

## Michigan's FY2010 Budget: Lacking Vision and Sound Public Policy

Once again, budget negotiations turned the state budget into a political document that fails to address critical problems facing the state. The budget, as enacted, lacks vision, sound public policy, and does not address Michigan's structural imbalance. The budget does not include adequate funding to provide the services families need in these difficult economic times, or to prepare for the future needs of Michigan's families and children. While federal recovery funds were used to avoid even deeper program cuts, policymakers developed no plan for continuing critical state services once the recovery funds are exhausted in the next fiscal year.

The initial budgets passed by the Legislature reflected an agreement by the two ranking members of each chamber with most lawmakers, as well as the governor, excluded from the process. At midnight, September 30, 2009, the state budget remained unfinished with the School Aid budget far from resolved, and numerous other budgets lacking immediate effect, which meant they would not take effect until March 2010. With the process stalled at the 24<sup>th</sup> hour, a 30-day continuation budget was passed and signed into law after a brief two hour state shutdown.

In the first days of the new fiscal year, immediate effect was approved by the Senate for all budgets, but through a parliamentary maneuver, Senator Majority Leader Mike Bishop was able to hold six agencies' budgets and not transmit them to the governor for signature or veto. The governor insisted additional revenues were needed to fund key

priorities and to reduce cuts that she believed were too extreme. Senator Bishop did not concur with the need for additional revenue and wanted to preclude any opportunity for the governor to veto significant portions of the held budgets. The six budgets included: the Departments of Community Health; Energy, Labor and Economic Growth; Human Services; General Government; State Police; and Higher Education.

A continuation budget for K-12 schools was never adopted, and pressure for resolution of the budget mounted as schools realized in early October they would not receive federal funds for such programs as school lunches until a K-12 budget was adopted. Millions of federal dollars were delayed to schools while legislators haggled over the amount of the per-pupil cut, and the amount of federal recovery funds to include in the budget. In addition, legislators faced a mid-October deadline if districts were to receive their scheduled school aid payment on October 20. A School Aid budget was finally passed by the Legislature just before midnight on October 8.

The governor has expressed great concern about program reductions and eliminations in the FY2010 budget and has sought additional revenue to restore priorities, but to date, the House and Senate have individually considered, but not approved the same revenue increases. In addition to program reductions and eliminations, the School Aid budget includes a \$165 per pupil reduction several months into the schools' fiscal year.

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This budget will have profound negative consequences for millions of Michigan residents, as well as businesses, as key public services are reduced or eliminated, and some state departments are rendered ineffective by staffing cuts in the face of dramatically rising caseloads and need. The FY2010 budget has been lambasted for the cuts in critical services to families in the face of rising unemployment. Families need extended unemployment benefits and other public services while the state retools its industries and businesses.

While passing “cuts only” budgets with minimal state revenue increases, the Legislature appropriated \$2.0 billion of federal recovery funds, as a stop-gap measure to avoid even greater cuts to programs for Michigan’s children, families, the elderly and the disabled, demonstrating once again the imbalance in state funding to provide critical state services. Even with the \$2 billion in federal recovery funds included in the budget, it is not clear that the Legislature has taken full advantage of the funds available to Michigan to aid families and stimulate the economy.

The general fund reductions in the human services budgets are staggering—one-third in the Department of Human Services and one-fourth in the Department of Community Health. Federal recovery funds did replace state funds in these budgets to avoid deeper program cuts, maintain services, and to fund other priorities, but the ability to replace these state funds in the future is very uncertain. In a report published by the Senate Fiscal Agency, the author states that it is likely that Michigan will **not** be able to meet its maintenance of effort requirement (specific amount of state spending) for the federal Temporary Assistance for Needy Families and Child Care Development Fund programs. This could not only jeopardize these federal grants, but also preclude the state from qualifying for additional available federal funds that could provide needed services to children and families.

In the Department of Community Health, program reductions such as continued elimination of federally defined “optional” Medicaid services (dental, vision, podiatric, chiropractic services) could have devastating impacts on diabetics who need routine vision and

podiatric services to manage their disease, and on pregnant women who could give birth to low-birth weight babies due to untreated gum disease. The 8 percent provider payment reduction will exacerbate an already serious access issue in which Medicaid recipients cannot find providers who will treat them because of the even lower reimbursement rates. Public and mental health programs were also cut during this difficult economic time, when families urgently need these services.

The cuts in K-12 education are no less troubling. Even with the addition of \$450 million in federal recovery funds, the foundation allowance was cut by \$165 per pupil, school readiness competitive grants were cut by 50 percent to \$7.6 million, adult education was cut by \$2 million, to name a few. In addition, a \$127 per student pro-rata reduction was issued to take effect on November 20, 2009, but has been postponed due to higher than anticipated November revenues.

While these cuts are very onerous and harmful, it will be extremely difficult, if not impossible, to restore them in FY2011 without a significant infusion of state dollars. Not only will federal recovery funding end on December 31, 2010, but state departments have been told to prepare budget reduction options for FY2011 totaling 20 percent of each department’s state funding. Current estimates of the projected shortfall in FY2011 exceed \$2 billion, and with continued declining revenues, it will likely grow. Comprehensive revenue solutions are critical to the maintenance of essential state services in the future. While each chamber has passed some targeted, but different, revenue measures, neither chamber has shown an interest in putting forth broad, long-term revenue solutions.

The following tables provide detailed information for selected Departments and the School Aid Fund for FY2010 budget and policy changes. The tables describe changes, beginning with the Executive Budget recommended change to the FY2009 budget. They detail action by the House and Senate relative to the Executive Budget recommendation, as well as initiatives proposed by the House or Senate. The final two columns reflect the total and general fund changes to FY2009.

## FY2010 Department of Human Services Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 Senate Recommendation	FY2010 House Recommendation <sup>1</sup>	FY2010 <sup>2</sup> Appropriations Act w/Vetoes (P.A. 129)	FY2010 Percent Change from Original FY2009
All Funds	\$4,573.8	\$1,276.9	\$6,057.0	\$5,834.8	\$0.0	\$5,912.2	29.3%
General Fund (GF/GP)	\$1,284.5	(\$87.5)	\$1,026.5	\$793.0	\$0.0	\$852.3	(33.6%)
<i>Staff Positions</i>	<i>10,401.8</i>					<i>10,908.5</i>	

<sup>1</sup> The House adopted a budget bill with no authorized funding in order to leave all components of the Department of Human Services budget open for consideration as points of difference by the appropriations conference committee.

<sup>2</sup> The governor vetoed funding for a number of programs in the Human Services budget totaling \$26.76 million gross, \$7.97 million general fund, including 3.3 positions for the Fatherhood and Marriage Initiatives and the Teen Parent Counseling Program.

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<p><b>1. Family Independence Program (FIP) Cash Assistance:</b></p> <p>The Executive Budget recommended not funding a \$2/person cost-of-living grant that had been granted in the FY2009 budget contingent upon securing additional federal TANF funding. The Executive Budget did recommend the replacement of \$14.48 million in GF in the FIP budget base with available TANF and the elimination of a \$50 incentive payment for FIP households having met federal work participation requirements for three consecutive months (\$1.78 million). The Senate concurred with these reductions and in addition adopted a \$10/person/month (6.1 percent) reduction in the FIP cash assistance grant (\$24 million). The Senate also approved the reduction of the annual children's clothing allowance from \$84 in 2009 to approximately \$48/child in FY2010 (\$5.58 million).</p> <p><b>NOTE: Implementation of the Senate reduction in the FIP grant would reduce the cash assistance payment to a point approximately 72 percent below the current poverty threshold for a household of three. In 1982, during a recession of comparable magnitude, the value of the grant was approximately 23 percent below the federal poverty level.</b></p>	(\$1.8)	(\$14.5)	(\$29.6)	(\$19.6)	N/A	(\$1.8)	(\$19.0)	

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<i>While rejecting the Senate's FIP grant reduction proposal, the Conference Committee concurred with the Executive's cost of living and incentive payment reductions as well as the Senate's Children's Clothing Allowance reduction. The Conference Committee did, however, approve the use of approximately 20 percent (\$1.1 million) of the GF saved in relation to the clothing allowance reduction to leverage \$4.5 million in Emergency TANF funds in support a one-time supplemental payment to FIP households. This benefit would effectively offset the estimated \$46 reduction in the Children's Clothing Allowance in FY2010. The Conference Committee also concurred with the Executive Budget recommendation to replace \$14.47 million GF in the FIP budget base with a like amount of federal TANF.</i>								
<b>2. Eliminate the State-Funded SSI Independent Living Grant</b> The Senate concurred with an Executive Budget recommendation to eliminate the \$14 per month Independent Living grant for individuals determined eligible for the federal aged, blind and disabled program based on limited assets and income. <i>The Conference Committee restored the \$14 per month SSI Independent Living grant in recognition of HHS denial of Michigan's request for a federal waiver to permit elimination of this state supplemental payment.</i>	(\$29.8)	(\$29.8)	\$0.0	\$0.0	N/A	N/A	\$0.0	\$0.0
<b>3. Child Day Care Reductions</b> The Senate concurred with the Executive Budget recommendation not to fund a Child Day Care provider rate increase reflected in the FY2009 budget contingent upon the availability of TANF. The Senate also concurred with the Executive Budget recommendation to reduce Child Day Care program costs by increasing administrative oversight, but increased the associated savings reflected in the Executive Budget by \$5 million to a total of \$15.15 million. In addition the Senate adopted a reduction in day care rates of approximately 5 percent (\$15 million), reduced reimbursement rates for unlicensed relative providers to the level of day care aides (\$23.4 million) and reduced the maximum number of reimbursable day care hours from 90 hours biweekly to 75 hours (\$15.5 million). The Senate also assumed a GF savings of \$14.62 million in association with shifting a like amount of Child Care Development Block Grant funding in support of Child Day Care. <i>The Conference Committee rejected all of the Senate initiated reductions outlined above but did concur with the Senate's</i>	(\$10.2)	(\$10.2)	(\$58.9)	(\$58.5)	N/A	N/A	(\$30.4)	(\$15.2)

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p><b>KEY ISSUES</b></p> <p><i>assumed savings related to expanded administrative oversight. The Conference also adopted the Executive Budget recommendation not to continue the contingent day care grant increase reflected in the FY2009 budget. In addition the Conference Committee assumed a \$15.27 million savings associated with a decision to eliminate the use of shelter areas in determining differential child day care rates.</i></p> <p><b>NOTE: The new day care rate structure (which eliminates the use of shelter areas in determining rates) provides \$3.75 per hour for infants and toddlers in day care centers and \$2.90 per hour in family and group homes. For older children the rates are \$2.50 in day care centers and \$2.40 in family and group homes. The reimbursement rate for unlicensed providers who have completed training is \$1.85 per hour and \$1.60 for those who have not completed training.</b></p>								
<p><b>4. Reflect Significant Growth in Food Stamp Program Participation</b></p> <p>The Senate concurred with the Revised Executive Budget recommendation to add \$1.475 billion in federal authorization to the DHS budget in recognition of a dramatic increase in the number of Michigan households (over 750,000 and growing by several thousand households per month) participating in the Food Assistance Program (FAP). <i>The Conference Committee concurred with the Senate and Revised Executive recommendation.</i></p>	\$1,475.5	\$0.0	\$0.0	\$0.0	N/A	N/A	\$1,475.5	\$0.0
<p><b>5. Child Welfare Improvement Initiatives</b></p> <p>In response to a successful lawsuit brought by children's rights advocates, the administration recommended a series of staffing and reimbursement rate increases as well as management and assessment initiatives intended to improve the quality and timeliness of services provided to vulnerable children in Michigan.</p> <p>Of the 850 new child welfare positions recommended by the Executive Budget to comply with caseload-to-staffing ratios established in the Children's Rights legal settlement (\$113.38 million), the Senate included 590 positions, including all but three of the 279 child protective services workers recommended by the governor (\$91.38 million). The Senate did, however, recommend significantly fewer additional foster care workers;</p>	\$113.4	\$30.7	(\$22.0)	(\$16.3)	N/A	N/A	\$91.4	\$14.5

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>41 versus 87; as well as management and support staff, 178 versus 435.</p> <p><i>The Senate Fiscal Agency reports that the Conference Committee further reduced the number of management and support staff by 66, bringing the total positions added in support of the initiative to 524. (House Fiscal Agency documents report a slightly higher 544 positions were added in support of the Child Welfare Improvements Initiative.) The Conference Committee concurred with the \$10 per diem increase in the private provider payments rate and in addition approved a 36.5 percent (\$6.7 million) increase in adoption rates.</i></p> <p>THE GOVERNOR VETOED THE ADOPTION RATE INCREASE.</p>								
<p><b>6. Employment &amp; Training Programs</b></p> <p>The Executive Budget recommended reducing the funding for Employment and Training (E&amp;T) support programs by approximately 8 percent (\$3 million). The Senate adopted a proposal to reduce E&amp;T support programs by 43.5 percent (\$16.44 million). <i>The Conference Committee acted to reduce E&amp;T support services funding by 54.9 percent (\$20.7 million). In addition, the Conference Committee approved the reduction of the E&amp;T related Interdepartmental Grant to the Department of Energy, Labor and Economic Growth by 5.3 percent (\$2 million).</i></p>	(\$3.0)	(\$3.0)	(\$13.4)	(\$13.4)	N/A	N/A	(\$22.7)	(\$14.5)
<p><b>7. Early Childhood Investment Corporation</b></p> <p>While the Executive Budget recommended removing the General Fund dollars supporting this initiative (\$200,000/1.35 percent), the Senate recommended eliminating all state and federal funding (\$14.82 million) and using the freed up federal funds to replace General Fund dollars elsewhere in the DHS budget. <i>The Conference Committee concurred with the Executive Budget recommendation to retain federal support for the ECIC.</i></p>	(\$0.2)	(\$0.2)	(\$14.6)	(\$0.0)	N/A	N/A	(\$0.2)	(\$0.2)
<p><b>8. Juvenile Justice Reductions and Transfers</b></p> <p>The Senate concurred with the Executive Budget recommendation to reflect savings related to transferring youth currently housed in the Woodland East wing of the Maxey Training School to the Green Oak wing (\$5 million/30 positions). The Senate also reflected full-year savings related to the closure of</p>	(\$10.0)	(\$5.0)	(\$6.8)	(\$3.4)	N/A	N/A	(\$26.4)	(\$20.2)

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>the Adrian Training School for young women per Executive Order 2008-21 (\$5 million/79 positions).</p> <p>In addition the Senate recommended closing the Nokomis Challenge Center (\$4.8 million/48 positions) as well as the remaining State Community Juvenile Justice Centers (\$.99 million/27 positions). The Senate also assumed the greater reliance on electronic tethering as a strategy to supervise juvenile justice youth would yield administrative savings (\$1 million).</p> <p><i>The Conference Committee concurred with Executive and Senate recommendations to transfer youth from the Woodland East Wing of the Maxey Training School to the Green Oak Wing (\$5 million/30 positions), and to recognize full-year savings related to the closure of the Adrian Training School for young women in FY2009 (\$5 million/79 positions). In addition, the Conference Committee concurred with the Senate recommendation to close the Nokomis Challenge Center, but delayed the effective date for three months. (\$3.61 million/48 positions). It also concurred with the elimination of state support for the community juvenile justice facilities in Lansing, Bay City and Kalamazoo, but assumed greater local savings related to the private placement of youth served at these facilities. (\$.599 million gross/\$.599 million local). The Conference Committee did not adopt the Senate recommendation to reflect a \$1 million GF savings associated with the greater use of electronic tethering to monitor juvenile justice youth.</i></p> <p><i>The Conference Committee also transferred GF funding from the Juvenile Justice appropriation unit to a newly established Children's Rights unit (\$7.42 million) and reflected GF savings associated with the In-Home Child Care Incentive program (\$3.35 million).</i></p>								
<p><b>9. Other Human Services Program Caseload Adjustments</b></p> <p>The Revised Executive Budget recommendation assumed an increase in the FIP caseload for FY2010 of 3,000, no change in the State Disability Assistance (SDA) program caseload and a decrease in the Child Day Care caseload of 1,500. The Senate adopted slightly higher caseloads for the FIP and SDA programs but assumed a Day Care caseload approximately 5,600 below the Executive.</p> <p><i>The Conference Committee concurred with the Senate caseload recommendations for FIP and SDA but reflected an additional</i></p>	\$36.1	(\$10.8)	(\$37.2)	(\$37.2)	N/A	N/A	(\$44.0)	(\$47.9)

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p><b>KEY ISSUES</b></p> <p><i>\$42.98 million in savings related to a lower Child Day Care Caseload.</i></p> <p>NOTE: The House Fiscal Agency reports the following funded caseloads for FY2010:</p> <p>Family Independence Program (FIP) 74,000 cases  State Disability Program (SDA) 10,700 cases  Child Day Care 42,000 cases</p>								
<p><b>10. Use of Federal and Local Funds to Reduce General Funds (GF) in the DHS Budget Base</b></p> <p>In addition to fund source adjustments reflected elsewhere in this summary, the Revised Executive Budget assumed the availability of \$100 million in federal TANF Contingency revenue carried forward from FY2009 and \$16.2 million in increased Medicaid match linked to the federal stimulus package to offset a like amount of General Fund (GF) in the DHS budget base. The Senate concurred with the TANF recommendation but increased the Medicaid adjustment to \$17.3 million. In addition the Senate reflected \$16.7 million in GF savings related to the use of federal stimulus funds to support Child Support Collection activities.</p> <p><i>The Conference Committee concurred with the Senate adjustments outlined above, but reduced GF supporting DHS Local and Central Office appropriations by an additional \$25 million in recognition of available federal TANF. The Conference Committee also replaced \$6.11 million GF in the DHS budget base with county funding to support the creation of a per diem for public foster care services.</i></p>	\$0.0	(\$116.2)	\$0.0	(\$17.8)	N/A	N/A	\$0.0	(\$165.1)
<p><b>11. Senate Initiated DHS Field Staff Reductions</b></p> <p>The Senate recommended the reduction of 179 field staff as follows:</p> <ul style="list-style-type: none"> <li>• 100 unspecified field staff (Assumed savings: \$5.3 million)</li> <li>• 39 administrative support staff (Assumed savings: \$1.8 million)</li> <li>• 20 contract monitoring staff (Assumed savings: \$1.0 million)</li> <li>• 20 second line supervisors (Assumed savings: \$1.8 million)</li> </ul>	\$0.0	\$0.0	(\$9.8)	(\$6.1)	N/A	N/A	(\$7.4)	(\$4.5)



DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<i>The Conference Committee adopted a reduction of 134 field positions including 39 administrative support, 20 contract monitoring, 20 second line supervisor, 20 local office recoupment and 35 unspecified local office FTEs.</i>								
<b>12. Other Senate Initiated Reductions</b> In addition to program and staffing reductions outlined above, the Senate recommended the following program reductions or eliminations: <ul style="list-style-type: none"> <li>• Reduce the State Disability Assistance (SDA) grant by \$5/month. (\$.7 million GF)</li> <li>• Reduce the Local Office Emergency Assistance grant allocations. (\$2.3 million GF)</li> <li>• Reduce Strong Families/Safe Children grants. (\$4 million federal)</li> <li>• Reduce the Families First program budget. (\$1.35 million federal)</li> <li>• Eliminate the Michigan Community Services Commission. (\$1.3 million GF)</li> </ul> <i>The Conference Committee acted to:</i> <ul style="list-style-type: none"> <li>• <i>Reject the SDA grant reduction.</i></li> <li>• <i>Reduce the Local Office Emergency grant allocation by \$.25 million GF.</i></li> <li>• <i>Reduce Strong Families/Safe Children grants by \$2.25 million federal.</i></li> <li>• <i>Increase the Families First budget in recognition of likely caseload growth by \$1.5 million federal.</i></li> <li>• <i>Reduce funding for the Michigan Community Services Commission by \$.66 million GF.</i></li> </ul>	\$0.0	\$0.0	(\$9.8)	(\$4.4)	N/A	N/A	(\$1.7)	(\$0.9)
<b>13. Actions to Restore a Portion of Funding for Programs Reduced or Eliminated in the Revised Executive Budget</b> The Senate acted to restore \$3 million of the \$5 million recommended for removal from Before and After School Program grants in the Executive Budget.  The Senate acted to restore \$3 million of the \$3.8 million recommended for removal from the Teenage Parent Counseling Program in the Executive Budget.	(\$17.0)	(\$0.0)	\$12.6	\$0.0	N/A	N/A	(\$3.4)	\$0.0

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p><b>KEY ISSUES</b></p> <p>The Senate acted to restore \$2.1 million of the \$2.48 million recommended for removal from the Marriage Initiative in the Executive Budget.</p> <p>The Senate acted to restore \$1.47 million of the \$1.73 million recommended for removal from the Fatherhood Initiative in the Executive Budget.</p> <p>The Senate acted to restore \$3 million of the \$4 million recommended for removal from the Zero to Three Program in the Executive Budget.</p> <p><i>The Conference Committee adopted Senate recommendations to restore a portion of the funding recommended for removal in the Executive Budget for the first four programs listed above and recommended the full restoration of \$4 million in federal TANF funding for the Zero to Three program.</i></p> <p>THE GOVERNOR VETOED THE PROGRAM RESTORATIONS REFLECTED IN THE CONFERENCE COMMITTEE FOR THE BEFORE AND AFTER SCHOOL PROGRAM, THE TEENAGE PARENT COUNSELING PROGRAM, THE MARRIAGE INITIATIVE AND THE FATHERHOOD INITIATIVE PRIOR TO SIGNING THE DEPARTMENT OF HUMAN SERVICES BUDGET (P.A. 129 OF 2009) INTO LAW. THE FULL RESTORATION OF THE ZERO TO THREE PROGRAM BY THE CONFERENCE COMMITTEE IS REFLECTED IN THE ADOPTED APPROPRIATIONS ACT.</p>								
<p><b>14. Conference Committee Initiatives:</b></p> <p>The Conference Committee added \$670,000 GF to expand state support for the Michigan Agricultural Surplus System program that secures commodities for the Michigan Food Bank system.</p> <p>The Conference Committee added \$300,000 GF to the United Way of Michigan grant in support of Michigan's 2-1-1 emergency services network.</p> <p>The Conference Committee added \$1,769,000 GF as a match for federal Medicaid funding to fund services for children with mental health difficulties.</p>	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	\$0.7	\$0.7
	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	\$0.3	\$0.3
	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	\$1.8	\$1.8
<p><i>For additional details regarding the FY2010 Department of Human Services budget, visit the Michigan Senate Fiscal Agency website at <a href="http://www.senate.michigan.gov/sfa/">www.senate.michigan.gov/sfa/</a> or the Michigan House Fiscal Agency website at <a href="http://www.house.michigan.gov/hfa/">www.house.michigan.gov/hfa/</a>.</i></p>								

## FY2010 Department of Community Health Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 House Recommendation	FY2010 Senate Recommendation	FY2010* Appropriations Act w/Vetoes (P.A. 131)	FY2010 Percent Change from Original FY2009
All Funds	\$12,492.3	\$417.7	\$12,922.5	\$13,434.0	\$12,812.3	\$13,033.9	4.3%
General Fund (GF/GP)	\$3,095.5	(\$621.7)	\$2,801.0	\$2,669.8	\$2,268.0	\$2,304.6	(25.6%)
<i>Staff Positions</i>	<i>4,608.7</i>					<i>4,381.6</i>	
*The governor vetoed funding for a number of programs in the Community Health budget totaling \$9.6 million gross, \$4.1 million general fund.							

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>1. Federal Rebates for Drugs Provided through HMOs</b> The Executive Budget assumed passage of federal legislation to enable supplemental rebates on HMO-prescribed drugs. The House and Senate concurred with the savings. <i>The Conference Committee also concurred, but with a reduction in the GF savings due to the higher federal match rate. The national health reform bill that passed the House in November includes this provision.</i>	(\$120.0)	(\$44.2)	—	—	—	—	(\$120.0)	(\$32.1)
<b>2. Implement Preferred Provider List for Behavior Health Drugs</b> The Executive Budget and Senate assumed savings from implementation of a preferred provider list for behavioral health drugs. The House rejected this proposal. <i>The Conference Committee approved the policy which would require repeal of the current ban on placing behavioral health drugs on the preferred drug list. The Conference Committee also reduced the GF savings based on the final federal matching percentage.</i>	(\$18.7)	(\$6.9)	\$18.7	\$6.9	—	—	(\$18.7)	(\$5.0)
<b>3. Reduce Non-Medicaid Mental Health Services</b> The Executive Budget recommended a reduction of \$7.6 million in non-Medicaid mental health services. The House did not concur, and added \$6.5 million in new funding. The Senate reduced	(\$7.6)	(\$7.6)	\$14.1	\$14.1	(\$54.3)	(\$54.3)	(\$40.0)	(\$40.0)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES								
funding by an additional \$54 million for a total reduction of \$61.8 million. <i>The Conference Committee rejected the House and Senate proposals and annualized the 4th quarter FY2009 \$10 million Executive Order Reduction. This action reduced funding from \$322.0 million to \$282.0 million for FY2010.</i>								
<b>4. Eliminate the Office of Long-Term Care Supports and Services</b> The Executive Budget recommended the elimination of the Office of Long Term Care Supports and Services, with the reintegration of their functions into the department. The House and Senate concurred. <i>The Conference Committee also concurred.</i>	(\$1.6)	(\$0.8)	—	—	—	—	(\$1.6)	(\$0.8)
<b>5. Reduce Nursing Home Utilization</b> The Executive Budget assumed significant savings from continued transitions of individuals from nursing homes to community-based settings; the House concurred with the savings. The Senate projected greater savings. <i>The Conference Committee concurred with the House, but updated the GF savings based on the final federal matching rate.</i>	(\$33.5)	(\$12.3)	—	—	(\$48.9)	(\$16.5)	(\$33.5)	(\$10.8)
<b>6. Eliminate the Office of Drug Control Policy and Services</b> The Executive Budget recommended the elimination of the Office of Drug Control Policy and Services, with the reintegration of their functions into the department. The House and Senate concurred. <i>The Conference Committee also concurred.</i>	(\$0.4)	(\$0.4)	—	—	—	—	(\$0.4)	(\$0.4)
<b>7. Eliminate Multi-Cultural Services</b> The Executive Budget recommended the elimination of funding for Multi-Cultural Services. The House did not concur; the Senate also did not concur and added \$100 for a point of difference with the House. <i>The Conference Committee maintained FY2009 funding of \$6,823,800.</i>	(\$6.8)	(\$6.8)	\$6.8	\$6.8	\$6.8	\$6.8	\$0.0	\$0.0
<b>8. Eliminate Other Mental Health (MH) Programs</b> The Executive Budget recommended the elimination of the MH Initiative for older persons, MH court pilot projects, and respite	(\$3.0)	(\$3.0)	\$2.0	\$2.0	—	—	(\$3.0)	(\$3.0)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>services. The House only concurred with the MH court pilot reduction (except for \$100). The Senate concurred with the savings, but included a \$100 federal placeholder for MH court pilot projects.</p> <p><i>The Conference Committee concurred with the elimination of MH initiatives for older persons and the elimination of respite services for children with severe emotional disturbances and their families. While the general fund for MH court pilot programs is eliminated, federal funding is available to continue the programs.</i></p>								
<p><b>9. Reduce Substance Abuse General Fund by 5 Percent</b></p> <p>The Executive Budget recommended a 5 percent reduction in substance abuse services; the Senate concurred. The House rejected the Executive Recommendation and increased funding by \$24.3 million.</p> <p><i>The Conference Committee included \$.3 million for Methadone/Buprenorphine clinics in 25 counties, maintained a \$100 placeholder for medications for the treatment of alcoholism, and reduced program funding by about \$2.0 million, to a total of about \$83 million.</i></p> <p>THE GOVERNOR VETOED FUNDING FOR THE METHADONE/BUPRENORPHINE CLINICS AS WELL AS \$100 FOR MEDICATIONS FOR THE TREATMENT OF ALCOHOLISM.</p>	(\$0.9)	(\$0.9)	\$25.2	\$25.2	—	—	(\$1.9)	(\$1.9)
<p><b>10. Office of Services to the Aging Reductions</b></p> <p>The Executive Budget eliminated funding for Senior Olympics and Tribal Elders program, and reduced community programs, nutrition and volunteer services. The House only concurred with elimination of funding for Senior Olympics. The Senate concurred with the Executive recommended savings, but maintained \$100 placeholder for Tribal Elders program.</p> <p><i>The Conference Committee doubled the reduction in community programs (\$2.1M), eliminated the funding for Senior Olympics (\$.1M), more than doubled the reduction in nutrition services programs (\$1.6M), doubled the reduction in senior volunteer services programs (\$.8M), and reduced the senior respite services funding by \$.5M. The Conference Committee maintained FY2009 funding for the Tribal Elders program (\$.1M).</i></p>	(\$2.2)	(\$2.2)	\$2.1	\$2.1	—	—	(\$5.1)	(\$5.1)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<p><b>11. Public Health Reductions</b></p> <p>The Executive Budget recommended reductions in several public health programs, including Aids/tobacco risk reduction; 0-3 Secondary Prevention; Nurse Family Partnership. The House rejected the reductions; the Senate restored 0-3 Secondary Prevention and Nurse Family Partnership funding. <i>The Conference Committee eliminated funding for Aids/tobacco risk reduction clearing house and media campaign, the African-American male health initiative, and the public health physician practice project. The Conference Committee also reduced funding for laboratory services and family planning local agreements.</i></p> <p>THE GOVERNOR VETOED THE 0-3 SECONDARY PREVENTION FUNDING AS WELL AS PRENATAL CARE OUTREACH AND SERVICE DELIVERY SUPPORT, WHICH INCLUDES FUNDING FOR THE NURSE FAMILY PARTNERSHIP PROGRAM.</p>	(\$3.5)	(\$2.7)	\$3.5	\$2.7	\$2.1	\$1.3	(\$2.8)	(\$2.5)
<p><b>12. Local Public Health Operations</b></p> <p>The House and Senate each recommended increases, \$5 million and \$1 million, respectively, for local public health operations. <i>The Conference Committee, rather than an increase, reduced funding by \$.5 million to \$41.1 million.</i></p>	—	—	\$5.0	\$5.0	\$1.0	\$1.0	(\$0.5)	(\$0.5)
<p><b>13. Eliminate Chlamydia and Gonorrhea Programs in High Prevalence Areas</b></p> <p>The Executive Budget and Senate recommended elimination of funding for the above programs. The House maintained FY2009 funding levels. <i>The Conference Committee concurred with the Senate and eliminated funding for these programs.</i></p>	(\$0.8)	(\$0.8)	\$0.8	\$0.8	—	—	(\$0.8)	(\$0.8)
<p><b>14. Reduce Michigan Essential Provider Program</b></p> <p>The Executive and Senate recommended elimination of the general fund and matching federal funds for this program which helps to repay loans for providers who establish practices in medically underserved areas. This proposal reduced the program funding by more than 50 percent. The House rejected the proposal. <i>The Conference Committee preserved sufficient funding to honor present contracts.</i></p>	(\$1.1)	(\$0.5)	\$1.1	\$0.5	—	—	(\$0.6)	(\$0.3)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<p><b>15.Children’s Special Health Care Services Parent Participation Fee Increase</b></p> <p>The Executive Budget and House recommended increasing the monthly fee from \$12 to \$15. The Senate doubled the increase—from \$12 to \$18 per month.  <i>The Conference Committee assumed greater savings than the House, but less than the Senate. For families with incomes above 200 percent of the federal poverty level, the sliding scale family participation amount will start at \$16/month. Families with incomes below 200 percent of the federal poverty level will no longer be exempt from the Parent Participation fees unless the recipient is enrolled in Medicaid, MICHild, or WIC. The family participation fee for this group will be \$10/month.</i></p>	\$0.0	(\$1.1)	—	—	\$0.0	(\$2.2)	\$0.0	(\$1.5)
<p><b>16.Reduce Healthy Michigan Programs</b></p> <p>The Executive Budget recommended numerous program eliminations or reductions. The House rejected the reductions and maintained programming and funding at the FY2009 levels. The Senate reduced Healthy Michigan Fund programming by \$20 million (over FY2009) and rolled the funding into a single line-item of \$5 million.  <i>The Conference Committee reduced Healthy Michigan funded programs from \$25.1 million to \$11 million, with \$10.5 million of the savings redirected to Medicaid to serve as matching funds, and the remaining \$3.5 million reduction is due to declining cigarette tax revenue. Only 11 of the previous 27 programs maintained funding, with several at significantly reduced levels. State funding for poison control is maintained, with GF replacing Healthy Michigan funds, and federal funding is added to increase the total authorization from \$.3 million to \$1.1 million.</i></p>	(\$2.0)	\$0.0	\$2.0	\$0.0	(\$18.0)	\$0.0	(\$14.0)	(\$10.3)
<p><b>17.Reduce Provider Payment Rates by 8 Percent</b></p> <p>FY2009 Executive Order 2009-22, reduced provider rates by 4 percent effective July 1, 2009. This reduction includes the following providers: physicians, health plans, ambulance, labs, medical supplies, durable equipment, and home health. Hospitals and nursing homes were initially included, but agreed to increased provider taxes to save general fund in lieu of the rate reduction.   The Executive Order was issued after release of the Executive Budget and completion of House action.</p>	—	—	—	—	(\$355.0)	(\$94.9)	(\$355.0)	(\$94.9)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p><b>KEY ISSUES</b></p> <p>The Senate increased the reduction to 8 percent from rates paid as of May 1, 2009, by annualizing the Executive Order reduction and adding another 4 percent reduction. The Senate included above providers as well as hospitals and nursing homes, but added language that would reduce the rate of reduction if a physician tax is implemented.</p> <p><i>The Conference Committee concurred with the Senate.</i></p> <p><i>Note: The House passed a Physician Tax bill. The Senate subsequently brought the Physician Tax bill to a vote, but would not allow discussion or amendments. The bill was defeated.</i></p>								
<p><b>18. Savings from Implementation of an Estate Recovery Program for Long-Term Care Services</b></p> <p>The Executive Budget and House again assumed savings from implementation of an Estate Recovery program. The Senate assumed an “enhanced” program and increased savings by \$18.7 million gross, \$5 million GF.</p> <p><i>The Conference Committee concurred with the Senate-assumed GF savings, but increased overall savings to accurately reflect the share that would go to the federal government.</i></p>	(\$7.9)	(\$2.9)	—	—	(\$18.7)	(\$5.0)	(\$29.6)	(\$7.9)
<p><b>19. Federal Stimulus Funds for Medicaid</b></p> <p>The Executive Budget recognized about \$500 million in federal stimulus funding. The House increased stimulus funding to nearly \$930 million. The Senate increased the federal stimulus funding to \$969 million.</p> <p><i>The Conference Committee adopted a federal increase of \$1.22 billion federal and a corresponding reduction in GF need based on the routine federal match change which increased from the original FY2009 match rate of 60.27 percent to the final FY2010 matching rate with stimulus (assuming the highest unemployment category) of 73.27 percent.</i></p>	\$0.0	(\$484.0)	\$0.0	(\$445.5)	\$0.0	(\$484.7)	\$0.0	(\$1,217.8)
<p><b>20. Closure of Mount Pleasant Facility for the Developmentally Disabled</b></p> <p>The Executive Budget recommended closure of the facility. The House and Senate concurred, <i>as did the Conference Committee.</i></p>	(\$15.4)	(\$3.1)	—	—	—	—	(\$15.4)	(\$3.1)



DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>21. Reduce Funding for Protection and Advocacy Services</b> <p>The Executive Budget recommended a 50 percent reduction in these services for persons with mental illness or developmental disabilities. The House rejected the proposal; the Senate reduced funding by 75 percent.  <i>The Conference Committee concurred with the Senate.</i></p>	(\$0.4)	(\$0.4)	\$0.4	\$0.4	(\$0.2)	(\$0.2)	(\$0.6)	(\$0.6)
<b>22. Other FY2009 Executive Order Reductions Continued in FY2010</b> <p>Executive Order 2009-22 advanced many of the savings proposals recommended in the FY2010 Executive Budget. There were, however, new initiatives included in the Executive Order that were assumed to be continued in FY2010. The Medicaid provider rate reduction is described above. <b>Other reductions include: elimination of selected Medicaid services for adults—dental, optometric, chiropractic, podiatric, and hearing aids. Program reductions include elimination of the Single Point of Entry Pilot programs and a 25-cent reduction in the pharmacy dispensing fee (from \$2.75 to \$2.50).</b> In the Executive Order, funding for Michigan Care Improvement Registry (MCIR) was eliminated.</p> <p>House Action on the DCH budget was completed before issuance of the Executive Order. The Senate concurred with continuation of the Executive Order reductions.  <i>The Conference Committee continued the elimination of the Medicaid optional services for adults eliminated by Executive Order 2009-22, as well as the Single Point of Entry program for total savings of \$42 million gross, \$15 million general fund. They did restore the pharmacy dispensing fee to \$2.75, at a total cost of \$.6 million gross, \$.2 million GF. Funding for the Michigan Care Improvement Registry was restored.</i></p>	—	—	—	—	(\$42.0)	(\$15.0)	(\$41.4)	(\$14.8)
<b>KEY INCREASES</b>								
<b>1. Medicaid and Related Programs Caseload, Utilization, and Inflation Increases</b> <p>The Executive Budget, House and Senate each included adjustments related to the above changes in Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services, Adult Benefits Waiver, and the Medicare Part D Maintenance of Effort.</p>	\$357.9	\$129.0	\$0.0	\$0.0	\$453.1	\$154.0	\$811.0	\$283.0

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<i>The Conference Committee, based on the consensus meeting, concurred with the Senate adjustments.</i>								
<b>2. Expand Health Care Coverage for Disabled Children</b> The Executive Budget included the expansion of coverage for children in the Children's Special Health Care Services program in households with income between 200 percent and 300 percent of the federal poverty funded with federal Medicaid funds using the currently appropriated GF. The additional federal funds are expected to enable comprehensive services to be provided to an estimated 4,000 additional children. The House and Senate concurred. <i>The Conference Committee also concurred.</i>	\$11.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.4	\$0.0
<b>3. Actuarially Sound Rates for Managed Care Plans</b> The federal government requires that actuarially sound rates be paid to Medicaid funded managed care organizations. The Executive Budget included funding for this purpose. The House and Senate concurred, <i>as did the Conference Committee.</i>	\$197.7	\$72.8	\$0.0	\$0.0	\$0.0	\$0.0	\$197.7	\$72.8
<b>4. Economic Adjustments</b> The Executive Budget included funding for the 1.0 percent salary and wage increase, as well as retirement, insurance and other operating cost increases (rent, utilities, etc.). The House, Senate, and <i>Conference Committee concurred with the increase.</i>	\$13.4	\$5.9	\$0.0	\$0.0	\$0.0	\$0.0	\$13.4	\$5.9
<b>5. New Forensic Staff Funded by Corrections</b> The Executive Budget recommended the addition of 80 staff and \$5.3 million through a grant from the Department of Corrections to recognize the increased need for mental health services of individuals in the Corrections system. The House, Senate, and <i>Conference Committee concurred with the increase.</i>	\$5.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.3	\$0.0
<b>6. Increase Federal Funding for Women, Infants, and, Children (WIC) Food and Nutrition Program</b> The Executive Budget recommended an increase in federal funds for this program due to anticipated utilization increases. The House, Senate and <i>Conference Committee concurred.</i>	\$35.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$35.2	\$0.0

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>LEGISLATIVE INITIATIVES</b>								
<p>The House, prior to the May Revenue Estimating Conference which identified a sharp decline in general fund revenues, added a number of enhancements/program expansions using the federal stimulus funding for Medicaid (nearly a 75 percent federal match) for a modest general fund investment. Major House initiatives follow.</p> <p><i>The Conference Committee rejected nearly all of the House initiatives.</i></p> <ul style="list-style-type: none"> <li>Graduate Medical Education and Disproportionate Share Hospital increases. <i>The Conference Committee rejected this proposal.</i></li> <li>Healthy Kids Dental expansion statewide. The Senate approved expansion, but only in two communities—Sterling Heights and Highland Park. <i>The Conference Committee included no Healthy Kids Dental expansion.</i></li> <li>Adult Home Help worker wage increase of \$0.50 per hour for workers in all counties. The Senate concurred with this initiative. <i>This is the only House initiative approved by the Conference Committee.</i></li> <li>County Health Plan increase to expand preventive and ambulatory services. <i>The Conference Committee rejected this proposal.</i></li> <li>Subsidy to cover one-half of the 35 percent participant COBRA cost (stimulus funding covers 65 percent of cost). <i>The Conference Committee rejected this proposal.</i></li> <li>Adult benefits waiver service expansion to include a hospital benefit effective October 1, 2009. <i>The Conference Committee rejected this proposal.</i></li> </ul> <p>The Senate-passed DCH budget reflected the addition of nearly \$1 billion in federal stimulus funds and used much of the general fund savings for other budget priorities. In addition, the Senate approved significant program reductions to achieve additional general fund savings. Major savings initiatives include:</p> <ul style="list-style-type: none"> <li>Transfer of responsibility for antipsychotic drugs to community mental health to increase spending subject to the community mental health prepaid plan tax to save general fund dollars. <i>The Conference Committee rejected this proposal.</i></li> </ul>	—	—	\$83.2	\$22.2	—	—	\$0.0	\$0.0
	—	—	\$76.0	\$20.3	\$0.4	\$0.1	\$0.0	\$0.0
	—	—	\$16.6	\$4.4	\$16.6	\$4.4	\$16.6	\$4.4
	—	—	\$98.2	\$98.2	—	—	\$0.0	\$0.0
	—	—	\$5.0	\$5.0	—	—	\$0.0	\$0.0
	—	—	\$45.0	\$23.7	—	—	\$0.0	\$0.0
	—	—	—	—	\$10.2	(\$7.5)	\$0.0	\$0.0

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009		
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	
<b>KEY ISSUES</b>									
<ul style="list-style-type: none"> <li>Increase cost sharing for Medicaid recipients. <i>The Conference Committee rejected this proposal.</i></li> <li>Administrative changes to achieve savings including: <ul style="list-style-type: none"> <li>~ Expansion of data collection to determine third-party liability.</li> <li>~ Implementation of proposed fraudulent billing reform legislation.</li> </ul> <i>The Conference Committee adopted the above administrative changes, but assumed lower GF savings and different financing.</i> </li> </ul>	—	—	—	—	(\$37.4)	(\$10.0)	\$0.0	\$0.0	
	—	—	—	—	(\$55.0)	(\$15.3)	(\$18.7)	(\$8.7)	
WHILE THERE WAS NO CHANGE RECOMMENDED TO THE \$5 MILLION MEDICAID DISPROPORTIONATE SHARE HOSPITAL POOL, THE GOVERNOR VETOED FUNDING FOR THIS PROGRAM.									
<i>There are many other changes recommended in the Executive Budget or included in the House- or Senate-passed budgets. This document provides only highlights.</i>									

## FY2010 Department of Energy, Labor & Economic Growth Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 Senate Recommendation	FY2010 House Recommendation	FY2010 Appropriations Act (P.A. 130)	FY2010 Percent Change from Original FY2009
All Funds	\$1,387.4	\$421.0	\$14,156.0	\$1,383.6	\$1,403.8	\$1,394.1	2.6%
General Fund (GF/GP)	\$73.6	(\$13.9)	\$75.9	\$45.8	\$65.4	\$54.8	(25.5%)
Staff Positions	4,351 FTEs					4,739 FTEs	

DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>1. No Worker Left Behind (NWLB)-GF/GP Component</b> The Executive recommendation maintained FY2009 funding for NWLB at \$15.0 million. The Executive Order reduced GP/GP funding by \$7.2 million which consisted of reducing funds available for training by \$5.3 million and eliminating the \$2.5 million appropriation for community college capacity-building which had not yet been awarded. The Senate reduced funding by \$8.4 million to \$6.6 million. The House reduced funding for the program to \$5 million, resulting in a gross reduction of \$10 million over the FY2009 appropriation. <i>The Conference Committee reduced funding by \$10.5 million to \$4.5 million. The majority of NWLB funding is obtained through federal Workforce Investment Act dollars not included in this line item.</i>	\$0.00	\$0.0	(\$8.4)	(\$8.4)	(\$10.0)	(\$10.0)	(\$10.5)	(\$10.5)
<b>2. Jobs, Education, and Training (JET) Program Reductions</b> The Senate and House recommendations concurred with the Executive recommendation to reduce administrative funding for the JET program due to anticipated program efficiencies. <i>The Conference Committee concurred with the Senate and House.</i>	(\$3.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.0)	\$0.0
<b>3. Unemployment Insurance Agency Increases</b> The federal increase to the Unemployment Insurance Agency will fund 300 FTEs and postage costs which were previously paid by the federal Department of Labor but have since shifted to the states.	\$22.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$22.6	\$0.0
<b>4. Centers for Independent Living</b> The FY2010 Executive proposal removed \$500,000 in corporation fees added in FY2009, which were removed by the Executive Order. The Executive proposal increased GP/GP funding by \$500,000 whereas the Senate concurred with the Executive recommendation to replace corporate fees with general fund, and provided \$400,000 in additional general fund support. The House reduced funding to a \$500 gross placeholder for the Centers for Independent Living. <i>The Conference Committee increased GF/GP funding by \$750,000, but eliminated \$500,000 in corporation fees, thus gross funding was increased by only \$250,000.</i>	\$0.0	\$0.5	\$0.4	\$0.4	(\$3.1)	(\$2.1)	\$0.3	\$0.8

DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH	Executive Budget Recommended Changes to FY2009		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>5. Michigan Nursing Corps</b> The Executive Order reduced funding by \$454,000 which is not reflected in the Executive or Senate recommendations. The House acknowledged this reduction and further reduced funding to FY2008 levels. <i>The Conference Committee reduced funding by \$4.2 million gross, GF/GP to a total of \$300,000.</i>	\$0.5	\$0.5	\$0.0	\$0.0	(\$3.5)	(\$3.5)	(\$4.2)	(\$4.2)
<b>6. History, Arts, and Libraries (Preservation and Archeology)</b> As a part of the governor's proposal to eliminate the department, the State Historic Preservation Office and archeology programs would be transferred to the Michigan State Housing Development Authority (MSHDA). The Senate has a separate budget bill for the Department of History Arts and Libraries and the House provides a \$200 placeholder. The House had placeholders and provided for the transfer in a separate budget bill. <i>The Conference Committee included \$2.6 million gross for the transfer. The executive recommendation included GF/GP funding, whereas the Conference Committee obtained funding through federal funds and MSHDA fees and charges.</i>	\$1.9	\$1.0	(\$1.9)	(\$1.0)	(\$1.9)	(\$1.0)	\$2.6	\$0.0
<b>7. Michigan Occupational Safety and Health Administration (MIOSHA)</b> The Senate reduced funding by \$100,000 as the proposal is being explored to return MIOSHA to the federal Department of Labor. <i>The Conference Committee concurred with the House in not transferring MIOSHA.</i>	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

## FY2010 School Aid Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 House Recommendation	FY2010 Senate Recommendation	FY2010* Appropriations Act w/Vetoes (P.A. 121)	FY2010 Percent Change from Original FY2009
All Funds	\$13,378.9	(\$119.1)	\$12,963.6	\$13,132.3	\$12,744.0	\$12,823.6	(4.2%)
General Fund (GF/GP)	\$40.8	\$37.2	\$40.8	\$39.6	\$31.8	\$31.8	(22.1%)

\*The governor vetoed section 20j payments totaling \$51.5 million, as well as several smaller programs totaling \$2.5 million gross, \$1.6 million general fund.

SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<p><b>1. Foundation Allowance Reduction</b></p> <p>The Executive Budget recommended a \$59 per pupil foundation allowance reduction—prior to passage of the federal stimulus package. With the stimulus package maintenance of effort requirement, the governor acknowledged that reduction would not be possible. The House used federal stimulus funds to fully fund the foundation allowance. The Senate approved a \$110 per pupil foundation allowance reduction, and passed a resolution seeking waivers from the federal stimulus requirements. <i>The Conference Committee reduced the per pupil funding by \$165 and appropriated \$450 million in federal stimulus funding.</i></p> <p><b>NOTE: While the \$165/pupil reduction is not expected to jeopardize federal stimulus funding [by not meeting the maintenance of effort requirement], the \$127/pupil pro-rata reduction included in the governor's October proration letter is expected to reduce spending below the maintenance of effort level. The state is expected to seek a waiver from the federal government for the maintenance of effort required level of spending. The proration took effect as legislative action was not taken by November 20.</b></p> <p><b>THE GOVERNOR VETOED DISCRETIONARY PAYMENTS TOTALING \$51.4 MILLION TO DISTRICTS WITH HIGH FOUNDATION ALLOWANCES.</b></p>	(\$94.4)	—	\$94.4	—	(\$79.8)	—	(\$314.5)	—

SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>2. Declining Enrollment Grants</b> The Executive Budget and House-passed budget retained declining enrollment grants at \$20 million. The Senate eliminated these grants. <i>The Conference Committee concurred with the House.</i>	—	—	—	—	(\$20.0)	—	—	—
<b>3. Adolescent Health Center Grants</b> The Executive Budget and House retained these grants at FY2009 levels (\$4.7 million). The Senate eliminated all but \$100 of funding. <i>The Conference Committee reduced funding by 25 percent to \$3.6 million.</i>	—	—	—	—	(\$4.7)	—	(\$1.2)	—
<b>4. 0-3 Secondary Prevention Grants</b> The Executive Budget and Senate recommended elimination of these grants. The House maintained them at their \$2.1 million level. <i>The Conference Committee reduced the funding by \$.5 million.</i> THE GOVERNOR VETOED THE REMAINING \$1.6 MILLION.	(\$2.1)	—	\$2.1	—	—	—	(\$0.5)	—
<b>5. School Readiness Program (District and Competitive Grants)</b> The Executive Budget and House maintained FY2009 funding for these programs. The Senate eliminated all but \$200. <i>The Conference Committee retained the district grants at \$88.4 million, but reduced the non-school competitive grants by 50 percent to \$7.6 million.</i>	—	—	—	—	(\$103.6)	(\$0.3)	(\$7.6)	\$0.0
<b>6. Adult Education Funding</b> The Executive Budget recommended a \$4 million reduction in Adult Education. The House recommended a \$0.3 million reduction. The Senate recommended a \$2.4 million reduction. <i>The Conference Committee reduced Adult Education funding by \$2.0 million to \$22 million.</i>	(\$4.0)	—	\$3.7	—	\$1.6	—	(\$2.0)	—
<b>7. Great Parents Great Start ISD Programs</b> The Executive Budget recommended elimination of funding for the program. The House maintained FY2009 funding at \$5.0 million. The Senate eliminated funding except for \$100. <i>The Conference Committee concurred with the House and retained funding at the FY2009 level.</i>	(\$5.0)	—	\$5.0	—	—	—	—	—



SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>8. Early Childhood Investment Corporation (ECIC) Collaborative Grants</b> The Executive Budget and House recommended continued funding at \$6.75 million. The Senate recommended a reduction of \$0.75 million. <i>The Conference Committee concurred with the Senate and reduced funding to \$6.0 million.</i>	—	—	—	—	(\$0.8)	—	(\$0.8)	—
<b>9. Small District Pupil Membership Definition – Section 6(4)(y)</b> The Executive Budget and House maintained FY2009 funding; the Senate deleted this Section resulting in \$10.6 million in savings. <i>The Conference Committee concurred with the House and maintained FY2009 definitions.</i>	—	—	—	—	(\$10.6)	—	—	—
<b>10. Dearborn/Baldwin At-Risk Grants</b> The Executive Budget eliminated exceptions to the funding formula for the Dearborn and Baldwin school districts. The House reduced funding by 25 percent for the Dearborn School District exception; the Senate concurred with the Executive Budget on the savings. <i>The Conference Committee concurred with the House, saving \$1.5 million.</i>	(\$5.9)	—	\$4.4	—	—	—	(\$1.5)	—
<b>11. Reduced Intermediate School District (ISD) Operations Funding</b> The Executive Budget recommended a 20 percent reduction in ISD operations funding; the House maintained FY2009 funding (\$81.7 million); the Senate reduced funding by 5 percent, \$4.1 million. <i>The Conference Committee concurred with the Executive recommended reduction of 20 percent, reducing operations funding to \$65.4 million.</i>	(\$16.3)	—	\$16.3	—	\$12.2	—	(\$16.3)	—
<b>12. Vocational Education ISD Millage Equalization</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated funding. <i>The Conference Committee concurred with the House.</i>	—	—	—	—	(\$9.0)	—	—	—

SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>13. Small High Schools</b> The Executive Budget and the House maintained FY2009 funding levels. The subsequent Executive Order (2009-22) reduced funding for this program by \$7 million, leaving \$8 million. The Senate eliminated the remaining funding. <i>The Conference Committee concurred with the Senate eliminating all funding for the program.</i>	—	—	—	—	(\$15.0)	—	(\$15.0)	—
<b>14. Vocational Education Reduction</b> The Executive Budget eliminated funding for Oakland ISD; the House reduced funding for Oakland ISD by 25 percent. The Senate reduced overall Voc Ed funding by 10 percent (\$3.0 million), leaving a total of \$27 million. <i>The Conference Committee concurred with the Senate.</i> THE GOVERNOR SUBSEQUENTLY VETOED \$.4 MILLION FOR OAKLAND ISD.	(\$0.4)	—	\$0.3	—	(\$2.6)	—	(\$2.6)	—
<b>15. Bilingual Education</b> The Executive and Senate recommended elimination of funding for bilingual education district grants; the House maintained FY2009 funding. <i>The Conference Committee concurred with the House and retained funding at \$2.8 million.</i>	(\$2.8)	—	\$2.8	—	—	—	—	—
<b>16. Michigan Virtual School (MVS)</b> The House reduced general fund operations funding for MVS by \$.9 million (to \$.85 million); the Senate eliminated all state funding, (School Aid and general fund) leaving only \$2.7 million in federal funds. <i>The Conference Committee eliminated the School Aid funding for My Dream Explorer (\$.5 million) and \$62,500 general fund for operations.</i>	—	—	(\$0.9)	(\$0.9)	(\$2.3)	(\$1.8)	(\$0.6)	(\$0.1)
<b>17. Precollege Engineering and Science Grants</b> The Executive Budget and Senate eliminated funding for these grants; the House maintained FY2009 funding of \$1.0 million. <i>The Conference Committee concurred with the House.</i> THE GOVERNOR VETOED \$75,000 FOR THE KALAMAZOO PROGRAM.	(\$1.0)	—	\$1.0	—	—	—	—	—

SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>18. Math Remediation Grants</b> The Executive Budget and Senate eliminated funding for these grants; the House maintained FY2009 funding. <i>The Conference Committee concurred with the Senate.</i>	(\$0.7)	—	\$0.7	—	—	—	(\$0.7)	—
<b>19. Math/Science Centers</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated both School Aid and general fund funding. <i>The Conference Committee reduced School Aid funding by 25 percent to \$2.6 million.</i>	—	—	—	—	(\$3.5)	(\$0.1)	(\$0.9)	\$0.0
<b>20. Health/Science Middle Colleges</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated all but \$100 of funding. <i>The Conference Committee concurred with the House, retaining funding at \$2.0 million.</i>	—	—	—	—	(\$2.0)	—	—	—
<b>21. Grosse Pointe/Harper Woods Pilot Programs</b> The Executive Budget recommended and House and Senate concurred with the elimination of funding for these grants; <i>the Conference Committee concurred with elimination of these grants.</i>	(\$1.5)	—	—	—	—	—	(\$1.5)	—
<b>22. School Bus Inspections</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated funding. <i>The Conference Committee concurred with the Senate and eliminated funding; however, State Police Director Peter Munoz issued a statement that the department would continue school bus inspections and that he had canceled planned layoffs of workers who conducted those inspections.</i>	—	—	—	—	(\$1.4)	—	(\$1.4)	—
<b>23. Transportation Grants for Isolated Districts</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated all but \$100 of funding. <i>The Conference Committee concurred with the House.</i>	—	—	—	—	(\$1.3)	—	—	—

SCHOOL AID	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>24. Youth Challenge</b> The Executive Budget and the House maintained FY2009 funding levels; the Senate eliminated all but \$100 of funding. <i>The Conference Committee reduced the funding by 50 percent to \$642,300.</i>	—	—	—	—	(\$1.3)	—	(\$0.6)	—
<b>25. Redford Union, Chippewa Valley, Clintondale</b> The Executive Budget and Senate eliminated funding for these grants; the House maintained FY2009 funding levels but transferred the grants to each district's foundation allowance. <i>The Conference Committee concurred with the elimination of these grants.</i>	(\$0.9)	—	\$0.9	—	—	—	(\$0.9)	—
<b>26. Retirement Rate Charge</b> The FY2010 estimated retirement payroll percentage increased from 16.54 percent to 16.94 percent.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>There are many other changes recommended in the Executive Budget or included in the House- or Senate-passed budgets, as well as the Conference Report. This document provides only highlights.</i>								

## FY2010 Higher Education Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 House Recommendation	FY2010 Senate Recommendation	FY2010 Appropriations Act (P.A. 132)	FY2010 Percent Change from Original FY2009
All Funds	\$1,759.1	(\$5.0)	\$1,719.4	\$1,826.1	\$1,609.7	\$1,612.2	(8.3%)
General Fund (GF/GP)	\$1,645.6	(\$98.0)	\$1,545.6	\$1,600.1	\$1,507.7	\$1,507.7	(8.4%)
Staff Positions	1.0 FTEs					1.0 FTEs	

HIGHER EDUCATION	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<p><b>1. University Operations</b></p> <p>The Executive recommended a 3 percent across the board GP/GP gross reduction to university operations. The House concurred with the Executive GP/GP recommendation, but replaced the reduction with federal stimulus dollars. The Senate concurred with the Executive but partially restored the GP/GP reduction with federal stimulus dollars for a 0.4 percent across the board reduction.</p> <p><i>The Conference Committee concurred with the Senate.</i></p>	(\$43.9)	(\$43.9)	\$44.0	\$0.0	\$37.8	\$0.0	(\$6.1)	(\$44.0)
<p><b>2. Elimination of the King-Chavez-Parks Program</b></p> <p>Funding for the King-Chavez-Parks program is contained in both University Operations (\$2.6 million) and in otherwise appropriated competitive grants (\$2.7 million), for total funding of \$5.3 million. The Executive recommended eliminating the program whereas the House and Senate both retained total funding. Of the \$2.7 million portion, the House reduced GP/GP funding by 3.0 percent but replaced it with federal stimulus dollars. The Senate removed all \$2.7 million GP/GP but restored it with federal project GEAR-UP funds.</p> <p><i>The Conference Committee retained \$2.7 million in GF/GP, and removed the \$2.6 million included in University Operations.</i></p>	(\$5.3)	(\$5.3)	\$5.3	\$5.2	\$5.3	\$0.0	(\$2.6)	(\$2.6)
<p><b>3. Elimination of Several Financial Aid Programs</b></p> <p>Program Consolidation: The Executive recommended eliminating the following programs: State Competitive Scholarships, Tuition Grants, Work Study, Part-Time Independent Grants, Education Opportunity Grants and the Nursing Scholarship Program and consolidating them into the Michigan College Access Grant Program. This consolidation would represent a gross savings of \$18.7 million. The House did not concur with the elimination and fully restored funding while reducing the GF/GP appropriation and replacing those funds with federal stimulus dollars. The Senate did not concur, but reduced funding for the programs and eliminated the Michigan Work Study Program, the Part-Time Independent Student Program and the Michigan Education Opportunity Grants.</p> <p><i>The Conference Committee fully eliminated the Michigan Work Study program, Part-Time Independent Student Grants, Education Opportunity Grants, and the Nursing Scholarship Program. The committee also reduced funding for the Tuition.</i></p>	(\$108.5)	(\$101.4)	\$108.5	\$98.3	\$60.3	\$45.1	(\$59.2)	(\$55.0)

HIGHER EDUCATION	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p><b>KEY ISSUES</b></p> <p><i>Grant Program by 44.1 percent and reduced funding for State Competitive Scholarships by 50.4 percent.</i></p> <p><b>It should be noted that the Conference Committee's reduction to financial aid programs may jeopardize the state's ability to obtain \$2.9 million in federal funds that are currently being used to supplement Competitive Scholarships</b></p>								
<p><b>4. Consolidation of Financial Aid Programs into the Michigan College Access Grant</b></p> <p>The House and Senate did not concur with the Executive's recommendation for consolidation. <i>The Conference Committee did not include this recommendation.</i></p>	\$89.8	\$86.7	(\$89.8)	(\$86.7)	(\$89.8)	(\$86.7)	—	—
<p><b>5. Michigan Promise Grants</b></p> <p>The Executive recommendation increased funding to reflect the increase in costs to pay awards to students who became eligible for the program in 2007 and have completed two years of postsecondary education. The Senate left a \$100 placeholder, but otherwise eliminated all funding for the program. All award payments for the high school graduating classes from 2007-2009 would be eliminated. <i>The Conference Committee eliminated all funding for the grant.</i></p>	\$59.5	\$0.0	\$0.0	\$0.0	(\$140.0)	\$0.0	(\$80.5)	(\$80.5)
<p><b>6. Tuition Incentive Program</b></p> <p>The Executive recommended a 23.8 percent increase to the program using restricted Merit Award Trust Fund dollars. This increase reflects the increase in the number of students participating in the program due to the increase in the number of 6th-12th graders who are Medicaid eligible. <i>The Conference Committee concurred with the House and Senate to add \$6.0 million gross, but reduced the GF appropriation by \$8.3 million and replaced it with restricted funds.</i></p>	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0	(\$8.3)

## FY2010 Community Colleges Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 House Recommendation	FY2010 Senate Recommendation	FY2010 Appropriations Act (P.A. 111)	FY2010 Percent Change from Original FY2009
All Funds	\$299.4	\$0.0	\$299.4	\$369.4	\$295.9	\$299.4	0.0%
General Fund (GF/GP)	\$299.4	\$0.0	\$299.4	\$299.4	\$295.9	\$299.4	0.0%
<i>Staff Positions</i>	<i>0.0 FTEs</i>					<i>0.0 FTEs</i>	

<b>COMMUNITY COLLEGES</b>	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>1. Federal Stimulus Dollars</b> The House included federal stimulus funds for community colleges to fund job creation, workforce development, and job retaining programs at community colleges. <i>The Conference Committee concurred with the Senate and did not include these funds.</i>	\$0.0	\$0.0	\$97.0	\$0.0	\$0.0	\$0.0	—	—
<b>2. Maintain Community College Operations</b> The House and Senate concurred with the Executive in maintaining funding for community colleges at FY2009 levels. The House redistributed funds for costs relating to the North American Indian Tuition Waiver based on three-year average tuition waivers that were granted. <i>The Conference Committee concurred with the Senate.</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>3. At-Risk Student Success Program</b> The House and Senate concurred with the Executive in maintaining funding for this program at FY2009 levels. <i>The Conference Committee concurred with the House and Senate.</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>4. Renaissance Zone Reimbursements</b> These funds reimburse community college districts for property tax revenue that is lost due to renaissance zones in their districts. The Executive and House maintained FY2009 funding. The Senate eliminated funding for the program. <i>The Conference Committee concurred with the House.</i>	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.5)	(\$3.5)	\$0.0	\$0.0

## FY2010 Department Corrections Budget Development

(Amounts in Millions)

	Original FY2009 Appropriation	YTD Changes to FY2009	Revised Executive Budget Recommendation	FY2010 House Recommendation	FY2010 Senate Recommendation	FY2010* Appropriations Act w/Vetoes (P.A. 114)	FY2010 Percent Change from Original FY2009
All Funds	\$2,038.5	(\$11.1)	\$1,967.5	\$1,957.5	\$1,929.5	\$1,955.2	(4.1%)
General Fund (GF/GP)	\$1,974.5	(\$196.5)	\$1,908.4	\$1,898.4	\$1,870.4	\$1,903.6	(3.6%)
<i>Staff Positions</i>	<i>17,087.0</i>					<i>15,746.1</i>	
<i>Avg. Inmate Population</i>	<i>51,841</i>					<i>45,433</i>	

\*The governor vetoed three line-items in the Corrections budget, including two intended to recognize department savings (negative appropriations). The net effect of the governor's vetoes was to increase the gross appropriations by \$25.94 million, and general fund appropriations by \$33.5 million.

<b>DEPARTMENT OF CORRECTIONS</b>	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
<b>1. Facility Closures and Consolidations</b>  Subsequent to the establishment of target savings in the governor's Executive Budget related to the closure and consolidation of numerous Department of Corrections camps and prisons, negotiations between the House, the Senate and the Executive culminated in an agreement to reduce system-wide capacity by 3,886 beds and to reduce appropriated full time equivalent (FTE) staffing by 1,077 positions. In addition to recognizing annualized savings associated with the closure of Camp Brach and the Deerfield and Scott Correctional Facilities in FY2009, savings were taken in association with an agreement to close Camps Cusino, Kitwen, Lehman, and Ottawa, as well as the correctional facilities at White Lake, Hiawatha, Muskegon and Standish. These closures would necessitate the consolidation of female prisoners at the Huron Valley Complex (HVC) and the transfer of 328 male prisoners in mental health treatment at HVC to the Maxey Training School.	(\$154.3)	(\$153.0)	\$0.0	\$0.0	\$0.1	\$0.1	(\$154.2)	(\$152.9)
<b>2. Michigan Prison Re-entry Initiative (MPRI) Expansion</b>  The House concurred with an Executive Budget recommendation to add \$23.4 million to the budget to significantly expand the	\$23.4	\$23.4	\$0.0	\$0.0	(\$14.4)	(\$14.4)	\$23.0	\$23.0



DEPARTMENT OF CORRECTIONS	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>								
MPRI program and fund sex offender polygraph tests. While the Senate concurred with the polygraph funding recommendation, it recommended expanding the MPRI program by only \$8.3 million. <i>The Conference Committee rejected the Senate's MPRI reduction but did reduce the Intensive Detention Re-entry component by \$390,500.</i>								
<b>3. Health Care</b> The House and Senate concurred with Executive Budget recommendations to increase funding for mental health treatment (\$8 million), Hepatitis C treatment (\$4.19 million), drug cost increases (\$3.48 million), nursing coverage (\$2.15 million), new prisoner health care contract (\$1.9 million), medical service provider cost increases (\$.43 million), computer systems and support (\$3.66 million) and 40 new infirmary beds (\$1.12 million).	\$24.9	\$24.9	\$0.0	\$0.0	\$0.0	\$0.0	\$24.9	\$24.9
<b>LEGISLATIVE INITIATIVES</b>								
<b>4. Expand Community Corrections Program Funding</b> The Senate recommended increasing funding for the Community Jail Reimbursement Program (\$4.3 million for FY2010 and \$6.1 million to address prior year requests), residential services (\$2.77 million), comprehensive planning and services (\$1.96 million), Felony Drunk Driver Program (\$.267 million), Probation Violator Sanction Program (\$6 million), Intensive Probation Pilot Program (\$.98 million) and Continuous Remote Alcohol Monitors (\$2.41 million). <i>The Conference Committee adopted only the addition of \$4.3 million for the County Jail Reimbursement Program.</i>  THIS ADDITION WAS VETOED BY THE GOVERNOR.	\$0.0	\$0.0	\$0.0	\$0.0	\$24.8	\$24.8	\$4.3	\$4.3
<b>5. Other Reductions</b> The House and Senate concurred with the Executive Budget recommendation to eliminate 12 central office positions for a savings of \$1.72 million, but the Senate recommended reducing the central office budget by an additional \$2.3 million. The Senate also recommended reducing regional office appropriations by \$1.39 million and reducing correctional facility funding by an additional \$38.2 million.	(\$1.7)	(\$1.7)	\$0.0	\$0.0	(\$41.9)	(\$41.9)	(\$39.9)	(\$39.9)

DEPARTMENT OF CORRECTIONS	Executive Budget Recommended Changes to FY2009		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation		Conference Changes to FY2009	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<b>KEY ISSUES</b>  <i>The Conference Committee concurred with the Executive Budget recommendation to eliminate 12 DOC central office positions (\$1.72 million) and adopted the Senate's recommendation to further reduce correctional facility funding (\$38.2 million).</i>  <b>THE GOVERNOR VETOED THE SENATE AND CONFERENCE COMMITTEE RECOMMENDATION TO FURTHER REDUCE FACILITY AUTHORIZATIONS BY \$38.2 MILLION.</b>								
<i>Note: Michigan's prison population has declined significantly from over 51,000 in 2007 to approximately 46,600 currently. The DOC budget assumes this trend, together with increasing reliance on GPS electronic tethering, will permit Michigan's prison population to continue to decline to an estimated 45,433 inmates in FY2010.</i>								

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