

Michigan ROUNDUP

October 15, 1991

THE FY 1991-92 BUDGET: THE GOVERNOR'S VETOES

This special edition of the Michigan Roundup was prepared by Economist Frances Spring. If you have any questions regarding the budget, please call either Ms. Spring or Vice President and Senior Economist Robert Kleine at 517/484-4954.

Asserting that this budget is one of "responsibility, compassion, and opportunity," Governor Engler presented the signed FY 1992 budget last Friday. The budget contains vetoes totaling \$119.16 million, of which \$100.7 million are general fund/general purpose (GF/GP) funds. This brings total GF/GP spending to \$7,597.4 million, 1.2 percent higher than the governor's revised recommendations, and 1.3 percent less than the level of spending passed by the legislature. (See table on reverse.) In addition, GF/GP revenue is increased \$8.8 million as the result of the veto of horse racing programs in the Department of Agriculture (\$6.8 million) and the Michigan Pharmaceutical Program in the Department of Management and Budget (\$2 million). These programs were supported by restricted revenues that now are returned to the general fund.

GF/GP vetoes range from a high of \$19.9 million from the school aid budget to \$300,000 from Treasury. Eight budgets—including Social Services—are not subject to GF/GP reductions. A synopsis of the vetoes by budget area is provided below.

Human Services Vetoes to human services are \$17 million in GF/GP monies: \$13.6 million in cuts in the Department of Mental Health and \$3.3 million in the Department of Public Health, which includes renunciation of \$9.3 million and \$2 million, respectively, in classified employee pay raises to the two departments.

Education Cuts to education total \$39.6 million, all GF/GP monies. The mentioned cuts to school aid are exclusive of \$17.5 million in funds that the legislature constitutionally failed to reenact but were recommended by the governor for restoration. If these restorations are approved by the legislature, net vetoes to the school aid budget will total \$2.2 million. GF/GP cuts to the school aid bill include \$9.5 million in formula reductions for foreign language incentives, \$3.1 million for community schools, and \$3 million in professional development monies. The public school employees retirement (PSER) budget is reduced \$12.6 million (\$8.8 million less to community colleges, and the remainder from universities) as the result of the state discontinuing its copayment to the fund. Of the \$4.9 million in other reductions to higher education, nearly half (\$2.3 million) are cuts to consortia funding. The Department of Education budget is reduced \$2.2 million, with the cuts coming from a variety of programs.

General Government Vetoes in this area total \$8.4 million GF/GP. Nearly all the cuts (\$7 million) are in the Department of Management and Budget, including \$3.1 million to Michigan symphonies and \$999,000 to state technological museums. The sole cut to the legislative budget is \$469,000 in funding to the Michigan Consumers Council. The Department of State has \$622,200 in cuts spread across program areas; reductions in the Department of Treasury total \$300,000.

Regulatory This budget area experiences \$12.7 million in GF/GP vetoes, \$3.8 million in the Department of Commerce and \$8.8 million in the Department of Labor; cuts to the latter include a \$6.5 million reduction in Michigan Job Training grants. There are an additional \$7.3 million in restricted fund reductions—nearly all to the Commerce budget.

Public Safety The three departments in this area receive vetoes of \$7.6 million GF/GP; all but \$1 million are cuts in the Department of State Police. Reductions to that budget include \$4.7 million in classified employee pay increases and \$1 million to the 911/central dispatch program. The Department of Corrections has \$647,500 in GF/GP reductions, and the Department of Military Affairs is cut \$437,400.

Other - The Department of Natural Resources receives \$10 million in GF/GP vetoes, including \$2.3 million from classified employee salary increases, \$1.5 million in commercial fishing compensation, and \$1.3 million in cuts to the Michigan Conservation Corps; an additional \$2 million in restricted funds is cut from the latter. The GF/GP capital outlay appropriation is reduced \$3.9 million, including \$1.6 million from the capitol restoration fund. The Department of Agriculture is cut \$1.5 million, with an additional \$6.8 million in restricted fund cuts that will allow those monies to lapse into the general fund.

The legislature now has the option of attempting to override the governor's vetoes, which would require a two-thirds vote of the full membership of each chamber.

Summary of Michigan's FY 1991-92 General Fund/General Purpose Budget
(dollars in millions)

Department	FY 1991-92 Enrolled	Net Vetoes	FY 1992 Enacted Approp's.	Percentage Change Enacted From		
				Year-to-Date Approp's.	Governors' Rec's.	Enrolled Approp's.
Mental Health	\$923.3	\$13.6	\$909.7	2.4%	1.2%	-1.5%
Public Health	141.0	3.3	137.6	0.9	3.0	-2.4
Social Services	2,094.0	0.0	2,094.0	-15.6	0.0	0.0
HUMAN SERVICES	3,158.3	17.0	3,141.3	-10.4	0.5	-0.5
Education	43.2	2.2	40.9	-10.0	-5.2	-5.1
Community						
Colleges	241.1	0.0	241.1 ^a	6.9	3.9	0.0
Higher Education	1,300.5	4.9	1,295.7	3.7	0.0	-0.4
K-12 School Aid	971.0	19.9	951.1 ^b	-0.1	-2.2	-2.1
School Retirement	14.4	12.6	1.8	-87.4	-87.4	-87.5
EDUCATION	2,570.0	39.6	2,530.6	1.8	-1.3	-1.5
Attorney General	24.0	0.0	24.0	5.9	5.7	0.0
Civil Rights	10.9	0.0	10.9	-8.5	17.6	0.0
Civil Service	12.4	0.0	12.4	-4.6	-4.3	0.0
Debt Service	24.6	0.0	24.6	-0.9	-4.3	0.0
Executive	4.3	0.0	4.3	9.7	11.0	0.0
Judiciary	114.7	0.0	114.7	5.9	5.9	0.0
Legislative	90.2	0.5	89.7	9.3	9.3	-0.5
Library	27.4	0.0	27.4	5.8	1.9	0.0
Management and Budget	57.8	7.0	50.8 ^c	-7.3	0.6	-12.1
State	20.2	0.6	19.6	1.9	31.3	-3.1
Treasury	53.3	0.3	53.0	16.6	0.3	-0.6
GENERAL GOVERNMENT	439.8	8.4	431.4	4.7	5.2	-1.9
Commerce	61.4	3.8	57.5	-47.5	97.1	-6.3
Labor	39.9	8.8	31.0	-28.5	65.0	-22.1
Licensing and Reg.	0.0	0.0	0.0	NA	NA	NA
REGULATORY	101.2	12.7	88.6	-42.1	84.5	-12.5
Corrections	867.2	0.6	866.6	7.2	3.7	-0.1
Military Affairs	27.7	0.4	27.3	5.9	8.3	-1.6
State Police	197.4	6.5	190.9	0.7	7.8	-3.3
SAFETY AND DEFENSE	1,092.3	7.6	1,084.7	6.0	4.5	-0.7
Agriculture	28.3	1.5	26.8 ^d	-11.8	2.3	-5.4
Capital Outlay	200.0	3.9	196.0	12.0	-0.6	-2.0
Natural Resources	108.0	10.0	98.0	-9.2	-0.4	-9.3
ALL OTHERS	336.3	15.5	320.8	2.4	-0.3	-4.6
TOTALS	\$7,698.2	\$100.7	\$7,597.4	-3.8%	1.2%	-1.3%

SOURCES: Senate Fiscal Agency and the Michigan Department of Management and Budget.

^aAn additional \$8.8 million cut in the school retirement budget.

^bAn additional \$17,250,000 in nonappropriated funds is recommended for re-enactment.

^cAn additional \$2 million in restricted funds that will lapse into the GF.

^dAn additional \$6,861,700 in restricted funds that will lapse into the GF.