

# **Michigan State University's Legislative Leadership Program**

**State Budget Overview by**

**Ellen Jeffries, Director  
SENATE FISCAL AGENCY**



**December 3, 2018**

**<http://www.senate.michigan.gov/sfa/>**

Figure 1

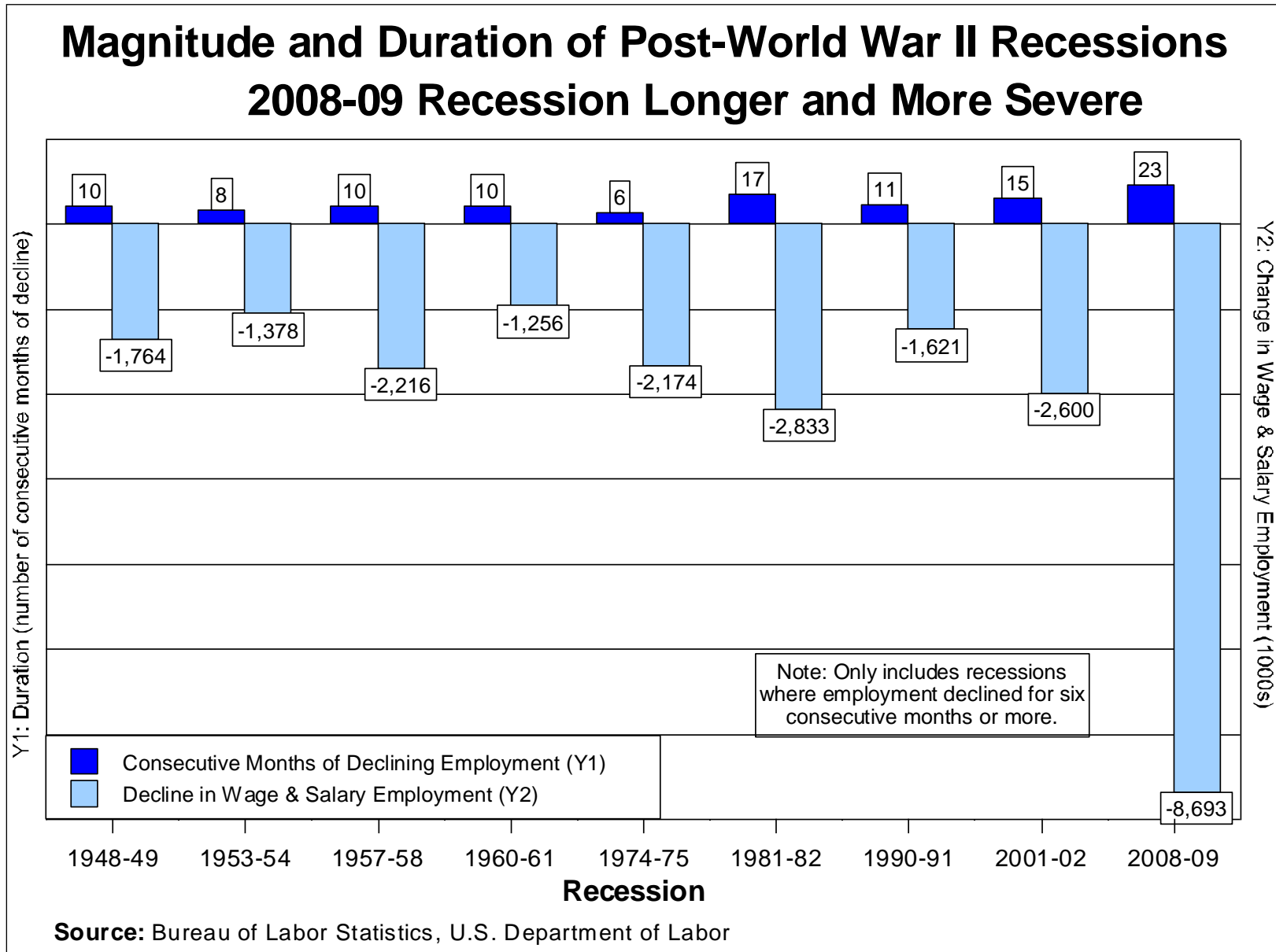


Figure 2

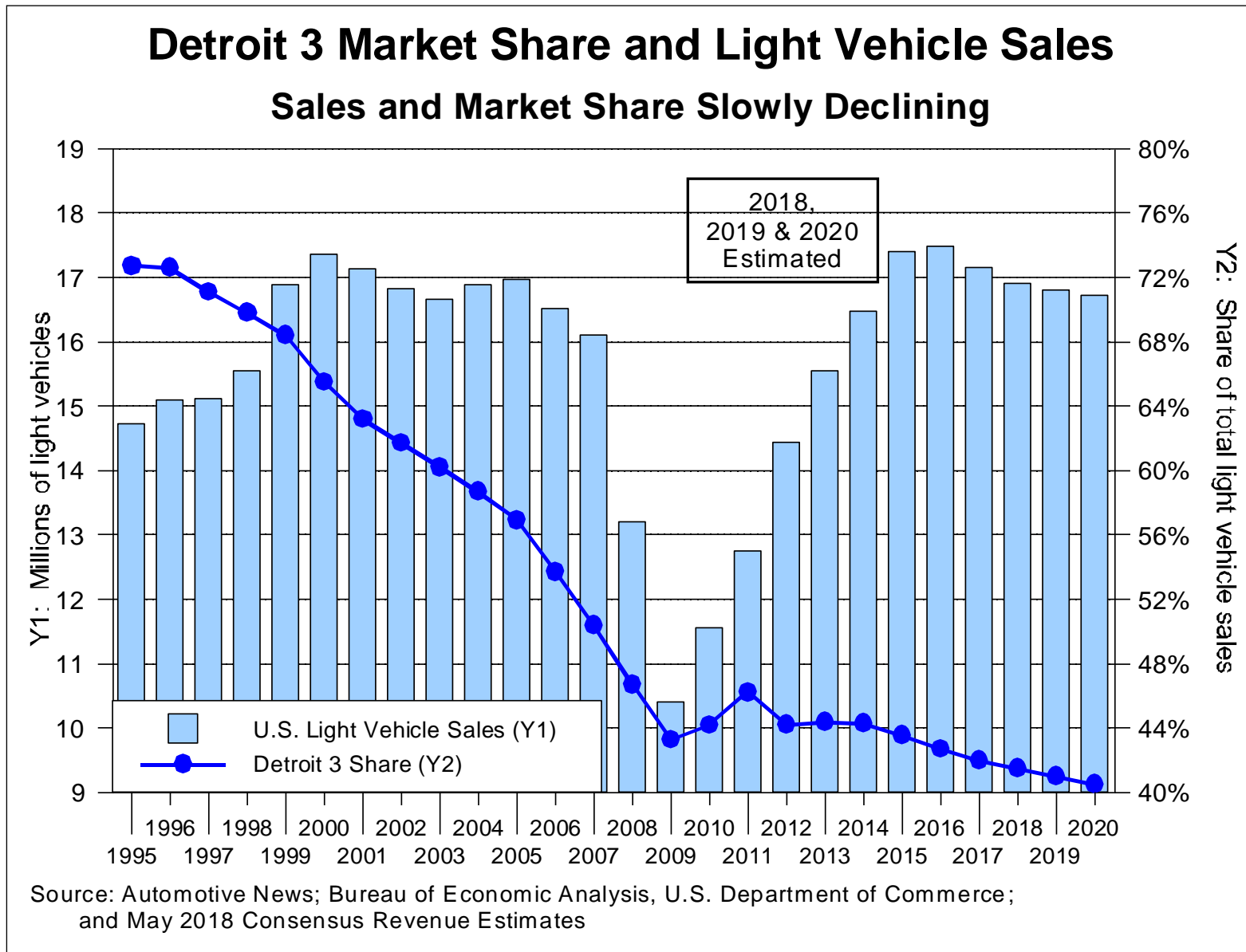


Figure 3

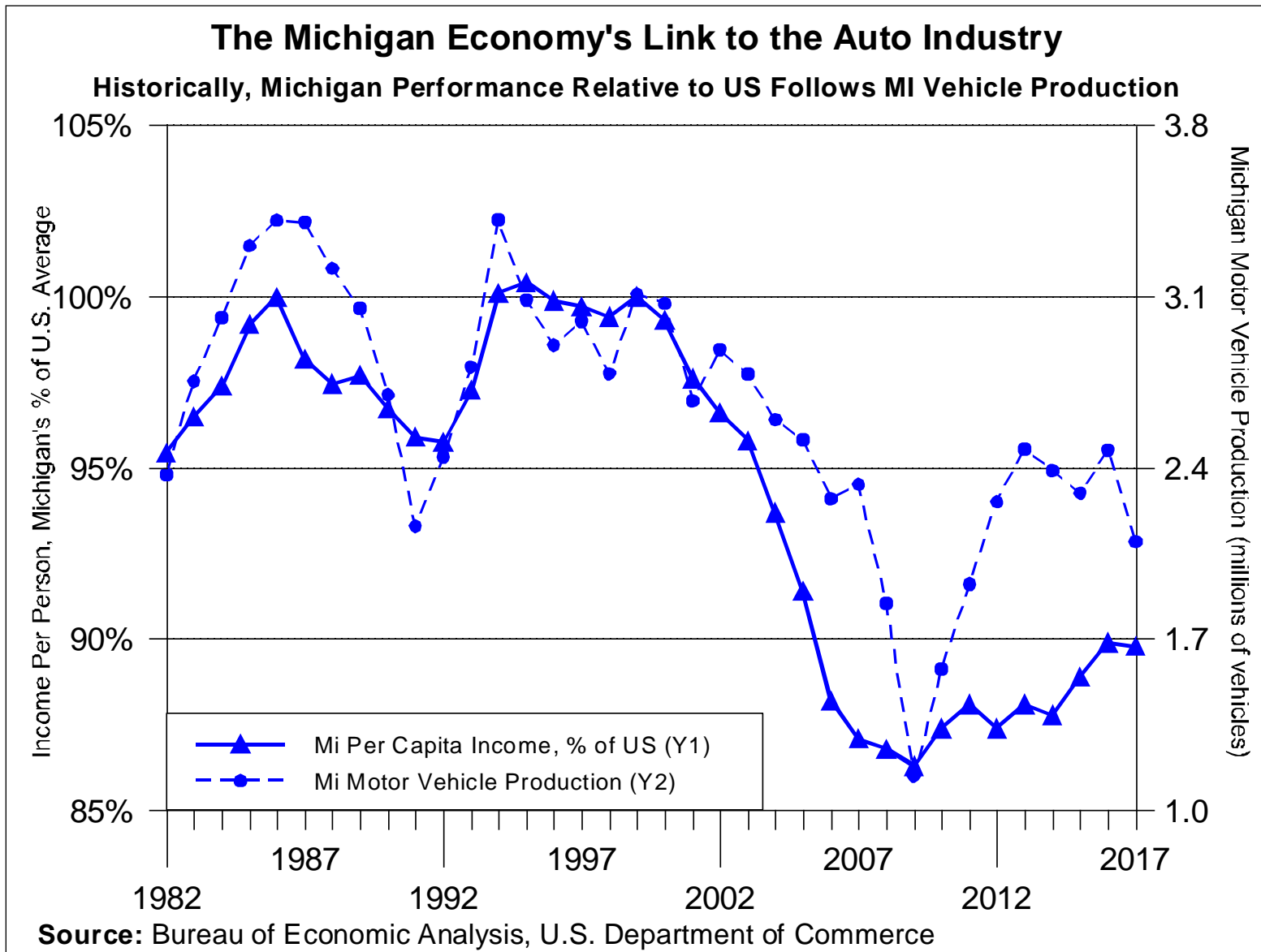
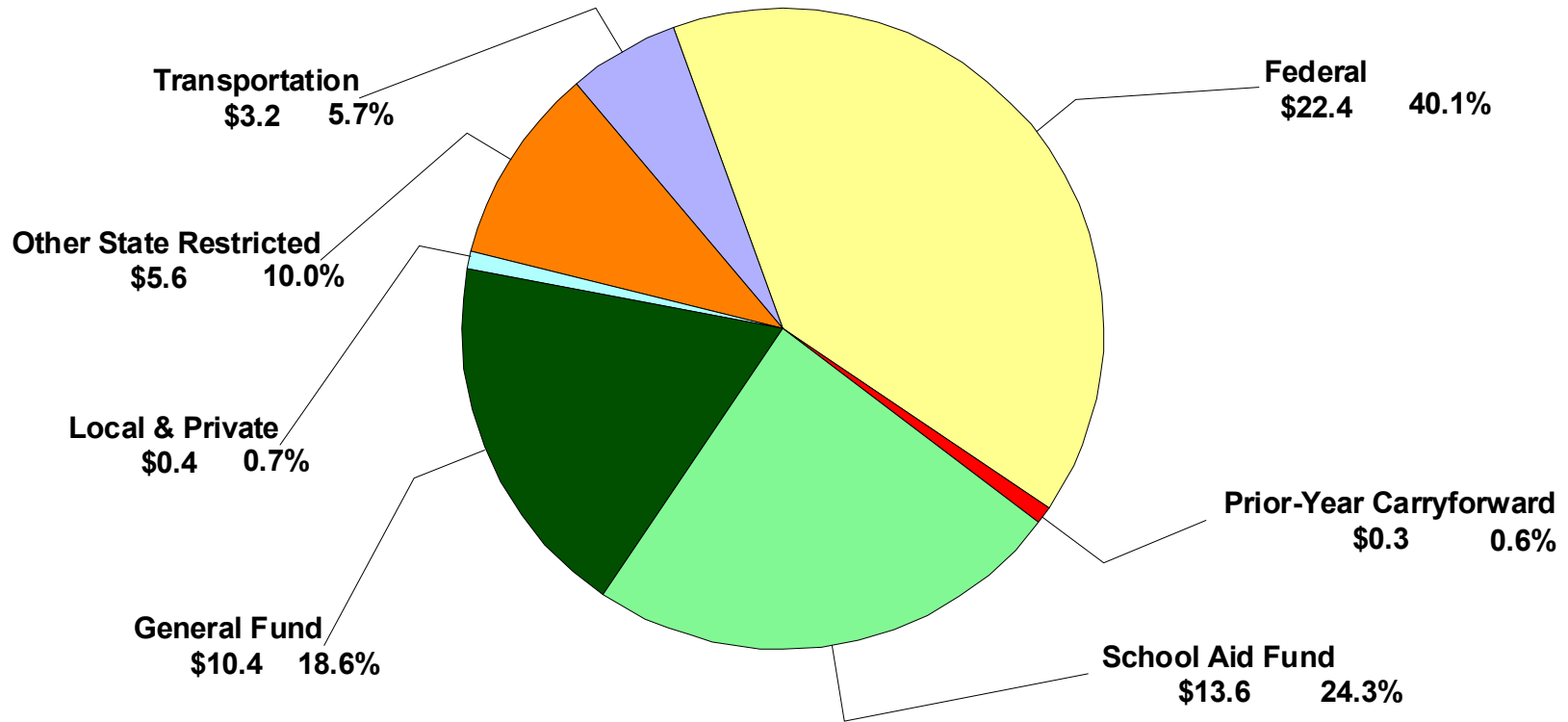


Figure 4

## FY 2018-19 Estimated Revenue Sources for State Appropriations (Billions of Dollars)

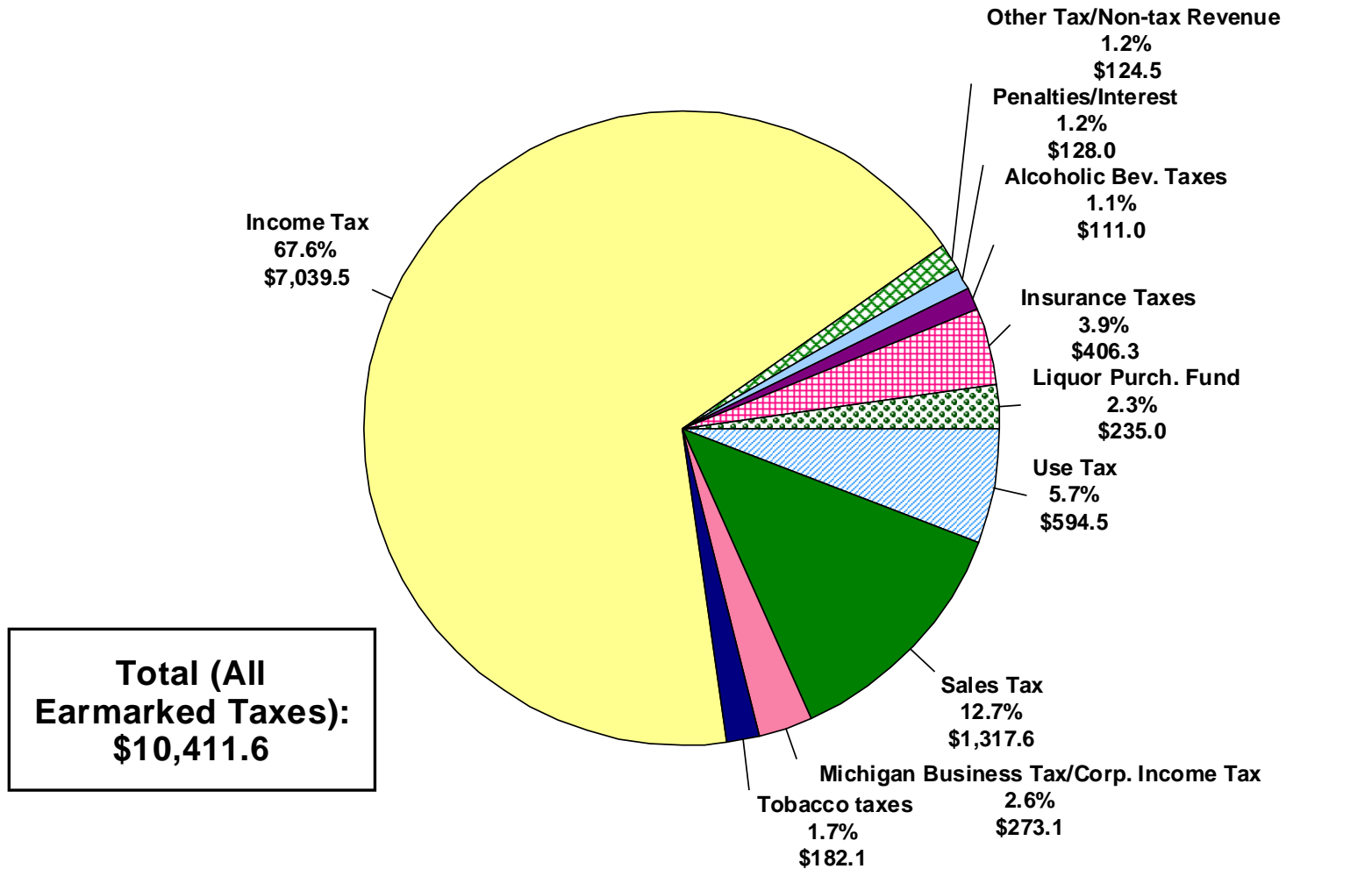


**Total Revenue = \$55.9 billion**

General Fund and School Aid Fund are  
May 16, 2018 Consensus Revenue Estimates

Figure 5

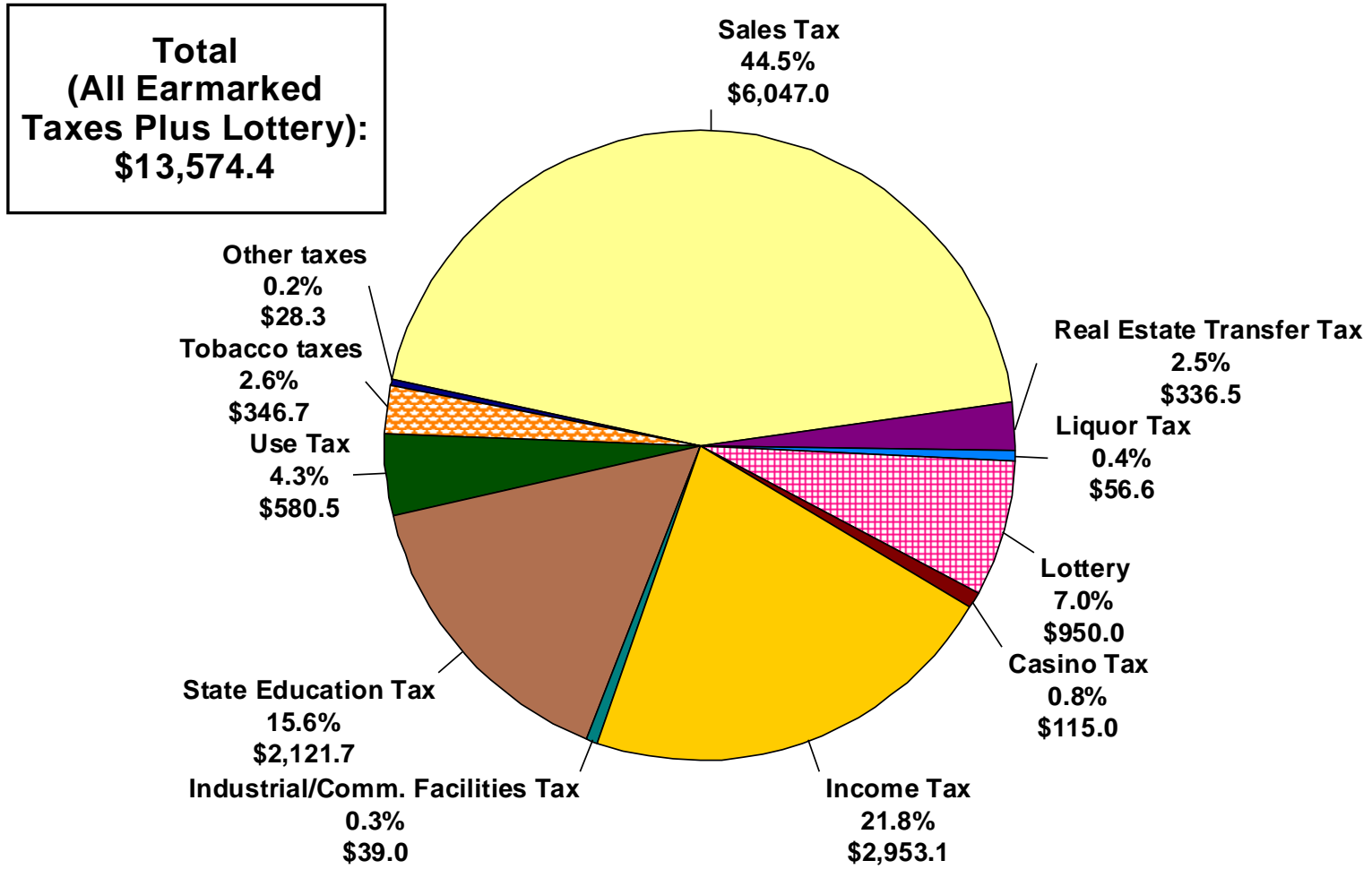
# FY 2018-19 General Fund Ongoing Revenue Sources (Millions of Dollars)



May 16, 2018 Consensus Revenue Estimates

Figure 6

# FY 2018-19 School Aid Fund Ongoing Revenue Sources (Millions of Dollars)



**Total  
(All Earmarked  
Taxes Plus Lottery):  
\$13,574.4**

May 16, 2018 Consensus Revenue Estimates

**BUDGET TIME FRAME**

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<b>LEGISLATIVE ACTION</b>					
Governor's State of the State is delivered and budget recommendation is prepared for submission to the Legislature.	Governor's budget is delivered, legislative action begins.	Subcommittees make decisions, Appropriations Committee meets, floor votes take place.			Budget targets are negotiated between the Executive and Legislature. Conference Committees meet.
<b>SENATE FISCAL AGENCY ACTION</b>					
First Consensus Revenue Estimating Conference (CREC) is scheduled. SFA prepares applicable documents, schedules future hearings, and provides background briefings.	SFA presents analysis of Governor's budget. Subcommittee hearings begin.	Decision documents are prepared, SFA works with Subcommittee chairs and members to develop proposals, substitute bills are prepared and analyzed, amendments are drafted. SFA revenue forecast is released. Second CREC is held in May.			SFA provides staff support to Conference negotiations, and prepares and analyzes Conference Reports.

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<b>LEGISLATIVE ACTION</b>					
Governor signs appropriation bills and issues vetoes. Veto overrides are considered. Current-year budget adjustments are considered. Fiscal year ends September 30.			New fiscal year begins October 1. Appropriations Committee considers year-end transfers.		
<b>SENATE FISCAL AGENCY ACTION</b>					
Analysis of initial legislation is completed. Initial Appropriations Report is distributed. Year-end budgetary adjustments and lapse estimates are completed.			SFA Year-End Appropriations Report is generated. SFA Economic and Revenue Forecast is released. Mid-year budget adjustments (transfers, supplementals, Executive Orders) are analyzed as needed.		



## **Mandated Budget Requirements and Restrictions State Budget Process Constitutional Requirements**

- Budget Submission Date (Sec. 18 of Article V)
- Balanced Budget Requirement (Sec. 31 of Article IV and Sec. 18 of Article V)
- Revenue Limit (Sec. 26 of Article IX)
- Expenditure Limit (Sec. 28 of Article IX)
- State and Local Spending Split (Sec. 30 of Article IX)
- Appropriation Reductions (Sec. 20 of Article V)
- Line Item Veto (Sec. 19 of Article V)
- Limits on State General Obligation Debt (Sec. 15 of Article IX)

## **Mandated Budget Requirements and Restrictions State Budget Process Statutory Requirements**

Public Act 431 of 1984 provides the basic statutory framework for the State budget process. Some of the major provisions include:

- Role of State Budget Director
- Fiscal Year Period
- Budget Submission Date
- Consensus Revenue Estimating Conference
- Countercyclical Budget and Economic Stabilization Fund
- Operating Funds
- Implementation of Constitutional Requirements

## **Mandated Budget Requirements and Restrictions Boilerplate Requirements**

Intent language contained in appropriation bills is referred to as boilerplate. Boilerplate language is used to accomplish the following objectives:

- Imposes Conditions on Appropriations
- Reporting Requirements
- Imposes Specific Spending Criteria

## State Budget Terms

**Gross Appropriations:** Total level of State appropriations from all fund sources

**Adjusted Gross Appropriations:** Total Gross Appropriations excluding interdepartmental grants and transfers

**State Restricted Revenue Appropriations:** State taxes or fees that are designated for a specific purpose in the budget by either constitutional or statutory requirements

**General Fund/General Purpose Appropriations:** Unrestricted portion of State budget fund sources

**State Spending from State Resources Appropriations:** Total level of State appropriations excluding Federal, local, and private funding sources; includes only State Restricted and General Fund/General Purpose appropriations

**FTE:** Full-time equated employee

**Boilerplate:** Intent language in appropriation bills

Table 1

<b>ADJUSTED GROSS, STATE SPENDING FROM STATE RESOURCES, AND GF/GP INITIAL APPROPRIATIONS for FY 2018-19 (billions of dollars)</b>			
<b>Department/Budget Area</b>	<b>Adjusted Gross</b>	<b>State Spending</b>	<b>GF/GP</b>
Health and Human Services	\$24.9	\$7.0	\$4.5
K-12 Education	14.8	13.0	0.1
Transportation	4.8	3.5	0.3
Corrections	2.0	2.0	2.0
Higher Ed/Community Colleges	<u>2.1</u>	<u>2.0</u>	<u>1.0</u>
Subtotal	\$48.6	\$27.4	\$7.8
All Other	7.3	5.6	2.2
<b>Total</b>	<b>\$55.9</b>	<b>\$33.1</b>	<b>\$10.0</b>

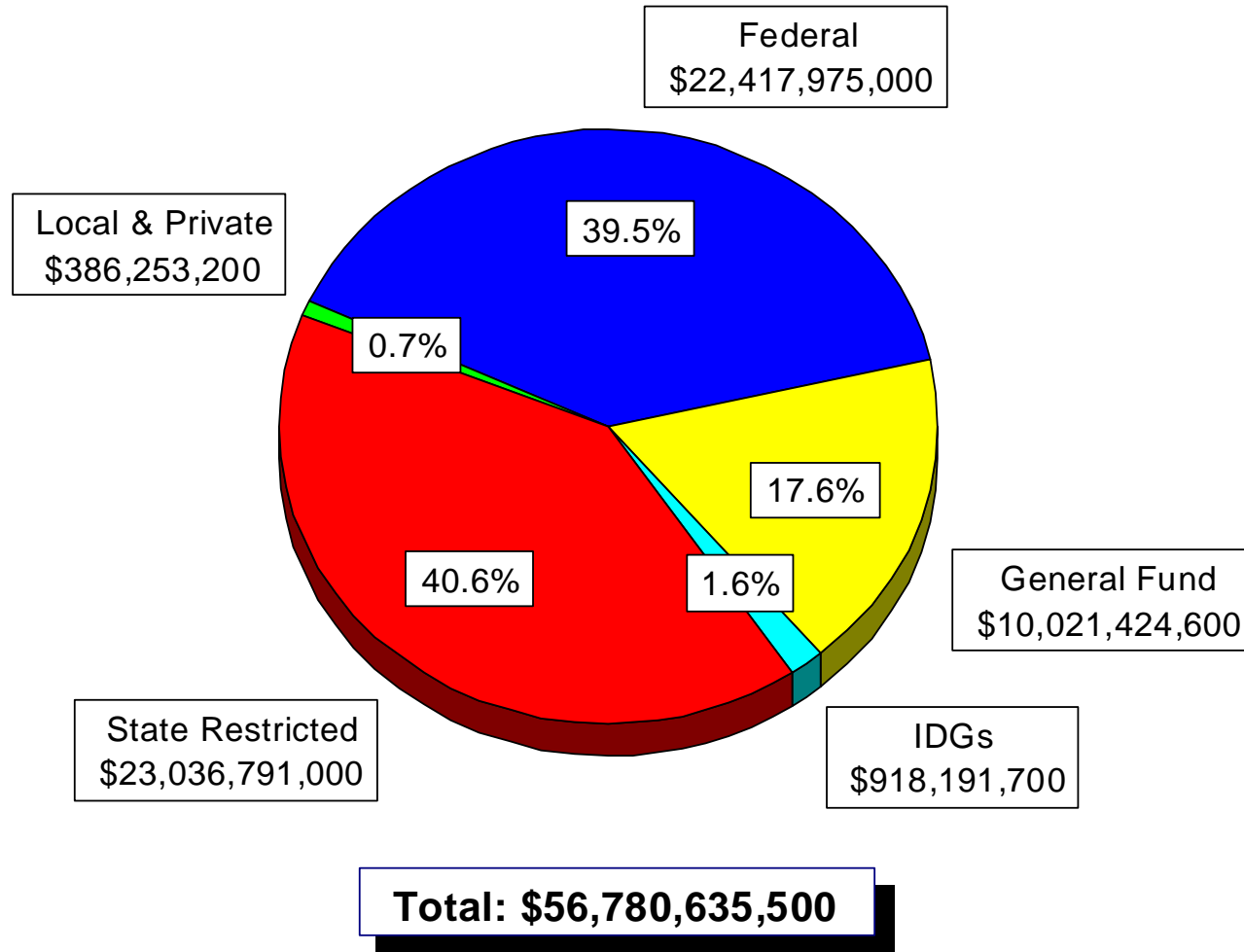
Table 2

<b>SUMMARY OF FY 2018-19 APPROPRIATION CHANGES</b>		
	<b>Gross</b>	<b>GF/GP</b>
<b>FY 2017-18 Year-To-Date Appropriation<sup>1)</sup></b> .....	<b>\$56,516,519,800</b>	<b>\$10,231,417,400</b>
<u>Changes for FY 2018-19:</u>		
New Programs .....	\$110,791,700	\$94,885,000
Program Increases .....	1,974,694,200	540,581,200
Program Eliminations/Reductions .....	(1,872,972,900)	(734,152,300)
Major Fund Shifts Affecting GF/GP .....	0	(164,832,300)
Other Technical Program Adjustments .....	(57,504,000)	(2,784,600)
Economic Increases .....	108,683,800	56,086,500
Unclassified Salaries Adjustments (Executive Branch)....	<u>422,900</u>	<u>223,700</u>
Total Changes .....	\$264,115,700	(\$209,992,800)
<b>FY 2018-19 INITIAL APPROPRIATION</b> .....	<b>\$56,780,635,500</b>	<b>\$10,021,424,600</b>

<sup>1)</sup> Appropriation as of July 1, 2018.

Figure 7

## Appropriations by Source of Funds FY 2018-19 Initial Gross Appropriations



**Table 3**

**APPROPRIATIONS BY SOURCE OF FUNDS  
FY 2018-19 INITIAL APPROPRIATIONS**

<b>Department/Budget Area</b>	<b>Gross</b>	<b>IDGs</b>	<b>Adjusted Gross</b>	<b>Federal</b>	<b>Local &amp; Private</b>	<b>State Restricted</b>	<b>General Fund/ General Purpose</b>
Agriculture & Rural Development	\$107,948,100	\$313,900	\$107,634,200	\$11,775,200	\$101,800	\$37,172,000	\$58,585,200
Attorney General	103,648,900	30,386,400	73,262,500	9,628,500	0	22,427,200	41,206,800
Capital Outlay	0	0	0	0	0	0	0
Civil Rights	16,201,100	299,100	15,902,000	2,802,700	18,700	58,500	13,022,100
Community Colleges	408,215,500	0	408,215,500	0	0	408,215,500	0
Corrections	2,017,056,200	0	2,017,056,200	5,315,200	8,960,100	40,939,600	1,961,841,300
Education	400,815,000	0	400,815,000	298,074,500	7,888,600	8,668,200	86,183,700
Environmental Quality	447,502,600	3,143,700	444,358,900	160,225,400	1,061,700	209,325,300	73,746,500
Executive	6,980,100	0	6,980,100	0	0	0	6,980,100
Health & Human Services	24,880,165,600	13,813,700	24,866,351,900	17,635,395,600	272,022,500	2,498,846,500	4,460,087,300
Higher Education	1,669,732,600	0	1,669,732,600	123,526,400	0	500,188,300	1,046,017,900
Insurance & Financial Services	67,971,900	713,800	67,258,100	2,017,300	0	64,690,800	550,000
Judiciary	304,079,100	1,551,300	302,527,800	5,987,400	7,481,400	92,979,500	196,079,500
Legislative Auditor General	24,938,000	5,823,400	19,114,600	0	0	2,008,800	17,105,800
Legislature	158,112,500	0	158,112,500	0	400,000	4,394,300	153,318,200
Licensing & Regulatory Affairs	517,762,200	48,414,300	469,347,900	65,744,400	211,800	276,471,400	126,920,300
Military & Veterans Affairs	192,564,300	101,800	192,462,500	98,170,200	2,175,400	23,279,500	68,837,400
Natural Resources	438,442,800	232,200	438,210,600	81,731,600	7,431,400	299,965,800	49,081,800
Natural Resources Trust Fund	0	0	0	0	0	0	0
School Aid	14,765,468,800	0	14,765,468,800	1,724,743,500	0	12,980,725,300	60,000,000
State	246,662,800	20,000,000	226,662,800	1,460,000	50,100	206,686,400	18,466,300
State Police	716,459,500	24,748,300	691,711,200	78,297,900	5,261,800	149,103,700	459,047,800
Talent & Economic Development	1,115,295,600	0	1,115,295,600	762,645,800	6,121,700	205,432,300	141,095,800
Tech., Management, & Budget	1,347,108,600	751,777,000	595,331,600	5,033,700	2,471,000	114,037,400	473,789,500
Transportation	4,843,089,900	4,092,500	4,838,997,400	1,318,271,700	51,432,000	3,169,293,700	300,000,000
Treasury (Debt Service)	107,080,000	0	107,080,000	0	0	0	107,080,000
Treasury (Operations)	562,928,500	12,780,300	550,148,200	27,128,000	13,163,200	407,475,700	102,381,300
Treasury (Revenue Sharing)	1,314,405,300	0	1,314,405,300	0	0	1,314,405,300	0
<b>TOTAL BUDGET AREA APPROPS</b>	<b>\$56,780,635,500</b>	<b>\$918,191,700</b>	<b>\$55,862,443,800</b>	<b>\$22,417,975,000</b>	<b>\$386,253,200</b>	<b>\$23,036,791,000</b>	<b>\$10,021,424,600</b>



Figure 8

# Adjusted Gross FY 2018-19 Initial Appropriations

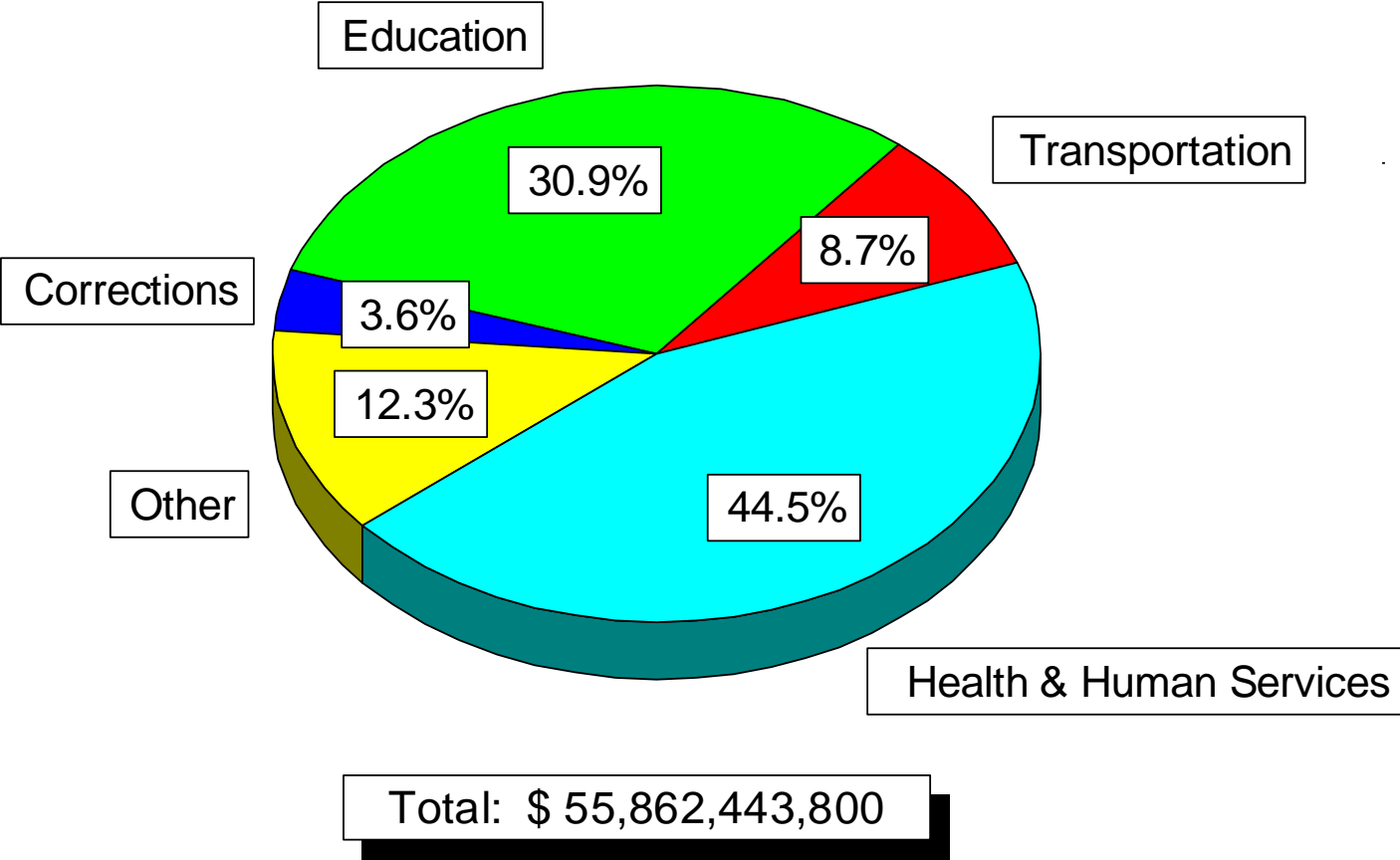


Table 4

**INITIAL ADJUSTED GROSS APPROPRIATIONS  
FY 2018-19**

<b><u>Department/Budget Area</u></b>	
Health and Human Services .....	\$24,866,351,900
School Aid.....	14,765,468,800
Transportation.....	4,838,997,400
Corrections.....	2,017,056,200
Higher Education .....	1,669,732,600
Treasury-Revenue Sharing.....	1,314,405,300
Talent and Economic Development .....	1,115,295,600
State Police.....	691,711,200
Technology, Management, and Budget ...	595,331,600
Treasury-Operations .....	550,148,200
Licensing and Regulatory Affairs .....	469,347,900
Environmental Quality.....	444,358,900
Natural Resources .....	438,210,600
Community Colleges.....	408,215,500
Education .....	400,815,000
Judiciary.....	302,527,800
State.....	226,662,800
Military and Veterans Affairs .....	192,462,500
Legislature .....	158,112,500
Agriculture and Rural Development.....	107,634,200
Treasury-Debt Service .....	107,080,000
Attorney General.....	73,262,500
Insurance and Financial Services .....	67,258,100
Legislative Auditor General.....	19,114,600
Civil Rights.....	15,902,000
Executive .....	6,980,100
<b>TOTAL APPROPRIATIONS.....</b>	<b>\$55,862,443,800</b>

Figure 9

# General Fund/General Purpose FY 2018-19 Initial Appropriations

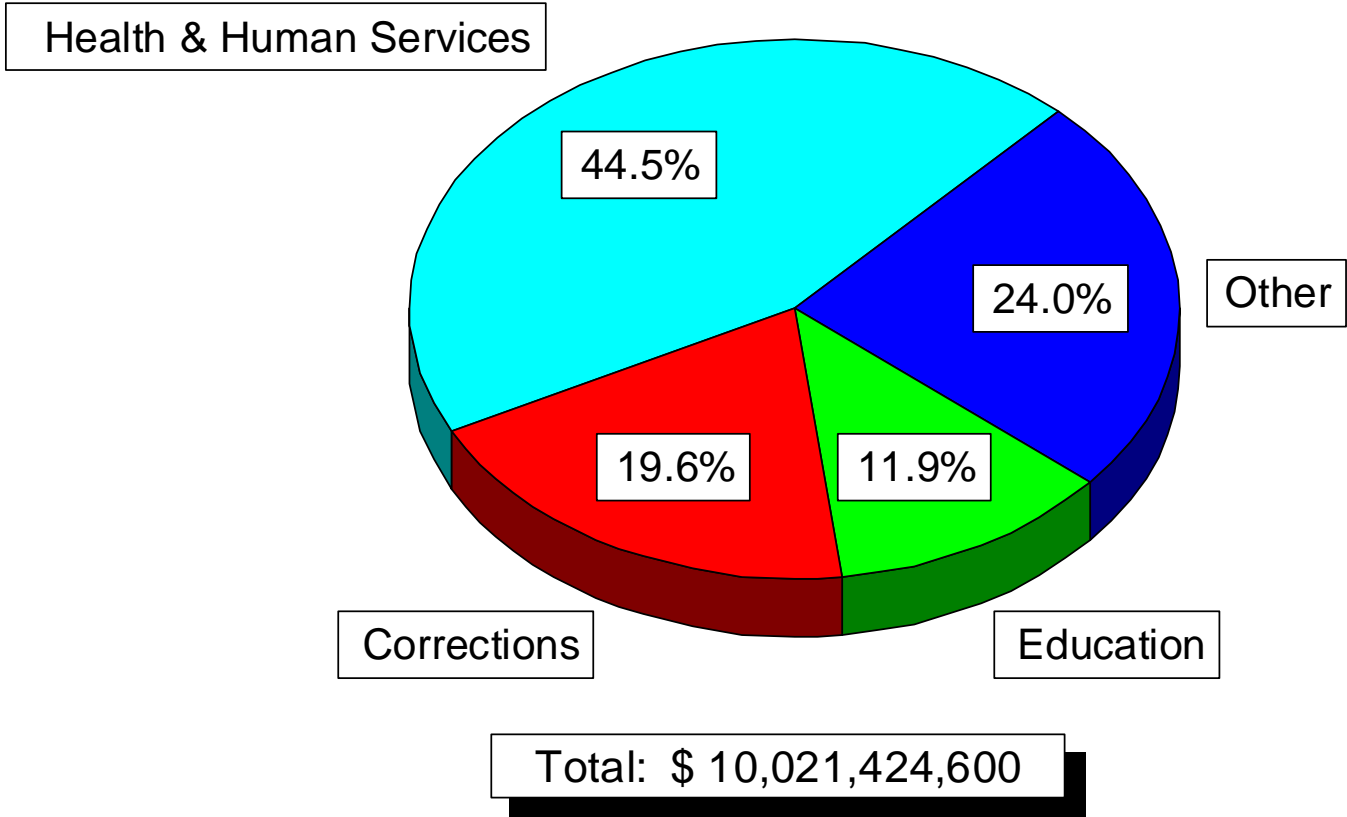


Table 5

**INITIAL GF/GP APPROPRIATIONS  
FY 2018-19**

<b><u>Department/Budget Area</u></b>	
Health and Human Services .....	\$4,460,087,300
Corrections.....	1,961,841,300
Higher Education .....	1,046,017,900
Technology, Management, and Budget .....	473,789,500
State Police .....	459,047,800
Transportation.....	300,000,000
Judiciary .....	196,079,500
Legislature .....	153,318,200
Talent and Economic Development .....	141,095,800
Licensing and Regulatory Affairs .....	126,920,300
Treasury-Debt Service .....	107,080,000
Treasury-Operations .....	102,381,300
Education .....	86,183,700
Environmental Quality .....	73,746,500
Military and Veterans Affairs .....	68,837,400
School Aid.....	60,000,000
Agriculture and Rural Development .....	58,585,200
Natural Resources .....	49,081,800
Attorney General.....	41,206,800
State.....	18,466,300
Legislative Auditor General.....	17,105,800
Civil Rights .....	13,022,100
Executive .....	6,980,100
Insurance and Financial Services .....	550,000
Community Colleges.....	0
Treasury-Revenue Sharing.....	0
<b>TOTAL GF/GP APPROPRIATIONS.....</b>	<b>\$10,021,424,600</b>

Table 6

<b>FULL-TIME EQUATED POSITIONS FY 2017-18 VERSUS FY 2018-19</b>				
<b>Department/Budget Area</b>	<b>FY 2017-18 Year-to-Date Positions</b>	<b>FY 2018-19 Initial Positions</b>	<b>Position Change</b>	<b>Percent Change</b>
Agriculture & Rural Development.....	493.5	500.5	7.0	1.4%
Attorney General.....	532.0	531.0	(1.0)	(0.2)
Civil Rights.....	110.0	110.0	0.0	0.0
Corrections.....	13,803.9	13,963.2	159.3	1.2
Education.....	603.5	614.5	11.0	1.8
Environmental Quality.....	1,246.0	1,231.0	(15.0)	(1.2)
Executive.....	79.2	79.2	0.0	0.0
Health & Human Services.....	15,635.5	15,621.7	(13.8)	(0.1)
Insurance & Financial Services.....	336.5	336.5	0.0	0.0
Judiciary.....	501.0	502.0	1.0	0.2
Licensing & Regulatory Affairs.....	2,322.3	2,322.3	0.0	0.0
Military & Veterans Affairs.....	904.5	912.5	8.0	0.9
Natural Resources.....	2,261.8	2,324.3	62.5	2.8
State.....	1,686.0	1,586.0	(100.0)	(5.9)
State Police.....	3,438.0	3,518.0	80.0	2.3
Talent & Economic Development.....	1,447.0	1,450.0	3.0	0.2
Technology, Management, & Budget.....	2,937.0	3,116.0	179.0	6.1
Transportation.....	2,820.3	2,818.3	(2.0)	(0.1)
Treasury (Operations).....	1,852.5	1,862.5	10.0	0.5
<b>TOTAL POSITIONS.....</b>	<b>53,010.5</b>	<b>53,399.5</b>	<b>389.0</b>	<b>0.7%</b>
<b>Note:</b> Full-Time Equated classified positions include exempt positions in Judiciary.				

Figure 10

# Full-Time Equated Classified Positions FY 2018-19 Initial Appropriations

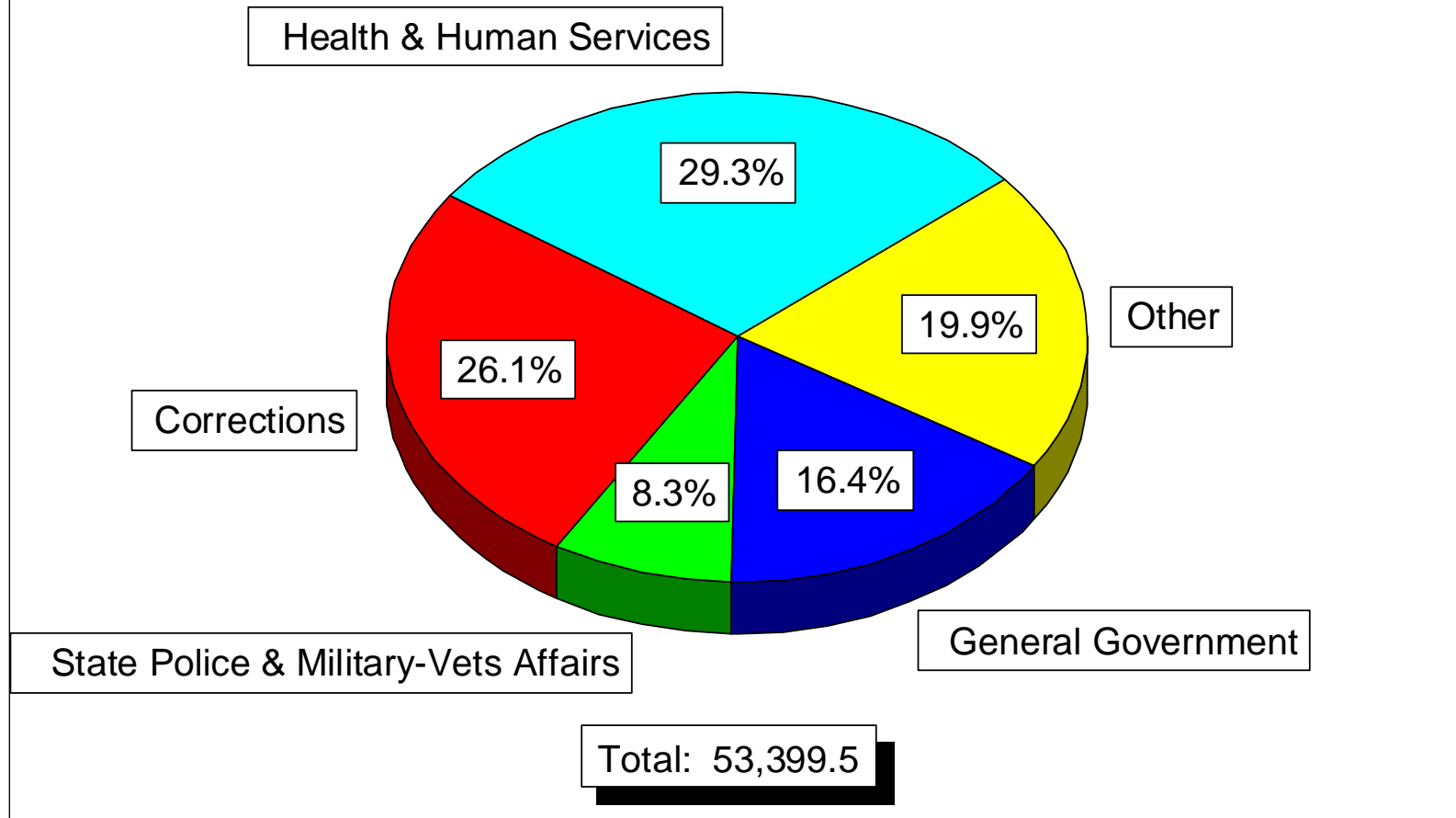
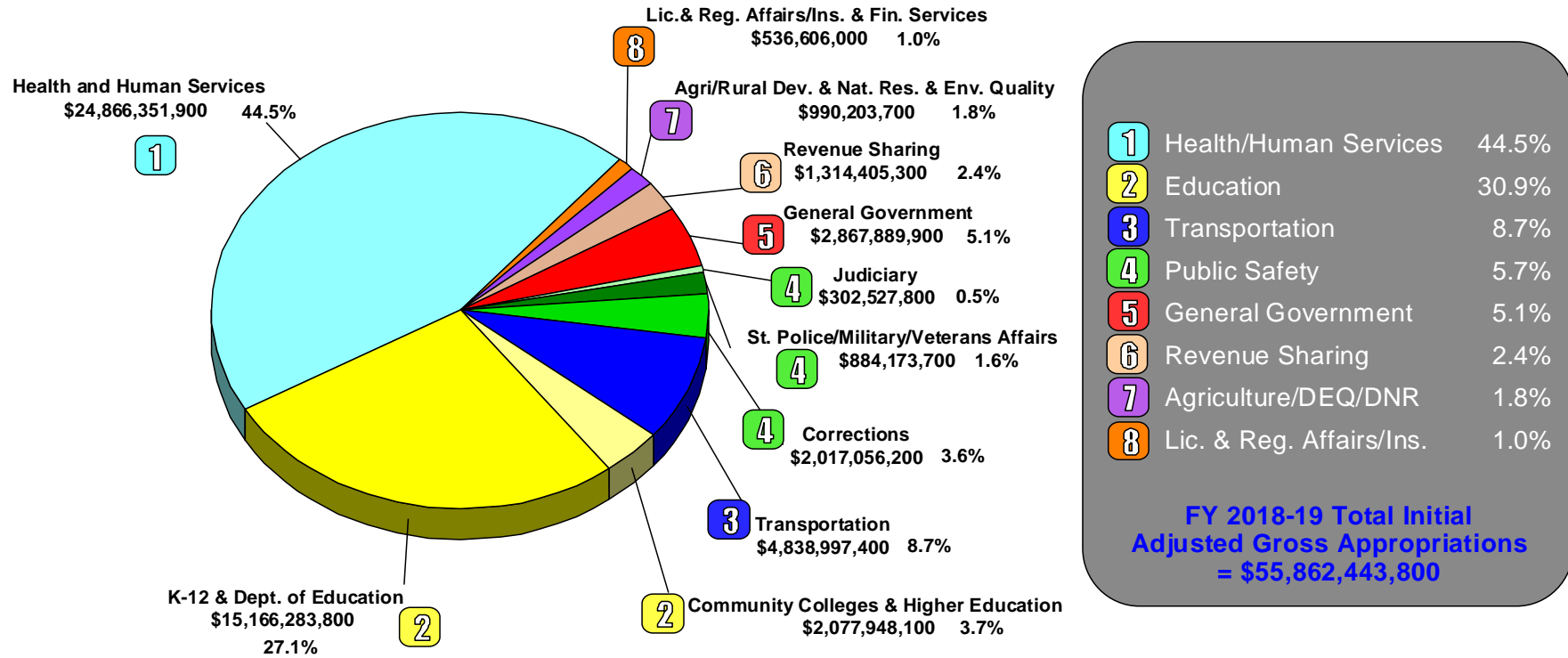


Figure 11

# Where State of Michigan Tax Dollars Are Spent

## Fiscal Year 2018-19 Initial Adjusted Gross Appropriations



Senate Fiscal Agency - October 1, 2018

**Table 7**

<b>TOTAL ACCUMULATED PENSION UNFUNDED LIABILITIES</b>												
<b>Fiscal Year</b>	<b>MPSERS<sup>1)</sup>: BASIC/MIP</b>		<b>MPSERS<sup>1)</sup>: HYBRID</b>		<b>STATE EMPLOYEES</b>		<b>STATE POLICE</b>		<b>JUDGES</b>		<b>LEGISLATIVE</b>	
	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>
1999-2000	\$246,000,000	99.3%	---	---	(\$863,000,000)	109.1%	(\$72,400,000)	107.0%	(\$70,600,000)	134.6%	(\$31,782,000)	125.0%
2000-01	1,375,000,000	96.5	---	---	(755,000,000)	107.6	(75,000,000)	107.0	(66,300,000)	129.5	(29,778,000)	121.0
2001-02	3,575,000,000	91.5	---	---	137,000,000	98.7	(5,600,000)	100.5	(62,500,000)	127.3	(23,300,000)	116.0
2002-03	6,043,000,000	86.5	---	---	1,320,000,000	88.8	47,300,000	96.0	(57,100,000)	124.3	(17,519,000)	112.0
2003-04	7,533,000,000	83.7	---	---	1,855,000,000	84.5	138,100,000	89.0	(50,500,000)	121.3	(9,967,000)	107.0
2004-05	9,995,000,000	79.3	---	---	2,503,000,000	79.8	210,000,000	83.8	(35,000,000)	114.4	(2,806,000)	102.0
2005-06	6,141,000,000	87.5	---	---	1,909,000,000	85.1	181,700,000	86.9	(39,100,000)	116.0	(940,000)	101.0
2006-07	5,771,000,000	88.7	---	---	1,818,000,000	86.2	192,700,000	86.7	(53,900,000)	121.8	(4,437,000)	103.0
2007-08	8,931,000,000	83.6	---	---	2,363,000,000	82.8	230,600,000	84.6	(56,700,000)	123.0	(590,000)	100.0
2008-09	11,982,000,000	78.9	---	---	3,127,000,000	78.0	295,900,000	80.7	(50,70,000)	120.7	5,631,000	97.0
2009-10	17,633,000,000	71.1	---	---	4,078,100,000	72.6	392,300,000	75.4	(32,700,000)	113.0	21,184,000	88.2
2010-11	22,389,000,000	64.7	---	---	5,385,000,000	65.5	489,800,000	69.9	(15,100,000)	106.0	31,907,000	82.0
2011-12	24,266,000,000	61.3	\$6,225,000	82.1%	6,207,100,000	60.3	601,900,000	64.0	3,800,000	98.5	43,550,000	76.0
2012-13	25,796,200,000	59.6	(941,000)	101.4	6,210,100,000	60.3	654,900,000	62.0	12,256,000	95.1	45,978,000	74.6
2013-14	26,478,976,000	59.9	(11,786,000)	110.4	6,211,035,000	61.6	666,583,000	63.0	10,884,000	95.8	56,995,000	70.4
2014-15	26,721,248,000	60.5	(23,000)	100.0	5,820,912,000	64.2	654,205,000	64.7	7,914,000	96.9	58,593,000	69.6
2015-16	29,107,030,000	59.7	(178,000)	100.1	6,078,353,000	64.3	734,929,000	63.4	(2,718,000)	101.1	57,248,000	69.9
2016-17	29,443,848,000	61.4	(5,659,000)	101.6	5,996,765,000	66.5	748,955,000	65.1	1,893,000	99.3	N/A	---

**Notes:** FY 2016-17 Total Accrued Unfunded Liability for pensions (excluding Legislative) equals \$36,185,802,000. Negative numbers in the unfunded liability column represent surplus assets in a retirement system. New hires in the State Employees', Judicial, and Legislative retirement systems no longer are eligible for a defined benefit pension, and instead are part of a defined contribution (401k) retirement plan. New hires in MPSERS have a choice between a hybrid (DB and DC) plan or a straight DC plan. New hires in State Police are in a hybrid (DB and DC) plan. The hybrid plans are called "Pension Plus".

- 1) Michigan Public School Employees Retirement System (MPSERS)- Basic and Member Investment Plan (MIP): pension plan closed to new hires since July 1, 2010; and Hybrid: pension plan open to new hires since July 1, 2010.
- 2) Beginning in FY 2011-12, the State Police Retirement System includes both Hybrid and Non-hybrid members. Data shown here reflect the combined UAAL and funded ratios across both types of payroll.

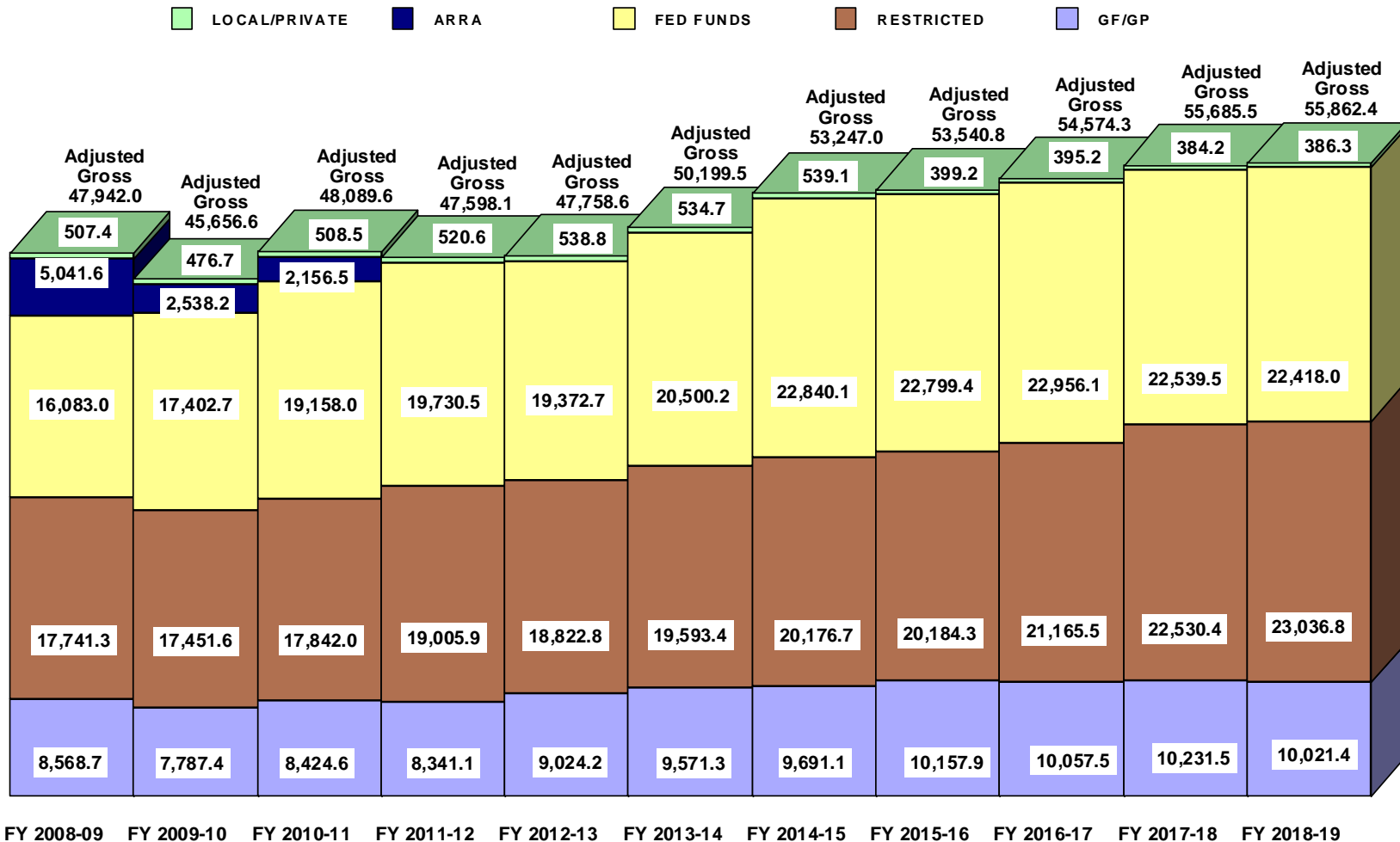
<b>TOTAL ACCUMULATED HEALTH UNFUNDED LIABILITIES</b>											
<b>Fiscal Year</b>	<b>MPSERS</b>		<b>STATE EMPLOYEES</b>		<b>STATE POLICE</b>		<b>JUDGES</b>		<b>LEGISLATIVE</b>		
	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Liability</b>	<b>Funded Ratio</b>	
2005-06	\$24,757,000,000	2.5%	\$13,499,000,000	0.0%	\$944,400,000	0.0%	\$6,400,000	0.0%			
2006-07	24,957,000,000	3.0	12,966,000,000	0.0	918,100,000	0.0	6,600,000	0.0			
2007-08	25,979,000,000	3.1	13,542,000,000	0.0	963,000,000	0.0	6,700,000	0.0	\$118,309,000	11.0%	
2008-09	27,582,000,000	2.5	12,618,000,000	0.0	882,300,000	0.0	6,600,000	0.0	122,282,000	11.0	
2009-10	27,627,200,000	3.5	14,666,400,000	0.0	1,055,900,000	0.0	7,400,000	0.0	139,373,000	10.2	
2010-11	25,890,000,000	4.3	14,251,000,000	0.0	994,700,000	0.0	7,900,000	0.0	125,000,000	10.8	
2011-12	21,780,200,000	5.8	8,412,600,000	3.9	1,002,000,000	3.3	8,510,000	0.0	124,336,700	14.3	
2012-13	12,493,400,000	14.0	7,535,700,000	8.1	550,726,000	8.7	7,656,000	0.0	130,860,200	14.8	
2013-14	11,179,666,000	21.1	7,690,968,000	12.1	559,689,000	12.2	8,665,000	0.0	134,943,600	14.9	
2014-15	9,301,854,000	27.5	7,696,604,000	14.5	580,817,000	14.0	9,126,000	0.0	152,724,200	12.5	
2015-16	9,497,337,000	31.1	8,395,101,000	16.0	636,743,000	15.5	8,900,000	10.4	161,283,000	12.5	
2016-17	8,409,926,000	38.1	7,548,197,000	21.3	576,358,000	20.7	6,467,000	13.7	N/A	---	

**Notes:** FY 2016-17 Total Accrued Unfunded Liability for retiree health care (excluding Legislative) equals \$16,540,948,000. The State Employees Retirement System began prefunding retiree health care in FY 2011-12 and MPSERS and State Police began prefunding in FY 2012-13. However, new hires (since January 1, 2012 for State employees, June 10, 2012 for State Police, September 4, 2012 for MPSERS, and January 1, 2013 for Legislative) are no longer eligible for retiree health care premium coverage. Instead, these groups, except for legislators, receive matching 401k contributions that could be used to pay for costs related to retiree health care, which accumulate in a personal healthcare fund. Legislators not vested by January 1, 2013, have neither retiree health premium coverage nor a personal healthcare fund.



Figure 12

## State Of Michigan Appropriations by Fund Source Year-To-Date (Millions of Dollars)



FY 2008-09 FY 2009-10 FY 2010-11 FY 2011-12 FY 2012-13 FY 2013-14 FY 2014-15 FY 2015-16 FY 2016-17 FY 2017-18 FY 2018-19

Notes: Adjusted Gross = Total appropriations for all departments. State Resources = State restricted + GF/GP appropriations. Initial Approps.  
Does not include GF/GP BSF appropriations of \$362.7 million (FY 2011-12), \$140 million (FY 2012-13), \$75 million (FY 2013-14), \$94 million (FY 2014-15),  
\$95 million (FY 2015-16), \$75 million (FY 2016-17), and \$265 million (FY 2017-18), or \$230 million in FY 2013-14 for Roads and Risks Reserve Fund.

Senate Fiscal Agency, October 1, 2018

**Table 8**

<b>STATE APPROPRIATIONS FROM ALL SOURCES: HOW MUCH IS DISCRETIONARY? (actual dollars)</b>	
<b>FY 2018-19 Initial Adjusted Gross Appropriation .....</b>	<b>\$55,862,443,800</b>
<u>Constitutional/Statutory Earmarking Requirements:</u>	
School Aid Fund (50% Constitutional) .....	(\$13,916,801,700)
Transportation (87% Constitutional).....	(3,169,293,700)
Regulatory Restricted Revenue (Statutory) .....	(1,276,842,500)
Constitutional Revenue Sharing.....	(835,333,800)
Federal Funding Requirement .....	(22,417,975,000)
Local and Private Revenue .....	(386,253,200)
Debt Service Payments (GF/GP) .....	(365,550,600)
Caseload/Inmate Driven.....	(8,241,714,700)
<b>Estimated Balance for Discretionary Spending .....</b>	<b>\$5,252,678,600</b>
<u>Estimated Balance for Discretionary Spending Includes:</u>	
GF/GP Funding for Community Colleges and Higher Education.....	\$1,046,017,900
Nonconstitutional State Revenue Sharing Funding .....	479,071,500
State Restricted and GF/GP Funding for State Police .....	608,151,500
Medicaid Programs-includes GME and MIChoice waiver.....	400,000,000
Non-Medicaid Programs-includes CMH, Local Public Health, Aging .....	320,000,000
GF/GP Funding for K-12 School Aid-includes Foundation Allowance .....	32,227,400
GF/GP Funding for Judiciary.....	196,079,500
State Restricted and GF/GP Funding for Department of State.....	225,152,700
State Restricted Revenue for Various State Departments .....	491,644,200
GF/GP Funding for: Agriculture; Attorney General; Civil Rights; Education; Environmental Quality; Executive; Insurance & Financial Services; Legislature; Licensing & Regulatory Affairs; Military & Veterans Affairs; Natural Resources; Talent & Economic Development; Technology, Management, & Budget; and Treasury .....	1,454,333,900
<b>Estimated Discretionary Spending.....</b>	<b>\$5,252,678,600</b>

## Potential FY 2019-20 State Budget Pressures

- Decrease in traditional Medicaid Federal match rate from 64.45% to 64.06% (~\$40 million)
- Increase in expansion (Healthy Michigan Plan) Medicaid State match rate from 6.75% to 9.25% (~\$80 million)
- Phased-in expiration of enhanced MI-Child Federal match rate (~\$33 million)
- Hepatitis C and other pharmaceutical costs in Corrections and Health and Human Services
- Medicaid psychiatric disproportionate share hospital disallowance (~\$195 million, repayment likely over 3 years)
- Other caseload and cost adjustments for Corrections and Health and Human Services ( + and - )
- Venture Michigan Fund II tax voucher liability (~\$250 million)
- Remediation of environmental contamination
- Implementation of Indigent Defense Commission standards

## Potential Longer Term State Budget Pressures

- Transportation infrastructure earmarks (~\$531 million in FY 2019-20, growing to ~\$814 million in FY 2021-22)
- Phase-in of Personal Property Tax reform (\$465.9 million in FY 2019-20, growing to \$572.6 million in FY 2027-28)
- MEGA and other certificated tax credits (~\$500 - \$600 million annually until 2028, then declining, and ending in 2032)
- Local units of government financial and infrastructure issues (e.g. Flint water, Detroit schools, pension systems)
- Uncertainty regarding Federal budget policy
- Uncertainty regarding the national and State economies