EXECUTIVE BUDGET
Fiscal Year 2006

State of Michigan
Jennifer M. Granholm, Governor

Mary A. Lannoye, State Budget Director

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STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 10, 2005

My Fellow Citizens:

I present to you, today, my FY 2005-2006 budget recommendation. Like the two that have come before it, this balanced budget reflects Michigan's priorities. Over the past two years, I have eliminated more than $3 billion from state spending, while guarding the priorities that matter most: protecting our families, educating our children, and building the jobs and economy that will create the strong Michigan we all hope for. I've looked for ways – both big and small – to save money, and I've asked every member of my administration to spend your money as carefully as they would their own.

On the pages that follow, you will find recommendations that increase funding for public education, that protect health care for our most vulnerable citizens, and that continue to streamline state government.

I am proud that this recommendation increases school funding by at least $175 per pupil for students through grade 8 and by $225 per pupil for high school students. We increase funding for high school for two reasons: first, over the next few months, we will be outlining steps that demand standards and higher performance from high schools; and second, the additional foundation allowance rewards those schools who succeed in retaining their students and reducing the number of students who drop-out. This budget also increases funding for educational programs for our at-risk children by more than $30 million.

This budget recommendation will help diversify our economy and create high-paying jobs by investing in research and increasing funding for start-up life sciences and technology businesses. It will also create high-paying jobs by accelerating the construction of our roads, cleaning up blight, sprucing up our downtown areas, and modernizing our schools. It also lives up to our commitment to higher education by providing more money to rehabilitate deteriorating buildings on college and university campuses.

Once again, we will do all of this – and more – without a general tax increase.

The budget before you focuses the state's spending in six priority areas – the same areas that you, the citizens of Michigan, have told me are *your* highest priorities: improving student achievement, sustaining and creating business investment and jobs in Michigan, making Michigan's people healthier and our families stronger, making government in Michigan more cost-effective and efficient, protecting our citizens and making our communities safer, and enhancing the quality of Michigan's natural resources.

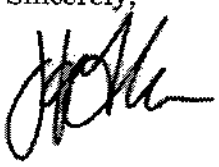
Each and every thing I have proposed in this budget works toward achieving one of these six goals. We are providing the services you value most in the most cost-effective ways possible.

However, this budget also represents the tough choices necessary to fund these priorities. As in the past, to continue to protect critical services, we've had to make tough choices to reduce and, in some cases, eliminate those that are very important but not vital.

Two days ago in my State of the State address, I presented a comprehensive, far-reaching plan to create jobs and ensure that our citizens are prepared to take those jobs now and in the future. This budget – along with that jobs plan and the job-creating business tax cut I proposed last month – is the blueprint for transforming Michigan into an economic powerhouse for the 21st century.

I look forward to working with members of the Legislature in the coming months to make this budget a reality – and to make job creation and a high quality of life a staple in Michigan for years to come.

Sincerely,



Jennifer M. Granholm
Governor

MICHIGAN'S GOALS

Education	*Improve Student Achievement*
The Economy	*Sustain and Create Business Investment and Jobs in Michigan*
Health and Human Services	*Make Michigan's People Healthier and Our Families Stronger*
Hometown Security	*Protect Our Citizens and Make Michigan's Communities Safer*
The Environment	*Enhance the Quality of Michigan's Natural Environment*
Better Government	*Make Government in Michigan More Cost Effective and Efficient*

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FISCAL YEAR 2006 EXECUTIVE BUDGET

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Overview and

Budgeting For Outcomes Process

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Plan for Jobs Today and Jobs Tomorrow

Fiscal Year 2006 Executive Budget

As in the past, Governor Granholm's budget reflects the priorities of the citizens of Michigan. Throughout the last two years, the Governor has engaged the great citizens of the state in a dialogue about the services government should provide. Michigan citizens believe that our government must be fiscally responsible while both protecting our quality of life and growing our economy. In fact, the Governor believes the economy cannot grow without a strong quality of life. This budget is structurally sound and maintains the balance between economic growth and quality of life.

Two days ago, the Governor delivered her third State of the State address. She emphasized the importance of maintaining that balance. *"Like the two that came before it, my budget will protect the things that matter most to our citizens, while finding efficiencies and reducing costs. And like others before it, it will advance tough, tough choices to make ends meet."*

The theme of the Governor's State of the State address is captured by the phrase "Jobs Today – Jobs Tomorrow." The budget recommendation presented to you today reflects these job growth priorities. The proposal accelerates new capital infrastructure projects to stimulate the economy with good construction jobs now, while supporting sustained growth in the future. The budget also includes $10 million in new funding to invest in the Michigan Opportunity Partnership to train unemployed workers for healthcare and skilled trades jobs that are available now and will be available in the future in large numbers. The Governor's budget also includes $200 million in spending for the Michigan 21st Century Jobs Initiative which will invest $2 billion to develop new products and technology-based businesses and jobs in Michigan.

"Our employers and our families want the same things – good schools, affordable health care, public safety, and a strong business climate. In the New Economy, a competitive business climate and a great place to live and raise a family go hand-in-glove."

Governor Granholm, January 27, 2005

In the face of declining federal assistance, increasing Medicaid caseloads and lackluster revenue growth, the budget challenges we face today remain serious. To address this difficult task, Governor Granholm reformed the budget process to focus spending on providing services that matter most to citizens. As a result, the Governor's proposal increases funding for K-12 education, protects funding for public safety and health care, provides funding for job-creation initiatives, reforms the state purchasing system and implements administrative efficiencies throughout state government. Our budget prioritizes both expenditures and tax subsidies to focus spending on those activities that deliver results that matter most to the public.

This budget focuses on state spending in six priority areas – Education, the Economy, Health and Human Services, Hometown Security, the Environment and Better Government – and justifies every expenditure and every tax subsidy – to ensure that we spend every penny wisely. The Governor's budget provides the balance we

need to build a better Michigan. The budget reflects many difficult choices, including $390 million in spending reductions. Despite the significant cuts, the proposal protects those things that make Michigan a great place to live – the schools where our children learn and grow, the clinics and hospitals that provide our health care, and police officers and fire fighters who keep our communities safe. It accomplishes all of this, while at the same time creating jobs and keeping our tax structure competitive.

Fiscal Outlook

Michigan's economy continues to lag behind the national economic recovery, primarily because our economy needs greater diversification. While our unemployment rate is high, historical trends show that the current rate is better than our unemployment rate coming out of previous recessions. Right now, the state's unemployment rate is 1.3 percent above the national average. In the 1990-1991 recession, the state's unemployment rate peaked at 9.3 percent, 2.5 percentage points above the national average. In the 1980-1982 recession, the state's unemployment rate topped-out at 15.5 percent, which was 5.8 percentage points above the national average.

Governor Granholm believes that while no state government is solely capable of turning an economy around, Michigan needs a robust business climate to attract new business and keep jobs here. To this end, the Governor has proposed the largest business tax restructuring reform package in over three decades. The Michigan Jobs and Investment Act will encourage existing major employers to continue to keep jobs in Michigan, help small businesses grow, and encourage research and development companies to create new high-growth jobs in this state. This tax restructuring, combined with the Governor's "Jobs Today – Jobs Tomorrow" plan and her commitment to protect our quality of life, will grow Michigan's economy and secure its future.

Another factor in Michigan's economic struggles is the strain federal policies continue to place on our budget. These policies will place a $356 million burden on our budget in fiscal year 2006. In addition, Michigan continues its tradition as a 'donor state.' According to the Tax Foundation, in 2003, Michigan received only 86 cents back for every dollar it sent to Washington. In contrast, for every dollar New Mexico sends to the federal government, they get almost $2 back.[1] Governor Granholm, working in concert with our Congressional delegation, will continue the fight to help bring back our fair share from the federal government.

"When Granholm took office two years ago, she inherited a state heavily in debt and losing manufacturing jobs by the thousands. Her proposal to cut the SBT tax by 37 percent is a remedy that makes good sense…The proposal is a remedy worth supporting."

The Macomb Daily, February 1, 2005

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[1] Federal Tax and Expenditures by State, The Tax Foundation, December, 2004

The recently released study by the National Conference of State Legislatures (NCSL) tells us that Michigan is not alone in its fiscal difficulties. The same NCSL study shows that 23 states are reporting spending overruns for some portion of their 2005 budget and 22 states will experience budget problems in 2006. Sixteen states report that Medicaid spending will exceed appropriations for the current fiscal year.[2]

Estimated Shortfalls	
California	$6.7 billion
Connecticut	$600 million - $1 billion
Illinois	$1.4 billion
Indiana	$400 million - $1 billion
Iowa	$231 million
Massachusetts	$300 - $800 million
Minnesota	$485 – $700 million
New Jersey	$4 billion
New York	$3 - $6 billion
North Carolina	$1.1 billion
Ohio	$1.4 - $2 billion
Wisconsin	$810 to $940 million

A December 2004 study by the Center on Budget Policy and Priorities confirms that at least 22 states are now projecting budget shortfalls in their 2006 budgets. These shortfalls average about 6 to 7.5 percent of their general fund spending.[3] The chart on the left depicts the troubles facing many of the larger states, as well as our neighboring states.

Revenues

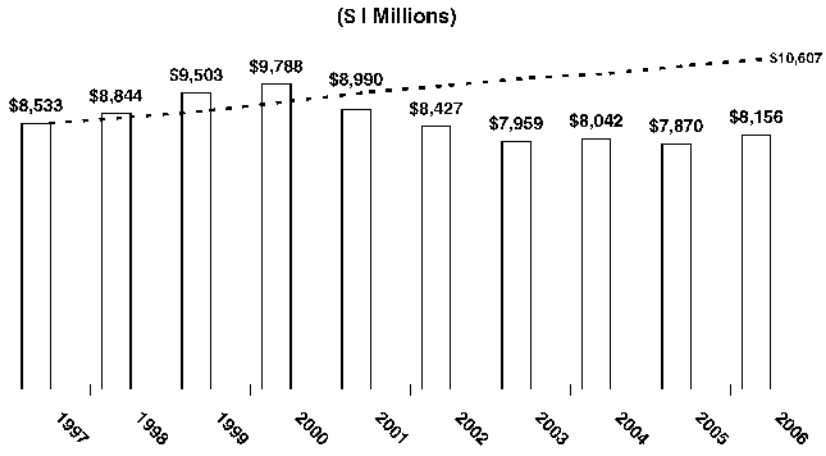
State law requires two revenue estimating conferences per year. The conferees include the State Treasurer and the directors of the House and Senate fiscal agencies. The conferees agree upon baseline revenue estimates for the current year and the upcoming fiscal year, for both the general fund and the School Aid Fund. The conferences are held in mid-January and mid-May. The January conference provides the estimates upon which the Governor's budget recommendation is based. The May conference provides an opportunity to review the January estimates before final legislative action on the budget. In addition, the conferees can convene a special revenue estimating conference at any time.

The 2006 baseline general fund revenues are estimated at $8.16 billion, $1.6 billion less than actual fiscal year 2000 revenues.

General fund revenues are less than they were in 1997 and $2.4 billion below where they would be if revenues had grown at the rate of inflation.

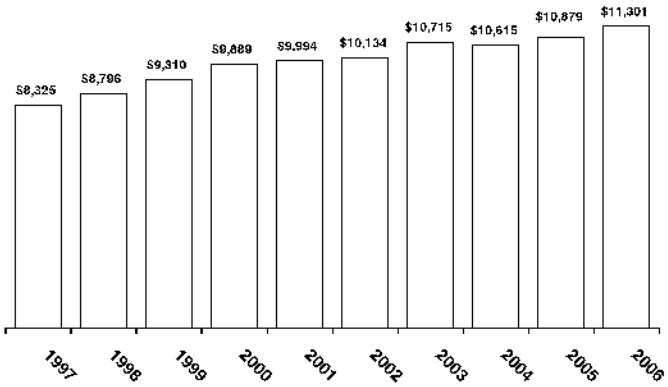
Fiscal year 2006 School Aid Fund revenues are estimated at $11.3 billion, an increase of $422 million from the revised 2005 estimates, but only $340 million more than the 2005 enacted budget.

General Fund Revenues are Below the Rate of Inflation and Less Than They Were in 1997



[2] State Budget Updates, National Council of State Legislatures, November 2004
[3] State Fiscal Crisis Lingers; Cuts Still Loom, Center on Budget Policy and Priorities, December 8, 2004

School Aid Fund Revenues Grow Steadiy



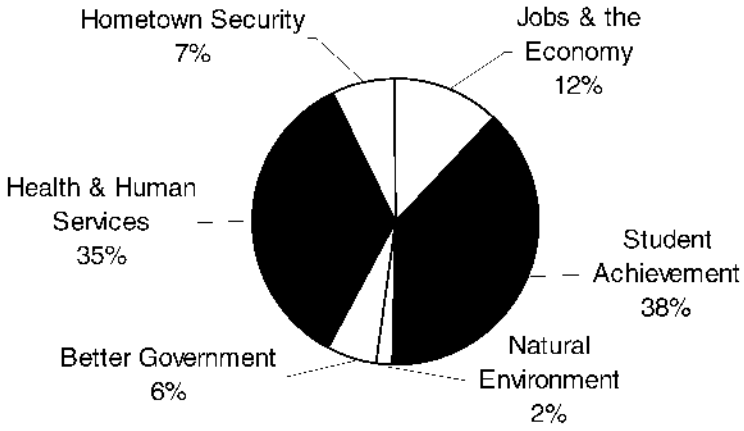
To help put today's revenue situation in perspective, in 1997, School Aid revenues were $8.3 billion, or $200 million less than the general fund. While general fund revenues have *declined* by $377 million since 1997, School Aid revenues have *increased* by almost $3 billion. The School Aid Fund revenues have performed much better than general fund revenues for two primary reasons -- the School Aid Fund was protected from tax cuts enacted in the late 1990's; and the broad based mix of school revenues are less susceptible to economic downturns.

FISCAL YEAR 2006

Governor Granholm's 2006 budget was developed using a "budgeting for outcomes" process. The process protects and enhances those priorities that matter most to the people of Michigan by focusing the state's financial resources in these areas. The spending priorities in this budget are tied to six overarching goals, with related strategies and indicators of success. The budget detail includes spending totals for each activity consistent with the new process. Also included is detail in a format that complies with existing Constitutional and statutory requirements, including the earmarking of revenues to funds as required by law. The budget uses the general fund and School Aid Fund revenue estimates agreed to in the January Revenue Estimating Conference.

The overall budget proposed by Governor Granholm totals $41.2 billion. The recommendation includes $15.7 billion for Education, $14.5 billion for Health and Human Services, $5.0 billion to improve the Economy, $680 million for the Environment, $2.9 billion for Hometown Security and $2.4 billion for Better Government. The recommendation spends $11.4 billion from the School Aid Fund and $8.9 billion from the general fund. The budget dedicates $1.1 billion for revenue sharing payments to local units of government, and $3.4 billion for transportation needs.

FY 2006 Total Spending



Budget Reflects Priorities

The spending priorities in this budget were achieved through the new budgeting for outcomes process and are based on the input the Governor received from the citizens of the state. Through the new process, six workgroups were formed and charged with developing goals and strategies to meet those goals. Each and every activity funded in the state's budget was assigned to one of these six goals.

The Governor's budget is based on her belief that, in order to build a better Michigan, we must educate our children; protect our families; and secure Michigan's future. Michigan's six goals are essential in achieving these objectives. Some highlights of Governor Granholm's budget are detailed below, including the desired results from the identified spending.

"Our goal is to ensure that citizens get every penny of value out of every one of their tax dollars. We can do nothing less than provide the services citizens most want in the most efficient way possible."

Governor Granholm, January 31, 2005

STATE OF MICHIGAN GOALS	
Education:	*Improve Student Achievement*
The Economy:	*Sustain and Create Business Investment and Jobs in Michigan*
Health And Human Services:	*Make Michigan's People Healthier and Our Families Stronger*
Hometown Security:	*Protect Our Citizens and Make Michigan's Communities Safer*
The Environment:	*Enhance the Quality of Michigan's Natural Environment*
Better Government:	*Make Government in Michigan More Cost Effective and Efficient*

Improve student achievement

- The per-student foundation allowance is increased by $175 per student, with an additional $50 for each high school student. Funding for academically at-risk students is also increased by $33 million.
- Funding for higher education institutions is enhanced by providing an extra $100 million, available in both 2005 and 2006, for special maintenance needs to enable colleges and universities to improve laboratory space, libraries, classrooms, and other critical infrastructure needs. This increase is offset by a $30 million reduction in college and university discretionary funds in both years.

Sustain and create business investment and Jobs in Michigan

- The budget includes $716 million in capital infrastructure proposals, a $200 million investment in the Michigan 21st Century Jobs Initiative, and $10 million for the new Michigan Opportunity Partnership.

Make Michigan's people healthier and our families stronger

- The budget protects health care and public assistance benefits for our most vulnerable citizens. A record number of 1.4 million people, including 840,000 children, receive medical coverage under the Medicaid program. Over one million people each month, primarily families with children, receive cash assistance and food assistance.

Make government in Michigan more cost effective and efficient

- The budget reflects $13.5 million in administrative efficiencies and $30 million in contract savings. The budget also reforms the state contracting process, continues consolidation of human resources functions, and uses technology to provide faster service.

Protect our citizens and make Michigan's communities safer

- The budget maintains the security of our prison system while reducing the need for 1,300 prison beds with a mix of policy changes, spending reductions, lease cancellations, and administrative efficiencies.

- The budget maintains the state's forensic lab services and current State trooper levels, while reducing administrative overhead in the Department of State Police.

Enhance the quality of Michigan's natural environment

- The budget maintains funding for the operations of Michigan's 97 parks; preserves funding for critical environmental protection programs; increases funding for the on-line environmental permitting system; and continues efforts to eradicate the Emerald Ash Borer infestation.

Funding Gap

In developing the fiscal year 2006 budget recommendation, the Governor had to address the structural imbalance in the general fund. The funding gap in the 2006 general fund budget is estimated at $773 million. The funding gap is the difference between available revenues and what it would cost to continue to provide services at current levels.

Fiscal Year 2006 General Fund Revenues	
Consensus Revenues	$8,156.2
Revenue Sharing Freeze	396.1
Suspend County Revenue Sharing	182.3
Continue other FY05 RevenueAdjustments	30.0
TOTAL FY06 REVENUE ESTIMATE	$8,764.6

Addressing this gap required a thorough review of all activities in state government, as well as a review of the costs of each activity. It also required an intense review of existing tax expenditures and tax subsidies. The budget development process weighed each activity, each tax expenditure, and each tax subsidy against these six goals. Those expenditures that did not match the citizens highest priorities were reduced or cut altogether.

Fiscal Year 2006 General Fund	
FY05 Enacted Appropriations	$8,699.5
Baseline Spending Adjustments	
Loss of federal special financing revenue	161.2
Medicaid caseload & utilization	214.3
Tobacco tax fund shift from MBTF to GF	119.5
Medicaid – lost Merit Award funds	60.4
Corrections bed space needs	55.6
Debt service	46.4
FIA caseloads	11.3
Restore FY05 employee concessions	76.3
Employee benefit cost increases	80.8
Other	11.9
Subtotal Baseline Spending Adjustments	837.7
TOTAL BASELINE SPENDING ESTIMATE	**$9,537.2**
TOTAL REVENUE ESTIMATE	**$8,764.6**
TOTAL FUNDING GAP	**$772.6**

Closing the Funding Gap

Since taking office in January 2003, Governor Granholm has faced a prolonged budget crisis. The Governor's first fiscal challenge was a $350 million combined general fund and School Aid Fund shortfall that she inherited in the 2003 budget. Even more daunting was the $2 billion structural deficit that continued in the 2004 fiscal year. In each year the Governor and the legislature worked together in a bipartisan fashion to bring the budgets into balance.

Unfortunately the fiscal challenges continued. In 2004, and again in 2005, the actual revenue collections continued to lag behind the revenue estimates. Adding to the budget shortfall were skyrocketing Medicaid costs caused by ever increasing caseloads and changes in federal policies. Each of those budget years had to accommodate for the loss of general fund revenue from phased in tax cuts approved in 1999 and 2000.

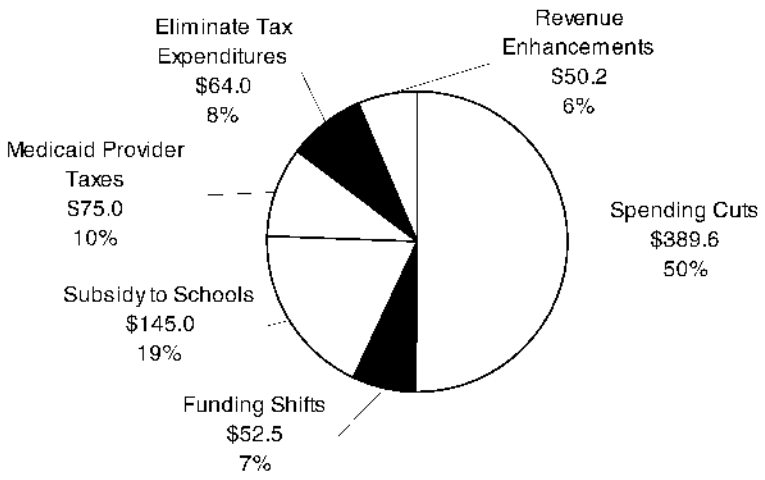
The Governor is committed to addressing the on-going structural budget shortfall by fostering economic growth and job creation in Michigan. Budget cuts that undermine our quality of life, or tax increases that compromise our economic competitiveness, only make it more difficult to achieve that goal. Instead, the Governor is taking a balanced approach that cuts spending where possible and focuses the states resources on the key activities that will retain and create jobs in Michigan.

The Governor's budget closes the $773 million general fund gap with an appropriate blend of solutions. After ranking each government activity against Michigan's goals, the Governor recommends the elimination of funding for low priority activities. She also reduces spending throughout state government by challenging managers to achieve the same, or better, results with less money. For example, ongoing reforms of the state's purchasing system will save $30 million in fiscal year 2006. In total, spending reductions account for over half of the solutions to address the funding gap.

Over 80 percent of general fund spending is concentrated in four areas: Higher Education, Community Health, Corrections, and the Family Independence Agency. Likewise, over 80 percent of the spending reductions are concentrated in those four areas. The budget includes a proposal to reform the state Medicaid system, which will save $78 million in fiscal year 2006; and a 4 percent Medicaid provider rate reduction, which will save $61 million. The budget also includes $55 million in reductions in the Corrections system, including a multi-faceted initiative to control prison growth, which will save over $26 million. Efforts to reduce the number of children in foster care will save $5 million, and a 30-day waiting period prior to the issuance of the initial child care payment to eligible families will save $10 million. Issuance of bonds for critical infrastructure improvement in university and community college classrooms, libraries and laboratories, will enable the state to reduce discretionary payments to higher education institutions by $30 million.

A Balanced Approach to Solving the General Fund Problem

($ in Millions)



The Governor recommends that some specialized activities, currently supported with general fund dollars, be supported with federal or state restricted funds, instead of general tax revenues. The budget includes $52.5 million in such fund shifts. The Governor also recommends that liquor licensees pay a greater share of the regulatory costs of the Liquor Control Commission, thereby saving the general fund $13 million. And, in order to protect critical Medicaid safety net services, the Governor recommends new Medicaid provider taxes to help offset Medicaid costs, while increasing payment rates to physicians and mental health providers.

The Governor's budget reduces the general fund subsidy to the School Aid Fund and continues revenue enhancements contained in the current budget. These revenue enhancements include $10 million from increased escheats enforcement; $10 million from the sale of state property; and $11 million associated with continuing to shift a portion of the general sales tax from the Comprehensive Transportation Fund to the general fund. Other revenue adjustments include shifting a portion of the Agriculture Equine Industry Development Fund to the general fund.

Tax Subsidies

Michigan's tax code contains 170 tax exemptions, or subsidies, which cost the state over $29 billion per year. Tax expenditures are credits, deductions, and exemptions from existing state taxes. They often represent state spending made through the tax system, rather than through the traditional annual budget.

As recommended in *The Price of Government*, a thorough analysis of the tax expenditures should be a part of any budgeting for outcomes process. The Governor recommends that Michigan's budget process be reformed to annually reconsider the effectiveness of tax subsidies to determine if they are achieving their intended purpose, and if they are delivering results for citizens.

> *"Most strategic reviews focus on government programs. But government does its work through many other mechanisms, including tax breaks and subsidies. These are rarely examined, but they provide rich opportunities for savings. . . .Strategic reviews should reexamine all subsidies and tax breaks, to see if they are the least costly way to achieve the desired outcomes."*
>
> **David Osborne and Peter Hutchinson, The Price of Government, 2004**

The Governor's fiscal year 2006 budget process included an examination and prioritization of direct budget expenditures, as well as tax expenditures. The Department of Treasury examined all tax expenditures and subsidies and divided them into two groups.

1. The first group represents those tax credits, deductions, and expenditures that most closely resemble appropriations made through the tax system, rather than through the usual budget system. This group of tax subsidies was considered in more depth as part of the budgeting for outcomes process. [1]

2. The second group includes tax expenditures or credits that are an inherent part of the state's overall taxation system. For example, this second group includes tax expenditures directly related to constitutional requirements (e.g., the sales tax exemption for food and drugs), or other state or local tax laws (e.g., the homestead property tax credit, the exemption for income tax paid to another state), as well as tax expenditures related to the adoption of the federal adjusted gross income standard. This second group also includes tax exemptions created by the scope of existing law (e.g., sales tax on services). This second group of tax expenditures was not part of the budgeting for outcomes process.

Each of the tax expenditures in the first group was reviewed to determine the intent of the tax subsidy, and then assigned to the goal with which it was most closely aligned. A guidance team of key economic, tax, and budget advisors met and analyzed each tax subsidy against its intended purpose, as well as its contribution to the results that matter to the public. The Governor recommends the elimination of nine tax subsidies because these expenditures no longer reflect the highest priorities of Michigan citizens. The savings gained from eliminating this spending will be directed toward other high-priority areas. The elimination of these subsidies will save the general fund $64 million, and the School Aid Fund $48 million.

The Governor recommends that the following tax subsidies be eliminated:

- the reduced oil and gas severance tax rate for marginal wells;

[1] See Appendix C for further description of all tax expenditures in Group 1.

- the use tax exemption for international and toll-free telephone calls;
- the sales and use tax exemption for interstate motor carriers;
- the personal property tax exemption for the lease of water softeners;
- the exemption of railroads from the utility property tax;
- the sales and use tax exemption for copyrighted motion pictures purchased or leased by movie theaters for public viewing;
- the deduction of oil and gas income from the personal income tax;
- the sales tax exemption for soft drinks and food sold from vending machines; and
- the sales tax exemption for sales in prison stores.

FISCAL YEAR 2005

A special revenue estimating conference was convened in December 2004 to identify potential fiscal year 2005 revenue shortfalls. The December conference identified a revenue shortfall of $355 million. In order to prevent automatic reductions in K-12 school payments, legislation was enacted transferring $99.5 million from the general fund to the School Aid Fund. The effect of the transfer was to concentrate the entire budget problem in the state's general fund. On January 13, 2005, the consensus revenue estimating conference met again and reduced the projected 2005 revenue shortfall downward slightly to $335 million. However, rising Medicaid caseloads necessitate a $40 million supplemental appropriation, bringing the total current year problem to $375 million.

This shortfall triggers the Constitutional requirement that the Governor submit a proposal to bring the budget into balance. That proposal is being presented today. The overall solution to the current year problem includes a mix of spending reductions, savings from administrative efficiencies, projected expenditure lapses, several small one-time revenue adjustments, and the use of reserves. The solutions require the approval of an Executive Order reduction by the Appropriations Committees and the passage of a supplemental bill by the Legislature.

Fiscal Year 2005
($ in millions)

Projected Revenue Shortfall	$335.0
Medicaid Supplemental	40.0
Total Shortfall	**$375.0**
Solutions:	
Budget Stabilization Fund Withdrawal	$67.8
Reverse GF Supplemental to SAF	99.5
Other Spending Reductions	123.7
Medicaid Benefits Trust Fund Withdrawal	25.9
Lapses	15.9
Fund Shifts	40.3
Revenue increases	2.5
Total	**375.6**

The Management and Budget Act[5] specifies the Executive Order procedures. The Governor must provide at least five days notice to the Appropriations Committee of the time and place for the Executive Order presentation. That notice was issued on February 4, 2005. Approval of the Executive Order requires a majority vote of each Appropriations Committees within ten days after presentation. If either committee disapproves the Executive Order, the Governor may issue another Executive Order within 30 days.

As noted, the December 2004 passage of a supplemental bill for the School Aid budget concentrated the entire $375 million shortfall in the state's general fund. However, since December, three changes have affected the School Aid budget.

1. When the state's financial books were closed for fiscal year 2004, the School Aid Fund carried forward an unanticipated $74 million.

2. The latest projections indicate that fewer pupils are attending K-12 schools this year than had been expected. Since School Aid payments are based upon the number of pupils in attendance, this change in pupils will reduce overall School Aid obligations.

3. The Governor is proposing a comprehensive reform of the School Bond Loan Fund, which will reduce School Aid Fund liabilities for both 2005 and 2006.

In the aggregate, these three factors have fully addressed the School Aid revenue shortfall, *without the need for the supplemental passed in December.* Therefore, as part of the overall solution to the current year problem, the Governor recommends that the supplemental be reversed, thereby restoring the funds to the general fund and making them available to help solve the $375 million problem.

The remaining problem of $275 million is addressed through $124 million in spending cuts, $40 million in expenditure shifts to restricted funds, $16 million in known expenditure lapses. The spending cuts include $60 million in agency administrative savings and $18 million in Medicaid cuts. A change in the child care payment policy will save $10 million in 2005. Higher education funding is reduced by $30 million; however, all of this funding – and more – is replaced with $100 million in bond proceeds for special maintenance at universities and community colleges.

The Governor also recommends the withdrawal of $26 million from the Medicaid Benefits Trust Fund and $74 million from the Budget Stabilization Fund. With these actions, the projected balance in the School Aid Fund at the end of fiscal year 2005 will be an estimated $24 million. The balance in the Budget Stabilization Fund will be almost $7.5 million.

[5] P.A. 431 of 1984, as amended, MCL 18.1391

Conclusion

While the process by which the Governor has developed her budget has changed, the priorities of the citizens and job providers of Michigan have not changed. We seek a lean government that offers critical services for the best price available. Job providers seek a competitive tax structure and a high quality of life – from a solid educational system to affordable health care to a wonderful place to work, play and raise your family.

Even during the most challenging of economic times, Governor Granholm's budget provides all of this, without raising general taxes. Because the budget relies on cuts instead of one-time fixes, it continues efforts to address the structural problems. Make no mistake about it; this was not an easy accomplishment. Governor Granholm made bold decisions to balance this budget – decisions that reduce funding for important initiatives. These decisions were made in order to promote economic growth and create a better Michigan.

We must not delay – we must act decisively now to get the jobs we need today and the jobs we need tomorrow. We can do it; we can grow Michigan together – starting with this balanced budget.

Budgeting for Outcomes: The Process

The Vision: Governor Jennifer M. Granholm came to office in 2003 committed to developing a better government: a cost effective government that delivers the results that people demand – without wasting precious taxpayer dollars. A government that ensures that Michigan is a place where businesses want to invest, people want to live, and families want to raise their children.

Two months after she took office, Governor Granholm said: *"The financial position of the state is bleak. . . . We can choose to see it as a chance to look anew at the way government does business and ask some tough questions. With limited resources, what do we value most? What services do we agree are the core functions of government, and which can be categorized as "wants," but not "needs"? I have asked these questions of citizens across the state, and this budget reflects my best judgment based on their input."*[1]

Initial Actions: Facing a projected budget shortfall of approximately $1.7 billion, Governor Granholm invited Peter Hutchinson, co-author of *The Price of Government,*[2] to meet with her Cabinet in January 2003 and discuss results-based budgeting. Although *The Price of Government* had not yet been published, Mr. Hutchinson shared many of the principles that later formed the foundation of his book. As a result of that meeting, and in consultation with her advisors, the Governor initiated a planning process to focus on the priorities that matter most to Michigan's citizens.

First, internal cross-agency planning groups were formed to focus on six priority areas: the Economy; Education; the Environment; Health and Human Services; Hometown Security; and Better Government. These work groups developed action plans to improve services in each of these six priority areas. These action plans have been modified over time, but still form the basis for major activities within the Executive Branch (see www.michigan.gov/cabinetplan/).

Citizen Input: Second, and more importantly, the Governor immediately implemented a process to gather input from Michigan citizens about the budget. On two separate occasions (in February and October 2003), Governor Granholm traveled across the state to multiple "town-hall" meetings to talk directly with the people about our budget challenges. The Governor thoroughly explained the budget process and the fiscal difficulties facing the state. She solicited input from people throughout the state about their priorities for state government. In addition, in 2004, the Lt. Governor conducted hearings across the state and received citizens' input about the vital link between higher education and economic growth.

Citizens told Governor Granholm to protect education, help families in need, and protect jobs, health care, and public safety. She used that vital information to help shape her budget decisions in 2003 and every year since then.

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[1] State of Michigan Executive Budget, Fiscal Year 2004, March 6, 2003.

[2] David Osborn and Peter Hutchinson, *The Price of Government – Getting the Results We Need in an Age of Permanent Fiscal Crisis*, Basic Books, New York, 2004.

Governor Granholm Begins to Change the Budget Process: In March 2003, Governor Granholm presented her first budget to the Legislature and implemented several changes in the budget process. She built the budget based on the input she received on her budget tour of the state, focusing on preserving and protecting those services that citizens told her were most important to them. Then, to provide feedback to the citizens, she used the budget to clearly identify the top priorities for each department, so that citizens could understand her spending recommendations. In addition, the Governor's budget clearly showed what services were being purchased with taxpayer money.

Continuing Actions to Reform the Budget Process: Early in 2004, Governor Granholm readied for the next steps in her efforts to improve the budget process. She wanted to strengthen Michigan's budget process in three key areas.

(1) She wanted to further break down department silos and concentrate on government-wide efforts to improve services to citizens.

(2) She wanted to convert department-specific priorities into government-wide goals directly focused on the results that matter to the public.

(3) She wanted to more closely link spending decisions to the desired results.

In 2004, she instructed all members of her Cabinet to read *The Price of Government* and told them to prepare to change the way the state budget is developed in Michigan. During a series of Cabinet-action planning sessions, the Governor and her key staff implemented additional reforms.

Delivering Results for Citizens: Building on the citizen input received in prior years, six cross-disciplinary work groups identified goals to reflect what citizens most want from state government. Ultimately, Governor Granholm adopted six goals as her commitment to the people of Michigan.

STATE OF MICHIGAN GOALS

Education:	*Improve Student Achievement*
The Economy:	*Sustain and Create Business Investment and Jobs in Michigan*
Health And Human Services:	*Make Michigan's People Healthier and Our Families Stronger*
Hometown Security:	*Protect Our Citizens and Make Michigan's Communities Safer*
The Environment:	*Enhance the Quality of Michigan's Natural Environment*
Better Government:	*Make Government in Michigan More Cost Effective and Efficient*

For each goal, the work groups identified specific strategies to guide the state's actions and to focus efforts on activities that deliver results for citizens. Performance indicators were identified to measure progress in each area.

All current agency budgets were divided into activities, with dollar values assigned to each activity. Each activity was analyzed to determine which goal it supported, and was then assigned to the appropriate work group for prioritization. When this exercise was finished, it was apparent that each Michigan goal is supported by activities in multiple departments. The converse is also true – the activities in each department serve multiple goals. This assignment of activities to goals made it immediately apparent that changes in the traditional thought process were necessary. State leaders needed to think broadly about government-wide results, rather than thinking in departmental "silos."

Once all activities were assigned to the appropriate goal, each work group ranked – in order of importance to Michigan citizens – all of the activities supporting their assigned goal. To facilitate this prioritization process, each department ranked its own activities and provided recommendations to the work group on the relative priority of its activities. However, the work groups were not bound by the department recommendations and were encouraged to rank activities across department lines. Consensus was reached within each work group about which activities were high priority, which were medium priority, and which were low priority.

> *"Michigan's recent movement to integrate statewide and agency strategic planning through the Cabinet Action Plan is indeed impressive. The goals and objectives outlined in the plan are inherently results-focused and include targets for future performance. Governor Granholm's administration instills a common set of values and a common vision for employees."*
>
> **Governing Performance Project, Grading the States 2005, January 31, 2005**

Determining the "Price of Government": While the work groups were completing their preliminary work, the State Budget Office and the Department of Treasury developed an initial estimate of the "price of government."[3] This estimate assumed that the current revenues represent the amount that taxpayers are currently willing to spend on government.

The State Budget Office analyzed current spending for each goal, and estimated spending for fiscal year 2006 if the traditional budget process were followed. To the degree possible, the State Budget Office also reconstructed prior year spending patterns by goal, to examine goal-directed spending trends. Lastly, an analysis of current performance in each goal area was completed in order to assess the degree to which Michigan was currently achieving the desired results. Using this information, in consultation with the Governor, each work group was assigned a general fund budget cap and an overall budget cap, which were to govern all decision-making within the work group.

Deciding What to "Buy": Each work group used their activity rankings to determine what activities could be funded within the assigned budget cap. It became evident that there were not enough resources to "buy" all of

[3] The January 2005 Revenue Estimating Conference developed the final "price of government" estimate used by the Governor in finalizing her fiscal year 2006 budget recommendation.

the high priority activities. Numerous high priority activities fell below the funding line. Each work group faced difficult decisions and, in many cases, decided to reduce or eliminate funding for lower priority – but still important – programs, in order to stretch taxpayer dollars further and to protect critical high priority programs. In addition, work groups identified ways to reduce administrative spending in order to gain further efficiencies in the delivery of state services. Work group members were encouraged to challenge traditional thinking and focus on those activities that delivered the highest value to Michigan citizens. They were encouraged to look at current performance measures and focus on activities that could improve results for the public.

"Most strategic reviews focus on government programs. But government does its work through many other mechanisms, including tax breaks and subsidies. These are rarely examined, but they provide rich opportunities for savings."

David Osborne and Peter Hutchinson, The Price of Government, 2004

Once this work group process had been completed, each group presented their recommendations to Governor Granholm and her guidance team[4] for consideration. The Governor engaged in dialogue with the workgroups -- asking questions, challenging assumptions, debating values. In some instances she asked the work groups to "go back to the drawing board" and reconsider their recommendations.

Considering Tax Expenditures: As recommended in *The Price of Government*, a thorough analysis of the government's tax expenditure budget should also be part of the budgeting for outcomes process.

Therefore, the Department of Treasury reviewed Michigan's tax expenditure budget, and assigned each tax expenditure to the appropriate goal. Key members of the guidance team then ranked these tax expenditures as part of the overall prioritization process. Those tax expenditures, or subsidies, that ranked lower than direct budget expenditures fell below the funding line and were recommended for elimination.

Final decisions: Ultimately, based on input from the work groups, from her guidance team, and from her interactions with Michigan citizens, Governor Granholm made the final decisions about what to buy with the available dollars. She used the people's priorities to guide her final decisions. This fiscal year 2006 Executive Budget represents Governor Granholm's recommendations for achieving maximum results for Michigan citizens.

[4] The guidance team consisted of the Governor, key policy staff, the State Budget Director and the State Treasurer.

Spending by Goal

STATE OF MICHIGAN
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CIRCUMSPICE
Office of the State Budget

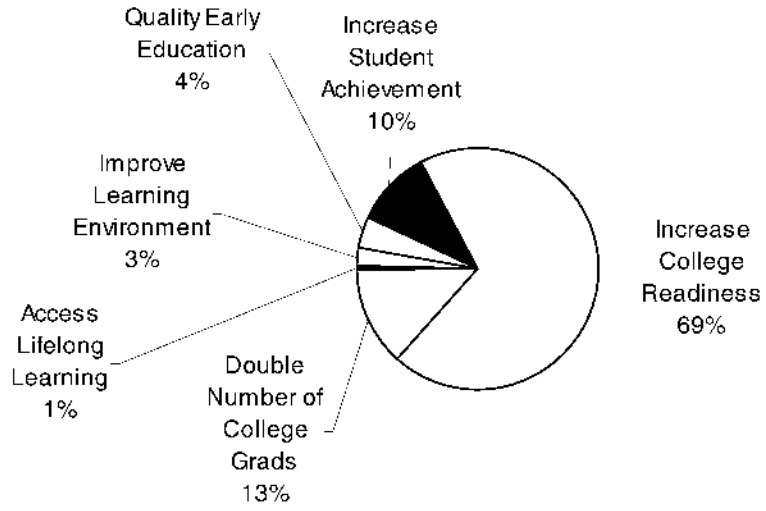
EDUCATION

Goal: Improve Student Achievement

From cradle to grave, education is vital to a successful and happy life. Learning begins in early childhood, continues through grade school and high school, advances in college, and culminates in life-long learning habits. As part of the budgeting for outcomes process, the Governor reviewed and prioritized all educational services supported with taxpayer dollars – child care and early childhood learning, K-12 education, support for colleges and universities, higher education financial assistance, and adult learning opportunities.

The Governor's budget for fiscal year 2006 recommends total spending for educational services $15.7 billion, of which over $2.1 billion is general fund. This represents more than 38 percent of the total state budget. There are over 160 activities in 12 state departments that support the student achievement goal.

Education Spending Plan



Total: 15.7 Billion

Strategies to Achieve Goal

- Make quality early childhood education and child care programs available to all Michigan children.
- Increase the number of Michigan schools achieving significant progress in mathematics, reading and writing, attendance, and graduation rates.
- Increase the number of high school students who qualify for college or advanced study.
- Double the number of students who attain college degrees and other marketable credentials.
- Improve access to lifelong learning opportunities for all citizens.
- Improve access to a safe and supportive learning environment by promoting positive student behaviors and by increasing participation in health and nutrition programs.

Make Quality Early Childhood Education and Care Programs Available to Michigan Children

Strategies to improve student achievement begin at birth. The placement of the Family Independence Agency's nearly $475 million child care program and related child care licensure program under the education umbrella is reflective of the Governor's desire to move from simply providing child care services to providing educational opportunities for children in state-subsidized child care placements. Under child care licensing rules being proposed by the Family Independence Agency and currently available for public comment, for the first time those providing child care in their licensed homes will be required to receive at least 10 hours of child care training each year. Required training for child care center workers will be phased in over three years to a minimum of 16 hours per year. These rules impact 4,600 child care centers and 13,800 state-licensed homes.

Spending Priorities

- **Fully Fund Special Education**
  Total funding $1.38 billion; $960.9 million state school aid fund/other state funds
- **Fully Fund School Breakfast and School Lunch Programs**
  Total funding $338.3 million; $22.5 million state school aid fund; $9.7 million general fund
- **Fully Fund Durant-Related and School Bond Loan Fund Debt Service**
  Total funding $79.5 million; Nearly $35 million state school aid fund
- **Maintain Funding for Local Libraries**
  Total funding $19.4 million; $13.8 million general fund
- **Fund Adult Education**
  Total funding $39.3 million; $20 million state school aid fund
- **Maintain Tuition Restraint Incentive for Universities**
  Total funding $87.8 million; $87.8 million general fund
- **Fully Fund Merit Award for Classes of 2004 and 2005**
  Total $121 million; $0 general fund
- **Fund Preschool Programs**
  Total funding $153.4 million; $88.3 million state school aid fund/general fund
- **Fund Financial Aid for Students Attending Public Colleges**
  Total $185.2 million; $44.7 million general fund
- **Fund Intermediate School District Operations**
  Total funding $80 million; $80 million state school aid fund

Funding for the Governor's Project Great Start school readiness program is continued at $85 million, preparing more than 25,000 four-year-olds annually to enter kindergarten ready to learn. Funding for Great Parents, Great Start is also maintained at $3.3 million for fiscal year 2006. Administered by intermediate school districts, this program for parents of all children from birth to age five provides parents with ideas for age-appropriate educational activities to prepare their children for school, as well as referrals to community services if needed. Federal funding of $65 million is targeted for early childhood special education services.

Increase the Number of High School Graduates Who Qualify for College or Advanced Study

To implement recommendations from the Cherry Commission, the Governor is calling upon Michigan's K to 12 system to intensify its efforts to ensure that high school students are ready for postsecondary opportunities.

Basic Support. The school aid budget totals $12.8 billion for fiscal year 2006, an increase of $282 million, or 2.3 percent, over original fiscal year 2005 appropriation levels.

From this funding, the Governor proposes to increase foundation allowances by $175 per pupil for all pupils in fiscal year 2006, the first time an increase in per pupil funding has been recommended since fiscal year 2003.

This will raise the minimum foundation allowance from $6,700 per pupil to $6,875 per pupil, an increase of 2.6 percent, compared to an estimated inflation rate of 2.1 percent. The cost of this increase is nearly $291 million.

In addition, the Governor is recommending that Michigan's school finance system begin to reflect the high costs of providing a comprehensive high school curriculum that prepares students for postsecondary success. In fiscal year 2006, the Governor recommends that school districts receive an additional $50 per pupil for high school students. The estimated cost of this provision is $26.3 million.

Incentives for Improvements. While Michigan's educational leadership has spent recent years placing rigorous preschool and K-8 curriculum standards in place, these rigorous standards must now be extended to our high schools. In addition, our preschool, K to 12 and higher education systems must be better aligned to create the nation's best-educated citizenry. Our children and grandchildren depend upon it. The Governor is also announcing a series of incentive payments that begin in fiscal year 2007 to encourage districts to graduate high school students that are prepared for the next phase of their educational careers. The early announcement of these incentives provides districts an opportunity to plan for the future.

Beginning in fiscal year 2007, the Governor is proposing to provide districts with an additional incentive payment to invest in upgrading high school curriculum. Beginning in fiscal year 2008, schools that require the enrollment of high school students in the rigorous Michigan Scholar Curriculum, recommended by the Cherry Commission, will receive an additional quality incentive payment to support these efforts. By 2011, incentive payments will be based solely on the number of high school graduates who have completed the Michigan Scholar Curriculum.

During fiscal year 2006, support for the Michigan Virtual High School is increased to $8 million to expand distance-learning opportunities for high school students to ensure that all students have access to this rigorous curriculum.

Michigan Scholar Curriculum

Includes *at least*:

- 4 credits in English
- 3 credits in Math (algebra 1& 2; geometry)
- 3 credits in Laboratory Sciences (biology, chemistry, physics)
- 3.5 credits in Social Studies (U.S. and world history, geography, economics, government)
- 2 credits of Foreign Language

Regional Efficiencies. The success of Michigan's K-12 system requires the wise use of taxpayers' dollars. In order to direct as many dollars as possible to the classroom, school districts must work cooperatively to contain costs for school management functions such as budgeting and accounting, payroll and personnel functions, purchasing, and other administrative activities.

In fiscal year 2006, the Governor recommends a $200,000 grant to a group of intermediate districts to develop models for regional cooperation in the delivery of school management functions. Beginning in fiscal year 2007, districts will have to be members of intermediate district school management consortiums in order to receive all of their funding. The fiscal year 2006 recommendation also increases intermediate school district funding by $2.3 million, or 2.6 percent, to $80 million.

Accountability and Assessment. High school juniors are expected to take the traditional MEAP test for the last time in 2006. The Department of Education budget contains an appropriation of $2.6 million to transition from the MEAP test to the new Michigan Merit Examination – an enhanced college entrance exam. The

funding will support an alignment study, augmentation planning and test costs. The department's assessment budget also contains an increase of nearly $3.4 million in federal funds to develop the MI-Access test for students whose special education needs require an accommodated test. In total, the state will spend approximately $32.2 million on its assessment programs in fiscal year 2006.

Increase the Number of Michigan Schools Maintaining Adequate Yearly Progress in Mathematics, Language Arts, Graduation Rates, and Attendance

Under the federal No Child Left Behind Act of 2001, states and schools must make adequate yearly progress (AYP) toward the goal of 100 percent of students achieving at grade level in mathematics and reading by 2014. For school year 2004, the Department of Education reported that 76 percent of schools and 80 percent of school districts met the federal mandate for making adequate yearly progress.

The Department of Education manages over $900 million in federal and state funds that support academic improvement in schools. The department has created regional support teams in collaboration with intermediate school districts to assist schools not making adequate yearly progress, co-trained over 90 coaches to directly assist those schools, encouraged the spread of best educational practices through the sponsorship of instructional excellence seminars, and developed a tool kit of over 300 practical strategies to sustain school improvement.

New Initiatives

- **Increase Foundation Allowance by $175 Per Pupil to $6,875**
  Total funding of $9.7 billion; $9.7 billion state school aid fund
- **Additional $50 Per High School Pupil to Recognize Extra Costs of Providing High School Curriculum**
  Total funding of $26.3 million; $26.3 million state school aid fund
- **Increase Funding for Academically At-Risk Students by $33 Million**
  Total funding $347.2 million; $347.2 million school aid fund
- **Increase College and University Operations Funding by $70 Million for Fiscal Year 2005 and Maintain for Fiscal Year 2006**
  Total funding $1.78 billion. $1.67 billion general fund
- **Develop Models of Regional Efficiencies to Reduce Schools Expenses for Business Management Functions**
  Total funding $200,000; $200,000 general fund
- **Convert High School MEAP Test to an Augmented College Entrance Exam**
  Total funding $2.6 million; $0 general fund
- **Expand Courses Offered by Michigan Virtual High School**
  Total funding $8.0 million; $1.75 million general fund

Students receive assistance through several programs. The School Aid Act allocates over $760 million of federal and state funding to academically at-risk children. State funding for at-risk students has been increased by $33 million to $347 million in fiscal year 2006. Over $22 million of federal Reading First grants are targeted to improve early reading skills that are critical to future academic success. The percentage of Reading First participants who are reading at or above grade levels in 2004 has increased by 5 percent for first graders, 9 percent for 2nd graders, and 10 percent for third graders. Over $1.3 billion has been allocated for special education programs and services, including over $10 million for the operation and outreach activities of the Michigan Schools for the Deaf and Blind.

The federal No Child Left Behind Act also requires that schools struggling to meet academic goals employ "highly qualified" teachers. Over $106 million of federal funding is appropriated to improve teacher quality through professional development.

Improve Access to a Safe and Supportive Learning Environment

The Governor proposes to reform the School Bond Loan program in fiscal year 2005 to create a revolving loan fund. The restructuring of the program will relieve the School Aid budget of debt service payments for school construction in fiscal years 2005 and 2006. The Michigan Municipal Bond Authority will capitalize the revolving loan fund from the sale of revenue bonds secured by the existing School Bond Loan Fund loan portfolio. The Department of Treasury will strengthen its loan program by updating methodologies used to evaluate construction costs, building utilization, financial evaluation standards, and enrollment growth projections. In addition, it will develop and implement a Web-based application process that will allow districts to complete their applications on-line and transmit them electronically to the department. The proposed reform will have no impact on existing bonds and outstanding loans.

National studies have concluded that hungry children can't learn effectively. The Governor's Executive Budget provides funding of $328.6 million for the school lunch program and $9.7 million for the breakfast program. In 2004, these programs served over 174 million nutritious meals, with daily lunches averaging over 795,000 and 206,000 daily breakfasts.

The fiscal year 2006 budget doubles the number of school-based health centers to 65, funded by $3.7 million from the School Aid Budget, which is matched with $5 million federal funds in the Department of Community Health budget. More than 80,000 youth, ages 10 to 21, are served each year.

Federal safe and drug free schools monies of $12 million fund programs to prevent violence in and around schools; prevent the illegal use of alcohol, tobacco, and other drugs; and coordinate resources to foster a safe and drug-free environment that supports academic achievement.

Spending Reductions

- **MSU Agricultural Experiment Station Reduced From $33.2 million to $29.9 million**
  Savings of $3.3 million general fund
- **MSU Cooperative Extension Service Reduced From $28.6 Million to $21.9 Million**
  Savings of $6.7 million general fund
- **Child Care Funding Reduced to $473 Million**
  Total $21 million; $10 million in general fund
- **General Fund Subsidy to School Aid Fund**
  Total $145 million; $145 million general fund

Federal 21st Century grants totaling $29.3 million provide after-school enrichment opportunities to over 25,000 children in 184 schools. Youth development activities include drug and violence prevention; counseling; art, music and recreation; and technology. The department of Education and the Family Independence Agency are collaborating to improve program coordination and to secure an additional $175,000 in private funds.

Increase the Number of Students Who Attain College Degrees and Other Marketable Credentials

Michigan's education system and its economic future are inextricably linked. One cannot thrive without the other. Competencies for success in college and in the workplace have converged in the new knowledge-based world economy. If Michigan is to be an economic powerhouse in the 21st century, students must expect to attend college. The recent Cherry Commission report makes several recommendations related to preparing Michigan for the next economy – foremost of which is that we set and achieve a new expectation for learning: postsecondary education for all. The Governor's fiscal year 2006 budget begins to address the challenge of increasing the number of Michigan residents who attain a postsecondary degree.

University and Community College Funding. Despite Michigan's budgetary challenges, the Governor's recommended budget increases funding for Michigan's 15 universities and 28 community colleges in both fiscal years 2005 and 2006. The Executive Budget proposes the issuance of state bonds for special maintenance projects at universities and community colleges of up to $100 million annually for fiscal years 2005 and 2006. This proposal is part of the Governor's efforts to improve educational opportunities, while creating jobs, by repairing existing campus buildings. The increase is offset by a $30 million reduction in fiscal years 2005 and 2006.

"There is a strong correlation between the educational level of a state's workforce and its economic vibrancy. States that educate and nurture creative talent and build and maintain the necessary higher education infrastructure to attract venture capital and research dollars will create the multiplier effects that grow and sustain industries in the new economy. These states will be the leaders in the competition for jobs and income growth."

Lt. Governor's Commission on Higher Education and Economic Growth, December, 2004

Tuition Restraint. The Governor's fiscal year 2006 budget continues to make a portion of a university's support contingent upon minimizing tuition and fees. Universities that increase tuition and fees to no more than 5 percent or $307, whichever is greater, will receive tuition restraint incentive payments totaling over $87 million.

Student Financial Aid and Support. The Michigan Merit Award program is funded at $121 million in fiscal year 2006, paying for awards to students graduating in 2004 and 2005. However, the Executive Recommendation does not contain funding for the middle school bonus payment nor awards to students attending college out-of-state, saving $13 million.

Beginning with the high school graduating class of 2007, the Governor proposes that the bar be raised and that future awards be tied to student achievement in the first two years of college or comparable non-campus based training. Rather than defining meritorious achievement as the passage of a test, the new award will fund the gap between federal aid and $4,000 and will be given to students who have successfully completed two years of postsecondary education and either received a degree or certificate, or successfully transitioned to junior status in a four-year public or private institution.

The fiscal year 2006 budget maintains funding for most student financial aid programs at fiscal year 2005 levels, with support for the Tuition Incentive Program (TIP) increasing from $10 million to $12 million to reflect increased participation by many students with the greatest financial need. After evaluating all of the state education spending, the Governor recommends the elimination of funding for the tuition grant program, which subsidizes attendance at private colleges. Currently, a disproportionate share of the state's financial aid dollars (33 percent) is supporting the relatively small number of students attending private colleges. The Governor believes that taxpayer dollars should not be spent for scholarship programs that are not accessible to students attending Michigan's public colleges and universities. Even after eliminating this program, funding for student financial aid programs totals over $185 million.

The Martin Luther King-Cesar Chavez-Rosa Parks program, intended to increase minority participation in higher education, has been restructured into a competitive grant program to better focus on results. This $5.1 million restructured program will continue to encourage under-represented minority students to attend and

complete college. Universities and colleges will have flexibility to select research-based models that will work best on their campuses. However, a college or university will be required to match state funds, and the program participants will be tracked over the course of their collegiate careers to evaluate the results of the spending.

Another program focused at retaining students in college is the community college At-Risk Student Success Program. Funding for this program has been maintained at $3.3 million, but the fiscal year 2006 budget refocuses the funds on students who are academically at-risk of dropping out.

Improve Access to Lifelong Learning Opportunities for all Citizens

Beyond returning to a university or community college, there are many opportunities in Michigan for lifelong learning. Aid to local libraries is maintained at $19.4 million in the fiscal year 2006 budget, providing support to 678 libraries, branches and bookmobiles. In fiscal year 2003, libraries served almost 10 million patrons. In addition to books, our libraries provide computers for public use, specialized services for the blind and physically handicapped, and special resource materials and unique collections.

Over $39 million of federal and state funding supports adult basic education, English as a Second Language, GED training, and high school completion programs administered locally by school districts and local workforce development boards. More than 80,000 students are enrolled in Michigan Adult Education programs each year.

The Department of Natural Resources provides opportunities for Michigan's citizens to learn about the world around them through public education on wildlife and natural resources at parks, boating access visitor services, interpretation programs, and outdoor natural resource education program for schools. Approximately $11.2 million is in the fiscal year 2006 budget to support these efforts.

Expenses Eliminated

- **Book Distribution Centers**
  Total $327,500; $327,500 general fund
- **Library Digitalization Pilot Project**
  Total $965,000; $965,000 general fund
- **Michigan Virtual University**
  Total $1 million; $1 million general fund
- **Michigan Merit Award for Students Attending out-of state ($4 million) and Middle School Awards ($9 million)**
  Total $13 million; $0 general fund
- **Tuition Grant Program**
  Total $61.8 million; $61.8 million general fund
- **CMU National Charter Institute**
  Total $500,000; $500,000 general fund
- **Midwestern Higher Education Compact Dues**
  Total $90,000; $90,000 general fund
- **Freedom to Learn**
  Total $21.0 million; $3.7 million state school aid fund
- **National Board Certification Grants:**
  Total $100,000; $0 general fund

Indicators of Success

- Improved student test scores
- Reduced gaps in student achievement
- Increased participation in rigorous high school curriculum
- Increased number of high school students entering college
- Reduced college dropout rates
- Increased number of college degrees/credentials

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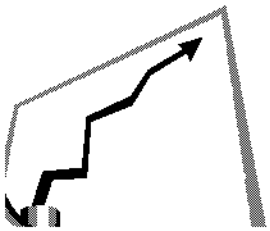


ECONOMY

Goal: Sustain and Create Business Investment and Jobs in Michigan

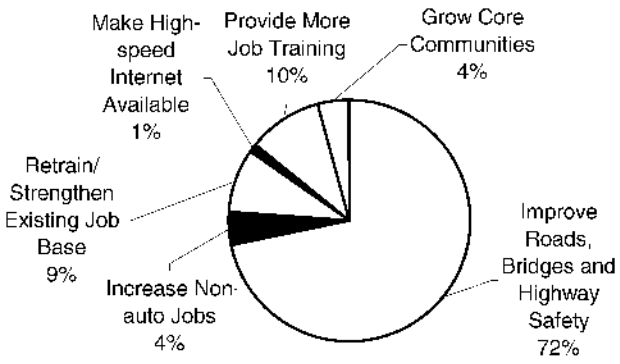
Michigan's economic engine is fueled by strong business and entrepreneurial investment, the existence of a ready, skilled and dedicated workforce, and effective infrastructure and mobility systems that support and promote commerce. Governor Granholm is targeting resources to each of these areas to sustain and create business investment and jobs in Michigan now and in the future. The Governor's Jobs Today and Jobs Tomorrow economic plan focuses on short-term stimulus and long-term diversification, growth and revitalization strategies to lead Michigan forward in the 21st century.

The economy work group developed six strategies dedicated to the goal of sustaining and creating business investment and jobs in Michigan, and ranked activities in a manner consistent with the Governor's Jobs Today and Jobs Tomorrow plan and overall economic development priorities. Programs integral to this goal encompass 97 activities in nine agencies. The Governor's Executive Budget Recommendation for economy programs totals $5.02 billion gross, $89.8 million general fund, representing 12.2 percent of the total recommended budget for fiscal year 2006.

Growing Michigan's Economy For The Future

The Governor's Executive Recommendation provides $770 million for programs supporting job creation, retention of existing businesses and the attraction of new business investment. This includes the preservation of core programs focused on economic development, community development and the promotion of Michigan's tourism, historic and cultural resources. To fuel Michigan's future, the Governor is also proposing a bold initiative to enhance Michigan's competitive edge on the research and development frontiers.

Economy Spending Plan



Total: $5.02 Billion

Strategies to Achieve Goal

- Retain and strengthen Michigan's existing manufacturing, agriculture and tourism base by creating new jobs.
- Increase the number of non-auto related jobs in Michigan.
- Provide more job training to Michigan workers focused on career opportunities of the future.
- Continue to grow Michigan's core communities as diverse, safe and healthy talent centers.
- Use the power of technology to link every community to economic opportunity by making high-speed Internet available to all Michigan households and businesses.
- Keep Michigan's people and commerce moving by improving our roads and bridges and by increasing highway safety.

21st Century Jobs Initiative: $2 Billion to Build the Future for All. Governor Granholm recommends Michigan lead the way in the pursuit of new economic sectors involving the life sciences; advanced automotive manufacturing, materials and alternative energy; and homeland security and defense. Investments in these industries have significant potential to diversify Michigan's economic base and provide jobs now and in the future. If Michigan is not aggressive in its pursuit of these new products and technologies, other states will capitalize on our missed opportunity. To this end, the Governor recommends $2 billion in general obligation bonds be issued over the next ten years to support emerging research and development in these exciting new fields. The bond issue will require two-thirds support of the Legislature and approval of a statewide ballot proposal by the voters in November. When authorized, $200 million will be available annually to support the development and commercialization of new business and research opportunities, replacing $30 million currently appropriated for the Technology Tri-Corridor. It is anticipated the synergy created by the 21st Century Jobs Initiative will provide Michigan's citizens with 72,000 good paying jobs over the next 10 years.

Marshalling Resources to Create Jobs Today

Governor Granholm also recommends an expansive *Jobs Today Initiative* that will invest nearly $800 million in state bonds for infrastructure projects over the next three years, that will help to put wages back into workers pocketbooks, spur economic activity across the state, and make Michigan a better place to live and start a business. With the support of the Legislature, the Governor recommends that a portion of these construction projects be accelerated to the current fiscal year to put workers on the jobsite without delay. Significant investments are targeted in the following areas:

Funding Priorities

- **Maintain Funding for Job Creation Services and Economic Development**
  $675.7 million total; $48 million state general fund
- **Maintain Funding for Workforce Development Programs that Train for Jobs Now and in the Future**
  $229.6 million total; $9.2 million state general fund
- **Maintain Funding for Regulatory Programs that Support Competitive and Fair Business Practices and Protect the Safety of the Public and Consumers**
  $153.4 million total; $41,100 state general fund
- **Maintain Funding for Programs that Serve the Unemployed, the Disabled and Those Receiving Cash Assistance Benefits**
  $354.4 million total; $32.6 million state general fund
- **Maintain Funding for State and Local Road and Bridge Repair and Maintenance**
  $2.6 billion total; $0 state general fund
- **Increase Funding for Public Transportation**
  $248 million total; $0 state general fund

- *School Renovation & Small High School* incentives will be provided for local school districts through the School Bond Loan Fund to encourage improvements to aging school facilities and the construction of small high schools to bolster student achievement.
- *Higher Education Renovation and Maintenance* projects will preserve and enhance the useful life of core academic buildings and facilities.
- *Downtown Infrastructure Expansion* projects will enhance areas surrounding downtowns through the development of recreational, housing and commercial facilities that make these cities desirable places to live, work, and play.
- *Environmental Clean-up and Brownfield Redevelopment* projects that are critical for economic development and revitalization of core communities will be expanded.

- ***Low and Moderate Income Housing*** projects will address the needs for decent, safe and affordable housing for Michigan families.

- ***Transportation Infrastructure*** projects will improve Michigan's roads and bridges to keep people and goods moving efficiently.

- ***State Infrastructure Reinvestment*** projects will fund the renovation and special maintenance of state-owned facilities.

Developing the Workforce of Tomorrow

Over $489.8 million is recommended to support employment and training services including adult and vocational education, welfare-to-work, payments to local workforce development boards, and specialized career and technical education assistance. Between now and 2012, it is expected Michigan will have a shortage of 300,000 workers with the skills needed to fill jobs in the building trades, nursing, and health care fields. Over 100,000 of these vacancies exist today. Michigan must revolutionize job training by raising expectations for all to attain college degrees, and by equipping workers with the skills needed in this new economy.

New Initiatives

- **21st Century Jobs Initiative to Diversify and Grow the Economy**
  $200 million total; $0 state general fund
- ***Jobs Today Initiative* Accelerated Infrastructure Projects to Put Michigan to Work Now**
  $716 million total; $0 state general fund
- **Fast Tracking to Jobs of the Future in the Health Care Industry**
  $10 million total; $0 state general fund
- **Expansion of MiTAPS Online Permitting System**
  $150,000 total; $0 state general fund
- **Increase Funding for Local Law Enforcement and Fire Protection Grants**
  $9.9 million total; $0 state general fund
- **Emerald Ash Borer Eradication and Tree Removal on State Trunkline Right-of-Ways**
  $1 million total; $0 state general fund

- ***Michigan Opportunity Partnership,*** created to fast-track jobs in the health care industry, holds great promise as the population ages and the demand for health care services continues to grow. Chronic and significant shortages exist in a number of health care professions creating career opportunities for those displaced from manufacturing or service occupations. Governor Granholm recommends $10 million in Medicaid disproportionate share payments in the current year and 2006 be made available to hospitals that enter into a cooperative agreement with a public university or a community college to expand health care training opportunities in fields such as nursing, pharmacy, emergency medical technician, laboratory and imaging technology, physical therapy, and other critical health care professions experiencing a shortage of skilled workers. These unique partnerships will enable unemployed and displaced workers to enter accelerated degree programs and attain the skills necessary to successfully transition into health-related occupations.

- ***Regional Skills Alliances*** help job seekers get the skills necessary to fill jobs in their local community. The thirteen Regional Skills Alliances are enhanced with an additional $2.2 million in federal funds in fiscal year 2006. The Alliances are locally managed partnerships formed to address workforce issues affecting firms such as worker shortages, skill shortages, and training mismatches specific to local communities. The Alliances will play a major role through their employer and educational partners in

identifying job vacancies and assisting in the design and delivery of training for dislocated and unemployed workers to fill those jobs.

Ensuring Safe and Competitive Business Practices

Over $153.4 million is included in the Executive Recommendation to support business, occupational, financial, insurance, and safety regulation programs to ensure entities operate in a competitive, fair, and safe manner. The Governor's recommendation includes $596,000 for new efforts to combat predatory mortgage lending practices, and $426,500 to address permit processing and inspection backlogs relating to commercial services functions such as elevator and boiler inspections. A fee increase is proposed to cover on-going costs associated with fire inspections and plan reviews, and a new fee is also recommended to cover the costs associated with privately-owned cervidae farm licensing and inspection.

Spending Reductions

- **Reduce Administrative Costs Associated with Job Creation, Regulatory, and Workforce Development Programs**
  ($1.5 million total; $603,400 state general fund)
- **Reduce Administrative Costs Associated with Employment and Training Support Services in the Family Independence Agency**
  ($850,000 total; $0 state general fund)
- **Reduce Administrative Costs Associated with Economic Development Job Training Grants**
  ($250,000 total; $250,000 state general fund)
- **Reduce Administrative Costs Associated with Historic and Cultural Programs**
  ($406,700 total; $406,700 state general fund)
- **Reduce Administrative Costs Associated with Transportation Programs**
  ($4.9 million total; $0 state general fund)

- *Michigan Timely Application & Permit Service (MiTAPS)* is reducing red tape for businesses seeking permits by offering a one-stop permitting shop with thirty-five permits now available on-line, 24 hours a day, seven days a week. MiTAPS has already successfully reduced the processing time for many environmental permits. The Governor's budget adds $150,000 in restricted funds for the continued expansion of this initiative to other types of permits. When complete, MiTAPS will have 150 permits available on-line.

- *Liquor License Fees* for retail establishments have not been increased since 1976 for most license types. Governor Granholm proposes to increase liquor license fees and use these fees to support regulatory activities of the Liquor Control Commission. By shifting Liquor Control Commission costs to these license fees, the state general fund will save $13.1 million. In addition, the Governor recommends that $6.2 million be used to increase grants for local law enforcement agencies, more than doubling the current amount available for the local enforcement of liquor laws. The Governor's proposal also effectively doubles local fire protection grants, with an increase of $3.7 million from the Liquor Purchase Revolving Fund.

- *Low-Income Housing and Energy Assistance Grants* provided by the Michigan State Housing Development Authority (MSHDA) and the Public Service Commission (PSC) will increase $25 million in fiscal year 2006. MSHDA payments on behalf of tenants for low-income housing are increased by $10 million, and PSC energy assistance grants to provide shut-off protection for low-income customers are increased by $15 million.

Infrastructure Support and Mobility Programs

Over $3.4 billion is recommended for state road and bridge preservation and maintenance, local road and bridge program grants, airport infrastructure improvements, and public transportation programs. The effective and efficient movement of people and goods is critical to Michigan's economy. The continued investment in infrastructure projects is necessary to keep pace with the accelerated demands of modern commerce and the way in which we live our lives.

- ***Local Road and Bridge Funding*** will increase by $17.1 million in fiscal year 2006, from Michigan Transportation Fund revenues distributed through the Public Act 51 formula. In addition, the Local Bridge Fund is increased by $12.7 million to a total of $31.1 million reflecting full implementation of the Governor's commitment to "split the penny" through the re-direction to local bridge repairs of one-half of one cent of the state gasoline tax previously dedicated to state trunkline bridge repairs.

- ***State Highway Maintenance*** is increased by $3.3 million to reflect the over 90 miles of trunkline roads added to the state system and to provide for inflationary increases in the cost of maintenance materials including road salt, hot/cold patch, gravel, etc. In addition, $1 million is recommended for Emerald Ash Borer eradication efforts in state trunkline right-of-way areas to support the development of a risk assessment plan, as well as the removal of dead or dying trees that may pose a safety hazard to the motoring public.

- ***Public Transportation Funding*** is increased by $12.4 million in fiscal year 2006. The additional funding is targeted to providing match for federal transit capital grants ($10.8 million), and local bus operating assistance grants ($1.6 million). Governor Granholm has consistently supported public transportation and considers it a priority to maintain operating assistance grants for local transit agencies.

"...Granholm has said the right things about maintaining a balanced transportation system. Mass transit reduces road wear, improves air quality, and provides a vital service to employers, workers, seniors and people with disabilities."

The Detroit Free Press, January 28, 2005

Program and Administrative Savings

The Governor's budget focuses on protecting core program priorities, while making targeted reductions and identifying administrative efficiencies in several program areas. Recommended reductions include the following: $11.1 million in revenues re-directed from the Comprehensive Transportation Fund to the general fund; and $7.9 million in direct administrative reductions and efficiencies. Given the priority of programs related to the goal of economic improvement and the impact they have on Michigan's future, no programs are recommended for elimination.

Indicators of Success

- More jobs created and retained in Michigan
- More business start-ups and new capital investment in Michigan
- Increased personal income levels for Michigan citizens
- Increased numbers of highly trained and skilled workers
- Increased tourism in Michigan
- Better roads and highways

HEALTH AND HUMAN SERVICES

Goal: Make Michigan's People Healthier and Our Families Stronger

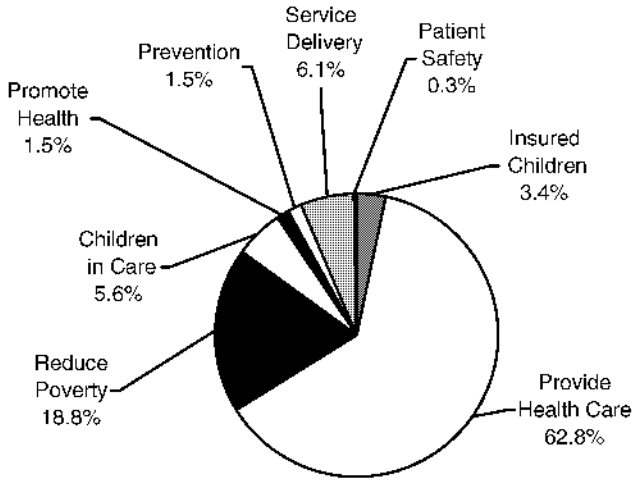
The Governor strongly believes that quality of life is important to the economic strength of Michigan. For Michigan to be a great place to live and work, we must improve the health of our citizens and strengthen our families. Cash assistance, social services, and medical services are provided to low-income families, children and individuals to preserve and strengthen Michigan's social safety net. Public health programs and prevention services are available statewide to encourage and support healthy behavior and positive health outcomes. These services and programs are important indicators of the Governor's commitment to the well being of all Michigan residents.

The Executive Budget for fiscal year 2006 proposes Health and Human Services spending of $14.5 billion of which $3.9 billion is general fund. 140 activities in 10 departments support this goal.

Health and Human Services Initiatives

Medicaid Reform. Increases in caseloads and costs have pushed Michigan's Medicaid expenses to record levels. There are 1.4 million people receiving medical coverage under Medicaid. Medicaid costs for fiscal year 2005 are expected to reach $6.1 billion. To address this issue, the Governor is proposing a Medicaid Reform Plan that will save money, while maintaining basic medical coverage for all current recipients. First-year savings are budgeted at $78 million.

Health and Human Services Spending Plan



Total: $14.5 Billion

Strategies to Achieve Goal

- Increase the number of insured children and preserve existing health coverage for adults.
- Provide medical, mental health, substance abuse and long-term care services to low-income children, families, the elderly, veterans and the disabled.
- Reduce the number of children living in poverty.
- Reduce the number of children in the child welfare system.
- Prolong life and protect the public health by promoting the State Surgeon General's "Prescription for a Healthier Michigan" to reduce obesity and prevent teen smoking.
- Ensure that Michigan's vulnerable citizens have access to prevention and early intervention services.
- Improve the delivery of health and human services by lowering overall costs, improving technology and streamlining the way work gets done.
- Improve Michigan's patient safety and health care by increasing the number of health care providers engaged in quality improvement programs.

Components of this plan are:

- A freeze on Medicaid enrollment for 19 and 20 year old young adults. Those currently on the program will maintain their medical coverage until they reach age 21 or otherwise lose their eligibility.

- Implementation of a limited benefit package for 19 and 20 year old young adults, and low-income adults who are caring for their own, or related, children. This basic package includes outpatient services, inpatient hospitalization and prescriptions with the following limitations: 20 day annual limit on inpatient hospital days; a $10 co-pay on emergency room visits and a limit of four prescriptions each month. There is no coverage for hearing, speech, physical therapy, occupational therapy, or vision services.

- Implementation of a Medicaid estate recovery program that recoups taxpayer funds spent on nursing home care from the patient's estate.

- Closure of loopholes in Medicaid eligibility for long-term care to prohibit the sheltering of financial assets that can be used to pay for the patient's care.

- Implementation of a physician provider assessment to increase physician reimbursement rates while saving $40 million in state funds.

- Elimination of the current 3-month retroactive Medicaid eligibility period prior to the date of application.

- Implementation of a Medicaid Family Planning Waiver that will help reduce unintended pregnancies and infant mortality rates while saving $6.5 million on childbirth costs.

- Implementation of a third-share plan to provide medical insurance for low-income working families who are not eligible for Medicaid.

Spending Priorities

- **Medicaid Medical Services for Over 1.4 Million People Including Families, Children, the Elderly and the Disabled**
  $6.9 billion total; $1.6 billion state general fund
- **Mental Health Funding for State Institutions and Community Services**
  $2.6 billion total; $1.1 billion state general fund
- **Public Health Funding to Promote the Health and Well-Being of Michigan Residents**
  $450 million total; $62 million state general fund
- **Funding for the Family Independence Program to Provide Basic Cash Assistance to Low Income Families**
  $394.3 million total; $168.5 million state general fund
- **State Disability Assistance Funding to Provide Basic Cash Assistance to Over 10,000 Disabled Adults**
  $37.3 million total; $32.2 million state general fund
- **Funding to Support 11,400 Children Who Have Been Placed in Out-Of-Home Care Due to Abuse or Neglect in their Own Homes**
  $214.0 million total; $86.6 million state general fund
- **Adoption Funding to Help Find Permanent, Adoptive Homes for Children**
  $243.6 million total; $91.1 million state general fund
- **Funding to Improve Patient Safety and Ensure Quality Health Care**
  $42.1 million total; $6.4 million state general fund
- **Food Assistance Funding**
  $1.2 billion total; $0 state general fund

Family Independence Agency Technology Improvement. Funding of $8.5 million is included in the Governor's budget for technology improvements in the Family Independence Agency. From 2000 to 2004, the FIA caseload increased by 42 percent while the number of first-line eligibility workers decreased by 18 percent. Food stamp errors were reduced to 7.3 percent in 2004 but must be reduced below 6 percent to avoid further federal financial penalties. Audit exceptions related to eligibility have been found in cash assistance and energy programs. Efficiencies from technology improvements will improve client services and reduce the need for additional workers. The Executive Budget funds two projects:

- Caseworker Relief Project: Replaces obsolete and error-prone equipment including printers, telephone systems and document management equipment.

- Integrated Service Delivery Project: Re-engineers and integrates the eligibility and case management functions for both financial and social services programs (e.g., cash assistance, medical assistance and child care).

Increase the Number of Insured Children and Preserve Existing Health Coverage for Adults

In this tight budget year, the Governor's fiscal year 2006 priorities preserve medical coverage for children, families and individual adults. This coverage includes outpatient services, inpatient services, and prescriptions.

- Children are covered up to 200 percent of the poverty level with a full benefit package.

- Adults are covered in the following categories with a full benefit package:

  - Adults with children are covered up to 50 percent of the poverty level.

  - Pregnant women are covered up to 185 percent of the poverty level.

  - The elderly, blind and disabled are covered up to 100 percent of the poverty level.

  - Childless adults are covered up to 35 percent of the poverty level with a limited benefit package that includes only outpatient services and prescriptions.

"Medicaid is a vital link in the nation's health care system, providing not only health services for the poor but also for senior citizens in nursing homes as well as some of their drug costs. The federal government must do all it can to ensure these programs are not shortchanged as the numbers needing the services mount."

Midland Daily News, January 25, 2005

Medical coverage for children contributes to good health and good health habits as they prepare for and progress through school. Coverage for adults functions as a work support as low-income families strive for economic security.

Provide Health Services to Low-Income Children and Adults

The fiscal year 2006 Executive Recommendation increases Medicaid, mental health and substance abuse funding by $214.3 million general fund. This increase covers caseload, utilization changes and inflation, and demonstrates the Governor's commitment to providing medical care to Michigan's low-income population. This commitment is further demonstrated by net state funding increases of $161.2 million to replace the loss of special federal financing and $9.8 million to replace a decrease in federal matching funds. These losses of federal support are a significant contributor to the increase of $362.7 million in state funds in the Department of Community Health budget for fiscal year 2006.

New Initiatives

Michigan's Medicaid Reform Plan Includes the Following Components:

- **Freeze Enrollment for 19 and 20 Year Old Young Adults**
  Savings of $5.0 million total; $2.2 million state general fund
- **Limit Benefits for 19 and 20 Year Old Young Adults and Certain Adult Caregivers**
  Savings of $6.4 million total; $2.8 million state general fund
- **Implement an Estate Recovery Program**
  Savings of $10.0 million total; $4.3 million state general fund
- **Close Loopholes in Eligibility for Long-Term Care Services**
  Savings of $18.4 million total; $8.0 million state general fund
- **Implement a Physician Provider Assessment to Increase Physician Reimbursement Rates**
  $124.3 million total; Savings of $40.0 million state general fund
- **Eliminate Retroactive Eligibility**
  Savings of $28.3 million total; $12.3 million state general fund
- **Eliminate Coverage for Chiropractic Services**
  Savings of $1.3 million total; $.6 million state general fund
- **Implement a Family Planning Waiver**
  Savings of $6.6 million total; $7.8 million state general fund
- **Implement a Third Share Plan to Provide Medical Insurance for Low-Income Working Adults who are not Eligible for Medicaid**
  $10.0 million total; $0 state general fund

Additional Initiatives Include:

- **A Caseworker Relief Project and an Integrated Service Delivery Project to Enhance Caseworker Productivity in the Family Independence Agency**
  $8.5 million total; $4.3 million state general fund
- **Medicaid Mental Health Rate Increase Financed with a Provider Assessment**
  $123.8 million total; Savings of $35.0 million state general fund

The state covers a range of medical services for 1.4 million Michigan residents. Included are outpatient and inpatient services; prescriptions; coverage for children with special needs; long-term care; substance abuse education, prevention and treatment; and out-patient and in-patient mental health services.

To support Michigan's mental health and substance abuse services, a Medicaid mental health provider assessment will be implemented. This provider assessment will increase payment rates while saving $35 million in state funds.

For fiscal year 2006, Michigan is doubling the number of adolescent health centers. Funding will increase from $3.7 million to $8.5 million, using School Aid funds as the state match for federal Medicaid dollars. This funding more than doubles the number of health centers from 31 to 65. Services include health care access while encouraging academic achievement and providing family support.

Special Financing. The federal government has been aggressively limiting the ability of all states to leverage federal funds. For Michigan, this has resulted in a significant cost shift to the state. In fiscal year 2006, the net loss of federal funds related to Michigan's special financing arrangements is over $161 million in state funds.

Reduce the Number of Children Living in Poverty

Michigan's social safety net for fiscal year 2006 has been preserved in the Governor's Executive Budget. Sixteen percent of Michigan families with children have incomes at or below the poverty level and many of these families receive assistance from the state. The following programs provide financial support for low-income families and single adults:

- The Family Independence Program, funded at $394.3 million, provides basic cash assistance for 78,500 low-income families.
- Federal funding of $1.2 billion provides food assistance for 526,800 families.
- Medicaid funding of $6.9 billion provides medical coverage for over 1.4 million people.
- Energy and weatherization assistance funding of $135.1 million helps over 350,000 households pay their home heating bills.

Spending Reductions

- **4% Medicaid Provider Rate Reduction**
  $139.1 million total; $60.6 state general fund
- **Reduce Hospital Graduate Medical Education Payments by 4%**
  $6.8 million total; $3.0 million state general fund
- **Children's Special Health Care Services: Eliminate Coverage for Adults Over Age 21 With Other Health Insurance**
  $4.6 million total; $4.6 million state general fund
- **Children's Special Health Care Services: Increase Parent Pay Premiums**
  $0.0 million total; $1.8 million state general fund
- **State Support for Primary Care, Rural Health Care, and Michigan Essential Health Care Provider Program**
  $0.6 million total; $1.2 million state general fund
- **Funding to Friends of the Court**
  $5.6 million total; $5.6 million state general fund
- **Foster Care Caseload Reductions**
  $12.8 million total; $5.0 million state general fund
- **Administrative Savings in FIA and DCH**
  $8.6 million total; $6.3 million state general fund
- **Reduce Juvenile Justice Facility Costs**
  $7.9 million total; $3.8 million state general fund

These financial support programs work in concert with the welfare-to-work programs in the Department of Labor and Economic Growth to assist low-income families prepare for, and obtain, employment. Child day care is also an important work support for low-income families while they are employed or participate in education or training.

School-based Family Resource Centers are an additional component of this strategy. Located in high need elementary and middle schools, they are staffed by caseworkers and help at-risk families obtain services such as cash assistance, food assistance, Medicaid, child care, and social services. There are currently 39 centers that bring direct service delivery into low-income neighborhoods.

Reduce the Number of Children in the Child Welfare System

Providing a safe and stable home for children is a high priority for the Governor. There are over 19,000 children in Michigan's foster care program. These children and their families are the focus of a range of services designed to protect children in their own homes and in out-of-home care. The foster care program, funded at $214 million, provides basic care and supervision until children are returned home or adopted. When children must be removed from their own homes, the adoption program and the adoption subsidy program assist in placing children in adoptive homes and in supporting those who are adopted. The Executive Budget funds the adoption subsidy program at $230 million for fiscal year 2006. This subsidy is available for adopted children until they turn 18.

The Governor also recommends a full complement of community-based services for families and children. These services, funded at $75.5 million, are designed to strengthen families and prevent child abuse and neglect.

Prolong Life and Protect the Public Health

Prevention programs that encourage and promote good public health habits continue to be high priorities. The fiscal year 2006 budget includes $29.4 million for prevention programs. These programs build on the Michigan Surgeon General's recommendations with a focus on reducing obesity and preventing smoking. Available throughout the state, prevention programs include disease prevention, smoking cessation/prevention, arthritis management, hearing screening, family planning, immunization registry, cardiovascular health, infant mortality, physical fitness, and maternal/child health. Michigan's success with prevention programs will improve the health of individual citizens and reduce state costs associated with health care for chronic diseases.

Expenses Eliminated

- **State Support for Local Public Health Department Vision and Hearing Screening**
  $5.2 million total; $5.2 million state general fund
- **Eliminate Elder Prescription Insurance Coverage Effective January 1, 2006 when Medicare Prescription Drug Coverage Begins**
  $13.5 million total; $13.5 million state general fund
- **State support for Senior Citizen Centers Staffing and Equipment**
  $1.1 million total; $1.1 million state general fund
- **Special Programs Funded by the Temporary Assistance for Needy Families Block Grant**
  $3.0 million total; $3.0 million state general fund
- **Aquifer Protection and Dispute Resolution Program**
  $650,000 total; $200,000 state general fund
- **Food Safety Public Information and Outreach**
  $150,000 total; $90,000 state general fund
- **Migrant Labor Housing Grants**
  $250,000 total; $250,000 million state general fund
- **Michigan Housing and Community Development Fund**
  $2.0 million total; $0 state general fund

Health indicators show that Michigan had both successes and challenges in achieving public health and prevention outcomes from 2000 to 2003.

- Teen birth rates per 1,000 females dropped from 41.5 to 34.4.
- Coronary heart disease death rate per 100,000 people declined from 213.7 to 183.1.
- Cigarette usage among adults increased from 24 percent to 25.8 percent.
- Cigarette usage among youth declined from 25.7 percent (2001) to 22.5 percent.
- Obesity was relatively constant at 22.5 percent to 22.8 percent.
- Infant mortality per 1,000 live births increased from 8.2 to 8.5.

Ensuring continued safety at each step of the food chain through enforcement of Michigan's strict food and dairy laws continues to be a priority of the Governor and the Department of Agriculture. Working in partnership with federal and local agencies, the state strives to ensure overall food safety via continued implementation of its "farm to fork" approach to security at every stage of food production. The fiscal year 2006 recommended level of support is $30.6 million gross; $12.9 million general fund for various food safety efforts.

Ensure That Citizens Have Access to Prevention and Early Intervention Services

This strategy focuses on programs that protect vulnerable citizens from exploitation and abuse, help maintain them in the community and assist them in becoming economically and socially independent. Programs and services funded under this strategy for fiscal year 2006 include:

- Local programs funded through the Community Services Block Grant for $27.4 million that support employment, education, money management, housing and other services to encourage self-sufficiency.
- Adult Protective Services to protect vulnerable adults and help them live and function independently.
- Funding of $17.2 million for domestic violence and rape prevention services.
- Aging programs funded at $94 million that support a range of senior programs including nutrition, health education, and employment assistance.
- Home and community based waiver programs that provide a community in-home alternative to nursing home care.
- Funding of $190 million for the Home Help program that supports independent living for those who are aged, blind or disabled.

Improve the Delivery of Health and Human Services

Administrative and organization efficiencies are an important part of the Governor's emphasis on providing more and better services with a wise investment of limited state resources.

Funding under this strategy includes:

- $1.7 million for the Certificate of Need process to expand or renovate health facilities.
- $35.5 million for local health departments to implement and carry out critical public health services.
- Administrative savings of $8.6 million in the Family Independence Agency and the Department of Community Health. These savings support the administration's priority of focusing resources on client services.

Improve Patient Safety and Health Care

Quality improvement activities will help achieve better health outcomes for Michigan's Medicaid population and reduce the cost of care. For fiscal year 2006, the Governor's budget recommends:

- $25.7 million for assessment and evaluation of long-term care facilities to ensure compliance with state law and licensing rules. This activity licenses psychiatric hospitals, substance abuse programs and other facilities.
- $16.4 million for licensing and registration of 33 health professions. This activity ensures compliance, investigates complaints and reviews cases of medical malpractice.

Indicators of Success

- Fewer children living in poverty
- Fewer children placed in out-of-home care
- Increased percentage of children with health coverage
- Reduced cigarette usage among youth and adults
- Improved health indicators for Michigan residents
- Lower infant mortality rates
- Improved access to quality health care

HOMETOWN SECURITY

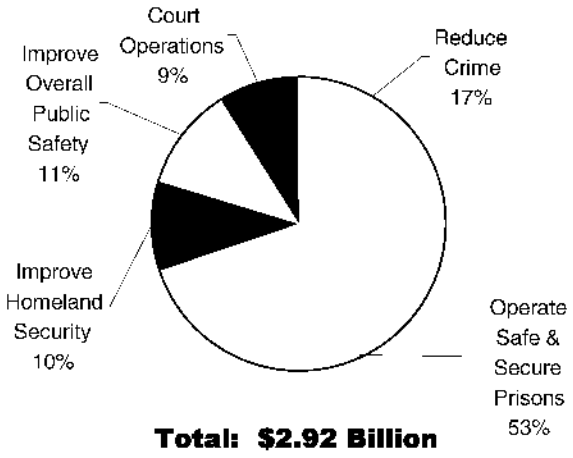
Goal: Protect our Citizens and Make Michigan's Communities Safer

Protection of Michigan's residents is a top priority and a core function of state government. Hometown security requires a balanced spectrum of state activities from street-level public safety programs at the Department of State Police, to military preparedness of the Michigan National Guard, to the incarceration of the state's most dangerous felons. The Governor's proposed budget for fiscal year 2006 recommends total funding of $2.92 billion, of which $2.22 billion is general fund, to protect our citizens and make Michigan communities safer. There are over 92 activities, in 12 departments, that support this goal.

Reducing Crime In Michigan

Crime reduction is a key strategy to protect the people of Michigan. State troopers provide front-line assistance to protect the public. Troopers are assigned to sixty posts spread throughout the state and provide around-the-clock general law enforcement services in criminal and traffic related situations. The Governor's fiscal year 2006 budget includes $121.2 million to support 1,085 state troopers currently providing services to Michigan residents.

Hometown Security Spending Plan



Total: $2.92 Billion

A good crime reduction strategy must also include strong forensic science tools and healthy criminal investigation assets as well. Governor Granholm's budget includes continued investment of $28.6 million in the Michigan State Police's forensic science program. Services are provided to all criminal justice agencies in the state for drug analysis, fingerprints, explosives, crime scene investigations, and DNA analysis. DNA analysis provides an increasing number of success stories every year as more cases are solved and offenders are arrested before they can commit additional crimes.

Strategies to Achieve Goal

- Reduce crime in Michigan.
- Protect Michigan's citizens and communities by operating safe and secure prisons.
- Improve homeland security by integrating resources from the State Police, local law enforcement, the Army/Air National Guard, and other agencies to ensure an effective and coordinated response to threats.
- Improve overall public safety by reducing serious traffic accidents; improving parolee supervision in the community; and upgrading Michigan's criminal justice information systems.

Fire investigation is currently a specialized activity within the Department of State Police. The Governor proposes to eliminate this specialty and instead train general criminal investigators to perform the function. This change will save $3.4 million, while continuing to provide needed fire investigation support services to local law enforcement agencies.

Crime reduction is not just front line troopers, forensics, and criminal investigations. Academic and vocational education for prisoners, as well as substance abuse treatment, are key activities that help prevent crime by assisting parolees in making a successful transition back into the community. The Governor's budget includes funding of $41.1 million for educational programs and $19.7 million for substance abuse testing and treatment. Over half of the offenders that enter the prison system do so without a G.E.D. or high school diploma. Ninety percent of all state inmates will eventually be returned to the community. By providing academic and vocational training, the state invests in the successful reintegration of offenders in the community to prevent them from coming back to prison. National studies indicate that the recidivism rate for prisoners who complete academic and vocational programs is 19 percent lower than those without such programs. Studies of recidivism related to the completion of substance abuse treatment programs in prison provide similar findings. The Governor's budget maintains these wise investments in crime reduction that help prevent costly returns to prison.

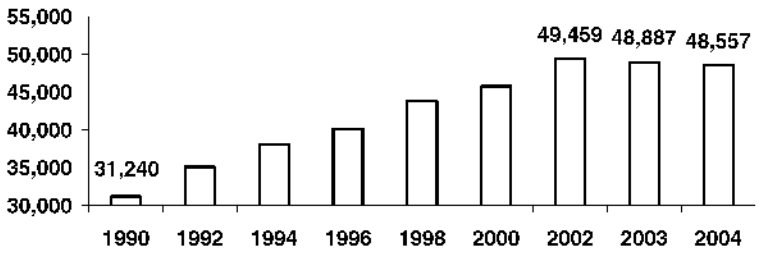
Spending Priorities

- **Fund 1,085 State Troopers**
  $121.2 million total; $74.5 million general fund
- **Increase Homeland Security Funding Levels**
  $60.0 million total, $0 general fund
- **Maintain 50,949 Prison Beds to Incarcerate the State's Most Dangerous Felons**
  $1.56 billion total; $1.55 billion general fund
- **Supervise Criminal Offenders in the Community**
  $104.7 million total, $86.7 million general fund
- **Invest in Prisoner Educational Programs to Reduce Recidivism**
  $41.1 million total, $35.8 million general fund
- **Maintain State Police Forensic Science Operations to Help Solve Crimes**
  $28.6 million total, $20.0 million general fund
- **Maintain Military Preparedness**
  $36.4 million total, $9.9 million general fund

Operating Safe and Secure Prisons

Protecting Michigan's citizens and communities requires a balance of investments to achieve optimal results. Funding to operate prisons must be maintained to protect against hardened criminals. At the same time, it is wise to invest in other less costly sanctions and treatments to reform those offenders that can be safely returned to the community. Since 1980, the number of prison inmates in Michigan has tripled. The federal Bureau of Justice Statistics reported that in 2003, Michigan had the 11th highest prison incarceration rate in the country. The state has made good progress in the last two years in reversing this costly trend. In 2003, the state experienced a net reduction of 570 inmates. In 2004, a net reduction of 330 inmates was achieved. As of January 1, 2005, the state's prison population was just over 48,500.

Prison Population Has Decreased Slightly After Many Years of Growth



Governor Granholm is committed to controlling prison growth and the fiscal year 2006 budget includes additional investments to do so. Based on current incarceration rates, Michigan will need an additional 1,000 beds in fiscal year 2006 resulting in the need to re-open two mothballed facilities, at a cost of $26 million. Absent action to address the burgeoning prison population, the state will be forced to re-open the Michigan Reformatory and a housing unit at Macomb Correctional Facility. The Governor proposes a comprehensive series of actions which will abate the need to re-open these beds, and also allow for the closure of 300 beds in 2006. Combined, these initiatives to control prison growth will reduce the need for 2,000 beds over the next three years without jeopardizing public safety. The initiatives include:

- **Revisions to Sentencing Guidelines.** The Governor proposes revisions to current sentencing guidelines to safely adjust minimum sentence ranges. The revisions will not include changes to the state's Truth-In-Sentencing laws and will not diminish public safety. A statutory effective date of September 2005 is needed to abate the need for 500 new prison beds in 2006 and a total of 1,200 beds over the next three years. A $3 million investment in additional community corrections grants to local units of government is recommended to offset any local effect of the sentencing guideline changes.

New Initiatives

- **Initiatives to Control Prison Growth**
  Saving $26.2 million general fund

- **Jail Capacity Expansions.** The criminal justice system is a collaborative effort between the state and local government. Understanding that local jails are in need of additional resources to address local bed space needs, the Governor's budget includes a $4 million investment to expand local jail capacity. This funding will support additional community residential services, mental health jail diversionary services, increased pre-trial services, and the expansion, renovation, or construction of additional jail beds.

- **Re-Entry Pilot Sites.** The Department of Corrections will establish several offender re-entry pilot sites throughout the state and provide $5 million for parolee housing grants, and employment, substance abuse, mental health, and transportation services for parolees. The goals of the program are to improve parolee success rates to avoid the need for an additional 500 prison beds during fiscal year 2006.

- **Mentally Ill Offender Re-Entry Demonstration Project.** A $3 million demonstration project for community residential transitional housing for mentally ill offenders will be utilized to improve the success rate for 300 carefully selected potential parolees. Currently, parolees with mental illness fail at parole more quickly than average. This initiative will utilize a highly structured case management approach to address vital re-entry issues to help insure successful transition back into the community.

Improving Homeland Security

The Governor's budget includes an increase of $60.0 million in federal Homeland Security funding, bringing total funding to $126.2 million, most of which will be directed to local first responders, who are a vital component of our state's domestic preparedness strategy.

The Department of Military and Veterans Affairs also plays a key role in the protection of our communities. Over $36 million is included in the Governor's fiscal year 2006 budget for military preparedness activities. Five major training sites and numerous support facilities are maintained by the Michigan Army and Air National

Guard. In this time of war, the Governor is committed to maintaining peak readiness to respond to threats.

Improving Public Safety

A wide range of activities support the state's strategy to improve overall public safety. The Department of State Police's criminal justice information center provides accurate and timely information to the state's criminal justice community. The Law Enforcement Information Network (LEIN) provides instant access to vital information for law enforcement officers while conducting traffic stops. The state's Automated Fingerprint Identification System (AFIS) speeds retrieval of critical records and aids in solving crimes. The Sex Offender Registry provides information to the public to help improve community safety.

Spending Reductions

- **Consolidate Fire Investigation Functions at State Police**
  $3.4 million total; $3.4 million general fund
- **Reduce Administrative and Mid-Management Staffing at State Police**
  $3.1 million total; $3.1 million general fund
- **State Police Deferred Retirement Option Plan (DROP) Savings**
  $1.5 million total; $1.5 million general fund
- **Move Prisoners from Michigan Youth Correctional Facility to Other Facilities**
  $18.8 million total; $18.8 million general fund
- **Adjust Security Levels At Select Correctional Facilities**
  $2.9 million total; $2.9 million general fund

The Department of Corrections also plays a large role in improving overall public safety through the supervision of offenders in the community. During fiscal year 2006, the department expects to supervise 18,000 parolees and 57,000 felony probationers in the community. Parole and probation officers monitor offender behavior, make home visits, enforce parole board and court orders, and verify offender employment. These staff are an integral resource in maintaining and improving public safety. The Governor's budget includes $105 million to fund these vital services.

Program and Administrative Savings

A number of program and administrative savings measures are included in the Governor's fiscal year 2006 budget. At the Department of State Police, $3.1 million in savings have been identified through the elimination of non-critical staff vacancies throughout the organization. These reductions will be accomplished without reducing the number of troopers on the roads. The department will also close and consolidate three state police posts to generate over $1 in savings.

The Deferred Retirement Option Plan (DROP) will provide an additional $1.5 million in savings in fiscal year 2006. This program, started in 2004, allows troopers and command officers who have reached retirement age to delay their retirement for up to five years.

The Department of Military and Veterans Affairs has identified six armories for closure that will generate $300,000 in administrative savings. Functions for these facilities will be consolidated at other armories.

Successes in the Department of Correction's Five Year Plan to Control Prison Growth will allow for a reduction in prison beds during fiscal year 2005 and 2006. The contracts for leasing and operating the 480-bed Youth Correctional Facility in Baldwin will be cancelled in the summer of 2005, generating savings of $18.8 million in fiscal year 2006. The company that owns and manages the facility may continue to offer services to other jurisdictions interested in leasing prison beds. Camp Tuscola in Caro, Camp Sauble in Freesoil, and the Saginaw

and Benton Harbor Corrections Centers will be closed, generating $6.1 million in administrative savings. Prisoners in affected facilities will be transferred into other corrections institutions. In an effort to achieve the most cost effective use of bed space in the current year, one additional bunk has been added to 6-bed dorm cubicles at several facilities, creating sufficient additional bed capacity to accommodate the transfer of prisoners currently housed at the Youth Correctional Facility. A number of staffing consolidations at the department will add another $1.8 million in administrative savings in 2006.

Expenses Eliminated

- **Close Two Corrections Camps**
  $2.3 million total; $2.1 million general fund
- **Close Two Corrections Centers**
  $3.8 million total; $2.6 million general fund
- **Close Three State Police Posts**
  $1.1 million total; $1.1 million general fund
- **Close Correction's DeMarse Training Academy / Utilize State Police Training Center as Needed**
  $1.0 million total; $1.0 million general fund
- **Close Six Armories**
  $300,000 total; $300,000 general fund

Indicators of Success

- Reduction in traffic deaths and serious injuries
- Reduction in serious crime
- Fewer parolees returned to prison because they commit additional crimes
- Improved state and local preparation to deter and respond to disasters or terrorist acts
- More crimes solved and offenders arrested
- More offenders successfully treated in community settings

STATE OF MICHIGAN
E PLURIBUS UNUM
TUEBOR
SI QUAERIS PENINSULAM AMOENAM
CIRCUMSPICE
Office of the State Budget

ENVIRONMENT

Goal: Enhance the Quality of Michigan's Natural Environment

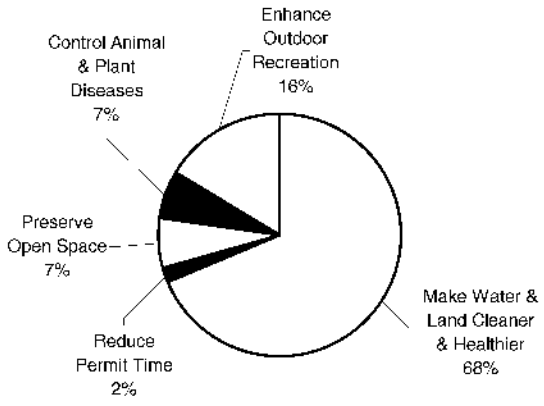
Governor Granholm is committed to the conservation, protection, management, use, and enjoyment of the state's natural resources for current and future generations. Michigan has 11,000 inland lakes, 36,000 miles of rivers and streams, and 3,000 miles of freshwater shoreline. Numerous park and recreation areas enable Michigan's citizens and visitors to enjoy outdoor recreation in a fun and safe environment on public lands and waters while benefiting the state economy. Michigan lands also yield several agricultural products which rank #1 nationally in the state's second largest industry – agriculture production.

Efforts to enhance the quality of Michigan's natural environment encompass 195 activities in 6 departments. The Governor's proposed budget for fiscal year 2006 recommends total environmental funding of $680 million, of which $60.6 million is general fund.

Make Michigan's Natural Resources Cleaner and Safer

Protecting and enhancing the water quality of Michigan's lakes, rivers and streams is accomplished through a variety of activities performed by the Department of Environmental Quality including controlling aquatic nuisance species; establishing water quality standards; assessing water quality; and issuing permits to regulate the discharge of industrial and municipal wastewaters. With the implementation of the National Pollutant Discharge Elimination System Permit fee (NPDES) now in its second year, Michigan is positioned to cover costs associated with regulating commercial, municipal and industrial facilities that discharge wastewater to Michigan's surface waters. The 2006 budget provides $45.7 million gross, $8.3 million general fund, to support Michigan's surface water quality protection efforts,

Environment Spending Plan



Total: $680 Million

Strategies to Achieve Goal

- Make the Great Lakes and Michigan's natural resources cleaner, safer and healthier.
- Protect and preserve more open space, farmland, forestland, and public land.
- Prevent, control or eradicate plant and animal diseases and pests that threaten our health, environment and economy.
- In order to foster both environmental performance and economic growth, reduce the time it takes to issue environmental permits.
- Enhance outdoor recreation and increase use of state facilities, parks and state sponsored recreation.

including $10.5 million in support for NPDES. A fee increase is proposed to cover on-going costs of issuing permits for development near inland lakes, streams and wetlands, resulting in a savings to the general fund of $2 million.

Low-interest loans are provided annually to local units of government for wastewater and drinking water infrastructure improvement projects. Approximately $90 million of federal grant resources are utilized to support the State Revolving Fund and Drinking Revolving Fund programs. The fiscal year 2006 Executive Recommendation provides $6.9 million in general fund support to fully match all available federal dollars.

Spending Priorities

- **Eradication of Emerald Ash Borer**
  $27.7 million total; $0 state general fund
- **Animal Disease Surveillance and Control Activities**
  $11.5 million total; $5.8 million state general fund
- **Aquatic Resource Management**
  $27.1 million total; $0 state general fund
- **Operation of 97 State Parks**
  $41.3 million total; $0 state general fund
- **National Pollutant Discharge Elimination System**
  $10.5 million total; $2.2 million state general fund
- **Waste Management Programs**
  $18.9 million total; $1.3 million state general fund
- **State Cleanup Program**
  $41.0 million total; $0 state general fund

To protect public health and support redevelopment, funding of $41 million is maintained for cleanup activities at contaminated sites. No new cleanup and redevelopment sites are recommended, allowing the department to focus on finishing cleanup projects initiated in prior years.

As part of the Governor's Jobs Initiative and in an effort to revitalize core communities, the fiscal year 2006 budget targets $10 million in previously approved Clean Michigan Initiative (CMI) bonds for environmental clean-ups and brownfield redevelopment grants and loans to local communities. In addition, the Governor recommends $80 million in Refined Petroleum Fund revenues in fiscal year 2005, and $22 million in fiscal year 2006, to support leaking underground storage tank cleanup projects.

Reduce Permit Processing Time

Reducing the time it takes to obtain a permit for a variety of residential, municipal, or commercial activities impacting shorelines, surface waters and other natural habitats, has been a priority for the Governor since she was elected. The Michigan Timely Application & Permit Service (MiTAPS) has successfully reduced the time to issue permits, without jeopardizing the environment. MiTAPS is a state of the art electronic, online permit processing system. With MiTAPS, businesses, municipalities, and residential builders can apply online 24 hours a day, 7 days a week. Since late September 2004, roughly 354 industrial storm water permit applications have been received via MiTAPS with an average processing time of less than 52 days.

> *"To receive a permit in 22 days is a record in our book."*
>
> **Steven Tomaszewski, Manager of Air Quality for General Motors, Michigan Information and Research Service (MIRS), February 3, 2005**

In addition, the Department of Environmental Quality has recently worked in a collaborative fashion with Michigan's big three automobile manufacturers to re-design the state's air permitting process. A "Value Stream Mapping" process was used, yielding a 21-day start-to-finish air-permitting process, a notable improvement over

the previous processing time of more than six months. Barriers to economic growth in Michigan are removed as a result of implementing this seamless and timely process.

Protect and Preserve Unique Lands

On average, Michigan develops its land eight times faster than its population grows. In an effort to preserve the state's critical farmland and unique open spaces, a variety of initiatives are offered through the Farmland and Open Space Preservation program. Utilizing a temporary easement mechanism, farmland owners voluntarily agree to restrictions on development of their lands in return for tax credits. The state also purchases development rights on unique lands to preserve precious green spaces for future generations. The 2006 budget includes $902,500 gross, $0 general fund for operation of the Farmland and Open Space Preservation program, as well as $7.5 million for the purchase of farmland development rights.

New Initiative

- ***Clean-up Leaking Underground Storage Tanks***
  $80 million; $0 state general fund (FY2005)
  $22 million; $0 state general fund (FY 2006)

The protection of precious land parcels integral to the state's ecosystem including wetlands, deer and turkey habitats, and forestlands is made possible through acquisitions and conservation easements utilizing the Michigan Natural Resources Trust Fund and other dedicated revenue sources. Land acquisitions in 2004 added over 2,100 acres for public use and conservation purposes. Working in partnership with nature conservancies and local units of governments to implement conservation easements, an additional 248,000 acres of unique Michigan lands and habitats were set aside for public use in 2004. The Governor's fiscal year 2006 recommendation includes $5.5 million gross, $0 general fund for land purchases and habitat improvements.

Michigan is responsible for managing over 4 million acres of forests – the largest state forest system in the nation – and providing fire protection for over 20 million acres of forest and wild lands. In an effort to ensure that forests are further protected through use of environmentally responsible forestry practices, the state recently implemented an aggressive certification effort for its forests, which will significantly aid in the management of state forestlands. The fiscal year 2006 Executive Recommendation provides $33.4 million gross; $5.8 million general fund to support resource management and forest fire protection efforts within the Department of Natural Resources.

Animal Disease Eradication and Pest Control

Eradicating infectious diseases from our livestock and wildlife populations continues to be a priority of the Governor. Funding is maintained at $7.7 million to continue bovine tuberculosis (TB) monitoring and testing of cattle herds and white-tailed deer. Michigan recently attained a split-state bovine TB designation from the U.S. Department of Agriculture enabling livestock producers to market their product in other states – an economic success story.

Spending Reductions

- **Office of Racing Commissioner**
  $500,000 total; $0 state general fund
- **Hunting and Fishing Enforcement**
  $1.0 million total; $1.0 million state general fund
- **Horse Race Program Enhancements**
  $6.1 million total; $0 state general fund

The emergence of chronic wasting disease in livestock and wild cervid populations across the country has not gone unnoticed by the Governor. The 2006 budget proposes a new fee for private-captive cervid facilities to cover the costs of regulatory programs in both the departments of Natural Resources and Agriculture. The proposed fee revenue will support facility registration and inspection activities, as well as animal health monitoring activities. A corresponding savings to the general fund of $269,100 will occur.

Expenses Eliminated

- **Horse Race Building and Track Improvements**
  $963,200 total; $0 state general fund
- **Migrant Labor Housing Grants**
  $255,000 total; $255,000 state general

Efforts to eradicate the Emerald Ash Borer – an exotic beetle that destroys ash trees – continue with $23.6 million in the fiscal year 2006 budget. Michigan has over 700 million ash trees, which are at risk for infestation. In addition, the Governor's budget maintains $4 million in support for tree restoration activities, in an effort to preserve this precious resource and its contribution to the state's ecosystem for generations to come.

Enhance Outdoor Recreation

Over 30 million visitors participate in state forest recreation programs each year. These programs include snowmobile and cross-country ski activities, campgrounds, water access sites, and trails and pathways for off-road vehicles. In addition, the state maintains a park system consisting of 97 parks comprised of over 284,000 acres. The fiscal year 2006 Executive Recommendation preserves the level of support for managing the state's various recreational programs and park system at $74.5 million gross; $560,400 general fund.

Indicators of Success

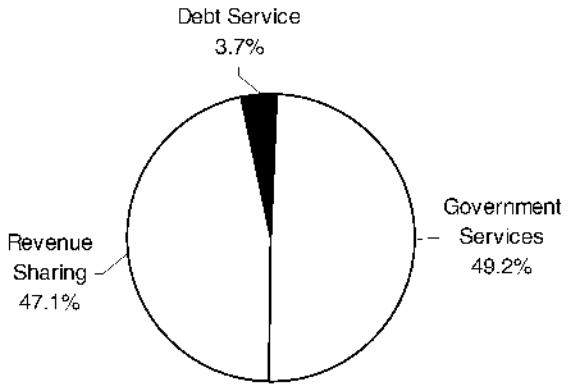
- Improved trends in fish and wildlife populations
- Increase in acres of farm, forest and public land protected from development
- Reduction in plant and animal diseases
- Increased use of Michigan's state parks and forests
- Improved trends in air and water quality
- Faster issuance of environmental permits without compromising standards

BETTER GOVERNMENT

Goal: Make Government in Michigan More Cost Effective and Efficient

Making government in Michigan more cost effective and efficient is a major goal in any budget year, but the need to focus on "better government" is particularly important for fiscal year 2006, given on-going revenue constraints. In this era of permanent fiscal crisis, better government in Michigan means keeping the checkbook balanced, providing fast and friendly service to all citizens, cutting red tape and frugally managing the workplaces, tools and equipment of state government. It also means improving collaboration in order to increase efficiencies, making Michigan more equitable for all residents and making state government a great place to work. While better government is an important goal for all state departments, the term took on a special meaning during the Administration's fiscal year 2006 budget development process. Senior departmental officials from the departments of Treasury, Management and Budget, Information Technology, Civil Service, Civil Rights, Natural Resources, Labor and Economic Growth, and Histories, Arts and Libraries came together to collaboratively develop funding recommendations for the administrative functions of state government. By focusing on squeezing more value out of every tax dollar, the Governor's budget delivers the results the public wants at a price they are willing to pay.

Better Government Spending Plan



Total: $2.38 Billion

Strategies to Achieve Goal

- Keep the checkbook balanced, put money away for the future, and demand results for every taxpayer dollar we spend.
- Cut red tape in state government by streamlining services and implementing innovative technology to reduce time, mistakes and costs.
- Frugally manage the workplaces, tools and equipment used to run state government and continue to cut government costs.
- Offer fast and friendly service to all citizens, whether online or face-to-face, by increasing the number of online services and developing a citizen satisfaction survey to measure performance.
- Make state government both a great place to work and a place that produces great work by ensuring our government is diverse, inclusive and representative of our population; make sure state employees have the tools necessary to do their jobs - all while lowering overall costs.
- Make Michigan more inclusive and equitable for all residents in employment, education, health and housing by ensuring timely resolution to civil rights complaints and training our government workforce.
- Maintain and improve strong, collaborative relationships with federal agencies, local governments, and the private sector via shared government services.

The Governor's proposed budget for fiscal year 2006 recommends total funding to support the better government goal of $2.38 billion, of which $466.3 million is general fund. There are 118 activities in 12 departments that support this goal. The Governor's funding priorities reflect her desire to protect core services to citizens and state government; identify and implement administrative efficiencies to reduce the cost of state services; and fund cost-saving initiatives that make possible even greater savings in the future.

Programs within the departments of Attorney General and State, as well as the Legislature also fit under the umbrella of better government. Although not included in the new priority setting process, the Governor recommends continuation level of funding for these activities in fiscal year 2006.

Preserving Core Services to Citizens and State Government

Local government revenue sharing; the administration of the state's tax system; the management of state pensions; and the investigation and resolution of complaints of discrimination are some of the government services included as part of the better government goal. Many of these activities involve a high level of interaction with the state's customers and represent the "face" of government to the public. Also included are the central support services of state government such as financial services, human resources management, information technology and state contracting and purchasing activities.

Spending Priorities

- **Maintain Spending for Revenue Sharing to Local Units of Government**
  $1.12 billion total; $0.0 state general fund
- **Support Tax Collection Services**
  $64.3 million total; $4.4 million state general fund
- **Manage State Investments**
  $13.7 million total; $0.0 million state general fund
- **Investigate and Resolve Complaints of Discrimination**
  $13.3 million total; $12.3 million state general fund

- ***Local Revenue Sharing*** provides unrestricted financial support to over 1,800 units of local government and allows them to determine how to most effectively target their financial resources to meet local needs. Local governments use this money for police services, fire protection and other critical local needs. For fiscal year 2006, the Governor maintains support for local revenue sharing at the current year level. This financial support consists of both constitutional and statutory payments. The constitutional obligation for cities, townships and villages, disbursed on a per capita basis, is recommended at $702.3 million, while the remaining statutory obligation is $418.8 million.

- ***Administration of the State Tax System,*** including customer contact, tax audit and tax processing activities, is recommended for continuation level funding of $64.3 million for fiscal year 2006. Automation improvements in recent years make filing taxes and receiving a refund even faster and easier. Taxpayers filing electronically through the state's *e-file* program can receive their refunds in seven to ten days.

- ***Investment of State Funds,*** including the investment of pension funds, common cash and state restricted funds on behalf of the state, is recommended at $13.7 million. The Governor recommends an additional $500,000 of restricted funds to actively manage $800.0 million worth of Mid Cap domestic equities and $750 million of international equities in order to increase investment returns. It is anticipated a more actively managed portfolio with these asset classes will generate an additional $3 million in fiscal year 2006 and an additional $9 million in fiscal year 2007.

- ***Investigation and Resolution of Discrimination Complaints*** is funded at $13.3 million for fiscal year 2006. These funds will be used to ensure that Michigan is more inclusive and equitable for all residents in employment, education, health and housing by ensuring timely resolution to civil rights complaints.

Reducing Costs Through Administrative Efficiencies

In order to achieve better government in this era of fiscal challenge, it is inevitable that some current activities will need to be reduced or eliminated. Through the priority setting budget process, the Governor identified several opportunities to streamline existing approaches to service delivery while minimizing negative impacts to citizens. Efficiencies will be achieved by improving collaborative relationships with federal agencies, local governments and the private sector; by frugally managing the state's workplaces; by cutting red tape and by demanding results for every taxpayer dollar spent. Highlighted below are some of the Governor's major recommendations for reducing administrative costs:

- ***Retirement Medicare Prescription Drug Benefit.*** The federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 adds prescription drug coverage to the Medicare program, which should save the public schools and state retirement systems at least $53.5 million by paying part of the costs currently borne by these systems. These savings will lower the growth in health costs to the retirement systems. The state will use existing resources to notify public school and state retirees about these benefit changes.

- ***Information Technology.*** The Department of Information Technology, which was created to streamline and consolidate computer operations and equipment for the state, has identified cost saving opportunities that will yield over $10 million in savings in the current year and in fiscal year 2006. These savings include reductions to specific information technology systems, closer scrutiny of contractual equipment purchases by departments, telecommunications and data center savings, and administrative efficiencies, which will reduce the rates charged to departments for information technology services.

New Initiatives

- **Implement Procurement Process Improvements**
  $1,450,000 total; $0 state general fund
  $30 million in savings
- **Implement Medicare Prescription Drug Benefit**
  Fund with existing resources
  $53.5 million in pension savings
- **Implement Escheats Enforcement Audits Program**
  $500,000 total; $0 state general fund
  Recover $10.0 million in revenues
- **Actively Manage New Investment Asset Classes**
  $500,000 total; $0 state general fund
  Increase investment returns by $12.0 million over two years
- **Develop A Retirement Services Disaster Recovery Plan**
  $500,000 total; $0 state general fund

Spending Reductions

- **Statewide Contractual Services Savings**
  $30 million state general fund
- **Statewide Information Technology Savings**
  $10.2 million total; $8.6 million state general fund
- **Statewide Human Resources Management Savings**
  17.0 FTEs, $1.2 million total; $725,000 state general fund
- **Reduction in Building Occupancy Charges**
  $805,000 total; $362,000 state general fund
- **Civil Service Administrative Efficiencies**
  $492,000 total; $492,000 state general fund
- **Efficiencies in the Supervision of the General Property Tax Law Program**
  $450,000 total; $450,000 state general fund
- **Aerial Photography, Digital Imagery And Mapping Services Savings**
  $146,700 total; $146,700 state general fund
- **Library of Michigan Operational Savings**
  $100,000 total; $100,000 state general fund
- **Civil Rights Administrative Efficiencies**
  $101,000 total; $101,000 state general fund

- *Human Resources Management Savings.* The Human Resources Call Center was created in the Department of Civil Service in fiscal year 2005 in order to streamline human resource operations throughout state government. Additionally, new technology was put in place to maximize self-service opportunities for employees and managers. These two cost-saving initiatives, launched in the current fiscal year, allowed the state to reduce staffing in agency human resources offices by 74 positions. For fiscal year 2006, the Governor recommends the continuation of the human resources optimization initiative, which will result in a further reduction of 17 positions, saving an additional $1.2 million.

- *Management of State-Owned and Leased Building Operations.* The management of state-owned and leased buildings includes the costs of utilities, janitorial services, security, trash removal and other maintenance services. Funding also covers private rent for Cadillac Place in Detroit, One Division in Grand Rapids and other buildings leased by the Department of Management and Budget for state agency occupancy. The fiscal year 2006 recommendation includes efficiency savings that will result in an $805,000 reduction in rent for state agencies.

Investing in Cost-Saving Initiatives

In addition to recommending efficiency-related reductions, for fiscal year 2006, the Governor seeks legislative support for the following new investments that save more than they cost:

- *Procurement Reform.* The Governor has already put into place a number of restrictions on agency purchases in order to contain spending, as detailed in Executive Directive 2004-8. For the current year and continuing in to fiscal year 2006, the Governor is announcing a number of additional reforms to the state's procurement system. These include further restricting the use of sole source contracts; re-negotiating existing contracts to leverage better pricing opportunities; and consolidating purchasing functions. The Governor also recommends investing $1.5 million of restricted revenue to implement a new internet-based purchasing system to provide better oversight of contractual spending. This recommendation will benefit state staff and those seeking to do business with the state by automating work, streamlining vendor registration, reducing the costs of bidding for state contracts, and speeding payment to vendors. Collectively, the Governor's purchasing reforms are expected to yield over $30 million in contract savings in fiscal year 2006.

- ***In-State Escheats Enforcement Audits.*** In accordance with the Uniform Unclaimed Property Act (P.A. 29 of 1995), every individual or business that holds property belonging to someone else, whose last known address is in Michigan, must report and transfer the property to the State of Michigan. Unclaimed property includes intangible property such as cash; checks written but not cashed by the payee; stocks and unpaid wages; and tangible personal property including the contents of safe deposit boxes. Although there are over 200,000 registered businesses in Michigan, only 5,500 filed the required report in 2003. The Governor recommends investing $500,000 of restricted funding to implement an unclaimed property (escheats) enforcement audit program. This investment is expected to recover an additional $10 million in escheats revenue for the state.

Expenses Eliminated

- **Eliminate Oversight of County Audit Standards**
  $60,000 total; $60,000 state general fund
- **Eliminate Payment in Lieu of Taxes for Federal Lands**
  $10,000 total; $10,000 state general fund

- ***Retirement System Disaster Recovery.*** Currently, the state does not have a disaster recovery plan in place to ensure pension checks can be issued in a timely manner in the event of a natural disaster or a terrorist attack. The Governor recommends investing $500,000 of pension funds to ensure that the retirement call center is operational within 48 hours after a disaster and that checks will continue to be sent to recipients in a timely manner. This small investment will allow the state retirement system to maintain services to over 560,000 active and retired members, avoiding significantly higher costs than would otherwise be incurred if a disaster strikes.

Indicators of Success

- A positive balance in the state's books
- Reduced expenditures for contractual services
- Reduced energy consumption in state buildings
- Increased number of on-line services for citizens
- Lower employee turnover rates

STATE OF MICHIGAN
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Tax Expenditures

For additional information refer to: "Executive Budget Appendix on Tax Credits, Deductions, and Exemptions, Fiscal Year 2005." Available on the Web at: http://www.michigan.gov/documents/ExecBudgetReportonTaxCreditsDeductionsandExemptionsFY2005_103211_7.pdf

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Tax Expenditures by Goal
(Thousands)

	FY 2006 Tax Expenditure Estimate ('000)
EDUCATION	
Single Business Tax Expenditures	
Apprenticeship Tax Credit	$0
Higher Education Contributions Credit	$0
Sales and Use Tax Expenditures	
Driver Training	$674
Food for Students	$32,139
State Income Tax Expenditures	
College Savings Accounts	$11,549
Higher Education/Public Contributions Credit	$18,169
Tuition Credit	$3,756
Subtotal	**$66,287**
ECONOMY	
Insurance Company Retaliatory	
Supplemental Workers' Compensation	$0
Tobacco Products Tax	
Bad Debt Deduction	$800
Licensee Expenses	$17,500
Oil and Gas Severance Tax	
Marginal Wells	$2,170

ECONOMY (CONTINUED)

	FY 2006 Tax Expenditure Estimate ('000)
Single Business Tax Expenditures	
Agricultural Producers	$7,202
Brownfield Zone Credit	$38,472
Compensation Exemption	$96,437
Enterprise Zone Credit	$0
Excess Compensation Reduction	$139,162
Floor Plan Interest Deduction	$1,125
Gross Receipts Reduction	$102,327
Gross Receipts Threshold	$51,022
Insurer's Exemption From Gross Receipts	$0
Insurer's Facility Assessment Credit	$51,817
Iron Ore Credit	$0
Michigan Economic Growth Authority	$26,557
Multiple Employer Welfare Arrangement	$0
Officer Compensation	$0
Pharmaceutical Research Credit	$5,649
Renaissance Zones	$3,000
Small Business Credit	$64,649
Statutory Exemption	$5,851
Supplemental Workers' Compensation	$0
Unincorporated Business Credit	$60,577
Utility Property Tax Credit	$4,784
Sales and Use Tax Expenditures	
Aircraft Parts	$8,601
Bad Debts	$63,489
Cargo Aircraft	$30,000
Collection Fee	$16,634
Commercial Domestic Aircraft	$5,000
Communication and Telephone Exemption	$37,000
Delayed Payment on Construction Materials	$3,089
Employee Meals	$8,243
Gratuity and Tips	$61,263
Horticultural and Agricultural Products	$130,275
Imported Property from Other States	$3,200
International Communications	$21,968
Interstate Trucks and Trailers	$40,501
Investment Coins	$400
Newspapers, Periodicals, and Films	$102,047

ECONOMY (CONTINUED)	FY 2006 Tax Expenditure Estimate ('000)
Sales and Use Tax Expenditures (Continued)	
Radio and TV	$4,400
Rail Rolling Stock	$1,699
Residential Utilities	$117,500
Returned Vehicles	$1,100
Sale of Water	$68,454
Telephone Services	$17,929
Vehicles and Aircraft Transfers	$50,945
Vending Machines and Mobile Facilities	$25,200
State Income Tax Expenditures	
Renaissance Zones	$248
Oil and Gas Deduction	$5,000
Aviation Gasoline and Marine Fuel	
Interstate Flight Refund	$3,362
Marine Vessel Exemption	$726
Motor Fuel Taxes	
Diesel Fuel for Jobsites and Charter Firms	$5,300
Evaporation and Loss Allowance	$14,500
Fuel for Off-Road Use	$976
Municipal Franchise Vehicles	$414
Property and Other Local Tax Expenditures	
Agriculture Transfers - State & Local Total	$30,400
Enterprise Zone Credit - State & Local Total	$0
Industrial Facilities Development - State & Local Total	$310,000
Mobile Homes - State & Local Total	$53,000
Neighborhood Enterprise Zones - State & Local Total	$7,500
Obsolete Property Rehabilitation - State & Local Total	$3,500
Railroad Right-of-Way/Broadband Credit	$43,000
Renaissance Zones - State & Local Total	$80,000
Tax Increment Financing - State & Local Total	$270,000
Water Softeners - State & Local Total	$1,160
Subtotal	**$2,327,122**

	FY 2006 Tax Expenditure Estimate ('000)
HEALTH AND HUMAN SERVICES	
Single Business Tax Expenditures	
Health Insurance Deduction	$14,153
Homeless/Food Bank Credit	$0
Sales and Use Tax Expenditures	
Nonprofit Hospital or Housing Construction	$10,946
Ophthalmic and Orthopedic Products	$52,248
State Income Tax Expenditures	
Adoption Credit	$0
Home Heating Assistance Credit	$0
Homeless/Food Bank Credit	$13,311
Property and Other Local Tax Expenditures	
Poverty Exemption - State & Local Total	$2,500
Subtotal	**$93,157**
HOMETOWN SECURITY	
Sales and Use Tax Expenditures	
Inmate Purchases	$638
Military PX Sales	$1,843
State Income Tax Expenditures	
Military Pay and Pensions	$9,178
Motor Vehicles Registration Fee	
Disabled Veterans' Vehicles	$225
Subtotal	**$11,884**

	FY 2006 Tax Expenditure Estimate ('000)
ENVIRONMENT	
Single Business Tax Expenditures	
Corporate Farm Property Tax Credit	$0
Next Energy Credit	$5,577
Sales and Use Tax Expenditures	
Air and Water Pollution	$46,000
State Income Tax Expenditures	
Farmland Credit	$0
Property and Other Local Tax Expenditures	
Air and Water Pollution Control - State & Local Total	$140,000
Energy Conservation Devices - State & Local Total	$480
Next Energy Exemption - State & Local Total	$1,000
Subtotal	**$193,057**
BETTER GOVERNMENT	
Single Business Tax Expenditures	
Community Foundation Credit	$0
Government Utilities Exemption	$9,702
Historic Preservation Credits	$0
Nonprofit Organizations	$74,116
Sales and Use Tax Expenditures	
Church Construction	$3,200
Church Cars	$4,353
Government or Red Cross	$187,546
Nonprofit Organizations	$185,121
State Income Tax Expenditures	
Adjustments to Income	$1,473,536
Community Foundation Credit	$2,173
Historic Preservation Credit	$413

BETTER GOVERNMENT (CONTINUED)	FY 2006 Tax Expenditure Estimate ('000)
Aviation Gasoline and Marine Fuel	
Federally Owned Aircraft	$267
Motor Fuel Taxes	
Public Vehicles	$13,598
Motor Vehicles Registration Fee	
Public and Nonprofit Vehicles	$15,652
Watercraft Registration Fee	
Publicly-Owned Vehicle	$14
Subtotal	**$1,969,692**
Grand Total	**$4,661,199**

Note: Estimates are made assuming the tax expenditure would be suspended commencing October 1, 2005 or, for taxes paid on a tax year basis, for tax years commencing in the 2005-2006 fiscal year. Estimates of FY 06 revenue at $0 due to assumption that change in law for tax year commencing in FY 06 would not result in a change in estimated payments but would instead be reflected in annual payments accounted for as FY 07 revenue.

Budget Detail

STATE OF MICHIGAN
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Fiscal Year 2006 Governor's Recommendation
Department of Agriculture
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$30,259.2	$30,091.4	$28,572.6
All Funds	$116,090.6	$126,131.3	$113,053.9
	% Change - GF/GP	-0.6%	-5.0%
	% Change - All Funds	8.6%	-10.4%

Activities	GF/GP	All Funds
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Agriculture Development	$273.6	$1,585.9
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Animal and Plant Health and Protection	$7,937.1	$43,281.0
Fairs & Expositions	$0.0	$12,305.7
Environmental Stewardship	$3,108.2	$10,846.5
Administration	$5,148.7	$6,070.3
Consumer Protection	$1,072.0	$3,372.0
Information Technology	$344.5	$1,528.2
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Food Safety & Security	$9,923.0	$24,707.9
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Consumer Protection	$480.0	$4,753.8
Fairs & Expositions	$285.5	$4,292.2
Administration	$0.0	$310.4
Total FY 2006 Recommendation	**$28,572.6**	**$113,053.9**

Fiscal Year 2006 Governor's Recommendation
Department of Attorney General
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$30,259.9	$31,503.9	$32,710.2
All Funds	$61,504.4	$62,835.7	$65,880.3
	% Change - GF/GP	4.1%	3.8%
	% Change - All Funds	2.2%	4.8%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Attorney General Operations	$29,811.9	$60,575.1
Child Support Enforcement	$831.3	$2,342.9
Prosecuting Attorneys Coordinating Council	$1,251.1	$2,146.4
Information Technology	$815.9	$815.9
Total FY 2006 Recommendation	**$32,710.2**	**$65,880.3**

Fiscal Year 2006 Governor's Recommendation
Capital Outlay
($ in Thousands)

	FY04 Appropriation	FY05* Original Appropriation	FY06 Recommended
GF/GP	$229,002.6	$245,002.1	$276,002.2
All Funds	$559,545.1	$606,298.8	$512,159.5
	% Change - GF/GP	7.0%	12.7%
	% Change - All Funds	8.4%	-15.5%

Activities	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
State Building Authority Rent - Higher Education	$140,513.5	$140,513.5
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Airport Safety and Protection Plan Projects	$0.0	$163,193.3
Transportation Buildings and Facilities Projects	$0.0	$7,714.0
Higher Education Major and Special Maintenance Projects	$0.1	$0.1
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
State Building Authority Rent - State Agencies	$133,488.6	$135,283.6
State Agency Special Maintenance Projects	$2,000.0	$4,000.0
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Camp Grayling Company Headquarters Facilities (Phase II)	$0.0	$18,500.0
Military Affairs Special Maintenance Projects	$0.0	$5,000.0
Statewide Land Acquisitions	$0.0	$200.0
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Waterways Harbor and Boating Access Site Projects	$0.0	$22,855.0
Farmland and Open Space Preservation	$0.0	$7,500.0
Deer and Turkey Habitat Acquisition	$0.0	$5,500.0
State Park Special Maintenance Projects	$0.0	$1,000.0
Forest Roads, Bridges, and Facilities Projects	$0.0	$900.0
* Includes pending FY 2005 Revised Executive Recommendation		
Total FY 2006 Recommendation	**$276,002.2**	**$512,159.5**

Fiscal Year 2006 Governor's Recommendation
Department of Civil Rights
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$11,720.2	$11,759.0	$12,285.3
All Funds	$12,654.2	$12,693.0	$13,335.1
	% Change - GF/GP	0.3%	4.5%
	% Change - All Funds	0.3%	5.1%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Civil Rights Operations	$11,456.3	$12,506.1
Information Technology	$829.0	$829.0
Total FY 2006 Recommendation	**$12,285.3**	**$13,335.1**

Fiscal Year 2006 Governor's Recommendation
Department of Civil Service
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$7,832.5	$7,672.1	$7,449.3
All Funds	$31,633.8	$35,146.7	$36,288.5
	% Change - GF/GP	-2.0%	-2.9%
	% Change - All Funds	11.1%	3.2%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Agency Services	$2,766.8	$11,228.0
Human Resources/Administrative Support	$2,856.9	$9,342.7
Employee Benefits	$0.0	$5,660.9
Audit and Compliance	$1,110.9	$2,876.6
Training	$0.0	$1,300.0
Human Resources Optimization	$0.0	$2,000.0
Information Technology	$714.7	$3,880.3
Total FY 2006 Recommendation	**$7,449.3**	**$36,288.5**

Fiscal Year 2006 Governor's Recommendation
Community Colleges
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$276,828.6	$285,747.0	$281,327.4
All Funds	$276,828.6	$285,747.0	$281,327.4
	% Change - GF/GP	3.2%	-1.5%
	% Change - All Funds	3.2%	-1.5%

Activities	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Community College Operations	$275,104.7	$275,104.7
At-Risk Student Success Program	$3,322.7	$3,322.7
Renaissance Zone Tax Reimbursement	$2,900.0	$2,900.0
Total FY 2006 Recommendation	**$281,327.4**	**$281,327.4**

Fiscal Year 2006 Governor's Recommendation
Department of Community Health
($ in Thousands)

	*FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$2,613,988.7	$2,557,910.6	$2,920,639.5
All Funds	$10,122,887.1	$10,173,199.8	$10,240,883.2
	% Change - GF/GP	-2.1%	14.2%
	% Change - All Funds	0.5%	0.7%

Activities	GF/GP	All Funds
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Medicaid		
Federally mandated populations	$1,344,643.6	$6,186,933.3
Optional child populations	$97,254.2	$245,006.5
Optional adult populations	$66,209.2	$208,796.3
Optional elderly and disabled populations	$19,153.4	$46,379.5
Children's Special Health Care Services	$107,161.0	$218,730.2
Mental Health		
Medicaid mental health services	$568,411.3	$1,569,659.4
Non-Medicaid mental health services	$346,950.0	$446,387.5
State hospitals and centers	$178,111.3	$401,209.0
Non-Medicaid substance abuse/drug control services	$19,876.1	$116,605.1
Medicaid substance abuse services	$12,620.9	$33,321.4
Public Health		
Family health services	$40,983.9	$276,059.4
Prevention and health promotion services	$14,471.7	$128,933.8
Regulatory services	$6,325.4	$43,783.4
Administration	$55,423.2	$120,323.6
Other		
Office of Services to the Aging	$33,507.8	$93,542.5
Information technology services	$9,536.5	$31,155.1
Crime victim services	$0.0	$23,700.2
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Bioterrorism preparedness	$0.0	$50,357.0
* Adjusted for program transfers		
Total FY 2006 Recommendation	**$2,920,639.5**	**$10,240,883.2**

Fiscal Year 2006 Governor's Recommendation
Department of Corrections
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$1,609,272.3	$1,708,161.1	$1,805,230.3
All Funds	$1,705,829.9	$1,786,182.6	$1,883,642.6
	% Change - GF/GP	6.1%	5.7%
	% Change - All Funds	4.7%	5.5%

Activities	GF/GP	All Funds
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Prison and Camp Operations	$1,523,959.8	$1,557,535.8
Probation and Parole Oversight	$170,600.0	$192,588.3
Department Administration	$61,104.0	$63,727.8
Community Corrections Services	$34,262.3	$53,951.8
Information Technology Services and Projects	$15,304.2	$15,838.9
Total FY 2006 Recommendation	**$1,805,230.3**	**$1,883,642.6**

Fiscal Year 2006 Governor's Recommendation
Department of Education
($ in Thousands)

	*FY04 Appropriation	FY05 Current Law	FY06 Recommended
GF/GP	$29,059.7	$26,394.7	$28,091.6
All Funds	$135,831.7	$113,549.0	$125,141.8
	% Change - GF/GP	-9.2%	6.4%
	% Change - All Funds	-16.4%	10.2%

Program	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Services to Schools		
School Improvement Operations	$75.2	$15,011.9
Special Education Operations	$216.1	$11,279.2
Professional Preparation Services	$0.0	$5,517.8
Early Childhood and Family Services	$939.4	$4,044.1
Grants to Schools		
School Readiness Grants	$12,250.0	$12,250.0
School Breakfast Grants	$9,625.0	$9,625.0
Educational Assessment Services	$0.0	$32,196.6
Michigan School for the Deaf and Blind		
Michigan Schools for the Deaf and Blind	$0.0	$11,121.7
Lansing, Michigan School for the Blind Former Site	$0.0	$1,821.1
Administrative Support Services		
Grants Administration	$414.0	$7,941.8
Central Support Services	$1,689.0	$5,827.0
Office of the Superintendent	$1,308.0	$3,333.5
School Finance/School Law	$781.9	$2,595.4
Information Technology	$793.0	$2,576.7
* Adjusted for program transfers		
Total FY 2006 Recommendation	**$28,091.6**	**$125,141.8**

Fiscal Year 2006 Governor's Recommendation
Department of Environmental Quality
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$53,580.8	$28,671.8	$30,510.3
All Funds	$449,387.7	$340,569.3	$373,306.0
	% Change - GF/GP	-46.5%	6.4%
	% Change - All Funds	-24.2%	9.6%

Activities	GF/GP	All Funds
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Investigations and Grants	$7,908.1	$132,816.8
Environmental Cleanup Programs	$0.0	$62,956.4
Department Operations	$4,926.1	$30,507.5
Ground, Surface, and Waste Water Inspections	$5,827.8	$28,595.9
Air Quality Programs	$3,711.7	$23,132.1
Geological and Land Management	$3,531.2	$22,644.5
Pollution Prevention and Revolving Loan Programs	$743.8	$20,086.5
Waste and Hazardous Materials Program	$782.8	$17,136.9
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Inspection of Michigan Water Supplies	$2,518.3	$19,460.4
Local Health Department Grants	$0.0	$10,472.5
Other	$0.0	$3,570.4
Nuclear Power Plant Radiological Monitoring	$559.3	$1,504.3
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Public Drinking Water Supply Security Program	$1.2	$406.8
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Laboratory Recognition Program	$0.0	$15.0
Total FY 2006 Recommendation	**$30,510.3**	**$373,306.0**

Fiscal Year 2006 Governor's Recommendation
Executive Office
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$4,859.5	$5,205.5	$5,205.5
All Funds	$4,859.5	$5,205.5	$5,205.5
	% Change - GF/GP	7.1%	0.0%
	% Change - All Funds	7.1%	0.0%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Governor	$177.0	$177.0
Lieutenant governor	$123.9	$123.9
Executive Office Operations	$4,904.6	$4,904.6
Total FY 2006 Recommendation	**$5,205.5**	**$5,205.5**

Fiscal Year 2006 Governor's Recommendation
Family Independence Agency
($ in Thousands)

	*FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$1,095,571.3	$1,109,682.8	$1,106,603.6
All Funds	$4,113,281.0	$4,291,526.7	$4,428,975.2
	% Change - GF/GP	1.3%	-0.3%
	% Change - All Funds	4.3%	3.2%

Activities	GF/GP	All Funds
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Income Assistance:		
Food Assistance Program	$0.0	$1,218,760.9
Family Independence Program	$168,491.5	$394,277.6
Energy and Weatherization Assistance	$0.0	$135,138.7
SSI State Supplementation	$62,328.4	$62,328.4
State Emergency Relief	$25,413.7	$42,292.5
State Disability Assistance	$32,184.8	$37,289.6
Individual and Family Services:		
Purchased Care and Supervision of Youth	$176,900.0	$399,674.0
Adoption Services and Subsidies	$91,078.4	$243,556.7
Juvenile Justice Services	$36,679.5	$75,759.0
Family Preservation and Prevention Services	$1,768.0	$75,501.2
Community Services Block Grant	$0.0	$27,384.6
Domestic Violence and Rape Prevention Services	$1,979.7	$17,191.4
Refugee Assistance	$0.0	$12,683.7
Other Individual and Family Services	$2,377.0	$20,100.9
Field Staff and Administration	$225,970.8	$646,397.5
Child Support Enforcement	$11,840.5	$205,744.3
Information Technology	$34,274.4	$135,631.5
Central Administration and Support	$46,608.3	$96,790.6
Disability Determination Services	$2,896.4	$79,279.5
Licensing: Child Welfare and Adult Foster Care	$9,647.2	$13,784.2
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Child Day Care Services	$175,389.9	$464,102.8
Child Day Care Licensure	$0.0	$8,876.5
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Employment and Training Support Services	$775.1	$16,429.1
*Adjusted for program transfers		
Total FY 2006 Recommendation	**$1,106,603.6**	**$4,428,975.2**

Fiscal Year 2006 Governor's Recommendation
Higher Education
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$1,559,432.5	$1,600,500.5	$1,642,834.1
All Funds	$1,653,663.2	$1,690,150.5	$1,492,834.1
	% Change - GF/GP	2.6%	2.6%
	% Change - All Funds	2.2%	-11.7%

Activities	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
State University Operations	$1,303,218.8	$1,312,718.8
Michigan Merit Award Program	$0.0	$121,000.0
State University Tuition Restraint Incentive Funding	$87,806.0	$87,806.0
State Competitive Scholarships	$32,630.5	$34,630.5
Agricultural Experiment Station	$29,863.8	$29,863.8
Cooperative Extension Service	$21,904.3	$21,904.3
Tuition Incentive Program	$0.0	$12,000.0
Michigan Work Study Program	$7,326.3	$7,326.3
King-Chavez-Parks Education Opportunity Grant	$4,998.3	$4,998.3
Nursing Scholarship Program	$0.0	$4,000.0
Part-time Independent Student Program	$2,653.3	$2,653.3
Michigan Education Opportunity Grant	$2,084.2	$2,084.2
Robert C. Byrd Honors Scholarship Program	$0.0	$1,500.0
Higher Education Database	$200.0	$200.0
Morris Hood, Jr. Educator Development Program	$148.6	$148.6
Total FY 2006 Recommendation	**$1,492,834.1**	**$1,642,834.1**

Fiscal Year 2006 Governor's Recommendation
Department of History, Arts and Libraries
($ in Thousands)

	FY04 Appropriation	FY05 Current Law	FY06 Recommended
GF/GP	$44,201.7	$45,803.5	$43,150.8
All Funds	$56,548.0	$57,083.6	$56,178.9
	% Change - GF/GP	3.6%	-5.8%
	% Change - All Funds	0.9%	-1.6%

Program	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
State Aid to Libraries	$14,176.9	$19,734.3
Lifelong Learning Information	$362.1	$962.1
Michigan Curriculum Framework Support	$100.0	$300.0
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Cultural Tourism Industry	$7,637.5	$8,887.4
Economic Development	$6,653.9	$8,485.6
Department Operations	$5,215.5	$5,215.5
Information Technology Services and Equipment	$902.4	$955.4
Michigan Film Office	$131.9	$131.9
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Mackinac Island State Park Commission	$0.0	$3,138.9
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Library of Michigan operations	$6,462.9	$6,624.8
Management of State Archives, Records and Historical Collections	$1,507.7	$1,743.0
Total FY 2006 Recommendation	**$43,150.8**	**$56,178.9**

Fiscal Year 2006 Governor's Recommendation
Department of Information Technology
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$0.0	$0.0	$0.0
All Funds	$371,269.3	$360,738.6	$373,405.1
	% Change - GF/GP	0.0%	0.0%
	% Change - All Funds	-2.8%	3.5%

Activities	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Education IT Operations	$0.0	$2,049.8
History, Arts and Libraries IT Operations	$0.0	$606.4
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Labor and Economic Growth IT Operations and Projects	$0.0	$39,712.7
Transportation IT Operations	$0.0	$25,254.6
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Family Independence Agency IT Operations and Projects	$0.0	$75,089.1
Child Support Enforcement IT Operations and Projects	$0.0	$53,680.9
Community Heath IT Operations and Projects	$0.0	$28,770.8
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Secretary of State IT Operations and Projects	$0.0	$21,119.9
Treasury, Lottery and Gaming IT Operations	$0.0	$19,955.3
DIT Financial and Human Resources Systems IT Operations	$0.0	$18,364.3
DIT Enterprise Services IT Operations	$0.0	$15,064.1
DIT Security Operations	$0.0	$6,635.6
DIT e-Michigan IT Operations and Projects	$0.0	$4,142.2
Management and Budget IT Operations	$0.0	$6,421.5
Civil Service IT Operations	$0.0	$3,867.0
Civil Rights IT Operations	$0.0	$721.2
Attorney General IT Operations	$0.0	$692.4
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Corrections IT Operations	$0.0	$13,684.7
State Police IT Operations	$0.0	$12,650.9
Michigan Public Safety Communication System IT Operations	$0.0	$9,453.4
Military and Veterans Affairs IT Operations	$0.0	$1,032.0
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Natural Resources IT Operations	$0.0	$7,227.5
Environmental Quality IT Operations	$0.0	$6,066.7
Agriculture IT Operations	$0.0	$1,142.1
Total FY 2006 Recommendation	**$0.0**	**$373,405.1**

Fiscal Year 2006 Governor's Recommendation
Judiciary
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$160,216.4	$158,093.3	$159,987.9
All Funds	$253,067.9	$253,216.7	$257,728.8
	% Change - GF/GP	-1.3%	1.2%
	% Change - All Funds	0.1%	1.8%

Activities	GF/GP	All Funds
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Justices and Judges Compensation	$85,490.4	$92,580.6
Trial Court and Other Local Programs	$20,680.5	$91,027.4
Judicial Branch Operations	$47,590.8	$59,351.0
Indigent Defense and Other Judicial Agencies	$6,226.2	$14,769.8
Total FY 2006 Recommendation	**$159,987.9**	**$257,728.8**

Fiscal Year 2006 Governor's Recommendation
Department of Labor and Economic Growth
($ in Thousands)

	*FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$68,976.3	$94,538.0	$73,848.5
All Funds	$1,156,218.7	$1,241,865.6	$1,476,138.4
	% Change - GF/GP	37.1%	-21.9%
	% Change - All Funds	7.4%	18.9%

Activities	GF/GP	All Funds
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Job creation and economic growth	31,561.8	280,367.2
Workforce development	25,025.3	382,471.0
Boards, commissions, and authorities	5,741.4	191,681.9
Business licensing and regulation	61.5	175,625.1
Worker's and unemployment compensation	0.0	110,545.1
Central administration and support	4,452.9	70,385.3
Information technology services and projects	0.0	42,486.2
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Grants for adult education and training	1,999.8	82,940.3
Career education programs	1,468.7	8,336.8
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Tax tribunal	0.0	1,447.7
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Low income energy efficiency assistance	0.0	60,000.0
Vocational rehabilitation client services	3,537.1	58,525.7
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Fire protection grants and Office of Fire Marshal	0.0	11,326.1
* Adjusted for program transfers		
Total FY 2006 Recommendation	**$73,848.5**	**$1,476,138.4**

Fiscal Year 2006 Governor's Recommendation
Legislature
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$114,072.8	$122,173.9	$122,173.9
All Funds	$118,630.8	$126,731.9	$126,731.9
	% Change - GF/GP	7.1%	0.0%
	% Change - All Funds	6.8%	0.0%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
House of Representatives	$46,857.0	$46,857.0
Senate	$31,502.7	$31,502.7
Legislative Auditor General	$12,185.6	$15,233.8
Legislative Council	$11,294.8	$11,694.8
Property Management	$10,993.5	$10,993.5
Legislative Retirement System	$3,274.6	$4,384.4
Senate Fiscal Agency	$3,082.8	$3,082.8
House Fiscal Agency	$2,982.9	$2,982.9
Total FY 2006 Recommendation	**$122,173.9**	**$126,731.9**

Fiscal Year 2006 Governor's Recommendation
Department of Management and Budget
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$35,828.9	$36,684.2	$36,450.6
All Funds	$229,987.8	$213,410.1	$233,146.8
	% Change - GF/GP	2.4%	-0.6%
	% Change - All Funds	-7.2%	9.2%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
State Owned and Leased Buildings	$0.0	$86,644.7
Motor Vehicle Fleet	$0.0	$56,574.8
Retirement Services	$0.0	$15,804.9
Information Technology for MAIN	$11,516.3	$15,790.2
Administrative Overhead	$5,473.9	$13,381.7
Information Technology	$2,926.1	$10,312.2
Budget and Financial Management	$7,995.2	$10,002.1
Business Support Services	$4,441.8	$7,396.9
Michigan State Fair	$0.0	$5,545.8
Design and Construction Services	$0.0	$5,010.1
Office of the State Employer	$880.8	$2,700.4
Building Occupancy for Executive and Legislative	$1,859.5	$1,859.5
State Building Authority	$0.0	$541.5
Professional Development	$0.0	$225.0
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Office of Children's Ombudsman	$1,357.0	$1,357.0
Total FY 2006 Recommendation	**$36,450.6**	**$233,146.8**

Fiscal Year 2006 Governor's Recommendation
Department of Military and Veterans Affairs
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$36,328.8	$37,370.7	$38,348.2
All Funds	$107,840.0	$110,713.4	$117,108.5
	% Change - GF/GP	2.9%	2.6%
	% Change - All Funds	2.7%	5.8%

Activities	GF/GP	All Funds
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Grand Rapids Veterans' Home	$14,405.0	$46,296.4
D.J. Jacobetti Veterans' Home	$5,007.1	$14,876.9
Veterans' Service Organizations	$3,912.3	$3,912.3
Veterans' Trust Fund Administration	$318.6	$3,659.7
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Military Preparedness	$13,952.1	$42,136.8
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Veterans' Trust Fund Tuition Grants	$0.0	$1,546.5
Michigan Youth ChalleNGe Program/Starbase	$753.1	$4,679.9
Total FY 2006 Recommendation	**$38,348.2**	**$117,108.5**

Fiscal Year 2006 Governor's Recommendation
Department of Natural Resources
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$31,339.4	$28,885.0	$26,533.3
All Funds	$262,276.5	$264,335.4	$271,169.1
	% Change - GF/GP	-7.8%	-8.1%
	% Change - All Funds	0.8%	2.6%

Activities	GF/GP	All Funds
GOAL: ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT		
Parks and Recreation	$0.0	$50,132.5
Department Operations	$3,726.0	$41,743.0
Forest, Mineral, and Fire Management	$6,399.3	$32,289.7
Grants to Local Government and Other	$3,633.9	$32,180.3
Fisheries Management	$0.0	$26,980.0
Wildlife Management	$1,776.4	$26,049.4
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Law Enforcement	$1,091.5	$25,618.6
Other	$2.2	$193.3
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Payments in Lieu of Taxes	$9,771.5	$12,471.5
Other	$0.4	$1,350.2
GOAL: IMPROVE STUDENT ACHIEVEMENT		
Educational Programming	$126.0	$9,981.9
Safety Education	$5.1	$1,203.0
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
Forest Resource Management and Mineral Lease Sales	$0.0	$9,580.6
Michigan Civilian Conservation Corps	$0.0	$1,058.8
Other	$1.0	$336.3
Total FY 2006 Recommendation	**$26,533.3**	**$271,169.1**

Fiscal Year 2006 Governor's Recommendation
Department of State
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$26,698.5	$23,909.9	$14,265.1
All Funds	$182,113.3	$187,179.5	$196,885.7
	% Change - GF/GP	-10.4%	-40.3%
	% Change - All Funds	2.8%	5.2%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Branch Operations	$2,564.0	$70,836.5
Central Operations	$1,437.7	$38,799.6
Executive and Department Services	$611.3	$28,456.0
Information Technology	$1,854.2	$22,345.0
Regulatory Services	$348.7	$21,599.5
Departmentwide Expenses	$2,683.1	$10,083.0
Election Regulation	$4,766.1	$4,766.1
Total FY 2006 Recommendation	**$14,265.1**	**$196,885.7**

Fiscal Year 2006 Governor's Recommendation
Department of State Police
($ in Thousands)

	*FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$235,801.9	$244,380.2	$238,968.2
All Funds	$461,175.3	$475,845.9	$544,103.0
	% Change - GF/GP	3.6%	-2.2%
	% Change - All Funds	3.2%	14.3%

Activities	GF/GP	All Funds
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Troopers and Motor Carrier Officers	$120,586.2	$194,610.6
Criminal Justice Community Services	$63,824.7	$139,565.4
Homeland Security	$2,060.4	$131,475.4
Investigative Services	$32,616.1	$50,423.6
Forensic Lab Services	$19,880.8	$28,028.0
* Adjusted for program transfers		
Total FY 2006 Recommendation	**$238,968.2**	**$544,103.0**

Fiscal Year 2006 Governor's Recommendation
State School Aid
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$377,800.0	$165,200.0	$20,200.0
All Funds	$12,375,969.0	$12,527,440.1	$12,809,269.1
	% Change - GF/GP	-56.3%	-87.8%
	% Change - All Funds	1.2%	2.2%

Activities	GF/GP	All Funds
GOAL: IMPROVE STUDENT ACHIEVEMENT		
State Programs		
Foundation Allowance Payments	$2,216.0	$9,683,000.0
Special Education State Funding	$0.0	$960,883.0
At Risk Children Services	$0.0	$343,457.0
Intermediate School District General Operations	$200.0	$79,955.5
Project Great Start School Readiness Grants	$200.0	$72,800.0
Durant-Related Cash and Bond Payments	$0.0	$66,960.0
Renaissance Zone Reimbursement	$11,300.0	$45,000.0
School Bond Loan Fund Debt Service	$0.0	$44,500.0
Vocational Education	$0.0	$39,000.0
High School Curriculum Support	$0.0	$26,300.0
School Lunch Payments	$0.0	$22,495.1
Adult Education	$0.0	$20,000.0
Court Placed Children Funding	$0.0	$8,000.0
Center for Education Performance and Information	$4,200.0	$7,243.2
Teen Health Centers	$0.0	$3,743.0
Great Parents/Great Start Program	$0.0	$3,326.0
Bilingual Education	$0.0	$2,800.0
Math and Science Centers	$84.0	$2,500.0
Payment in Lieu of Taxes Reimbursement	$0.0	$2,400.0
Michigan Virtual High School	$1,750.0	$8,000.0
Bus Driver Safety	$0.0	$1,625.0
Advanced and Accelerated Programs	$0.0	$250.0
Project Great Start 0-3 Prevention Services	$250.0	$250.0
Federal Programs		
No Child Left Behind Programs	$0.0	$642,199.2
Special Education Federal	$0.0	$410,850.0
School Lunch Payments	$0.0	$306,190.0
Other Federal Funding	$0.0	$5,542.1
Total FY 2006 Recommendation	**$20,200.0**	**$12,809,269.1**

Fiscal Year 2006 Governor's Recommendation
Department of Transportation
($ in Thousands)

	FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$0.0	$0.0	$0.0
All Funds	$3,219,150.5	$3,279,058.1	$3,417,708.5
	% Change - GF/GP	0.0%	0.0%
	% Change - All Funds	1.9%	4.2%

Activities	GF/GP	All Funds
GOAL: SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN		
State Road & Bridge Construction & Maintenance	$0.0	$1,395,072.3
Local Road & Bridge Construction & Maintenance	$0.0	$1,333,417.1
Transportation Economic Development Programs	$0.0	$42,661.1
Local Bus Operating Assistance & Transit Programs	$0.0	$248,186.3
Intercity Bus & Rail Services	$0.0	$17,101.3
Aeronautics Programs	$0.0	$8,486.5
Rail Freight Preservation Programs	$0.0	$16,082.9
Port Authority & Marine Services	$0.0	$1,300.0
Administrative Support Services	$0.0	$87,197.1
Information Technology Projects & Services	$0.0	$27,460.4
Debt Service Obligations	$0.0	$240,743.5
Total FY 2006 Recommendation	**$0.0**	**$3,417,708.5**

Fiscal Year 2006 Governor's Recommendation
Department of Treasury
($ in Thousands)

	*FY04 Appropriation	FY05 Original Appropriation	FY06 Recommended
GF/GP	$87,214.7	$96,153.4	$105,725.7
All Funds	$1,748,142.6	$1,593,061.4	$1,597,196.9
	% Change - GF/GP	10.2%	10.0%
	% Change - All Funds	-8.9%	0.3%

Activities	GF/GP	All Funds
GOAL: MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT		
Revenue Sharing to Local Units of Government	$0.0	$1,121,100.0
Debt Service Payments	$52,886.9	$89,001.4
Grants to Local Units of Government	$2,422.0	$86,272.0
Tax Programs	$4,387.6	$64,288.6
Banking and Management Services	$8,388.2	$30,379.4
Information Technology	$4,712.4	$16,654.8
Local Government Operations	$6,198.8	$14,763.6
Investments	$0.0	$13,660.5
Departmentwide Appropriations	$3,328.2	$6,760.9
Common Cash and Debt Management	$278.2	$1,060.9
Administration	$1,262.3	$1,262.3
GOAL: IMPROVE STUDENT ACHIEVEMENT		
State Lottery	$0.0	$41,344.3
Student Financial Assistance Program	$1,593.1	$34,874.8
Casino Gaming	$0.0	$15,595.8
Renaissance Zone Reimbursement	$2,268.0	$2,268.0
Merit Award Administration	$0.0	$1,636.8
Michigan Education Savings Program	$0.0	$1,000.0
GOAL: MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER		
Senior Citizen Cooperative Housing Tax Exemption Program	$17,900.0	$17,900.0
Home Heating Assistance	$0.0	$2,036.8
GOAL: PROTECT OUR CITIZENS AND MAKE MICHIGAN'S COMMUNITIES SAFER		
Commercial Mobile Radio Service	$0.0	$31,320.0
Casino Gaming to MSP	$0.0	$3,916.0
Supervision of General Property Tax Law	$100.0	$100.0
* Adjusted for program transfers		
Total FY 2006 Recommendation	**$105,725.7**	**$1,597,196.9**

Background Information

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STATE OF MICHIGAN
E PLURIBUS UNUM
TUEBOR
SI QUAERIS PENINSULAM AMOENAM
CIRCUMSPICE
Office of the State Budget

Fiscal Year 2006
Sources and Uses of General Fund/General Purpose

(in millions)

Estimated Beginning Fund Balance, October 1, 2005		$0.0
REVENUES:		
Estimated January Consensus Net Revenues	$8,156.2	
Adjusted January Consensus Net Revenues		$8,784.6
Proposed Adjustments:		
Tax expenditures		64.0
Agriculture equine industry development fund deposit to GF		6.1
Comprehensive transportation fund revenue deposit to GF		11.1
Liquor Purchase Revolving Fund		13.0
Total Sources of Funds		**$8,878.8**
EXPENDITURES:		
Fiscal Year 2006 Executive Recommendation	$8,875.1	
Total Uses of Funds		**$8,875.1**
Ending Fund Balance, September 30, 2006		**$3.7**

Fiscal Year 2006
Sources and Uses of All Funds

(in millions)

Estimated Beginning Unreserved Fund Balance, October 1, 2005		$131.9
REVENUES:		
Fiscal Year 2006 Revenue Estimate		$40,530.6
Adjustments Included in Revenue Estimate:		
Tax Expenditures	$64.0	
Agriculture Equine Industry Development Fund Deposit to General Fund	6.1	
Comprehensive Transportation Fund Revenue Deposit to General Fund	11.1	
Liquor Purchase Revolving Fund	13.0	
TOTAL REVENUES		$40,530.6
Total Sources of Funds		**$40,662.5**
EXPENDITURES:		
Fiscal Year 2006 Executive Recommendation	$41,166.7	
Less: Interdepartmental Grants and Transfers	(676.7)	
Total Uses of Funds		**$40,490.0**
Excess of Sources Over Uses		**$172.5**

Consensus Economic Outlook

The economic and revenue outlooks were agreed to at the January 13, 2005, Consensus Revenue Estimating Conference by the Administration, House Fiscal Agency, and Senate Fiscal Agency.

2004 U.S. Economic Review

The current recovery is now over three years old, as dated by the National Bureau of Economic Research, having begun in November 2001. In 2004, real GDP is estimated to have grown by 4.4 percent, marking the third strongest annual growth in 20 years. Light vehicle sales have remained strong throughout the recovery, boosted by record incentives and low financing rates. Supported by historically low interest rates, new and existing home sales have remained strong as well.

Employment lagged the recovery and U.S. employment growth has been uneven. U.S. employment remains a quarter million jobs below its March 2001 peak. However, U.S. employment has grown each month for over a year and, during the past year, monthly employment growth averaged nearly 200,000 jobs a month.

The picture for manufacturing employment has been considerably less upbeat. Beginning in August 2000, manufacturing employment declined 42 straight months. While manufacturing reported solid gains in early 2004, manufacturing employment has remained essentially unchanged in recent months. Rapid productivity gains allowed firms to reduce payroll employment even as they continued to increase output.

Interest rates have remained at historically low levels. However, in the light of a strengthening economy and inflationary pressures, the Federal Reserve increased the target federal funds rate from 1.0 percent to 2.25 percent over the course of 2004. The Federal Reserve indicated it would continue to increase rates at a "measured" pace. Inflationary pressures will build with higher commodity prices and higher wages as job growth increases. Energy prices, most notably oil, have increased due to a restricted supply and growing world demand. Security concerns for oil supplies are also in the forefront with tensions high in Iraq and other oil producing nations.

Federal government expenditures continued to report solid gains in 2004. However, state and local government expenditures rose only slightly last year. The international trade deficit continued to worsen over the course of 2004. In the light of large federal budget and international capital account deficits, the value of the U.S. dollar weakened considerably. The stock market registered solid gains with the S&P 500 index up 9.0 percent for the year.

Over the past few years, imports and transplants have continued to increase their market share. The traditional Big Three market share has continued to fall, with their share at

58.7 percent for 2004, a record low. In 2004, U.S. vehicle production declined 0.9 percent while Michigan vehicle production fell 6.7 percent.

The index of leading economic indicators suggests that growth will moderate in the near future. The index declined five straight months before increasing in November and December.

2004 Michigan Economic Review

Michigan's economy relies heavily on the performance of the manufacturing sector in general and the auto industry specifically. Given extremely weak manufacturing employment performance, declining vehicle production, declines in Big 3 market share and continued supply rationalization among vehicle suppliers, Michigan's employment performance has been below the national average. Substantial productivity gains in the vehicle industry have also contributed to Michigan's sub-par employment performance. In 2004, Michigan wage and salary employment is estimated to have declined by 1.1 percent, marking the fourth straight year that Michigan employment has fallen. From Michigan's employment peak in June 2000 compared to December 2004, Michigan has lost 344,400 jobs. By this time after the 1990-1991 recession, Michigan employment had risen by about 200,000 jobs *above* its pre-recession peak.

In 2004, Michigan's unemployment rate fell to an estimated 6.7 percent. Michigan personal income is expected to have risen 2.7 percent; wages and salaries income is expected to have grown by 0.7 percent.

2005 and 2006 U.S. Consensus Economic Outlook

Real GDP is forecast to grow 3.2 percent in both 2005 and 2006, down from an estimated 4.4 percent growth rate in 2004 (See Table L-1). High levels of productivity, business investment, and an improving job market will help support growth. The end of bonus depreciation, deficit constrained federal spending and rising interest rates will mute growth.

Light vehicle sales are forecast to be 16.8 million units in both 2005 and 2006. Inflation is projected to remain moderate at 2.6 percent and 2.4 percent in 2005 and 2006, respectively. Interest rates are forecast to continue to rise but still remain at historically low levels.

The U.S. unemployment rate is projected to remain relatively stable over the next two years with a 5.4 percent unemployment rate in 2005 and a 5.5 percent rate in 2006.

2005 and 2006 Michigan Consensus Economic Outlook

Michigan wage and salary employment is forecast to increase slightly in 2005 and post more moderate gains in 2006. After four straight years of decline, wage and salary employment is projected to rise 0.3 percent in 2005 and 1.0 percent in 2006.

Michigan's unemployment rate is forecast to rise slightly to 6.9 percent in 2005 before declining to 6.8 percent in 2006.

Michigan personal income is forecast to increase 4.5 percent in 2005, up from the estimated 2.7 percent increase in 2004. In 2006, personal income is estimated to increase 5.6 percent. Inflation, as measured by the Detroit CPI, is forecast to be 2.4 percent in 2005 and 2.2 percent in 2006. As a result, real Michigan personal income (inflation adjusted) is expected to rise 2.0 percent in 2005 and 3.3 percent in 2006.

In FY 2005, Michigan wages and salaries are expected to grow by 2.5 percent and then accelerate to 4.0 percent growth in FY 2006. Disposable income is expected to rise 3.4 percent in 2005 and 5.0 percent in 2006. The inflation rate is expected to remain moderate at 2.6 percent in FY 2005 and 2.1 percent in FY 2006.

Forecast Risks

If businesses and/or consumers lose confidence in the expansion, both national and Michigan employment growth may be slower than forecast. If employment gains do not materialize, economic growth will decline as consumer and business spending retrenches. In large part, Michigan employment is still declining. If Michigan's employment level does not begin to increase soon, state economic growth will be below forecast levels.

Compared to other states, sharp declines in Big 3 market share would affect the Michigan economy adversely. Similarly, faster productivity growth may decrease employment and overall economic growth. Consumer debt levels, coupled with higher interest rates, also pose a risk.

Continued higher oil and natural gas prices could curb growth by reducing consumers' discretionary income and increasing production costs. Weaker growth abroad could also slow domestic growth as exports decline. If the U.S. dollar declines sharply, inflation risks would increase and financial markets may be shaken. Geopolitical concerns continue to pose a risk to the forecast.

Table L-1
Consensus Economic Forecast

January 2005

	Calendar 2003 Actual	Calendar 2004 Forecast	Percent Change from Prior Year	Calendar 2005 Forecast	Percent Change from Prior Year	Calendar 2006 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2000 Dollars)	$10,381	$10,838	4.4%	$11,185	3.2%	$11,540	3.2%
Implicit Price Deflator GDP (2000 = 100)	106.0	108.2	2.1%	110.6	2.2%	113.1	2.3%
Consumer Price Index (1982-84 = 100)	184.0	189.0	2.7%	193.9	2.6%	198.6	2.4%
Personal Consumption Deflator (2000 = 100)	105.5	107.7	2.1%	109.9	2.0%	112.1	2.0%
3-month Treasury Bills Interest Rate (percent)	1.0	1.4		2.4		3.6	
Aaa Corporate Bonds Interest Rate (percent)	5.7	5.6		5.7		6.4	
Unemployment Rate - Civilian (percent)	6.0	5.5		5.4		5.5	
Light Vehicle Sales (millions of units)	16.6	16.7	0.5%	16.8	0.6%	16.8	0.0%
Passenger Car Sales (millions of units)	7.6	7.4	-2.8%	7.4	0.0%	7.5	1.4%
Light Truck Sales (millions of units)	9.0	9.3	3.2%	9.4	1.1%	9.3	-1.1%
Import Share of Light Vehicles (percent)	19.9	20.1		20.6		21.1	
Michigan							
Wage and Salary Employment (thousands)	4,412	4,363	-1.1%	4,376	0.3%	4,420	1.0%
Unemployment Rate (percent)	7.3	6.7		6.9		6.8	
Personal Income (millions of dollars)	$314,460	$322,950	2.7%	$337,483	4.5%	$356,382	5.6%
Real Personal Income (millions of 1982-84 dollars)	$172,307	$173,816	0.9%	$177,342	2.0%	$183,230	3.3%
Wages and Salaries (millions of dollars)	$176,493	$177,728	0.7%	$184,304	3.7%	$192,155	4.3%
Detroit Consumer Price Index (1982-84 = 100)	182.5	185.8	1.8%	190.3	2.4%	194.5	2.2%
Detroit CPI Fiscal Year (1982-84 = 100)	182.0	184.4	1.3%	189.2	2.6%	193.2	2.1%

Revenue Estimates

Fiscal Year 2004 Revenue

Michigan's economy continued to be weak in FY 2004 as was reflected in revenue growth. On a Consensus basis, FY 2004 General Fund-General Purpose (GF-GP) revenue grew just 1.0 percent to $8,042.0 billion. School Aid Fund (SAF) revenue declined by 0.9 percent in FY 2004 to $10,615.1 million. However, SAF revenues were increased in FY 2003 by $450 million due to the one-time shift in state education tax payments. Without this payment shift, FY 2004 SAF revenues would have been 3.4 percent higher than FY 2003.

Fiscal Year 2005 and Fiscal Year 2006 Revenue Estimates

On January 13, 2005, the Administration and the House and Senate Fiscal Agencies reached a consensus on projected revenues for FY 2005 and FY 2006. Agreement was reached on baseline revenue forecasts and on the effect of enacted tax cuts. The January 2005 Consensus revenue estimates are used for the Governor's *Executive Budget*. The economic and revenue forecasts will be reviewed again at the May consensus conference before the final budget bills are passed by the legislature.

A number of factors contribute to slower GF-GP growth in FY 2005, including changes in the earmarking of the tobacco tax, the continued phase-out of the estate tax, and the final cut in the income tax rate. For FY 2005, GF-GP revenues on a Consensus basis are forecast to decline by 2.1 percent to $7,869.8 million. After factoring in proposed tax changes and other budget measures, total GF-GP revenue is expected to be $8,517.3 million. On a Consensus basis, net FY 2005 SAF revenue is expected to grow 2.5 percent to $10,878.8 million. Including transfers, federal aid, and other budget measures, FY 2005 SAF revenue will total $12,536.1 million.

FY 2006 GF-GP revenue will total $8,156.2 million on a Consensus basis, a 3.6 percent increase over FY 2005. After factoring in proposed tax changes and other budget measures, total GF-GP revenue is expected to be $8,878.8 million. On a Consensus basis, net FY 2006 SAF revenue is expected to increase by 3.9 percent to $11,300.9 million. After factoring in proposed changes, federal aid, transfers, and other budget measures, SAF revenue will total $12,785.6 million.

Overall FY 2006 Revenue

Total net revenue for all funds is estimated to be $40.7 billion in FY 2006. A summary of revenues by fund is presented on page E-8. The Detailed Statement of General and Special Revenue Funds presents information for FY 2003 through FY 2006.

Projected Revenues
FY 2005 - 2006

(millions)

	FY 2005 - 2006
General Fund - General Purpose	
Consensus Estimate	8,156.2
Total Adjustments	722.6
Total General Fund - General Purpose	8,878.8
School Aid Fund	
Consensus Estimate	11,300.9
Transfers and Federal Aid	1,394.3
Total Adjustments	90.4
Total SAF Revenue	12,785.6
Transportation Funds	
Consensus Estimate	4,766.9
General Fund - Special Purpose	13,932.5
Special Revenue and Permanent Funds	977.4
Sub-Total All Funds	41,341.2
Other Revenue Sources	364.4
Gross Total All Resources	41,705.6
Less Interfund Transfers (excluding GF-GP)	(1,043.1)
Net Total All Resources	$ 40,662.5

Economic & Revenue Forecasting Division
Michigan Department of Treasury
February 2005

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
GENERAL FUND - GENERAL PURPOSE REVENUE				
TAXES				
Individual Income [1]	5,511,399,842	5,571,912,111	5,579,700,000	5,807,900,000
Less: Refunds	(1,550,493,934)	(1,594,189,111)	(1,660,700,000)	(1,735,000,000)
Net Individual Income	3,960,905,908	3,977,723,000	3,919,000,000	4,072,900,000
Single Business	1,842,902,327	1,827,638,969	1,855,700,000	1,905,200,000
Sales [2]	390,733,829	378,067,398	117,200,000	112,700,000
Use	819,601,849	877,381,317	912,800,000	950,300,000
Insurance Company Premium Retaliatory	231,058,800	230,269,623	239,300,000	243,000,000
Cigarette Excise [3]	289,167,812	242,704,160	122,800,000	233,600,000
Utility Property	125,653,173	102,478,488	95,300,000	79,300,000
Horse Race Wagering	0	2,025,000	0	0
Casino Gaming Wagering	0	3,214,274	42,900,000	42,900,000
Penalties and Interest	128,697,418	104,377,940	108,500,000	108,000,000
Intangibles	(1,404,303)	65,982	0	0
Estate / Inheritance	98,562,214	75,540,787	39,000,000	10,000,000
Beer and Wine Excise	51,114,376	51,510,558	52,000,000	52,500,000
Oil and Gas Severance	47,851,592	57,069,753	55,000,000	49,000,000
Liquor Specific [4]	31,114,911	32,992,574	33,500,000	34,000,000
Other	(269,388)	10,547	0	0
Enhanced Enforcement and ACS [5]	(77,283,990)	(81,567,293)	(80,000,000)	(80,000,000)
TOTAL GF - GP TAXES	7,938,406,528	7,881,503,077	7,513,000,000	7,813,400,000

[1] See also Special Purpose Revenue.

[2] See Special Purpose Revenue, School Aid Fund, and Comprehensive Transportation Fund.

[3] See also Special Purpose Revenue and School Aid Fund.

[4] See also School Aid Fund.

[5] Restricted revenues supporting Treasury collection activities are shown here as negatives.

Prepared by Economic & Revenue Forecasting Division, Michigan Department of Treasury

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
GENERAL FUND - GENERAL PURPOSE REVENUE				
NON-TAX REVENUE				
Federal Aid	216,240,955	248,353,667	35,000,000	35,000,000
Local Agencies	922,717	2,939,397	2,000,000	2,000,000
Services	8,517,536	17,843,252	18,000,000	18,000,000
Licenses & Permits	16,866,359	55,181,059	54,000,000	54,000,000
Miscellaneous	194,711,504	165,048,012	176,400,000	168,300,000
Interest and Investment Profits	498,246	239,697	(73,000,000)	(80,000,000)
TOTAL GF - GP NON-TAX REVENUE	437,757,317	489,605,084	212,400,000	197,300,000
TRANSFERS FROM OUTSIDE GF & SR FUNDS				
Other Interfund Transfers Received	385,269,704	193,005,301	83,700,000	92,000,000
Liquor Purchase Revolving Fund	126,837,161	139,445,345	133,000,000	134,000,000
Transfers From Lottery Charitable Gaming and Other Funds	11,233,294	12,203,298	11,500,000	11,500,000
TOTAL GF - GP TRANSFERS	523,340,159	344,653,944	228,200,000	237,500,000
General Fund - General Purpose Summary				
GF - GP Tax Revenue	7,938,406,528	7,881,503,077	7,513,000,000	7,813,400,000
GF - GP Non-Tax Revenue	437,757,317	489,605,084	212,400,000	197,300,000
GF - GP Transfers	523,340,159	344,653,944	228,200,000	237,500,000
TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers	8,899,504,004	8,715,762,105	7,953,600,000	8,248,200,000
LESS: Interfund Transfers	(385,269,704)	(193,005,301)	(83,700,000)	(92,000,000)
CONSENSUS TOTAL GENERAL FUND-GENERAL PURPOSE	8,514,234,300	8,522,756,804	7,869,800,000	8,156,200,000
Excluding interfund transfers to GF-GP				
BUDGET ADJUSTMENTS				
Revenue Sharing Reductions	NA	NA	328,800,000	396,100,000
Suspend County Revenue Sharing	NA	NA	182,300,000	182,300,000
Cap Interfund Borrowing Rates	NA	NA	20,000,000	20,000,000
Small Business Credit/Professional Employer Organizations	NA	NA	5,000,000	0
Non-use of SBT Pharmaceutical Credit	NA	NA	10,000,000	10,000,000
Escheats Revenue	NA	NA	2,500,000	10,000,000
Land Sales	NA	NA	31,400,000	10,000,000
Other GF-GP Adjustments	NA	NA	67,500,000	0
TOTAL ENACTED ADJUSTMENTS	NA	NA	647,500,000	628,400,000
ADJUSTMENTS RECOMMENDED IN EXECUTIVE BUDGET				
Tax Expenditures	NA	NA	NA	64,000,000
Agriculture Equine Industry Development Fund Deposit to General Fund	NA	NA	NA	6,100,000
Comprehensive Transportation Fund Revenue Deposit to General Fund	NA	NA	0	11,100,000
Liquor Purchase Revolving Fund	NA	NA	NA	13,000,000
TOTAL PROPOSED ADJUSTMENTS	NA	NA	0	94,200,000
TOTAL GENERAL FUND-GENERAL PURPOSE WITH ADJUSTMENTS	8,514,234,300	8,522,756,804	8,517,300,000	8,878,800,000
Excluding interfund transfers to GF-GP				

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
GENERAL FUND-SPECIAL PURPOSE REVENUE				
TAXES				
Airport Parking	15,058,560	14,825,259	15,000,000	15,000,000
Cigarette - Health & Safety Fund - Counties	21,067,859	21,375,977	21,075,000	20,775,000
Cigarette - Health & Safety Fund - Indigent Care	6,911,327	6,843,550	7,025,000	6,925,000
Cigarette - Wayne County	6,263,476	6,231,704	6,400,000	6,300,000
Cigarette - Healthy Michigan	53,797,593	50,784,573	43,200,000	42,600,000
Cigarette - Medicaid Benefits Trust Fund	25,471,378	179,698,609	508,800,000	386,600,000
Commercial Mobile Radio Service	28,061,928	28,560,558	30,000,000	20,048,000
Horse Race Wagering	11,823,194	9,800,083	16,269,000	16,269,000
Casino Gaming Wagering - Equine Dev.	0	459,182	6,100,000	6,200,000
Individual Income Tax Campaign Fund	1,864,911	1,403,943	1,500,000	1,500,000
Income Tax Credit Expenditure	707,800,000	702,700,000	0	0
Sales Tax Revenue Sharing	1,262,053,520	1,304,715,597	1,626,900,000	1,699,500,000
Revenue Sharing Reductions	NA	NA	(328,800,000)	(396,100,000)
County Revenue Sharing	NA	NA	(182,300,000)	(182,300,000)
Sales Tax-Health Initiative	9,000,000	9,000,000	9,000,000	9,000,000
Convention Hotel Accommodation	45,721,423	48,694,796	49,000,000	52,000,000
GF-SP Other Taxes	173,743,073	341,689,578	475,035,000	645,308,000
Enhanced Enforcement and ACS	77,283,990	81,567,293	80,000,000	80,000,000
TOTAL GF - SP TAXES	2,445,922,231	2,808,350,702	2,384,204,000	2,429,625,000
NON-TAX REVENUE				
Local Agencies	106,072,973	106,613,533	231,638,800	242,910,200
Special Medicaid Reimbursement	932,658,051	704,550,545	536,853,000	273,784,000
Services	112,098,630	129,839,702	135,303,000	148,035,000
Licenses & Permits	225,990,862	323,802,206	359,249,000	363,687,000
Miscellaneous	405,166,146	380,195,324	423,310,000	482,103,600
Proceeds From Sale of Capital Assets	0	4,609,253	2,300,000	2,800,000
Transfers From Other Funds	290,924,036	168,250,591	83,121,000	82,752,000
TOTAL GF - SP NON-TAX REVENUE	2,072,910,698	1,817,861,153	1,771,774,800	1,596,071,800

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
GENERAL FUND-SPECIAL PURPOSE REVENUE				
FEDERAL AID NOT ELSEWHERE ITEMIZED:				
Federal Aid: Agriculture	9,748,793	20,438,684	33,476,000	32,582,000
Federal Aid: Attorney General	3,024,486	3,341,486	8,301,000	8,799,000
Federal Aid: Capital Outlay (excluding Transportation)	12,568,037	27,557,697	67,380,000	30,075,000
Federal Aid: Career Development	350,899,484	357,482,934	0	0
Federal Aid: Civil Rights	1,278,029	834,432	934,000	1,050,000
Federal Aid: Civil Service	185,967	0	4,779,000	4,779,000
Federal Aid: Community Health	5,185,798,276	5,567,082,275	5,502,479,000	5,467,496,800
Federal Aid: Consumer and Industry Services	32,160,569	29,053,941	0	0
Federal Aid: Corrections	21,334,178	22,840,646	9,188,000	10,317,000
Federal Aid: Education	88,597,035	41,117,134	60,797,000	67,519,000
Federal Aid: Environmental Quality	42,936,377	42,947,779	133,767,000	142,996,000
Federal Aid: Family Independence Agency	2,668,801,119	2,747,565,026	3,028,127,000	3,190,469,000
Federal Aid: Higher Education - Grants	4,331,145	4,423,640	2,764,000	3,500,000
Federal Aid: Judiciary	2,669,671	2,721,940	4,016,000	3,934,000
Federal Aid: History, Arts and Libraries	6,605,544	5,900,437	8,151,000	8,218,000
Federal Aid: Labor and Economic Growth	0	3,629,104	661,121,000	671,824,000
Federal Aid: Management and Budget	0	0	445,000	0
Federal Aid: Military Affairs	42,579,712	42,605,853	45,418,000	49,537,000
Federal Aid: Natural Resources	22,409,404	26,260,126	37,195,000	38,790,000
Federal Aid: State	0	3,142,509	1,391,000	2,333,000
Federal Aid: State Police	40,973,078	61,540,306	106,253,100	170,539,000
Federal Aid: Treasury	5,989,533	63,835	1,313,000	2,037,000
TOTAL FEDERAL AID excluding Transportation	8,542,910,438	9,010,549,784	9,717,295,100	9,906,794,800
General Fund - Special Purpose Summary				
GF - SP Tax Revenue	2,445,922,231	2,808,350,702	2,384,204,000	2,429,625,000
GF - SP Non-Tax Revenue	2,072,910,698	1,817,861,153	1,771,774,800	1,596,071,800
GF - SP Federal Aid	8,542,910,438	9,010,549,784	9,717,295,100	9,906,794,800
TOTAL GENERAL FUND-SPECIAL PURPOSE	13,061,743,367	13,636,761,640	13,873,273,900	13,932,491,600
LESS: Interfund Transfers	(290,924,036)	(168,250,591)	(83,121,000)	(82,752,000)
NET TOTAL GENERAL FUND-SPECIAL PURPOSE	12,770,819,331	13,468,511,048	13,790,152,900	13,849,739,600
Excluding interfund transfers to GF-SP				

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
SCHOOL AID FUND REVENUE				
TAXES and LOTTERY				
Sales Tax	4,681,369,531	4,716,692,842	4,887,800,000	5,108,800,000
Use Tax	410,200,924	439,090,659	456,500,000	475,200,000
Income Tax Earmarking	1,847,754,857	1,893,356,719	1,956,900,000	2,036,900,000
State Education Tax	2,127,513,288	1,824,493,369	1,846,000,000	1,943,900,000
Real Estate Transfer Tax	275,513,103	317,480,372	310,000,000	312,000,000
Cigarette Excise Tax	471,847,701	471,417,106	479,900,000	474,400,000
Other Tobacco Products Tax	17,247,719	13,737,314	0	0
Industrial & Commercial Facilities Tax	161,154,601	150,159,266	145,500,000	145,000,000
Casino Wagering Tax	90,944,599	95,781,163	98,000,000	100,000,000
Liquor Excise Tax	30,604,622	32,404,798	33,500,000	34,000,000
Other Specific Taxes	14,570,324	15,845,033	14,800,000	14,800,000
Sub-Total SAF Taxes	10,128,721,270	9,970,458,642	10,228,900,000	10,645,000,000
NON-TAX REVENUE				
Transfer from Lottery Ticket Sales	586,047,630	644,882,841	649,900,000	655,900,000
Federal Aid	1,069,510,894	1,256,727,255	1,353,540,100	1,374,074,500
Local Revenue	0	0	0	0
Transfer from Counter-Cyclical Budget & Economic Stabilization	32,000,000	0	0	0
Transfer from General Fund	383,718,396	377,800,437	264,700,000	20,200,000
Recovery of Prior Year State Aid and Receivables	18,756,612	11,121,605	0	0
Sub-Total SAF Other Source Revenues	2,090,033,533	2,290,532,139	2,268,140,100	2,050,174,500
TOTAL SCHOOL AID FUND before Interfund Transfers	12,218,754,803	12,260,990,781	12,497,040,100	12,695,174,500
LESS: Interfund Transfers	(415,718,396)	(377,800,437)	(264,700,000)	(20,200,000)
TOTAL SCHOOL AID FUND after Interfund Transfers	11,803,036,407	11,883,190,344	12,232,340,100	12,674,974,500
Excluding interfund transfers to School Aid Fund				
BUDGET ADJUSTMENTS				
PILT	NA	NA	(2,000,000)	(2,000,000)
TOTAL ENACTED ADJUSTMENTS	0	0	(2,000,000)	(2,000,000)
ADJUSTMENTS PROPOSED IN EXECUTIVE BUDGET				
School Bond Loan Reform Package	NA	NA	41,100,000	44,500,000
Various Tax Expenditures	NA	NA	NA	47,909,000
TOTAL PROPOSED ADJUSTMENTS	NA	NA	41,100,000	92,409,000
NET TOTAL SCHOOL AID FUND WITH ADJUSTMENTS	11,803,036,407	11,883,190,344	12,271,440,100	12,765,383,500
Excluding interfund transfers to School Aid Fund				

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
SPECIAL REVENUE FUNDS				
Michigan 21st Century Jobs Fund Bond Proceeds	0	0	0	200,000,000
Bottle Deposits [6]	27,625,589	38,560,670	31,567,000	32,307,000
Conservation and Recreation Bond Proceeds	201,589,818	58,621,554	60,000,000	69,000,000
Game and Fish Protection [6]	65,425,621	62,256,741	61,717,000	61,808,000
Game and Fish Protection Trust	11,438,221	13,612,010	10,360,000	9,981,000
Forest Development	20,902,863	27,531,483	26,120,000	27,105,000
Marine Safety Trust	5,571,827	5,123,261	5,241,000	4,854,000
Michigan State Waterways [6]	27,712,889	23,154,786	23,315,000	24,509,000
Nongame Fish and Wildlife [6]	506,236	515,035	492,000	495,000
State Park Improvement	31,472,036	34,035,112	35,312,000	35,287,000
MI Underground Storage Tank Financial Assistance	61,231,905	59,583,486	0	0
Construction Code	8,004,177	12,642,171	9,451,000	9,381,000
Construction Lien	350,818	381,324	3,400,000	400,000
Employment Security Administration [6]	141,014,012	128,781,258	123,180,600	123,405,900
Safety, Education, and Training	7,374,183	6,949,547	7,005,000	7,105,000
State Casino Gaming	28,659,147	30,155,462	30,450,000	31,121,000
Counter-Cyclical Budget & Economic Stabilization [6]	10,917,354	81,257,544	0	0
Merit Award Trust	245,579,042	203,796,310	215,300,000	215,100,000
Tobacco Settlement Trust	80,817,847	68,322,875	72,400,000	72,400,000
Miscellaneous Special Revenue Funds	290,166	188,135	308,700	308,700
PERMANENT FUNDS				
Children's Trust [6]	2,541,164	2,480,409	4,059,000	4,089,000
Civilian Conservation Corps Endowment	858,162	689,541	951,000	954,000
Natural Resources Trust	58,945,160	64,991,019	54,529,000	31,219,000
State Park Endowment [6]	14,136,655	15,070,948	14,189,000	14,392,000
Veterans Trust	2,279,353	2,581,648	2,198,000	2,198,000
TOTAL SPECIAL REVENUE AND PERMANENT FUNDS	1,055,244,246	941,282,330	791,545,300	977,419,600
LESS: Interfund Transfers	(86,009,283)	(139,471,954)	(49,968,000)	(50,926,000)
NET TOTAL SPECIAL REVENUE AND PERMANENT FUNDS	969,234,962	801,810,376	741,577,300	926,493,600
Excluding interfund transfers to Special Revenue Funds				

[6] Includes Transfers in.

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
TRANSPORTATION: AERONAUTICS FUND 114				
Aviation Fuel Tax	7,401,938	7,721,014	7,950,000	8,100,000
Federal Aid	75,039,027	107,204,651	160,000,000	125,000,000
Local Agencies	12,271,612	17,500,817	22,790,000	17,525,000
Transfers and Other	27,646,727	12,153,302	7,704,000	7,508,000
TOTAL AERONAUTICS FUND	122,359,305	144,579,784	198,444,000	158,133,000
TRANSPORTATION: TRUNKLINE FUND 116				
Federal Aid	552,140,554	587,494,737	1,072,401,000	1,147,342,100
Local Agencies	28,589,458	38,587,842	30,000,000	31,000,000
Licenses and Permits	17,989,924	18,934,276	19,900,000	21,000,000
Transfer from Michigan Transportation & Other Funds	792,640,856	852,973,918	707,997,900	713,389,400
Interest from Common Cash Investment	7,133,075	7,212,013	9,827,000	8,125,000
Other	31,222,379	30,853,570	28,000,000	29,000,000
TOTAL TRUNKLINE FUND	1,429,716,245	1,536,056,356	1,868,125,900	1,949,856,500
TRANSPORTATION: BLUE WATER BRIDGE FUND 118				
Tolls and Rentals	12,007,362	13,694,598	14,000,000	14,400,000
Interest From Common Cash Investment and Other	246,247	294,762	569,000	585,000
TOTAL BLUE WATER BRIDGE TRANSPORTATION FUND	12,253,610	13,989,360	14,569,000	14,985,000
TRANSPORTATION: MICHIGAN TRANSPORTATION FUND 119				
Diesel and Motor Carrier Fuel Tax	156,923,935	140,491,582	145,000,000	151,100,000
Gasoline and Liquefied Petroleum Gas Tax	936,232,494	932,763,539	946,510,000	964,525,000
Motor Vehicle Registration Tax	844,695,019	933,822,335	862,523,000	899,262,000
Licenses, Permits, Other and Transfers	58,867,126	54,631,931	56,500,000	46,379,300
Interest From Common Cash Investment	3,687,642	2,873,674	6,465,000	7,150,000
TOTAL MICHIGAN TRANSPORTATION FUND	2,000,406,215	2,064,583,060	2,016,998,000	2,068,416,300
TRANSPORTATION: COMPREHENSIVE TRANSPORTATION FUND 120				
Sales Tax (Includes effect of earmarking reduction)	79,440,334	64,959,858	57,097,000	68,817,200
Federal Aid	25,522,913	29,669,594	60,300,000	60,300,000
Transfer from Michigan Transportation & Other Funds	163,728,925	168,141,366	170,465,600	175,804,100
Interest From Common Cash Investment and Other	4,584,677	5,157,589	1,247,000	10,550,000
TOTAL COMPREHENSIVE TRANSPORTATION FUND	273,276,849	267,928,406	289,109,600	315,471,300
TRANSPORTATION BOND PROCEEDS	69,186,100	242,870,830	24,000,000	260,000,000
TOTAL TRANSPORTATION REVENUE	3,907,198,324	4,270,007,797	4,411,246,500	4,766,862,100
LESS: Interfund Transfers	(956,369,781)	(1,021,115,284)	(878,463,500)	(889,193,500)
NET TOTAL TRANSPORTATION REVENUE After Transfers	2,950,828,543	3,248,892,513	3,532,783,000	3,877,668,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
General Fund Summary				
General Fund - General Purpose	8,899,504,004	8,715,762,105	7,953,600,000	8,248,200,000
General Fund - General Purpose Budget Adjustments	0	0	647,500,000	722,600,000
General Fund - Special Purpose	13,061,743,367	13,636,761,640	13,873,273,900	13,932,491,600
TOTAL GENERAL FUND	21,961,247,371	22,352,523,745	22,474,373,900	22,903,291,600
LESS: Interfund Transfers	(676,193,740)	(361,255,892)	(166,821,000)	(174,752,000)
NET TOTAL GENERAL FUND after transfers	21,285,053,631	21,991,267,853	22,307,552,900	22,728,539,600
Other Funds Summary				
School Aid Fund	12,218,754,803	12,260,990,781	12,497,040,100	12,695,174,500
School Aid Fund - Budget Adjustments	0	0	39,100,000	90,409,000
Special Revenue and Permanent Funds	1,055,244,246	941,282,330	791,545,300	977,419,600
Transportation Revenues	3,907,198,324	4,270,007,797	4,411,246,500	4,766,862,100
TOTAL OTHER FUNDS	17,181,197,372	17,472,280,908	17,738,931,900	18,529,865,200
LESS: Interfund Transfers	(1,458,097,461)	(1,538,387,675)	(1,193,131,500)	(960,319,500)
NET TOTAL OTHER FUNDS after transfers	15,723,099,912	15,933,893,233	16,545,800,400	17,569,545,700
All Funds Summary				
Net General Fund	21,285,053,631	21,991,267,853	22,307,552,900	22,728,539,600
Net Other Funds	15,723,099,912	15,933,893,233	16,545,800,400	17,569,545,700
NET TOTAL REVENUE after transfers	37,008,153,542	37,925,161,086	38,853,353,300	40,298,085,300

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2002 - 2003	ACTUAL FY 2003 - 2004	ESTIMATES FY 2004 - 2005	ESTIMATES FY 2005 - 2006
NET TOTAL REVENUE after transfers	37,008,153,542	37,925,161,086	38,853,353,300	40,298,085,300
OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING				
General Fund Unreserved Balance	114,500,000	173,956,000	0	0
School Aid Fund Unreserved Balance	237,010,000	113,668,000	0	0
School Aid Stabilization Fund	0	0	74,070,000	23,700,000
Special Revenue and Permanent Funds Balances (Available)	173,689,000	105,088,000	181,937,000	108,179,000
Budgeted Non-revenue Items				
Liquor Operations	11,977,764	11,094,364	22,563,000	9,438,000
Lottery Operations	32,375,330	33,856,921	40,566,000	41,715,000
Retirement Operations	24,208,459	24,956,084	32,464,000	31,765,000
Michigan Higher Education Assistance and Student Loan Authorities	18,856,485	18,223,869	32,682,000	33,369,000
Michigan State Industries	14,127,558	13,763,185	17,542,000	18,770,000
Group Insurance Fund, Flexible Spending and COBRA	5,780,736	5,621,231	8,362,000	8,451,000
Michigan State Housing Development Authority	19,445,890	18,598,617	19,861,100	38,951,000
Michigan Strategic Fund Agency	42,783,700	32,955,468	53,917,000	46,727,000
Mackinac Island State Park Fund	769,635	950,000	1,372,000	1,372,000
Sub-Total Budgeted Non-revenue Items and Fund Balances	695,524,557	552,731,739	485,336,100	364,437,000
NET TOTAL RESOURCES	37,703,678,099	38,477,892,824	39,338,689,400	40,662,522,300

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Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2006 Budget Recommendation
10.664	**Cooperative Forestry Assistance**	
	Grantee: Natural Resources	7,166,000
	Grantee: Agriculture	2,075,200
16.580	**Anti Drug Abuse Act–Byrne Memorial Zero Tolerance**	
	Grantee: Community Health	18,038,900
	Subrecipient State Agency: State Police	6,249,900
	Subrecipient State Agency: Corrections	729,400
	Subrecipient State Agency: Attorney General	225,000
16.588	**Violence Against Women Formula Grants**	
	Grantee: Family Independence Agency	3,811,700
	Subrecipient State Agency: State Police	391,200
17.207	**Employment Service**	
	Grantee: Labor & Economic Growth	33,821,600
17.503	**Occupational Safety and Health-State Program**	
	Grantee: Labor & Economic Growth	10,150,000
	Subrecipient State Agency: Attorney General	261,300
20.600	**State and Community Highway Safety**	
	Grantee: State Police	7,389,200
	Subrecipient State Agency: Community Health	750,000
	Subrecipient State Agency: Judiciary	100,000
66.460	**Nonpoint Source Implementation Grants**	
	Grantee: Environmental Quality	6,500,000
	Subrecipient State Agency: Agriculture	150,000
66.801	**Hazardous Waste Management State Program Support**	
	Grantee: Environmental Quality	3,687,000
	Subrecipient State Agency: Agriculture	204,400
81.041	**State Energy Program**	
	Grantee: Labor & Economic Growth	1,486,000
	Subrecipient State Agency: Agriculture	997,600
84.002	**Adult Education-State Program**	
	Grantee: Labor & Economic Growth	17,250,000
	Subrecipient State Agency: Corrections	1,877,800
	Subrecipient State Agency: Family Independence Agency	150,000
84.013	**Title I Program for Neglected and Delinquent Children**	
	Grantee: Education	4,195,200

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2006 Budget Recommendation
	Subrecipient: Education via School Aid	414,483,600
	Subrecipient State Agency: Family Independence Agency	374,000
	Subrecipient State Agency: Management & Budget via School Aid	839,000
	Subrecipient State Agency: Corrections	517,700
84.027	**Special Education-Grants to States**	
	Grantee: Education	18,447,200
	Subrecipient: Education via School Aid	345,850,000
	Subrecipient State Agency: Management & Budget via School Aid	150,000
	Subrecipient State Agency: Family Independence Agency	132,800
	Subrecipient State Agency: Corrections	100,400
84.048	**Vocational Education-Basic Grants to States**	
	Grantee: Labor & Economic Growth	41,200,000
	Subrecipient State Agency: Corrections	275,200
	Subrecipient State Agency: Family Independence Agency	97,200
84.181	**Special Ed-Grants for Infants and Families with Disabilities**	
	Grantee: Education	261,000
	Subrecipient State Agency: Family Independence Agency	150,100
84.186	**Safe and Drug-Free Schools and Communities-State Grants**	
	Grantee: Education	338,700
	Subrecipient: Education via School Aid	12,050,500
	Subrecipient State Agency: Community Health	5,809,100
	Subrecipient State Agency: Management & Budget via School Aid	73,000
84.214	**Title I, Migrant Grants**	
	Grantee: Education via School Aid	8,186,200
	Subrecipient State Agency: Management & Budget via School Aid	47,000
84.357	**Reading First Grants**	
	Grantee: Education via School Aid	22,264,800
	Subrecipient State Agency: Management & Budget via School Aid	55,700
93.558	**Temporary Assistance For Needy Families**	
	Grantee: Family Independence Agency	737,925,300
	Subrecipient State Agency: Labor & Economic Growth	86,142,500
	Subrecipient State Agency: Community Health	18,069,100
	Subrecipient State Agency: Civil Service Cost Allocated	1,669,000
	Subrecipient State Agency: Judiciary	40,000
93.568	**Low-Income Home Energy Assistance**	
	Grantee: Family Independence Agency	114,467,700
	Subrecipient State Agency: Treasury	2,036,800

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2006 Budget Recommendation
93.596	**Child Care and Development Fund**	
	Grantee: Family Independence Agency	141,705,000
	Subrecipient State Agency: Community Health	1,930,000
	Subrecipient State Agency: Education	25,000
93.991	**Preventive Health and Health Services Block Grant**	
	Grantee: Department of Community Health	5,725,300
	Subrecipient State Agency: Family Independence Agency	243,400

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SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2006 Budget Recommendation
Bottle Deposits Fund	
Environmental Quality	16,024,600
Treasury	250,000
Cervidae Licensing and Inspection Fees	
Natural Resources	344,500
Agriculture	214,300
Comprehensive Transportation Fund	
Transportation	245,251,300
Attorney General	145,900
Civil Service	90,000
Management & Budget	61,900
Legislative Auditor General	25,200
Treasury	4,800
History, Arts & Libraries	6,300
Forest Development Fund	
Natural Resources	30,572,100
Capital Outlay	800,000
Treasury	3,900
Game and Fish Protection Fund	
Natural Resources	62,314,600
Attorney General	704,600
Management & Budget	220,900
Legislative Auditor General	21,400
History, Arts & Libraries	4,000
Treasury	16,400
Game and Fish Protection Trust Fund	
Natural Resources	6,000,000
Treasury	75,200
Healthy Michigan Fund	
Community Health	42,600,000
State Police	610,000
Marine Safety Fund	
Natural Resources	4,714,300
State	1,172,200
Management & Budget	22,000
Legislative Auditor General	1,900
Treasury	1,400
History, Arts & Libraries	500

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2006 Budget Recommendation
Michigan Merit Award Trust Fund	
Community Health	50,300,000
Higher Education	146,500,000
Education	16,359,300
Treasury	3,436,900
Michigan Natural Resources Trust Fund	
Natural Resources	3,292,800
Treasury	222,600
Michigan Nongame Fish and Wildlife Fund	
Natural Resources	685,300
Treasury	4,700
Michigan State Parks Endowment Fund	
Natural Resources	12,375,100
Treasury	99,000
Michigan State Waterways Fund	
Natural Resources	15,776,800
Attorney General	92,000
Treasury	75,900
Management & Budget	51,600
Legislative Auditor General	5,600
History, Arts & Libraries	900
Michigan Tobacco Settlement Trust Fund	
Community Health	72,000,000
Attorney General	386,800
Michigan Transportation Fund	
Transportation	1,057,556,500
State	20,000,000
Treasury	8,455,700
Environmental Quality	986,600
Legislative Auditor General	204,300
State Aeronautics Fund	
Transportation	13,790,000
Capital Outlay	6,193,300
Attorney General	144,000
Treasury	73,800
Civil Service	50,000
Management & Budget	32,600
Legislative Auditor General	19,600

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2006 Budget Recommendation
History, Arts & Libraries	3,800
State Trunkline Fund	
Transportation	732,252,300
Capital Outlay	7,714,000
State Police	7,667,300
Attorney General	2,861,400
Civil Service	2,000,000
Management & Budget	1,221,300
Legislative Auditor General	474,600
History, Arts & Libraries	139,600
Treasury	183,900

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Fiscal Year 2006 Governor's Recommendation

DEPARTMENT/AGENCY	ALL FUNDS	IDT-IDG	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF-GP	SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
AGRICULTURE	113,053,900	10,318,200	102,735,700	32,581,700	0	138,700	41,442,700	28,572,600	70,015,300	3,316,800
ATTORNEY GENERAL	65,880,300	13,359,300	52,521,000	8,799,400	0	0	11,011,400	32,710,200	43,721,600	0
CAPITAL OUTLAY	512,159,500	2,000,000	510,159,500	155,075,000	20,000,000	0	59,082,300	276,002,200	335,084,500	12,625,000
CIVIL RIGHTS	13,335,100	0	13,335,100	1,049,800	0	0	0	12,285,300	12,285,300	0
CIVIL SERVICE	36,288,500	5,670,900	30,617,600	4,779,100	1,700,000	150,000	16,539,200	7,449,300	23,988,500	0
COMMUNITY HEALTH	10,240,883,200	34,485,400	10,206,397,800	5,467,496,800	235,430,800	59,470,100	1,523,360,600	2,920,639,500	4,444,000,100	1,022,374,900
CORRECTIONS	1,883,642,600	1,043,800	1,882,598,800	10,316,800	411,700	0	66,590,000	1,805,280,300	1,871,870,300	93,233,300
EDUCATION	125,141,800	0	125,141,800	67,519,400	5,444,000	898,600	23,188,200	28,091,600	51,279,800	11,242,000
ENVIRONMENTAL QUALITY	373,306,000	17,096,900	356,209,100	142,995,700	0	450,000	182,253,100	30,510,300	212,763,400	4,575,000
EXECUTIVE OFFICE	5,205,500	0	5,205,500	0	0	0	0	5,205,500	5,205,500	0
FAMILY INDEPENDENCE AGENCY	4,428,975,200	1,400,900	4,427,574,300	3,190,468,600	51,189,300	8,938,900	70,373,900	1,106,603,600	1,176,977,500	174,650,400
HIGHER EDUCATION:										
Community Colleges	281,327,400	0	281,327,400	0	0	0	0	281,327,400	281,327,400	281,327,400
Universities/Financial Aid	1,642,834,100	0	1,642,834,100	3,500,000	0	0	146,500,000	1,492,834,100	1,639,334,100	0
HISTORY, ARTS, LIBRARY	56,178,900	149,700	56,029,200	8,218,300	0	577,400	4,082,700	43,150,800	47,233,500	17,863,400
INFORMATION TECHNOLOGY	373,405,100	373,405,100	0	0	0	0	0	0	0	0
JUDICIARY	257,728,800	2,563,500	255,165,300	3,933,900	3,466,000	842,500	86,935,000	159,987,900	246,922,900	124,962,500
LABOR AND ECONOMIC GROWTH	1,476,138,400	489,700	1,475,648,700	842,527,600	15,738,200	3,990,600	539,543,800	73,848,500	613,392,300	65,519,700
LEGISLATURE	126,731,900	1,801,500	124,930,400	0	0	400,000	2,356,500	122,173,900	124,530,400	0
MANAGEMENT AND BUDGET	233,146,800	153,786,800	79,360,000	0	0	0	42,909,400	36,450,600	79,360,000	0
MILITARY AFFAIRS	117,108,500	1,256,800	115,851,700	49,537,200	0	1,355,800	25,610,500	38,348,200	64,958,700	50,000
NATURAL RESOURCES	271,169,100	3,691,200	267,477,900	38,790,200	0	2,090,100	200,064,300	26,533,300	226,597,600	27,729,600
SCHOOL AID	12,809,269,100	0	12,809,269,100	1,374,074,500	0	0	11,414,994,600	20,200,000	11,435,194,600	11,428,394,600
STATE	196,885,700	20,000,000	176,885,700	2,333,300	0	100	160,287,200	14,265,100	174,552,300	993,800
STATE POLICE	544,081,500	20,736,300	523,345,200	170,821,000	5,597,900	11,200	107,946,900	238,968,200	346,915,100	20,451,900
TRANSPORTATION	3,417,708,500	0	3,417,708,500	1,207,642,100	6,100,000	0	2,203,966,400	0	2,203,966,400	1,281,328,900
TREASURY										
Operations	387,095,500	13,456,400	373,639,100	35,405,400	1,025,400	0	284,369,500	52,838,800	337,208,300	1,240,551,520
Revenue Sharing	1,121,100,000	0	1,121,100,000	0	0	0	1,121,100,000	0	1,121,100,000	0
Debt Service	89,001,400	0	89,001,400	0	0	0	36,114,500	52,886,900	89,001,400	0
Contract and IT Purchase Reductions	(32,100,000)	0	(32,100,000)	0	0	0	0	(32,100,000)		
TOTAL FY 2006 Recommendation	**$41,156,682,300**	**$676,712,400**	**$40,489,969,900**	**$12,817,865,800**	**$346,103,300**	**$79,314,000**	**$18,371,622,700**	**$8,875,064,100**	**$27,278,786,800**	**$15,611,100,720**

Percentage of State Spending from State Sources as Payments to Local Units of Government: 57.96%

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BUDGETING FOR OUTCOMES FOR FISCAL YEAR 2006

GOAL/STRATEGY	FY05 GF/GP	FY05 All Funds	Change GF/GP	Change All Funds	FY06 GF/GP	FY06 All Funds
SUSTAIN AND CREATE BUSINESS INVESTMENT AND JOBS IN MICHIGAN						
Retain and strenghten Michigan's existing manufaturing, agriculture and tourism base by creating new jobs.	39,338.6	405,105.0	1,101.5	25,596.5	40,440.1	430,701.5
Increase the number of non-auto related jobs in Michigan.	20,967.8	37,362.5	(19,976.9)	171,122.3	990.9	208,484.8
Provide more job training to Michigan workers focused on career opportunities of the future.	41,709.5	483,452.5	50.8	6,347.4	41,760.3	489,799.9
Continue to grow Michigan's core communities as diverse, safe and healthy talent centers.	6,870.4	210,976.4	(216.5)	6,058.6	6,653.9	217,035.0
Use the power of technology to link every community to economic opportunity by making high-speed Internet available to all Michigan households and businesses.	0.0	65,980.4	0.0	1,091.0	0.0	67,071.4
Keep Michigan's people and commerce moving by improving our roads and bridges and by increasing highway safety.	0.0	3,292,424.9	0.0	313,623.6	0.0	3,606,048.5
GOAL TOTAL	**$108,886.3**	**$4,495,301.7**	**($19,041.1)**	**$523,839.4**	**$89,845.2**	**$5,019,141.1**
IMPROVE STUDENT ACHIEVEMENT						
Make quality early childhood education and care programs available to all Michigan children.	199,027.1	664,006.0	(9,997.8)	(27,311.4)	189,029.3	636,694.6
Increase the number of Michigan schools achieving significant progress in mathematics, reading and writing, attendance, and graduation rates.	9,261.2	1,578,254.9	(149,252.1)	51,065.6	(139,990.9)	1,629,320.5
Increase the number of high school students who qualify for college or advanced study programs.	165,425.3	10,645,645.8	2,763.6	227,621.7	168,188.9	10,873,267.5
Double the number of students who attain college degrees and other marketable credentials.	1,981,998.9	2,098,117.9	(87,635.1)	(28,289.1)	1,894,363.8	2,069,828.8
Improve access to lifelong learning opportunities for all citizens.	47,078.7	88,125.5	(7,483.2)	(6,785.6)	39,595.5	81,339.9
Improve access to a safe and supportive learning environment by promoting positive student behavior and by increasing participation in Health and nutrition programs.	8,421.8	382,819.3	1,617.2	20,582.0	10,039.0	403,401.3
GOAL TOTAL	**$2,411,213.0**	**$15,456,969.4**	**($249,987.4)**	**$236,883.2**	**$2,161,225.6**	**$15,693,852.6**

BUDGETING FOR OUTCOMES FOR FISCAL YEAR 2006

GOAL/STRATEGY	FY05 GF/GP	FY05 All Funds	Change GF/GP	Change All Funds	FY06 GF/GP	FY06 All Funds
ENHANCE THE QUALITY OF MICHIGAN'S NATURAL ENVIRONMENT						
Make the Great Lakes and Michigan's natural resources cleaner, safer and healthier.	42,735.5	427,579.6	3,198.4	37,798.9	45,933.9	465,378.5
Protect and preserve more open space, farmland, forestland, and public land.	2,531.0	31,499.2	(2,061.1)	14,243.2	469.9	45,742.4
Prevent, control or eradicate plant and animal diseases and pests that threaten our health, environment and economy.	10,388.3	44,611.4	(1,720.1)	(369.6)	8,668.2	44,241.8
In order to foster both environmental performance and economic growth, reduce the time it takes to issue environmental permits.	481.4	12,719.5	49.1	420.7	530.5	13,140.2
Enhance outdoor recreation and increase use of state facilities, parks and state sponsored recreation.	3,895.5	95,839.9	1,079.4	15,642.5	4,974.9	111,482.4
GOAL TOTAL	**$60,031.7**	**$612,249.6**	**$545.8**	**$67,735.8**	**$60,577.5**	**$679,985.4**
MAKE GOVERNMENT IN MICHIGAN MORE COST EFFECTIVE AND EFFICIENT						
Keep the checkbook balanced, put money away for the future and demand results for every taxpayer dollar we spend by implementing an improved budget process.	203,341.8	350,339.4	(1,227.4)	8,704.3	202,114.4	359,043.7
Cut the red tape in state government by streamlining services and implementing innovative technology to reduce time, mistakes and costs.	28,390.5	181,524.2	(373.9)	4,049.9	28,016.6	185,574.1
Frugally manage the workplaces, tools and equipment used to run state government and continue to cut government costs.	115,886.9	211,432.7	19,601.7	26,516.7	135,488.6	237,949.4
Offer fast and friendly service to all citizens, whether online or face-to-face, by increasing the number of online services and developing a citizen satisfaction survey to measure performance.	347.7	5,033.9	0.4	8.7	348.1	5,042.6
Make state government both a great place to work and a place that produces great work by ensuring our government is diverse, inclusive and representative of our population; make sure state employees have the tools necessary to do their jobs - all while lowering overall costs.	8,455.9	65,298.9	(125.8)	8,926.2	8,330.1	74,225.1
Make Michigan more inclusive and equitable for all residents in employment, education, health and housing by insuring timely resolution to civil rights complaints and training our government workforce.	11,759.0	12,693.0	526.3	642.1	12,285.3	13,335.1
Maintain and improve strong, collaborative relationships with federal agencies, local governments, and the private sector via shared government services.	80,132.3	1,507,472.2	(436.8)	(1,391.6)	79,695.5	1,506,080.6
GOAL TOTAL	**$448,314.1**	**$2,333,794.3**	**$17,964.5**	**$47,456.3**	**$466,278.6**	**$2,381,250.6**

BUDGETING FOR OUTCOMES FOR FISCAL YEAR 2006

GOAL/STRATEGY	FY05 GF/GP	FY05 All Funds	Change GF/GP	Change All Funds	FY06 GF/GP	FY06 All Funds
MAKE MICHIGAN'S PEOPLE HEALTHIER AND OUR FAMILIES STRONGER						
Increase the number of insured children and preserve existing health coverage for adults.	179,642.9	530,622.5	1,629.0	(35,685.0)	181,271.9	494,937.5
Provide medical, mental health, substance abuse and long-term care services to low-income children, families, the elderly, veterans and the disabled.	2,243,680.8	9,011,147.8	363,038.1	88,354.7	2,606,718.9	9,099,502.5
Reduce the number of children living in poverty.	462,658.1	2,545,755.4	13,739.4	182,600.2	476,397.5	2,728,355.6
Reduce the number of children in the child welfare system.	311,889.9	823,056.2	(3,073.4)	(11,572.1)	308,816.5	811,484.1
Prolong life and protect the public health by promoting the State Surgeon General's "Prescription for a Healthier Michigan" to reduce obesity and prevent teen smoking.	65,535.9	208,754.8	(6,233.8)	3,571.5	59,302.1	212,326.3
Ensure that Michigan's vulnerable citizens have access to prevention and early intervention services.	90,301.9	216,133.7	2,093.7	5,136.4	92,395.6	221,270.1
Improve the delivery of health and human services by lowering overall costs, improving technology and streamlining the way work gets done.	184,166.5	869,727.1	(6,520.0)	20,176.1	177,646.5	889,903.2
Improve Michigan's patient safety and health care by increasing the number of health care providers engaged in quality improvement programs.	5,390.8	37,954.7	934.6	4,145.3	6,325.4	42,100.0
GOAL TOTAL	**$3,543,268.8**	**$14,243,152.2**	**$365,607.6**	**$256,727.1**	**$3,908,874.4**	**$14,499,879.3**
PROTECT OUR CITIZEN'S AND MAKE MICHIGAN'S COMMUNITIES SAFER						
Reduce crime in Michigan.	294,954.3	479,879.7	(3,024.4)	6,915.5	291,929.9	486,795.2
Protect Michigan's citizens and communities by operating safe and secure prisons.	1,465,055.6	1,475,907.8	76,695.0	78,062.5	1,541,750.6	1,553,970.3
Improve homeland security by integrating resources from the State Police, local law enforcment, the Army/Air National Guard, and other agencies to insure an effective and coordinated response to threats.	24,812.7	204,967.0	(631.3)	87,589.7	24,181.4	292,556.7
Improve overall public safety by reducing serious traffic accidents; improving parolee supervision in the community; and upgrading Michigan's criminal justice information systems.	184,866.8	308,976.1	17,646.1	24,646.2	202,512.9	333,622.3
Judiciary - Constitutionally Mandated Judicial Services	158,093.3	253,216.7	1,894.6	4,512.1	159,987.9	257,728.8
GOAL TOTAL	**$2,127,782.7**	**$2,722,947.3**	**$92,580.1**	**$201,726.1**	**$2,220,362.8**	**$2,924,673.4**
Contract and IT Purchase reductions.					(32,100.0)	(32,100.0)
TOTAL FY06 Recommendation	**$8,699,494.6**	**$39,864,414.5**	**$207,669.5**	**$1,334,367.8**	**$8,875,064.1**	**$41,166,682.3**

STATE OF MICHIGAN
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CIRCUMSPICE
Office of the State Budget

GENERAL FUND/GENERAL PURPOSE

($ in Thousands)

DEPARTMENT	FY05 Original Appropriation*	FY06 Governor's Recommendation	Difference FY06 Governor's Rec. from FY05 Original Approp.	% Change FY06 Governor's Rec. from FY05 Original Approp.
AGRICULTURE	30,091.4	28,572.6	(1,518.8)	-5.0%
ATTORNEY GENERAL	31,503.9	32,710.2	1,206.3	3.8%
CAPITAL OUTLAY	245,002.1	276,002.2	31,000.1	12.7%
CIVIL RIGHTS	11,759.0	12,285.3	526.3	4.5%
CIVIL SERVICE	7,672.1	7,449.3	(222.8)	-2.9%
COMMUNITY HEALTH	2,557,910.6	2,920,639.5	362,728.9	14.2%
CORRECTIONS	1,708,161.1	1,805,280.3	97,119.2	5.7%
EDUCATION	26,394.7	28,091.6	1,696.9	6.4%
ENVIRONMENTAL QUALITY	28,671.8	30,510.3	1,838.5	6.4%
EXECUTIVE OFFICE	5,205.5	5,205.5	0.0	0.0%
FAMILY INDEPENDENCE AGENCY	1,109,682.8	1,106,603.6	(3,079.2)	-0.3%
HIGHER EDUCATION:				
Community Colleges	285,747.0	281,327.4	(4,419.6)	-1.5%
Universities/Financial Aid	1,600,500.5	1,492,834.1	(107,666.4)	-6.7%
HISTORY, ARTS, LIBRARY	45,803.5	43,150.8	(2,652.7)	-5.8%
INFORMATION TECHNOLOGY	0.0	0.0	0.0	0.0%
JUDICIARY	158,093.3	159,987.9	1,894.6	1.2%
LABOR AND ECONOMIC GROWTH	94,538.0	73,848.5	(20,689.5)	-21.9%
LEGISLATURE	122,173.9	122,173.9	0.0	0.0%
MANAGEMENT AND BUDGET	36,684.2	36,450.6	(233.6)	-0.6%
MILITARY AFFAIRS	37,370.7	38,348.2	977.5	2.6%
NATURAL RESOURCES	28,885.0	26,533.3	(2,351.7)	-8.1%
SCHOOL AID	165,200.0	20,200.0	(145,000.0)	-87.8%
STATE	23,909.9	14,265.1	(9,644.8)	-40.3%
STATE POLICE	244,380.2	238,968.2	(5,412.0)	-2.2%
TRANSPORTATION	0.0	0.0	0.0	0.0%
TREASURY	53,704.8	52,838.8	(866.0)	-1.6%
Debt Service	42,448.6	52,886.9	10,438.3	24.6%
Contract and IT Purchase Reductions		(32,100.0)		
TOTAL FY 2006 Recommendation	**$8,701,494.6**	**$8,875,064.1**	**$205,669.5**	**2.0%**

*Capital Outlay includes Governor's FY 2005 Budget Recommendation, partially adopted by Legislature.
Higher Education does not include FY 2004 supplemental contained in FY 2005 appropriation.

ALL FUNDS

($ in Thousands)

DEPARTMENT/AGENCY	FY05 Original Appropriation*	FY06 Governor's Recommendation	Difference FY06 Governor's Rec. from FY05 Origial Approp.	% Change FY06 Governor's Rec. from FY05 Original Approp.
AGRICULTURE	126,131.3	113,053.9	(13,077.4)	-10.4%
ATTORNEY GENERAL	62,835.7	65,880.3	3,044.6	4.8%
CAPITAL OUTLAY	606,298.8	512,159.5	(94,139.3)	-15.5%
CIVIL RIGHTS	12,693.0	13,335.1	642.1	5.1%
CIVIL SERVICE	35,146.7	36,288.5	1,141.8	3.2%
COMMUNITY HEALTH	10,173,199.8	10,240,883.2	67,683.4	0.7%
CORRECTIONS	1,786,182.6	1,883,642.6	97,460.0	5.5%
EDUCATION	113,549.0	125,141.8	11,592.8	10.2%
ENVIRONMENTAL QUALITY	340,569.3	373,306.0	32,736.7	9.6%
EXECUTIVE OFFICE	5,205.5	5,205.5	0.0	0.0%
FAMILY INDEPENDENCE AGENCY	4,291,526.7	4,428,975.2	137,448.5	3.2%
HIGHER EDUCATION:				
Community Colleges	285,747.0	281,327.4	(4,419.6)	-1.5%
Universities/Financial Aid	1,690,150.5	1,642,834.1	(47,316.4)	-2.8%
HISTORY, ARTS, LIBRARY	57,083.6	56,178.9	(904.7)	-1.6%
INFORMATION TECHNOLOGY	360,738.6	373,405.1	12,666.5	3.5%
JUDICIARY	253,216.7	257,728.8	4,512.1	1.8%
LABOR AND ECONOMIC GROWTH	1,241,865.6	1,476,138.4	234,272.8	18.9%
LEGISLATURE	126,731.9	126,731.9	0.0	0.0%
MANAGEMENT AND BUDGET	213,410.1	233,146.8	19,736.7	9.2%
MILITARY AFFAIRS	110,713.4	117,108.5	6,395.1	5.8%
NATURAL RESOURCES	264,335.4	271,169.1	6,833.7	2.6%
SCHOOL AID	12,527,440.1	12,809,269.1	281,829.0	2.2%
STATE	187,179.5	196,885.7	9,706.2	5.2%
STATE POLICE	475,845.9	544,081.5	68,235.6	14.3%
TRANSPORTATION	3,279,058.1	3,417,708.5	138,650.4	4.2%
TREASURY	1,511,611.0	1,508,195.5	(3,415.5)	-0.2%
Debt Service	81,450.4	89,001.4	7,551.0	9.3%
Contract and IT Purchase Reductions		(32,100.0)		
TOTAL FY 2006 Recommendation	**$40,219,916.2**	**$41,166,682.3**	**$978,866.1**	**2.4%**

*Capital Outlay includes Governor's FY 2005 Budget Recommendation, partially adopted by Legislature.
Higher Education does not include FY 2004 supplemental contained in FY 2005 appropriation.

Historical Expenditures/Appropriations
General Fund/General Purpose

DEPARTMENT/AGENCY	FY96 Expend.	FY97 Expend.	FY98 Expend.	FY99 Expend.	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Current Law	FY06 Exec. Rec.
Agriculture	43,441,799	36,977,547	34,215,715	39,633,018	52,986,168	57,084,484	49,982,697	38,482,386	32,586,695	30,091,400	28,572,600
Attorney General	28,146,412	28,728,101	28,740,351	30,443,940	34,289,352	34,868,529	34,607,010	29,591,865	27,442,334	31,503,900	32,710,200
Capital Outlay	190,278,423	204,098,457	257,953,893	329,379,869	386,252,729	320,167,644	360,185,429	315,021,558	228,536,732	243,194,800	276,002,200
Career Development					33,300,372	43,751,883	29,176,898	29,063,730	26,934,332		
Civil Rights	11,992,187	11,750,247	11,975,385	12,704,328	14,165,065	14,222,922	13,522,456	12,038,667	11,521,471	11,759,000	12,285,300
Civil Service	12,852,378	12,611,237	13,181,110	15,248,222	21,810,241	12,583,361	9,757,483	9,650,598	7,540,085	7,672,100	7,449,300
Commerce	29,106,436										
Community Health		2,489,426,814	2,435,154,320	2,561,333,736	2,559,451,214	2,688,930,680	2,484,327,571	2,379,401,584	2,625,862,524	2,557,910,600	2,920,639,500
Consumer and Industry Services		63,702,550	75,721,087	69,255,350	76,578,288	83,001,519	36,506,944	30,615,290	11,253,712		
Corrections	1,260,365,194	1,277,460,254	1,268,613,426	1,375,072,599	1,489,668,883	1,605,334,848	1,585,429,705	1,585,006,018	1,568,343,931	1,708,161,100	1,805,280,300
Education	47,483,089	45,073,591	45,909,895	49,230,423	42,236,526	35,074,679	34,296,628	28,864,464	26,265,176	26,394,700	28,091,600
Environmental Quality	43,802,958	54,796,726	58,544,973	63,141,194	79,540,719	95,089,437	96,847,348	75,198,473	60,678,599	28,671,800	30,510,300
Executive Office	4,835,017	4,741,680	5,118,384	5,087,702	5,411,980	5,604,427	5,443,277	5,023,198	4,673,035	5,205,500	5,205,500
Family Independence Agency		1,116,206,920	1,031,605,019	1,128,549,036	1,176,342,559	1,253,547,822	1,190,047,924	1,118,369,205	1,075,042,695	1,109,682,800	1,106,603,500
Higher Education											
Community Colleges	253,009,787	262,186,716	274,845,576	281,729,965	297,158,459	314,915,220	319,867,153	307,512,112	276,779,312	294,268,200	281,327,400
Universities/Financial Aid	1,410,091,564	1,491,455,863	1,558,484,506	1,601,676,589	1,675,344,915	1,783,607,788	1,813,577,317	1,741,585,507	1,551,339,299	1,643,508,700	1,492,834,100
History, Arts and Libraries							65,181,649	59,910,566	44,215,636	45,803,500	43,150,800
Information Technology							0	0	0	0	0
Judiciary	134,920,282	141,946,079	147,156,019	154,116,508	166,631,336	176,614,842	173,567,315	172,128,220	161,402,026	158,083,300	159,987,900
Labor and Economic Growth									1,455,926	94,538,000	73,848,500
Labor	26,278,836										
Legislature	87,443,092	87,449,913	89,687,113	95,852,029	104,837,979	113,442,020	125,725,987	122,266,517	112,994,995	122,173,900	122,173,900
Legislative Auditor General	10,915,285	10,749,956	10,924,847	11,807,717	12,566,935	13,203,021					
Library of Michigan	26,817,219	27,530,263	29,123,342	30,245,359	30,892,225	33,037,453					
Management and Budget	51,872,600	55,682,772	47,683,349	49,797,993	66,658,586	71,047,662	63,366,159	39,401,356	32,044,396	36,684,200	36,450,600
Aging	23,350,103	24,782,646									
Mental Health	1,074,733,387										
Michigan Biologic Products		16,030									
Michigan Jobs Commission	81,620,151	99,573,779	107,076,910	148,975,478							
Michigan Strategic Fund					45,730,157	65,087,705	44,140,862	52,581,586	37,986,911		
Military and Veterans Affairs	34,763,836	38,616,432	34,930,121	39,199,598	39,377,632	42,361,955	40,371,417	37,843,422	35,563,744	37,370,700	38,348,200
Natural Resources	52,633,781	48,809,945	50,465,267	48,785,001	72,456,134	57,274,846	49,393,752	44,370,778	31,553,854	28,885,000	26,533,300
Public Health	181,656,107										
School Aid	596,352,000	277,947,800	375,967,757	419,597,281	420,113,853	385,227,875	198,091,139	380,058,273	377,797,148	185,200,000	20,200,000
Social Services	2,373,218,724										
State	17,554,682	21,679,651	58,564,938	62,396,584	60,328,935	66,418,745	17,815,906	16,914,490	20,586,155	23,909,900	14,265,100
State Police	248,496,416	265,080,734	246,395,418	261,544,659	275,450,994	319,542,658	296,937,551	279,741,169	236,522,805	244,380,200	238,968,200
Transportation	0	0	0	0	0	0	0	0	0	0	0
Treasury	71,336,726	57,509,123	59,341,217	27,321,315	79,947,653	77,418,281	83,806,614	67,520,976	61,296,587	53,704,800	52,838,800
Debt Service	141,845,223	163,387,000	116,440,891	115,984,014	84,918,450	90,745,200	96,014,321	21,486,853	34,268,206	42,448,600	52,886,900
Contract and IT Purchase Reductions											(32,100,000)
TOTALS	**$8,569,213,695**	**$8,419,956,829**	**$8,473,620,829**	**$9,028,069,505**	**$9,404,648,339**	**$9,859,207,506**	**$9,297,988,510**	**$8,999,646,882**	**$8,722,488,319**	**$8,751,216,700**	**$8,875,084,100**

Historical Expenditures/Appropriations
ALL FUNDS

DEPARTMENT/AGENCY	FY95 Expend.	FY97 Expend.	FY98 Expend.	FY99 Expend.	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY03 Expend.	FY04 Expend.	FY05 Current Law	FY06 Exec. Rec.
Agriculture	59,884,019	66,273,858	71,829,591	77,574,947	90,325,582	93,965,565	98,813,941	85,609,414	85,609,414	90,936,646	126,131,300	113,053,900
Attorney General	43,028,553	44,416,606	42,884,005	47,352,532	53,047,391	55,788,901	55,818,966	51,267,974	51,267,974	50,857,891	62,835,700	65,860,300
Capital Outlay	499,571,713	245,772,178	496,723,755	442,121,005	509,342,187	503,215,119	596,661,057	474,817,118	474,817,118	461,261,784	250,989,800	512,159,500
Career Development					392,500,509	470,999,354	476,701,552	476,592,933	476,592,933	476,468,780		
Civil Rights	13,457,887	13,232,623	13,244,555	13,957,360	14,646,385	15,046,472	14,704,059	13,362,340	13,362,340	12,388,793	12,693,000	13,335,100
Civil Service	30,354,661	25,283,585	28,206,918	29,615,253	39,874,163	31,444,218	29,461,664	28,566,026	28,566,026	24,162,630	35,146,700	36,288,500
Commerce	193,144,304											
Community Health		6,982,832,645	7,231,164,775	7,534,568,089	8,215,483,585	9,024,835,601	9,314,440,367	9,634,338,088	9,634,338,088	10,050,281,931	10,173,199,800	10,240,883,200
Consumer and Industry Services		456,397,250	421,826,111	390,437,237	410,919,610	441,915,121	514,757,723	523,955,247	523,955,247	515,316,181		
Corrections	1,296,847,339	1,318,192,287	1,334,952,759	1,453,513,634	1,581,552,155	1,702,965,571	1,887,302,370	1,680,836,693	1,680,836,693	1,663,133,113	1,786,182,600	1,883,642,600
Education	697,957,806	713,011,559	769,882,208	824,722,372	859,779,826	829,602,201	913,096,820	143,473,615	143,473,615	93,023,398	113,549,000	125,141,800
Environmental Quality	307,805,328	193,902,247	181,985,762	197,727,718	253,398,133	277,186,445	294,778,060	273,053,764	273,053,764	272,505,818	340,569,300	373,306,000
Executive Office	4,835,017	4,741,680	5,118,384	5,067,702	5,411,980	5,664,393	5,443,277	5,023,198	5,023,198	4,673,035	5,205,500	5,205,500
Family Independence Agency		3,495,213,116	3,278,954,106	3,263,651,087	3,389,891,595	3,655,699,431	3,870,634,540	3,888,575,125	3,888,575,125	3,945,046,955	4,298,141,300	4,428,975,200
Higher Education												
Community Colleges	253,009,787	262,186,716	274,845,576	281,729,965	297,158,459	315,679,214	320,211,913	310,249,085	310,249,085	276,779,312	294,268,200	281,327,400
Universities/Financial Aid	1,413,957,617	1,483,857,731	1,561,667,022	1,604,184,322	1,775,304,640	1,874,447,620	1,946,955,555	1,844,786,350	1,844,786,350	1,643,825,936	1,733,158,700	1,642,834,100
History, Arts and Libraries							73,431,526	69,993,804	69,993,804	57,234,066	57,083,600	56,178,900
Information Technology							484,505,913	397,743,852	397,743,852	347,377,755	360,738,600	373,405,100
Judiciary	210,601,105	187,104,924	204,599,850	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	232,215,174	246,521,704	253,216,700	257,728,800
Labor	274,987,397											
Labor and Economic Growth										5,499,717	1,241,865,600	1,476,138,400
Legislature	86,075,902	88,025,315	90,234,951	95,560,496	105,202,720	113,703,607	128,573,613	126,746,423	126,746,423	117,923,561	126,731,900	126,731,900
Legislative Auditor General	12,926,954	13,056,351	12,869,037	13,537,569	14,541,223	15,254,871						
Library of Michigan	31,970,652	27,784,497	35,086,400	36,131,970	35,531,114	37,321,104						
Management and Budget	137,469,710	143,070,649	134,397,354	153,180,243	157,518,726	169,723,338	190,815,906	175,367,655	175,367,655	206,221,019	213,410,100	233,146,800
Aging	94,050,068	102,735,110										
Mental Health	1,881,660,627											
Michigan Biologic Products		16,101,428	21,796,070	216,139								
Michigan Jobs Commission	316,369,029	333,585,533	356,555,846	482,007,744								
Michigan Strategic Fund					102,804,885	165,836,761	104,367,503	129,052,356	129,052,356	136,209,153		
Military and Veterans Affairs	77,744,603	83,372,837	78,980,935	90,365,660	94,923,386	99,580,645	102,663,243	101,719,314	101,719,314	100,394,463	110,713,400	117,108,500
Natural Resources	171,756,943	198,582,936	210,454,114	218,669,725	250,254,611	262,270,230	263,470,987	256,141,096	256,141,096	246,165,488	264,335,400	271,169,100
Public Health	607,898,745											
School Aid	8,331,649,000	8,616,375,000	9,405,837,000	9,647,919,000	10,069,742,011	10,958,833,235	11,373,862,748	12,345,548,212	12,345,548,212	12,302,062,224	12,527,440,100	12,809,269,100
Social Services	8,212,306,769											
State	146,427,648	150,798,841	148,645,475	158,619,422	166,861,198	180,378,930	169,021,700	160,242,047	160,242,047	164,985,271	187,179,500	196,885,700
State Police	320,805,032	350,427,467	347,462,495	353,827,271	363,551,380	418,779,922	403,696,171	393,829,064	393,829,064	401,853,368	475,845,900	544,081,500
Transportation	2,194,045,559	2,818,192,757	2,520,658,697	2,631,185,388	2,660,470,554	2,775,245,805	2,857,404,627	2,858,865,148	2,858,865,148	2,957,280,073	3,279,058,100	3,417,708,500
Treasury	1,987,113,970	2,049,931,726	2,189,911,359	2,278,280,379	2,306,625,811	2,458,403,396	2,457,411,255	2,564,610,907	2,564,610,907	2,395,511,865	1,512,686,000	1,508,195,500
Debt Service	142,278,755	164,065,122	117,140,891	116,691,988	85,618,450	91,445,199	96,714,321	50,599,580	50,599,580	122,259,387	81,450,400	89,001,400
Contract and IT Purchase Reductions												(32,100,000)
TOTALS	**$30,053,992,509**	**$30,658,524,575**	**$31,587,916,001**	**$32,653,492,611**	**$34,525,326,492**	**$37,277,724,042**	**$39,077,762,617**	**$39,297,181,602**	**$39,297,181,602**	**$39,388,261,316**	**$39,923,826,200**	**$41,165,882,300**

JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 10, 2005

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.

On December 15, 2004, the Civil Service Commission approved multi-year collective bargaining agreements with five state employee unions representing seven bargaining units for Fiscal Years 2006, 2007 and 2008. Fiscal Year 2006 increases contained in all seven of these agreements are reflected in this transmittal. The State Police Enlisted unit will soon be in the process of negotiations, thus, it is not included in this correspondence.

On December 15, 2004, the Commission approved Fiscal Year 2006 pay adjustments for non-exclusively represented state classified employees. These adjustments are in line with the adjustments the Commission authorized for employees covered by collective bargaining agreements.

Attached is a cost summary of all the Civil Service Commission's pay actions for Fiscal Year 2006 prepared by the Office of the State Employer. The net additional cost of this pay adjustment for Fiscal Year 2006 is estimated to be $41.3 million including the state's share of FICA and required retirement contributions.

Sincerely,

Jennifer M. Granholm
Governor

Attachment

Estimated "New" Costs - Summary
Michigan State Classified Service
Fiscal Year 2006
(10/01/2005 - 9/30/2006)

	A-02 MSEA Saf. & Reg.	A-31 MSEA Labor & Trades	C-12 MCO Security	E-42 31-M Human Srv. Support	H-21 MPES Scientific & Engineering	L-32 UTEA Technical	[1] T-01 MSPTA State Police Enlisted	U-11 AFSCME Institutional	W-22 UAW Human Srv.	W-41 UAW Admin. Supt.	MSC's & NERE's	TOTAL ALL UNITS (Ex. T01)
[2] Number of Employees - 10/09/04	1,422	2,661	9,308	871	2,193	1,019	1,637	2,645	9,292	7,255	14,709	53,012
[2] Avg. Hourly Salary - 10/09/04	$ 21.38	$ 19.59	$ 21.04	$ 18.89	$ 27.47	$ 20.57	$ 26.56	$ 17.51	$ 23.46	$ 18.40	$ 29.09	$ 23.39
[2] Avg. Annual Salary - 10/09/04	$ 44,641	$ 40,904	$ 43,932	$ 39,442	$ 57,357	$ 42,950		$ 36,561	$ 48,984	$ 38,419	$ 60,740	$ 48,840
Base Pay Adjustments for FY 2006												
1% Base Wage increase 10/01/2005												
1% Base Wage increase 4/09/2006	$ 955,376	$ 1,638,122	$ 6,154,165	$ 517,032	$ 1,893,060	$ 658,682		$ 1,455,388	$ 6,850,215	$ 4,194,906	$ 13,446,023	$ 37,762,968
Additional Roll-up Cost Resulting from Base Pay Increase												
[3] FICA/Ret. Blended Rates - 10/09/04	18.54%	18.80%	19.98%	17.33%	17.82%	18.27%		18.16%	18.36%	18.67%	19.92%	19.12%
[3] FICA/Ret. on Base Wage Increase	$ 177,127	$ 307,967	$ 1,229,602	$ 89,602	$ 337,343	$ 120,341		$ 264,298	$ 1,257,699	$ 783,189	$ 2,678,448	$ 7,245,616
[4] Life Insurance Increase	$ 10,433	$ 17,888	$ 67,203	$ 5,646	$ 20,672	$ 7,193		$ 15,893	$ 74,804	$ 45,808	$ 146,831	$ 412,372
[5] Long Term Disability Increase	$ 9,936	$ 17,036	$ 64,003	$ 5,377	$ 19,688	$ 6,850		$ 15,136	$ 71,242	$ 43,627	$ 139,839	$ 392,735
[6] Overtime Increase	$ 35,193	$ 55,772	$ 438,940	$ 39,957	$ 3,476	$ 47,577		$ 131,176	$ 80,076	$ 28,838	$ 118,149	$ 979,152
[7] Shift Differential Increase	$ 5,061	$ 4,172	$ 129,770	$ 114	$ 90	$ 665		$ 23,651	$ 8,120	$ 3,660	$ 31,706	$ 207,010
FICA/RET on OT and Shift Diff. Inc.	$ 7,463	$ 11,269	$ 113,628	$ 6,944	$ 635	$ 8,814		$ 28,117	$ 16,193	$ 6,067	$ 29,851	$ 228,982
FY 2006 Additional ATB Base Costs	**$ 1,200,588**	**$ 2,052,227**	**$ 8,197,312**	**$ 664,671**	**$ 2,274,964**	**$ 850,122**	**Unknown**	**$ 1,933,659**	**$ 8,358,349**	**$ 5,106,096**	**$ 16,590,846**	**$ 47,228,835**

	NET TOTAL
FY 2006 Additional ATB Base Costs	**$ 47,228,835**
FY 2006 Additional Base Specials Costs	**$ 5,033,724**
FY 2006 Group Insurance Enhancements Costs	**$ 1,414,750**
[8]FY 2006 Group Insurance Savings	**$ (3,217,668)**
[9]FY 2006 Banked Leave Time Savings (+T01)	**$ (9,135,302)**
FY 2006 Net Additional Costs	**$ 41,324,339**

[1] Fiscal Year 2006 negotiations will occur in calendar 2005.

[2] MIDB, VTM_HRM_EMPLOYEES, PP 21. Employment Status Code = AA, AB, AC, AD, AE, AP

[3] FY 2005 Rates from OFM, Ruth Mealy 9/20/2004 memo; Unit rates are weighted by enrollment and reduced by amount of retiree health cost. Assumes State maximum contribution for retirement code 40.

[4] Life insurance increase on incremental cost increase. Rate as of FY 2005. Annual $5.46 per $1000 of extra coverage.

[5] Rates as of FY 2005 - (Increase/100)*1.04.

[6] Based on FY 2004 OT hours

[7] Based on FY 2004 hours

[8] Does not include savings from LTD plan design changes.

[9] Savings does not include concessions agreed upon for FY 2004 and FY 2005. Equity among bargaining unit savings was achieved during the combined Fiscal Years 2004 - 2006.

STATE OF MICHIGAN
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CIRCUMSPICE
Office of the State Budget

LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2006

BUDGET RECOMMENDATION

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Agriculture & Natural Resources	Captive Cervidae Fees	MCL 287.958
Agriculture	Amend Agriculture Equine Industry Development Fund	MCL 431.220
Capital Outlay	State Building Authority Authorization to Bond for Special Maintenance	MCL 833.411, 833.411(a), and 830.413, 830417
Community Health	Quality Assurance Assessment Program - Hospitals	MCL 333.20161
	Quality Assurance Assessment Program - Physicians	MCL 333.20161
	Repeal Elder Pharmaceutical Insurance Program	MCL 550.2001 – 550.2009
	Medicaid Eligibility - Long Term Care	MCL 400.161(1) and MCL 700.1101-700.3608
	Freeze Enrollment and Limit Benefits to Certain Medicaid Recipients	MCL 400.161
	Quality Assurance Assessment Program - Mental Health Providers	MCL 500.2246(2)g
	Implement Medicaid Estate Recovery Program	MCL 400.45 – 400.122, 333.2801-2899, and 700.1101 – 700.3608
Corrections	Transfer Jail Inspection Function to the Department of Labor and Economic Growth	MCL 791.262, 45.16, and 801.51
	Sentencing Guidelines Revisions	MCL 777.63 – 777.69
Environmental Quality	Wetlands Protection Fees	MCL 324.30306 to 324.30316
	Inland Lakes and Streams Fees	MCL 324.30104 to 324.30112

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
	Repeal Aquifer Protection and Dispute Resolution	Part 317 of MCL 324.31701 to 324.31713
	Repeal Dam Safety Program	Part 315 and 307 of MCL 324.31501 to 324.31529
Labor and Economic Growth	Increase Liquor License Fees	MCL 436.1525, 436.1543
Higher Education	Michigan Merit Award - Change Eligibility	MCL 390.1457, 390.1457a
	Repeal Tuition Grants	MCL 390.991-997a
	Repeal Midwest Higher Education Compact	MCL 390.1531-1532
Natural Resources	ORV Trail Improvement Fund - Change Distribution of Funds	MCL 324.81119
School Aid	School Bond Loan Fund Reform	MCL 388.951, 388.984, 388.981,388.981b, 141.1053, 1411057, and 141.1058
State	Redirect Secretary of State Collection Fees to the Transportation Administration Collection Fund	MCL 257.806, 257.809
State Police	School Bus Inspections	MCL 257.1839 and 257.715a
Transportation	Redirect Sales Tax Distribution from the CTF to the General Fund	MCL 205.75
Treasury	Freeze Revenue Sharing Payments	MCL 141.913
	Eliminate Marginal Wells Deduction (Oil and Gas Severance Tax)	MCL 205.303(2)
	Eliminate International Communications Deduction (Use Tax)	MCL 205.93a(1)(c)
	Reduce Interstate Trucks and Trailer Deduction (Sales and Use Tax)	MCL 205.54r, 205.94k and 205.180(new section)
	Charge Tax on Inmate Purchases (Sales Tax)	MCL 205.54a(1)(j)

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
	Eliminate Films Deduction (Sales and Use Tax)	MCL 205.54a(a)(f), 205.93(a) and 205.94(1)(l)
	Eliminate Vending Machines and Mobile Facilities Deduction (Sales and Use Tax)	MCL 205.54g and 205.94d
	Eliminate Oil and Gas Deduction (State Income Tax)	MCL 206.30 and 206.36
	Eliminate Railroad Right-of-Way Credit (Utility Property Tax)	MCL 207.13 And 207.13a
	Eliminate Water Softeners Deduction (Personal Property Tax)	MCL 211.9(s) and 211.9g
	Sleeping Bears Dunes Reimbursement to Local Governments	MCL 3.908
	State Education Tax Collections	MCL 211.905b
	21st Century Jobs Initiative Ballot	New Statute
	21st Century Jobs Initiative Enabling Legislation	New Statute

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