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Snyder's budget proposal enhances investment in core areas to continue Michigan's comeback

Commitment to fiscal discipline allows for K-12 boost, tax relief

LANSING, Mich. — Gov. Rick Snyder's proposed fiscal year 2015 budget – the product of three consecutive years of strict fiscal discipline – continues Michigan's comeback by significantly investing in core priorities that will drive job creation, student success in the classroom, stronger communities, increased public health and safety, and tax relief for low- to middle-income families.

The governor today also offered a 2016 projected budget, continuing his practice of ensuring that Michigan maintains a long-range planning focus with an emphasis on fiscal responsibility.

"This is more than just a budget," Snyder said. "It's the story of Michigan's comeback. These investments would not be possible without the strong foundation of fiscal responsibility that we have laid, as well as the job-creating policies that are helping our economy to grow. We're proud to offer for consideration this strategic investment plan that reflects Michigan's values and priorities. We appreciate the Legislature's role in Michigan's success and look forward to once again finalizing the budget with our legislative partners well in advance of the new fiscal year."

Lt. Gov. Brian Calley and State Budget Director John Nixon joined Snyder in outlining the budget recommendation to a joint session of House and Senate appropriations committees.

"This is a taxpayer's budget," Calley said. "Many of the investments we're making in areas such as transportation, public safety and human services will save money in the long run. Our growing economy also allows us to give many Michiganders significant tax relief through our initiative to enhance the Homestead Property Tax Credit. This is a responsible, forward-looking budget that recognizes the needs of taxpayers and continues Michigan's exciting momentum."

The tax relief plan expands the Homestead Property Tax credit to provide nearly \$103 million of additional property tax relief, primarily to low- and middle-income working families, seniors and residents with disabilities. It is expected to increase tax refunds for 1.3 million taxpayers.

“Michigan is operating from a very strong budget position,” Nixon said. “We have taken action to address our long-term liabilities and we are saving for the future by building reserves in our Rainy Day Fund. These are recognized best practices when it comes to fiscal responsibility and the Wall Street rating agencies have taken note of the good things that are happening here and this all benefits Michiganders.”

Highlights of the recommended budget include:

Educating our Children

- A total of \$11.7 billion in K-12 state appropriations, a \$1 billion funding increase from fiscal year 2011. This includes \$150 million to increase the foundation allowance, which equates to a range of \$83 to \$111 per student.
- An additional \$65 million for the Great Start Readiness Program, eliminating the waiting list for early education and establishing a strong foundation for effective learning.
- A total of \$2 million in new funding to pilot year-round school programs, which will encourage schools to consider balanced school calendars to improve learning.
- An additional \$80.3 million for Michigan’s 15 public universities and \$8.9 million more for community colleges. This is a 6.1 percent increase for universities and a 3 percent increase for community colleges. Both universities and community colleges will be required to limit tuition increases to 3.2 percent or less in order to receive the funding increases.
- \$7.3 million to provide greater support to financially distressed school districts.
- \$27.8 million for the phased-in implementation of evaluation tools and systems for teachers and administrators.
- An increase of \$270 million for K-12 to fund the retirement liabilities within the school retirement system over and above the employer share, which is now capped at 20.96 percent. This ensures that retirement promises made to teachers can be kept.

Ensuring a Healthier Michigan

- An investment of \$71.7 million for the Healthy Michigan Plan to implement expanded Medicaid coverage.
- \$15.7 million in gross funding to expand the Healthy Kids Dental program into Kalamazoo and Macomb counties, providing an additional 100,000 children with good dental care.
- A total of \$15.6 million to support the initiatives as recommended in the Mental Health Commission final report that was issued Jan. 21.

Investing in Job Creation and Infrastructure

- \$254 million to match federal aid and maintain Michigan’s roads and bridges, transit services and aeronautics projects across the state.
- A \$5 million investment for the Automotive, Engineering and Manufacturing Technology Fund, a strategic initiative focusing on growing this important segment of the economy.
- \$2 million in new funding for the Pure Michigan marketing campaign, bringing the total investment to \$31 million in fiscal year 2015.

- An increase of \$15 million in funding for community revitalization and business attraction efforts.
- \$100 million in bond funds (\$7.9 million for debt service) to allow universities with accredited engineering programs to compete for capital improvements to help increase the number of engineers and retain them in Michigan.
- \$50 million in bond funds (\$4.6 million for debt service) to allow community colleges to compete for funds to re-tool equipment for high-wage, high-skill and high-demand occupations.
- \$2 million in new funding will be devoted to supporting arts education, encouraging creative and innovative works of art, and broadening cultural understanding.

Serving Seniors, Veterans and New Americans

- \$5 million to expand the distribution of home-delivered meals for seniors and to expand other in-home services. Another \$9 million is provided for the MI Choice Waiver program, eliminating waiting lists and making Michigan the “no wait” state.
- A total of \$5 million in new funding to establish and support a state tuition assistance program for eligible Air and Army National Guard personnel.
- \$385,000 for the creation of the Office for New Americans, driving strategies for attracting job-creating immigrants to Michigan.
- \$1 million in new funding for the prevention of elder abuse, providing for increased awareness of the new penalties as well as training for medical and financial professionals.

Making Michigan Safer

- \$17.8 million to train an additional 100 troopers and 31 motor carrier officers through the Michigan State Police Training Academy to patrol Michigan roadways and communities.
- \$25.3 million in new funding to replace equipment within the Michigan Public Safety Communications System, helping ensure that emergency first responders can communicate during times of crisis and respond to distress calls quickly.
- \$1.6 billion to operate a safe and secure prison system that currently houses 43,700 prisoners. Total corrections funding is set at \$2 billion and includes probation, parole, and community support.
- \$510,200 for the Office of the Children’s Ombudsman, enhancing the investigation of complaints concerning children who for reasons of abuse or neglect are supervised by the Department of Human Services or its private contracted agencies.
- \$500,000 to expand initiatives focused on anti-bullying and hate crimes.

Protecting and Enhancing Our Natural Resources

- A total of \$6 million to prevent the invasion of species that could do harm to Michigan’s natural resources and quality of life.
- A total of \$3.5 million to hire and train 25 additional Department of Natural Resources conservation officers. Coupled with the new conservation officers currently in training, this brings the total number of conservation officers to 227, up from 186 in 2010.
- \$2.5 million for the development of a trail system from Belle Isle to the Wisconsin border, with the overall vision of making Michigan the “Trail State.”
- \$4 million to support a new water quality initiative to provide a comprehensive water strategy designed to build healthy ecosystems.

- An additional \$1 million for a statewide recycling initiative to increase the number of counties providing convenient access to recycling.

Encouraging Good Government/Helping Local Government

- \$17.5 million annually for 20 years is set aside in tobacco settlement reserves to resolve ongoing issues in the bankruptcy of Detroit and help minimize impacts to pensioners.
- \$36 million in increased support to local governments for the Economic Vitality Incentive Program, enhancing incentive-based funding, helping high-need communities and rewarding others adopting best practices.
- \$764.9 million in constitutional revenue sharing payments and \$211.2 million in county payments.
- \$10 million in emergency reserve funds for school districts at risk of closure during a school year and for districts that may have to enroll students from a dissolved district.

Maintaining and Ensuring Fiscal Responsibility

- A deposit of \$120 million to the Budget Stabilization Fund (Rainy Day Fund), bringing the total balance to \$700 million.
- A deposit of \$122 million to the newly created Michigan Health Savings Fund to offset future health care costs. When combined with the Rainy Day Fund balance of \$700 million, the total in state savings is \$822 million.

The goal is to pass the state's budget by June 1. The state's new fiscal year begins Oct. 1.

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Copies and more details of the governor's recommended budget are available at www.michigan.gov/budget. Join the conversation on Twitter at #mibudget.