FY 2015 Target Agreements

June 5, 2014

REVISED Target Agreement
FY 2014-15 General Fund/General Purpose (GF/GP) Targets
Ongoing and One-Time

Department/Budget Area	Total GF/GP
Agriculture and Rural Development	$45,916,200
Attorney General	38,267,100
Civil Rights	13,448,200
Community Health	3,239,701,400
Corrections	1,980,798,400
Education	82,083,000
Environmental Quality	40,875,900
Executive	5,916,100
Human Services	995,452,600
Insurance and Financial Services	150,000
Judiciary	186,527,400
Legislative Auditor General	14,937,300
Legislature	127,420,700
Licensing and Regulatory Affairs	40,033,800
Military and Veterans Affairs	49,154,500
Natural Resources	48,591,500
State	17,539,000
State Police	384,171,000
Technology, Management and Budget	479,098,500
Transportation	286,147,900
Treasury-Debt Service	152,395,000
Treasury-Operations	117,018,300
Treasury-Revenue Sharing	0
Treasury-Strategic Fund Agency	244,642,500
Subtotal State Departments	**$8,590,286,300**
Community Colleges	167,110,800
Higher Education	1,214,902,000
School Aid	114,900,000
Subtotal Education	**$1,496,912,800**
Total State Departments and Education	**$10,087,199,100**
Budget Stabilization Fund	$94,000,000
Michigan Health Savings Sub-Fund	0
Total GF/GP Appropriations	**$10,181,199,100**

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FY 15 Target Stipulations

MDARD	No Refined Petroleum fund shift; Administration/House/Senate to work together on statutory change for FY 16
	Horse racing grants at Executive level; no State Services Fee Fund offset
	Muskegon Farmers Market to be funded ($200k one-time)
	Ottawa County Agriculture Incubator grant ($500k one-time); represents 3 years of funding
Attorney General	$3m (one-time) included for investigations/prosecutions related to Detroit rape kits; funds cannot be released until approved. Administration to provide boilerplate.
Community Colleges	See summary of Education omnibus
DCH	Medicaid caseloads to be funded at consensus levels
	Conferees to fund costs of minimum wage increase within target
	Autism grants to universities to be funded from one-time GF as follows: WMU ($1m), EMU ($1m), MSU ($1m). Additional autism grants to be funded one-time from Autism Coverage Fund as follows: autism alliance ($1.5m); WMU ($3m); CMU ($500k); OU ($500k). Statutory change needed.
	Target includes adjustments for HICA/use tax legislation (ESB 893 and ESB 913)
	Human trafficking services to be funded ($200k)
	Target includes a reserve of $30m for ACA HMO fee; boilerplate language to be provided by Administration
	Roads & Risks Reserve Fund of $60.9m used as one-time offset to GF
	Statewide trauma systems to be funded ($1.3m one-time)
	Pay for Success contracts to be funded ($1.5m one-time); Administration to provide boilerplate
	Target includes $250k (one-time) for "Be the Match" bone marrow registry
	Target includes $100k for Senior Olympics (one-time)
	Information technology project to be funded ($300k one-time); Senate to provide details
Corrections	70 x 7 Muskegon pilot ($600k one-time)
Education	Conferees can decide whether to fund MVU in K-12 budget or MDE budget and can adjust targets for each accordingly at a net $0 cost

	$3.4 million of the GF target is earmarked for educator evaluations/student assessment. Decision on whether or not to move funding to a different agency is undecided.
	MPSERS buy-down for libraries a function of K-12 negotiations. If MPSERS buy-down is included in K-12 budget, comparable buy-down percentage for libraries will be funded outside these targets from the MPSERS liability reserve.
Higher Education	See summary of Education omnibus
	Administration/ House/Senate to work together on Higher Education MPSERS reforms
Human Services	Caseloads to be funded at consensus levels
	Catholic Charities (Genesee County) grant ($250k one-time)
LARA	Delphi settlement funded at $15m with work project authorization. Conditions on disbursement to be clarified in boilerplate to be provided by Administration.
Legislature	Target assumes passage of SB 678
DNR	The following items to be funded one-time within target: Raisin River grant ($2.0m); Saginaw River deepening study ($280k); Flint dike repair ($1.0m)
	City of Alma/Alma College public safety land improvements to be funded ($1.0m one-time)
	Hart-Montague Rail Trail to be funded ($1.0m one-time)
	State parks infrastructure funding at Executive Recommendation level
School Aid	See summary of Education omnibus
State Police	MIS security to be funded within target ($831.9k)
	Detroit lab rent costs to be funded
	$2.0m for one-time costs associated with Marshall police post
	$250k (one-time) for security at special events
DTMB	Target includes $500k one-time for Administration priorities
	Catholic Charities (Genesee County) grant ($250k one-time)
	Funding included for National Guard pension increase ($500k one-time); statutory change needed.
Transportation	Regional transit authority to be funded ($1.1m)
	NITC boilerplate to be negotiated by leadership

	Agreement includes $285m GF for roads. State match for federal aid is first call on GF; balance distributed via PA 51 formula. If statutory change is enacted which redirects GF portion of sales tax on gasoline to roads, direct GF appropriation to roads will be adjusted by an equal amount.
Treasury	$1.1m for Flint public safety initiative (one-time)
Treasury - Revenue Sharing	County revenue sharing to be funded at Exec Rec
	3% increase for current EVIP recipients
	$8.8m one-time to be distributed by conferees
	Administration/House/Senate to work together on EVIP program revisions for FY 16
Treasury - Strategic Fund	$40 million reserved for leadership negotiations to be distributed to line items as determined by leaders. See separate listing.
	Second-year of 2-year agreement to fund Saginaw Art Museum ($1m)
	FirstMerit Bank Event Park to be funded ($700.0k one-time)
	West Michigan Airport grant ($1.75m one-time)
	Grand Rapids Downtown Market ($1.5m one-time)
	Senior Center Capac- St. Clair County ($225k one-time)
	Waterford Fire Department match ($175k one-time); contingent on federal grant approval
	Target includes $300k (one-time) for Detroit Pre-College Engineering program; Administration to provide boilerplate
	Yankee Air Museum ($1.5m one-time)
	Van Andel Institute ($4.5m one-time)
	No additional earmarks beyond those stipulated in this agreement
Driver Responsibility Fees	To be phased out over 6 years
Budget Stabilization Fund	Deposit of $94 million
Lapses	General fund lapses at FY 14 year-end to be distributed as follows: 1/3 to BSF; 1/3 to School Aid Fund; 1/3 remains in GF

Tentative Targets for Education Budgets

May 28, 2014

Budget	GF Target	SAF Target
Community Colleges Total Target	167,110,800	197,614,100
Ongoing Target	167,110,800	197,614,100
One-time Target	0	0
Target Conditions		
No fund shift from SAF to GF		
MPSERS buy-down a function of K-12 negotiations. If MPSERS buy-down is included in K-12 budget, comparable buy-down percentage for community colleges will be funded outside these targets from the MPSERS liability reserve (see below).		

Higher Education Total Target	1,214,902,000	204,467,900
Ongoing Target	1,214,902,000	200,465,700
One-Time Target	0	4,002,200
Target Conditions		
$4 million of SAF target is earmarked for MPSERS relief for universities to hold the UAAL contribution at the FY 14 level		
Tuition grant increase to be funded at the House-passed level		

K-12 Total Target	114,900,000	11,929,363,800
Ongoing Target	114,900,000	11,537,266,000
One-Time Target	0	392,097,800
NOTE: In addition, $18 million MPSERS reserve fund is available		
Target Conditions		
No fund shift with community colleges or higher education		
$108 million of SAF target is earmarked for one-time MPSERS liability payment		
If MPSERS buy-down is included in the K-12 budget, the MPSERS liability payment money can be accessed to pay the comparable costs for community colleges and libraries		
Conferees can decide whether to fund MVU in K-12 budget or MDE budget and can adjust targets for each accordingly at a net $0 cost		

Department of Education Total Target	82,083,000	0
Ongoing Target	81,183,000	0
One-Time Target	900,000	0
Target Conditions		
Conferees can decide whether to fund MVU in K-12 budget or MDE budget and can adjust targets for each accordingly at a net $0 cost		
$3.4 million of the GF target is earmarked for educator evaluations/student assessment. Decision on where funding should be budgeted is undecided.		

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MICHIGAN STRATEGIC FUND
FISCAL YEAR 2015
June 4, 2014

(Amounts in Millions)

MSF Investment Line-Items	FY14 Total Approp	Total FY15 Exec Rec	FY15 Leadership Adjusted Totals
Business Attract/Comm Revital	$120.0	$138.5	$130.59
NEW Automotive Tech Fund	$0.0	$5.0	$2.00
Skilled Trades Training Program	$10.0	$10.0	$10.00
Entrepreneurship Eco-System	$28.5	$25.0	$25.00
Pure Michigan	$29.0	$31.0	$29.00
Community Ventures	$9.8	$9.8	$9.80
Arts and Cultural Grants	$8.2	$10.2	$10.20
Film Incentive Program	$50.0	$25.0	$50.00
University Engineering Debt Service	$0.0	$7.9	$0.00
Community College Skilled Trades Debt Service	$0.0	$4.6	$4.60
Target Setting Agreement Earmarks $1M Saginaw Art Museum; $1.75M West MI Airport; $1.5M Dwtwn GR Market; $700k 1st Merit Bank Park; $225k Capac Senior Center; $175k Waterford Fire Dept.; $300k Detroit Pre-College Engineering; $1.5M Expansion of year-round schools pilot; $2M police memorial	$0.0	$0.0	$9.15
All Other GF in MSF Budget *($4M Reduction is Welfare to Work)* Includes MSHDA GF, WDA GF, administrative GF, etc.	$39.2	$38.5	$34.50
Total	**$294.7**	**$305.5**	**$314.84**
Sources of Financing:			
Federal Funds	$1.1	$1.1	$1.1
Private	$0.1	$0.1	$0.1
21st century jobs fund	$75.0	$75.0	$75.0
GF/GP	**$218.5**	**$229.3**	**$238.64**

MSF Target	$238.64	$0.00
		balance

Leadership Stipulations:

1. Conferees may not add additional earmarks to the MEDC budget beyond those already negotiated.

2. Some/all of the remaining FY 2015 GF/GP balance will be transferred to the BSF to reach a target of $500M in the BSF on 9/30/15.

3. Agreement to work together to resolve the Farnum building funding issue.

Fiscal Year 2015 Executive Budget Implementation Bills

Agency	Description	Submitting Chamber	Status	MCL	Request #	Bill #	Sponsor
Community Health	Extension of Sunset on Use of Crime Victim Rights Funds for a Statewide EMS Trauma System	House	House Judiciary	ML 780.904	02989'13	HB 4915	Lori
DIFS	Expand use of autism coverage reimbursement act	TBD	Needs to be drafted	MCL 550.1831 - 550.1841			
Education	Amend Revised School Code – Teacher Evaluations	House	House Education	MCL 380.1249; New MCL 380.1249b		HB 5223	O'Brien
	Amend Michigan Public School Employees Retirement Act	House	Blueback to ORS for approval	MCL 38.1341	05021'14		
Environmental Quality	Liquid Industrial Waste Transporter or Facility Charge Sunset Elimination	Senate	House Approps	MCL 324.12103; 324.12109; 324.12112	04988'14	SB 959	Kahn
	Hazardous Waste Manifest Sunset Elimination; Hazardous Waste Generator, Transporter or Treatment, Storage or Disposal Facility User Charge; Hazardous Waste Handler User Charge Sunset Elimination	Senate	House Approps	MCL 324.11135; 324.11153	04986'14	SB 960	Kahn
Tech, Management and Budget	Amend Michigan Vehicle Code; Commercial Look-up Service	House	House Transportation Cmte	MCL 257.208b	04202'13	HB 5142	McCready
	Create an Information, Communications, and Technology Innovation Fund	House	House Appropriations Cmte	New MCL	00095'13	HB 4157	Poleski
	Michigan State Capitol Historic Site Fund	Senate	House Floor	MCL 205.432	01820'13	SB 678	Kahn
Treasury	Amend Revised School Code	Senate	Star Run Draft to Senate	MCL 380.12;	04327'13		Caswell
	Amend Uniform Budgeting and Accounting Act	Senate	Star Run Draft to Senate	MCL 141.421; 141.422c; 141.434 – 141.440a	04323'13		Marleau
	Amend Local Financial Stability & Choice Act	Senate	Star Run Draft to Senate	New MCL	04326'13		Walker
	Eliminate Driver Responsibility Fees - phase out	House	Senate Approps	MCL 257.732a	02892'13	HB 5414	Haveman
	Driver Responability - Community Service in lieu of payment	Senate	Senate Approps	MCL 257.732a; new section	00717'13	SB 633	Caswell
	Individual Income Tax Act - fix SAF tax refund inconsisency	Senate	To Be Drafted - *for lameduck*	MCL 206.1-206.713	TBD		Kahn
Other Bills of Note							
DCH	Reinstate Use Tax *(Associated with HICA)*	Senate	Enrolled	MCL 550.1733	05385'14	SB 893	Kahn
DCH	HICA Adjustment *(Associated with Use Tax)*	Senate	Enrolled	MCL 550.1733	05385'14	SB 913	Kahn
School Aid/Treasury	Early warning system: updates references to deficit elimination plans	Senate	Treasury Negotiating Content	MCL 388.1617a	04331'13		Walker
School Aid/Treasury	Early Warning system: moves date from Nov. 15-Oct 15	Senate	Treasury Negotiating Content	MCL 388.1518	04331'13		Walker
School Aid/Treasury	Early Warning System: Creation of Pre-Plans and Enhanced Deficit Plans	Senate	Star Run Draft to Senate	MCL 388.1702	04325'13		Walker
School Aid/Treasury	Early Warning System: Periodic reports for financial stress	Senate	Treasury Negotiating Content	New MCL	04324'13		

Additional Notes:

DCH trauma bill is needed unless trauma is otherwise addressed in the DCH conf. report.
MDE MPSERS change is dependant upon rate cap assumed in conf. report.
DIFS bill will expand use to address House and Senate needs totalling $5.5M (though Senate spend is to be housed in DCH).
Treasury bills are all related to the financial review/early warning team legislation.

OUTSTANDING BILLS **Fiscal Year 2014 Executive Budget Implementation Bills**

Agency	Description	Submitting Chamber	Status	MCL	Request #	Bill #	Sponsor
MDOT	TEDF Sunset Extension *(Needed aslegislature did not enact Exec transportation proposal)*	TBD	SBO Draft to Legislature	247.911			TBD