

Despite Availability of Federal Fiscal Stimulus Funds, Governor Granholm and the Legislature Remain Far Apart

As deliberations over the FY2010 budget resumed following the Fourth of July recess, word came from the Senate Fiscal Agency that state revenues again fell below expectations for the months of May and June. These revenue declines, together with shortfalls anticipated by the governor's original Executive Budget and \$1.7 billion in additional revenue declines recognized at the May Consensus Revenue Forecast Conference, suggest that FY2010 General and School Aid revenues will be approximately \$4 billion (20 percent) below the \$21 billion anticipated for FY2010 as recently as 18 months ago. Of this amount, approximately \$1 billion has been addressed through annualized spending reductions reflected in two Executive Orders issued by Governor Jennifer Granholm earlier this year. It is anticipated that an additional \$2 billion in shortfalls could be addressed on a one-time basis through the use of federal stimulus grants in FY2010. Assuming that Michigan takes full advantage of available stimulus dollars, the Michigan League for Human Services projects an unresolved deficit for FY2010 of approximately \$1 billion (6 percent) that could be expected to grow to approximately \$2.5 billion (15 percent) in FY2011, with the exhaustion of temporary federal assistance.

Prior to the summer recess, both chambers of the Legislature had taken action on almost all of Michigan's 17 department budgets, with the expectation that most of the difficult decisions related to additional program reductions and/or revenue increases would be negotiated in the conference committees. The one significant exception to this general pattern came in deliberations over the Department of Corrections budget, which saw the House and Senate adopt most of Governor Granholm's recommendations related to facilities closures and staffing reductions, expected to save

over \$100 million. In discussions related to the Department of Community Health budget, by contrast, very few points of agreement emerged as the Senate adopted recommendations intended to reduce General Fund spending for low-income households by 24.5 percent, approximately \$500 million below the governor's revised budget recommendation and \$400 million below the DCH budget adopted by the House.

The Senate also recommended significant reductions in the Department of Human Services budget, including a 6 percent (\$30/month) cut to the maximum \$492 cash assistance grant for a three-person household with dependent children, a grant that has seen its purchasing power decline by approximately one-third due to inflation since the early 1980s. The Senate budget recommendation also reflected a \$5/month reduction to the monthly grant for individuals eligible for the state Disability Assistance Program, a reduction in the annual children's clothing allowance from \$84 to \$43, and a series of reductions to the child day care program. Taken together, the Senate's proposal would reduce General Fund support for the Department of Human Services by \$330 million (29.4 percent).

Another notable Senate recommendation was a proposal to eliminate funding for the Michigan Promise scholarship program (\$140 million) that the governor had recommended be expanded as a key part of her Higher Education budget proposal for FY2010.

The following summary of FY2010 budget decisions to date is intended to highlight major points of difference between the House, the Senate and the governor's revised Executive Budget. Given the significance of these differences, it is anticipated that negotiations will continue over the summer and may remain unresolved up to or beyond October 1, the first day of the new fiscal year.

Michigan League for Human Services

1115 SOUTH PENNSYLVANIA AVENUE • SUITE 202 • LANSING, MICHIGAN 48912

517.487.5436/PHONE • 517.371.4546/FAX • WWW.MILHS.ORG

A UNITED WAY AGENCY

FY2010 Department of Human Services Budget Development

(Amounts in Millions)

	Executive			Senate		House	
	FY 2009 Year to Date	Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation
All Funds	\$5,755.3	\$301.7	\$6,057.0	\$79.5	\$5,834.8	\$79.5	\$5,834.8
General Fund (GF/GP)	\$1,123.7	(\$97.2)	\$1,026.5	(\$330.7)	\$793.0	(\$1,123.7)*	\$0.0*
% Change - All Funds		5.24%		1.38%		1.38%	
% Change - GF/GP		(8.65%)		(29.43%)		(100%)*	
FTEs	10,401.8	822.7	11,224.5	310.0	10,711.8	N/A*	0

**The House adopted a budget bill with no authorized General Fund 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.*

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommendation		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation	
KEY ISSUES/POINTS OF DIFFERENCE	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>1. Family Independence Program (FIP) Cash Assistance:</p> <p>The Executive Budget recommended removing funding from the budget base intended to fund a \$2/person cost-of-living grant adjustment (-\$4.99 million) and 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).</p> <p>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, the last time Michigan faced an economic downturn of the magnitude facing the state today, the value of the grant was approximately 23 percent below the federal poverty level.</p> <p>In addition, the Senate approved the reduction of the annual FIP children's clothing allowance from \$84 to \$43. (-\$5.58 million)</p>	(\$6.77)	(\$6.77)	(\$29.58)	(\$29.58)	N/A	
<p>2. Eliminate the State-Funded SSI Independent Living Grant</p> <p>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.</p> <p>NOTE: Michigan elected to retain the Independent Living benefit when the federal government offered</p>	(\$29.78)	(\$29.78)	\$0.0	\$0.0	N/A	N/A

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommendation		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
<p>the state the option of discontinuing its payment</p> <p>sometime during the 1990s. For the state to discontinue the SSI Independent Living benefit subsequent to this decision would likely require a federal waiver, the approval of which appears uncertain.</p>						
<p>3. Child Day Care Reductions</p> <p>The Senate concurred with the Executive Budget recommendation to eliminate the CDC provider rate increase reflected in the FY2009 budget (\$10 million) and adopted an additional rate cut linked to General Fund savings through a federal fund source shift (\$15 million). Additionally the Senate 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 bi-weekly to 75 hours (\$15.5 million). The Senate also concurred with an Executive Budget recommendation to reduce Child Day Care program costs through greater administrative oversight, but increased the associated savings reflected in the Executive Budget (\$10.15 million) by \$5 million (\$15.15 million).</p>	(\$20.15)	(\$20.15)	(58.9)	(\$58.9)	N/A	N/A
<p>4. Reflect Dramatic Growth in Food Stamp Program Participation</p> <p>The Senate concurred with the Revised Executive Budget recommendation to add \$1.475 billion in federal funding to the DHS budget in recognition of a dramatic increase in the number of Michigan households (currently approximately 675,000 and growing by several thousand per month) participating in the Food Assistance Program.</p>	\$1,475.47	\$0.0	\$0.0	\$0.0	N/A	N/A
<p>5. Child Welfare Improvement Initiatives</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 (\$83.78 million), the Senate included 544 positions, including all but three of the 279 child protective services workers recommended by the governor (\$58.0 million). The Senate did, however, recommend significantly fewer additional foster care workers; 41 versus 87; as well as management and support staff, 178 versus 435.</p> <p>The Senate did concur with the Executive Budget recommendation to increase the daily private agency administrative reimbursement rate by \$10 and the per diem rate for residential facilities by \$7 primarily to cover the cost of staff increases necessary to reduce the ratio of children per foster care worker to no more than 20 to 1 as mandated by the settlement. (\$22.4 million)</p>	\$106.18	\$77.0	(\$25.76)	(\$19.07)	N/A	N/A

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommendation		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
6. Employment & Training Programs The Executive Budget recommended reducing the funding for Employment and Training (E&T) support programs by approximately 8 percent (\$3 million). The Senate adopted a proposal to reduce E&T support programs by 43.5 percent (\$16.44 million).	(\$3.0)	(\$3.0)	(\$13.44)	(\$13.44)	N/A	N/A
7. Early Childhood Investment Corporation 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/100 percent) and using the freed up federal funds to replace General Fund dollars elsewhere in the DHS budget.	(\$0.2)	(\$0.2)	(\$14.62)	(\$14.62)	N/A	N/A
8. Juvenile Justice Reductions 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 the Adrian Training School for young women per Executive Order 2008-21 (\$5 million/79 positions). 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).	(\$10.0)	(\$5.0)	(\$6.79)	(\$3.41)	N/A	N/A
9. Human Services Program Caseload Adjustments In contrast to a Revised Executive Budget recommendation to reflect increases in several Human Services programs related to anticipated caseload growth (\$46.5 million), the Senate assumed a decline in costs related to caseloads (-\$19.1 million). The Senate also assumed significant additional General Fund savings related to the use of un-obligated federal funds to support ongoing caseload costs.	\$46.5	\$3.1	(65.6)	(63.4)	N/A	N/A
10. Use of Available Federal Funds to Reduce General Fund in the DHS Budget Base 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 and \$16.2 million in additional Medicaid federal match, both of which were used to reduce a like amount of General Fund (GF) in the DHS budget base. In addition to concurring with these fund source adjustments, the Senate reflected an additional \$16.7 million in GF savings related to the use of federal stimulus funds to support Child Support Collection activities.	\$0.0	(\$116.2)	\$0.0	(134.0)	N/A	N/A

DEPARTMENT OF HUMAN SERVICES	Executive Budget Recommendation		Senate Changes to the Executive Recommendation		House Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE 11. Senate Initiated DHS Field Staff Reductions: The Senate recommended the reduction of 179 field staff as follows: <ul style="list-style-type: none"> • 100 unspecified field staff (Assumed savings \$9.14 million) • 39 administrative support staff (Assumed savings: \$3.01 million) • 20 contract monitoring staff (Assumed savings: \$2.04 million) • 20 second line supervisors (Assumed savings: \$1.67 million) 	\$0.0	\$0.0	(\$15.68)	(\$10.41)	N/A	N/A
12. Other Senate Initiated Reductions: In addition to program and staffing reductions outlined above, the Senate recommended the following program reductions or eliminations: <ul style="list-style-type: none"> • Reduce the State Disability Assistance grant by \$5/month. (\$.7 million) • Reduce the Local Office Emergency Assistance grant allocations. (\$2.3 million) • Reduce Strong Families/Safe Children grants. (\$4 million) • Reduce the Families First program budget. (\$1.35 million) • Eliminate the Michigan Community Services Commission. (\$1.3 million) 	\$0.0	\$0.0	(\$9.7)	(\$9.7)	N/A	N/A
13. Senate Action to Restore a Portion of Funding for Programs Reduced or Eliminated in the Revised Executive Budget: 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 \$4 million recommended for removal from the Zero to Three Program 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. The Senate acted to restore \$2.1 million of the \$2.48 million recommended for removal from the Marriage Initiative in the Executive Budget. The Senate acted to restore \$1.47 million of the \$1.73 million recommended for removal from the Fatherhood Initiative in the Executive Budget.	(\$17.0)	(\$17.0)	\$12.57	\$12.57	N/A	N/A

FY2010 Department of Community Health Budget Development

(Amounts in Millions)

	FY 2009 Year to Date	Revised Executive		House		Senate	
		Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation
All Funds	\$12,450.6	\$471.9	\$12,922.5	\$983.4	\$13,434.0	\$361.6	\$12,812.2
General Fund (GF/GP)	\$3,004.6	(\$203.6)	\$2,801.0	(\$334.8)	\$2,669.8	(\$736.6)	\$2,268.0
% Change - All Funds		3.8%		7.9%		2.9%	
% Change - GF/GP		(6.8%)		(11.1%)		(24.5%)	

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. Federal Rebates for Drugs Provided through HMOs The Executive Budget assumes passage of federal legislation to enable supplemental rebates on HMO-prescribed drugs. The House and Senate concurred with the savings.	(\$125.0)	(\$49.2)	—	—	—	—
2. Implement Preferred Provider List for Behavior Health Drugs The Executive Budget and Senate assumed savings from implementation of a preferred provider list for behavioral health drugs. The House rejected this proposal.	(\$18.7)	(\$6.9)	\$18.7	\$6.9	—	—
3. Reduce Non-Medicaid Mental Health Services 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 funding by an additional \$54 million for a total reduction of \$61.8 million.	(\$7.6)	(\$7.6)	\$14.1	\$14.1	(\$54.3)	(\$54.3)
4. Eliminate the Office of Long-Term Care Supports and Services 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.	(\$1.6)	(\$0.8)	—	—	—	—
5. Reduced Nursing Home Utilization 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.	(\$33.5)	(\$12.3)	—	—	(\$48.9)	(\$16.5)
6. Eliminate the Office of Drug Control Policy and Services 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.	(\$0.4)	(\$0.4)	—	—	—	—

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
7. Eliminate Multi-Cultural Services 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.	(\$6.8)	(\$6.8)	\$6.8	\$6.8	\$6.9	\$6.9
8. Eliminate Other Mental Health (MH) Programs The Executive Budget recommended the elimination of the MH Initiative for older persons, MH court pilot projects, and respite 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.	(\$3.0)	(\$3.0)	\$2.0	\$2.0	—	—
9. Reduce Substance Abuse General Fund by 5 Percent 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.	(\$0.9)	(\$0.9)	\$25.2	\$25.2	—	—
10. Office of Services to the Aging Reductions 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 savings, but maintained \$100 placeholder for Tribal Elders program.	(\$2.2)	(\$2.2)	\$2.1	\$2.1	—	—
11. Public Health Reductions 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.	(\$3.5)	(\$2.7)	\$3.5	\$2.7	\$2.1	\$1.3
12. Local Public Health Operations Increase The House and Senate each recommended increases for local public health operations.	—	—	\$5.0	\$5.0	\$1.0	\$1.0
13. Eliminate Chlamydia and Gonorrhea Programs in High Prevalence Areas The Executive Budget and Senate recommended elimination of funding for the above programs. The House maintained current year funding.	(\$0.75)	(\$0.75)	\$0.75	\$0.75	—	—
14. Reduce Michigan Essential Provider Program The Executive and Senate recommended elimination of the general fund and matching federal funds for the above 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.	(\$1.1)	(\$0.5)	\$1.1	\$0.5	—	—
15. Children's Special Health Care Services Parent Participation Fee Increase 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.	\$0.0	(\$1.1)	—	—	\$0.0	(\$2.2)

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
16. Reduce Healthy Michigan Programs 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 current year) and rolled the funding into a single line-item of \$5 million.	(\$2.0)	\$0.0	\$2.0	\$0.0	(\$18.0)	\$0.0
17. Reduce Provider Payment Rates by 8 Percent 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. Pharmacy dispensing fees are reduced from \$2.75 to \$2.50. 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. The Senate increased the reduction to 8 percent from rates paid as of May 1, 2009. 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. The Senate value also includes annualization of other Executive Order savings.	—	—	—	—	(\$355.0)	(\$94.9)
18. Savings from Implementation of an Estate Recovery Program for Long-Term Care Services The Executive Budget and House again assume 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.	(\$7.9)	(\$2.9)	—	—	(\$18.7)	(\$5.0)
19. Federal Stimulus Funds for Medicaid 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.	\$0.00	(\$484.0)	\$0.00	(\$445.5)	\$0.0	(\$484.7)
20. Closure of Mount Pleasant Facility The Executive Budget recommended closure of the facility. The House and Senate concurred. 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 are assumed to be continued in FY2010. The Medicaid provider rate reduction is described above. 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. The Executive Order also reduced funding for many other programs, including several funded from the Healthy Michigan Fund (HMF). In the Executive Order, funding for the poison control centers and Michigan Care Improvement Registry (MCIR) was eliminated. While the Senate did reduce Healthy Michigan Fund programming by \$20 million to a total of \$5 million,	(\$15.4)	(\$3.1)	—	—	—	—

DEPARTMENT OF COMMUNITY HEALTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>they did add boilerplate restoring full funding for the poison control and MCIR programs.</p> <p>House Action on the DCH budget was completed before issuance of the Executive Order. The Senate not only concurred with the Executive Order reductions, but doubled some of the savings—provider fee reductions from 4 percent to 8 percent and doubling the Executive recommended participation fees for Children’s Special Health Care Services.</p>						
LEGISLATIVE INITIATIVES						
<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 include:</p> <ul style="list-style-type: none"> • Graduate Medical Education and Disproportionate Share Hospital increases. • Healthy Kids Dental expansion statewide. <i>The Senate approved expansion, but only in two communities—Sterling Heights and Highland Park.</i> • Adult Home Help worker wage increase of \$0.50 per hour for workers in all counties. <i>The Senate concurred with this initiative.</i> • County Health Plan increase to expand preventive and ambulatory services. • Subsidy to cover one-half of the 35 percent participant COBRA cost (stimulus funding covers 65 percent of cost). • Adult benefits waiver service expansion to include a hospital benefit effective October 1, 2009. <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"> • 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. • Increase cost sharing for Medicaid recipients. • Administrative changes to achieve savings including: <ul style="list-style-type: none"> ~ Expansion of data collection to determine third-party liability. ~ Implementation of proposed fraudulent billing reform legislation. 	—	—	\$83.2	\$22.2	—	—
	—	—	\$76.0	\$20.3	\$0.4	\$0.1
	—	—	\$16.6	\$4.4	\$16.6	\$4.4
	—	—	\$98.2	\$98.2	—	—
	—	—	\$5.0	\$5.0	—	—
	—	—	\$45.0	\$23.7	—	—
	—	—	—	—	\$10.2	(\$7.5)
	—	—	—	—	(\$37.4)	(\$10.0)
	—	—	—	—	(\$55.0)	(\$15.3)
<p><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></p>						

FY2010 Department of Energy, Labor & Economic Growth Budget Development

(Amounts in Millions)

		Executive		House		Senate	
	FY 2009 Year to Date	Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation	Changes to FY2009	Recom- mendation
All Funds	\$1,791.6	(\$378.2)	\$1,413.3	(\$387.8)	\$1,403.8	(\$408.0)	\$1,383.6
General Fund (GF/GP)	\$59.6	\$14.3	\$73.9	\$5.8	\$65.4	(\$13.9)	\$45.8
% Change - All Funds		(21.1%)		(21.6%)		(22.8%)	
% Change - GF/GP		23.9%		9.7%		(23.3%)	

DEPARTMENT OF ENERGY, LABOR & ECON. GROWTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. No Worker Left Behind (NWLB)-GF/GP The Executive Order reduced GF/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 House reduced funding for the program to \$5 million, resulting in a gross reduction of \$10 million over the FY2009 appropriation. The majority of NWLB is funded through federal dollars that are not included in this line item.	\$7.8	\$7.8	(\$8.4)	(\$8.4)	(\$10.0)	(\$10.0)
2. Jobs, Education, and Training (JET) Program Reductions The Senate and House recommendations concurred with the Executive recommendation to reduce administrative funding for the JET program due to anticipated program efficiencies.	(\$3.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3. Unemployment Insurance Agency Increases 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
4. Centers for Independent Living The FY2010 Executive proposal removes \$500,000 in corporation fees added in FY2009, which were removed by the Executive Order. The Executive proposal increases GF/GP funding by \$500,000 whereas the Senate agreed to replacing \$400,000 of the corporation fees. The House includes a \$500 gross placeholder for the Centers for Independent Living.	\$0.0	\$0.5	\$0.4	\$0.4	(\$3.1)	(\$2.1)
5. Michigan Nursing Corps The Executive Order reduced funding by \$454,000 which is not reflected in the Executive or Senate recommendations. The House acknowledges this reduction and further reduces funding to FY2008 levels.	\$0.5	\$0.5	\$0.0	\$0.0	(\$3.5)	(\$3.5)

DEPARTMENT OF ENERGY, LABOR & ECON. GROWTH	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
6. History, Arts, and Libraries (Preservation and Archeology) 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.	\$1.9	\$1.0	(\$1.9)	(\$1.0)	(\$1.9)	(\$1.0)
7. Michigan Occupational Safety and Health Administration (MIOSHA) The Senate reduced funding by \$100,000 as the proposal is being explored to return MIOSHA to the federal Department of Labor.	\$0.0	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0
8. Bureau of Fire Services The Executive Order reduced funding by \$545,000 which is not reflected in the Executive, Senate, or House recommendation. The House replaces \$3,000,000 GF/GP with a portion of the unobligated balance of the Emergency 911 Fund.	\$0.6	\$0.5	\$0.0	\$0.0	\$0.0	(\$3.1)

FY2010 School Aid Budget Development

(Amounts in Millions)

	FY 2009 Year to Date	Executive		House		Senate	
		Changes to FY2009	Recommendation	Changes to FY2009	Recommendation	Changes to FY2009	Recommendation
All Funds	\$13,371.9	(\$408.3)	\$12,963.6	(\$239.6)	\$13,132.3	(\$627.9)	\$12,744.0
General Fund (GF/GP)	\$33.8*	\$7.0	\$40.8	\$5.8	\$39.6	(\$2.0)	\$31.8
% Change - All Funds		(3.1%)		(1.8%)		(4.7%)	
% Change - GF/GP		20.7%		17.2%		(5.9%)	

*Reflects EO 2009-22 savings of \$7 million.

SCHOOL AID	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. Foundation Allowance Reduction 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	(\$94.4)	0.0	\$94.4	—	(\$79.8)	—

SCHOOL AID	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
pupil foundation allowance reduction, and passed a resolution seeking waivers from the federal stimulus requirements. Waivers have not been granted to date.						
2. Declining Enrollment Grants The Executive Budget and House-passed budget retain declining enrollment grants at \$20 million. The Senate eliminated these grants.	—	—	—	—	(\$20.0)	—
3. Adolescent Health Center Grants The Executive Budget and House retained these grants at their current levels (\$4.7 million). The Senate eliminated all but \$100 of funding.	—	—	—	—	(\$4.7)	—
4. 0-3 Secondary Prevention Grants The Executive Budget and Senate recommended elimination of these grants. The House maintained them at their \$2.1 million level.	(\$2.1)	—	\$2.1	—	—	—
5. School Readiness Program (District and Competitive Grants) The Executive Budget and House maintained current funding for these programs. The Senate maintained only \$200.	—	—	—	—	(\$103.6)	(\$0.3)
6. Adult Education Funding 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.	(\$4.0)	—	\$3.7	—	\$1.6	—
7. Great Parents Great Start ISD Programs The Executive Budget recommended elimination of funding for the program. The House maintained current-year funding at \$5.0 million. The Senate eliminated funding except for \$100.	(\$5.0)	—	\$5.0	—	—	—
8. Early Childhood Investment Corporation (ECIC) Collaborative Grants The Executive Budget and House recommended continued funding at \$6.75 million. The Senate recommended a reduction of \$0.75 million.	—	—	—	—	\$0.7	—
9. Small District Pupil Membership Definition – Section 6(4)(y) The Executive Budget and House maintained funding; the Senate deleted this Section resulting in \$10.6 million in savings.	\$0.0	\$0.0	\$0.0	\$0.0	(\$10.6)	\$0.0
10. Dearborn/Baldwin At-Risk Payment The Executive Budget eliminates exceptions to the funding formula for the Dearborn and Baldwin school districts. The House reduces funding by 25 percent; the Senate concurs with the Executive Budget on the savings.	(\$5.9)	—	\$4.4	—	—	—
11. Reduce Intermediate School District (ISD) Operations Funding The Executive Budget recommended a 20 percent reduction in ISD operations funding; the House maintained the current level of funding (\$81.7 million); the Senate reduced funding by 5 percent.	(\$16.3)	—	\$16.3	—	\$12.2	—

SCHOOL AID	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
12. Vocational Education ISD Millage Equalization The Executive Budget and the House maintain current year levels; the Senate eliminates funding.	—	—	—	—	(\$9.0)	—
13. Small High Schools The Executive Budget and the House maintained current year levels. The subsequent Executive Order (2009-22) reduced funding for this program by \$7 million, leaving \$8 million. The Senate eliminated the remaining funding.	—	—	—	—	(\$8.0)	—
14. Vocational Education Reduction 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.	(\$0.4)	—	\$0.3	—	(\$2.6)	—
15. Bilingual Education The Executive and Senate recommended elimination of funding for bilingual education district grants; the House maintained current-year funding.	(\$2.8)	—	\$2.8	—	—	—
16. Michigan Virtual University (MVU) The House reduced operation funding for MVU by \$.9 million (to \$.85 million); the Senate eliminated all state funding, leaving only \$2.7 million in federal funds.	—	—	(\$0.9)	(\$0.9)	(\$2.3)	(\$1.8)
17. Precollege Engineering and Science Grants The Executive Budget and Senate eliminated funding for these grants; the House maintained current year funding.	(\$1.0)	—	\$1.0	—	—	—
18. Math Remediation Grants The Executive Budget and Senate eliminated funding for these grants; the House maintained current year funding.	(\$0.7)	—	\$0.7	—	—	—
19. Math/Science Centers The Executive Budget and the House maintain current year levels; the Senate eliminates funding.	—	—	—	—	(\$3.5)	—
20. Health/Science Middle Colleges The Executive Budget and the House maintain current year levels; the Senate eliminates all but \$100 of funding.	—	—	—	—	(\$2.0)	—
21. Grosse Pointe/Harper Woods Pilot Programs The Executive Budget and Senate eliminated funding for these grants; the House maintained current year funding.	(\$1.5)	—	\$1.5	—	—	—
22. School Bus Inspections The Executive Budget and the House maintain current year levels; the Senate eliminates funding.	—	—	—	—	(\$1.4)	—
23. Transportation Grants The Executive Budget and the House maintain current year levels; the Senate eliminates all but \$100 of funding.	—	—	—	—	(\$1.3)	—
24. Youth Challenge The Executive Budget and the House maintain current year levels; the Senate eliminates all but \$100 of funding.	—	—	—	—	(\$1.3)	—

SCHOOL AID	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
25. Redford Union, Chippewa Valley, Clintondale The Executive Budget and Senate eliminated funding for these grants; the House maintained current year funding levels but transferred the grants to each district's foundation allowance.	(\$0.9)	—	—	—	—	—
<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 Higher Education Budget Development

(Amounts in Millions)

	FY 2009 Year to Date	Executive		House		Senate	
		Changes to FY2009	Recommendation	Changes to FY2009	Recommendation	Changes to FY2009	Recommendation
All Funds	\$1,754.1	(\$34.7)	\$1,719.4	\$72.0	\$1,826.1	(\$144.4)	\$1,609.7
General Fund (GF/GP)	\$1,645.6	(\$100.0)	\$1,545.6	(\$45.5)	\$1,600.1	(\$137.9)	\$1,507.7
% Change - All Funds		(2.0%)		4.1%		(8.2%)	
% Change - GF/GP		(6.1%)		(2.8%)		(8.4%)	

HIGHER EDUCATION	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. University Operations The Executive recommended a 3 percent across the board GF/GP, gross reduction to university operations. The House concurred with the Governor's GF/GP recommendation, but replaced the reduction with federal stimulus dollars. The Senate concurs with the Executive but partially restores the GF/GP reduction with federal stimulus dollars for a 0.4 percent across the board reduction.	(\$43.9)	(\$43.9)	\$44.0	\$0.0	\$37.8	\$0.0
2. Elimination of the King-Chavez-Parks Program 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 governor recommended eliminating the program whereas the House and Senate both retained total funding. Of the \$2.7 million portion, the House reduces GF/GP funding by 3.0 percent but replaces it with federal stimulus dollars. The Senate removes all \$2.7 million GF/GP but restores it with federal project GEAR-UP funds.	(\$5.3)	(\$5.3)	\$5.3	\$5.2	\$5.3	\$0.0

HIGHER EDUCATION	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
3. Elimination of Several Financial Aid Programs 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.	(\$108.5)	(\$101.4)	\$108.5	\$98.3	\$60.3	\$45.1
4. Consolidation of Financial Aid Programs into the Michigan College Access Grant The House and Senate did not concur with the Executive's recommendation for consolidation.	\$89.8	\$86.7	(\$89.8)	(\$86.7)	(\$89.8)	(\$86.7)
5. Michigan Promise Grant The governor's recommendation increases 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 leaves a \$100 placeholder, but otherwise eliminates all funding for the program. All award payments for the high school graduating classes from 2007-2009 would be eliminated.	\$59.5	\$0.0	\$0.0	\$0.0	(\$140.0)	\$0.0
6. Tuition Incentive Program 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.	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

FY2010 Community Colleges Budget Development

(Amounts in Millions)

	FY 2009 Year to Date	Executive		House		Senate	
		Changes to FY2009	Recommendation	Changes to FY2009	Recommendation	Changes to FY2009	Recommendation
All Funds	\$299.4	\$0.0	\$299.4	\$97.0	\$396.4	(\$3.5)	\$295.9
General Fund (GF/GP)	\$299.4	\$0.0	\$299.4	\$0.0	\$299.4	(\$3.5)	\$295.9
% Change - All Funds		0.0%		32.4%		(1.2%)	
% Change - GF/GP		0.0%		0.0%		(1.2%)	

COMMUNITY COLLEGES	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. Federal Stimulus Dollars The House included federal stimulus funds for community colleges to fund job creation, workforce development, and job retaining programs at community colleges.	\$0.0	\$0.0	\$97.0	\$0.0	\$0.0	\$0.0
2. Maintain Community College Operations The House and Senate concurred with the Executive in maintaining funding for community colleges at FY2009 levels.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3. At-Risk Student Success Program The House and Senate concurred with the Executive in maintaining funding for this program at FY2009 levels. Adjustments are being considered for each college based on at-risk student data.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
4. Renaissance Zone Reimbursements 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.	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.5)	(\$3.5)

FY2010 Department of Corrections Budget Development

(Amounts in Millions)

	FY 2009 Year to Date	Executive		House		Senate	
		Changes to FY2009	Recommendation	Changes to FY2009	Recommendation	Changes to FY2009	Recommendation
All Funds	\$2,007.4	(\$49.9)	\$1,957.5	(\$49.9)	\$1,957.5	(\$77.9)	\$1,929.5
General Fund (GF/GP)	\$1,937.4	(\$39.0)	\$1,898.4	(\$39.0)	\$1,898.4	(\$67.0)	\$1,870.4
% Change - All Funds		(2.49%)		(2.49%)		(3.88%)	
% Change - GF/GP		(2.01%)		(2.01%)		(3.46%)	
FTEs	17,103.0	(1,335.9)	15,767.1	(1,335.9)	15,767.1	(1,368.9)	15,734.1
Average Inmate Population	51,841	(6,408)	45,433	(6,408)	45,433	N/A	N/A

DEPARTMENT OF CORRECTIONS	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
KEY ISSUES/POINTS OF DIFFERENCE						
1. Facility Closures and Consolidations Subsequent to the establishment of target savings in the Governor's Executive Budget related to the closure	(\$154.33)	(152.98)	\$0.0	\$0.0	\$0.11	\$0.11

DEPARTMENT OF CORRECTIONS	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
<p>KEY ISSUES/POINTS OF DIFFERENCE</p> <p>and/or 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 1,077.2 positions. In addition to recognizing annualized savings associated with the closure of Camp Brach and the Deerfield and Scott Correctional Facilities in FY2009, savings was 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.</p> <p>Subsequent to the announcement of facility closures, Governor Granholm revealed that an offer had been made to the State of California to house inmates from that state in the Standish and Muskegon facilities at cost to preserve the jobs that would otherwise be lost in those communities.</p>						
<p>2. Michigan Prison Re-entry Initiative (MPRI) Expansion</p> <p>The House concurred with an Executive Budget recommendation to add \$23.4 million to the budget to significantly expand the 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.</p>	\$23.43	\$23.43	\$0.0	\$0.0	(\$14.38)	(\$14.38)
<p>3. Health Care</p> <p>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).</p>	\$24.92	\$24.92	\$0.0	\$0.0	\$0.0	\$0.0
LEGISLATIVE INITIATIVES						
<p>4. Interdepartmental Grant to State Police</p> <p>The Senate recommended the establishment of an interdepartmental grant to the Michigan Department of State Police to support the implementation of policy options recommended by the Council of State Governments.</p>	\$0.0	\$0.0	\$0.0	\$0.0	\$4.5	\$4.5
<p>5. Expand Community Corrections Program Funding</p> <p>The Senate recommended increasing funding for the County 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).</p>	\$0.0	\$0.0	\$0.0	\$0.0	\$24.79	\$24.79

DEPARTMENT OF CORRECTIONS	Executive Budget Recommendation		House Changes to the Executive Recommendation		Senate Changes to the Executive Recommendation	
	All Funds	GF/GP	All Funds	GF/GP	All Funds	GF/GP
6. Other Reductions The House and Senate concurred with the Executive Budget recommendation to reduce 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.	(\$1.72)	(\$1.72)	\$0.0	\$0.0	(\$41.9)	(\$41.9)

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