

**EXECUTIVE BUDGET**  
**Fiscal Year 2010**

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**State of Michigan**  
**Jennifer M. Granholm, Governor**

**Robert L. Emerson, State Budget Director**

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STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JOHN D. CHERRY, JR.  
LT. GOVERNOR

February 12, 2009

My Fellow Citizens:

The fiscal year 2009-2010 budget which I present to you today includes essential spending cuts and government reforms. These difficult steps are necessary if we are serious about addressing the state's structural deficit. But make no mistake, while this budget is tough, it continues our efforts to create jobs and protect families during this time of economic challenge.

2008 was a year like few others in our history. Almost overnight, the nation's financial system ground to a halt as the housing and credit crises reached unthinkable levels. Auto companies faced the real possibility of bankruptcy and the country lost more than 2.6 million jobs.

This national economic collapse has impacted spending and revenues in every state and has left many struggling with budget deficits, some close to 30 percent of their general fund. Michigan has felt the impact as well. But the hard work and difficult steps we have taken over the last several years to constrain spending and enact reforms have better positioned us for these challenging times. As a result, the decisions we face are difficult, but they will not divert us from our essential focus on job creation.

The budget I present today continues our focus on and commitment to creating jobs and providing the education and training our citizens need to fill them. We will continue our commitment to worker training, including No Worker Left Behind and the new Michigan Energy Corps to put thousands of unemployed citizens back to work. The 21<sup>st</sup> Century Jobs Fund will continue to support job creation in growing economic sectors including renewable energy, life sciences, homeland security and advanced manufacturing.

This budget continues our commitment to provide a quality education for every student. Though economic realities require us to make difficult cuts in both the K-12 and higher education budgets, we will maintain the critical programs necessary to help students succeed. In addition, I am proposing an overhaul of the financial aid system to help as many students as possible in a simple, efficient way. My proposal maintains the Michigan Promise Scholarship as the state's merit-based award and consolidates six different scholarships into a single needs-based award, the Michigan College Access Grant.

We must continue to expand access to affordable health care in Michigan and this budget makes targeted investments to achieve that goal. In the last 7 years, we have saved more than \$178 million by expanding community-based service options for seniors and the disabled. This year, we will achieve additional savings while improving care options. The budget I present today also expands health care coverage to 4,000 disabled children at no additional cost to the state.

This budget maintains critical protections for Michigan families. We will continue the commitment we have made this year to investing in the state's unemployment insurance system, including a new call center, additional staff, longer hours and expanded on-line services to handle the significant increase in need. This budget also continues our commitment to reform Michigan's children's services system.

Most importantly, the budget I am recommending addresses the economic reality we face: Michigan's economy is likely to get worse before it gets better. And though the anticipated federal economic recovery package will provide needed assistance to maintain critical services, my budget

recommendation offers the spending cuts and additional reforms that are required to ensure we can live within our means once that recovery funding is gone.

In this budget, I have offered nearly \$670 million in spending cuts, including the elimination of more than 1,500 state positions. These recommendations will not be popular, but they are all necessary.

First, I have recommended the elimination of \$50 million in earmarks. With limited resources, it is difficult to justify pilot programs or programs which serve only one school district, community or region of the state.

In addition, this budget recommends the closure of several additional corrections facilities and a significant reduction in corrections staff. We will expand Global Positioning Supervision (GPS) monitoring and add parole officers while still reducing the Department of Corrections budget by \$120 million.

This budget recommends \$106 million in funding reductions for the Department of Community Health, \$100 million in reductions for the Department of Human Services and returns responsibility for wetlands protection to the federal government where more staff exists to handle the task.

Some of the additional cuts I am recommending include:

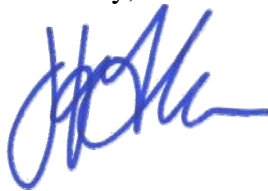
- reduction in the per-pupil foundation allowance of \$59 per student;
- reduction for state university operating expenses of 3 percent;
- \$50 million in additional employee concessions;
- replacement of existing arts grants with a budget line for capital construction for arts and non-profit agencies;
- elimination of the Department of History, Arts and Libraries;
- elimination of state support for our two State Fairs;
- closure of the Department of Community Health's Mount Pleasant Center for Persons with Developmental Disabilities with patients transferred to community care settings, as appropriate;
- closure of the Michigan State Police crime lab in Marquette;
- elimination of state supplemental support for the horse racing industry with reinvestment of those funds in our remaining State Police crime labs.

The road we travel in 2009 will be challenging. We must move aggressively to seize the opportunities for job creation presented to us by the federal economic recovery package while maintaining fiscal discipline by not using this one-time funding for on-going spending or revenue reductions.

The budget I present today takes the first critical steps down that road by cutting spending while continuing to invest in our key priorities – jobs, education and training and protecting families.

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

Sincerely,



Jennifer M. Granholm  
Governor

# FISCAL YEAR 2010 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

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# PRIORITIES FOR MICHIGAN'S ECONOMIC FUTURE

## *JOBS, EDUCATION AND PROTECTING FAMILIES*

### **Fiscal Year 2010 Executive Budget**

Governor Jennifer M. Granholm's 2010 Executive Budget continues the hard work of balancing limited revenues with the needs of nearly 10 million citizens feeling the impact of an economic recession. This budget is focused on the core priorities that matter most: creating jobs, educating and training our citizens and protecting families in this time of economic challenge.

Economic challenge is not new to Michigan. The state has lost more than 400,000 manufacturing jobs since this decade began as the automobile and other industries have undergone significant transformation in the face of a global economy. Consequently, Michigan has repeatedly cut spending, identified efficiencies and enacted reforms to protect critical services. A recent survey by the National Association of State Budget Officers showed that Michigan has done more since 2001 to restrain general fund spending than any state in the nation.

But the national economic collapse that began last September has added significant new complexity to an already challenged state economy. Revenues have declined sharply in subsequent months. Job losses have increased and expanded to additional sectors of the economy. And demand for state services is rising rapidly.

The result is a state budget that is impacted by both an on-going structural imbalance and a cyclical shortfall brought on by the national recession.

Further complicating the economic outlook for Michigan is the anticipation of a federal economic recovery package. While the final details of the package are not yet clear, it is reasonable to assume that Michigan will receive significant additional funding as a result. The temptation will be strong to postpone difficult budget decisions in anticipation of this additional funding, but using one-time money to fund on-going programs will only worsen our existing structural problems.

Michigan must adopt a comprehensive solution that reduces spending and implements further government reforms to ensure that we can both live within our means and use the one-time economic recovery funding as it was intended: to jumpstart the economy.

The fiscal year 2010 budget recommendation offers that comprehensive solution. It makes difficult spending cuts and identifies additional reforms. This budget enables Michigan to address our fiscal challenges directly and allows us to focus on the task of creating jobs for our citizens.

# Expectations of the Federal Economic Recovery Package

As Congress debates an economic recovery package that may put as much as \$800 billion into the national economy over the next two years to create jobs, invest in the future and help citizens who are hurting in this economic crisis, many in Michigan are understandably focused on how this package will impact our state.

Final details of this federal recovery package were not clear when this budget was constructed. While it is reasonable to assume that Michigan, like all states, would benefit from such a package, the extent of the impact is unknown.

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*“ ... shame on state leaders in Lansing if the stimulus funds deter them from doing the work they need to do to fix the state budget. A windfall from Washington is just that, a one-time thing, no matter how big.”*

**Detroit Free Press, January 24, 2009**

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More importantly, if a federal economic recovery package is adopted, it will provide only short-term stimulus funding. Extensive use of this one-time funding for on-going programs will only serve to extend the state’s structural deficit into future budget years.

Consequently, the fiscal year 2010 budget assumes only \$500 million in new revenue as a result of this economic recovery package. In addition, the fiscal year 2009 budget also assumes sufficient federal stimulus revenue to cover estimated costs. The funding for both fiscal years is expected through an increase in the federal share of funding for rising Medicaid costs.

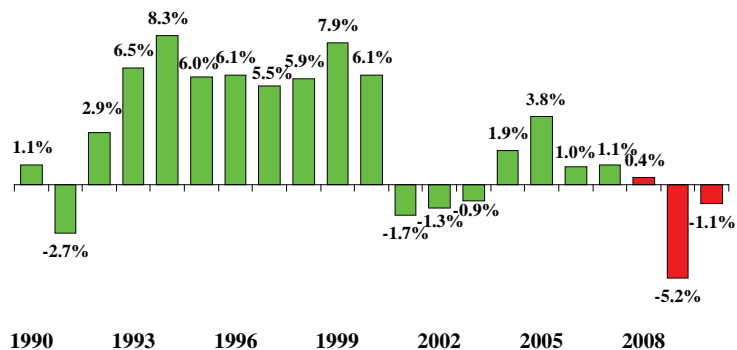
## Michigan’s Structural Deficit

Since 2001, Michigan has been unable to sustain consistent revenue growth. In four of those fiscal years, revenue growth has been negative while four more years have seen growth below the rate of inflation.

At the same time, unavoidable spending pressures have continued, including a rising prison population, increasing numbers of citizens eligible for Medicaid and additional expenses in areas such as health care and fuel.

### GF-GP and School Aid Revenue

Baseline Growth Rates Before Tax Changes



January 2009 Consensus



The result is a budget that is structurally imbalanced – where spending consistently outpaces revenues.

For the past several years, Governor Granholm has taken significant steps to address this problem.

The state has 17 percent fewer employees than it did in 2001 and employees have twice agreed to make concessions, including increased health insurance premiums and unpaid days off. In 2008, Michigan was one of only two states to provide no pay increases to its employees.

Two state departments and 156 boards and commissions have been eliminated. Department of Corrections reforms have resulted in \$460 million in savings and closure of nine facilities. Thanks in part to a successful Michigan Prisoner Reentry Initiative, the prison population is once again declining. And, additional revenue was gained through business and individual tax changes.

Despite these steps a structural deficit remains and continues to hamper efforts to invest in critical services and job creation. More must be done to address this on-going challenge.

The fiscal year 2010 Executive Budget maintains reductions contained in Executive Order 2008-21 and recommends additional spending cuts and reforms which will continue in fiscal year 2011. As noted, federal economic recovery funding used in the fiscal year 2010 budget is limited to \$500 million, which will be permanently replaced by anticipated revenue growth in 2011.

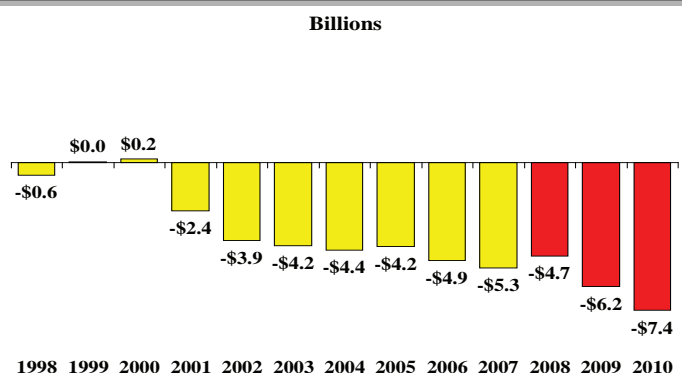
The fiscal year 2010 budget proposed today should be supported with the confidence that it offers a balanced budget for the next fiscal year and nearly eliminates the anticipated shortfall in fiscal year 2011 as well.

## 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 revise 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

### Constitutional Revenue Limit Calculation



January 2009 Consensus

OVERVIEW

A-3

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.

It is anticipated that state revenues for fiscal year 2010 will be \$7.4 billion below the constitutional revenue limit.

## Fiscal Year 2009 . . . Where We Stand

Despite conservative revenue estimates at the May 2008 Consensus Revenue Estimating Conference, the precipitous national economic decline that began in September 2008 has had a significant impact on state revenue collections.

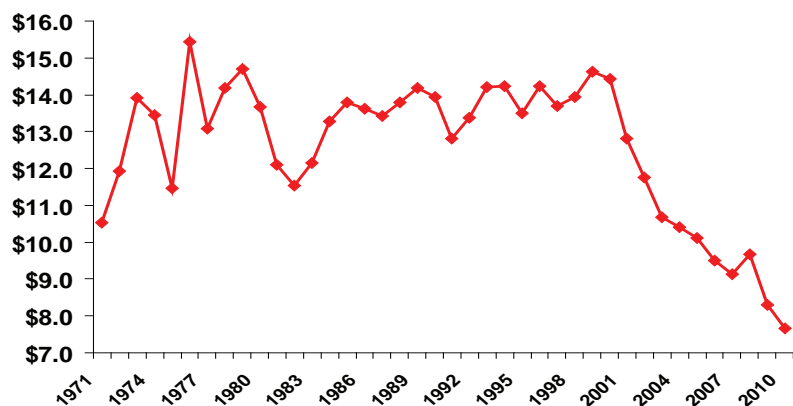
Consequently, the January 2009 Consensus Revenue Estimating Conference projected that general fund revenue for the current fiscal year will be \$8.31 billion, a reduction of \$578 million or 11.3 percent from the estimate used to construct this year’s budget.

Additionally, the Consensus Revenue Estimating Conference projected a decline in School Aid Fund revenue for the current year. Revenues are expected to be \$339 million below previous estimates in this fund.

As a result of the fast-growing national recession, state revenue estimates have declined by nearly \$1 billion for the current year, and are below 1971 levels.

The state closed its books for fiscal year 2008 with a larger budget surplus than was originally anticipated. The \$458 million surplus in the general fund and \$247 million surplus in the School Aid Fund were the result of higher than expected revenue collections in the final months of the fiscal year and spending restraint by state departments. The combined carryforward helps to partially off-set the revenue decline for the current fiscal year.

**GF-GP Revenue Below 1971 Level  
Adjusted for Inflation**  
(GF-GP Revenue in Billions of 2009 \$)



Notes: FY 2009 and FY 2010 are the January 2009 Consensus estimates. Inflation adjusted using State and Local Government Price Deflator.

Governor Granholm issued Executive Order 2008-21 on December 10, 2008 to reduce fiscal year 2009 general fund expenditures by \$134 million. This Executive Order was approved by the House and Senate Appropriations Committees on the day it was issued. After the carryforward and Executive Order cuts are considered, the remaining fiscal year 2009 funding gap is \$269 million in the general fund and \$44 million in the School Aid Fund.

This budget anticipates that the state will receive one-time federal money through an increase in the Federal Medical Assistance Percentage (FMAP) rate this year that appropriately offsets this deficit due to the cyclical downturn in the economy.

## The Fiscal Year 2010 Executive Budget Recommendation

Michigan will enter fiscal year 2010 in a time of on-going economic challenge. Like every state, the national recession is expected to continue to impact Michigan's economy and revenue collections for some time. Despite six years of budget challenges, more difficult decisions are required to balance the upcoming budget while protecting our shared priorities.

The January Consensus Revenue Estimating Conference projected revenues will be \$7.93 billion for the general fund and \$11.30 billion for the School Aid Fund.

As a result of declining revenue projections, additional debt service and spending pressures in the Departments of Corrections, Community Health and Human Services, the fiscal year 2010 budget begins with a combined general fund and School Aid funding gap of \$1.4 billion.

<b>Fiscal Year 2010 Revenue and Spending</b>			
<b>(\$ in millions)</b>			
	<b>GF/GP</b>	<b>School Aid Fund</b>	<b>Combined</b>
Consensus Revenues	\$7,935	\$11,296	\$19,230
Revenue Sharing Savings	\$467	\$0	\$467
Use Tax - 2008 PA 440	\$335	\$0	\$335
Enacted Revenue Changes	\$36	\$41	\$76
Federal Aid to Schools	\$0	\$1,562	\$1,562
<b>Total Revenue Estimate</b>	<b>\$8,772</b>	<b>\$12,898</b>	<b>\$21,670</b>
FY 09 Current Law Spending	\$9,568	\$13,379	\$22,946
Baseline Spending Adjustments			
Corrections Prison Increases	\$34	\$0	\$34
Community Health - 2008 PA 440	\$294	\$0	\$294
Community Health/Human Services Baseline	\$205	\$0	\$205
Federal Matching Rate Adjustments	(\$259)	\$0	(\$259)
Employee Economics	\$75	\$0	\$75
Revised Cost Estimates	\$0	(\$251)	(\$251)
Other Adjustments	\$21	\$0	\$21
<b>Total Baseline Spending Estimate</b>	<b>\$9,938</b>	<b>\$13,128</b>	<b>\$23,066</b>
<b>Projected Funding Gap</b>	<b>(\$1,166)</b>	<b>(\$229)</b>	<b>(\$1,396)</b>
Proposed Revenue Adjustments	\$166	\$65	\$232
Spending Reductions and Reforms	\$506	\$164	\$670
Federal - Enhanced FMAP	\$500	\$0	\$500
<b>Total FY 2010 Funding Surplus</b>	<b>\$6</b>	<b>\$0</b>	<b>\$6</b>

To address this shortfall, Governor Granholm is proposing additional government reforms and spending cuts.

First, the Governor's budget builds on efforts over the last several years to reduce costs through restructuring, streamlining and other efficiencies. Savings are achieved in this budget through several different types of governmental reforms, including:

- Closure of state-operated facilities, including:
  - Several additional correctional facilities,
  - the Department of Community Health's Mount Pleasant Center for persons with developmental disabilities, transferring the patients to community care settings, as appropriate,
  - the Maxey Woodland Training Center, transferring youth offenders to a smaller, more cost effective facility on the Maxey campus, and
  - the Michigan State Police crime lab in Marquette.
- Elimination of state support for non-core functions or functions that can be done by other entities, including:
  - ending financial support for the state fairs in Detroit and the Upper Peninsula,
  - eliminating supplemental financial support for the horse racing industry,
  - returning responsibility for wetlands protections to the federal Environmental Protection Agency.
- Streamlining government operations by:
  - overhauling the state's higher education scholarship programs to create a single merit-based scholarship - Michigan Promise Grants - and a single needs - based scholarship - Michigan College Access Grants - open to all students attending public or private institutions,
  - combining the Cooperative Extension Service and Agricultural Experiment Station,
  - consolidating energy programs in the Department of Energy, Labor and Economic Growth.
- Administrative reforms, including:
  - eliminating the Department of History, Arts and Libraries,
  - opening a one-stop-shop for business - a simple web portal to put hundreds of business transactions seamlessly on-line.
  - seeking employee concessions.

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*" Governor Jennifer Granholm and the Legislature should make sure strategies for dealing with ongoing deficits are structural solutions that position the state for economic growth."*

**Grand Rapids Press, January 16, 2009**

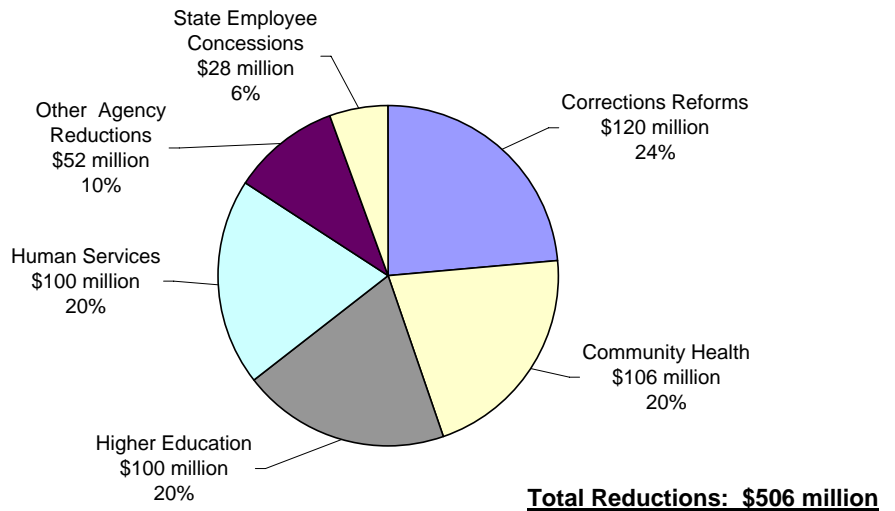
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- Investment in community-based services:
  - additional investment in community-based monitoring for parolees,
  - accelerating transition of seniors and the disabled from nursing homes to community care settings.

Second, the Governor proposes \$670 million in spending reductions, impacting every state department. These cuts would be permanent and on-going. They include:

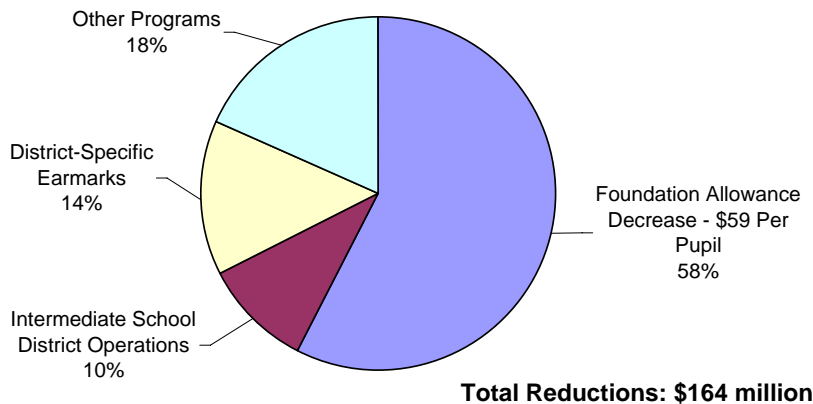
- Elimination of \$50 million in earmarks, including pilot programs and programs which serve single school districts, communities or regions,
- \$106 million in cuts in the Department of Community Health, including reductions in the Office of Services to the Aging, elimination of the Office of Drug Control Policy and changes in prescription drug purchasing,
- \$100 million in cuts in the Department of Human Services, including eliminating before and after school programs and the supplemental payment for Supplemental Security Income recipients,
- \$164 million in cuts to K-12 spending which includes a reduction in the per-pupil foundation allowance of \$59 per student, and
- \$100 million in cuts to higher education funding, including a three percent reduction to university operations.

**Fiscal Year 2010 General Fund Reductions**



- \$100 million in cuts in the Department of Human Services, including eliminating before and after school programs and the supplemental payment for Supplemental Security Income recipients,
- \$164 million in cuts to K-12 spending which includes a reduction in the per-pupil foundation allowance of \$59 per student, and
- \$100 million in cuts to higher education funding, including a three percent reduction to university operations.

**Fiscal Year 2010 School Aid Reductions**



As a result of the cuts and reforms proposed, more than 1,500 state employee positions will be eliminated in fiscal years 2009 and 2010.

Finally, the 2010 Executive Budget Recommendation includes \$230 million in additional revenue as a result of tax loophole closures, increased liquor license fees and permit revenues, lottery investments and tax enforcement actions.

# Protecting our Shared Priorities

In addition to the spending cuts and additional reforms offered in this year's Executive Recommendation, the Governor's proposed budget continues critical investments in priority areas.

## JOB CREATION, EDUCATION AND TRAINING

During this time of economic challenge, job creation is the single-most important priority of the Granholm administration and the Governor's fiscal year 2010 budget reflects that commitment. Funding for No Worker Left Behind is maintained and federal funding will be used to create the Michigan Energy Corps to put thousands of unemployed citizens back to work this year.

Despite painful cuts to many areas of the budget, funding for community colleges, which play a critical role in these expanded worker training programs, is maintained.

The 21st Century Jobs Fund will continue to support job creation in growing economic sectors including renewable energy, life sciences, homeland security and advanced manufacturing.

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*" Michigan will weather this economic storm because our people are resourceful and resilient and because our battle plan is focused on the three things that matter most: fighting for more good paying jobs in Michigan; educating and training our people to fill those jobs; and protecting our families."*

**Governor Granholm, State of the State Message,  
February 3, 2009**

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The newly-reorganized Department of Energy, Labor and Economic Growth will provide over \$123 million for energy programs and regulation, including streamlined energy efficiency programs within the new Bureau of Energy Systems.

## PROTECTING FAMILIES

Despite significant economic challenges over the last six years, Governor Granholm has consistently supported protecting critical health care programs for vulnerable citizens. This year's budget recommendation continues that commitment.

Funding for Medicaid is increased to over \$11 billion to support an increased demand for health care services. In addition, health care coverage will be expanded to 4,000 disabled children at no additional state cost and additional community-based service options for seniors and the disabled will both save money and improve care.

The Governor's budget proposal continues the state's commitment to strengthening Michigan's child welfare system by investing an additional \$113 million to hire child protective services workers, expand the foster care staff and increase capacity to manage adoptions.

This budget recommendation also continues to expand investments in the state's unemployment insurance system including hiring additional staff to handle the significant increase in need.

Governor Granholm's 2010 budget also recommends:

- More than \$84 million for food safety and consumer protection programs,
- \$171 million for environmental clean-up and pollution prevention programs,
- nearly \$54 million to protect citizens through regulation of the insurance and mortgage industries,
- increased funding for the Michigan State Police to cover costs associated with assuming responsibility for the Detroit Crime Lab, and
- continued revenue sharing support for local government services including police and fire protection.

## Conclusion

This is a time of unprecedented challenge for the entire nation and Michigan is feeling the impact. To ensure that we emerge from this period a stronger, more nimble, more financially stable state will require focus, discipline and a willingness to make tough decisions.

Governor Granholm's fiscal year 2010 Executive Budget Recommendation is a critical component in achieving that goal. It offers the fiscal discipline that is required to address the state's on-going structural deficit, while continuing to provide the essential services that are needed to help citizens weather the current economic storm.

# Department Detail

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Agriculture	B	1
Community Colleges	B	3
Community Health	B	5
Corrections	B	9
Education	B	13
Energy, Labor and Economic Growth	B	15
Environmental Quality	B	17
General Government	B	19
Higher Education	B	31
Human Services	B	33
Judiciary	B	37
Military and Veterans Affairs	B	39
Natural Resources	B	41
Revenue Sharing	B	43
School Aid	B	45
State Police	B	49
Transportation	B	51

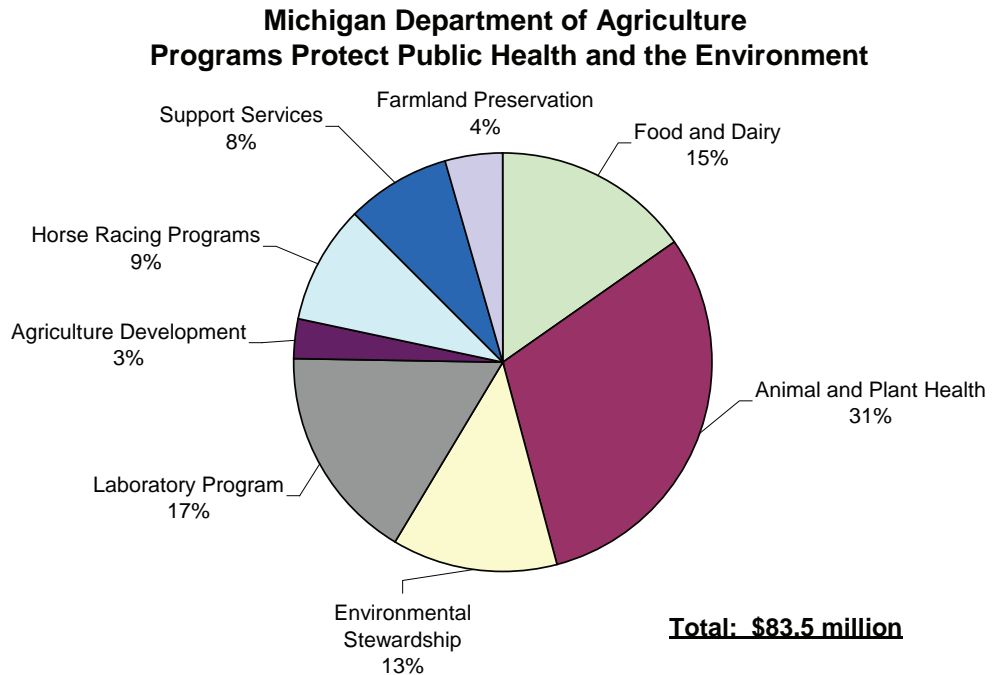


# Department of Agriculture

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 2010 recommends total funding of \$83.5 million, of which \$34.0 million is general fund.*

## Highlights of Governor's Budget Recommendation for MDA

- Recommends over \$18.1 million for food safety programs and consumer protection.
- Includes \$25.4 million for plant health, animal health and disease response.
- Dedicates \$10.7 million for environmental protection efforts.



- Recommends that horse racing programs be completely self-supporting. In prior years, horse racing programs have been partially supported with casino licensing revenues. The Governor recommends that casino licensing revenues instead support State Police forensic laboratory operations.
- Provides nearly \$3.8 million in grants to farmers and other property owners for the purchase of development rights and easements.
- Earmarks \$2.5 million to promote Michigan agricultural products worldwide.
- Includes a new dairy inspection fee that generates \$700,000 in state restricted funds while offsetting general fund costs. With the new fee, the dairy inspection program will be funded with 25 percent restricted revenue and 75 percent general fund, similar to other Midwest dairy programs.
- Eliminates state budget support for the Upper Peninsula State Fair because the fair is not an essential government program. A similar proposal for the Michigan State Fair is included in the recommendation for the Department of Management and Budget.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Agriculture**  
(\$ in Thousands)

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$31,737.5	\$33,987.1
All Funds	\$104,591.6	\$83,499.9
	% Change - GF/GP	7.1%
	% Change - All Funds	-20.2%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Pesticide and Plant Pest Management	\$4,351.3	\$15,299.5
Laboratory Program	\$2,984.7	\$13,829.2
Food and Dairy	\$8,657.1	\$12,866.7
Environmental Stewardship	\$2,854.9	\$10,727.4
Animal Industry	\$9,032.3	\$10,064.1
Horse Racing Programs	\$0.0	\$7,766.6
Support Services	\$5,038.1	\$6,705.8
Farmland and Open Space Preservation	\$0.0	\$3,750.0
Agriculture Development	\$1,068.7	\$2,490.6
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$33,987.1</b>	<b>\$83,499.9</b>

## Community Colleges

Michigan's 28 community colleges provide over 400,000 residents with affordable access to postsecondary education opportunities. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$299.4 million, all general fund.*

### Highlights of Governor's Budget Recommendation for Community Colleges

- Funding for each college is maintained at the fiscal year 2009 level.
- Funding of \$3.3 million is recommended to assist academically at-risk students.
- \$3.5 million reimburses colleges that lose property tax revenue as a result of the establishment of Renaissance Zones.
- During this time of economic crisis, the Governor recommends that community colleges and state universities freeze tuition for the next academic year.

<b>FY 2010 Community College Operations Funding</b>			
(\$ in Thousands)			
Alpena Community College	\$5,126.1	Mid Michigan Community College	\$4,289.2
Bay de Noc Community College	5,178.4	Monroe County Community College	4,142.8
Delta College	13,751.6	Montcalm Community College	2,981.6
Glen Oaks Community College	2,304.8	C.S. Mott Community College	15,016.4
Gogebic Community College	4,275.2	Muskegon Community College	8,518.6
Grand Rapids Community College	17,219.8	North Central Michigan College	2,893.6
Henry Ford Community College	20,898.9	Northwestern Michigan College	8,682.0
Jackson Community College	11,542.3	Oakland Community College	20,133.7
Kalamazoo Valley Community College	11,888.6	St. Clair County Community College	6,729.8
Kellogg Community College	9,311.8	Schoolcraft College	11,767.0
Kirtland Community College	2,842.8	Southwestern Michigan College	6,276.9
Lake Michigan College	5,012.1	Washtenaw Community College	12,149.0
Lansing Community College	29,762.5	Wayne County Community College	15,889.9
Macomb Community College	31,773.9	West Shore Community College	2,198.5

**Fiscal Year 2010 Governor's Recommendation  
Community Colleges  
(\$ in Thousands)**

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$299,360.5	\$299,360.5
All Funds	\$299,360.5	\$299,360.5
	% Change - GF/GP	0.0%
	% Change - All Funds	0.0%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Community College Operations	\$292,557.8	\$292,557.8
Renaissance Zone Tax Reimbursement	\$3,480.0	\$3,480.0
At-Risk Student Success Program	\$3,322.7	\$3,322.7
<b>Total FY 2010 Recommendation</b>	<b>\$299,360.5</b>	<b>\$299,360.5</b>

# Department of Community Health

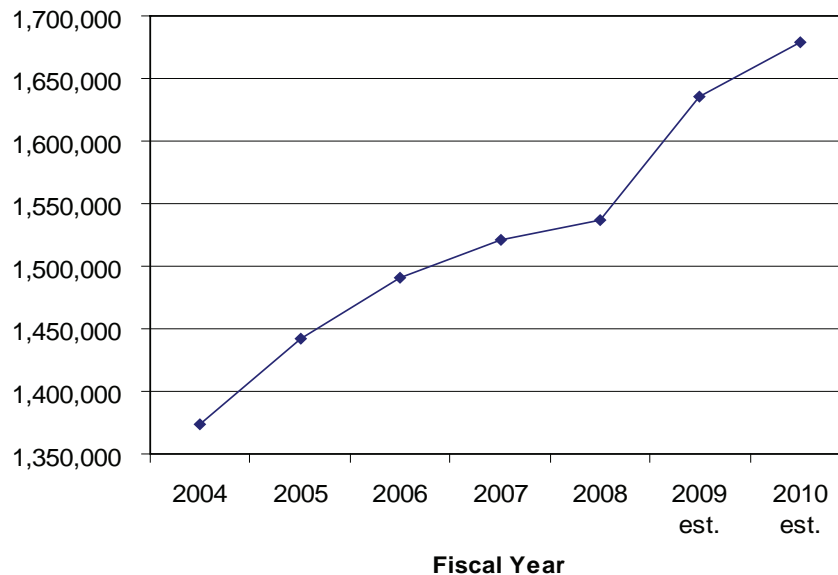
The Department of Community Health (DCH) is responsible for health policy and management of the state's publicly funded health care systems. These programs include Medicaid health coverage for those with limited incomes; mental health services for people who have a mental illness or developmental disability; services for individuals who need substance abuse treatment; and services provided through local public health programs. The department also provides services to promote the independence and preserve the dignity of Michigan's elderly through the Office of Services to the Aging. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$13 billion, of which \$2.8 billion is general fund.*

## Highlights of Governor's Budget Recommendation for DCH

### Medical Services

- Recommends \$6.9 billion for medical services and \$2 billion for the long term care portion of the Medicaid program, a 5 percent increase over fiscal year 2009. Medicaid provides health care services for one out of every six residents of the state.

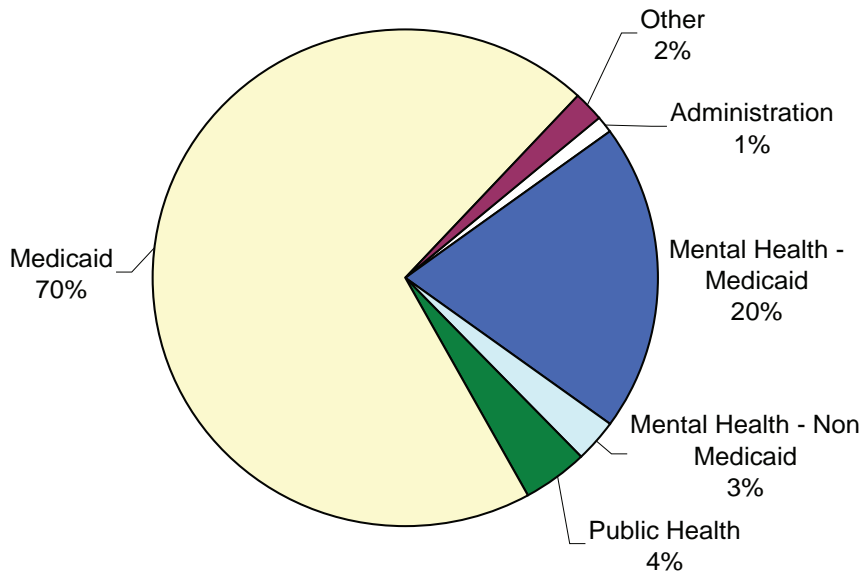
### Medicaid Serves Over 1.6 Million People



- Adds \$354 million to the Medicaid budget for increases in the number of Medicaid recipients and increased utilization of services.
- Includes \$198 million to increase payment rates to Health Maintenance Organization providers.
- Invests \$443 million in community-based long term care services.

- Supports continued movement of the elderly and disabled from nursing homes to home care, resulting in general fund savings of \$6.2 million. While nursing homes provide a valuable and necessary service for those with high care needs, home care can provide alternatives that meet client needs in a less costly community setting.
- Expands Medicaid health coverage under the Children’s Special Health Care Services Program (CSHCS) to 4,000 disabled children with family incomes between 200 percent and 300 percent of the poverty level. Using existing state funds in the CSHCS Program to match federal funds, this expansion has no additional state cost.

**Medicaid Makes up 90% of DCH Budget**



**Total: \$13.0 billion**

**Mental Health Services**

- Provides mental health funding of \$2.9 billion gross, \$1.1 billion general fund, that consists of:
  - \$2.5 billion to provide community mental health services, including \$73 million to increase provider payment rates;
  - Funding for psychiatric hospitals and centers of \$244 million; and
  - \$46 million to provide forensic mental health services to prisoners incarcerated in Department of Correction facilities.

- Recognizes \$5.7 million in general fund savings from closing the Mount Pleasant Center for Persons with Developmental Disabilities. Mentally ill and developmentally disabled residents at the Mount Pleasant Center will be transferred to appropriate and safe community-based facilities or other state hospitals. This closure is the result of efforts by the state, working with local community mental health partners, to utilize community-based care whenever possible.

#### Other Medical Services

- Invests \$522 million for health promotion and disease prevention programs, including \$50 million in grants to local public health departments.
- Supports Children’s Special Health Care Services with \$217 million to provide medical care and treatment for children with special health care needs.
- Funds the Adult Benefits Waiver program at \$139 million to provide basic health coverage to 62,000 low-income adults each month.
- Assumes \$500 million in general fund savings due to the enhanced federal Medicaid matching rate in the proposed federal stimulus legislation. These funds will be available to all states and are part of the federal economic relief strategy. This is the minimum amount Michigan will receive from the enhanced matching rate based on the proposed legislation. These federal funds allow Michigan to preserve basic medical programs and services for low-income families and individuals in a difficult budget year.

#### Budget Savings

- Proposes \$106 million in general fund savings to help address Michigan’s structural deficit. Includes savings of \$44 million for drug rebates through managed care organizations, \$6.9 million by adding behavioral health drugs to the preferred drug list, \$7.6 million from reducing Community Mental Health funding, \$2 million in reductions in the Office of Services to the Aging and \$8.8 million in reductions to other programs that provide services to specialized populations or in limited service areas.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Community Health**  
(\$ in Thousands)

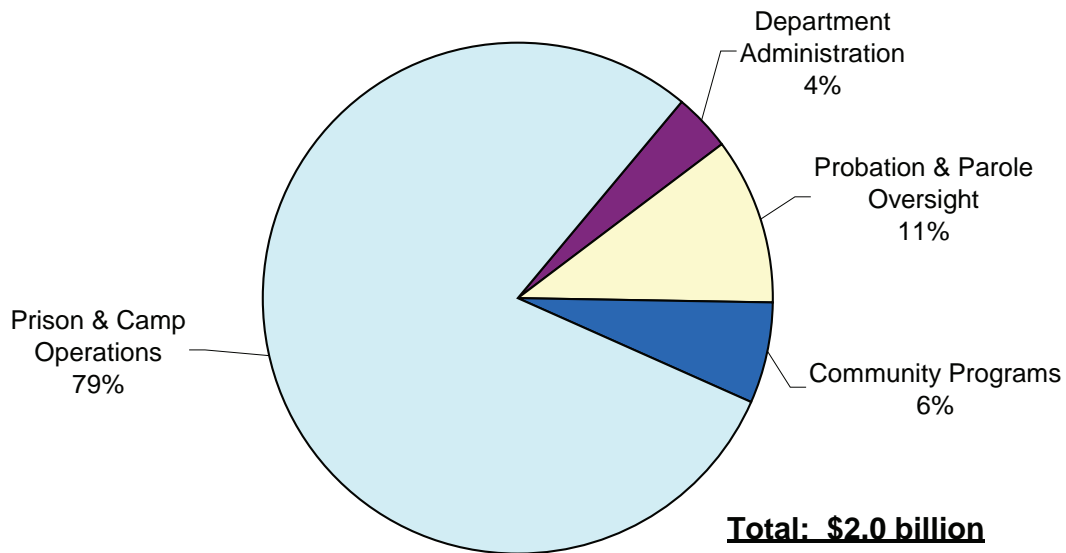
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$3,057,154.5	\$2,801,574.3
All Funds	\$12,488,058.7	\$12,966,966.9
	% Change - GF/GP	-8.4%
	% Change - All Funds	3.8%
<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
<b>Medicaid</b>		
Medicaid Fee for Service	\$751,808.5	\$4,986,044.8
Medicaid Managed Care Services	\$460,347.3	\$3,600,420.4
Children's Special Health Care Services	\$78,479.7	\$216,893.0
Federal Medicare Pharmaceutical Program	\$183,611.8	\$183,611.8
Medicaid Adult Benefits Waiver	\$23,033.4	\$138,871.7
Mental Health - Medicaid	\$811,979.5	\$2,568,175.4
Mental Health - Non-Medicaid	\$319,908.7	\$319,908.7
Public Health	\$54,470.6	\$522,261.0
Administration	\$63,890.5	\$189,051.3
Other		
Office of Services to the Aging	\$32,429.3	\$93,812.9
Health Policy, Regulation & Professions	\$9,480.1	\$65,629.8
Information Technology Services	\$12,134.9	\$52,934.6
Crime Victim Services	\$0.0	\$29,351.5
* Adjusted for program transfers		
<b>Total FY 2009 Recommendation</b>	<b>\$2,801,574.3</b>	<b>\$12,966,966.9</b>



# Department of Corrections

The Department of Corrections 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 2010 recommends total funding of \$2.0 billion, of which \$1.9 billion is general fund, a reduction of almost 3 percent from current year levels.*

## Almost 80% of Costs are for Prison Operations



## Highlights of Governor's Budget Recommendation for the Department of Corrections

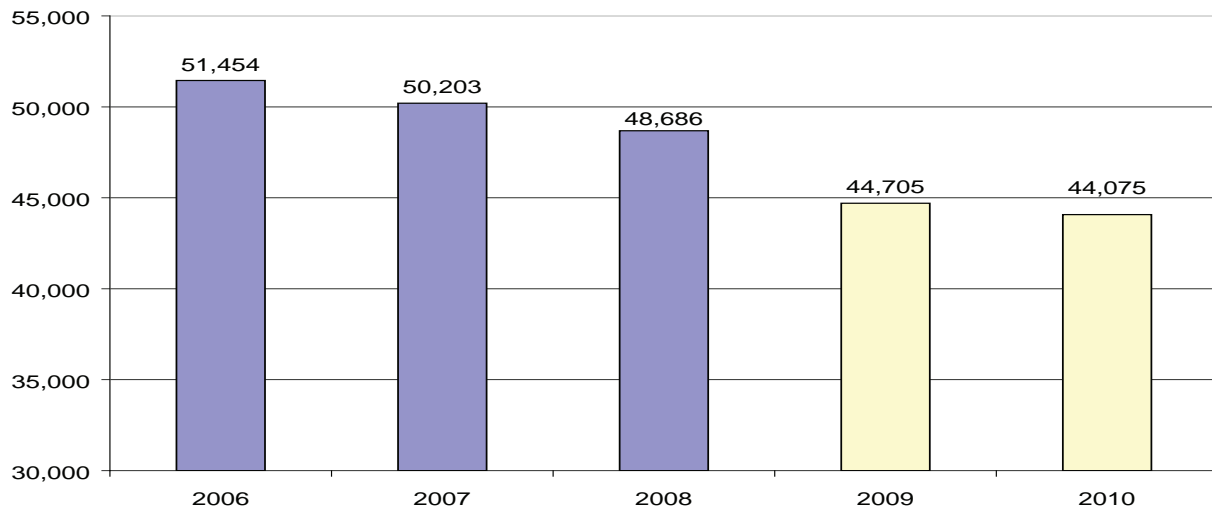
- Provides \$1.6 billion in funding to operate a safe and secure prison system that is diminishing in size due to a decline in the prisoner population.
- Includes \$207 million in funding for oversight and supervision of the growing parolee and probationer population.
- Supports \$121 million in funding for community-based programs for low-level offenders, as well as the Michigan Prisoner Reentry Initiative to reduce the state's costly recidivism rate by better preparing inmates for release.

## Reforms Included in the Executive Recommendation

The Governor recommends \$120 million in net savings from the closure of department facilities as well as cost reductions that will be achieved through operational efficiencies.

- The Governor will add five members to the Parole Board during the current year in order to expedite the review of the 12,000 prisoners who have served their minimum sentences.

### Reforms Will Reduce Prison Population and Result in Savings



- During 2009, Deerfield Correctional Facility, Scott Correctional Facility and Camp Branch will close. Further reductions in the number of prison inmates will result in the closure of additional facilities during fiscal year 2010 with an estimated closure of almost 4,000 prison beds. To achieve additional facility closures by October 1, 2009, a fiscal year 2009 supplemental of \$20 million for re-entry and parole resources is recommended.
- The Executive Recommendation includes investments in technology and parole supervision staffing to provide the resources needed to maintain effective oversight of parolees in the community: \$16.9 million is added to deploy and monitor 2,800 additional Global Positioning System (GPS) tether units and an additional \$7.3 million is provided to support more parole agents.
- The Michigan Prisoner Re-entry Initiative (MPRI) will be expanded by \$23.4 million to \$56.6 million. This effective program prepares prisoners for a safe and successful return to their communities following imprisonment. Community-based investments include funding for substance abuse and mental health treatment, employment services, and other specialized support services for returning offenders.
- The Executive Recommendation shifts existing funding within the budget for the department to utilize buildings at the W.J. Maxey Training School campus to house approximately 275 male inmates. Approximately 60 juvenile offenders will remain on the Maxey campus in a separate location from the male prison inmates.
- Various operational efficiencies will save over \$12 million.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Corrections**  
(\$ in Thousands)

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$1,947,451.4	\$1,898,399.6
All Funds	\$2,012,603.8	\$1,958,394.9
	% Change - GF/GP	-2.5%
	% Change - All Funds	-2.7%

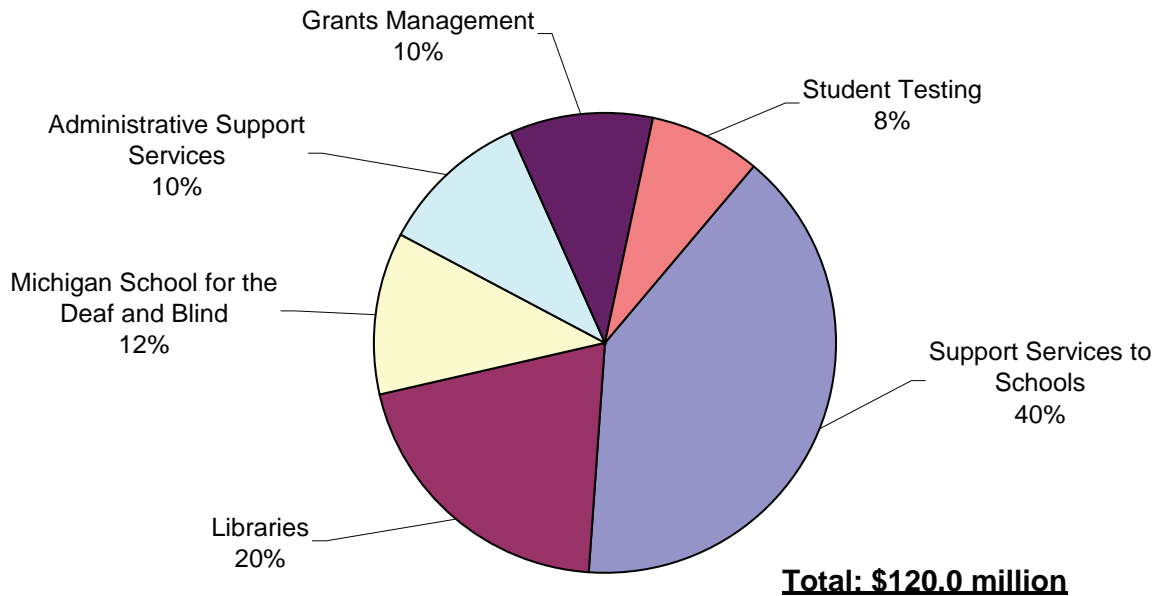
<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Prison and Camp Operations	\$1,523,299.5	\$1,558,135.7
Probation and Parole Oversight	\$191,901.6	\$206,697.8
Community Programs	\$112,100.1	\$120,793.0
Department Administration	\$48,875.3	\$49,784.1
Information Technology Services and Projects	\$22,223.1	\$22,984.3
*Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$1,898,399.6</b>	<b>\$1,958,394.9</b>



# 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 2010 recommends total funding of \$120.0 million, of which \$26.4 million is general fund.*

## Department Budget Funds a Variety of Educational Support Services



### Highlights of Governor's Budget Recommendation for MDE

- Provides \$81.9 million for the oversight of state education programs, including special education, teacher preparation, early childhood services, student testing and school improvement activities.
- Includes \$13.7 million to operate the Michigan School for the Deaf and Blind.
- Includes the transfer of \$24.4 million from the Department of History, Arts, and Libraries to support public libraries, including the Library of Michigan.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Education**  
(\$ in Thousands)

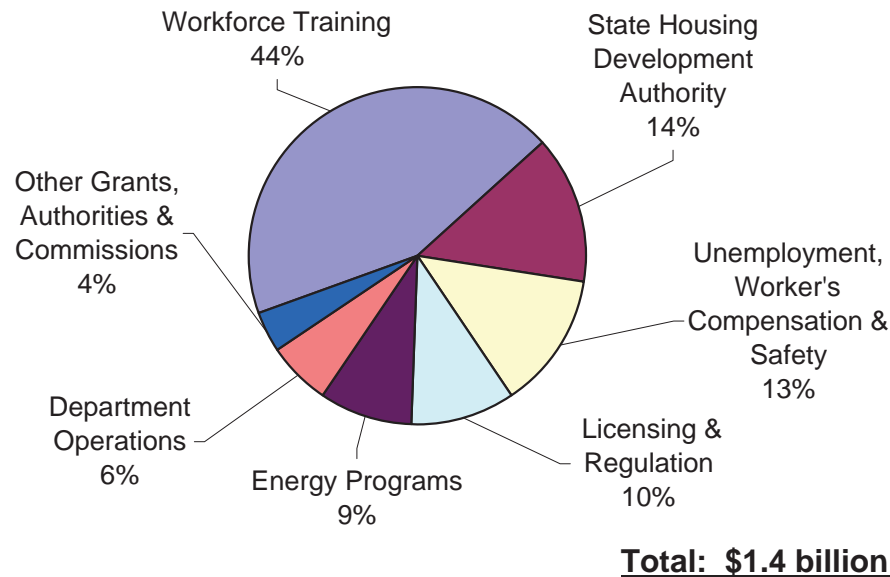
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$26,169.5	\$26,389.7
All Funds	\$119,318.6	\$119,964.0
	% Change - GF/GP	0.8%
	% Change - All Funds	0.5%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Support Services to Schools	\$3,553.9	\$47,975.5
Libraries	\$18,831.4	\$24,388.8
Michigan School for the Deaf and Blind	\$0.0	\$13,716.2
Administrative Support Services	\$3,568.3	\$12,451.7
Grants Management	\$436.1	\$11,979.4
Student Testing	\$0.0	\$9,452.4
*Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$26,389.7</b>	<b>\$119,964.0</b>

# Department of Energy, Labor and Economic Growth

The newly restructured Department of Energy, Labor and Economic Growth (DELEG) is dedicated to leading Michigan's transition to a renewable energy economy by implementing aggressive energy efficiency and "green" workforce development initiatives, while at the same time providing sound workplace safety and business oversight to ensure the protection of workers and consumers. *The Governor's proposed budget for fiscal year 2010 recommends \$1.4 billion, of which \$74.1 million is general fund.*

## DELEG Trains Workers for High-Demand Careers



## Highlights of Governor's Budget Recommendation for DELEG

- Recommends a total of \$630 million to provide Michigan workers with the skills, training and education necessary to transition to in-demand jobs.
- Dedicates over \$123 million for energy programs and regulation and streamlines energy efficiency programs within the new Bureau of Energy Systems. As part of the effort to forge this new economic sector, the department continues the Green Jobs workforce initiative to train Michigan workers for advanced, high-growth "green" careers.
- Increases unemployment insurance administration funding by \$18 million to provide additional staff to assist Michigan workers filing unemployment insurance claims.
- Protects the welfare and safety of citizens by providing nearly \$54 million for financial and insurance regulation, and over \$93 million for business and occupational licensing, workplace safety programs and liquor industry oversight.
- Strengthens Michigan neighborhoods with \$198 million for the Michigan State Housing Development Authority for low-income housing and community revitalization projects.

**Fiscal Year 2010 Governor's Recommendation  
Department of Energy, Labor and Economic Growth  
(\$ in Thousands)**

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$73,891.7	\$74,118.2
All Funds	\$1,392,090.0	\$1,442,660.3
	% Change - GF/GP	0.3%
	% Change - All Funds	3.6%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Workforce Training	\$52,324.1	\$630,067.5
Michigan State Housing Development Authority	\$3,175.8	\$198,123.5
Unemployment, Worker's Compensation and Safety	\$8,713.9	\$187,157.4
Licensing and Regulation	\$3,085.2	\$144,677.4
Energy Programs	\$0.0	\$123,214.1
Department Operations	\$1,623.7	\$96,344.3
Other Grants, Authorities and Commissions	\$5,195.5	\$63,076.1
*Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$74,118.2</b>	<b>\$1,442,660.3</b>



# 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 2010 recommends total funding of \$341.3 million, of which \$33.1 million is general fund.*

## Highlights of Governor's Budget Recommendation for DEQ

- Funding is maintained for core programs of the department including water, land and air quality management, as well as limited environmental cleanups.
- The Governor recommends that the federally delegated wetlands program be returned to the Environmental Protection Agency (EPA). Michigan is one of only two states authorized by the federal EPA to administer a wetlands permitting program under the Federal Clean Water Act. The current state fee structure is insufficient to adequately administer the program and past proposals to increase fees have been unsuccessful. With the return of the wetlands program to the federal government, an ongoing savings of \$2.1 million will accrue to the state general fund and state-imposed fees will decline by over \$400,000.

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*"I will recommend returning enforcement of wetlands protections to the federal government where more staff exists to effectively safeguard our natural resources."*

**Governor Granholm, State of the State Message, February 3, 2009**

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- \$110 million is allocated to local units of government as grants and loans for cleanup activities and pollution prevention efforts.
- Over \$60 million supports environmental cleanup and response activities.
- Over \$47 million is spent on water quality management and approximately \$26 million supports air quality programs.
- \$245,000 is included for the newly enacted electronics recycling program.
- The air emissions fee is recommended for increase in order to sufficiently fund the renewable operating permit program.
- The general fund state match for the drinking water revolving fund program is eliminated as there is sufficient state match bonding capacity to avoid the loss of federal funds in fiscal year 2010. In addition, it is anticipated that the American Recovery and Reinvestment Plan will temporarily waive the 20 percent state match requirement.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Environmental Quality**  
(\$ in Thousands)

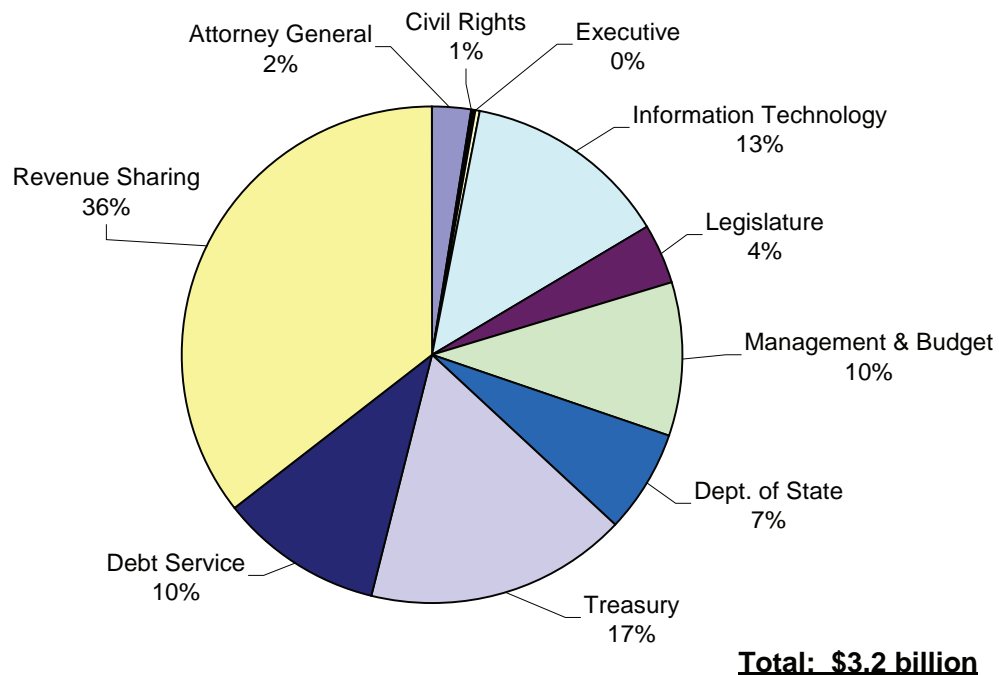
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$43,704.9	\$33,127.9
All Funds	\$361,333.9	\$341,302.0
	% Change - GF/GP	-24.2%
	% Change - All Funds	-5.5%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Grants to Locals for Cleanup and Pollution Prevention Efforts	\$741.2	\$131,386.2
Environmental Cleanup and Response Activities	\$115.8	\$60,701.2
Water Quality Management	\$10,275.2	\$47,490.7
Land Resource Management	\$8,519.5	\$39,950.8
Support Services	\$6,801.2	\$36,164.4
Air Quality Programs	\$6,675.0	\$25,608.7
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$33,127.9</b>	<b>\$341,302.0</b>

# General Government

The general government agencies 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 2010 recommends total funding of \$3.2 billion, of which \$1.1 billion is revenue sharing payments to local units of government.*

## Revenue Sharing Payments to Local Governments are Largest Share of General Government Budget



### Highlights of Governor's Budget Recommendation for general government agencies

- \$1.1 billion for revenue sharing payments to local units of government.
- \$334 million for debt service payments to meet the state's bond obligations.
- \$424.2 million to the Department of Information Technology to support the efficient management and delivery of state information technology resources.
- \$379 million to Treasury for the administration of the state tax system and investment of state funds, and \$163.7 million for the Michigan Strategic Fund to promote business investment, entrepreneurial growth, and tourism in Michigan.
- \$315.2 million for the Department of Management and Budget to provide state-wide business services to state agencies, including \$69 million for the Civil Service Commission.

- \$213.6 million to the Department of State to administer Michigan’s motor vehicle programs and supervise state elections.
- \$114.5 million to support the Legislature and legislative staff, and \$16 million for the Legislative Auditor General.
- \$77 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.
- \$14.4 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 2010 Governor's Recommendation  
Attorney General  
(\$ in Thousands)**

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$31,600.1	\$31,983.3
All Funds	\$75,879.5	\$76,971.9
	% Change - GF/GP	1.2%
	% Change - All Funds	1.4%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Attorney General Operations	\$28,988.2	\$71,082.5
Child Support Enforcement	\$802.6	\$2,996.9
Prosecuting Attorneys Coordinating Council	\$1,334.6	\$2,034.6
Information Technology	\$857.9	\$857.9
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$31,983.3</b>	<b>\$76,971.9</b>

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Civil Rights**  
(\$ in Thousands)

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$12,163.0	\$12,320.1
All Funds	\$14,220.3	\$14,377.4
	% Change - GF/GP	1.3%
	% Change - All Funds	1.1%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Civil Rights Operations	\$11,481.4	\$13,523.7
Information Technology	\$838.7	\$853.7
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$12,320.1</b>	<b>\$14,377.4</b>

**Fiscal Year 2010 Governor's Recommendation**  
**Executive Office**  
(\$ in Thousands)

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$5,317.3	\$5,317.3
All Funds	\$5,317.3	\$5,317.3
	% Change - GF/GP	0.0%
	% Change - All Funds	0.0%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Governor	\$177.0	\$177.0
Lieutenant Governor	\$123.9	\$123.9
Executive Office Operations	\$5,016.4	\$5,016.4
<b>Total FY 2010 Recommendation</b>	<b>\$5,317.3</b>	<b>\$5,317.3</b>

**Fiscal Year 2010 Governor's Recommendation  
Department of Information Technology  
(\$ in Thousands)**

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$0.0	\$0.0
All Funds	\$431,604.6	\$424,240.7
	% Change - GF/GP	0.0%
	% Change - All Funds	-1.7%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Health and Human Services	\$0.0	\$229,444.7
General Government Services	\$0.0	\$61,805.9
Public Protection Services	\$0.0	\$58,931.5
Transportation Services	\$0.0	\$28,996.9
Enterprisewide Services	\$0.0	\$22,560.0
Resources Services	\$0.0	\$18,705.0
Education Services	\$0.0	\$3,496.7
Other	\$0.0	\$300.0
*Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$0.0</b>	<b>\$424,240.7</b>



**Fiscal Year 2010 Governor's Recommendation**  
**Legislative Auditor General**  
(\$ in Thousands)

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$12,549.8	\$12,486.8
All Funds	\$15,891.2	\$15,828.2
	% Change - GF/GP	-0.5%
	% Change - All Funds	-0.4%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Office of the Auditor General	\$12,486.8	\$15,828.2
<b>Total FY 2010 Recommendation</b>	<b>\$12,486.8</b>	<b>\$15,828.2</b>

**Fiscal Year 2010 Governor's Recommendation**  
**Legislature**  
(\$ in Thousands)

	<b>FY09</b>	<b>FY10</b>
	<b>Current Law</b>	<b>Recommendation</b>
GF/GP	\$112,994.2	\$112,994.2
All Funds	\$114,504.0	\$114,504.0
	% Change - GF/GP	0.0%
	% Change - All Funds	0.0%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
House of Representatives	\$47,540.7	\$47,540.7
Senate	\$31,676.0	\$31,676.0
Legislative Council	\$11,736.6	\$12,136.6
Property Management	\$12,178.4	\$12,178.4
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
<b>Total FY 2010 Recommendation</b>	<b>\$112,994.2</b>	<b>\$114,504.0</b>



**Fiscal Year 2010 Governor's Recommendation**  
**Department of State**  
(\$ in Thousands)

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$26,130.8	\$28,214.2
All Funds	\$214,229.8	\$213,639.0
	% Change - GF/GP	8.0%
	% Change - All Funds	-0.3%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Branch Operations	\$6,813.3	\$76,430.1
Central Operations	\$3,962.5	\$44,217.9
Information Technology	\$4,547.5	\$25,023.7
Department Services	\$1,832.9	\$24,283.8
Regulatory Services	\$1,434.8	\$24,005.4
Executive and Departmentwide Expenses	\$4,523.9	\$14,228.8
Election Regulation	\$5,099.3	\$5,449.3
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$28,214.2</b>	<b>\$213,639.0</b>

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Treasury**  
(\$ in Thousands)

	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$174,055.0	\$166,608.4
All Funds	\$1,731,566.9	\$1,758,468.4
	% Change - GF/GP	-4.3%
	% Change - All Funds	1.6%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Revenue Sharing to Local Units of Government	\$212.0	\$1,133,672.3
Michigan Strategic Fund Agency	\$31,010.7	\$163,687.4
Grants to Local Units of Government	\$5.0	\$83,855.0
Debt Service Payments	\$66,663.0	\$82,177.5
Tax Programs	\$9,749.3	\$76,889.5
Student Financial Assistance Programs	\$1,534.2	\$36,005.9
Banking and Management Services	\$5,963.7	\$33,543.7
Administration	\$15,297.0	\$29,155.4
State Lottery Operations	\$0.0	\$25,461.8
Casino Gaming Oversight	\$0.0	\$21,061.9
Information Technology	\$4,034.5	\$18,071.6
Investments of Common Cash and Pension Funds	\$299.9	\$17,979.1
Senior Citizen Cooperative Housing Tax Exemption Program	\$16,500.0	\$16,500.0
Payments in Lieu of Taxes	\$11,939.1	\$14,389.2
Renaissance Zone Reimbursement to Libraries	\$3,400.0	\$3,400.0
Home Heating Assistance Administration	\$0.0	\$2,618.1
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$166,608.4</b>	<b>\$1,758,468.4</b>



# 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 2010 recommends total funding of \$1.7 billion, of which \$1.5 billion is general fund.*

## Highlights of Governor's Budget Recommendation for State Universities

- Due to Michigan's on-going economic challenges, state university operations are funded at \$1.4 billion – a 3 percent reduction.
- Similar to the federal administration of these programs, the Governor combines the Agriculture Experiment Station and Cooperative Extension Service and funds them at \$32 million. Project GREEN and the Animal Agricultural Initiative are each funded at \$8 million to assist Michigan's agriculture, bioeconomy, and processing industries, while mitigating any negative impact on the environment.
- During this time of economic crisis, the Governor is proposing that state universities and community colleges freeze tuition for the next academic year.

<b>State University Operations (\$ in Thousands)</b>	<b>FY 2010</b>
Michigan State University	\$283,909.0
University of Michigan - Ann Arbor	316,572.0
Wayne State University	214,325.4
Central Michigan University	80,064.2
Eastern Michigan University	75,965.6
Ferris State University	48,621.8
Grand Valley State University	62,018.4
Lake Superior State University	12,561.9
Michigan Technological University	47,870.8
Northern Michigan University	45,148.9
Oakland University	50,690.7
Saginaw Valley State University	27,710.1
University of Michigan - Dearborn	24,703.6
University of Michigan - Flint	20,871.7
Western Michigan University	109,616.0
<b>Total</b>	<b>\$1,420,650.1</b>

## Highlights of Governor's Budget Recommendation for Financial Aid

- The Governor recommends reforming student financial aid to simplify how students and their families access it by consolidating most state financial aid funding into two basic programs:
  - Merit-based Michigan Promise Grants of \$140 million are maintained. Students qualify by doing well on the Michigan Merit Examination and succeeding in college.
  - The need-based Michigan College Access Grant program is created by consolidating six current state financial aid programs and is funded at almost \$90 million. Approximately 89,000 students would qualify for an estimated \$1,000 annual award to use at any Michigan public or private college or university.
- Tuition Incentive Program (TIP) funding is increased by \$6.0 million to over \$30 million to pay tuition costs for the increasing number of TIP recipients.

**Fiscal Year 2010 Governor's Recommendation  
Higher Education  
(\$ in Thousands)**

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$1,645,605.2	\$1,545,605.2
All Funds	\$1,759,105.2	\$1,719,405.3
	% Change - GF/GP	-6.1%
	% Change - All Funds	-2.3%

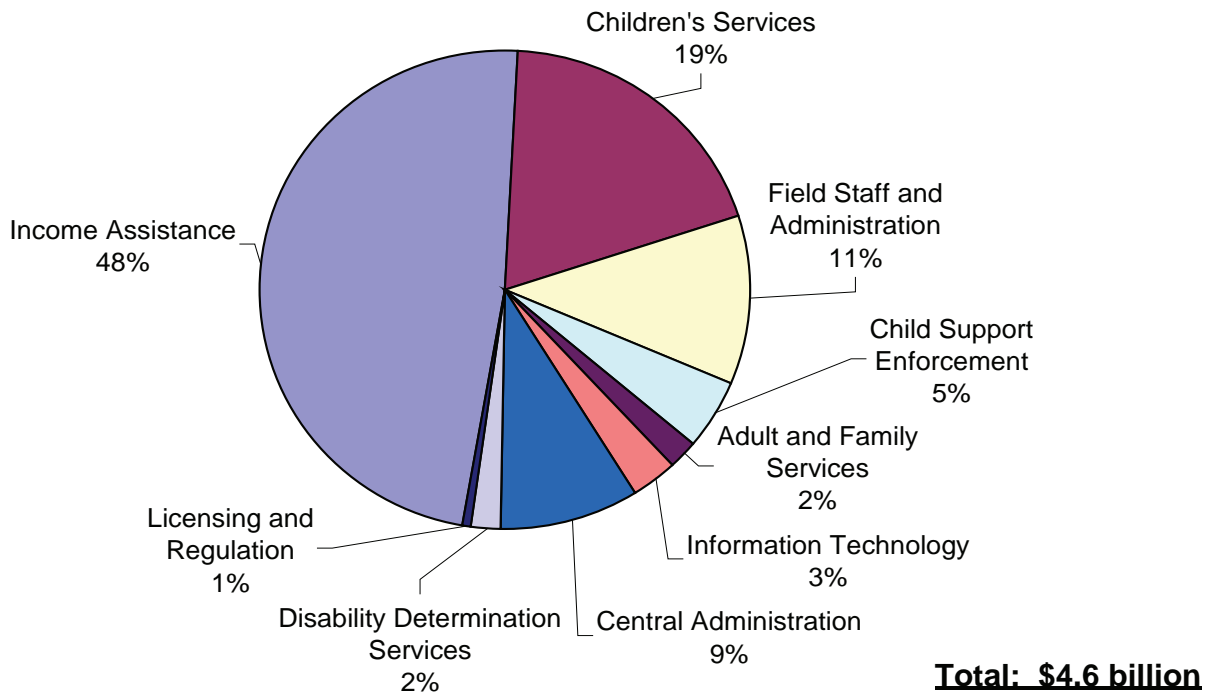
<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
State University Operations	\$1,420,650.1	\$1,420,650.1
Michigan Promise Grants	\$0.0	\$140,000.0
Michigan College Access Grants	\$86,860.1	\$89,760.1
Cooperative State Agricultural Research and Extension	\$32,000.0	\$32,000.0
Tuition Incentive Program	\$5,100.0	\$31,200.0
Project GEAR-UP	\$0.0	\$3,000.0
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
Michigan Merit Award Program	\$0.0	\$0.1
<b>Total FY 2010 Recommendation</b>	<b>\$1,545,605.2</b>	<b>\$1,719,405.3</b>



# 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 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 2010 recommends total funding of \$4.6 billion, of which \$1 billion is general fund.*

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



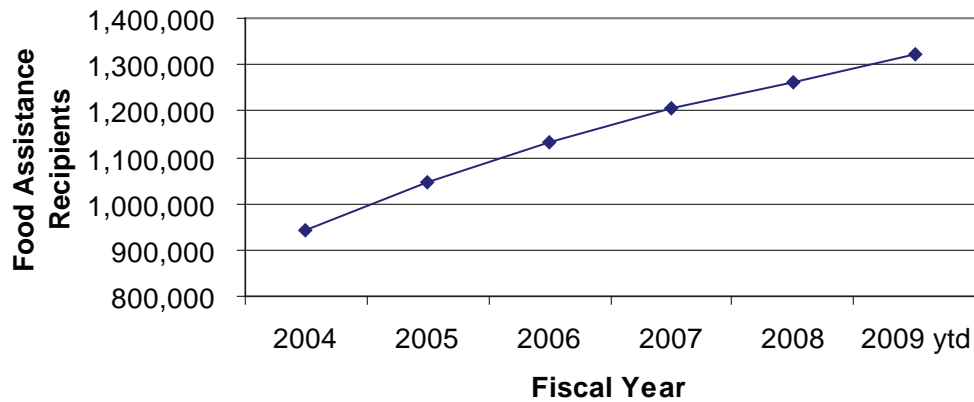
### Highlights of Governor's Budget Recommendations for DHS

#### Income Assistance Programs

- Funds the Family Independence Program at \$382 million, supporting 75,000 families.
- Invests \$35.3 million in targeted employment and training support services for cash assistance recipients. These funds encourage job readiness and employment retention by assisting with transportation; medical expenses; work clothing, equipment and tools; licensing fees and other expenses of employment. These funds augment over \$123 million in the Department of Energy, Labor and Economic Growth for employment and training services for DHS clients.

- Provides \$345.7 million to support safe, quality child day care for 48,500 low-income families. Quality improvements to the day care program that will save \$10 million include provider background checks, review of cases at high-risk for error, verifying hours of day care needed, and reviewing the accuracy of provider time and attendance records.
- Funds the State Disability Assistance program for 10,500 disabled adults at a cost of \$35.2 million.
- Invests over \$1.2 billion in federal funds for food assistance for over 640,000 low-income households including over 1.3 million people.

**1 out of 8 People in Michigan Receives Food Assistance**



- Allocates over \$134.9 million in federal and state restricted 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 \$40.1 million.
- Assumes Michigan will qualify for \$155 million in Temporary Assistance for Needy Families contingency funds in fiscal year 2009. Spending these contingency funds in fiscal year 2009 will provide flexibility to carry forward and spend regular TANF funds in fiscal year 2010.

Social Services Programs

- Invests over \$770 million in Michigan’s child welfare system, including:
  - \$113.4 million in additional funding for child welfare improvements that augments over \$55 million in children’s services upgrades during the last two years. These funds support additional child protective services, foster care licensing and foster care staff; funding for private agency staff; and increased capacity for private agencies to manage adoptive placements.

- \$203.2 million for the Children’s Foster Care Program to provide care and supervision for over 9,145 children until they are either returned to their parents or are adopted.
- \$54.3 million for family preservation services to keep children safe with their families.
- Adoption subsidies for 28,335 adopted children at a funding level of \$237.3 million.
- Allocates \$282.3 million for Juvenile Justice Services, including \$234.3 million in Child Care Fund reimbursements to local units of government. These services provide treatment, residential placement and community support services for delinquent youth. \$10 million in savings will be achieved from closing the Adrian Training School and relocating youth at the Maxey Training School to a smaller, more efficient facility within the Maxey campus.

#### Child Support

- Provides over \$213.6 million for the child support program to help Michigan’s families obtain financial support from absent parents.

#### Government Efficiencies and Reforms

- Supports an additional 25 eligibility workers to be work-stationed in nursing homes, hospitals and other medical facilities to help make Medicaid eligibility determinations. Costs for the outstationed workers are split between nursing homes or hospitals and the federal government.
- Proposes \$100 million in general fund reductions to help address Michigan’s structural deficit. Includes \$29.8 million from eliminating the \$14 per month state supplemental payment for Supplemental Security Income recipients in independent living; \$10 million in day care program savings; \$3 million in reduced employment support services; and \$5 million from eliminating before and after school programs. A number of pilot and non-statewide programs were also eliminated.

**Fiscal Year 2010 Governor's Recommendation  
Department of Human Services  
(\$ in Thousands)**

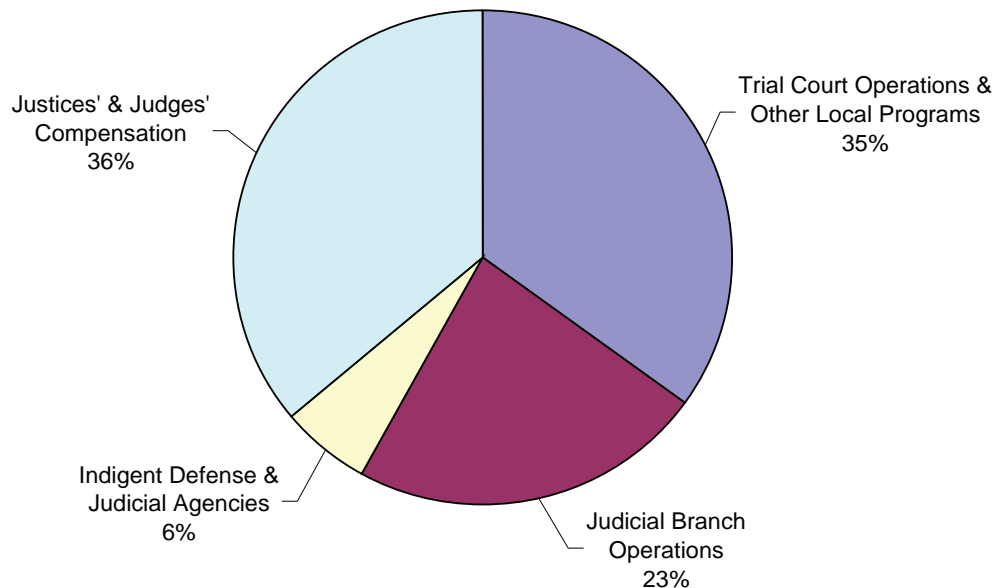
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$1,220,869.8	\$1,026,500.7
All Funds	\$4,503,783.6	\$4,592,454.9
	% Change - GF/GP	-15.9%
	% Change - All Funds	2.0%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
<b>Income Assistance:</b>		
Food Assistance Program	\$0.0	\$1,221,340.9
Family Independence Program	\$27,549.3	\$382,007.7
Child Day Care Services	\$84,600.9	\$345,717.9
Low Income Energy and Weatherization Assistance	\$0.0	\$134,870.3
State Emergency Relief	\$23,233.2	\$40,112.0
State Disability Assistance	\$25,405.3	\$35,233.6
SSI State Supplementation	\$32,543.8	\$32,543.8
Refugee Assistance	\$0.0	\$17,717.5
<b>Children's Services:</b>		
Juvenile Justice Services	\$170,018.7	\$282,329.5
Adoption Subsidies	\$75,777.4	\$237,262.0
Foster Care Payments	\$72,705.8	\$203,202.7
Other Child Welfare Services	\$19,091.2	\$63,913.1
Family Preservation Services	\$158.4	\$54,384.1
Adoption Support Services	\$15,726.8	\$25,019.1
Domestic Violence and Rape Prevention Services	\$677.2	\$17,397.8
<b>Adult and Family Services:</b>		
Employment and Training Support Services	\$0.0	\$35,298.6
Other Individual and Family Services	\$21,039.5	\$34,989.0
Community Services Block Grant	\$0.0	\$26,189.6
<b>Field Staff and Administration</b>	\$213,639.1	\$517,376.3
<b>Central Administration and Support</b>	\$170,388.3	\$426,924.7
<b>Child Support Enforcement</b>	\$24,202.5	\$213,566.5
<b>Information Technology</b>	\$40,933.7	\$133,067.7
<b>Disability Determination Services</b>	\$2,885.3	\$87,887.3
<b>Licensing and Regulation</b>	\$5,924.3	\$24,103.2
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$1,026,500.7</b>	<b>\$4,592,454.9</b>

# Judiciary

The Michigan Constitution vests the judicial power of the state exclusively in a court system composed of the Supreme Court, the Court of Appeals, the Circuit Court (which is the trial court of general jurisdiction, including the Family Court division), the Probate Court, and courts of limited jurisdiction such as the Court of Claims, District Court and municipal courts. The statewide court system is administered by the Supreme Court Justices through the State Court Administrative Office. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$262.1 million, of which \$158.8 million is general fund.*

## Over One-Third of Budget Supports Local Trial Court Operations



**Total: \$262.1 million**

## Highlights of Governor's Budget Recommendation for the Judiciary

- Recommends \$95.5 million for judicial salaries.
- Supports local trial court operations with an appropriation of \$84.3 million.
- Provides \$19.2 million for the Court of Appeals.
- Allocates \$15.0 million to indigent legal assistance through the State Appellate Defender Office, the Michigan Appellate Assigned Counsel System and through contracts with local legal aid agencies.
- Continues over \$5.0 million for specialized drug treatment courts that provide alternatives to incarceration for offenders with drug and alcohol problems.

**Fiscal Year 2010 Governor's Recommendation  
Judiciary  
(\$ in Thousands)**

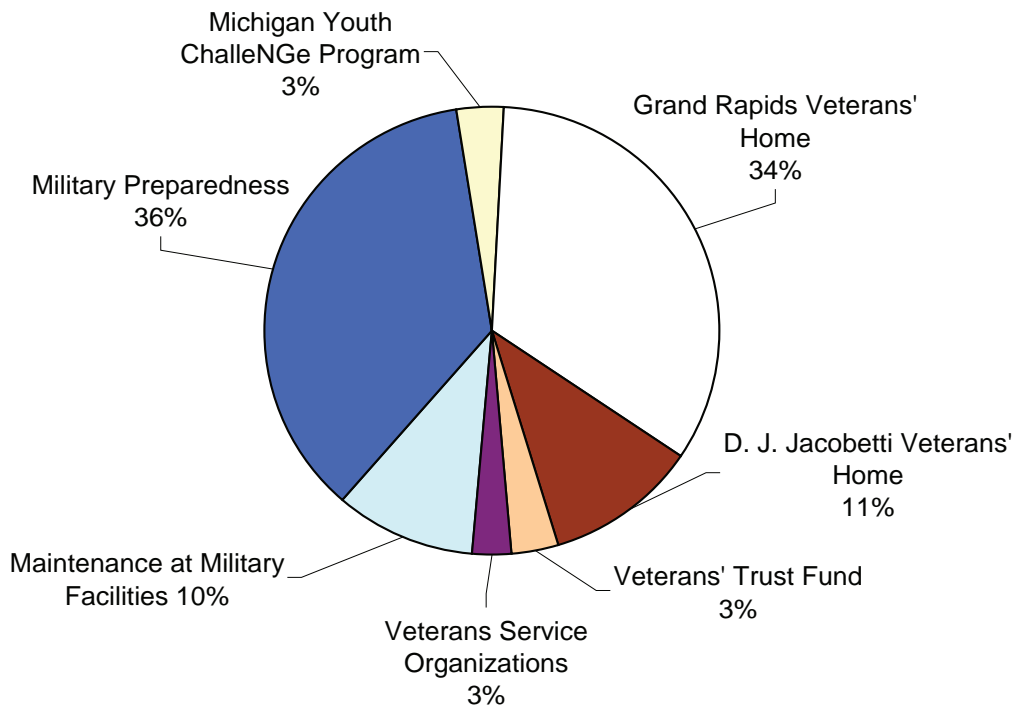
	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$159,320.6	\$158,785.9
All Funds	\$261,904.0	\$262,083.2
	% Change - GF/GP	-0.3%
	% Change - All Funds	0.1%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Justices' and Judges' Compensation	\$88,445.6	\$95,535.8
Trial Courts and Other Local Programs	\$16,621.9	\$84,327.3
Judicial Branch Operations	\$46,660.4	\$62,098.0
Indigent Defense and Judicial Agencies	\$6,415.7	\$14,959.3
Drug Treatment Courts	\$642.3	\$5,162.8
<b>Total FY 2010 Recommendation</b>	<b>\$158,785.9</b>	<b>\$262,083.2</b>

# Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs (DMVA) has dual missions: service 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 12,000 members of the Michigan National Guard; 634 are currently on active duty and mobilized to serve in the Iraqi Freedom campaign and in other parts of the world, with an additional 680 scheduled to be deployed during 2009. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$149.2 million, of which \$39.5 million is general fund.*

## Over 50% of Funding Supports Veterans' Services



**Total: \$149.2 million**

## Highlights of Governor's Budget Recommendation for DMVA

- Provides \$66.6 million for veterans' nursing care at the Grand Rapids and D.J. Jacobetti Veterans' Homes.
- Includes over \$25 million in federal funding for military training sites and armories throughout the state, and an additional \$15 million in federal funding for special maintenance projects at military facilities.
- Maintains \$5.3 million for the needs of veterans and their families through the Michigan Veterans' Trust Fund.
- Continues \$4.7 million to manage the Michigan Youth ChalleNGe Academy for high school dropouts and at-risk youth.
- Recommends \$4.0 million to support Veterans Service Organizations.

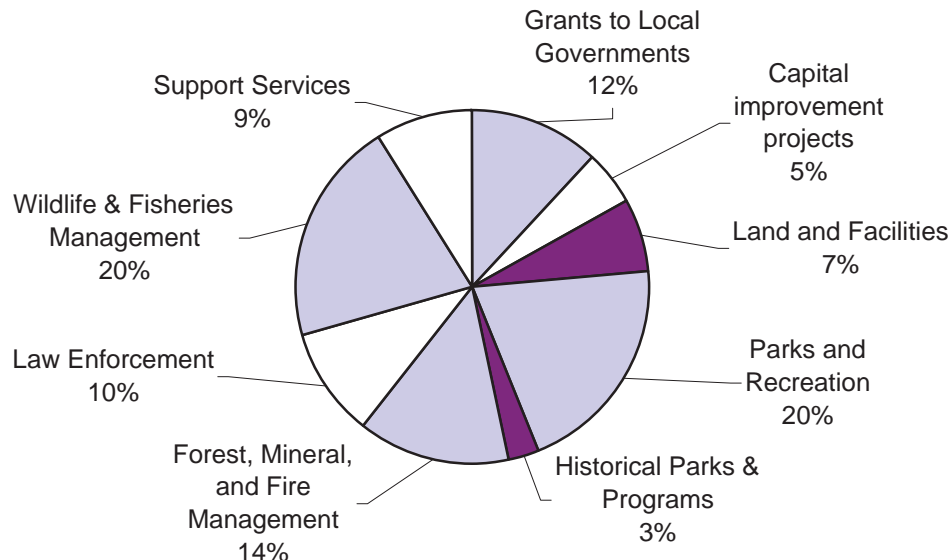




# Department of Natural Resources

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 2010 recommends total funding of \$307.4 million, of which \$16.6 million is general fund.*

## DNR Funds a Variety of Recreational and Conservation Activities



**Total: \$307.4 million**

### Highlights of Governor's Budget Recommendation for DNR

- Funding is maintained for core programs of the department including forest, wildlife, fisheries management and outdoor recreational programs.
- Almost \$63 million supports state parks and other recreational activities, while nearly \$43 million is used to manage and protect forestland.
- Over \$63 million supports wildlife and fisheries management.
- \$31 million is spent on environmental law enforcement on state lands.
- Over \$36 million is paid to local units of government, including an additional \$1.8 million for recreation trails and an additional \$700,000 for snowmobile trail easements.
- The state park motor vehicle permit fee is recommended for increase in order to augment funding for Michigan's state park system.
- Almost \$10 million is recommended for state and local waterways projects to enhance public boating access, and an additional \$4 million for infrastructure improvements at state parks.
- Approximately \$8 million is included for historical parks and programs such as the Mackinac Island State Park, the Thunder Bay National Marine Sanctuary and Underwater Preserve, lighthouse preservation programs, and various other historical programs.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Natural Resources**  
(\$ in Thousands)

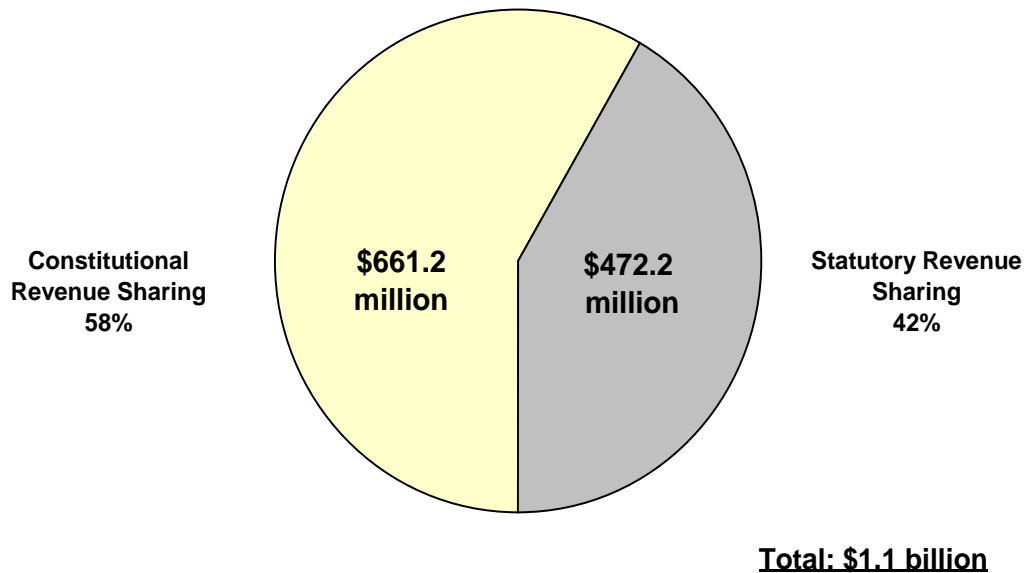
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$16,472.7	\$16,646.6
All Funds	\$298,021.5	\$307,417.5
	% Change - GF/GP	1.1%
	% Change - All Funds	3.2%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Wildlife and Fisheries Management	\$2,006.8	\$63,109.4
Parks and Recreation	\$0.0	\$62,621.9
Forest, Mineral, and Fire Management	\$4,286.1	\$42,511.5
Grants to Local Government	\$0.0	\$36,836.9
Law Enforcement	\$1,551.7	\$31,258.0
Support Services	\$3,564.0	\$27,252.0
Land and Facilities	\$455.2	\$20,656.0
Capital Improvement Projects	\$0.0	\$15,043.4
Historical Parks and Programs	\$4,782.8	\$8,128.4
* Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$16,646.6</b>	<b>\$307,417.5</b>

# 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 2010 is recommended at \$1.1 billion, which includes \$661.2 million for constitutionally-required revenue sharing payments and \$472.2 million for statutory revenue sharing payments to cities, villages, townships and counties.*

## Nearly 60% of Revenue Sharing Payments are Constitutionally-Dedicated



## Highlights of Governor's Budget Recommendation for Revenue Sharing

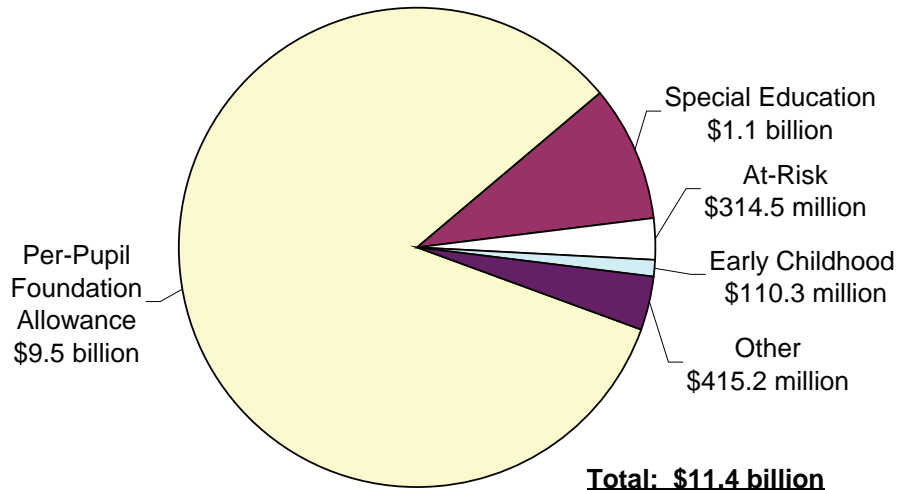
- Maintains overall revenue sharing payments equivalent to the fiscal year 2009 spending level for cities, villages and townships.
- Provides \$49.1 million to restore state revenue sharing payments for qualifying counties that will exhaust their revenue sharing reserve funds in fiscal year 2010. A reserve 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 2010 recommends total funding of \$13.0 billion, \$11.4 billion of state funds and nearly \$1.6 billion of federal funds. In addition, schools are estimated to receive over \$3.6 billion from local property tax revenues.*

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



Note: Federal funds are not included.

## Highlights of the Governor's Budget Recommendation for School Aid

- Protects statutorily-mandated payments of \$1.5 billion for children in need of special education services; preserves funding of \$850 million for academically at-risk children; and maintains nearly \$365 million for school meal programs.
- Targets over \$100 million for Great Start Readiness Programs, which will provide over 30,000 children with preschool opportunities, and \$6.8 million in funding for local Great Start community collaborative grants.
- Preserves \$20 million to help mitigate the fiscal impact of declining enrollment; over 70 percent of all school districts are now experiencing year-to-year declines in their student population.
- Maintains \$15 million for the systemic 21st Century Schools reform program, to assist large districts in restructuring their high school programs to address high dropout rates and improve student achievement.

- Dedicates nearly \$9.5 billion for the per-pupil foundation allowance; however, reductions of \$164 million are necessary in order to balance the budget to available School Aid Fund revenues. The reductions include a foundation allowance reduction of \$59 per pupil.

### **Highlights of the Fiscal Year 2009 Supplemental Recommendation**

- The fiscal year 2009 budget shortfall is estimated at \$44.2 million after budget adjustments for more current expenditure estimates and reductions in the Center for Educational Performance and Information. The Governor proposes to address the remaining shortfall by increasing the general fund contribution to the School Aid Fund.

**Fiscal Year 2010 Governor's Recommendation  
School Aid  
(\$ in Thousands)**

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$40,800.0	\$40,800.0
All Funds	\$13,378,906.8	\$12,963,600.0
	% Change - GF/GP	0.0%
	% Change - All Funds	-3.1%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Foundation Allowance Payments	\$9,903.9	\$9,496,977.7
Special Education Funding	\$0.0	\$1,489,483.0
At Risk Children Services	\$0.0	\$849,540.9
School Food Programs	\$0.0	\$364,626.1
No Child Left Behind and Other Federal Funding	\$0.0	\$250,481.3
Statutorily Required Payments/Reimbursements	\$10,100.0	\$169,900.0
Great Start Preschool Programs	\$15,450.0	\$110,300.0
Intermediate School District Operations	\$0.0	\$65,376.9
Vocational Education	\$0.0	\$38,611.3
State Assessments	\$0.0	\$36,444.4
Adult Education	\$0.0	\$20,000.0
Declining Enrollment Assistance Funding	\$0.0	\$20,000.0
21st Century Schools Program	\$0.0	\$15,000.0
Court Placed and Juvenile Programs	\$0.0	\$11,818.3
Math and Science Programs	\$110.0	\$8,749.3
Center for Educational Performance and Information	\$3,486.1	\$6,279.3
Michigan Virtual High School	\$1,750.0	\$4,950.0
School Transportation Safety Programs	\$0.0	\$3,061.5
Health/Science Middle College	\$0.0	\$2,000.0
<b>Total FY 2010 Recommendation</b>	<b>\$40,800.0</b>	<b>\$12,963,600.0</b>

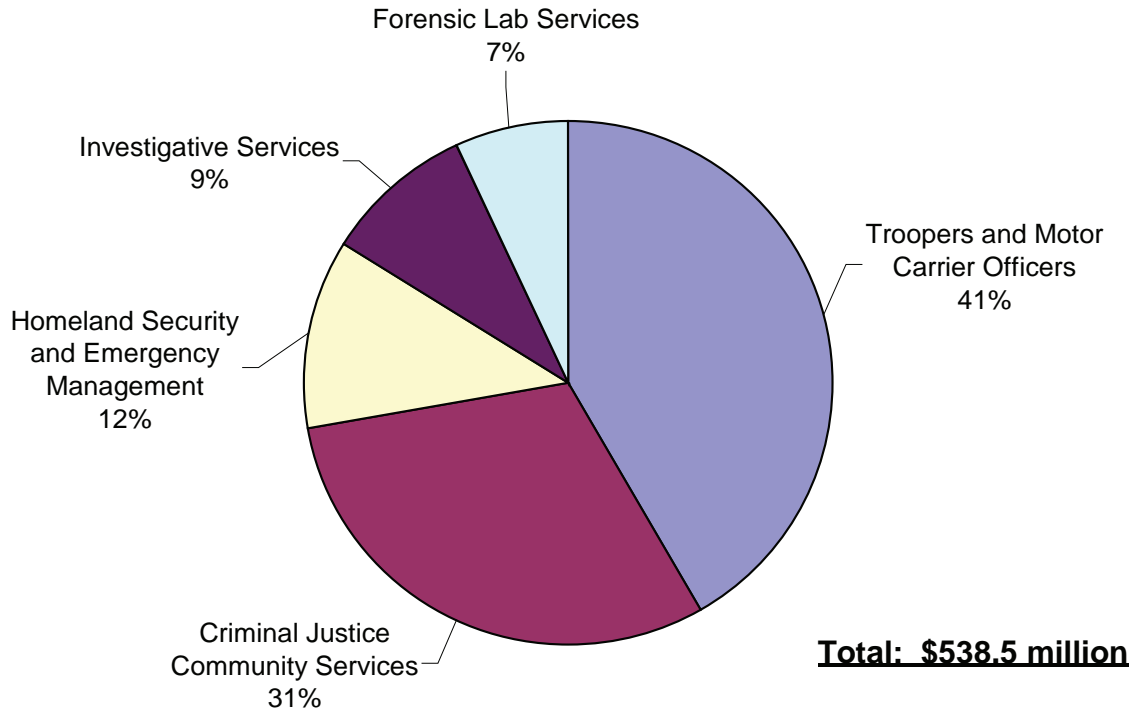




# Department of State Police

The Michigan State Police (MSP) delivers law enforcement services throughout the state. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$538.5 million, of which \$278.5 million is general fund.*

## State Police Provides Statewide Law Enforcement Services



### Highlights of Governor's Budget Recommendation for MSP

- Recommends \$194 million for state troopers to provide law enforcement services in criminal and traffic-related situations throughout the state.
- Includes \$36.7 million for forensic science services at crime laboratories around the state, including an additional \$6.3 million to assist with increased forensics casework due to the closure of the Detroit Crime Laboratory.
- Provides over \$29 million for commercial motor vehicle enforcement, including weigh station operations, road patrol, investigations of commercial motor vehicles and safety-related programs.
- Supports the Michigan Public Safety Communications System with \$12.8 million for statewide two-way radio communications for public safety agencies during emergencies or disasters.
- Recommends \$62.3 million for homeland security efforts throughout the state.
- Provides over \$36 million in grants to local law enforcement agencies for auto theft prevention, secondary road patrols and training for law enforcement officers.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of State Police**  
(\$ in Thousands)

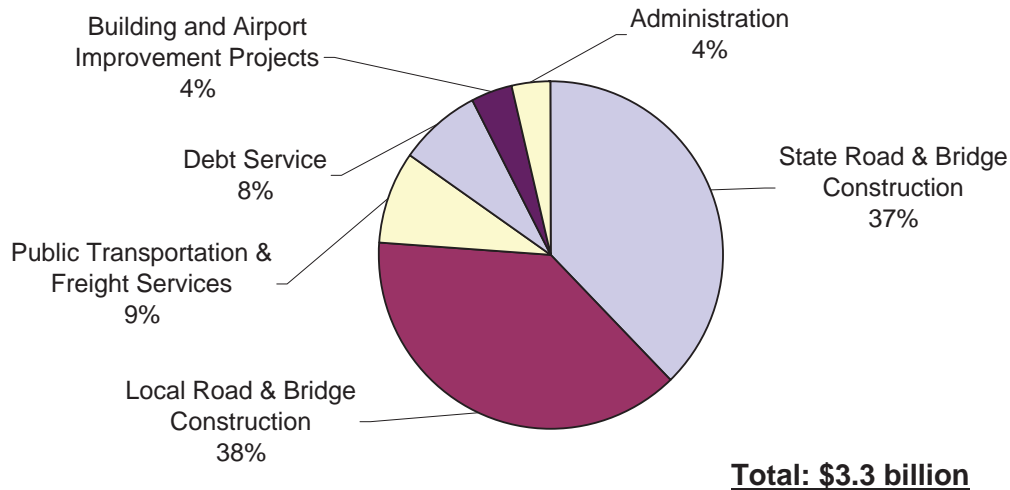
	<b>FY09 Current Law*</b>	<b>FY10 Recommendation</b>
GF/GP	\$284,873.7	\$278,474.5
All Funds	\$530,223.7	\$538,528.0
	% Change - GF/GP	-2.2%
	% Change - All Funds	1.6%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Troopers and Motor Carrier Officers	\$148,124.3	\$223,706.9
Criminal Justice Community Services	\$75,749.0	\$165,711.0
Homeland Security and Emergency Management	\$2,521.2	\$62,303.5
Investigative Services	\$34,490.9	\$49,090.8
Forensic Lab Services	\$17,589.1	\$37,715.8
*Adjusted for program transfers		
<b>Total FY 2010 Recommendation</b>	<b>\$278,474.5</b>	<b>\$538,528.0</b>

# Department of Transportation

Through investments in the state's network of roads and bridges, public transportation systems, freight development, and aviation programs, the Department of Transportation (MDOT) works to ensure a safe, efficient and effective transportation infrastructure. *The Governor's proposed budget for fiscal year 2010 recommends total funding of \$3.3 billion, supported entirely with federal and state restricted revenues.*

## Road Construction Projects Receive 75% of Transportation Funds



## Highlights of Governor's Budget Recommendation for MDOT

- The Governor's budget provides nearly \$2.5 billion for state and local road and bridge construction and maintenance projects.
- The budget also includes \$287 million for public transportation services to preserve local bus operating assistance, and support other public transportation, rail freight and marine programs.
- The Governor's recommendation also supports \$125.7 million for building and airport improvement projects.
- While federal economic recovery dollars are expected to provide for short-term transportation investments, Governor Granholm remains supportive of the Transportation Funding Task Force and its efforts to identify long-term financing alternatives. The Governor will be working with the Legislature in the coming months to enact reforms that adequately finance Michigan's transportation infrastructure.

**Fiscal Year 2010 Governor's Recommendation**  
**Department of Transportation**  
(\$ in Thousands)

	<b>FY09 Current Law</b>	<b>FY10 Recommendation</b>
GF/GP	\$0.0	\$0.0
All Funds	\$3,612,229.2	\$3,268,120.9
	% Change - GF/GP	0.0%
	% Change - All Funds	-9.5%

<b>Programs</b>	<b>GF/GP</b>	<b>All Funds</b>
Local Road & Bridge Construction and Maintenance	\$0.0	\$1,247,328.2
State Road & Bridge Construction and Maintenance	\$0.0	\$1,238,154.5
Public Transportation & Freight Services	\$0.0	\$287,064.5
Debt Service Obligations	\$0.0	\$251,137.3
Building and Airport Capital Improvement Projects	\$0.0	\$125,713.7
Administrative Support Services	\$0.0	\$118,722.7
<b>Total FY 2010 Recommendation</b>	<b>\$0.0</b>	<b>\$3,268,120.9</b>

# Background Information

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	<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 Needed to Implement FY 2010 Executive Budget	C 37

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

Fiscal Year 2010  
Sources and Uses of General Fund/General Purpose  
*(in millions)*

Estimated Beginning Fund Balance, October 1, 2009 \$0.0

REVENUES:

Estimated January Consensus Net Revenues \$ 7,934.5

Proposed Adjustments:

Revenue Sharing Reductions	\$ 466.8
Charge School Aid Fund for Short-term Borrowing	\$ 45.0
2008 PA 435, 472, 507, 572	\$ (9.5)
2008 PA 440	\$ 334.8
Liquor Revenue deposit	\$ 24.1
Revenue Enhancements	\$ 129.1
Tax Enforcement	\$ 13.2

**Total Sources of Funds \$8,938.0**

EXPENDITURES:

Fiscal Year 2010 Executive Recommendation \$8,932.5

**Total Uses of Funds \$8,932.5**

**Ending Fund Balance, September 30, 2010 \$5.5**

# Fiscal Year 2010 Sources and Uses of All Funds

*(in millions)*

Estimated Beginning Unreserved Fund Balance, October 1, 2009		\$541.1
<b>REVENUES:</b>		
Fiscal Year 2010 Revenue Estimate		\$43,403.5
<u>Adjustments Included in Revenue Estimate:</u>		
Revenue Sharing Reductions	\$466.8	
Charge School Aid Fund for Short-term Borrowing	\$45.0	
2008 PA 435, 472, 507, 572	(\$9.5)	
2008 PA 440	\$334.8	
Liquor Revenue deposit	\$24.1	
Revenue Enhancements	\$174.9	
Tax Enforcement	\$17.6	
Increase Lottery Sales Staff and Advertising	\$15.0	
<b>TOTAL REVENUES</b>		<u>\$43,403.5</u>
<b>Total Sources of Funds</b>		<b>\$43,944.6</b>
 <b>EXPENDITURES:</b>		
Fiscal Year 2010 Executive Recommendation	\$44,153.3	
Less: Interdepartmental Grants and Transfers	(768.1)	
<b>Total Uses of Funds</b>		<u>\$43,385.2</u>
<b>Excess of Sources Over Uses</b>		<u>\$559.4</u>

# Consensus Economic Outlook

The economic and revenue outlooks were agreed to at the January 9, 2009, Consensus Revenue Estimating Conference by the Administration, House Fiscal Agency and Senate Fiscal Agency.

## **2008 U.S. Economic Review**

The U.S. has officially been in recession since December 2007. Over the first three quarters of 2008, real GDP grew at a meager rate and real domestic final demand (real GDP excluding real net exports) declined slightly. Real GDP, however, plummeted in the fourth quarter, falling at its fastest pace since the early 1980's. U.S. wage and salary employment declined each month of 2008, but declines ballooned beginning in September. While losing two-thirds of a million jobs in the first eight months of 2008, the economy lost more than twice that number (nearly 2.0 million jobs) between September and December.

The U.S. economy struggled in 2008 under the weight of high oil prices, a dismal housing market, a progressively worsening credit crunch and heightening instability in financial markets.

Having steadily increased since early 2007, oil prices rose to a record \$134 a barrel in June 2008. As a result, gasoline prices also rose to record levels, rising above \$4.00 a gallon by mid-year. Oil and gasoline prices dropped substantially in late 2008 as the U.S. economy contracted sharply. These fuel price declines have provided a partial, yet important, counterbalance to other forces depressing economic activity.

In calendar year 2008, housing starts totaled fewer than 1 million units for the first time in at least fifty years. Annualized monthly housing starts, which had peaked in early 2006 above 2 million units, fell to a new record low in each month between October and December. In December, housing starts fell to a record low 550,000 unit pace. With the sharply declining housing market, the percent of homeowners either delinquent or in foreclosure rose to a record 10.0 percent by 2008Q3. Home price declines accelerated each month during 2008 with November prices down 18.2 percent from the prior year.

With the booming housing market going bust and housing prices tumbling, lenders in turn tightened their lending standards – even beyond what they were prior to the boom. Credit conditions tightened substantially for both prime and sub-prime borrowers, for consumer loans as well as mortgage loans and for firms as well as individuals.

Vehicle sales fell sharply in 2008. Severe employment declines, substantial losses in consumer equity and the severe credit crunch pushed sales sharply lower. Calendar year 2008 sales fell an estimated 18.6 percent to their lowest level since 1992. Fourth quarter 2008 light vehicle sales plummeted to their lowest quarterly rate in 26 years.

Many loan originators had packaged and sold their mortgage loans to other companies. Thus, as loan defaults mounted, the repercussions spread widely across financial markets and the economy



in general. Lehman Brothers' failure in September precipitated a near collapse of already shaken financial markets. What had been a credit crunch became, in many markets, a credit freeze.

The Federal Reserve has met shaky financial markets with substantial interest rate cuts and massive injections of liquidity. The Fed lowered its key bank lending rate to essentially zero. Excess bank reserves skyrocketed from around \$2 billion in August to nearly \$800 billion by the end of December. Complementing the Fed's efforts, Congress passed the Troubled Assets Relief Program (TARP). Under TARP, Congress authorized the Treasury Department to provide up to \$700 billion to help stabilize financial markets and foster liquidity. Also under TARP, the Treasury Department extended a \$17.4 billion bridge loan package to General Motors and Chrysler, both of whom were severely struggling as vehicle sales fell sharply. Earlier in the year, Congress passed the Economic Stimulus Act of 2008. The centerpiece of the legislation was \$120 billion in mid-year personal income tax rebates.

### **2008 Michigan Economic Review**

Sharply declining vehicle sales, combined with continuing declines in Big 3 market share and rationalization among vehicle suppliers, sharply accelerated Michigan's economic losses in 2008. Between Michigan's employment peak in June 2000 and December 2008, Michigan lost over 625,000 jobs (-13.6 percent). However, job losses in 2008 accounted for more than one-fourth (nearly 175,000) of the jobs lost over the past eight and half years. Michigan job losses between September 2008 and December 2008 alone totaled nearly 150,000 jobs. Michigan's 2008 unemployment rate rose to an estimated 8.4 percent, up 1.2 percentage points from 2007.

In 2008, Michigan wages and salaries grew an estimated 0.6 percent. Overall personal income increased an estimated 2.4 percent. With 2.8 percent inflation, real (inflation adjusted) personal income fell by an estimated 0.5 percent.

### **2009 and 2010 U.S. Consensus Economic Outlook**

In 2009, real GDP is forecast to decline by 1.9 percent – matching 1982 for the largest calendar year real GDP decline since 1946. Real GDP is then projected to grow at a slow 1.6 percent pace in 2010 (see Table 1). Light vehicle sales are forecast to fall to 10.8 million units, the lowest annual sales since 1982. Vehicle sales are projected to rebound in 2010, but only to 12.2 million units, markedly lower than the 16.1 million units sold in 2007.

The 2009 U.S. unemployment rate is projected to rise sharply from 5.7 percent to 8.2 percent. The 2010 unemployment rate is then forecast to rise to 8.7 percent, the third highest unemployment rate since 1948.

With the economy contracting and job losses mounting, inflation is projected to slow to 0.7 percent in 2009, the lowest U.S. inflation rate since 1955. As the economy recovers in 2010, inflation is expected to accelerate to 2.5 percent.

## **2009 and 2010 Michigan Consensus Economic Outlook**

Due to the slowing national economy in general and extremely weak light vehicle sales in particular, Michigan wage and salary employment is forecast to fall 4.6 percent in 2009 – the State’s largest calendar year percent employment decline since 1982. Wage and salary employment is expected to drop another 2.0 percent in 2010, marking Michigan’s tenth straight calendar year employment decline.

Michigan’s unemployment rate is expected to rise from 8.4 percent in 2008 to 10.9 percent in 2009 and 11.2 percent in 2010. The forecasted 2010 unemployment rate would be Michigan’s highest unemployment rate since 1984.

Michigan personal income is forecast to fall by 1.3 percent in 2009 – the state’s first nominal (non-inflation adjusted) personal income decline since 1958. Personal income is then expected to rise a slight 0.8 percent in 2010. Inflation is forecast to be 0.4 percent in 2009 and 2.0 percent in 2010. As a result, real Michigan personal income is expected to decline 1.7 percent in 2009 and then fall 1.2 percent in 2010.

Quarterly Michigan employment declines are forecast to slow beginning in mid-2009. While quarterly declines are expected to average 55,000 jobs in fiscal year (FY) 2009, FY 2010 declines are forecast to average only 16,000 jobs per quarter.

### **Forecast Risks**

The U.S. economy has been in recession since the end of 2007. The central questions now are “How long?” and “How deep?” Several factors, which helped cause the downturn, will likewise be key to determining the recession’s length and depth. Higher oil prices (all else equal) will lengthen and deepen the recession, while lower oil prices will shorten the downturn and make it shallower. A faster sustainable recovery in the housing market will support a quicker overall economic recovery and less steep economic downturn. Similarly, a more sluggish housing market will delay recovery and deepen the recession.

Central to hastening the end of the recession and muting the economic downturn is stability and confidence in financial and credit markets. Here, uncertainty surrounds the speed and effectiveness of actions the Federal Reserve and Congress have taken and will be taking to address financial market turmoil and the associated credit crunch/freeze. Likewise, questions surround the speed with which policymakers will enact and implement a stimulus package, along with questions about the size and composition of the package (e.g., government spending vs. tax cuts).

Given the current extreme weakness in vehicle sales markets, the failure of one or more of the Big Three constitutes an extremely large downside risk to the national forecast, but especially to the Michigan economic forecast.

**Table 1**  
**Consensus Economic Forecast**

January 2009

	Calendar 2007 Actual	Calendar 2008 Estimated	Percent Change from Prior Year	Calendar 2009 Forecast	Percent Change from Prior Year	Calendar 2010 Forecast	Percent Change from Prior Year
<b>United States</b>							
Real Gross Domestic Product (Billions of Chained 2000 Dollars)	\$11,524	\$11,662	1.2%	\$11,440	-1.9%	\$11,623	1.6%
Implicit Price Deflator GDP (2000 = 100)	119.8	122.8	2.5%	125.5	2.2%	127.8	1.8%
Consumer Price Index (1982-84 = 100)	207.3	216.0	4.0%	217.5	0.7%	222.9	2.5%
Personal Consumption Deflator (2000 = 100)	117.7	121.7	3.4%	122.7	0.8%	125.0	1.9%
3-month Treasury Bills Interest Rate (percent)	4.4	1.4		0.4		1.0	
Aaa Corporate Bonds Interest Rate (percent)	5.6	5.7		5.0		4.7	
Unemployment Rate - Civilian (percent)	4.6	5.7		8.2		8.7	
Light Vehicle Sales (millions of units)	16.1	13.1	-18.6%	10.8	-17.6%	12.2	13.0%
Passenger Car Sales (millions of units)	7.6	6.8	-10.4%	5.6	-17.8%	6.3	12.5%
Light Truck Sales (millions of units)	8.5	6.3	-25.9%	5.2	-17.5%	5.9	13.5%
Import Share of Light Vehicles (percent)	23.3	25.3		28.0		30.0	
<b>Michigan</b>							
Wage and Salary Employment (thousands)	4,262	4,190	-1.7%	3,997	-4.6%	3,917	-2.0%
Unemployment Rate (percent)	7.2	8.4		10.9		11.2	
Personal Income (millions of dollars)	\$345,885	\$354,187	2.4%	\$349,583	-1.3%	\$352,379	0.8%
Real Personal Income (millions of 1982-84 dollars)	\$172,831	\$171,935	-0.5%	\$169,044	-1.7%	\$167,004	-1.2%
Wages and Salaries (millions of dollars)	\$188,062	\$189,281	0.6%	\$180,953	-4.4%	\$181,496	0.3%
Detroit Consumer Price Index (1982-84 = 100)	200.1	206.0	2.8%	206.8	0.4%	211.0	2.0%
Detroit CPI Fiscal Year (1982-84 = 100)	199.0	204.6	2.8%	205.8	0.6%	209.3	1.7%

# Revenue Estimates

## Fiscal Year 2008 Revenue

On a Consensus basis, FY 2008 General Fund-General Purpose (GF-GP) revenues increased by 12.5 percent to \$9,359.7 million. Including items not included in the Consensus base, GF-GP revenues totaled \$10,076.7 million. The increase in Michigan's income tax rate from 3.90 percent to 4.35 percent and the imposition of the Michigan business tax surcharge increased the growth rate of FY 2008 revenues. School Aid Fund (SAF) revenue grew 3.2 percent in FY 2008 to \$11,513.0 million.

## Fiscal Year 2009 and Fiscal Year 2010 Revenue Estimates

On January 9, 2009, the Administration and the House and Senate Fiscal Agencies reached a consensus on projected revenues for FY 2009 and FY 2010. Agreement was reached on baseline revenue forecasts and on the effects of enacted tax changes. The January 2009 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.

The significant national recession and its effects on Michigan's economy will reduce Michigan revenues. On a Consensus basis, FY 2009 GF-GP revenue is forecast to decline by 11.3 percent to \$8,306.1 million. After factoring in proposed changes and other budget measures, total FY 2009 GF-GP revenue is expected to be \$9,091.0 million. On a Consensus basis, net FY 2009 SAF revenue is expected to decline 1.3 percent to \$11,368.7 million. Including transfers, federal aid, and other budget measures, FY 2009 SAF revenue will total \$13,015.7 million.

FY 2010 GF-GP revenue will total \$7,934.5 million on a Consensus basis, a 4.5 percent decline compared to FY 2008. After factoring in proposed tax changes and other budget measures, total FY 2010 GF-GP revenue is expected to be \$8,938.0 million. On a Consensus basis, net FY 2010 SAF revenue is expected to decrease by 0.6 percent to \$11,295.8 million. After factoring in proposed changes, federal aid, transfers, and other budget measures, SAF revenue will total \$12,963.6 million.

## Overall FY 2010 Revenue

Total net revenue for all funds is estimated to be \$44.1 billion in FY 2010. 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 2007 through FY 2010.

**Projected Revenues**  
**FY 2009 - 2010**  
(millions)

	<u><b>FY 2009 - 2010</b></u>
<b>General Fund - General Purpose</b>	
Consensus Estimate	7,934.5
Total Adjustments	1,003.5
<b>Total General Fund - General Purpose</b>	<u>8,938.0</u>
 <b>School Aid Fund</b>	
Consensus Estimate	11,295.8
Transfers and Federal Aid	1,602.6
Total Adjustments	65.2
<b>Total SAF Revenue</b>	<u>12,963.6</u>
 <b>Transportation Funds</b>	 4,107.1
 <b>Special Revenue &amp; Permanent Funds</b>	 5,044.8
 <b>Federal Aid (Not Elsewhere Itemized)</b>	 <u>13,279.9</u>
<b>Sub-Total All Funds</b>	44,333.4
 <b>Fund Balances Available</b>	 <u>541.1</u>
<b>Gross Total All Resources</b>	44,874.4
Less Interfund Transfers (excluding GF-GP)	<u>(929.8)</u>
<b>Net Total All Resources</b>	<u><u>\$ 43,944.6</u></u>

Amounts may not tie to totals due to rounding

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>GENERAL FUND - GENERAL PURPOSE REVENUE</b>				
<b>TAXES</b>				
Individual Income <sup>(1)</sup>	6,025,125,670	6,896,852,436	6,562,100,000	6,372,100,000
Less: Refunds	(1,687,305,588)	(1,790,345,516)	(2,051,900,000)	(2,278,400,000)
Net Individual Income	4,337,820,082	5,106,506,921	4,510,200,000	4,093,700,000
Single Business and Michigan Business <sup>(1)</sup>	1,816,105,451	2,125,389,222	1,814,500,000	1,802,800,000
Sales <sup>(2)</sup>	634,157,428	670,795,897	66,900,000	93,600,000
Use <sup>(3)</sup>	919,961,402	911,657,999	845,000,000	888,000,000
Insurance Company Premium Retailatory	223,753,901	223,190,639	238,800,000	242,400,000
Tobacco <sup>(3)</sup>	225,388,800	212,933,121	208,700,000	203,800,000
Utility Property	89,116,708	82,535,019	75,000,000	74,000,000
Casino Gaming Wagering <sup>(3)</sup>	46,096,752	15,414,791	4,100,000	0
Penalties and Interest	157,899,980	160,594,142	157,000,000	157,000,000
Intangibles	(16,173)	48,655	0	0
Estate / Inheritance	711,605	235,047	0	0
Beer and Wine Excise	51,478,349	50,941,374	51,500,000	51,500,000
Oil and Gas Severance	72,003,899	97,052,266	66,000,000	68,000,000
Liquor Specific <sup>(3)</sup>	36,176,046	37,253,835	37,000,000	37,200,000
Other	35,000,000	0	0	0
Enhanced Enforcement and ACS <sup>(4)</sup>	(107,656,080)	(114,217,353)	(116,000,000)	(118,000,000)
<b>TOTAL GF - GP TAXES</b>	<b>8,537,998,150</b>	<b>9,580,331,575</b>	<b>7,958,700,000</b>	<b>7,594,100,000</b>

(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 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>GENERAL FUND - GENERAL PURPOSE REVENUE</b>				
NON-TAX REVENUE				
Federal Aid	18,808,859	14,811,959	17,000,000	17,000,000
Local Agencies	403,615	115,169	500,000	500,000
Services	8,176,754	18,380,596	13,000,000	13,000,000
Licenses & Permits	33,611,035	37,375,608	24,000,000	24,000,000
Miscellaneous	226,719,527	231,560,872	196,700,000	196,700,000
Interest and Investment Profits	1,304,239	1,486,059	(74,000,000)	(81,000,000)
<b>TOTAL GF - GP NON-TAX REVENUE</b>	<b>289,024,030</b>	<b>303,730,263</b>	<b>177,200,000</b>	<b>170,200,000</b>
TRANSFERS FROM OUTSIDE GENERAL & SPECIAL REVENUE FUNDS				
Other Interfund Transfers Received	277,296,884	60,067,641	0	0
Liquor Purchase Revolving Fund	158,651,210	159,239,475	159,200,000	159,200,000
Transfers From Lottery Charitable Gaming and Other Funds	10,758,853	10,638,365	11,000,000	11,000,000
<b>TOTAL GF - GP TRANSFERS</b>	<b>446,706,947</b>	<b>229,945,481</b>	<b>170,200,000</b>	<b>170,200,000</b>
<b>General Fund - General Purpose Summary</b>				
GF - GP Tax Revenue	8,537,998,150	9,580,331,575	7,958,700,000	7,594,100,000
GF - GP Non-Tax Revenue	289,024,030	303,730,263	177,200,000	170,200,000
GF - GP Transfers	446,706,947	229,945,481	170,200,000	170,200,000
<b>TOTAL GENERAL FUND-GENERAL PURPOSE before Interfund Transfers</b>	<b>9,273,729,127</b>	<b>10,114,007,319</b>	<b>8,306,100,000</b>	<b>7,934,500,000</b>
LESS: Interfund Transfers	(277,296,884)	(60,067,641)	0	0
<b>CONSENSUS TOTAL GENERAL FUND-GENERAL PURPOSE</b>	<b>8,996,432,243</b>	<b>10,053,939,678</b>	<b>8,306,100,000</b>	<b>7,934,500,000</b>
Excluding interfund transfers to GF-GP				
BUDGET ADJUSTMENTS				
Revenue Sharing Reductions	NA	NA	536,600,000	466,800,000
Charge School Aid Fund for Short-Term Borrowing	NA	NA	45,000,000	45,000,000
21st Century Jobs Trust Fund	NA	NA	20,000,000	0
Insurance Escheats	NA	NA	25,000,000	0
2008 PA 435, 472, 507, 572	NA	NA	(15,200,000)	(9,500,000)
2008 PA 440	NA	NA	161,500,000	334,800,000
Liquor Revenue Deposit	NA	NA	0	24,100,000
Revenue Enhancements	NA	NA	0	129,100,000
Tax Enforcement	NA	NA	0	13,150,000
Other Adjustments	NA	NA	12,000,000	0
<b>TOTAL ADJUSTMENTS</b>	<b>NA</b>	<b>NA</b>	<b>784,900,000</b>	<b>1,003,450,000</b>
<b>TOTAL GENERAL FUND-GENERAL PURPOSE WITH ADJUSTMENTS</b>	<b>8,996,432,243</b>	<b>10,053,939,678</b>	<b>9,091,000,000</b>	<b>8,937,950,000</b>
Excluding interfund transfers to GF-GP				

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>GENERAL FUND-SPECIAL PURPOSE/SPECIAL REVENUE AND PERMANENT FUNDS (EXCLUDING FEDERAL AID)</b>				
Air Emission Fees	10,846,477	10,226,732	9,800,768	12,200,000
Airport Parking Revenue	21,526,748	22,627,107	24,142,202	25,590,734
Auto Repair Facilities Fees	3,501,359	3,846,575	3,960,000	3,960,000
Auto Theft Prevention Fund	6,616,355	6,652,590	6,541,556	6,350,000
Bottle Deposits Fund	28,973,579	31,939,511	16,337,021	12,606,487
Budget Stabilization Fund	72,922	65,756	23,714	21,795
Child Support Collections	39,201,704	38,311,200	38,000,000	38,000,000
Children's Trust Fund	3,443,724	982,123	3,805,400	3,822,700
Civil Infraction Fee	6,967,939	6,780,627	7,514,400	7,512,600
Civilian Conservation Endowment Fund	1,832,391	1,082,718	17,800	6,600
Commercial Mobile Radio Emergency Telephone Fund	21,704,194	22,154,020	23,321,868	23,321,868
Conservation and Recreation Bond Proceeds	4,272,874	28,262,083	81,000	81,000
Contributions to Children of Veterans Tuition Grant Program	201,134	252,895	300,000	300,000
Construction Lien Recovery Fund	1,471,714	1,131,919	965,000	965,000
Convention Facility Development Fund	18,922,093	56,186,037	58,803,229	60,537,510
Corporation Fees	19,832,538	19,640,110	21,002,000	24,028,400
Correctional Industries Revolving Fund	15,923,825	16,063,565	20,224,300	20,623,600
Court Equity Fund	46,870,865	47,054,860	46,717,822	46,717,822
Court Fee Fund	7,257,277	7,791,258	6,685,000	6,685,000
Criminal Justice Info Cntr Service Fees	13,953,208	12,246,740	13,400,000	15,513,900
Delinquent Tax Collection Revenue & MARCS Revenue	107,168,689	113,720,782	116,000,000	118,000,000
Driver Fees	16,554,877	17,233,541	29,762,000	28,073,000
Equine Development Fund	15,885,102	10,520,014	9,280,648	8,150,000
Fees and Collections (DCH)	4,179,964	4,733,704	5,576,800	7,428,800
Forest Development Fund	26,361,800	30,297,695	29,579,200	29,727,400
Game and Fish Protection Account	64,958,018	61,505,166	61,854,200	61,433,200



## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
Game and Fish Protection Trust Fund	21,979,836	10,856,908	14,277,600	14,321,600
Groundwater & Freshwater Protection Fund	4,082,044	4,154,544	3,810,900	3,850,000
Group Insurance Fund, Flexible Spending and COBRA	6,356,985	5,876,653	8,676,100	8,726,900
Health and Safety Fund - Counties	19,826,351	18,640,106	18,243,000	17,791,000
Health Professions Regulatory Fund	19,021,799	18,448,341	18,600,000	18,600,000
Healthy Michigan Fund	43,666,362	39,232,136	38,851,700	37,428,200
Highway Safety Fund	13,932,185	13,488,817	13,655,370	13,500,000
Income and Assessments	20,476,798	21,020,907	21,100,000	23,500,000
Individual Income Tax - Refunds	883,400,000	931,600,000	0	0
Insurance Licensing Fees	3,126,316	4,679,017	6,013,500	5,745,000
Insurance Regulatory Fees	12,951,957	12,928,903	11,900,000	11,900,000
Judicial Technology Improvement Fund	4,631,506	4,862,685	4,701,000	4,701,000
Juror Compensation Fund	4,826,789	2,420,336	4,700,000	4,700,000
Land Reutilization Fund	2,949,490	1,888,686	1,200,000	1,200,000
Licensing & Inspection Fees (MDA)	5,611,543	5,949,923	5,743,400	5,763,800
Licensing & Regulation Fees (DLEG)	13,603,862	15,555,129	12,027,300	12,017,300
Liquor License Revenue	11,375,338	11,990,077	12,221,000	30,186,900
Liquor Operations	14,617,460	13,963,738	19,428,600	2,414,500
Local Funds - County Payback	55,826,664	54,782,011	41,099,700	36,150,900
Local Revenues - DCH	221,685,463	233,440,961	241,578,600	229,677,200
Local Vocational Rehabilitation Match	6,227,397	6,392,694	9,562,000	9,684,500
Lottery Operations	37,821,700	40,061,847	45,242,300	27,765,800
Low Income and Energy Efficiency Fund	83,112,852	85,269,833	83,800,000	90,000,000
Mackinac Island State Park Fund	1,249,083	1,598,201	1,618,000	1,649,200
Manufacturer Rebates	0	0	60,952,100	63,827,800
Medicaid Benefits Trust Fund	383,130,253	380,814,287	376,100,000	369,400,000
Merit Award Trust Fund	361,874,578	176,458,479	180,200,000	191,739,400
Michigan Employment Security Contingent Fund	15,847,127	10,001,519	12,500,000	12,500,000
Michigan Health Initiative Fund	9,084,487	9,838,411	9,100,000	9,100,000
Michigan Higher Education Assistance and Student Loan Authorities	22,116,347	19,103,753	34,309,100	34,645,000
Michigan Higher Education Assistance Authority Operating Fund	3,000,000	1,347,618	0	0
Michigan Justice Training Fund	7,269,621	7,016,619	6,970,000	6,970,000

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
Michigan Natural Resources Trust Fund	79,787,727	97,357,994	60,739,100	60,181,900
Michigan Nongame Fish and Wildlife Fund	870,608	446,144	305,100	317,500
Michigan State Fair/Exposition and Fairgrounds Fund	4,747,944	4,648,300	6,605,300	0
Michigan State Housing Development Authority	39,746,021	41,949,101	44,432,500	45,444,800
Michigan State Parks Endowment Fund	27,686,775	11,203,266	11,793,100	12,107,500
Michigan State Waterways Account	29,786,606	28,744,741	27,861,800	28,581,700
Michigan Veterans' Trust Fund	4,299,605	1,383,524	2,000,000	2,300,000
Motor Carrier Fees	401,933	5,554,451	4,000,000	4,000,000
Newborn Screening Fees	7,470,927	10,875,353	10,669,800	10,936,000
Nonpoint Discharge Elimination System Fees	3,003,426	3,120,572	2,900,000	2,900,000
Off Road Vehicle Account	9,909,497	3,404,318	3,609,700	3,628,400
Oil and Gas Regulatory Fund	9,086,308	14,904,637	6,200,000	7,500,000
Outdoor Recreation Legacy Account	4,742,735	2,333,967	2,237,700	2,287,400
Parole and Probation Oversight Fees	7,678,798	7,406,942	8,300,000	8,300,000
Public Utility Assessments	21,520,375	19,127,753	24,409,900	26,287,600
Quality Assurance Assessment Tax	827,775,603	1,023,766,209	949,531,000	746,466,000
Refined Petroleum Fund	57,398,041	53,521,558	53,377,047	53,215,009
Rezonementation Fees	8,712,959	7,160,077	5,873,500	5,553,300
Retirement Operations	32,801,000	32,695,794	38,700,200	39,354,600
Safety Education and Training	9,047,996	9,148,457	9,272,600	9,272,600
Sales Tax - Revenue Sharing	1,070,892,341	1,076,214,607	1,087,300,000	1,133,500,000
Scrap Tire Regulatory Fund	4,426,760	4,420,436	4,300,000	4,250,000
Second Injury Fund	19,287,211	16,603,933	11,960,000	16,500,000
Secondary Road Patrol & Training Fund	13,334,319	12,868,462	12,830,000	12,830,000
Securities Fees	14,366,145	13,005,024	18,503,300	18,503,300
Self Insurer's Security Fund	10,237,555	6,182,449	4,250,000	7,500,000
Snowmobile Account	20,280,854	9,088,920	8,403,600	10,093,400
Solid Waste Program Fees	4,020,998	4,002,886	3,800,000	3,600,000
Special Financing Revenues - Medicaid	0	0	81,893,100	89,092,400
State Campaign Funds	(5,980,695)	1,199,670	1,500,000	1,500,000
State Casino Gaming Fund	32,387,539	33,425,592	34,121,955	34,813,657
State Construction Code Fund	12,702,090	8,017,378	11,540,000	15,013,200

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
State Court Sub - Fund	8,011,613	8,184,611	8,142,904	8,140,878
State Park Improvement Account	39,686,458	38,793,152	38,525,000	41,139,400
Supplemental Security Income Recoveries	9,272,204	11,816,594	14,834,200	14,858,600
Telephone Fees & Commissions	10,221,862	8,011,854	0	0
Traffic Law Enforcement and Safety	33,760,103	25,089,896	24,594,675	25,300,000
Transportation Admin Collection Fund	112,325,734	105,226,834	108,874,000	108,874,000
Twenty-First Century Jobs Fund	522,991,697	198,742,296	75,000,000	75,000,000
Victims Services Fund	9,873,087	10,339,473	10,494,000	11,000,000
Other Restricted Revenues	396,846,938	548,031,538	456,407,166	483,549,666
<b>Total GF-Special Purpose/Special Revenue &amp; Permanent Funds</b>	<b>6,348,603,261</b>	<b>6,253,011,230</b>	<b>5,161,969,441</b>	<b>5,044,806,225</b>
<b>Less: Interfund Transfers</b>	<b>(145,023,047)</b>	<b>(165,194,555)</b>	<b>(67,628,936)</b>	<b>(59,121,696)</b>
<b>Net Total GF-Special Purpose/Special Revenue &amp; Permanent Funds</b>	<b>6,203,580,213</b>	<b>6,087,816,676</b>	<b>5,094,340,507</b>	<b>4,985,684,531</b>
FEDERAL AID NOT ELSEWHERE ITEMIZED:				
Federal Aid: Agriculture	9,064,852	8,339,894	16,121,900	14,231,100
Federal Aid: Attorney General	3,388,450	3,438,566	8,050,800	8,177,800
Federal Aid: Capital Outlay (excluding transportation)	23,566,580	9,685,830	0	0
Federal Aid: Civil Rights	1,754,200	2,050,502	2,057,300	2,057,300
Federal Aid: Community Health	5,982,114,176	6,649,545,746	7,219,405,800	7,794,347,600
Federal Aid: FMAP Stimulus: Community Health	0	0	305,000,000	529,057,100
Federal Aid: Corrections	5,456,930	4,835,333	10,350,200	7,746,100
Federal Aid: Education	43,294,553	43,756,193	70,598,500	76,430,200
Federal Aid: Energy, Labor and Economic Growth	613,234,419	754,594,820	874,942,400	918,286,200
Federal Aid: Environmental Quality	45,267,704	44,142,504	130,636,100	129,349,300
Federal Aid: Human Services	3,105,936,273	3,156,796,370	3,163,046,200	3,438,946,500
Federal Aid: FMAP Stimulus: Human Services	0	0	8,000,000	16,172,200
Federal Aid: Higher Education - Grants	2,653,609	109,639,728	7,400,000	7,400,000
Federal Aid: History, Arts and Libraries	6,527,796	5,348,581	7,757,400	0
Federal Aid: Judiciary	5,353,245	3,615,548	5,126,400	5,126,400
Federal Aid: Management & Budget	0	0	10,743,700	11,219,800
Federal Aid: Military Affairs	53,256,462	59,417,170	109,988,200	77,347,300
Federal Aid: Natural Resources	39,820,468	44,575,170	51,702,100	54,763,700
Federal Aid: State	5,440,998	1,299,314	5,673,700	1,810,000
Federal Aid: State Police	85,281,664	90,969,983	94,733,400	93,839,000
Federal Aid: Treasury	0	0	92,307,700	93,579,600
<b>TOTAL FEDERAL AID excluding Transportation and School Aid</b>	<b>10,031,412,380</b>	<b>10,992,051,254</b>	<b>12,193,641,800</b>	<b>13,279,887,200</b>

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>SCHOOL AID FUND REVENUE</b>				
TAXES and LOTTERY				
Sales Tax	4,768,554,406	4,928,091,586	4,719,900,000	4,731,000,000
Use Tax	460,380,669	459,276,639	422,500,000	444,000,000
Income Tax Earmarking	2,110,353,447	2,117,698,066	1,989,500,000	1,931,500,000
State Education Tax	2,080,977,118	2,079,703,081	2,010,200,000	1,959,200,000
Real Estate Transfer Tax	237,483,228	169,834,796	144,300,000	149,300,000
Michigan Business Tax	0	341,000,000	729,000,000	734,100,000
Tobacco	450,376,768	424,728,402	415,200,000	405,000,000
Industrial & Commercial Facilities Tax	136,690,859	86,129,471	69,900,000	70,000,000
Casino Wagering Tax	106,681,052	112,067,051	113,900,000	115,400,000
Liquor Excise Tax	35,688,791	36,915,088	37,000,000	37,200,000
Other Specific Taxes	17,068,646	16,841,907	17,100,000	17,100,000
Sub-Total SAF Taxes	10,404,254,986	10,772,286,089	10,668,600,000	10,593,800,000
Transfer from Lottery Ticket Sales	748,900,645	740,735,155	700,100,000	702,000,000
<b>CONSENSUS TOTAL SCHOOL AID FUND</b>	<b>11,153,155,630</b>	<b>11,513,021,245</b>	<b>11,368,700,000</b>	<b>11,295,800,000</b>
<b>NON-TAX REVENUE</b>				
Federal Aid	1,383,339,623	1,377,663,893	1,562,008,600	1,561,809,400
Transfer from General Fund	34,109,532	29,234,024	85,000,000	40,800,000
Transfer from Michigan Tobacco Settlement Finance Authority	207,800,000	0	0	0
Recovery of Prior Year State Aid and Receivables	29,299,633	30,864,013	0	0
Sub-Total SAF Other Source Revenues	1,654,548,787	1,437,761,930	1,647,008,600	1,602,609,400
<b>TOTAL SCHOOL AID FUND before Interfund Transfers</b>	<b>12,807,704,418</b>	<b>12,950,783,175</b>	<b>13,015,708,600</b>	<b>12,898,409,400</b>
<b>BUDGET ADJUSTMENTS</b>				
Revenue Enhancements	NA	NA	0	45,800,000
Lottery Revenue Increase	NA	NA	0	15,000,000
Tax Enforcement	NA	NA	0	4,400,000
<b>TOTAL ADJUSTMENTS</b>	<b>NA</b>	<b>NA</b>	<b>0</b>	<b>65,200,000</b>
Less Interfund Transfers	(241,909,532)	(29,234,024)	(85,000,000)	(40,800,000)
<b>TOTAL SCHOOL AID FUND after adjustments excluding interfund transfers</b>	<b>12,565,794,886</b>	<b>12,921,549,151</b>	<b>12,930,708,600</b>	<b>12,922,809,400</b>

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>TRANSPORTATION: AERONAUTICS FUND 114</b>				
Aviation Fuel Tax	6,334,663	5,344,254	4,900,000	4,900,000
Federal Aid	112,674,391	108,294,812	133,024,600	104,874,700
Local Agencies	29,517	34,104	30,301,000	16,023,000
Transfers and Other	15,746,868	11,052,100	7,165,000	7,217,000
<b>TOTAL AERONAUTICS FUND</b>	<b>134,785,439</b>	<b>124,725,269</b>	<b>175,390,600</b>	<b>133,014,700</b>
<b>TRANSPORTATION: TRUNKLINE FUND 116</b>				
Federal Aid	833,072,932	692,226,375	1,266,209,100	1,059,667,700
Local Agencies	18,317,003	10,240,878	30,000,000	30,000,000
Licenses and Permits	16,610,849	5,996,453	19,070,000	19,020,000
Transfer from Michigan Transportation & Other Funds	842,974,921	822,617,556	671,663,900	674,107,100
Interest from Common Cash Investment	25,091,379	22,053,286	10,260,000	11,880,000
Other	28,035,176	37,508,953	18,182,000	18,189,000
<b>TOTAL TRUNKLINE FUND</b>	<b>1,764,102,260</b>	<b>1,590,643,501</b>	<b>2,015,385,000</b>	<b>1,812,863,800</b>
<b>TRANSPORTATION: BLUE WATER BRIDGE FUND 118</b>				
Tolls and Rentals	13,965,487	15,299,933	14,940,000	15,190,000
Interest From Common Cash Investment and Other	259,094	659,025	190,000	176,000
<b>TOTAL BLUE WATER BRIDGE TRANSPORTATION FUND</b>	<b>14,224,581</b>	<b>15,958,958</b>	<b>15,130,000</b>	<b>15,366,000</b>
<b>TRANSPORTATION: MICHIGAN TRANSPORTATION FUND 119</b>				
Diesel and Motor Carrier Fuel Tax	143,768,336	140,057,117	137,000,000	137,000,000
Gasoline and Liquefied Petroleum Gas Tax	884,055,393	849,279,101	840,000,000	832,000,000
Motor Vehicle Registration Tax	871,726,279	855,035,864	838,000,000	835,000,000
Licenses, Permits, Other and Transfers	36,952,168	39,976,180	36,150,000	36,150,000
Interest From Common Cash Investment	6,933,454	5,220,273	3,800,000	3,960,000
<b>TOTAL MICHIGAN TRANSPORTATION FUND</b>	<b>1,943,435,630</b>	<b>1,889,568,535</b>	<b>1,854,950,000</b>	<b>1,844,110,000</b>
<b>TRANSPORTATION: COMPREHENSIVE TRANSPORTATION FUND 120</b>				
Sales Tax (includes effect of earmarking reduction)	67,677,925	82,114,293	72,000,000	73,000,000
Federal Aid	26,171,185	31,996,786	61,762,100	62,162,100
Local Agencies	0	0	10,950,000	10,050,000
Transfer from Michigan Transportation & Other Funds	166,589,771	161,782,258	156,587,100	155,776,600
Interest From Common Cash Investment and Other	1,689,108	1,712,430	828,000	793,000
<b>TOTAL COMPREHENSIVE TRANSPORTATION FUND</b>	<b>262,127,990</b>	<b>277,605,766</b>	<b>302,127,200</b>	<b>301,781,700</b>
<b>TRANSPORTATION BOND PROCEEDS</b>	<b>575,807,163</b>	<b>143,298,480</b>	<b>280,000,000</b>	<b>0</b>
<b>TOTAL TRANSPORTATION REVENUE</b>	<b>4,694,483,062</b>	<b>4,041,800,511</b>	<b>4,642,982,800</b>	<b>4,107,136,200</b>
LESS: Interfund Transfers	(1,009,564,693)	(984,399,814)	(828,251,000)	(829,883,700)
<b>NET TOTAL TRANSPORTATION REVENUE After Transfers</b>	<b>3,684,918,369</b>	<b>3,057,400,697</b>	<b>3,814,731,800</b>	<b>3,277,252,500</b>

## DETAILED STATEMENT OF GENERAL AND SPECIAL REVENUE FUNDS

	ACTUAL FY 2006 - 2007	ACTUAL FY 2007 - 2008	ESTIMATES FY 2008 - 2009	ESTIMATES FY 2009 - 2010
<b>All Funds Summary</b>				
General Fund - General Purpose	9,273,729,127	10,114,007,319	8,306,100,000	7,934,500,000
General Fund - General Purpose Budget Adjustments	NA	NA	784,900,000	1,003,450,000
General Fund - Special Purpose/Special Revenue & Permanent Fund	6,348,603,260	6,253,011,231	5,161,969,443	5,044,806,227
Federal Aid Not Elsewhere Categorized	10,031,412,380	10,992,051,254	12,193,641,800	13,279,887,200
School Aid Fund	12,807,704,418	12,950,783,175	13,015,708,600	12,898,409,400
School Aid Fund Budget Adjustments	0	0	0	65,200,000
Transportation Revenues	4,694,483,062	4,041,800,511	4,642,982,800	4,107,136,200
TOTAL All FUNDS	43,155,932,248	44,351,653,490	44,105,302,643	44,333,389,027
LESS: Interfund Transfers	(1,673,794,156)	(1,238,896,034)	(980,879,936)	(929,805,396)
<b>NET TOTAL REVENUE after transfers</b>	<b>41,482,138,091</b>	<b>43,112,757,456</b>	<b>43,124,422,707</b>	<b>43,403,583,631</b>

### OTHER REVENUE OR NON-CURRENT YEAR SOURCES OF FINANCING

General Fund Unreserved Balance	2,482,000	259,080,000	457,870,000	0
Restricted Fund Subfunds of the General Fund (Unreserved Balance)	479,948,666	330,618,314	366,222,980	366,222,980
Budget Stabilization Fund Unreserved Balance	2,017,129	2,090,052	2,155,807	2,179,521
School Aid Stabilization Fund Balance (Unreserved Balance)	0	82,400,000	247,100,000	0
Special Revenue and Permanent Funds Balances (Available)	149,170,210	173,436,131	172,653,282	172,653,282
Sub-Total Fund Balances	633,618,005	847,624,497	1,246,002,069	541,055,783
<b>NET TOTAL RESOURCES</b>	<b>42,115,756,096</b>	<b>43,960,381,953</b>	<b>44,370,424,776</b>	<b>43,944,639,414</b>

## Capped Sources of Federal Funds Shared Between State Departments

CFDA Number Title	FY 2010 Budget Recommendation
<b>10.664 Cooperative Forestry Assistance</b>	
Grantee: Natural Resources	13,561,900
Grantee: Agriculture	1,487,900
<b>16.588 Violence Against Women Formula Grants</b>	
Grantee: Human Services	3,551,000
Subrecipient State Agency: State Police	175,000
<b>17.503 Occupational Safety and Health-State Program</b>	
Grantee: Energy, Labor & Economic Growth	13,723,200
Subrecipient State Agency: Attorney General	100,800
<b>20.600 State and Community Highway Safety</b>	
Grantee: State Police	6,169,100
Subrecipient State Agency: Community Health	400,000
Subrecipient State Agency: Judiciary	800,000
<b>66.460 Nonpoint Source Implementation Grants</b>	
Grantee: Environmental Quality	6,500,000
Subrecipient State Agency: Agriculture	231,500
<b>84.002 Adult Education-State Program</b>	
Grantee: Energy, Labor & Economic Growth	20,000,000
Subrecipient State Agency: Corrections	893,000
Subrecipient State Agency: Human Services	50,000
<b>84.010 Title I Grants Disadvantaged</b>	
Grantee: Education	4,970,300
Subrecipient State Agency: Education via School Aid	517,479,800
Subrecipient State Agency: Management & Budget via School Aid	839,000
<b>84.013 Title I Program for Neglected and Delinquent Children</b>	
Grantee: Education	10,500
Subrecipient State Agency: Corrections	432,200
Subrecipient State Agency: Human Services	274,000
<b>84.027 Special Education-Grants to States</b>	
Grantee: Education	21,130,000
Subrecipient State Agency: Education via School Aid	354,400,000
Subrecipient State Agency: Human Services	286,000
Subrecipient State Agency: Management & Budget via School Aid	150,000
Subrecipient State Agency: Corrections	108,000

## Capped Sources of Federal Funds Shared Between State Departments

CFDA Number Title	FY 2010 Budget Recommendation
<b>84.048 Vocational Education-Basic Grants to States</b>	
Subrecipient State Agency: Energy, Labor & Economic Growth	19,000,000
Subrecipient State Agency: Corrections	171,500
Subrecipient State Agency: Human Services	34,100
Grantee: Education - via School Aid	28,500,000
<b>84.181 Special Ed-Grants for Infants and Families with Disabilities</b>	
Grantee: Education	573,100
Subrecipient State Agency: Education via School Aid	15,000,000
Subrecipient State Agency: Human Services	186,000
<b>84.186 Safe and Drug-Free Schools and Communities-State Grants</b>	
Grantee: Education	288,200
Subrecipient State Agency: Education via School Aid	8,033,600
Subrecipient State Agency: Community Health	3,258,100
Subrecipient State Agency: Management & Budget via School Aid	73,000
<b>84.214 Title I, Migrant Grants</b>	
Grantee: Education	444,500
Subrecipient State Agency: Education via School Aid	7,797,700
Subrecipient State Agency: Management & Budget via School Aid	47,000
<b>84.318 Education Technology Grants</b>	
Grantee: Education	990,700
Subrecipient State Agency: Education via School Aid	8,461,800
Subrecipient State Agency: Management & Budget via School Aid	750,000
<b>84.336 Improving Teacher Quality</b>	
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
<b>84.357 Reading First Grants</b>	
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
<b>84.369 State Assessments</b>	
Grantee: Education	7,239,300
Subrecipient State Agency: Education via School Aid	4,613,700
Subrecipient State Agency: Management & Budget via School Aid	400,000



## Capped Sources of Federal Funds Shared Between State Departments

CFDA Number	Title	FY 2010 Budget Recommendation
<b>93.558</b>	<b>Temporary Assistance For Needy Families</b>	
	Grantee: Human Services	889,153,100
	Subrecipient State Agency: Energy, Labor & Economic Growth	76,180,300
	Subrecipient State Agency: Community Health	18,766,600
	Subrecipient State Agency: Civil Service Cost Allocated	1,700,000
<b>93.568</b>	<b>Low-Income Home Energy Assistance</b>	
	Grantee: Human Services	116,451,600
	Subrecipient State Agency: Treasury	2,618,100
<b>93.991</b>	<b>Preventive Health and Health Services Block Grant</b>	
	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 2010 Budget Recommendation
<b>Bottle Deposits Fund</b>	
Environmental Quality	6,800,800
Treasury	250,000
<b>Comprehensive Transportation Fund</b>	
Transportation	230,507,500
Civil Service Commission	200,000
Attorney General	162,400
Management & Budget	34,800
Legislative Auditor General	25,200
Treasury	4,100
<b>Forest Development Fund</b>	
Natural Resources	32,361,600
Treasury	2,400
<b>Game and Fish Protection Account</b>	
Natural Resources	73,553,700
Treasury	1,793,300
Attorney General	932,800
Management & Budget	391,200
Legislative Auditor General	21,900
<b>Game and Fish Protection Trust Fund</b>	
Natural Resources	6,000,000
Treasury	69,200
<b>Michigan Civilian Conservation Endowment</b>	
Natural Resources	250,000
Treasury	800
<b>Michigan Merit Award Trust Fund</b>	
Higher Education	166,100,100
Community Health	22,899,900
Treasury	2,330,800
Attorney General	408,600
<b>Michigan Natural Resources Trust Fund</b>	
Natural Resources	2,855,200
Treasury	785,200

## SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2010 Budget Recommendation
<b>Michigan Nongame Fish and Wildlife Fund</b>	
Natural Resources	707,300
Treasury	3,600
<b>Michigan State Parks Endowment Fund</b>	
Natural Resources	16,844,100
Treasury	84,900
<b>Michigan State Waterways Account</b>	
Natural Resources	29,245,300
State	1,287,800
Treasury	232,500
Attorney General	102,400
Management & Budget	97,200
Legislative Auditor General	7,600
<b>Michigan Transportation Fund</b>	
Transportation	967,840,400
State	20,000,000
Treasury	7,440,700
Legislative Auditor General	204,300
<b>Off-Road Vehicle Account</b>	
Natural Resources	4,989,700
State	137,700
<b>Snowmobile Account</b>	
Natural Resources	12,992,500
State	366,200
Treasury	2,700
<b>State Aeronautics Fund</b>	
Transportation	14,869,000
Attorney General	160,300
Civil Service Commission	150,000
Treasury	74,700
Management & Budget	24,700
Legislative Auditor General	19,600
<b>State Park Improvement Account</b>	
Natural Resources	39,018,300
Treasury	1,900

## SPECIAL REVENUE FUNDS SHARED BETWEEN STATE DEPARTMENTS

Fund/Department	FY 2010 Budget Recommendation
<b>State Trunkline Fund</b>	
Transportation	667,721,100
State Police	9,808,000
Civil Service Commission	5,697,000
Attorney General	2,867,400
Management & Budget	1,188,300
Legislative Auditor General	474,600
Treasury	179,100

FISCAL YEAR 2010 GOVERNOR'S RECOMMENDATION

DEPARTMENT/AGENCY	GROSS	IDG/IDT	ADJUSTED GROSS	FEDERAL	LOCAL	PRIVATE	STATE RESTRICTED	GF/GP	STATE SPENDING FROM STATE SOURCES	PAYMENTS TO LOCALS
Agriculture	83,499,900	435,700	83,064,200	14,231,100	0	243,200	34,602,800	33,987,100	68,589,900	1,958,400
Attorney General	76,971,900	24,744,100	52,227,800	8,177,800	0	0	12,066,700	31,983,300	44,050,000	0
Civil Rights	14,377,400	0	14,377,400	2,057,300	0	0	0	12,320,100	12,320,100	0
Community Health	12,966,966,900	48,677,000	12,918,289,900	7,794,347,600	229,677,200	70,208,500	1,493,425,200	2,801,574,300	4,294,999,500	1,330,708,300
Federal - FMAP Stimulus				529,057,100						
Corrections	1,958,394,900	891,900	1,957,503,000	7,746,100	432,700	0	50,324,600	1,898,399,600	1,949,324,200	88,287,000
Education	119,964,000	0	119,964,000	76,430,200	7,008,700	3,096,500	7,038,900	26,389,700	33,428,600	10,505,000
Energy, Labor & Economic Growth	1,442,660,300	29,117,100	1,413,543,200	918,286,200	15,921,000	5,314,300	399,903,500	74,118,200	474,021,700	43,123,800
Environmental Quality	341,302,000	7,433,600	333,868,400	129,349,300	0	658,900	170,732,300	33,127,900	203,860,200	3,650,000
Executive Office	5,317,300	0	5,317,300	0	0	0	0	5,317,300	5,317,300	0
Higher Education:										
Community Colleges	299,360,500	0	299,360,500	0	0	0	0	299,360,500	299,360,500	299,360,500
Universities & Financial Aid	1,719,405,300	0	1,719,405,300	7,400,000	0	0	166,400,100	1,545,605,200	1,712,005,300	0
Human Services	4,592,454,900	2,426,600	4,590,028,300	3,438,946,500	41,741,300	9,822,200	56,845,400	1,026,500,700	1,083,346,100	157,028,900
Federal - FMAP Stimulus				16,172,200						
Information Technology	424,240,700	424,240,700	0	0	0	0	0	0	0	0
Judiciary	262,083,200	2,573,500	259,509,700	5,126,400	6,149,300	842,500	88,605,600	158,785,900	247,391,500	124,510,500
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	497,980,500	159,775,500	338,205,000	266,700	0	0	47,537,800	290,400,500	337,938,300	0
Civil Service Commission	69,010,100	2,661,300	66,348,800	10,953,100	2,027,600	151,900	26,836,100	26,380,100	53,216,200	0
Military and Veterans Affairs	149,211,500	1,686,500	147,525,000	77,347,300	1,295,100	1,471,200	27,924,200	39,487,200	67,411,400	120,000
Natural Resources	307,417,500	3,802,200	303,615,300	54,763,700	0	5,381,100	226,823,900	16,646,600	243,470,500	7,072,000
School Aid	12,963,600,000	0	12,963,600,000	1,561,809,400	0	0	11,360,990,600	40,800,000	11,401,790,600	11,267,973,800
State	213,639,000	20,000,000	193,639,000	1,810,000	0	100	163,614,700	28,214,200	191,828,900	1,253,800
State Police	538,528,000	26,718,400	511,809,600	93,839,000	8,545,500	273,300	130,677,300	278,474,500	409,151,800	20,366,500
Transportation	3,268,120,900	0	3,268,120,900	1,226,704,500	56,073,400	0	1,985,343,000	0	1,985,343,000	1,180,335,900
Treasury										
Operations	1,512,603,500	11,039,600	1,501,563,900	37,263,100	1,526,400	0	1,393,839,700	68,934,700	1,462,774,400	1,292,107,200
Debt Service	82,177,500	0	82,177,500	0	0	0	15,514,500	66,663,000	82,177,500	0
Michigan Strategic Fund	163,687,400	81,200	163,606,200	56,316,500	0	723,700	75,555,300	31,010,700	106,566,000	2,800,000
<b>Subtotal FY 2010 Recommendation</b>	<b>\$44,203,307,300</b>	<b>\$768,106,400</b>	<b>\$43,435,200,900</b>	<b>\$16,068,401,100</b>	<b>\$370,398,200</b>	<b>\$98,587,400</b>	<b>\$17,937,851,900</b>	<b>\$8,959,962,300</b>	<b>\$26,870,314,200</b>	<b>\$15,831,161,600</b>
<b>Employee Concessions</b>	<b>(\$50,000,000)</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>(\$27,500,000)</b>	<b>\$26,870,314,200</b>	<b>\$15,831,161,600</b>
<b>TOTAL</b>	<b>\$44,153,307,300</b>	<b>TBD</b>	<b>\$43,435,200,900</b>	<b>\$16,068,401,100</b>	<b>\$370,398,200</b>	<b>\$98,587,400</b>	<b>\$17,937,851,900</b>	<b>\$8,932,462,300</b>	<b>\$26,870,314,200</b>	<b>\$15,831,161,600</b>

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

58.92%

**GENERAL FUND/GENERAL PURPOSE**  
(\$ in Thousands)

DEPARTMENT/AGENCY	FY09 Current Law*	FY10 Governor's Recommended	Difference FY10 Governor's Rec. from FY09 Current Law	% Change FY10 Governor's Rec. from FY09 Current Law
AGRICULTURE	31,737.5	33,987.1	2,249.6	7.1%
ATTORNEY GENERAL	31,600.1	31,983.3	383.2	1.2%
CIVIL RIGHTS	12,163.0	12,320.1	157.1	1.3%
COMMUNITY HEALTH	3,057,154.5	2,801,574.3	(255,580.2)	-8.4%
CORRECTIONS	1,947,451.4	1,898,399.6	(49,051.8)	-2.5%
EDUCATION	26,169.5	26,389.7	220.2	0.8%
ENERGY, LABOR & ECONOMIC GROWTH	73,891.7	74,118.2	226.5	0.3%
ENVIRONMENTAL QUALITY	43,704.9	33,127.9	(10,577.0)	-24.2%
EXECUTIVE OFFICE	5,317.3	5,317.3	0.0	0.0%
HIGHER EDUCATION:				
COMMUNITY COLLEGES	299,360.5	299,360.5	0.0	0.0%
UNIVERSITIES & FINANCIAL AID	1,645,605.2	1,545,605.2	(100,000.0)	-6.1%
HISTORY, ARTS AND LIBRARIES	8,555.9	0.0	(8,555.9)	-100.0%
HUMAN SERVICES	1,220,869.8	1,026,500.7	(194,369.1)	-15.9%
INFORMATION TECHNOLOGY	0.0	0.0	0.0	0.0%
JUDICIARY	159,320.6	158,785.9	(534.7)	-0.3%
LEGISLATIVE AUDITOR GENERAL	12,549.8	12,486.8	(63.0)	-0.5%
LEGISLATURE	112,994.2	112,994.2	0.0	0.0%
MANAGEMENT AND BUDGET	269,578.2	290,400.5	20,822.3	7.7%
CIVIL SERVICE COMMISSION	27,493.6	26,380.1	(1,113.5)	-4.1%
MILITARY AND VETERANS AFFAIRS	39,635.0	39,487.2	(147.8)	-0.4%
NATURAL RESOURCES	16,472.7	16,646.6	173.9	1.1%
SCHOOL AID	40,800.0	40,800.0	0.0	0.0%
STATE	26,130.8	28,214.2	2,083.4	8.0%
STATE POLICE	284,873.7	278,474.5	(6,399.2)	-2.2%
TRANSPORTATION	0.0	0.0	0.0	0.0%
TREASURY				
OPERATIONS	75,482.6	68,934.7	(6,547.9)	-8.7%
DEBT SERVICE	67,608.5	66,663.0	(945.5)	-1.4%
MICHIGAN STRATEGIC FUND	30,963.9	31,010.7	46.8	0.2%
EMPLOYEE CONCESSIONS		(27,500.0)	(27,500.0)	
<b>TOTAL FY 2010 Recommendation</b>	<b>\$9,567,484.9</b>	<b>\$8,932,462.3</b>	<b>(\$635,022.6)</b>	<b>-6.6%</b>

\* Adjusted for Program Transfers

**ALL FUNDS**  
(\$ in Thousands)

DEPARTMENT/AGENCY	FY09 Current Law*	FY10 Governor's Recommended	Difference FY10 Governor's Rec. from FY09 Current Law	% Change FY10 Governor's Rec. from FY09 Current Law
AGRICULTURE	104,591.6	83,499.9	(21,091.7)	-20.2%
ATTORNEY GENERAL	76,879.5	76,971.9	1,092.4	1.4%
CIVIL RIGHTS	14,220.3	14,377.4	157.1	1.1%
COMMUNITY HEALTH	12,488,058.7	12,966,966.9	478,908.2	3.8%
CORRECTIONS	2,012,603.8	1,958,394.9	(54,208.9)	-2.7%
EDUCATION	119,318.6	119,964.0	645.4	0.5%
ENERGY, LABOR & ECONOMIC GROWTH	1,392,090.0	1,442,660.3	50,570.3	3.6%
ENVIRONMENTAL QUALITY	361,333.9	341,302.0	(20,031.9)	-5.5%
EXECUTIVE OFFICE	5,317.3	5,317.3	0.0	0.0%
HIGHER EDUCATION:				
COMMUNITY COLLEGES	299,360.5	299,360.5	0.0	0.0%
UNIVERSITIES & FINANCIAL Aid	1,759,105.2	1,719,405.3	(39,699.9)	-2.3%
HISTORY, ARTS AND LIBRARIES	10,354.1	0.0	(10,354.1)	-100.0%
HUMAN SERVICES	4,503,783.6	4,592,454.9	88,671.3	2.0%
INFORMATION TECHNOLOGY	431,604.6	424,240.7	(7,363.9)	-1.7%
JUDICIARY	261,904.0	262,083.2	179.2	0.1%
LEGISLATIVE AUDITOR GENERAL	15,891.2	15,828.2	(63.0)	-0.4%
LEGISLATURE	114,504.0	114,504.0	0.0	0.0%
MANAGEMENT AND BUDGET	488,230.3	497,980.5	9,750.2	2.0%
CIVIL SERVICE COMMISSION	69,490.0	69,010.1	(479.9)	-0.7%
MILITARY AND VETERANS AFFAIRS	183,063.9	149,211.5	(33,852.4)	-18.5%
NATURAL RESOURCES	298,021.5	307,417.5	9,396.0	3.2%
SCHOOL AID	13,378,906.8	12,963,600.0	(415,306.8)	-3.1%
STATE	214,229.8	213,639.0	(590.8)	-0.3%
STATE POLICE	530,223.7	538,528.0	8,304.3	1.6%
TRANSPORTATION	3,612,229.2	3,268,120.9	(344,108.3)	-9.5%
TREASURY				
OPERATIONS	1,496,590.1	1,512,603.5	16,013.4	1.1%
DEBT SERVICE	83,123.0	82,177.5	(945.5)	-1.1%
MICHIGAN STRATEGIC FUND	151,853.8	163,687.4	11,833.6	7.8%
EMPLOYEE CONCESSIONS		(50,000.0)	(50,000.0)	
<b>TOTAL FY 2010 Recommendation</b>	<b>\$44,475,883.0</b>	<b>\$44,153,307.3</b>	<b>(\$322,575.7)</b>	<b>-0.7%</b>

\*Adjusted for Program Transfers

**HISTORICAL EXPENDITURES/APPROPRIATIONS  
GENERAL FUND/GENERAL PURPOSE**

DEPARTMENT/AGENCY	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Expend.	FY09 Current Law	FY10 Exec. Rec.
Agriculture	52,986,168	57,084,484	49,982,697	38,482,386	32,586,895	30,371,748	28,642,137	28,830,541	31,343,641	32,001,200	33,987,100
Attorney General	34,289,352	34,868,529	34,607,010	29,591,865	27,442,334	30,597,538	32,301,451	30,339,022	31,479,029	31,648,000	31,983,300
Capital Outlay	386,252,729	320,167,644	360,185,429	315,021,558	228,536,732	244,177,825	7,497,908	235,358,492	220,421,286		
Career Development	33,300,372	43,751,883	29,176,898	29,063,730	26,934,332	11,521,471	12,073,552	11,445,430	11,771,161	12,231,700	12,320,100
Civil Rights	14,165,065	14,222,922	13,522,456	12,038,667	7,540,085	6,885,622	6,516,518	5,847,290	5,590,433	27,527,600	26,380,100
Civil Service	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	3,142,139,136	3,057,671,800	2,801,574,300
Community Health	2,559,451,214	2,688,930,680	2,484,327,571	30,615,290	11,253,712	1,698,586,577	1,814,658,921	1,866,390,546	1,981,953,410	1,948,111,800	1,898,399,600
Consumer and Industry Services	76,578,288	83,001,519	36,506,944	1,585,006,018	1,568,343,931	25,609,149	14,918,731	5,779,402	6,823,871	7,438,100	26,389,700
Corrections	1,489,668,883	1,605,334,848	1,585,429,705	28,864,464	1,455,926	45,337,101	42,921,148	39,992,165	44,318,727	72,704,200	74,118,200
Education	42,236,526	35,074,679	34,296,626	60,678,599	60,678,599	31,444,584	31,277,560	30,530,551	42,452,208	43,744,800	33,127,900
Energy, Labor and Economic Growth	79,540,719	95,089,437	96,847,348	75,198,473	4,673,035	5,163,454	5,311,867	5,134,346	5,170,371	5,317,300	5,317,300
Environmental Quality	5,411,980	5,604,427	5,443,277	5,023,198	4,673,035	1,075,042,695					
Executive Office	1,176,342,559	1,253,547,822	1,190,047,924	1,118,369,205	1,075,042,695						
Family Independence Agency											
Higher Education											
Community Colleges	297,158,459	314,915,220	319,867,153	307,512,112	276,779,312	294,105,851	281,230,375	247,665,181	318,938,465	299,360,500	299,360,500
Universities/Financial Aid	1,675,344,915	1,783,607,788	1,813,577,317	1,741,585,507	1,551,339,299	1,625,896,322	1,576,725,602	1,364,791,330	1,670,704,215	1,645,605,200	1,545,605,200
History, Arts and Libraries											
Human Services			65,181,649	59,910,566	44,215,636	45,196,011	41,846,792	38,330,469	38,773,711	39,418,000	0
Information Technology			0	0	0	1,108,146,460	1,166,359,327	1,220,343,336	1,314,675,746	1,221,206,200	1,026,500,700
Judiciary	166,831,336	176,614,842	173,567,315	172,128,220	161,402,026	160,262,517	156,842,146	157,564,000	157,690,137	159,320,600	158,785,900
Legislative Auditor General	12,566,935	13,203,021	12,437,266	11,499,285	10,904,330	11,377,788	12,563,428	11,541,867	12,216,535	12,549,800	12,486,800
Legislature	104,837,979	113,442,020	113,288,721	110,767,232	102,090,665	105,859,203	110,950,635	114,006,059	111,898,054	112,994,200	112,994,200
Library of Michigan	30,892,225	33,037,453	63,366,159	39,401,356	32,044,396	34,077,757	33,763,107	32,854,157	37,016,989	264,361,300	290,400,500
Management and Budget	66,658,586	71,047,662	44,140,862	52,581,586	37,986,911	53,697,535	32,971,544	29,249,923	32,962,448	29,156,800	31,010,700
Michigan Strategic Fund	45,730,157	65,087,705	40,371,417	37,843,422	35,363,744	36,897,345	39,418,528	37,771,209	39,538,471	39,707,500	39,487,200
Military and Veterans Affairs	39,377,632	42,361,955	49,393,752	44,370,778	31,553,854	28,706,106	26,010,564	31,843,394	23,679,609	10,464,800	16,646,600
Natural Resources	72,456,134	57,274,846	49,393,752	44,370,778	31,553,854	28,706,106	26,010,564	31,843,394	23,679,609	10,464,800	16,646,600
School Aid	420,113,853	385,227,875	198,091,139	380,056,273	377,797,148	164,136,628	62,713,844	34,109,532	29,126,951	40,800,000	40,800,000
State	60,328,935	66,418,745	17,815,906	16,914,490	20,586,155	12,894,506	21,544,110	15,531,133	23,885,427	26,130,800	28,214,200
State Police	275,450,994	319,542,658	296,937,551	279,741,169	236,522,805	242,268,776	243,487,021	241,551,378	271,105,385	284,921,600	278,474,500
Transportation	0	0	0	0	0	0	0	0	0	0	0
Treasury	79,947,653	77,418,281	63,806,614	67,520,976	61,296,587	123,555,517	482,693,722	266,451,630	163,095,232	75,482,600	68,934,700
Debt Service	84,918,450	90,745,200	96,014,321	21,486,853	34,268,206	65,073,251	46,571,578	4,833,816	53,293,503	67,608,500	66,663,000
Employee Concessions											(27,500,000)
<b>TOTALS</b>	<b>\$9,404,648,339</b>	<b>\$9,859,207,506</b>	<b>\$9,297,988,510</b>	<b>\$8,999,646,862</b>	<b>\$8,722,488,318</b>	<b>\$8,794,068,516</b>	<b>\$9,248,071,811</b>	<b>\$9,186,181,853</b>	<b>\$9,822,064,148</b>	<b>\$9,567,484,900</b>	<b>\$8,932,462,300</b>



**HISTORICAL EXPENDITURES/APPROPRIATIONS  
ALL FUNDS**

DEPARTMENT/AGENCY	FY00 Expend.	FY01 Expend.	FY02 Expend.	FY03 Expend.	FY04 Expend.	FY05 Expend.	FY06 Expend.	FY07 Expend.	FY08 Expend.	FY09 Current Law	FY10 Exec. Rec.
Agriculture	90,325,582	93,965,565	98,813,941	85,609,414	90,936,646	96,976,844	87,521,988	82,980,488	82,475,560	104,855,300	83,499,900
Attorney General	53,047,391	55,788,901	55,818,966	51,267,974	50,857,891	58,572,911	61,592,188	61,730,208	69,457,429	75,927,400	76,971,900
Capital Outlay	509,342,187	503,215,119	596,661,057	474,817,118	461,261,784	463,872,896	214,551,440	445,175,806	383,270,768		
Career Development	392,500,509	470,999,354	476,701,552	476,592,933	476,468,780						
Civil Rights	14,646,385	15,046,472	14,704,059	13,362,340	12,388,793	13,158,623	13,701,321	13,284,938	13,849,312	14,289,000	14,377,400
Civil Service	39,874,163	31,444,218	29,461,664	28,566,026	24,162,630	26,808,579	28,593,540	27,761,202	27,082,507	69,611,500	69,010,100
Community Health	8,215,483,585	9,024,835,601	9,314,440,367	9,634,338,088	10,050,281,931	10,476,690,014	10,310,266,349	11,089,797,821	11,954,835,930	12,488,705,300	12,966,966,900
Consumer and Industry Services	410,919,610	441,915,121	514,757,723	523,955,247	515,316,181	1,781,323,331	1,896,846,849	1,953,418,931	2,063,635,854	2,013,264,200	1,958,394,900
Corrections	1,581,552,155	1,702,985,571	1,687,302,370	1,680,836,693	1,663,133,113	1,01,073,155	88,110,788	59,925,870	61,927,616	95,029,800	119,964,000
Education	859,779,826	829,602,201	913,096,820	143,473,615	93,023,398	5,499,717	1,109,855,068	1,140,472,553	1,181,354,299	1,389,038,300	1,442,660,300
Energy, Labor and Economic Growth	253,398,133	277,186,445	294,778,080	273,053,764	272,505,818	213,751,134	282,013,558	205,009,588	219,067,682	363,036,700	341,302,000
Environmental Quality	5,411,980	5,664,393	5,443,277	5,023,198	4,673,035	5,163,454	5,311,867	5,134,346	5,170,371	5,317,300	5,317,300
Executive Office	3,389,891,595	3,655,699,431	3,870,634,540	3,888,575,125	3,945,046,955						
Family Independence Agency											
Higher Education	297,158,459	315,679,214	320,211,913	310,249,085	276,779,312	294,105,851	281,230,375	247,665,181	318,938,465	299,360,500	299,360,500
Community Colleges	1,775,304,640	1,874,447,620	1,946,955,555	1,844,786,350	1,643,825,936	1,708,947,643	1,716,103,763	1,597,528,256	1,874,252,990	1,759,105,200	1,719,405,300
Universities/Financial Aid			73,431,526	69,993,804	57,234,066	56,005,797	51,380,500	48,835,420	47,831,005	52,524,200	0
History, Arts and Libraries						4,140,648,980	4,360,299,152	4,464,518,972	4,621,555,720	4,504,594,100	4,592,454,900
Human Services						312,564,019	347,635,573	341,692,415	366,097,470	431,421,900	424,240,700
Information Technology						244,779,865	242,790,732	244,620,557	247,401,193	261,904,000	262,083,200
Judiciary	223,044,229	232,491,773	232,041,240	397,743,852	347,377,755	312,564,019	347,635,573	341,692,415	366,097,470	431,421,900	424,240,700
Legislative Auditor General	14,541,223	15,254,871	14,901,104	15,034,274	14,492,811	15,271,899	16,644,377	16,105,142	16,969,689	15,891,200	15,828,200
Legislature	105,202,720	113,703,607	113,672,509	111,712,149	103,430,750	107,184,317	112,311,185	115,154,002	113,312,121	114,504,000	114,504,000
Library of Michigan	35,531,114	37,321,104									
Management and Budget	157,518,726	169,723,338	190,815,906	175,367,655	206,221,019	221,389,839	236,730,773	222,622,219	242,514,875	480,410,300	497,980,500
Michigan Strategic Fund	102,804,885	165,836,761	104,367,503	129,052,356	136,209,153	158,468,905	176,594,595	139,342,844	158,448,175	149,196,700	163,687,400
Military and Veterans Affairs	94,923,386	99,580,645	102,663,243	101,719,314	100,394,463	106,902,384	114,935,779	116,166,538	147,170,057	183,175,600	149,211,500
Natural Resources	250,254,611	262,270,230	263,470,987	256,141,096	246,165,488	258,651,775	267,054,421	306,730,929	274,073,772	289,067,700	307,417,500
School Aid	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	12,790,183,678	13,378,906,800	12,963,600,000
State	166,861,198	180,378,930	169,021,700	160,242,047	164,985,271	189,689,796	233,886,031	196,183,845	190,598,425	214,378,400	213,639,000
State Police	363,551,380	418,779,920	403,696,171	393,829,064	401,853,368	456,125,977	493,560,238	457,997,146	489,853,718	530,292,600	538,528,000
Transportation	2,660,470,554	2,775,245,805	2,857,404,627	2,858,865,148	2,957,280,073	2,920,553,025	2,940,680,294	2,779,953,122	2,844,829,778	3,612,229,200	3,288,120,900
Treasury	2,306,625,811	2,458,403,396	2,457,411,255	2,564,610,907	2,395,511,865	2,400,944,715	2,872,469,250	2,745,568,191	2,679,180,140	1,496,722,800	1,512,603,500
Debt Service	85,618,450	91,445,199	96,714,321	50,599,580	122,259,387	104,075,051	82,686,078	98,748,316	77,208,003	83,123,000	82,177,500
Employee Concessions											(50,000,000)
<b>TOTALS</b>	<b>\$34,525,326,492</b>	<b>\$37,277,724,042</b>	<b>\$39,077,762,617</b>	<b>\$39,297,181,602</b>	<b>\$39,388,261,316</b>	<b>\$40,375,490,414</b>	<b>\$41,326,338,653</b>	<b>\$41,945,183,846</b>	<b>\$43,562,546,601</b>	<b>\$44,475,883,000</b>	<b>\$44,153,307,300</b>



STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JOHN D. CHERRY, JR.  
LT. GOVERNOR

February 12, 2009

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

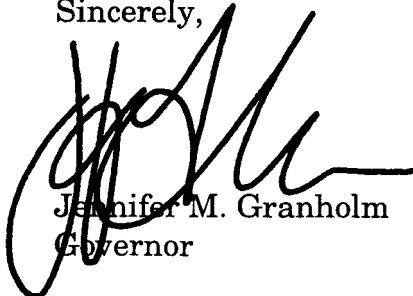
Article XI, Section 5, of the Michigan Constitution of 1963 provides that increases in rates of compensation for employees in the state classified service, authorized by the Civil Service Commission, require prior notice to the governor. The Constitution also requires that I, as governor, transmit such 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 2010 pay adjustments contained in all of these agreements are reflected in this transmittal. The State Police Enlisted unit is currently in the process of negotiations, thus, it is not included in this correspondence.

On December 10, 2008, the commission approved Fiscal Year 2010 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 2010 prepared by the Office of the State Employer. The cost of this adjustment for Fiscal Year 2010 is estimated to be \$39.3 million, including the state's share of FICA and retirement contributions.

Sincerely,



Jennifer M. Granholm  
Governor

Attachment

**Estimated "New" Costs - Summary  
Michigan State Classified Service  
Fiscal Year 2010  
(10/01/2009 - 9/30/2010)**

	A-02 MSEA Sat. & 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 <sup>1</sup>	U-11 AFSCME Institutional	W-22 UAW Human Srv.	W-41 UAW Admin. Supt.	MSC's & NERE's	TOTAL ALL UNITS
<sup>2</sup> Number of Employees	1,302	2,845	8,951	765	2,187	1,082		2,293	9,111	6,741	14,551	49,828
<sup>3</sup> Avg. Hourly Salary - 12/27/08	\$ 24.59	\$ 22.03	\$ 22.94	\$ 22.55	\$ 31.19	\$ 23.27		\$ 19.74	\$ 25.47	\$ 20.45	\$ 32.61	\$ 26.10
Base Pay Adjustments for FY 2010												
1% Base Pay Increase 10/01/09	\$ 668,498	\$ 1,308,661	\$ 4,287,414	\$ 360,196	\$ 1,424,278	\$ 525,720		\$ 945,109	\$ 4,845,364	\$ 2,878,380	\$ 9,907,729	\$ 27,151,338
Additional Roll-up Cost Resulting from Base Pay Increase												
<sup>4</sup> FICA/Ret. Blended Rates	33.87%	34.16%	35.44%	30.83%	32.36%	33.11%		32.79%	32.54%	34.10%	36.33%	34.50%
<sup>4</sup> FICA/Ret. on Base Wage Increase	\$ 226,420	\$ 447,039	\$ 1,519,460	\$ 111,048	\$ 460,896	\$ 174,066		\$ 309,901	\$ 1,576,678	\$ 981,528	\$ 3,599,478	\$ 9,406,514
<sup>5</sup> Life Insurance Increase	\$ 7,300	\$ 14,291	\$ 46,819	\$ 3,933	\$ 15,553	\$ 5,741		\$ 10,321	\$ 52,911	\$ 31,432	\$ 108,192	\$ 296,493
<sup>6</sup> Long Term Disability Increase	\$ 6,150	\$ 12,040	\$ 39,444	\$ 3,314	\$ 13,103	\$ 4,837		\$ 8,685	\$ 44,577	\$ 26,481	\$ 91,151	\$ 249,792
<sup>7</sup> Overtime Increase	\$ 28,281	\$ 77,306	\$ 784,558	\$ 12,091	\$ 24,158	\$ 50,984		\$ 149,902	\$ 118,478	\$ 34,430	\$ 155,229	\$ 1,435,417
<sup>8</sup> Shift Differential Increase	\$ 3,666	\$ 3,855	\$ 99,999	\$ -	\$ 34	\$ 567		\$ 18,219	\$ 7,078	\$ 2,619	\$ 23,488	\$ 159,523
FICA/Ret on OT and Shift Diff. Inc.	\$ 10,820	\$ 27,724	\$ 313,487	\$ 3,728	\$ 7,829	\$ 17,068		\$ 55,127	\$ 40,856	\$ 12,634	\$ 64,928	\$ 554,200
<b>FY 2010 1% ATB Cost</b>	<b>\$ 951,135</b>	<b>\$ 1,890,915</b>	<b>\$ 7,091,180</b>	<b>\$ 494,310</b>	<b>\$ 1,945,851</b>	<b>\$ 778,982</b>	<b>Unknown</b>	<b>\$ 1,497,273</b>	<b>\$ 6,685,931</b>	<b>\$ 3,967,504</b>	<b>\$ 13,950,196</b>	<b>\$ 39,253,277</b>
<b>TOTAL</b>												
<b>FY 2010 Additional ATB Base</b>	<b>\$ 39,253,277</b>											
<b>FY 2010 Additional Special</b>	<b>\$ 180,000</b>											
<b>FY 2010 Total Costs</b>	<b>\$ 39,433,277</b>											

<sup>1</sup> Negotiations are in progress for the contract term beginning FY 2009.

<sup>2</sup> Actual Regular Time in FY 2008 - Comptroller Object Codes 3010, 3015, 3020, 3260, 3264, 3265, 3270, 3275, 3280, 3285.

<sup>3</sup> MIDB, VTSR\_HRM\_EMPLOYEES, PP 01. Employment Status Code = AA, AB, AC, AD, AE, AP.

<sup>4</sup> FICA/RET rates for FY 2010 provided by SBO. Unit rates are weighted by enrollment in each retirement code as of 12/27/08.

<sup>5</sup> Life insurance increase on incremental cost increase. Annual \$5.46 per \$1000 of extra coverage (FY 2009 rate).

<sup>6</sup> FY 2009 rate - (Increase/100) \* 92.

<sup>7</sup> Based on FY 2008 overtime amount and increases in FY09 (0%) and FY10 (1%) - Comptroller Object Codes 3050, 3055, 3060, 3070, 3075, 3080, 3110, 3115, 3120.

<sup>8</sup> Based on FY 2008 shift differential hours.

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2010**

**BUDGET RECOMMENDATION**

<b>DEPARTMENT</b>	<b>PURPOSE</b>	<b>MICHIGAN COMPILED LAW (MCL) BEING AMENDED</b>
<b>Agriculture</b>	Dairy Farm Licensing and Inspection Assessment Fee	MCL 288.501, Sec. 31 (3); MCL 288.503, Sec. 33 (8); MCL 288.670, Sec. 110 (14)
<b>Community Health</b>	Nurse Licensure Fees	MCL 333.16315(6) and MCL 333.16327
	Prior Authorization for Prescription Drugs	MCL 400.109(h) and MCL 333.9709
	Public Health Media Campaign and Information Clearinghouse	MCL 333.5913; MCL 333.5915; and MCL 333.5921
	Crime Victims Rights Fund	MCL 780.904
<b>Corrections</b>	Alternative Incarceration Boot Camp Sunset	MCL 791.234a(13)
<b>Energy, Labor and Economic Growth</b>	Liquor Licensing Fees	MCL 436.1525; MCL 436.1543; MCL 436.2114 and New Language
<b>Environmental Quality</b>	Renewal Operating Permit Fee	MCL 324.5522
	National Pollutant Discharge Elimination System Fee Sunset	MCL 324.3120
	Storm Water Fee Sunset	MCL 324.3118
	Wetlands Program – Repeal	MCL 324.30301 through MCL 324.30323; and MCL 324.30104 b
<b>Management and Budget</b>	Michigan Exposition and Fairgrounds Authority Act - Repeal	MCL 285.161 through MCL 285.176
<b>MI Strategic Fund</b>	21 <sup>st</sup> Century Jobs Fund	MCL 125.2088b(2)(d)
<b>Natural Resources</b>	Motor Vehicle Permit Fee	MCL 324.74117
<b>State</b>	Transportation Administration Collection Fund	MCL 257.312e, h; MCL 257.801(3); MCL 257.806(1); MCL 257.807; MCL 257.809; and MCL 257.811

**LEGISLATION NEEDED TO IMPLEMENT FISCAL YEAR 2010**

**BUDGET RECOMMENDATION**

<b>DEPARTMENT</b>	<b>PURPOSE</b>	<b>MICHIGAN COMPILED LAW (MCL) BEING AMENDED</b>
<b>State Police</b>	Commercial Mobile Radio Service	MCL 484.1408
<b>Treasury</b>	International and Interstate Communications Exemptions	MCL 205.93a
	Michigan Business Use Tax	MCL 208.1515
	Interstate Trucks and Trailer Exemption	MCL 205.54r; MCL 205.94k; and New Section to MCL 205.171 et seq
	Oil and Gas Double Deduction	MCL 206.30 and MCL 206.36
	Tax Rate for Tobacco Products Other than Cigarettes	MCL 205.427 and MCL 205.432
	Indexing for Personal Exemption	MCL 206.30
	Publicize Names of Major Delinquent Taxpayers	MCL 205.28; MCL 205.4 and New Section
	Commercial Rental Property Tax	MCL 211.34d and New Act
	Sales Tax Bad Debt Allowance	MCL 205.54l; and MCL 205.99a
	Sales Tax Collection Allowance	MCL 205.54
	Tobacco Tax Collection Allowance	MCL 205.427