Federal, State and Local

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## FY 2016-17 State Budget

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Funding</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Appropriations</td>
<td>$54,912,758,000</td>
<td>Total spending authority from all revenue sources</td>
</tr>
<tr>
<td>Interdepartmental Grants (IDG) Revenue</td>
<td>864,473,800</td>
<td>Funds received by one state department from another state department, usually for services provided</td>
</tr>
<tr>
<td>Adjusted Gross Appropriations</td>
<td>$54,048,284,200</td>
<td>Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>22,661,411,200</td>
<td>Federal grant or matching revenue; generally dedicated to specific programs or purposes</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>216,087,100</td>
<td>Revenue received from local units of government for state services</td>
</tr>
<tr>
<td>Private Revenue</td>
<td>172,480,900</td>
<td>Revenue from individuals and private entities, including payments for services, grants, and other contributions</td>
</tr>
<tr>
<td>State Restricted Revenue</td>
<td>21,022,981,400</td>
<td>State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue</td>
</tr>
<tr>
<td>State General Fund/General Purpose (GF/GP) Revenue</td>
<td>$9,975,323,600</td>
<td>Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature</td>
</tr>
</tbody>
</table>
FY 2016-17 Fund Sources

Discretionary GF/GP funds make up less than 20% of the $54.0 billion state budget (adjusted gross). Including the School Aid Fund, which must be used for K-12 or postsecondary education, brings the percentage up to 41%.

- State GF/GP: $9,975,323,600 (18%)
- School Aid Fund: $12,588,900,100 (23%)
- Other State Restricted: $8,434,081,300 (16%)
- Federal: $22,661,411,200 (42%)
- Local/Private: $388,568,000 (1%)

House Fiscal Agency
November 2016
State Budget History

Total state budget growth of 37% since FY 2002-03 has been driven mainly by increases in available federal funds. State-source appropriations (GF/GP plus restricted) have grown just 19%.
Medicaid Spending Pressures

Traditional Medicaid Program

- Replacement of revenue from Use Tax on Medicaid Managed Care Organizations will require net GF/GP funds of about $140 million over FYs 2016-17 and 2017-18.

- Michigan’s federal match rate has begun to decline due to relative growth in personal income. Projected FY 2017-18 GF/GP funding increase of $50 million.

- Specialty drug costs: About $300 million Gross ($110 million GF/GP) has been added to the budget for new Hepatitis C and Cystic Fibrosis treatments. Other specialty drugs expected to be approved by FDA in near future.

Healthy Michigan Plan

- FY 2016-17 is first year of state match costs for expanded Medicaid program; 5% match beginning January 1, 2017 equates to GF/GP costs of about $110 million, although savings from the state’s assessment on hospitals is offsetting most of these costs.

- State match rate will increase to 10% over the next three years, requiring additional GF/GP funds of roughly $200 million.

- Discontinuing expanded program and shifting mental health, prison health care, and other costs back to state would cost $250 to $300 million per year. Current statute requires discontinuation of program when state costs exceed savings.
Revenue Sharing to Cities, Villages, and Townships (CVTs)

Per-capita constitutional payments to CVTs have grown consistent with sale tax revenue growth. Discretionary (statutory) payments remain $435 million below the FY 2000-01 peak; reductions have helped balance the GF/GP budget.
County Revenue Sharing

Reserve fund payments temporarily replaced state revenue sharing for counties. After a period of underfunding, funding to counties was restored to full funding relative to the reserve fund mechanism beginning with FY 2014-15. Total funding is at approximately the FY 2001-02 level.
Public University Appropriations

State support for public universities has increased by $193 million (16%) since FY 2011-12, but remains $215 million (13%) below the FY 2001-02 peak.