

EXECUTIVE BUDGET

Fiscal Years 2012 and 2013

State of Michigan
Rick Snyder, Governor

John E. Nixon, CPA, State Budget Director

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FISCAL YEARS 2012 AND 2013 EXECUTIVE BUDGET

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Budget Overview





STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

February 17, 2011

My Fellow Michigan Citizens:

As I said in my State of the State address, reinventing Michigan demands that we break the bad habits of the past and embrace opportunities for our future. State government has been spending more than it receives for far too long. A gaping budget deficit and serious problems have been the result. These are problems that cannot be fixed with accounting gimmicks or a one-time infusion of federal money. These are problems that require the resolve to make tough decisions.

I have been clear that the months ahead will not be easy. They will involve difficult but necessary changes to bring Michigan's budget into structural balance. There will be shared sacrifice, but through that shared sacrifice, Michigan will emerge as a stronger and more vibrant state. This budget will lay the foundation for economic growth, job creation and our robust collective future and quality of life.

The budget I am recommending is submitted in conjunction with a restructuring of Michigan's tax system in order to make it more simple, fair and efficient. In order to stimulate the economy and ensure that the state is open for business, my plan includes the promised elimination of the Michigan Business Tax, to be replaced with a flat Corporate Income Tax set at 6 percent. The scheduled reduction in the individual income tax rate from 4.35 percent remains and will be fixed at 4.25 percent. Michigan is one of only three states in the nation that exempt most or all of pension income from state income tax. This plan will broaden the base of taxpayers by including all those earning private and public pensions. In addition, I am proposing the elimination of many of the other credits for individual income tax.

This budget presents a balanced two-year plan that creates a forward-thinking approach to keeping the state's fiscal house in order. And for the first time, state spending will be tied to measured outcomes through the use of performance metrics. It's a responsible budget that cuts \$1.8 billion and tackles other necessary reductions for a long-term solution to our problems, while providing a critical safety net for Michigan citizens in need and preserving core, essential services. It provides the course correction that is needed to help businesses succeed and create jobs. Simply put, we are done kicking the can down the road.

Adoption of this budget plan by May 31, 2011, will send the message that Michigan is ready for a new, sound foundation, and it's the necessary budget for job creation and moving forward together. My administration stands ready to work in partnership with the members of the Michigan House and Senate to enact the fiscal year 2012 budget.

Sincerely,

A handwritten signature in black ink that reads "Rick Snyder".

Rick Snyder
Governor



FOUNDATION FOR MICHIGAN'S REINVENTION

Fiscal Years 2012 and 2013 Executive Budget Recommendation

Michigan's reinvention begins in earnest with Governor Rick Snyder's fiscal years 2012 and 2013 Executive Budget Recommendation, which reflects his bold and decisive plan to energize Michigan's lagging economy, protect citizens and preserve critical functions, and reshape the delivery of public services. Turning the page on the old ways of doing business, Governor Snyder's budget recommendation lays the foundation for Michigan's resurgence with tax restructuring essential to spurring economic growth and job creation, as well as the difficult, but necessary actions needed to restore long-term fiscal solvency to the state.

Budget Process Reforms

Among Governor Snyder's priorities is reforming the budget process, and making state government more transparent and accountable to the citizens of Michigan. The budget presented today is a balanced, two-year spending plan with recommended fiscal year 2012 appropriations, as well as anticipated appropriations for fiscal year 2013. This new two-year approach to budgeting will allow for more long-term strategic planning, and if enacted by May 31, 2011, as requested by Governor Snyder, it will give schools, municipalities and other local service providers more time to manage their operations.

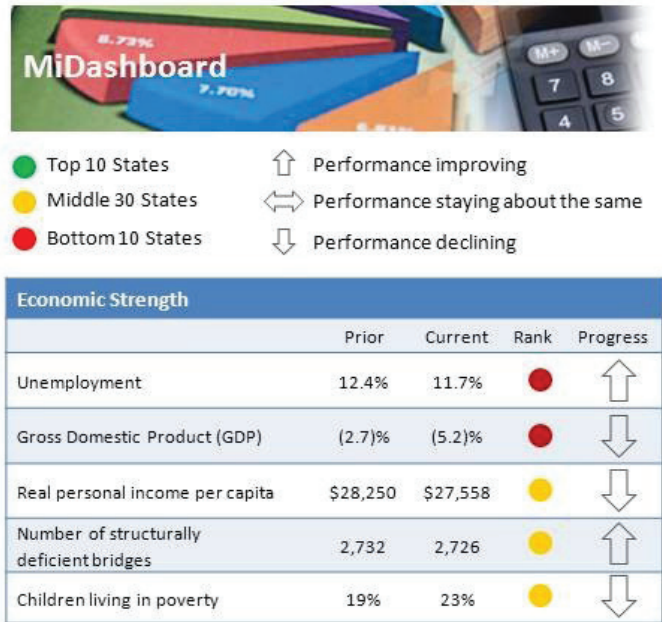
The two Executive Budget bills presented today for legislative introduction are also "omnibus" in nature, with one bill including all departmental operations and the other bill comprehensive to education. The two consolidated bills will allow for greater transparency in government spending, making appropriations easier to monitor across agencies. In addition, the bills have been streamlined to allow for greater flexibility in driving program performance.

Measuring Michigan's Performance

Governor Snyder's commitment to government transparency and accountability includes the creation of MiDashboard, available online at www.michigan.gov/midashboard. MiDashboard establishes clear statewide measures in the areas of economic strength, health and

education, value for money government, quality of life and public safety that allow the citizens of Michigan to easily gauge the state’s progress across a number of key performance indicators.

MiDashboard represents an important step in moving Michigan’s budget process toward a new model of managing for results. The spotlight cast by MiDashboard will require that elected officials and state leaders continually evaluate the efficiency and effectiveness of programs to determine if they are delivering the desired results. Further, it will be an honest representation of where Michigan stands relative to national benchmarks. It will identify strengths, but also illuminate areas where improvement is needed.



Additional agency-specific performance measures that compliment MiDashboard are available for each program area supported in the Governor’s budget recommendation. These measures, along with an indicator of how performance is trending, are key to the Governor’s focus on managing for results. The measures presented are transitional, and reflect the initial steps of a work process that will culminate with the development of detailed balanced scorecards for each agency.

Michigan’s Economic & Fiscal Challenges

While reforming the budget process and ensuring greater accountability are important components of Governor Snyder’s road map for moving Michigan forward, the central task at hand is jump-starting the economy and getting Michigan’s fiscal house in order.

“We have been spending more than we have in revenue and we have serious problems. It’s not time to cry about it, it’s not time to whine about it. It’s time to go to work.”

Governor Rick Snyder speaking at the Business Leaders for Michigan Leadership Summit on January 31, 2011

The reality facing Michigan is that our state continues to trail the nation in terms of economic recovery, and although there are positive signs related to the turnaround of the auto industry, unemployment remains unacceptably high and job growth is lagging. Further compounding Michigan’s situation, the financial models of our state and local governments are unsustainable. Service duplication, debt, public employee compensation and unfunded retirement obligations are impacting the long-term fiscal health of state and local governments. Governor Snyder believes Michigan and its public institutions must correct course, stop spending money they don’t have, and implement pragmatic solutions to the economic and fiscal problems that exist.

To address these fundamental issues, Governor Snyder’s Executive Budget Recommendation fulfills his commitment to create a more competitive business climate by eliminating the onerous and complex Michigan Business Tax, replacing it with a new tax structure that is simple, fair and efficient for all taxpayers. Governor Snyder also resolves the structural budget deficit that has plagued Michigan for the last decade.

The Governor’s budget recommendation includes difficult spending cuts, changes in service delivery, and the shared sacrifice of many, including public employees. It challenges schools and local governments to tackle necessary reforms. It constrains spending, stops the one-time fixes, and puts Michigan back on a path to long-term fiscal stability.

In short, this budget represents Governor Snyder’s Foundation for Michigan’s Reinvention: a bold plan requiring decisive action with a commitment to providing measurable results for the citizens of Michigan.

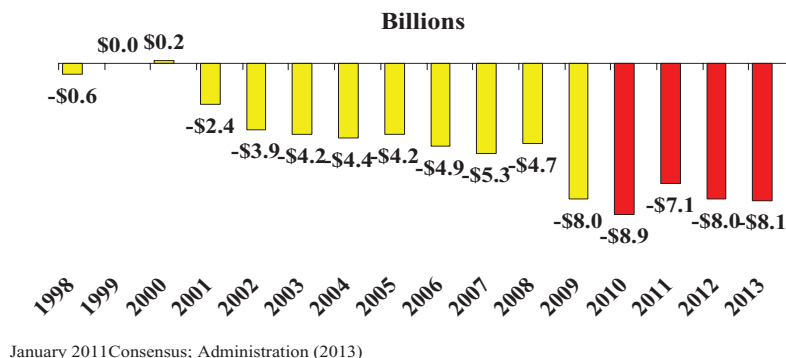
State Revenue Forecasting and Spending Limits

State law requires two revenue estimating conferences each year, typically held in mid-January and mid-May, corresponding to key points in the annual budget development and legislative appropriations process. The January conference provides the revenue estimates for the Governor’s budget recommendation presented in February, while the May conference updates the revenue estimates prior to conclusion of legislative deliberations and the enactment of appropriations.

Conferees include the State Treasurer and the directors of the Senate and House fiscal agencies. The conferees agree on baseline revenue estimates for the current year, and the upcoming fiscal year for both the general fund and School Aid Fund. For fiscal year 2012, the conferees project combined general fund and School Aid Fund revenues totaling \$18.5 billion, an increase of \$281 million or 1.5 percent from fiscal year 2011.

Revenues supporting the anticipated appropriations for fiscal year 2013 were not a part of the formal consensus process, and were instead developed by the State Treasurer. Combined general fund and School Aid Fund revenues for fiscal year 2013 are estimated to total \$18.6 billion. Baseline revenue growth from fiscal year 2012 to 2013 is \$503 million or 2.8 percent, however, it is offset by \$410 million in enacted tax expenditure commitments.

State Revenues are \$8 Billion Below the Constitutional Revenue Limit



Michigan's constitution includes a provision that limits revenue growth from year to year. This constitutional limitation – commonly known as the Headlee amendment – has been in place since 1978. The Headlee amendment limits annual growth in state revenues to a level that cannot exceed the year-to-year growth in personal income. This limit is intended to ensure that the state's overall revenues, both tax and non-tax, do not grow faster than the incomes of Michigan's citizens.

It is anticipated that state revenues will be \$8 billion below the constitutional revenue limit in fiscal year 2012, and \$8.1 billion below in fiscal year 2013. Both estimates include the Governor's tax restructuring proposal.

Fiscal Year 2011: Michigan's Current Year Budget

Fiscal year 2011 represents the last year in which federal stimulus revenues provided through the American Recovery and Reinvestment Act are available. General fund spending in the current year has been offset by these temporary revenues, and without them the fiscal year 2011 general fund spending would have been \$900 million higher.

At present, both the general fund and the School Aid Fund in fiscal year 2011 are balanced, and no action is needed at this time to reduce the current year spending plan. However, potential risks related to federal Medicaid disallowances and caseload growth, unemployment insurance loan interest payments and other spending pressures are being closely monitored. Should revenues and expenditures warrant budgetary action in the current year, adjustments will be recommended to revise the spending plan.

Fiscal Years 2012 and 2013 Executive Recommendation

The Consensus Revenue Estimating Conference held in January projected revenues will be \$7.3 billion in the general fund and \$11.2 billion in the School Aid Fund for fiscal year 2012, reflecting a combined total of \$18.5 billion. Due to the end of federal recovery assistance, Medicaid and Family Independence Program caseload growth and other unavoidable spending pressures, the fiscal year 2012 budget begins with a general fund budget gap of \$1.4 billion.

Fiscal Year 2012 Projected Budget Gap			
(\$ in millions)			
	GF/GP	School Aid Fund	Combined
Consensus Revenue Estimate	\$7,294	\$11,194	\$18,488
Non-Tax Revenue Adjustments	\$903	\$11	\$914
Federal Aid to Schools	\$0	\$1,653	\$1,653
Total Available Revenue	\$8,197	\$12,858	\$21,055
FY 11 Current Law Spending	\$8,302	\$13,134	\$21,436
Baseline Spending Adjustments:			
Replace FY 2011 One-Time Federal Stimulus Dollars	\$900	\$0	\$900
Community Health and Human Services Caseload	\$193	\$0	\$193
Employee Economics	\$88	\$0	\$88
Retiree Health Insurance Costs	\$17	\$0	\$17
Debt Service	\$98	\$0	\$98
Other Cost Adjustments	\$11	(\$422)	(\$411)
Total Baseline Spending Estimate	\$9,609	\$12,712	\$22,321
Projected Funding Gap	(\$1,412)	\$146	(\$1,266)

In fiscal year 2013, projected revenues are \$7.1 billion in the general fund and \$11.5 billion in the School Aid Fund, for a combined total of \$18.6 billion. Assuming enactment of the Governor's fiscal year 2012 plan, the fiscal year 2013 budget is balanced with a modest surplus remaining.

"Reinventing Michigan demands that we break the bad habits of the past and embrace opportunities for our future....working together, we will chart a new course and measure our progress. At the end of the day, we will be a stronger, more vibrant state."

**Governor Rick Snyder, State of the State Address,
January 19, 2011**

Governor Snyder's budget recommendation confronts Michigan's underlying economic and fiscal issues in a decisive manner. First, the Governor's plan will restructure business taxes to grow the economy and create jobs by making Michigan a more competitive state for business. Most businesses in Michigan will experience a net tax reduction as a result of the Governor's plan. His plan further recommends additional tax restructuring to leverage this new economy and improve the quality of life in our state for all citizens.

Second, the Governor's recommendation resolves the state's structural budget deficit, and challenges the Legislature to quickly move forward with adoption of the budget to avoid delays in implementing cuts and reforms that will produce long-term savings.

Declaring Michigan "Open for Business"

The centerpiece of Governor Snyder's plan to stimulate the economy and create jobs is to eliminate the Michigan Business Tax and replace it with a flat Corporate Income Tax. Michigan's reputation as a state that is open and friendly to business has been tarnished by the Michigan Business Tax, which has stymied growth and hampered our state's ability to rebound from the prolonged recession.

Corporate Income Tax

Michigan's business taxes have traditionally been very complex, including an intricate web of incentives, credits and deductions that unfairly favor some businesses or industries over others. Governor Snyder believes this complicated tax structure hurts Michigan businesses and constrains job growth. He proposes a simple, fair and efficient Corporate Income Tax that will even the playing field and enable all businesses and industries, large and small, to grow and create jobs.

Under the Governor's proposal, generally only those business entities that issue public or private stock, known as "C" corporations for federal tax purposes, would be subject to the proposed 6 percent tax. Other businesses, such as partnerships, sole-proprietorships, limited liability companies and "S" corporations that are not classified as "C" corporations for federal tax purposes would be exempt, resulting in significant tax relief for these companies enabling them to invest and expand. It is estimated over 95,000 companies will no longer have to file a state business tax return, ending a practice of double-taxation for those companies that already pay tax on business profits under the individual income tax.

The Corporate Income Tax will also eliminate the practice of picking winners and losers via the old system of tax credits and deductions. Michigan is projected to forego almost \$2 billion in revenue for these tax preferences in fiscal year 2013, which represent spending done through the tax code and not the more transparent appropriations process. Under the Corporate Income Tax, business credits for brownfield re-development, the Michigan Economic Growth Authority, Next Energy, advanced battery, film, renaissance zones and others are eliminated. Governor Snyder's

plan honors the existing commitments made to businesses through signed agreements under the old tax structure, which total \$500 million in fiscal year 2013, and it stops the practice of appropriating money through the tax system moving forward. Instead, economic development incentives will be awarded through the appropriations process and reviewed for effectiveness.

Current Tax Expenditure Commitments				
(dollars in millions)				
Enacted Credits:*	FY12	FY13	FY14	FY15
MEGA	\$111	\$116	\$245	\$296
Battery**	\$40	\$293	\$317	\$274
Brownfield	\$50	\$50	\$40	\$32
Film	\$75	\$25	\$5	\$0
Other ***	\$17	\$16	\$16	\$16
Total	\$293	\$500	\$623	\$618

* Estimates of when awarded certified credits will be claimed.
 ** Includes battery, photovoltaic and polycrystalline credits.
 *** Includes renaissance zone, historic preservation, farmland preservation, workers disability, and anchor credits.

“As difficult as it will be in these tough economic times, Michiganders must join the governor in thinking about the long-term consequences of the next budget, not just dodging as much pain as possible in the short-term. And everyone, including taxpayers, should be prepared to pitch in.”

Detroit Free Press editorial, February 2, 2011

In keeping with this philosophy, the Governor recommends direct appropriation of general fund revenues for investment in critical business and economic incentives, including \$25 million for business retention activities and \$25 million for film incentives. This funding will augment the \$75 million in the 21st Century Jobs Fund and provide the Michigan Economic Development Corporation with important tools to attract, retain and grow existing

businesses and encourage economic development in Michigan. The budget also includes \$5 million general fund for an innovative Quality of Place partnership that will provide matching funds in support of art and cultural initiatives in local communities.

The elimination of the Michigan Business Tax and the shift to a 6 percent Corporate Income Tax will result in a net loss of revenue to the state of nearly \$1.8 billion on a full-year basis. To offset the impact of this tax restructuring on the state budget, Governor Snyder proposes additional tax changes that will further streamline the tax code and make the shift to the Corporate Income Tax essentially revenue neutral beginning in fiscal year 2013.

Other Tax Changes Necessary to Leverage Economic Growth

Governor Snyder supports a tax code that is simple, fair and efficient for individual taxpayers, as well as businesses. Along with a flat Corporate Income Tax, the Governor proposes that the individual income tax rate be reduced on October 1, 2011, from 4.35 to 4.25 percent, as currently planned.

Further, Governor Snyder believes all taxpayers should pay the same rate regardless of their source of income. In conjunction with the reduced rate, the Governor recommends broadening the base to which the individual income tax is applied in order to capture all individual income in the state regardless of source. This more equitable application will ensure that all income is taxed at the same 4.25 percent rate.

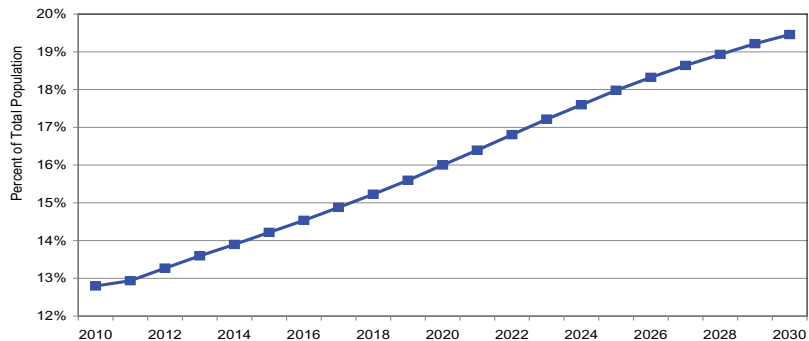
Consistent with his simple, fair approach to the Corporate Income Tax, the Governor also recommends that all credits and deductions related to the individual income tax, with the exception of the personal exemption, the exemption for individuals with disabilities, special provisions dealing with military personnel and veterans, the homestead property tax credit and a few other subtractions, be eliminated. These changes are designed to provide equitable treatment for taxpayers.

The personal exemption will be retained, but phased-out for income in excess of \$75,000 for single filers, and \$150,000 for joint filers. Similarly, the homestead property tax credit will be retained, but the phase-out range is lowered to \$61,000 to \$70,000. The homestead property tax credit will also now equal 80 percent of the difference between property taxes and 3.5 percent of income for most homeowners.

Significantly impacted by these tax changes will be those with private and public pension income. Michigan is one of only three states in the nation that exempt most or all of pension income from state income tax.

Given our state's declining population and growing senior demographic, Governor Snyder believes Michigan can no longer afford to exempt any segment of the population from supporting an equitable share of public services. Under the tax plan pension income will be taxed, but social security benefits will continue to be exempt from state income tax.

Michigan's Senior Population Projected to Increase From 12.8% to 19.5% Over Next 20 Years



Source: U.S. Census Bureau, Interim Projections of Population by State and Age, 2004-2030 (released April, 2009)

The projected net revenue impact of these individual income tax changes is \$1.7 billion on a full-year basis. With an effective date of January 1, 2012, the total net impact of both the shift to the Corporate Income Tax and the individual income tax changes is a \$254 million reduction in fiscal year 2012, which is offset in fiscal year 2013. In addition, a fee and tax reform reserve fund will be created to capture revenue generated from freezing the personal income tax rate at 4.25 percent. Michigan's personal income tax rate is already very competitive. Revenues in the reserve fund will be used to provide additional ongoing tax relief in areas where the state is currently uncompetitive.

Tax Restructuring Plan (dollars in millions)		
Revenue Adjustments:	FY 2012	FY 2013
Current Law:		
Michigan Business Tax (MBT)	\$2,170.0	\$2,024.4
Proposed Reforms:		
MBT (Repealed 12/31/11)	\$900.2	\$0.0
Corporation Income Tax (Effective 1/1/12)	\$460.1	\$748.8
Financial Institutions Tax	\$27.7	\$43.9
Certified Credits Already Awarded	(\$293.0)	(\$500.0)
Net Business Tax Revenue After Credits	<u>\$1,095.0</u>	<u>\$292.7</u>
Individual Income Tax Changes	\$820.9	\$1,863.8
Reserved for Future Tax Cuts	---	(\$100.0)
Net Impact: Proposed Tax Changes	\$1,915.9	\$2,056.5
Net Change from Current Law	(\$254.1)	\$32.1
Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury		

These tax changes represent the shared sacrifice needed to move Michigan forward. Jump-starting the Michigan economy requires all citizens to play a role in the reinvention. With a \$1.4 billion general fund shortfall in fiscal year 2012, Governor Snyder's tax restructuring plan does not add to the existing problem. Instead, the Governor's plan is revenue neutral beginning in fiscal year 2013, and carefully balances the necessary tax adjustments with the equally challenging task of eliminating the state's structural budget deficit.

Restoring Michigan's Fiscal House to Order

Governor Snyder's budget recommendation eliminates the projected \$1.4 billion general fund funding gap in fiscal year 2012, with \$1.5 billion in spending reductions and structural reforms. Further, the savings generated in fiscal year 2012 are carried forward on an ongoing basis to effectively provide solutions for both fiscal years.

In fiscal year 2012, the \$1.5 billion in combined solutions includes \$1.2 billion in permanent spending reductions, \$324 million in structural reforms, and \$10 million in investments that encourage economic activity and produce long-term savings. Fiscal year 2012 also recognizes a shift in education costs of \$896 million from the general fund to the School Aid Fund.

"The time has come for Michigan's leaders to look at all of the state's earmarked revenues and rethink them as they set new budget priorities. Everything must be on the table and nothing, including the School Aid Fund, should be untouchable."

The Detroit News editorial, January 17, 2011

Education: Early Childhood Through Higher Education

The Governor's budget recommends the creation of a new State Education Funding Act that utilizes School Aid Fund revenue as well as available general fund dollars to support the state's education system at all levels from early childhood to higher education. The Executive Budget for education totals \$13.8 billion, including \$12.2 billion in funding for K-12 school districts, \$1.4 billion for higher education and \$296 million for community colleges. Nearly 53 percent of state resources in the Governor's budget are devoted to education.

A mix of state funds supports all three components of Michigan's education system in Governor Snyder's budget recommendation. State funds of \$10.5 billion (\$413 million general fund) support the K-12 school districts. Community colleges are supported by a mix of \$100 million in general fund and \$196 million from the School Aid Fund. Higher education state funds total nearly \$1.3 billion, of which \$564 million is general fund and \$700 million is from the School Aid Fund.

Nearly \$8.8 billion is provided for K-12 basic school operations - \$8.7 billion for per pupil foundation allowance payments and \$62.1 million for intermediate school district operations. In order to live within available state funds, foundation allowances have been reduced 4.1 percent, or \$300 per pupil in addition to the currently budgeted \$170 per pupil reduction, for a savings of \$452.5 million. Intermediate school district operations have been reduced by 5 percent.

Early childhood education programs, serving 28,000 children, are maintained at nearly \$110 million. Special education is funded at \$1.4 billion, including \$975 million of state funds. Other major core academic programs maintained in the Governor's budget total \$1.2 billion, including \$309 million state funding for academically at-risk students, \$36 million for career and vocational education, and \$22 million for adult education. Categorical programs and district-specific funding of \$85.6 million are eliminated.

Funding for community colleges is maintained at the fiscal year 2011 level of \$296 million. Community college enrollment continues to climb to over 480,000, while local revenues have dropped due to lower taxable values.

Recognizing Michigan's economic realities, university operations funding is reduced by 15 percent or \$222 million to \$1.2 billion. To protect students, Governor Snyder sets aside \$83 million to reward those universities that contain tuition and fee increases below the historical five-year annual system average. In addition, the Governor maintains student financial aid funding at \$51.5 million for needy students, but merges existing programs into a single Pathway to Higher Education program to streamline administration.

Governor Snyder challenges Michigan's public universities and local school districts to implement reforms that will keep tuition in check and restrain spending. The Governor encourages public universities and local school districts to institute best practices, including competitively bidding non-instructional services, and collaborations with other institutions or service providers. At the local district level, studies indicate that just a 10 percent savings in non-instructional services would yield \$300 million savings statewide.

For fiscal year 2013, the Governor sets aside \$300 million from discretionary funding and, at a minimum, makes it available to eligible school districts whose employees' share of health insurance costs is comparable to that of state employees. Program details will be included in Governor Snyder's April 2011 special message on education reform.

Revenue Sharing: Incentive-Based Reforms

The Governor's budget recommendation increases constitutional revenue sharing payments to cities, villages and townships by \$25.5 million or 4 percent in fiscal year 2012, based on estimated sales tax collections.

The Governor's budget also eliminates statutory revenue sharing payments for cities, villages and townships in fiscal year 2012, leading to a net savings of \$92.1 million. This reduction will impact 509 local units of government; currently, less than 30 percent of all local units receive statutory revenue sharing payments.

To encourage necessary reforms, the Governor's budget includes \$200 million for a new incentive-based revenue sharing program available to cities, villages and townships that meet specific standards and adopt best practices. Program components will be provided in Governor Snyder's March 2011 special message on government reform.

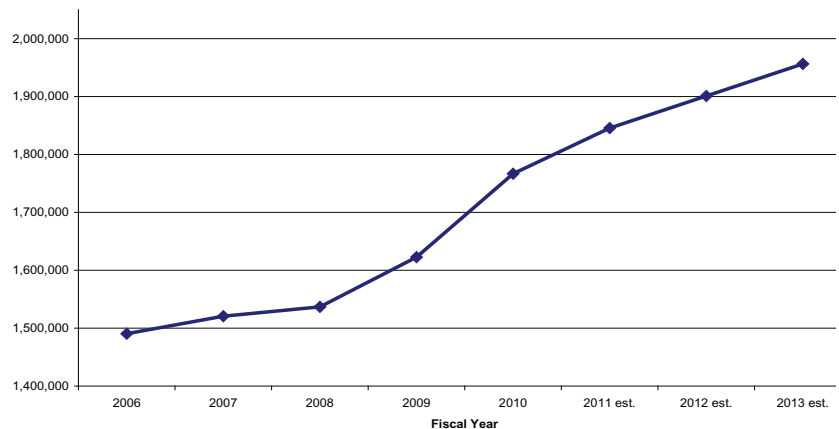
State revenue sharing payments to counties are reduced by \$51.8 million in fiscal year 2012.

Michigan's Families: Health Care and Human Services

Through its partnership with the federal government, Michigan's Medicaid program provides basic physical and mental health services to low-income citizens, seniors, and people with disabilities. Governor Snyder's Medicaid budget is funded at \$12 billion, reflecting the institution of a new 1 percent health care insurance claims assessment on all paid health care insurance claims.

In anticipation of federal action that will require the phase-out of the current 6 percent tax on health maintenance organizations, the Governor recommends a broad-based claims assessment. By broadening the base to all insurance claims, the rate can be reduced to 1 percent and generate the same amount of revenues. Governor Snyder supports this continued investment in our health care system even in the face of difficult budget cuts, as it will keep over \$780 million

Medicaid Caseload is Projected to Grow Over 31% From FY2006 to FY2013, Reaching Nearly 2 Million Citizens



of federal dollars flowing to maintain existing Medicaid reimbursement rates to Michigan's health care providers, including hospitals, health maintenance organizations, nursing homes and physicians. Medicaid eligibility is maintained and provider reimbursement rates are supported without reductions.

To better provide more efficient medical care to seniors and people with disabilities, individuals eligible for both Medicare and Medicaid will be integrated into a managed care service delivery model. This change in providing medical services will save \$10 million general fund. The Governor's budget also proposes efficiencies in the adult home help program that will save \$6 million general fund, while maintaining basic services that assist seniors and people with disabilities living at home.

Additional budget reductions in the Department of Community Health totaling \$41.5 million general fund include reduced graduate medical education payments, as well as reductions in other department programs, and savings from adding behavioral health medications to the preferred drug list.

While Governor Snyder's budget supports continued investment in health care, it also recognizes that with our limited resources, public assistance must be a bridge to family independence. The Governor's budget includes a lifetime limit of 48 months with exemptions for incapacity and hardship, for families receiving cash assistance through the Department of Human Services' Family Independence Program, saving \$77.4 million (\$65 million general fund).

The Governor's budget reduces the hourly rates paid by the Department of Human Services to unlicensed aides and relatives in the child day care program saving \$13.9 million, while continuing to provide assistance with child care expenses for low-income families.

The recommendation also provides for the closure of the Shawono Center in Grayling and a 20-bed reduction in capacity at the Maxey Training School in Whitmore Lake, both detention and treatment facilities for male youth operated by the Department of Human Services, resulting in \$787,000 in general fund savings. Other reductions in the Department of Human Services include the elimination of 300 field worker positions, before-and after-school programs, and other programmatic savings totaling \$26.1 million general fund.

Other Service Delivery Transformations and Spending Reductions

Part of addressing the structural deficit involves recognizing that state government can no longer continue with business as usual. Governor Snyder's budget recommendation includes innovative new public-private partnerships, and acknowledges that some services can no longer be sustained or continued in the same manner with the limited resources available. Key spending reductions include:

- Ongoing declines in the prison population will allow for the closure of one facility late in fiscal year 2011, providing full-year savings of \$18.9 million general fund. Other administrative efficiencies, supply chain transformations, elimination of the public works program, and competitive bidding of food service and prison stores in the Department of Corrections will save \$32.3 million general fund.

- Field services restructuring in the Michigan State Police will reduce the number of posts saving \$3.2 million general fund. The dual mission of the department will remain highway patrol and 9-1-1 response to criminal complaints. Other reductions, including consolidation of regional dispatch centers and an increase in fingerprint revenues, will provide savings of \$17.5 million general fund.
- The budget recommends that resident care aide services provided at the Grand Rapids Veterans' Home be competitively bid, saving \$4.2 million general fund in the Department of Military and Veterans Affairs.
- The Senior Citizens Cooperative Housing Tax Exemption program is reduced by \$2.5 million general fund to reflect actual spending levels in the Department of Treasury, and additional efficiencies provide total savings of \$4 million general fund.
- A series of revenue adjustments and administrative efficiencies in the Department of Environmental Quality seek to make these programs self-supporting relative to the cost of regulation, and facilitate the saving of \$3.8 million general fund.
- Administrative efficiencies and contract reductions in the Department of Technology, Management and Budget provide savings of \$3.8 million general fund.
- Payment in lieu of taxes (PILT) payments in the Department of Treasury and in the School Aid budget, and fire protection grants in the Department of Energy, Labor and Economic Growth are reduced by 15 percent reflecting declining property valuations, saving a total of \$3.7 million.
- The dairy farm inspection program is eliminated in the Department of Agriculture and Rural Development budget, saving \$600,000 general fund. Inspection responsibility will be turned over to industry field representatives certified by the department. Other reductions and regulatory support measures in the department provide additional savings of \$2.4 million general fund.
- Shifting support for the Mackinac Island State Park Commission to restricted funds in the Department of Natural Resources will save \$1.6 million general fund. The department's recommended budget also saves an additional \$838,100 general fund through other program and administrative reductions.
- Along with administrative efficiencies in the Department of Energy, Labor and Economic Growth, the budget eliminates the Worker's Compensation Appellate Commission, saving a total of \$2.3 million general fund.
- The budget eliminates several state educational reform activities implemented in conjunction with Michigan's unsuccessful Race to the Top application, saving \$1.9 million general fund. State aid to libraries in the Department of Education budget is also reduced by \$2.3 million general fund, with \$950,000 directed to the Michigan eLibrary, resulting in net general fund savings of \$1.4 million.

- The Department of State budget saves \$2.1 million general fund by continuing the integration and expansion of self-service options.
- Elimination of six trial court judgeships in the Judiciary budget saves \$942,100 general fund consistent with anticipated caseload reductions.

State Employee Concessions and Structural Reforms

While the number of state employees has declined by 12,900 or 21 percent over the last decade, total employee compensation has increased by 38 percent. These costs are increasing at an unsustainable pace, and are a result of employee and retiree benefits that are considered out-of-step with the private sector. In addition, a number of work rules or negotiated issues that present unique challenges and add substantial costs for the operation of 24-hour institutions must be further examined. Governor Snyder's budget includes savings of \$180 million general fund for employee concessions to be negotiated with represented employee organizations. These concessions reflect the necessary, long-term reforms needed to bring state employee compensation in-line with current fiscal realities.

One of the most significant drivers of long-term employee compensation costs are post-employment benefits provided to state retirees, principally for health care. Unlike pension obligations, which are actuarially determined and pre-funded, the state pays for retiree health care on a current or cash basis. At the close of fiscal year 2010, the long-term liability of this benefit totaled \$14.5 billion. The Governor's budget includes \$200 million general fund to begin to address this growing fiscal obligation to actuarially fund the required contribution, setting an example for Michigan's local units of government to likewise confront this liability. In addition, the Governor is recommending statutory changes to reduce the state's long-term post retirement exposure.

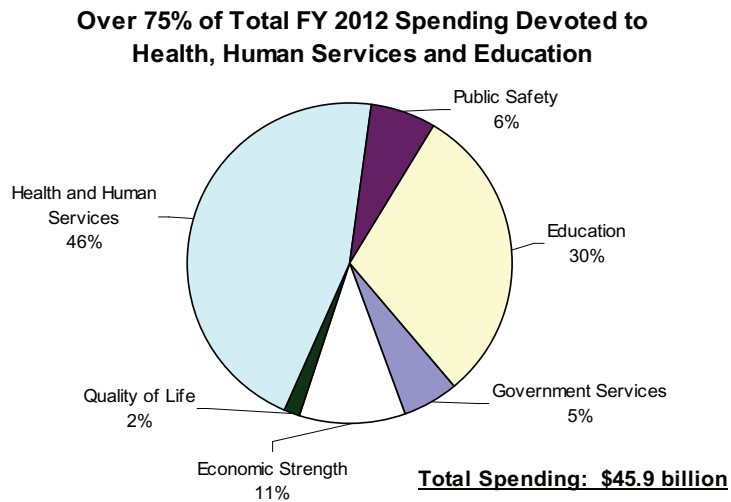
Governor Snyder's budget also includes an investment of \$5 million in the Department of Technology, Management and Budget to incentivize state agency reforms through a new Information Technology Innovations Fund. This fund will be used to competitively select and invest in high-priority, low-cost state agency innovation projects that demonstrate significant return on investment.

Protecting Citizens and Preserving Critical Services

While significant reductions are needed to restore fiscal solvency, the Governor's budget recommendation carefully prioritizes remaining resources to protect citizens and preserve critical services. The Governor's budget provides total spending of \$46 billion, balancing the needs of our citizens while meeting Michigan's long-term obligations.

Other key spending recommended in the Governor's budget:

- \$13.8 billion for education in K-12 schools, universities and community colleges, providing the essential foundation for Michigan's workers of tomorrow;
- \$12 billion supporting health care for nearly two million adults and children, representing one in five Michigan residents;
- \$3.6 billion in Food Assistance Program benefits for over two million Michigan residents;
- \$2.9 billion for road and bridge construction and maintenance and public transportation programs supporting the movement of people and goods;
- \$1.8 billion to maintain public safety by managing the custody and care for 44,000 prisoners and supervision of 80,000 felony probationers and parolees;
- \$670 million for workforce training and development programs;
- \$659 million for constitutional revenue sharing payments to local units of government;
- \$340 million for regulatory and consumer protection;
- \$250 million for state parks, recreation and natural resource stewardship programs;
- \$245 million for environmental protection, pollution prevention and response programs;
- \$75 million for the 21st Century Jobs Fund to promote economic development;
- \$30 million for the protection of Michigan's food supplies ranging from inspections to detecting and preventing disease in our livestock.



Conclusion

The challenge that this budget presents cannot be understated. It seeks to invigorate Michigan's economy with a bold plan to spur growth and job creation. It proposes a new tax structure that is simple, fair and efficient, and asks all of our citizens to help leverage our state's economic revitalization through shared sacrifice. It recommends difficult spending reductions. It demands that we think about our public institutions and government services in new and alternative ways. It challenges schools and local governments to enact necessary reforms, and it requires additional concessions of our public employees.

While the task at hand may be difficult, Governor Snyder believes we can no longer push our budget problems to the future. In order to turn the page on the past decade and start anew with relentless positive action, our leaders must have the courage to tackle our state's economic and fiscal problems, and do so in a timely and pragmatic manner. The two-year budget presented by Governor Snyder provides the long-term fiscal solvency needed, and it positions Michigan to again be a leader in economic growth and job creation. Adoption of this budget plan by May 31, 2011, will send a strong message to businesses looking to invest, and citizens of this great state, that this is the right foundation for Michigan's reinvention.



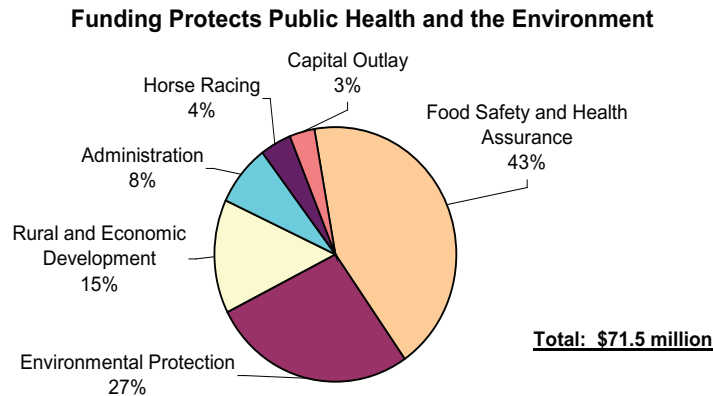
Department Detail

Agriculture and Rural Development	B	1
Attorney General	B	5
Civil Rights	B	9
Community Colleges	B	13
Community Health	B	17
Corrections	B	23
Education	B	27
Energy, Labor and Economic Growth	B	31
Environmental Quality	B	35
Executive Office	B	39
Higher Education	B	41
Human Services	B	45
Judiciary	B	51
Legislature	B	55
Military and Veterans Affairs	B	57
Natural Resources	B	61
Revenue Sharing	B	65
School Aid	B	67
State	B	71
State Police	B	75
Technology, Management & Budget	B	79
Transportation	B	83
Treasury	B	87



Department of Agriculture and Rural Development

The Department of Agriculture and Rural Development provides services to the Michigan food and agriculture community through a variety of food safety, environmental protection, and animal and plant health programs. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$71.5 million, of which \$27.1 million is general fund. The fiscal year 2013 recommendation includes \$72.9 million total funding of which \$27.7 million is general fund.*



Highlights of Governor's Budget Recommendation

- Funding for core programs of the department is maintained including food safety and consumer protection programs as well as plant and animal health, welfare, and disease response.
- The Governor recommends transferring the dairy farm milk safety inspection program to dairy industry field representatives who are certified by the department to conduct dairy farm inspections, realizing a savings to the general fund of \$600,000.
- By inspecting nursery stock for out-of-state or foreign sale only, the department will recognize \$500,000 of general fund savings. Inspections of all intra-state products will become the responsibility of the industry.
- Due to continued success in managing Bovine Tuberculosis, savings of \$332,000 can be achieved without jeopardizing Michigan's program.
- By focusing on surveillance activities related to food and animal feed safety alone, the department will recognize a savings to the general fund of \$250,000. The department will no longer collect and analyze animal feed samples for nutrient content.
- Inspections of animal shelters will be eliminated, saving \$100,000 general fund.
- The Governor proposes to increase the annual grain dealer fee which will fully fund the producer security program, saving \$300,000 general fund.
- The Governor recommends amending the Drain Code by reducing the responsibilities of the Department of Agriculture and Rural Development and creating a voluntary assessment for each Intercounty Drainage District that chooses to access state services. These changes will save \$432,300 general fund.

**Department of Agriculture and Rural Development
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Food Safety and Health Assurance			
1	Routine scheduled food establishment inspections completed.	73%	↓
2	Milk safety inspections meeting national enforcement standards.	100%	↔
3	Percentage of counties that are officially Bovine TB free.	18%	↔
Environmental Protection			
1	Decrease the percentage of repeat offenders of pesticide violations.	6%	↑
2	Pounds of pesticide collected and disposed of properly.	107,000	↑
3	Farm systems verified as environmentally sound.	86%	↑
Rural and Economic Development			
1	Licensed grain dealers audited within 18 month period.	100%	↔
2	Inspected weights & measures devices in compliance with the National Institute of Standards and Technology.	94%	↔
3	Farmland Development Rights Agreements renewed.	80%	↑

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Governor's Recommendation
Department of Agriculture and Rural Development
(\$ in Thousands)

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$30,297.1	\$76,448.3	\$27,102.7	\$71,469.3	\$27,715.1	\$72,865.5
	% Change from Previous Year	-10.5%	-6.5%	2.3%	2.0%

Programs

Food Safety and Health Assurance	\$18,573.2	\$30,831.4	\$18,573.2	\$30,831.4
Environmental Protection	\$3,916.3	\$19,340.8	\$3,916.3	\$19,340.8
Rural and Economic Development	\$371.8	\$10,432.8	\$371.8	\$10,432.8
Administration	\$4,241.4	\$5,442.4	\$4,853.8	\$6,838.6
Horse Racing	\$0.0	\$3,121.9	\$0.0	\$3,121.9
Capital Outlay	\$0.0	\$2,300.0	\$0.0	\$2,300.0
Total Recommendation	\$27,102.7	\$71,469.3	\$27,715.1	\$72,865.5



Attorney General

The Attorney General serves as the State of Michigan's chief law enforcement officer and upholds and preserves the state's legal interests. The Attorney General provides legal advice and representation to state officials and agencies and, when warranted, initiates legal action on behalf of the residents of Michigan. The Attorney General also receives and investigates consumer complaints and enforces child support orders. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$74.3 million, of which \$28.1 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$76.3 million, of which \$28.8 million is general fund.*

Highlights of Governor's Budget Recommendation

- The Executive Recommendation provides \$72.4 million for Attorney General Operations, which funds 250 attorneys who provide a wide array of legal services including representation of state officials and agencies, child abuse and neglect, health care fraud, consumer protection, and litigation on behalf of the state.
- Nearly \$1.9 million is recommended for the Prosecuting Attorneys Coordinating Council, an autonomous agency that provides training, automation support, and legal research for local prosecutors throughout the state.

**Department of Attorney General
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Attorney General Operations			
1	Increase lawsuit awards payable and secured savings on behalf of the State.	7%	↑
2	Increase lawsuit awards per \$1 of appropriation.	\$79	↑
Prosecuting Attorneys Coordinating Council			
1	Operate a Prosecution Case Management System (PCMS) on behalf of county prosecutors, courts, and state agencies, accessible 24/7.	79 counties	↔
2	Collective savings annually to prosecutors resulting from the PCMS as compared to each prosecutor maintaining an individually licensed system.	\$1,851,000	↑
3	Surveyed prosecutors highly value the PCMS.	99%	↔

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**Governor's Recommendation
Department of Attorney General
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$28,559.4	\$73,413.1	\$28,117.6	\$74,340.9	\$28,828.1	\$76,321.2
	% Change from Previous Year	-1.5%	1.3%	2.5%	2.7%

Programs

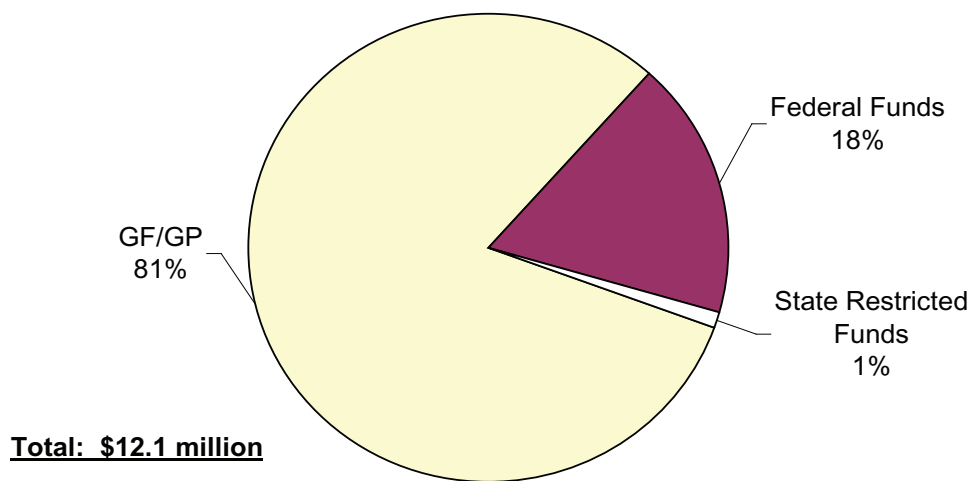
Attorney General Operations	\$26,849.8	\$72,459.1	\$27,560.3	\$74,439.4
Prosecuting Attorneys Coordinating Council	\$1,267.8	\$1,881.8	\$1,267.8	\$1,881.8
Total Recommendation	\$28,117.6	\$74,340.9	\$28,828.1	\$76,321.2



Department of Civil Rights

The Department of Civil Rights resolves and investigates discrimination complaints and works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws. The department administers programs for complaint investigation, outreach and education, mediation, partnerships, crisis intervention, contract compliance, the Michigan Women's Commission and federal contracts. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$12.1 million, of which \$9.8 million is general fund. For fiscal year 2013, the Governor recommends total funding for the department of \$12.4 million, of which \$10.1 is general fund.*

Increased Focus on Housing-Related Cases Brings in More Federal Money



Highlights of Governor's Budget Recommendation

- The Governor recommends an increased focus on housing discrimination cases allowing the state to capture \$463,200 in additional federal funds.
- Given the ongoing constraints of the state's revenue, additional savings of \$570,000 general fund have been identified to make the department more cost effective and efficient.

**Department of Civil Rights
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Civil Rights Operations			
1	Average monthly number of discrimination cases completed per investigator.	5	↔
2	Close mediation cases in an average of 4 weeks.	9 weeks	↑
3	Create a statewide civil rights collaborative, including 5 new joint efforts or partnerships and 5 new work-sharing agreements.	N/A	↔

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**Governor's Recommendation
Department of Civil Rights
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$10,975.7	\$12,778.7	\$9,827.2	\$12,098.9	\$10,096.1	\$12,424.3
	% Change from Previous Year	-10.5%	-5.3%	2.7%	2.7%

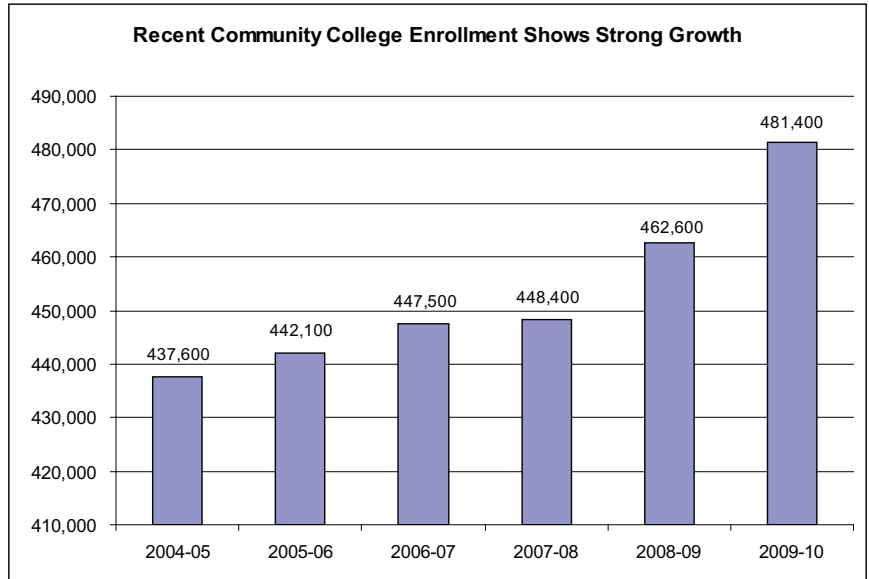
Programs

Civil Rights Operations		\$9,827.2	\$12,098.9	\$10,096.1	\$12,424.3
Total Recommendation		\$9,827.2	\$12,098.9	\$10,096.1	\$12,424.3



Community Colleges

A key component of Michigan's education system, Michigan's 28 community colleges provide over 480,000 residents per year with affordable access to postsecondary educational opportunities. The average annual college tuition for a full-time in-district student is approximately \$2,400. These institutions offer general academic courses for students who intend to transfer to a four-year institution, as well as instruction in basic skills, technical training, and customized job training to prepare students for immediate employment. *The Governor's proposed budget for fiscal years 2012 and 2013 recommends total funding of \$295.9 million, all state funds.*



Highlights of Governor's Budget Recommendation

- State funding for each community college is maintained at the fiscal year 2011 level. Continued state support is critical because community colleges have experienced an estimated \$65 million loss in local revenue in the last four years.
- Continuation funding of \$3.3 million assists academically at-risk students in need of remedial education.
- State Building Authority rent payments of \$24 million, all general fund, support debt service for recently constructed community college building projects.

FY 2012 Community College Operations Funding			
(\$ in Thousands)			
Alpena Community College	\$5,126.1	Mid Michigan Community College	\$4,289.2
Bay de Noc Community College	5,178.4	Monroe County Community College	4,142.8
Delta College	13,751.6	Montcalm Community College	2,981.6
Glen Oaks Community College	2,304.8	C.S. Mott Community College	15,016.4
Gogebic Community College	4,275.2	Muskegon Community College	8,518.6
Grand Rapids Community College	17,219.8	North Central Michigan College	2,893.6
Henry Ford Community College	20,898.9	Northwestern Michigan College	8,682.0
Jackson Community College	11,542.3	Oakland Community College	20,133.7
Kalamazoo Valley Community College	11,888.6	St. Clair County Community College	6,729.8
Kellogg Community College	9,311.8	Schoolcraft College	11,767.0
Kirtland Community College	2,842.8	Southwestern Michigan College	6,276.9
Lake Michigan College	5,012.1	Washtenaw Community College	12,149.0
Lansing Community College	29,762.5	Wayne County Community College	15,889.9
Macomb Community College	31,773.9	West Shore Community College	2,198.5

Community Colleges Transitional Performance Measures

Metric No.	Metric	Most Recent Measure	Trend
Community College Operations (statewide)			
1	Number of degrees awarded.	32,800	↑
2	Second year retention rate.	62%	↑
3	Graduation rate (3-year).	15%	↔
At-risk Student Success Program (statewide)			
1	Student contact hours spent on development and basic skills instruction.	9,396,300	↓

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**Governor's Recommendation
Community Colleges
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	State Funds	All Funds	State Funds	All Funds
\$295,880.5	\$295,880.5	\$295,880.5	\$295,880.5	\$295,880.5	\$295,880.5
	% Change from Previous Year	0.0%	0.0%	0.0%	0.0%

Programs	GF/GP	All Funds	GF/GP	All Funds
Community College Operations	\$96,677.3	\$292,557.8	\$96,677.3	\$292,557.8
At-risk Student Success Program	\$3,322.7	\$3,322.7	\$3,322.7	\$3,322.7
Total Recommendation	\$100,000.0	\$295,880.5	\$100,000.0	\$295,880.5



Department of Community Health

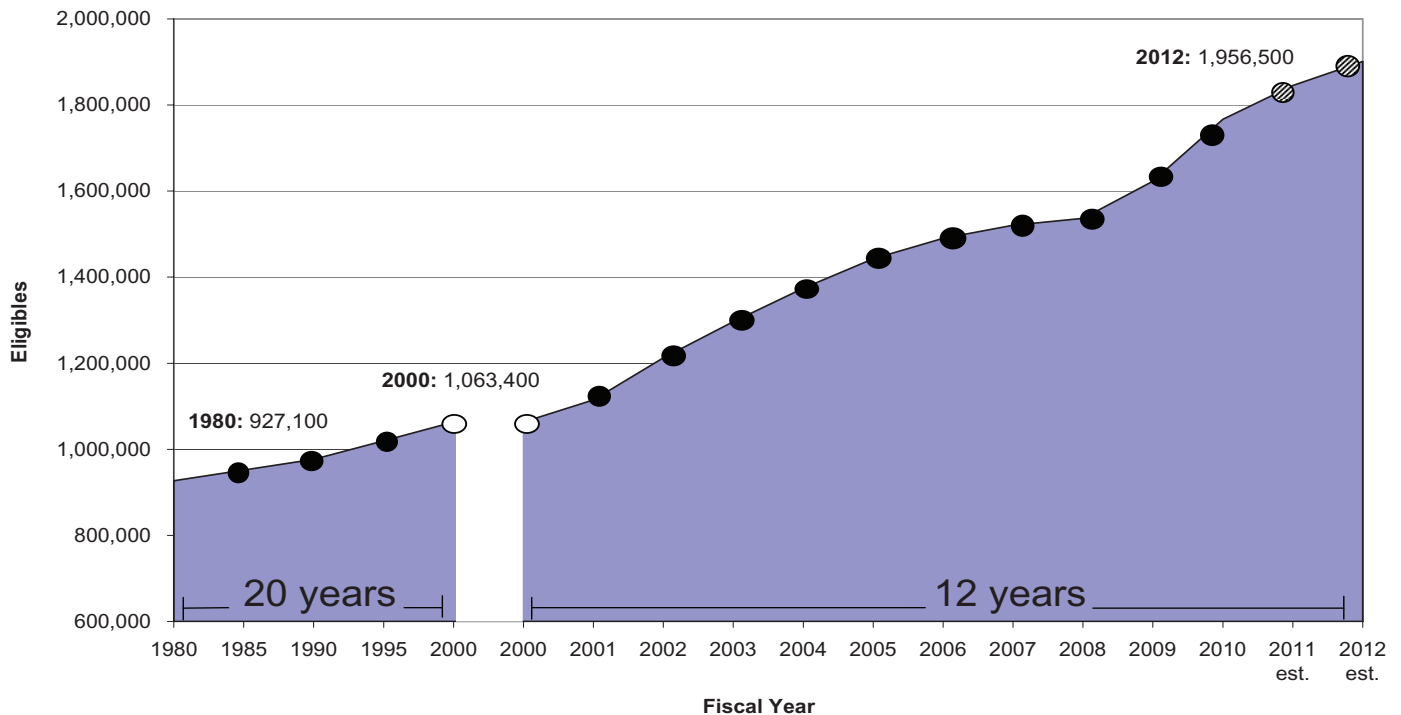
The Department of Community Health (DCH) is responsible for health policy and management of the state's publicly funded health care systems. These programs include Medicaid health coverage for those with limited incomes; mental health services for people who have a mental illness or developmental disability; services for individuals who need substance abuse treatment; and services provided through local public health programs. The department also provides services to promote the independence and preserve the dignity of Michigan's elderly through the Office of Services to the Aging. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$14 billion, of which \$2.7 billion is general fund. The recommendation for fiscal year 2013 is \$14.4 billion, of which \$2.9 billion is general fund.*

Highlights of Governor's Budget Recommendation

Medical Services

- The DCH budget recommends \$9.7 billion (\$1.2 billion general fund) for medical services and \$2.2 billion (\$388.5 million general fund) for the long term care portion of the Medicaid program. This represents a 1 percent decrease over fiscal year 2011 due to the removal of the use tax from managed care rates, offset by caseload increases, utilization/inflation and special provider payments. Medicaid provides health care services for one out of every five Michigan residents.

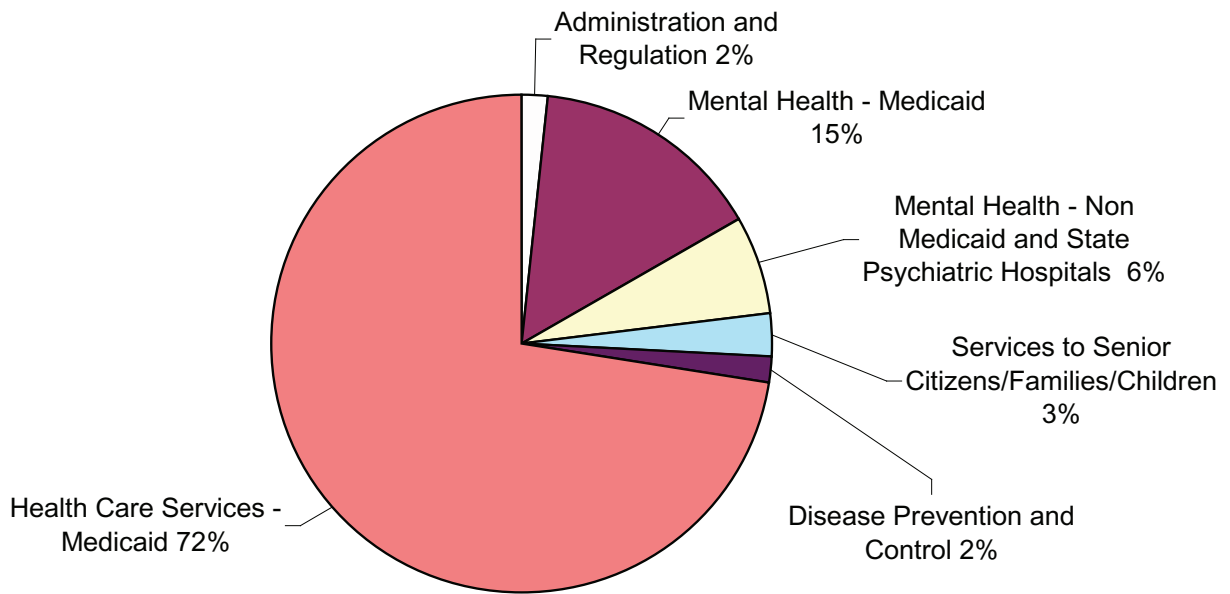
Medicaid Serves Over 1.9 Million People



From 1980 to 2000, Medicaid caseload increased by 15%.
 From 2000 to 2012, Medicaid caseload increases by 79%.

- Michigan’s health care safety net is protected in the Governor’s Executive Recommendation. Medicaid eligibility is maintained and provider reimbursement rates are supported without reductions.
- \$437.5 million (\$180.9 million general fund) is added to the Medicaid budget for increases in the number of Medicaid recipients and increased utilization of services.
- \$509.4 million (\$172.8 million general fund) is invested in community-based long term care services. The budget continues to move the elderly and disabled from nursing homes to home care. This successful initiative has saved \$65 million since 2008. While nursing homes provide a valuable and necessary service for those with high care needs, home care can provide alternatives that meet client needs in a less costly community setting.
- \$138 million (\$34 million general fund) is allocated to fund the Adult Benefits Waiver program that provides basic health coverage to low-income childless adults.

Medicaid Makes up 87% of the DCH Budget



Total: \$14 billion

Mental Health Services

- Mental health services are funded at \$3 billion (\$1.2 billion general fund) consisting of \$2.7 billion (\$1.1 billion general fund) to provide community mental health services, and \$262 million (\$63.3 million general fund) to fund state operated psychiatric hospitals and centers.

Other Medical Services

- \$645.1 million (\$75.6 million general fund) is invested in health promotion, disease prevention and services to senior citizens and families, including \$37.4 million (\$32.2 million general fund) in grants to local public health departments. Savings of \$1.7 million general fund is achieved from reductions in funding to local public health departments.
- Children's Special Health Care Services is supported with \$295.2 million (\$124.1 million general fund) to provide medical care and treatment for children with special health care needs.

Budget Initiatives

- The Governor's Executive Recommendation proposes a health care insurance claims assessment of one percent applied to all health insurers in the state. Raising \$400 million in revenue, the claims assessment will replace the existing use tax on Medicaid health maintenance organizations and support Medicaid provider reimbursement rates and services. The Governor proposes the new claims assessment because of anticipated federal action that will result in the phase-out of the six percent use tax. By broadening the base and lowering the rate, the new assessment will raise the same amount of revenue as the current use tax.
- Elderly and disabled individuals eligible for both Medicare and Medicaid will be integrated into a managed care service delivery model saving \$30 million (\$10 million general fund) in fiscal year 2012.

**Department of Community Health
Transitional Performance Measures**

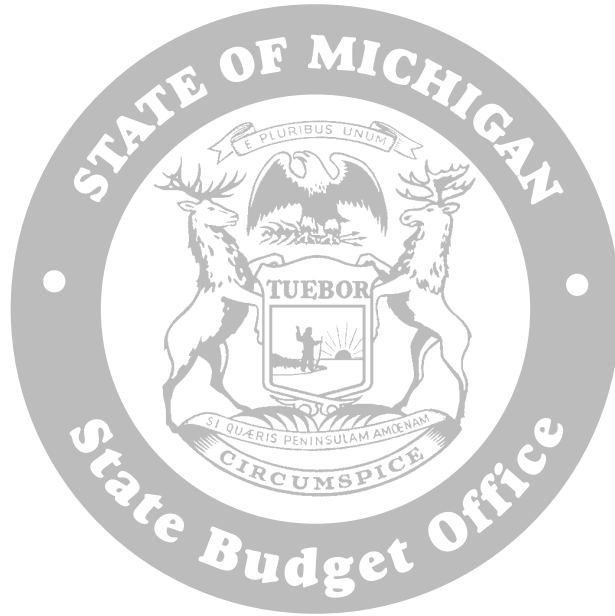
Metric No.	Metric	Most Recent Measure	Trend
Health Care Services			
1	The number of individuals transitioned from nursing homes to home and community based alternatives.	1,500	↑
2	Percent of Medicaid claims paid within 30 days.	93%	↔
3	National ranking of Medicaid health plans.	6 of 14 in top 30 12 of 14 in top 50	↑
Mental Health/Substance Abuse Services			
1	Percentage of clients having a reduction in drug abuse.	81%	↑
2	Number of people per 1,000 that received services through the mental health system.	23	↑
3	Percentage of persons starting service within 14 days of non-emergency face to face assessment.	94%	↓
Services to Older Adults, Families and Children			
1	Number of teen births per 1,000.	33	↑
2	Number of Area Agencies on Aging that implement the Community Living Program-options counseling.	10	↑
3	Percentage of women in the Women's, Infant, and Children (WIC) food and nutrition program who breast feed.	57%	↑
State Psychiatric Hospitals and Forensic Mental Health Services			
1	Percentage of adult discharges from a psychiatric inpatient unit that are seen for follow-up care within 7 days.	97%	↑
2	Percentage of individuals who are found competent to stand trial and are returned to jail to stand trial within 30% of the stated length of the court order.	46%	↔
3	Hours of seclusion will be below national average.	Yes	↔
Disease Prevention and Control			
1	Percentage of Michigan high school students who smoke cigarettes.	18%	↓
2	Physicians measure and record BMI in the Michigan Care Improvement Registry.	0%	↔
3	Percentage of Michigan children 19-35 months of age who receive all recommended vaccines.	77%	↑
Administration and Regulation			
2	Average number of days to process licensure applications.	59	↔
3	Average number of days to respond to consumer complaints on nursing homes.	23	↑

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**Governor's Recommendation
Department of Community Health
(\$ in Thousands)**

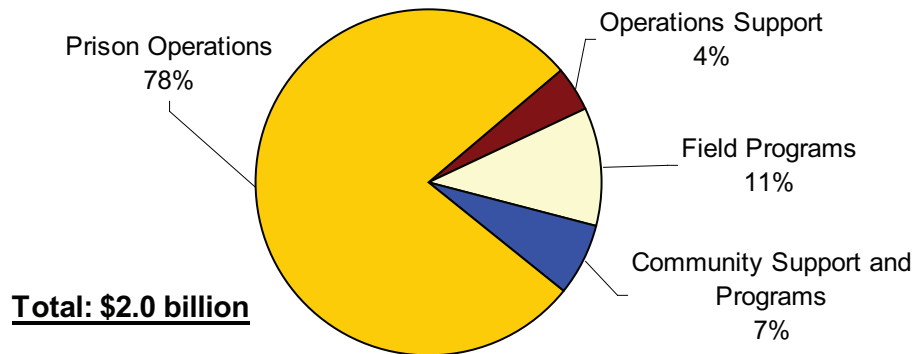
	FY11		FY12		FY13	
	Current Law		Recommendation		Recommendation	
	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
	\$2,421,483.7	\$14,124,104.6	\$2,701,084.9	\$13,965,309.0	\$2,930,413.7	\$14,413,206.0
		% Change from Previous Year	11.5%*	-1.1%	8.5%	3.2%
Programs						
Health Care Services		\$1,389,934.5	\$10,106,807.3	\$1,567,748.2	\$10,482,178.6	
Mental Health/Substance Abuse Services		\$1,126,579.4	\$2,736,817.5	\$1,170,474.6	\$2,796,312.1	
Services to Senior Citizens, Families, and Children		\$29,241.2	\$392,729.4	\$29,241.2	\$392,729.4	
State Psychiatric Hospitals and Forensic Mental Health Services		\$63,317.7	\$262,040.6	\$63,317.7	\$262,040.6	
Disease Prevention and Control		\$46,329.7	\$252,367.7	\$46,329.7	\$252,367.7	
Administration and Regulation		\$45,682.4	\$214,546.5	\$53,302.3	\$227,577.6	
* Increase is largely due to the FY 2012 general fund replacement of federal stimulus money.						
Total Recommendation		\$2,701,084.9	\$13,965,309.0	\$2,930,413.7	\$14,413,206.0	



Department of Corrections

The Department of Corrections ensures public safety by providing custody and care for incarcerated felons while maintaining oversight and supervision of parolees and felony probationers. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$2.0 billion, of which \$1.9 billion is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$2.1 billion, of which \$2.0 billion is general fund.*

Nearly 80% of Corrections Costs are in Prison Operations



Highlights of the Governor's Budget Recommendation

- The Executive Budget includes \$1.6 billion to operate a safe and secure prison system that currently houses 44,000 prisoners.
- The Governor's budget includes \$222 million in funding for oversight and supervision of parolees and felony probationers.
- The budget provides \$133 million in funding for community programs such county jail reimbursement, community corrections, and the Michigan Prisoner Reentry Initiative.

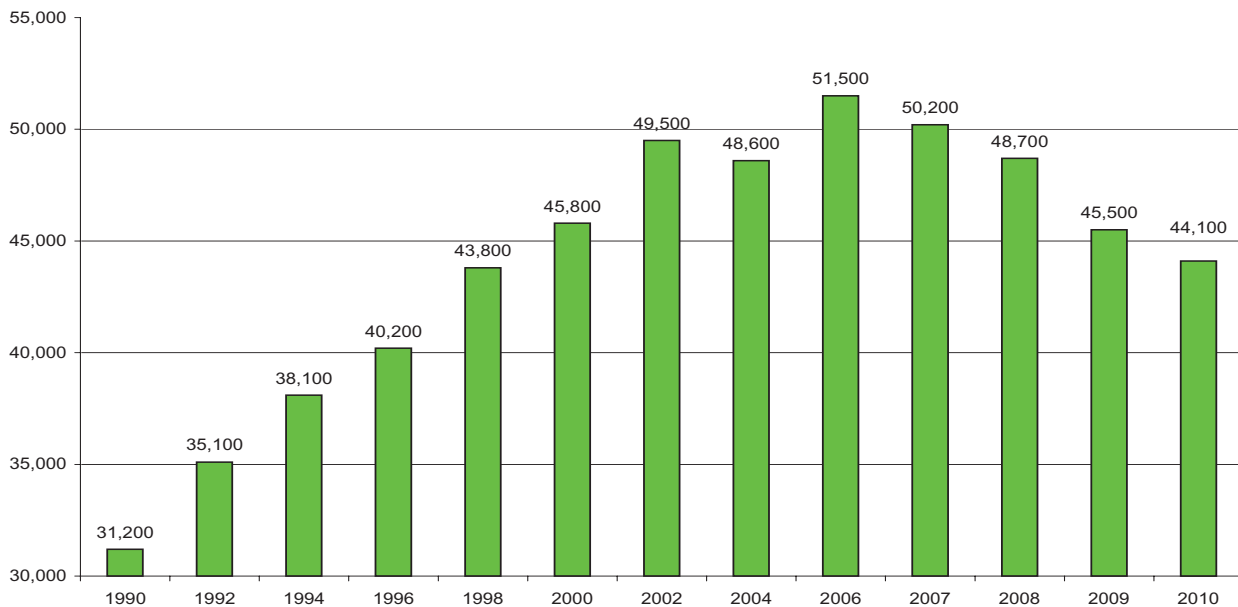
Savings in the Governor's Recommendation for the Department of Corrections

The Governor recommends \$51 million in net savings through various department efficiencies including use of existing Michigan Prisoner Re-entry Initiative (MPRI) resources that will allow for a prison closure.

- The Parole Board will return to a 10 member body appointed by the director of the department under Executive Order 2011-3. The Governor recommends continued use of MPRI assets to support carefully considered parole decisions. There are currently over 8,000 prisoners who have served their minimum sentences and are eligible for parole. The department anticipates that paroles over the next few months will allow for the closure of a facility late in fiscal year 2011. Fiscal year 2012 savings related to that closure are estimated to be \$18.9 million.

- The Governor recommends continuation of the department’s multi-year supply chain transformation strategy. To date, \$19.3 million in savings have been realized through these efforts. Business process improvements have been previously identified in prisoner transportation, warehouse operations, and food service and further efforts will continue to focus on logistics savings within the department to save an additional \$10 million during 2012.
- The Executive Recommendation includes \$8.5 million in savings through reduction in management positions in prison operations. The number of Lieutenant positions will be reduced at all prison complexes.
- Efficiencies of \$9.5 million are sought through competitive bidding of prison food service and prison store operations.
- Additional savings of \$3.6 million general fund have been identified through the elimination of the public works program, additional business office consolidations, and contract savings.

Prison Population at Lowest Level Since 1998



**Department of Corrections
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Prison Operations			
1	Escapes per 1,000 prisoners.	0.07 per 1,000	↔
2	Average cost per prisoner per year.	\$34,600	↓
3	Prisoners past their earliest release dates who are on waiting lists for assaultive or sex offender therapy programs.	970	↓
Field Operations			
1	Overall parole revocations per 1,000 parolees.	190	↑
2	Absconders at large more than 90 days per 1,000 parolees.	59 per 1,000	↑
3	Termination of Global Positioning System (GPS) tether paroles due to the commission of new felonies.	3%	↑
Community Support & Programs			
1	Percent of offenders with straddle cell sentencing guidelines scores (who can be sent to prison or not sent to prison) that receive a non-prison sentence.	67%	↔
2	Mental health plans in place in advance of parole for MPRI Mental Health Project offenders.	580 (annual)	↑
3	Relative rate reduction in returns to prison for standard Michigan Prisoner Reentry Initiative (MPRI) offenders.	(33%)	↑
Operations Support			
3	Percent of employee grievances that are resolved internally rather than proceeding to arbitration/hearing.	96%	↑

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**Governor's Recommendation
Department of Corrections
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$1,917,879.5	\$2,007,433.6	\$1,929,836.2	\$2,012,406.4	\$2,012,313.8	\$2,094,262.6
	% Change from Previous Year	0.6%	0.2%	4.3%	4.1%

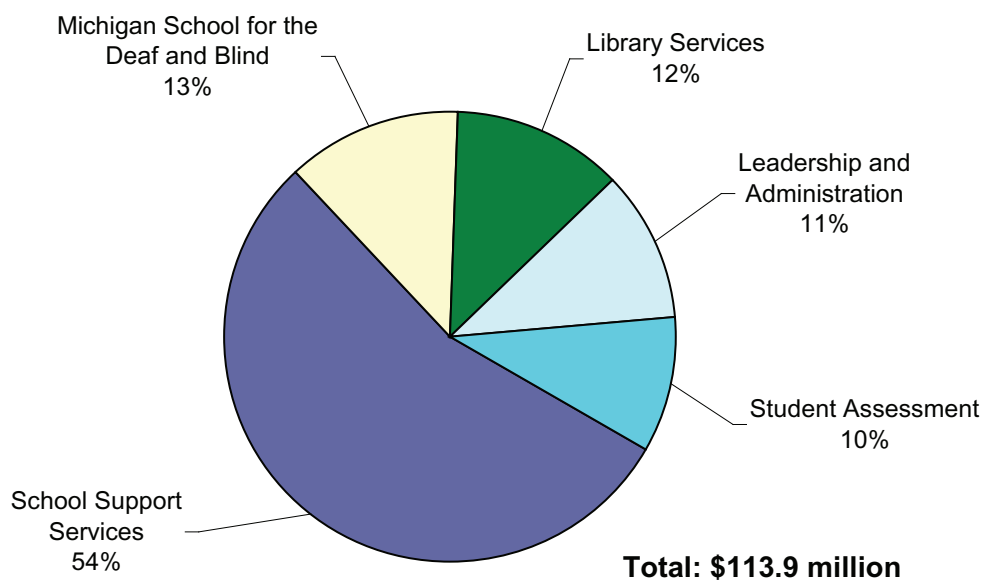
Programs

Prison Operations	\$1,509,436.8	\$1,571,222.3	\$1,537,136.8	\$1,597,455.2
Field Programs	\$210,581.4	\$222,153.6	\$210,581.4	\$222,153.6
Community Support and Programs	\$126,183.5	\$133,262.4	\$126,183.5	\$133,262.4
Operations Support	\$83,634.5	\$85,768.1	\$138,412.1	\$141,391.4
Total Recommendation	\$1,929,836.2	\$2,012,406.4	\$2,012,313.8	\$2,094,262.6

Department of Education

Leadership for Michigan's public education system is vested by the state Constitution in the elected members of the Board of Education. The board and the Department of Education are focused on preparing Michigan's students to compete in a global economy. The department distributes over \$12 billion in funding to the state's public schools. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$113.9 million, of which \$18.6 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$115.4 million, of which \$18.9 million is general fund.*

Department Budget Funds a Variety of Educational Support Services



Highlights of Governor's Budget Recommendation

- School support services are decreased by 8.4 percent to a total of \$62.3 million (\$4.4 million general fund) mostly due to technical adjustments. The department monitors the effectiveness of early childhood education, special education, and career and technical education programs.
- The Executive Budget increases funding for the Michigan Schools for the Deaf and Blind by 2.1 percent to a total of \$14.4 million.
- The Governor decreases funding for library services by 9.4 percent to a total of \$13.7 million (\$8.2 million general fund), which includes a \$2.3 million cut in state aid to local libraries. Of the remaining funding, \$950,000 general fund is set aside specifically to support the Michigan eLibrary.
- The Executive Budget includes \$12.5 million (\$4.7 million general fund) to provide overall leadership and administration of the department.

- The fiscal year 2012 budget decreases funding to measure students' academic achievement by 34.7 percent to a total of \$11 million (\$1.3 million general fund) mostly due to the removal of one-time funding.
- The Governor proposes statutory amendments to the state education reforms enacted in December 2009. These changes result in savings of \$1.9 million general fund. The department will continue to assist underperforming schools in increasing student achievement.

**Department of Education
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
School Support Services			
1	Amount of federal funds received per dollar in state matching funds.	\$60	↑
2	Percent of school state aid payments made timely and accurately.	100%	↔
3	Number of training and technical assistance opportunities provided to school districts.	4,300	↑
Michigan Schools for the Deaf and Blind			
1	Percent of instructional staff who are highly qualified.	100%	↑
3	Percent of students proficient in reading across all grade levels and test types.	36%	↑
Library Services			
1	Number of participating libraries in the Michigan eLibrary Catalog.	406	↑
2	Number of searches performed in the Michigan eLibrary database.	57.5 million	↑
3	Percent of third graders reading at grade level.	90%	↑
Leadership and Administration			
1	Number of school districts that have received a commitment from all of their schools to participate in the Dropout Challenge.	142	↔
2	Number of school districts that participate in the seat time waiver program.	227	↑
Student Assessment			
1	Percent of schools that administered state tests in both reading and mathematics to at least 95% of eligible students.	97%	↑
2	Two-year average number of days from the end of the MEAP Fall testing window to the release of the data file to schools.	33	↑
3	Number of external partners approved to assist low performing schools.	55	↔

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**Governor's Recommendation
Department of Education
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$21,914.1	\$126,959.9	\$18,644.2	\$113,943.3	\$18,883.5	\$115,389.4
	% Change from Previous Year	-14.9%	-10.3%	1.3%	1.3%

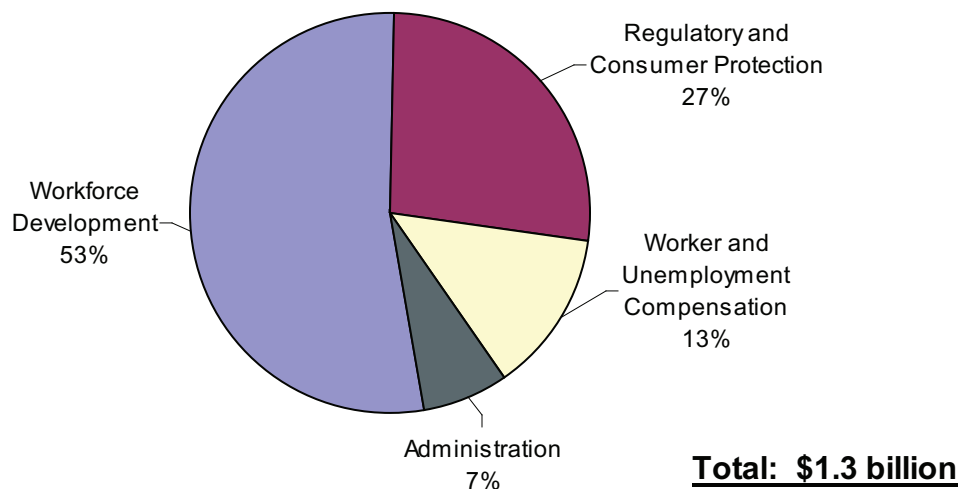
Programs

School Support Services	\$4,399.9	\$62,321.7	\$4,399.9	\$62,321.7
Michigan Schools for the Deaf and Blind	\$0.0	\$14,377.1	\$0.0	\$14,377.1
Library Services	\$8,204.2	\$13,766.3	\$8,204.2	\$13,766.3
Leadership and Administration	\$4,753.4	\$12,487.0	\$4,992.7	\$13,933.1
Student Assessment	\$1,286.7	\$10,991.2	\$1,286.7	\$10,991.2
Total Recommendation	\$18,644.2	\$113,943.3	\$18,883.5	\$115,389.4

Department of Energy, Labor and Economic Growth

The Department of Energy, Labor and Economic Growth (DELEG) administers the state's workforce training programs, business, industry, and occupational regulatory functions, and unemployment insurance system. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$1.3 billion, of which \$43.5 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$1.3 billion, of which \$44.1 million is general fund.*

Workforce Development Programs are the Largest Share of the DELEG Budget



Highlights of Governor's Budget Recommendation

- To help advance Michigan's global competitiveness, the Governor's budget provides over \$670 million (\$34.6 million general fund) for the support of workforce development programs that enhance the skills of Michigan workers and prepare them for the occupations of today's economy.
- The Executive Budget includes over \$340 million for regulatory and consumer protection programs, including an increase of \$1.8 million to support the department's role in the continued development of the Michigan Business One-Stop Center, the state's central online service dedicated to helping new and existing companies conduct business in Michigan.
- The Governor streamlines the state's worker compensation dispute resolution process by eliminating the Workers' Compensation Appellate Commission, saving nearly \$1.2 million general fund annually. The number of cases reaching the commission declined by 68 percent over the last ten years to 173 in 2010. Employers and employees may appeal Board of Magistrates decisions to the Court of Appeals.

- Consistent with the decline in taxable property values, the Executive Budget reduces Fire Protection Grants to local units of government by 15 percent. Grants of \$9.3 million will be paid to local units of government that provide fire protection services for state-owned facilities.
- The Executive Budget recognizes savings that total \$2.9 million (over \$1.7 million general fund) as a result of employee retirements and administrative efficiencies achieved by the department.

**Department of Energy, Labor and Economic Growth
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Workforce Development			
1	Percentage of Michigan Career and Technical Institute graduates who stay employed for at least 90 days after graduation.	77%	↓
2	Number of Family Independence Program participants who successfully complete welfare-to-work program activities.	11,131	↓
3	Starting hourly wage of welfare-to-work participants who attain employment upon program completion.	\$8.44	↔
Regulatory and Consumer Protection			
1	Percentage of investigations of financial industry complaints initiated within 7 days of receipt.	95%	↔
2	Percent of construction permit applications processed within 5 business days of receipt.	92%	↑
3	Percent change in construction industry workplace fatalities.	8% reduction for 5-year rolling average	↑
Worker and Unemployment Compensation			
1	Percentage of unemployment insurance claims appeal cases decided within 150 days of receipt.	84%	↑
2	Percentage of worker compensation appeal cases closed within 24 months.	90%	↑
3	Number of unemployment insurance claims filed over the Internet.	2.8 million	↑
Administration			
1	Proportion of central administrative costs to total direct operating costs.	0.54%	↑
2	Percentage of revenue deposit transactions processed within 24 hours of receipt.	99%	↔
3	Percentage of constituent and legislative inquiries resolved within three business days.	97%	↔

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Governor's Recommendation
Department of Energy, Labor and Economic Growth
(\$ in Thousands)

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$47,607.9	\$1,277,823.2	\$43,536.3	\$1,272,142.5	\$44,110.7	\$1,285,148.8
	% Change from Previous Year	\$0.0	-0.4%	\$0.0	1.0%

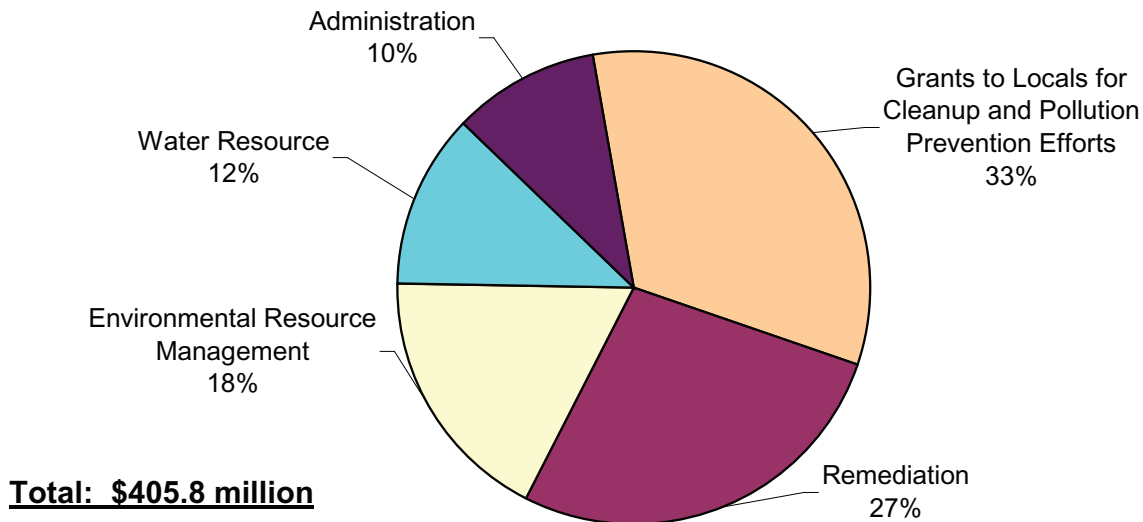
Programs

Workforce Development	\$34,590.4	\$672,459.6	\$34,590.4	\$672,459.6
Regulatory and Consumer Protection	\$1,220.6	\$343,667.5	\$1,220.6	\$343,667.5
Worker and Unemployment Compensation	\$5,876.5	\$164,908.1	\$5,876.5	\$164,908.1
Administration	\$1,848.8	\$91,107.3	\$2,423.2	\$104,113.6
Total Recommendation	\$43,536.3	\$1,272,142.5	\$44,110.7	\$1,285,148.8

Department of Environmental Quality

Funding for the Department of Environmental Quality supports programs to restore and enhance Michigan's environment and preserve our natural resources. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$405.8 million, of which \$21.5 million is general fund. The fiscal year 2013 recommendation includes \$410.6 million total funding of which \$22.1 million is general fund.*

Streamlined Structure of the New Department of Environmental Quality



Highlights of Governor's Budget Recommendation

- The fiscal year 2012 Executive Recommendation reflects the Governor's decision to create a separate Department of Environmental Quality to better focus on administering programs and enforcing laws that protect public health and promote the appropriate use of, limit the adverse effects on, and restore the quality of the environment.
- Funding for core programs of the department is maintained including water, land, and air quality management as well as limited environmental cleanups.
- A change in formula for the air emissions fee is recommended to generate sufficient funding to adequately implement the Renewable Operating Program established by the Clean Air Act.
- Approximately \$134 million is allocated to local units of government as grants and loans for cleanup activities and pollution prevention efforts, including \$25 million for Great Lakes restoration efforts.
- Over \$111 million supports environmental cleanup and response activities, including \$30 million of new Strategic Water Quality Initiatives Funds to be used to clean up nonpoint source contamination and \$4.4 million to address state-owned sites with the highest environmental risks.

- The Governor proposes to increase the current fee of \$0.07 per cubic yard of solid waste to \$0.12 to generate sufficient revenue to adequately support the Solid Waste Management Program. This program has been, and will continue to be, funded entirely with fee revenue.
- Additional available restricted funding is recommended to replace the Coastal and Inland Waters Permit Information System with an improved integrated system and database. The current system is over 20 years old and is no longer supported by the manufacturer.
- As part of the \$3.8 million general fund reduction, the Governor recommends a \$1.2 million reduction to various pollution prevention programs.
- A new wastewater operator certification exam and renewal fee is recommended to offset a \$200,000 general fund reduction and to replace federal funding which is no longer available to support the program.
- The Governor proposes to shift costs currently paid with \$1.1 million general fund for the Critical Dunes and Hazardous Waste Programs to available restricted funds.
- The Nonmetallic Mine Reclamation and High Risk Erosion programs are recommended to be eliminated and the Geologic Mapping and Information Program is recommended to be reassigned to the Geosciences Department of Western Michigan University. A corresponding savings to the general fund of \$250,000 will occur.
- Administrative costs will be reduced by \$1 million general fund.

**Department of Environmental Quality
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Remediation			
1	Aboveground storage tank installations in compliance at the time of triennial inspection.	59%	↑
2	Brownfield grants and loans awarded within 90 days of application.	100%	↑
3	Environmental cleanup proposals reviewed within 180 days.	n/a	n/a
Environmental Resource Management			
1	Number of counties with monitored violations of the National Ambient Air Quality Standards.	1.2%	↓
2	Air permits to install (construction permits) issued within 180 days of receipt.	89%	↓
3	Total number of targeted hazardous waste sites where risk is controlled.	19%	↑
Water Resource			
1	Volume of raw sewage discharged.	7,289,000,000 gallons	↓
2	National Pollutant Discharge Elimination System discharge permit compliance.	92%	↑
3	Water related complaints resolved.	50%	↔
Administration			
3	Customers that report "excellent" service provided by Environmental Assistance Center.	94%	n/a

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**Governor's Recommendation
Department of Environmental Quality
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$25,322.5	\$395,655.7	\$21,491.6	\$405,839.3	\$22,075.3	\$410,576.4
	% Change from Previous Year	-15.1%	2.6%	2.7%	1.2%

Programs

Grants to Locals for Cleanup and Pollution Prevention Efforts	\$0.0	\$134,021.7	\$0.0	\$134,021.7	
Remediation	\$0.0	\$111,049.1	\$0.0	\$111,049.1	
Environmental Resource Management	\$5,294.9	\$71,536.8	\$5,294.9	\$71,536.8	
Water Resource	\$11,227.3	\$48,543.6	\$11,227.3	\$48,543.6	
Administration	\$4,969.4	\$40,688.1	\$5,553.1	\$45,425.2	
Total Recommendation		\$21,491.6	\$405,839.3	\$22,075.3	\$410,576.4

Executive Office

The Executive Office is the Office of the Governor. The budget provides funding for the Governor and his immediate staff, who assist him in executing his constitutional responsibilities as chief executive of the State of Michigan. The Executive Office also includes funding for the Lieutenant Governor's office. The Lieutenant Governor performs gubernatorial functions in the Governor's absence, presides over the Senate, and represents the Governor at selected local, state and national meetings. The Executive Office also contains the Constituent Services Division, which serves as a resource for the citizens of Michigan to communicate their concerns and opinions directly to the Governor. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$4.4 million, a 5 percent reduction from the current year. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$4.4 million, identical to the proposed budget for fiscal year 2012.*

**Governor's Recommendation
Executive Office
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$4,630.8	\$4,630.8	\$4,399.2	\$4,399.2	\$4,399.2	\$4,399.2
	% Change from Previous Year	-5.0%	-5.0%	0.0%	0.0%

Programs

Executive Office Operations		\$4,399.2	\$4,399.2	\$4,399.2	\$4,399.2
Total Recommendation		\$4,399.2	\$4,399.2	\$4,399.2	\$4,399.2

Higher Education

The Higher Education budget provides operating support to the state's 15 public universities and also funds student financial aid programs. *The Governor's proposed budget for fiscal years 2012 and 2013 recommends total funding of nearly \$1.4 billion, of which \$1.3 billion is state funds.*

Highlights of Governor's Budget Recommendation

- Overall university operations funding is \$1.2 billion. Due to the fiscal constraints facing the state, this is a reduction in operations funding of 15 percent. In the \$1.2 billion, the Governor recommends tuition incentive grants of \$83 million. These grants will be accessible to universities that keep tuition and fee increases below the combined five year average of annual changes in tuition and fee rates of all of the universities.
- Beginning in fiscal year 2013, Governor Snyder proposes the use of a formula to allocate university funding. The efforts to develop the formula will be led by the State Budget Director, with input from universities and other stakeholders. The formula will encourage universities to graduate a highly educated workforce in a timely manner and conduct research that contributes to the overall economic strategy for Michigan.
- Funding for the Agricultural Experiment Station and the Cooperative Extension Service is reduced by 15 percent and combined into a single appropriation of \$52.6 million to give Michigan State University the ability to use the funds more strategically.
- Funding for student financial aid is maintained at fiscal year 2011 levels (\$51.5 million). To streamline administration, the Michigan Competitive Scholarship and the Tuition Grants programs are merged into Governor Snyder's new Pathway to Higher Education grants. Needy Michigan students will qualify for an annual grant of approximately \$875 to help defray the cost of attending college. Students will be able to use the grant at any public or private college or university in Michigan.
- The Tuition Incentive Program (TIP) is increased by \$6.4 million to \$43.8 million to encourage Medicaid-eligible students to complete high school and earn a college degree.
- State Building Authority rent payments of \$117.2 million, all general fund, support debt service for recently constructed university building projects.

FY 2012 State University Funding (\$ in Thousands)	Operations Funding	Tuition Incentive Grants
Michigan State University	\$222,796.2	\$18,324.6
University of Michigan - Ann Arbor	254,931.8	13,871.5
Wayne State University	169,209.4	12,827.5
Central Michigan University	61,431.1	6,677.8
Eastern Michigan University	61,319.9	3,299.2
Ferris State University	37,971.6	3,352.7
Grand Valley State University	48,431.5	4,245.9
Lake Superior State University	10,055.1	734.4
Michigan Technological University	37,409.7	3,323.9
Northern Michigan University	36,225.2	2,142.2
Oakland University	39,313.5	3,831.5
Saginaw Valley State University	21,969.3	1,592.2
University of Michigan - Dearborn	19,627.4	1,388.9
University of Michigan - Flint	16,679.4	1,083.0
Western Michigan University	86,866.7	6,301.6
Total	\$1,124,237.8	\$82,996.9

Higher Education Transitional Performance Measures

Metric No.	Metric	Most Recent Measure	Trend
University Operations (statewide)			
1	Number of degrees awarded.	63,600	↑
2	Second year retention rate.	81.1%	↑
3	Graduation rate (6-year).	59.5%	↑
Statewide Programs			
1	Percentage of students in the King-Chavez-Parks / Morris Hood, Jr. Educator Development Program with increasing or maintained grade point averages.	85%	↑
3	Percentage of students in the King-Chavez-Parks / Select Student Support Services Program with increasing or maintained grade point averages.	79%	↑
Grants and Financial Aid			
1	Annual percentage of Medicaid-eligible students that apply for the Tuition Incentive Program.	16%	↑
3	Annual number of Tuition Incentive Program-eligible students who enroll in an institution.	15,600	↑

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**Governor's Recommendation
Higher Education
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	State Funds	All Funds	State Funds	All Funds
\$1,543,378.5	\$1,578,278.5	\$1,263,952.0	\$1,362,278.4	\$1,263,952.0	\$1,371,038.4
	% Change from Previous Year	-18.1%	-13.7%	0.0%	0.6%

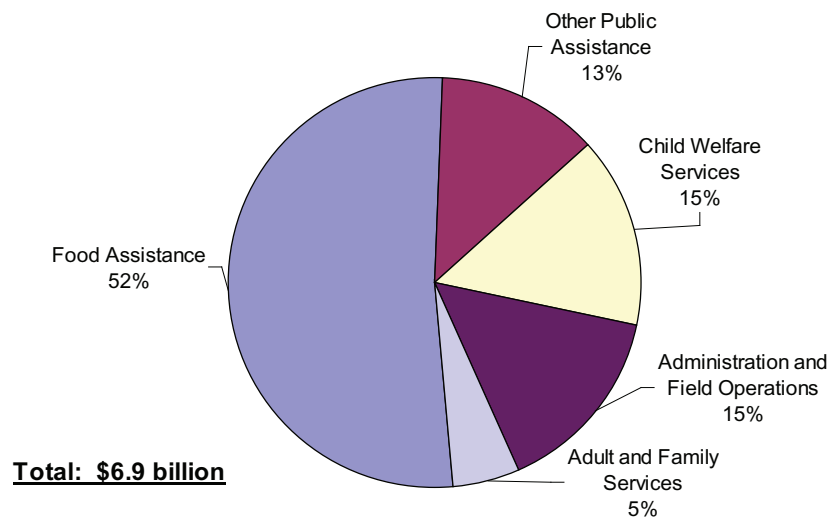
Programs	GF/GP	All Funds	GF/GP	All Funds
University Operations	\$424,518.3	\$1,124,237.8	\$0.0	\$0.0
University Tuition Restraint Incentives	\$82,996.9	\$82,996.9	\$0.0	\$0.0
University Formula Funding	\$0.0	\$0.0	\$507,515.2	\$1,207,234.7
Student Financial Aid	\$1,000.0	\$99,526.4	\$1,000.0	\$108,286.4
Agricultural Experiment and Cooperative Extension Services	\$52,625.8	\$52,625.8	\$52,625.8	\$52,625.8
Statewide Programs	\$2,891.5	\$2,891.5	\$2,891.5	\$2,891.5
Total Recommendation	\$564,032.5	\$1,362,278.4	\$564,032.5	\$1,371,038.4



Department of Human Services

The Department of Human Services helps families and individuals meet financial, medical, and social service needs. The Department of Human Services programs provide financial assistance and medical assistance to Michigan's low-income population; move people toward self-sufficiency through employment and training services; work to prevent abuse, neglect, and exploitation of children and vulnerable adults through direct services; and regulate and license adult and child care agencies, facilities, and homes. Services are provided through a network of county-based offices. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$6.9 billion, of which \$1.1 billion is general fund. For fiscal year 2013, the Governor recommends total funding of \$6.9 billion, of which \$1.2 billion is general fund.*

Over Half of the Department Budget Provides Food Assistance to Low-Income Families

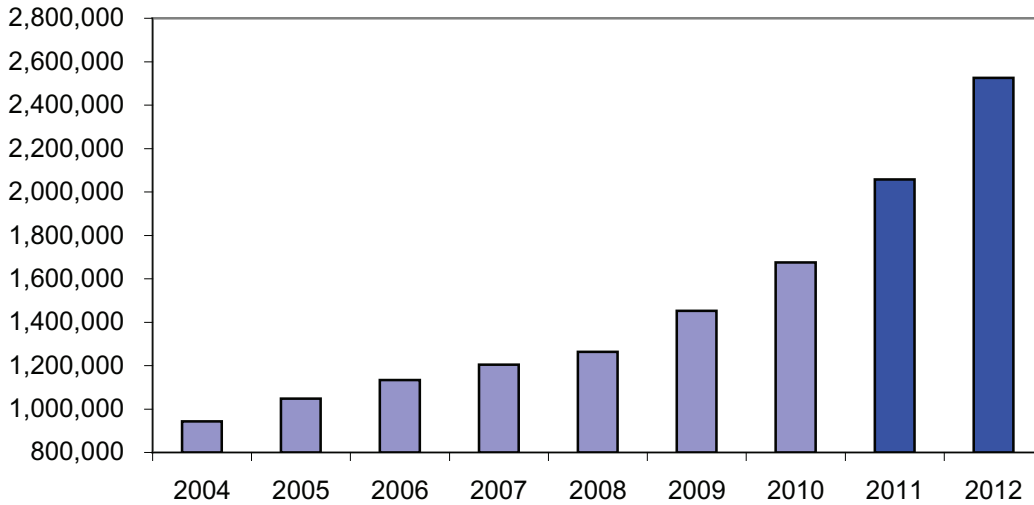


Highlights of Governor's Budget Recommendation

- The Governor's budget invests over \$899.4 million (\$382.1 million general fund) in Michigan's child welfare system.
 - Child welfare improvements are funded with an additional \$69.3 million (\$49.7 million general fund) for fiscal year 2012. During the last five years, Michigan has invested \$273 million (\$186 million general fund) to enhance child welfare services for abused and neglected children. These funds support staff for child protective services, foster care, adoption and contract monitoring; private agency staff and administrative costs; a needs assessment to aid in service provision; a federally required child welfare automation system and expansion of foster care program eligibility to age 21.
 - Foster care payments for 7,200 children in out-of-home care are supported with \$206.8 million (\$91.9 million general fund). These payments provide care and supervision until children are returned to their parents or are adopted.
 - 28,200 adopted children receive adoption subsidies at a funding level of \$228.7 million (\$81.3 million general fund).

- To support Michigan’s safety-net programs, the Governor’s budget replaces federal stimulus funds which are no longer available with \$153 million general fund.

**One out of Every Five People in Michigan
Receives Food Assistance**



- Over 2 million people receive Food Assistance, funded with \$3.6 billion in federal funds. The Food Assistance caseload has more than doubled since 2004.

Other Highlights of the Governor’s Budget

Income Assistance Programs

- The Governor recommends a 48 month lifetime limit for Family Independence Program recipients, saving \$77.4 million (\$65 million general fund). Exemptions for incapacity and hardship will provide safeguards for those clients who are unable to achieve self-sufficiency in four years. With this policy change, the Family Independence Program will provide financial support for 71,000 families at a cost of \$356.8 million (\$141.7 million general fund).
- Safe, high quality child day care for 27,000 low-income families is funded at \$172 million (\$37.1 million general fund). Hourly reimbursement rates paid to aides and relatives in the child day care program are reduced from \$1.60 to \$1.35, saving \$13.9 million general fund.
- The State Disability Assistance program for 10,850 disabled adults is supported with \$34.7 million (\$20.3 million general fund).

- Over \$116.5 million in federal and state restricted funds are allocated to support the home heating credit, energy-related crisis payments and weatherization for low-income home owners.

Juvenile Justice Services

- Funding of \$34.9 million (\$17.8 million general fund) is allocated for Juvenile Justice Services to provide treatment, residential placement, community support services, and re-entry programs for delinquent youth. With the recommended closure of Shawano Center, the state will operate two residential placement facilities: Maxey Training School for males and Bay Pines Center for females.

Child Care Fund

- Child Care Fund reimbursements to local units of government to support Foster Care and Juvenile Justice Services are financed with \$206 million (\$93.6 million general fund).

Child Support

- To help Michigan children obtain financial support from absent parents, over \$206.4 million (\$21.6 million general fund) is provided for the child support program. General fund savings of \$3.4 million will be achieved by implementing a \$25 fee from non-custodial parents to support child support enforcement operations.

**Department of Human Services
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Public Assistance			
1	Monthly number of Family Independence Program cases closed due to earned income.	840	↓
2	Percent of Food Assistance Program benefits that are issued within the federal standard of promptness.	80%	↑
3	Number of recipients who use their on-line customer accounts to apply for benefits, check the status of benefits or report changes.	165,000	↑
Child Welfare Services			
1	Percent of children exiting the foster care system to permanent placements.	86%	↑
2	Percent of children adopted within 24 months of date of latest removal from home.	34%	↔
3	Percent of children in foster care receiving monthly face-to-face visits with their caseworker.	71%	↑
Administration and Field Operations			
2	Fraud detection investigations completed.	2,000	↑
3	Food assistance program eligibility and benefit determination accuracy rate.	96%	↑
Adult and Family Services			
1	Percent of Social Security Disability applicants determined eligible.	34%	↑
2	Dollars in child support collected for every dollar spent on state and county administration and collection activities.	\$6.55	↑
3	Percent of investigations of adult protective services complaints initiated within 24 hours.	88%	↔

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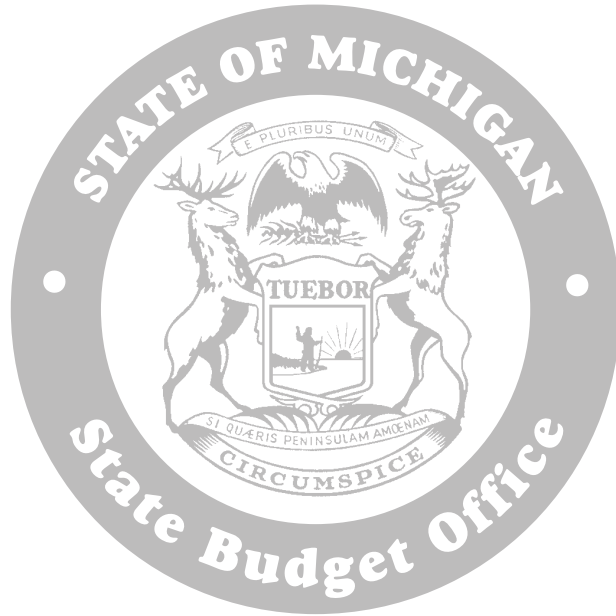
↓ = Performance declining; moving away from goal

**Governor's Recommendation
Department of Human Services
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$924,018.1	\$6,948,915.7	\$1,096,478.2	\$6,891,524.7	\$1,184,714.9	\$6,933,869.6
	% Change from Previous Year	18.7%	-0.8%	8.0%	0.6%

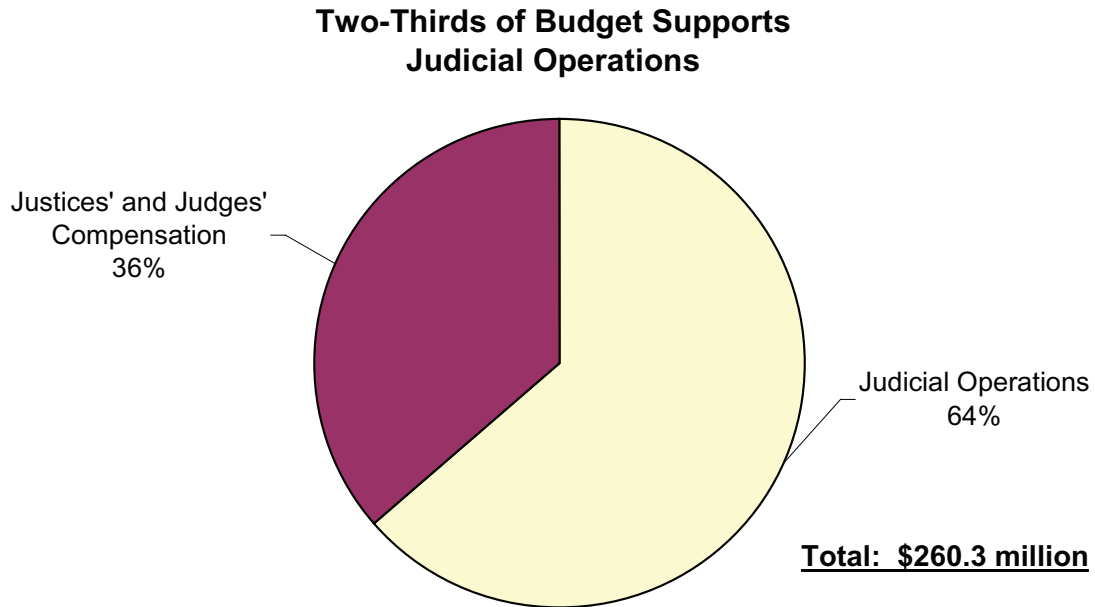
Programs

Public Assistance	\$290,140.1	\$4,461,040.7	\$370,246.0	\$4,469,740.7
<i>Food Assistance Program</i>	\$0.0	\$3,587,123.2	\$0.0	\$3,587,123.2
<i>Other Public Assistance</i>	\$290,140.1	\$873,917.5	\$370,246.0	\$882,617.5
Child Welfare Services	\$405,776.9	\$1,038,825.8	\$400,504.1	\$1,035,085.6
Administration and Field Operations	\$373,898.4	\$1,031,192.5	\$387,302.0	\$1,068,577.6
Adult and Family Services	\$26,662.8	\$360,465.7	\$26,662.8	\$360,465.7
Total Recommendation	\$1,096,478.2	\$6,891,524.7	\$1,184,714.9	\$6,933,869.6



Judiciary

The Michigan Constitution vests the judicial power of the state exclusively in a court system composed of the Supreme Court, the Court of Appeals, the Circuit Court (which is the trial court of general jurisdiction, including the Family Court division), the Probate Court, and courts of limited jurisdiction such as the Court of Claims, District Court and municipal courts. The statewide court system is administered by the Supreme Court Justices through the State Court Administrative Office. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$260.3 million, of which \$152.9 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$261.9 million, of which \$154.4 million is general fund.*



Highlights of Governor's Budget Recommendation

- The Governor recommends \$94.6 million for judicial salaries. Savings of \$942,100 have been identified through the elimination of six trial court judgeships.
- Local trial courts are supported with \$86.1 million.
- The Executive Budget recommends \$19.4 million for the Court of Appeals.
- The State Appellate Defender Office, the Michigan Appellate Assigned Counsel System, and local legal aid agencies are funded at current year levels in order to provide indigent legal assistance.
- Specialized drug treatment courts receive continuation level funding of \$6.1 million to provide alternatives to incarceration for offenders with drug and alcohol problems.

Judiciary
Transitional Performance Measures

Metric No.	Metric	Most Recent Measure	Trend
Judicial Operations			
1	Supreme Court case clearance rate.	100%	↔
2	Number of court locations with video conferencing.	16	↑
2	Number of courts participating in the State of Michigan online ticket payment system.	9	↑

- 1 = Effectiveness Measure
- 2 = Efficiency Measure
- 3 = Quality Measure

- ↑ = Performance improving; moving in desired direction
- ↔ = Performance stable
- ↓ = Performance declining; moving away from goal

**Governor's Recommendation
Judiciary
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$152,073.1	\$260,358.8	\$152,876.9	\$260,275.4	\$154,387.4	\$261,915.8
	% Change from Previous Year	0.5%	0.0%	1.0%	0.6%

Programs

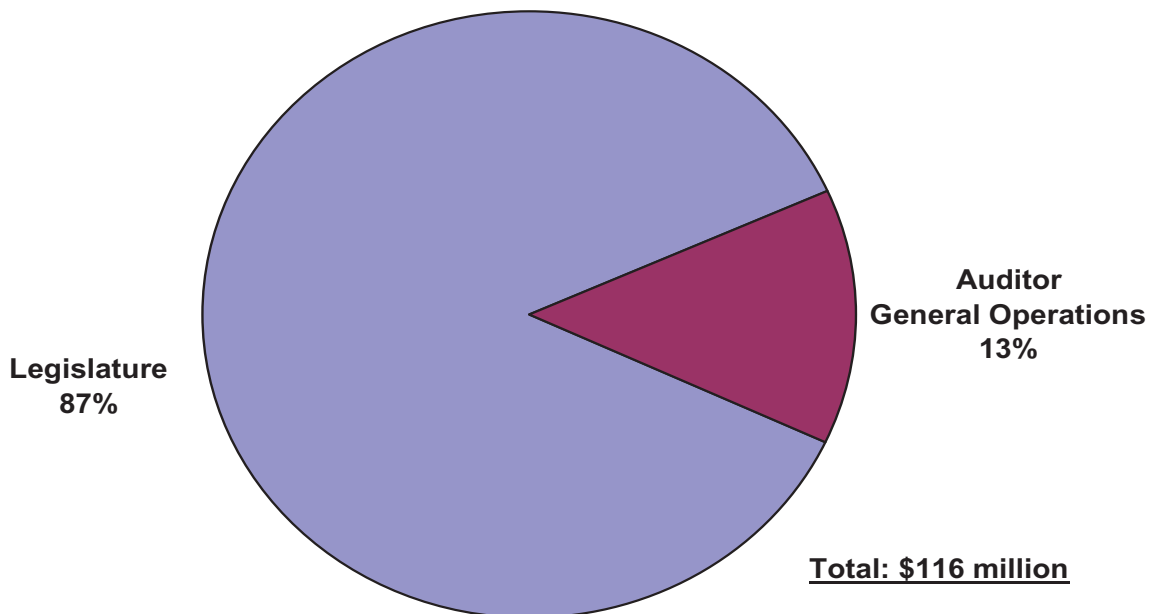
Judicial Operations	\$65,345.1	\$165,653.4	\$66,855.6	\$167,293.8
Justices' and Judges Compensation	\$87,531.8	\$94,622.0	\$87,531.8	\$94,622.0
Total Recommendation	\$152,876.9	\$260,275.4	\$154,387.4	\$261,915.8



Legislature

The Michigan Constitution vests the state's lawmaking power in a two-house Legislature consisting of a 38-member Senate and a 110-member House of Representatives. The Legislature is a sovereign and independent branch of state government with the authority to enact laws that regulate and protect the actions and interests of the government and the people. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$116 million, of which \$109.2 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$116 million, of which \$109.2 million is general fund.*

Legislative Budget Supports Elected Officials and Their Staff



Highlights of Governor's Budget Recommendation

- The Executive Recommendation provides \$100.3 million for the Legislature, including the Senate, the House of Representatives, and supporting entities.
- More than \$15.6 million is dedicated for the Legislative Auditor General, a constitutionally required position to conduct financial and performance audits of state government operations.

**Governor's Recommendation
Legislature
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$111,729.3	\$117,330.5	\$109,170.4	\$115,971.6	\$109,170.4	\$115,971.6
	% Change from Previous Year	-2.3%	-1.2%	0.0%	0.0%

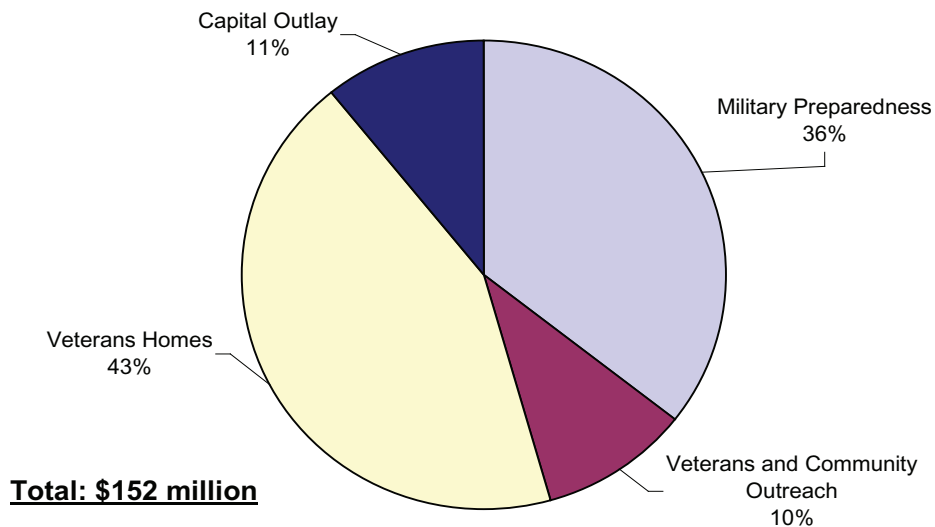
Programs

Legislature	\$98,573.4	\$100,333.2	\$98,573.4	\$100,333.2
Auditor General Operations	\$10,597.0	\$15,638.4	\$10,597.0	\$15,638.4
Total Recommendation	\$109,170.4	\$115,971.6	\$109,170.4	\$115,971.6

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs' primary mission is military and emergency preparedness, followed closely by service to veterans. The department is a key partner with the federal government in defending sovereign interests of the United States globally and protects the lives and property of Michigan residents during times of natural disaster and civil unrest. There are approximately 11,700 members of the Michigan National Guard, 1,640 on active duty and mobilized to serve around the world, and an additional 630 scheduled to be deployed through 2012. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$152 million, of which \$33 million is general fund. For fiscal year 2013, the Governor's proposed budget recommends total funding of \$153 million, \$34 million of which is general fund.*

Over 50% of Funding Supports Veterans' Services



Highlights of Governor's Budget Recommendation

- The budget includes \$54.1 million in funding for Military Preparedness, representing the Michigan National Guard's traditional mission of state and national defense and homeland security. Additionally, \$16.7 million is available for special maintenance projects at federal military facilities in Michigan, including \$1.7 million for a light demolition range at Camp Grayling.
- Veterans, their families, and Michigan communities, through the department's outreach programs, are served with \$12.3 million in funding. In addition, Veterans Service Organizations will continue to receive \$3 million in state-funded grants to counsel veterans and assist them in receiving benefits.
- The fiscal year 2012 Executive Recommendation provides \$66.3 million in funding support for the Grand Rapids and D. J. Jacobetti Veterans' Homes, which provide direct nursing care for 875 resident veterans. The budget includes \$4.2 million in savings from competitive bidding for resident care aides at the Grand Rapids Veterans' Home. During 2012, the department will explore the feasibility of developing a public/private partnership to run both Veterans' Homes.

**Department of Military and Veterans Affairs
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
MILITARY PREPAREDNESS			
1	Active duty National Guard members.	11,700	↔
1	Respond as needed to State, local and regional emergencies, including environmental and severe weather calamities.	9 emergencies	↔
VETERANS AND COMMUNITY OUTREACH			
1	Increase percent of Youth ChalleNGe Academy graduates' with positive placement activities.	83%	↑
VETERANS HOMES			
1	Meet/exceed Michigan private nursing facility occupancy rate.	87%	↑
3	Meet/exceed national standards during annual United States Department of Veterans Affairs- Veterans Health Administration (USDVA-VHA) surveys; no shortcoming citations at either facility.	4 citations	↑
3	Percent of survey respondents who rate the quality of service provided by the Homes as excellent.	74%	↔

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Governor's Recommendation
Department of Military and Veterans Affairs
(\$ in Thousands)

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$36,424.7	\$150,042.9	\$33,044.9	\$152,383.5	\$33,692.2	\$153,474.0
	% Change from Previous Year	-9.3%	1.6%	2.0%	0.7%

Programs

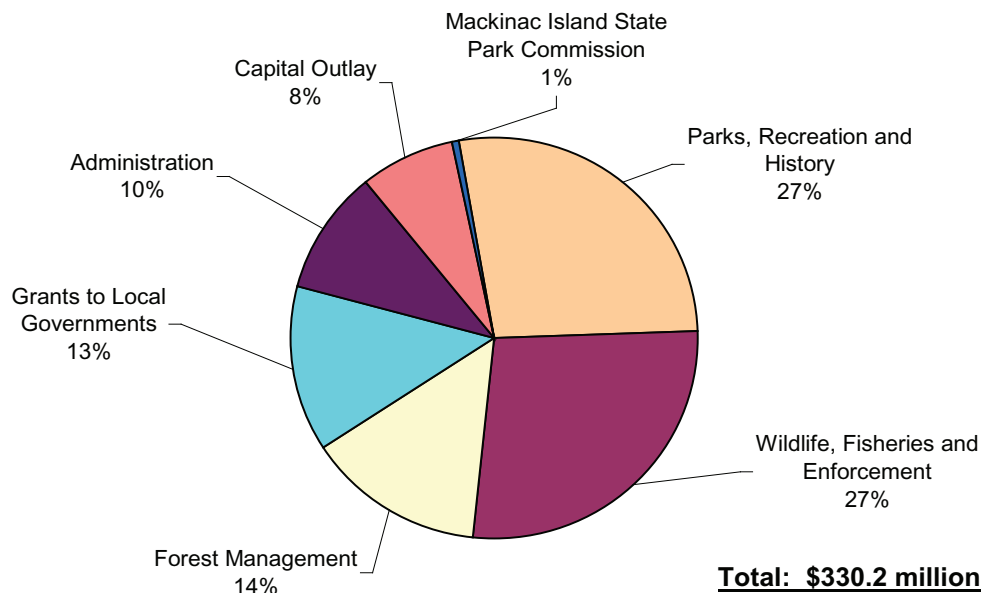
Veterans Homes	\$16,093.6	\$66,261.6	\$16,093.6	\$66,261.6
Military Preparedness	\$13,711.4	\$54,119.8	\$14,358.7	\$56,910.3
Capital Outlay	\$0.0	\$16,700.0	\$0.0	\$15,000.0
Veterans and Community Outreach	\$3,239.9	\$15,302.1	\$3,239.9	\$15,302.1
Total Recommendation	\$33,044.9	\$152,383.5	\$33,692.2	\$153,474.0



Department of Natural Resources

Funding for the Department of Natural Resources supports programs for wildlife and fisheries management, state parks and recreation areas, conservation and law enforcement, and forest management. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$330.2 million, of which \$13.7 million is general fund. The fiscal year 2013 recommendation includes \$336.5 million total funding of which \$14.1 million is general fund.*

Streamlined Structure of the New Department of Natural Resources



Highlights of Governor's Budget Recommendation

- The fiscal year 2012 Executive Recommendation reflects the Governor's decision to create a separate Department of Natural Resources to better focus on the conservation, protection, management, accessible use and enjoyment of the State's natural resources.
- Over \$90 million supports state parks, historical parks, and other recreational activities, while \$46 million is used to manage and protect forestland.
- Almost \$90 million supports wildlife management, fisheries management and law enforcement activities.
- Over \$44 million is paid to local units of government, including \$10 million for Great Lakes restoration efforts.
- Over \$25 million is recommended for capital outlay projects including over \$14 million for repair and maintenance at state parks and approximately \$10 million for state and local waterways projects.
- The Governor recommends \$2.4 million in general fund savings to be achieved by streamlining operations of the Mackinac Island State Park Commission; partnering with Michigan State University on endangered species studies; shifting to a fee based structure for regulation of privately owned cervidae facilities; and other administrative efficiencies.

**Department of Natural Resources
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Parks, Recreation, and History			
1	Public participation rate in Recreation Passport program.	21%	↑
2	Utility costs as a percentage of state parks expenditures.	5%	↔
3	Satisfied customers in state parks.	88%	↔
Wildlife, Fisheries, and Enforcement			
1	Percent change in certified hunters and anglers.	-1%	↔
2	Percent of hunting and fishing licenses sold via internet.	6%	↑
3	Success rate of lake trout fishing in Lake Michigan.	3 catches per 100 hours	↑
Forest Management			
1	Timber offered for sale and purchased.	95%	↑
2	Wildfires held to 10 acres or less.	88%	↔
3	Findings in the audit of the practices used to manage the state forest that require corrective action.	0	↔
Mackinac Island State Park Commission			
1	Attendance at historic sites.	346,500	↓
2	Program costs supported by revenue generation.	73%	↑
3	Visitor satisfaction.	98%	↑

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**Governor's Recommendation
Department of Natural Resources
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$15,986.9	\$323,302.7	\$13,716.2	\$330,195.8	\$14,064.5	\$336,529.4
	% Change from Previous Year	-14.2%	2.1%	2.5%	1.9%

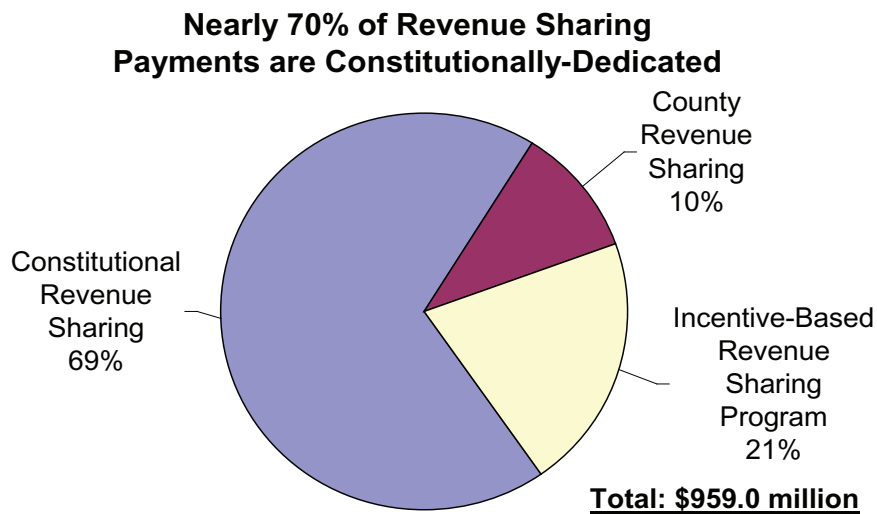
Programs

Parks, Recreation and History	\$3,676.3	\$90,072.4	\$3,676.3	\$90,072.4
Wildlife, Fisheries and Enforcement	\$2,703.6	\$89,529.3	\$2,703.6	\$89,529.3
Forest Management	\$3,654.8	\$46,826.3	\$3,654.8	\$46,826.3
Grants to Local Governments	\$0.0	\$44,360.8	\$0.0	\$44,360.8
Administration	\$3,681.5	\$32,397.6	\$4,029.8	\$38,161.2
Capital Outlay	\$0.0	\$25,080.0	\$0.0	\$25,650.0
Mackinac Island State Park Commission	\$0.0	\$1,929.4	\$0.0	\$1,929.4
Total Recommendation	\$13,716.2	\$330,195.8	\$14,064.5	\$336,529.4



Revenue Sharing

Michigan's revenue sharing program distributes sales tax revenue to local units of government, allowing communities to determine how best to fund local services. There are two ways that local units share in a portion of state sales tax revenue: a constitutionally-dedicated portion is distributed to cities, villages, and townships; an additional portion of sales tax revenue is earmarked in state law to provide revenue sharing payments that are subject to annual appropriation. *Funding for fiscal year 2012 is recommended at \$959 million, which includes \$659 million for constitutionally-required revenue sharing payments, \$100 million for revenue sharing payments to counties, and \$200 million for a new incentive-based revenue sharing program. Anticipated funding for fiscal year 2013 is recommended at \$991.1 million, which includes \$680.4 million for constitutionally-required revenue sharing payments, \$110.6 million for revenue sharing payments to counties, and \$200 million for the incentive-based revenue sharing program.*



Highlights of Governor's Budget Recommendation

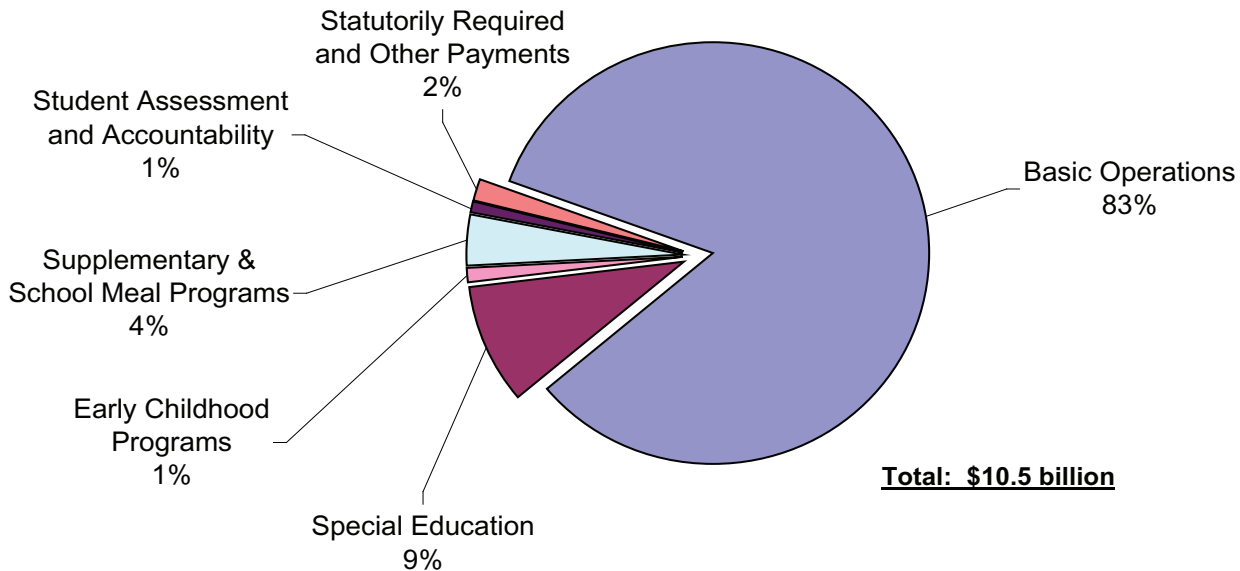
- Constitutional revenue sharing payments for cities, villages, and townships are increased by \$25.5 million (4 percent), to \$659 million, based on estimated sales tax collections.
- State revenue sharing payments of \$100 million (down 34 percent) are recommended for counties that exhaust their revenue sharing reserve funds prior to, or during, fiscal year 2012. Phasing-in the early collection of winter property tax payments created a reserve fund for each county in fiscal year 2005, allowing the state to suspend revenue sharing payments until a county's fund is depleted. An estimated 50 counties qualify for resumed state revenue sharing payments in fiscal year 2012.
- Statutory revenue sharing payments for cities, villages, and townships are recommended for elimination in fiscal year 2012. Less than 30 percent of all local units currently receive statutory revenue sharing payments.

- An incentive-based revenue sharing program is recommended in fiscal year 2012 funded with \$200 million in sales tax revenue. Cities, villages, and townships will receive financial incentives for meeting specific standards and adopting best practices. Program components will be included with Governor Snyder's March 2011 special message on local government reform.

School Aid

The K-12 School Aid budget provides operational funding for the state's public schools, an integral component of the state's overall education system, from preschool through college. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$12.2 billion, of which \$412.5 million is general fund. The estimated fiscal year 2013 budget totals \$12.1 billion, including \$345.2 million general fund.*

Over 80% of State Funding for Public Schools is Unrestricted Support for Basic Operations



Highlights of the Governor's Budget Recommendation

- The Executive Budget includes nearly \$8.8 billion in funding for schools' basic operations, a reduction of \$564 million from the fiscal year 2011 level. Foundation allowances are reduced 4.1 percent, an additional \$300 per pupil, to reflect available revenues.
- The Governor's recommendation maintains over \$1.4 billion in funding for programs that assist nearly 55,000 special education students in the state.
- The fiscal year 2012 budget maintains funding for early childhood programs of nearly \$110 million (\$9.2 million general fund) at the fiscal year 2011 levels. These programs are expected to provide over 28,000 children with early learning opportunities.
- The Governor also maintains spending of \$1.2 billion for core student supplemental programs such as services for academically at-risk pupils (\$309 million), adult education (\$22 million), vocational education (\$35.6 million) and added costs for educating court wards (\$8 million). Other discretionary categorical programs and district-specific earmarks totaling \$85.6 million are eliminated.

- To offset state funding reductions, the Governor recommends districts continue to seek economies of scale for non-instructional services. A 10 percent savings in non-instructional services would yield \$300 million statewide. Furthermore, increased employee participation in the costs of health insurance could save an additional \$300 million.

Highlights of the Fiscal Year 2013 Budget Recommendation

- The Governor anticipates that the fiscal year 2013 budget, after technical adjustments for projected enrollment and taxable valuations, will be maintained at the fiscal year 2012 levels.
- For fiscal year 2013, the Governor sets aside \$300 million from discretionary funding that, at a minimum, will be available to eligible districts whose employees share in health insurance costs at a rate comparable to that for state employees. Further information will be included in Governor Snyder's April 2011 message on education reform.

**School Aid
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Basic Operations			
1	Percent of schools meeting adequate yearly progress.	86%	↔
2	Percent of school operating expenditures spent on instruction and instructional support.	74%	↔
3	Percent of teachers teaching core subject classes who are highly qualified.	98%	↔
Special Education			
1	Dropout rate of special education students with individualized education plans.	8%	↑
2	Percent increase in state special education costs.	3%	↑
3	Percent of students with disabilities served in a general education classroom at least 80% of the school day.	58%	↑
Student Supplemental Services			
1	Average completion rate for online Michigan Virtual School courses.	84%	↑
2	Cost per graduate of the Youth ChalleNGe Academy.	\$28,400	↓
3	Ratio of adult education students to teachers.	32:1	↑
School Meal Programs			
1	Percent of total meals (breakfast, lunch, and afterschool snacks) served to free or reduced-price eligible students.	67%	↑
2	Rate of free and reduced-price school breakfasts served for every 100 free and reduced-price school lunches.	46%	↑
3	Percent increase in school breakfasts served to free and reduced-price eligible students.	17%	↑
Debt Service and Other Required Payments			
2	Percent of school aid payments made timely and accurately.	100%	↔
Early Childhood Education			
1	Percent of eligible children enrolled in state programs.	19%	↔
2	State spending per child enrolled in state programs.	\$4,300	↔
3	Percent of third graders reading at grade level.	90%	↑
Student Assessment and Accountability			
1	Graduation rate of high school students.	75%	↔
2	Dropout rate of high school students.	11%	↑
3	College readiness of high school graduates.	16%	↔

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**Governor's Recommendation
School Aid
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$18,642.4	\$13,134,236.2	\$412,542.4	\$12,173,559.1	\$345,242.4	\$12,143,462.5
	% Change from Previous Year	2112.9%	-7.3%	-16.3%	-0.2%

Programs

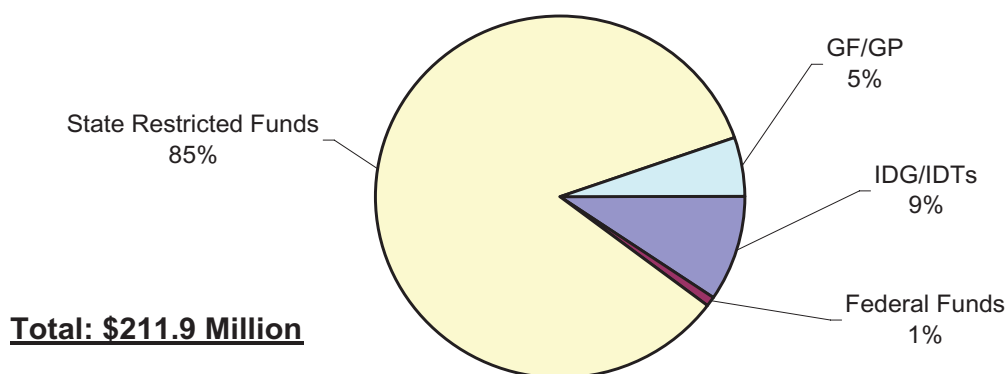
Basic Operations	\$396,178.2	\$8,754,321.0	\$328,878.2	\$8,672,321.0
Special Education	\$0.0	\$1,412,469.1	\$0.0	\$1,466,869.1
Student Supplemental Services	\$1,687.5	\$1,194,898.8	\$1,687.5	\$1,194,898.8
School Meal Programs	\$0.0	\$434,626.1	\$0.0	\$434,626.1
Debt Service and Other Required Payments	\$0.0	\$181,765.3	\$0.0	\$187,768.7
Early Childhood Programs	\$9,175.0	\$109,575.0	\$9,175.0	\$109,575.0
Student Assessment and Accountability	\$5,501.7	\$85,903.8	\$5,501.7	\$77,403.8
Total Recommendation	\$412,542.4	\$12,173,559.1	\$345,242.4	\$12,143,462.5

Department of State

The Department of State administers Michigan's motor vehicle programs including titling, registering vehicles, licensing drivers, and monitoring driver performance. The Secretary of State also supervises statewide elections and administers state election law. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$211.9 million, of which \$11.3 million is general fund. For fiscal year 2013, the Governor recommends total funding for the department of \$216.5 million, of which \$11.6 is general fund.*

The Department of State collects over \$2.1 billion in revenues. This includes \$887 million in highway funds, \$855.7 million in sales and use taxes, and \$40.6 million in record look-up fees. The Department of State has contact with the majority of Michigan's citizens through registered vehicles, driver licenses or personal identification card holders, registered watercraft or snowmobiles and election voting in the 1,800 cities, townships, and villages.

State Restricted Funds Help Support Department Services



Highlights of Governor's Budget Recommendation

- The Governor's budget includes \$2.1 million in administrative savings to reflect the department's continuing efforts to serve residents in the most cost effective manner, such as web-based services, kiosks and mail transactions.

**Department of State
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Customer Services			
1	Citizen use of web, mail, and kiosk transaction methods.	3,330,600	↑
2	Reduce blended cost for web, mail, and kiosk transaction methods.	\$1.92	↓
3	Reduce call enter wait time to 4 minutes or less.	9 Minutes	↓
Regulatory Services			
1	Basic driver improvement course participant results.	N/A	N/A
2	Reduce business days to schedule driver assessment examinations.	30 days	↓
3	Provide pre-license inspections to assist automobile dealer applicants in achieving licensure.	N/A	N/A
Election Regulation			
1	Military and overseas voter participation.	4,500	↑
2	Web visits to the Michigan voter information center.	278,900	N/A
3	Increase number of new naturalized citizens registered to vote.	2,800	↓

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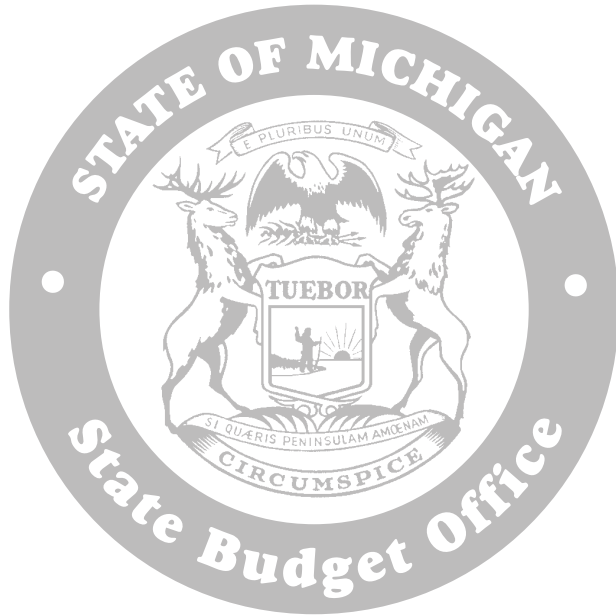
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**Governor's Recommendation
Department of State
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$13,910.8	\$213,520.4	\$11,286.2	\$211,885.1	\$11,586.0	\$216,538.6
	% Change from Previous Year	-18.9%	-0.8%	2.7%	2.2%

Programs

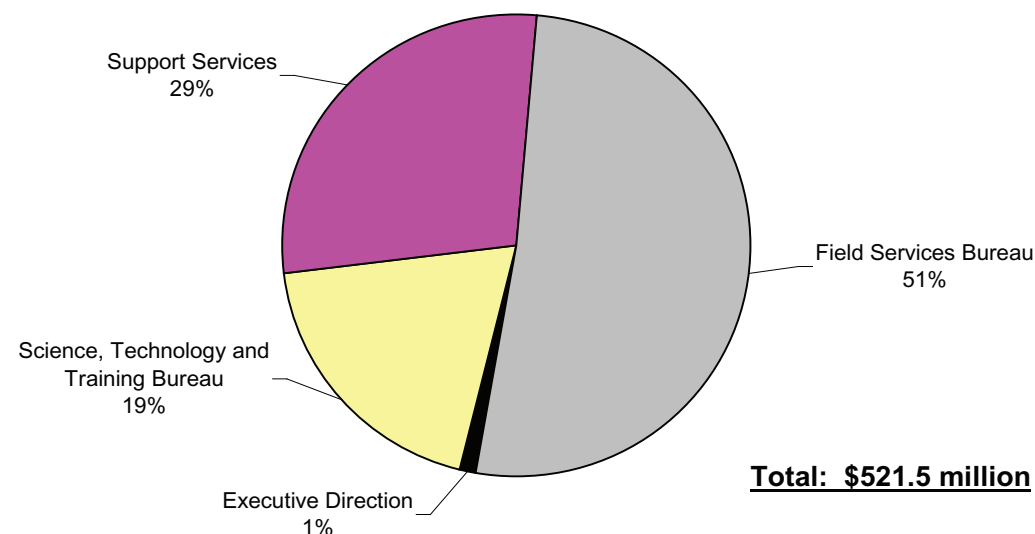
Customer Services	\$258.6	\$124,612.3	\$258.6	\$124,612.3
Operational Support	\$5,560.3	\$57,928.9	\$5,860.1	\$62,582.4
Regulatory Services	\$216.9	\$23,743.5	\$216.9	\$23,743.5
Election Regulation	\$5,250.4	\$5,600.4	\$5,250.4	\$5,600.4
Total Recommendation	\$11,286.2	\$211,885.1	\$11,586.0	\$216,538.6



Department of State Police

The Michigan State Police (MSP) delivers law enforcement services throughout the state. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$521.5 million, of which \$261.7 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$531.2 million, of which \$267 million is general fund.*

State Police Provides a Variety of Statewide Enforcement and Specialty Services



Highlights of Governor's Budget Recommendation

- The Governor's Recommendation provides \$267.4 million (\$184.5 million general fund) for field services, which includes enforcement of traffic laws and commercial motor vehicles, as well as investigative services. A recommended change in the delivery of police services will accommodate the public safety needs of various areas throughout the state while saving \$3.2 million general fund. The number of police posts will be reduced and investigative services will be expanded to all seven districts.
- The Executive Budget includes over \$100.2 million (\$34.2 million general fund) for the Science, Technology, and Training Bureau, while maintaining full funding of \$36.7 million (\$15.7 million general fund) for forensic sciences.
- The Governor recommends closure of the Rockford Dispatch Center, which saves \$1.0 million general fund and shifts calls to the Lansing and Gaylord Regional Dispatch Centers.
- The Executive Recommendation includes administrative savings of \$11.5 million general fund by reducing trooper overtime and allowing enlisted personnel to enroll in the deferred retirement option plan.
- Fee increases are proposed for the processing of fingerprints, with the new revenue used to offset general fund costs associated with latent print scientists.

**Department of State Police
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Field Services Bureau			
1	Improve public safety by identifying and apprehending criminals.	56% clearance rate	↔
3	Improve traffic safety by inspecting commercial vehicles.	75,300 inspections	↑
Support Services Bureau			
1	Reduce the number of annual vehicle crashes.	291,000	↑
2	Maintain the use of seat belts statewide.	97.9%	↔
3	Maintain preparedness for reacting to nuclear power plant incidences by having 9 drills/exercises over a two-year time frame.	100%	↑
Science, Technology and Training Bureau			
1	Provide law enforcement training to state and local law enforcement staff.	11,700 individuals trained	↑
2	Maximize the electronic submissions of fingerprint information from local law enforcement agencies.	97%	↔
3	Provide forensic services statewide.	85,000 cases completed	↔

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**Governor's Recommendation
Department of State Police
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$260,383.2	\$532,631.4	\$261,676.0	\$521,482.6	\$266,966.7	\$531,204.5
	% Change from Previous Year	0.5%	-2.1%	2.0%	1.9%

Programs

Field Services Bureau	\$184,516.9	\$267,391.6	\$181,216.9	\$264,091.6
Support Services	\$38,414.2	\$148,747.4	\$47,004.9	\$161,769.3
Science, Technology and Training Bureau	\$34,176.1	\$100,259.9	\$34,176.1	\$100,259.9
Executive Direction	\$4,568.8	\$5,083.7	\$4,568.8	\$5,083.7
Total Recommendation	\$261,676.0	\$521,482.6	\$266,966.7	\$531,204.5



Department of Technology, Management & Budget

The Department of Technology, Management and Budget (DTMB) supports the business operations of state agencies through a variety of services. These services include: building management and maintenance; promoting innovative technology to ensure efficiencies in state government; centralized contracting, purchasing, and accounting programs; space planning and leasing; construction management; and management of the state motor vehicle fleet and the state retirement systems. The department also houses four autonomous agencies - the Civil Service Commission, the State Budget Office, the Office of the State Employer, and the Office of Children's Ombudsman. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$1.0 billion, of which \$313.4 million is general fund. The Governor's proposed budget for fiscal year 2013 recommends total funding of \$1.0 billion, of which \$325.7 million is general fund.*

Highlights of Governor's Budget Recommendation

- The Governor's budget includes \$435.1 million for statewide information technology support to all state departments and agencies, funded entirely by user fees from client agencies. The Governor includes an investment of \$5.0 million to incentivize state agency reforms through a new Information Technology Innovations Fund. The fund will be used to competitively select and invest in high-priority, low-cost state agency innovation projects demonstrating significant return on investment.
- The Executive Budget proposes spending \$64.8 million for the Civil Service Commission to provide professional, non-partisan oversight of the state's workforce.
- To meet the state's debt service obligations, State Building Authority rent payments for state buildings, universities, and community colleges are increased by \$15 million to \$256.9 million, all general fund.
- Governor Snyder proposes \$1.0 million for the Office of Children's Ombudsman, which monitors state compliance with policies pertaining to children's protective services and the placement, supervision, and treatment of children in foster care and adoptive homes.
- The Executive Budget recognizes savings that total nearly \$3 million (approximately \$2 million general fund) as a result of employee retirements and administrative efficiencies achieved by the department.
- The statewide accounting consolidation begun in 2008 is continued with the transfer of \$1.6 million and 14 positions for accounting services from the Departments of State Police and Military and Veterans Affairs to DTMB, creating greater efficiencies.

**Department of Technology, Management & Budget
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Technology, Management & Budget			
1	Number of local units of government joining MIDEAL, which allows local units to purchase through state contracts on the same terms, conditions, and prices as state government.	899	↑
2	Percentage of mail qualifying for a presort discount.	79%	↔
3	Percent of Client Service Center cases resolved on first call.	64%	↑
Office of Children's Ombudsman (OCO)			
1	Number of complaints/inquiries/referrals related to issues involving child welfare.	999	↔
2	Percentage of investigations closed within 6 months.	68%	↓
Civil Service Commission			
1	Human resources client satisfaction survey	91%	↑
State Building Authority (SBA)			
1	SBA short-term borrowing rate compared to market rate.	0.32% for SBA 0.27% for market	↑
2	SBA savings through bond refinance.	\$10.5 million	↑
3	SBA Bond Rating.	A+	↔

- 1 = Effectiveness Measure
- 2 = Efficiency Measure
- 3 = Quality Measure

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- ↓ = Performance declining; moving away from goal

Governor's Recommendation
Department of Technology, Management and Budget
(\$ in Thousands)

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$299,748.8	\$974,362.2	\$313,357.8	\$1,012,141.7	\$325,708.2	\$1,030,561.2
	% Change from Previous Year	4.5%	3.9%	3.9%	1.8%

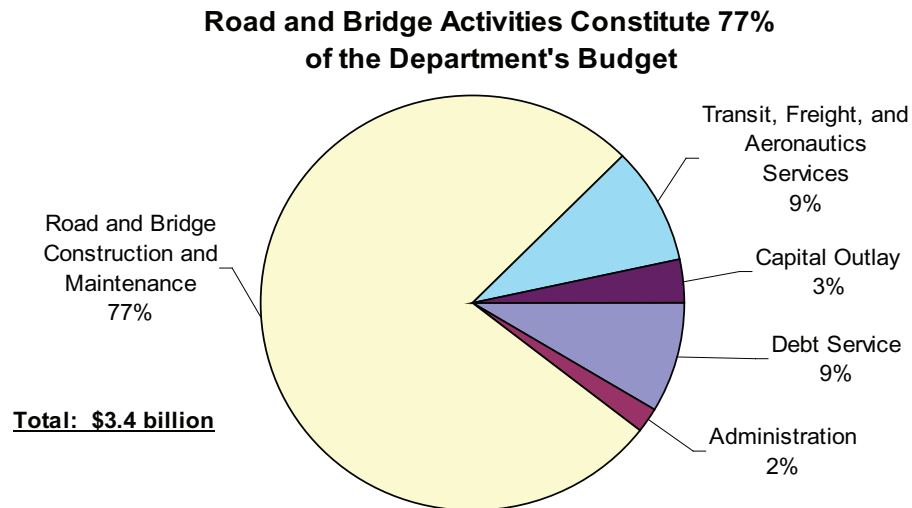
Programs

Technology, Management & Budget Operations	\$34,678.3	\$684,467.4	\$37,802.7	\$692,634.6
State Building Authority	\$256,870.6	\$256,870.6	\$265,470.6	\$265,470.6
Civil Service Commission	\$20,091.3	\$64,794.0	\$20,717.3	\$66,446.9
Office of the State Employer	\$688.7	\$2,980.8	\$688.7	\$2,980.2
Capital Outlay	\$0.0	\$2,000.0	\$0.0	\$2,000.0
Children's Ombudsman	\$1,028.9	\$1,028.9	\$1,028.9	\$1,028.9
Total Recommendation	\$313,357.8	\$1,012,141.7	\$325,708.2	\$1,030,561.2



Department of Transportation

Through investments in the state's network of roads and bridges, public transportation systems, freight development, and aviation programs, the Department of Transportation (MDOT) works to ensure a safe, efficient and effective transportation infrastructure. *The Governor's proposed budget for fiscal year 2012 and 2013 recommends total funding of nearly \$3.4 billion in each year, supported entirely with federal and state restricted revenues.*



Highlights of Governor's Budget Recommendation

- Governor Snyder's budget recommendation for the Department of Transportation matches all available federal highway aid in fiscal years 2012 and 2013. The budget does so with an innovative, and federally approved, use of Canadian funding being provided to cover Michigan's costs associated with the construction of the New International Trade Crossing. Governor Snyder announced his support for this new bridge connecting Detroit to Windsor, Ontario in his State of the State Address in January, citing the significant economic development potential of this global trade corridor.
- Of the Canadian funds, a total of \$50 million in fiscal year 2012, and \$100 million in fiscal year 2013, will be used for federal aid match purposes. Additionally, the department has identified other administrative reductions, efficiencies, and continued use of restricted funds to ensure that Michigan receives its full federal allocation.
- With the match of federal highway aid, the Governor's budget provides \$2.6 billion in each fiscal year for state and local road and bridge construction and maintenance projects. At present, 91 percent of state trunkline roads in Michigan are in good or fair condition as measured by remaining service life.
- The Governor's budget also includes roughly \$305 million in each fiscal year for public transportation services to preserve local bus operating assistance, and support other public transportation, rail freight and marine programs. The Governor's recommendation also supports \$113 million in fiscal year 2012, and \$97 million in fiscal year 2013, for building and airport improvement projects.

**Department of Transportation
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Road and Bridge Construction and Maintenance			
1	Percentage of state trunkline pavement in good/fair condition: RSL index - remaining service life SSC index - sufficiency surface condition	RSL = 91% SSC = 83%	↔
2	Total final project costs shall not exceed total bid awards by more than 5% annually.	0.11%	↔
3	50% of all road and bridge bid awards will be within 10% of engineer's estimate.	58%	↑
Transit, Freight, and Aeronautics Services			
1	Preserve intercity bus service to ensure all Michigan citizens are within 100 miles of an intercity bus route.	100%	↔
2	Preserve existing local bus transit service: 1) Number of passengers 2) Hours of service 3) Miles of service	1) 99,800,000 2) 6,400,000 3) 99,500,000	↔
3	Percentage of tier 1 airport runway(s) pavement in good condition based on the pavement condition index.	82%	↑
Debt Service			
1	State Trunkline Fund debt service should be no more than 25% of revenue.	22%	↓
2	Manage bond portfolio to minimize interest payments, reviewing all issues for refunding at least annually.	100%	↔
3	Maintain or increase bond rating at AA or greater.	AA+	↔
Administration			
1	No federal funds will be returned to Washington D.C.	\$0.00	↔
3	Process contractor payments in an accurate and timely manner.	99%	↔

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**Governor's Recommendation
Department of Transportation
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$0.0	\$3,235,819.3	\$0.0	\$3,377,770.7	\$0.0	\$3,399,943.5
	% Change from Previous Year	\$0.0	4.4%	\$0.0	0.7%

Programs

Road and Bridge Construction and Maintenance	\$0.0	\$2,602,442.6	\$0.0	\$2,672,012.6
Transit, Freight, and Aeronautics Services	\$0.0	\$305,047.5	\$0.0	\$304,298.3
Debt Service	\$0.0	\$287,473.4	\$0.0	\$246,468.2
Capital Outlay	\$0.0	\$112,752.1	\$0.0	\$96,922.0
Administration	\$0.0	\$70,055.1	\$0.0	\$80,242.4
Total Recommendation	\$0.0	\$3,377,770.7	\$0.0	\$3,399,943.5



Department of Treasury

The Department of Treasury's major responsibilities include the fair and efficient administration of the state's tax system, investing state funds, safeguarding the credit rating of the state and local governments, forecasting state economic activity and revenue, administering the property tax law, auditing county and municipal financial records, maximizing lottery revenues to the School Aid Fund and providing oversight of casino gaming operations. The Michigan State Housing Development Authority and the Michigan Strategic Fund Agency are also located in the Department of Treasury. *The Governor's proposed budget for fiscal year 2012 recommends total funding of \$2 billion, of which \$258.4 million is general fund. The recommended budget for fiscal year 2013 totals \$2 billion, of which \$249.1 million is general fund.*

Highlights of Governor's Budget Recommendation

- The Governor's budget includes \$75 million in 21st Century Jobs Fund revenues to support economic development activities in the state. Fulfilling a commitment made during the Governor's State of the State address, \$25 million of that amount will be used to continue the award-winning Pure Michigan tourism promotion program. The remaining \$50 million will be used for innovation and entrepreneurship, as well as business attraction and economic gardening to attract, support and retain businesses in Michigan. These funds will be augmented with an additional \$25 million general fund for business attraction and retention.
- Consistent with the Governor's proposal to eliminate business tax credits, the fiscal year 2012 recommendation for the Michigan Strategic Fund Agency includes a direct appropriation of \$25 million general fund for film incentives to help make Michigan a top destination for filmmaking and digital media.
- The proposed budget also includes \$5 million in quality of place and talent enhancement funds to attract and retain knowledge-based talent and to enhance the "Quality of Place" in Michigan's rural and urban communities.
- The Governor recommends \$140.9 million for debt service payments, an increase of \$83.3 million over the current year.
- In recognition of the decline in property tax values, the fiscal year 2012 budget reduces all state payments in lieu of taxes to local units of government by 15 percent.
- In anticipation of a Presidential primary in 2012, the budget includes one-time funding of \$10 million for the costs of administering the primary, as required by state law.
- Continuation-level restricted funding is recommended for the Michigan State Housing Development Authority (\$226 million), the Bureau of State Lottery (\$44.2 million) and the Casino Gaming Board (\$26.3 million)

**Department of Treasury
Transitional Performance Measures**

Metric No.	Metric	Most Recent Measure	Trend
Revenue Sharing			
1	Prompt payment	100%	↔
2	Timeliness of calculation and publication of estimated payments.	same day	↔
3	Accuracy of payments	100%	↔
Michigan State Housing Development Authority			
1	Number of housing units financed.	26,300 units	↓
2	Percent of properties in MSHDA's portfolio that are troubled.	18%	↓
3	Support of MSHDA's local government and nonprofit partners.	450 grants	↑
Tax Programs			
1	Days required to generate e-filed refund.	4 Days	↔
2	Self service contacts on web - Individual Income Tax.	615,950	↑
3	Average Quality Assurance Score - Individual Income Tax.	97%	↑
Financial Programs			
1	Improve Michigan's Credit Rating.	AA-	↔
2	Processed and Audited Free Applications for Federal Student Aid.	101,470	↑
3	Return on Pension Investments.	9%	↑
Bureau of State Lottery			
1	Lottery ticket sales through instant, online, and club games.	2.4 billion	↓
2	Lottery revenues transferred to the School Aid Fund.	\$724.5 million	↓
3	Player satisfaction through prize winnings.	59%	↓
Casino Gaming			
2	Complete casino monitoring inspections.	94%	↓
3	Divert first time offender/violators of the Disassociated Persons List into a treatment program.	Not available	N/A
Local Government			
1	Principle residence exemption audit revenue recovered .	\$20,100,000	↔
2	Annual review and processing of exemptions.	830	↓
3	Number of parcels put back on tax rolls.	200	↑

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**Governor's Recommendation
Department of Treasury
(\$ in Thousands)**

FY11 Current Law		FY12 Recommendation		FY13 Recommendation	
GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds
\$120,937.8	\$1,937,224.4	\$258,401.5	\$1,969,934.1	\$249,464.2	\$1,998,979.5
	% Change from Previous Year	113.7%	1.7%	-3.5%	1.5%
Programs					
Revenue Sharing		\$0.0	\$958,979.3	\$0.0	\$991,080.3
Michigan State Housing Development Authority		\$0.0	\$225,973.1	\$0.0	\$225,973.1
Michigan Strategic Fund		\$72,716.7	\$199,325.7	\$73,093.3	\$199,776.3
Grants		\$30,950.4	\$143,447.0	\$20,950.4	\$133,447.0
Debt Service		\$125,413.5	\$140,928.0	\$125,413.5	\$140,928.0
Tax Programs		\$10,871.6	\$118,983.2	\$10,871.6	\$118,983.2
Financial Programs		\$1,637.7	\$61,257.4	\$1,637.7	\$61,257.4
Bureau of State Lottery		\$0.0	\$44,186.6	\$0.0	\$44,186.6
Administration		\$9,374.8	\$31,680.4	\$10,060.9	\$38,174.2
Casino Gaming		\$0.0	\$26,309.8	\$0.0	\$26,309.8
Local Government Programs		\$7,436.8	\$18,863.6	\$7,436.8	\$18,863.6
Total Recommendation		\$258,401.5	\$1,969,934.1	\$249,464.2	\$1,998,979.5



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Web site address for this document: <http://www.michigan.gov/budget>



Fiscal Years 2012 and 2013

Sources and Uses of General Fund/General Purpose

(in millions)

	Fiscal Year 2012	Fiscal Year 2013
Estimated Beginning Fund Balance, October 1	\$313.6 *	\$159.8
REVENUES:		
January Consensus Revenues/Treasury Estimate	\$7,294.1	\$7,111.7
<u>Proposed Adjustments:</u>		
Revenue Sharing Reductions	\$635.7	\$655.6
Charge School Aid Fund for Short-term Borrowing	\$20.0	\$30.0
2010 PA 197 (Unclaimed Property)	\$35.0	(\$35.0)
2010 PA 198 (Tax Amnesty)	(\$49.8)	\$0.0
Other Adjustments	\$15.6	\$9.1
Tax Code Reforms	\$339.8	\$558.7
 Total Sources of Funds	 \$8,604.0	 \$8,489.9
 EXPENDITURES:		
Fiscal Year 2012 Executive Recommendation	\$8,130.6	
Fiscal Year 2013 Executive Recommendation	\$8,477.9	
 Total Uses of Funds	 <u>\$8,130.6</u>	 <u>\$8,477.9</u>
 Ending Fund Balance, September 30	 <u><u>\$473.4</u></u> *	 <u><u>\$12.0</u></u>

* \$313.6 million reserved for Fiscal Year 2011 risks

Fiscal Years 2012 and 2013 Sources and Uses of All Funds

(in millions)

	Fiscal Year 2012	Fiscal Year 2013
Estimated Beginning Unreserved Fund Balance, October 1	\$1,422.7	\$857.4
REVENUES:		
FY 2012 and Fiscal Year 2013 Revenue Estimate	\$45,407.8	\$46,043.4
<u>Adjustments Included in Revenue Estimate:</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue Sharing Reductions	\$635.7	\$655.6
Charge School Aid Fund for Short-term Borrowing	\$20.0	\$30.0
2010 PA 197 (Unclaimed Property)	\$35.0	(\$35.0)
2010 PA 198 (Tax Amnesty)	(\$61.0)	\$0.0
Other Adjustments	\$18.8	\$12.3
Tax Code Reforms	(\$254.1)	\$32.1
TOTAL REVENUES	<u>\$45,407.8</u>	<u>\$46,043.4</u>
Total Sources of Funds	\$46,830.5	\$46,900.8
EXPENDITURES:		
Fiscal Year 2012 Executive Recommendation	\$46,627.2	
Less: Interdepartmental Grants and Transfers	(730.4)	
Fiscal Year 2013 Executive Recommendation	\$47,294.0	
Less: Interdepartmental Grants and Transfers	(734.8)	
Total Uses of Funds	<u>\$45,896.8</u>	<u>\$46,559.2</u>
Excess of Sources Over Uses	<u><u>\$933.7</u></u>	<u><u>\$341.6</u></u>

Economic Outlook

The economic outlook for FY 2011 and FY 2012 was agreed to at the January 14, 2011, Consensus Revenue Estimating Conference by the Administration, House Fiscal Agency, and Senate Fiscal Agency. The economic outlook for FY 2013 was prepared by the Administration.

2010 U.S. Economic Review

The U.S. economic recovery which officially began in mid-2009 continued throughout 2010. As a result, after reporting its largest calendar year decline since 1946 in 2009 (-2.6 percent), the U.S. economy grew 2.8 percent in 2010. Real GDP has increased every quarter since the recovery began and while slowing in the second quarter of 2010, growth accelerated during the second half of the year.

The labor market has lagged overall economic growth. Preliminary 2010 U.S. wage and salary employment fell 0.5 percent, but was still better than the steep 4.4 percent decline recorded in 2009. Employment began rising in March 2010 but increases have been below expectations. By the end of the year, wage and salary employment was 0.7 percent higher than it was in December 2009.

In calendar year (CY) 2010, the U.S. unemployment rate increased to 9.6 percent – its highest CY rate since 1982. The December 2010 unemployment rate fell to 9.4 percent, which was the lowest monthly rate during 2010.

The housing market continued to be weak in 2010. Housing starts increased slightly in 2010 to 587,600 starts from the 2009 record low of 554,000 starts. Housing starts in 2010 were the second lowest level ever recorded and marked the third consecutive year they remained below one million units. In 2005, housing starts stood at a record 2.1 million units. New home sales totaled 321,000 units in 2010, down 14 percent from 2009. Expiration of the home buyer's tax credit slowed sales after April 2010.

In 2010, light vehicle sales increased 10.6 percent from 2009 to 11.5 million units. Light vehicle sales gained momentum throughout 2010, selling at a 10.7 million annual average sales rate in January 2010 and finishing at a 12.5 million annual average sales rate in December 2010.

Financial markets, which had nearly collapsed in late 2008, continued to improve in 2010, but still have considerable ground to recover. By year end, the stock market had more than regained all that it had lost since the 2008 Lehman bankruptcy. The mortgage delinquency rate and foreclosure rate both fell from last year. However, the foreclosure starts rate increased for all loan types and the foreclosure starts rate for prime fixed loans set a new record high, as more loans entered the foreclosure process. Between 2009Q2 and 2010Q3, homeowner equity increased a net \$452.1 billion. While this net gain is significant, the increase still leaves homeowners with \$6.4 trillion less in homeowner equity than at the end of 2006. The most recent Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practice (October 2010) saw evidence of some easing in

lending standards. However, the Survey also found strong indication that lending standards will remain, for some time, substantially tighter than they were prior to the financial crisis.

The Federal Reserve (Fed) has been central to the financial market's recovery. Throughout 2009, the Fed left its key lending rate at essentially zero. Further, the Fed has purchased a substantial amount of securities to help ease credit conditions. In late 2010, the Fed indicated that by June 2011 it would take further steps to shore up financial markets by purchasing an additional \$600 billion of longer-term Treasuries.

Oil prices increased throughout 2010. In January 2010, oil prices averaged \$78.22 a barrel and by December they had increased to \$89.04 a barrel.

2010 Michigan Economic Review

In calendar year 2010, Michigan wage and salary employment declined an estimated 0.9 percent, which was significantly less than the steep decline of 6.9 percent recorded in 2009.

Between Michigan's employment peak in June 2000 and December 2010, Michigan lost approximately 858,000 jobs. Annual average job losses in 2008 and 2009 totaled 391,000. The projected decline for 2010 is 34,000, much less than either of the previous two years.

The domestic auto industry started to recover in 2010 as light vehicle sales increased. As a result, Michigan manufacturing employment began to stabilize. Preliminary December 2010 manufacturing employment totaled 460,400 jobs, which was 10,800 jobs above the December 2009 total of 449,600 jobs.

Michigan motor vehicle production increased by nearly 38 percent in 2010 compared to 2009. Approximately 1,577,000 vehicles were produced in 2010 compared to the 1,146,000 vehicles produced in 2009.

In 2010, Michigan's unemployment rate fell slightly from 13.6 percent to an estimated 13.4 percent. In 2010, Michigan wages and salaries rose an estimated 1.4 percent. Overall personal income increased an estimated 2.4 percent in 2010, up from the 2009 personal income decline of 3.1 percent. With 0.8 percent inflation, real (inflation adjusted) personal income rose an estimated 1.6 percent.

U.S. Economic Consensus Outlook for 2011 & 2012 and Administration Outlook for 2013

Real GDP is forecast to rise 2.8 percent in 2011, 2.7 percent in 2012, and 3.2 percent in 2013 (See Table 1). Light vehicle sales are forecast to increase to 12.9 million units in 2011 and to 14.5 million units in 2012, both of which are up from the 11.5 million units sold in 2010. By 2013, light vehicle sales are forecast to increase to 15.3 million units.

The 2011 U.S. unemployment rate is projected to fall to 9.5 percent from 9.6 percent in 2010. In 2012, the unemployment rate is forecast to edge down to 9.2 percent. By 2013, the unemployment rate is projected to decrease to 8.3 percent.

Consumer prices, as measured by the U.S. Consumer Price Index (CPI), are expected to rise 1.5 percent in 2011 and 1.8 percent in 2012. In 2013, the U.S. CPI is projected to increase by 2.2 percent.

Michigan Economic Consensus Outlook for 2011 & 2012 & Administration Outlook for 2013

In 2011, Michigan wage and salary employment is expected to increase by a slight 0.2 percent followed by a 1.2 percent rise in 2012 and 1.2 percent in 2013. The projected increase in 2011 would mark the first annual increase in wage and salary employment since 2000.

Michigan's unemployment rate is expected to fall from 13.4 percent in 2010 to 12.3 percent in 2011. The rate is then forecast to decline in 2012 to 11.5 percent and then fall to 10.7 percent in 2013.

Michigan personal income is expected to rise 2.7 percent in 2011, 3.3 percent in 2012, and 3.9 percent in 2013. Inflation is forecast to increase 1.3 percent in 2011, 1.7 percent in 2012, and 2.1 percent in 2013. As a result, real Michigan personal income is expected to rise 1.4 percent in 2011, 1.6 percent in 2012 and 1.8 percent in 2013.

Forecast Risks

Major economic and financial market challenges remain. Many fiscal and monetary policies have wound down. New fiscal and monetary policies have recently been implemented. Uncertainty surrounds the impact of having ended older programs and beginning new ones.

A weak labor market would hamper the recovery. Job growth remains key for regaining consumer confidence and spending.

While firmer than they were in the recession, U.S. credit markets remain unsettled and European credit markets may be on the verge of another major crisis. As a result, the U.S. credit markets remain at risk.

The recession and disappointing recovery may have impacted consumer and investor confidence more than assumed. Stubbornly low consumer confidence underlines this risk. Consequently, consumption and investment may be significantly lower than forecast.

Higher oil prices, leading to higher gasoline prices, could lower consumer spending by decreasing discretionary income.

It is also possible that economic activity could be stronger than expected. If the recent increase in the rate of growth continues, job growth would likely improve, which would help boost consumer confidence, consumer spending, business investment, and productivity.

Table 1
2011 & 2012 Consensus Economic Forecast & 2013 Administration Forecast

	January 2011								
	Calendar 2009 Actual	Calendar 2010 Forecast	Percent Change from Prior Year	Calendar 2011 Forecast	Percent Change from Prior Year	Calendar 2012 Forecast	Percent Change from Prior Year	Calendar 2013 Forecast	Percent Change from Prior Year
United States									
Real Gross Domestic Product (Billions of Chained 2005 Dollars)	\$12,881	\$13,241	2.8%	\$13,612	2.8%	\$13,980	2.7%	\$14,427	3.2%
Implicit Price Deflator GDP (2005 = 100)	109.6	110.6	0.9%	111.7	1.0%	112.9	1.1%	114.6	1.5%
Consumer Price Index (1982-84 = 100)	214.5	217.9	1.6%	221.2	1.5%	225.2	1.8%	230.2	2.2%
Consumer Price Index - Fiscal Year (1982-84 = 100)	213.8	217.4	1.7%	220.7	1.5%	224.5	1.7%	229.0	2.0%
3-month Treasury Bills Interest Rate (percent)	0.2	0.1		0.2		0.2		0.6	
Aaa Corporate Bonds Interest Rate (percent)	5.3	4.9		4.9		4.9		4.8	
Unemployment Rate - Civilian (percent)	9.3	9.6		9.5		9.2		8.3	
Wage and Salary Employment (millions)	130,920	130,262	-0.5%	131,830	1.2%	133,940	1.6%	136,890	2.2%
Housing Starts (millions of starts)	0.554	0.590	6.5%	0.700	18.6%	0.940	34.3%	1.005	6.9%
Light Vehicle Sales (millions of units)	10.4	11.5	10.6%	12.9	12.2%	14.5	12.4%	15.3	5.5%
Passenger Car Sales (millions of units)	5.5	5.7	3.6%	6.4	12.3%	7.4	15.6%	7.7	4.1%
Light Truck Sales (millions of units)	4.9	5.8	18.4%	6.5	12.1%	7.1	9.2%	7.6	7.0%
Big 3 Share of Light Vehicles (percent)	43.4	44.2		43.9		43.8		43.7	
Michigan									
Wage and Salary Employment (thousands)	3,876	3,842	-0.9%	3,850	0.2%	3,896	1.2%	3,943	1.2%
Unemployment Rate (percent)	13.6	13.4		12.3		11.5		10.7	
Personal Income (millions of dollars)	\$342,303	\$350,518	2.4%	\$359,982	2.7%	\$371,862	3.3%	\$386,364	3.9%
Real Personal Income (millions of 1982-84 dollars)	\$168,208	\$170,878	1.6%	\$173,235	1.4%	\$175,988	1.6%	\$179,121	1.8%
Wages and Salaries (millions of dollars)	\$170,711	\$173,101	1.4%	\$177,602	2.6%	\$182,930	3.0%	\$188,784	3.2%
Detroit Consumer Price Index (1982-84 = 100)	203.5	205.1	0.8%	207.8	1.3%	211.3	1.7%	215.7	2.1%
Detroit CPI Fiscal Year (1982-84 = 100)	202.6	204.7	1.0%	207.3	1.2%	210.4	1.5%	214.4	1.9%

Revenue Estimates

Fiscal Year 2010 Revenue

While the national recession officially ended in 2009, ongoing economic weakness caused revenues to decline again in FY 2010. On a consensus basis, FY 2010 General Fund/General Purpose (GF/GP) revenue totaled \$6,785.2 million, which was down 7.9% or \$580.4 million from FY 2009. Including transfers and other one-time revenue not included in the consensus base, GF/GP revenue totaled \$7,718.7 million. School Aid Fund (SAF) revenue fell 1.0% or \$105.3 million in FY 2010 to \$10,816.9 million on a consensus basis. Including federal aid, transfers, and other budget measures, SAF revenue totaled \$13,269.8 million.

Fiscal Year 2011, Fiscal Year 2012, and Fiscal Year 2013 Revenue Estimates

On January 14, 2011, the Administration and the House and Senate Fiscal Agencies reached a consensus on projected revenues for FY 2011 and FY 2012. The January 2011 consensus revenue estimates, along with the Administration's estimates for FY 2013, are used for the Governor's FY 2012 and FY 2013 *Executive Budget*.

Economic activity is expected to experience renewed growth in 2011 and this will help boost revenue in FY 2011. On a consensus basis, FY 2011 GF/GP revenue will increase an estimated 6.5% to \$7,227.8 million. After factoring in transfers and other budget items, FY 2011 GF/GP revenue will total \$8,368.0 million. On a consensus basis, SAF revenue will increase an estimated 1.5% in FY 2011 to \$10,979.1 million. Including transfers, federal aid, and other budget measures, FY 2011 SAF revenue will total an estimated \$13,205.4 million.

The Michigan economy is expected to continue to improve in 2012 and 2013; however, scheduled reductions in the income tax rate and the new battery tax credits will slow GF/GP revenue growth. In FY 2012 GF/GP revenue is expected to increase 0.9% to \$7,294.1 million on a consensus basis. After factoring in the Governor's proposed tax changes and other budget measures, GF/GP revenue is expected to total \$8,290.4 million in FY 2012. SAF revenue, on a consensus basis, will increase an estimated 2.0% to \$11,193.7 million in FY 2012. After factoring in the other budget measures along with the proposed tax changes, SAF revenue will total \$12,657.7 million in FY 2012.

In FY 2013, the Administration expects GF/GP revenue to decline 2.5% to \$7,111.7 million, on a consensus basis. After factoring in the proposed tax changes and other proposed revenue items, GF/GP revenue will total an estimated \$8,330.1 million. The Administration estimates SAF revenue will increase 2.5% to \$11,468.4 million in FY 2013 on a consensus basis; however, after factoring in federal aid, transfers, other budget measures and the impact of the proposed tax changes, SAF revenue is expected to total \$12,943.6 million.

Overall FY 2012 and FY 2013 Revenue

Total net revenue for all funds is estimated to be \$46.83 billion in FY 2012 and \$46.90 billion in FY 2013. A summary of revenues by fund is presented on page C-8. The Detailed Statement of General and Special Revenue Funds on pages C-9 to C-17 presents information for FY 2009 through FY 2013.

Projected Revenues
FY 2012 & FY 2013
(millions)

	<u>FY 2011 - 2012</u>	<u>FY 2012 - 2013</u>
General Fund - General Purpose		
Consensus Estimate	7,294.1	7,111.7
Total Adjustments	996.3	1,218.4
Total General Fund - General Purpose	<u>8,290.4</u>	<u>8,330.1</u>
School Aid Fund		
Consensus Estimate	11,193.7	11,468.4
Transfers and Federal Aid	2,065.9	1,998.6
Total Adjustments	(601.9)	(523.4)
Total SAF Revenue	<u>12,657.7</u>	<u>12,943.6</u>
Transportation Funds	4,215.7	4,245.2
Special Revenue & Permanent Funds	5,490.3	5,516.5
Federal Aid (Not Elsewhere Itemized)	<u>16,099.4</u>	<u>16,290.3</u>
Sub-Total All Funds	46,753.5	47,325.7
Fund Balances Available	<u>1,422.7</u>	<u>857.4</u>
Gross Total All Resources	48,176.1	48,183.1
Less Interfund Transfers (excluding GF-GP)	(1,345.6)	(1,282.2)
Net Total All Resources	<u>\$ 46,830.5</u>	<u>\$ 46,900.8</u>

Amounts may not tie to totals due to rounding.

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
GENERAL FUND - GENERAL PURPOSE REVENUE					
TAXES					
Individual Income ⁽¹⁾	6,201,927,848	6,094,255,363	6,283,700,000	6,315,100,000	6,353,400,000
Less: Refunds	(2,242,765,023)	(2,400,822,654)	(2,450,000,000)	(2,524,200,000)	(2,620,900,000)
Net Individual Income	3,959,162,825	3,693,432,709	3,833,500,000	3,790,900,000	3,732,500,000
Single Business and Michigan Business ⁽¹⁾	1,614,478,852	1,244,532,197	1,370,800,000	1,419,800,000	1,260,700,000
Sales ⁽²⁾	534,907,826	607,980,485	88,800,000	102,200,000	108,900,000
Use ⁽¹⁾	863,406,576	1,045,653,880	839,600,000	875,900,000	900,900,000
Insurance Company Premium Retailatory	260,995,203	257,448,687	271,600,000	280,000,000	287,000,000
Tobacco ⁽¹⁾	208,393,223	200,885,384	196,000,000	191,700,000	187,000,000
Utility Property	64,184,935	62,285,483	63,000,000	63,000,000	61,000,000
Casino Gaming Wagering ⁽¹⁾	11,623,343	0	0	0	0
Penalties and Interest	149,044,853	136,702,215	146,000,000	149,000,000	154,000,000
Intangibles	(7,279)	(2,173)	0	0	0
Estate / Inheritance	148,028	(20,779)	0	0	0
Beer and Wine Excise	50,770,390	50,949,777	53,000,000	54,000,000	54,500,000
Oil and Gas Severance	47,230,989	58,501,968	66,000,000	70,000,000	77,300,000
Liquor Specific ⁽¹⁾	38,001,959	37,963,941	39,000,000	40,000,000	40,500,000
Other	6,600,000	5,000,000	0	0	0
Enhanced Enforcement and ACS ⁽³⁾	(113,236,223)	(122,117,982)	(125,000,000)	(127,000,000)	(128,000,000)
TOTAL GF - GP TAXES	7,695,705,500	7,279,195,793	6,842,500,000	6,909,700,000	6,736,300,000

⁽¹⁾ See also School Aid Fund.

⁽²⁾ See General Fund Special Purpose Revenue, School Aid Fund, and Comprehensive Transportation Fund.

⁽³⁾ Restricted revenues supporting Treasury collection activities are shown here as negatives.

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
GENERAL FUND - GENERAL PURPOSE REVENUE					
NON-TAX REVENUE					
Federal Aid	31,150,774	20,826,735	22,000,000	23,000,000	23,000,000
Local Agencies	968,174	411,632	400,000	400,000	400,000
Services	9,410,158	9,454,601	9,500,000	9,500,000	9,500,000
Licenses & Permits	45,348,647	27,984,046	20,000,000	22,000,000	22,000,000
Miscellaneous	172,691,606	172,445,973	177,000,000	175,000,000	174,000,000
Interest and Investment Profits	3,282,284	714,618	(15,000,000)	(20,000,000)	(30,000,000)
TOTAL GF - GP NON-TAX REVENUE	262,851,643	231,837,605	213,900,000	209,900,000	198,900,000
TRANSFERS FROM OUTSIDE GENERAL & SPECIAL REVENUE FUNDS					
Other Interfund Transfers Received	42,077,251	39,200,230	0	0	0
Liquor Purchase Revolving Fund	161,012,264	157,107,201	160,000,000	163,000,000	165,000,000
Transfers From Lottery Charitable Gaming and Other Funds	11,764,332	11,335,165	11,500,000	11,500,000	11,500,000
TOTAL GF - GP TRANSFERS	214,853,847	207,642,596	171,500,000	174,500,000	176,500,000
General Fund - General Purpose Summary					
GF - GP Tax Revenue	7,695,705,500	7,279,195,793	6,842,500,000	6,909,700,000	6,736,300,000
GF - GP Non-Tax Revenue	262,851,643	231,837,605	213,900,000	209,900,000	198,900,000
GF - GP Transfers	214,853,847	207,642,596	171,500,000	174,500,000	176,500,000
TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers	8,173,410,990	7,718,675,994	7,227,800,000	7,294,100,000	7,111,700,000
LESS: Interfund Transfers	(42,077,251)	(39,200,230)	0	0	0
CONSENSUS TOTAL GENERAL FUND-GENERAL PURPOSE	8,131,333,739	7,679,475,764	7,227,800,000	7,294,100,000	7,111,700,000
Excluding interfund transfers to GF-GP					
BUDGET ADJUSTMENTS					
Revenue Sharing Adjustments	NA	NA	498,500,000	491,800,000	518,600,000
Charge School Aid Fund for Short-Term Borrowing	NA	NA	15,000,000	20,000,000	30,000,000
2009 PA 106	NA	NA	368,400,000	389,800,000	0
2010 PA 197	NA	NA	166,000,000	35,000,000	(35,000,000)
2010 PA 198	NA	NA	61,800,000	(49,800,000)	0
Tax Enforcement	NA	NA	15,000,000	0	0
Other Adjustments	NA	NA	15,500,000	15,600,000	9,100,000
TOTAL ADJUSTMENTS	NA	NA	1,140,200,000	902,400,000	522,700,000
ADJUSTMENTS RECOMMENDED IN EXECUTIVE BUDGET					
2009 PA 106	NA	NA	0	(389,800,000)	0
Revenue Sharing Reform	NA	NA	0	143,900,000	137,000,000
Tax Code Reforms	NA	NA	0	339,800,000	658,700,000
Reserve for Future Tax Reforms	NA	NA	0	0	(100,000,000)
TOTAL PROPOSED ADJUSTMENTS	NA	NA	0	93,900,000	695,700,000
TOTAL GENERAL FUND-GENERAL PURPOSE WITH ADJUSTMENTS	8,131,333,739	7,679,475,764	8,368,000,000	8,290,400,000	8,330,100,000
Excluding interfund transfers to GF-GP					

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
GENERAL FUND-SPECIAL PURPOSE/SPECIAL REVENUE AND PERMANENT FUNDS (EXCLUDING FEDERAL AID)					
Air Emission Fees	9,626,723	9,352,410	8,728,000	8,374,000	8,374,000
Airport Parking Revenue	19,929,392	19,602,628	19,265,853	18,946,477	18,946,477
Auto Repair Facilities Fees	3,853,414	3,196,204	3,848,000	3,848,000	3,848,000
Auto Theft Prevention Fund	6,448,305	6,243,227	6,255,000	6,260,000	6,260,000
Bottle Deposits Fund	23,553,236	17,118,036	11,717,045	11,732,178	11,732,178
Budget Stabilization Fund	23,068	6,159	26,300	26,500	26,900
Child Support Collections	32,451,789	28,405,301	27,445,800	29,145,800	29,145,800
Children's Trust Fund	2,529,858	2,971,596	2,850,000	2,850,000	2,850,000
Civil Infraction Fee	6,262,826	6,003,841	5,900,000	5,900,000	5,900,000
Civilian Conservation Endowment Fund	7,015	7,107	0	0	0
Conservation and Recreation Bond Proceeds	53,270,247	1,786,281	5,450	5,450	5,450
Contributions to Children of Veterans Tuition Grant Program	237,736	134,566	300,000	200,000	200,000
Convention Facility Development Fund	62,460,010	73,136,808	69,060,164	69,060,164	69,060,164
Corporation Fees	20,095,640	21,194,083	19,100,000	21,400,000	21,400,000
Correctional Industries Revolving Fund	15,814,930	20,623,600	21,466,600	22,019,600	22,019,600
Court Equity Fund	43,679,556	44,275,375	45,242,335	42,634,835	42,634,835
Court Fee Fund	7,147,902	6,372,767	7,090,200	7,090,200	7,090,200
Criminal Justice Info Cntr Service Fees	12,927,038	14,623,225	15,926,400	16,715,200	16,715,200
Dairy and Food Safety Fund	2,316,988	2,668,489	2,395,452	2,395,452	2,395,452
Delinquent Tax Collection Revenue & MARCS Revenue	112,632,439	121,600,826	125,000,000	127,000,000	128,000,000
Driver Fees	16,550,419	20,830,100	27,551,000	27,551,000	27,551,000
Emergency 911 Fund	28,717,601	27,796,960	27,827,792	27,827,792	27,827,792
Equine Development Fund	9,230,063	6,252,330	5,147,000	4,117,600	4,117,600
Fees and Collections (DCH)	4,862,613	5,225,011	9,264,800	8,151,300	8,151,300
Forest Development Fund	27,215,618	33,256,425	29,221,500	29,190,600	29,190,600
Freshwater Protection Fund	4,296,418	4,387,172	4,150,000	4,150,000	4,150,000
Game and Fish Protection Account	64,190,274	66,496,398	64,691,300	63,879,800	63,879,800

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
Game and Fish Protection Trust Fund	17,721,172	86,291,848	8,648,600	8,669,600	8,669,600
Group Insurance Fund, Flexible Spending and COBRA	5,789,744	8,726,900	8,726,900	8,836,900	8,836,900
Health and Safety Fund - Counties	2,085,577	1,350,946	2,089,000	1,634,000	1,151,000
Health Insurance Claims Assessment	0	0	0	396,856,700	396,856,700
Health Professions Regulatory Fund	19,208,060	23,541,244	24,212,000	25,105,300	25,105,300
Healthy Michigan Fund	37,435,105	35,791,284	33,164,100	33,920,000	33,920,000
Highway Safety Fund	12,275,269	11,550,621	11,625,000	11,625,000	11,625,000
Income and Assessments	20,658,467	20,029,907	22,000,000	22,000,000	22,000,000
Individual Income Tax - Refunds	963,500,000	1,351,500,000	0	0	0
Insurance Licensing Fees	6,712,410	6,520,628	5,745,000	5,900,000	5,900,000
Insurance Regulatory Fees	14,687,769	14,813,186	15,500,000	15,500,000	15,500,000
Judicial Technology Improvement Fund	4,551,720	4,329,166	4,329,000	4,329,000	4,329,000
Juror Compensation Fund	4,391,291	2,889,405	1,692,500	4,300,000	4,300,000
Land Reutilization Fund	1,271,273	1,671,110	1,100,000	1,100,000	1,100,000
Licensing & Inspection Fees (MDA)	3,658,985	3,570,230	3,448,620	3,487,200	3,487,200
Licensing & Regulation Fees (DELEG)	11,524,464	12,024,030	14,504,000	8,444,000	8,444,000
Liquor License Revenue	11,892,646	12,136,879	14,285,000	14,285,000	14,285,000
Liquor Operations	14,986,685	19,049,900	18,235,200	18,919,300	18,919,300
Local Funds - County Payback	41,732,300	32,849,200	29,343,100	25,875,400	25,251,600
Local Revenues - DCH	251,444,880	231,566,306	235,104,200	248,557,800	250,359,100
Local Vocational Rehabilitation Match	6,495,702	5,431,688	6,000,000	6,000,000	6,000,000
Lottery Operations	39,089,235	44,867,800	43,905,900	44,186,600	44,186,600
Low Income and Energy Efficiency Fund	83,766,319	86,920,146	87,000,000	87,000,000	87,000,000
Mackinac Island State Park Fund	1,556,176	1,649,200	1,670,200	1,670,200	1,670,200
Manufacturer Rebates	0	0	81,021,800	86,021,800	86,021,800
Medicaid Benefits Trust Fund	381,415,929	365,684,502	496,539,800	335,739,800	329,339,800
Michigan Employment Security Contingent Fund	1,066,481	4,288,729	12,000,000	8,390,900	8,390,900
Michigan Health Initiative Fund	9,032,746	9,106,035	9,043,400	9,016,200	9,016,200
Michigan Higher Education Assistance and Student Loan Authorities	17,977,004	34,645,000	35,100,600	35,744,600	35,744,600
Michigan Higher Education Assistance Authority Operating Fund	95,332	34,036	0	0	0
Michigan Justice Training Fund	6,336,372	5,972,295	6,000,000	6,000,000	6,000,000
Michigan Merit Award Trust Fund	204,366,033	124,753,764	118,584,700	118,931,500	119,010,900

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
Michigan Natural Resources Trust Fund	86,982,948	200,337,031	33,991,100	736,400	736,400
Michigan Nongame Fish and Wildlife Fund	858,245	924,344	260,800	262,800	262,800
Michigan State Fair/Exposition and Fairgrounds Fund	5,054,854	0	0	0	0
Michigan State Housing Development Authority	46,941,752	46,803,200	55,311,900	58,805,600	58,805,600
Michigan State Parks Endowment Fund	21,637,862	24,003,197	21,977,000	43,800,700	43,800,700
Michigan State Waterways Account	27,403,075	27,376,786	27,412,500	27,401,400	27,401,400
Michigan Veterans' Trust Fund	4,102,496	4,498,776	5,100,000	5,200,000	5,200,000
Motor Carrier Fees	4,516,506	4,668,824	5,700,000	5,700,000	5,700,000
Newborn Screening Fees	10,446,524	10,024,651	10,500,400	10,576,100	10,576,100
Nonpoint Discharge Elimination System Fees	2,892,759	2,805,583	2,835,595	2,835,595	2,835,595
Off Road Vehicle Account	3,597,592	3,540,343	3,551,400	3,595,700	3,595,700
Oil and Gas Regulatory Fund	5,234,340	3,479,664	11,748,000	8,000,000	8,000,000
Outdoor Recreation Legacy Account	2,256,937	2,250,613	2,572,200	2,856,500	2,856,500
Parole and Probation Oversight Fees	6,119,044	6,000,000	8,300,000	6,300,000	6,300,000
Public Utility Assessments	24,758,925	23,608,564	24,000,000	24,000,000	24,000,000
Quality Assurance Assessment Tax	859,482,288	840,254,099	885,104,500	924,042,000	924,042,000
Refined Petroleum Fund	51,310,053	51,111,780	51,593,523	51,628,263	51,628,263
Remonumentation Fees	6,292,988	6,058,835	5,720,000	5,720,000	5,720,000
Retirement Operations	31,958,551	39,354,600	39,354,600	41,188,600	41,188,600
Safety Education and Training	9,200,904	8,143,912	8,700,000	8,700,000	8,700,000
Sales Tax - Revenue Sharing	1,040,031,192	994,196,099	1,059,400,000	1,103,000,000	1,128,100,000
Scrap Tire Regulatory Fund	3,920,278	3,936,841	3,900,000	3,900,000	3,900,000
Second Injury Fund	14,127,839	10,885,740	16,750,000	12,500,000	12,500,000
Secondary Road Patrol & Training Fund	11,939,927	11,789,298	11,273,289	11,273,300	11,273,300
Securities Fees	14,314,121	14,052,452	18,503,000	21,000,000	21,000,000
Self Insurer's Security Fund	8,456,992	9,297,219	9,500,000	9,200,000	9,200,000
Snowmobile Account	8,971,293	10,434,845	10,562,900	12,108,100	12,108,100
Solid Waste Program Fees	3,188,746	4,568,469	2,900,000	2,700,000	2,700,000
Special Financing Revenues - Medicaid	0	0	88,937,300	83,442,600	83,442,600
State Campaign Funds	1,100,595	1,043,538	1,500,000	1,500,000	1,500,000
State Casino Gaming Fund	33,778,739	36,279,822	34,186,780	34,255,218	34,255,218
State Construction Code Fund	10,537,213	12,963,485	7,475,600	7,344,600	7,344,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
State Court Sub - Fund	7,513,811	7,451,475	7,416,000	7,416,000	7,416,000
State Park Improvement Account	40,294,796	40,838,422	44,876,600	48,637,700	48,637,700
Supplemental Security Income Recoveries	13,879,492	12,826,245	17,331,600	19,452,700	19,452,700
Traffic Law Enforcement and Safety	24,500,935	23,013,434	23,725,000	23,725,000	23,725,000
Transportation Admin Collection Fund	102,256,537	100,257,289	100,146,000	100,146,000	100,146,000
Twenty-First Century Jobs Fund	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Victims Services Fund	9,252,975	9,435,230	11,305,200	18,252,200	18,252,200
Other Restricted Revenues	567,156,391	521,379,133	486,799,045	505,546,561	511,288,761
Total GF-Special Purpose/Special Revenue & Permanent Funds	5,988,326,779	6,332,016,750	5,145,316,443	5,490,268,385	5,516,484,885
Less: Interfund Transfers	(101,780,158)	(329,214,044)	(82,687,096)	(100,955,619)	(100,955,619)
Net Total GF-Special Purpose/Special Revenue & Permanent Funds	5,886,546,620	6,002,802,707	5,062,629,347	5,389,312,766	5,415,529,266
FEDERAL AID NOT ELSEWHERE ITEMIZED:					
Federal Aid: Agriculture	8,207,767	8,651,722	13,173,400	14,184,700	14,386,700
Federal Aid: Attorney General	3,238,605	3,426,512	8,565,700	8,848,300	8,848,300
Federal Aid: Capital Outlay (excluding transportation)	17,762,926	14,863,355	0	0	0
Federal Aid: Civil Rights	1,878,503	2,105,100	1,750,000	2,213,200	2,269,700
Federal Aid: Community Health	8,334,630,270	9,385,532,205	9,474,045,200	8,758,307,600	8,976,727,400
Federal Aid: Corrections	194,300,040	4,759,531	7,868,500	7,995,100	8,045,800
Federal Aid: Education	46,771,527	52,554,982	87,772,100	77,929,200	78,869,000
Federal Aid: Energy, Labor and Economic Growth	944,710,660	1,007,682,001	845,017,500	839,727,100	846,545,000
Federal Aid: Environmental Quality	43,439,887	51,852,202	182,901,700	159,851,500	161,200,300
Federal Aid: Human Services	3,940,782,956	5,045,940,794	5,902,597,000	5,649,786,500	5,603,777,400
Federal Aid: Higher Education	175,120,867	79,741,757	4,500,000	98,326,400	107,086,400
Federal Aid: Judiciary	4,197,065	3,814,716	7,494,100	7,339,500	7,339,500
Federal Aid: Military Affairs	61,932,569	86,661,052	82,203,800	88,000,000	88,000,000
Federal Aid: Natural Resources	55,684,898	49,595,780	78,713,500	69,319,800	68,668,800
Federal Aid: State	2,818,356	7,135,761	1,810,000	1,810,000	1,810,000
Federal Aid: State Police	180,563,891	125,977,746	105,634,200	106,251,500	107,098,000
Federal Aid: Technology, Management & Budget	5,057,129	4,664,165	2,681,900	2,803,400	2,880,200
Federal Aid: Treasury	789,266	1,669,382	206,124,700	206,721,500	206,721,500
TOTAL FEDERAL AID excluding Transportation and School Aid	14,021,887,182	15,936,628,763	17,012,853,300	16,099,415,300	16,290,274,000

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
SCHOOL AID FUND REVENUE					
TAXES and LOTTERY					
Sales Tax	4,424,669,497	4,488,874,199	4,620,700,000	4,755,700,000	4,920,200,000
Use Tax	428,118,955	527,990,730	419,800,000	438,000,000	450,400,000
Income Tax Earmarking	1,895,401,661	1,836,157,876	1,905,500,000	1,968,200,000	2,038,500,000
State Education Tax	2,040,647,190	1,930,479,557	1,860,000,000	1,835,000,000	1,839,000,000
Real Estate Transfer Tax	125,293,610	121,632,276	125,000,000	136,000,000	149,800,000
Michigan Business Tax	669,340,776	604,394,668	739,200,000	750,200,000	763,700,000
Tobacco	410,429,093	392,943,846	378,700,000	370,500,000	357,400,000
Industrial & Commercial Facilities Tax	41,810,417	55,248,589	48,000,000	49,000,000	50,300,000
Casino Wagering Tax	108,079,614	101,815,875	112,000,000	115,000,000	116,500,000
Liquor Excise Tax	37,615,504	37,551,856	39,000,000	40,000,000	40,500,000
Other Specific Taxes	16,253,124	17,083,745	17,100,000	17,100,000	17,100,000
Sub-Total SAF Taxes	10,197,659,442	10,114,173,217	10,265,000,000	10,474,700,000	10,743,400,000
Transfer from Lottery Ticket Sales	724,469,621	701,327,800	714,000,000	719,000,000	725,000,000
CONSENSUS TOTAL SCHOOL AID FUND	10,922,129,063	10,815,501,016	10,979,100,000	11,193,700,000	11,468,400,000
NON-TAX REVENUE					
Federal Aid	2,101,052,702	2,392,903,424	2,178,333,300	1,653,331,800	1,653,331,800
Transfer from General Fund	76,510,604	28,262,286	18,642,400	412,542,400	345,242,400
Recovery of Prior Year State Aid and Receivables	32,594,704	33,155,553	0	0	0
Sub-Total SAF Other Source Revenues	2,210,158,009	2,454,321,263	2,196,975,700	2,065,874,200	1,998,574,200
TOTAL SCHOOL AID FUND before Interfund Transfers	13,132,287,073	13,269,822,279	13,176,075,700	13,259,574,200	13,466,974,200
BUDGET ADJUSTMENTS					
Tax Code Reform	NA	NA	0	(593,900,000)	(526,600,000)
Liquor Revenues	NA	NA	880,000	880,000	880,000
2010 PA 198	NA	NA	26,100,000	(11,200,000)	0
Tax Enforcement	NA	NA	2,300,000	2,300,000	2,300,000
TOTAL ADJUSTMENTS	NA	NA	29,280,000	(601,920,000)	(523,420,000)
Less Interfund Transfers	(76,510,604)	(28,262,286)	(18,642,400)	(412,542,400)	(345,242,400)
TOTAL SCHOOL AID FUND after adjustments excluding interfund transfers	13,055,776,469	13,241,559,993	13,186,713,300	12,245,111,800	12,598,311,800

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
TRANSPORTATION: AERONAUTICS FUND 114					
Aviation Fuel Tax	5,691,549	5,421,677	5,500,000	5,500,000	5,550,000
Federal Aid	115,840,031	118,528,447	102,927,900	94,090,600	80,936,100
Local Agencies	44,216	14,988	16,446,000	13,133,500	10,876,900
Transfers and Other	10,313,672	17,072,831	7,137,000	7,080,000	7,147,000
TOTAL AERONAUTICS FUND	131,889,467	141,037,942	132,010,900	119,804,100	104,510,000
TRANSPORTATION: TRUNKLINE FUND 116					
Federal Aid	916,841,236	934,843,184	1,060,167,700	1,082,019,600	1,082,044,600
Local Agencies	16,254,442	16,114,966	30,000,000	30,000,000	30,000,000
Licenses and Permits	4,653,962	5,356,909	17,990,000	17,900,000	17,900,000
Transfer from Michigan Transportation & Other Funds	773,873,612	810,026,099	671,724,200	676,083,900	679,091,600
Interest from Common Cash Investment	5,627,959	1,548,371	938,000	1,400,000	2,250,000
International Partnership Revenue	0	0	0	50,000,000	100,000,000
Other	31,756,848	28,721,467	34,025,000	48,418,000	27,373,000
TOTAL TRUNKLINE FUND	1,749,008,059	1,796,610,996	1,814,844,900	1,905,821,500	1,938,659,200
TRANSPORTATION: BLUE WATER BRIDGE FUND 118					
Tolls and Rentals	12,437,454	19,072,705	20,700,000	21,200,000	22,530,000
Interest From Common Cash Investment and Other	475,514	60,098	50,000	80,000	150,000
TOTAL BLUE WATER BRIDGE TRANSPORTATION FUND	12,912,968	19,132,803	20,750,000	21,280,000	22,680,000
TRANSPORTATION: MICHIGAN TRANSPORTATION FUND 119					
Diesel and Motor Carrier Fuel Tax	117,633,266	120,069,270	122,000,000	124,000,000	126,500,000
Gasoline and Liquefied Petroleum Gas Tax	846,411,865	841,996,663	839,350,000	844,350,000	842,350,000
Motor Vehicle Registration Tax	839,653,571	842,106,016	845,000,000	851,000,000	858,700,000
Licenses, Permits, Other and Transfers	33,546,769	35,656,727	33,500,000	33,500,000	34,000,000
Interest From Common Cash Investment	1,744,825	349,268	375,000	560,000	938,000
TOTAL MICHIGAN TRANSPORTATION FUND	1,838,990,297	1,840,177,943	1,840,225,000	1,853,410,000	1,862,488,000
TRANSPORTATION: COMPREHENSIVE TRANSPORTATION FUND 120					
Sales Tax	82,886,802	76,778,121	82,000,000	83,000,000	83,500,000
Federal Aid	33,820,039	50,217,263	64,385,000	65,085,000	65,085,000
Local Agencies	0	0	10,050,000	10,835,000	10,835,000
Transfer from Michigan Transportation & Other Funds	156,969,812	156,947,632	154,924,300	156,038,100	156,942,900
Interest From Common Cash Investment and Other	1,416,707	2,202,632	419,000	456,000	544,000
TOTAL COMPREHENSIVE TRANSPORTATION FUND	275,093,361	286,145,648	311,778,300	315,414,100	316,906,900
TRANSPORTATION BOND PROCEEDS	328,349,172	76,809,859	140,000,000	0	0
TOTAL TRANSPORTATION REVENUE	4,336,243,324	4,159,915,192	4,259,609,100	4,215,729,700	4,245,244,100
LESS: Interfund Transfers	(930,843,425)	(966,973,731)	(826,648,500)	(832,122,000)	(836,034,500)
NET TOTAL TRANSPORTATION REVENUE After Transfers	3,405,399,899	3,192,941,461	3,432,960,600	3,383,607,700	3,409,209,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2008 - 2009	ACTUAL FY 2009 - 2010	ESTIMATES FY 2010 - 2011	ESTIMATES FY 2011 - 2012	ESTIMATES FY 2012 - 2013
All Funds Summary					
General Fund - General Purpose	8,173,410,990	7,718,675,994	7,227,800,000	7,294,100,000	7,111,700,000
General Fund - General Purpose Budget Adjustments	NA	NA	1,140,200,000	996,300,000	1,218,400,000
General Fund - Special Purpose/Special Revenue & Permanent Funds	5,988,326,779	6,332,016,750	5,145,316,443	5,490,268,385	5,516,484,885
Federal Aid Not Elsewhere Categorized	14,021,887,182	15,936,628,763	17,012,853,300	16,099,415,300	16,290,274,000
School Aid Fund	13,132,287,073	13,269,822,279	13,176,075,700	13,259,574,200	13,466,974,200
School Aid Fund Budget Adjustments	NA	NA	29,280,000	(601,920,000)	(523,420,000)
Transportation Revenues	4,336,243,324	4,159,915,192	4,259,609,100	4,215,729,700	4,245,244,100
TOTAL ALL FUNDS	45,652,155,347	47,417,058,980	47,991,134,543	46,753,467,585	47,325,657,185
LESS: Interfund Transfers	(1,151,211,438)	(1,363,650,291)	(927,977,996)	(1,345,620,019)	(1,282,232,519)
NET TOTAL REVENUE after transfers	44,500,943,909	46,053,408,689	47,063,156,547	45,407,847,566	46,043,424,666
OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING					
General Fund (Unreserved Balance)	457,870,000	177,244,200	187,200,000	313,600,000	159,800,000
Restricted Fund Subfunds of the General Fund (Unreserved Balance)	366,222,980	381,029,800	396,887,400	396,887,400	396,887,400
Budget Stabilization Fund (Unreserved Balance)	2,155,807	2,178,900	2,185,000	2,211,300	2,237,800
School Aid Stabilization Fund (Unreserved Balance)	247,100,000	238,200,000	255,900,000	507,000,000	95,500,000
Special Revenue and Permanent Funds Balances (Available)	172,653,282	185,928,706	202,971,400	202,971,400	202,971,400
Sub-Total Fund Balances	1,246,002,069	984,581,606	1,045,143,800	1,422,670,100	857,396,600
NET TOTAL RESOURCES	45,746,945,978	47,037,990,295	48,108,300,347	46,830,517,666	46,900,821,266

Note: Individual amounts may not add to totals due to rounding.



CAPPED SOURCES OF FEDERAL FUNDS SHARED BETWEEN STATE DEPARTMENTS

CFDA Number	Title	FY 2012 Budget Recommendation	FY 2013 Budget Recommendation
10.664	Cooperative Forestry Assistance		
	Grantee: Natural Resources	12,950,900	12,950,900
	Grantee: Agriculture & Rural Development	1,075,900	1,075,900
16.588	Violence Against Women Formula Grants		
	Grantee: Human Services	3,238,500	3,238,500
	Subrecipient State Agency: State Police	175,000	175,000
17.503	Occupational Safety and Health-State Program		
	Grantee: Energy, Labor & Economic Growth	14,406,300	14,406,300
	Subrecipient State Agency: Attorney General	100,800	100,800
20.600	State and Community Highway Safety		
	Grantee: State Police	8,179,000	8,179,000
	Subrecipient State Agency: Judiciary	1,300,000	1,300,000
66.460	Nonpoint Source Implementation Grants		
	Grantee: Environmental Quality	6,500,000	6,500,000
	Subrecipient State Agency: Agriculture & Rural Development	356,200	356,200
84.002	Adult Education-State Program		
	Grantee: Energy, Labor & Economic Growth	20,000,000	20,000,000
	Subrecipient State Agency: Corrections	911,200	911,200
	Subrecipient State Agency: Human Services	34,700	34,700
84.010	Title I Grants Disadvantaged		
	Grantee: Education	4,970,300	4,970,300
	Subrecipient State Agency: Education via School Aid Budget	517,479,800	517,479,800
	Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	833,700	833,700
84.013	Title I Program for Neglected and Delinquent Children		
	Grantee: Education	10,500	10,500
	Subrecipient State Agency: Corrections	533,500	533,500
	Subrecipient State Agency: Human Services	100,000	100,000
84.027	Special Education-Grants to States		
	Grantee: Education	6,977,800	6,977,800
	Subrecipient State Agency: Education via School Aid Budget	366,650,000	366,650,000
	Subrecipient State Agency: Human Services	149,400	149,400
	Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	200,000	200,000
	Subrecipient State Agency: Corrections	110,200	110,200
84.048	Vocational Education-Basic Grants to States		
	Grantee: Education	1,964,700	1,964,700
	Subrecipient State Agency: Education via School Aid Budget	28,500,000	28,500,000
	Subrecipient State Agency: Energy, Labor & Economic Growth	19,000,000	19,000,000
	Subrecipient State Agency: Corrections	283,100	283,100
	Subrecipient State Agency: Human Services	93,800	93,800
	Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	24,000	24,000

CAPPED SOURCES OF FEDERAL FUNDS SHARED BETWEEN STATE DEPARTMENTS

CFDA Number Title	FY 2012 Budget Recommendation	FY 2013 Budget Recommendation
84.181 Special Ed-Grants for Infants and Families with Disabilities		
Grantee: Education	573,100	573,100
Subrecipient State Agency: Education via School Aid Budget	15,000,000	15,000,000
Subrecipient State Agency: Human Services	74,600	74,600
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	50,000	50,000
84.186 Safe and Drug-Free Schools and Communities-State Grants		
Grantee: Education	771,300	771,300
Subrecipient State Agency: Education via School Aid Budget	10,808,600	10,808,600
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	31,000	31,000
84.196 Homeless Children and Youth Grants		
Grantee: Education	542,700	542,700
Subrecipient State Agency: Education via School Aid Budget	1,814,100	1,814,100
Subrecipient State Agency: Technology, Management and Budget- via School Aid Budget	21,000	21,000
84.318 Education Technology Grants		
Grantee: Education	990,700	990,700
Subrecipient State Agency: Education via School Aid Budget	8,461,800	8,461,800
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	850,000	850,000
84.336 Improving Teacher Quality		
Grantee: Education	3,342,300	3,342,300
Subrecipient State Agency: Education via School Aid Budget	111,111,900	111,111,900
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	220,000	220,000
84.365 English Language Acquisition Grants		
Grantee: Education	546,400	546,400
Subrecipient State Agency: Education via School Aid Budget	10,322,300	10,322,300
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	70,000	70,000
84.369 State Assessments		
Grantee: Education	7,239,300	7,239,300
Subrecipient State Agency: Education via School Aid Budget	5,000,000	5,000,000
Subrecipient State Agency: Technology, Management and Budget-via School Aid Budget	400,000	400,000
93.558 Temporary Assistance For Needy Families		
Grantee: Human Services	669,929,520	600,834,658
Subrecipient State Agency: Energy, Labor & Economic Growth	64,669,000	64,669,000
Subrecipient State Agency: Community Health	19,651,300	19,651,300
Subrecipient State Agency: Higher Education	93,826,400	102,586,400
93.568 Low-Income Home Energy Assistance		
Grantee: Human Services	116,451,600	116,451,600
Subrecipient State Agency: Treasury	2,700,000	2,700,000
93.991 Preventive Health and Health Services Block Grant		
Grantee: Department of Community Health	3,583,800	3,583,800
Subrecipient State Agency: Human Services	1,300,000	1,300,000

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2012 Budget Recommendation	FY 2013 Budget Recommendation
Bottle Deposits Fund		
Environmental Quality	16,805,600	16,805,600
Treasury	250,000	250,000
Comprehensive Transportation Fund		
Transportation	239,494,100	239,370,000
Civil Service Commission	200,000	200,000
Attorney General	177,200	177,200
Technology, Management, and Budget	44,000	44,000
Legislative Auditor General	25,200	25,200
Treasury	7,600	7,600
Forest Development Fund		
Natural Resources	34,829,300	34,829,300
Treasury	2,300	2,300
Game and Fish Protection Account		
Natural Resources	69,841,200	69,841,200
Treasury	1,201,500	1,201,500
Attorney General	797,100	797,100
Technology, Management, and Budget	408,500	408,500
Legislative Auditor General	22,000	22,000
Game and Fish Protection Trust Fund		
Natural Resources	6,000,000	6,000,000
Treasury	86,200	86,200
Michigan Merit Award Trust Fund		
Community Health	86,744,500	86,744,500
Human Services	30,100,000	30,100,000
Treasury	996,400	996,400
State Police	682,000	682,000
Attorney General	408,600	408,600
Michigan Natural Resources Trust Fund		
Natural Resources	979,000	979,000
Treasury	693,600	693,600
Michigan Nongame Fish and Wildlife Fund		
Natural Resources	744,700	744,700
Treasury	3,800	3,800
Michigan State Parks Endowment Fund		
Natural Resources	25,772,300	27,772,300
Treasury	86,800	86,800

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2012 Budget Recommendation	FY 2013 Budget Recommendation
Michigan State Waterways Account		
Natural Resources	27,532,200	25,782,200
State	1,341,000	1,341,000
Treasury	182,900	182,900
Attorney General	111,800	111,800
Technology, Management, and Budget	106,000	106,000
Legislative Auditor General	7,600	7,600
Motor Carrier Fees		
Energy, Labor and Economic Growth	2,447,200	2,447,200
State Police	3,865,900	3,865,900
Michigan Transportation Fund		
Transportation	974,103,300	979,361,500
State	20,000,000	20,000,000
Treasury	8,379,000	8,379,000
Environmental Quality	1,165,900	1,165,900
Legislative Auditor General	204,300	204,300
Off-Road Vehicle Account		
Natural Resources	4,270,900	4,270,900
State	149,600	149,600
Snowmobile Account		
Natural Resources	12,589,800	12,589,800
State	363,900	363,900
Treasury	1,300	1,300
State Aeronautics Fund		
Transportation	14,537,700	14,062,600
Attorney General	165,900	165,900
Civil Service Commission	150,000	150,000
Treasury	74,500	74,500
Technology, Management, and Budget	40,100	40,100
Legislative Auditor General	19,600	19,600
State Park Improvement Account		
Natural Resources	45,859,700	45,859,700
Treasury	1,300	1,300
State Trunkline Fund		
Transportation	751,982,900	784,411,600
State Police	10,586,900	10,586,900
Civil Service Commission	5,697,000	5,697,000
Attorney General	2,817,500	2,817,500
Technology, Management, and Budget	1,388,000	1,388,000
Legislative Auditor General	474,600	474,600
Treasury	131,600	131,600

FISCAL YEAR 2012 GOVERNOR'S RECOMMENDATION

DEPARTMENT/AGENCY	GROSS	IDG/IDT	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF/IGP	STATE SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
Agriculture & Rural Development	71,469,300	297,600	71,171,700	14,184,700	0	171,300	29,713,000	27,102,700	56,815,700	1,500,000
Attorney General	74,340,900	21,885,400	52,455,500	8,848,800	0	0	15,489,100	28,117,600	43,606,700	0
Civil Rights	12,098,900	0	12,098,900	2,213,200	0	0	58,500	9,827,200	9,885,700	0
Community Health	13,965,309,000	4,528,700	13,960,780,300	8,758,307,700	248,557,800	96,494,700	2,156,335,200	2,701,084,900	4,857,420,100	1,376,601,500
Corrections	2,012,406,400	943,800	2,011,462,600	7,995,100	447,300	0	73,184,000	1,929,836,200	2,003,020,200	90,193,500
Education	113,943,300	0	113,943,300	77,929,200	7,159,200	3,044,400	7,166,300	18,644,200	25,810,500	3,445,700
Energy, Labor & Economic Growth	1,272,142,500	12,673,500	1,259,469,000	839,727,100	12,293,400	4,576,500	359,335,700	43,536,300	402,872,000	37,090,500
Environmental Quality	405,839,300	8,918,200	396,921,100	159,851,500	0	711,800	2,14,866,200	21,491,600	236,357,800	2,175,000
Executive Office	4,399,200	0	4,399,200	0	0	0	0	4,399,200	4,399,200	0
Higher Education	295,880,500	0	295,880,500	0	0	0	195,880,500	100,000,000	295,880,500	295,880,500
Community Colleges	1,362,278,400	0	1,362,278,400	98,326,400	0	0	699,919,500	564,032,500	1,263,952,000	0
Universities & Financial Aid	6,891,524,700	1,243,100	6,890,281,600	5,649,786,500	30,573,600	16,336,100	97,107,200	1,096,478,200	1,193,585,400	100,760,900
Human Services	280,275,400	2,573,500	257,701,900	5,539,500	6,342,700	842,500	92,100,300	152,876,900	244,977,200	122,835,200
Judiciary	15,638,400	3,501,500	12,136,900	0	0	0	1,539,900	10,597,000	12,136,900	0
Legislative Auditor General	100,333,200	250,000	100,083,200	0	0	400,000	1,109,800	98,573,400	99,683,200	0
Legislature	152,383,500	1,152,800	151,230,700	87,678,000	644,800	1,423,300	28,439,700	33,044,900	61,484,600	120,000
Military and Veterans Affairs	330,195,800	1,935,000	328,260,800	69,319,800	0	2,842,400	242,382,400	13,716,200	256,098,600	6,550,000
Natural Resources	12,173,559,100	0	12,173,559,100	1,653,331,800	0	0	10,107,684,900	412,542,400	10,520,227,300	10,364,473,300
School Aid	211,885,000	20,000,000	191,885,000	1,810,000	0	100	178,788,700	11,286,200	190,074,900	1,360,800
State	521,482,600	23,546,200	497,936,400	106,251,500	6,456,700	216,100	123,336,100	261,676,000	385,012,100	19,056,000
State Police	755,271,100	609,070,400	146,200,700	2,803,400	1,456,600	180,600	85,272,900	56,487,200	141,760,100	0
Technology, Management & Budget	256,870,600	0	256,870,600	0	0	0	0	256,870,600	256,870,600	0
State Building Authority	3,377,770,700	3,451,500	3,374,319,200	1,241,195,200	53,968,500	0	2,079,155,500	0	2,079,155,500	1,182,737,000
Transportation	670,701,100	14,384,000	656,317,100	206,721,500	2,099,200	0	387,225,100	60,271,300	447,496,400	153,993,500
Treasury	140,928,000	0	140,928,000	0	0	0	15,514,500	125,413,500	140,928,000	0
Operations	199,325,700	37,600	199,288,100	50,652,800	0	350,000	75,568,600	72,716,700	148,285,300	0
Debt Service	958,979,300	0	958,979,300	0	0	0	958,979,300	0	958,979,300	958,979,300
Michigan Strategic Fund										
Revenue Sharing										
Subtotal FY 2012 Recommendation	\$46,607,231,900	\$730,392,800	\$45,876,839,100	\$19,042,473,700	\$369,999,800	\$127,589,800	\$18,226,152,900	\$8,110,622,900	\$26,336,775,800	\$14,717,752,700
Employee Concessions	(\$180,000,000)		(\$180,000,000)					(\$180,000,000)		
Retiree Healthcare Liability	\$200,000,000		\$200,000,000					\$200,000,000		
TOTAL	\$46,627,231,900	\$730,392,800	\$45,896,839,100	\$19,042,473,700	\$369,999,800	\$127,589,800	\$18,226,152,900	\$8,130,622,900	\$26,336,775,800	\$14,717,752,700

Percentage of State Spending from State Sources as Payments to Local Units of Government 55.88%

FISCAL YEAR 2013 GOVERNOR'S RECOMMENDATION

DEPARTMENT/AGENCY	GROSS	IDG/IDT	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF/GP	STATE SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
Agriculture & Rural Development	72,865,500	297,600	72,567,900	14,386,700	0	171,300	30,294,800	27,715,100	58,009,900	1,500,000
Attorney General	76,321,200	22,539,600	53,781,600	9,073,800	0	0	15,879,700	28,828,100	44,707,800	0
Civil Rights	12,424,300	0	12,424,300	2,269,700	0	0	58,500	10,096,100	10,154,600	0
Community Health	14,413,206,000	4,528,700	14,408,677,300	8,976,727,400	250,359,100	96,494,700	2,154,682,400	2,930,413,700	5,085,096,100	1,428,773,800
Corrections	2,094,262,600	947,800	2,093,314,800	8,045,800	447,300	0	72,507,900	2,012,313,800	2,084,821,700	90,193,500
Education	115,389,400	0	115,389,400	78,869,000	7,269,600	3,053,700	7,313,600	18,883,500	26,197,100	3,445,700
Energy, Labor & Economic Growth	1,285,148,800	13,037,900	1,272,110,900	846,545,000	12,293,400	4,576,500	364,585,300	44,110,700	408,696,000	37,090,500
Environmental Quality	410,576,400	9,075,700	401,500,700	161,200,300	0	731,000	217,494,100	22,075,300	239,569,400	2,175,000
Executive Office	4,399,200	0	4,399,200	0	0	0	0	4,399,200	4,399,200	0
Higher Education										
Community Colleges	295,880,500	0	295,880,500	0	0	0	195,880,500	100,000,000	295,880,500	295,880,500
Universities & Financial Aid	1,371,038,400	0	1,371,038,400	107,086,400	0	0	699,919,500	564,032,500	1,263,952,000	0
Human Services	6,933,869,600	1,256,200	6,932,613,400	5,603,777,400	30,473,200	16,485,600	97,162,300	1,184,714,900	1,281,877,200	100,791,500
Judiciary	261,915,800	2,573,500	259,342,300	5,539,500	6,446,600	842,500	92,126,300	154,387,400	246,513,700	122,835,200
Legislative Auditor General	15,638,400	3,501,500	12,136,900	0	0	0	1,539,900	10,597,000	12,136,900	0
Legislature	100,333,200	250,000	100,083,200	0	0	400,000	1,109,800	98,573,400	99,683,200	0
Military and Veterans Affairs	153,474,000	1,152,800	152,321,200	87,600,400	644,800	1,423,300	28,960,500	33,692,200	62,652,700	120,000
Natural Resources	338,529,400	1,935,000	334,594,400	68,668,800	0	2,842,400	249,018,700	14,064,500	263,083,200	6,550,000
School Aid	12,143,462,500	0	12,143,462,500	1,653,331,800	0	0	10,144,888,300	345,242,400	10,490,130,700	10,328,373,300
State	216,538,500	20,000,000	196,538,500	1,810,000	0	100	183,142,400	11,586,000	194,728,400	0
State Police	531,204,500	24,215,200	506,989,300	107,098,000	6,509,100	224,700	126,190,800	266,966,700	393,157,500	19,056,000
Technology, Management & Budget	765,090,600	611,571,900	153,518,700	3,134,600	1,504,800	186,800	88,454,900	60,237,600	148,692,500	0
State Building Authority	265,470,600	0	265,470,600	0	0	0	0	265,470,600	265,470,600	0
Transportation	3,399,943,500	3,451,500	3,396,492,000	1,228,065,700	51,711,900	0	2,116,714,400	0	2,116,714,400	1,187,471,000
Treasury										
Operations	667,194,900	14,384,000	652,810,900	206,721,500	2,099,200	0	393,032,800	50,957,400	443,990,200	153,993,500
Debt Service	140,928,000	0	140,928,000	0	0	0	15,514,500	125,413,500	140,928,000	0
Michigan Strategic Fund	199,776,300	37,600	199,738,700	50,726,800	0	350,000	75,568,600	73,093,300	148,661,900	0
Revenue Sharing	991,080,300	0	991,080,300	0	0	0	991,080,300	0	991,080,300	958,979,300
Subtotal FY 2013 Recommendation	\$47,273,962,400	\$734,756,500	\$46,539,205,900	\$19,220,678,600	\$369,759,000	\$127,782,600	\$18,363,120,800	\$8,457,864,900	\$26,820,985,700	\$14,737,228,800
Employee Concessions	(\$180,000,000)		(\$180,000,000)					(\$180,000,000)		
Retiree Healthcare Liability	\$200,000,000		\$200,000,000					\$200,000,000		
TOTAL	\$47,293,962,400	\$734,756,500	\$46,559,205,900	\$19,220,678,600	\$369,759,000	\$127,782,600	\$18,363,120,800	\$8,477,864,900	\$26,820,985,700	\$14,737,228,800

Percentage of State Spending from State Sources as Payments to Local Units of Government 54.95%

GENERAL FUND/GENERAL PURPOSE
(\$ in Thousands)

DEPARTMENT/AGENCY	FY11 Current Law*	FY12 Baseline Adjustments	FY12 Baseline Spending	FY12 Governor's Recommended	Difference FY12 Governor's Rec. from FY12 Baseline Spending	% Change FY12 Governor's Rec. from FY12 Baseline Spending	FY13 Governor's Recommended	Difference FY13 Governor's Rec. from FY12 Governor's Rec.	% Change FY13 Governor's Rec. from FY12 Governor's Rec.
Agriculture & Rural Development	30,297.1	(148.4)	30,148.7	27,102.7	(3,046.0)	-10.1%	27,715.1	612.4	2.3%
Attorney General	28,559.4	(299.4)	28,260.0	28,117.6	(142.4)	-0.5%	28,828.1	710.5	2.5%
Capital Outlay	2.5	(2.5)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Civil Rights	10,975.7	(115.3)	10,860.4	9,827.2	(1,033.2)	-9.5%	10,096.1	268.9	2.7%
Community Health ¹	2,421,483.7	889,085.2	3,310,568.9	2,701,084.9	(609,484.0)	-18.4%	2,930,413.7	229,328.8	8.5%
Corrections	1,917,879.5	63,183.6	1,981,063.1	1,929,836.2	(51,226.9)	-2.6%	2,012,313.8	82,477.6	4.3%
Education	21,914.1	30.1	21,944.2	18,644.2	(3,300.0)	-15.0%	18,883.5	239.3	1.3%
Energy, Labor & Economic Growth	47,607.9	(132.0)	47,475.9	43,536.3	(3,939.6)	-8.3%	44,110.7	574.4	1.3%
Environmental Quality	25,322.5	(30.9)	25,291.6	21,491.6	(3,800.0)	-15.0%	22,075.3	583.7	2.7%
Executive Office	4,630.8	0.0	4,630.8	4,399.2	(231.6)	-5.0%	4,399.2	0.0	0.0%
Higher Education									
Community Colleges ²	295,880.5	0.0	295,880.5	100,000.0	(195,880.5)	-66.2%	100,000.0	0.0	0.0%
Universities & Financial Aid ²	1,543,378.5	(57,226.4)	1,486,152.1	564,032.5	(922,119.6)	-62.0%	564,032.5	0.0	0.0%
Human Services	924,018.1	281,945.9	1,205,964.0	1,096,478.2	(109,485.8)	-9.1%	1,184,714.9	88,236.7	8.0%
Judiciary	152,073.1	1,745.9	153,819.0	152,876.9	(942.1)	-0.6%	154,387.4	1,510.5	1.0%
Legislative Auditor General	11,155.0	0.0	11,155.0	10,597.0	(558.0)	-5.0%	10,597.0	0.0	0.0%
Legislature	100,574.3	0.0	100,574.3	98,573.4	(2,000.9)	-2.0%	98,573.4	0.0	0.0%
Military and Veterans Affairs	36,424.7	820.2	37,244.9	33,044.9	(4,200.0)	-11.3%	33,692.2	647.3	2.0%
Natural Resources	15,986.9	129.3	16,116.2	13,716.2	(2,400.0)	-14.9%	14,064.5	348.3	2.5%
School Aid	18,642.4	0.0	18,642.4	412,542.4	393,900.0	2112.9%	345,242.4	(67,300.0)	-16.3%
State	13,910.8	(524.6)	13,386.2	11,286.2	(2,100.0)	-15.7%	11,586.0	299.8	2.7%
State Police	260,383.2	22,016.2	282,399.4	261,676.0	(20,723.4)	-7.3%	266,966.7	5,290.7	2.0%
Technology, Management & Budget	57,878.2	(2,598.5)	55,279.7	56,487.2	1,207.5	2.2%	60,237.6	3,750.4	6.6%
State Building Authority	241,870.6	15,000.0	256,870.6	256,870.6	0.0	0.0%	265,470.6	8,600.0	3.3%
Transportation	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Treasury									
Operations	56,038.0	9,814.8	65,852.8	60,271.3	(5,581.5)	-8.5%	50,957.4	(9,313.9)	-15.5%
Debt Service	42,118.3	83,295.2	125,413.5	125,413.5	0.0	0.0%	125,413.5	0.0	0.0%
Michigan Strategic Fund	22,781.5	338.0	23,119.5	72,716.7	49,597.2	214.5%	73,093.3	376.6	0.5%
Revenue Sharing	0.0	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Employee Concessions				(\$180,000.0)			(\$180,000.0)		
Retiree Healthcare Liability				\$200,000.0			\$200,000.0		
Total Recommendation	\$8,301,787.3	\$1,306,306.4	\$9,608,093.7	\$8,130,622.9	(\$1,477,470.8)	-15.4%	\$8,477,864.9	\$347,242.0	4.3%

*Adjusted for Program Transfers

- (1) Community Health is offset by 1% claims tax (approximately \$400.0 million) in Fiscal Year 2012 Governor's Recommendation.
- (2) Does not include shift to School Aid Fund in Fiscal Year 2012 Governor's Recommendation.
- (3) Addition of General Fund/General Purpose due to tax reform in Fiscal Year 2012 Governor's Recommendation.

ALL FUNDS
(\$ in Thousands)

DEPARTMENT/AGENCY	FY11 Current Law*	FY12 Baseline Adjustments	FY12 Baseline Spending	FY12 Governor's Recommended	Difference FY12 Governor's Rec. from FY12 Baseline Spending	% Change FY12 Governor's Rec. from FY12 Baseline Spending	FY13 Governor's Recommended	Difference FY13 Governor's Rec. from FY12 Governor's Rec.	% Change FY13 Governor's Rec. from FY12 Governor's Rec.
Agriculture & Rural Development	76,448.3	(2,783.0)	73,665.3	71,469.3	(2,196.0)	-3.0%	72,865.5	1,396.2	2.0%
Attorney General	73,413.1	1,070.2	74,483.3	74,340.9	(142.4)	-0.2%	76,321.2	1,980.3	2.7%
Capital Outlay	2.5	(2.5)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Civil Rights	12,778.7	(109.8)	12,668.9	12,098.9	(570.0)	-4.5%	12,424.3	325.4	2.7%
Community Health	14,124,104.6	420,080.1	14,544,184.7	13,965,309.0	(578,875.7)	-4.0%	14,413,206.0	447,897.0	3.2%
Corrections	2,007,433.6	62,262.5	2,069,696.1	2,012,406.4	(57,289.7)	-2.8%	2,094,262.6	81,856.2	4.1%
Education	126,959.9	(9,716.6)	117,243.3	113,943.3	(3,300.0)	-2.8%	115,389.4	1,446.1	1.3%
Energy, Labor & Economic Growth	1,277,823.2	(1,741.1)	1,276,082.1	1,272,142.5	(3,939.6)	-0.3%	1,285,148.8	13,006.3	1.0%
Environmental Quality	395,665.7	(25,454.1)	370,211.6	405,839.3	35,627.7	9.6%	410,576.4	4,737.1	1.2%
Executive Office	4,630.8	0.0	4,630.8	4,399.2	(231.6)	-5.0%	4,399.2	0.0	0.0%
Higher Education									
Community Colleges	295,880.5	0.0	295,880.5	295,880.5	0.0	0.0%	295,880.5	0.0	0.0%
Universities & Financial Aid	1,578,278.5	6,400.0	1,584,678.5	1,362,278.4	(222,400.1)	-14.0%	1,371,038.4	8,760.0	0.6%
Human Services	6,948,915.7	69,845.7	7,018,761.4	6,891,524.7	(127,236.7)	-1.8%	6,933,869.6	42,344.9	0.6%
Judiciary	260,358.8	858.7	261,217.5	260,275.4	(942.1)	-0.4%	261,915.8	1,640.4	0.6%
Legislative Auditor General	14,996.4	1,200.0	16,196.4	15,638.4	(558.0)	-3.4%	15,638.4	0.0	0.0%
Legislature	102,334.1	0.0	102,334.1	100,333.2	(2,000.9)	-2.0%	100,333.2	0.0	0.0%
Military and Veterans Affairs	150,042.9	6,540.6	156,583.5	152,383.5	(4,200.0)	-2.7%	153,474.0	1,090.5	0.7%
Natural Resources	323,302.7	7,616.2	330,918.9	330,195.8	(723.1)	-0.2%	336,529.4	6,333.6	1.9%
School Aid	13,134,236.2	(422,582.7)	12,711,653.5	12,173,559.1	(538,094.4)	-4.2%	12,143,462.5	(30,096.6)	-0.2%
State	213,520.4	464.6	213,985.0	211,885.0	(2,100.0)	-1.0%	216,538.5	4,653.5	2.2%
State Police	532,631.4	6,228.6	538,860.0	521,482.6	(17,377.4)	-3.2%	531,204.5	9,721.9	1.9%
Technology, Management & Budget	732,491.6	24,173.8	756,665.4	755,271.1	(1,394.3)	-0.2%	765,090.6	9,819.5	1.3%
State Building Authority	241,870.6	15,000.0	256,870.6	256,870.6	0.0	0.0%	265,470.6	8,600.0	3.3%
Transportation	3,235,819.3	141,951.4	3,377,770.7	3,377,770.7	0.0	0.0%	3,399,943.5	22,172.8	0.7%
Treasury									
Operations	688,461.2	8,111.8	676,573.0	670,701.1	(5,871.9)	-0.9%	667,194.9	(3,506.2)	-0.5%
Debt Service	57,632.8	83,295.2	140,928.0	140,928.0	0.0	0.0%	140,928.0	0.0	0.0%
Michigan Strategic Fund	155,846.2	(6,117.7)	149,728.5	199,325.7	49,597.2	33.1%	199,776.3	450.6	0.2%
Revenue Sharing	1,055,284.2	47,567.4	1,102,851.6	959,979.3	(143,872.3)	-13.0%	991,080.3	32,101.0	3.3%
Employee Concessions				(\$180,000.0)			(\$180,000.0)		
Retiree Healthcare Liability				\$200,000.0			\$200,000.0		
Total Recommendation	\$47,801,163.9	\$434,159.3	\$48,235,323.2	\$46,627,231.9	(1,608,091.3)	-3.3%	\$47,293,962.4	\$666,730.5	1.4%

*Adjusted for Program Transfers

**HISTORICAL EXPENDITURES/APPROPRIATIONS
ALL FUNDS**

DEPARTMENT/AGENCY	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Expend.	FY09 Expend.	FY10 Expend.	FY11 Current Law	FY12 Exec. Rec.	FY13 Exec. Rec.
Agriculture	90,325,582	98,985,565	98,813,941	85,609,414	90,936,646	96,976,844	87,521,988	82,980,488	82,475,560	72,573,188	63,866,074	76,448,300	71,469,300	72,865,500
Attorney General	53,047,391	55,788,901	55,818,966	51,267,974	50,857,891	56,572,911	61,592,188	61,730,208	69,457,429	68,911,093	66,093,561	73,413,100	74,340,900	76,321,200
Capital Outlay	503,342,187	503,215,119	596,661,057	474,817,118	461,261,784	463,872,896	214,551,440	445,175,806	383,270,768	405,112,519	376,350,577	2,500	0	0
Career Development	392,500,509	470,999,354	476,701,552	476,592,933	476,488,780	476,592,933	13,701,321	13,284,938	13,849,312	13,492,101	11,928,435	12,778,700	12,098,900	12,424,300
Civil Rights	14,646,385	15,046,472	14,704,059	13,362,340	12,388,793	13,158,623	28,593,540	27,761,202	27,062,507	27,761,202	11,928,435	12,778,700	12,098,900	12,424,300
Civil Service	38,874,163	31,444,218	29,446,164	28,586,026	24,162,630	26,808,579	28,593,540	27,761,202	27,062,507	27,761,202	11,928,435	12,778,700	12,098,900	12,424,300
Community Health	8,215,483,585	9,024,835,601	9,314,440,367	9,634,338,088	10,050,281,931	10,476,690,014	10,310,266,349	11,089,797,821	11,954,835,930	12,829,679,832	13,548,360,093	14,124,104,600	13,965,309,000	14,413,206,000
Consumer and Industry Services	410,919,610	441,915,121	514,757,723	523,955,247	515,316,181	523,955,247	1,898,846,849	1,953,418,931	2,063,635,854	2,038,941,638	2,000,642,848	2,007,433,600	2,012,406,400	2,094,262,600
Corrections	1,581,552,155	1,702,965,571	1,687,302,370	1,680,836,693	1,663,133,113	1,781,323,331	86,110,788	59,925,870	61,927,616	64,566,200	82,724,729	126,999,900	113,943,300	115,389,400
Education	893,779,826	829,602,201	913,096,820	143,473,615	93,023,398	101,073,155	282,013,558	205,009,588	219,067,682	204,037,900	1,431,058,170	1,277,823,200	1,272,142,500	1,285,148,800
Energy, Labor and Economic Growth	253,398,133	277,186,445	294,778,060	273,053,764	272,505,818	213,751,134	5,311,867	5,134,346	5,170,371	4,977,867	4,676,391	4,630,800	4,399,200	4,399,200
Environmental Quality	5,411,980	5,684,393	5,443,277	5,023,198	4,673,035	5,163,454	282,013,558	205,009,588	219,067,682	204,037,900	1,431,058,170	1,277,823,200	1,272,142,500	1,285,148,800
Executive Office	3,389,891,595	3,655,699,431	3,870,634,540	3,888,575,125	3,945,046,955	5,163,454	5,311,867	5,134,346	5,170,371	4,977,867	4,676,391	4,630,800	4,399,200	4,399,200
Family Independence Agency	297,158,459	315,679,214	320,211,913	310,249,085	276,779,312	294,105,851	281,230,375	247,665,181	318,938,465	298,966,989	299,025,435	295,880,500	295,880,500	295,880,500
Community Colleges	1,775,304,640	1,874,447,620	1,946,955,555	1,844,786,350	1,643,825,936	1,708,947,643	1,716,103,763	1,597,528,256	1,874,252,990	1,741,657,796	1,524,878,500	1,578,278,500	1,362,278,400	1,371,038,400
Colleges & Universities														
Financial Aid														
History, Arts and Libraries														
Human Services														
Information Technology														
Judiciary	223,044,229	232,491,773	232,041,240	232,215,174	246,621,704	244,779,865	242,790,732	244,620,557	247,401,193	241,415,358	236,616,084	260,358,800	260,275,400	261,915,800
Legislative Auditor General	14,541,223	15,254,871	14,901,104	15,034,274	14,492,811	15,271,899	16,644,377	16,105,142	16,969,689	17,063,712	17,088,823	14,996,400	15,638,400	15,638,400
Legislature	105,202,720	113,703,607	113,672,509	111,712,149	103,430,750	107,184,317	112,311,185	115,154,002	113,312,121	109,705,797	105,732,309	102,334,100	100,333,200	100,333,200
Library of Michigan	35,531,114	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104
Management and Budget	157,518,726	169,723,338	190,815,906	175,367,655	206,221,019	221,389,839	236,730,773	222,622,219	242,514,875	300,420,008	300,420,008	155,846,200	199,325,700	199,776,300
Michigan Strategic Fund	102,804,885	166,836,761	104,367,503	129,052,356	136,209,153	158,468,905	176,594,595	139,342,844	158,448,175	166,164,761	175,288,360	155,846,200	199,325,700	199,776,300
Military and Veterans Affairs	94,923,386	99,580,645	102,663,243	101,719,314	100,394,463	106,902,384	114,935,779	116,166,538	147,170,057	156,993,535	166,389,660	150,042,900	152,383,500	153,474,000
Natural Resources	250,254,611	262,270,230	263,470,987	256,141,096	246,165,488	258,651,775	267,054,421	306,730,929	274,073,772	258,679,524	483,548,507	718,968,400	330,195,800	336,529,400
Natural Resources & Environment														
School Aid	10,063,742,011	10,958,833,235	11,373,862,748	12,345,548,212	12,302,062,224	12,434,323,000	12,680,980,599	12,721,059,000	12,790,183,678	13,135,762,870	13,053,072,521	13,134,236,200	12,173,559,100	12,143,462,500
State	166,861,198	180,378,930	169,021,700	160,242,047	164,985,271	189,689,796	233,886,011	196,183,845	190,598,425	187,562,850	188,863,841	213,520,400	211,885,000	216,538,500
State Police	363,551,380	418,779,922	403,696,171	393,829,064	401,853,368	456,125,977	493,560,238	457,997,146	489,853,718	483,784,727	487,788,945	532,631,400	521,482,600	531,204,500
Technology, Management & Budget														
Transportation	2,660,470,554	2,775,245,805	2,857,404,627	2,858,865,148	2,957,280,073	2,920,553,025	2,940,680,294	2,779,953,122	2,844,829,778	2,893,590,954	3,219,334,134	3,235,819,300	3,377,770,700	3,399,945,500
Treasury	2,306,625,811	2,458,403,396	2,457,411,255	2,564,610,907	2,395,511,865	2,400,944,715	2,872,469,250	2,745,588,191	2,679,180,140	2,639,763,225	2,938,885,967	1,629,680,400	1,629,680,400	1,658,275,200
Debt Service	85,618,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	82,686,078	98,748,316	77,208,003	66,249,353	67,567,961	57,632,800	140,928,000	140,928,000
Employee Concessions														
Retiree Healthcare Liability														
TOTALS	\$34,525,226,492	\$37,277,724,042	\$39,077,762,617	\$39,297,181,602	\$39,388,261,316	\$40,376,490,414	\$41,326,338,653	\$41,945,183,846	\$43,562,546,601	\$45,518,414,742	\$47,376,241,713	\$47,801,163,900	\$46,627,231,900	\$47,293,962,400



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

February 17, 2011

Ladies and Gentlemen of the Legislature and Citizens of the State of Michigan:

Article XI, Section 5 of the Michigan Constitution of 1963 provides that increases in rates of compensation for employees in the state classified service authorized by the Civil Service Commission require prior notice to the Governor. The Constitution also requires that I, as Governor, transmit such increases to the Legislature as part of my budget recommendation. With this letter I am officially transmitting two compensation adjustments for your review.

First, the attached cost summary prepared by the Office of the State Employer details a 2 percent general increase negotiated in 2010 with the Michigan State Police Enlisted unit. I fully support this adjustment.

Secondly, on January 26, 2011, the Civil Service Commission approved Other Eligible Adult Individual benefits for employees represented by the United Auto Workers and the Service Employees International Union Local 517M, as well as nonexclusively represented state classified employees. The Office of the State Employer estimates Fiscal Year 2012 expenses of \$8 million as a result of this adjustment.

The Constitution provides that the Michigan Legislature may, by a two-thirds vote of the members elected to and serving in each house, reject or reduce a Civil Service Commission compensation adjustment within 60 calendar days of transmission by the Governor. **I urge the Legislature to exercise this right and reject the extension of health care benefits to the unrelated live-in companions of state employees and their dependents.**

Sincerely,

A handwritten signature in black ink that reads "Rick Snyder".

Rick Snyder
Governor

Attachment

Summary
Michigan State Classified Service
Fiscal Year 2012
(10/01/2011 - 9/30/2012)

	A-02 MSEA Saf. & Reg. ¹	A-31 MSEA Labor & Trades ¹	C-12 MCO Security ¹	E-42 SEIU 517M Human Srv. Support ¹	H-21 SEIU 517M Scientific & Engineering ¹	L-32 SEIU 517M Technical ¹	T-01 MSPTA State Police Enlisted ²	U-11 AFSCME Institutional ¹	W-22 UAW Human Srv. ¹	W-41 UAW Admin. Supt. ¹	MSC's & NERE's ¹	TOTAL ALL UNITS
³ Number of FTEs	1,109	1,950	7,879	939	2,063	861	1,484	1,899	9,710	5,687	12,972	46,553
Base Pay Adjustments for FY 2012												
Base Pay Increase 10/01/11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,883,944	\$ -	\$ -	\$ -	\$ -	\$ 1,883,944
Additional Roll-up Cost Resulting from Base Pay Increase												
⁴ FICA/Ret. Blended Rates	-	-	-	-	-	-	60.02%	-	-	-	-	-
⁴ FICA/Ret. on Base Wage Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,743	\$ -	\$ -	\$ -	\$ -	\$ -
⁵ Life Insurance Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,573	\$ -	\$ -	\$ -	\$ -	\$ -
⁶ Long Term Disability Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,332	\$ -	\$ -	\$ -	\$ -	\$ -
⁷ Overtime Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,049	\$ -	\$ -	\$ -	\$ -	\$ -
⁸ Shift Differential Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,907	\$ -	\$ -	\$ -	\$ -	\$ -
FICA/RET on OT and Shift Diff. Inc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,816	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2012 ATB Cost Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,393,364	\$ -	\$ -	\$ -	\$ -	\$ 3,393,364
⁹ FY 2012 OEAI Coverage	\$ -	\$ -	\$ -	\$ 311,499	\$ 379,381	\$ 182,712	\$ -	\$ -	\$ 2,788,263	\$ 1,614,592	\$ 2,723,553	\$ 8,000,000
FY2012 Compensation Increases	\$ -	\$ -	\$ -	\$ 311,499	\$ 379,381	\$ 182,712	\$ 3,393,364	\$ -	\$ 2,788,263	\$ 1,614,592	\$ 2,723,553	\$ 11,393,364

¹ A wage adjustment is not scheduled for FY 2012.

² T01 is scheduled to receive a 2% wage increase in FY12 on 10/1/11.

³ Business Objects HR Human Resource System count of classified employees under status code of AA, AB, AC, AD, AE & AP as of 1/22/2011.

⁴ FICA/RET rates for FY 2011, provided by SBO. Unit rates are weighted by enrollment in each retirement code via Business Objects HR Human Resource System count of classified employees under status code of AA, AB, AC, AD, AE & AP as of 1/22/2011.

⁵ Life insurance increase on incremental cost increase. Annual \$5.46 per \$1000 of extra coverage (FY 2011 rate).

⁶ FY 2011 rate - (Increase/100)*.92.

⁷ Based on FY 2010 overtime amount with FY11 (1%) - Comptroller Object Codes 3050, 3055, 3060, 3070, 3075, 3080, 3110, 3115, 3120.

⁸ Business Objects HR Human Resource System FY 2010 shift differential hours of classified employees under status code of AA, AB, AC, AD, AE & AP.

⁹ First year estimated cost of \$8 million. However, unable to find any other program with comparable definition and coverage of Other Eligible Adult Individual and dependents so no model is available. Does not take into account adverse selection or other factors that may influence cost. Does not include unknown cost of administration and enforcement. Participation rates are expected to increase year to year.



**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2012
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Agriculture and Rural Development	Intercounty Drain Mediation	MCL 280.248
	Adjust Grain Dealer Licensing Fees	MCL 285.68; MCL 285.313 – MCL 285.331
	Adjust Plant Health and Export Certification Program Responsibilities	MCL 286.206 MCL 286.217
Community Health	Nursing Home Quality Assurance Assessment Program Sunset Repeal	MCL 333.20161
	Update Medicaid Preferred Drug List	MCL 400.109; MCL 333.9709
	Implement Third Party Liability For Auto Insurers	MCL 550.281
	Implement Comprehensive Estate Recovery Program	MCL 400.1 – MCL 400.119; MCL 333.2843; MCL 700.3805
	Repeal Medical Services Use Tax; Implement New Health Insurance Paid Claims Proposal	MCL 205.93; New MCLs
	Eliminate Background Check Program Subsidies	MCL 333.20173; MCL 400.734
	Adjust Health Facility Licensing Fees	MCL 333.20145; New MCL; MCL 333.20161; MCL 300.1139
Education	Amend State Education Reform Statutory Requirements	MCL 380.1280c; MCL 388.1766c; MCL 423.215(5)-(6)

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2012
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Energy, Labor and Economic Growth	Eliminate Workers Compensation Appellate Commission	MCL 418.212; Et Seq.
Environmental Quality	Marina Application Permit Sunset Extension	MCL 324.30104
	High Water Mark Service Fee Sunset Extension	MCL 324.30109
	Floodplain Permit Sunset Extension	MCL 324.3104
	Storm Water Discharge Permit Sunset Extension	MCL 324.3118
	NPDES Fees Sunset Extension	MCL 324.3120
	Ground Water Discharge Permit Sunset Extension	MCL 324.3122
	Marina Permit Sunset Extension	MCL 324.32513
	Aquatic Nuisance Control Sunset Extension	MCL 324.3306
	Manifest Processing User Charge Sunset Extension	MCL 324.11135
	Site Identification Number User Charge Sunset Extension	MCL 324.11153; Et Seq.
	Adjust Wastewater Operator Certification Exam and Extend Sunset	MCL 324.3110; Et seq.

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2012
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Environmental Quality (Cont.)	Adjust Air Quality Fee Formula and Extend Sunset	MCL 324.5522
	Adjust Solid Waste Surcharge and Extend Sunset	MCL 324.11525a
	Adjust Usage of Waste Reduction Fee	MCL 324.11108
	Repeal Nonmetallic Mine Reclamation Program	MCL 324.63101
	Repeal Shorelines Provisions	MCL 324.32301 – MCL 324.32311
	Transfer Geologic Mapping Oversight to Western Michigan University	MCL 324.60101 – MCL 324.60108
Human Services	Family Independence Program Time Limit Adjustments; Social Welfare Act Exemption Amendments	MCL 400.57f; MCL 400.57g; MCL 400.57p; MCL 400.57r
	Extend Eligibility for Foster Care Program	MCL 712a.2a; MCL 722.111; MCL 722.115; MCL 400.203; MCL 400.209; MCL 400.18c
	Extend Eligibility for Guardianship Assistance Program	MCL 712a.19a; MCL 712a.19c; MCL 722.876

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2012
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Human Services (Cont.)	Extend Eligibility for Adoption Subsidy Program	MCL 710.22; MCL 400.115j; MCL 400.115f; MCL 400.115g
Judiciary	Repeal Court of Appeals Motion Fees Sunset	MCL 600.231
Natural Resources	Adjust Privately Owned Cervidae Registration Fees	MCL 287.958
State	Extend Transportation Administration Collection Fund Sunset	MCL 257.801 – MCL 257.810
State Police	Adjust Fingerprint Fee and Extend Sunset	MCL 28.273
	Extend Internet Criminal History Access Tool Fee Sunset	MCL 28.273
Transportation	Dedicate Transportation Economic Development Fund Driver's License Fee Revenue to State Trunkline Fund	MCL 247.911; MCL 257.819
Treasury	Repeal and Adjust Provisions of the Michigan Business Tax Act	New MCLs
	Amend Provisions of the Michigan Economic Growth Authority Act	MCL 207.801; Et Seq.
	Create the Michigan Corporate Income Tax Act	New MCLs
	Amend or Repeal Provisions of the Income Tax Act	MCL 206.1; Et Seq.

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2012
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Treasury (Cont.)	Amend Provisions of the State Employees' Retirement Act	MCL 38.1; Et Seq.
	Amend Provisions of the Traxler-McCauley-Law-Bowman Bingo Act	MCL 432.111
	Amend Provisions of the Michigan Early Stage Venture Investment Act	MCL 125.2253
	Add Provisions to the Michigan Business Tax Act	New MCLs
	Amend Provisions of the General Tax Act	MCL 421.19
	Add References to the Business Corporation Act	MCL 450.1911; MCL 450.2062
	Amend References and Definitions in the Insurance Code	MCL 500.1; Et Seq.
	Amend References and Definitions in the Management and Budget Act	MCL 18.1268; MCL 18.1367
	Amend Provisions of the Natural Resources and Environmental Protection Act	MCL 324.36109

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2013
BUDGET RECOMMENDATION**

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Energy, Labor and Economic Growth	Miscellaneous Occupational Fee Sunset Extensions	MCL 338.2213; Et Seq.
	Extend Domestic and Foreign Corporation Reporting Fee Sunset	MCL 450.2060
	Extend Limited Liability Company Annual Statement of Resident Agent and Registered Office Fee Sunset	MCL 450.5101
	Extend Securities Filing Fees Sunset	MCL 451.2410
Environmental Quality	Tire Disposal Surcharge Sunset Extension	MCL 257.806
	Refined Petroleum Fee Sunset Extension	MCL 324.21550