



\$56.5 Billion State Budget Signed by the Governor

On Friday, July 14, Governor Snyder approved a \$56.5 billion [state budget](#). The budget includes an omnibus budget of \$39.9 billion for state government operations and a “school bus” budget of \$16.6 billion for education, with overall spending rising 2%

As reported by [MLive](#), budget highlights include:

- \$1.2 million increase for constitutional revenue sharing for cities, villages and townships and a 2.5 percent increase in statutory revenue sharing
- One percent revenue sharing increase for counties
- An additional \$25 million in an emergency fund for Flint
- Four pilot projects to allow health plans that have contracts with Michigan Medicaid to provide behavioral health services, integrated with the physical health services they already provide. The long-term goal is to privatize behavioral health services
- A 50 cents an hour increase for direct care nursing home workers
- \$1.6 million to help mitigate and research vapor intrusion (Governor Snyder requested \$2.6 million).
 - Vapor intrusion is toxic chemicals at old dry cleaners and metal degreasing sites that can leach from the ground into people’s homes or businesses. This problem is seen most in poor, urban areas
- A 2.3 percent increase in the Department of Health and Human Services budget
 - This includes \$4.9 million to expand the Pathways to Potential program which places DHHS caseworkers directly in schools
- Cuts of \$6.5 million to the corrections budget via housing unit closures at five prisons (Carson City, Gus Harrison, G. Robert Cotton, Marquette and Michigan Reformatory)
- Three percent budget increase for K-12 schools which includes a \$60 per pupil increase in foundation allowance and \$120 for the lowest spending districts
- \$4.347 billion on roads
- \$35 million for the Michigan Infrastructure Fund, which is used as a match for local road projects
- \$120 million in increased funding for “at-risk” students, bringing total at-risk funding to \$499 million
- \$150 million to the state’s Rainy Day fund

Also included in the budget is a provision that any school district who is suing the state would be penalized for whatever it spent in School Aid Fund Money to sue.

Negotiations between the legislature and Governor Snyder came to an impasse earlier in the month over the issue of reforming the teacher pension system. They were finally able to reach an agreement for a plan that would steer new teachers towards a 401(k) style retirement plan, making it more expensive for them to join the current pension/401(k) hybrid plan now available. The budget includes \$255 million to cover the transition costs for that plan.

As reported in the [Detroit Free Press](#), Senator Hildenbrand, chair of the Senate Appropriations Committee, said the budget was “balanced...and reflects the priorities of the people in the state.”

While recognizing that the agreement was better than a version approved in May, Democrats asserted the final budget was still flawed. Most voted against the bills, arguing that the money spent on the teacher retirement plan was wasting money on an issue that doesn't need to be fixed, and would be better put towards roads and infrastructure.