

**FY 2014-15 SUPPLEMENTAL APPROPRIATIONS**  
**Summary: As Reported by the House Appropriations Committee**  
**House Bill 4112 (H-1)**



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**APPROPRIATION SUMMARY**

<b>Budget Area</b>		<b>FY 2014-15 Year-to-Date Appropriations</b>	<b>FY 2014-15 Supplemental Change</b>	<b>% Change</b>
Community Health	<b>Gross</b>	<b>\$18,225,844,900</b>	<b>(\$148,416,900)</b>	<b>(0.8)</b>
	GF/GP	3,239,701,400	(134,444,600)	(4.1)
Corrections	<b>Gross</b>	<b>2,040,521,700</b>	<b>0</b>	<b>0.0</b>
	GF/GP	1,980,798,400	(2,900,000)	(0.1)
Education	<b>Gross</b>	<b>287,096,100</b>	<b>9,216,600</b>	<b>3.2</b>
	GF/GP	82,083,000	(2,589,100)	(3.2)
Environmental Quality	<b>Gross</b>	<b>502,591,800</b>	<b>20,000,000</b>	<b>4.0</b>
	GF/GP	40,875,900	0	0.0
Human Services	<b>Gross</b>	<b>5,755,174,700</b>	<b>(9,172,500)</b>	<b>(0.2)</b>
	GF/GP	995,452,600	1,195,700	0.1
Licensing & Regulatory Affairs	<b>Gross</b>	<b>542,488,200</b>	<b>0</b>	<b>0.0</b>
	GF/GP	40,133,800	(112,500)	(0.3)
Military & Veterans Affairs	<b>Gross</b>	<b>166,943,700</b>	<b>1,500,000</b>	<b>0.9</b>
	GF/GP	49,154,500	3,300,000	6.7
Natural Resources	<b>Gross</b>	<b>384,685,400</b>	<b>8,300,000</b>	<b>2.2</b>
	GF/GP	48,591,500	(500,000)	(1.0)
State	<b>Gross</b>	<b>223,984,900</b>	<b>11,200,000</b>	<b>5.0</b>
	GF/GP	17,539,000	10,200,000	58.2
State Police	<b>Gross</b>	<b>672,073,000</b>	<b>0</b>	<b>0.0</b>
	GF/GP	414,171,000	0	0.0
Tech, Mgmt & Budget: SBA Rent	<b>Gross</b>	<b>254,570,600</b>	<b>(17,800,000)</b>	<b>(7.0)</b>
	GF/GP	254,570,600	(17,800,000)	(7.0)
Transportation	<b>Gross</b>	<b>3,699,518,600</b>	<b>25,544,000</b>	<b>0.7</b>
	GF/GP	284,647,900	0	0.0
Treasury: Operations	<b>Gross</b>	<b>545,636,400</b>	<b>1,400,000</b>	<b>0.3</b>
	GF/GP	118,118,300	(3,750,000)	(3.2)
Treasury: Strategic Fund	<b>Gross</b>	<b>1,024,779,900</b>	<b>(22,000,000)</b>	<b>(2.1)</b>
	GF/GP	244,642,500	(22,000,000)	(9.0)
<b>TOTAL*</b>	<b>Gross</b>	<b>\$37,420,270,400</b>	<b>(\$120,228,800)</b>	<b>(0.3)</b>
	GF/GP	\$8,619,891,300	(\$169,400,500)	(2.0)

\*Total appropriations in state budget, excluding budget areas appropriated in School Aid Act.

**Overview**

House Bill 4112 (H-1) would do the following:

- Reflect caseload-related and other adjustments in the Community Health and Human Services budgets totaling a net reduction of \$298.0 million Gross (\$90.8 million GF/GP).
- Appropriate \$14.5 million GF/GP for new expenditure needs in the Military & Veterans Affairs, State, and Treasury budgets. \$11.2 million of those appropriations are for election and information technology costs related to the May 2015 transportation funding ballot proposal. (Boilerplate language provides for additional appropriations, from restricted transportation revenue, for information technology costs if the ballot proposal is approved by voters.)
- Reduce other GF/GP appropriations by \$93.1 million. Some reductions are offset by fund shifts. Adjustments to associated federal appropriations are also included in the bill.
- Appropriate \$191.0 million in federal, private, and state restricted funds that have become available for various purposes.

In sum, the bill would reduce the FY 2014-15 state budget by \$120.2 million Gross (\$169.4 million GF/GP). The bill also contains various adjustments to budget boilerplate language, as described at the end of this document. Appropriation and boilerplate items generally correspond to requests made by the State Budget Office in supplemental request letter 2015-3.

Under Article V, Section 20 of the State Constitution and the Management and Budget Act, the Governor, with the approval of the House and Senate Appropriations Committees, is required to reduce expenditures authorized by appropriations whenever it appears that actual revenues will fall below the revenue estimates on which appropriations were based. The GF/GP reductions of \$93.1 million in the bill would, in conjunction with Executive Order (EO) 2015-5; House Bill 4110 (H-1); and certain prior-year work projects lapsed by the State Budget Director, resolve a projected General Fund/General Purpose (GF/GP) shortfall of \$456.1 million in the FY 2014-15 state budget.

**An attached table provides a summary of all adjustments proposed to balance the FY 2014-15 GF/GP budget, including EO reductions, supplemental appropriation items, and work project lapses.**

<b><u>FY 2014-15 Supplemental Appropriation Items</u></b>	<b><u>Supplemental Appropriation Change</u></b>	
<b>COMMUNITY HEALTH</b>		
<b>1. Medicaid Cost Adjustments</b>	<b>Gross</b>	<b>(\$290,191,500)</b>
Reduces base Medicaid cost assumptions \$290.2 million Gross (\$100.0 million GF/GP). Adjustments are primarily driven by caseload changes that occurred after the May 2014 Consensus meeting.	Federal	(190,191,500)
	GF/GP	(\$100,000,000)
<b>2. Community Mental Health (CMH) Non-Medicaid Services</b>	<b>Gross</b>	<b>\$20,000,000</b>
Provides \$20.0 million of Roads and Risks Reserve Funds to Community Mental Health Services Programs (CMHSPs) for either services provided to individuals not Medicaid eligible or for services not covered under Medicaid. These funds are intended to allow CMHSPs to maintain their current service array after the expansion of Medicaid for adults under the Healthy Michigan Plan. The Roads and Risks Reserve Fund has a current fund balance of \$22.0 million. The remaining \$2.0 million is appropriated to offset GF/GP (see item #9).	Restricted	20,000,000
	GF/GP	\$0
<b>3. State Innovation Model Grant Award</b>	<b>Gross</b>	<b>\$20,000,000</b>
Authorizes expenditure of \$20.0 million from a new 4-year, \$70.0 million federal State Innovation Model grant to test and implement Michigan's Blueprint for Health Innovation, supporting 5 major health care service delivery and payment system innovations: patient centered medical homes, accountable systems of care, community health innovation regions, payment reform, and statewide shared data and information infrastructure.	Federal	20,000,000
	GF/GP	\$0
<b>4. Federal Dual Eligible Integrated Care Grant</b>	<b>Gross</b>	<b>\$7,412,000</b>
Provides \$7.4 million in federal grant funding within the medical services administration line item to support the integration of dual eligibles (i.e., enrollees in both Medicare and Medicaid).	Federal	7,412,000
	GF/GP	\$0
<b>5. Specialty Network Access Fee (SNAF) Adjustment</b>	<b>Gross</b>	<b>\$70,300,000</b>
Increases SNAF \$70.3 million Gross (\$0 GF/GP) within the health plan services and special Medicaid reimbursement line items to align appropriations with expected payment levels. SNAF payments are provided to public entities for practitioner services (e.g., physicians, dentists, podiatrists, nurse practitioners). Public entities are required to certify that they will provide the matching funds to draw down the additional federal revenues. No state funding is appropriated for these SNAF payments.	Federal	46,074,600
	Local	6,771,100
	Restricted	17,454,300
	GF/GP	\$0
<b>6. State Psychiatric Disproportionate Share Payments (DSH)</b>	<b>Gross</b>	<b>\$24,062,600</b>
Increases DSH payments made to state psychiatric facilities based on eligible claims of \$24.1 million Gross (\$0 GF/GP). Increased State Psychiatric DSH payments offset \$15.8 million GF/GP within the health plan services line item.	Federal	21,670,600
	Restricted	18,162,600
	GF/GP	(\$15,770,600)
<b>7. Health Insurance Claims Assessment (HICA) GF/GP Offset</b>	<b>Gross</b>	<b>\$0</b>
Offsets \$6.5 million GF/GP with \$6.5 million in additional HICA revenue within the health plan services line item. The additional HICA revenue is realized from a combination of fund balances and additional current year revenues. HICA revenue is currently budgeted within DCH at \$230.7 million.	Restricted	6,474,000
	GF/GP	(\$6,474,000)
<b>8. Certified Public Expenditures GF/GP Offset</b>	<b>Gross</b>	<b>\$0</b>
Offsets \$5.9 million GF/GP with \$5.9 million from additional Certified Public Expenditure revenue within the health plan services line item.	Restricted	5,900,000
	GF/GP	(\$5,900,000)

<b><u>FY 2014-15 Supplemental Appropriation Items</u></b>		<b>Supplemental Appropriation Change</b>
<b>9. Roads and Risks Reserve Funds GF/GP Offset</b>		
Appropriates \$2.0 million in Roads and Risks Reserve funds to offset \$2.0 million GF/GP within the health plan services line item. The Roads and Risks Reserve Fund has a current fund balance of \$22.0 million. The remaining \$20.0 million is provided for Community Mental Health Non-Medicaid services (see item #2).	<b>Gross</b>	<b>\$0</b>
	Restricted	2,000,000
	GF/GP	(\$2,000,000)
<b>10. University Autism Programs Fund Shift</b>		
Includes a net \$0 Gross fund shift to realize GF/GP savings, supporting one-time grants to Western Michigan University, Eastern Michigan University and Michigan State University for autism programs. Sufficient funds are available from the Autism Coverage Fund to replace \$3.0 million GF/GP for this program. A statutory change will be needed to allow an increased amount of fund revenue to be used for this purpose.	<b>Gross</b>	<b>\$0</b>
	Restricted	3,000,000
	GF/GP	(\$3,000,000)
<b>11. Statewide Trauma System Fund Shift</b>		
Includes a net \$0 Gross fund shift to realize GF/GP savings, supporting one-time appropriations for statewide trauma systems, for trauma, stroke, and other time-dependent systems of care. Sufficient funds are available from the Crime Victim's Rights Fund to replace \$1.3 million GF/GP for this program. A statutory change will be needed to allow an increased amount of the fund revenue to be used for this purpose.	<b>Gross</b>	<b>\$0</b>
	Restricted	1,300,000
	GF/GP	(\$1,300,000)
<b>DEPARTMENT OF CORRECTIONS</b>		
<b>12. Fund Source Shift - Parole and Probation Oversight Fees</b>		
Appropriates available state restricted parole and probation oversight fee revenue to offset a general fund reduction to field operations. The account has had a fund balance of over \$2.9 million for the last three years. Spending a portion of the balance in FY 2014-15 will allow for a GF/GP savings.	<b>Gross</b>	<b>\$0</b>
	Restricted	2,900,000
	GF/GP	(\$2,900,000)
<b>EDUCATION</b>		
<b>13. Financial Independence Team (FIT)</b>		
Reduces funding for the financial independence team by 50% or \$389,100 GF/GP. The financial independence team, added in FY 2014-15, is tasked with implementing early warning systems for distressed schools in need of financial attention.	<b>Gross</b>	<b>(\$389,100)</b>
	GF/GP	(\$389,100)
<b>14. Library Funding - MPSERS Payment</b>		
Shifts \$2.2 million GF/GP for MPSERS payments to libraries from the Department of Education budget to the School Aid budget.	<b>Gross</b>	<b>(\$2,200,000)</b>
	GF/GP	(\$2,200,000)
<b>15. Child Development and Care Public Assistance</b>		
Provides an \$11.8 million increase in federal Child Care Development Fund (CCDF) to the Child Development and Care (CDC) program for the following:	<b>Gross</b>	<b>\$11,805,700</b>
<ul style="list-style-type: none"> <li>• \$764,000 to raise the exit threshold for determining CDC eligibility to 250% of the federal poverty level.</li> <li>• \$8.0 million to create a 12-month continuous eligibility model for CDC public assistance.</li> <li>• \$3.1 million to increase provider reimbursement rates for the high quality licensed and registered programs as defined by the Great Start to Quality provider rating system.</li> </ul>	Federal	11,805,700
	GF/GP	\$0
<b>ENVIRONMENTAL QUALITY</b>		
<b>16. Aquatic Nuisance Control Program</b>		
Provides \$900,000 in restricted funding to the newly established Aquatic Nuisance Control Program. Spending authorization in surface water is decreased by \$782,000 restricted (Land and Water Permit Fees) and \$118,000 federal. Federal funding does not support this new program so it is being replaced with restricted funding. The Aquatic Nuisance Control Fund is established in accordance with 2014 PA 253 for the purpose of funding the state's aquatic nuisance control enforcement and compliance efforts and associated administrative costs.	<b>Gross</b>	<b>\$0</b>
	Federal	(118,000)
	Restricted	118,000
	GF/GP	\$0

<b><u>FY 2014-15 Supplemental Appropriation Items</u></b>		<b>Supplemental Appropriation Change</b>
<b>17. Underground Storage Tank Cleanup Program</b>		<b>Gross \$20,000,000</b>
Provides \$20.0 million in restricted funding from the Underground Storage Tank Cleanup Fund to pay principal and interest on bonds issued by the finance authority, support administrative costs, and reimburse approved claims made by owners and operators of leaking underground storage tanks. The Underground Storage Tank Authority and fund were created by 2014 PA 416 to administer this new program. The fund will receive the first \$20.0 million collected from the environmental protection regulatory fee.		Restricted 20,000,000 GF/GP \$0
 <b>HUMAN SERVICES</b>		
<b>18. Public Assistance Caseload Adjustments</b>		<b>Gross (\$3,653,100)</b>
Reduces funding for public assistance programs by \$3.7 million Gross (increases GF/GP funding by \$4.9 million) as follows:		Federal 95,100 Restricted (8,613,100) GF/GP \$4,864,900
<ul style="list-style-type: none"> <li>• Family Independence Program (FIP) is reduced by \$5.1 million Gross.</li> <li>• State Disability Assistance (SDA) program is increased by \$1.3 million Gross.</li> <li>• State Supplementation is increased by \$29,600 GF/GP.</li> <li>• Food Assistance Program (FAP) is increased by \$93,900 Gross (\$0 GF/GP).</li> </ul>		
<b>19. Foster Care Caseload Adjustments</b>		<b>Gross (\$4,157,300)</b>
Reduces funding for foster care payments by \$4.2 million Gross (increases GF/GP funding by \$4.3 million).		Federal (9,239,400) Private (829,400) Local 1,573,400 GF/GP \$4,338,100
<b>20. TANF Offset of GF/GP – Adoption Subsidies</b>		<b>Gross \$0</b>
Provides \$7.0 million in federal TANF funds to offset a \$7.0 million GF/GP reduction in the Adoption Subsidies line item.		Federal 7,000,000 GF/GP (\$7,000,000)
<b>21. TANF Offset of GF/GP – Family Independence Program</b>		<b>Gross \$0</b>
Provides \$380,800 in federal TANF funds to offset a \$380,800 GF/GP reduction in the Family Independence Program line item.		Federal 380,800 GF/GP (\$380,800)
<b>22. Peer Coaches / Travel Reduction</b>		FTEs (9.0) <b>Gross (\$817,900)</b>
Reduces funding by \$817,900 Gross (\$263,500 GF/GP) for the elimination of 9.0 Peer Coach positions and a reduction for child welfare training related travel.		Federal (554,400) GF/GP (\$263,500)
<b>23. PATH Coordinator Reduction</b>		FTEs (10.0) <b>Gross (\$501,200)</b>
Reduces funding for PATH Coordinators by \$501,200 Gross (\$100,200 GF/GP) and eliminates 10.0 FTEs; PATH (Partnership, Accountability, Training, Hope) funding reduction includes both salaries and benefits for these positions.		Federal (401,000) GF/GP (\$100,200)
<b>24. IT – Laptops for Executives</b>		<b>Gross (\$43,000)</b>
Reduces appropriations by \$43,000 Gross (\$15,900 GF/GP) to eliminate laptops for departmental Executives if the individual already has a tablet.		Federal (27,100) GF/GP (\$15,900)
<b>25. Disabilities Determination Services Consolidation Fund Shift</b>		<b>Gross \$0</b>
Provides additional \$206,400 federal revenue authorization available due to the consolidation of the state medical review team and disability determination services within the Medical Consultation Program; reduces GF/GP funding by a corresponding \$206,400.		Federal 206,400 GF/GP (\$206,400)
<b>26. Inspector General Fund Shift</b>		<b>Gross \$0</b>
Provides additional \$40,500 federal revenue authorization to the Cooperative Disability Investigations Unit (CDI) within the Inspector General's office. Funding is available due to CDI's investigations; reduces GF/GP funding by a corresponding \$40,500.		Federal 40,500 GF/GP (\$40,500)

**FY 2014-15 Supplemental Appropriation Items**

**LICENSING AND REGULATORY AFFAIRS**

**27. Workers' Compensation Agency Fund Shift**

Shifts authorization from GF/GP for state restricted funds ("Corporation Fees") collected from business and nonprofit entities via various fees established in statute. Corporation fees are expended by LARA for administration of various departmental duties and have been continuously appropriated to the Workers' Compensation Agency since FY 2011-12 to offset operating expenses otherwise supported with GF/GP.

<b>Gross</b>	<b>\$0</b>
Restricted	112,500
GF/GP	(\$112,500)

**MILITARY AND VETERANS AFFAIRS**

**28. Veterans' Homes Income & Assessment Shortfall**

Replaces \$3.3 million in restricted revenues with GF/GP funding. Increased GF/GP funding is needed to cover an income and assessment restricted revenue shortfall at both the Grand Rapids and D.J. Jacobetti Veterans' Homes, due to declining member census and an inability of veterans to pay the maximum assessment fees.

<b>Gross</b>	<b>\$0</b>
Restricted	(3,300,000)
GF/GP	\$3,300,000

**29. Establishment of Billeting Program at Ft. Custer and Camp Grayling Training Facilities**

Includes \$1.5 million Gross (\$0 GF/GP) to establish a billeting program at Fort Custer and Camp Grayling. The costs will cover the Chargeable Transient Quarter Program and include janitorial, housekeeping, laundry, front desk operations, data, and various other administrative costs of housing National Guardsmen for training purposes.

<b>Gross</b>	<b>\$1,500,000</b>
Restricted	1,500,000
GF/GP	\$0

**NATURAL RESOURCES**

**30. Forest Development Fund Shift**

Offsets \$500,000 GF/GP reduction with increased Forest Development Fund revenue for Wildfire Protection program.

<b>Gross</b>	<b>\$0</b>
Restricted	500,000
GF/GP	(\$500,000)

**31. Forest Management and Timber Market Development**

Provides \$4.0 million in restricted funding from the Forest Development Fund to invest in technology and cultivation equipment. The DNR's Forest Resources Division maintains the state's forest product data, inventories state forests, and makes policy recommendations on forestry issues. The division also manages the state's timber harvest and forest lands. The Forest Development Fund receives revenue from the sale of bonds and timber products; it is used to fund the division's operations.

<b>Gross</b>	<b>\$4,000,000</b>
Restricted	4,000,000
GF/GP	\$0

**32. Federal Wildlife Management**

Provides \$2.2 million in federal Pittman-Robertson funds to manage state wildlife habitats and resources. Pittman-Robertson funds are provided to states by the federal government for the purpose of wildlife management.

<b>Gross</b>	<b>\$2,150,000</b>
Federal	2,150,000
GF/GP	\$0

**33. Shooting Range (Grand Traverse) and Education Building at Rose Lake**

Provides \$1.0 million in federal Pittman-Robertson funds to provide a shooting range and education building at Rose Lake. Pittman-Robertson funds are provided to states by the federal government for the purpose of wildlife management.

<b>Gross</b>	<b>\$1,000,000</b>
Federal	1,000,000
GF/GP	\$0

**34. Belle Isle Improvements**

Provides \$1.0 million in restricted funding from the State Park Improvement Fund for infrastructure improvements at Belle Isle State Park in Detroit. Revenue received from camping fees, concessions, and the sale of Recreation Passports is deposited into the State Park Improvement Fund to be used for state park infrastructure improvements and maintenance.

<b>Gross</b>	<b>\$1,000,000</b>
Restricted	1,000,000
GF/GP	\$0

**35. Deer Habitat Improvement Grants**

Provides \$150,000 in restricted funding from the Game & Fish Protection Fund for deer habitat improvements and maintenance. The purpose of the Deer Range Improvement Program is to maintain the state's deer population and to provide for deer hunting and viewing.

<b>Gross</b>	<b>\$150,000</b>
Restricted	150,000
GF/GP	\$0

<u>FY 2014-15 Supplemental Appropriation Items</u>		<u>Supplemental Appropriation Change</u>
<b>STATE</b>		
<b>36. Driver Responsibility Fees Reforms</b>	<b>Gross</b>	<b>\$1,000,000</b>
Includes \$1.0 million in restricted Driver Responsibility Fee revenue to cover administrative costs related to ignition interlock device program as authorized in 2014 PA 250.	Restricted	1,000,000
	GF/GP	\$0
<b>37. May Election Costs</b>	<b>Gross</b>	<b>\$10,000,000</b>
Includes \$10.0 million GF/GP to cover the costs of the May 2015 election related to the transportation funding ballot proposal.	GF/GP	\$10,000,000
<b>38. Transportation Ballot Proposal Information Technology Funding</b>	<b>Gross</b>	<b>\$200,000</b>
Includes \$200,000 GF/GP for information technology system changes related to vehicle registrations that would be affected by the May transportation funding ballot proposal. Additional funds, from restricted transportation revenue, would be appropriated if the ballot proposal is approved by the voters (see boilerplate section 601).	GF/GP	\$200,000
<b>STATE POLICE</b>		
<b>39. Disaster Assistance Supplemental</b>	<b>Gross</b>	<b>\$0</b>
Transfers \$3.0 million GF/GP authorization of the estimated \$19.0 million unexpended authorization of the \$30.0 million appropriated under 2014 PA 356 for the Disaster Assistance line item (which provided matching funds for federal assistance for individuals residing within Macomb, Oakland, and Wayne counties adversely affected by the flash flooding that occurred on 08/11/14 and state agencies responding to the flooding disaster) to a line item for the Disaster and Emergency Contingency Fund, which was exhausted to provide state assistance related to the state-declared freezing emergency and flooding disaster that occurred during 2014. EO 2015-5 accelerates the lapse of the remaining \$16.0 million to the General Fund.	GF/GP	\$0
<b>TECHNOLOGY, MANAGEMENT AND BUDGET</b>		
<b>40. State Building Authority Rent Lapse: State Agencies</b>	<b>Gross</b>	<b>(\$9,963,000)</b>
Reduces funding by \$10.0 million GF/GP due to anticipated State Building Authority rent lapses related to state agencies.	GF/GP	(\$9,963,000)
<b>41. State Building Authority Rent Lapse: Department of Corrections</b>	<b>Gross</b>	<b>(\$8,181,000)</b>
Reduces funding by \$8.2 million GF/GP due to anticipated State Building Authority rent lapses related to the Department of Corrections.	GF/GP	(\$8,181,000)
<b>42. State Building Authority Rent: Universities</b>	<b>Gross</b>	<b>\$635,000</b>
Increases funding by \$635,000 GF/GP for State Building Authority rent related to universities. The funding increase is needed to keep in line with anticipated spending.	GF/GP	\$635,000
<b>43. State Building Authority Rent Lapse: Community Colleges</b>	<b>Gross</b>	<b>(\$291,000)</b>
Reduces funding by \$291,000 GF/GP due to anticipated State Building Authority rent lapses related to community colleges.	GF/GP	(\$291,000)
<b>TRANSPORTATION</b>		
<b>44. Public Transportation Development – Transit Capital</b>	<b>Gross</b>	<b>\$25,544,000</b>
Provides spending authority for federal grant funds secured by the Michigan Department of Transportation (MDOT) in support of rail and fixed guideway transit systems. Specifically, the supplemental recognizes \$17.2 million in federal funds from two Federal Transit Administration (FTA) grant programs in support of the M-1 Rail street railway project in Detroit. These include \$12.2 million in federal TIGER 2014 grant funding and \$5.0 million from Congestion Mitigation and Air Quality (CMAQ) grant funding. An additional \$578,000 in federal State Safety Oversight (SSO) grant funding provides for MDOT project oversight. Private funds provided by M-1 Rail will provide the matching funds for these federal grants.	Federal	17,778,000
	Private	7,766,000
	GF/GP	\$0

<b>FY 2014-15 Supplemental Appropriation Items</b>		<b>Supplemental Appropriation Change</b>
<b>TREASURY - OPERATIONS</b>		
<b>45. Financial Independence Team</b>	<b>Gross</b>	<b>(\$2,250,000)</b>
Reduces funding by \$2.25 million GF/GP. Legislation creating the Financial Independence Team has not been enacted, which allows for a 50% reduction in funding. The Financial Independence Team is a joint effort with the Department of Education that would assist financially troubled school districts through the development of a fiscal early warning system.	GF/GP	(\$2,250,000)
<b>46. Supervision of General Property Tax Law</b>	<b>Gross</b>	<b>(\$2,000,000)</b>
Reduces funding by \$2.0 million GF/GP. Reflects budget savings from reductions in contracted services, supplies, and materials (CSS&M).	GF/GP	(\$2,000,000)
<b>47. Tax Compliance</b>	<b>Gross</b>	<b>(\$500,000)</b>
Reduces funding by \$500,000 GF/GP. Reflects budget savings from reductions in CSS&M.	GF/GP	(\$500,000)
<b>48. Driver Responsibility Fee Phase Out Administrative Costs</b>	<b>Gross</b>	<b>\$550,000</b>
Includes \$550,000 in restricted Driver Responsibility Fee revenue for the Department of Treasury to implement and administer the Drive Responsibility Fee community service requirements under 2014 PA 250.	Restricted GF/GP	550,000 \$0
<b>49. Transportation Ballot Proposal Information Technology Funding</b>	<b>Gross</b>	<b>\$1,000,000</b>
Includes \$1.0 million GF/GP to support information technology system changes that would be required by the May transportation funding ballot proposal. Additional funds, from restricted transportation revenue, would be appropriated if the ballot proposal is approved by the voters (see boilerplate section 702).	GF/GP	\$1,000,000
<b>50. Michigan Gaming Control Board Information Technology Replacement</b>	<b>Gross</b>	<b>\$3,000,000</b>
Includes \$3.0 million in casino-related restricted funds to support replacement of the Michigan Gaming Control Board information technology system. System replacement would improve licensing, regulation, audit investigative, and administrative functions. Funding was previously appropriated in FY 2013-14 budget and lapsed.	Restricted GF/GP	3,000,000 \$0
<b>51. Fraud Prevention Services</b>	<b>Gross</b>	<b>\$1,600,000</b>
Includes \$1.6 million in restricted funds for income tax fraud prevention services. The funding would allow the Department of Treasury to enhance the prevention and detection of fraudulent income tax returns.	Restricted GF/GP	1,600,000 \$0
<b>TREASURY – MICHIGAN STRATEGIC FUND</b>		
<b>52. Film Incentives</b>	<b>Gross</b>	<b>(\$12,000,000)</b>
Reduces funding by \$12.0 million GF/GP. With the reduction, film incentive funding would total \$38.0 million for FY 2014-15.	GF/GP	(\$12,000,000)
<b>53. Business Attraction and Community Revitalization</b>	<b>Gross</b>	<b>(\$2,200,000)</b>
Provides a net reduction of \$2.2 million GF/GP. Fund shifts \$7.8 million in 21 <sup>st</sup> Century Jobs Trust Fund from the Entrepreneurship Eco-System line item to offset a \$10.0 million GF/GP reduction (See item #53).	Restricted GF/GP	7,800,000 (\$10,000,000)
<b>54. Entrepreneurship Eco-System</b>	<b>Gross</b>	<b>(\$7,800,000)</b>
Reduces funding by \$7.8 million in 21 <sup>st</sup> Century Jobs Trust Fund revenue. Funding is shifted to Business Attraction and Community Revitalization to offset a portion of the \$10.0 million GF/GP reduction to that program.	Restricted GF/GP	(7,800,000) \$0

## **FY 2014-15 Supplemental Boilerplate Items**

### **CAPITAL OUTLAY**

#### ***Sec. 301. Lake Superior State University – School of Business Scope and Cost Adjustment***

Authorizes Lake Superior State University (LSSU) to increase the cost of the School of Business building project by \$1.5 million to be paid entirely from LSSU resources. The project was authorized for construction in 2013 PA 102 and involves the renovation and adaptive reuse of the abandoned South Hall that was being considered for demolition. The cost adjustment would increase the total project cost to \$13.5 million, with the state share remaining at \$9.0 million and the university share increasing to \$4.5 million. LSSU attributes the cost increase to a changing construction climate driven by an increase in demand and competing jobs in the area, thereby increasing the bid amounts. The scope and cost adjustment was approved at the January 28, 2015 Joint Capital Outlay Subcommittee meeting. (1/20/15 SBO Letter)

### **ENVIRONMENTAL QUALITY**

#### ***Sec. 401. Underground Storage Tank Authority***

Provides that unexpended funds in the Underground Storage Tank Cleanup Fund are considered work project appropriations and will carry forward to the following fiscal year. Projects are to provide contaminated site cleanup and be accomplished by contract. The total estimated cost of all projects is \$20 million; they are tentatively scheduled for completion by the end of FY 2018-19.

### **MILITARY AND VETERANS AFFAIRS**

#### ***Sec. 501. Establishment of Billeting Fund Account***

Creates a billeting fund account, which will receive all fees and revenues generated by the Chargeable Transient Quarters Program. The program will operate at Fort Custer and Camp Grayling and is related to the housing of National Guardsmen for training purposes.

### **STATE**

#### ***Sec. 601. Transportation Ballot Proposal Information Technology Funding***

Specifies that if the voters approve the amendments to the State Constitution as authorized in House Joint Resolution UU, \$675,000 would be appropriated from the Transportation Administration Collection Fund for technology costs necessary to implement the statutory changes triggered by an affirmative vote on the ballot proposal.

### **TREASURY - OPERATIONS**

#### ***Sec. 701. Tobacco Tax Distribution***

Requires revenue from the Tobacco Products Tax Act related to Wayne County to be appropriated and distributed as required under statute.

#### ***Sec. 702. Transportation Ballot Proposal Information Technology Funding***

Specifies that if the voters approve the amendments to the State Constitution as authorized in House Joint Resolution UU, \$1.0 million would be appropriated from the Michigan Transportation Fund for technology costs necessary to implement the statutory changes triggered by an affirmative vote on the ballot proposal.



**Proposed FY 2014-15 GF/GP Budget Adjustments**

<b>Budget Area</b>	<b>FY 2014-15 Year-to-Date</b>	<b>Caseload/ Other HB 4112</b>	<b>Supplemental Reductions HB 4112</b>	<b>Exec Order Reductions EO 2015-5</b>	<b>SAF Fund Shifts HB 4110</b>	<b>Adjusted FY 2014-15 Appropriations</b>	<b>\$ Change</b>	<b>% Change</b>
Agriculture	\$45,916,200			(\$600,000)		\$45,316,200	(\$600,000)	(1.3%)
Attorney General	38,267,100					38,267,100	0	0.0%
Civil Rights	13,448,200					13,448,200	0	0.0%
Community Colleges	167,110,800				(167,110,800)	0	(167,110,800)	(100.0%)
Community Health	3,239,701,400	(100,000,000)	(34,444,600)	(16,550,000)		3,088,706,800	(150,994,600)	(4.7%)
Corrections	1,980,798,400		(2,900,000)	(17,800,000)		1,960,098,400	(20,700,000)	(1.0%)
Education	82,083,000		(2,589,100)	(5,814,000)		73,679,900	(8,403,100)	(10.2%)
Environmental Quality	40,875,900			(3,400,000)		37,475,900	(3,400,000)	(8.3%)
Executive Office	5,916,100					5,916,100	0	0.0%
Higher Education	1,214,902,000				(2,000,000)	1,212,902,000	(2,000,000)	(0.2%)
Human Services	995,452,600	9,203,000	(8,007,300)	(15,492,800)		981,155,500	(14,297,100)	(1.4%)
Insurance & Financial Services	55,000					55,000	0	0.0%
Judiciary	186,527,400					186,527,400	0	0.0%
Legislative Auditor General	14,937,300					14,937,300	0	0.0%
Legislature	127,420,700					127,420,700	0	0.0%
Licensing & Regulatory Affairs	40,133,800		(112,500)	(200,000)		39,821,300	(312,500)	(0.8%)
Military & Veterans Affairs	49,154,500	3,300,000				52,454,500	3,300,000	6.7%
Natural Resources	48,591,500		(500,000)	(1,500,000)		46,591,500	(2,000,000)	(4.1%)
School Aid	114,900,000				(81,200,000)	33,700,000	(81,200,000)	(70.7%)
State	17,539,000	10,200,000				27,739,000	10,200,000	58.2%
State Police	414,171,000			(23,331,100)		390,839,900	(23,331,100)	(5.6%)
Tech, Mgmt, & Budget: Operations	224,527,900			(15,500,000)		209,027,900	(15,500,000)	(6.9%)
Tech, Mgmt, & Budget: SBA Rent	254,570,600		(17,800,000)			236,770,600	(17,800,000)	(7.0%)
Transportation	284,647,900					284,647,900	0	0.0%
Treasury: Operations	118,118,300	1,000,000	(4,750,000)	(2,700,000)		111,668,300	(6,450,000)	(5.5%)
Treasury: Michigan Strategic Fund	244,642,500		(22,000,000)			222,642,500	(22,000,000)	(9.0%)
Treasury: Debt Service	152,395,000					152,395,000	0	0.0%
<b>TOTAL</b>	<b>\$10,116,804,100</b>	<b>(\$76,297,000)</b>	<b>(\$93,103,500)</b>	<b>(\$102,887,900)</b>	<b>(\$250,310,800)</b>	<b>\$9,594,204,900</b>	<b>(\$522,599,200)</b>	<b>(5.2%)</b>

Lapse IT Innovation Fund (EO 2015-5)

(3,500,000)

Lapse Corrections work project (2/11/15 letter from budget director)

(3,000,000)

Lapse Competitive Grant Assistance Program work project (2/11/15 letter from budget director)

(3,600,000)

**Total reductions: (\$456,402,200)**

Projected GF/GP budget shortfall: (\$456,100,000)

Reductions vs. shortfall: \$302,200