

EXECUTIVE BUDGET
Fiscal Year 2009

State of Michigan
Jennifer M. Granholm, Governor

Robert L. Emerson, State Budget Director

(Cover photos depict state employees serving the residents of Michigan)

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Michigan's Best





STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 7, 2008

My Fellow Citizens:

The fiscal year 2008-2009 budget which I present to you today moves Michigan further down the path we laid out for our great state over the past several years. This budget makes additional spending cuts and implements additional government reforms in order to continue investments in the things that help make Michigan competitive: a job for every worker, a quality education for every child, affordable health care for families and safe communities in which to live and work. In addition, for the first time in four years, I am recommending that we deposit \$100 million in the state's "rainy day" fund to increase our fiscal stability.

In 2007, the budget process was inarguably contentious and slow. After months of difficult negotiation we set the state on solid financial footing. Gone are the years of resolving left behind deficits caused by a wrenching transition in our manufacturing and automotive sector – our main industries, slammed by globalization and failed trade policies. The comprehensive solution we reached – a combination of cuts, revenues and reforms – preserves Michigan's competitiveness by preventing massive cuts to health care, education and public safety. At the same time, we enacted the most sweeping reform of business taxes in the last thirty years, easing the burden on our manufacturers while creating incentives for job creation.

The hard work and difficult steps we took last year mean that 2008 can be a year of unrelenting focus on reinvigorating our economy and creating jobs. Make no mistake, we will continue the austere fiscal policies implemented last year through additional cuts and cost-saving reforms. But we will not allow our fiscal limitations to limit our aggressive efforts to get the jobs Michigan needs.

We must work together to move our state forward. This persistent economic struggle denies us the luxury of partisanship. We must be united in purpose and in action.

The budget I present today strengthens our commitment to create jobs and diversify our economy. New tools, including the Michigan Job Creation Tax Credit and the Michigan Invests! Fund, will help attract high-paying jobs that can not be outsourced. The budget includes important economic stimulus proposals, such as an historic effort to market Michigan for tourism and business, funding for additional infrastructure and building projects, and training dollars to get thousands more adults the skills they need through No Worker Left Behind. Each of these proposals is for short-term spending, paid for through identified sources with long-term benefits. And we will continue our aggressive efforts to make Michigan the alternative energy hub of North America.

This budget continues to invest in our public schools. In the last two years, we have successfully raised the bar for Michigan students. We now have the nation's most rigorous high school curriculum and saw a record number of students take a college entrance exam last year. A record number of students are eligible to earn our \$4,000 Michigan Promise scholarship and universities are reporting record enrollment.

We must take additional steps to ensure that every child has the skills to succeed in college and the workplace. We will increase school funding by \$108 to \$216 per pupil based on the equity formula established last year and we will greatly expand access to quality preschool for more of our children. I am proposing the 21st Century Schools Fund to create successful, rigorous high schools that help students set and reach high goals with curricula relevant to the economy.

This budget continues our efforts to make affordable health care accessible to Michigan families. In just a few years, Michigan will have an estimated shortage of 18,000 nurses. I have proposed \$10 million to train the instructors we need to expand our nursing ranks, through the Michigan Nursing Corps. Thanks to previous efforts to streamline our services, this year's budget will expand the number of seniors who receive the care they need in their homes, preventing or delaying costly nursing home placements.

The budget I present today also makes important investments to protect our communities, our families and our pocketbooks. I propose a four percent increase in statutory revenue sharing – the funding our local communities rely upon for police and fire protection services. In addition, I propose funding to train 100 new state police troopers as well as an increase in the number of investigators working to detect and prevent mortgage fraud.

This budget asks state government to continue to seek greater efficiencies. Our state employees have, once again, made significant concessions that will save the state more than \$100 million in health care costs this year. I applaud their dedication. This budget also continues our efforts to reform our prisons, bringing our costs in line with other states without compromising public safety. In total, the budget I present today contains more than \$200 million in cuts and reforms.

I am particularly pleased that this budget contains no new taxes and no new fees.

In 2007, we identified the path Michigan must take for our citizens not only survive this period of economic transition, but to thrive in the new economy. This budget takes the next critical steps down that path by continuing to eliminate wasteful spending while investing in our people to create jobs and grow our economy.

Let us now travel that path together, with the urgency our citizens deserve, to build a better Michigan.

Sincerely,



Jennifer M Granholm
Governor

FISCAL YEAR 2009 EXECUTIVE BUDGET

TABLE OF CONTENTS

	<u>Page</u>
Budget Overview	A 1
Department Detail.....	B 1
Background Information.....	C 1

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

Budget Overview

CREATING OPPORTUNITY IN A CHANGING WORLD: *DIVERSIFYING OUR ECONOMY, EDUCATING OUR PEOPLE* Fiscal Year 2009 Executive Budget

Governor Jennifer M. Granholm's 2009 Executive Budget builds on the hard work and important progress we have made over the last five years. By focusing on citizens' most important priorities – jobs, education, health care and public safety – this budget will help make Michigan a great place to live, learn and earn.

Since 2000, Michigan has struggled with an auto industry in transition and economic challenges brought on by globalization, unenforced trade agreements and federal policies that have been indifferent to both the needs of our manufacturers and our families. As a result, the state has lost more than 400,000 jobs and experienced a sharp revenue decline.

This protracted economic crisis has produced a severe fiscal crisis. Since taking office, Governor Granholm has resolved nearly \$6 billion in budget deficits, making more than \$3 billion in budget cuts – more than any governor in Michigan's history!

In 2007, the on-going budget challenges soared higher. Held together for several years by one-time funding sources and short-term financial strategies, Michigan's options to balance the budget were shrinking at a time of increasing demands and falling revenues.

Last year's economic crisis presented us with a choice. We could choose to cut our way to the bottom – slashing services and hurting families. Or we could choose to invest in our people to build the future for Michigan we all want. We chose wisely. We chose Michigan's future.

The comprehensive solution reached after months of difficult and often frustrating negotiations prevented massive cuts to health care, education and public safety. We avoided pushing problems into future years and instead took steps to put our state budget back on solid financial footing. As a result, we can focus this year on jumpstarting Michigan's economy.

Like the current budget, the fiscal year 2009 budget recommendation is a comprehensive proposal that will build on the progress made last year in reducing spending and reforming government while investing in the things that make us competitive. This year's recommended budget includes no new taxes and no new fees.

Addressing Michigan's Structural Budget Challenge

Entering 2007, the structural imbalance in Michigan's budget was no secret. For nearly a decade, economic growth had been stagnant leaving revenues well below expected levels. A series of on-going tax cuts also contributed to the decline. A Consensus Revenue Estimating Conference, held in May 2007, put estimated revenues for fiscal year 2008 at less than \$7 billion, a decline of more than 30 percent since the start of the decade.

"The Granholm budget, which we believe is a smart combination of spending cuts, tax restructuring and government reform, represents that last and best hope to keep Michigan government together in the form in which it currently exists."

Muskegon Chronicle, February 18, 2007

The first step in solving this fiscal crisis was passage of the Michigan Business Tax (MBT) in June 2007. The replacement for the Single Business Tax (SBT) provides tax cuts for more than seven out of ten Michigan businesses and tax cuts to both small businesses and Michigan's major manufacturers. The new tax encourages job creation in Michigan because it relies more on profits, provides tax credits to companies that locate or create new jobs in Michigan and tax credits for entrepreneurial and research and development activities. Most important to addressing the structural deficit, the new tax raises the same amount of revenue as the SBT.

Replacement of the SBT revenue was essential, but could not solve the problem alone. Additional revenue was necessary. After much debate, the Governor and the legislature agreed to increase the state's income tax to a level just below what it was in 1999 and to expand the sales tax to a select list of services. Hours after the sales tax expansion took effect on December 1, 2007, the legislature voted to repeal the tax and replace it with a surcharge on the Michigan Business Tax which took effect on January 1, 2008.

Governor Granholm also ordered stringent spending restrictions for all state departments in the summer of 2007. Through a series of executive directives, the Governor continued a hiring freeze and put limits on travel, memberships, subscriptions, supplies, and more.

The 2008 budget repaid delayed payments to universities and community colleges used to balance the previous budget. It did not rely on funding shifts or short-term financial strategies. The Governor and the legislature agreed to hundreds of millions in additional spending cuts and made money-saving reforms such as ending state employee retirement "double dipping," allowing school districts to shop for competitive health care coverage and encouraging healthy behaviors for Medicaid recipients.

This comprehensive approach - a combination of cuts, revenues and reforms - resolved the budget crisis, helped put Michigan's fiscal house on more solid ground and will move Michigan forward in the years ahead.

Fiscal Year 2008 ... Where We Stand

The January 2008 Consensus Revenue Estimating Conference projected that general fund revenue for the current fiscal year will be \$234 million below the estimate used to enact the budget last fall.

Nearly one half of the decline is the result of action the legislature took last December, when it replaced the service tax with a surcharge on the MBT decreasing state revenue by \$114 million this year. The remainder of the general fund decline is due to continued slow growth in state revenues and the slowing national economy.

The January 2008 Consensus Revenue Estimating Conference also projected a decline in the School Aid Fund for this fiscal year. Revenues in this fund are expected to be \$136 million below the estimate used to enact the budget last fall.

FY 2008 General Fund Budget	
\$ in millions	
Beginning Balance	\$259
Revenue Estimate	\$9,866
Total FY 2008 Revenue	\$10,125
FY 08 Enacted Budget	\$9,856
Supplemental Requests	\$43
Total FY 2008 Spending	\$9,899
FY 2008 Funding Surplus	\$226
Less: Rainy Day Fund Deposit	(\$100)
Adjusted FY 2008 Funding Surplus	\$126

In the past, revenue declines of this size would have resulted in mid-year budget cuts. Fortunately, the difficult decisions made during the budget debate last year have given Michigan the tools it needs to cope with the uncertain fluctuations of a changing economy.

The state closed its books for fiscal year 2007 with a surplus of \$259 million in the general fund and \$84 million in the School Aid Fund. These surpluses will help prevent hurtful cuts to basic state services during this fiscal year, allow for a deposit of \$100 million into the state's "rainy day" fund and allow \$126 million to be carried into the next fiscal year.

The 2007 surpluses were the result of higher-than-expected revenue collections in the last months of the fiscal year and the Governor's tough fiscal policies implemented during the year resulting in many departments returning a portion of their budgets unspent.

Revenues

State law requires two revenue estimating conferences each year, typically held in mid-January and mid-May. Conferees include the State Treasurer and the directors of the House and Senate fiscal agencies. The conferees agree on baseline revenue estimates for the current year and the upcoming fiscal year for both the general fund and the School Aid Fund. The January conference provides revenue estimates for the Governor's budget recommendation. The May conference provides an opportunity to review the January estimates before final legislative action is taken on the state's budget. Additional conferences can be held during the year if economic conditions warrant further updates to the estimates.

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

For the current fiscal year, Michigan is \$5.1 billion below the Headlee revenue limit, despite the revenue increases enacted last year. For fiscal year 2009, we will be \$5.4 billion below the limit. Since taking office, Governor Granholm has balanced the budget each year despite consistently being billions of dollars below the revenue limit.

Fiscal Year 2009

Michigan enters fiscal year 2009 in a stronger position than last year. The difficult work done last year to increase revenues and hold down spending has eliminated much of the budget's structural deficit and the fiscal year 2007 surplus provides additional flexibility to address unavoidable spending pressures in the upcoming fiscal year.

The January Consensus Revenue Estimating Conference projected revenues will be \$9.194 billion for the general fund and \$11.871 billion for the School Aid Fund.

Despite spending pressures in the departments of Corrections, Community Health and Human Services, fiscal year 2009 begins with no significant funding gap.

However, to ensure that we are focused on our key priorities, Governor Granholm is proposing additional reductions and reforms.

Fiscal Year 2009 General Fund Revenues (\$ in millions)	
Beginning Balance	\$126
Consensus Revenues	\$9,194
Michigan Job Creation Credit	(\$35)
Revenue Sharing Savings	\$316
Suspend County Revenue Sharing	\$208
Other Revenue Adjustments	\$51
Total Revenue Estimate	\$9,860

Fiscal Year 2009 General Fund (\$ in millions)	
FY 08 Enacted Appropriations	\$9,856
Baseline Spending Adjustments	
One-time Delayed Higher Education Payments	(\$165)
Medicaid Spending	\$196
Human Services Caseload Adjustments	\$69
Federal Matching Rate Adjustments	(\$183)
Corrections Prison Increases	\$38
Environmental Quality Fee Replacement	\$14
Debt Service Payments	\$17
Employee Benefit Costs	\$12
Other	\$21
Subtotal Baseline Spending Adjustments	\$19
Total Baseline Spending Estimate	\$9,875
Agency Spending Reductions and Reforms	(\$172)
Proposed Enhancements	\$146
Total Spending Estimate	\$9,849
Total Revenue Estimate	\$9,860
Total FY 2009 Funding Surplus	\$11

Fiscal Year 2009 Reductions and Reforms (General Fund \$ in millions)	
Community Health	\$62
Corrections Reforms	\$50
Debt Service	\$40
Human Services	\$17
Other Agency Reductions	\$3
General Fund Reductions/Reforms	\$172
Employee/Retiree Health Care Reforms	\$63
Total FY 2009 Reductions/Reforms	\$235

First, the Governor proposes \$172 million in spending reductions. These cuts, which impact nearly every state department, include more than \$50 million in additional savings in the Department of Corrections and \$62 million in cuts in the Department of Community Health.

Second, the Governor’s budget recognizes savings from additional governmental reforms. Last month, state employees began a new three-year contract which includes

significant concessions in health benefits which will save \$102 million, \$63 million general fund, in 2009. A bipartisan workgroup facilitated by the Council of State Governments under the Justice Reinvestment Initiative will identify additional savings and budget reductions in the Department of Corrections through operational efficiencies and policy reforms.

The additional cuts and reforms proposed by the Governor will allow the state to continue to invest in our priorities – good jobs, quality schools, affordable health care and safe communities.

Focusing on Michigan’s Priorities

A Job for Every Worker

Governor Granholm’s top priority for Michigan is creating jobs. Since taking office, she has worked to diversify our state’s economy, attracting companies in high-growth areas that will create good-paying jobs that can’t be outsourced. The Governor’s 2009 budget provides important tools to create jobs and to provide the training Michigan workers need to fill them.

The Michigan Job Creation Tax Credit, which the Governor announced in her State of the State address, is a one-time initiative to encourage businesses from many of the fastest growing industries nationally – from high-tech to homeland security to alternative energy – to create and grow jobs in the state. The 2009 budget recommendation anticipates a \$35 million reduction in revenue as businesses take advantage of this tax credit.

The Governor’s 2009 budget invests more than \$618 million in worker training programs, including an additional \$40 million to expand her No Worker Left Behind initiative which provides two years of free training to help displaced workers prepare for high-demand careers. Since the program began last August, Michigan Works! Agencies have experienced a 300 percent increase in the number of people seeking training. The expanded funding for this program

“Indeed, so many citizens are applying for Governor Jennifer Granholm’s No Worker Left Behind program, the people manning designated Michigan Works! sites face two to five times the applicants they can process...”

Detroit News, January 22, 2008

will be provided by refinancing a portion of the state’s general obligation bonds to take advantage of lower interest rates.

To help spur our economy as a national recession looms, the Governor is proposing a two-year stimulus package, totaling over \$1.8 billion, creating more than 28,000 new jobs. One part of this proposal is the fiscal year 2009 Capital Outlay budget totaling \$250 million, primarily for projects at airports and military training facilities across the state. These projects are expected to create an additional 3,900 construction and other jobs.

This proposal for fiscal year 2009 accompanies the Governor’s stimulus package for the current fiscal year. For 2008, the Governor has proposed a Capital Outlay budget of \$1.4 billion for projects at universities, community colleges, state parks and more, creating over 22,000 new jobs. The Michigan Department of Transportation will also accelerate approximately 25 additional road and bridge projects at a cost of \$150 million, creating more than 2,100 new jobs. In addition, the Governor has announced that the state will increase spending on tourism and business promotion by \$60 million to a total of \$90 million over two years. This one-time expenditure will be funded by refinancing some of the state’s taxable tobacco bonds.

Quality Education for Every Citizen

Leading economists and education experts agree: education is an essential part of any economic development strategy. In Michigan, we have already taken critical steps to set high expectations for our schools and our students. The Governor’s budget this year will ensure that all of our students have the tools they need to meet and exceed those expectations by expanding early childhood education, increasing funding for our K-12 schools and asking more of our colleges and universities.

Fiscal Year 2009 School Aid Fund	
(\$ in millions)	
Beginning Balance	\$48
Consensus Revenues	\$11,871
General Fund Subsidy	\$43
Federal Revenues	<u>\$1,562</u>
Total Revenue Estimate	\$13,524
FY2008 Enacted Appropriations	\$13,006
Baseline Spending Adjustments	\$23
Per Pupil Funding Increase	\$299
Enhancements	<u>\$187</u>
Total Spending Estimate	\$13,515
Total FY2009 Funding Surplus	\$9

K-12 Schools

Governor Granholm’s 2009 budget recommends increasing funding for our K-12 schools by \$108 to \$216 per student, based on the equity formula established last year. This increase will take another step toward closing the funding gap between school districts. The minimum foundation allowance for 2009 will be \$7,420 per student.

To ensure that every child begins school prepared to succeed, the Governor’s budget recommends a \$31.5 million increase in funding for the Great Start preschool program. This funding will help an additional 7,000 children and expand the services of the Early Childhood Investment Corporation.

These increases are possible, in part, as a result of our declining school age population. While declining enrollment eases the state’s financial burden, it places additional financial strain on the more than 400 districts impacted. Therefore \$20 million is allocated, once again, for grants to districts experiencing declining enrollment.

To prepare all Michigan students for success in college and the workplace, the Governor is proposing a 21st Century Schools Fund to help school districts replace large, impersonal high schools that have low academic achievement and high drop out rates with small high schools that use strong personal relationships, consistent discipline and real world relevance to help at-risk students achieve high academic goals. By redirecting the \$32 million previously dedicated to the Durant lawsuit settlement and bonding against this revenue, the state can offer \$300 million in grants to school districts over the next three years to create these schools.

“Replacing dysfunctional high schools with up to 100 smaller ones promises to transform the learning culture in many Michigan communities. It represents the kind of institutional shakeup the state requires for 21st century progress.”

Flint Journal, January 22, 2008

Colleges and Universities

Governor Granholm is committed to doubling the number of college graduates in Michigan. To support that goal she is proposing a three percent increase in funding for our community colleges and universities, which ensures a funding increase at or above the rate of inflation. In addition, the Governor is recommending that this funding be distributed by a formula that recognizes the importance of not only enrolling students, but ensuring they complete their degrees.

Under the Governor’s proposal, all fifteen state-funded universities will receive increased funding based on a combination of degree completion, federal research expenditures, and opportunities for low income student enrollment. The formula for our three flagship universities – the University of Michigan, Wayne State University and Michigan State University – will place a greater emphasis on research and commercialization activities.

“Post-secondary education has never been more important for the future economic well-being of students and the state ... The fastest-growing jobs in this global economy require higher learning and students must be prepared -- for four-year universities and technical and vocational schools...”

Grand Rapids Press, August 30, 2007

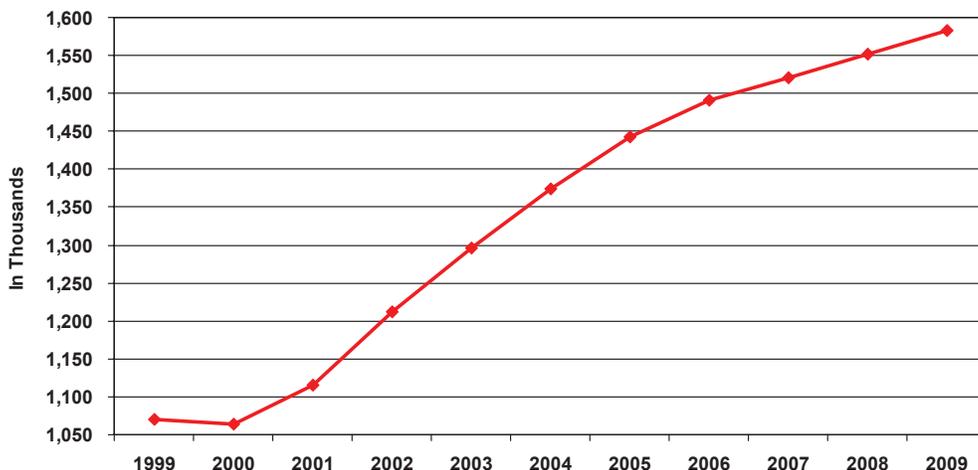
The state’s 28 community colleges will receive increased funding based on a formula developed two years ago that considers enrollment and degree completion.

The Governor’s fiscal year 2009 budget makes \$235 million in financial aid available to Michigan students, including a record number who are eligible for the \$4,000 Michigan Promise Scholarship.

Health Care for Every Family

Governor Granholm knows that making affordable health care accessible to every family in Michigan and protecting the safety net for our state’s most vulnerable citizens are essential tools in our fight to strengthen the economy. Despite last year’s severe budget challenges, she refused to eliminate health care for children, seniors or citizens with disabilities. This year, the Governor’s budget recommends expanding access to health care in several ways.

Medicaid Serves 1 Out of Every 7 Michigan Residents



The Governor's 2009 budget recommendation provides \$8.5 billion for the medical services and long term care portions of Medicaid, an increase of 4.3 percent over the current year. This program provides health care to nearly 1.6 million Michigan citizens, including more than 900,000 children.

To combat our state's growing nursing shortage, the Governor

proposes \$10 million for the Michigan Nursing Corps. With this funding, the Corps will train 126 additional nursing faculty to help expand nursing programs across the state. Through these efforts, the Michigan Nursing Corps can train 6,300 additional nurses in five years. In addition, the Governor's budget recommends \$4.8 million in nursing scholarships.

The Department of Community Health's efforts to place seniors and disabled citizens in appropriate care settings have resulted in decreased nursing home utilization and additional savings of \$32.1 million gross, \$12.7 million general fund. The Governor's budget proposes reinvesting this savings in the expansion of home and community-based services to allow more seniors to remain in their homes.

Safe Places to Live and Work

Since taking office, Governor Granholm has fought to ensure that all Michigan citizens have safe places to live, work and play – protecting their pocketbooks and their neighborhoods in this time of economic uncertainty. The Governor's 2009 budget continues this effort.

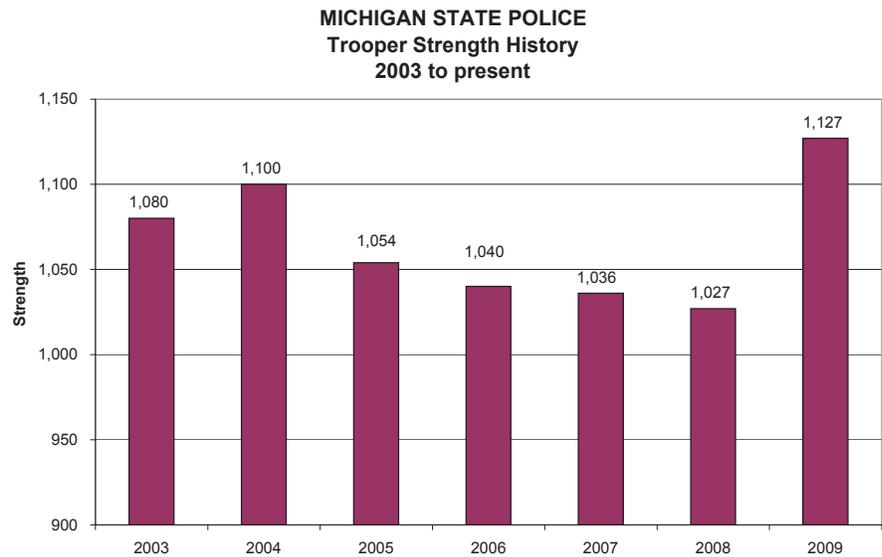
The Governor's 2009 budget recommends a four percent increase in statutory revenue sharing payments – money given to local units of government to help pay for essential services including police and fire protection. This is the first increase in revenue sharing payments since 2001.

The Governor's budget includes additional common sense reforms in the Department of Corrections which will help reduce our burgeoning prison costs without jeopardizing public safety. As a result of the reforms and efficiencies made by the Department over the last five years, the Governor's budget recommendation for Corrections is lower than the previous year for the first time since she took office.

"Lawmakers on both sides of the aisle must work through the need to bring Michigan's corrections spending more in line with neighboring states. That is vital."

Lansing State Journal, January 31, 2008

In addition, the Governor is recommending that the Michigan State Police operate a trooper school beginning this fall to train 100 new troopers. This will restore trooper strength to the highest level in five years and will enable the state to partner with more local communities to help keep neighborhoods safe. One such partnership, in Flint, has helped reduce homicides in that city by 46 percent.



To help address jail overcrowding, the Governor's budget includes \$3.35 million for mental health courts. This funding will create five pilot sites where specialized court dockets will be used for defendants with mental illnesses who have committed non-violent offenses. Much like the drug court model, mental health courts will divert selected offenders into community-based treatment that is less expensive than incarceration.

"Among the ways to cut prison and jail costs in Michigan, few offer as quick a payback as getting treatment for mentally ill people who are arrested – instead of routinely putting them behind bars."

Detroit Free Press, January 24, 2008

Governor Granholm's 2009 budget also recommends:

- \$1.3 billion to protect Michigan's children, including child protection services, foster care, adoption and day care assistance.
- \$182 million to support environmental clean up and pollution prevention programs.
- \$21 million for food safety programs.
- \$2.9 million to strengthen regulation of the mortgage industry and combat predatory lending activities.

Conclusion

The first decade of the 21st century has been a time of unprecedented change for Michigan. History will say that this decade of economic turmoil was among the toughest any state had to face in generations. Governor Granholm is determined to use this period of change and challenge to make Michigan a stronger, smarter, more prosperous state.

In 2007, we laid the right foundation. There are important, strong planks in that foundation: the most rigorous education standards in our state's history, college scholarships for every child, the biggest diversification strategy in the nation, a major tax rewrite, solving our fiscal crisis and providing training to every adult who needs it.

But Governor Granholm knows there is more to do and her 2009 Executive Budget Recommendation will help the state take the next steps - creating jobs, replacing failing schools, expanding early childhood education, providing access to quality health care, protecting citizens and their pocketbooks - to build the future for Michigan we all want.

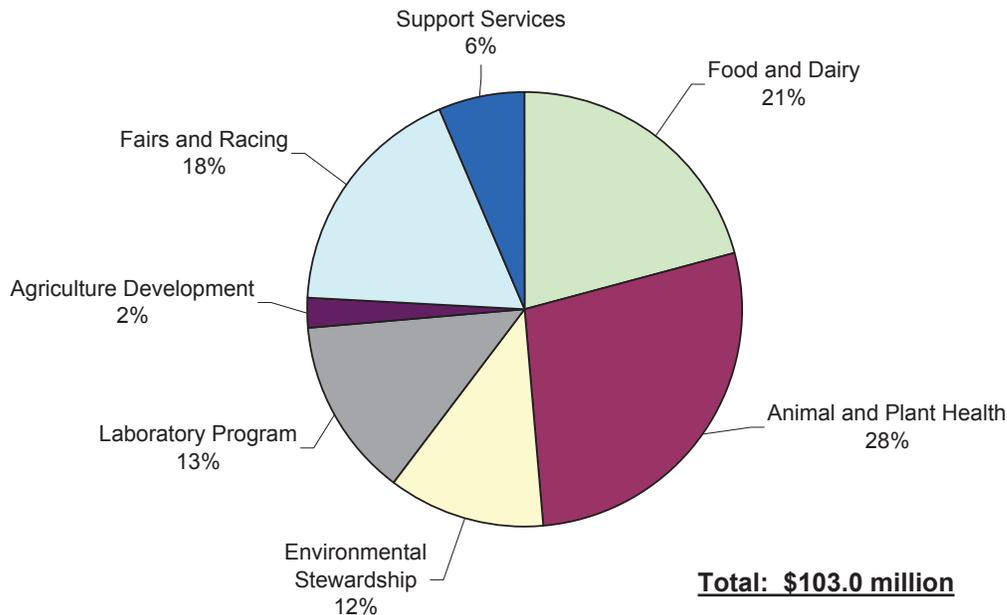
Department Detail

Agriculture	B	1
Capital Outlay	B	3
Community Colleges	B	5
Community Health	B	7
Corrections	B	11
Education	B	13
Environmental Quality	B	15
General Government	B	17
Higher Education	B	29
History, Arts and Libraries	B	31
Human Services	B	33
Judiciary	B	37
Labor and Economic Growth	B	39
Military and Veterans Affairs	B	41
Natural Resources	B	43
Revenue Sharing	B	45
School Aid	B	47
State Police	B	51
Transportation	B	53

Department of Agriculture

The Department of Agriculture (MDA) provides services to the Michigan food and agriculture community through a variety of food safety, environmental protection, and animal and plant health programs. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$103.0 million, of which \$32.5 million is general fund.*

MDA Programs Protect the Public Health and the Environment



Highlights of Governor's Budget Recommendation for MDA

- Recommends over \$21 million for food safety programs, including \$8.9 million in grants to local public health departments.
- Provides \$28.6 million for animal and plant health, including an additional \$1.7 million to help manage and monitor bovine tuberculosis.
- Dedicates \$12.0 million in the department budget for environmental protection efforts. An additional \$3.75 million is included in the Capital Outlay budget for the Farmland and Open Space Preservation Program.
- Earmarks \$2.5 million to promote Michigan agricultural products worldwide.
- Supports the racing industry and local fairs with \$18.1 million in restricted revenues.

Fiscal Year 2009 Governor's Recommendation
Department of Agriculture
(\$ in Thousands)

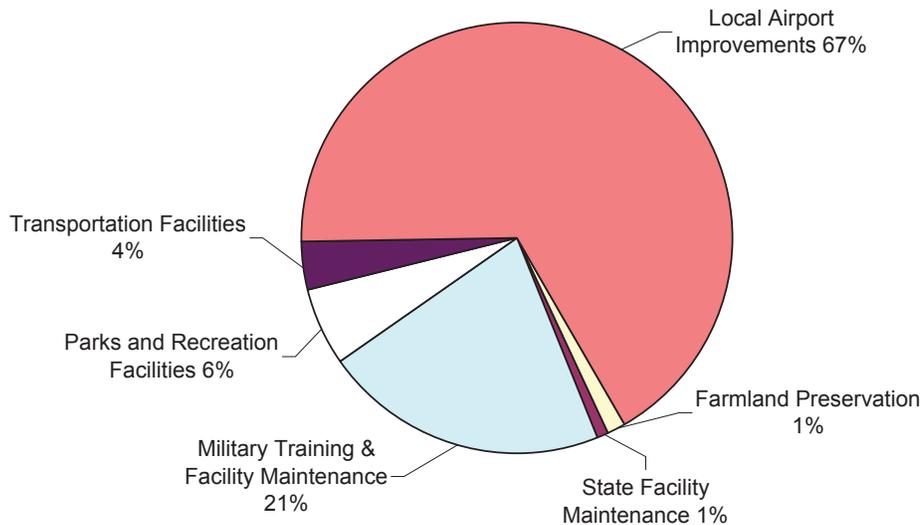
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$28,524.6	\$30,848.8	\$32,490.2
All Funds	\$110,130.7	\$107,768.0	\$102,980.0
% Change - GF/GP		8.1%	5.3%
% Change - All Funds		-2.1%	-4.4%

Programs	GF/GP	All Funds
Food and Dairy	\$9,246.3	\$21,521.2
Fairs and Racing	\$0.0	\$18,112.5
Pesticide and Plant Pest Management	\$4,426.1	\$17,378.3
Laboratory Program	\$2,963.3	\$13,614.0
Environmental Stewardship	\$3,511.9	\$11,994.9
Animal Industry	\$7,707.2	\$11,201.9
Support Services	\$3,924.5	\$6,686.8
Agriculture Development	\$710.9	\$2,470.4
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$32,490.2	\$102,980.0

Capital Outlay

The capital outlay budget provides critical infrastructure investments for state facilities, military installations, public recreation facilities and transportation programs. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$250 million, of which \$450,000 is general fund.*

Capital Investments Target Local Airports



Total: \$250.0 million

Highlights of Governor's Budget Recommendation for Capital Outlay

- Recommends \$167.5 million for airport safety projects across the state.
- Authorizes \$40 million in federal funds for the construction of a new military urban training course at Camp Grayling and \$12.9 million for maintenance upgrades at military facilities and armories.
- Includes \$9.4 million for state and local waterways projects to enhance public boating access and provide for harbor and dock facilities and an additional \$3.5 million for state park improvements.
- Over \$3.7 million is recommended for farmland and open space preservation and \$1.3 million for forest area roads and facilities.

Fiscal Year 2008 Executive Recommendation

The Governor has recommended over \$1.4 billion for capital outlay projects in fiscal year 2008, including planning and construction authorizations for twenty-five higher education projects with an estimated state cost of up to \$462 million.

**Fiscal Year 2009 Governor's Recommendation
Capital Outlay
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$5,000.0	\$0.0	\$450.0
All Funds	\$260,720.9	\$0.0	\$249,966.7
	% Change - GF/GP	-100.0%	100.0%
	% Change - All Funds	-100.0%	100.0%

Programs	GF/GP	All Funds
Transportation - Airport safety and protection plan	\$0.0	\$167,491.7
Transportation - Buildings and facilities	\$0.0	\$9,132.0
Military Affairs - Urban training course	\$0.0	\$40,000.0
Military Affairs - Special maintenance	\$450.0	\$12,900.0
Military Affairs - Land purchases and appraisals	\$0.0	\$500.0
Natural Resources - Waterways	\$0.0	\$9,393.0
Natural Resources - State park improvements	\$0.0	\$3,500.0
Natural Resources - Forest roads, bridges, and facilities	\$0.0	\$1,300.0
Agriculture - Farmland and open space	\$0.0	\$3,750.0
Management & Budget - State facility maintenance	\$0.0	\$2,000.0
Total FY 2009 Recommendation	\$450.0	\$249,966.7

Community Colleges

Michigan's 28 community colleges each year provide over 400,000 residents with affordable access to postsecondary education opportunities. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$302.2 million, all general fund.*

Highlights of Governor's Budget Recommendation for Community Colleges

- Aid for college operations increases by 3 percent to \$295.4 million. The increased funds are distributed using the funding formula developed by the Performance Indicators Task Force formed pursuant to P.A. 154 of 2005.
- Maintains \$3.3 million in funding to assist academically at-risk students.
- Provides \$3.5 million to reimburse colleges that lose property tax revenue as a result of the establishment of Renaissance Zones.

FY 2009 Community College Operations			
Total: \$295,426.1			
(\$ in Thousands)			
Alpena Community College	\$5,171.9	Mid Michigan Community College	\$4,332.8
Bay de Noc Community College	5,225.4	Monroe County Community College	4,187.1
Delta College	13,898.2	Montcalm Community College	3,012.6
Glen Oaks Community College	2,327.6	C.S. Mott Community College	15,159.6
Gogebic Community College	4,308.9	Muskegon Community College	8,593.4
Grand Rapids Community College	17,390.3	North Central Michigan College	2,921.4
Henry Ford Community College	21,086.4	Northwestern Michigan College	8,757.2
Jackson Community College	11,644.0	Oakland Community College	20,351.4
Kalamazoo Valley Community College	12,011.3	St. Clair County Community College	6,794.5
Kellogg Community College	9,402.8	Schoolcraft College	11,892.4
Kirtland Community College	2,873.7	Southwestern Michigan College	6,328.5
Lake Michigan College	5,058.2	Washtenaw Community College	12,302.7
Lansing Community College	30,051.9	Wayne County Community College	16,041.4
Macomb Community College	32,081.4	West Shore Community College	2,219.1

Highlights of Fiscal Year 2008 Capital Outlay Recommendation

- Funds building and renovation projects at 15 community colleges with total project costs of \$210 million and a state share of \$105 million. An additional 10 percent state support will be provided for projects qualifying for alternative energy incentive funding.

**Fiscal Year 2009 Governor's Recommendation
Community Colleges
(\$ in Thousands)**

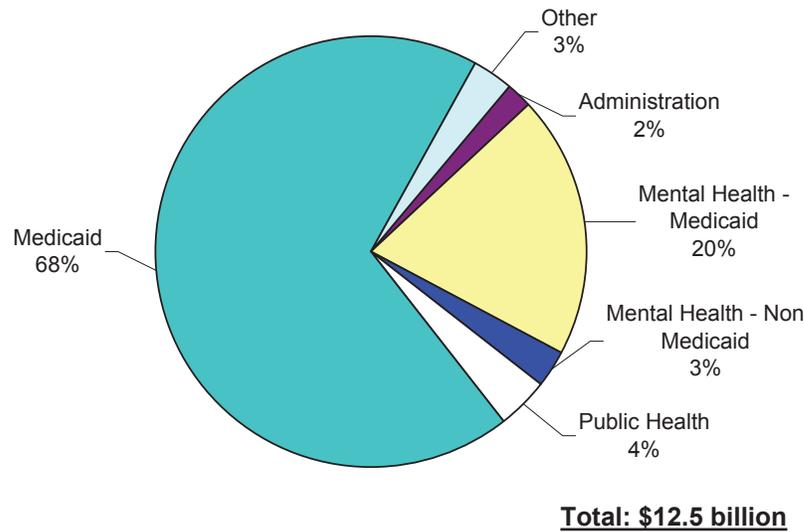
	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$247,845.5	\$318,928.8	\$302,228.8
All Funds	\$247,845.5	\$318,928.8	\$302,228.8
	% Change - GF/GP	28.7%	-5.2% ¹
	% Change - All Funds	28.7%	-5.2% ¹

Programs	GF/GP	All Funds
Community College Operations	\$295,426.1	\$295,426.1
Renaissance Zone Tax Reimbursement	\$3,480.0	\$3,480.0
At-Risk Student Success Program	\$3,322.7	\$3,322.7
<p>¹ Year-to-year changes are distorted by the delayed August 2007 state aid payment which was paid in October 2008 and fiscal year 2007 retirement expenditures which were offset by credits available within the Michigan Public School Employees Retirement System. Adjusting for these anomalies, the year-to-year change from 2007 to 2008 would have been a 1.1 percent increase and the change from 2008 to 2009 would be a 3.1 percent increase.</p>		
Total FY 2009 Recommendation	\$302,228.8	\$302,228.8

Department of Community Health

The Department of Community Health (DCH) is responsible for health policy and management of the state's publicly funded health care systems. These programs include Medicaid health coverage for those with limited incomes; mental health services for people who have a mental illness or developmental disability; services for individuals who need substance abuse treatment; and services provided through local public health operations. The department also provides services to promote the independence and preserve the dignity of Michigan's elderly through the Office of Services to the Aging. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$12.5 billion, of which \$3.1 billion is general fund.*

Medicaid Makes Up Almost 90% of DCH Budget

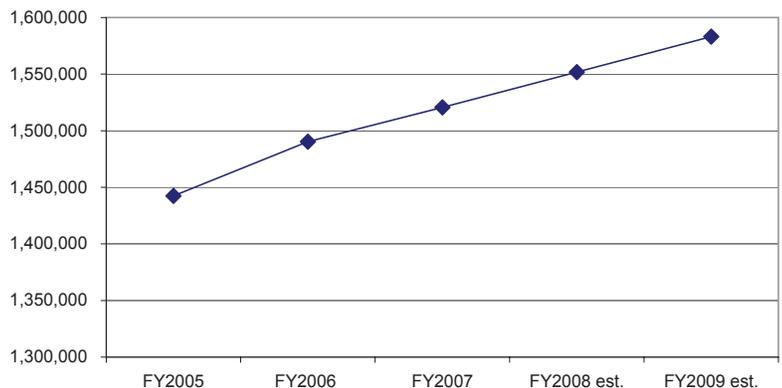


Highlights of Governor's Budget Recommendation for DCH

Medical Services

- Recommends \$6.5 billion for medical services and \$2.0 billion for the long term care portion of the Medicaid program, a 4.3 percent increase over fiscal year 2008. Medicaid provides health care services for one out of every 7 residents of the state.
- Adds \$125 million to the Medicaid budget for increases in the number of Medicaid recipients and increased utilization of services.
- Includes \$117 million to increase payment rates to HMO providers.
- Invests \$470 million in community-based long term care services.

Medicaid Serves Nearly 1.6 Million People



Mental Health Services

- Provides mental health funding of \$2.7 billion gross, \$1.2 billion general fund, that consists of:
 - \$2.4 billion to provide community mental health services, including \$59 million to increase provider payment rates;
 - Funding for psychiatric hospitals and centers of \$262 million; and
 - \$39 million to provide forensic mental health services to prisoners incarcerated in Department of Correction facilities, and \$2.3 million to initiate pilot mental health courts to provide treatment and services with the goal of diverting mentally ill individuals from the criminal justice system.
- Creates a centralized mental health managed care risk pool, saving \$7.3 million and maximizing use of available resources to support mental health services.

Other Medical Services

- Invests \$489 million for health and disease prevention programs, including \$50 million in grants to local public health departments.
- Supports Children's Special Health Care Services with \$212 million to provide medical care and treatment for children with special health care needs.
- Funds the Adult Benefit Waiver program at \$137 million to provide basic health coverage to 62,000 low-income adults each month.

Highlights of Fiscal Year 2008 Supplemental Recommendation

The Governor recommends a fiscal year 2008 supplemental of \$101.2 million that includes:

- \$60.8 million for an increase in the hospital quality assurance assessment program.
- \$40.4 million for supplemental physician payments made through health maintenance organizations.

Fiscal Year 2009 Governor's Recommendation
Department of Community Health
(\$ in Thousands)

	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$2,937,585.8	\$3,122,814.7	\$3,086,105.8
All Funds	\$11,191,950.9	\$12,044,119.6	\$12,485,130.4
	% Change - GF/GP	6.3%	-1.2%
	% Change - All Funds	7.6%	3.7%

Programs	GF/GP	All Funds
Medicaid		
Medicaid Fee for Service	\$1,068,685.3	\$5,144,397.8
Medicaid Managed Care Services	\$371,069.7	\$3,018,727.4
Children's Special Health Care Services	\$100,251.1	\$211,793.0
Federal Medicare Pharmaceutical Program	\$178,055.8	\$178,055.8
Medicaid Adult Benefits Waiver	\$25,362.1	\$137,057.9
Mental Health - Medicaid	\$842,594.9	\$2,446,035.9
Mental Health - Non-Medicaid	\$314,199.7	\$314,199.7
Public Health	\$59,142.7	\$489,044.0
Administration	\$71,951.7	\$190,042.3
Other		
Office of Services to the Aging	\$33,848.0	\$94,381.8
Health Policy, Regulation & Professions	\$8,568.2	\$69,145.3
Information Technology Services	\$11,994.3	\$52,394.8
Crime Victim Services	\$0.0	\$27,725.4
Office of Drug Control Policy	\$382.3	\$12,129.3
Michigan First Healthcare Plan	\$0.0	\$100,000.0
* Adjusted for program transfers		
Total FY 2009 Recommendation	\$3,086,105.8	\$12,485,130.4

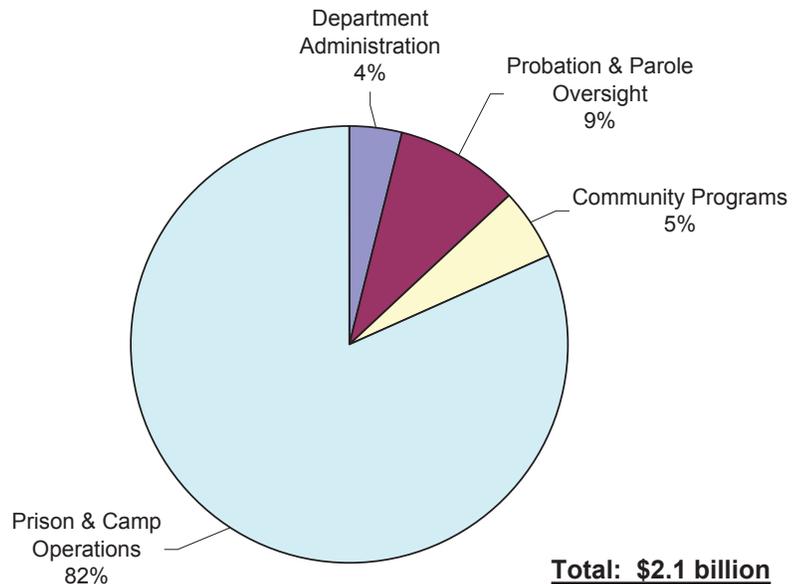
Department of Corrections

The Department of Corrections (DOC) performs a key role in ensuring public safety for the residents of the State of Michigan by providing custody and care for incarcerated felons and maintaining oversight and supervision of parolees and felony probationers. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$2.1 billion, of which \$2.0 billion is general fund.*

Over 80% of Costs are for Prison Operations

Highlights of Governor's Budget Recommendation for DOC

- Provides \$1.7 billion in funding to operate a safe and secure prison system that currently houses 50,200 prisoners in 42 prisons and 8 camps.
- Includes funding for oversight and supervision of over 18,000 parolees and 55,000 felony probationers.
- Provides \$110 million in funding for community programs that provide community-based sanctions for low-level offenders and supports the Michigan Prisoner Reentry Initiative to reduce the state's costly recidivism rate by better preparing inmates for release.



Reform and Efficiencies Proposal

The Governor recommends \$50 million in net savings in fiscal year 2009 from a combination of efficiencies and reforms. The Administration will participate in a bipartisan workgroup facilitated by the Council of State Governments under their Justice Reinvestment Initiative to work collaboratively with the Legislature to generate savings and budget reductions through operational efficiencies and reforms. Recommended efficiencies and reforms include:

- Implementation of health care efficiencies, changes in facility staffing assignments, consolidation of certain prison operations, adjustments to prisoner housing arrangements, advanced approaches to prisoner classification, continued impact of the statewide implementation of the Michigan Prisoner Reentry Initiative, and new parole guidelines.
- Reforms to justice policies that will result in the reduction of admissions to prison so that additional efficiencies in prison operations can be achieved.
- Formation of a Justice Policy and Sentencing Commission to develop reforms to justice policies that can achieve significant budget reductions and savings in the department without jeopardizing public safety.

Fiscal Year 2009 Governor's Recommendation
Department of Corrections
(\$ in Thousands)

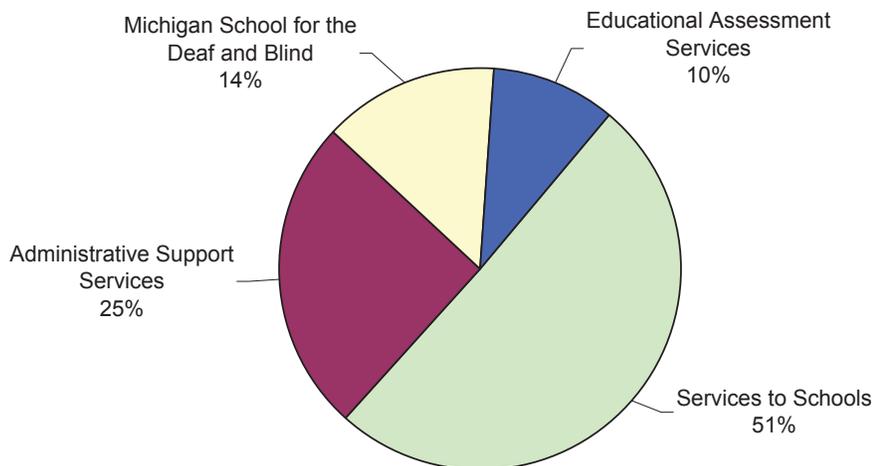
	FY07 Appropriation *	FY08 Current Law *	FY09 Recommendation
GF/GP	\$1,859,739.7	\$1,983,946.7	\$1,978,262.8
All Funds	\$1,941,310.1	\$2,065,956.2	\$2,062,052.2
	% Change - GF/GP	6.7%	-0.3%
	% Change - All Funds	6.4%	-0.2%

Programs	GF/GP	All Funds
Prison and Camp Operations	\$1,644,205.2	\$1,682,970.7
Probation and Parole Oversight	\$164,445.5	\$187,885.2
Community Programs	\$89,998.2	\$109,575.5
Department Administration	\$61,208.6	\$62,515.3
Information Technology Services and Projects	\$18,405.3	\$19,105.5
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$1,978,262.8	\$2,062,052.2

Department of Education

Leadership for Michigan's public education system is vested by the Constitution in the elected members of the State Board of Education. The State Board of Education and the Department of Education (MDE) are focused on improving student achievement in order to prepare Michigan's students to compete in a global economy. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$94.7 million, of which \$8.1 million is general fund.*

Over Half of Funding Provides Educational Assessment and Other Services to Schools



Total: \$94.7 million

Highlights of Governor's Budget Recommendation for MDE

- Provides \$71.7 million for the oversight of state education programs, including special education, teacher preparation, early childhood services, and school improvement activities.
- Increases funding for the Michigan School for the Deaf and Blind to \$13.6 million due to increased enrollment at the school.
- Contains \$9.4 million for student assessment, which includes increased staffing costs to avoid significant increases in contracted testing costs.
- Adds 29 staff positions for the administration and oversight of various school aid programs, including early childhood, at-risk, special education, state assessments, high priority schools assistance, and the 21st Century Schools Fund.

Fiscal Year 2008 Supplemental

The Governor recommends \$3.3 million in federal revenues for increased staffing and software to mitigate increases in contracted costs for state assessments.

**Fiscal Year 2009 Governor's Recommendation
Department of Education
(\$ in Thousands)**

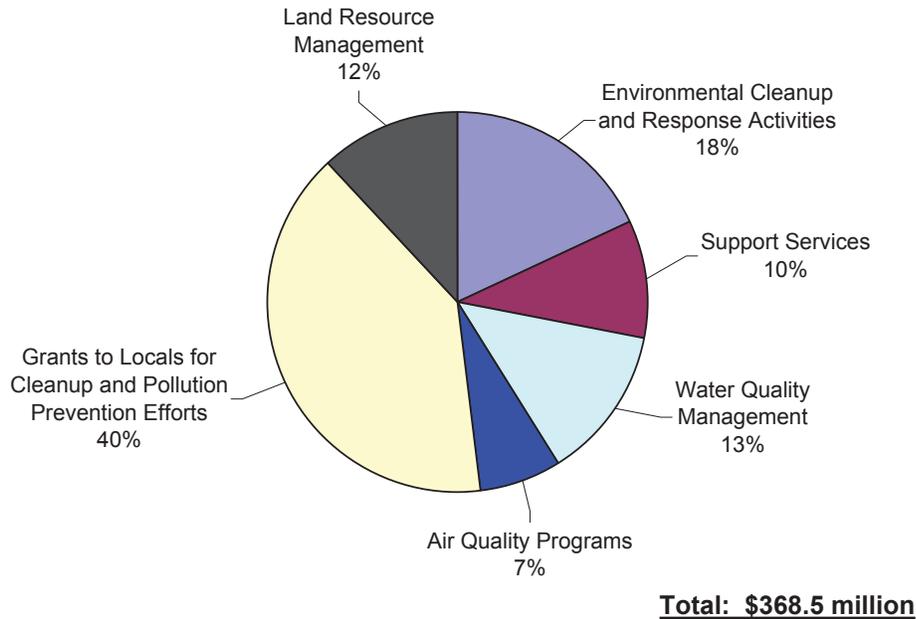
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$5,998.5	\$6,885.6	\$8,074.5
All Funds	\$88,852.7	\$95,902.8	\$94,743.2
% Change - GF/GP		14.8%	17.3%
% Change - All Funds		7.9%	-1.2%

Programs	GF/GP	All Funds
Services to Schools	\$4,097.1	\$48,426.2
Administrative Support Services	\$3,977.4	\$23,341.2
Michigan School for the Deaf and Blind	\$0.0	\$13,566.1
Educational Assessment Services	\$0.0	\$9,409.7
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$8,074.5	\$94,743.2

Department of Environmental Quality

Funding for the Department of Environmental Quality (DEQ) supports programs to restore and enhance Michigan's environment and preserve our natural resources. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$368.5 million, of which \$45.0 million is general fund.*

Over Half of DEQ's Budget is Dedicated to Cleanup Projects



Highlights of Governor's Budget Recommendation for DEQ

- Continues the core programs of the department, such as water, land, and air quality management as well as environmental cleanups.
- Proposes a one-time \$13.5 million increase in the DEQ general fund budget, which will avoid the need for fee increases for businesses during fiscal year 2009.
- Nearly \$125 million is allocated to local units of government as grants and loans for cleanup activities and pollution prevention efforts.
- Over \$67 million supports environmental cleanup and response activities.
- Over \$47 million is spent on water quality management.
- Approximately \$26 million supports air quality programs.

Highlights of Fiscal Year 2008 Supplemental Recommendation

- The Governor recommends \$11 million general fund to avoid the need for fee increases during fiscal year 2008.

**Fiscal Year 2009 Governor's Recommendation
Department of Environmental Quality
(\$ in Thousands)**

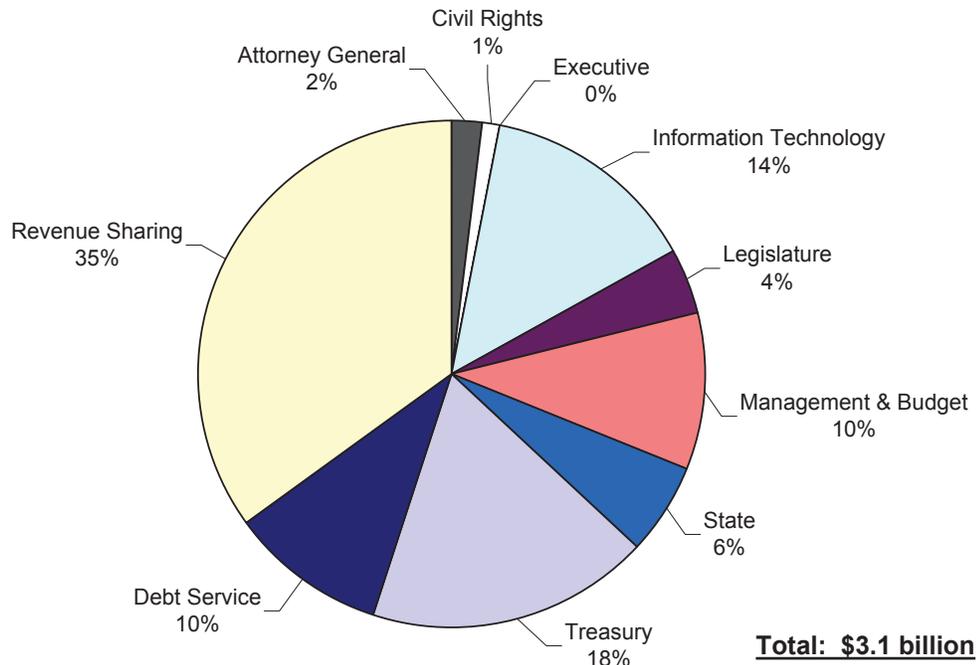
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$30,562.7	\$31,538.2	\$44,998.6
All Funds	\$446,702.2	\$369,217.0	\$368,478.7
	% Change - GF/GP	3.2%	42.7%
	% Change - All Funds	-17.3%	-0.2%

Programs	GF/GP	All Funds
Grants to Locals for Cleanup and Pollution Prevention Efforts	\$5,003.7	\$147,901.9
Environmental Cleanup and Response Activities	\$2,114.4	\$67,430.4
Water Quality Management	\$10,518.0	\$47,355.9
Land Resource Management	\$12,818.1	\$43,401.3
Support Services	\$6,979.1	\$36,288.6
Air Quality Programs	\$7,565.3	\$26,100.6
* Adjusted for program transfers		
Total FY 2009 Recommendation	\$44,998.6	\$368,478.7

General Government

The general government departments are responsible for balancing the state's checkbook; managing the workplaces, tools and equipment of state government; offering services to the residents of Michigan; promoting innovative technology to ensure efficiencies in state government; overseeing the equitable and individual rights of all citizens; and managing the legislative and executive branches of government. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$3.1 billion, of which \$1.1 billion is revenue sharing payments to local units of government.*

General Government Spending



Highlights of Governor's Budget Recommendation for general government agencies

- \$1.1 billion for revenue sharing payments to local units of government.
- Almost \$315 million for debt service payments to meet the state's bond obligations.
- \$434 million to the Department of Information Technology to support the efficient management and delivery of state information technology resources to state agencies.
- Almost \$400 million to Treasury for the administration of the state tax system and investment of state funds, and an additional \$160.8 million for the Michigan Strategic Fund to promote business investment, entrepreneurial growth, and tourism in Michigan.
- \$316.8 million for the Department of Management and Budget to provide statewide business services to state agencies, including \$70.1 million for the Civil Service Commission.

- \$205.1 million to the Department of State to administer Michigan's motor vehicle programs and supervise state elections.
- \$130.3 million to support the Legislature, the Legislative Auditor General, and legislative staff.
- \$76.5 million to the Department of Attorney General to preserve and uphold the state's legal interests, provide legal services to state officials and agencies, and investigate consumer complaints.
- \$14.5 million for the Department of Civil Rights to investigate and resolve discrimination complaints by Michigan citizens.
- \$5.3 million for the Executive Office to fund the constitutional responsibilities of the Governor and her immediate staff.

**Fiscal Year 2009 Governor's Recommendation
Department of Attorney General
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$30,471.0	\$32,036.6	\$32,265.2
All Funds	\$65,146.8	\$73,124.2	\$76,544.6
% Change - GF/GP		5.1%	0.7%
% Change - All Funds		12.2%	4.7%

Programs	GF/GP	All Funds
Attorney General Operations	\$29,404.9	\$70,820.5
Child Support Enforcement	\$791.4	\$2,955.2
Prosecuting Attorneys Coordinating Council	\$1,296.9	\$1,996.9
Information Technology	\$772.0	\$772.0
Total FY 2009 Recommendation	\$32,265.2	\$76,544.6

Fiscal Year 2009 Governor's Recommendation
Department of Civil Rights
(\$ in Thousands)

	FY07 Appropriation *	FY08 Current Law *	FY09 Recommendation
GF/GP	\$11,853.7	\$12,247.8	\$12,471.1
All Funds	\$13,651.1	\$14,290.1	\$14,528.4
% Change - GF/GP		3.3%	1.8%
% Change - All Funds		4.7%	1.7%

Programs	GF/GP	All Funds
Civil Rights Operations	\$11,625.9	\$13,668.2
Information Technology	\$845.2	\$860.2
* Adjusted for program transfers		
Total FY 2009 Recommendation	\$12,471.1	\$14,528.4

**Fiscal Year 2009 Governor's Recommendation
Executive Office
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$5,272.9	\$5,317.3	\$5,317.3
All Funds	\$5,272.9	\$5,317.3	\$5,317.3
% Change - GF/GP		0.8%	0.0%
% Change - All Funds		0.8%	0.0%

Programs	GF/GP	All Funds
Governor	\$177.0	\$177.0
Lieutenant Governor	\$123.9	\$123.9
Executive Office Operations	\$5,016.4	\$5,016.4
Total FY 2009 Recommendation	\$5,317.3	\$5,317.3

**Fiscal Year 2009 Governor's Recommendation
Department of Information Technology
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$0.0	\$0.0	\$0.0
All Funds	\$374,846.4	\$428,868.1	\$433,992.9
	% Change - GF/GP	0.0%	0.0%
	% Change - All Funds	14.4%	1.2%

Programs	GF/GP	All Funds
Health and Human Services	\$0.0	\$246,499.7
General Government Services	\$0.0	\$62,278.7
Public Protection Services	\$0.0	\$52,855.0
Transportation Services	\$0.0	\$28,174.0
Enterprisewide Services	\$0.0	\$22,746.9
Resource Services	\$0.0	\$17,381.9
Education Services	\$0.0	\$3,756.7
Other	\$0.0	\$300.0
Total FY 2009 Recommendation	\$0.0	\$433,992.9

**Fiscal Year 2009 Governor's Recommendation
Legislative Auditor General
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$11,785.7	\$12,486.8	\$12,486.8
All Funds	\$15,107.1	\$15,828.2	\$15,828.2
	% Change - GF/GP	5.9%	0.0%
	% Change - All Funds	4.8%	0.0%

Programs	GF/GP	All Funds
Office of the Auditor General	\$12,486.8	\$15,828.2
Total FY 2009 Recommendation	\$12,486.8	\$15,828.2

**Fiscal Year 2009 Governor's Recommendation
Legislature
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$109,772.7	\$112,994.2	\$112,994.2
All Funds	\$111,282.5	\$114,504.0	\$114,504.0
% Change - GF/GP		2.9%	0.0%
% Change - All Funds		2.9%	0.0%

Programs	GF/GP	All Funds
House of Representatives	\$47,540.7	\$47,540.7
Senate	\$31,676.0	\$31,676.0
Legislative Council	\$11,219.8	\$11,619.8
Property Management	\$12,695.2	\$12,695.2
Legislative Retirement System	\$3,424.1	\$4,533.9
Senate Fiscal Agency	\$3,219.2	\$3,219.2
House Fiscal Agency	\$3,219.2	\$3,219.2
Total FY 2009 Recommendation	\$112,994.2	\$114,504.0

Fiscal Year 2009 Governor's Recommendation
Department of State
(\$ in Thousands)

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$17,758.6	\$28,797.2	\$26,888.0
All Funds	\$198,783.0	\$207,681.4	\$205,135.7
% Change - GF/GP		62.2%	-6.6%
% Change - All Funds		4.5%	-1.2%

Programs	GF/GP	All Funds
Branch Operations	\$6,333.1	\$70,499.1
Central Operations	\$3,728.5	\$42,649.2
Regulatory Services	\$1,301.2	\$23,944.9
Department Services	\$1,675.8	\$24,411.7
Information Technology	\$4,339.7	\$24,541.0
Executive and Departmentwide Expenses	\$4,601.5	\$14,181.6
Election Regulation	\$4,908.2	\$4,908.2
Total FY 2009 Recommendation	\$26,888.0	\$205,135.7

Fiscal Year 2009 Governor's Recommendation
Department of Treasury
(\$ in Thousands)

	FY07 Appropriation *	FY08 Current Law *	FY09 Recommendation
GF/GP	\$99,609.5	\$187,862.7	\$162,189.6
All Funds	\$1,682,994.3	\$1,757,150.0	\$1,732,251.7
	% Change - GF/GP	88.6%	-13.7%
	% Change - All Funds	4.4%	-1.4%

Programs	GF/GP	All Funds
Revenue Sharing to Local Units of Government	\$212.0	\$1,091,399.1
Michigan Strategic Fund	\$29,542.7	\$160,782.6
Debt Service Payments	\$67,608.5	\$83,123.0
Grants to Local Units of Government	\$5.0	\$83,855.0
Tax Programs	\$18,112.0	\$83,340.0
State Lottery Operations	\$0.0	\$43,124.6
Student Financial Assistance Programs	\$1,504.6	\$35,742.2
Banking and Management Services	\$4,720.6	\$32,412.6
Administration	\$14,445.7	\$25,875.7
Casino Gaming Oversight	\$0.0	\$20,743.5
Senior Citizen Cooperative Housing Tax Exemption Program	\$17,000.0	\$17,000.0
Commercial Mobile Radio Service	\$0.0	\$11,100.0
Information Technology	\$4,943.1	\$19,200.3
Investments of Common Cash and Pension Funds	\$0.0	\$16,151.3
Renaissance Zone Reimbursement to Libraries	\$3,800.0	\$3,800.0
Home Heating Assistance	\$0.0	\$2,559.8
Common Cash and Debt Management	\$295.4	\$1,242.0
Michigan Education Savings Program	\$0.0	\$800.0
* Adjusted for program transfers		
Total FY 2009 Recommendation	\$162,189.6	\$1,732,251.7

Higher Education

The Higher Education budget provides operating support to the state's 15 public universities and also funds student financial aid programs. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$1.8 billion, of which nearly \$1.7 billion is general fund.*

Highlights of Governor's Budget Recommendation for State Universities

- Aid for university operations increases by an overall 3 percent (\$43.6 million) with support for Michigan State University, University of Michigan – Ann Arbor, and Wayne State University appropriated in a separate article in the budget bill.
- Distributes the 3 percent increase by using an incentive-based formula that promotes greater participation of low-income students, rewards research and technology transfer, and recognizes university success in graduating students.
- Allocates \$35.0 million for the Agricultural Experiment Station and \$30.2 million for the Cooperative Extension Service -- a 3 percent increase for each.
- Retains current year funding for the Martin Luther King, Jr. – Cesar Chavez – Rosa Parks programs of \$2.7 million.

State University Operations (\$ in Thousands)	FY 2009
Michigan State University	\$297,991.2
University of Michigan - Ann Arbor	333,629.8
Wayne State University	225,984.0
Central Michigan University	83,825.7
Eastern Michigan University	79,562.9
Ferris State University	51,297.9
Grand Valley State University	64,937.7
Lake Superior State University	13,788.9
Michigan Technological University	51,178.4
Northern Michigan University	47,233.4
Oakland University	53,469.2
Saginaw Valley State University	29,355.7
University of Michigan - Dearborn	26,771.9
University of Michigan - Flint	22,581.5
Western Michigan University	114,700.8
Total	\$1,496,309.0

Highlights of Governor's Budget Recommendation for Financial Aid

- Recommends \$90.5 million for Michigan Promise Grants for students from the graduating classes of 2007 and 2008 and an additional \$5.2 million for students from previous classes eligible for Michigan Merit Awards.
- Tuition Incentive Program (TIP) funding is increased by \$4.1 million to \$25.2 million to fund increasing numbers of TIP recipients and higher tuition costs.
- Retains current funding of \$114 million for state competitive scholarships, tuition grants, Michigan work-study, nursing scholarships, and other student financial aid programs.

Highlights of Fiscal Year 2008 Capital Outlay Recommendation

- Funds building and renovation projects at 10 universities with a total project cost of \$772 million and a state share of \$315 million. An additional 10 percent state support will be provided for projects qualifying for alternative energy incentive funding.

**Fiscal Year 2009 Governor's Recommendation
Higher Education
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$1,364,050.4	\$1,761,775.7	\$1,675,926.0
All Funds	\$1,610,750.4	\$1,896,375.7	\$1,799,426.0
% Change - GF/GP		29.2%	-4.9%
% Change - All Funds		17.7%	-5.1%

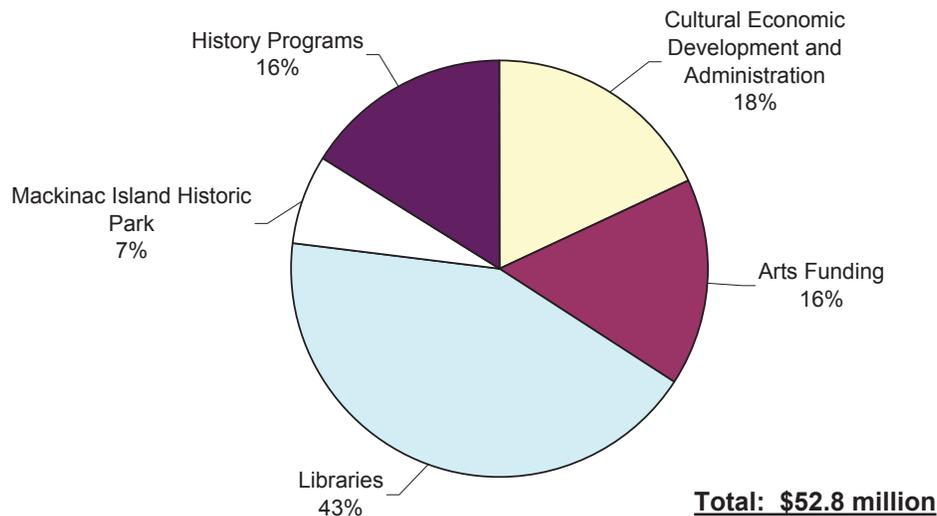
Programs	GF/GP	All Funds
State University Operations	\$1,496,309.0	\$1,496,309.0
Michigan Promise Grants	\$0.0	\$90,500.0
Tuition Grants	\$56,668.1	\$56,668.1
State Competitive Scholarships	\$32,630.5	\$35,530.5
Agricultural Experiment Station	\$35,016.1	\$35,016.1
Cooperative Extension Service	\$30,202.0	\$30,202.0
Tuition Incentive Program	\$9,350.0	\$25,200.0
Michigan Work Study Program	\$7,326.3	\$7,326.3
Michigan Merit Award Program	\$0.0	\$5,200.0
Nursing Scholarship Program	\$0.0	\$4,250.0
Project GEAR UP	\$0.0	\$3,000.0
King-Chavez-Parks Program Grants	\$2,691.5	\$2,691.5
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
Children of Veterans Tuition Grant Program	\$700.0	\$1,000.0
Higher Education Database	\$200.0	\$200.0
Midwestern Higher Education Compact	\$95.0	\$95.0
Total FY 2009 Recommendation	\$1,675,926.0	\$1,799,426.0

¹ Year to year changes are distorted by the delayed August 2007 state aid payment which was paid in October 2008, a fiscal year 2007 one-time fund shift for student financial aid programs, and fiscal year 2007 retirement expenditures for 7 universities which were offset by credits available within the Michigan Public School Employees Retirement System. Adjusting for these anomalies, the general fund year-to-year change from 2007 to 2008 would have been a 1.6 percent increase and the change from 2008 to 2009 would be a 3.3 percent increase. The overall year-to-year change from 2007 to 2008 would be 0.2 percent and the change from 2008 to 2009 would be 2.4 percent.

Department of History, Arts and Libraries

The Department of History, Arts and Libraries (HAL) enriches the lives of Michigan's citizens and visitors by promoting the state's rich history while celebrating its diverse cultures and showcasing a myriad of artistic talents. HAL fosters information sharing via its on-line library (MeL) and financial support to public libraries throughout the state. Home to the Michigan film office and seat of the state's historic preservation program, the Department of History, Arts and Libraries is a driving force behind Michigan's cultural economic development endeavors. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$52.8 million, of which \$40.1 million is general fund.*

Public Libraries Receive Majority of Department's Funding



Highlights of Governor's Budget Recommendation for HAL

- Provides \$10.0 million in funding to local libraries.
- Recommends \$8.5 million for arts grants to local non-profit organizations.
- Includes \$8.4 million in funding for historical programs.
- Contains \$3.7 million in funding for the Mackinac Island State Parks.
- Provides funding for two book distribution centers that distribute donated materials to a variety of non-profit and service organizations.

**Fiscal Year 2009 Governor's Recommendation
Department of History, Arts and Libraries
(\$ in Thousands)**

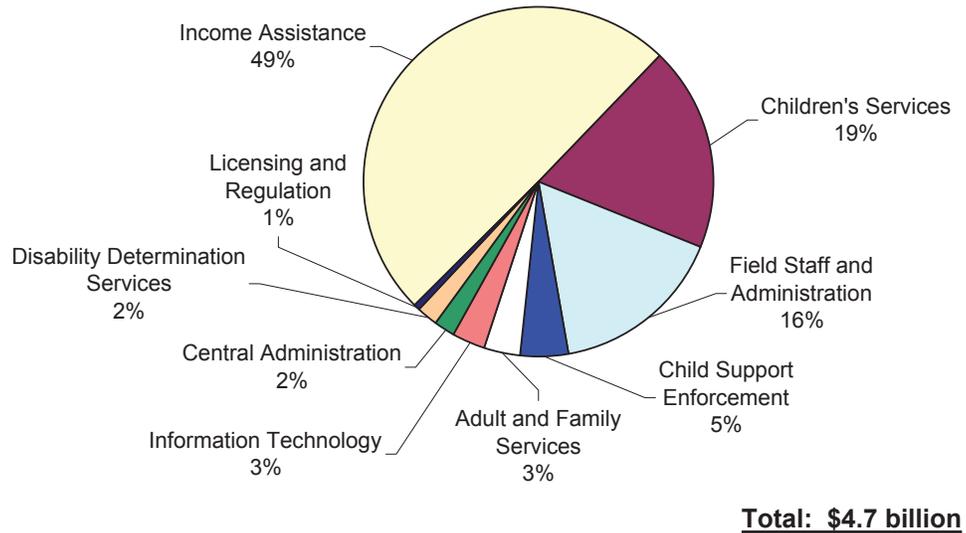
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$38,477.1	\$39,086.8	\$40,111.7
All Funds	\$50,097.8	\$49,291.4	\$52,779.9
	% Change - GF/GP	1.6%	2.6%
	% Change - All Funds	-1.6%	7.1%

Programs	GF/GP	All Funds
Libraries	\$16,822.5	\$22,584.9
Council for Arts and Cultural Affairs	\$7,726.2	\$8,526.2
Historical Programs	\$5,778.4	\$8,439.7
Department Administration and Cultural Economic Development	\$8,188.9	\$9,499.1
Mackinac Island State Park Commission	\$1,595.7	\$3,730.0
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$40,111.7	\$52,779.9

Department of Human Services

The Department of Human Services (DHS) helps families and individuals meet financial, medical, and social service needs. DHS programs provide financial assistance and medical assistance to Michigan's low-income population; move people toward self-sufficiency through employment and training services; work to prevent abuse, neglect, and exploitation of children and vulnerable adults through direct services; and regulate and license adult and child care agencies, facilities, and homes. Services are provided through a network of county based offices. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$4.7 billion, of which \$1.4 billion is general fund.*

Half of the Department Budget Supports Income Assistance Programs for Low Income Families and Individuals



Highlights of Governor's Budget Recommendations for DHS

Income Assistance Programs

- Funds the Family Independence Program at \$396.4 million, supporting 77,000 cases that include 150,000 children. The December 2007 caseload was the lowest in almost five years. This funding includes a 2 percent grant increase of \$3 per person per month and an increase in the annual children's clothing allowance to \$75.
- Invests \$21.8 million in targeted assistance through the Jobs, Education and Training (JET) Program to enhance employment and training services to Family Independence Program (FIP) recipients. These funds support employment programs through the Michigan Works! agencies, rehabilitation services, direct client services and staff to identify and work with clients on job readiness and employment retention.
- Provides \$410.8 million to support safe, quality child day care for 56,000 low income families, including an additional \$10 million to increase hourly day care reimbursement rates.
- Funds the State Disability Assistance program for 11,500 disabled adults at a cost of \$39 million. This funding includes a \$5 per month grant increase.

- Invests over \$1.2 billion in federal funds for food assistance for over 571,000 low-income households.
- Allocates \$200 million in federal and state funds to support the home heating credit, energy-related crisis payments, and weatherization for low-income home owners.
- Supports emergency assistance to families and individuals with \$21.9 million.

Social Services Programs

- Building on the \$40 million in child welfare improvements funded in fiscal year 2008, the budget invests an additional \$16.8 million in the child welfare system. These funds support guardianship programs for children in foster care, increased adoptive placements, rate increases for private child placing agencies, and additional foster care staff.
- Funds the Children's Foster Care program at \$210.4 million to provide care and supervision for over 9,500 children until they are either returned to their birth parents or are adopted.
- Includes over \$54.8 million for family preservation services to help keep children safe with their families.
- Provides subsidies for 28,800 adopted children at a funding level of \$242.3 million.
- Allocates \$291.6 million for Juvenile Justice Services, including \$226.8 million in Child Care Fund reimbursements to local units of government. These services provide treatment, residential placement, and community support services for delinquent youth. This funding recognizes the increased use of private providers for high and medium security placements implemented in fiscal year 2008.

Child Support

- Provides over \$264.9 million for the child support program to help Michigan's families obtain financial support from absent parents, including over \$50 million for child support automation activities.

Highlights of Fiscal Year 2008 Supplemental Recommendation

The Governor recommends a fiscal year 2008 supplemental of \$23.2 million that includes:

- \$9.7 million to expand nutrition education;
- \$3.5 million to adequately fund private agency rates; and
- \$10 million for increases in the day care program.

Fiscal Year 2009 Governor's Recommendation
Department of Human Services
(\$ in Thousands)

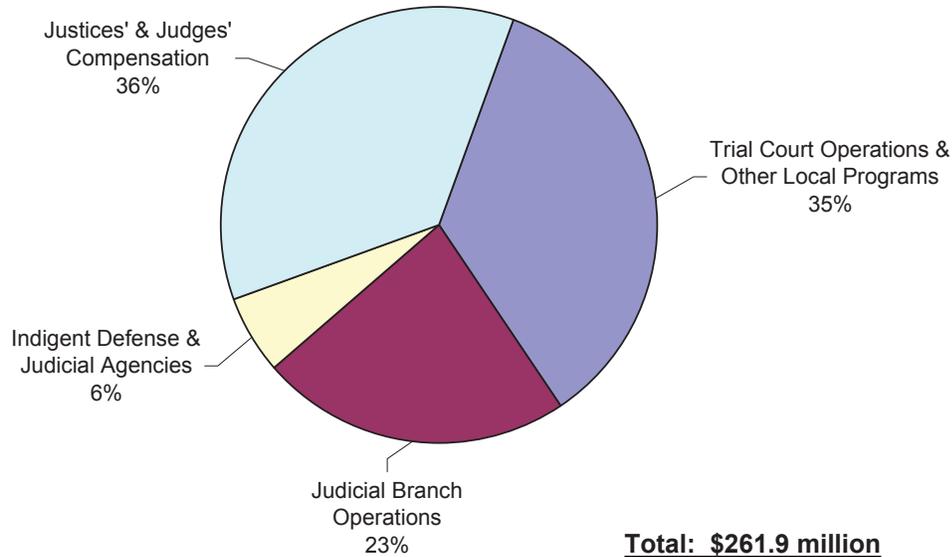
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$1,266,489.6	\$1,307,263.1	\$1,376,552.2
All Funds	\$4,498,563.3	\$4,573,083.6	\$4,658,689.4
	% Change - GF/GP	3.2%	5.3%
	% Change - All Funds	1.7%	1.9%

Programs	GF/GP	All Funds
Income Assistance:		
Food Assistance Program	\$0.0	\$1,221,340.9
Family Independence Program	\$266,548.8	\$396,367.5
Child Day Care Services	\$146,635.5	\$410,723.4
Low Income Energy and Weatherization Assistance	\$0.0	\$134,870.3
SSI State Supplementation	\$62,674.1	\$62,674.1
State Emergency Relief	\$23,573.9	\$40,452.7
State Disability Assistance	\$29,252.3	\$39,080.6
Refugee Assistance	\$0.0	\$12,703.7
Children's Services:		
Purchased Care, Treatment, and Supervision of Youth	\$232,770.3	\$504,511.8
Adoption Services and Subsidies	\$104,319.7	\$260,096.5
Juvenile Justice: State Facilities and Federal Grants	\$30,417.7	\$64,034.5
Family Preservation and Prevention Services	\$179.6	\$50,298.0
Adult and Family Services:		
Employment and Training Support Services	\$22,512.7	\$39,102.9
Domestic Violence and Rape Prevention Services	\$672.9	\$17,373.7
Community Services Block Grant	\$0.0	\$28,747.9
Other Individual and Family Services	\$19,981.9	\$61,084.3
Field Staff and Administration	\$313,137.9	\$745,391.9
Child Support Enforcement	\$25,440.3	\$214,553.9
Information Technology	\$53,680.1	\$152,570.2
Central Administration and Support	\$31,207.6	\$92,489.1
Disability Determination Services	\$2,826.7	\$86,544.5
Licensing and Regulation	\$10,720.2	\$23,677.0
* Adjusted for program transfers		
Total FY 2009 Recommendation	\$1,376,552.2	\$4,658,689.4

Judiciary

The Michigan Constitution vests the judicial power of the state exclusively in a court system composed of the Supreme Court, the Court of Appeals, the Circuit Court (which is the trial court of general jurisdiction, including the Family Court division), the Probate Court, and courts of limited jurisdiction such as the Court of Claims, District Court and municipal courts. The statewide court system is administered by the Supreme Court Justices through the State Court Administration Office. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$261.9 million, of which \$159.9 million is general fund.*

Over One-Third of Budget Supports Local Trial Court Operations



Highlights of Governor's Budget Recommendation for the Judiciary

- Recommends \$95.2 million for justices' and judges' compensation.
- Supports local trial court operations statewide with an appropriation of \$84.0 million.
- \$19.2 million is spent on Court of Appeals operations.
- Almost \$13.9 million supports indigent legal assistance through the State Appellate Defender Office, the Michigan Appellate Assigned Counsel System and through contracts with local legal aid agencies.
- Over \$4.7 million supports Michigan's drug treatment courts striving to successfully break the cycle of relapse and recidivism leading to costly incarceration.
- Enhancement funding of \$3.4 million is recommended to establish five pilot mental health courts. Of this total, \$1.1 million is included in the Judiciary budget to provide alternatives to incarceration by working with local mental health agencies and local law enforcement personnel; an additional \$2.3 million is funded in the Department of Community Health budget to support mental health treatment services.

**Fiscal Year 2009 Governor's Recommendation
Judiciary
(\$ in Thousands)**

	FY07 Appropriation	FY08 Current Law	FY09 Recommendation
GF/GP	\$156,501.2	\$157,996.7	\$159,933.4
All Funds	\$258,327.6	\$259,291.5	\$261,912.7
% Change - GF/GP		1.0%	1.2%
% Change - All Funds		0.4%	1.0%

Programs	GF/GP	All Funds
Justices' and Judges' Compensation	\$88,106.8	\$95,197.0
Trial Courts and Other Local Programs	\$17,648.7	\$88,716.9
Judicial Branch Operations	\$47,799.4	\$63,076.7
Indigent Defense and Judicial Agencies	\$6,378.5	\$14,922.1
Total FY 2009 Recommendation	\$159,933.4	\$261,912.7

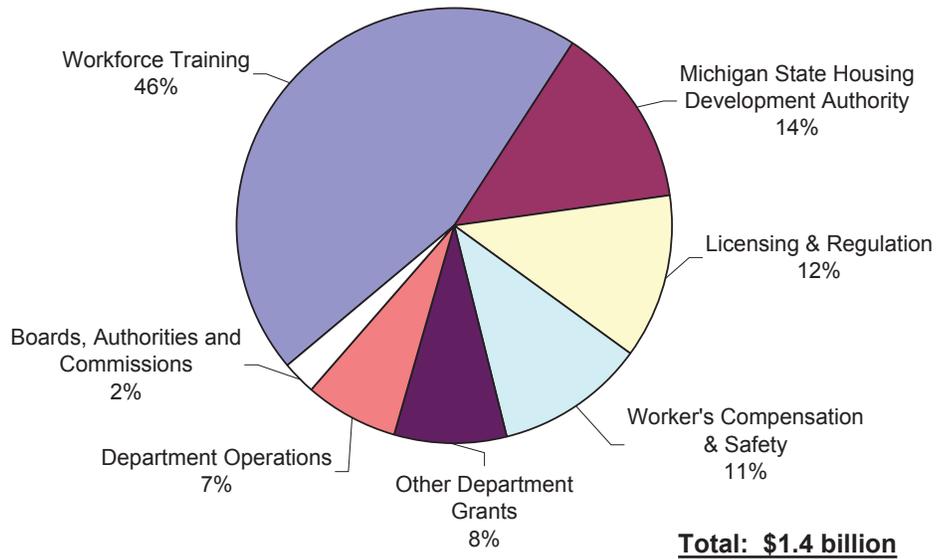
Department of Labor and Economic Growth

The Department of Labor and Economic Growth (DLEG) is dedicated to revitalizing Michigan's workforce and economic climate through aggressive skills training and job placement programs, protecting the welfare of citizens through workplace safety and business regulatory activities, and assisting low-income citizens with affordable housing initiatives. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$1.4 billion, of which \$94.4 million is general fund.*

Highlights of Governor's Budget Recommendation for DLEG

- Invests over \$618 million in workforce training programs, including an additional \$40 million in general fund support for the No Worker Left Behind program to help dislocated workers attain high-demand careers through up to two years of free training.
- Addresses Michigan's nursing shortage by investing \$10 million in the Michigan Nursing Corps, an increase of \$8.5 million over the current level, to expand the number of classroom and clinical faculty available to teach the future nursing workforce.
- Protects consumers by providing \$51.9 million for the Office of Financial and Insurance Services, including an additional \$2.9 million to strengthen regulation of the mortgage industry and combat predatory lending activities.
- Preserves the welfare and safety of citizens by dedicating \$268 million for the licensing and regulation of businesses and for the prevention of workplace safety hazards.
- Supports low-income citizens and invests in community revitalization projects with \$182.4 million for the Michigan State Housing Development Authority, and \$80 million in low-income energy assistance grants to ease the burden of high energy costs.

DLEG Promotes Workforce Training Programs



Highlights of Fiscal Year 2008 Supplemental Recommendation

- The Governor recommends a supplemental of \$1.4 million for the Office of Financial and Insurance Services to accelerate additional regulatory efforts related to the mortgage industry and predatory lending activities.

**Fiscal Year 2009 Governor's Recommendation
Department of Labor and Economic Growth
(\$ in Thousands)**

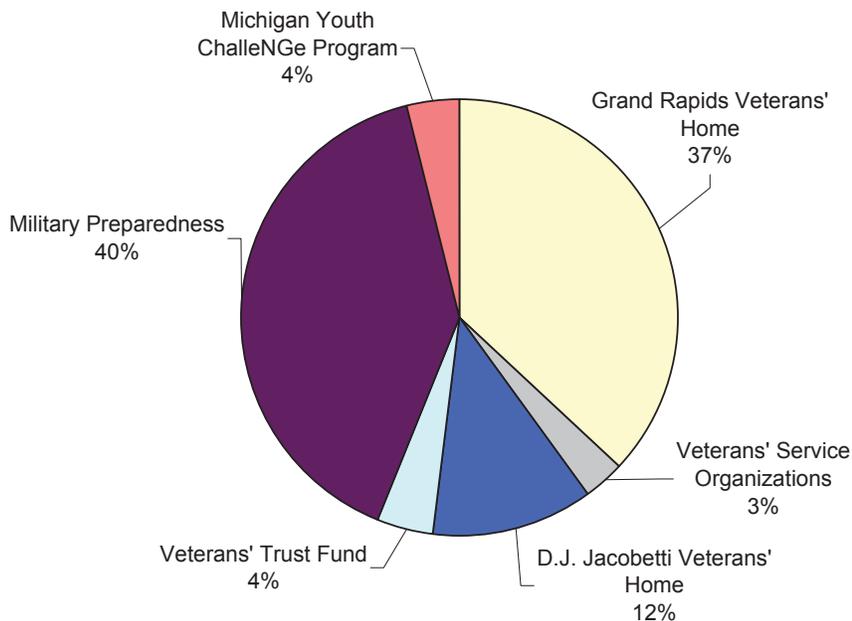
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$45,975.5	\$46,002.7	\$94,350.1
All Funds	\$1,292,415.6	\$1,298,848.7	\$1,362,852.7
% Change - GF/GP		0.1%	105.1%
% Change - All Funds		0.5%	4.9%

Programs	GF/GP	All Funds
Workforce Training	\$82,482.3	\$618,352.8
Michigan State Housing Development Authority	\$0.0	\$182,350.7
Licensing and Regulation	\$3,140.7	\$167,730.1
Worker's Compensation and Safety	\$0.0	\$152,157.3
Other Department Grants	\$2,163.4	\$113,673.9
Department Operations	\$1,405.0	\$96,143.7
Boards, Authorities and Commissions	\$5,158.7	\$32,444.2
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$94,350.1	\$1,362,852.7

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs (DMVA) has dual missions: services to veterans and military preparedness. The department protects the lives and property of Michigan residents during times of natural disaster or civil unrest. The department also assists the federal government in defending sovereign interests of the United States. There are approximately 12,480 members of the Michigan National Guard; 1,750 are currently on active duty and mobilized to serve in the Iraqi Freedom campaign and in other parts of the world. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$130.4 million, of which \$40.1 million is general fund.*

Over 50% of Funding Supports Veterans' Services



Total: \$130.4 million

Highlights of Governor's Budget Recommendation for DMVA

- Provides \$64.7 million for veterans' nursing care at the Grand Rapids and D.J. Jacobetti Veterans' Homes.
- Includes almost \$24.6 million in federal funding for military training sites and armories throughout the state, including \$1.5 million for the Michigan Regional Training Institute which provides training for military personnel from the Great Lakes Region.
- Recommends \$5.3 million for the needs of veterans and their families through the Michigan Veterans' Trust Fund and the Veterans' Trust Fund Administration.
- \$4.7 million is used to manage the Michigan Youth Challenge Program for high school dropouts and at-risk youth.
- Continues \$3.9 million to support Veterans Service Organizations.

**Fiscal Year 2009 Governor's Recommendation
Department of Military and Veterans Affairs
(\$ in Thousands)**

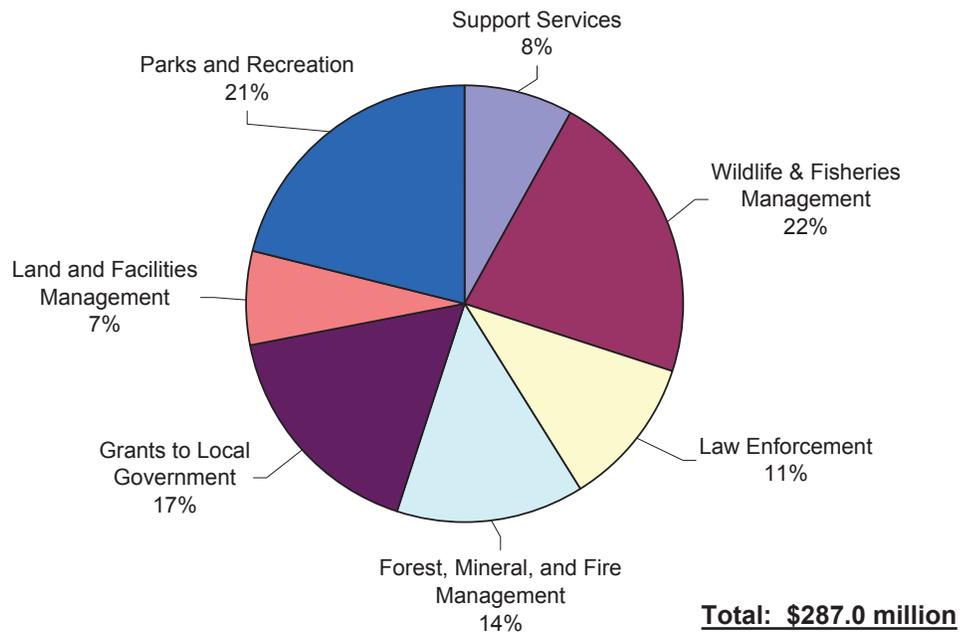
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$38,532.5	\$39,619.8	\$40,120.6
All Funds	\$122,839.7	\$128,508.4	\$130,388.7
% Change - GF/GP		2.8%	1.3%
% Change - All Funds		4.6%	1.5%

Programs	GF/GP	All Funds
Military Preparedness	\$14,759.1	\$52,137.1
Grand Rapids Veterans' Home	\$16,117.4	\$48,780.7
D. J. Jacobetti Veterans' Home	\$5,331.8	\$15,887.4
Veterans' Trust Fund	\$0.0	\$4,972.4
Michigan Youth ChalleNge Program	\$0.0	\$4,698.8
Veterans Service Organizations	\$3,912.3	\$3,912.3
* Adjusted for program transfers.		
Total FY 2009 Recommendation	\$40,120.6	\$130,388.7

Department of Natural Resources

Funding for the Department of Natural Resources (DNR) supports programs for wildlife and fisheries management, state parks and recreation areas, conservation and law enforcement, and forest management. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$287.0 million, of which \$23.5 million is general fund.*

DNR Funds a Variety of Recreational and Conservation Activities



Highlights of Governor's Budget Recommendation for DNR

- Continues the core programs of the department, such as forest, wildlife, and fisheries management as well outdoor recreational programs.
- Over \$60 million supports state parks and other recreational activities, while nearly \$41 million is used to manage and protect forestland.
- Almost \$62 million supports wildlife and fisheries management, including an additional \$2.4 million in federal funds to protect the coastal wetlands of the Great Lakes.
- \$32 million is spent on environmental law enforcement activities in state parks and on state lands.
- Over \$47 million is paid to local units of government as grants or payments in lieu of taxes for state-owned land.
- Provides over \$1 million for improvements to wildfire protection including \$500,000 for additional fire officers, \$400,000 for fire-fighting equipment, and \$250,000 wildfire education.

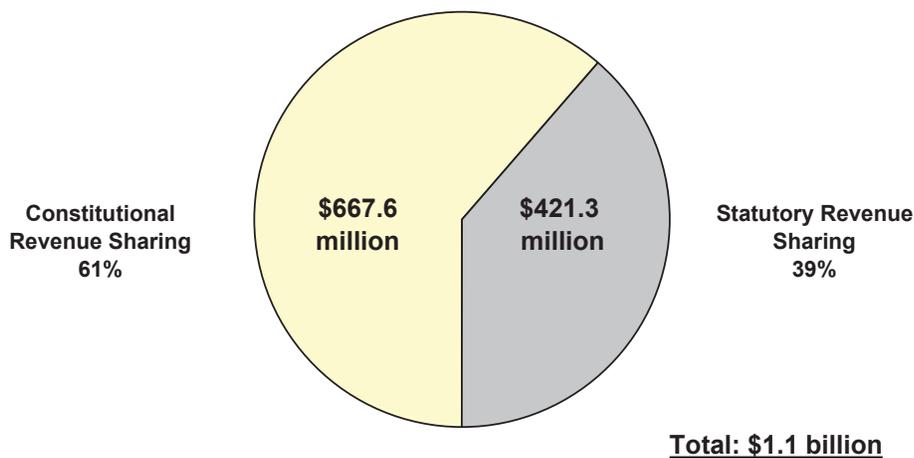
Highlights of Fiscal Year 2008 Supplemental Recommendation

- The Governor recommends \$500,000 for additional forest fire officers and \$500,000 to keep state forest campgrounds open.

Revenue Sharing

Michigan's revenue sharing program provides unrestricted financial support to local units of government, allowing communities to determine how best to fund local services. There are two ways that local units share in a portion of sales tax revenue: a constitutionally-dedicated portion is distributed to cities, villages, and townships based on a community's population; an additional portion of sales tax revenue is earmarked in state law to provide revenue sharing payments that are subject to annual appropriation. *Funding for fiscal year 2009 is recommended at \$1.1 billion, which includes \$667.6 million for constitutionally-required revenue sharing payments and \$421.3 million for statutory revenue sharing payments to cities, villages, and townships.*

Over 60% of Revenue Sharing Payments are Constitutionally-Dedicated



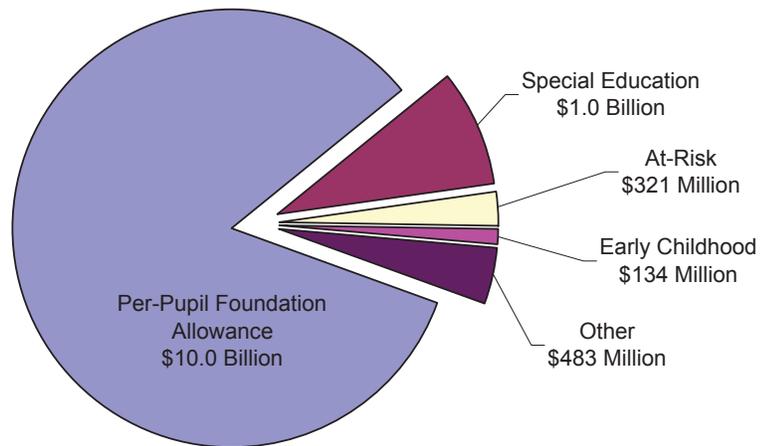
Highlights of Governor's Budget Recommendation for Revenue Sharing

- Guarantees each city, village, and township a combined constitutional and statutory payment equal to the payment they received in fiscal year 2008. In addition, the Governor recommends a 4 percent increase in statutory revenue sharing for those communities that received a statutory payment in 2007.
- Provides \$2.4 million to restore state revenue sharing payments for six qualifying counties that will exhaust their revenue sharing reserve funds in fiscal year 2009. A reserve fund was created for each county in fiscal year 2005 by phasing-in the early collection of winter property tax payments; this reserve fund allows the state to suspend revenue sharing payments to counties until each county's fund is depleted.

School Aid

The School Aid budget supports Michigan's K-12 public education system with funding for basic operations, school readiness programs, and tools necessary to prepare students for tomorrow's workforce. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$13.5 billion, \$11.9 billion of state funds and nearly \$1.6 billion of federal funds. In addition, schools are estimated to receive nearly \$4.1 billion from local property tax revenues.*

Over 80% of State Funding Supports the Per-Pupil Foundation Allowance



Note: Federal funds are not included.

Total: \$11.9 Billion

Highlights of the Governor's Budget Recommendation for School Aid

- Increases per pupil funding for schools funded at the minimum foundation level by \$216, a 3 percent increase. Those districts with foundation allowances between the minimum and the maximum will receive a pro-rated increase depending on how large the gap is between their foundation allowance and the maximum. All K-12 districts will receive an increase of at least \$108 per pupil.
- Authorizes \$300 million in bond revenues to help districts replace large, impersonal high schools that have low academic achievement and high dropout rates with small high schools that use strong personal relationships, consistent discipline, and real-world relevance to help at-risk students achieve high academic goals. Related debt-service costs of \$32 million are appropriated.
- Increases funding for Great Start preschool programs by \$31.5 million to fund preschool opportunities for an additional 7,000 children, to increase Early Childhood Investment Corporation (ECIC) local collaborative grants, and for innovation grants that focus on improving the educational quality of early childhood settings.

- Dedicates nearly \$1.5 billion for children in need of special education services; targets over \$850 million to aid children academically at risk; provides nearly \$365 million for school meal programs; and increases funding for adolescent teen health centers to a total of \$5.7 million.
- Increases funding by \$4.3 million to continue the development of a seamless student data system that links preschool and higher education data to existing K-12 data, as well as upgrades to the educational personnel data system.
- Provides \$1.9 million so that intermediate school districts can provide technical assistance to Michigan's high priority schools.
- Provides \$1.0 million in competitive matching grants for teams of high school students who participate in FIRST Robotics competitions and increases funding for Advanced and Accelerated programs to a total of \$1.0 million.

Highlights of Fiscal Year 2008 Supplemental Recommendation

- The Governor proposes an additional \$4.7 million to correct a funding shortfall in the Great Start Readiness Program; increases school loan revolving fund debt service by \$2.0 million; provides \$1.3 million to assist sparsely populated districts in the Upper Peninsula; increases funding for student testing by \$600,000; and restores funding for the First Robotics Program.

Fiscal Year 2009 Governor's Recommendation
School Aid
(\$ in Thousands)

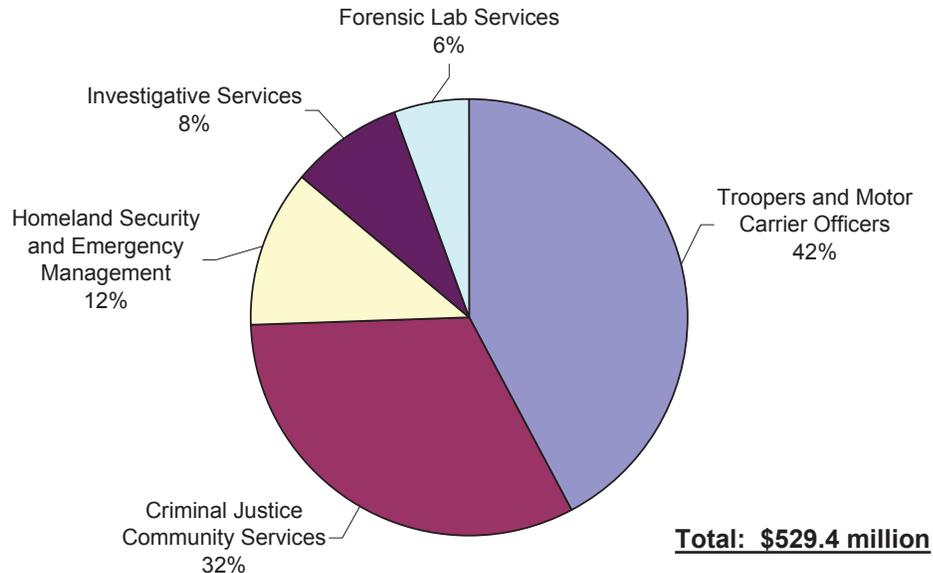
	FY07	FY08	FY09
	Appropriation	Current Law	Recommendation
GF/GP	\$35,000.0	\$34,909.6	\$43,000.0
All Funds	\$13,008,200.1	\$13,006,025.1	\$13,515,227.7
	% Change - GF/GP	-0.3%	23.2%
	% Change - All Funds	0.0%	3.9%

Programs	GF/GP	All Funds
Foundation Allowance Payments	\$1,230.5	\$9,987,450.0
Special Education Funding	\$0.0	\$1,451,083.0
No Child Left Behind and Other Federal Funding	\$0.0	\$785,547.2
School Food Programs	\$0.0	\$364,626.1
At Risk Children Services	\$0.0	\$321,350.0
Statutorily Required Payments/Reimbursements	\$16,100.0	\$186,900.0
Great Start Preschool Programs	\$17,054.1	\$134,204.1
Intermediate School District Operations	\$0.0	\$83,812.0
State Assessments	\$0.0	\$39,385.7
Vocational Education	\$0.0	\$39,000.0
Small High Schools Infrastructure Program	\$0.0	\$32,000.0
Adult Education	\$0.0	\$24,000.0
Declining Enrollment Assistance Funding	\$0.0	\$20,000.0
Court Placed and Juvenile Programs	\$0.0	\$12,113.1
Math and Science Programs	\$110.0	\$10,429.4
Center for Education Performance and Information	\$6,755.4	\$9,548.6
Michigan Virtual High School	\$1,750.0	\$4,950.0
School Transportation Safety Programs	\$0.0	\$3,028.5
Bilingual Education	\$0.0	\$2,800.0
Health/Science Middle College	\$0.0	\$2,000.0
Advanced and Accelerated Programs	\$0.0	\$1,000.0
Total FY 2009 Recommendation	\$43,000.0	\$13,515,227.7

Department of State Police

The Michigan State Police (MSP) delivers law enforcement services throughout the state while respecting the rights and dignity of all persons. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$529.4 million, of which \$286 million is general fund.*

State Police Provides Statewide Law Enforcement Services



Highlights of Governor's Budget Recommendation for MSP

- Over \$194 million supports state troopers who provide law enforcement services throughout the state. The Governor's budget adds \$7.3 million for a 100-recruit trooper school to graduate by March 2009, the first recruit school since 2004. This will increase trooper strength to 1,127 troopers, the highest level since 2003.
- Provides over \$28 million for commercial motor vehicle enforcement, including weigh station operations, road patrol, and safety-related programs.
- Increases funding by \$3.0 million to \$13.0 million for the Michigan Public Safety Communications System, which provides statewide two-way radio communications for local and state public safety agencies during an emergency or disaster.
- Recommends \$62.0 million for statewide homeland security efforts.
- Includes over \$29 million for forensic science services at seven crime laboratories.
- Supports over \$37 million in grants to local law enforcement agencies for auto theft prevention, secondary road patrols and law enforcement training.
- Adds \$2.5 million to include palm prints of offenders into the state's sex offender registry.

Highlights of Fiscal Year 2008 Supplemental Recommendation

- Recommends \$1.0 million to begin the trooper school in September 2008.

Fiscal Year 2009 Governor's Recommendation
Department of State Police
(\$ in Thousands)

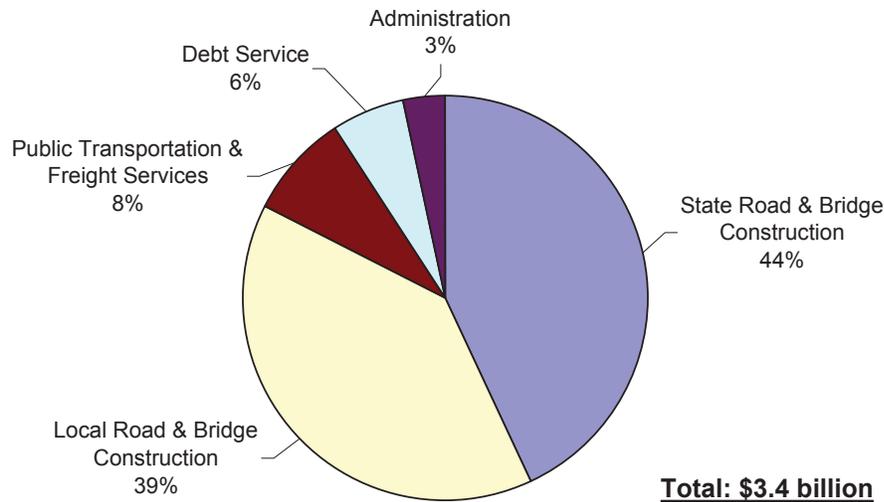
	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$242,195.9	\$272,588.2	\$286,041.2
All Funds	\$564,884.2	\$564,686.2	\$529,412.2
	% Change - GF/GP	12.5%	4.9%
	% Change - All Funds	0.0%	-6.2%

Programs	GF/GP	All Funds
Troopers and Motor Carrier Officers	\$149,252.5	\$223,156.7
Criminal Justice Community Services	\$84,043.7	\$170,333.4
Homeland Security and Emergency Management	\$2,393.0	\$61,994.3
Investigative Services	\$28,901.5	\$44,474.3
Forensic Lab Services	\$21,450.5	\$29,453.5
*Adjusted for program transfers		
Total FY 2009 Recommendation	\$286,041.2	\$529,412.2

Department of Transportation

Through investments in the state's network of roads and bridges, public transportation systems, freight development, and aviation support programs, the Michigan Department of Transportation (MDOT) works to ensure a safe, efficient and effective transportation infrastructure. *The Governor's proposed budget for fiscal year 2009 recommends total funding of \$3.4 billion, supported entirely with federal and restricted revenues.*

Road Construction Receives 83% of Transportation Funds



Highlights of Governor's Budget Recommendation for MDOT

- Recommends \$1.5 billion for state road and bridge construction and maintenance projects.
- Allocates \$1.4 billion to local units of government to support road and bridge construction projects and maintenance efforts on local roads.
- Provides \$285.2 million for public transportation services to support local bus operating and capital assistance, specialized services to the disabled and elderly, rail passenger service, and various transportation to work programs.
- Reduces debt service payments by \$31.6 million, mostly related to the payoff of short-term federal grant anticipation notes.

**Fiscal Year 2009 Governor's Recommendation
Department of Transportation
(\$ in Thousands)**

	FY07 Appropriation*	FY08 Current Law*	FY09 Recommendation
GF/GP	\$0.0	\$0.0	\$0.0
All Funds	\$3,405,848.4	\$3,357,851.6	\$3,424,465.5
	% Change - GF/GP	0.0%	0.0%
	% Change - All Funds	-1.4%	2.0%

Programs	GF/GP	All Funds
State Road & Bridge Construction and Maintenance	\$0.0	\$1,478,192.8
Local Road & Bridge Construction and Maintenance	\$0.0	\$1,351,576.9
Public Transportation & Freight Services	\$0.0	\$285,230.2
Debt Service Obligations	\$0.0	\$192,003.6
Administrative Support Services	\$0.0	\$117,462.0
* Adjusted for Program Transfers		
Total FY 2009 Recommendation	\$0.0	\$3,424,465.5

Background Information

	<u>Page</u>
Revenues and Expenditures	C 1
Consensus Economic Outlook	C 3
Revenue Estimates	C 7
Revenue Review	C 8
Capped Federal Funds Shared Between Departments	C 19
Special Revenue Funds Shared Between Departments	C 23
Summary of Expenditure Recommendation	C 27
Budget Schedule - by Agency	C 29
Historical Expenditures/Appropriations	C 31
Civil Service Pay Recommendations	C 33
Legislation Necessary to Implement FY 2009 Executive Budget	C 37

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

Fiscal Year 2009
Sources and Uses of General Fund/General Purpose
(in millions)

Estimated Beginning Fund Balance, October 1, 2008	\$125.5
REVENUES:	
Estimated January Consensus Net Revenues	\$9,193.7
<u>Proposed Adjustments:</u>	
Michigan Job Creation Credit	(34.8)
Revenue Sharing Reductions	524.3
Charge School Aid Fund for Short-term Borrowing	45.0
Proceeds from Land Sales	<u>6.5</u>
Total Sources of Funds	\$9,860.2
EXPENDITURES:	
Fiscal Year 2009 Executive Recommendation	\$9,849.3
Total Uses of Funds	<u>\$9,849.3</u>
Ending Fund Balance, September 30, 2009	<u><u>\$10.9</u></u>

Fiscal Year 2009
Sources and Uses of All Funds
(in millions)

Estimated Beginning Unreserved Fund Balance, October 1, 2008		\$780.3
REVENUES:		
Fiscal Year 2009 Revenue Estimate		\$43,916.8
<u>Adjustments Included in Revenue Estimate:</u>		
Michigan Job Creation Credit	(\$34.8)	
Revenue Sharing Reductions	524.3	
Charge School Aid Fund for Short-term Borrowing	45.0	
Proceeds from Land Sales	6.5	
 TOTAL REVENUES		 <u>\$43,916.8</u>
 Total Sources of Funds		 \$44,697.1
 EXPENDITURES:		
Fiscal Year 2009 Executive Recommendation	\$44,834.4	
Less: Interdepartmental Grants and Transfers	(801.6)	
 Total Uses of Funds		 <u>\$44,032.8</u>
 Excess of Sources Over Uses		 <u><u>\$664.3</u></u>

Consensus Economic Outlook

The economic and revenue outlooks were agreed to at the January 11, 2008, Consensus Revenue Estimating Conference by the Administration, House Fiscal Agency, and Senate Fiscal Agency.

2007 U.S. Economic Review

The current U.S. economic expansion is now six years old, having begun in November 2001. Calendar year 2007 real GDP is estimated to have grown by 2.2 percent, down from 2.9 percent growth in 2006. Real GDP posted meager growth (0.6 percent annual rate) in the first quarter. The economy then posted solid growth in the second (3.8 percent annual rate) and third quarters (4.9 percent annual rate) before slowing markedly in the fourth quarter. (Unless otherwise specified year references pertain to calendar years.)

Light vehicle sales fell 400,000 units to 16.1 million, their lowest level since 1998. Big Three vehicle market share continued to shrink. As a result, Big Three vehicle sales fell from 8.9 million units to 8.2 million units.

The housing market slowed markedly in 2007. Housing starts fell from 1.80 million units to 1.35 million units -- their lowest level since 1993. In percentage terms, starts fell by 24.8 percent, their largest decline in 27 years. While falling less sharply than housing starts, existing home sales declined substantially (12.8 percent) to 5.65 million units. Monthly existing home sales declined through the year with fourth quarter sales hovering around a 5.00 million unit rate. Compared to a year ago, the December 2007 median existing home price fell by 6.0 percent.

As the housing market has weakened, delinquencies and foreclosures have risen. In the third quarter of 2007, 5.59 percent of borrowers were at least 30 days late making their mortgage payments -- just below the record high of 5.68 percent in 1986. A record 1.26 percent of borrowers were 90-plus days late. The percent of homes starting foreclosure jumped in the third quarter to the highest level since the Mortgage Bankers Association began keeping track in 1972. Still more, fallout from the sub-prime (high risk) housing mortgage market has engendered considerable weakness in financial markets and severely tightened credit market conditions (a credit crunch).

U.S. employment has increased each month since late-2003 and monthly employment now exceeds its pre-recession peak by 5.9 million jobs. However, average monthly gains slowed in 2007 -- falling to 110,000 per month, down from nearly 190,000 per month in 2006. In December, employment rose by only 18,000 jobs. In 2007, the U.S. unemployment rate remained unchanged compared to 2006 at 4.6 percent. However, the monthly rate has been increasing throughout the year and was 5.0 percent in December 2007.

Between October 2006 and June 2007, monthly oil prices ranged between the mid-\$50's and mid-\$60's. However, since July 2007, oil prices have risen substantially. In November, oil prices averaged \$95 a barrel before falling slightly to \$92 a barrel in December. Several factors have helped drive prices sharply higher including geopolitical tensions, poor weather and diminishing

stocks. Gasoline prices averaged around \$3.00 a gallon in 2007. Overall, consumer prices rose at a 2.8 percent rate.

Given a sharply weaker housing market, sharply higher fuel costs, turmoil in financial markets and concomitant credit crunch, sentiment flagged. Between December 2006 and December 2007, the University of Michigan index of consumer sentiment fell 16.2 points to 75.5, its second lowest level since the early 1990s. In November, the UBS Index of Investor Optimism plummeted 26 points to 44, its lowest level since Hurricane Katrina. While recovering slightly in December, the index remained near its post-Katrina low. Similarly in November, the National Association of Home Builders market index registered an 18, its lowest level since the survey began before rising just one point in December.

2007 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, continued declines in Big 3 market share along with continued supply rationalization among vehicle suppliers, Michigan's economic performance has been below the national average.

The dramatic restructuring being undertaken by the Big 3 has had a large impact on Michigan employment. From Michigan's employment peak in June 2000 to December 2007, Michigan lost nearly 450,000 jobs (-9.5 percent). Since June 2000, Michigan manufacturing employment has fallen by nearly 300,000 jobs. In 2007, overall State employment fell by an estimated 60,000 jobs. Based on preliminary estimates, Michigan's unemployment rate rose from 6.9 percent to 7.2 percent.

Michigan wages and salaries income is estimated to have grown by 2.1 percent in 2007. Overall personal income increased by an estimated 3.4 percent. With 2.0 percent inflation, real (inflation adjusted) personal income rose by an estimated 1.4 percent.

Michigan has been hit disproportionately hard from the weakened housing market. According to the Office of Federal Housing Enterprise Oversight, among all states, Michigan saw the largest quarterly annualized home price decline in 2007Q3 (-9.6 percent). Michigan also has one of the highest foreclosure rates in the nation and reported the second highest state mortgage delinquency rate, behind Mississippi.

2008 and 2009 U.S. Consensus Economic Outlook

Real GDP is forecast to slow to 1.8 percent in 2008 before rebounding to 2.6 percent growth in 2009. These forecasted values compare to 2.2 percent growth in 2006. (See Table 1). Light vehicle sales are forecast to be 15.7 million units in 2008 and 16.0 million in 2009. Inflation is

projected to remain unchanged at 2.8 percent in 2008 before slowing to 2.5 percent in 2009. Short-term interest rates are projected to fall from 4.4 percent in 2007 to 3.5 percent in 2008 and then rise to 4.0 percent in 2009.

In 2008, the U.S. unemployment rate is projected to rise from 4.6 percent to 5.1 percent before increasing to 5.3 percent in 2009.

2008 and 2009 Michigan Consensus Economic Outlook

Due to the slowing national economy and continued auto company restructuring, Michigan wage and salary employment is forecast to record significant declines in both 2008 (-1.9 percent) and 2009 (-0.8 percent). The projected 2009 State employment decline would mark the ninth straight year of declines. Quarterly employment declines are expected to average around 22,000 jobs in fiscal year (FY) 2008 before slowing through the end of FY 2009. Michigan's unemployment rate is expected to rise sharply from 7.2 percent in 2007 to 8.2 percent in 2008. In 2009, the State's unemployment rate is forecast to average 8.7 percent.

Michigan personal income is forecast to increase 1.3 percent in 2008 and 2.8 percent in 2009. Inflation, as measured by the Detroit CPI, is forecast to be 2.5 percent in 2008 and 2.3 percent in 2009. As a result, real Michigan personal income (inflation adjusted) is expected to decline 1.2 percent in 2008 before rising 0.5 percent in 2009.

Forecast Risks

Considerable uncertainty surrounds two key issues: (1) Has the housing market bottomed out or does it have further to fall? If it has further to decline, how steep will that decline be? and (2) How severe will the concomitant credit crunch be and how broadly and deeply will the crunch depress overall economic activity? A sharply weaker housing market would slow economic growth more than forecasted in the baseline forecast. Similarly, a more severe credit crunch could weaken financial markets in particular and the U.S. economy in general.

Geopolitical concerns, increased demand, or a major supply disruption could substantially raise oil prices (and consequently gasoline prices). These higher prices could slow economic growth while at the same time fueling higher inflation.

A collapsing housing market, combined with other risk factors such as the credit crunch and high oil prices, could send the U.S. economy into a recession. In the December 2007 *Wall Street Journal's* poll of economists, respondents, on average, placed a 38 percent probability that the U.S. economy will soon fall into recession.

Lower than expected light vehicle sales may result in restructuring and rationalization in the motor vehicle industry beyond that presumed in the baseline forecast. This could result in steeper declines in Michigan employment and slower State income growth.

Table 1
Consensus Economic Forecast

January 2008

	Calendar 2006 Actual	Calendar 2007 Forecast	Percent Change from Prior Year	Calendar 2008 Forecast	Percent Change from Prior Year	Calendar 2009 Forecast	Percent Change from Prior Year
United States							
Real Gross Domestic Product (Billions of Chained 2000 Dollars)	\$11,319	\$11,568	2.2%	\$11,776	1.8%	\$12,082	2.6%
Implicit Price Deflator GDP (2000 = 100)	116.6	120.0	2.6%	122.6	2.2%	125.8	2.6%
Consumer Price Index (1982-84 = 100)	201.6	207.2	2.8%	213.0	2.8%	218.3	2.5%
Personal Consumption Deflator (2000 = 100)	114.7	117.5	2.5%	120.2	2.3%	122.6	2.0%
3-month Treasury Bills Interest Rate (percent)	4.7	4.4		3.5		4.0	
10 year Treasury Bills Interest Rate (percent)	4.8	4.7		4.4		4.8	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.6		5.5		5.8	
Unemployment Rate - Civilian (percent)	4.6	4.6		5.1		5.3	
Light Vehicle Sales (millions of units)	16.5	16.1	-2.5%	15.7	-2.5%	16.0	1.9%
Passenger Car Sales (millions of units)	7.8	7.5	-3.6%	7.4	-1.3%	7.5	1.4%
Light Truck Sales (millions of units)	8.7	8.6	-1.4%	8.3	-3.5%	8.5	2.4%
Import Share of Light Vehicles (percent)	22.4	23.6		24.3		24.5	
Michigan							
Wage and Salary Employment (thousands)	4,341	4,280	-1.4%	4,199	-1.9%	4,165	-0.8%
Unemployment Rate (percent)	6.9	7.2		8.2		8.7	
Personal Income (millions of dollars)	\$341,075	\$352,672	3.4%	\$357,256	1.3%	\$367,260	2.8%
Real Personal Income (millions of 1982-84 dollars)	\$173,487	\$175,896	1.4%	\$173,847	-1.2%	\$174,719	0.5%
Wages and Salaries (millions of dollars)	\$185,173	\$189,062	2.1%	\$187,739	-0.7%	\$190,367	1.4%
Detroit Consumer Price Index (1982-84 = 100)	196.6	200.5	2.0%	205.5	2.5%	210.2	2.3%
Detroit CPI Fiscal Year (1982-84 = 100)	195.9	199.0	1.6%	204.2	2.6%	208.9	2.3%

Revenue Estimates

Fiscal Year 2007 Revenue

The preliminary FY 2007 book-closing results indicate that General Fund-General Purpose (GF-GP) revenues increased by 0.6 percent on a Consensus basis to \$8,317.7 million. Including items not included in the Consensus base, GF-GP revenues totaled \$8,996.4 million. School Aid Fund (SAF) revenue grew 0.6 percent in FY 2007 to \$11,153.2 million.

Fiscal Year 2008 and Fiscal Year 2009 Revenue Estimates

On January 11, 2008, the Administration and the House and Senate Fiscal Agencies reached a consensus on projected revenues for FY 2008 and FY 2009. Agreement was reached on baseline revenue forecasts and on the effects of enacted tax changes. The January 2008 Consensus revenue estimates are used for the Governor's *Executive Budget*. The economic and revenue forecasts will be revisited again at the May consensus conference before the final budget bills are passed by the legislature.

Continued weakness in Michigan's economy will limit the growth in underlying revenues. However, two recent tax changes will significantly increase revenues. Michigan's income tax rate was increased from 3.90 percent to 4.35 percent effective October 1, 2007, increasing FY 2008 GF-GP revenues by \$744 million. Public Act 145 of 2007 added a surcharge to the Michigan Business Tax (MBT), increasing FY 2008 revenues by \$479 million. Without these tax changes FY 2008 GF-GP revenue would have fallen by over 2 percent. However, with these tax changes, FY 2008 GF-GP revenue is forecast to grow by 11.2 percent on a Consensus basis to \$9,246.5 million. After factoring in proposed changes and other budget measures, total FY 2008 GF-GP revenue is expected to be \$9,765.9 million. On a Consensus basis, net FY 2008 SAF revenue is expected to grow 1.8 percent to \$11,353.1 million. Including transfers, federal aid, and other budget measures, FY 2008 SAF revenue will total \$12,864.0 million.

FY 2009 GF-GP revenue will total \$9,193.7 million on a Consensus basis, a 0.6 percent decline compared to FY 2008. After factoring in proposed tax changes and other budget measures, total FY 2009 GF-GP revenue is expected to be \$9,734.7 million. On a Consensus basis, net FY 2009 SAF revenue is expected to increase by 4.6 percent to \$11,870.6 million. Approximately 3 percentage points of this increase is due to the additional revenue raised by the MBT to reimburse local school districts for local property tax exemptions. After factoring in proposed changes, federal aid, transfers, and other budget measures, SAF revenue will total \$13,475.6 million.

Overall FY 2009 Revenue

Total net revenue for all funds is estimated to be \$44.7 billion in FY 2009. A summary of revenues by fund is presented on page C-8. The Detailed Statement of General and Special Revenue Funds presents information for FY 2006 through FY 2009.

Projected Revenues FY 2008 - 2009

(millions)

	<u>FY 2008 - 2009</u>
General Fund - General Purpose	
Consensus Estimate	9,193.7
Total Adjustments	541.0
Total General Fund - General Purpose	<u>9,734.7</u>
 School Aid Fund	
Consensus Estimate	11,870.6
Transfers and Federal Aid	1,605.0
Total SAF Revenue	<u>13,475.6</u>
 Transportation Funds	 4,733.8
 Special Revenue & Permanent Funds	 5,415.0
 Federal Aid (Not Elsewhere Itemized)	 11,754.4
	<u> </u>
Sub-Total All Funds	45,113.5
 Fund Balances Available	 780.3
	<u> </u>
Gross Total All Resources	45,893.8
Less Interfund Transfers (excluding GF-GP)	(1,196.7)
	<u> </u>
Net Total All Resources	<u><u>\$ 44,697.1</u></u>

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
GENERAL FUND - GENERAL PURPOSE REVENUE				
TAXES				
Individual Income ⁽¹⁾	5,809,618,803	6,025,125,670	6,808,700,000	6,959,500,000
Less: Refunds	(1,625,620,932)	(1,687,305,588)	(1,828,600,000)	(2,049,100,000)
Net Individual Income	4,183,997,872	4,337,820,082	4,980,100,000	4,910,400,000
Single Business	1,841,949,160	1,816,105,451	638,000,000	0
Michigan Business ⁽¹⁾	0	0	1,543,300,000	2,181,800,000
Sales ⁽²⁾	628,894,779	634,157,428	64,100,000	93,000,000
Use ⁽¹⁾	916,981,000	919,961,402	924,000,000	930,000,000
Insurance Company Premium Retaliatory	219,538,388	223,753,901	244,000,000	260,000,000
Tobacco	228,994,042	225,388,800	220,900,000	216,600,000
Utility Property	84,481,915	89,116,708	80,000,000	76,000,000
Horse Race Wagering	2,000,000	0	0	0
Casino Gaming Wagering ⁽¹⁾	44,967,996	46,096,752	15,200,000	0
Penalties and Interest	140,399,699	157,899,980	150,000,000	151,000,000
Intangibles	227,576	(16,173)	0	0
Estate / Inheritance	593,113	711,605	0	0
Beer and Wine Excise	51,216,591	51,478,349	52,000,000	52,500,000
Oil and Gas Severance	81,480,582	72,003,899	72,000,000	69,000,000
Liquor Specific ⁽³⁾	34,907,602	36,176,046	36,600,000	37,000,000
Other	0	35,000,000	0	0
Enhanced Enforcement and ACS ⁽⁴⁾	(101,016,036)	(107,656,080)	(111,000,000)	(113,000,000)
TOTAL GF - GP TAXES	8,359,614,276	8,537,998,150	8,909,200,000	8,864,300,000

⁽¹⁾ See also School Aid Fund.

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

⁽³⁾ See also School Aid Fund.

⁽⁴⁾ Restricted revenues supporting Treasury collection activities are shown here as negatives.

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
GENERAL FUND - GENERAL PURPOSE REVENUE				
NON-TAX REVENUE				
Federal Aid	20,076,669	18,808,859	20,000,000	20,000,000
Local Agencies	206,873	403,615	700,000	700,000
Services	8,034,589	8,176,754	8,100,000	8,100,000
Licenses & Permits	50,661,095	33,611,035	23,000,000	23,000,000
Miscellaneous	269,286,143	226,719,527	192,500,000	190,500,000
Interest and Investment Profits	215,048	1,304,239	(73,000,000)	(79,000,000)
TOTAL GF - GP NON-TAX REVENUE	348,480,417	289,024,030	171,300,000	163,300,000
TRANSFERS FROM OUTSIDE GENERAL & SPECIAL REVENUE FUNDS				
Other Interfund Transfers Received	74,386	277,296,884	0	0
Liquor Purchase Revolving Fund	148,542,537	158,651,210	155,000,000	155,000,000
Transfers From Lottery Charitable Gaming and Other Funds	10,489,125	10,758,853	11,000,000	11,000,000
TOTAL GF - GP TRANSFERS	159,106,049	446,706,947	166,000,000	166,000,000
General Fund - General Purpose Summary				
GF - GP Tax Revenue	8,359,614,276	8,537,998,150	8,909,200,000	8,864,300,000
GF - GP Non-Tax Revenue	348,480,417	289,024,030	171,300,000	163,300,000
GF - GP Transfers	159,106,049	446,706,947	166,000,000	166,000,000
TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers	8,867,200,742	9,273,729,127	9,246,500,000	9,193,700,000
LESS: Interfund Transfers	(74,386)	(277,296,884)	0	0
CONSENSUS TOTAL GENERAL FUND-GENERAL PURPOSE	8,867,126,356	8,996,432,243	9,246,500,000	9,193,700,000
Excluding interfund transfers to GF-GP				
BUDGET ADJUSTMENTS				
Michigan Job Creation Credit	NA	NA	(6,200,000)	(34,800,000)
Revenue Sharing Reductions	NA	NA	557,600,000	524,300,000
Charge School Aid Fund for Short-Term Borrowing	NA	NA	22,800,000	45,000,000
Proceeds from Land Sales	NA	NA	22,900,000	6,500,000
Financial Institution Funds Transfer	NA	NA	2,000,000	0
Deposit into Budget Stabilization Fund	NA	NA	(100,000,000)	0
Other Adjustments	NA	NA	20,300,000	0
TOTAL ADJUSTMENTS	NA	NA	519,400,000	541,000,000
TOTAL GENERAL FUND-GENERAL PURPOSE WITH ADJUSTMENTS	8,867,126,356	8,996,432,243	9,765,900,000	9,734,700,000
Excluding interfund transfers to GF-GP				

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
GENERAL FUND-SPECIAL PURPOSE/SPECIAL REVENUE AND PERMANENT FUNDS (EXCLUDING FEDERAL AID)				
Air Emission Fees	11,569,585	10,846,477	15,140,000	14,740,000
Airport Parking Revenue	20,427,164	21,526,748	22,951,363	24,654,004
Auto Repair Facilities Fees	3,957,717	3,501,359	4,200,000	4,200,000
Auto Theft Prevention Fund	6,670,407	6,616,355	6,525,000	6,475,000
Bottle Deposits Fund	22,937,855	28,973,579	22,348,031	16,878,139
Budget Stabilization Fund	64,616	72,922	100,090,000	4,330,000
Child Support Collections	37,150,495	39,201,704	38,311,200	34,327,100
Children's Trust Fund	3,320,711	3,443,724	3,200,000	3,200,000
Civil Infraction Fee	7,181,673	6,967,939	7,514,400	7,514,400
Civilian Conservation Endowment Fund	868,418	1,832,391	85,000	0
Commercial Mobile Radio Emergency Telephone Fund	24,777,880	21,698,368	22,159,726	9,559,726
Conservation and Recreation Bond Proceeds	158,929,385	4,272,874	107,000	107,000
Contributions to Children of Veterans Tuition Grant Program	0	201,134	300,000	300,000
Construction Lien Recovery Fund	633,542	1,471,714	1,390,000	1,370,000
Convention Facility Development Fund	53,179,446	18,922,093	55,085,285	56,641,313
Corporation Fees	20,084,438	19,832,538	21,182,000	21,182,000
Correctional Industries Revolving Fund	16,035,918	15,923,825	20,346,400	20,399,400
Court Equity Fund	46,282,621	46,870,865	46,052,172	46,052,172
Court Fee Fund	6,226,229	7,257,277	6,964,700	6,964,700
Criminal Justice Info Cntr Service Fees	9,339,738	13,953,208	13,838,500	13,500,000
Delinquent Tax Collection Revenue & MARCS Revenue	100,560,382	107,168,689	111,000,000	113,000,000
Driver Fees	15,947,338	16,554,877	32,200,000	30,600,000
Equine Development Fund	14,496,248	15,885,102	12,552,000	12,607,200
Fees and Collections	6,357,448	4,179,964	5,082,500	5,576,800
Forest Development Fund	27,237,030	26,361,800	23,137,500	24,000,000
Game and Fish Protection Account	64,587,599	64,958,018	62,140,100	61,036,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
Game and Fish Protection Trust Fund	15,552,671	21,979,836	12,764,200	12,764,200
Groundwater & Freshwater Protection Fund	4,167,961	4,082,044	3,810,900	3,810,900
Group Insurance Fund, Flexible Spending and COBRA	3,500,529	6,356,985	8,663,500	8,676,000
Health and Safety Fund - Counties	20,668,455	19,826,351	19,400,000	18,974,000
Health Professions Regulatory Fund	18,480,066	19,021,799	20,000,000	20,891,900
Healthy Michigan Fund	43,411,873	43,666,362	40,180,000	39,280,000
Highway Safety Fund	14,196,926	13,932,185	14,143,700	14,100,000
Income and Assessments	19,871,819	20,476,798	20,100,000	20,500,000
Individual Income Tax - Refunds	834,000,000	883,400,000	0	0
Insurance Licensing Fees	(9,285,026)	3,126,316	5,957,000	5,957,000
Insurance Regulatory Fees	10,589,267	12,951,957	13,386,000	13,807,000
Judicial Technology Improvement Fund	4,367,256	4,631,506	4,481,900	4,481,900
Juror Compensation Fund	4,982,770	4,826,789	4,900,000	4,900,000
Land Reutilization Fund	1,713,210	2,949,490	650,000	650,000
Licensing & Inspection Fees	5,739,567	5,611,543	5,775,300	5,743,400
Licensing & Regulation Fees	11,669,109	13,603,862	11,069,690	12,177,340
Liquor License Revenue	11,206,913	11,375,338	12,067,300	12,067,300
Liquor Operations	13,653,189	14,617,460	20,494,900	19,428,600
Local Funds - County Payback	55,931,388	55,826,664	57,000,000	57,000,000
Local Revenues - DCH	221,519,862	221,685,463	247,237,400	241,980,600
Local Vocational Rehabilitation Match	6,352,074	6,227,397	6,300,000	6,300,000
Lottery Operations	37,783,804	37,821,700	45,497,100	45,242,300
Low Income and Energy Efficiency Fund	56,798,704	83,112,852	82,400,000	82,400,000
Mackinac Island State Park Fund	1,311,035	1,249,083	1,613,000	1,618,000
Manufacturer Rebates	0	0	60,952,100	60,952,100
Medicaid Benefits Trust Fund	402,205,904	383,130,253	376,100,000	369,400,000
Merit Award Trust Fund	252,396,859	361,874,578	266,300,000	203,100,000
Michigan Employment Security Contingent Fund	6,811,575	15,847,127	13,500,000	13,500,000
Michigan Health Initiative Fund	9,127,374	9,084,487	9,100,000	9,100,000
Michigan Higher Education Assistance and Student Loan Authorities	22,194,090	22,116,347	34,245,900	34,309,100
Michigan Higher Education Assistance Authority Operating Fund	0	3,000,000	1,200,000	0
Michigan Justice Training Fund	7,422,091	7,269,621	7,266,313	7,266,313

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
Michigan Natural Resources Trust Fund	71,960,412	79,787,727	52,921,800	52,508,100
Michigan Nongame Fish and Wildlife Fund	586,883	870,608	563,400	568,400
Michigan State Fair/Exposition and Fairgrounds Fund	5,730,205	4,747,944	6,600,000	6,600,000
Michigan State Housing Development Authority	37,871,653	39,746,021	43,856,700	44,432,500
Michigan State Parks Endowment Fund	17,834,296	27,686,775	16,745,900	16,745,900
Michigan State Waterways Account	29,130,791	29,786,606	30,190,101	29,694,701
Michigan Veterans' Trust Fund	2,537,684	4,299,605	4,300,000	4,300,000
Motor Carrier Fees	5,322,159	401,933	3,628,883	3,737,750
Newborn Screening Fees	7,354,647	7,470,927	10,615,600	10,869,900
Nonpoint Discharge Elimination System Fees	3,045,596	3,003,426	2,900,000	2,900,000
Off Road Vehicle Account	3,431,302	9,909,497	3,529,401	3,503,200
Oil and Gas Regulatory Fund	8,211,712	9,086,308	10,978,460	9,000,000
Outdoor Recreation Legacy Account	2,134,477	4,742,735	2,165,500	2,341,000
Parole and Probation Oversight Fees	7,832,266	7,678,798	10,753,900	10,795,100
Public Utility Assessments	18,606,701	21,520,375	21,000,000	21,000,000
Quality Assurance Assessment Tax	676,922,897	827,775,603	1,007,775,200	1,068,811,300
Refined Petroleum Fund	59,727,401	57,398,041	55,125,985	54,250,039
Remonumentation Fees	(3,651,513)	8,712,959	11,039,800	11,039,800
Retirement Operations	29,099,194	32,801,000	37,579,200	38,700,200
Safety Education and Training	6,796,178	9,047,996	8,969,000	8,969,000
Sales Tax - Revenue Sharing	1,102,520,055	1,070,892,341	1,072,600,000	1,091,200,000
Scrap Tire Regulatory Fund	4,516,529	4,426,760	4,300,000	4,200,000
Second Injury Fund	16,780,974	19,287,211	17,500,000	13,200,000
Secondary Road Patrol & Training Fund	14,163,829	13,334,319	13,270,300	13,270,300
Securities Fees	14,455,258	14,366,145	19,782,000	19,782,000
Self Insurer's Security Fund	9,315,460	10,237,555	7,500,000	6,500,000
Snowmobile Account	9,630,692	20,280,854	9,409,800	9,565,599
Solid Waste Program Fees	4,507,546	4,020,998	4,000,000	4,000,000
Special Financing Revenues - Medicaid	0	0	73,681,800	67,395,500
State Campaign Funds	1,270,050	(5,980,695)	1,500,000	1,500,000
State Casino Gaming Fund	31,121,235	32,387,539	33,408,547	34,321,972
State Construction Code Fund	9,281,166	12,702,090	9,296,800	9,511,800

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
State Court Sub - Fund	7,811,063	8,011,613	7,818,528	7,818,528
State Park Improvement Account	39,913,280	39,686,458	39,528,500	39,449,400
Supplemental Security Income Recoveries	8,690,591	9,272,204	10,700,000	14,834,200
Telephone Fees & Commissions	10,026,479	10,221,862	11,077,700	12,684,300
Traffic Law Enforcement and Safety	30,458,618	33,760,103	24,694,700	24,500,000
Transportation Admin Collection Fund	110,286,015	112,325,734	109,700,000	109,700,000
Twenty-First Century Jobs Fund	400,000,000	0	135,000,000	75,000,000
Victims Services Fund	9,801,781	9,873,087	9,710,300	9,710,300
Other Restricted Revenues	520,380,706	923,468,457	519,842,894	556,531,384
Total GF-Special Purpose/Special Revenue & Permanent Funds	6,132,581,468	6,352,227,257	5,556,019,777	5,415,035,679
Less: Interfund Transfers	(540,578,608)	(145,023,047)	(161,414,153)	(160,964,915)
Net Total GF-Special Purpose/Special Revenue & Permanent Funds	5,592,002,860	6,207,204,210	5,394,605,624	5,254,070,764
FEDERAL AID NOT ELSEWHERE ITEMIZED:				
Federal Aid: Agriculture	13,007,971	9,064,852	21,240,600	14,861,000
Federal Aid: Attorney General	3,116,257	3,388,450	7,816,000	8,050,800
Federal Aid: Capital Outlay (excluding Transportation)	30,176,566	23,566,580	30,524,400	54,993,000
Federal Aid: Civil Rights	1,557,900	1,754,200	2,054,100	2,057,300
Federal Aid: Civil Service	0	0	4,779,100	10,669,900
Federal Aid: Community Health	5,584,352,450	5,982,114,176	6,708,510,700	7,159,187,100
Federal Aid: Corrections	4,867,798	5,456,930	10,340,700	10,350,200
Federal Aid: Education	46,099,718	43,294,553	72,749,800	69,675,500
Federal Aid: Environmental Quality	44,103,023	45,267,704	131,750,500	130,636,100
Federal Aid: Human Services (FIA)	3,057,979,113	3,105,936,273	3,147,497,400	3,146,833,100
Federal Aid: Higher Education - Grants	2,655,815	2,653,609	7,400,000	7,400,000
Federal Aid: History, Arts and Libraries	6,047,553	6,527,796	7,307,400	7,507,400
Federal Aid: Judiciary	2,934,271	5,353,245	4,626,400	4,626,400
Federal Aid: Labor and Economic Growth	597,375,580	613,234,419	820,712,500	831,637,300
Federal Aid: Military Affairs	51,101,405	53,256,462	56,187,500	57,538,200
Federal Aid: Natural Resources	42,163,269	39,820,468	47,968,900	49,909,100
Federal Aid: State	42,789,949	5,440,998	1,911,200	1,460,000
Federal Aid: State Police	127,183,459	85,281,664	146,240,200	94,733,400
Federal Aid: Treasury	0	0	91,836,400	92,307,700
TOTAL FEDERAL AID excluding Transportation and School Aid	9,657,512,097	10,031,412,380	11,321,453,800	11,754,433,500

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
SCHOOL AID FUND REVENUE				
TAXES and LOTTERY				
Sales Tax	4,831,253,905	4,768,554,406	4,750,500,000	4,788,500,000
Use Tax	458,890,454	460,380,669	462,000,000	465,000,000
Income Tax Earmarking	2,038,983,344	2,110,353,447	2,100,300,000	2,123,700,000
State Education Tax	2,003,526,578	2,080,977,118	2,071,200,000	2,143,200,000
Real Estate Transfer Tax	297,680,118	237,483,228	211,000,000	211,000,000
Michigan Business Tax	0	0	341,000,000	729,000,000
Tobacco	472,199,127	450,376,768	441,600,000	431,900,000
Industrial & Commercial Facilities Tax	135,594,710	136,690,859	60,900,000	60,900,000
Casino Wagering Tax	104,068,792	106,681,052	118,000,000	120,400,000
Liquor Excise Tax	34,496,655	35,688,791	36,600,000	37,000,000
Other Specific Taxes	17,282,571	17,068,646	17,100,000	17,100,000
Sub-Total SAF Taxes	10,393,976,255	10,404,254,986	10,610,100,000	11,127,600,000
Transfer from Lottery Ticket Sales	688,017,340	748,900,645	743,000,000	743,000,000
CONSENSUS TOTAL SCHOOL AID FUND	11,081,993,594	11,153,155,630	11,353,100,000	11,870,600,000
NON-TAX REVENUE				
Federal Aid	1,360,741,678	1,383,339,623	1,476,003,900	1,562,008,600
Transfer from General Fund	62,713,844	34,109,532	34,909,600	43,000,000
Transfer from Michigan Tobacco Settlement Finance Authority	0	207,800,000	0	0
Recovery of Prior Year State Aid and Receivables	84,914,181	29,299,633	0	0
Sub-Total SAF Other Source Revenues	1,508,369,703	1,654,548,787	1,510,913,500	1,605,008,600
TOTAL SCHOOL AID FUND before Interfund Transfers	12,590,363,297	12,807,704,418	12,864,013,500	13,475,608,600
Less Interfund Transfers	(62,713,844)	(241,909,532)	(34,909,600)	(43,000,000)
TOTAL SCHOOL AID FUND after adjustments excluding interfund transfers	12,527,649,453	12,565,794,886	12,829,103,900	13,432,608,600

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
TRANSPORTATION: AERONAUTICS FUND 114				
Aviation Fuel Tax	5,974,483	6,334,663	6,430,000	6,500,000
Federal Aid	117,397,949	112,674,391	162,867,600	133,024,600
Local Agencies	27,427	29,517	15,209,400	30,674,200
Transfers and Other	12,588,859	15,746,868	7,465,000	7,474,000
TOTAL AERONAUTICS FUND	135,988,718	134,785,439	191,972,000	177,672,800
TRANSPORTATION: TRUNKLINE FUND 116				
Federal Aid	709,456,457	833,072,932	1,140,378,500	1,266,209,100
Local Agencies	16,112,719	18,317,003	30,000,000	30,000,000
Licenses and Permits	17,499,298	16,610,849	6,100,000	19,172,000
Transfer from Michigan Transportation & Other Funds	887,201,244	842,974,921	830,794,400	829,133,600
Interest from Common Cash Investment	24,072,081	25,091,379	19,500,000	17,875,000
Other	32,297,013	28,035,176	18,960,000	19,130,000
TOTAL TRUNKLINE FUND	1,686,638,813	1,764,102,260	2,045,732,900	2,181,519,700
TRANSPORTATION: BLUE WATER BRIDGE FUND 118				
Tolls and Rentals	13,921,263	13,965,487	14,100,000	14,250,000
Interest From Common Cash Investment and Other	836,834	259,094	276,000	260,000
TOTAL BLUE WATER BRIDGE TRANSPORTATION FUND	14,758,098	14,224,581	14,376,000	14,510,000
TRANSPORTATION: MICHIGAN TRANSPORTATION FUND 119				
Diesel and Motor Carrier Fuel Tax	148,557,381	143,768,336	146,500,000	147,500,000
Gasoline and Liquefied Petroleum Gas Tax	906,792,308	884,055,393	867,450,000	858,750,000
Motor Vehicle Registration Tax	867,663,304	871,726,279	876,100,000	882,200,000
Licenses, Permits, Other and Transfers	37,304,838	36,952,168	35,700,000	35,450,000
Interest From Common Cash Investment	7,601,856	6,933,454	5,850,000	5,525,000
TOTAL MICHIGAN TRANSPORTATION FUND	1,967,919,687	1,943,435,630	1,931,600,000	1,929,425,000
TRANSPORTATION: COMPREHENSIVE TRANSPORTATION FUND 120				
Sales Tax (Includes effect of earmarking reduction)	66,405,415	67,677,925	71,000,000	76,000,000
Federal Aid	24,945,236	26,171,185	60,362,100	50,562,100
Local Agencies	0	0	12,850,000	10,950,000
Transfer from Michigan Transportation & Other Funds	167,223,230	166,589,771	163,580,900	163,603,000
Interest From Common Cash Investment and Other	1,850,494	1,689,108	13,410,000	11,510,000
TOTAL COMPREHENSIVE TRANSPORTATION FUND	260,424,376	262,127,990	321,203,000	312,625,100
TRANSPORTATION BOND PROCEEDS				
	410,289,646	575,807,163	0	118,000,000
TOTAL TRANSPORTATION REVENUE	4,476,019,336	4,694,483,062	4,504,883,900	4,733,752,600
LESS: Interfund Transfers	(1,054,424,473)	(1,009,564,693)	(994,375,300)	(992,736,600)
NET TOTAL TRANSPORTATION REVENUE After Transfers	3,421,594,863	3,684,918,369	3,510,508,600	3,741,016,000

DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2005 - 2006	ACTUAL FY 2006 - 2007	ESTIMATES FY 2007 - 2008	ESTIMATES FY 2008 - 2009
All Funds Summary				
General Fund - General Purpose	8,867,200,742	9,273,729,127	9,246,500,000	9,193,700,000
General Fund - General Purpose Budget Adjustments	0	0	519,400,000	541,000,000
General Fund - Special Purpose/Special Revenue & Permanent Fund	6,132,581,468	6,352,227,257	5,556,019,777	5,415,035,679
Federal Aid Not Elsewhere Categorized	9,657,512,097	10,031,412,380	11,321,453,800	11,754,433,500
School Aid Fund	12,590,363,297	12,807,704,418	12,864,013,500	13,475,608,600
Transportation Revenues	4,476,019,336	4,694,483,062	4,504,883,900	4,733,752,600
TOTAL All FUNDS	41,723,676,940	43,159,556,244	44,012,270,978	45,113,530,379
LESS: Interfund Transfers	(1,657,791,311)	(1,673,794,156)	(1,190,699,053)	(1,196,701,515)
NET TOTAL REVENUE after transfers	40,065,885,630	41,485,762,087	42,821,571,925	43,916,828,864

OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING

General Fund Unreserved Balance	220,536,830	2,482,000	259,080,000	125,500,000
Restricted Fund Subfunds of the General Fund (Unreserved Balance)	479,948,666	479,948,666	330,618,314	330,618,314
Budget Stabilization Fund Unreserved Balance	1,952,514	2,017,129	2,090,052	102,200,000
School Aid Stabilization Fund Balance	93,668,477	0	82,400,000	48,500,000
Special Revenue and Permanent Funds Balances (Available)	149,170,210	149,170,210	173,436,131	173,436,131
Sub-Total Fund Balances	945,276,697	633,618,005	847,624,497	780,254,445
NET TOTAL RESOURCES	41,011,162,326	42,119,380,092	43,669,196,422	44,697,083,308

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number Title	FY 2009 Budget Recommendation
10.664 Cooperative Forestry Assistance	
Grantee: Natural Resources	10,052,700
Grantee: Agriculture	2,284,600
16.588 Violence Against Women Formula Grants	
Grantee: Human Services	3,551,000
Subrecipient State Agency: State Police	187,300
17.503 Occupational Safety and Health-State Program	
Grantee: Labor & Economic Growth	13,478,500
Subrecipient State Agency: Attorney General	99,200
20.600 State and Community Highway Safety	
Grantee: State Police	7,892,500
Subrecipient State Agency: Community Health	400,000
Subrecipient State Agency: Judiciary	800,000
66.460 Nonpoint Source Implementation Grants	
Grantee: Environmental Quality	6,500,000
Subrecipient State Agency: Agriculture	192,000
84.002 Adult Education-State Program	
Grantee: Labor & Economic Growth	20,000,000
Subrecipient State Agency: Corrections	1,893,000
Subrecipient State Agency: Human Services	50,000
84.010 Title I Grants Disadvantaged	
Grantee: Education	4,970,300
Subrecipient State Agency: Education via School Aid	517,479,800
Subrecipient State Agency: Human Services	1,483,400
Subrecipient State Agency: Management & Budget via School Aid	839,000
84.013 Title I Program for Neglected and Delinquent Children	
Grantee: Education	6,000
Subrecipient State Agency: Corrections	521,900
84.027 Special Education-Grants to States	
Grantee: Education	21,130,000
Subrecipient State Agency: Education via School Aid	353,950,000
Subrecipient State Agency: Human Services	286,000
Subrecipient State Agency: Management & Budget via School Aid	150,000
Subrecipient State Agency: Corrections	101,300

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number Title	FY 2009 Budget Recommendation
84.048 Vocational Education-Basic Grants to States	
Subrecipient State Agency: Labor & Economic Growth	19,000,000
Subrecipient State Agency: Corrections	277,400
Grantee: Education via School Aid	28,500,000
84.181 Special Ed-Grants for Infants and Families with Disabilities	
Grantee: Education	573,100
Subrecipient State Agency: Education via School Aid	15,000,000
Subrecipient State Agency: Human Services	186,000
84.186 Safe and Drug-Free Schools and Communities-State Grants	
Grantee: Education	288,200
Subrecipient State Agency: Education via School Aid	8,033,600
Subrecipient State Agency: Community Health	3,256,300
Subrecipient State Agency: Management & Budget via School Aid	73,000
84.214 Title I, Migrant Grants	
Grantee: Education	444,500
Subrecipient State Agency: Education via School Aid	7,797,700
Subrecipient State Agency: Management & Budget via School Aid	47,000
84.318 Education Technology Grants	
Grantee: Education	990,700
Subrecipient State Agency: Education via School Aid	8,461,800
Subrecipient State Agency: Management & Budget via School Aid	750,000
84.336 Improving Teacher Quality	
Grantee: Education	3,342,300
Subrecipient State Agency: Education via School Aid	111,111,900
Subrecipient State Agency: Management & Budget via School Aid	285,000
84.357 Reading First Grants	
Grantee: Education	9,165,400
Subrecipient State Agency: Education via School Aid	24,733,200
Subrecipient State Agency: Management & Budget via School Aid	55,700
84.369 State Assessments	
Grantee: Education	7,239,300
Subrecipient State Agency: Education via School Aid	5,262,900
Subrecipient State Agency: Management & Budget via School Aid	400,000

Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2009 Budget Recommendation
93.558	Temporary Assistance For Needy Families	
	Grantee: Human Services	678,746,700
	Subrecipient State Agency: Labor & Economic Growth	76,131,100
	Subrecipient State Agency: Community Health	18,763,700
	Subrecipient State Agency: Civil Service Cost Allocated	1,700,000
93.568	Low-Income Home Energy Assistance	
	Grantee: Human Services	123,477,400
	Subrecipient State Agency: Treasury	2,559,800
93.596	Child Care and Development Fund	
	Grantee: Human Services	146,215,850
	Subrecipient State Agency: Education	25,000
93.991	Preventive Health and Health Services Block Grant	
	Grantee: Department of Community Health	3,589,800
	Subrecipient State Agency: Human Services	1,277,900

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2009 Budget Recommendation
Bottle Deposits Fund	
Environmental Quality	12,678,500
Treasury	250,000
Comprehensive Transportation Fund	
Transportation	239,826,200
Attorney General	159,800
Civil Service Commission	95,000
Management & Budget	51,300
Legislative Auditor General	25,200
History, Arts & Libraries	3,900
Treasury	1,600
Forest Development Fund	
Natural Resources	27,605,800
Capital Outlay	1,300,000
Treasury	2,200
Game and Fish Protection Account	
Natural Resources	66,228,700
Attorney General	917,800
Management & Budget	235,300
Legislative Auditor General	21,400
Treasury	6,300
History, Arts & Libraries	3,500
Game and Fish Protection Trust Fund	
Natural Resources	6,000,000
Treasury	64,400
Michigan Merit Award Trust Fund	
Higher Education	115,800,000
Community Health	98,700,000
Treasury	3,095,600
Attorney General	408,600
Michigan Natural Resources Trust Fund	
Natural Resources	3,141,500
Treasury	235,200
Michigan Nongame Fish and Wildlife Fund	
Natural Resources	699,100
Treasury	3,500

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2009 Budget Recommendation
Michigan State Parks Endowment Fund	
Natural Resources	13,645,900
Treasury	79,200
Michigan State Waterways Account	
Natural Resources	21,387,400
Capital Outlay	8,100,000
State	1,242,400
Attorney General	100,700
Treasury	90,800
Management & Budget	76,000
Legislative Auditor General	7,500
History, Arts & Libraries	1,200
Michigan Transportation Fund	
Transportation	985,547,400
State	20,000,000
Treasury	7,250,800
Environmental Quality	1,247,900
Legislative Auditor General	204,300
Off-Road Vehicle Account	
Natural Resources	4,939,700
State	132,900
Snowmobile Account	
Natural Resources	12,243,300
State	366,200
State Aeronautics Fund	
Transportation	12,086,800
Capital Outlay	3,792,900
Attorney General	157,700
Treasury	72,400
Civil Service Commission	56,000
Management & Budget	32,300
Legislative Auditor General	19,600
History, Arts & Libraries	2,500
State Park Improvement Account	
Natural Resources	38,381,300
Capital Outlay	2,000,000
Treasury	1,500

SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2009 Budget Recommendation
State Trunkline Fund	
Transportation	674,162,300
State Police	9,593,400
Capital Outlay	9,132,000
Civil Service Commission	5,044,000
Attorney General	2,821,100
Management & Budget	1,445,300
Legislative Auditor General	474,600
History, Arts & Libraries	110,900
Treasury	180,200

Fiscal Year 2009 Governor's Recommendation

DEPARTMENT/AGENCY	GROSS	IDT-IDG	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF-GP	SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
AGRICULTURE	102,980,000	9,539,200	93,440,800	14,861,000	0	237,200	45,852,400	32,490,200	78,342,600	2,416,800
ATTORNEY GENERAL	76,544,600	24,301,000	52,243,600	8,050,800	0	0	11,927,600	32,265,200	44,192,800	0
CAPITAL OUTLAY	249,966,700	2,000,000	247,966,700	188,017,600	30,674,200	1,500,000	27,324,900	450,000	27,774,900	9,857,900
CIVIL RIGHTS	14,528,400	0	14,528,400	2,057,300	0	0	0	12,471,100	12,471,100	0
COMMUNITY HEALTH	12,485,130,400	40,883,900	12,444,246,500	7,159,187,100	241,980,600	66,686,800	1,890,286,200	3,086,105,800	4,976,392,000	1,279,459,400
CORRECTIONS	2,062,052,200	1,277,200	2,060,775,000	10,350,200	430,300	0	71,731,700	1,978,262,800	2,049,994,500	107,363,000
EDUCATION	94,743,200	0	94,743,200	69,675,500	6,924,600	3,087,800	6,980,800	8,074,500	15,055,300	0
ENVIRONMENTAL QUALITY	368,478,700	19,071,200	349,407,500	130,636,100	0	455,700	173,317,100	44,998,600	218,315,700	4,050,000
EXECUTIVE OFFICE	5,317,300	0	5,317,300	0	0	0	0	5,317,300	5,317,300	0
HIGHER EDUCATION:										
Community Colleges	302,228,800	0	302,228,800	0	0	0	0	302,228,800	302,228,800	302,228,800
Universities/Financial Aid	1,799,426,000	0	1,799,426,000	7,400,000	0	0	116,100,000	1,675,926,000	1,792,026,000	0
HISTORY, ARTS, LIBRARY	52,779,900	668,600	52,111,300	7,507,400	200,000	312,400	3,979,800	40,111,700	44,091,500	11,235,400
HUMAN SERVICES	4,658,689,400	2,416,700	4,656,272,700	3,146,833,100	61,293,500	10,174,700	61,419,200	1,376,552,200	1,437,971,400	145,704,400
INFORMATION TECHNOLOGY	433,992,900	433,992,900	0	0	0	0	0	0	0	0
JUDICIARY	261,912,700	2,523,500	259,389,200	4,626,400	6,093,100	842,500	87,893,800	159,933,400	247,827,200	123,720,300
LABOR AND ECONOMIC GROWTH	1,362,852,700	30,724,200	1,332,128,500	831,637,300	15,889,200	5,314,300	384,937,600	94,350,100	479,287,700	48,920,900
LEGISLATIVE AUDITOR GENERAL	15,828,200	1,801,500	14,026,700	0	0	0	1,539,900	12,486,800	14,026,700	0
LEGISLATURE	114,504,000	0	114,504,000	0	0	400,000	1,109,800	112,994,200	114,104,000	0
MANAGEMENT AND BUDGET										
Operations	246,670,300	167,178,700	79,491,600	0	0	0	45,266,100	34,225,500	79,491,600	0
State Building Authority Rent	231,822,100	0	231,822,100	0	0	0	1,520,000	230,302,100	231,822,100	0
Civil Service Operations	70,098,500	2,634,900	67,463,600	10,669,900	1,992,900	150,000	26,562,400	28,088,400	54,650,800	0
MILITARY AND VETERANS AFFAIRS	130,388,700	1,681,200	128,707,500	57,538,200	1,284,600	1,463,700	28,300,400	40,120,600	68,421,000	120,000
NATURAL RESOURCES	286,968,700	3,802,200	283,166,500	49,909,100	0	3,245,000	206,553,500	23,458,900	230,012,400	18,846,100
SCHOOL AID	13,515,227,700	0	13,515,227,700	1,562,008,600	0	0	11,910,219,100	43,000,000	11,953,219,100	11,770,786,800
STATE	205,135,700	20,000,000	185,135,700	1,460,000	0	100	156,787,600	26,888,000	183,675,600	1,225,200
STATE POLICE	529,412,200	26,221,900	503,190,300	94,733,400	8,522,200	263,600	113,629,900	286,041,200	399,671,100	20,541,400
TRANSPORTATION	3,424,465,500	0	3,424,465,500	1,316,771,200	40,950,000	0	2,066,744,300	0	2,066,744,300	1,221,559,700
TREASURY										
Operations	396,947,000	10,814,300	386,132,700	36,868,900	1,105,100	0	283,332,300	64,826,400	348,158,700	110,308,260
Revenue Sharing	1,091,399,100	0	1,091,399,100	0	0	0	1,091,187,100	212,000	1,091,399,100	1,091,399,100
Debt Service	83,123,000	0	83,123,000	0	0	0	15,514,500	67,608,500	83,123,000	0
Michigan Strategic Fund	160,782,600	80,300	160,702,300	55,438,800	0	715,600	75,005,200	29,542,700	104,547,900	4,500,000
TOTAL FY 2009 RECOMMENDATION	44,834,397,200	801,613,400	44,032,783,800	14,766,237,900	417,340,300	94,849,400	18,905,023,200	9,849,333,000	28,754,356,200	16,274,243,460

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

56.60%

GENERAL FUND
(\$ in Thousands)

DEPARTMENT	FY08 Current Law*	FY09 Governor's Recommendation	Difference FY09 Governor's Rec. from FY08 Current Law	% Change FY09 Governor's Rec. from FY08 Current Law
AGRICULTURE	30,848.8	32,490.2	1,641.4	5.3%
ATTORNEY GENERAL	32,036.6	32,265.2	228.6	0.7%
CAPITAL OUTLAY	0.0	450.0	450.0	0.0%
CIVIL RIGHTS	12,247.8	12,471.1	223.3	1.8%
COMMUNITY HEALTH	3,122,814.7	3,086,105.8	(36,708.9)	-1.2%
CORRECTIONS	1,983,946.7	1,978,262.8	(5,683.9)	-0.3%
EDUCATION	6,885.6	8,074.5	1,188.9	17.3%
ENVIRONMENTAL QUALITY	31,538.2	44,998.6	13,460.4	42.7%
EXECUTIVE OFFICE	5,317.3	5,317.3	0.0	0.0%
HIGHER EDUCATION:				
Community Colleges	318,928.8	302,228.8	(16,700.0)	-5.2%
Universities/Financial Aid	1,761,775.7	1,675,926.0	(85,849.7)	-4.9%
HISTORY, ARTS, LIBRARY	39,086.8	40,111.7	1,024.9	2.6%
HUMAN SERVICES	1,307,263.1	1,376,552.2	69,289.1	5.3%
INFORMATION TECHNOLOGY	0.0	0.0	0.0	0.0%
JUDICIARY	157,996.7	159,933.4	1,936.7	1.2%
LABOR AND ECONOMIC GROWTH	46,002.7	94,350.1	48,347.4	105.1%
LEGISLATIVE AUDITOR GENERAL	12,486.8	12,486.8	0.0	0.0%
LEGISLATURE	112,994.2	112,994.2	0.0	0.0%
MANAGEMENT AND BUDGET				
Operations	35,256.0	34,225.5	(1,030.5)	-2.9%
State Building Authority Rent	225,302.1	230,302.1	5,000.0	2.2%
Civil Service Operations	26,024.6	28,088.4	2,063.8	7.9%
MILITARY AND VETERANS AFFAIRS	39,619.8	40,120.6	500.8	1.3%
NATURAL RESOURCES	22,601.9	23,458.9	857.0	3.8%
SCHOOL AID	34,909.6	43,000.0	8,090.4	23.2%
STATE	28,797.2	26,888.0	(1,909.2)	-6.6%
STATE POLICE	272,588.2	286,041.2	13,453.0	4.9%
TRANSPORTATION	0.0	0.0	0.0	0.0%
TREASURY				
Operations	61,971.4	64,826.4	2,855.0	4.6%
Revenue Sharing	325.6	212.0	(113.6)	-34.9%
Debt Service	96,071.9	67,608.5	(28,463.4)	-29.6%
Michigan Strategic Fund	29,493.8	29,542.7	48.9	0.2%
TOTAL FY 2009 Recommendation	\$9,855,132.6	\$9,849,333.0	(\$5,799.6)	-0.1%

ALL FUNDS
(\$ in Thousands)

DEPARTMENT/AGENCY	FY08 Current Law*	FY09 Governor's Recommendation	Difference FY09 Governor's Rec. from FY08 Current Law	% Change FY09 Governor's Rec. from FY08 Current Law
AGRICULTURE	107,768.0	102,980.0	(4,788.0)	-4.4%
ATTORNEY GENERAL	73,124.2	76,544.6	3,420.4	4.7%
CAPITAL OUTLAY	0.0	249,966.7	249,966.7	0.0%
CIVIL RIGHTS	14,290.1	14,528.4	238.3	1.7%
COMMUNITY HEALTH	12,044,119.6	12,485,130.4	441,010.8	3.7%
CORRECTIONS	2,065,956.2	2,062,052.2	(3,904.0)	-0.2%
EDUCATION	95,902.8	94,743.2	(1,159.6)	-1.2%
ENVIRONMENTAL QUALITY	369,217.0	368,478.7	(738.3)	-0.2%
EXECUTIVE OFFICE	5,317.3	5,317.3	0.0	0.0%
HIGHER EDUCATION:				
Community Colleges	318,928.8	302,228.8	(16,700.0)	-5.2%
Universities/Financial Aid	1,896,375.7	1,799,426.0	(96,949.7)	-5.1%
HISTORY, ARTS, LIBRARY	49,291.4	52,779.9	3,488.5	7.1%
HUMAN SERVICES	4,573,083.6	4,658,689.4	85,605.8	1.9%
INFORMATION TECHNOLOGY	428,868.1	433,992.9	5,124.8	1.2%
JUDICIARY	259,291.5	261,912.7	2,621.2	1.0%
LABOR AND ECONOMIC GROWTH	1,298,848.7	1,362,852.7	64,004.0	4.9%
LEGISLATIVE AUDITOR GENERAL	15,828.2	15,828.2	0.0	0.0%
LEGISLATURE	114,504.0	114,504.0	0.0	0.0%
MANAGEMENT AND BUDGET				
Operations	240,416.0	246,670.3	6,254.3	2.6%
State Building Authority Rent	226,822.1	231,822.1	5,000.0	2.2%
Civil Services Operations	70,254.8	70,098.5	(156.3)	-0.2%
MILITARY AND VETERANS AFFAIRS	128,508.4	130,388.7	1,880.3	1.5%
NATURAL RESOURCES	286,426.3	286,968.7	542.4	0.2%
SCHOOL AID	13,006,025.1	13,515,227.7	509,202.6	3.9%
STATE	207,681.4	205,135.7	(2,545.7)	-1.2%
STATE POLICE	564,686.2	529,412.2	(35,274.0)	-6.2%
TRANSPORTATION	3,357,851.6	3,424,465.5	66,613.9	2.0%
TREASURY				
Operations	397,750.5	396,947.0	(803.5)	-0.2%
Revenue Sharing	1,072,990.6	1,091,399.1	18,408.5	1.7%
Debt Service	119,986.4	83,123.0	(36,863.4)	-30.7%
Michigan Strategic Fund	166,422.5	160,782.6	(5,639.9)	-3.4%
TOTAL FY 2009 Recommendation	43,576,537.1	44,834,397.2	1,257,860.1	2.9%

*Adjusted for Program Transfers

Historical Expenditures/Appropriations GF/GP

DEPARTMENTS	FY99 Expend.	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Current Law	FY09 Exec. Rec.
Agriculture	39,633,018	52,986,168	57,084,484	49,982,697	38,482,386	32,586,695	30,371,748	28,642,137	28,830,541	31,158,100	32,490,200
Attorney General	30,443,940	34,289,352	34,868,529	34,607,010	29,591,865	27,442,334	30,597,538	32,301,451	30,339,022	32,036,600	32,265,200
Capital Outlay	329,379,869	386,252,729	320,167,644	360,185,429	315,021,558	228,536,732	244,177,825	7,497,908	235,358,492	0	450,000
Career Development	33,300,372	43,751,883	43,751,883	29,176,898	29,063,730	26,934,332	11,434,943	12,073,552	11,445,430	12,437,200	12,471,100
Civil Rights	12,704,328	14,165,065	14,222,922	13,522,456	12,038,667	11,521,471	6,885,622	6,516,518	8,447,290	6,644,800	28,088,400
Civil Service	15,248,222	21,810,241	12,583,361	9,757,483	9,650,598	7,540,085	2,552,308,402	2,916,259,695	3,078,095,654	3,125,311,600	3,086,105,800
Community Health	2,561,333,736	2,559,451,214	2,688,930,680	2,484,327,571	2,379,401,584	2,625,862,524	1,696,586,577	1,814,668,921	1,866,390,546	1,996,084,500	1,978,262,800
Consumer and Industry Services	69,255,350	76,578,288	83,001,519	86,506,944	30,615,290	11,253,712	1,585,006,018	14,918,731	5,779,402	7,075,400	8,074,500
Corrections	1,375,072,599	1,489,666,863	1,605,334,848	1,585,429,705	1,585,006,018	1,568,343,931	25,609,149	31,277,560	30,530,551	31,763,200	44,998,600
Education	49,230,423	42,236,526	35,074,679	34,296,626	28,864,464	26,265,176	31,444,584	14,918,731	5,134,346	5,317,300	5,317,300
Environmental Quality	63,141,194	79,540,719	95,089,437	96,847,348	75,198,473	60,678,599	5,163,454	5,311,867	0	0	0
Executive Office	5,067,702	5,411,980	5,604,427	5,443,277	5,023,198	4,672,035	0	0	0	0	0
Family Independence Agency	1,128,549,036	1,176,342,559	1,253,547,822	1,190,047,924	1,118,369,205	1,075,042,695	294,105,851	281,230,375	247,665,181	318,928,800	302,228,800
Higher Education	281,729,965	297,158,459	314,915,220	319,867,153	307,512,112	276,779,312	1,625,896,322	1,576,725,602	1,364,791,330	1,761,775,700	1,675,926,000
Universities/Financial Aid	1,601,676,589	1,675,344,915	1,783,607,788	1,813,577,317	1,741,565,507	1,551,339,299	45,196,011	41,846,792	38,330,469	39,298,300	40,111,700
History, Arts and Libraries	0	0	0	65,181,649	59,910,566	44,215,636	1,108,146,460	1,166,359,327	1,220,343,336	1,308,410,100	1,376,552,200
Human Services	154,116,508	166,831,336	176,614,842	173,567,315	172,128,220	161,402,026	160,262,517	156,842,146	157,564,000	157,996,700	159,933,400
Information Technology	11,807,717	12,566,935	13,203,021	12,437,266	11,499,285	1,455,926	45,337,101	42,921,148	39,992,165	46,002,700	94,350,100
Labor and Economic Growth	95,862,029	104,837,979	113,442,020	113,288,721	110,767,232	102,090,665	11,377,788	12,563,428	11,541,867	12,486,800	12,486,800
Legislative Auditor General	30,245,359	30,892,225	33,037,453	0	0	0	105,859,203	110,950,635	114,006,059	112,994,200	112,994,200
Legislature	49,797,993	66,658,586	71,047,662	63,366,159	39,401,356	32,044,396	34,077,757	33,763,107	32,854,157	35,532,300	34,225,500
Library of Michigan	148,975,478	45,730,157	65,087,705	44,140,862	52,581,586	37,986,911	53,687,535	32,971,544	29,249,923	29,493,800	29,542,700
Management and Budget Operations	39,199,596	39,377,632	42,361,955	40,371,417	37,843,422	35,563,744	36,897,345	39,418,528	37,771,209	40,386,500	40,120,600
State Building Authority	48,785,001	72,456,134	57,274,846	49,393,752	44,370,778	31,553,854	28,706,106	26,010,564	31,843,394	22,743,200	23,458,900
Michigan Strategic Fund	419,597,281	420,113,853	385,227,875	198,091,139	380,056,273	377,797,148	164,136,628	62,713,844	34,109,532	34,909,600	43,000,000
Military and Veterans Affairs	62,396,584	60,328,935	66,418,745	17,815,906	16,914,490	20,586,155	12,894,506	21,544,110	15,531,133	28,797,200	26,888,000
Natural Resources	261,544,659	275,450,994	319,542,658	296,937,651	279,741,169	236,522,805	242,268,776	243,487,021	241,551,378	273,579,300	286,041,200
School Aid	0	0	0	0	0	0	0	0	0	0	0
State	27,321,315	79,947,653	77,418,281	63,806,614	67,520,976	61,296,587	123,555,517	482,683,722	266,451,630	63,744,900	65,038,400
State Police	115,964,014	84,918,450	90,745,200	96,014,321	21,486,853	34,266,206	65,073,251	46,571,578	4,833,816	96,071,900	67,608,500
Transportation	0	0	0	0	0	0	0	0	0	0	0
Treasury	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0	0	0
TOTALS	9,028,069,505	9,404,648,339	9,859,207,506	9,297,988,510	8,999,646,862	8,722,488,318	8,794,068,516	9,248,071,811	9,186,181,853	9,856,282,800	9,849,333,000

Historical Expenditures/Appropriations Gross

DEPARTMENTS	FY99 Expend.	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Current Law	FY09 Exec. Rec.
Agriculture	77,574,947	90,325,582	93,965,565	98,813,341	85,609,414	90,936,646	96,976,844	87,521,988	82,980,488	108,369,300	102,980,000
Attorney General	47,352,532	53,047,391	55,788,901	55,818,966	51,267,974	50,857,891	58,572,911	61,592,188	61,730,208	73,124,200	76,544,600
Capital Outlay	442,121,005	509,342,187	503,215,119	596,661,057	474,817,118	461,261,784	463,872,896	214,551,440	445,175,806	0	249,966,700
Career Development	13,957,360	14,646,385	15,046,472	14,704,059	13,362,340	12,368,793	13,158,632	13,701,321	13,284,938	14,491,300	14,528,400
Civil Rights	29,615,253	39,874,163	31,444,218	29,461,664	28,566,026	24,162,630	26,808,579	28,593,549	27,761,202	36,821,600	70,098,500
Community Health	7,534,568,089	8,215,483,585	9,024,835,601	9,314,440,367	9,634,338,088	10,050,281,931	10,476,690,014	10,310,266,349	11,089,797,821	12,048,326,100	12,485,130,400
Consumer and Industry Services	390,437,237	410,919,610	441,915,121	514,757,723	523,955,247	515,316,181	510,773,155	88,110,788	59,925,870	96,482,400	84,743,200
Corrections	1,453,513,634	1,581,552,155	1,702,965,571	1,687,302,370	1,680,836,693	1,663,133,113	1,781,323,331	1,896,846,849	1,953,418,931	2,078,269,100	2,062,052,200
Education	824,722,372	859,779,826	829,602,201	913,096,820	143,473,615	93,023,388	101,073,155	213,751,134	205,009,588	370,594,400	368,478,700
Environmental Quality	197,727,718	253,398,133	277,186,445	294,778,060	273,053,764	272,505,818	5,163,454	5,311,867	5,134,346	5,317,300	5,317,300
Executive Office	5,067,702	5,411,980	5,664,393	5,443,277	5,023,198	4,673,095	5,163,454	5,311,867	5,134,346	5,317,300	5,317,300
Family Independence Agency	3,263,651,087	3,389,891,595	3,655,699,431	3,870,634,540	3,888,575,125	3,945,046,955	3,945,046,955	3,945,046,955	3,945,046,955	3,945,046,955	3,945,046,955
Higher Education	281,729,965	297,158,459	315,679,214	320,211,913	310,249,085	276,779,312	294,105,851	281,230,375	247,665,181	318,928,800	302,228,800
Community Colleges	1,604,184,322	1,775,304,640	1,874,447,620	1,946,955,555	1,844,786,350	1,643,825,936	1,708,947,643	1,716,103,763	1,597,523,256	1,896,375,700	1,799,426,000
Universities/Financial Aid	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
History, Arts and Libraries	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
Human Services	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
Information Technology	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
Judiciary	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
Labor and Economic Growth	210,076,397	223,044,229	232,491,773	232,041,240	232,215,174	347,377,755	4,140,648,980	4,360,299,152	4,464,518,972	4,577,393,200	4,658,689,400
Legislative Auditor General	13,537,569	14,541,223	15,254,871	14,901,104	15,034,274	14,492,811	15,271,899	16,644,377	16,105,142	15,828,200	15,828,200
Legislature	96,560,496	105,202,720	113,703,607	113,672,509	111,712,149	103,430,750	107,184,317	112,311,185	115,154,002	114,504,000	114,504,000
Library of Michigan	36,131,970	35,531,114	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104	37,321,104
Management and Budget	153,180,243	157,518,726	169,723,338	190,815,906	175,367,655	206,221,019	221,389,839	236,730,773	222,622,219	241,247,700	246,670,300
Management and Budget Operations	216,139	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744
State Building Authority	216,139	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744	482,007,744
Michigan Biologic Products	90,365,660	94,923,486	99,580,645	102,663,243	101,719,314	100,394,463	106,902,394	114,935,579	116,166,538	129,430,700	130,388,700
Michigan Jobs Commission	218,669,725	250,254,611	282,270,230	263,470,987	256,141,096	246,165,488	258,651,775	267,054,421	306,730,929	288,195,400	286,968,700
Michigan Strategic Fund	218,669,725	250,254,611	282,270,230	263,470,987	256,141,096	246,165,488	258,651,775	267,054,421	306,730,929	288,195,400	286,968,700
Military and Veterans Affairs	9,647,919,000	10,069,742,011	10,958,833,235	11,373,862,748	12,345,548,212	12,302,062,224	12,434,323,000	12,680,980,599	12,721,059,000	13,006,025,100	13,515,227,700
Natural Resources	158,619,422	166,861,198	180,378,930	169,021,700	160,242,047	164,985,271	189,689,796	233,886,011	196,183,845	207,681,400	205,135,700
School Aid	363,827,271	363,551,380	418,779,922	403,696,171	393,829,064	401,853,368	456,125,977	493,560,238	457,997,146	566,283,600	529,412,200
State	2,631,185,388	2,660,470,554	2,775,245,805	2,857,404,627	2,868,865,148	2,957,280,073	2,920,553,025	2,940,680,294	2,779,953,122	3,360,195,600	3,424,465,500
State Police	2,278,280,379	2,306,626,811	2,458,403,396	2,457,411,255	2,564,610,907	2,395,511,865	2,400,944,715	2,872,669,250	2,745,568,191	1,472,695,100	1,488,346,100
Transportation	116,691,988	85,616,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	85,686,078	98,748,316	119,986,400	83,123,000
Treasury	116,691,988	85,616,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	85,686,078	98,748,316	119,986,400	83,123,000
Debt Service	116,691,988	85,616,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	85,686,078	98,748,316	119,986,400	83,123,000
TOTALS	32,653,492,611	34,525,326,492	37,277,724,042	39,077,762,617	39,297,181,602	39,388,261,316	40,375,490,414	41,326,338,653	41,945,183,846	43,578,704,400	44,834,397,200



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

February 7, 2008

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

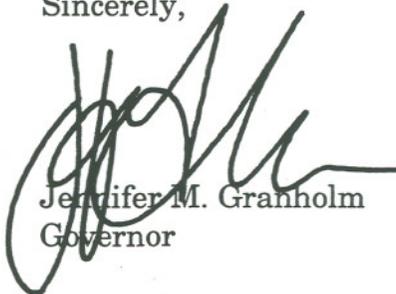
Article XI, Section 5, of the Michigan Constitution of 1963, provides that increases in rates of compensation for employees in the state classified service, authorized by the Civil Service Commission, require prior notice to the Governor. The Constitution also requires that I, as Governor, transmit such increases to the Legislature as part of my budget.

On December 19, 2007, the Civil Service Commission approved multi-year collective bargaining agreements with five state employee unions representing nine bargaining units for Fiscal Years 2009, 2010 and 2011. Fiscal Year 2009 pay adjustments contained in all 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 19, 2007, the Commission approved Fiscal Year 2009 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 2009 prepared by the Office of the State Employer. The savings associated with this pay adjustment for Fiscal Year 2009 is estimated to be \$55.0 million.

Sincerely,



Jennifer M. Granholm
Governor

Attachment

**Estimated "New" Costs - Summary
Michigan State Classified Service
Fiscal Year 2009
(10/01/2008 - 9/30/2009)**

	A-02 MSEA Saf. & Reg.	A-31 MSEA Labor & Trades	C-12 MCO Security	E-42 SEIU 517M Human Srv. Support	H-21 SEIU 517M Scientific & Engineering	L-32 SEIU 517M Technical	T-01 MSPTA State Police Enlisted ¹	U-11 AFSCME Institutional	W-22 UAW Human Srv.	W-41 UAW Admin. Supt.	MSC's & NERE's	TOTAL ALL UNITS
² Number of Employees	1,356	2,857	9,028	813	2,235	1,095		2,471	9,040	6,999	14,995	50,889
³ Avg. Hourly Salary - 1/12/08	\$ 24.23	\$ 21.61	\$ 22.84	\$ 22.00	\$ 30.60	\$ 22.91		\$ 19.54	\$ 25.58	\$ 20.19	\$ 32.11	\$ 25.83
Avg. Hourly Salary w/ FY08 April 2%	\$ 24.71	\$ 22.04	\$ 23.30	\$ 22.44	\$ 31.21	\$ 23.37		\$ 19.93	\$ 26.09	\$ 20.59	\$ 32.75	\$ 26.35
Base Pay Adjustments for FY 2009												
0% Base Pay increase 10/01/08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Unknown	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Roll-up Cost Resulting from Base Pay Increase												
⁴ FICA/Ret. Blended Rates - 1/12/08	32.78%	33.23%	35.23%	30.28%	31.41%	32.23%		32.24%	32.11%	33.03%	35.13%	33.71%
⁴ FICA/Ret. on Base Wage Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
⁵ Life Insurance Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
⁶ Long Term Disability Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
⁷ Overtime Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
⁸ Shift Differential Increase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
FICA/RET on OT and Shift Diff. Inc.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
FY 2009 0% ATB Cost - All Units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Unknown	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal Year 2009	Net Total											
Additional ATB Base Cost	\$ -											
Group Insurance Savings ⁹	\$ (55,000,000)											
Net New Costs for FY 2009	\$ (55,000,000)											

¹ Fiscal Year 2009 negotiations will occur in calendar 2008.

² Actual Regular Time in FY 2007 - Comptroller Object Codes 3010, 3015, 3020, 3260, 3264, 3265, 3270, 3275, 3280, 3285.

³ MIDB, VTM_HRM_EMPLOYEES, PP 02. Employment Status Code = AA, AB, AC, AD, AE, AP

⁴ FICA/RET rates provided by SBC; Unit rates are weighted by enrollment in each retirement code as of 1/12/08.

⁵ Life insurance increase on incremental cost increase. Rate as of FY 2008. Annual \$5.46 per \$1000 of extra coverage.

⁶ Rates as of FY 2008 - ((Increase/100)*.944).

⁷ Based on FY 2007 overtime hours per employee.

⁸ Based on FY 2007 shift differential hours.

⁹ Health premiums, SHP deductible, SHP office visit/ER copays, SHP prescription drug changes.

LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2009

BUDGET RECOMMENDATION

DEPARTMENT	PURPOSE	MICHIGAN COMPILED LAW (MCL) BEING AMENDED
Community Health	Hospital and Nursing Home QAAP	MCL 333.20161 (13)(d) and (l), MCL 333.20161(14) (h) and (i)
	Long Term Care Background Checks	MCL 333.20161(12); MCL 333.20173a(4); MCL 330.1134a(4); and 400.734b(4)
	PIHP/HMO QAAP Sunset Extension	MCL 500.224b(2)(e)
	Mental Health State-wide Internal Service Fund	MCL 330.1204b
	Medicaid False Claims Act	MCL 400.607 and MCL 400.612
	Compulsive Gaming Prevention Fund	MCL 432.253(3)
Corrections	Boot Camp Eligibility	MCL 791.234a and MCL 771.3b
	Amend Uses of Civil Infraction Fees Sunset Extension	MCL 257.629e
	Justice Policy and Sentencing Commission	New Language
Environmental Quality	Land and Water Permit Fee Sunset Extension	MCL 324.3104; MCL 324.30104; MCL 324.32312; MCL 324.32513; and MCL 324.30109
	Aquatic Nuisance Permit Fee Sunset Extension	MCL 324.3306
School Aid	21 st Century Schools Fund Bond	MCL 380.1351
Treasury	Commercial Mobile Radio System Fees Sunset	MCL 484.1717
	Michigan Job Creation Tax Credit	MCL 208.1101, et. seq. and New Sections