

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
ELIMINATION OF EARMARKS					
DELEG	Michigan Rehabilitation Services Baseball Field: Remove informal \$250,000 GF allocation (Rep. Corriveau) to Michigan Rehabilitation Services for the construction of a baseball field for the disabled in Pontiac.	(\$250.0)	(\$250.0)	(100%)	There is no specific part 1 or boilerplate earmark, but the funding is prioritized for the stated purpose.
DCH	Arthur Hill and Mumford high school adolescent health clinics	(\$600.0)	(\$203.2)	(100%)	
DCH	Colon Disease project at Henry Ford Hospital	(\$125.0)	(\$125.0)	(100%)	Included in Family and Maternal Child Health Special Projects line item
DCH	Aging Community Services for Tribal Elders	(\$120.0)	(\$120.0)	(100%)	Included in Office of Services to the Aging Community services line item
DCH	Beaver, Drummond and Mackinac Island clinics	(\$100.0)	(\$100.0)	(100%)	Included in Primary Care Services line item
DCH	Saginaw Special Needs Vision Clinic	(\$50.0)	(\$50.0)	(100%)	Included in Family and Maternal Child Health Special Projects line item
DCH	Bay City Helen M. Nickless Volunteer Clinic	(\$75.0)	(\$75.0)	(100%)	Included in Primary Care Services line item
DCH	Detroit / Saginaw Traumatic Brain Injury pilot programs	(\$200.0)	(\$100.0)	(100%)	Included in Injury Control Prevention Project line item
					Funding allocations to the following groups/agencies: ACCESS, Arab Chaldean Council, Chaldean Chamber Foundation, Chinese/Asian, Hispanic, Jewish Federation, Native American, and Vietnam Veterans. Enacted FY 11 included a \$50,000 increase for Chaldean Chamber Foundation. Funding to several of the same organizations for multicultural services also appropriated in DHS.
DCH	Mental Health for Special Populations (former Multicultural Services)	(\$6,873.8)	(\$6,873.8)	(100%)	
DCH	Salvation Army Harbor Lights and Odyssey House Substance Abuse Allocations	(\$4,200.0)	(\$1,100.0)	(100%)	Allocation outside of regular substance abuse distribution formula. The substance abuse line received a reduction that will impact this amount.

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DOC	Eliminate IDG to legislative corrections ombudsman	(\$250.0)	(\$250.0)	(100%)	This should not be funded from the Executive branch.
DOC	Eliminate IDG to judiciary for drug courts	(\$1,000.0)	(\$1,000.0)	(100%)	This should not be funded from the Executive branch.
Hi Ed	Saginaw Chippewa Tribal College	(\$29.7)	(\$29.7)	(100%)	North American Indian Tuition Waiver funding flowing though Central Michigan University
Hi Ed	Bay Mills Community College	(\$100.0)	(\$100.0)	(100%)	North American Indian Tuition Waiver funding flowing though Lake Superior State University
Hi Ed	Michigan Future Farmers of America Assoc.	(\$80.0)	(\$80.0)	(100%)	Earmarked from Michigan State University funding
DHS	Eliminate funding for client service and outreach programs through multicultural organizations	(\$1,815.5)	(\$1,815.5)	(100%)	GF savings includes TANF funding. Additional funding contained in the DCH budget.
DHS	Eliminate funding for Michigan 2-1-1 information hotline	(\$550.0)	(\$550.0)	(100%)	Funding increased by \$50,000 in FY11.
DHS	Eliminate funding for Conductive Learning Center at Aquinas College	(\$300.0)	(\$300.0)	(100%)	New funding added in FY11.
DHS	Eliminate funding for coordination of law enforcement information network with Bridges	(\$300.0)	(\$300.0)	(100%)	New funding added in FY11.
DHS	Eliminate funding for contract with University of Detroit-Mercy for legal services	(\$200.0)	(\$200.0)	(100%)	Services include legal assistance for individuals applying for federal disability benefits.
DHS	Eliminate funding for Youthville Center in Detroit, serving at-risk youth	(\$100.0)	(\$100.0)	(100%)	New funding added in FY11.
DHS	Eliminate funding for food assistance outreach	(\$100.0)	(\$100.0)	(100%)	Funding used to support food assistance hotline and other food bank outreach activities.
Treasury	John R. Justice program	(\$282.1)	\$0.0	(100%)	Created as a work project with a completion date of 9/30/12.
	SUBTOTAL - EARMARKS	(\$17,701.1)	(\$13,822.2)		

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ELIMINATION OF GRANTS					
Com. Col.	Eliminate At-Risk Student Success	(\$3,322.7)	(\$3,322.7)	(100%)	Funds programs to assist academically at-risk students.
Education	Eliminate State Aid to Libraries	(\$9,441.0)	(\$5,750.0)	(100%)	Elimination of state aid to libraries would result in the loss of \$5.6 million in federal funds, which are used to support the Michigan eLibrary and Michigan eLibrary Catalog.
DELEG	Fire Protection Grants: Eliminate grants that support local units of governments that provide fire protection services for state-owned buildings. Elimination saves \$2.4 million in liquor purchase revolving funds, which lapses to GF, and \$8.5 million in driver responsibility fees, which could be redirected to GF through legislative change.	(\$10,910.5)	(\$10,910.5)	(100%)	Statutory change necessary to Motor Vehicle Code, which reserves up to \$8.5 million in driver responsibility fee revenue for fire protection grants. (This reduction is treated as GF/GP for purposes of this analysis).
DELEG	Liquor Law Enforcement Grants: Eliminate \$6.6 million in liquor license fee grants that support local police enforcement of state liquor laws; redirect liquor license fees to support Liquor Control Commission operations and free-up like amount of liquor purchase revolving funds, which lapse to GF.	(\$6,600.0)	(\$6,600.0)	(100%)	Statutory change necessary to Michigan Liquor Control Code.
DELEG	Vocational Rehabilitation / Centers for Independent Living: Eliminate grants (administered by Michigan Rehabilitation Services) that support locally-operated vocational rehabilitation centers and 12 Centers for Independent Living.	(\$62,895.3)	(\$3,787.1)	(100%)	Impacts disabled community and local community vocational rehabilitation centers and Centers for Independent Living. Gross reduction includes loss of federal funds from elimination of state match.
DELEG	Subregional Libraries State Aid: Eliminate grants that support 12 subregional libraries for services provided to the blind and physically disabled.	(\$451.8)	(\$451.8)	(100%)	Impacts 21.3% match for federal Title I.

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Hi Ed	King-Chavez-Parks competitive grants	(\$2,691.5)	(\$2,691.5)	(100%)	Programs purpose is to increase minority participation in higher education
DHS	Eliminate funding for before and after school programs	(\$3,000.0)	(\$3,000.0)	(100%)	GF savings includes TANF funding.
DHS	Eliminate funding for state food banks and food distribution	(\$1,345.0)	(\$1,345.0)	(100%)	GF savings includes TANF funding.
DMVA	Eliminate Veterans Service Organization funding	(\$3,029.6)	(\$3,029.6)	(100%)	\$1 million reduction in FY 2010
MSP	Eliminate MSP's portion of auto theft prevention grants	(\$1,413.5)	(\$386.5)	(100%)	The restricted funding would be reallocated to other entities that receive grants from the Auto Theft Prevention Authority.
MSP	Eliminate Secondary Road Patrol grants	(\$14,037.0)	\$0.0	(100%)	A statute change would be required. Funding could be designated toward any other MSP program. The fund is part of the Justice System Fund.
MSF	Arts & Cultural Program	(\$2,567.4)	(\$1,417.4)	(100%)	Amounts reflect complete elimination.
Treasury	Revenue Sharing - Cities, Villages, Townships	(\$292,300.0)	(\$292,300.0)	(100%)	Constitutional payments would remain. This reduction is treated as GF/GP for purposes of this analysis.
Treasury	Revenue Sharing - Counties	(\$152,000.0)	(\$152,000.0)	(100%)	Savings grow in subsequent years. This reduction is treated as GF/GP for purposes of this analysis.
Treasury	Senior Citizens Cooperative Housing Tax Exemption Program	(\$14,520.0)	(\$14,520.0)	(100%)	Legislation change would be required. Program makes payment in December with payment in FY11 of \$12 million required. Current appropriation is \$14.5 million.
	SUBTOTAL - GRANTS	(\$580,525.3)	(\$501,512.1)		

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DELIVERY SYSTEM CHANGES					
Agriculture	Eliminate general fund support for Livestock Depredation Program. Transfer function (negotiation of compensation with livestock owner) to the Michigan Department of Natural Resources and Environment (MDNRE).	(\$40.0)	(\$40.0)	(100%)	Livestock producer services (investigation, verification, and compensation) provided at large by MDNRE.
Agriculture	Transfer several Pesticide and Plant Pest Management programs to Michigan Department of Natural Resources and Environment and consolidate within various MDNRE divisions. Exploring moving to fee based programs to offset general fund.	(\$5,126.9)	(\$2,850.8)	(0%)	Duplicative or very similar to those provided by MDNRE.
Agriculture	Transfer leadership of Michigan Agriculture Environmental Assurance Program for farmers to the Michigan State University Agricultural Experiment Station. Personnel adjustment of (5.0) FTEs.	(\$262.0)	(\$262.0)	(100%)	Included in the Executive Recommendation but the FY11 budget partially restores funding.
DCH	Privatize state psychiatric hospitals	TBD	TBD		Analysis yet to be completed. Total general fund spending in state psychiatric and forensic facilities is nearly \$190 million. Potential annual budget savings could be \$0 to \$5 million.
DCH	Contract with outside firms to do functions within state psychiatric hospitals	TBD	TBD		Billing systems, workers, cleaning, food preparation. Potential annual budget savings could be \$0 to \$5 million. However, long term cost avoidance may be achieved.
DOC	Reinstate Good Time Credits and Community Residential Programs	(\$129,470.3)	(\$129,470.3)	(8%)	See detailed write-up. Savings level shown is the same as the amount used in the FY11 Executive Recommendation. Would save roughly 8% of all facility operations costs.

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DOC	Privatize an 1,600-1,900 bed Minimum or Medium Security Prison	(\$4,300.0)	(\$4,300.0)	(10%)	See detailed write-up. Savings level based on rough estimate at 10% savings of a single facility. A threshold of 5% minimum savings is required to outsource.
DHS	Increase use of Outstationed Eligibility workers (Donated funds positions) for Hospital, Mental Health and Nursing Home	TBD	TBD	TBD	\$0 - \$5.0 M
DHS	Change eligibility determination system to privatize components and/or shift responsibility to local units of government	TBD	TBD	TBD	\$0 - \$5.0 M 1. Privatize Medicaid only 2. Privatize ALL Eligibility functions 3. Shift Child Support Specialists functions to FOCs 4. Shift Adult Community Placements to Area Agencies on Aging
DHS	In-source foster care and adoption services from private child placing agencies to the state	TBD	TBD	TBD	\$5.0 - \$20.0 M High level analyses indicate a savings from reversing the 2011 budgeted transfer of 2,600 foster care cases to private agencies; it is unclear how large the savings would be from reversing private agency management of adoption cases.
Hi Ed	Consolidate all state student financial aid into a single program	TBD	TBD		1% = \$883.2
Hi Ed	Privatize University of Michigan over 5 years	(\$63,250.9)	(\$63,250.9)	(20%)	
DMVA, DOC, DCH	Resident care aides privatization	(\$15,300.0)	(\$15,300.0)		See 10/13/2010 memo to Jacques

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State	Mandate transactions to Web and Mail	(\$600.0)	(\$600.0)	(50%)	Web transactions cost \$2.28 and mail transactions cost \$1.55 to process. Branch transactions cost \$5.47 to complete. If certain transactions were mandated to the Web or mail, substantial savings could be achieved. The drawback is most savings would be achieved in restricted funds not general fund. The department would likely spread the savings throughout other programs, but the amount can be achieved.
MSP	Locals provide road patrol in lieu of MSP troopers	(\$30,000.0)	(\$25,500.0)	(22%)	Gross amount is based on FY10 analysis, which is high due to more troopers being on the payroll in FY10. Also assumes 85% of gross savings are GF/GP since FY10 analysis was not fund sourced. Approximately \$93.1 million GF/GP and \$139.2 million in gross funding support At-Post Troopers. There is the option to eliminate the program and provide locals funding through revenue sharing to provide for local police officers. There are 100 troopers required by statute. (Item is also listed as "Reduce At-Post Troopers" under "Other Program Reductions")
SUBTOTAL - DELIVERY SYSTEMS		(\$248,350.1)	(\$241,574.0)		

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ELIMINATE PROGRAMS AND/OR FUNCTIONS					
Agriculture	Eliminate \$100 placeholder for Local Conservation Districts.	(\$0.1)	(\$0.1)	(100%)	Placeholder included by legislature in FY11.
Atty. Gen'l	Elimination of Prosecuting Attorneys Coordinating Council	(\$2,032.1)	(\$1,232.1)	(100%)	Has been mentioned before, though it seems like an appropriate function of AG.
DCH	Optional - Medicaid personal care services	(\$14,000.0)	(\$4,740.4)	(100%)	Payment of approx \$200/month is paid directly to providers of Adult Foster Care Home or Home for the Aged services and is intended to fund assistance with personal activities of daily living. Higher costs above the savings identified could be incurred in the fee-for-service program if this service was eliminated since eligibles may utilize more expensive benefits, such as physician and nursing facility services.
DCH	Optional - Medicaid adult home help	(\$293,121.3)	(\$99,250.9)	(100%)	In-home assistance with activities of daily living. Paid at an hourly rate. Higher costs above the savings identified could be incurred in the fee-for service program if this service was eliminated since eligibles may utilize more expensive benefits, such as physician and nursing facility services.
DCH	Optional - Medicaid home and community based services	(\$205,940.5)	(\$65,901.5)	(100%)	In-home services for individuals that qualify for nursing home services. Higher costs could be incurred in the fee-for-service program if this service was eliminated since eligibles may utilize more expensive benefits, such as physician and nursing facility services.

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DCH	Optional - Medicaid Program of All-inclusive Care for the Elderly (PACE)	(\$23,600.0)	(\$7,991.0)	(100%)	Provides managed care medical services to elderly eligibles at capitated rates. This program is also financed with capitated rates from Medicare, further controlling state Medicaid costs. Higher costs above the savings identified could be incurred in the fee-for-service program if this service was eliminated since eligibles may utilize more expensive benefits, such as physician and nursing facility services.
DCH	Optional - Medicaid hospice services	(\$115,000.0)	(\$38,939.0)	(100%)	Health services to terminally ill Medicaid eligible individuals. Higher costs above the savings identified could be incurred in the fee-for-service program if this service was eliminated since eligibles may utilize more expensive benefits, such as physician and nursing facility services.
DCH	Optional - Medicaid pharmaceutical services	(\$401,414.6)	(\$116,695.8)	(100%)	Pharmaceutical medications are currently provided to Medicaid eligible individuals. Higher costs above the savings identified could be incurred in the fee-for service and managed care programs if this service was eliminated since eligibles may utilize more expensive benefits, such as hospital services. Furthermore, all states provide a Medicaid pharmaceutical benefit. Amount identified does not include health plan pharmaceutical costs yet to be determined.
DCH	Optional - Medicaid mental health and substance abuse services	(\$2,060,690.4)	(\$548,028.8)	(100%)	Though mental health / substance abuse is an optional category of services, such a cost shift, would eliminate ability to leverage federal dollars to provide services. Impact of federal mental health parity requirements on the state if program eliminated yet to be determined.

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DCH	Optional - Medicaid adult dental benefit	(\$19,600.0)	(\$6,636.6)	(100%)	Eliminated in FY09, restored in FY11. Higher costs above the savings identified could be incurred in the fee-for-service and managed care programs if this service was eliminated since eligibles may utilize more expensive benefits, such as hospital service
DCH	Optional - Medicaid adult podiatric benefit	(\$1,200.0)	(\$406.3)	(100%)	Eliminated in FY09, restored in FY11. Higher costs above the savings identified could be incurred in the fee-for-service and managed care programs if this service was eliminated since eligibles may utilize more expensive benefits, such as hospital services.
DCH	Optional - Medicaid partial adult optical services restoration	(\$2,000.0)	(\$677.2)	(100%)	Eliminated in FY09, partially restored in FY11. Higher costs above the savings identified could be incurred in the fee-for-service and managed care programs if this service was eliminated since eligibles may utilize more expensive benefits, such as hospital services.
DCH	Title V-only non-emergency transportation for Children's Special Health Care Services	(\$1,200.0)	(\$1,200.0)	(100%)	Eliminated in FY10, restored in FY11.
DCH	Title V-only human growth hormone therapy for Children's Special Health Care Services	(\$2,000.0)	(\$2,000.0)	(100%)	Currently provided to 118 beneficiaries, used primarily to treat pituitary conditions.
DCH	Title V-only coverage for adults (over 21) with hemophilia or cystic fibrosis in Children's Special Health Care Services	(\$16,400.0)	(\$16,400.0)	(100%)	Eliminate health care coverage for approx. 238 hemophiliacs and 167 adults with cystic fibrosis.

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DCH	Eliminate Bronson Hospital Primary Care Disproportionate Share Hospital payment	(\$2,025.0)	(\$692.7)	(100%)	This special Disproportionate Share Hospital (DSH) payment to Bronson Methodist Hospital supports primary care services provided by ACCESS, Arab American Chaldean, the Center for Family Health, Cherry Street Health Services, Community Health and Social Services (CHSS), Hamilton Family Health Center and North Oakland Medical Center.
DCH	Eliminate Background Check program	(\$2,705.4)	(\$2,162.5)	(100%)	Program mandated by state law for certain long term care facilities.
DCH	Mental Health Protection and Advocacy Services Support	(\$194.0)	(\$194.0)	(100%)	Function mandated by state law.
DCH	Family Support Subsidy (TANF)	(\$19,470.5)	\$0.0	(100%)	TANF funded program - This need-based program helps maintain children with severe cognitive impairments in their homes. A monthly payment of \$222.11 is provided for just under 7,000 cases. Program participation is limited to families with annual incomes at or below \$60,000.
DCH	Mental Health Housing and Support Services	(\$9,306.8)	(\$705.6)	(100%)	GF/GP matches federal funds. These grants provide housing assistance services to low-income persons with mental illness.
DCH	Mental Health State Disability Assistance	(\$2,243.1)	(\$2,243.1)	(100%)	Program provides room and board for persons who are disabled, but do not qualify for Social Security and who are residing in a residential facility. Most of the funds are distributed to local units of government.
Education	Repeal education reform legislation	(\$8,977.8)	(\$3,914.1)	(100%)	Elimination of these new activities would allow the state to avoid significant Headlee mandates that have yet to be funded.
Education	Eliminate funding for the Library of Michigan	(\$3,879.2)	(\$3,879.2)	(100%)	Eliminate all staff and make collections inaccessible to the public.

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DELEG	Disability Concerns Commission: Eliminate commission that promotes the employment of persons with disabilities.	(\$1,190.5)	(\$412.2)	(100%)	Results in the layoff of 7.0 FTE positions. Program elimination impacts disabled community.
DELEG	Hispanic / Latino Commission: Eliminate commission that advocates for policies that assist Spanish-speaking citizens with education, employment, civil rights, health and housing.	(\$267.3)	(\$267.3)	(100%)	Results in layoff of 2.0 FTE positions. Program elimination impacts Hispanic / Latino community.
DELEG	Michigan Rehabilitation Services: Eliminate program that helps disabled individuals achieve employment and self-sufficiency.	(\$73,641.4)	(\$7,879.7)	(100%)	Results in layoff of 513.5 FTE positions. Michigan would be the only state without a state rehabilitation office. Program elimination impacts disabled community and would result in closure of Michigan Career and Technical Institute in Plainwell. Gross reduction amount includes loss of federal funds from elimination of state match. General Fund elimination includes \$250,000 allocation for baseball field for the disabled (listed separately above).
DELEG	Commission for the Blind: Eliminate program that helps blind individuals achieve employment and self-sufficiency.	(\$26,819.7)	(\$5,301.3)	(100%)	Results in layoff of 107.0 FTE positions. Program elimination impacts blind / disabled community and results in closure of Kalamazoo training center and eight regional offices. Gross reduction amount includes loss of federal funds from elimination of state match.
Hi Ed	King-Chavez-Parks funding included in each university's operations funding	(\$2,494.8)	(\$2,494.8)	(100%)	Programs purpose is to increase minority participation in higher education
Hi Ed	Tuition Incentive Program (TIP) phase II funding for junior and senior college years	(\$1,247.0)	(\$1,247.0)	(100%)	Provides up to \$500 per semester
DHS	Eliminate state disability assistance program.	(\$34,765.0)	(\$22,486.7)	(100%)	Would impact over 10,700 individuals with qualifying disabilities; average monthly grant: \$269

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DHS	Eliminate annual clothing allowance for children on FIP (Family Independence Program)	(\$12,751.5)	(\$12,751.5)	(100%)	Current clothing allowance is about \$84 per child; the benefit is paid out in August each year. In past years, it has been as low as \$45 per child.
DHS	Eliminate funding for state contracts with homeless shelters	(\$11,646.7)	(\$6,988.0)	(100%)	Would eliminate state support for homeless shelters statewide
DHS	Eliminate payments for indigent burial	(\$4,209.2)	(\$3,778.4)	(100%)	Requires change to Social Welfare Act
DMVA	Close Jacobetti Veterans Home	(\$8,400.0)	(\$2,500.0)	(50%)	Unlikely to gain support. Some of the displaced veterans could be accommodated at Grand Rapids.
DMVA	Special Maintenance - State	(\$651.2)	(\$651.2)	(100%)	Eliminated in FY11 Executive Recommendation; Restored by the Legislature.
DNRE	Turn back the NPDES (National Pollutant Discharge Elimination System) and Storm Water program to the EPA	(\$11,686.5)	(\$2,248.5)	(100%)	DNRE has authority to implement the federal programs which are mandated by the Clean Water Act. This program addresses industrial, construction, and municipal sources of discharges that adversely affect the quality of surface water.
MSF	Jobs for Michigan program - 21st century jobs fund	(\$75,000.0)	(\$75,000.0)	(100%)	Reduce all or part of grants and loans for business development for fund shift to general fund. (This reduction is treated as GF/GP for purposes of this analysis).
MSP	Eliminate the Public Safety Officers Benefit Program that provides benefits to families of police officers or firefighters killed in the line of duty	(\$149.6)	(\$149.6)	(100%)	Statutory program that if eliminated would require a statute change.
MSP	Eliminate Capitol Security Guards (7.0 FTEs)	(\$642.9)	(\$642.9)	(100%)	
MSP	Eliminate the Aviation program	(\$1,495.0)	(\$1,443.2)	(100%)	
MSP	Eliminate Operational Support (canine unit, underwater recovery, etc.)	(\$6,912.2)	(\$6,537.1)	(100%)	
MSP	Eliminate multi-jurisdictional task forces	(\$8,756.4)	(\$2,212.5)	(100%)	
MSP	Eliminate fire investigations	(\$1,679.7)	(\$1,679.7)	(100%)	

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DTMB	Elimination of Children's Ombudsman	(\$1,430.0)	(\$1,430.0)	(100%)	Mentioned before, DHS has indicated in the past they could survive without it. Will be politically controversial.
Treasury	Swamp and Tax Reverted Lands and Commercial Forest Reserve	(\$8,570.4)	(\$8,570.4)	(100%)	Amounts reflect complete elimination. There are obvious fiscal, political and statutory considerations associated with ending the distribution of these funds, which affect Upper Peninsula counties and Wayne, Oakland and Macomb.
	SUBTOTAL - PROGRAMS / FUNCTIONS	(\$3,501,407.8)	(\$1,090,562.9)		

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SIGNIFICANT POLICY CHANGES					
DCH	Implement a more stringent level of care determination to limit provision of adult home help (AHH) services (example: limit AHH to only those who are nursing home eligible)	TBD	TBD		Policy change. Currently over 40,000 Adult Home Health workers provide home help services to approximately 53,700 Medicaid aged, blind, and disabled persons in Michigan. Potential savings could be \$0 to \$5 million.
DCH	Implement managed care for long term care services.	TBD	TBD		Policy change. Arizona, Texas, New York, Wisconsin, and Minnesota are some of the states with a managed care model in place for long term care. Potential savings could be more than \$20 million.
DCH	Medicare / Medicaid dual enrollment in HMOs	TBD	TBD		Policy change. Could expand PACE (Program for All-inclusive Care for the Elderly). Arizona, Wisconsin, and Texas all have duals included in their long term care-managed care arrangements. Potential savings could be more than \$20 million.
DCH	Implement early adopter of federal health care reform Medicaid expansion and target GF savings amount	TBD	TBD		This proposal would be a policy change prior to 2014 to end Adult Benefit Waiver and expand Medicaid coverage to childless adults at 35% of the Federal Poverty Level, covering 125,000 adults. Approximately \$500 million gross program, financed with additional hospital provider tax, non-Medicaid Community Mental Health funding and county health program contributions to match federal funds. Target a GF savings amount in financing structure. Potential savings could be between \$5 and \$20 million.

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DCH	Allow behavioral health drugs on preferred drug list	(\$18,700.0)	(\$6,331.8)		Statutory change. While this was passed as part of an FY10 Executive Order, the statute change was never proposed.
DCH	Repeal drug manufacturer immunity	(\$1,300.0)	(\$440.2)		Statutory change.
DCH	Health homes for Medicaid beneficiaries with chronic illnesses per the Patient Protection & Affordable Care Act (PPACA)	TBD	TBD		States would receive a 90/10 match for the first 2 years to create these organizations to help manage care. The state could then recognize a savings from managing these Medicaid eligibles due to anticipated decrease in utilization. Potential savings could be between \$5 and \$20 million.
DCH	Fee for service payment reforms per the Patient Protection & Affordable Care Act (PPACA)	TBD	TBD		Includes bundled payments to hospitals, value based purchasing for all of fee-for-service, and accountable care organizations. Potential savings is \$5 million to \$20 million.
DCH	Continue policy of transitioning Medicaid eligible individuals from nursing facilities to lower cost community settings	TBD	TBD		Instead of receiving services in high-cost nursing facilities, some individuals can receive lower-cost home and community based services in the community. Potential savings could be between \$0 and \$5 million.
DCH	Continue efforts to move patients from psychiatric hospitals / centers into community settings	TBD	TBD		Explore potential to close additional psychiatric hospitals / centers. If policy to allow money to follow the person to the community is maintained, \$0 to \$5 million in annual long term general fund savings related to avoiding future economic costs may be recognized.
DCH	Continue efforts to maximize use of federal funding to support mental health and substance abuse	TBD	TBD		Explore increasing the Hospital Rate Adjustment (HRA), review waiver options, etc. Potential savings could be between \$5 million to \$20 million.
DHS	Family Independence Program - Time limits (Lifetime limit of 60 months or 5 years).	TBD	TBD	TBD	One time savings of more than \$20.0 M; on-going savings of \$5.0 - \$20.0 M

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
DHS	Count 33.3% of federal Social Security benefits for Family Independence Program eligibility; reduce Family Independence Program benefits.	(\$16,143.5)	(\$16,143.5)	(10%)	Families receiving Family Independence Program benefits currently do not have to count the Social Security benefits in determining eligibility and benefits; this policy change would reduce Family Independence Program benefits for a family of 3 by approximately 10% (grant for family of 3 is \$492; Social Security per person is \$674).
DHS	Renegotiate Children's Rights Settlement Agreement	TBD	TBD	TBD	\$0 - \$5.0 M; Settlement renegotiation will likely require returning to court, as the settlement monitors and plaintiffs are very committed to existing settlement.
	SUBTOTAL - SIGNIF. POLICY CHANGES	(\$36,143.5)	(\$22,915.5)		

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr. current law	Comments/Discussion
		Gross	GF/GP		
PROVIDER RATE REDUCTIONS					
DCH	Set adult home help wage at minimum wage and eliminate FY10 Adult Home Health wage worker increase	(\$20,000.0)	(\$6,772.0)	(7%)	Michigan's minimum wage is \$7.40/hr. In FY08, wage was increased from \$7.15 to \$7.40 to recognize minimum wage. In FY08, it was also given a discretionary increase from \$7.40 to \$7.50. In FY10, AHH workers received a discretionary increase of \$0.50/hr above the minimum wage. Currentiy, variable wages are paid by county/region.
DCH	Eliminate pharmacy dispensing fee increase	(\$1,300.0)	(\$440.2)	(0%)	Increase was appropriated in FY09.
DCH	Reduce Medicaid Provider rates	(\$635,294.2)	(\$188,276.7)	(10%)	8% rate reduction was implemented in FY10. This reduction represents a \$434 M gross reduction to medical services, a \$202 M gross reduction to mental health services, and a \$27 M use tax cost.
DHS	Reduce payments for residential foster care by \$7 per day	(\$3,914.2)	(\$2,560.6)	(3%)	Reduction would reduce rates to 2010 levels. A 10% cut would be \$12.0 M Gross, \$8.0 M GF/GP.
DHS	Eliminate funding to private agencies for licensing foster care relative caregivers	(\$2,500.0)	(\$1,200.0)	(100%)	DHS continues to resolve backlog of licensing required under settlement agreement. Funding can be discontinued.
DHS	Eliminate specialized independent living services - establish a single rate for private agencies	(\$1,755.2)	(\$351.0)	(100%)	Would establish a single independent living rate for private agency administration, as has been created in the regular foster care program
DHS	Reduce payments for independent living services - foster care private agency administration	(\$201.0)	(\$81.0)	(40%)	Reduction would reduce rates to 2009 levels.
SUBTOTAL - PROVIDER RATES		(\$664,964.6)	(\$199,681.5)		

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr. current law	Comments/Discussion
		Gross	GF/GP		
OTHER PROGRAM REDUCTIONS					
Agriculture	Reduce support for Plant Health and Export Certification: Dealer sites, field, and greenhouse grown plant inspections. (4.0) FTEs.	(\$250.0)	(\$250.0)	(8%)	Included in the Executive Recommendation but FY11 budget partially restores funding.
Agriculture	Savings in Right to Farm Program - technical assistance to farmers for land application of biosolids and resolving complaints. Personnel adjustment of (1.0) FTE.	(\$150.0)	(\$150.0)	(30%)	Included in the Executive Recommendation but fully restored in FY11 budget.
Agriculture	Reduce support for grain inspection program.	(\$300.0)	(\$300.0)	(54%)	Legislature increased support for the program in FY11 budget. This recommendation would remove the increase.
Corn Col.	Operations funding reduction	TBD	TBD	TBD	Each 1% = \$2,925,500
DCH	Maximize GF savings from Disproportionate Share Payments	TBD	TBD		There is a fixed allotment for these payments. Some benefit the state but most benefit hospitals, including those with county health plan partners. This proposal would limit or reduce the payments benefitting providers to increase general fund savings to the state. Potential savings is \$5 million to \$20 million.
DCH	Reduce Support for Aging Community, Nutrition and Volunteer services	(\$2,560.6)	(\$2,560.6)	(10%)	General Fund reduced in FY 11 by 8% or \$2.2 million - affects in-home care, congregate / home delivered meals and other services. Total GF appropriation in FY 11 is \$25.6 million. A 10% cut in FY12 would equate to \$2.6 million.
DCH	Reduce support for local health department operations	(\$3,393.3)	(\$3,393.3)	(10%)	General fund reduced in FY 11 by 3% or \$1.0 million - total FY 11 GF appropriation is \$33.9 million. A 10% cut in FY12 would equate to \$3.4 million.

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr. current law	Comments/Discussion
		Gross	GF/GP		
DCH	Reduce Community Mental Health non-Medicaid	(\$28,227.5)	(\$28,227.5)	(10%)	General fund support reduced in FY11 by nearly 2% or \$5.4 million - total FY11 GF appropriation is \$282.3 million.
DCH	Reduce General Fund Supported Community Substance Abuse Spending	(\$1,429.3)	(\$1,429.3)	(10%)	General fund support reduced in FY11 by nearly 12% or \$1.6 million - total FY11 GF appropriation is \$14.3 million (gross is \$83.5 million). Reduction reflects 10% of general fund support.
DELEG	Welfare-to-Work - Option #1: Eliminate all GF used to support welfare-to-work, but continue program at reduced level with remaining \$81.7 million in federal funds (mostly TANF).	(\$15,224.8)	(\$15,224.8)	(16%)	GF reduction impacts TANF maintenance-of-effort
DELEG	Welfare-to-Work - Option #2: Eliminate all support for welfare-to-work activities; reprioritize remaining federal funding for other purposes.	(\$96,923.8)	(\$15,224.8)	(100%)	GF reduction impacts TANF maintenance-of-effort. Note that approximately \$64.7 M of the gross reduction on this item would be in TANF.
Hi Ed	Operations funding reduction	TBD	TBD		1% = \$14,882.6
Hi Ed	Reduce Tuition Incentive Program (TIP) tuition funding for state university TIP student to the average community college tuition	(\$6,400.0)	(\$6,400.0)	(70%)	Reimbursement would be provided at the lower community college tuition level which is about 30% of public university tuition
DHS	Count 33.3% of federal Social Security benefits for Family Independence Program (FIP) eligibility; reduce FIP benefits	(\$16,143.5)	(\$16,143.5)	(10%)	Families receiving FIP currently do not have to count the Social Security benefits in determining FIP eligibility and benefits; this policy change would reduce FIP benefits for a family of 3 by approx. 10% (FIP grant for family of 3 is \$492.00; Social Security per person is \$674).
DHS	Reduce employment and training support services by 10%	(\$1,120.0)	(\$1,120.0)	(10%)	Total program is \$11.2 million; reduces funding for support services like transportation, clothing, and tools. GF savings includes TANF funding.
DHS	Reduce funding for family preservation programs by 10%	(\$5,200.0)	(\$5,200.0)	(10%)	Services are not required by Children's Rights settlement; GF savings includes TANF funding.

FY 2012 Reduction Ideas
(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
DHS	Reduce funding for emergency services allocations for local field offices by 10%	(\$2,160.0)	(\$2,160.0)	(10%)	Total program is \$21.6 million; reduces funding for emergency home repairs, rent or mortgage assistance, other immediate needs. GF savings includes TANF funding.
MSP	Reduce support for the crime labs	TBD	TBD		Approximately \$16.7 million GF/GP support Laboratory Operations and DNA Analysis. Any reduction to these program will increase the various backlogs.
MSP	Reduce At-Post Troopers	TBD	TBD		This program could potentially be reduced or eliminated entirely. Approximately \$93.1 million GF/GP and \$139.2 million in gross funding support At-Post Troopers. There is the option to eliminate the program and provide locals funding through revenue sharing to provide for local police officers. There are 100 troopers required by statute. (Item is also listed as "Locals provide road patrol in lieu of MSP troopers" under "Delivery Service Changes")
MSP	Reduce Uniform Services (command staff)	TBD	TBD		Approximately \$43.9 million GF/GP support this program. If troopers were reduced or eliminated, then command staff for those troopers could be reduced.
MSP	Reduce Criminal Investigations	TBD	TBD		Approximately \$28.5 million GF/GP and \$30.0 million in gross spending support the program.
MSP	Reduce Information Technology and/or the Michigan Public Safety Communications System	TBD	TBD		Approximately \$14.4 million GF/GP and \$33.3 million in gross spending support the program.
	SUBTOTAL - OTHER PROGRAM	(\$179,482.8)	(\$97,783.8)		

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
OTHER ADMINISTRATIVE REDUCTIONS					
Com. Col.	Delay August payment	(\$26,596.1)	(\$26,596.1)	(9%)	One-time; Impacts college fiscal year funding.
DCH	Michigan Quality Community Care Council	(\$1,000.0)	(\$500.0)	(100%)	Council maintains a registry of qualified direct care workers and manages employer functions for recipients of personal care services.
DCH	Eliminate state support for Donated Dental program	(\$120.0)	(\$120.0)	(100%)	Boilerplate requires allocation of funds to the Michigan Dental Association for the administration of the volunteer dental program.
Hi Ed	Delay August payment	(\$134,750.9)	(\$134,750.9)	(9%)	One-time; Impacts university fiscal year funding
DHS	Reduce funding for unclassified positions	(\$500.0)	(\$300.0)	(50%)	If implemented for DHS, recommend statewide application.
DHS	Additional consolidation of county field offices	TBD	TBD	TBD	\$0 - \$5.0 M. Work to consolidate county offices to cover larger regional areas.
DHS	Close an additional juvenile justice facility	TBD	TBD	TBD	\$0 - \$5.0 M. Shift youth to private facilities or community based services. Since 2004, the state has closed 11 facilities, with only three facilities remaining.
DHS	Funding for customer service call center	(\$850.0)	(\$850.0)	(100%)	Funding added in 2011 to establish customer service resource center; will likely not be established before April 2014.

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
Legislature	Merging/reduction of Legislative Branch information technology	(\$514.1)	(\$514.0)	(10%)	There are currently 3 automated data processing line items - House, Senate, and Legislative Service Bureau. Merging the three items and putting them under the direction of the Legislative Council will make it easier to target the line for reductions, and will minimize actual cuts. House version of 2010 bill rolled up information technology line items into the House, Senate and Council lines, and if that ever happens, it will be much harder to pull the numbers out again.
MSF	Job Creation Services	(\$134.9)	(\$134.9)	(10%)	
MSF	Michigan Film Office	(\$17.5)	(\$17.5)	(10%)	General fund cut of 10%, gross 2%
Statewide	Across-the-board reduction for all agencies	TBD	TBD	(10%)	Note: Administrative expenses need to be defined consistently.
	SUBTOTAL - OTHER ADMINISTRATIVE	(\$164,483.5)	(\$163,783.4)		

FY 2012 Reduction Ideas
(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
FUND SHIFTS					
Agriculture	Dairy inspection assessment fee offsets costs associated with dairy safety.	\$0.0	(\$500.0)	(0%)	Included in the Executive Recommendation but fully restored in FY11 budget.
Agriculture	Migrant labor housing inspection fee increase of \$25.00 bringing total fee to \$30.00 per worker to offset general fund costs.	\$0.0	(\$538.0)	(0%)	Included in the Executive Recommendation but fully restored in FY11 budget..
Agriculture	Exploring fund shift and inclusion of a fee to offset general fund for Privately Owned Deer Hunting Ranch- Cervid Chronic Wasting Disease Surveillance.	\$0.0	(\$300.0)	(0%)	Services provided at large by the Michigan Department of Natural Resources and Environment (MDNRE).
Agriculture	Eliminate general fund support for Rabies Reportable Disease. Department to establish other source of funding for program.	\$0.0	(\$50.0)	(0%)	Service duplicates efforts of several other agencies / organizations. Also, upon possible exposure to rabies (for people, livestock, dogs, cats, ferrets act.) the standard protocol is to first call the local health department and animal control offices. Due to the threat of rabies to human health, a multi-agency rabies working group was organized in 1997.
Com. Col.	Shift funding to School Aid Fund	\$0.0	(\$292,558.0)	(100%)	Represents a 100% shift of Community College GF Amount to the School Aid Fund.
DCH	Increase hospital tax to maximum 6.0% of revenue	TBD	TBD		Offset GF that finances existing rates. Potential savings could be more than \$20 million.
DCH	Finance Graduate Medical Education with non-GF resources	\$0.0	(\$57,200.0)	(100%)	Arizona has asked CMS to permit local fund sources for Graduate Medical Education payments.
DCH	Increase physician licensing fee and use to finance Medicaid and malpractice insurance	TBD	TBD		Potential savings could be more than \$20 million.
DCH	Implement a monthly premium for all Medicaid Eligibles	TBD	TBD		Potential savings could be more than \$20 million.

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
DCH	Implement a broad based health insurance surcharge	TBD	TBD		Potential savings could be more than \$20 million.
DCH	Shift state restricted Healthy Michigan Funds from public health programming to offset GF in Medicaid	\$0.0	(\$10,900.0)	(100%)	Healthy Michigan Fund currently supports a variety of chronic disease prevention, maternal & child health, and immunization programs. This proposal would devote 100% of available Healthy Michigan Fund to the Medicaid program.
DCH	Shift national Master Tobacco Settlement Agreement revenue from education, economic development and other programs to offset GF in Medicaid	\$0.0	(\$111,595.8)	(100%)	In FY11, the majority of Michigan's Master Tobacco Settlement revenue - \$82 million - is appropriated in Medicaid. \$75 million is allocated by state law to the 21st Century Jobs Trust Fund. An additional \$36.6 million is appropriated to a variety of non-Medicaid programming, \$32 million of which for the Tuition Incentive Program. This proposal would devote 100% of available tobacco revenue to the Medicaid program.
DELEG	Bureau of Fire Services: Establish new state restricted fees to support fire services, thereby eliminating need for GF support.	\$0.0	(\$2,600.0)	(0%)	Statutory change needed. One proposal previously explored would establish new/increased fees that impact businesses, hospitals, schools, and fire fighters; another proposal previously explored by the legislature would establish new fees tied to the sale of fireworks in Michigan.
DNRE	Institute a new "permit to install" fee to offset general fund in New Source Review program in air quality.	\$0.0	(\$2,000.0)	(0%)	Michigan is the only state that doesn't have a funding mechanism for the New Source Review program which is currently funded with general fund.
DNRE	Increase fees deposited into the land and water permit fee fund	\$0.0	(\$700.0)	(0%)	Fees include Great Lakes submerged lands, land division act, floodplain, inland lakes and streams, wetlands, dam safety, and shoreland protection.

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
DNRE	Institute a new "wildfire protection" fee to replace general fund support for the program.	\$0.0	(\$3,214.4)	(0%)	Two-tiered millage based on taxable value of rural or urban property is proposed. This would provide a stable funding source for wildfire protection and eliminate the need for general fund support.
MSP	Shift GF/GP support for the Michigan Commission on Law Enforcement Standards to restricted Michigan Justice Training Funds	\$0.0	(\$813.5)		This will reduce the number of training grants provided with the Michigan Justice Training Fund.
MSF	Michigan promotion program	\$0.0	(\$5,402.8)	(100%)	Shift business & tourism promotion to new restricted fund/fee to-be-determined.
MDOT	Comprehensive Transportation Fund Sales Tax Revenue Shift to General Fund	(\$80,000.0)	(\$80,000.0)	N/A	Redirection would hurt local transit agency operating subsidies and MDOT's public transportation programs. Sales tax revenue constitutes 34% of total Comprehensive Transportation Fund revenues (\$237M). Requires statutory change.
MDOT	Transportation Economic Development Fund Driver's License Fee Revenue Shift to General Fund	(\$12,000.0)	(\$12,000.0)	N/A	Would remove this revenue stream as an option to help with MDOT's FY12 fed aid match shortfall. Driver's license fees constitute 22% of total Transportation Economic Development Fund revenues (\$54M). Requires statutory change.
Treasury	Review of State Restricted Indirect funds	\$0.0	(\$50.0)		Review to see if additional funding is available to switch.
	SUBTOTAL - FUND SHIFTS	(\$92,000.0)	(\$580,422.5)		

FY 2012 Reduction Ideas

(\$ in thousands)

Agency	Reduction Proposal/Description	Savings Estimate		% Reduction fr current law	Comments/Discussion
		Gross	GF/GP		
ADDITIONAL ITEMS					
Statewide	Elimination of state support for employee life insurance	(\$31,200.0)	(\$15,300.0)	(100%)	
Statewide	Increase employee share of health insurance premiums to 20%	(\$75,300.0)	(\$36,900.0)		
Statewide	Eliminate overtime payments in areas not required by federal law.	(\$9,500.0)	(\$4,800.0)		Under Civil Service regulations (5.02B) and bargaining agreements, the state pays overtime in certain situations that are not required to be paid under the Federal Fair Labor Standards Act. Gross amount based on FY10 actual costs. GF/GP is an estimate only based on proportion of GF/GP in the statewide economic baseline.
Statewide	Eliminate longevity payments to state employees.	(\$23,000.0)	(\$11,600.0)	(100%)	Longevity is paid under Civil Service rules and bargaining agreements. Gross amount based on FY10 actual costs. GF/GP is an estimate only based on proportion of GF/GP in the statewide economic baseline.
	SUBTOTAL - ADDITIONAL ITEMS	(\$139,000.0)	(\$68,600.0)		
	GRAND TOTAL	(\$5,624,058.7)	(\$2,980,657.9)		