



March 31, 2014

Governor Snyder outlined his budget recommendations, a \$52 billion total spending plan that included a call for more State Police troopers, more money for pre-school education, an increase in funding for higher education, more money to allow poor children access to dental care and a major funding start to help implement the recently unveiled proposals for mental health and substance abuse.

Highlights of his proposal:

- State restricted funds, the second largest total of the budget at \$19.9 billion would go to School Aid Funds (About \$11.8 billion), transportation (\$2.15 billion) and DCH (\$2.14 billion).
- The General Fund portion of the budget will total \$9.7 billion. Of that nearly \$1.6 billion would go for education funding (and most of that for universities). That would leave just less than \$8 billion for all other departments.
- Local units of government, including schools and community colleges, would receive a total of \$16.477 billion in spending. Aside from education, local units would see \$4.285 billion in spending.
- The Governor recommended that the constitutional portion of revenue sharing earmarked from sales tax revenues to cities, villages and townships be raised by 3 percent to \$765 million. He also recommended \$271.8 million for statutory revenue sharing. That is still below the \$300 million level from the 2010-11 fiscal year (Governor Snyder and the Legislature cut funding to \$200 million in fiscal year 2011-12). He also recommended a change in statutory revenue sharing for cities, villages and townships for them to receive their funds.
- The Governor also proposed a major increase in revenue sharing aid to counties.
- More income tax filers would be eligible for the state's Homestead Property Tax Credit and their credits would rise under the Governor's proposal, although the credit would go to fewer people than those eligible prior to enactment of the 2011 tax plan, which slashed taxes to businesses. Under the proposal, the income eligibility threshold to qualify for the tax credit would rise from \$50,000 to \$60,000. Additionally, the formula for calculating the credit would change to make it more generous. Democrats had urged the Governor to restore the EITC, which prior to the 2011 tax changes was equal to 20 percent of a filers federal EITC but is now 6 percent, however the Governor rejected the idea.

In outlining the budget, the administration said 75 percent would be spent on health and human services and education, 10 percent toward "jobs", 6 percent toward public safety, another 6 percent to government services, 2 percent to environment and less than 1 percent to reserves.