changes From FY 2017-18**

**Sec. 405. Proceeds from Artifact Auctions, Sales, or Transfers – DELETED**

Funds received through the excess of unneeded artifacts by the Historical Museum are appropriated to the DNR to obtain other desired items for the State Historical Museum; allows carryforward of funds.

**Sec. 406. Historical Program Fees – DELETED**

Allows DNR to charge fees for historical program services such as document production, conferences, workshops, facilities, and museum admissions.

**Sec. 408. Land Transactions – DELETED**

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

**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 not to interfere with the certification process for dams and other water control structures.

**Sec. 808. Forest Management and Timber Market Development – DELETED**

Requires DNR to use increased funding available from the increased timber harvest for the purpose of expanding the forest products economy, includes a departmental requirement to develop corresponding metrics to assess performance.

**Sec. 901. Snowmobile Law Enforcement Grants – DELETED**

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

**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. 903. Conservation Officers – DELETED**

Directs the use of the increased appropriation in part 1 for conservation officers to hire, train, and equip 10 detectives and two support staff.

**Sec. 1201. Swimmer's Itch Pilot Program – DELETED**

Designates \$250,000 GF/GP in part 1 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research and requires a progress report.

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 SCHOOL AID

Analyst: Bethany Wicksall  
Samuel Christensen

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,726,943,500	1,724,743,500	(2,200,000)	(0.1)
Local	0	0	0	--
Private	0	0	0	--
Restricted	12,642,370,400	12,866,225,300	223,854,900	1.8
GF/GP	215,000,000	45,000,000	(170,000,000)	(79.1)
<b>Gross</b>	<b>\$14,584,313,900</b>	<b>\$14,635,968,800</b>	<b>\$51,654,900</b>	<b>0.4</b>

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 294 public school academies, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>1. Foundation Allowances (Secs. 22a and 22b)</b>	<b>Gross \$9,219,300,000</b>	<b>\$312,000,000</b>
Increases by \$312.0 million to provide increases ranging from \$120 to \$240 per pupil using the 2x formula. The minimum foundation allowance would increase from \$7,631 to \$7,871 (3.1%), and the state maximum guaranteed foundation allowance would increase from \$8,289 to \$8,409 (1.4%).	Restricted 9,073,560,500	447,611,700
	GF/GP \$145,739,500	(\$135,611,700)
<b>2. Shared-Time Instruction for Nonpublic Pupils (Sec. 23f) – NEW</b>	<b>Gross NA</b>	<b>(\$68,000,000)</b>
Revises state support of shared-time instruction for nonpublic pupils from a per-pupil foundation allowance to a categorical program. Caps the number of pupils for whom a district is eligible for reimbursement at 5% of the district's per pupil membership and limits participation to pupils in grades 1 to 12, excluding kindergarten. Results in a reduction of \$68.0 million leaving an estimated cost of \$64.1 million. (See Major Boilerplate Changes below for related Sec. 166b revisions.)	Restricted NA	(68,000,000)
	GF/GP NA	\$0
<b>3. Foundation Allowances – Cyber Schools Reduction (Secs. 22a and 22b)</b>	<b>Gross NA</b>	<b>(\$25,000,000)</b>
Reduces cyber school foundation allowances to 75% of the minimum foundation allowance at an estimated savings of \$25.0 million. For FY 2018-19 the cyber foundation allowance would be \$5,903.	Restricted NA	(25,000,000)
	GF/GP NA	\$0
<b>4. Career and Technical Education (CTE) Skilled Trades Initiative (Sec. 61c)</b>	<b>Gross \$12,500,000</b>	<b>(\$12,500,000)</b>
Eliminates \$12.5 million GF/GP including equipment grants for career education planning districts (CEPDs) (\$7.0 million), CTE equipment and innovation competitive grants (\$5.0 million), and mechatronics grants (\$500,000).	Restricted 0	0
	GF/GP \$12,500,000	(\$12,500,000)
<b>5. CTE Per Pupil Incentive Payment (Sec. 61d) – NEW</b>	<b>Gross \$0</b>	<b>\$5,000,000</b>
Provides \$5.0 million SAF to provide \$25 per pupil for pupils in grades 9 to 12 enrolled in CTE programs and an additional \$25 per pupil for those in CTE programs identified as "critical skills" programs. (See Major Boilerplate Changes below.)	Restricted 0	5,000,000
	GF/GP \$0	\$0



<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>6. Flint Declaration of Emergency (Sec. 11s)</b>		
Reduces by \$5.5 million to a total of \$3.2 million to continue to provide additional school nurses and school social workers in Flint Public Schools (\$2.3 million) and nutritional services to children in Flint (\$605,000).	<b>Gross</b> <b>\$8,730,100</b>	<b>(\$5,500,000)</b>
	Restricted 0	0
	GF/GP \$8,730,100	(\$5,500,000)
<b>7. Partnership Models (Sec. 21h)</b>		
Increases by \$2.0 million SAF to a total of \$8.0 million to provide funding for interventions in districts identified as needing additional academic supports.	<b>Gross</b> <b>\$6,000,000</b>	<b>\$2,000,000</b>
	Restricted 6,000,000	2,000,000
	GF/GP \$0	\$0
<b>8. At Risk Program (Sec. 31a)</b>		
Maintains funding of \$499.0 million SAF for at-risk pupil support programs but revises program requirements. (See <i>Major Boilerplate Changes</i> below.)	<b>Gross</b> <b>\$499,000,000</b>	<b>\$0</b>
	Restricted 499,000,000	0
	GF/GP \$0	\$0
<b>9. Early Literacy Implementation (Sec. 35)</b>		
Reduces by \$1.0 million GF/GP to move to the MDE budget.	<b>Gross</b> <b>\$1,000,000</b>	<b>(\$1,000,000)</b>
	Restricted 0	0
	GF/GP \$1,000,000	(\$1,000,000)
<b>10. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)</b>		
Updated to reflect revised consensus cost estimates for special education costs.	<b>Gross</b> <b>\$1,387,746,100</b>	<b>\$23,100,000</b>
	Federal \$431,000,000	0
	Restricted 956,246,100	23,100,000
	GF/GP \$500,000	\$0
<b>11. Special Ed Task Force: Mediation and Parental Supports (Sec. 54c) – NEW</b>		
Provides \$500,000 GP/GP total including \$205,000 to enhance the capacity of the Michigan Alliance for Families – Michigan’s Parent Training Information Center and \$295,000 to improve mediation services offered through the Michigan Special Education Mediation Program.	<b>Gross</b> <b>\$0</b>	<b>\$500,000</b>
	Restricted 0	0
	GF/GP \$0	\$500,000
<b>12. Special Ed Task Force: Early On (Sec. 54d) – NEW</b>		
Provides \$5.0 million SAF for competitive grants to ISDs to provide Early On services including early identification and interventions for children birth to 3 years old with developmental delays or disabilities and their families.	<b>Gross</b> <b>\$0</b>	<b>\$5,000,000</b>
	Restricted 0	5,000,000
	GF/GP \$0	\$0
<b>13. FIRST Robotics (Sec. 99h)</b>		
Reduces \$300,000 GF/GP for nonpublic schools participation but maintains \$2.5 million for districts and expands to include ISDs.	<b>Gross</b> <b>\$2,800,000</b>	<b>(\$300,000)</b>
	Restricted 2,500,000	0
	GF/GP \$300,000	(\$300,000)
<b>14. MiSTEM Centers Reorganization (Secs. 99r and 99s)</b>		
Reduces MiSTEM programming by \$1.4 million bringing it to a total of \$11.4 million. Continues the transition of funding 16 MiSTEM regions rather than 33 Math and Science Centers. Provides each MiSTEM region \$200,000 in base funding and distributes the remaining funds to regions on an equal per pupil basis based on prior year pupil counts. Also provides \$750,000 total to those MiSTEM network regions able to provide curriculum and professional development support to assist districts implementing the Michigan Merit curriculum components for math and science. Increases MiSTEM director, staff support, and MiSTEM council costs by a total of \$200,000. Recognizes a \$1.2 million reduction in available federal funding. Eliminates Van Andel Education Institute grant (\$150,000 GF/GP).	<b>Gross</b> <b>\$12,784,300</b>	<b>(\$1,350,000)</b>
	Federal 4,700,000	(1,200,000)
	Restricted 6,234,300	1,200,000
	GF/GP \$1,850,000	(\$1,350,000)
<b>15. Education Assessments (Sec. 104)</b>		
Reduces Education Assessments by \$3.7 million SAF to a total of \$37.3 million. Reduces funding for the online student data reporting tool from \$3.2 million SAF to \$500,000 to move from development to maintenance. Removes \$1.0 million SAF for the Michigan kindergarten entry observation tool pilot.	<b>Gross</b> <b>\$40,959,400</b>	<b>(\$3,700,000)</b>
	Federal 6,250,000	(3,700,000)
	Restricted 34,709,400	0
	GF/GP \$0	\$0

SCHOOL AID

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>16. MPERS Payments (Secs. 147a, 147c, and 147e)</b>	<b>Gross \$1,332,853,000</b>	<b>(\$74,414,000)</b>
Decreases total state support for K-12 MPERS costs by \$74.5 million to a total of \$1.3 billion with the following changes:	Restricted 1,332,170,000	(74,479,000)
	GF/GP \$683,000	\$65,000
<ul style="list-style-type: none"> <li>• Eliminates a one-time \$200.0 million additional deposit to accelerate the payoff of the 2010 early retirement incentive. (Sec.147c(2))</li> <li>• Increases state share of UAAL payments by \$71.9 million. (Sec. 147c(1))</li> <li>• Increases state support of higher employer normal costs resulting from the 2nd year of phasing in a reduced assumed rate of return from 8.0% to 7.5% by \$39.2 million. (Sec. 147a(2))</li> <li>• Increases state support of higher defined contribution and hybrid plan costs required under PA 92 of 201 by \$14.5 million. (Sec. 147e)</li> </ul>		
<b>17. Eliminated Categorical Grants</b>	<b>Gross \$23,429,000</b>	<b>(\$23,429,000)</b>
Reduces by \$23.4 million by eliminating the following:	Restricted 8,985,000	(8,985,000)
<ul style="list-style-type: none"> <li>• Sec. 21j – Competency-Based Education Grants (\$500,000)</li> <li>• Sec. 31b – Year-round Instruction Grants (\$1.5 million)</li> <li>• Sec. 31j – Local Produce in School Meals (\$375,000)</li> <li>• Sec. 32q – Early Learning Cooperative (\$175,000)</li> <li>• Sec. 35a(6) – Early Literacy – Michigan Education Corps (\$2.5 million)</li> <li>• Sec. 55 – Conductive Learning Study (\$150,000)</li> <li>• Sec. 61a(4) – CTE Restaurant Curriculum (79,000)</li> <li>• Sec. 61a(5) &amp; (6) – CTE Counselors (1,160,000)</li> <li>• Sec. 64d – Information Technology Certifications (\$2.3 million)</li> <li>• Sec. 65 – Detroit Area PreCollege Engineering Program (\$340,000)</li> <li>• Sec. 67a – Online Career Preparation Tool (\$1.0 million)</li> <li>• Sec. 95b – Statewide Evaluation Tool (\$2.5 million)</li> <li>• Sec. 99k – Cyber Security Competitions (\$500,000)</li> <li>• Sec. 99t – Online Algebra Tool (\$1.1 million)</li> <li>• Sec. 99u – Online Mathematics Tool (\$1.0 million)</li> <li>• Sec. 102d – Financial Data Analysis Tools (\$1.5 million)</li> <li>• Sec. 104d – Computer Adaptive Tests (\$4.0 million)</li> <li>• Sec. 104e – Digital Learning Preparation (\$250,000)</li> <li>• Sec. 152b – Nonpublic School Reimbursement (\$2.5 million)</li> </ul>	GF/GP \$14,444,000	(\$14,444,000)
<b>18. Other Major Cost Adjustments</b>	<b>Gross NA</b>	<b>\$17,648,900</b>
Revises the following to reflect updated cost estimates:	Restricted NA	17,648,900
<ul style="list-style-type: none"> <li>• Sec. 11m – Increases Cash Flow Borrowing by \$17.5 million to \$24.0 million.</li> <li>• Sec. 26a – Decreases Renaissance Zone Reimbursements by \$2.0 million to \$15.0 million.</li> <li>• Sec. 26c – Increases Promise Zone Funding by \$1.5 million to \$3.0 million.</li> <li>• Sec. 31d – Increases School Lunch state costs by \$648,900 to \$23.1 million.</li> </ul>	GF/GP NA	\$0

**Major Boilerplate Changes From FY 2017-18**

**Sec. 15. State Aid Allocation Adjustments – REVISED**

Reduces maximum allowable repayment period for district state aid payment deductions resulting from an audit from 9 years to 4 and eliminates option for state Superintendent to waive repayment under certain circumstances, reversing changes made in FY 2017-18.

**Sec. 18(12). Virtual Course Cost Report – REVISED**

Currently requires that districts report cost information for virtual courses provided through Section 21f. Expands to include cyber schools, whose courses are not offered through Sec. 21f.

**Sec. 19. State and Federal Reporting Requirements – REVISED**

In addition to the graduation report information, requires that districts submit data necessary for state and federal accountability reports, both in November and June. Revises June 30 to the last business day in June. Revises required district appeal process for accountability designations to require MDE to utilize data that was certified as accurate and complete after districts and ISDs have adhered to deadlines, data quality reviews, and correction processes leading to local certification of final student data. Changes to allow districts and ISDs to appeal “any calculation errors used in the preparation of accountability metrics” rather than a designation.

**Major Boilerplate Changes From FY 2017-18****Sec. 23f. Shared-Time Pupil Payments – REVISED**

In addition to capping pupils at 5% of a district's membership and eliminating kindergarten, requires the following to receive funding:

- (a) That a district ensure that all individuals that have student contact as part of a course offered under Sec. 166b have not been convicted of sexual misconduct and receive the same criminal history and criminal records checks as employees of the district as required by state statute.
- (b) That a district ensure that if a course offered under Sec. 166b has an associated optional experience, it must be offered on a schedule to make it fully available to the majority of pupils in the district in the same grade level or age groups as the pupils participating in the course under Sec. 166b.
- (c) That the district provide MDE information necessary to quantify the following:
  - (i) A complete listing of all courses in which students reported for membership in the district have been served.
  - (ii) Course enrollments by each participant using local coding and the school codes for the exchange of data (SCED).
  - (iii) Identification of the course teacher or mentor.
  - (iv) Outcomes for each student in each course.

**Sec. 31a. At Risk Program – REVISED**

Expands to add an additional purpose for the program: that districts implement with fidelity a multi-tiered system of supports (MTSS). Condenses MTSS components to the following: (a) Team-based leadership; (b) Tiered delivery system; (c) Selection and implementation of instruction, interventions, and supports; (d) Comprehensive screening and assessment system; and (e) Continuous data-based decision making.

Expands to require that districts comply with MCL 380.1280f and use resources to address early literacy for grades K-12 instead of K-3. Adds focus on numeracy for K-12. Requires a district to implement MTSS in grades K-8 instead of 4-8.

Requires that for English learners, a district implement culturally and linguistically responsive teaching strategies focused on academic language development aligned with state English language arts (ELA) proficiency standards.

Revises consequences beginning in FY 2018-19 for districts that are below the statewide average based on the number of economically disadvantaged pupils proficient in either ELA by the end of 3rd grade or math by the end of 8th grade or career and college ready by the end of 11th grade based on statewide assessments given in FY 2017-18. Requires those districts to meet either the statewide average by FY 2020-21 or see an improvement of at least 10 percentage points in the number of economically disadvantaged pupils who are proficient by FY 2020-21. For a district that fails to meet those goals by FY 2020-21, requires it to conduct an evaluation in coordination with MDE and other stakeholders, adopt a school improvement plan based on recommendations from that evaluation, and spend At Risk funds only in accordance with that plan.

Increases amount that may be used on professional development to 5% and expands to include implementing a coaching model that supports the MTSS framework.

For a district that may use funds for schoolwide reform, increases share of pupil membership that must be economically disadvantaged from 40% to at least 50%. Requires that the schoolwide reforms also be tier 1 evidence-based high quality academic, behavioral, and social-emotional instruction, and part of a district's MTSS framework. Schoolwide reforms must be guided by district's comprehensive needs assessment and must feature parent and community supports, activities, and services, which may include Pathways to Potential or Communities in Schools programs.

**Sec. 35a. Early Literacy – REVISED**

Requires the State Superintendent to designate people employed or contracted with funds from this section as critical shortage for the purposes of allowing retirees to work without reducing their pensions under the Public School Employees Retirement Act, MCL 38.1361. However, the critical shortage subsection is currently set to expire on July 1, 2018.

**Sec. 61d. Per Pupil Incentive Payment – NEW**

Defines a CTE program that qualifies for the additional \$25 payments for critical skills programs as one classified under any of the following CIP codes:

- (i) 01 – Agriculture
- (ii) 03 – Natural Resources and Conservation
- (iii) 10 through 11 – Communications Technologies and Support Services and Computer and Information Sciences and Support Services
- (iv) 14 through 15 – Engineering and Engineering technologies and related fields
- (v) 26 – Biological and Biomedical Sciences
- (vi) 46 through 48 – Construction Trades, Mechanic and Repair Technologies, and Precision Production
- (vii) 51 – Health Professions and related programs.

SCHOOL AID

**Major Boilerplate Changes From FY 2017-18**

**Sec. 104c. State Assessments – REVISED**

Moves state assessment for science from grades 4 and 7 to 5 and 8. Deletes requirement that MDE approve at least 3 benchmark assessments for district use. Requires MDE to provide guidance to districts on optionally adopting and implementing department-approved benchmark assessments for grades 3 to 7 in ELA and math and to recommend that districts commit to using the same benchmark assessment for no less than 3 years without switching to another benchmark assessment.

**Sec. 164g. Legal Action Against the State – DELETED**

Establishes a penalty in an amount equal to the amount spent if a district or ISD uses state funding to pay for an expense relating to any legal action initiated by the district or ISD against the state.

**Sec. 164h. Collective Bargaining Agreement Penalty – DELETED**

Establishes a penalty in an amount equal to 5% of a district or ISD's total state aid if it enters into a collective bargaining agreement that does any of the following: Establishes racial or religious preferences; Automatically deducts union dues from paychecks; Is in conflict with any state or federal transparency laws; Uses a method of compensation that does not comply with Sec. 380.1250.

**Sec. 166b. Shared-Time Instruction for Nonpublic Pupils – REVISED**

Requires that an applicable curricular offering include optional experiences associated with the curricular offering, and that the optional experience must also be available to the district's full-time pupils in the same grade level or age group. Eliminates kindergarten from allowable shared-time instruction. Revises definition for grades 9-12 nonessential courses from courses other than the specific subjects mentioned or those "that fulfill the same requirement credit requirement" to "those that can fill the same credit requirement".

<b><u>Supplemental Recommendations for FY 2017-18 Appropriations</u></b>		<b><u>FY 2017-18 Recommendation</u></b>
<b>1. GF/GP and SAF Revenue Shift</b>	<b>Gross</b>	<b>\$0</b>
Includes a fund shift of \$137.0 million reducing GF/GP from \$215.0 million to \$78.0 million and replacing it with SAF.	Restricted GF/GP	137,000,000 (\$137,000,000)
<b>2. Cash Flow Borrowing (Sec. 11m)</b>	<b>Gross</b>	<b>\$11,500,000</b>
Increases by \$11.5 million SAF to a total of \$18.0 million to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.	Restricted GF/GP	11,500,000 \$0
<b>3. Foundation Allowances (Secs. 22a and 22b)</b>	<b>Gross</b>	<b>(\$24,300,000)</b>
Reduces by \$24.3 million SAF to a total of \$9.2 billion to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted GF/GP	(24,300,000) \$0
<b>4. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)</b>	<b>Gross</b>	<b>\$3,200,000</b>
Increases by a total \$3.2 million SAF to reflect revised consensus cost estimates based on actual FY 2016-17 year-end special education costs data. Total estimated special education costs for FY 2017-18 are \$1.4 billion.	Restricted GF/GP	3,200,000 \$0
<b>5. Renaissance Zone Reimbursements (Secs. 26a)</b>	<b>Gross</b>	<b>(\$2,000,000)</b>
Reduces reimbursement payments by \$2.0 million SAF to a total of \$15.0 million. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reform.	Restricted GF/GP	(2,000,000) \$0
<b>6. School Lunch Programs (Sec. 31d)</b>	<b>Gross</b>	<b>\$306,900</b>
Increases by \$306,900 SAF to ensure the state meets its obligation under Durant v. State of Michigan to fund 6.0127% of school lunch programs, bringing total to \$22.8 million SAF and \$532.2 million Federal.	Restricted GF/GP	306,900 \$0
<b>7. Promise Zone Funding (Sec. 26c)</b>	<b>Gross</b>	<b>\$100,000</b>
Increases by \$100,000 SAF to a total of \$1.6 million for required funds for districts and ISDs with approved Promise Zone development plans for the purposes of the local Promise Zone Authority.	Restricted GF/GP	100,000 \$0

# Summary: Executive Budget Recommendation for Fiscal Year 2018-19 STATE POLICE

Analyst: Kent Dell

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
IDG/IDT	\$26,221,600	\$24,728,300	(\$1,493,300)	(5.7)
Federal	83,686,500	78,223,600	(5,462,900)	(6.5)
Local	5,835,200	5,146,800	(688,400)	(11.8)
Private	178,100	115,000	(63,100)	(35.4)
Restricted	143,423,700	148,698,200	5,274,500	3.7
GF/GP	439,601,700	454,902,800	15,301,100	3.5
<b>Gross</b>	<b>\$698,946,800</b>	<b>\$711,814,700</b>	<b>\$12,867,900</b>	<b>1.8</b>
FTEs	3,441.0	3,493.0	52.0	1.5

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

## Overview

The Michigan Department of State Police (MSP) 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 intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>		<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>1. FY 2017-18 Trooper Recruit School – Administrative Annualization Costs</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,511,200</b>
Includes \$3.5 million GF/GP to support various department wide expenses such as fleet leasing, equipment, and IT support costs related to the 150 new Troopers expected to graduate from the FY 2017-18 Trooper Recruit School, which is expected to begin in the summer of 2018.	GF/GP	NA	\$3,511,200
<b>2. FY 2017-18 Trooper Recruit School – Salary and Benefits Annualization</b>	FTE	2,002.5	0.0
Includes \$16.8 million GF/GP to support the salaries and benefits of the 150 new Troopers expected to graduate from the FY 2017-18 Trooper Recruit School, which is expected to begin in the summer of 2018.	<b>Gross</b>	<b>\$295,480,300</b>	<b>\$16,755,900</b>
	Federal	383,700	0
	Restricted	38,666,200	0
	GF/GP	\$256,430,400	\$16,755,900
<b>3. Medical Marijuana Regulation – Annualization Costs</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,924,200</b>
Includes \$2.9 million state restricted to support the department wide salary and benefits, fleet, and administrative costs of 51 medical marijuana regulation positions created in FY 2017-18.	Restricted	NA	2,924,200
	GF/GP	NA	\$0
<b>4. Wage Increase – Lieutenants and Laboratory Managers</b>	<b>Gross</b>	<b>NA</b>	<b>\$935,600</b>
Includes \$935,600 gross (\$822,300 GF/GP) to support wage increases for State Police Lieutenants and Laboratory Managers to improve recruitment and retention of personnel in these positions. Wage increases for these positions was recommended by the Office of the State Employer and finalized by the Civil Service Commission in December 2017.	IDG/IDT	NA	8,000
	Federal	NA	33,400
	Restricted	NA	71,900
	GF/GP	NA	\$822,300
<b>5. Sexual Assault Evidence Kit Tracking and Reporting System</b>	FTE	NA	1.0
Includes \$158,900 GF/GP and 1.0 FTE to annualize the department wide development and implementation costs of the Sexual Assault Evidence Kit Tracking and Reporting System included in supplemental appropriations 2017 PA 158.	<b>Gross</b>	<b>NA</b>	<b>\$158,900</b>
	GF/GP	NA	\$158,900

<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>6. Medical Marijuana – Standardized Field Sobriety Test</b>		<b>Gross</b>	<b>NA</b>
Includes \$3.4 million state restricted to support the Michigan Commission on Law Enforcement Standards (\$2.5 million state restricted) and State Police Investigative Services (\$900,000 state restricted) in the implementation and administration of a standardized field sobriety test to assess individuals for THC intoxication, in accordance with 2016 PA 281.		Restricted	3,400,000
		GF/GP	\$0
<b>7. FY 2018-19 Trooper Recruit School (One-Time)</b>		<b>Gross</b>	<b>NA</b>
Includes \$3.1 million GF/GP one-time to support the training costs of the FY 2018-19 Trooper Recruit School, which is expected to graduate 50 new Troopers and begin in January 2019.		GF/GP	\$3,070,000
<b>8. FY 2018-19 Trooper Recruit School – Administrative Costs</b>		<b>Gross</b>	<b>\$40,942,200</b>
Includes \$722,100 GF/GP to support the department wide fleet leasing and other administrative costs of the FY 2018-19 Trooper Recruit School, which is expected to graduate 50 new Troopers and begin in January 2019.		IDG/IDT	211,800
		Federal	268,000
		Restricted	3,338,700
		GF/GP	\$37,123,700
			\$722,100
<b>9. FY 2018-19 Trooper Recruit School – Salary and Benefits</b>		<b>Gross</b>	<b>\$295,480,300</b>
Includes \$3.1 million GF/GP to support the salaries and benefits of the 50 new Troopers expected to graduate from the FY 2018-19 Trooper Recruit School, which is expected to begin in January 2019.		FTE	2,002.5
		Federal	383,700
		Restricted	38,666,200
		GF/GP	\$256,430,400
			50.0
			\$3,077,900
			0
			0
			\$3,077,900
<b>10. FY 2018-19 Trooper Recruit School – Attrition School (One-Time)</b>		<b>Gross</b>	<b>NA</b>
Includes \$3.0 million GF/GP one-time to support training and equipping 80 new Troopers that will replace personnel lost due to attrition. Salary, benefits, and administrative costs for the graduates will be supported by existing appropriations.		GF/GP	NA
			\$3,000,000
<b>11. Cyber Crime Unit Expansion</b>		<b>Gross</b>	<b>\$24,804,000</b>
Includes \$618,400 GF/GP and 5.0 FTEs to provide for administration, support, and the operations of the Michigan Cyber Command Center.		FTE	184.0
		IDG/IDT	681,900
		Restricted	2,031,800
		GF/GP	\$22,090,300
			\$618,400
<b>12. Public Safety Officers Benefit Program</b>		<b>Gross</b>	<b>\$151,100</b>
Includes \$150,000 GF/GP to support one-time \$25,000 payments to survivors of public safety officers killed or totally and permanently disabled in the line of duty.		FTE	1.0
		GF/GP	\$151,100
			0.0
			\$150,000
<b>13. Equipment Lifecycle Replacement</b>		<b>Gross</b>	<b>\$295,480,300</b>
Includes \$1.3 million GF/GP to support the implementation of a six-year lifecycle replacement schedule for vehicle-mounted cameras.		FTE	2,002.5
		Federal	383,700
		Restricted	38,666,200
		GF/GP	\$256,430,400
			\$1,252,500
<b>14. Sexual Assault Prevention and Education Initiative (One-Time)</b>		<b>Gross</b>	<b>NA</b>
Includes \$600,000 GF/GP one-time to provide for grants to higher education institutions to support on-campus sexual assault prevention and education programs and projects.		GF/GP	NA
			\$600,000
<b>15. Technical Adjustments</b>		<b>Gross</b>	<b>NA</b>
Removes FY 2017-18 one-time appropriations, supplemental appropriations, and administrative transfers; aligns authorizations with expected revenues from IDG/IDT, federal, local, private, and state restricted sources; reclassifies 9-1-1 related revenue between IDG/IDT and state restricted sources; adjusts FY 2017-18 lump-sum payment removals; and provides for various internal transfers, including a net-zero consolidation of the commercial vehicle regulation and commercial vehicle enforcement programs into a single line item.		FTE	NA
		IDG/IDT	NA
		Federal	NA
		Local	NA
		Private	NA
		Restricted	NA
		GF/GP	NA
			(1.0)
			(\$31,158,800)
			(1,718,500)
			(5,774,000)
			(716,000)
			(63,100)
			(2,007,100)
			(\$20,880,100)

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>16. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$4.8 million Gross (\$3.4 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		<b>\$4,786,800</b>
		217,200
		277,700
		27,600
		885,500
		\$3,378,800

### Major Boilerplate Changes From FY 2017-18

#### **Sec. 216. Disciplinary Action Against State Employees – DELETED**

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature.

#### **Sec. 220. Privatization Project Plans – DELETED**

Requires the department to develop a project plan and present it to the Legislature ninety days prior to beginning any effort to privatize any department services.

#### **Sec. 223. Training and Publication Fees – NEW**

Allows the department to establish and collect fees to defray the printing and mailing costs for the distribution of publications, videos and related materials; and the costs of workshops and conferences. Forbids the department from collecting fees in excess of the costs of the activities provided in this section.

#### **Sec. 402. Criminal Justice Information Center – REVISED**

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Revised to remove the concealed weapon enforcement fund revenue reporting requirement.

#### **Sec. 701. Special Operations – REVISED**

Specifies the department's specialized service requirements. Revised to require the department to increase the Michigan Cyber Command Center's casework by 25% above the activity level observed in FY 2017-18.

#### **Sec. 704. Emergency Management and Homeland Security – REVISED**

Specifies the department's role in coordinating emergency preparation and response efforts. Revised to remove quarterly reporting requirement on the status of infrastructure vulnerabilities in the state.

#### **Sec. 902. Advanced 9-1-1 – DELETED**

Requirements of the FY 2017-18 one-time appropriations for grants to public safety answering points to implement supplemental databases, which allow public safety answering points to view voluntarily disclosed supplemental health and safety information when receiving emergency calls.

<u>Supplemental Recommendations for FY 2017-18 Appropriations</u>		<u>FY 2017-18 Recommendation</u>
<b>1. Disaster and Emergency Contingency Fund - Deposit</b>	<b>Gross</b>	<b>\$4,500,000</b>
Includes \$4.5 million GF/GP one-time to increase the balance of the Disaster and Emergency Contingency Fund. The fund balance as of December 2017 is approximately \$4.6 million. Funds may be withdrawn with approval of the State Budget Office in support of disaster or emergency remediation and grants to local units of government.	GF/GP	\$4,500,000
<b>2. Diversity Recruitment</b>	<b>Gross</b>	<b>\$1,000,000</b>
Includes \$1.0 million GF/GP one-time to support outreach, recruitment, and training towards increased diversity amongst the State Police ranks.	GF/GP	\$1,000,000
<b>3. Public Safety Officers Benefit Program</b>	<b>Gross</b>	<b>\$150,000</b>
Includes \$150,000 GF/GP to support one-time \$25,000 payments to survivors of public safety officers killed or totally and permanently disabled in the line of duty.	GF/GP	\$150,000

**Summary: Executive Budget Recommendation  
for Fiscal Year 2018-19  
DEPARTMENT OF TRANSPORTATION**

**Analyst: William E. Hamilton**

	FY 2017-18 Year-to-Date as of 2/7/18	FY 2018-19 Executive	Difference: FY 2018-19 Vs. FY 2017-18	
			Amount	%
<b>IDG/IDT</b>	\$4,039,300	\$4,092,500	\$53,200	1.3
<b>Federal</b>	1,340,301,200	1,318,271,700	(22,029,500)	(1.6)
<b>Local</b>	50,532,000	50,532,000	0	0.0
<b>Private</b>	100,000	900,000	800,000	800.0
<b>Restricted</b>	2,954,470,500	3,156,293,700	201,823,200	6.8
<b>GF/GP</b>	0	175,000,000	175,000,000	--
<b>Gross</b>	<b>\$4,349,443,000</b>	<b>\$4,705,089,900</b>	<b>\$355,646,900</b>	<b>8.2</b>
<b>FTEs</b>	2,826.3	2,826.3	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Historically, approximately two-thirds of the revenue in this budget has come 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 Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund for aeronautics programs.

**Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations**

**1. State Trunkline Road and Bridge Construction**

Funding for the state trunkline capital construction/preservation program would increase by \$81.4 million reflecting anticipated increases in federal and state restricted revenue sources. The increase in state restricted revenue includes a \$1.1 million increase in Blue Water Bridge Fund revenue for Blue Water Bridge capital projects, well as a \$55.1 million increase in available STF revenue. The STF revenue increase reflects the anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the STF share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>Gross</b>	<b>\$1,140,756,800</b>	<b>\$81,436,200</b>
Federal	783,367,300	25,240,400
Local	30,003,500	3,500
Restricted	327,386,000	56,192,300
GF/GP	\$0	\$0

**2. MTF to Local Road Agencies**

The estimated MTF distribution to county road commissions and cities and villages would increase by \$121.3 million reflecting an anticipated increase in ongoing MTF revenue from motor fuel and vehicle registration taxes, as well as the local road agency share of \$150.0 million in Income Tax revenue that was earmarked to the MTF in the November 2015 Road Funding Package.

	FY 2017-18 YTD (as of 2/7/18)	Executive Change from YTD
<b>Gross</b>	<b>\$1,372,100,700</b>	<b>\$121,331,100</b>
Restricted	1,372,100,700	121,331,100
GF/GP	\$0	\$0



<b>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</b>	<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>3. GF/GP for Road Programs – One-Time</b>		
<p>The November 2015 Road Funding Package redirected certain Income Tax revenue that had formerly been credited to the state General Fund to the MTF. This redirection was to be phased in: \$150.0 million starting in FY 2018-19; \$325.0 million starting in FY 2019-20; and \$600.0 million beginning in FY 2020-21 and each fiscal year thereafter. The initial \$150.0 million redirection is recognized in STF and local road agency programs described in Item #s 1 and 2, above.</p> <p>The Governor’s budget recommends the one-time appropriation of \$175.0 million GF/GP in FY 2018-19 for distribution to the STF and local road agencies according to Act 51 formula. This would effectively accelerate by one year the increase in the Income Tax revenue earmark scheduled for FY 2019-20.</p> <p>The amount distributed to local road agencies would total \$106.6 million. The amount distributed to the STF would total \$68.4 million, of which \$20.0 million would be earmarked for Next Generation Technologies and Service Delivery projects including vehicle communications infrastructure improvement projects in four counties.</p>	<p><b>Gross</b>                    <b>\$0</b></p> <p>GF/GP                      \$0</p>	<p><b>\$175,000,000</b></p> <p>\$175,000,000</p>
<b>4. Debt Service</b>		
<p>Includes \$219.9 million for debt service, a reduction of \$9.5 million from current year, reflecting anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2017 was \$1.4 billion.]</p>	<p><b>Gross</b>                    <b>\$228,939,400</b></p> <p>Federal                    37,783,300</p> <p>Restricted                191,156,100</p> <p>GF/GP                      \$0</p>	<p><b>(\$9,502,300)</b></p> <p>(7,582,400)</p> <p>(1,919,900)</p> <p>\$0</p>
<b>5. Support Services by Other State Departments</b>		
<p>Provides \$48.4 million for Interdepartmental grants (IDGs) that authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Specific IDGs include \$20.0 million MTF for Department of State vehicle registration tax collection program, \$2.7 million MTF for Department of Treasury motor fuel tax collection program, and \$11.8 million STF for Michigan State Police Commercial Vehicle Enforcement program and Criminal Justice Information Center. The net increase across all IDG line items reflects economic increases and cost allocation adjustments.</p>	<p><b>Gross</b>                    <b>\$47,428,400</b></p> <p>Restricted                47,428,400</p> <p>GF/GP                      \$0</p>	<p><b>\$966,200</b></p> <p>966,200</p> <p>\$0</p>
<b>6. Asset Management Council</b>		
<p>Provides \$1.9 million MTF for ongoing costs of Asset Management Council – primarily pavement condition data collection and analysis, as well as training and education. Budget eliminates \$2.0 million that was added to current year through supplemental appropriation (Public Act 201 of 2017) for inspection and inventory of culverts on the local road system.</p>	<p><b>Gross</b>                    <b>\$3,876,400</b></p> <p>Restricted                3,876,400</p> <p>GF/GP                      \$0</p>	<p><b>(\$2,000,000)</b></p> <p>(2,000,000)</p> <p>\$0</p>
<b>7. Information Technology</b>		
<p>Increases STF support by \$2.0 million to provide for workstation replacement and application modernization.</p>	<p><b>Gross</b>                    <b>\$33,465,900</b></p> <p>Federal                    520,500</p> <p>Restricted                32,945,400</p> <p>GF/GP                      \$0</p>	<p><b>\$2,000,000</b></p> <p>0</p> <p>2,000,000</p> <p>\$0</p>
<b>8. Transportation Planning</b>		
<p>Increase of \$2.7 million in federal authorization reflects anticipated increase in funding for Statewide Planning and Research program.</p>	<p>FTE                        137.0</p> <p><b>Gross</b>                    <b>\$36,245,200</b></p> <p>Federal                    19,250,000</p> <p>Restricted                16,995,200</p> <p>GF/GP                      \$0</p>	<p>0.0</p> <p><b>\$2,750,000</b></p> <p>0</p> <p>2,750,000</p> <p>\$0</p>
<b>9. Design and Engineering Services</b>		
<p>Includes \$2.0 million STF increase as part of \$10.0 million program of priority maintenance of critical state trunkline bridges. (An additional \$8.0 million is included State trunkline maintenance).</p>	<p>FTE                        1,473.3</p> <p><b>Gross</b>                    <b>\$161,253,100</b></p> <p>Federal                    23,529,800</p> <p>Restricted                137,723,300</p> <p>GF/GP                      \$0</p>	<p>0.0</p> <p><b>\$2,000,000</b></p> <p>0</p> <p>2,000,000</p> <p>\$0</p>
<b>10. State Trunkline Maintenance</b>		
<p>Provides \$20.3 million increase in STF support for following specific program areas: Priority maintenance of critical state trunkline bridges program, \$8.0 million; Priority maintenance of culverts, including rehabilitation or replacement, \$8.0 million; \$4.3 million to offset increased maintenance material costs and added state trunkline mileage.</p>	<p>FTE                        793.7</p> <p><b>Gross</b>                    <b>\$317,593,400</b></p> <p>Restricted                317,593,400</p> <p>GF/GP                      \$0</p>	<p>0.0</p> <p><b>\$20,337,600</b></p> <p>20,337,600</p> <p>\$0</p>

**TRANSPORTATION**

<b><u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u></b>		<b>FY 2017-18 YTD (as of 2/7/18)</b>	<b>Executive Change from YTD</b>
<b>11. Transportation Economic Development Fund (TEDF)</b>		<b>Gross \$42,119,100</b>	<b>(\$11,770,100)</b>
Recommends permanent redirection of \$13.0 million of certain drivers' license fee revenue from the TEDF, Target Industries, to the state General Fund. (Requires statutory change.) Also reflects increase in anticipated interest on fund balance.	Restricted	42,119,100	(11,770,100)
	GF/GP	\$0	\$0
<b>12. Local Bus Transit</b>		<b>Gross \$216,277,900</b>	<b>\$3,000,000</b>
Provides \$189.2 million CTF, an increase of \$1.0 million from current year, for local bus operating formula distribution to 81 local public transit agencies. Also recognizes \$2.0 million anticipated increase in federal transit grants to non-urban transit agencies.	Federal	26,027,900	2,000,000
	Local	2,000,000	0
	Restricted	188,250,000	1,000,000
	GF/GP	\$0	\$0
<b>13. Transit Capital</b>		<b>Gross \$53,907,100</b>	<b>\$5,496,400</b>
Increases CTF support by \$5.5 million for program that provides matching funds on behalf of local transit agencies to access federal transit capital grants.	Federal	15,300,000	0
	Local	1,250,000	0
	Restricted	37,357,100	5,496,400
	GF/GP	\$0	\$0
<b>14. Service Initiatives</b>		<b>Gross \$3,389,200</b>	<b>\$1,200,000</b>
Increases CTF support by \$1.2 million for program that funds transit-related research, training and development, and demonstration projects.	Federal	1,650,000	0
	Local	325,000	0
	Restricted	1,414,200	1,200,000
	GF/GP	\$0	\$0
<b>15. Transportation to Work</b>		<b>Gross \$3,700,000</b>	<b>\$175,000</b>
Increase in CTF funding in support of Blue Water Transportation Commission's Job Access/Reverse Commute program.	Restricted	3,700,000	175,000
<b>16. Rail Operations and Infrastructure/Rail Freight Economic Dev.</b>		<b>Gross \$124,759,700</b>	<b>(\$42,551,700)</b>
Includes \$7.2 million CTF increase for program that includes capital and operating support for rail passenger service in Michigan. Also reduces federal funds by \$50.1 million from the current year to better align with anticipated federal grants.	Federal	60,100,000	(50,100,000)
	Local	100,000	0
	Private	100,000	0
	Restricted	64,459,700	7,548,300
The Governor proposes rolling two current lines, Rail operations and infrastructure, and Rail freight economic development, into a single line.	GF/GP	\$0	\$0
<b>17. Intercity Services</b>		<b>Gross \$8,060,000</b>	<b>(\$700,000)</b>
Recognizes anticipated private funds made available for program that supports intercity bus service in Michigan. Reduces CTF support by \$1.5 million.	Federal	4,500,000	0
	Local	160,000	0
	Private	0	800,000
	Restricted	3,400,000	(1,500,000)
	GF/GP	\$0	\$0
<b>18. Detroit Wayne County Port Authority</b>		<b>Gross \$200,000</b>	<b>\$268,200</b>
Includes \$468,200 CTF, a \$266,200 increase as compared to current year.	Restricted	200,000	268,200
	GF/GP	\$0	\$0
<b>19. Airport Improvement Program</b>		<b>Gross \$93,943,000</b>	<b>\$570,000</b>
Increases State Aeronautics Fund support by \$570,000.	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	2,434,500	570,000
	GF/GP	\$0	\$0
<b>20. Detroit Metropolitan Wayne County Airport</b>		<b>Gross \$6,500,000</b>	<b>(\$975,000)</b>
Reduces Qualified Airport Fund support for Detroit Metro Airport by almost \$1.0 million to reflect revenue estimates. The Qualified Airport Fund was established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	6,500,000	(975,000)
	GF/GP	\$0	\$0
<b>21. Technical and Revenue Adjustments</b>		<b>Gross NA</b>	<b>(\$688,900)</b>
Budget reflects other technical and revenue adjustments to appropriated state restricted revenue.	Federal	NA	(7,476,500)
	Local	NA	3,500
	Restricted	NA	6,784,100
	GF/GP	NA	\$0

<u>Major Budget Changes From FY 2017-18 Year-to-Date (YTD) Appropriations</u>	<u>FY 2017-18 YTD (as of 2/7/18)</u>	<u>Executive Change from YTD</u>
<b>22. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects increased costs of \$5.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		<b>\$5,926,400</b>
		53,200
		936,000
		4,937,200
		\$0

**Major Boilerplate Changes From FY 2017-18**

***Sec. 215. Communication with the Legislature – DELETED***

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

***Sec. 217. Report on Proposed Federal Rule Changes – DELETED***

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law.

***Sec. 270. Remanufactured Parts – DELETED***

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

***Sec. 305. Lease of Space in Public Transportation Property – DELETED***

Authorizes rental of department-owned public transportation properties at competitive market rates; requires that revenue from tenants be placed in an account for to maintain/improve property.

***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 to 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. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – DELETED***

Prohibits the department from studying the association between highway signs and motorist behavior.

***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. 393. Best Practices for Public Transportation – DELETED***

Directs the 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. 396. Assurance that Contractors Have Ability to Perform Work – DELETED***

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work.

***Sec. 403. Priority of Federal Transit Grants – DELETED***

Establishes priority for federal Section 5310 transit grants.

***Sec. 606. Project on I-94 Between M-60 and Sargent Road in Jackson County – DELETED***

Expresses Legislative intent with respect to project.

***Sec. 610. Dead Deer – DELETED***

Describes legislative intent regarding priority of cleanup of dead deer and other large animal remains.

TRANSPORTATION

**Major Boilerplate Changes From FY 2017-18**

**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. 613. Report on Engineering Costs – DELETED**

Requires report on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

**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. 704. Rail Operations and Infrastructure Report – DELETED**

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

**Sec. 750. Rail Economic Development – DELETED**

Directs department to spend not less than \$2.5 million CTF from Rail freight economic development line for rail freight economic development.

**Sec. 803. MDOT-Owned Airplanes – DELETED**

Requires the department to request proposals for management of the state airfleet; also requires the department to sell one of two state-owned planes.

**Sec. 1001. Earmarking One-Time \$175.0 million GF/GP – NEW**

Indicates that the GF/GP appropriation to county road commissions of \$68.4 million, and the GF/GP appropriation to cities and villages of \$38.1 million, shall be distributed according to Act 51, Sections 12, and 13, respectively. Also indicates that the \$68.4 million appropriation to the STF shall be expended in accordance with the provisions of Section 11 of Act 51, as well as projects related to connected vehicles, hydrogen fueling stations, and enhanced transportation services for senior citizens and persons with disabilities.



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Bethany Wicksall, Deputy Director

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Capital Outlay .....	Benjamin Gielczyk
Community Colleges .....	Perry Zielak
Corrections .....	Robin R. Risko
Education (Department) .....	Samuel Christensen
Environmental Quality .....	Austin Scott
<b>General Government:</b>	
<b>Attorney General/Civil Rights/State (Department)/</b>	
Technology, Management, and Budget .....	Michael Cnossen
<b>Executive Office/Legislature/Legislative Auditor General/Lottery/</b>	
Michigan Strategic Fund/Talent and Economic Development/Treasury .....	Benjamin Gielczyk
<b>Health and Human Services</b>	
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Medicaid, Physical and Behavioral Health .....	Kevin Koorstra
Public Health, Aging, Departmentwide Administration .....	Susan Frey
Higher Education .....	Perry Zielak
Insurance and Financial Services .....	Marcus Coffin
Judiciary .....	Robin R. Risko
Licensing and Regulatory Affairs .....	Marcus Coffin
Military and Veterans Affairs .....	Kent Dell
Natural Resources .....	Austin Scott
Natural Resources Trust Fund .....	Benjamin Gielczyk; Austin Scott
School Aid .....	Bethany Wicksall; Samuel Christensen
State Police .....	Kent Dell
Transportation .....	William E. Hamilton
Unemployment Insurance .....	Marcus Coffin
Economic/Revenue Forecasting .....	Jim Stansell
Local Finance/Revenue Sharing/Tax Analysis .....	Jim Stansell; Benjamin Gielczyk
Legislative Analysis .....	Rick Yuille
	Edith Best; Jennifer McInerney; Patrick Morris; Emily Smith; Sue Stutzky
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