

March 17, 2009

The Budget Process in Michigan: Opportunities to Advocate for Children and Families

Why should the public be more involved in the state's budget process?

The annual Michigan budget is the single, most powerful expression of the state's priorities. It is during the state budget process that decisions are made about the expenditure of approximately \$8.9 billion in state revenues, and there are many competing interests that legislators and other policymakers must consider in dividing up available tax dollars. To significantly improve outcomes for Michigan's children, the public must become more aware of and involved in setting state priorities.

Unfortunately, it has been difficult for many parents, teachers, community leaders and child advocates to become involved in the budget process. The state budget process is unfamiliar to many, and budget bills often move quickly through legislative committees. State budgeting is a complex process that involves political choices and priority-setting at many different levels of state government. The Governor, state department directors, the Department of Management and Budget (DMB) and the Legislature are all significantly involved in the decision-making process.

One of the goals of the *Budget Watch* project of Michigan's Children is to promote increased public involvement in the budget process for the benefit of children. To that end, we produce a series of alerts and other informational materials to help keep you informed about budget decision-making in Lansing as it affects vulnerable children and families.

What is the state's fiscal year?

Michigan's fiscal year begins on October 1st, and ends on September 30th of the following year. The state budget that is now being debated in the Legislature is for the fiscal year beginning on October 1, 2009 and ending on September 30, 2010. It is referred to as the fiscal year 2009-2010 budget or FY 2010 budget.

What is the timeline for developing the FY 2010 state budget?

It is difficult to estimate the precise timeline for any specific budget. The Governor released her proposed budget on February 12, 2009, and the budget is usually finalized by mid- to late-summer. However, occasionally department budgets are held up until the fall.

What is the role of the major state departments in setting budget priorities?

In the summer prior to the new budget year, the DMB sends out general instructions on budget preparation to all directors of state agencies/departments. Budget offices or bureaus within the major departments then prepare their individual budget recommendations based largely on current-year costs of programs and some evaluation of needs. These staff-level recommendations are then submitted to department directors who must weigh the overall needs and priorities of their departments and develop composite budgets. The final department budget proposals, referred to as "management plans," generally reflect one of several

potential levels of funding based on a percentage increase or decrease from the current year's budget. The management plans are submitted to the DMB in the fall.

What can you do? Access at this point in the budget process is often difficult for citizen groups, as decisions are made internally with very little public input. During this stage of the process, child advocates can communicate their concerns to the department directors and the Governor's office.

What is the role of the Governor and the DMB?

After receiving the management plans, the DMB reviews them through extensive consultation with department staff. The plans are compared to estimated revenue figures for the budget year. Based on this review, and in conjunction with the Governor's Office, the DMB prepares a recommended state budget and submits it to the Governor. The Governor finalizes the Executive Budget, and presents it formally to the Legislature in February in the form of a "Budget Message." The Budget Message includes detailed revenue projections as well as proposed expenditure levels.

The Governor has decision-making powers apart from those inherent in her role in developing the Executive Budget that is ultimately used as a basis for legislative debate. Specifically, the Governor can veto line items in any appropriation bill approved by the Legislature, or may veto entire bills. A two-thirds vote of the Legislature is required to override the Governor's veto.

In addition, the Governor has a constitutional mandate to reduce expenditures below appropriated levels whenever revenue projections prove inaccurate and spending levels exceed actual revenue collections during a given fiscal period. These budget cuts, referred to as Executive Order cuts, must ultimately be approved by the Senate and House Appropriations Committees, and may occur during any three-month fiscal period.

What can you do? Again, the budget decisions by the DMB and the Governor are made internally and accurate up-to-date information is often difficult to obtain. Advocates can communicate their concerns and priorities to the Governor and her staff.

The Michigan FY 2010 Budget Process

- **May - June, 2008:** Preliminary budget targets were determined and instructions sent to state departments for developing their FY 2010 budgets.
- **June - September, 2008:** State departments developed work plans and expenditure requests for the Department of Management and Budget (DMB).
- **October - December, 2008:** DMB and the Governor's office reviewed departmental requests, reviewed estimated revenues, and prepared the Governor's recommended budget (the "executive budget").
- **February 12, 2009:** The executive budget was released.
- **February - May, 2009:** Legislative committee action is underway. The bills are assigned to appropriations subcommittees, with approximately half being debated first by the Senate, and half by the House of Representatives. The subcommittees take public testimony and report out substitutes to the executive budget. These bills are then approved by the full appropriations committees, and then the process is repeated in the opposite chamber for the bills.
- **June 2009:** Expected revenues are redetermined at a revenue estimating conference, and legislative conference committees meet to work out differences between the House and Senate versions of the budget bills.
- **July - August, 2009:** The Governor signs or vetoes budget bills, and can include line-item vetoes.

What is the role of the Legislature?

Technically, the role of the Legislature in the budget process is that of approving, rejecting or amending appropriations bills that embody the Governor's budget recommendations. However, with the establishment of the Senate and House Fiscal Agencies, the Legislature has assumed a more active role earlier in the budget process and generates its own economic and revenue projections.

Members of the House and Senate Appropriations Committees divide into subcommittees that meet with department staff and other interested groups. The subcommittee process usually begins in February and continues through the Spring. The subcommittees typically hold hearings that include department and fiscal agency staff, *as well as public testimony*. Approximately half of the budget bills originate in the Senate each year, with the remainder being debated first by the House of Representatives.

By May, budget decisions are usually made by the first chamber of the Legislature, and the bills are then taken up by the second chamber. By June, the budgets are generally adopted by the second chamber and sent to a conference committee. Conference committees consist of three members from each chamber of the Legislature and are charged with reconciling differences between the House and Senate budget bills. By late in June or July, the budget bills negotiated by the conference committees (and subsequently approved by the full Legislature) are sent to the Governor for approval.

What can you do? Legislative review opens up opportunities for citizens groups to influence budget decisions. Although there are no statutory requirements for public hearings on budget bills, the legislative process is generally more open and responsive to citizen input. The best time to influence the budget process is when the appropriations subcommittees are discussing the budget bills. During legislative review, it is important to maintain contact with legislators (especially appropriations committee members) and staff, as well as other like-minded groups.

How Can You Contact Budget Decisionmakers?

The Governor's Office

Governor Jennifer Granholm

P.O. Box 30013, Lansing, MI 48909
(517) 373-3400
<http://www.michigan.gov/gov>

Lieutenant Governor John Cherry, Jr.

P.O. Box 30013, Lansing, MI 48909
(517) 373-6800
<http://www.michigan.gov/ltgov>

Human Services Department Directors

Janet Olszewski, Director
Michigan Department of Community Health
Capitol View Building
201 Townsend Street, Lansing, MI 48913
(517) 373-3740
norris@michigan.gov, www.michigan.gov/mdch

Michael Flanagan, Superintendent of Public Instruction
Michigan Department of Education
Hannah Bldg., 608 W. Allegan, 4th Floor
P.O. Box 30008, Lansing, MI 48909
(517) 373-3324
FlanaganMP@michigan.gov, www.michigan.gov/mde

Ismael Ahmed, Director
Michigan Department of Human Services
Grand Tower, 235 S. Grand Avenue
P.O. Box 30037, Lansing, 48909
(517) 373-2000
dhsweb@michigan.gov, www.michigan.gov/dhs

The Michigan Legislature

Contact information for the full appropriations committees in the Michigan House of Representatives and the Michigan Senate is available at www.michiganschildren.org. The following members of the appropriations committees are assigned to subcommittees that address children's issues:

Senate Appropriations Subcommittees

Community Health:

Senator Roger Kahn, Chair (R-Saginaw)
Senator John Pappageorge, Vice-Chair (R-Troy)
Senator Tom George (R-Kalamazoo)
Senator Tony Stamas (R-Midland)
Senator Deborah Cherry, Minority Vice-Chair (D-Burton)
Senator Jim Barcia (D-Bay City)
Senator Michael Switalski (D-Roseville)

Human Services:

Senator Bill Hardiman, Chair (R-Kentwood)
Senator Roger Kahn, Vice-Chair (R-Saginaw)
Senator Mark Jansen (R-Gaines Township)
Senator Martha Scott, Minority Vice-Chair (D-Highland Park)
Senator Jim Barcia (D-Bay City)

K-12, School Aid, Education:

Senator Ron Jelinek, Chair (R-Three Oaks)
Senator Cameron Brown, Vice-Chair (R-Sturgis)
Senator Valde Garcia (R-Howell)
Senator Michael Switalski, Minority Vice-Chair (D-Roseville)
Senator Irma Clark-Coleman (D-Detroit)

**House of Representatives
Appropriations Subcommittees**

Community Health:

Rep. Gary McDowell, Chair (D-Rudyard)
Rep. Shanelle Jackson, Vice-Chair (D-Detroit)
Rep. John Espinoza (D-Croswell)
Rep. Vincent Gregory (D-Southfield)
Rep. Fred Miller (D-Mt. Clemens)
Rep. Alma Wheeler Smith (D-Salem Township)
Rep. Kevin Green, Minority Vice-Chair (R-Wyoming)
Rep. Hugh Crawford (R- Novi)
Rep. Matt Lori (R-Constantine)

Human Services:

Rep. Dudley Spade, Chair (D-Franklin Township)
Rep. Rashida Tlaib, Vice-Chair (D-Detroit)
Rep. Vincent Gregory (D-Southfield)
Rep. Fred Miller (D-Mt. Clemens)
Rep. Alma Wheeler-Smith (D-Salem Township)
Rep. Dave Agema, Minority Vice-Chair (R-Grandville)
Rep. John Proos (R-St. Joseph)

K-12 School Aid & Department of Education:

Rep. Terry Brown, Chair (D-Pigeon)
Rep. Richard Hammel , Vice-Chair (D-Mt. Morris Township)
Rep. Richard LeBlanc (D-Westland)
Rep. Tim Melton (D-Auburn Hills)
Rep. Dudley Spade (D-Franklin Township)
Rep. Rashida Tlaib (D-Detroit)
Rep. Gail Haines Minority Vice-Chair (R-Hillsdale)
Rep. Chuck Moss (R-Birmingham)

Get Our E-Bulletin!

Get regular updates on the state budget, its impact on children and families in Michigan, and opportunities for public input. Go to www.michiganschildren.org and sign up for Michigan's Children's e-bulletin!

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