

FY 2006-07 SUPPLEMENTAL APPROPRIATIONS

Senate Bill 436 (H-1) as Passed by the House

	Executive (Letters of 2/8/07 and 3/26/07)		Senate		House	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Agriculture	\$0	\$0	(\$286,200)	(\$286,200)	(\$286,200)	(\$286,200)
Attorney General	0	0	(308,900)	(308,900)	(308,900)	(308,900)
Civil Rights	0	0	(50,000)	(50,000)	(50,000)	(50,000)
Civil Service	0	0	(168,700)	(168,700)	(168,700)	(168,700)
Community Colleges	0	0	(17,895,300)	(17,895,300)	(12,879,900)	(12,879,900)
Community Health	(43,203,500)	105,359,500	(106,503,700)	74,405,000	(61,176,000)	95,735,900
Corrections	26,600,000	26,600,000	25,883,300	25,883,300	25,883,300	25,883,300
Education	0	0	(90,400)	(90,400)	(90,400)	(90,400)
Environmental Quality	0	0	(311,000)	(311,000)	(311,000)	(311,000)
Executive Office	0	0	(194,000)	(194,000)	(194,000)	(194,000)
Higher Education	0	0	(97,350,000)	(97,350,000)	(97,350,000)	(97,350,000)
History, Arts, & Libraries	0	0	(7,100,000)	(7,100,000)	(3,600,000)	(3,600,000)
Human Services	67,755,200	66,041,000	67,755,200	66,041,000	67,755,200	66,041,000
Judiciary	(1,618,400)	(1,531,500)	(4,190,500)	(4,103,600)	(4,190,500)	(4,103,600)
Labor & Economic Growth	11,000,000	0	10,550,000	0	10,550,000	0
Legislature/Auditor General	(2,963,000)	(2,760,000)	(6,534,300)	(6,534,300)	(6,534,300)	(6,534,300)
Management and Budget	61,700	0	(488,300)	(550,000)	(488,300)	(550,000)
Michigan Strategic Fund	0	0	(297,600)	(297,600)	(297,600)	(297,600)
Military & Veterans Affairs	134,500	0	134,500	0	134,500	0
Natural Resources	0	0	(510,000)	(510,000)	(510,000)	(510,000)
State	0	0	(757,900)	(757,900)	(757,900)	(757,900)
State Police	0	0	1,200,000	1,200,000	1,200,000	1,200,000
Transportation	0	0	(14,700,000)	0	0	0
Treasury	10,000,000	10,000,000	(42,836,500)	8,597,500	3,597,500	8,597,500
TOTAL	\$67,764,900	\$203,709,000	(\$195,050,300)	\$39,618,900	(\$80,073,200)	\$69,465,200

OVERVIEW

Senate Bill 436 (H-1) contains GF/GP budget reductions totaling \$139.7 million. Potential General Fund savings totaling \$167.9 million have been identified through the use of restricted funds. Total General Fund savings from budget reductions and the use of restricted funds would be \$307.6 million.

Senate Bill 436 (H-1) also contains net positive GF/GP supplemental appropriations, consisting mainly of Executive supplemental recommendations, totaling \$209.2 million. The net impact of budget reductions and these net positive adjustments is a total GF/GP appropriation of positive \$69.5 million. With a few exceptions, the items in this bill mirror those in the (CR-1) conference report for Senate Bill 220. (Also, the appropriation items in Senate Bill 436 (H-1) are identical to those in House Bill 4492 (H-2) as reported from committee.)

Negotiations regarding Senate Bill 220 also identified General Fund savings totaling \$167.9 million that could be achieved through the use of state restricted funds; those savings are identified in the table below. The use of these restricted funds to achieve General Fund savings would require separate statutory action in order to be realized.

The total General Fund savings resulting from budget reductions in Senate Bill 436 (H-1) and the restricted fund items identified below would be \$307.6 million.

Restricted Fund	GF Savings (Thousands of \$)
Convention Facilities Fund	\$35,000.0
Comprehensive Transportation Fund (Soo Locks Set-Aside)	5,270.0
21 st Century Jobs Fund (Unallotted Funds)	30,000.0
DLEG Restricted Fund Reductions	450.0
Michigan Conservation Corps Endowment Fund	20,000.0
Refined Petroleum Fund	70,000.0
State Campaign Fund	7,200.0
Total General Fund Savings	\$167,920.0

FY 2006-07 Appropriation Items:

AGRICULTURE

1. General Fund Reductions

Reductions to Pesticide and Plant Management (\$266,200) and Information Technology Services and Projects (\$20,200) line items.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$0	(\$286,200)	(\$286,200)
GF/GP	\$0	(\$286,200)	(\$286,200)

ATTORNEY GENERAL

2. Attorney General Operations

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$301,800)	(\$301,800)
GF/GP	\$0	(\$301,800)	(\$301,800)

3. Information Technology

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$7,100)	(\$7,100)
GF/GP	\$0	(\$7,100)	(\$7,100)

CIVIL RIGHTS

4. Civil Rights Operations

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$50,000)	(\$50,000)
GF/GP	\$0	(\$50,000)	(\$50,000)

CIVIL SERVICE

5. Executive Direction

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$168,700)	(\$168,700)
GF/GP	\$0	(\$168,700)	(\$168,700)

COMMUNITY COLLEGES

6a. Operations Reductions

Reduces community college operations appropriations by 1.8% across-the-board from FY 2006-07 Enacted amounts.

Gross	\$0	(\$5,015,400)	\$0
GF/GP	\$0	(\$5,015,400)	\$0

6B. Payment Delay

Reflects delay of remaining 1/2 payment to 28 community colleges for August 2007; funds to be reappropriated in FY 2007-08.

Gross	\$0	(\$12,879,900)	(\$12,879,900)
GF/GP	\$0	(\$12,879,900)	(\$12,879,900)

COMMUNITY HEALTH

7. Mental Health and Substance Abuse Caseload, Utilization, and Inflation Adjustment

Increases funding for Medicaid Mental Health and Substance Abuse Services by \$5.5 million gross (\$2.1 million GF/GP) projecting a 2.4% average growth in the caseload for Medicaid eligibles.

Gross	\$5,521,400	\$5,521,400	\$5,521,400
Federal	3,113,000	3,113,000	3,113,000
Restricted	331,300	331,300	331,300
GF/GP	\$2,077,100	\$2,077,100	\$2,077,100

FY 2006-07 Appropriation Items:**8. Carve-In of Anti-Psychotic Pharmaceutical Costs**

The savings attributable to the carve-in of anti-psychotic prescription drugs costs into capitation payments for prepaid inpatient health plans (PIHPs) are reduced by \$4.7 million gross and increased by \$2.7 million GF/GP as the state has not received federal approval for implementing this policy change. The current budget anticipates that the state would capture an additional \$9.5 million QAAP revenue and \$5.3 million federal Medicaid revenue, and save \$5.3 million GF/GP.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	(\$4,742,600)	(\$4,742,600)	(\$4,742,600)
Federal	(2,673,900)	(2,673,900)	(2,673,900)
Restricted	(4,742,600)	(4,742,600)	(4,742,600)
GF/GP	\$2,673,900	\$2,673,900	\$2,673,900

9. Pandemic Influenza Antiviral Drugs

Adds \$15.7 million GF/GP for the purchase of antiviral drugs stockpiled pursuant to federal goals as part of national preparedness for a pandemic flu outbreak. The federal government subsidizes 25% of the state's cost. Together state and federal purchases allow for the treatment of 25% of the state's population with 2 antiviral drugs known to be currently effective against the H5N1 virus.

Gross	\$15,670,000	\$15,670,000	\$15,670,000
GF/GP	\$15,670,000	\$15,670,000	\$15,670,000

10. Crime Victim Program Funding for Human Services

Appropriates \$1.3 million of state restricted Crime Victim's Rights Fund available balance to be provided as an interdepartmental grant to Department of Human Services for rape prevention and services, replacing federal TANF funds. This use of the Crime Victim's Rights Fund will require statutory changes.

Gross	\$1,300,000	\$1,300,000	\$1,300,000
Restricted	1,300,000	1,300,000	1,300,000
GF/GP	\$0	\$0	\$0

11. Unrealized Health Information Technology Savings

Both the Hospital Services and Therapy and the Health Plan Services line items are increased by \$2.3 million gross, recognizing that ¼ of the health IT savings built in to the FY 2006-07 budget will be realized.

Gross	\$4,650,000	\$4,650,000	\$4,650,000
Federal	2,621,700	2,621,700	2,621,700
GF/GP	\$2,028,300	\$2,028,300	\$2,028,300

12. Medicaid Caseload Adjustment, Long-Term Care Services

Reduces the Long-Term Care Services line by \$46.0 million gross (\$20.1 million GF/GP) due to lower caseload, utilization and inflation projections. An \$86.0 million lapse in this line occurred in FY 2005-06 book closing, of which \$40.0 million was attributable to one-time costs.

Gross	(\$46,000,000)	(\$46,000,000)	(\$46,000,000)
Federal	(25,934,800)	(25,934,800)	(25,934,800)
GF/GP	(\$20,065,200)	(\$20,065,200)	(\$20,065,200)

13. Health Plan Services-Fund Source Shift

Increases state restricted Medicaid Benefits Trust Fund authorization within the Health Plan Services appropriation line by \$12.5 million. The Executive Order 2007-3 reduces this line by a like amount of GF/GP.

Gross	\$12,500,000	\$12,500,000	\$12,500,000
Restricted	12,500,000	12,500,000	12,500,000
GF/GP	\$0	\$0	\$0

14. Unrealized HMO Pharmacy Rebate Savings

Restores \$50.0 million gross (\$21.5 million GF/GP) in the Health Plan Services line related to changes in federal law allowing fee-for-service-level rebates for drugs paid through HMOs that have not yet occurred.

Gross	\$50,000,000	\$50,000,000	\$50,000,000
Federal	28,500,000	28,500,000	28,500,000
GF/GP	\$21,500,000	\$21,500,000	\$21,500,000

15. Unrealized HMO Anti-Depressant Drug Carve-In QAAP Savings

An increase of \$1.6 million GF/GP is proposed, as well as reduced federal and state restricted QAAP authorization, recognizing the loss of savings in the HMO QAAP due to the delayed implementation of the carve-in of anti-depressants into HMOs.

Gross	(\$2,756,300)	(\$2,756,300)	(\$2,756,300)
Federal	(1,554,000)	(1,554,000)	(1,554,000)
Restricted	(2,756,300)	(2,756,300)	(2,756,300)
GF/GP	\$1,554,000	\$1,554,000	\$1,554,000

16. Unrealized Plan First! Family Planning Savings

The Department of Community Health projects neither full implementation nor full enrollment for the Plan First! family planning program in FY 2006-07. The increase of \$6.6 million GF/GP and corresponding reduction in federal authorization adjusts for anticipated program activity.

Gross	\$243,400	\$243,400	\$243,400
Federal	(6,409,600)	(6,409,600)	(6,409,600)
GF/GP	\$6,653,000	\$6,653,000	\$6,653,000

17. Unrealized Hospital/HMO QAAP Savings

Increases GF/GP by \$2.5 million recognizing unrealized QAAP savings that would be generated by distributing additional hospital QAAP payments through HMOs. Implementation of this distribution was not begun until January 2007.

Gross	(\$79,024,400)	(\$79,024,400)	(\$79,024,400)
Federal	(44,554,000)	(44,554,000)	(44,554,000)
Restricted	(36,970,400)	(36,970,400)	(36,970,400)
GF/GP	\$2,500,000	\$2,500,000	\$2,500,000

18. Unrealized Emergency Room Co-Pay Savings

Included in the FY 2006-07 budget was an increase in the emergency room co-payment for a non-emergent visit from \$3 to \$6. Half-year savings are anticipated, therefore an increase of \$150,000 gross (\$65,400 GF/GP) is proposed. State plan amendment approval by CMS is anticipated.

Gross	\$150,000	\$150,000	\$150,000
Federal	84,600	84,600	84,600
GF/GP	\$65,400	\$65,400	\$65,400

FY 2006-07 Appropriation Items:**19. Unrealized Guardianship Fee Savings**

Restores \$135,000 gross (\$58,900 GF/GP) recognizing ¾ year implementation of the policy change to lower the long-term care monthly guardianship fee from \$60 to \$45. State plan amendment approval by CMS is anticipated.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$135,000	\$135,000	\$135,000
Federal	76,100	76,100	76,100
GF/GP	\$58,900	\$58,900	\$58,900

20. Unrealized Graduate Medical Education (GME) Carve-In Savings

Increases GF/GP by \$845,700 recognizing unrealized health plan QAAP savings that would be generated by distributing certain GME hospital payments through HMOs.

Gross	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Federal	(845,700)	(845,700)	(845,700)
Restricted	(1,500,000)	(1,500,000)	(1,500,000)
GF/GP	\$845,700	\$845,700	\$845,700

21. Unrealized MICHild Premium Savings

Restores \$650,000 gross (\$198,400 GF/GP) recognizing ½ year implementation of the policy change to increase the monthly MICHild premium from \$5 per family to \$10 per family. State plan amendment approval by CMS is anticipated.

Gross	\$650,000	\$650,000	\$650,000
Federal	451,600	451,600	451,600
GF/GP	\$198,400	\$198,400	\$198,400

22. Merit Award Trust Fund Revenue Reduction

Increases GF/GP by \$69.6 million within the Health Plan Services line item to offset a reduction in available Merit Award Trust Fund revenue.

Gross	\$0	\$0	\$0
Restricted	(69,600,000)	(69,600,000)	(69,600,000)
GF/GP	\$69,600,000	\$69,600,000	\$69,600,000

23. Medicaid Special Financing Savings Reduction-QAAP Retainer Offset

A \$4.0 million reduction in Medicaid special financing savings within the Special Medicaid Reimbursement appropriation line is offset with a like amount of hospital Quality Assurance Assessment Program (QAAP) revenue.

Gross	\$0	\$0	\$0
Federal	(4,000,000)	(4,000,000)	(4,000,000)
Restricted	4,000,000	4,000,000	4,000,000
GF/GP	\$0	\$0	\$0

24. Healthy Michigan Fund Reductions

Senate reduces state restricted Healthy Michigan funding to 26 public health programs and projects by 33.3% or less and utilizes the HMF savings to offset Medicaid GF/GP costs. Among the programs affected are minority health, immunizations, dementia, cancer, arthritis, dental, diabetes, smoking, family planning, childhood lead, physical fitness, infant mortality, school health education, cardiovascular and osteoporosis."

Gross	\$0	(\$5,863,100)	(\$3,164,200)
GF/GP	\$0	(\$5,863,100)	(\$3,164,200)

House reduces 21 programs/projects by 25.0% or less.

25a. State Retained Hospital and Nursing Home QAAP

Savings of \$6,459,400 GF/GP could be generated if the state retained an additional \$3,229,700 of both hospital and nursing home quality assurance assessment program (QAAP) revenue. The reduction includes GF/GP and the associated federal Medicaid matching funds.

Gross	\$0	(\$14,808,300)	(\$14,808,300)
Federal	0	(8,348,900)	(8,348,900)
GF/GP	\$0	(\$6,459,400)	(\$6,459,400)

25b. Medicaid Provider Rate Cut

Includes a 3.0% reduction in Medicaid provider rates through health plans, mental health/substance, and fee-for-service, but excludes hospital services. The proposed reductions would take effect June 1, 2007, resulting in savings of \$42.6 million which includes GF/GP and the associated federal Medicaid matching funds.

Gross	\$0	(\$42,628,800)	\$0
Federal	0	(23,996,800)	0
GF/GP	\$0	(\$18,632,000)	\$0

House does not include this reduction.

CORRECTIONS**26. Project Joshua**

Reduces authorization for the Parole and Probation Special Operations Program (Project Joshua), which funds efforts to reduce violent crime in Detroit through criminal prosecutions and law enforcement escorts for parole and probation agents making after-hours checks of supervised offenders.

Gross	\$0	(\$441,700)	(\$441,700)
GF/GP	0	(441,700)	(441,700)

27. Compensatory Buyout and Union Leave Bank

Eliminates funding for the compensatory buyout and union leave bank line item, which funds certain union contract provisions.

Gross	\$0	(\$275,000)	(\$275,000)
GF/GP	\$0	(\$275,000)	(\$275,000)

28. Additional Prison and Camp Beds

Increase to provide full- or partial-year funding for over 1,400 beds added or expected to be added to accommodate unanticipated growth in the prisoner population, and to fund six-month costs of Camp Brighton, which was de-funded in the FY 2006-07 budget, but did not close until late March.

Gross	\$23,600,000	\$23,600,000	\$23,600,000
GF/GP	\$23,600,000	\$23,600,000	\$23,600,000

FY 2006-07 Appropriation Items:**29. Prison Clinics**

Increase for prison clinics to support cost increases stemming from higher prices and increased prisoner population.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$3,000,000	\$3,000,000	\$3,000,000
GF/GP	\$3,000,000	\$3,000,000	\$3,000,000

EDUCATION**30. Central Support**

Requires a reduction of \$65,000 to the line.

Gross	\$0	(\$65,000)	(\$65,000)
GF/GP	\$0	(\$65,000)	(\$65,000)

31. Early Childhood Operations

Requires a reduction of \$25,400 to the line.

Gross	\$0	(\$25,400)	(\$25,400)
GF/GP	\$0	(\$25,400)	(\$25,400)

ENVIRONMENTAL QUALITY**32. Contaminated Site Clean-Up**

Reduction of \$311,000 to line item.

Gross	\$0	(\$311,000)	(\$311,000)
GF/GP	\$0	(\$311,000)	(\$311,000)

EXECUTIVE OFFICE**33. Executive Office Operations**

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$194,000)	(\$194,000)
GF/GP	\$0	(\$194,000)	(\$194,000)

HIGHER EDUCATION**34. Operations Reductions**

Senate reduces appropriations for state universities by 1.8% across-the-board from FY 2006-07 Enacted amounts.

Gross	\$0	(\$25,882,000)	(\$25,882,000)
GF/GP	\$0	(\$25,882,000)	(\$25,882,000)

House includes total reduction of same amount. University-by-university reductions are equal to 59.8% of FY 2006-07 funding increases.

35. Payment Delay

Reflects delay of remaining 1/2 payment to 15 state universities (and Agricultural Experiment Station and Cooperative Extension Service) for August 2007; funds to be reappropriated in FY 2007-08.

Gross	\$0	(\$69,368,000)	(\$69,368,000)
GF/GP	\$0	(\$69,368,000)	(\$69,368,000)

36. Tuition Grants

Reflects reduction equal to projected excess appropriation for Tuition Grant Program.

Gross	\$0	(\$2,100,000)	(\$2,100,000)
GF/GP	\$0	(\$2,100,000)	(\$2,100,000)

HISTORY, ARTS, AND LIBRARIES**37a. Arts and Cultural Grants**

Imposes a 38% reduction on the General Fund appropriation for this grant program.

Gross	\$0	(\$3,600,000)	(\$3,600,000)
GF/GP	\$0	(\$3,600,000)	(\$3,600,000)

37b. State Aid to Libraries

Imposes a 30% reduction on the General Fund appropriation for this grant program.

Gross	\$0	(\$3,500,000)	\$0
GF/GP	\$0	(\$3,500,000)	\$0

House does not include this reduction.

HUMAN SERVICES**38. Family Independence Program: Caseload Increase**

Increases appropriation for FIP cash assistance program by \$65.7 million to cover additional caseload needs. FIP caseload increased significantly during the last half of calendar year 2006, partially due to a change in eligibility policy.

Gross	\$65,679,500	\$65,679,500	\$65,679,500
GF/GP	\$65,679,500	\$65,679,500	\$65,679,500

39. Foster Care Payments

Appropriates \$646,200 in federal Child Abuse grant funding and another \$580,000 in federal child welfare funding to replace GF/GP for foster care payments; GF/GP reduction taken in approved Executive Order.

Gross	\$1,226,200	\$1,226,200	\$1,226,200
Federal	1,226,200	1,226,200	1,226,200
GF/GP	\$0	\$0	\$0

40. Day Care Services – Case Review

Adds funding to support 12-county pilot program aimed at reducing the incidence of day care fraud and other improper payments. Funds will support temporary employees involved in the initiative and related overhead costs.

Gross	\$450,900	\$450,900	\$450,900
Federal	133,300	133,300	133,300
GF/GP	\$317,600	\$317,600	\$317,600

41. AFC, Children's Welfare and Daycare Licensure

Includes additional revenue from proposed fee increases on licensees to fund licensing activities. Offsetting GF/GP reduction was included in Executive Order.

Gross	\$123,400	\$123,400	\$123,400
Restricted	123,400	123,400	123,400
GF/GP	\$0	\$0	\$0

FY 2006-07 Appropriation Items:**42. Rape Prevention and Services**

Replaces federal TANF funding with interdepartmental grant revenue from the Department of Community Health. DHS will utilize Crime Victims' Rights Fund revenue to support a portion of its rape prevention services.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$0	\$0	\$0
IDG	1,300,000	1,300,000	1,300,000
Federal	(1,300,000)	(1,300,000)	(1,300,000)
GF/GP	\$0	\$0	\$0

43. State Disability Assistance

Increases appropriation of SSI recovery revenue by \$213,500. Offsetting GF/GP reduction is included in the Executive Order recommendation. SSI recoveries are redirected to this program based on usage of Medicaid funds to finance SSI advocacy efforts.

Gross	\$213,500	\$213,500	\$213,500
Restricted	213,500	213,500	213,500
GF/GP	\$0	\$0	\$0

44. SSI Advocates

Shifts funding of SSI advocacy activities from SSI recovery revenue to federal Medicaid funding. Shift allows for the redirection of SSI recovery revenue to the State Disability Assistance Program to save GF/GP.

Gross	\$0	\$0	\$0
Federal	213,500	213,500	213,500
Restricted	(213,500)	(213,500)	(213,500)
GF/GP	\$0	\$0	\$0

45. Funding for State Budget Office Staff

Adds funding of \$61,700 to cover salary and benefit costs related to the State Budget Office staff that work on DHS budget development.

Gross	\$61,700	\$61,700	\$61,700
Federal	17,800	17,800	17,800
GF/GP	\$43,900	\$43,900	\$43,900

JUDICIARY**46. Administrative GF/GP Reductions**

Across-the-board GF/GP reductions with the exception of Justices' and Judges' salaries, branch-wide operations, and indigent civil legal assistance. Reductions range from 4.0 to 4.8% GF/GP for line items.

Gross	(\$375,000)	(\$2,947,100)	(\$2,947,100)
GF/GP	(\$375,000)	(\$2,947,100)	(\$2,947,100)

47. Retirement Savings

Savings expected to be realized through reductions in the retirement rates for state employees. Savings of \$954,300 Gross, \$887,600 GF/GP estimated from the revaluation of State Employees' Retirement System (SERS) assets and the payment of the minimum required payments for FY 2006-07.

Gross	(\$1,243,400)	(\$1,243,400)	(\$1,243,400)
Restricted	(86,900)	(86,900)	(86,900)
GF/GP	(\$1,156,500)	(\$1,156,500)	(\$1,156,500)

Savings of \$289,100 Gross, \$268,900 GF/GP expected to result from reduced contribution rates for the health advance funding subaccount, which is used to prefund, on an actuarial basis, health benefits for employees of the Judiciary who participate in the Defined Benefit pension plan.

LABOR AND ECONOMIC GROWTH**48. Replaces Federal Temporary Assistance to Needy Families**

Replace federal Temporary Assistance to Needy Families (TANF) with federal Workforce Investment Act (WIA) funds due to over-appropriation of TANF.

Gross	\$10,000,000	\$10,000,000	\$10,000,000
Federal	10,000,000	10,000,000	10,000,000

49. Fire Protection Grants Fund Shift

Replace General Fund with Fire Protection Fund due to increased bad driver fees.

Gross	\$1,000,000	\$1,000,000	\$1,000,000
Restricted	1,000,000	1,000,000	1,000,000

50. Restricted Fund Reductions

Reduces Management Support Services (\$31,000), Liquor Licensing and Enforcement (\$119,000), and Supplemental Benefit Fund (\$300,000) line items; restricted fund reductions to lapse to General Fund.

Gross	\$0	(\$450,000)	(\$450,000)
Restricted	0	(450,000)	(450,000)
GF/GP	\$0	\$0	\$0

LEGISLATURE**51. Administrative Reductions**

Various reductions to line items within Legislature and Auditor General budgets.

Gross	\$0	(\$4,504,800)	(\$4,504,800)
GF/GP	\$0	(\$4,504,800)	(\$4,504,800)

52. Retirement Savings

Reflects savings expected to result from reduced contribution rates for employees of the Legislature and Office of the Auditor General.

Gross	(\$2,963,000)	(\$2,029,500)	(\$2,029,500)
Restricted	(203,800)	0	0
GF/GP	(\$2,760,000)	(\$2,029,500)	(\$2,029,500)

MANAGEMENT AND BUDGET**53. Administrative Services**

Savings are anticipated to be generated through administrative efficiencies.

Gross	\$0	(\$25,000)	(\$25,000)
GF/GP	\$0	(\$25,000)	(\$25,000)

FY 2006-07 Appropriation Items:**54. Office of the State Employer**

Savings are anticipated to be generated through administrative efficiencies.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$0	(\$60,000)	(\$60,000)
GF/GP	\$0	(\$60,000)	(\$60,000)

55. Business Support Services

Savings are anticipated to be generated through not filling vacant positions, through further reductions to the ID Mail Program, and through other administrative efficiencies.

Gross	\$0	(\$65,000)	(\$65,000)
GF/GP	\$0	(\$65,000)	(\$65,000)

56. Information Technology Services and Projects

Savings are anticipated to be generated through not filling vacant positions and through other administrative efficiencies.

Gross	\$0	(\$400,000)	(\$400,000)
GF/GP	\$0	(\$400,000)	(\$400,000)

57. Fund Source Shift

Reflects a fund source shift due to charging the Department of Human Services for State Budget Office staff work related to federally funded programs in the DHS budget. General Fund in the DMB budget was reduced by \$61,700 pursuant to Executive Order 2007-3. This replaces the funding with an IDG from DHS, which they will be able to finance with federal funding.

Gross	\$61,700	\$61,700	\$61,700
IDG	61,700	61,700	61,700
GF/GP	\$0	\$0	\$0

MICHIGAN STRATEGIC FUND**58. Job Creation Services**

Reduces line item by \$297,600.

Gross	\$0	(\$297,600)	(\$297,600)
GF/GP	\$0	(\$297,600)	(\$297,600)

MILITARY AND VETERANS AFFAIRS**59. D. J. Jacobetti Veterans' Home**

Replaces GF/GP funding with restricted revenue from income and assessments.

Gross	\$134,500	\$134,500	\$134,500
Restricted	134,500	134,500	134,500

NATURAL RESOURCES**60. Communications**

Reduces support for public information efforts that cannot be supported by restricted funds including interpretive center equipment.

Gross	\$0	(\$10,000)	(\$10,000)
GF/GP	\$0	(\$10,000)	(\$10,000)

61. Executive Direction

Reduces department administrative support.

Gross	\$0	(\$50,000)	(\$50,000)
GF/GP	\$0	(50,000)	(50,000)

62. Financial Services

Reduces support for accounting services.

Gross	\$0	(\$20,000)	(\$20,000)
GF/GP	\$0	(\$20,000)	(\$20,000)

63. Human Resources

Reduces support for personnel services.

Gross	\$0	(\$20,000)	(\$20,000)
GF/GP	\$0	(\$20,000)	(\$20,000)

64. Wildlife Management

Reduces support for Bovine TB containment efforts. Michigan would lose its split state status, and the ability to transport of cattle to other states.

Gross	\$0	(\$150,000)	(\$150,000)
GF/GP	\$0	(\$150,000)	(\$150,000)

65. Natural Resource Heritage

Reduces endangered species protection programs by 12% during the remaining months of FY 2006-07.

Gross	\$0	(\$10,000)	(\$10,000)
GF/GP	\$0	(\$10,000)	(\$10,000)

66. Cooperative Resource Programs

Reduces grant support to local conservation districts for landowner assistance to improve private forest management practices.

Gross	\$0	(\$75,000)	(\$75,000)
GF/GP	\$0	(\$75,000)	(\$75,000)

67. Forest Recreation and Trails

Nine (9) forest campgrounds would be closed, and 9 short term worker positions would be eliminated. Reduces development and maintenance support for non-motorized trails (for example: hiking, motocross and horse riding trails).

Gross	\$0	(\$75,000)	(\$75,000)
GF/GP	\$0	(\$75,000)	(\$75,000)

68. Information Technology

Reduces support of Department internet-based campground reservation and game and fish licensing systems, the Center for Geographic Information, and the Michigan Public Safety Communications System.

Gross	\$0	(\$100,000)	(\$100,000)
GF/GP	\$0	(\$100,000)	(\$100,000)

DEPARTMENT OF STATE**69. General Fund Reductions**

Reduces Department Services Operations (\$26,600), Regulatory Services Operations (\$48,800), Branch Operations (\$540,900), and Central Operations (\$141,600) line items.

Gross	\$0	(\$757,900)	(\$757,900)
GF/GP	\$0	(\$757,900)	(\$757,900)

FY 2006-07 Appropriation Items:**Executive****Senate****House****STATE POLICE****70. Uniform Services**

Increases GF/GP support by \$1.2 million to avoid trooper layoffs.

Gross	\$0	\$1,200,000	\$1,200,000
GF/GP	\$0	\$1,200,000	\$1,200,000

TRANSPORTATION

Senate would redirect \$15.0 million from the auto-related sales tax component of the Comprehensive Transportation Fund (CTF) to the state General Fund and make the following reductions in CTF-funded appropriations.

House does not include these reductions.

71a. Local Bus Operating

This mid-year reduction in state operating assistance to the state's 79 transit agencies could result in service reductions at some agencies.

Gross	\$0	(\$3,347,900)	\$0
Restricted	0	(3,347,900)	0

71b. Intercity Bus Equipment

Could delay replacement of intercity buses used on regularly scheduled service.

Gross	\$0	(\$1,000,000)	\$0
Restricted	0	(1,000,000)	0

71c. Freight Preservation and Development

Would delay or eliminate rail track projects on state-owned railroad used by private short-line railroads.

Gross	\$0	(\$1,200,000)	\$0
Restricted	0	(1,200,000)	0

71d. Rail Infrastructure Loan Program

Reduces contribution to this revolving loan program to \$100,000; down from the \$1.1 million originally appropriated. May delay or eliminate rail economic development projects on privately owned rail property.

Gross	\$0	(\$500,000)	\$0
Restricted	0	(500,000)	0

71e. Specialized Services

This negative appropriation reduces state assistance to transit programs geared to the elderly and disabled population to the statutory minimum: \$3.9 million.

Gross	\$0	(\$170,200)	\$0
Restricted	0	(170,200)	0

71f. Bus Capital

Reduces state capital assistance to the state's 79 transit agencies to \$3,237,900. Would delay replacement of buses at some agencies.

Gross	\$0	(\$7,237,900)	\$0
Restricted	0	(7,237,900)	0

71g. Transportation to Work

This program works to eliminate transportation as a barrier to work among transit-dependant workers entering the job market. This mid-year reduction, down to \$3.3 million from the \$4.7 million originally appropriated, would result in service reductions at some agencies.

Gross	\$0	(\$1,244,000)	\$0
Restricted	0	(1,244,000)	0

TREASURY**71h. Revenue Enhancement Program**

Reduces funding for the Revenue Enhancement Program. Reductions would likely be incurred in the areas of customer contact, tax policy, and information technology. The department has indicated that the core functions of the program (enhancing revenue collections through personal property audits and principal residence exemptions) and related auditing and enforcement would receive priority. However, this program was cut \$350,000 by EO 2007-3. The FY 2007-08 funding proposal for the revenue enhancement program eliminates funding and 3.0 FTE positions for customer contact and information technology.

Gross	\$0	(\$500,000)	(\$500,000)
GF/GP	\$0	(\$500,000)	(\$500,000)

72a. Senior Citizen Cooperative Housing Tax Exemption

Boilerplate permits the department to contract with private firms to appraise and, if necessary, appeal the assessments of senior citizen cooperative housing units which are exempt from property taxes under the General Property Tax Act and for which the department reimburses local units for lost tax revenue. There are about 180 of these facilities. In recent years the department has had some success in appealing the assessments, resulting in lower payments to local units.

Gross	\$0	(\$902,500)	(\$902,500)
GF/GP	\$0	(\$902,500)	(\$902,500)

FY 2006-07 Appropriation Items:**72b. Constitutional Revenue Sharing**

Reduces funding for constitutional revenue sharing to reflect the revised amount from the May 2007 Consensus Revenue Estimating Conference.

	<u>Executive</u>	<u>Senate</u>	<u>House</u>
Gross	\$0	(\$30,084,000)	\$0
Restricted	0	(30,084,000)	0
GF/GP	\$0	\$0	\$0

House does not include this reduction.

72c. Statutory Revenue Sharing

Reduces funding for statutory revenue sharing by \$16.35 million from the revised FY 2007 amount from the May 2007 Consensus Revenue Estimating Conference. This represents a 4.04% reduction in statutory revenue sharing, or a 1.52% reduction in total revenue sharing.

Gross	\$0	(\$16,350,000)	\$0
Restricted	0	(16,350,000)	0
GF/GP	\$0	\$0	\$0

House does not include this reduction.

73. Lottery Promotion and Advertising

The Lottery has committed more than \$17.3 million in advertising through a private agency. This includes projects under development, where vendors have invested materials and services. The bureau is contractually committed to paying its advertising vendors.

Gross	\$0	(\$5,000,000)	(\$5,000,000)
Restricted	0	(5,000,000)	(5,000,000)
GF/GP	\$0	\$0	\$0

74. Tax Restructuring Initiative

Provides funding for implementation of the new business tax. Funding will be used for staffing, hardware and software, and training of staff, tax preparers, and taxpayers.

Gross	\$10,000,000	\$10,000,000	\$10,000,000
GF/GP	\$10,000,000	\$10,000,000	\$10,000,000

FY 2006-07 Boilerplate Items:**COMMUNITY HEALTH****1. Sec. 301. Healthy Michigan Fund Reductions**

States legislative intent to restore reductions to appropriations from Healthy Michigan Fund in FY 2007-08.

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

HISTORY, ARTS, AND LIBRARIES**2. Sec. 501. Arts and Cultural Grants Reductions**

States legislative intent to restore reduction to Arts and Cultural Grants appropriation in FY 2007-08.

Not Included	Not Included	Included
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ATTORNEY GENERAL**3. Sec. 350. Antitrust Enforcement Revenue**

Authorizes carry forward of up to \$250,000 in unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenue, or attorney fees recovered by the Department.

Not Included	Included	Not Included
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4. Sec. 351. False Medicaid Claims

Appropriates funds collected by the Department pursuant to the Medicaid False Claims Act and authorizes carry forward of unexpended funds.

Not Included	Included	Not Included
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TREASURY**5. Sec. 801. Transfer of State Campaign Fund**

Current boilerplate directs that the amount designated in tax year 2006 be transferred from the General Fund to the State Campaign Fund. Current boilerplate specifies that the amount appropriated shall not revert to the General Fund and shall remain in the State Campaign Fund, and that the amount remaining in the fund in excess of \$10 million on 12/31/2006 shall revert to the General Fund. The supplemental eliminates the restriction on funds reverting to the General Fund and specifies that the all of the amount in the fund as of 12/31/2006 shall be transferred to the General Fund. The balance in the fund is \$7.2 million.

Not Included	Included	Included
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REPEALERS**6. Sec. 1001. State Campaign Fund**

See item 5 above.

Not Included	Included	Included
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7. Sec. 1002. Community Health

Repeals various boilerplate sections in FY 2006-07 Community Health budget act related to budget reductions in Part 1.

Not Included	Included	Included
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State Universities and Community College Reductions
Senate Bill 436 (H-1)

University	FY 2006-07 Enacted	Remove 59.8% of FY07 Increases	% Change	Payment Delay	% Change
Central	\$82,383,700	(\$1,389,100)	(1.7)	(\$3,744,700)	(4.5)
Eastern	78,168,700	(1,213,300)	(1.6)	(3,553,100)	(4.5)
Ferris	50,045,100	(843,800)	(1.7)	(2,274,800)	(4.5)
Grand Valley	64,797,700	(2,194,300)	(3.4)	(2,945,400)	(4.5)
Lake Superior	12,928,400	(252,500)	(2.0)	(587,700)	(4.5)
Michigan State	292,185,500	(5,058,500)	(1.7)	(13,281,200)	(4.5)
Michigan Tech	49,219,300	(718,200)	(1.5)	(2,237,200)	(4.5)
Northern	46,399,400	(806,300)	(1.7)	(2,109,100)	(4.5)
Oakland	52,409,000	(1,031,000)	(2.0)	(2,382,200)	(4.5)
Saginaw Valley	28,874,500	(822,400)	(2.8)	(1,312,400)	(4.5)
UM-Ann Arbor	325,796,300	(5,640,300)	(1.7)	(14,808,900)	(4.5)
UM-Dearborn	25,456,600	(429,200)	(1.7)	(1,157,100)	(4.5)
UM-Flint	21,520,300	(369,200)	(1.7)	(978,200)	(4.5)
Wayne State	220,033,000	(3,210,700)	(1.5)	(10,001,500)	(4.5)
Western	112,876,400	(1,903,200)	(1.7)	(5,130,700)	(4.5)
Ag Experiment Station	33,163,800			(1,537,600)	(4.5)
Cooperative Extension	29,176,400			(1,326,200)	(4.5)
Subtotal	\$1,526,097,400	(\$25,882,000)	*(1.8)	(\$69,368,000)	(4.5)
		*Excluding AES/CES			
College	FY 2006-07 Enacted			Payment Delay	% Change
Alpena	\$4,904,800			(\$222,900)	(4.5)
Bay de Noc	4,949,900			(225,000)	(4.5)
Delta	13,309,200			(605,000)	(4.5)
Glen Oaks	2,235,500			(101,600)	(4.5)
Gogebic	4,044,400			(183,800)	(4.5)
Grand Rapids	16,707,300			(759,400)	(4.5)
Henry Ford	20,330,000			(924,100)	(4.5)
Jackson	11,235,100			(510,700)	(4.5)
Kalamazoo Valley	11,518,600			(523,600)	(4.5)
Kellogg	9,037,500			(410,800)	(4.5)
Kirtland	2,749,100			(125,000)	(4.5)
Lake Michigan	4,872,600			(221,500)	(4.5)
Lansing	28,890,800			(1,313,200)	(4.5)
Macomb	30,847,300			(1,402,200)	(4.5)
Mid Michigan	4,110,400			(186,800)	(4.5)
Monroe County	4,009,800			(182,300)	(4.5)
Montcalm	2,890,000			(131,400)	(4.5)
C.S. Mott	14,587,500			(663,100)	(4.5)
Muskegon	8,292,400			(376,900)	(4.5)
North Central Michigan	2,810,400			(127,700)	(4.5)
Northwestern Michigan	8,455,700			(384,400)	(4.5)
Oakland	19,485,000			(885,700)	(4.5)
St. Clair County	6,534,700			(297,000)	(4.5)
Schoolcraft	11,393,400			(517,900)	(4.5)
Southwestern Michigan	6,121,100			(278,200)	(4.5)
Washtenaw	11,689,400			(531,300)	(4.5)
Wayne County	15,209,100			(691,300)	(4.5)
West Shore	2,135,700			(97,100)	(4.5)
Subtotal	\$283,356,700			(\$12,879,900)	(4.5)
GRAND TOTAL	\$1,809,454,100			(\$82,247,900)	(4.5)