

**Summary: HB 5795, Article 1**  
**AGRICULTURE**  
**FY 2006-07**

**Analyst: William E. Hamilton**

	FY 2005-06 YTD	FY 2006-07				<i>Difference: House Sub. from FY 2005-06 YTD</i>	
	3/30/2006	Executive	House	Senate	Enacted	Amount	%
<b>IDG/IDT</b>	10,368,200	10,382,700	10,382,700			14,500	.1
<b>Federal</b>	32,581,700	22,757,000	22,757,000			(9,824,700)	(30.2)
<b>Local</b>	0	0	0			0	0
<b>Private</b>	138,700	183,800	183,800			45,100	32.5
<b>Restricted</b>	47,727,100	48,399,000	48,549,000			821,900	1.7
<b>GF/GP</b>	28,362,700	30,062,500	32,821,500			4,458,800	15.7
<b>Gross</b>	<b>119,178,400</b>	<b>111,785,000</b>	<b>114,694,000</b>			<b>(4,484,400)</b>	<b>(3.8)</b>
<b>FTEs</b>	697.0	696.0	706.0			9.0	1.3

**Overview**

The Department of Agriculture promotes Michigan agricultural products; protects the public from disease and unsanitary conditions in food production and handling; regulates product labeling and producer practices for dairy products, animals, and plants; and enforces consumer protection laws regarding food, standard weights/measures, animal health, and plant pests and diseases.

**Major Budget Issues**

The Executive budget proposal included no new programs or revenue sources. The most significant changes from current year were \$2.5 million (gross) to fund economic increases, and recognition of \$10.0 million decrease in federal funding for emerald ash borer program, both of which are reflected in the substitute for HB 5795. The bill appropriates \$4.5 million GF/GP more than the current year, \$2.9 million more than the Executive recommendation. Note that Article 1 of HB 5795 is identical to the House subcommittee substitute for HB 5774. Major proposed House changes from current year are shown below:

**Statistical Reporting** - Provides \$50,000 from Agriculture Equine Industry Development Fund (AEIDF) for equine industry survey.

**Food and Dairy** - Reduces appropriation from restricted Licensing and inspection fees by \$500,000 to more closely reflect actual revenue; increases GF/GP support by \$2.0 million (\$1.0 million more than the Executive), with 10.0 additional FTE positions authorized.

**Animal Health & Welfare** - Increases GF/GP by \$362,200 from current year, \$250,000 more than Executive.

**Bovine Tuberculosis Program** - Increases GF/GP by \$449,000 from current year, \$100,000 more than Executive.

**Pesticide and Plant Pest Management** - Increases GF/GP by \$460,200 from current year, \$300,000 more than Executive in order to support fruit and vegetable inspection program.

**Emerald Ash Borer** - Reflects \$10.0 million reduction in federal support.

**CREP** - Provides \$350,000 GF/GP increase for Conservation Reserve Enhancement Program in Environmental Stewardship. Program leverages federal funds to address environmental issues of soil erosion, water quality, and wildlife habitat in rural Michigan. GF/GP funding replaces DEQ work project funding which has been exhausted.

**Local Conservation Districts** - Increases GF/GP by \$83,200 from current year, \$159,000 more than Executive in order to provide \$20,000 grant per district, \$1.6 million in total.

**Migrant Housing** - Recognizes \$150,000 new US Dept. of Labor grant for migrant labor housing program.

**Agriculture Development** - Increases GF/GP by \$481,700 from current year, \$500,000 more than Executive.

**Export Market Development** - Increases GF/GP by \$450,000 from current year and Executive.

**Fairs and Expositions** - Appropriates \$13.8 million from the AEIDF, primarily for various race horse programs. Funding same as current year.

**Office of Racing Commissioner** - Reflects transfer of \$240,000 State Services Fee revenue to Office of Racing Commissioner from Department of Treasury to reflect program transfer. There were no FTE positions added; the department indicates that this audit function was performed by contract auditors. House would add \$100,000 AEIDF to allow additional racing days.

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b>House Change from YTD</b>
<b>1. Management Services (Executive)</b>			
Reduces GF/GP support by \$72,400 to reflect transfer of certain human resource functions (and 1.0 FTE position) to HR Service Center as part of the HR Optimization Project. Makes additional \$100,000 GF/GP baseline reduction in "Human Resources and Finance & Administrative Services Divisions." Provides \$102,000 (\$87,300 GF/GP) increase for economics. House concurs with Executive.			
	FTEs	35.5	(1.0)
	<b>Gross</b>	<b>\$2,718,100</b>	<b>(\$70,400)</b>
	Restricted	386,600	\$14,700
	GF/GP	\$2,331,500	(\$85,100)
<b>2. Statistical Reporting Service (Executive)</b>			
Reduces GF/GP support from current-year baseline by \$35,000, includes \$15,400 GF/GP economic increases. House adds \$50,000 from AEIDF for Equine survey.			
	<b>Gross</b>	<b>\$345,600</b>	<b>(\$19,600)</b>
	Restricted	0	50,000
	GF/GP	\$345,600	(\$19,600)
<b>3. Food Safety and Quality Assurance (Food and Dairy)</b>			
Reduces funding from licensing and inspection fees by \$500,000 to more closely align with actual revenue expectations; replaces with \$500,000 GF/GP. Provides additional \$465,200 GF/GP to fund economic increases. House adds \$1.0 million GF/GP and 10 FTE positions; unrolls Consumer and Industry education fund line (below).			
	FTEs	107.0	10.0
	<b>Gross</b>	<b>\$10,830,300</b>	<b>\$1,226,800</b>
	Federal	228,500	9,600
	Restricted	3,233,600	(748,000)
	GF/GP	\$7,368,200	\$1,965,200
<b>4. Consumer and Industry Food Safety Education</b>			
House adds new line item to recognize program which had been rolled up in to <i>Food Safety and Quality Assurance</i> .			
	<b>Gross</b>	<b>\$0</b>	<b>\$250,000</b>
	Restricted	0	250,000
	GF/GP	\$0	\$0
<b>5. Animal Health &amp; Welfare (Animal Industry)</b>			
Recognizes \$57,600 additional federal Department of Agriculture revenue for emerging diseases and emergency management programs. Eliminates <i>Pseudorabies and swine brucellosis fund</i> as fund source (\$15,600 reduction from current year). House adds \$250,000 GF/GP.			
	FTEs	22.5	0.0
	<b>Gross</b>	<b>\$2,316,100</b>	<b>\$362,300</b>
	Federal	386,200	70,800
	Restricted	174,000	(10,800)
	GF/GP	\$1,755,900	\$302,300
<b>6. Bovine Tuberculosis (Animal Industry)</b>			
Reduces federal revenue in budget to more closely align with anticipated grant revenue. Economic increases of \$103,200 funded from GF/GP (\$46,700) and state-restricted AEIDF (\$43,300) revenue. House adds \$100,000 GF/GP.			
	FTEs	26.5	0.0
	<b>Gross</b>	<b>\$5,707,800</b>	<b>(\$130,400)</b>
	Federal	933,600	(220,400)
	Restricted	2,297,600	43,300
	GF/GP	\$2,476,600	\$146,700
<b>7. Emerald Ash Borer Program (Pesticide &amp; Plant Pest Mgt.)</b>			
Reflects continuing reduction in federal support for this program first included in FY 2002-03 budget. House concurs with Executive.			
	FTEs	112.0	(0.0)
	<b>Gross</b>	<b>\$23,660,600</b>	<b>(\$10,000,000)</b>
	Federal	23,660,600	(10,000,000)
<b>8. Michigan State University (Pesticide &amp; Plant Pest Mgt.)</b>			
Eliminates line item for research and education on environmental protection plans for pesticide use. Department indicates that federal grant is no longer available. House concurs with Executive.			
	<b>Gross</b>	<b>\$210,000</b>	<b>(\$210,000)</b>
	Federal	210,000	(210,000)
<b>9. Environmental Stewardship</b>			
Adds \$350,000 GF/GP support for Conservation Reserve Enhancement Program (CREP), a program to address environmental issues of soil erosion, water quality, and wildlife habitat in rural Michigan. This replaces DEQ work project funds which expired. Additional \$103,200 GF/GP to fund economics. House concurs with Executive.			
	<b>Gross</b>	<b>\$2,702,100</b>	<b>\$453,200</b>
	GF/GP	\$2,702,100	\$453,200
<b>10. Migrant Housing (Environmental Stewardship)</b>			
Recommends \$150,100 – current year \$100 placeholder for matching grant program, plus \$150,000 new federal revenue for migrant labor housing inspection program. House concurs with Executive.			
	<b>Gross</b>	<b>\$100</b>	<b>\$150,000</b>
	Federal	0	150,000
	GF/GP	\$100	\$0
<b>11. Local Conservation Districts (Environmental Stewardship)</b>			
Provides GF/GP support for the state's 80 local conservation districts. House recommends \$1.6 million which equates to \$20,000 per district, (\$19,200 in the current year). Executive had recommended \$18,200 – a 5% reduction from current year.			
	<b>Gross</b>	<b>\$1,516,800</b>	<b>\$83,200</b>
	GF/GP	\$1,516,800	\$83,200

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b>House Change from YTD</b>
<b>12. Laboratory Services (Laboratory)</b>			
Transfers \$133,400 in <i>Refined Petroleum Fund</i> revenue, and 2.0 FTE positions, from <i>Consumer protection program</i> line for motor fuel quality testing program. Includes \$64,800 in economic increases. House concurs with Executive.	FTEs	60.5	2.0
	<b>Gross</b>	<b>\$5,365,300</b>	<b>\$331,600</b>
	IDG	183,100	6,000
	Federal	361,400	11,800
	Restricted	1,891,000	216,400
	GF/GP	\$2,929,800	\$97,400
<b>13. Consumer Protection Program (Laboratory)</b>			
Reflects transfer of \$133,400 in <i>Refined Petroleum Fund</i> revenue, and 2.0 FTE positions from <i>Laboratory services</i> . House concurs with Executive.	FTEs	69.5	(2.0)
	<b>Gross</b>	<b>\$4,883,800</b>	<b>\$64,800</b>
	Restricted	4,883,800	\$64,800
<b>14. Agriculture Development</b>			
Includes \$40,000 in private revenue to replace GF/GP. The department will request assistance from commodity commissions to help fund department activities in support of those commissions. House adds \$500,000 GF/GP.	FTEs	5.0	0.0
	<b>Gross</b>	<b>\$868,800</b>	<b>\$533,000</b>
	Private	0	40,000
	Federal	199,000	7,500
	Restricted	450,700	3,800
	GF/GP	\$219,100	\$481,700
<b>15. Export Market Development</b>			
Executive recommends \$50,000 – same as current year. House adds \$450,000 GF/GP.	<b>Gross</b>	<b>\$50,000</b>	<b>\$450,000</b>
	GF/GP	\$0	\$450,000
<b>16. Horse Industry Programs</b>			
Includes \$13.8 million from AEIDF for various line items within the <i>Fairs and expositions</i> appropriations unit, including \$12.2 million for various horse programs, purses, and awards. Aside from the proposed roll-up of <i>Quarterhorse programs</i> line into <i>Licensed tracks – light horse racing</i> , funding for specific line items unchanged from current year.	<b>Gross</b>	<b>\$13,844,800</b>	<b>\$0</b>
	Restricted	13,844,800	0
Appropriation unit includes \$963,200 for <i>Building and Track Improvements – County and State Fairs</i> , and \$700,000 <i>Distribution of outstanding winning tickets</i> line, both unchanged from current year. House concurs with Executive.			
<b>17. Office of Racing Commissioner</b>			
Budget reflects transfer of \$240,000 State Services Fee revenue from Department of Treasury to reflect transfer of pari-mutual race track audit function. No new FTE positions added; the department indicates that this audit function is performed by contract auditors. Balance of increase reflects economic adjustments. House adds \$100,000 from AEIDF to extend number of racing days.	<b>Gross</b>	<b>\$3,296,400</b>	<b>\$447,700</b>
	Restricted	3,296,400	447,700
<b>18. Economics</b>			
Funds \$2.5 million (net) for economic increases, including salaries and wages, insurance, retirement contributions, and building occupancy. Negotiated salary and wage increases represent 3.5% of base salary and wages. Increases are reflected in various department operating lines, including \$68,200 for Information technology.	<b>Gross</b>	<b>N/A</b>	<b>\$2,545,200</b>
	IDG	N/A	14,500
	Federal	N/A	411,300
	Private		5,100
	Restricted		951,900
	GF/GP		\$1,162,400

### **Major Boilerplate Items**

#### **Sec. 302. Inspection Fee Revenue -- MODIFIES**

##### ***Modifies subsection (2) as follows:***

*The department shall notify the senate and house of representatives appropriations subcommittees on agriculture and the senate and house fiscal agencies 30 days prior to proposing changes in fees authorized under this section or under section 5 of the market conditions act 1915 PA 91, MCL 285.35.*

## **Major Boilerplate Items**

### ***Sec. 305. Equine Industry Report – NEW***

Provides for survey of equine industry in Michigan.

### ***Sec. 501. Fruit and Vegetable Inspection Program – NEW***

Establishes \$1.0 million as base level of support for fruit and vegetable inspection program within PPM, of which not less than \$600,000 from GF/GP.

### ***Sec. 706. Agriculture Development and Export Market Development Report – NEW***

Provides for new report, due April 1, 2007.

### ***Sec. 707. Agriculture Development Fund – NEW***

Directs department to give due consideration to diversity of Michigan agriculture in awarding grants.

### ***Sec. 708. Agriculture Development Fund Spending Authority – NEW***

Provides spending authority for the department to receive and expend funds.

### ***Sec. 709. Grape and Wine Council Report – NEW***

Provides reporting requirement for council activities, due April 1, 2007.

### ***Sec. 710. Select Michigan – NEW***

Sets floor funding of \$250,000 for Select Michigan program within *Agriculture Development*.

### ***Sec. 902. Office of Racing Commission Racing Days – NEW***

Indicates that \$100,000 additional funding to be used to increase number of racing days to not less than the 2005 racing calendar

**Summary: Article 3  
COMMUNITY HEALTH  
HB 5795  
FY 2006-07**

**Analysts: Margaret Alston, Sue Frey, Steve Stauff**

	<b>FY 2005-06 YTD</b>	<b>FY 2006-07 Executive</b>	<b>FY 2006-07 Senate</b>	<b>FY 2006-07 House</b>	<b>FY 2006-07 Enacted</b>	<b>Difference: House from FY 2005-06 YTD</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$34,090,000	\$37,286,100	\$37,286,100	\$37,286,100		3,196,100	9.4
<b>Federal</b>	5,533,597,400	6,103,178,000	6,088,988,300	5,823,755,500		290,158,100	5.2
<b>Local</b>	231,524,400	241,177,400	241,177,400	241,177,400		9,653,000	4.2
<b>Private</b>	59,073,800	61,326,900	61,326,900	63,826,900		4,753,100	8.0
<b>Restricted</b>	1,516,009,000	1,817,312,800	1,817,312,800	1,812,976,900		296,967,900	19.6
<b>GF/GP</b>	2,951,899,400	3,001,975,800	2,947,975,800	2,926,358,900		(25,540,500)	(0.9)
<b>Gross</b>	<b>\$10,326,194,000</b>	<b>\$11,262,257,000</b>	<b>\$11,194,067,300</b>	<b>\$10,905,381,700</b>		<b>\$579,187,700</b>	<b>5.6</b>
<b>FTEs</b>	4,674.6	4,671.1	4,694.1	4,658.1		(16.5)	(0.4)

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. Economic Adjustments**

Includes \$29.8 million gross (\$13.4 million GF/GP) to fund 3.5% salary and wage increases for non-bargaining and unionized employees, and economic adjustments for defined benefit and contribution retirement, insurance, building occupancy, food, worker's compensation, and fuel and utility costs for FY 2006-07. House proposal would lower the Executive recommended worker's compensation adjustment by \$1.0 million gross (all GF/GP).

	<b>FY 2005-06 YTD</b>	<b>House Change</b>
<b>Gross</b>	<b>N/A</b>	<b>\$29,775,500</b>
IDG	N/A	2,754,300
Federal	N/A	4,626,700
Restricted	N/A	1,772,700
Local	N/A	7,226,800
Private	N/A	5,700
GF/GP	N/A	\$13,389,300

**2. Actuarially Sound Capitation Rates**

Increases capitation payment rates for Health Plan Services by 5.0% and Medicaid Mental Health and Substance Abuse Services by 2.0% (\$88.0 million gross, \$38.4 million GF/GP) to ensure rates are actuarially sound in FY 2006-07. \$100 point of difference has been established for the Executive technical correction.

<b>Gross</b>	<b>\$3,546,870,800</b>	<b>\$87,951,700</b>
Federal	2,013,657,500	49,587,100
Restricted	395,317,800	0
Local	29,737,100	0
GF/GP	\$1,108,158,400	\$38,364,600

**3. Community Mental Health Direct Care Worker Increase**

Adds \$10.4 million gross (\$4.5 million GF/GP) to finance a 2% wage increase for direct care workers in community mental health settings. (Sec. 405)

<b>Gross</b>	<b>N/A</b>	<b>\$10,400,000</b>
Federal	N/A	5,863,500
GF/GP	N/A	\$4,536,500

**4. Detroit-Wayne County CMHSP**

Does not include Senate proposed Detroit-Wayne County CMHSP non-Medicaid funding reduction of \$15.0 million contingent upon the CMHSP becoming an authority by October 1, 2006. House proposal includes boilerplate that would lower funding by \$50.0 million if the CMHSP does not become an authority by September 1, 2006. (Sec. 459)

<b>Gross</b>	<b>\$312,598,300</b>	<b>\$0</b>
GF/GP	\$312,598,300	\$0

**5. Salvation Army Harbor Light Program**

Adds \$400,000 gross (all GF/GP) for the Salvation Army Harbor Light Program.

<b>Gross</b>	<b>\$3,580,400</b>	<b>\$400,000</b>
Federal	2,685,300	0
GF/GP	\$895,100	\$400,000

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b>FY 2005-06 YTD</b>	<b>House Change</b>
<b>6. Children's Waiver Home Care Program</b>	<b>Gross</b>	<b>\$19,549,800</b>	<b>(\$2,000,000)</b>
Reduces funding for Children's Waiver Home Care Program by \$2.0 million gross (\$872,400 GF/GP) to reflect current caseload.	Federal	11,063,200	(1,127,600)
	GF/GP	\$8,486,600	(\$872,400)
<b>7. Public Health Funding Increases</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
Does not include Senate proposed GF/GP spending of \$100,000 to establish a Methamphetamine Cleanup Fund, \$100,000 to establish 211 Human Services Information Line, \$100,000 for Parkinson's Disease programming, \$100,000 for Huntington's Disease programming, \$75,000 to establish Medication Management Pilot, \$50,000 for Arthritis, and \$25,000 for a Diabetes Management Pilot Project. Includes \$100 GF/GP placeholder to establish a Methamphetamine Cleanup Fund.	GF/GP	\$0	\$100
<b>8. Move Surgeon General Funding to Infant Mortality</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Eliminates the Surgeon General position and transfers the related funding of \$240,000 GF/GP to infant mortality projects.	GF/GP	\$0	\$0
<b>9. Vital Records</b>	<b>Gross</b>	<b>\$7,458,800</b>	<b>\$300,000</b>
Increases Vital Records funding by \$300,000 to support the vital records program including expenses related to revised official document printing standards required for homeland security purposes.	IDG-FIA	710,500	0
	Federal	2,017,900	0
	Restricted	4,730,400	0
	GF/GP	\$0	\$300,000
<b>10. AIDS Drug Assistance Program</b>	<b>Gross</b>	<b>\$31,502,000</b>	<b>\$2,500,000</b>
Adds \$2.5 million of private funds revenue to the AIDS Drug Assistance Program for anticipated increase in total rebates from pharmaceutical manufacturers on AIDS and HIV medications.	Federal	23,756,600	0
	Private	3,250,500	2,500,000
	Restricted	4,494,900	0
	GF/GP	\$0	\$0
<b>11. Ages 0-3 Early Childhood Secondary Prevention</b>	<b>Gross</b>	<b>\$524,000</b>	<b>(\$524,000)</b>
Shifts all DCH funding for this program to the Department of Human Services budget to consolidate funding.	GF/GP	\$524,000	(\$524,000)
<b>12. Healthy Michigan Fund Adjustments</b>	<b>Gross</b>	<b>\$43,512,700</b>	<b>\$1,138,300</b>
Reallocates Healthy Michigan Funds. Increases are made for Nurse Family Partnership, diabetes and kidney program, lead poisoning prevention and WIC smoking reduction. Funding reductions are made to projects for health disparities, infant mortality, and physical fitness. Federal increase reflects Medicaid match on the Nurse Family Partnership funding.	Federal	0	1,100,000
	Restricted	43,512,700	38,300
	GF/GP	\$0	\$0
<b>13. Safe Delivery of Newborns Website</b>	<b>Gross</b>	<b>\$0</b>	<b>\$30,000</b>
Adds funds for creation of a website regarding the Safe Delivery of Newborns Act (Sec. 1114).	GF/GP	\$0	\$30,000
<b>14. Michigan First Healthcare Plan</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
Adds \$100 placeholder for anticipated federal funding that will be used to match existing Michigan funds to create the Michigan First Healthcare Plan, a plan to extend basic, low-cost health insurance coverage to 550,000 uninsured Michigan residents. State matching funds would be met by funds already spent in Michigan on health care for the uninsured. This plan will require a waiver from the federal government and if approved is anticipated to begin April 1, 2007. (Sections 1501, 1502 & 1503)	Federal	0	100
	GF/GP	\$0	\$0
<b>15. Medicaid Home Help Worker Minimum Wage Increase</b>	<b>Gross</b>	<b>\$186,060,500</b>	<b>\$15,945,300</b>
Adds \$15.9 million gross (\$6.95 million GF/GP) to increase the minimum hourly wage for Medicaid home help workers, but retains the current wage amount for services provided by relatives. (Sec.1691)	Federal	105,291,600	8,990,000
	GF/GP	\$80,768,900	\$6,955,300

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD****House Change****16. Asset Lookback and Audit Savings**

Reduces funding by \$14.0 million gross (\$7.0 million GF/GP) representing additional savings from Medicaid asset lookback and audit activity related to changes in the Federal Deficit Reduction Act. Savings of \$7.0 million GF/GP are reduced by \$2.0 million GF/GP for additional staffing costs in both the Department of Human Services budget and the Medical Services Administration unit.

<b>Gross</b>	<b>N/A</b>	<b>(\$14,047,700)</b>
Federal	N/A	(8,047,700)
GF/GP	N/A	(\$6,000,000)

**17. Recovery of Pharmaceutical Overpayments**

Recognizes savings of \$22.9 million gross (\$10.0 million GF/GP) from Medicaid pharmaceutical overpayment recoveries as identified in a recent report from the State Auditor General.

<b>Gross</b>	<b>N/A</b>	<b>(\$22,924,900)</b>
Federal	N/A	(12,924,900)
GF/GP	N/A	(\$10,000,000)

**18. Durable Medical Equipment**

Institute a preferred provider list for durable medical equipment and recognize savings of \$7.0 million gross (\$3.1 million GF/GP). (Sec.1735)

<b>Gross</b>	<b>(\$1,926,300)</b>	<b>(\$7,000,000)</b>
Federal	(1,090,100)	(3,946,600)
GF/GP	(\$836,200)	(\$3,053,400)

**19. Federal Changes in Asset Test for Medicaid Eligibility**

Includes savings of \$11.5 million gross (\$5.0 million GF/GP) due to tightening of the asset transfer rules for long term care eligibility. The federal Deficit Reduction Act included several provisions to reduce Medicaid costs at both the state and federal levels. (Sec.1759)

<b>Gross</b>	<b>N/A</b>	<b>(\$11,462,400)</b>
Federal	N/A	(6,462,400)
GF/GP	N/A	(\$5,000,000)

**20. Copayments and Premiums Expansion**

Recognizes savings of \$5.9 million gross (\$2.6 million GF/GP) through the increased use of copayments and premiums due to the expansion of cost-sharing in the federal Deficit Reduction Act. (Sec.1631 & Sec.1737)

<b>Gross</b>	<b>N/A</b>	<b>(\$5,900,000)</b>
Federal	N/A	(3,326,400)
GF/GP	N/A	(\$2,573,600)

**21. Medicare Part D "Clawback"**

Reduces estimated cost for Medicare part D eligible coverage based on updated expenditure data.

<b>Gross</b>	<b>\$174,855,500</b>	<b>(\$15,096,000)</b>
GF/GP	\$174,855,500	(\$15,096,000)

**22. Health Information Technology Initiative**

Authorizes \$9.5 million to finance health care information technology initiatives. (Sec.1760 & Sec.1763)

<b>Gross</b>	<b>\$0</b>	<b>\$9,500,000</b>
Federal	0	2,250,000
GF/GP	\$0	\$7,250,000

**23. Personal Care Supplement Increase**

Increases the Medicaid personal care supplement paid to adult foster care facilities and homes for the aged by \$10 per month. (Sec.1746)

<b>Gross</b>	<b>\$23,344,800</b>	<b>\$852,000</b>
Federal	13,210,800	480,400
GF/GP	\$10,134,000	\$371,600

**24. Medicaid Optional Eligibility Changes**

Eliminates optional Medicaid eligibility for 19-20 year olds, except former foster care cases, and parents/caretaker relatives. (Sec.1646)

<b>Gross</b>	<b>(\$131,730,200)</b>	<b>(\$131,730,200)</b>
Federal	(74,269,500)	(74,269,500)
GF/GP	(\$57,460,700)	(\$57,460,700)

**25. Medicaid Physician Payment Rates**

Provides for a 5% increase in Medicaid physician payment rates. (Sec.1636)

<b>Gross</b>	<b>\$779,943,500</b>	<b>\$41,558,900</b>
Federal	441,370,100	23,430,900
GF/GP	\$338,573,400	\$18,128,000

**26. Specialized Case Management Program**

Recognizes savings from implementation of a specialized case management program targeting the highest cost Medicaid patients. (Sec.1756)

<b>Gross</b>	<b>N/A</b>	<b>(\$5,000,000)</b>
Federal	N/A	(2,819,000)
GF/GP	N/A	(\$2,181,000)

<b><u>Major Budget Changes from FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>House Change</u></b>
<b>27. Graduate Medical Education</b>	<b>Gross</b>	<b>\$168,954,800</b>	<b>\$6,800,000</b>
Rejects the carve-in of graduate medical education (GME) payments to the Medicaid HMOs and partially restores prior reductions in GME.	Federal	95,611,500	3,833,800
	GF/GP	\$73,343,300	\$2,966,200
<b>28. Non-Emergency Medical Transportation</b>	<b>Gross</b>	<b>\$9,973,600</b>	<b>(\$2,200,000)</b>
Includes savings from implementation of a brokerage contract for Medicaid non-emergency medical transportation services. (Sec.1634)	Federal	5,644,100	(1,100,000)
	GF/GP	\$4,329,500	(\$1,100,000)
<b>29. MI Child Premiums</b>	<b>Gross</b>	<b>(\$1,300,000)</b>	<b>(\$1,300,000)</b>
Increases the monthly premium for the MIChild program from \$5 to \$10. (Sec.1673)	Federal	(903,100)	(903,100)
	GF/GP	(\$396,900)	(\$396,900)
<b>30. Pharmacy Quality Improvement Program</b>	<b>Gross</b>	<b>(\$9,214,500)</b>	<b>(\$3,000,000)</b>
Increases the savings associated with the Pharmacy Quality Improvement Program by \$3.0 million annually.	Federal	(5,214,500)	(1,691,400)
	GF/GP	(\$4,000,000)	(\$1,308,600)

#### **Major Boilerplate Changes from FY 2005-06**

##### ***Sec. 423. Funding for Substance Abuse Programs and Services – MODIFIED***

Specifies that the Department establish a workgroup to examine and review the source and expenditure of funds for substance abuse programs and services. Also, requires the workgroup to develop and recommend cost-effective measures for the expenditure of funds and delivery of substance abuse programs and services.

##### ***Sec. 450. Audit and Reporting Requirements for CMHSPs – REPLACED***

Mandates that the Department implement the recommendations of the workgroup on streamlining the audit and reporting requirements for CMHSPs or specialty prepaid health plans by October 1, 2006.

##### ***Sec. 460. Uniform Standards for Reporting of Administrative Costs by CMHSPs – REPLACED***

Requires the Department to fully implement the uniform definitions, standards, and reporting of administrative costs by prepaid inpatient health plans (PIHPs), CMHSPs, and contracted organized provider systems that receive payment or reimbursements from PIHPs and CMHSPs by September 30, 2007.

##### ***Sec. 468. Incorporation of Coordinating Agencies into CMH Authorities – NEW***

Requires the Department to recommend changes in its criteria for the incorporation of a city, county, or regional substance abuse coordinating agency into a local community mental health authority.

##### ***Sec. 469. Funding Distribution Model for Coordinating Agencies – NEW***

Directs the Department to implement a funding distribution model for coordinating agencies based on findings by the former substance abuse block grant workgroup no later than October 31, 2006.

##### ***Sec. 470. Integration of Mental Health and Substance Abuse Services – NEW***

Specifies that the Department establish written expectations, such as coordination and consolidation of administrative functions, for CMHSPs, PIHPs, coordinating agencies, and counties on the integration of mental health and substance abuse services.

##### ***Sec. 471. Administrative Costs for Coordinating Agencies – NEW***

Limits administrative costs for coordinating agencies and the Salvation Army Harbor Light Program to a percentage of their total expenditures in FY 2004-05 or 9%, whichever is less.

##### ***Sec. 472. Retention of GF/GP by CMHSPs – NEW***

Specifies that any GF/GP funds lapsed by CMHSPs are retained in the Community Health budget to improve mental health and substance abuse services.

##### ***Sec. 474. Guardianship for Recipients – NEW***

Requires the Department to ensure that each contract with a CMHSP or PIHP requires the CMHSP or PIHP to provide each recipient and his/her family with information regarding the different types of guardianship.

##### ***Sec. 804. Hepatitis C Cooperative Program with Department of Corrections – NEW***

Directs the Department to cooperate with Department of Corrections on data and information sharing regarding prisoners being released and Hepatitis C, related to implementation of the Michigan prisoner reentry initiative. Requires a report by April 1, 2007.



## **Major Boilerplate Changes from FY 2005-06**

### ***Sec. 1113. Out-of-Wedlock Pregnancies – NEW***

Establishes that funded family planning and pregnancy prevention providers shall discourage sexual activity outside of marriage, and report certain data and expenditures to the Department for an annual report.

### ***Sec. 1152. Lead Screening for Medicaid Children at WIC Sites – NEW***

Establishes that all Medicaid children participating in the special supplemental food program for women, infants, and children receive lead screening testing.

### ***Sec. 1301. Crime Victim Assistance Services Grant Program – NEW***

Establishes criteria for private nonprofit 501(c) (3) organizations for receipt of crime victim assistance services grants, exempting faith-based organizations and groups that provide medical care. Directs the Department regarding types of victims for which services may be supported by the grant funds.

### ***Sec. 1684. Home and Community-Based Services (HCBS) Administrative Expenses – MODIFIED***

Continues the FY 2005-06 requirement that the payment rate allocated for administrative expenses for HCBS waiver program be reduced by \$2.00 per person per day, and that savings realized by this action be reallocated to increase enrollment in waiver program. Requires report on the number of nursing home patients discharged who are subsequently enrolled in HCBS waiver program, and associated cost savings.

### ***Sec. 1700. Actuarially Sound Capitation Rates – DELETED***

Requires Department to consult with Michigan Association of Health Plans and develop a plan to assure that Medicaid payment rates to HMOs in FY 2005-06 meet federal requirements for actuarially sound rates; plan shall be submitted by May 30, 2006.

### ***Sec. 1738. Medicaid Disproportionate Share (DSH) Cap Increase – NEW***

Requires the Department to explore ways of increasing the federal cap for DSH payments. If successful in raising the cap, the Department should consider additional DSH funding for county health plans and funding for trauma centers.

### ***Sec. 1741. Nursing Home Interim Payments – NEW***

Requires the Department to continue to provide nursing homes the opportunity to receive interim payments upon their request and that that these payments are as similar to expected cost-settled payments as possible.

### ***Sec. 1748. Medicaid Long-Term Care Medication Management Pilot Project – NEW***

Requires the Department to develop a Medicaid long-term care medication management pilot project for Medicaid patients in nursing home settings.

### ***Sec. 1751. Establishment of DRGs Based on Fee-For-Service and Health Plan Costs – NEW***

Requires the Department to provide a report by April 1, 2007, on establishing Medicaid diagnosis related group rates based on fee-for-service and health plan costs.

### ***Sec. 1752. Sharing of Third Party Liability Information With Health Plans – NEW***

Requires the Department to provide Medicaid health plans with any information that may assist the health plan in determining whether another party may be responsible for the payment of health care benefits.

### ***Sec. 1758. Illegal Immigrants Who Qualify for Medicaid – NEW***

Requires the Department to provide a report by April 1, 2007, on the number of illegal immigrants who qualify for Medicaid and the annual amount of expenditures on this population.

### ***Sec. 1761. Hospital QAAP Distribution of Payments Exceeding Upper Payment Limit– NEW***

Requires the Department to distribute Medicaid access to care initiative payments (MACI) that exceed hospitals upper payment limits, to hospitals that meet certain conditions, most likely rural hospitals.

### ***Sec. 1763. Electronic Exchange of Health Information Pilot Project – NEW***

Requires the Department to participate in a pilot project in Southeast Michigan related to the electronic exchange of health information.

**SUMMARY: ARTICLE 4  
DEPARTMENT OF CORRECTIONS  
HB 5795  
FY 2006-07**



Mitchell E. Bean, Director  
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**Analyst: Marilyn B. Peterson**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	House Change from FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,043,800	\$1,238,400	\$1,238,400	\$1,238,400		\$194,600	18.6
<b>Federal</b>	11,410,200	11,431,500	11,431,500	11,431,500		21,300	0.2
<b>Local</b>	411,700	420,900	420,900	420,900		9,200	2.2
<b>Private</b>	0	0	0	0		0	0.0
<b>Restricted</b>	66,590,000	68,775,700	68,775,700	68,775,700		2,185,700	3.3
<b>GF/GP</b>	1,780,650,700	1,865,555,000	1,865,555,000	1,835,555,000		54,904,300	3.1
<b>Gross</b>	<b>\$1,860,106,400</b>	<b>\$1,947,421,500</b>	<b>\$1,947,421,500</b>	<b>\$1,917,421,500</b>		<b>\$57,315,100</b>	<b>3.1</b>
<b>FTEs</b>	17,525.2	17,828.5	17,828.5	17,828.5		303.3	1.7
<b>Avg. Pop.</b>	50,945	51,490	51,490	51,490		545	1.1

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Michigan Department of Corrections (MDOC) operates under the codification of correctional statutes established under Public Act 232 of 1953. The MDOC budget funds operation of the state prison system, supervision of parolees and felony probationers, and a variety of offender programs both in prison and in the community. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction is funded through the Capital Outlay budget.

**Major Budget Changes in Proposed House Bill:**

- **Supplementary operational expenditures:** eliminates all funding associated with this \$17.8 million line, which supports costs of FY 2005-06 pay raises, guards' dry cleaning allowances, and certain grants to assist counties with jail crowding (grant programs not going forward without changes to sentencing guidelines). Senate and Executive eliminated the \$4.0 million in grants, and distributed the remainder across various lines.
- **Academic/vocational programs:** reduces Executive's recommended \$36.9 million by \$8.7 million.
- **Automation efficiencies:** incorporates savings to be achieved through increased use of videoconferencing (\$3.0 million) and automated technology to minimize costs of employee absences and overtime (\$1.5 million).
- **Night shift captains:** assumes savings of \$2.8 million through elimination of captains on night shifts.
- **"Joshua Project":** increases funding for attorney general's "Joshua Project" by \$1.3 million, to total of \$1.8 million.
- **Vacancy savings:** recognizes \$1.2 million in savings gained through position vacancies. Savings taken equals the amount of the FY 2004-05 GF/GP lapse.
- **Michigan Youth Correctional Facility:** provides \$100 placeholder for this now-closed, privately-owned facility. Associated boilerplate, also included by the Senate, prohibits Department from opening or reopening beds not otherwise provided for in the budget without first utilizing existing vacant beds at the former Michigan Youth Correctional Facility.
- **Other major changes from current year:** concurs with Senate and Executive on funding changes that: reflect closure of Camp Brighton and development of additional beds at various facilities, provide for training of additional new correctional officers, fund new global positioning system (GPS) tether contract, recognize savings under reorganization of field operations and other staffing reductions, and assume increased public works revenues.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

	<b>FY 2005-06 YTD</b>	<b>House Change from Current Yr.</b>
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**PRISON AND CAMP OPERATIONS****1. Camp Brighton Closure, Other Bed Count Changes**

Executive: assumes closure of Camp Brighton, the state's only prison camp for women, and conversion of the Huron Valley technical rule violator center to a women's camp. Overall, the budget recognizes 545 beds more than in the current year, and funds those beds utilizing funding from the Inmate Housing Fund line item (which includes funding for Camp Brighton), St. Louis Correctional Facility, and consent decree funding for the acute care units at Huron Valley. Additional FTEs recognize the Huron Valley employees who moved from Community Health to Corrections upon MDOC takeover of facility operations.

Senate: concurred

Proposed House: concurs

Beds	50,945	545
FTEs	N/A	456.8
<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
GF/GP	N/A	\$0

**2. Academic/Vocational Programs**

Proposed House: program reduction due to budgetary priorities and critical auditor general report. (Note: while current-year line item is \$33.9 million, Executive and Senate funding for FY 2006-07 is \$36.9 million due to economics and bed-related transfers from elsewhere in the budget.)

<b>Gross</b>	<b>\$33,860,700</b>	<b>(\$8,672,600)</b>
GF/GP	\$33,860,700	(\$8,672,600)

**3. Former Youth Correctional Facility**

Proposed House: inserts placeholder for former Michigan Youth Correctional Facility near Baldwin in Lake County.

<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
GF/GP	\$0	\$100

**4. Corrections Security Inspectors**

Executive: standardizes numbers of inspectors across the department, generally allocating one inspector per facility, for savings of \$1.5 million and 17.0 FTEs. Inspector responsibilities include checking for compliance with staffing and security protocols, conducting employee and prisoner investigations and disciplinary conferences, and handling union-management issues.

Senate: concurred

Proposed House: concurs

FTEs	N/A	(17.0)
<b>Gross</b>	<b>N/A</b>	<b>(\$1,500,000)</b>
GF/GP	N/A	(\$1,500,000)

**5. Equipment and Special Maintenance**

Executive: provides additional \$425,500 to upgrade electronic security equipment at various facilities, and incorporates a one-time fund shift of \$2.0 million to capital outlay, to enable special maintenance projects to be funded through that budget.

Senate: concurred

Proposed House: further reduces by \$54,000, leaving the \$425,500 requested for electronic security upgrades.

<b>Gross</b>	<b>\$2,054,000</b>	<b>(\$1,574,500)</b>
GF/GP	\$2,054,000	(\$1,574,500)

**6. High-security Pay Adjustments**

Executive: recognizes savings through elimination of high-security pay for correctional transportation officers (\$207,000) and corrections officers at Riverside (\$98,200), where security levels were recently reduced.

Senate: concurred

Proposed House: concurs

<b>Gross</b>	<b>N/A</b>	<b>(\$305,200)</b>
GF/GP	N/A	(\$305,200)

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD</b>	<b>House Change from Current Yr.</b>
<b>PRISONER HEALTH AND MENTAL HEALTH CARE</b>		
<b>7. Hadix Consent Decree – Medical Services</b>	FTEs 138.0	0.0
<u>Executive:</u> to comply with new Hadix consent decree requirements, adds funding for six physicians to increase physician coverage at acute and ambulatory units at the Jackson Complex. Physician services are provided through contract with Correctional Medical Services, Inc.	<b>Gross \$9,997,700</b>	<b>\$1,018,800</b>
<u>Senate:</u> concurred	GF/GP \$9,997,700	\$1,018,800
<u>Proposed House:</u> concurs		
<b>8. DOJ Consent Decree – MDCH Mental Health Services</b>	<b>Gross</b> N/A	<b>\$471,700</b>
<u>Executive:</u> funds an additional MDCH outpatient treatment team to provide mental health services at Thumb Correctional Facility, which has absorbed 320 youthful offenders following closure of the Michigan Youth Correctional Facility in Baldwin.	GF/GP <b>N/A</b>	\$471,700
<u>Senate:</u> concurred		
<u>Proposed House:</u> concurs		
<b>9. Clinical Treatment Team, Thumb Correctional Facility</b>	FTEs N/A	4.0
<u>Executive:</u> adds clinical staffing for Thumb Correctional Facility to accommodate increased programming and treatment needs following transfer of 320 youthful offenders from the now-closed Michigan Youth Correctional Facility in Baldwin. Increase would support assaultive offender programming, sex offender programming, and additional testing and screening needs.	<b>Gross</b> <b>N/A</b>	<b>\$329,000</b>
<u>Senate:</u> concurred	GF/GP N/A	\$329,000
<u>Proposed House:</u> concurs		
<b>10. Case Review Nurse Practitioners</b>	FTEs N/A	5.0
<u>Executive:</u> increases funding for nurse consultants. Funding would support additional review of prisoner medical cases and enable Hadix-related case review standards to be met statewide.	<b>Gross</b> <b>N/A</b>	<b>\$457,300</b>
<u>Senate:</u> concurred	GF/GP N/A	\$457,300
<u>Proposed House:</u> concurs		
<b>FIELD OPERATIONS AND COMMUNITY PROGRAMS</b>		
<b>11. Global Positioning System (GPS) Tether</b>	FTEs N/A	10.0
<u>Executive:</u> includes \$1.7 million GF/GP for early stages of implementation of GPS electronic monitoring for selected offenders in a yet-to-be-determined area of the state. The technology is expected to be used primarily for prisoners being paroled from burglary offenses, although it might be used for some sex offenders. A request for proposals to provide a GPS system was issued January 26, 2006; the deadline for submitting bids is February 23. The contract start date is scheduled for June 23, 2006.	<b>Gross</b> <b>N/A</b>	<b>\$1,670,500</b>
<u>Senate:</u> concurred	GF/GP N/A	\$1,670,500
<u>Proposed House:</u> concurs		

**Major Budget Changes from FY 2005-06 YTD Appropriations**

	<b>FY 2005-06 YTD</b>	<b>House Change from Current Yr.</b>
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**12. Field Operations Reorganization**

Executive: the proposed budget incorporates an additional \$2.7 million net GF/GP savings to be achieved through ongoing reorganization of field operations. Reorganization commenced in FY 2005-06 with reductions to central office staff for savings of \$1.1 million. The FY 2006-07 proposal includes savings from reorganization of regional field offices. Elimination of 79.5 regional office administrative and management positions is expected to generate savings of \$6.3 million; these savings, however, would be offset by \$3.6 million to fund 46.3 additional field officer FTEs. Net reductions would be 33.2 FTEs and \$2.7 million.

Senate: concurred

Proposed House: concurs

FTEs	1,976.4	(33.2)
<b>Gross</b>	<b>\$138,549,100</b>	<b>(\$2,731,000)</b>
Restricted	16,338,500	0
GF/GP	\$122,210,600	(\$2,731,000)

**13. Community Re-entry Centers**

Executive: creates new line item of Community Re-entry Centers to reflect changes in community programs that are occurring under truth-in-sentencing and the Michigan Prisoner Re-Entry Initiative. Utilizes existing funding and FTE authorization for line items for Corrections Centers and the Technical Rule Violator Program, and eliminates those lines. Funds Community Re-entry Centers at \$14.3 million (\$14.0 million GF/GP) and 48.0 FTEs. Eliminates \$271,600 of the \$372,300 in restricted revenues associated with corrections centers, and all but one of the 69.3 FTEs associated with the technical rule violator program.

Senate: concurred

Proposed House: concurs

FTEs	N/A	(68.3)
<b>Gross</b>	<b>N/A</b>	<b>(\$271,600)</b>
Restricted	N/A	(\$271,600)
GF/GP	N/A	\$0

**14. Parole and Probation Special Operations ("Joshua Project")**

Proposed House: funds expansion of program, currently limited to one precinct, that funds law enforcement escorts for parole and probation agents making after-hours checks of supervised offenders in Detroit.

<b>Gross</b>	<b>\$500,000</b>	<b>\$1,300,000</b>
GF/GP	\$500,000	\$1,300,000

**MISCELLANEOUS ADJUSTMENTS****15. New Officer Training and State Police Billings**

Executive: increases funding for new officer training by \$7.8 million, for a total of \$11.8 million (all GF/GP), to fund an estimated 650 new corrections officers to fill current and anticipated vacancies. The Executive also recommends an additional \$1.0 million GF/GP for the costs of the use of the state police training facility.

Senate: concurred

Proposed House: concurs

<b>Gross</b>	<b>N/A</b>	<b>\$8,824,400</b>
GF/GP	N/A	\$8,824,400

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD</b>	<b>House Change from Current Yr.</b>
<b>16. Supplementary Operational Expenditures</b>	<b>Gross</b>	<b>\$17,840,700</b>
This line item, new to the current year, supports costs of FY 2005-06 1.5% wage and salary increases, costs of contractual obligations to pay dry cleaning allowances to corrections officers, and various grant programs that the Executive recommended to assist counties with jail crowding problems.	GF/GP	(\$17,840,700)
<u>Executive:</u> eliminated \$4.0 million, to recognize that jail capacity grant programs would not go forward absent changes in sentencing guidelines; distributed the \$13.8 million remainder to support costs of FY 2005-06 contractual salary increases and pre-existing costs of dry cleaning allowances.		
<u>Senate:</u> concurred with Executive		
<u>Proposed House:</u> eliminates all funding associated with this line		
<b>17. Miscellaneous Savings and Efficiencies</b>	<b>Gross</b>	<b>N/A</b>
<u>Proposed House</u> incorporates additional savings to be achieved through:	GF/GP	(\$8,457,900)
<ul style="list-style-type: none"> <li>• Eliminating captain positions on night shifts (\$2.8 million)</li> <li>• Increased use of videoconferencing technology (\$3.0 million)</li> <li>• Utilization of automated technology to minimize costs of employee absences and overtime (\$1.5 million)</li> </ul>		
Recognition of vacancy savings in amount of FY 2004-05 GF/GP lapse. (\$1.2 million)		
<b>18. Public Works Revenues</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive:</u> anticipates additional \$216,000 in restricted revenues through recently-implemented 50% increase in public works user fees (from \$10 to \$15 per worker per day); used to offset GF/GP funding. Increased use of public works crews on MDOT projects to provide additional \$2.0 million in restricted revenues to offset GF/GP.	Restricted	2,216,000
<u>Senate:</u> concurred	GF/GP	(\$2,216,000)
<u>Proposed House:</u> concurs		
<b>19. Outpatient Substance Abuse Treatment</b>	<b>Gross</b>	<b>\$18,220,900</b>
<u>Executive:</u> increases funding for substance abuse testing and treatment to accommodate costs anticipated under new outpatient treatment service contracts, which are to be re-bid during FY 2005-06.	Federal	1,822,800
<u>Senate:</u> concurred	GF/GP	\$16,398,100
<u>Proposed House:</u> concurs		
<b>20. Jail Services Unit</b>	<b>FTEs</b>	<b>0.0</b>
<u>Executive:</u> restores funding for the jail services unit, which the current-year budget assumed would be transferred to the Department of Labor and Economic Growth. The unit reviews jail plans and inspects jails for compliance with statutory and promulgated jail standards, and has remained with the Department of Corrections.	<b>Gross</b>	<b>\$0</b>
<u>Senate:</u> concurred	IDG/IDT	0
<u>Proposed House:</u> concurs	GF/GP	\$0

<b><u>Major Budget Changes from FY 2005-06 YTD Appropriations</u></b>	<b><u>FY 2005-06 YTD</u></b>	<b><u>House Change from Current Yr.</u></b>
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**21. Human Resources Adjustments**

Executive: incorporates \$248,400 reduction in human resources service center user charges, \$29,600 reduction due to DCH human resources savings being passed on through the associated consent decree line, and an additional reduction of \$506,800 and 7.0 FTEs.

Senate: concurred

Proposed House: concurs

FTEs	N/A	(7.0)
<b>Gross</b>	<b>N/A</b>	<b>(\$784,400)</b>
GF/GP	N/A	(\$784,400)

**22. Information Technology**

Executive: includes \$1,098,700 for new servers for the Offender Management Network Information (OMNI) system, the Department's centralized system of offender data. Also includes \$660,000 for a time computation module to complete the migration from CMIS (Correctional Management Information System, the old mainframe-based offender information system) to OMNI.

Senate: concurred

Proposed House: concurs

<b>Gross</b>	<b>\$14,076,000</b>	<b>\$1,758,700</b>
Restricted	534,700	0
GF/GP	\$13,541,300	\$1,758,700

**23. Economic Adjustments**

Executive: includes economic adjustments totaling \$84.0 million (\$82.3 million GF/GP), of which \$651,900 (\$633,600 GF/GP) is for DIT. Total economic adjustments are as follows:

- Salaries and wages: \$36,328,100 Gross, \$35,547,700 GF/GP
- Insurances: \$13,633,100 Gross, \$13,341,400 GF/GP
- Retirement: \$32,057,900 Gross, \$31,370,600 GF/GP
- Workers' compensation: (\$1,105,000) decrease Gross & GF/GP
- Building occupancy charges: \$100 Gross and GF/GP
- Food: \$954,700 Gross and GF/GP
- Fuel and utilities: \$2,157,500 Gross and GF/GP

Senate: concurred

Proposed House: concurs

<b>Gross</b>	<b>N/A</b>	<b>\$84,026,400</b>
IDG/IDT	N/A	29,600
Federal	N/A	21,300
Local	N/A	9,200
Restricted	N/A	1,699,300
GF/GP	N/A	\$82,267,000

**Major Boilerplate Changes from FY 2005-06**

**Sec. 206. Disciplinary Action – RETAINED**

House and Senate retain prohibition, deleted by Executive, against taking disciplinary action against an employee for communicating with the legislature.

**Sec. 213. Contingency Fund Appropriations – EXCLUDED**

House and Senate exclude Executive-proposed language providing for appropriation of "contingency funds," which are otherwise-unappropriated non-GF/GP sources of revenue that may become available during the year.

**Sec. 401. Prison Population Projections – RETAINED**

House and Senate retain current February 1 deadline for report on prison population projections; Executive proposed change from February 1 to February 15.

**Sec. 411. Recidivism Report – RETAINED**

House and Senate retain requirement, deleted by Executive, for recidivism report to include information on historical recidivism rates and cross-state comparisons.

**Sec. 504. Mental Health and Substance Abuse Services – RETAINED**

House retains requirement, deleted by Executive and Senate, for Department to cooperate with Department of Community Health in providing information and developing a report on prisoners receiving substance abuse and mental health services.

**Sec. 606. Parole and Probation Agent Workload Study – REVISED**

House updates language pertaining to now-completed parole and probation agent workload study. House requires response to study, Senate retained existing language, Executive deleted.

## **Major Boilerplate Changes from FY 2005-06**

### ***Sec. 608. Parole and Probation Special Operations – RETAINED***

House and Senate retain language, eliminated by Executive, that expresses legislative intent for Department to cooperate with attorney general and local law enforcement agencies in assigning field agents for parole/probation special operations (under which agents, escorted by law enforcement, make unscheduled after-hours checks to verify offenders' whereabouts and activities in selected precincts of Detroit).

### ***Sec. 608. GPS Tether – NEW***

House and Senate add requirement for report on new global positioning system (GPS) tether program.

### ***Sec. 909. Hepatitis C and Coordination with MDCH - NEW***

House and Senate add requirement for MDOC to work with MDCH on process of data and information sharing regarding hepatitis C and prisoners being released from prison.

### ***Sec. 1001. Smoking Areas – REVISED***

House and Senate revise requirement for smoking areas, which was deleted by Executive, to exempt areas that house prisoners with special medical needs.

### ***Sec. 1009. Academic/Vocational Report – REVISED***

House and Senate retain language, eliminated by Executive, on various reporting requirements pertaining to prisoner academic and vocational programs. House and Senate also add requirement for response to August 2005 auditor general report on MDOC education programs.

### ***Sec. 1010. GED and Recidivism Report – RETAINED***

House and Senate retain language, eliminated by Executive, that requires report on offender educational history, GED completion rates, and impact of GED completion on offender recidivism.

### ***Sec. 1011. GED Certification Report – RETAINED***

House and Senate retain requirement, eliminated by Executive, for a plan to increase certification rates among prisoners enrolled in general educational development (GED) programs at correctional facilities. Associated report must include details on Department plans to improve certification rates, along with information on recent certification rates and comparisons to other states.

### ***Sec. 1012. Youth Correctional Facility – NEW***

House and Senate add prohibition against opening or reopening beds without first utilizing existing vacant beds at the former Michigan Youth Correctional Facility. Unlike Senate, House's version applies the provision to all unopened beds, not only those not otherwise provided for in the budget.



**Summary: Article 6  
ENVIRONMENTAL QUALITY  
HB 5795  
FY 2006-07**

**Analyst: Kirk Lindquist**

	<b>FY 2005-06 YTD</b>	<b>Executive</b>	<b>House</b>	<b>Senate</b>	<b>FY 2006-07 Enacted</b>	<b>Difference: House from FY 2005-06 YTD Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$18,031,100	\$18,233,600	\$18,233,600	\$18,233,600		\$202,500	1.1
<b>Federal</b>	144,062,700	140,338,500	140,338,500	140,338,500		(3,724,200)	(2.6)
<b>Local</b>	0	0	0	0		0	0
<b>Private</b>	450,000	450,000	450,000	450,000		0	0
<b>Restricted</b>	260,842,600	217,878,000	249,400,800	180,212,000		(11,441,800)	(4.4)
<b>GF/GP</b>	31,809,600	33,328,400	33,828,400	32,894,400		2,018,800	6.3
<b>Gross</b>	<b>\$455,196,000</b>	<b>\$410,228,500</b>	<b>\$442,251,300</b>	<b>\$372,128,500</b>		<b>(\$12,944,700)</b>	<b>(2.8)</b>
<b>FTEs</b>	1,573.2	1,567.7	1,570.7	1,567.7		(5.5)	(0.3)

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

**Major Budget Issues**

Strategic Water Quality Initiatives Grants: \$40.0 million, Restricted

Clean Michigan Initiative Grants Re-appropriations of unspent FY 2000-01 funding: \$30,487,800, Restricted

Cleanup and Redevelopment Program: GF/GP support: Reestablished at \$2,000,000, part of a fund restructuring of the program

Delete one-time funding for Underground Storage Tank cleanup program: (Refined Petroleum Fund, \$81,900,000)

Reduce Federal Drinking Water Grants: (\$6,073,600, GF/GP match: \$1,073,600)

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b>FY 2005-06 YTD</b>	<b>House Change</b>
<b>1. Underground Storage Tank Cleanup</b>	<b>Gross</b>	<b>\$102,000,000</b>	<b>(\$81,900,000)</b>
Removes one-time Refined Petroleum Fund revenue for storage tank cleanup (Initial program support @ \$45.0 million), and reduced level of funding to reflect expected annual revenue. Funds appropriated in FY 2005-06 reimbursed owner/operators for cleanup costs.	Restricted	102,000,000	(81,900,000)
<b>2. Strategic Water Quality Initiatives Grants</b>	<b>Gross</b>	<b>\$0</b>	<b>\$40,000,000</b>
New line item providing for grants to communities to prepare applications for loans for the construction of waste water infrastructure and nonpoint source control projects.	Restricted	0	40,000,000

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD      House Change****3. Contaminated Site Investigation/Cleanup Program**

The funding sources for this program are adjusted. The Cleanup Redevelopment Fund no longer can support the expenses of the cleanup program. Support now includes \$2.0 million GF/GP, and \$1.0 million Environmental Protection Fund.

<b>Gross</b>	<b>\$21,702,200</b>	<b>\$0</b>
Private	150,000	0
Restricted	21,552,200	(2,000,000)
GF/GP	\$0	\$2,000,000

This recommendation assumes \$12.0 million will be appropriated to the Cleanup Redevelopment Fund from the Cleanup Redevelopment Trust Fund in FY 2005-06 and assumes approval of the FY 2005-06 supplemental transferring \$7.0 million from the Community Pollution Prevention Fund to the Environmental Protection Fund.

**4. Drinking Water Grants**

Reduces Federal support to reflect expected grant level. The General Fund is reduced to reflect matching requirements.

<b>Gross</b>	<b>\$113,053,500</b>	<b>(\$6,073,600)</b>
Federal	85,000,000	(5,000,000)
Restricted	21,200,000	0
GF/GP	\$6,853,500	(\$1,073,600)

**5. Wastewater Treatment System Plan Review**

Eliminates 4 engineer positions that review plans and issue permits for new wastewater treatment systems.

<b>FTEs</b>	<b>98.1</b>	<b>(4.0)</b>
<b>Gross</b>	<b>\$15,281,200</b>	<b>(\$367,500)</b>
Federal	3,916,400	0
Restricted	8,077,700	0
GF/GP	\$3,287,100	(\$367,500)

**6. Clean Michigan Initiative Administrative Support**

The 3% CMI bond set-aside for program administration has been nearly spent. The contaminated Site Investigation program is reduced to reflect this situation. Department-wide support from the CMI Administration subfund in FY 2006-07 is \$1,295,600.

<b>Gross</b>	<b>\$21,702,200</b>	<b>(\$1,900,000)</b>
Private	150,000	0
Restricted	21,552,200	(1,900,000)

**7. Land and Water Management Permit Fees**

Support is shifted between restricted fund sources (from permit fees to the Environmental Protection Fund: \$1,613,800). Insufficient revenue exists to cover division regulatory programs. This recommendation is has been made possible through passage of a FY 2005-06 supplemental transferring \$7.0 million from the community pollution prevention fund to the Environmental Protection Fund.

<b>Gross</b>	<b>\$12,750,200</b>	<b>\$0</b>
IDG	908,100	0
Federal	3,292,300	0
Restricted	3,286,000	0
GF/GP	\$5,263,800	\$0

**8. Manufactured Housing Fees**

Eliminates deduct for Manufactured Housing Fees. Legislation to increase these fees has not been enacted. Funding for this program is not available from the Department of Labor and Economic Growth.

<b>Gross</b>	<b>\$16,052,700</b>	<b>(\$633,300)</b>
Federal	9,620,200	0
Restricted	4,649,300	(633,300)
GF/GP	\$1,783,200	\$0

**9. Contaminated Sediments: City of St. Clair Shores Lange/Revere Canals**

Funding is provided to support local cleanup efforts in Anchor Bay.

<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
Restricted	\$0	\$500,000

**10. Water Supply Wells: City of St. Louis**

Funding is provided toward the development cost of new water supply wells for the City of St. Louis.

<b>Gross</b>	<b>\$0</b>	<b>\$300,000</b>
GF/GP	\$0	\$300,000

**11. Real Time Water Quality Monitoring**

Funding for the pilot water quality monitoring project in the Lake St. Clair watershed is retained: \$250,000

<b>Gross</b>	<b>\$250,000</b>	<b>\$0</b>
Restricted	250,000	0

**12. Office of Environmental Ombudsman**

An interdepartmental grant to the Legislative Council would establish a new office responsible for resolving conflicts

<b>FTEs</b>	<b>0.0</b>	<b>3.0</b>
<b>Gross</b>	<b>\$0</b>	<b>\$200,000</b>
GF/GP	\$0	\$200,000

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD    House Change**

arising from environmental regulations or enforcement actions.

**13. Community Outreach Pilot Program**

A new line item is included to develop an outreach program to increase awareness of environmental issues that may impact communities.

<b>Gross</b>	<b>\$0</b>	<b>\$150,000</b>
Restricted	0	150,000

**14. Economic Adjustments**

Provides support for the negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.

<b>Gross</b>	<b>N/A</b>	<b>\$5,777,800</b>
IDG		175,300
Federal		1,275,800
Restricted		3,227,900
GF/GP	N/A	\$1,098,800

**Major Boilerplate Changes from FY 2005-06****Sec. 222. Permit Program Benchmark Studies – NEW**

Establishes a stakeholder panel to study permit process comparing DEQ permit programs to permit programs of other Great Lakes states.

**Sec. 226. Cost Allocation Plan for Administration (Restricted Funds) – NEW**

Requires the department to develop a cost allocation plan for the use of restricted funds in its administrative units. This plan may be phased in over 3 fiscal years.

**Sec. 227. Oil or Alternative Fuels Refinery Permits – NEW**

Expedites permit processing related to a proposed refinery or petroleum or alternative fuels.

**Sec. 228. Penalty Revenue from Fines or Fees – NEW**

Deposits revenue collected by the department from assessed penalties into the General Fund.

**Sec. 229. NPDES Rules Enforcement: Agricultural Groundwater Discharge – NEW**

Prohibits the enforcement of discharge limitations on farms not found to have discharges to Michigan waters.

**Sec. 230. Clean Michigan Initiative Grants – NEW**

Provides instruction on the regranting process for appropriated grant funds from FY1998-9, FY1999-2000, and FY2000-01.

**Sec. 504. Community Outreach Pilot Program – NEW**

Provides funding for a portable community outreach module for enhanced community awareness of environmental issues that may impact their community.

**Sec. 602. Beach Grooming Legislation – NEW**

Appropriations for the Land and Water Management Division contingent upon passage of legislation regulating beach grooming and maintenance.

**Sec. 702. Underground Storage Tank Cleanup Site List – DELETED**

Provides a list of cleanup sites, and prohibits the department from spending \$42.0 million for cleanup efforts until the program is authorized in statute.

**Sec. 703. Underground Storage Tank: Initial Cleanup – DELETED**

States that the \$45.0 million appropriation is to be used to support the Advisory Council recommendations for owner/operator reimbursements.

**Sec. 704. Peer Reviewed Risk Assessment – REVISED**

Requires a status report listing efforts made by the department to comply with section requirements: Jan. 1, '06

**Sec. 903. Groundwater Use Rule Promulgation – DELETED**

Directs Department to not promulgate rules regarding groundwater use or withdrawal unless it implements provisions of 2003 Parts 148 and 177.

**Sec. 1001. Solid Waste Disposal Facility Inspections – DELETED**

Requires periodic inspections of Michigan disposal sites receiving out-of-state solid waste.

**Summary: Article 7**  
**ALL GENERAL GOVERNMENT DEPARTMENTS**  
**HB 5795**  
**FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD*	Executive**	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$2,915,403,600</b>	<b>\$3,007,324,600</b>	<b>\$2,940,233,400</b>			<b>\$24,829,800</b>	<b>0.9</b>
<b>IDG/IDT</b>	573,818,400	589,646,200	585,266,100			11,447,700	2.0
<b>Federal</b>	52,977,000	103,227,200	55,540,200			2,563,200	4.8
<b>Local</b>	2,725,400	2,766,200	2,766,200			40,800	1.5
<b>Private</b>	550,100	1,250,100	550,100			0	0.0
<b>Restricted</b>	1,688,569,800	1,664,653,800	1,664,891,800			(23,678,000)	(1.4)
<b>GF/GP</b>	\$596,762,900	\$645,781,100	\$631,219,000			\$34,456,100	5.8
<b>FTEs</b>	7,109.4	7,287.4	7,135.4			26.0	0.4

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

\* FY 2005-06 YTD figures do not include Michigan Strategic Fund appropriations.

\*\* Executive figures include Michigan Strategic Fund appropriations.

\*\* The Gross appropriation for the Office of the Auditor General for FY 2005-06 was \$15,977,500. However, this included a \$500,000 IDG from the Department of Corrections, which was vetoed in the Department of Corrections bill. Accordingly, Gross and IDG appropriations should have been reduced in the Executive recommendation for the Office of the Auditor General.

**The House Committee recommendation totals \$2.9 billion Gross and \$631.2 million GF/GP.**

**The House Committee recommendation is \$24.8 million Gross, or 0.9%, and \$34.5 million GF/GP, or 5.8%, over current-year appropriated levels.**

**The House Committee recommendation is \$67.1 million Gross, or 2.2%, and \$14.6 million GF/GP, or 2.3%, under the Executive recommendation.**

**Summary: Article 7  
ATTORNEY GENERAL  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$64,720,400</b>	<b>\$68,306,300</b>	<b>\$68,306,300</b>			<b>\$3,585,900</b>	<b>5.5</b>
<b>IDG/IDT</b>	13,408,400	13,914,300	13,914,300			505,900	3.8
<b>Federal</b>	8,799,400	10,236,500	10,236,500			1,437,100	16.3
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	0	0	0			0	0.0
<b>Restricted</b>	11,011,400	11,259,500	11,259,500			248,100	2.3
<b>GF/GP</b>	\$31,501,200	\$32,896,000	\$32,896,000			\$1,394,800	4.4
<b>FTEs</b>	566.0	563.0	563.0			(3.0)	(0.5)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. Increased Federal Funding**

Includes authorization for the Department to receive additional federal grant funding made available from the U.S. Department of Health and Human Services for Medicaid fraud control activities (\$510,700), for child support enforcement activities (\$450,000), and for a domestic violence prosecution program (\$67,000).

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>\$1,027,700</b>	<b>\$1,027,700</b>
Federal	1,027,700	1,027,700
GF/GP	\$0	\$0

**2. Fund Source Adjustments**

Eliminates Real Estate Enforcement Fund revenue based on a lack of need for service in that area (\$226,000); eliminates Corporate and Security Fees revenue due to charges for services provided being funded from an IDG from DLEG (\$140,300); and reduces IDG funding from MDOT State Trunkline Fund by \$300,000 in order to align the authorization with what the Department expects to receive for services provided.

<b>Gross</b>	<b>(\$666,300)</b>	<b>(\$666,300)</b>
IDG	(300,000)	(300,000)
Restricted	(366,300)	(366,300)
GF/GP	\$0	\$0

**3. Program Reductions**

Reduces GF/GP funding and offsets the reduction with increased IDG funding from DHS and state restricted funding from the Liquor Purchase Revolving Fund and the Oil and Gas Privilege Fee fund.

<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
IDG	140,000	140,000
Restricted	60,000	60,000
GF/GP	(\$200,000)	(\$200,000)

**4. Economic Adjustments**

Includes additional funding for salary and wage, insurance, and retirement costs, and reduces funding for building occupancy charges.

<b>Gross</b>	<b>\$3,224,500</b>	<b>\$3,224,500</b>
IDG	665,900	665,900
Federal	409,400	409,400
Restricted	554,400	554,400
GF/GP	\$1,594,800	\$1,594,800

**Major Boilerplate Changes from FY 2005-06**

***Sec. 309. Carry Forward of Prisoner Reimbursement Revenue – MODIFIED***

**House Committee** includes language which authorizes unexpended prisoner reimbursement revenue, up to \$500,000, to be carried forward.

**Summary: Article 7  
CIVIL RIGHTS  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$13,158,500</b>	<b>\$14,020,200</b>	<b>\$14,020,200</b>			<b>\$861,700</b>	<b>6.5</b>
<b>IDG/IDT</b>	0	0	0			0	0.0
<b>Federal</b>	1,049,800	1,566,200	1,566,200			516,400	49.2
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	0	0	0			0	0.0
<b>Restricted</b>	0	0	0			0	0.0
<b>GF/GP</b>	\$12,108,700	\$12,454,000	\$12,454,000			\$345,300	2.9
<b>FTEs</b>	141.0	141.0	141.0			0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b><u>Exec Change</u></b>	<b><u>House Change</u></b>
<b>1. Increased Federal Funding</b>	<b>Gross</b>	<b>\$516,400</b>	<b>\$516,400</b>
Includes authorization for the Department to receive additional federal grant funding made available from the Equal Employment Opportunity Commission (\$374,800) and the United States Department of Housing and Urban Development (\$141,600).	Federal	516,400	516,400
	GF/GP	\$0	\$0
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>\$366,300</b>	<b>\$366,300</b>
Includes additional funding for salary and wage, insurance, retirement, and workers' compensation premium costs.	GF/GP	\$366,300	\$366,300
<b>3. Human Resources Optimization Project</b>	<b>Gross</b>	<b>(\$21,000)</b>	<b>(\$21,000)</b>
Reduces funding in order to more accurately reflect the Department's portion of Human Resources Optimization user charges.	GF/GP	(\$21,000)	(\$21,000)

**Major Boilerplate Changes from FY 2005-06**

**None**

**Summary: Article 7  
CIVIL SERVICE  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$35,941,600</b>	<b>\$36,547,100</b>	<b>\$36,547,100</b>			<b>\$605,500</b>	<b>1.7</b>
<b>IDG/IDT</b>	5,670,900	5,788,100	5,788,100			117,200	2.1
<b>Federal</b>	4,779,100	4,779,100	4,779,100			0	0.0
<b>Local</b>	1,700,000	1,700,000	1,700,000			0	0.0
<b>Private</b>	150,000	150,000	150,000			0	0.0
<b>Restricted</b>	16,539,200	17,157,500	17,157,500			618,300	3.7
<b>GF/GP</b>	\$7,102,400	\$6,972,400	\$6,972,400			(\$130,000)	(1.8)
<b>FTEs</b>	240.5	240.5	240.5			0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. Program Reductions**

Reduces GF/GP funding by \$355,100. Savings are anticipated to be generated through CSS&M cost reductions and other administrative efficiencies.

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>(\$355,100)</b>	<b>(\$355,100)</b>
GF/GP	(\$355,100)	(\$355,100)

**2. Economic Adjustments**

Includes additional funding for salary and wage, insurance, and retirement costs, and reduces funding for workers' compensation premium costs and building occupancy charges.

<b>Gross</b>	<b>\$976,600</b>	<b>\$976,600</b>
IDG	117,200	117,200
Restricted	628,300	628,300
GF/GP	\$231,100	\$231,100

**3. Human Resources Optimization Project**

Reduces funding in order to more accurately reflect the Department's portion of Human Resources Optimization user charges.

<b>Gross</b>	<b>(\$16,000)</b>	<b>(\$16,000)</b>
Restricted	(10,000)	(10,000)
GF/GP	(\$6,000)	(\$6,000)

**Major Boilerplate Changes from FY 2005-06**

**None**



**Summary: Article 7  
EXECUTIVE OFFICE  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>			<b>\$0</b>	<b>0.0</b>
IDG/IDT	0	0	0			0	0.0
Federal	0	0	0			0	0.0
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	0	0	0			0	0.0
<b>GF/GP</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>	<b>\$5,375,500</b>			<b>\$0</b>	<b>0.0</b>
<b>FTEs</b>	<b>84.2</b>	<b>84.2</b>	<b>84.2</b>			<b>0.0</b>	<b>0.0</b>

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**Exec Change**

**House Change**

*No changes to current-year appropriations.*

**Major Boilerplate Changes from FY 2005-06**

*There is no boilerplate for the Executive Office.*

**Summary: Article 7**  
**INFORMATION TECHNOLOGY**  
**HB 5795**  
**FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$365,194,400</b>	<b>\$378,422,000</b>	<b>\$378,422,000</b>			<b>\$13,227,600</b>	<b>3.6</b>
<b>IDG/IDT</b>	365,194,400	378,422,000	378,422,000			13,227,600	3.6
<b>Federal</b>	0	0	0			0	0.0
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	0	0	0			0	0.0
<b>Restricted</b>	0	0	0			0	0.0
<b>GF/GP</b>	\$0	\$0	\$0			\$0	0.0
<b>FTEs</b>	1,766.4	1,781.4	1,781.4			15.0	0.8

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies; each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. Economic Adjustments**

Includes additional funding for salary and wage, insurance, retirement, and rent costs and for building occupancy charges.

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>\$7,176,600</b>	<b>\$7,176,600</b>
IDG	7,176,600	7,176,600
GF/GP	\$0	\$0

**2. Program Enhancements**

Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets:

- Additional \$5.5 million for the Integrated Service Delivery Project in the Department of Human Services
- Additional \$1.1 million for the Business Application Modernization Project in the Department of State
- Additional \$1.0 million for the Michigan Public Safety Communications System in the Department of State Police
- Additional \$399,900 for the Social Security Administration Electronic Death Registry System in the Department of Community Health
- Additional \$370,000 for implementation of the Social Security Privacy Act in the Department of Management and Budget.

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>\$8,369,300</b>	<b>\$8,369,300</b>
IDG	8,369,300	8,369,300
GF/GP	\$0	\$0

**Major Budget Changes from FY 2005-06 YTD Appropriations****3. Base Adjustments**

Makes the following adjustments in order to more accurately reflect what has been appropriated for information technology services and projects in other state department budgets:

- Additional \$17.0 million in order to align the Department of Information Technology's IDGs with enacted information technology line item appropriations in other state department budgets
- Additional \$3.2 million for the Department of Management and Budget for on-going maintenance costs of the state's retirement system
- Additional \$1.8 million for the Department of Corrections for conversion of modules, server replacements, and desktop maintenance
- Remove one-time appropriation of \$17.8 million for the Child Support Arrearage Program in the Department of Human Services
- Remove \$3.9 million from the Department of Human Services as a result of contract and other information technology-related savings
- Remove \$1.1 million from the Department of State Police due to expiration of the Commercial Vehicle Information Systems Network grant
- Remove one-time appropriation of \$1.0 million for the e-Procurement Project in the Department of Management and Budget.

	<b><u>Exec Change</u></b>	<b><u>House Change</u></b>
<b>Gross</b>	<b>(\$1,863,000)</b>	<b>(\$1,863,000)</b>
IDG	(1,863,000)	(1,863,000)
GF/GP	\$0	\$0

**Major Boilerplate Changes from FY 2005-06****Sec. 581. Information Technology Assets – NEW**

**House Committee** includes new language which requires DIT to conduct a study of the state's information technology assets, to determine any benefits and economies that can be achieved, and to summarize the top ten initiatives that would provide the most benefit to the state and the cost of implementing those initiatives.

**Summary: Article 7  
LEGISLATURE  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$129,731,900</b>	<b>\$129,731,900</b>	<b>\$113,754,400</b>			<b>(\$15,977,500)</b>	<b>(12.3)</b>
<b>IDG/IDT</b>	2,301,500	2,301,500	0			(2,301,500)	(100.0)
<b>Federal</b>	0	0	0			0	0.0
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	400,000	400,000	400,000			0	0.0
<b>Restricted</b>	2,356,500	2,356,500	1,109,800			(1,246,700)	(52.9)
<b>GF/GP</b>	\$124,673,900	\$124,673,900	\$112,244,600			(\$12,429,300)	(10.0)
<b>FTEs</b>	0.0	0.0	0.0			0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

*The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.*

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**Exec Change**

**House Change**

***No changes to current-year appropriations for House, Senate, Legislative Council, Legislative Retirement, or Property Management line items.***

***Funding for the Office of the Auditor General is transferred out of the Legislature budget and into its own section of the bill. (Please see the following page for more details on the Office of the Auditor General.)***

**Major Boilerplate Changes from FY 2005-06**

***None***

**Summary: Article 7**  
**OFFICE OF THE AUDITOR GENERAL**  
**HB 5795**  
**FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,477,500</b>			<b>\$17,477,500</b>	<b>100.0</b>
<b>IDG/IDT</b>	0	0	1,801,500			1,801,500	100.0
<b>Federal</b>	0	0	0			0	0.0
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	0	0	0			0	0.0
<b>Restricted</b>	0	0	1,539,900			1,539,900	100.0
<b>GF/GP</b>	\$0	\$0	\$14,136,100			\$14,136,100	100.0
<b>FTEs</b>	0.0	0.0	0.0			0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Office of the Auditor General (OAG) is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds and an annual budget of over \$27 billion. Audit reports also provide citizens with a measure of accountability and assist department evaluation of their operations. The OAG's overall goal is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The OAG's mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

***Funding for the Office of the Auditor General is transferred out of the Legislature budget and into its own section of the bill. Current-year funding levels compared to the House Committee recommendations are as follows:***

	FY 2005-06 YTD	House	Difference: House from FY 2005-06 YTD	
			Amount	%
<b>Gross</b>	<b>\$15,477,500</b>	<b>\$17,477,500</b>	<b>\$2,000,000</b>	<b>12.9</b>
<b>IDG/IDT</b>	1,801,500	1,801,500	0	0.0
<b>Restricted</b>	1,246,700	1,539,900	293,200	23.5
<b>GF/GP</b>	\$12,429,300	\$14,136,100	\$1,706,800	13.7

***\*Note: The Gross appropriation for FY 2005-06 was \$15,977,500. However, this included a \$500,000 IDG from the Department of Corrections, which was vetoed in the Department of Corrections bill. Accordingly, the Gross and IDG levels should have been reduced in the Office of the Auditor General budget.***

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b><u>Exec Change</u></b>	<b><u>House Change</u></b>
<b>1. Additional Auditor Positions</b>	<b>Gross</b>	<b>\$0</b>	<b>\$915,000</b>
Includes funding for an additional 15.0 auditor positions.	<b>GF/GP</b>	<b>\$0</b>	<b>\$915,000</b>

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b><u>Exec Change</u></b>	<b><u>House Change</u></b>
<b>2. Economic Adjustments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$580,000</b>
Includes additional funding for salary and wage, insurance, and retirement costs.	GF/GP	\$0	\$580,000
<b>3. Information Technology</b>	<b>Gross</b>	<b>\$0</b>	<b>\$505,000</b>
Includes additional funding for information technology system equipment needs.	GF/GP	\$0	\$505,000
<b>4. Fund Source Adjustments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Reduces GF/GP funding and offsets the reduction with increased state restricted funding in order to more accurately reflect where audit charges occur.	Restricted	0	293,200
	GF/GP	\$0	(\$293,200)

**Major Boilerplate Changes from FY 2005-06**

**None**

**Summary: Article 7  
MANAGEMENT AND BUDGET  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive*	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$231,914,100</b>	<b>\$496,142,000</b>	<b>\$496,642,000</b>			<b>\$264,727,900</b>	<b>114.1</b>
<b>IDG/IDT</b>	153,786,800	155,293,500	155,293,500			1,506,700	1.0
<b>Federal</b>	0	0	0			0	0.0
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	0	0	0			0	0.0
<b>Restricted</b>	42,909,400	67,438,900	67,438,900			24,529,500	57.2
<b>GF/GP</b>	\$35,217,900	\$273,409,600	\$273,909,600			\$238,691,700	677.8
<b>FTEs</b>	751.0	759.0	759.0			8.0	1.1

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

\* Executive figures reflect the transfer of State Building Authority Rent Payments from the Department of Treasury.

**Overview**

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet; and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b>Exec Change</b>	<b>House Change</b>
<b>1. Acquisition Services</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
Includes additional funding as an incentive for the Department to continue properly managing acquisition services.	GF/GP	\$0	\$500,000
<b>2. Transfer of State Building Authority Rent</b>	<b>Gross</b>	<b>\$272,797,100</b>	<b>\$272,797,100</b>
Reflects the transfer of State Building Authority Rent Payments from the Department of Treasury to the Department of Management and Budget.	Restricted	16,795,000	16,795,000
	GF/GP	\$256,002,100	\$256,002,100
<b>3. SBA Rent Adjustments</b>	<b>Gross</b>	<b>(\$15,000,000)</b>	<b>(\$15,000,000)</b>
Reflects adjustments made for projected rent payments, consistent with anticipated rent payments for previously constructed projects.	GF/GP	(\$15,000,000)	(\$15,000,000)
<b>4. Commercial Mobile Radio Suppliers Fund</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Includes authorization for the Department to receive additional state restricted revenue available from the Commercial Mobile Radio Suppliers Fund and offsets GF/GP by a like amount. The funding will be used to pay SBA rent charges for Michigan State Police radio tower construction projects.	Restricted	3,300,000	3,300,000
	GF/GP	(\$3,300,000)	(\$3,300,000)
<b>5. Office of Retirement Services</b>	FTEs	13.0	13.0
Includes \$3.2 million for on-going maintenance costs of the state's retirement system, \$370,000 for implementation of the Social Security Privacy Act, and 13.0 FTE positions and \$350,000 for customer call center improvements.	<b>Gross</b>	<b>\$3,920,000</b>	<b>\$3,920,000</b>
	Restricted	3,920,000	3,920,000
	GF/GP	\$0	\$0

**Major Budget Changes from FY 2005-06 YTD Appropriations****6. Michigan State Fair Operations**

Adjusts the base appropriation in order to reflect actual ongoing operational expenses of the State Fair.

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>\$587,400</b>	<b>\$587,400</b>
Restricted	587,400	587,400
GF/GP	\$0	\$0

**7. Program Reductions**

Reduces GF/GP funding by \$758,200. Savings are anticipated to be generated through staffing reductions, fund source shifts, real estate optimization, and changes to the ID Mail Delivery Program.

FTEs	(6.0)	(6.0)
<b>Gross</b>	<b>(\$492,000)</b>	<b>(\$492,000)</b>
IDG	293,200	293,200
Restricted	(27,000)	(27,000)
GF/GP	(\$758,200)	(\$758,200)

**8. Building Occupancy Adjustments**

Includes an additional \$814,600 for increased utility costs and \$121,700 for rent adjustments for leased facilities. Reduces the budget by \$577,500 due to closing the Baker-Olin building.

<b>Gross</b>	<b>\$358,800</b>	<b>\$358,800</b>
IDG	358,800	358,800
GF/GP	\$0	\$0

**9. e-Procurement Project**

Eliminates the one-time appropriation of \$1.0 million for the e-Procurement project. The project has been completed and provides an online, statewide, "one-stop shop" marketplace for purchasers. The state is able to gather purchasing information for reporting purposes, collect and review government spending patterns to leverage better pricing, increase vendor competition in the bidding process, and consolidate workloads.

<b>Gross</b>	<b>(\$1,000,000)</b>	<b>(\$1,000,000)</b>
IDG	(1,000,000)	(1,000,000)
GF/GP	\$0	\$0

**10. Retirement Disaster Recovery Plan**

Eliminates the one-time appropriation of \$500,000 for the Retirement Business Continuity/Disaster Recovery Plan. The project has been completed and provides the Office of Retirement Services with a plan to maintain core functional activities in the event of a disaster. The call center will function within 48 hours of a disaster and pension payments will be made to members within one week of a disaster.

<b>Gross</b>	<b>(\$500,000)</b>	<b>(\$500,000)</b>
Restricted	(500,000)	(500,000)
GF/GP	\$0	\$0

**11. Economic Adjustments**

Includes additional funding for salary and wage, insurance, retirement, and rent costs. Reduces funding for workers' compensation premium costs and building occupancy charges.

<b>Gross</b>	<b>\$3,193,100</b>	<b>\$3,193,100</b>
IDG	990,200	990,200
Restricted	1,011,800	1,011,800
GF/GP	\$1,191,100	\$1,191,100

**12. Human Resources Optimization Project**

Increases funding in order to more accurately reflect the Department's portion of Human Resources Optimization user charges.

<b>Gross</b>	<b>\$34,700</b>	<b>\$34,700</b>
IDG	13,500	13,500
Restricted	14,500	14,500
GF/GP	\$6,700	\$6,700

**Major Boilerplate Changes from FY 2005-06****DEPARTMENT OF MANAGEMENT AND BUDGET****Sec. 715. Motor Vehicle Fleet – MODIFIED**

**Executive and House Committee** include new language which authorizes the Department to charge state agencies for fuel cost increases that exceed \$2.27 per gallon of unleaded gasoline and that revenues received from these charges be appropriated upon receipt.

**GENERAL SECTIONS OF BOILERPLATE****Sec. 220. Contributions to Political Organizations – MODIFIED**

**House Committee** modifies current year language to prohibit funding from being used to establish, operate, or administer a payroll deduction plan that enables classified state employees to make contributions to either a committee or a political organization.



**Summary: Article 7  
STATE  
HB 5795  
FY 2006-07**

**Analyst: Robin Risko**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$197,378,400</b>	<b>\$204,793,500</b>	<b>\$204,793,500</b>			<b>\$7,415,100</b>	<b>3.8</b>
<b>IDG/IDT</b>	20,000,000	20,000,000	20,000,000			0	0.0
<b>Federal</b>	2,943,300	3,052,100	3,052,100			108,800	3.7
<b>Local</b>	0	0	0			0	0.0
<b>Private</b>	100	100	100			0	0.0
<b>Restricted</b>	160,937,200	162,608,600	162,608,600			1,671,400	1.0
<b>GF/GP</b>	\$13,497,800	\$19,132,700	\$19,132,700			\$5,634,900	41.7
<b>FTEs</b>	1,859.8	1,859.8	1,859.8			0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b>Exec Change</b>	<b>House Change</b>
<b>1. Business Application Modernization Project</b>	<b>Gross</b>	<b>\$1,100,000</b>	<b>\$1,100,000</b>
Includes additional funding for continued development and implementation of the Business Application Modernization Project.	GF/GP	\$1,100,000	\$1,100,000
<b>2. Motorcycle Safety Grants</b>	<b>Gross</b>	<b>\$200,000</b>	<b>\$200,000</b>
Includes additional \$200,000 for the Department to make grants to colleges, universities, intermediate school districts, local school districts, law enforcement agencies, and other governmental agencies located in the state, to help subsidize safety training courses for individuals interested in operating motorcycles.	Restricted	200,000	200,000
	GF/GP	\$0	\$0
<b>3. Program Reductions</b>	<b>Gross</b>	<b>(\$365,900)</b>	<b>(\$365,900)</b>
Reduces GF/GP funding by \$365,900. Savings are anticipated to be generated through not filling vacant FTE positions and other administrative efficiencies.	GF/GP	(\$365,900)	(\$365,900)
<b>4. Economic Adjustments</b>	<b>Gross</b>	<b>\$6,481,000</b>	<b>\$6,481,000</b>
Includes additional funding for salary and wage, insurance, and retirement costs and for building occupancy charges. Reduces funding for workers' compensation premium costs.	Federal	108,800	108,800
	Restricted	1,471,400	1,471,400
	GF/GP	\$4,900,800	\$4,900,800

**Major Boilerplate Changes from FY 2005-06**

**Sec. 815a. Strategies for Increasing Online Transactions – NEW**

**House Committee** includes new language which requires the Department of State to report on the number of branch office transactions completed online by Michigan residents in the preceding fiscal year.

**Summary: Article 7  
TREASURY  
HB 5795  
FY 2006-07**

**Analyst: Viola Bay Wild**

	FY 2005-06 YTD*	Executive**	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>Gross</b>	<b>\$1,871,988,800</b>	<b>\$1,673,986,100</b>	<b>\$1,604,894,900</b>			<b>(\$267,093,900)</b>	<b>(14.3)</b>
<b>IDG/IDT</b>	13,456,400	13,926,800	10,046,700			(3,409,700)	(25.3)
<b>Federal</b>	35,405,400	83,593,300	35,906,300			500,900	1.4
<b>Local</b>	1,025,400	1,066,200	1,066,200			40,800	4.0
<b>Private</b>	0	700,000	0			0	0.0
<b>Restricted</b>	1,454,816,100	1,403,832,800	1,403,777,600			(51,038,500)	(3.5)
<b>GF/GP</b>	\$367,285,500	\$170,867,000	\$154,098,100			(\$213,187,400)	(58.0)
<b>FTEs</b>	1700.5	1,858.5	1,706.5			6.0	0.4

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

\* FY 2005-06 YTD figures do not include Michigan Strategic Fund appropriations.

\*\* Executive figures include Michigan Strategic Fund appropriations.

**Overview**

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**TREASURY OPERATIONS**

**1. Transfer of State Building Authority Rent**

Reflects the transfer of State Building Authority (SBA) Rent payments from the Department of Treasury to the Department of Management and Budget.

	<b>Exec Change</b>	<b>House Change</b>
<b>Gross</b>	<b>(\$272,797,100)</b>	<b>(\$272,797,100)</b>
Restricted	(16,795,000)	(16,795,000)
GF/GP	(\$256,002,100)	(\$256,002,100)

**2. Transfer of Michigan Strategic Fund**

Reflects the transfer of the Michigan Strategic Fund from the Department of Labor and Economic Development to the Department of Treasury under P.A. 225 of 2005. The Michigan Economic Development Corporation (MEDC) administers the programs and funds of the MSF. (See separate summary for MSF).

FTEs	152.0	0.0
<b>Gross</b>	<b>\$80,479,800</b>	<b>\$0</b>
IDG	78,600	0
Federal	47,687,000	0
Private	700,000	0
Restricted	5,000	0
GF/GP	\$32,009,200	\$0

**3. Transfer of Pari-Mutuel Audits**

Reflects the transfer of the Pari-Mutuel Audit program to the Office of Racing Commissioner in the Department of Agriculture. The program conducts audits of pari-mutuel betting at state horse racing tracks.

<b>Gross</b>	<b>(\$240,000)</b>	<b>(\$240,000)</b>
Restricted	(240,000)	(240,000)
GF/GP	\$0	\$0

**4. Transfer of MEAP Test Center Operations**

Reflects the transfer of the MEAP Test Center operations program and 1.0 FTE to the Department of Education.

FTEs	(1.0)	(1.0)
<b>Gross</b>	<b>(\$115,000)</b>	<b>(\$115,000)</b>
Restricted	(115,000)	(115,000)
GF/GP	\$0	\$0

**Major Budget Changes from FY 2005-06 YTD Appropriations****Exec Change****House Change****5. Telephone/Telegraph Real Property Appraisals**

Funds new program in the Supervision of the General Property Tax Law line item to assess telephone and telegraph company real property. P.A. 610 of 2002 requires such assessments to be made in the same manner as other property in the state. Currently, these properties are assessed and taxed by the State Board of Assessors.

FTEs	15.0	15.0
<b>Gross</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
GF/GP	\$2,000,000	\$2,000,000

**6. Investment Management**

Increases the investment staff in Long Term Fixed Income, Alternative Investments, and Real Estate Assets Management by 3.0 FTE positions to increase the due diligence on investments.

FTEs	3.0	3.0
<b>Gross</b>	<b>\$375,000</b>	<b>\$375,000</b>
Restricted	375,000	375,000
GF/GP	\$0	\$0

**7. Michigan Transportation Fund IDG Reduction**

Reduces Michigan Transportation Fund IDG current-year funding by \$3.5 million for an authorization of \$5.0 million gross to reflect a similar reduction in the House Committee Department of Transportation budget bill.

FTEs	0.0	0.0
<b>Gross</b>	<b>\$345,800</b>	<b>(\$3,455,700)</b>
IDG	345,800	(3,455,700)
GF/GP	\$0	\$0

**8. Principal Residence Audits**

Reduces funding for Principal Residence Exemption Compliance program by \$250,000 Gross and GF/GP in the Supervision of the General Property Tax Law line item.

FTEs	0.0	0.0
<b>Gross</b>	<b>(\$250,000)</b>	<b>(\$250,000)</b>
GF/GP	(\$250,000)	(\$250,000)

**9. Revenue Enhancement Program**

Reduces funding for the Revenue Enhancement Program by \$400,000 Gross and GF/GP and reduces FTE authorization by 10.0 positions through a phased reduction.

FTEs	(10.0)	(10.0)
<b>Gross</b>	<b>(\$400,000)</b>	<b>(\$400,000)</b>
GF/GP	(\$400,000)	(\$400,000)

**10. Program Reductions**

Reduces GF/GP funding by \$538,000. Savings are anticipated to be generated through HR Training reductions, administrative efficiencies, and other program reductions.

FTEs	0.0	0.0
<b>Gross</b>	<b>(\$538,000)</b>	<b>(\$538,000)</b>
GF/GP	(\$538,000)	(\$538,000)

**11. HR Optimization Adjustments**

Reduces funding for HR Optimization by \$72,400 Gross and GF/GP and reduces FTE authorization by 1.0 position to reflect HR Optimization adjustment savings.

FTEs	(1.0)	(1.0)
<b>Gross</b>	<b>(\$72,400)</b>	<b>(\$72,400)</b>
GF/GP	(\$72,400)	(\$72,400)

**12. Economic Adjustments**

Includes additional funding for salary and wage, insurance, retirement, and building occupancy costs. (The Executive Recommendation includes economic adjustments for Michigan Strategic Fund.)

<b>Gross</b>	<b>\$8,219,100</b>	<b>\$7,399,400</b>
IDG	391,800	391,800
Federal	590,100	500,900
Local	40,700	40,700
Restricted	4,903,500	4,903,500
GF/GP	\$2,293,000	\$1,562,500

**REVENUE SHARING****13. Constitutional Revenue Sharing**

Increases funds for constitutional revenue sharing payments to cities, villages, and townships from FY 2005-06 appropriations.

<b>Gross</b>	<b>\$15,530,000</b>	<b>\$15,530,000</b>
Restricted	15,530,000	15,530,000
GF/GP	\$0	\$0

**14. Statutory Revenue Sharing**

Reduces funding for statutory revenue sharing payments to cities, villages, and townships from FY 2005-06 appropriations.

<b>Gross</b>	<b>(\$18,030,000)</b>	<b>(\$18,030,000)</b>
Restricted	(18,030,000)	(18,030,000)
GF/GP	\$0	\$0

**15. Special Census Revenue Sharing Payments**

Increases funds for special census revenue sharing payments to be prorated among qualifying local units of government.

<b>Gross</b>	<b>\$349,400</b>	<b>\$349,400</b>
GF/GP	\$349,400	\$349,400

**16. SHARE Grant Program**

Includes \$15.2 million Gross and GF/GP for SHARE grants to be awarded to cities, townships, and villages that have implemented or that plan to implement certain performance measures. Grant payments will be made primarily to cities, townships, and villages that have had Constitutional increases offset by statutory reductions.

<b>Gross</b>	<b>\$0</b>	<b>\$15,190,100</b>
GF/GP	\$0	\$15,190,100

**Major Budget Changes from FY 2005-06 YTD Appropriations****Exec Change****House Change****DEBT SERVICE****17. Debt Service**

Adds \$14.0 million gross and GF/GP for required debt service payments for the Clean Michigan Initiative bond; reduces the total debt service payment on the Quality of Life bond by \$4.2 million while adding \$8.0 million GF/GP to funding (this reflects a fund source shift of \$8.0 million from the state restricted Cleanup and Development Funds to GF/GP); reduces payments for Water Pollution Control bond by \$134,200 gross and GF/GP; adds \$1.5 million gross and GF/GP for a new bond issue program, the Great Lakes Water Quality Bond.

<b>Gross</b>	<b>\$11,156,800</b>	<b>\$11,156,800</b>
Restricted	(12,200,000)	(12,200,000)
GF/GP	\$23,356,800	\$23,356,800

**GRANTS****18. Grants**

Adds \$900,000 gross and GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program; increases Qualified Agricultural Loan payments by \$290,000 gross and GF/GP; adds \$362,000 gross and GF/GP for Renaissance Zone Reimbursement payments to libraries for lost property tax revenue associated with renaissance zones; reduces grants to counties in lieu of taxes by \$5,000 gross and GF/GP; decreases Commercial Mobile Radio Service (CMRS) payments for local wireless 911 emergency response services by \$23.5 million gross (Since the CMRS program sunsets on December 31, 2006, it is only funded for the first three months in FY 2007).

<b>Gross</b>	<b>(\$21,953,000)</b>	<b>(\$21,953,000)</b>
Restricted	(23,500,000)	(23,500,000)
GF/GP	\$1,547,000	\$1,547,000

**Major Boilerplate Changes from FY 2005-06****DEPARTMENT OF TREASURY****Sec. 904a. Financial Services Expenditure Appropriation – NEW**

**Executive** and **House Committee** include new language which appropriates funds to pay expenditures for financial services provided by financial institutions through restricting revenues from common cash interest earnings and investment earnings.

**Sec. 938. Michigan Tobacco Settlement Finance Authority Act – NEW**

**House Committee** includes new language that authorizes the Department to expend funds received under the Michigan Tobacco Settlement Finance Authority Act for operation expenses and grants to Civil Service Commission and State Employee's Retirement Fund.

**Sec. 947. Audit Enhancements – MODIFIED**

**House Committee** adjusts the funding amounts to reflect appropriations in the House Committee FY 2006-07 bill. Language requires that of \$6.2 million in part 1 for Revenue Enhancement Program, \$5.7 million be used for revenue enhancement collection (including auditing functions) and \$500,000 for principal residence audits. With the exception of current contract obligations, the \$5.7 million shall fund activities performed by state employees only. Requires quarterly progress reports for personal property tax audit and principal residence audit programs and a joint General Government Subcommittee hearing regarding personal property tax audits and a performance audit of principal residence audit program by the Auditor General.

**Sec. 948. Electronic Income Tax Filing – MODIFIED**

**House Committee** includes language that requires Department to submit a report containing the number of tax returns, including state income and single business tax returns, filed on-line in the preceding fiscal year. **Executive** deletes language.

**Sec. 957. SHARE Grants – NEW**

**House Committee** includes new language that appropriates funding for SHARE grants to be awarded to cities, townships, and villages that pass a resolution indicating that they have implemented or plan to implement certain performance criteria. Grant payments will be made primarily to cities, townships, and villages that have had Constitutional increases offset by statutory reductions.

**LOTTERY****Sec. 962. Use of Professional or Amateur Athletes in Advertising – DELETED**

**Executive** and **House Committee** delete language that prohibits the Bureau of State Lottery from using professional or amateur sports figures with the lottery or its products with the exception of NASCAR drivers promoting instant ticket products.

**MICHIGAN STRATEGIC FUND – NOT INCLUDED****Sec. 1001 – 1012.**

See separate summary.

**Summary: Article 9  
HISTORY, ARTS, AND LIBRARIES  
HB 5795  
FY 2006-07**

**Analyst: Al Valenzio**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	<i>Difference: House from FY 2005-06 YTD</i>	
				<i>Amount</i>	<i>%</i>
IDG/IDT	\$649,700	\$79,000	\$79,000	(\$570,700)	(87.8)
Federal	8,218,300	8,450,900	8,450,900	232,600	2.8
Local	0	0	0	0	0
Private	577,400	577,400	577,400	0	0
Restricted	2,583,600	2,781,200	2,581,200	(2,400)	(0.1)
GF/GP	41,190,100	42,800,200	43,175,200	1,985,100	4.8
<b>Gross</b>	<b>\$53,219,100</b>	<b>\$54,688,700</b>	<b>\$54,863,700</b>	<b>\$1,644,600</b>	<b>3.1</b>
FTEs	232.0	232.0	232.0	0.0	0

*Note: FY 2005-06 figures include the results of enacted supplementals and Executive Order (EO) actions through March 31, 2006.*

**Overview**

The Department of History, Arts, and Libraries administers programs in four major areas: arts and cultural affairs, which includes administration of Michigan's Arts and Cultural Grants program; Mackinac Island State Park Commission, which oversees operational activities at the Mackinac Island State Park, the Michilimackinac State Park, and the Mill Creek State Park; historical program, which includes historical museum system, historical publications, archaeological, and lighthouse preservation activities; and library services, providing reference services to the public and Legislative, Executive, and Judicial branches of state government, as well as assisting public libraries statewide.

**Major Budget Issues**

- Increase State Aid to Libraries by \$265,900, GF/GP
- Increase Art and Cultural Grants by \$265,900, GF/GP
- Non-concur with Executive to shift \$200,000 from GF/GP to restricted funds for Mackinac Island State Park
- Non-concur with Executive to eliminate funding for the Film Office, \$174,700, GF/GP
- Restore funding of \$100,000 for grants to historical societies

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. State Aid to Libraries**

Partially restores grant funding to libraries. This represents an increase of 4.4%. Also, State Aid to Cooperative Libraries is held harmless at current-year level (\$4.6 million). House Subcommittee recommends a 3.7% increase, or a reduction of \$50,000 from the Executive.

<b>Gross</b>	<b>FY 2005-06 YTD</b>	<b>House Change</b>
GF/GP	\$7,177,300	\$265,900

**2. Mackinac Island State Park Operation**

The Governor recommends a shift of \$200,000 from the General Fund to the Mackinac Island State Park Operations Fund. House Subcommittee does not concur with the Executive recommendation.

FTEs	24.3	0.0
<b>Gross</b>	<b>\$1,446,000</b>	<b>\$0</b>
Restricted	150,000	0
GF/GP	\$1,296,000	\$0

**3. Arts and Cultural Grants**

Partially restores grant funding. This represents an increase of 3.5%. House Subcommittee recommends a 2.9% increase, or a reduction of \$50,000 from the Executive.

<b>Gross</b>	<b>\$9,828,400</b>	<b>\$265,900</b>
Federal	700,000	0
GF/GP	\$9,128,400	\$265,900

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD****House Change****4. Office of Film and Television Services**

The Executive recommendation eliminates General Fund support for this office as funding is being provided through tobacco securitization. The FTE position is transferred to the Management Services line item.

House Subcommittee does not concur with the Executive recommendation.

FTEs	1.0	0.0
<b>Gross</b>	<b>\$174,700</b>	<b>\$300</b>
GF/GP	\$174,700	\$300

**5. Historical Societies**

Restores funds vetoed for the current year to establish a competitive grant program for all state and local historical societies as well as the State Historic Preservation Network.

<b>Gross</b>	<b>\$0</b>	<b>\$100,000</b>
GF/GP	\$0	\$100,000

**6. Information Technology, Base Adjustment**

Contract reductions built into the FY 2006 budget were overstated.

<b>Gross</b>	<b>\$790,700</b>	<b>\$120,100</b>
IDG	3,800	0
Restricted	49,200	0
GF/GP	\$737,700	\$120,100

**7. Building Occupancy Charges, Base Adjustments**

Adjustments for utility costs that have not be increased since FY 2002.

<b>Gross</b>	<b>\$2,746,100</b>	<b>\$180,900</b>
GF/GP	\$2,746,100	\$180,900

**8. Historical Administration and Services**

Funding shifts from restricted funds to GF/GP based on Statewide Cost Allocation Plan (SWCAP) charges.

<b>Gross</b>	<b>\$5,012,500</b>	<b>\$0</b>
IDG	145,900	(74,600)
Restricted	107,700	(43,800)
GF/GP	\$4,758,900	\$118,400

**9. Economic Adjustments**

Adjustments for salaries and wages, insurances, workers compensation, and retirement and FICA.

<b>Gross</b>	<b>N/A</b>	<b>\$1,024,900</b>
IDG	N/A	3,900
Federal	N/A	32,600
Restricted	N/A	41,400
GF/GP	N/A	\$947,000

**Major Boilerplate Changes from FY 2005-06****Sec. 218. Contingency Appropriations – NEW**

This allows for appropriation of additional federal funds (\$2,000,000), state restricted funds (\$1,000,000), local funds (\$100,000), and private funds (\$750,000). Expenditures could not occur until Legislative transfers to appropriate line items are approved.

The **Executive** recommends this language.

The **House Subcommittee** does not concur.

**Sec. 221. Development of Outcomes, Goals and Performance Standards – NEW**

By December 1, 2006 the department is to report to the Legislature outcomes and goals for all programs within the department along with quantifiable performance measurements. Also, by April 1, 2007 the department is to report to the Legislature its success in achieving the desired outcomes and goals.

The **Executive** did not include this language.

The **House Subcommittee** recommends this language.

**Sec. 401 (c). Prioritization of Arts Grants – MODIFIED**

The department is to give priority to art and cultural projects that serve multiple counties or that leverage significant additional public or private investment.

The **House Subcommittee** amends this to include those that have a 'significant potential to increase tourism or attract or retain businesses or residents.'

**Sec. 401 (d). Prohibit Grant Award – NEW**

The Ann Arbor film festival is prohibited from receiving state funds for 2 years.

The **Executive** did not include this language.

The **House Subcommittee** recommends this language.

## **Major Boilerplate Changes from FY 2005-06**

### **Sec. 401 (3). Arts Grants Prohibitions – MODIFIED**

The department shall not award grants for projects or activities that include displays of human waste on religious symbols, displays of sex acts, or depictions of flag desecration.

The **House Subcommittee** adds a new subdivision (b) to prohibit funding for projects or activities that do not directly fund these, but are in conjunction with an event or exhibition.

### **Sec. 401 (6). Possible Penalties – NEW**

The **House Subcommittee** adds a new subsection that allows the department to withhold any remaining undistributed grant payments for a recipient who doesn't comply with subsection 3. The recipient also may be disqualified from future grants for up to 5 years.

### **Sec. 403. Arts and Cultural Grants Limitations – MODIFIED**

Of the amount appropriated for Art and Cultural Grants, no one organization can receive more than 17% of this funding. It is the intent of the Legislature to reduce this percentage to 16% in FY 2007 and 15% in FY 2008.

The **Executive** amends this to eliminate the FY 2007 and 2008 intent provisions.

The **House Subcommittee** does not concur.

### **Sec. 508. Historical Grant Program – DELETED**

Provides guidance on use of \$100,000 appropriation for a competitive grant program for all state and local historical societies as well as the State Historic Preservation Network.

The **Executive** deletes this language.

The **House Subcommittee** does not concur.

**Summary: Article 10**  
**HUMAN SERVICES**  
**HB 5795**  
**FY 2006-07**

**Analyst: Bob Schneider, Bill Fairgrieve**

	<b>FY 2005-06 YTD</b>	<b>Executive</b>	<b>House</b>	<b>Senate</b>	<b>FY 2006-07 Enacted</b>	<b>Difference: House from FY 2005-06 YTD Amount</b>	<b>%</b>
<b>IDG/IDT</b>	2,439,200	1,102,700	1,102,700			(1,336,500)	(54.8)
<b>Federal</b>	3,213,153,000	3,147,082,900	3,145,059,800			(68,093,200)	(2.1)
<b>Local</b>	51,076,200	55,939,500	55,939,500			4,863,300	9.5
<b>Private</b>	8,918,600	9,914,100	9,914,100			995,500	11.2
<b>Restricted</b>	71,176,100	66,868,600	66,868,600			(4,307,500)	(6.1)
<b>GF/GP</b>	1,081,211,900	1,190,896,700	1,147,320,600			66,108,700	6.1
<b>Gross</b>	<b>4,427,975,000</b>	<b>4,471,804,500</b>	<b>4,426,205,300</b>			<b>(1,769,700)</b>	<b>(0.0)</b>
<b>FTEs</b>	10,286.0	10,112.7	10,248.7			(37.3)	(0.4)

**Overview**

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

**Major Budget Changes from Executive Recommendation**

**1. Family Independence Program Policy Changes**

Contains \$78.0 million in savings linked to revisions to current Family Independence Program policies, including:

- 48 Month Lifetime Limit on Benefits: Limit applies to recipients not deferred from the Work First Program; effective 12/31/06
- Consolidation of FIP Payment Standards: Payment standards adjusted to the levels of Shelter Area IV – DHS proposal consolidated to Shelter Area VI
- Eliminate \$200 Earned Income Disregard: Applies to FIP Cases not meeting federal work participation requirements. Effectively reduces FIP benefit for cases with earned income
- Graduated Sanctions Policy: Sanction starts at 90 days, increases to one year for third instance, lifetime ineligibility for fourth instance of noncompliance
- Family Cap – Prohibits benefit increases to FIP Cases for additional children beyond a third child

	<b>Exec Rec</b>	<b>House Change</b>
<b>Gross</b>	<b>\$373,783,600</b>	<b>(\$78,000,000)</b>
Federal	97,281,600	(26,300,000)
Restricted	50,210,700	0
GF/GP	\$226,291,300	(\$48,300,000)

**2. Transitional FIP Employment Bonus**

Increases appropriation to provide \$25 employment bonus payments to FIP cases whose cases would otherwise close due to earned income. Bonus payments are provided for 12 consecutive months as long as adult recipients continue to meet federal work participation requirements. These cases would count towards Michigan's work participation rate and assist the State in meeting increased federal work requirements.

<b>Gross</b>	<b>\$373,783,600</b>	<b>\$3,400,000</b>
Federal	97,281,600	3,400,000
Restricted	50,210,700	0
GF/GP	\$226,291,300	\$0



**Major Budget Changes from Executive Recommendation****3. Express JET Field Staff Increase**

Includes FTEs and funding to support 80 new specialized staff positions to implement a statewide "Express JET" initiative to better engage FIP recipients in work requirements. Funding would provide new staff (at least one per county) to coordinate FIP cases that move between Work First and DHS to ensure maximum engagement in work activities. Staff would expand upon existing Jobs Education and Training (JET) pilot programs that are operating in selected counties. Costs would be offset by additional FIP savings achieved as a result of the program.

FTEs	22.0	80.0
<b>Gross</b>	<b>\$1,398,500</b>	<b>\$5,077,000</b>
Federal	0	3,553,900
GF/GP	\$1,398,500	1,523,100

**4. SSI Advocacy – Contacting with Legal Services Association of Michigan**

Provides funding to begin contracting with the Legal Services Association of Michigan (LSAM) to provide Supplemental Security Income (SSI) advocacy services to federal SSI applicants currently supported within the state's Family Independence Program and State Disability Assistance Program. Contractual services would assist SSI applicants with the application, appeals and hearings processes that are often part of an SSI application. LSAM would receive \$650 per successful application for its services. Costs would be offset by additional assumed savings within FIP and SDA that would result from increasing the success rate of SSI applicants.

<b>Gross</b>	<b>\$833,300</b>	<b>\$2,300,000</b>
Federal	0	460,000
Restricted	833,300	0
GF/GP	\$0	1,840,000

**5. Work First Funding Increase**

Includes new TANF funding to be passed through to the Work First program within the Department of Labor and Economic Growth to support increased Work First activities related to the evaluation, assessment and engagement of additional FIP cases that result from the expanded Express JET program.

<b>Gross</b>	<b>N/A</b>	<b>\$12,500,000</b>
Federal	N/A	12,500,000
GF/GP	N/A	\$0

**6. Local Office Staffing – Child Protective Services Workers**

Provides for an additional 25 FTE positions for Child Protective Services workers above the level recommended in the Executive Budget. Proposal includes funding for the positions plus additional funding for audio/video recorders to assist both new and existing CPS workers. The Executive Budget included funding for 51 new positions.

FTE	51.2	25.0
<b>Gross</b>	<b>\$3,649,200</b>	<b>\$2,152,500</b>
Federal	1,347,000	645,800
GF/GP	\$2,302,200	\$1,506,700

**7. Training Grants for FIP Recipients**

Provides funding for \$1,200 training grants, which would be provided to employers who hire long-term FIP recipients, retain these recipients in employment for at least 12 months and provide additional supportive services to the employees on the job site. The appropriation supports up to 3,000 grants.

<b>Gross</b>	<b>N/A</b>	<b>\$3,600,000</b>
Federal	N/A	0
GF/GP	N/A	\$3,600,000

**8. Child Care Fund In-Home Care Incentive Program**

Establishes a new TANF-funded program to provide an incentive for counties to increase the number of abuse/neglect and delinquency cases that utilize in-home care services rather than out-of-home placements. Typically, counties provide 50% of the costs of care for these cases. Under the program, the county share of costs will be reduced to 35% for in-home care cases in excess of the documented in-home care caseload for the prior fiscal year. In-home care cases are typically funded with TANF revenue. The program will lead to GF/GP savings for the state as well, and a GF/GP reduction is implemented in the budget which partially offsets the new TANF appropriation.

<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
Federal	0	10,000,000
GF/GP	\$0	\$5,000,000

**Major Budget Changes from Executive Recommendation****9. Legal Support Contracts: State Incentive Payment to Friends of the Court**

Includes \$3.0 million in new GF/GP funding to restore state incentive payments to county Friends of the Court to support child support activities. State statute provides for a 3% incentive payment to counties based on child support collections on behalf of families receiving public assistance. However, the appropriation to cover the incentives was removed in a 2001 Executive Order and has not been restored in subsequent budgets. The additional funding would increase an existing state supplement paid to counties for these purposes as well as federal funding passed through to the counties.

	<b><u>Exec Rec</u></b>	<b><u>House Change</u></b>
<b>Gross</b>	<b>\$139,753,600</b>	<b>\$3,000,000</b>
Federal	138,753,600	0
GF/GP	\$1,000,000	\$3,000,000

**10. Additional Staff for Medicaid Asset Transfer Look-Backs**

Additional staff will facilitate more extensive Medicaid asset transfer look-backs as required under the recently enacted federal budget reconciliation act. DHS staff costs are offset in the DCH budget by an estimated \$5.0 million in Medicaid-related savings.

<b>Gross</b>	<b>N/A</b>	<b>\$2,000,000</b>
Federal	N/A	1,000,000
GF/GP	N/A	\$1,000,000

**11. Before and After School Allocation: Grand Rapids Youth Commonwealth**

Includes \$100,000 earmark for Grand Rapids Youth Commonwealth to support Camp O'Malley youth programs.

<b>Gross</b>	<b>N/A</b>	<b>\$100,000</b>
Federal	N/A	100,000
GF/GP	N/A	\$0

**12. MSU Kinship Care Resource Center**

Includes \$250,000 earmark for the Kinship Care Resource Center operated by the Michigan State University School of Social Work. The center provides information and services to adults who take responsibility for children of relatives due to some type of hardship situation.

<b>Gross</b>	<b>N/A</b>	<b>\$250,000</b>
Federal	N/A	250,000
GF/GP	N/A	\$0

**13. Pontiac School-Based Crisis Intervention Project**

Restores \$78,500 TANF earmark for this project that had been eliminated within the Executive Recommendation.

<b>Gross</b>	<b>\$0</b>	<b>\$78,500</b>
Federal	0	78,500
GF/GP	0	\$0

**Major Boilerplate Changes from Executive Recommendation:****Sec. 306. MSU Kinship Care Resource Center - NEW**

Allocates \$250,000 in TANF funding to the center, which is operated by the MSU School of Social Work. Boilerplate makes appropriation contingent upon proof of TANF eligibility and requires quarterly reporting on the program's expenditures and outcomes.

**Sec. 513. Out-of-State Child Placement – REVISED**

Revises current law language governing the placement of children in out-of-state settings. Revised language allows out-of-state placements only when no appropriate in-state placement is available and an out-of-state placement exists within 100 miles of the child's home. The new language also includes reporting on the number and costs of out-of-state placements.

**Sec. 555. Child Care Fund In-Home Care Incentive Program – NEW**

Adds new language related to the \$10.0 million TANF incentive program for counties. Language provides guidelines for the appropriation. For counties that expend a greater amount for in-home care services for youth in the juvenile justice and child welfare systems than was expended in the previous fiscal year, 65% of county expenditures would be reimbursed by the State. Under current policies, the State reimburses for 50% of these costs.

## **Major Boilerplate Changes from Executive Recommendation:**

### ***Secs. 556 through 559. Adoption Subsidy Program Reporting – NEW***

Sections 556 – 558 require reporting from the Department on the Adoption Subsidy Program, including information on how the DHS is complying with federal requirements on notifying prospective adoptive parents of the program; on department decisions regarding adoptive parent requests for reimbursement for conferences/training; and the number and outcomes of hearings requested by adoptive parents regarding subsidy amounts. Section 559 clarifies that federal law provisions take precedent over state law, rules and policy.

### ***Sec. 560. Audio/Video Recorders for Child Protective Services (CPS) Workers – NEW***

Requires DHS expenditures to equip all new and current CPS workers with digital audio/video recorders and requires each district office to have at least one such recorder. Outlines legislative intent regarding the use of this technology.

### ***Sec. 648. 48-Month Time Limit for Work Ready FIP Recipients – NEW***

Establishes 48-month cumulative time limit for FIP cases that include an adult that is referred to the Work First program. Time limit becomes effective on December 31, 2006 and includes cumulative months on assistance since the advent of the state's TANF program. Time limit excludes months where the group is deferred from Work First and/or when local county unemployment exceeds 10%. Also suspends assistance for FIP cases referred to Work First after 24 consecutive months on assistance. The consecutive months limit would be effective for months of assistance after December 31, 2006.

### ***Sec. 649. FIP Sanctions Policy – NEW***

Revises current FIP sanction policy from a 30-day full family sanction to a graduated sanction schedule starting with a 90-day full family sanction for first and second instances of noncompliance and moving to a 1-year and lifetime sanction for third and fourth instances of noncompliance, respectively. Requires a corrective action plan to be approved prior to benefit restoration. Counts sanctioned months towards 48-month time limit in Sec. 648 above.

### ***Sec. 650. Elimination of Earned Income Disregard for FIP Cases not Meeting Work – NEW***

Current FIP policy allows recipients to disregard the first \$200 of earned income and 20% of any remaining earned income, so that this income does not lead to an offsetting decrease in the FIP monthly benefit amount. The bill revises this policy by eliminating the \$200 base disregard amount for FIP cases that are not meeting federal work participation requirements.

### ***Secs. 651 and 651A. Assessments of FIP Cases Deferred from Work Due to Disability – NEW***

Requires DHS to refer all FIP cases exempt from Work First based on a disability issue to Work First for an assessment by a MARO Employment and Training member organization. Those deemed ready to work with support would be provided with employment and rehabilitation services through a MARO organization. Those deemed likely to be eligible for federal SSI would be referred to Legal Services Association of Michigan for advocacy services. Requires DHS to complete assessments for existing FIP cases by September 30, 2006 and requires reporting on results of assessments.

### ***Sec. 652. FIP Payment Standard Consolidation - NEW***

Consolidates FIP payment standards (which represent maximum FIP benefit to families with no earned income) to equal those paid to cases in Shelter Area IV. DHS policy will shift payment standards to equal those previously paid to Shelter Area VI cases. Area VI payments are roughly \$30 higher on average than those in Area IV.

### ***Sec. 658. Before and After School Earmark - NEW***

Provides \$100,000 in federal TANF funding for Grand Rapids Youth Commonwealth to support youth programs at Camp O'Malley.

### ***Sec. 678. Early Childhood Investment Corporation – REVISED***

Revised current law to require reporting from the Early Childhood Investment Corporation on the organization's expenditures, funding sources, and contracting.

### ***Sec. 680. State-Funded Family Independence Program Benefits - NEW***

Outlines legislative intent regarding the appropriation of \$50.0 million in general fund revenues appropriated for FIP benefits. Unlike most GF/GP appropriations for FIP, this \$50.0 million appropriation would not count towards state maintenance of effort requirements. Language states that funding shall be utilized to help the state meet federal work participation requirements, but provides the department not rely on this funding to meet work participation requirements beyond FY 2007.

**Major Boilerplate Changes from Executive Recommendation:**

***Sec. 681. Food Assistance Distribution - NEW***

Establishes legislative intent that the distribution method for food assistance benefits be modified to provide a more uniform flow of food assistance expenditures in a given month, while also considering the needs of recipients. Requires implementation by December 1, 2006 and a report to the Legislature on the policy change by the same date.

***Sec. 754. Express JET Staff Increase - NEW***

Outlines legislative intent for 80 field office staff positions added to the budget to monitor FIP cases that move between DHS and Work First program.

***Sec. 906. State Child Support Incentive Payments to Friends of the Court - NEW***

Provides for the \$3.0 million line item appropriation increase for Legal Support Contracts. These funds are to be allocated in accordance with MCL 400.18A, which authorizes state incentive payments to county Friends of the Court based on child support collections for public assistance cases.

***Sec. 907. Pilot Child Support Collection Program Using Collection Agency - NEW***

Requires the DHS Office of Child Support to establish a pilot program to examine the effectiveness of contracting with public or private collection agencies as authorized under MCL 400.420, and requires that the pilot program be implemented during FY 2007.

**SUMMARY: ARTICLE 11  
JUDICIARY  
HB 5795  
FY 2006-07**



**Mitchell E. Bean, Director  
(517) 373-8080**

**Analyst: Marilyn B. Peterson**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	House Change from FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$2,563,500	\$2,563,500	\$2,563,500			\$0	0.0
<b>Federal</b>	3,926,400	3,926,400	4,126,400			200,000	5.1
<b>Local</b>	3,419,100	3,612,400	3,612,400			193,300	5.7
<b>Private</b>	842,500	842,500	842,500			0	0.0
<b>Restricted</b>	87,015,900	87,178,500	87,178,400			162,500	0.2
<b>GF/GP</b>	157,614,500	160,125,400	161,025,400			3,410,900	2.2
<b>Gross</b>	<b>\$255,381,900</b>	<b>\$258,248,700</b>	<b>\$259,348,600</b>			<b>\$3,966,700</b>	<b>1.6</b>
<b>FTEs</b>	509.0	509.0	509.0			0.0	0.0

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

Article VI of the State Constitution of 1963 is the basis for Michigan's judicial branch of government. The Judiciary budget includes operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges at the appeals, circuit, probate, and district levels according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

**Major Budget Changes from FY 2005-06 YTD Appropriations**

**1. Judgeship Changes**

Executive and House fund recently-enacted changes affecting part-time probate judges. Seven part-time probate judges will convert from part-time to full-time on January 1, 2007. Bill adds \$599,400 for the nine-month cost of this conversion. Adjustments are not included for the FY 2006-07 partial-year costs of the up to six additional judgeships allowed by recent statutory changes. Statutory deadline for local approval of the judgeships is April 18, 2006.

	<b><u>FY 2005-06 YTD</u></b>	<b><u>House Change</u></b>
<b>Gross</b>	<b>N/A</b>	<b>\$599,400</b>
<b>GF/GP</b>	<b>N/A</b>	<b>\$599,400</b>

**2. Court of Appeals: Fee Revenues**

Executive and House add \$150,000 to recognize increased collections of existing filing and motion fees for the Court of Appeals.

<b>Gross</b>	<b>\$18,653,000</b>	<b>\$150,000</b>
<b>Restricted</b>	<b>1,886,300</b>	<b>150,000</b>
<b>GF/GP</b>	<b>\$16,766,700</b>	<b>\$0</b>

**3. Rent Increases**

Accommodates increased costs of leases and out-state judicial offices.

<b>Gross</b>	<b>N/A</b>	<b>\$53,300</b>
<b>GF/GP</b>	<b>N/A</b>	<b>\$53,300</b>

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD****House Change****4. Unspecified Program Reductions/Selected Increases**

Executive and House incorporate \$500,000 in reductions, distributed across various line items according to the amount of GF/GP funding. However, House offsets with total of \$900,000 to assist Court of Appeals (\$250,000), State Appellate Defender Office (\$591,500), and Michigan Appellate Assigned Counsel System (\$58,500) with workload needs. Associated boilerplate specifies that these amounts for Court of Appeals and State Appellate Defender Office be used for contractual services.

**Gross****N/A****\$400,000**

GF/GP

N/A

\$400,000

**5. New Federal Grant**

House recognizes receipt of new federal grant from federal Office of Highway Safety Planning to assist with automation of drunk driving data collection, storage, and retrieval

**Gross****N/A****\$200,000**

Federal

N/A

200,000

GF/GP

\$0

**6. Judicial Defined Contribution and FICA Costs**

Executive and House include increase for judges' FICA and defined contribution retirement costs. This funding is recommended separately from other economic increases due to constitutional/statutory obligation to fund judgeships.

**Gross****N/A****\$360,800**

GF/GP

N/A

\$360,800

**7. Economics**

Executive and House include economic increases for:

- Salaries and wages (\$1.1 million Gross, \$1.0 million GF/GP), funded at 3.5% increase
- Insurances (\$378,200 Gross, \$358,600 GF/GP)
- Retirement (\$618,800 Gross, \$586,600 GF/GP)
- Building occupancy charges (\$146,000 Gross, \$46,800 GF/GP)

Includes no economic increase for workers' compensation.

**Gross****N/A****\$2,203,300**

Federal

N/A

0

Local

N/A

193,300

Private

N/A

0

Restricted

N/A

12,600

GF/GP

N/A

\$1,997,400

**Major Boilerplate Changes from FY 2005-06****Sec. 204. Contact With Legislature – RETAINED**

House retains section deleted by Executive that forbids disciplinary action against any judicial branch employee for communicating with legislator or legislative staff.

**Sec. 304. Auditor General – "NEW"**

House adds language, included in prior-year judiciary budgets, to require judicial branch to cooperate with the auditor general.

**Sec. 305. Expenditure and Revenue Reports – NEW**

House adds language for quarterly reports on judiciary budget revenues and expenditures.

**Sec. 307. Court of Appeals Delay Reduction – MODIFIED**

House retains section deleted by Executive that expresses legislative intent that revenue from recent increases in Court of Appeals filing and motion fees be used for delay reduction efforts. House adds new language specifying that \$250,000 be used for contractual services to further ongoing efforts toward reducing the amount of time taken to process and dispose of appeals.

**Sec. 309. State Appellate Defender Office – NEW**

House specifies that \$591,500 be used for contractual services to assist the appellate defender in disposing of workload increases attributable to the U.S. Supreme Court's decision in Halbert v. Michigan.

**Sec. 317. Transcript Fees – DELETED**

Executive and House delete section that provides for expenditure of a transcript fee fund to reimburse counties for additional costs should statutory limits on transcript fees be increased and associated sources of funding found.

**Summary: Article 12**  
**LABOR AND ECONOMIC GROWTH**  
**HB 5795**  
**FY 2006-07**

**Analyst: Richard Child**

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD Amount	%
<b>IDG/IDT</b>	\$10,743,800	\$12,271,100		\$1,527,300	14.2
<b>Federal</b>	787,078,700	795,345,800		8,267,100	1.1
<b>Local</b>	15,738,200	15,824,300		86,100	0.5
<b>Private</b>	2,310,300	2,314,300		4,000	0.2
<b>Restricted</b>	329,877,200	343,906,700		14,029,500	4.3
<b>GF/GP</b>	38,078,900	47,536,700		9,457,800	24.8
<b>Gross</b>	<b>\$1,183,827,100</b>	<b>\$1,217,198,900</b>		<b>\$33,371,800</b>	<b>2.8</b>
<b>FTEs</b>	4,214.0	4,265.0		51.0	1.2

*Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.*

**Overview**

The Department of Labor and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes activities within the former Department of Career Development such as various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. The Michigan Strategic Fund, an autonomous agency, was transferred to the Department of Treasury. The Fund's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan, and these programs have been transferred as well.

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD (as of 2/9/06)</b>	<b>House Change</b>
<b>1. Fire Protection Grants</b>	<b>Gross</b>	<b>\$7,210,500</b>	<b>\$3,700,000</b>
Increases fire protection grants to FY 2005 funding level.	Restricted	7,210,500	0
	GF/GP	\$0	\$3,700,000
<b>2. Partially Replace Unavailable Reed Act Work First Funds with GF/GP</b>	<b>Gross</b>	<b>\$6,300,000</b>	<b>(\$650,000)</b>
Expiration of Federal Reed Act Work First funding causes partial replacement with GF/GP dollars, resulting in net funding reduction of \$650,000.	Federal	6,300,000	(6,300,000)
	GF/GP	\$0	\$5,650,000
<b>3. Reduce Michigan Broadband Development Authority</b>	FTE	13.0	(11.0)
Recognizes anticipated cessation of lending program, and reduces staff size to number needed for existing loans.	<b>Gross</b>	<b>\$1,588,200</b>	<b>(\$1,093,400)</b>
	Restricted	1,588,200	(1,093,400)
<b>4. FY 2007 Economic Increases</b>	<b>Gross</b>	<b>\$0</b>	<b>\$18,602,900</b>
Includes contractual 3.5% wage increases, 6.4% employee benefit increases and pension increases totaling \$17.4 million. In addition, there is an increase of \$0.4 million for Building Occupancy charges for the use of State-owned buildings and \$0.8 million for self-insured Worker's Compensation. Rent paid to third parties for office space does not increase.	IDG	0	551,500
	Federal	0	8,484,800
	Private	0	4,000
	Local	0	86,100
	Restricted	0	8,773,400
	GF/GP	\$0	\$703,100

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD (as of 2/9/06)</b>	<b>House Change</b>
<b>5. Jobs Employment Training (JET) Pilot Program for Work First</b> Adds \$1.1 million gross from an IDG from the Department of Human Services to improve the long term employability of welfare recipients. Pilot program will be tested in four locations.	<b>Gross</b>	<b>\$0</b>	<b>\$1,064,100</b>
	IDG	0	1,064,100
<b>6. Net Increase in Federal Program/Grant Funding</b> Provides \$2.0 million increase in Workforce Development training for the disabled. Adds \$5.0 million in Section 8 housing and rental assistance payments administered by the Michigan State Housing Development Authority (MSHDA). Eliminates \$1.2 million for various Federal grant programs that have ended.	<b>Gross</b>	<b>\$0</b>	<b>\$5,760,000</b>
	Federal	0	5,760,000

### **Major Boilerplate Issues and Changes from FY 2005-06**

#### ***Sec. 310. Fire Safety Programs – MODIFIED***

Recognizes newly-created Bureau of Fire Services. Note that the operations of all fire safety programs, i.e., the Office of Fire Marshall, Firefighters Training Council, and Fire Safety Division are fully funded. Fund sources consist of a combination of Interdepartmental Grants from Community Health and State Police, Federal funds, Corporation Fees, Fire Service Fees, which remain at current year levels, and Securities Fees.

#### ***Sec. 372. Report of Administrative Law Judge Decisions - NEW***

Requires annual report to the Legislature summarizing the decisions of all Administrative Law Judges, including the number of decisions in favor of the executive department compared to decisions favoring the opposing party.

#### ***Sec. 405. Welfare Recipient Work Requirements – MODIFIED***

Adopts recommendations of the House Welfare Reform Task Force, which include modifying work requirements to comply with the new Federal Temporary Aid to Needy Families (TANF) requirements.

#### ***Sec. 430. Grant to Newsline for the Blind – NEW***

Defines use of grant for Newsline for the Blind, which was added as a line item to Part 1, which is to provide access to newspaper and magazine information in a form that is accessible to blind and low vision citizens in Michigan.

#### ***Sec. 501 – 530. MEDC-Related Boilerplate Sections – DELETED***

Deletes all sections related to the Michigan Strategic Fund and its administrative arm, the Michigan Economic Development Corporation, due to transfer to the Department of Treasury under Public Act 225 of 2005. Most of these sections are transferred intact to the MEDC Subcommittee Chair Recommendation.



**Summary: Article 13  
MICHIGAN STRATEGIC FUND  
HB 5795  
FY 2006-07**

**Analyst: Richard Child**

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
				Amount	%
IDG/IDT	\$78,600	\$78,600		\$0	0.0
Federal	48,021,800	47,687,000		(\$334,800)	(0.7)
Local	0	0		0	0.0
Private	700,000	700,000		0	0.0
Restricted	5,000	5,000		0	0.0
GF/GP	31,290,900	32,009,200		718,300	2.3
Gross	<b>\$80,096,300</b>	<b>\$80,479,800</b>		<b>\$383,500</b>	<b>0.5</b>
FTEs	190.0	152.0		(38.0)	(20.0)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Michigan Strategic Fund (MSF), an autonomous agency, has been transferred to the Department of Treasury under Public Act 225 of 2005. The MSF's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan, and these programs have been transferred to the Department of Treasury under Public 225 of 2005.

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>	<b>FY 2005-06 YTD (as of 2/9/06)</b>	<b>House Change</b>
<b>1. FY 2007 Economics</b>	<b>Gross</b>	<b>\$0</b>
Funds 3.5% contractual pay increases, 6.4% increase in employee benefits, increases in retirement, building occupancy for space in State-owned buildings, and self-insured Worker's Compensation.	Federal	\$819,700
	GF/GP	89,200
		\$730,500

**Major Boilerplate Issues and Changes from FY 2005-06**

***Secs. 528 – 529. Legislative Oversight Requirements – RETAINED***

Retains requirement that MEDC work with the Office of Auditor General to develop and implement procedures to audit the numbers of jobs claimed to be created by MEDC grant recipients. Retains report on the number of MEDC employees with an annual salary in excess of \$80,000, including their job title and duties. Renumbers as Sections 1016 and 1017.

***Sec. 1018. Tourism Advertising Return on Investment – NEW***

Requires MEDC to contract with a State research university in Michigan to conduct a scientific study of the return on investment of State tourism advertising expenditures, and report the results to the Legislature by January 31, 2007.

***Sec. 1019. Michigan Economic Growth Authority MEGA Tax Credits Available for Leased Employees-NEW***

Requires firms otherwise eligible for MEGA Tax Credits to qualify if the employees hired for new jobs created are leased from a professional employer organization, also known as PEOs. Includes a definition of professional employer organizations that is identical to current statutory language in the Michigan Single Business Tax Act.

**Summary: Article 14**  
**MILITARY AND VETERANS AFFAIRS**  
**HB 5795**  
**FY 2006-07**

**Analyst: Jan Wisniewski**

	FY 2005-06 YTD	Executive	FY2006/2007 House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$1,656,800	\$1,664,600	\$1,664,600			\$7,800	0.4
<b>Federal</b>	49,537,200	51,190,700	51,190,700			1,653,500	3.3
<b>Local</b>	0	1,253,100	0			0	0.0
<b>Private</b>	1,355,800	1,366,300	1,366,300			10,500	0.8
<b>Restricted</b>	27,360,500	26,202,700	26,202,700			(1,157,800)	(4.2)
<b>GF/GP</b>	37,789,100	40,640,200	41,893,300			4,104,200	10.9
<b>Gross</b>	<b>\$117,699,400</b>	<b>\$122,317,600</b>	<b>\$122,317,600</b>			<b>\$4,618,200</b>	<b>3.9</b>
<b>FTEs</b>	1,023.0	1,022.0	1,022.0			(1.0)	(0.1)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Department of Military and Veterans Affairs is charged with the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities as well as several National Guard-related programs such as the Challenge Program and the National Guard Education Assistance Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

<b><u>Major Budget Changes from FY 2005-06 YTD Appropriations</u></b>		<b>FY 2005-06 YTD</b>	<b>Exec Change</b>	<b>House</b>
<b>1. Departmentwide Accounts - Military Retirement</b>		<b>Gross</b>	<b>\$1,656,800</b>	<b>\$166,800</b>
Provides 3.4% cost of living increase due to Federal requirements.	Federal	1,266,100	0	0
	GF/GP	\$390,400	\$166,800	\$166,800
<b><u>House Subcommittee</u></b>				
Concur with Executive on amount, but insert funding in the Military Retirement line rather than the Departmentwide Accounts line as a technical adjustment.				
<b><u>House</u></b>				
Concur with Subcommittee.				
<b>2. Challenge Program</b>		<b>Gross</b>	<b>\$4,035,900</b>	<b>\$500,000</b>
Shifts School Aid funding to replace GF/GP to support two 150 pupil classes, increasing the program by 100 pupils.	IDG	656,800	0	0
	Federal	1,739,200	0	0
	Private	790,800	0	0
	Restricted	100,000	1,253,100	0
	GF/GP	\$749,100	(\$753,100)	\$1,253,100
<b><u>House Subcommittee</u></b>				
Concur with Executive.				
<b><u>House</u></b>				
Maintains GF/GP funding and omits School Aid fund shift.				

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b><u>Exec</u> <u>Change</u></b>	<b><u>House</u></b>
<b>3. Grand Rapids Veterans Home – Restricted Fund</b>	<b>Gross</b>	<b>\$45,416,700</b>	<b>\$0</b>	<b>\$0</b>
<b>Offset</b>	Federal	15,322,500	0	0
Provides GF/GP funding to offset a reduction in restricted funds.	Restricted	16,041,400	(1,200,000)	(1,200,000)
	GF/GP	\$14,052,800	\$1,200,000	\$1,200,000

**House Subcommittee**

Concur with Executive.

**House**

Concur with Subcommittee.

**4. Economic Adjustments**

Provides funding for employee economic adjustments.

**House Subcommittee**

Concur with Executive.

**House**

Concur with Subcommittee.

<b>Gross</b>	<b>NA</b>	<b>\$3,992,400</b>	<b>\$3,992,400</b>
IDG	NA	7,800	7,800
Federal	NA	1,653,500	1,653,500
Private	NA	10,500	10,500
Restricted	NA	42,200	42,200
GF/GP	NA	\$2,278,400	\$2,278,400

**Major Boilerplate Changes from FY 2005-06**

***Sec. 301. Armory Rental Fee***

Executive deletes language allowing department to charge rental and equipment fees for renting an armory. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

***Sec. 302. Challenge Program Donations***

Executive adds new subsection requiring department to insure that 75% of program participants are members of families with incomes at or below the 200% federal poverty level. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

***Sec. 303. Challenge Program Pupil Increase and School Aid Fund Shift***

Executive adds new language requiring department to operate two Challenge Program classes of at least 150 pupils each. Also requires department to utilize funding from school districts that receive School Aid funding. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

***Sec. 601. Veterans and Veterans' Families***

Executive deletes language requiring that appropriations for the two veterans' homes be used only for veterans and veterans' families. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

***Sec. 602. Veterans Homes Annual Report***

Executive deletes language requiring department to report to the House and Senate appropriations subcommittees the population and bed space, services and activities for members, financial information, licensure status, and Medicaid certification for the two veterans' homes. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

***Sec. 703. Veterans Trust Fund Annual Report***

Requires annual report detailing expenditure of Veterans Trust Fund grants including emergency grants to veterans and the Veterans Survivors Tuition Program. Executive retains current law. House Subcommittee deletes all references to the Veterans Survivors Tuition Program, since the administration and funding of this program was moved statutorily to the Higher Education budget. House concurs with Subcommittee.

***Sec. 705. Michigan Veterans Trust Fund Dedicated Funding Source***

Executive deletes language establishing legislative intent for providing a dedicated funding source for the veterans' survivors tuition program other than revenue from the Michigan veterans' trust fund. House Subcommittee concurs with Executive. House concurs with Subcommittee.

**Summary: Article 15  
NATURAL RESOURCES  
HB 5795  
FY 2006-07**

**Analyst: Kirk Lindquist**

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$3,691,200	\$3,765,900	\$3,765,900			\$74,700	2.0
<b>Federal</b>	38,990,200	42,964,300	42,964,300			3,974,100	10.2
<b>Local</b>	0	0	0			0	0
<b>Private</b>	2,090,100	2,125,100	2,125,100			35,000	1.7
<b>Restricted</b>	202,578,400	213,043,300	213,317,300			10,738,900	5.3
<b>GF/GP</b>	25,593,200	25,119,600	25,269,600			(323,600)	(1.3)
<b>Gross</b>	<b>\$272,943,100</b>	<b>\$287,018,200</b>	<b>\$287,442,200</b>			<b>\$14,499,100</b>	<b>5.3</b>
<b>FTEs</b>	2,079.5	2,093.4	2,092.4			13.9	0.7

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

**Major Budget Issues**

Forest Fire Suppression funding shift from GF/GP to Forest Development Fund: \$1,500,000

Camping Fee revenue increase: \$3,500,000

Marine Safety Grant increase: Federal, \$2,940,000

Cormorant Population Control: GF/GP, \$150,000

**Major Budget Changes from FY 2005-06 YTD Appropriations**

		<b>FY 2005-06 YTD</b>	<b>House Change</b>
<b>1. Marine Safety Grants: Federal Grant Increase</b>	<b>Gross</b>	<b>\$2,805,000</b>	<b>\$1,470,000</b>
Federal US Coast Guard grant funding is available for county sheriffs. Funds are available for lake safety and watercraft enforcement activities on inland lakes.	Federal	0	1,470,000
	Restricted	2,805,000	0
<b>2. Marine Safety Enforcement Program</b>	<b>Gross</b>	<b>\$27,111,100</b>	<b>\$1,470,000</b>
Federal US Coast Guard grant funds are provided for inland lakes and Great Lakes enforcement activities. Funds will be used to purchase equipment.	Federal	3,895,600	1,470,000
	Restricted	21,073,500	0
	GF/GP	\$2,142,000	\$0
<b>3. State Park Camping Fees</b>	<b>Gross</b>	<b>\$41,289,500</b>	<b>\$3,500,000</b>
Provides increased funding for State Park operations available through the latest increase in camping fees.	Federal	113,800	0
	Private	344,200	0
	Restricted	40,831,500	3,500,000
<b>4. Forest Fire Protection Funding Shift</b>	<b>Gross</b>	<b>\$10,421,400</b>	<b>\$0</b>
The Forest Development Fund is increased, and the General Fund is reduced for fire suppression on non-state lands.	Federal	824,200	0
	Restricted	4,653,000	1,500,000
	GF/GP	\$4,944,200	(\$1,500,000)
<b>5. Payments in Lieu of Taxes - Purchased Lands</b>	<b>Gross</b>	<b>\$5,050,000</b>	<b>\$350,000</b>
Full funding is provided for payments in lieu of property taxes to local taxing authorities.	Restricted	2,700,000	0
	GF/GP	\$2,350,000	\$350,000

**Major Budget Changes from FY 2005-06 YTD Appropriations****FY 2005-06 YTD****House Change****6. National Recreational Trails Grants**

The Federal grant program to develop and maintain recreational trails is increased.

<b>Gross</b>	<b>\$1,850,000</b>	<b>\$300,000</b>
Private	50,000	0
Federal	1,800,000	300,000

**7. Kalamazoo River Dam Removal**

Three dams on the Kalamazoo River would be evaluated for removal. These have been identified as the Otsego, Plainwell, and Trowbridge Dams.

<b>Gross</b>	<b>\$17,232,000</b>	<b>\$249,000</b>
Federal	3,618,500	0
Private	109,700	0
Restricted	13,503,800	249,000

**8. Wildlife Management: Sportsmen Against Hunger**

A newly enacted program is included in the Wildlife appropriation.

<b>Gross</b>	<b>\$24,567,800</b>	<b>\$250,000</b>
Federal	10,029,800	0
Private	108,500	0
Restricted	12,692,200	250,000
GF/GP	\$1,737,300	\$0

**9. Cormorant Control**

A new line item is included to support cormorant population mitigation efforts.

<b>Gross</b>	<b>\$0</b>	<b>\$150,000</b>
GF/GP	\$0	\$150,000

**10. Economic Adjustments**

Provides support for the negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.

<b>Gross</b>	<b>N/A</b>	<b>\$6,472,800</b>
IDG		74,700
Federal		734,100
Private		35,000
Restricted		5,192,700
GF/GP	N/A	\$436,300

**Major Boilerplate Changes from FY 2005-06****Sec. 213. Waterways Fund Projects – DELETED**

Requires a report on activities of the Waterways Commission during the previous fiscal year, and a list of funded waterways fund projects, be provided to the Legislature and Department of Management and Budget by January 16, 2006.

**Sec. 406. Turkey License Sales – DELETED**

Provides for sale of turkey licenses not allotted before the beginning of the season.

**Sec. 502. Cormorant Population Control – NEW**

Provides that \$150,000 contract with the US Department of Agriculture will be spent in areas most affected by the Double Crested Cormorant.

**Sec. 503. Cormorant Control Study – DELETED**

Requires action plan to reduce cormorant population impacts on Michigan fisheries.

**Sec. 706. Mitchell State Park: Eurasian Milfoil Treatment – NEW**

Requires the dedication of \$45,000 for milfoil treatment of Lake Cadillac

**Sec. 707. Access Sites on Inland Lakes – NEW**

Requires a plan to expand public access to Michigan inland lakes.

**Sec. 804. Timber Marking – DELETED**

Directs Department, subject to the forest certification process, to mark, and prepare for harvest, 63,000 acres at an average rate of 12.5 to 13.0 cords per acre; consideration to be given to impact of timber harvesting on wildlife habitat and recreation uses; requires quarterly report.

**Sec. 807. ORV Trail Development – DELETED**

Requires a plan to increase the number of miles of ORV trails by 25% over 4 years.

**Summary: Article 17  
STATE POLICE  
HB 5795  
FY 2006-07**

**Analyst: Jan Wisniewski**

	FY 2005-06 YTD	Executive	FY2006/2007 House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
<b>IDG/IDT</b>	\$20,736,300	\$22,642,400	\$22,642,400			\$1,906,100	9.2
<b>Federal</b>	182,821,000	181,013,300	169,013,300			(13,807,700)	(7.6)
<b>Local</b>	5,597,900	8,088,900	8,088,900			2,491,000	44.5
<b>Private</b>	11,200	80,300	80,300			69,100	617.0
<b>Restricted</b>	106,282,100	111,373,200	111,373,200			5,091,100	4.8
<b>GF/GP</b>	235,361,600	255,298,700	257,798,700			22,437,100	9.5
<b>Gross</b>	<b>\$550,810,100</b>	<b>\$578,496,800</b>	<b>\$568,996,800</b>			<b>\$18,186,700</b>	<b>3.3</b>
<b>FTEs</b>	2,900.0	2,903.0	2,903.0			3.0	0.1

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

**Overview**

The Department of State Police provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards and administration of several law enforcement-related grant programs.

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD Exec Change</b>		<b>House Change</b>
<b>1. Civilian Retirement Rate Adjustment</b>	<b>Gross</b>	<b>NA</b>	<b>(\$92,700)</b>	<b>(\$92,700)</b>
Adjusts IDG, restricted, local and federal funding in various line items for civilian retirement.	IDG	NA	(11,900)	(11,900)
	Federal	NA	(48,700)	(48,700)
	Local	NA	(1,500)	(1,500)
	Restricted	NA	(30,600)	(30,600)
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>2. Michigan Justice Training Fund</b>	<b>Gross</b>	<b>\$11,102,100</b>	<b>\$0</b>	<b>\$0</b>
Shifts administrative costs from the Michigan Justice Training Fund (MJTF) to GF/GP for administration of the MJTF grants. Includes replacing MJTF with \$126,200 GF/GP in the Executive Direction line and \$1,773,800 GF/GP in the Justice Training Grants line.	Restricted	11,102,100	(1,900,000)	(1,900,000)
	GF/GP	\$0	\$1,900,000	\$1,900,000
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD Exec Change</b>		<b>House Change</b>
<b>3 At-Post Troopers Fund Shift</b>		<b>Gross</b>	<b>\$121,088,20</b>	<b>\$0</b>
Shifts restricted funds to GF/GP to cover restricted fund shortfall in the Traffic Law Enforcement and Safety Fund.	Restricted		0	(2,000,000)
	GF/GP		46,754,400	\$2,000,000
			\$74,333,800	
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>4. Human Resources Service Center User Charges</b>		<b>Gross</b>	<b>\$88,600</b>	<b>\$85,000</b>
Increased fees for user charges in the Human Resources Optimization line.	Restricted		2,600	17,000
	GF/GP		\$86,000	\$68,000
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>5. Management Services - Consolidate Gaylord and Bridgeport Regional Dispatch Centers</b>		<b>Gross</b>	<b>\$2,436,300</b>	<b>(\$240,000)</b>
Consolidation of the Gaylord and Bridgeport Regional Dispatch Centers to increase departmental efficiencies.	Restricted		117,800	0
	GF/GP		\$2,318,500	(\$240,000)
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>6. Savings Via Agency Attrition</b>		FTEs	NA	(17.0)
Savings due to expected attrition of 17.0 FTEs in various line items.	<b>Gross</b>	NA	<b>(\$1,721,700)</b>	<b>(\$1,721,700)</b>
	Federal	NA	(25,500)	(25,500)
	Restricted	NA	(35,200)	(35,200)
	GF/GP	NA	(\$1,661,000)	(\$1,661,000)
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>7. School Bus Inspections Fund Shift</b>		<b>Gross</b>	<b>\$1,284,800</b>	<b>\$0</b>
Replaces GF/GP funds with state restricted revenue from the School Aid Fund. Local school districts would pay for school bus inspections by the State Police from School Aid funding. This would require a change in statutory language.	Local		0	1,284,800
	GF/GP		\$1,284,800	(\$1,284,800)
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				
<b>8. Federal/State Restricted Authorization Increase</b>		<b>Gross</b>	<b>NA</b>	<b>\$3,100,300</b>
Increases Federal, State Restricted, local and private revenue authorization in numerous line items. Major increases include \$1.0 million in local subscriber fees for the Michigan Public Safety Communications System, \$1.0 million in reimbursed services for training academy costs from the Department of Corrections, and \$600,000 in reimbursed services provided to governmental and non-governmental organizations.	IDG	NA	1,000,000	1,000,000
	Federal	NA	200,000	200,000
	Local	NA	1,000,000	1,000,000
	Private	NA	63,800	63,800
	Restricted	NA	836,500	836,500
<b>House Subcommittee</b>				
Concur with Executive.				
<b>House</b>				
Concur with Subcommittee.				

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD Exec Change</b>		<b><u>House Change</u></b>
<b>9. Federal/State Restricted Authorization Decrease</b>	<b>Gross</b>	<b>NA</b>	<b>(\$3,068,000)</b>	<b>(\$3,068,000)</b>
Decreases Federal and State Restricted authorization in numerous line items. Major decreases include \$1,074,000 for a Commercial Vehicle Information Systems Network grant which expired, \$1.0 million in Federal Department of Justice authorization to reflect actual collections, and \$728,500 for a Federal toxicology grant which expired.	Federal	NA	(3,018,700)	(3,018,700)
	Restricted	NA	(49,300)	(49,300)
<b><u>House Subcommittee</u></b>				
Concur with Executive.				
<b><u>House</u></b>				
Concur with Subcommittee.				
<b>10. State Restricted Authorization Increase</b>	<b>Gross</b>	<b>NA</b>	<b>\$7,065,300</b>	<b>\$7,065,300</b>
Increases State Restricted authorization for several new programs in various line items including \$3,565,300 for the Auto Theft Prevention Program and \$3.0 million for the Criminal Justice Information Center due to increases in fingerprinting services.	Restricted	NA	7,065,300	7,065,300
<b><u>House Subcommittee</u></b>				
Concur with Executive.				
<b><u>House</u></b>				
Concur with Subcommittee.				
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$20,308,500</b>	<b>\$20,308,500</b>
Provides funding for employee economic adjustments.	IDG	NA	918,000	918,000
<b><u>House Subcommittee</u></b>				
Concur with Executive.	Federal	NA	1,125,800	1,125,800
<b><u>House</u></b>				
Concur with Subcommittee.	Local	NA	207,700	207,700
	Private	NA	5,300	5,300
	Restricted	NA	1,146,800	1,146,800
	GF/GP	NA	\$16,904,900	\$16,904,900
<b>12. Trooper Recruit School</b>	<b>Gross</b>	<b>NA</b>	<b>NA</b>	<b>\$2,500,000</b>
Not included in Exec. Rec.	GF/GP	NA	NA	2,500,000
<b><u>House Subcommittee</u></b>				
Add \$2.5 million GF/GP for a 50 student trooper recruit school to increase total trooper strength.				
<b><u>House</u></b>				
Concur with Subcommittee.				
<b>13. Disaster Assistance</b>	<b>Gross</b>	<b>\$12,000,000</b>	<b>\$0</b>	<b>(\$12,000,000)</b>
Additional Federal funding added for FY2005/2006 for Michigan's Hurricane Katrina relief efforts.	Federal	\$12,000,000	0	(12,000,000)
<b><u>House Subcommittee</u></b>				
Concur with Executive.				
<b><u>House</u></b>				
Delete line item and remove funding. The Department indicated that this line was included in error for the FY2006/2007 budget.				

#### **Major Boilerplate Changes from FY 2005-06**

##### ***Sec. 304. Departmental Policies for Law Enforcement Information Network (LEIN)***

Executive deletes language requiring department to report to the House and Senate appropriations committees concerning departmental policies for access to and use of information from the LEIN system. House Subcommittee does not concur with Executive. House concurs with Subcommittee.



## **Major Boilerplate Changes from FY 2005-06**

### ***Sec. 305. Suspected LEIN System Abuses***

Executive deletes language that encourages the Criminal Justice Information Systems Policy Council to monitor suspected illegal use of the LEIN system and to inform the House and Senate appropriations committees of any illegal or criminal LEIN related act. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 306. LEIN System Probation Information***

Executive deletes language requiring the department and the Criminal Justice Information Systems Policy Council to implement procedures for placing probation information on the LEIN system and to report recommended amendments for the code of criminal procedure to the House and Senate appropriations subcommittees. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 307. Facilitation of the Michigan Public Safety Communications System (MPSCS)***

Executive deletes language requiring the department to facilitate the use of the MPSCS towers between the Department of Information Technology and local public safety agencies and requires the department to report progress of MPSCS usage by local agencies to the House and Senate appropriations subcommittees. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 502. Evidence Collection Recommendations***

Executive deletes language requiring department to work with the Department of Community Health, the Michigan Health and Hospital Association, the Michigan State Medical Society, and the Michigan Nurses Association to ensure that recommendations in the "Standard Recommended Procedures for the Emergency Treatment of Sexual Assault Victims" are followed in evidence collection. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 602. Firearms Laws Training***

Executive deletes language requiring that sufficient funds be used for training law enforcement officers with Federal firearms laws and procedures for turning over cases to Federal law enforcement agencies. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 802. Statewide Emergency Management Computer Network Purchases***

Executive deletes language requiring the department to not make any purchases related to a statewide emergency management computer network unless authorized by the Department of Information Technology. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 803. Homeland Security Grants***

Executive deletes language requiring the Emergency Management division to ensure that Homeland Security grants are allocated to first responder entities in the highest percentage possible and that Homeland Security grants awarded to the City of Detroit not supplant city general funds designated for first responder operations. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 1101. Areas Near a State Prison***

Executive deletes language requiring that areas with state prisons do not experience a downgrading of State Police services. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

### ***Sec. 1201. School Bus Inspection***

Executive deletes language requiring department to report school bus inspection information to the House and Senate appropriations subcommittees and the fiscal agencies and to award certificates to school systems that receive 100% successful inspections on the first inspections. House Subcommittee does not concur with Executive. House concurs with Subcommittee.

**Summary: HB 5795, Article 18**  
**TRANSPORTATION**  
**FY 2006-07**

**Analyst: William E. Hamilton**

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	Senate	Enacted	Difference: House Sub from FY 2005-06 YTD	
						Amount	%
IDG/IDT	0	0	0			0	0
Federal	1,197,594,100	1,169,386,000	1,169,336,300			(\$28,257,800)	(2.4)
Local	6,100,000	47,500,000	47,500,000			41,400,000	678.7
Private	0	0	0			0	0
Restricted	2,184,113,400	2,225,499,100	2,224,909,500			40,796,100	1.9
GF/GP	0	0	0			0	0
<b>Gross</b>	<b>3,387,807,500</b>	<b>3,442,385,100</b>	<b>3,441,745,800</b>			<b>53,938,300</b>	<b>1.6</b>
 FTEs	 3,028.3	 3,036.3	 3,036.3			 8.0	 .3

*FY 2005-06 YTD as of May 22, 2006.*

**Overview**

The transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation. Approximately 2/3 of the budget is from constitutionally-restricted state revenue sources—primarily from motor fuel taxes and vehicle registration taxes credited to the Michigan Transportation Fund (MTF). MTF revenue is distributed to other state transportation funds and programs, and to local road agencies, in accordance with 1951 PA 51 (Act 51). Approximately 1/3 of the budget is from federal sources. There is no state GF/GP revenue in this budget.

**Major Budget Issues**

**Increase from Current Year** – Increase due to vetoes which reduced current year base by \$23.7 million, an increase in appropriation of local funds in budget of \$41.4 million (of which \$25 million is technical adjustment), an estimated increase in MTF revenue, and the restoration of \$11.1 million in auto-related sales tax to the Comprehensive Transportation Fund (CTF). Increases offset anticipated decrease in federal revenue.

**Reduced Debt Service** – \$33.1 million decrease due, in part, to refinancing of short-term GARVEE notes.

**Interdepartmental Grants** – Appropriates \$5.0 million MTF to the Michigan Department of Treasury for costs of collection of MTF revenue (motor fuel taxes) – \$3.2 million less than current year, and \$3.8 million less than the Executive. MTF savings redistributed to the State Trunkline Fund (STF), county road commissions, and cities and villages in accordance with Act 51 formula.

**Safe Routes to School** – Includes \$4.0 million for new federal program, an initiative in SAFETEA-LU, the federal-aid reauthorization act. (Also in current-year supplemental request).

**Road & Bridge Construction** – Appropriates \$988.1 million, a \$14.4 million increase from current-year. As noted above, the increase reflects, in part, restoration of funds vetoed from current-year budget (vetoes reduced the current-year base), and an increase in Local funds (technical adjustment). Executive has requested supplemental appropriations to restore \$20.9 million in vetoed spending authorization in the current year. The subcommittee substitute increases by \$1.3 million (from MTF savings noted above).

**Public Transportation and Freight Service** – Restores \$1.7 million (in part using federal funds) and 8.0 FTE positions.

**Local Bus Operating Assistance** – Recommends \$166.6 million, a \$3.3 million increase from current year.

**Bus Capital** – Includes \$64.7 million, an increase of \$17.9 million. Assumes \$10.9 million in additional CTF revenue from end of three year redirection of auto-related sales tax to General Fund. Also assumes \$7 million in additional local funds to match federal aid projects.

**Intercity Passenger and Freight** – Provides increases to Intercity Bus Equipment, Rail Infrastructure Loan Program, Freight Preservation and Development, and Terminal Development based on anticipated increases in CTF revenue. Funds Rail Passenger line at \$8.2 million, the same as current-year funding.

House bill rolls up line item detail to the program level.

<b>Major Budget Changes from FY 2005-06 YTD Appropriations</b>		<b>FY 2005-06 YTD</b>	<b>House Change</b>
<b>1. Debt Service</b>	<b>Gross</b>	<b>\$240,743,500</b>	<b>(\$33,123,500)</b>
Reflects reduction in debt service through anticipated refinancing of GARVEE notes. (Reflects technical correction not included in subcommittee substitute for HB 5794.)	Federal	103,200,000	(48,200,000)
	Restricted	137,543,500	15,076,500
<b>2. Interdepartmental Grants to Other State Departments</b>	<b>Gross</b>	<b>\$44,635,700</b>	<b>(\$2,225,000)</b>
Includes \$20.0 million MTF to Department of State, \$5.0 million to Department of Treasury (\$3.8 million less than Executive) for costs of collecting MTF revenue.	Restricted	44,635,700	(2,225,000)
<b>3. Economic Development and Enhancement Programs – Business Support</b>	FTEs	9.0	0.0
Reflects \$36,700 economic reduction; adds \$181,800 state restricted to offset federal funds. (Executive has requested \$181,800 increase in current year supplemental.)	<b>Gross</b>	<b>\$985,900</b>	<b>\$145,400</b>
	Restricted	985,900	145,100
<b>4. Information Technology</b>	<b>Gross</b>	<b>\$25,000,000</b>	<b>\$2,876,500</b>
Adds \$891,800 (federal) for IT projects. Restores \$1.6 million. (Executive has requested \$2.0 million increase in current year supplemental.)	Federal	555,100	891,800
	Restricted	24,444,900	1,984,700
<b>5. Engineering Services</b>	FTEs	803.2	(1.0)
Includes \$4.0 million (federal) to support a new federally-mandated program <i>Safe routes to schools</i> , established in SAFETEA-LU — the reauthorization of the federal-aid highway program. Federal share of program costs is 100% — no state or local match required.	<b>Gross</b>	<b>\$50,831,100</b>	<b>\$4,706,800</b>
	Federal	6,968,000	4,050,000
	Restricted	43,863,100	656,800
Funds may be used for planning, design and construction of projects to improve the ability of students to walk or bike to school, e.g., traffic calming, sidewalk improvements. Funds may also be used for public awareness campaigns to encourage biking and walking to school. Local, regional, and non-profit agencies, in addition to the state, may be eligible for grants. Included in funding is FTE position of program coordinator (there is a net reduction of one FTE position in the line item because of program transfers.)			
<b>6. State Trunkline Maintenance</b>	FTEs	815.6	10.0
Proposes 5.8% increase reflecting state trunkline lane miles added by new construction and jurisdictional transfers, economic increases, and increased road maintenance material costs. Funded in two line items: <i>State trunkline operations</i> , at \$129.3 million; and <i>Contract operations</i> , at \$145.8 million; increases of \$6.4 million and \$8.7 million respectively.	<b>Gross</b>	<b>\$260,067,900</b>	<b>\$15,067,000</b>
	Restricted	260,067,900	15,097,000
<b>7. State Trunkline Road and Bridge Construction</b>	<b>Gross</b>	<b>\$973,699,600</b>	<b>\$15,701,800</b>
Appropriates \$989.4 million, a \$15.7 million increase from current-year. Increase reflects, in part, restoration of funds vetoed from current-year budget (vetoes reduced the current-year baseline authorization), and inclusion of \$25.0 million in additional local revenue as a fund source (a technical adjustment). Also reflects additional \$1.3 million from redistribute on MTF revenue (see Item 2, above).	Federal	745,579,000	8,957,100
	Local	5,000,000	25,000,000
	Restricted	223,120,600	(18,255,300)
<b>8. MTF Distribution to Local Road Agencies</b>	<b>Gross</b>	<b>\$1,004,453,100</b>	<b>\$9,173,200</b>

<b><u>Major Budget Changes from FY 2005-06 YTD Appropriations</u></b>		<b><u>FY 2005-06 YTD</u></b>	<b><u>House Change</u></b>
Appropriates \$1.0 billion (\$650.8 million to county road commissions and \$362.8 million to cities and villages) based on MTF revenue estimates and Act 51 formula; actual distribution will be based on actual MTF revenue. Reflects additional \$1.3 million to county road commissions, \$750,000 to cities and villages from redistribute on MTF revenue (see Item 2, above).	Restricted	1,004,453,100	9,173,200
<b>9. <i>Transportation Economic Development</i></b>	<b>Gross</b>	<b>\$41,009,800</b>	<b>\$717,000</b>
Authorizes \$41.0 million reflecting statutory distribution. (Executive has requested \$1.0 million increase in current-year supplemental).	Restricted	41,009,800	717,000
<b>10. <i>Aeronautics Programs</i></b>	FTEs	56.0	0.0
Program reductions of \$709,800 to <i>Aeronautics services</i> , and \$300,000 to <i>Air service program</i> reflect anticipated reduction in State Aeronautics Fund revenue.	<b>Gross</b>	<b>\$8,486,500</b>	<b>(\$793,000)</b>
	Restricted	8,486,500	(793,000)
<b>11. <i>Public Transportation and Freight Services</i></b>	FTEs	66.0	8.0
Restores program reductions made in current-year budget. (Executive has requested \$895,000 increase in current year supplemental.)	<b>Gross</b>	<b>\$6,818,700</b>	<b>\$1,671,300</b>
	Federal	0	787,800
	Restricted	6,818,700	883,500
<b>12. <i>Bus Transit – Local Bus Operating Assistance</i></b>	<b>Gross</b>	<b>\$163,276,100</b>	<b>\$3,347,900</b>
Includes \$166.6 million for state operating assistance to local public transit agencies.	Restricted	163,276,100	3,347,900
<b>13. <i>Rail Passenger Service</i></b>	<b>Gross</b>	<b>\$8,200,000</b>	<b>\$0</b>
Maintains current-year funding level. Proposed boilerplate would limit Port Huron/Chicago and Grand Rapids/Chicago subsidy to \$7.1 million. (Supplemental request would increase current-year boilerplate limit from \$6.1 million to \$7.1 million.)	Federal	1,000,000	0
	Restricted	7,200,000	0
<b>14. <i>Bus Capital</i></b>	<b>Gross</b>	<b>\$46,852,200</b>	<b>\$17,874,300</b>
Provides matching funds for Federal Transit Administration grants to local transit agencies. Assumes \$10.9 million in additional CTF revenue. Also assumes \$7.0 million in additional local funds to match federal aid projects.	Federal	30,000,000	0
	Local	500,000	7,000,000
	Restricted	16,352,200	10,874,300
<b>15. <i>Economics</i></b>	<b>Gross</b>	<b>N/A</b>	<b>\$9,096,300</b>
Provides \$5.7 million to fund negotiated salary and wage increases, \$2.9 million for computed retirement and insurance contributions; \$927,300 for building occupancy charges. Partially offset by reduction in budgeted workers compensation of \$104,000.	Restricted	N/A	9,096,300

#### **Major Boilerplate Changes from FY 2005-06**

##### ***Sec. 306. Auditor General Reporting Requirement — REVISED***

Bill would retain current MTF biennial audit requirement, but extend report due date from 6 months to 9 months after issuance of state financial report.

##### ***Sec. 311. Local Advance Construct Prohibition — DELETED***

Bill deletes prohibition on department funding for local federal-aid advance construct projects, in order to allow for Local jobs today program. (Section 311 had been included in the subcommittee substitute for HB 5794).

##### ***Sec. 391. Public Transportation Deputy Directors — NEW***

Indicates legislative intent that there be separate directors for public transportation and aeronautics.

##### ***Sec. 392. Asphalt/Scrap Tire Paving Test Project — NEW***

Directs the department to work with the Department of Environmental Quality and local road authorities to develop

### **Major Boilerplate Changes from FY 2005-06**

and construct a test overlay project using an asphalt mix which incorporates scrap tires; appropriates \$350,000 from the Scrap Tire Fund to offset marginal additional costs; reporting requirement.

#### ***Sec. 402. Sales of Local Federal Aid — NEW***

Authorizes local road agencies to sell federal aid to department or to other local road agencies.

#### ***Sec. 711. Rail Passenger (AMTRAK) – REVISED***

Directs department to negotiate with rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service; limits state subsidy to \$7.1 million, \$1.0 million more than current-year. (Executive supplemental request includes change in current-year boilerplate language.) Adopts same language as used in SB 242, which differs from that of the subcommittee substitute for HB 5794.