

Summary: HB 5796, Article 1; House Passed
AGRICULTURE
FY 2006-07

Analyst: William E. Hamilton

	FY 2005-06 YTD 6/02/2006 *	FY 2006-07 Executive	FY 2006-07 House Passed	FY 2006-07 Senate Passed**	Enacted	Difference: House Sub. from FY 2005-06 YTD	
						Amount	%
IDG/IDT	10,368,200	10,382,700	10,382,700	10,382,700		14,500	.1
Federal	33,680,700	22,757,000	22,757,000	23,700,000		(10,923,700)	(32.4)
Local	0	0	0	0		0	0
Private	138,700	183,800	183,800	183,800		45,100	32.5
Restricted	49,977,100	48,399,000	48,549,000	48,449,000		571,900	1.2
GF/GP	28,887,700	30,062,500	32,821,500	30,438,300		3,933,900	13.6
Gross	121,052,400	111,785,000	114,694,000	113,153,800		(6,358,300)	(5.3)
FTEs	697.0	696.0	706.0	696.0		9.0	1.3

* Reflects adjustments made in Supplemental appropriation bill, Senate Bill 242.

** Reflects Senate Bill 1080 as passed the Senate.

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 HB 5796. The bill appropriates \$3.9 million GF/GP more than the current year, \$2.9 million more than the Executive recommendation. 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 \$1.5 million (\$1.0 million more than the Executive), with 10.0 additional FTE positions authorized. Unrolls \$250,000 Consumer and industry food education program into separate line.

Animal Health & Welfare - Increases GF/GP by \$302,300 from current year, \$250,000 more than Executive.

Bovine Tuberculosis Program - Increases GF/GP by \$146,700 from current year, \$100,000 more than Executive.

Pesticide and Plant Pest Management - Increases GF/GP by \$160,200 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.

Diesel Fuel Quality Inspection Program - Includes \$100 GF/GP placeholder.

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 adds \$100,000 AEIDF to allow additional racing days.

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 House Change	
		YTD	from YTD
1. Management Services (Executive)	FTEs	35.5	(1.0)
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.	Gross	\$2,718,100	(\$70,400)
	Restricted	386,600	14,700
	GF/GP	\$2,331,500	(\$85,100)
2. Statistical Reporting Service (Executive)	Gross	\$345,600	(\$30,400)
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.	Restricted	0	50,000
	GF/GP	\$345,600	(\$19,600)
3. Food Safety and Quality Assurance (Food and Dairy)	FTEs	107.0	10.0
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).	Gross	\$11,455,300	\$601,800
	Federal	378,500	(140,400)
	Restricted	3,258,600	(773,000)
	GF/GP	\$7,818,200	\$1,515,200
4. Consumer and Industry Food Safety Education	Gross	\$0	\$250,000
House adds new line item to recognize program which had been rolled up in to <i>Food Safety and Quality Assurance</i> .	Restricted	0	250,000
	GF/GP	\$0	\$0
5. Animal Health & Welfare (Animal Industry)	FTEs	22.5	0.0
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.	Gross	\$2,316,100	\$362,300
	Federal	386,200	70,800
	Restricted	174,000	(10,800)
	GF/GP	\$1,755,900	\$302,300
6. Bovine Tuberculosis (Animal Industry)	FTEs	26.5	0.0
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.	Gross	\$5,707,800	(\$30,400)
	Federal	933,600	(220,400)
	Restricted	2,297,600	43,300
	GF/GP	\$2,476,600	\$146,700
7. Pesticide and Plant Pest Mgt. (Pesticide & Plant Pest Mgt.)	FTEs	119.8	0.0
Includes economic increases of \$460,700 (Gross). House adds \$300,000 GF/GP more than Executive to support fruit and vegetable inspection program.	Gross	\$12,965,300	\$460,700
	Federal	3,613,100	131,500
	Restricted	4,503,400	163,900
	Private	138,700	5,100
	GF/GP	\$4,710,100	\$160,200
8. Emerald Ash Borer Program (Pesticide & Plant Pest Mgt.)	FTEs	112.0	(0.0)
Reflects continuing reduction in federal support for this program first included in FY 2002-03 budget. House concurs with Executive.	Gross	\$23,660,600	(\$9,878,600)
	Federal	23,660,600	(9,878,600)
9. Michigan State University (Pesticide & Plant Pest Mgt.)	Gross	\$210,000	(\$210,000)
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.	Federal	210,000	(210,000)
10. Environmental Stewardship (Environmental Stewardship)	FTEs	32.7	0.0
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.	Gross	\$2,713,100	\$442,200
	IDG	253,600	8,500
	Federal	229,300	(3,600)
	Restricted	80,200	2,700
	GF/GP	\$2,150,000	\$434,600

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 House Change	
		YTD	from YTD
11. Migrant Housing (Environmental Stewardship)	Gross	\$145,100	\$5,000
Recognizes new federal revenue for migrant labor housing program (added to current year budget in SB 242).	Federal	145,000	5,000
	GF/GP	\$100	\$0
12. Local Conservation Districts (Environmental Stewardship)	Gross	\$1,516,800	\$83,200
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.	GF/GP	\$1,516,800	\$83,200
13. Laboratory Services (Laboratory)	FTEs	60.5	2.0
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.	Gross	\$5,908,300	(\$211,400)
	IDG	183,100	6,000
	Federal	904,400	(531,200)
	Restricted	2,116,000	(8,600)
	GF/GP	\$2,704,800	\$322,400
14. Consumer Protection Program (Laboratory)	FTEs	69.5	(2.0)
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.	Gross	\$4,883,800	\$64,800
	Restricted	4,883,800	\$64,800
15. Diesel Fuel Quality Inspection Program (Laboratory)	Gross	\$0	\$100
House adds \$100 GF/GP placeholder.	GF/GP	\$0	\$100
16. Agriculture Development	FTEs	5.0	0.0
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.	Gross	\$868,800	\$533,000
	Private	0	40,000
	Federal	199,000	7,500
	Restricted	450,700	3,800
	GF/GP	\$219,100	\$481,700
17. Export Market Development	Gross	\$50,000	\$450,000
Executive recommends \$50,000 – same as current year. House adds \$450,000 GF/GP.	GF/GP	\$0	\$450,000
18. Horse Industry Programs	Gross	\$13,844,800	\$0
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. 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.	Restricted	13,844,800	0
19. Office of Racing Commissioner	Gross	\$3,296,400	\$447,700
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.	Restricted	3,296,400	447,700

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		FY 2005-06 House Change	
		<u>YTD</u>	<u>from YTD</u>
20. Economics	Gross	N/A	\$2,545,200
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.	IDG	N/A	14,500
	Federal	N/A	411,300
	Private	N/A	5,100
	Restricted	N/A	951,900
	GF/GP	N/A	\$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.

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 PPPM, 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/Cherry Marketing – NEW

Sets floor funding of \$250,000 for Select Michigan program within *Agriculture Development*. Adds intent language regarding use of funds for cherry marketing.

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: HB 5796, Article 2; House Passed COMMUNITY COLLEGES FY 2006-07

Analyst: Viola Bay Wild

	FY 2005-06 YTD	Executive	Senate	House Subcommittee	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD Amount	%
IDG/IDT	\$0	\$0	0	0		\$0	--
Federal	0	0	0	0		0	--
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	0	0	43,900,000	0		0	--
GF/GP	\$281,552,400	287,129,400	243,229,400	288,780,700		\$7,228,300	2.6
Gross	\$281,552,400	\$287,129,400	\$287,129,400	\$288,780,700		\$7,228,300	2.6
FTEs	0.0	0.0	0.0	0.0		0.0	--

Note: FY 2005-06 figures include the results of supplementals through June 1, 2006.

Overview

The Community Colleges budget includes funds for the operations of the state's 28 community colleges, the At-Risk Student Success Program, and renaissance zone tax reimbursement to the colleges. Community colleges also receive operating revenue from local property tax revenue and student tuition and fees.

Major Budget Changes from FY 2005-06 YTD Appropriations

1. Operations Funding

Includes \$6,677,000 additional GF/GP funding which represents a 2.4% overall increase to appropriations for college operations compared to FY 2005-06. Funding increases Wayne County Community College's appropriation by \$225,000 restoring ½ of their FY 2003-04 reduction that was distributed to 3 other colleges. An operations increase of \$6,277,000 is distributed using the recommendation of the Performance Indicator Task Force. The House increased the FY 2005-06 appropriations for two colleges, the operations increase reflects this additional funding for FY 2006-07 as well.

Gross	\$275,329,700	\$6,677,000
Restricted	0	0
GF/GP	275,329,700	\$6,677,000

2. Renaissance Zone Tax Reimbursement

Increases funds for statutorily-required reimbursement to colleges with renaissance zones in their districts by 10.3% to reflect expected increases in taxable value in those zones.

Gross	\$2,900,000	\$300,000
GF/GP	\$2,900,000	\$300,000

3. Economic Development Grants

Includes additional appropriation for economic development grants to be awarded to community colleges.

Gross	\$0	\$251,100
GF/GP	\$0	\$251,100

4. Accelerated Licensing and Certification Program Grants

Appropriates funding to help fund the development and enhancement of accelerated licensing and certification programs.

Gross	\$0	\$100
GF/GP	\$0	\$100

5. Nursing Program Expansion Grants

Includes funding to help foster the expansion of nursing education programs.

Gross	\$0	\$100
GF/GP	\$0	\$100

Major Boilerplate Changes from FY 2005-06

Sec. 208. Entrepreneurship Curriculum – REVISED

Current-year language directs the Department of Labor and Economic Growth to work with community colleges to develop an accelerated entrepreneurship curriculum, including an associate degree, and requires an annual report. **Executive** deletes the report requirement. **House** and **Senate** require the report to be generated by February 1.

Sec. 220. ITEM Funding – REVISED

House and **Senate** restore language deleted by the **Executive** that states legislative intent for restoration of Infrastructure, Technology, Equipment, and Maintenance (ITEM) funds and development of proposals and financing alternatives for special maintenance projects. **House** and **Senate** delete language referring to special maintenance projects.

Sec. 237. Payments in Lieu of Taxes Workgroup – DELETED

House, **Senate**, and **Executive** remove language that states legislative intent that a workgroup be formed to evaluate the possibility of making payments in lieu of taxes to colleges whose districts contain government-owned land.

Sec. 238. Optional Retirement Plan – DELETED

House, **Senate**, and **Executive** remove language that states legislative intent that a workgroup be formed to evaluate the impact of expanding eligibility for the Optional Retirement Plan to include part-time faculty; requires report.

Sec. 242. Payment in Lieu of Taxes – NEW

House and **Senate** include new language stating legislative intent that discussion regarding payments in lieu of taxes concerning community colleges be continued.

Sec. 250. Construction Contracts – NEW

House includes new language that prohibits community colleges from entering into construction contracts that discriminate based on specified criteria, including membership or nonmembership in any labor organization.

Sec. 304. Gast-Mathieu Formula – REVISED

House includes new language recommending that the funding formula developed by the Performance Indicators Task Force be used for future funding distribution. **House** and **Senate** require the data collected for the Gast-Mathieu formula continue to be collected and maintained. **Executive** deletes language concerning the Gast-Mathieu formula.

Sec. 305. Implementation of the Performance Indicators Task Force Recommendations – NEW

House includes language stating legislative intent that the performance measures in the Performance Indicators Task Force Proposal and Recommendations Report be reviewed and more fully implemented in the future.

FY 2005-06 Supplemental

House includes a \$400,000 Gross and GF/GP increase in funding for the FY 2005-06 operations line item for two community colleges. Bay de Noc Community College and Mid Michigan Community College were each appropriated an additional \$200,000 for operations.

**Summary: HB 5796, Article 3; House Passed
COMMUNITY HEALTH
FY 2006-07**

Analysts: Margaret Alston, Sue Frey, Steve Stauff

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	<i>Difference: House from FY 2005-06 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$34,090,000	\$37,286,100	\$37,286,100	\$37,286,100		3,196,100	9.4
Federal	5,533,597,400	6,103,178,000	6,088,988,300	5,823,755,500		290,158,100	5.2
Local	231,524,400	241,177,400	241,177,400	241,177,400		9,653,000	4.2
Private	59,073,800	61,326,900	61,326,900	63,826,900		4,753,100	8.0
Restricted	1,516,009,000	1,817,312,800	1,817,312,800	1,812,976,900		296,967,900	19.6
GF/GP	2,951,899,400	3,001,975,800	2,947,975,800	2,927,994,000		(23,905,400)	(0.8)
Gross	\$10,326,194,000	\$11,262,257,000	\$11,194,067,300	\$10,907,016,800		\$580,822,800	5.6
FTEs	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).

	FY 2005-06 YTD	House Change
Gross	N/A	\$29,775,500
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.

Gross	\$3,546,870,800	\$87,951,700
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)

Gross	N/A	\$10,400,000
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. Does not include House Appropriations Committee's proposal (Sec. 459) that would have lowered funding by \$50.0 million if the CMHSP does not become an authority by September 1, 2006.

Gross	\$312,598,300	\$0
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.

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

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>House Change</u>
6. Children's Waiver Home Care Program	Gross	\$19,549,800	(\$2,000,000)
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)
7. Cost Allocation Work Group	Gross	\$0	\$100,000
Allocates \$100,000 for the Cost Allocation Work Group which has been charged with the responsibility of developing and implementing uniform standards and reporting of administrative costs by PIHPs, CMHSPs, and contracted providers.	GF/GP	\$0	\$100,000
8. Multicultural Services	Gross	\$4,963,800	\$200,000
Adds \$200,000 to the Multicultural Services line item for the Jewish Federation of Metropolitan Detroit. (Sec. 475)	GF/GP	\$4,963,800	\$200,000
9. Public Health Funding Increases	Gross	\$0	\$100
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
10. Move Surgeon General Funding to Infant Mortality	Gross	\$0	\$0
Eliminates the Surgeon General position and transfers the related funding of \$240,000 GF/GP to infant mortality projects.	GF/GP	\$0	\$0
11. Vital Records	Gross	\$7,458,800	\$300,000
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
12. AIDS Drug Assistance Program	Gross	\$31,502,000	\$2,500,000
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
13. Ages 0-3 Early Childhood Secondary Prevention	Gross	\$524,000	(\$524,000)
Shifts all DCH funding for this program to the Department of Human Services budget to consolidate funding.	GF/GP	\$524,000	(\$524,000)
14. Healthy Michigan Fund Adjustments	Gross	\$43,512,700	\$1,138,300
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
15. Safe Delivery of Newborns Website	Gross	\$0	\$30,000
Adds funds for creation of a website regarding the Safe Delivery of Newborns Act (Sec. 1114).	GF/GP	\$0	\$30,000
16. Ultrasound Equipment Fund	Gross	\$0	\$100,000
Appropriates \$100,000 for Ultrasound Equipment Fund grants under Sec. 9141 of the Public Health Code (Sec. 1115).	GF/GP	\$0	\$100,000

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	House Change
17. Anti-Drug Abuse and Drug Treatment Court Grants	Gross	\$26,470,300	(\$8,565,100)
Appropriates \$1,235,100 GF/GP to support drug treatment court and other current program grants, replacing a portion of reduced federal funds.	Federal	26,470,300	(9,800,200)
	GF/GP	\$0	\$1,235,100
18. Michigan First Healthcare Plan	Gross	\$0	\$100
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
19. Medicaid Home Help Worker Minimum Wage Increase	Gross	\$186,060,500	\$15,945,300
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
20. Asset Lookback and Audit Savings	Gross	N/A	(\$14,047,700)
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.	Federal	N/A	(8,047,700)
	GF/GP	N/A	(\$6,000,000)
21. Recovery of Pharmaceutical Overpayments	Gross	N/A	(\$22,924,900)
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.	Federal	N/A	(12,924,900)
	GF/GP	N/A	(\$10,000,000)
22. Durable Medical Equipment	Gross	(\$1,926,300)	(\$7,000,000)
Institute a preferred provider list for durable medical equipment and recognize savings of \$7.0 million gross (\$3.1 million GF/GP). (Sec. 1735)	Federal	(1,090,100)	(3,946,600)
	GF/GP	(\$836,200)	(\$3,053,400)
23. Federal Changes in Asset Test for Medicaid Eligibility	Gross	N/A	(\$11,462,400)
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)	Federal	N/A	(6,462,400)
	GF/GP	N/A	(\$5,000,000)
24. Copayments and Premiums Expansion	Gross	N/A	(\$5,900,000)
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)	Federal	N/A	(3,326,400)
	GF/GP	N/A	(\$2,573,600)
25. Medicare Part D "Clawback"	Gross	\$174,855,500	(\$15,096,000)
Reduces estimated cost for Medicare part D eligible coverage based on updated expenditure data.	GF/GP	\$174,855,500	(\$15,096,000)
26. Health Information Technology Initiative	Gross	\$0	\$9,500,000
Authorizes \$9.5 million to finance health care information technology initiatives. (Sec. 1760 & Sec. 1763)	Federal	0	2,250,000
	GF/GP	\$0	\$7,250,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>House Change</u>
27. Personal Care Supplement Increase	Gross	\$23,344,800	\$852,000
Increases the Medicaid personal care supplement paid to adult foster care facilities and homes for the aged by \$10 per month. (Sec. 1746)	Federal	13,210,800	480,400
	GF/GP	\$10,134,000	\$371,600
28. Medicaid Optional Eligibility Changes	Gross	(\$131,730,200)	(\$131,730,200)
Eliminates optional Medicaid eligibility for 19-20 year olds, except former foster care cases, and parents/caretaker relatives. (Sec. 1646)	Federal	(74,269,500)	(74,269,500)
	GF/GP	(\$57,460,700)	(\$57,460,700)
29. Medicaid Physician Payment Rates	Gross	\$779,943,500	\$33,247,100
Provides for a 4% increase in Medicaid physician payment rates. (Sec. 1636)	Federal	441,370,100	18,744,700
	GF/GP	\$338,573,400	\$14,502,400
30. Specialized Case Management Program	Gross	N/A	(\$5,000,000)
Recognizes savings from implementation of a specialized case management program targeting the highest cost Medicaid patients. (Sec. 1756)	Federal	N/A	(2,819,000)
	GF/GP	N/A	(\$2,181,000)
31. Graduate Medical Education	Gross	\$168,954,800	\$6,800,000
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
32. Non-Emergency Medical Transportation	Gross	\$9,973,600	(\$2,200,000)
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)
33. MICHild Premiums	Gross	(\$1,300,000)	(\$1,300,000)
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)
34. Pharmacy Quality Improvement Program	Gross	(\$9,214,500)	(\$3,000,000)
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)
35. Out-state Hospital/Pharmacy Dispensing Fee Increase	Gross	N/A	\$8,311,800
Contingency language in Sec.1765 authorizes \$8.3 million for out-state hospitals if the federal approval of the \$5.0 million DSH pool described in Sec. 1717 does not occur. If the \$5.0 million DSH pool is approved by the federal government, the \$8.3 million shall be used to increase the Medicaid pharmacy dispensing fee by \$0.62.	Federal	N/A	4,686,200
	GF/GP	N/A	\$3,625,600

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.

Major Boilerplate Changes from FY 2005-06

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.

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.

Major Boilerplate Changes from FY 2005-06

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. 1757. Medicaid Applicants Illegally Residing In the United States – NEW

Requires the Department to direct the Department of Human Services (DHS) to require Medicaid applicants to prove that they are residing legally in the United States and if they are not, DHS shall bring the matter to the attention of the appropriate law enforcement agency.

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.

Sec. 1764. Annual Certification of Actuarial Soundness of Medicaid Health Plan Rates – NEW

Requires the Department to annually certify that rates paid to Medicaid health plans are actuarially sound and to notify the House of Representatives, the Senate, and the fiscal agencies immediately upon rate certification and approval.

Summary: HB 5796, Article 4; House Passed
DEPARTMENT OF CORRECTIONS
FY 2006-07

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	%
IDG/IDT	\$1,043,800	\$1,238,400	\$1,238,400	\$1,238,400		\$194,600	18.6
Federal	11,410,200	11,431,500	11,431,500	11,431,500		21,300	0.2
Local	411,700	420,900	420,900	420,900		9,200	2.2
Private	0	0	0	0		0	0.0
Restricted	66,590,000	68,775,700	68,775,700	68,775,700		2,185,700	3.3
GF/GP	1,780,650,700	1,865,555,000	1,865,555,000	1,835,555,000		54,904,300	3.1
Gross	\$1,860,106,400	\$1,947,421,500	\$1,947,421,500	\$1,917,421,500		\$57,315,100	3.1
FTEs	17,525.2	17,828.5	17,828.5	17,828.5		303.3	1.7
Avg. Pop.	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 House-Passed 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, similar to that included by 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.

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>	<u>FY 2005-06 YTD</u>	<u>House Change from Current Yr.</u>	
PRISON AND CAMP OPERATIONS			
1. <i>Camp Brighton Closure, Other Bed Count Changes</i>	Beds	50,945	545
<u>Executive:</u> 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. <u>Senate</u> and <u>House</u> concurred.	FTEs	N/A	456.8
	Gross	N/A	\$0
	GF/GP	N/A	\$0
2. <i>Academic/Vocational Programs</i>	Gross	\$33,860,700	(\$8,672,600)
<u>House:</u> program reduction due to budgetary priorities and critical auditor general report. (<i>Note:</i> 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.)	GF/GP	\$33,860,700	(\$8,672,600)
3. <i>Former Youth Correctional Facility</i>	Gross	\$0	\$100
<u>House:</u> inserted placeholder for former Michigan Youth Correctional Facility near Baldwin in Lake County.	GF/GP	\$0	\$100
4. <i>Corrections Security Inspectors</i>	FTEs	N/A	(17.0)
<u>Executive:</u> 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. <u>Senate</u> and <u>House</u> concurred.	Gross	N/A	(\$1,500,000)
	GF/GP	N/A	(\$1,500,000)
5. <i>Equipment and Special Maintenance</i>	Gross	\$2,054,000	(\$1,574,500)
<u>Executive:</u> 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. <u>Senate:</u> concurred. <u>House:</u> further reduced by \$54,000, leaving the \$425,500 requested for electronic security upgrades.	GF/GP	\$2,054,000	(\$1,574,500)
6. <i>High-security Pay Adjustments</i>	Gross	N/A	(\$305,200)
<u>Executive:</u> 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. <u>Senate</u> and <u>House</u> concurred.	GF/GP	N/A	(\$305,200)
PRISONER HEALTH AND MENTAL HEALTH CARE			
7. <i>Hadix Consent Decree – Medical Services</i>	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. <u>Senate</u> and <u>House</u> concurred.	Gross	\$9,997,700	\$1,018,800
	GF/GP	\$9,997,700	\$1,018,800

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	House Change from Current Yr.
8. DOJ Consent Decree – MDCH Mental Health Services			
<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. <u>Senate</u> and <u>House</u> concurred.		Gross N/A	\$471,700
		GF/GP N/A	\$471,700
9. Clinical Treatment Team, Thumb Correctional Facility			
<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. <u>Senate</u> and <u>House</u> concurred.		FTEs N/A	4.0
		Gross N/A	\$329,000
		GF/GP N/A	\$329,000
10. Case Review Nurse Practitioners			
<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. <u>Senate</u> and <u>House</u> concurred.		FTEs N/A	5.0
		Gross N/A	\$457,300
		GF/GP N/A	\$457,300
FIELD OPERATIONS AND COMMUNITY PROGRAMS			
11. Global Positioning System (GPS) Tether			
<u>Executive</u> : \$1.7 million GF/GP for phased-in implementation of GPS electronic monitoring for selected offenders in a yet-to-be-determined area of the state; expected to be used primarily for prisoners being paroled from burglary offenses, although it might be used for some sex offenders. <u>Senate</u> and <u>House</u> concurred.		FTEs N/A	10.0
		Gross N/A	\$1,670,500
		GF/GP N/A	\$1,670,500
12. Parole and Probation Special Operations ("Joshua Project")			
<u>House</u> 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.		Gross \$500,000	\$1,300,000
		GF/GP \$500,000	\$1,300,000
13. Field Operations Reorganization			
<u>Executive</u> : 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. <u>Senate</u> and <u>House</u> concurred.		FTEs 1,976.4	(33.2)
		Gross \$138,549,100	(\$2,731,000)
		Restricted 16,338,500	0
		GF/GP \$122,210,600	(\$2,731,000)

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	House Change from Current Yr.
14. Community Re-entry Centers		FTEs	N/A (68.3)
<u>Executive:</u> 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. <u>Senate</u> and <u>House</u> concurred.		Gross	N/A (\$271,600)
	Restricted	N/A	(\$271,600)
	GF/GP	N/A	\$0
MISCELLANEOUS ADJUSTMENTS			
15. New Officer Training and State Police Billings		Gross	N/A \$8,824,400
<u>Executive:</u> 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. <u>Senate</u> and <u>House</u> concurred.		GF/GP	N/A \$8,824,400
16. Supplementary Operational Expenditures		Gross	\$17,840,700 (\$17,840,700)
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. <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>House</u> eliminated all funding associated with this line.		GF/GP	\$17,840,700 (\$17,840,700)
17. Miscellaneous Savings and Efficiencies		Gross	N/A (\$8,457,900)
<u>House</u> incorporated additional savings to be achieved through: 1) eliminating captain positions on night shifts (\$2.8 million); 2) increased use of videoconferencing technology (\$3.0 million); 3) utilization of automated technology to minimize costs of employee absences and overtime (\$1.5 million); and 4) recognition of vacancy savings in amount of FY 2004-05 GF/GP lapse. (\$1.2 million).		GF/GP	N/A (\$8,457,900)
18. Public Works Revenues		Gross	N/A \$0
<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. <u>Senate</u> and <u>House</u> concurred.		Restricted	N/A 2,216,000
	GF/GP	N/A	(\$2,216,000)
19. Outpatient Substance Abuse Treatment		Gross	\$18,220,900 \$496,000
<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. <u>Senate</u> and <u>House</u> concurred.		Federal	1,822,800 0
	GF/GP	\$16,398,100	\$496,000

Major Budget Changes from FY 2005-06 YTD Appropriations	FY 2005-06 YTD	House Change from Current Yr.
20. Jail Services Unit	FTEs 0.0	4.0
<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. <u>Senate</u> and <u>House</u> concurred.	Gross \$0	\$612,000
	IDG/IDT 0	165,000
	GF/GP \$0	\$447,000
21. Human Resources Adjustments	FTEs N/A	(7.0)
<u>Executive</u> : 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. <u>Senate</u> and <u>House</u> concurred.	Gross N/A	(\$784,400)
	GF/GP N/A	(\$784,400)
22. Information Technology	Gross \$14,076,000	\$1,758,700
<u>Executive</u> : 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. <u>Senate</u> and <u>House</u> concurred.	Restricted 534,700	0
	GF/GP \$13,541,300	\$1,758,700
23. Economic Adjustments	Gross N/A	\$84,026,400
<u>Executive</u> : 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:	IDG/IDT N/A	29,600
• Salaries and wages: \$36,328,100 Gross, \$35,547,700 GF/GP	Federal N/A	21,300
• Insurances: \$13,633,100 Gross, \$13,341,400 GF/GP	Local N/A	9,200
• Retirement: \$32,057,900 Gross, \$31,370,600 GF/GP	Restricted N/A	1,699,300
• Workers' compensation: (\$1,105,000) decrease Gross & GF/GP	GF/GP N/A	\$82,267,000
• 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		
<u>Senate</u> and <u>House</u> concurred.		

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.

Major Boilerplate Changes from FY 2005-06

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.

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.

Sec. 1013. Prison Store Surcharges - NEW

House adds requirement for Department to impose a 35% surcharge on certain items purchased by prisoners in state facilities; surcharge to be separate from and in addition to any other mark-ups imposed by the Department. Revenue to be deposited in state trooper recruit school fund. Senate included similar language.

Summary: HB 5796, Article 5; House Passed
DEPARTMENT OF EDUCATION
FY 2006-07

Analysts: Mary Ann Cleary, Bethany Wicksall

IDG/IDT	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
	0	0	0	0		0	0%
Federal	70,519,400	67,570,600	67,570,600	67,570,600		(2,948,800)	-4.2%
Local	5,444,000	5,985,600	5,985,600	5,985,600		541,600	9.9%
Private	1,898,600	2,914,400	2,914,400	2,914,400		1,015,800	53.5%
Restricted	23,513,200	7,227,000	7,388,900	7,327,000		(16,186,200)	-68.8%
GF/GP	16,100,400	6,667,500	6,580,700	8,667,500		(7,432,900)	-46.2%
Gross	117,475,600	90,365,100	90,440,200	92,465,100		(25,010,500)	-21.3%
FTEs	423.5	435.5	435.5	434.5		11	2.6%

Major Budget Changes from FY 2005-06 YTD Appropriations

		<u>FY 2005-06 YTD</u>	<u>House Change</u>
1. MEAP Testing Contract	Gross	\$24,784,500	(\$24,784,000)
<u>Exec Rec</u> transfers the MEAP contract for student testing to the School Aid Fund in School Aid Act. <u>Senate</u> and <u>House</u> concur.	Federal	8,425,200	(8,425,200)
	Restricted	16,359,300	(16,359,300)
2. School Breakfast Program	Gross	\$9,625,000	(\$9,625,000)
<u>Exec Rec</u> transfers the School Breakfast Program and related boilerplate to the School Aid Act. <u>Senate</u> and <u>House</u> concur.	GF/GP	\$9,625,000	(\$9,625,000)
3. Federal and Private Grants	Gross	\$3,000,000	\$3,000,000
<u>Exec Rec</u> authorizes the expenditure of up to \$2.0 million in additional Federal funds and up to \$1.0 million in additional private funds in the event that the Department receives new grants mid-year. <u>Senate</u> and <u>House</u> concur.	Federal	2,000,000	2,000,000
	Private	1,000,000	1,000,000
4. Additional Federal Revenue	Gross	N/A	\$2,362,400
<u>Exec Rec</u> recognizes an increase in available Federal funds for 21 st Century Grants (\$66,300), for Pre-school Programs (\$201,700), in Reading First Grants for the Educator on Loan Program (\$400,000) and for Educational Assessment and Accountability (\$1,694,400). <u>Senate</u> and <u>House</u> concur.	Federal	N/A	2,362,400
5. Web-based Practice Assessments	Gross	\$0	\$1,500,000
House adds \$1.5 million for a web-based practice assessment and classroom remediation program.	GF/GP	\$0	\$1,500,000
6. Michigan School for the Deaf and Blind	FTEs	95.0	8.0
<u>Exec Rec</u> adds eight additional staff to the school for an anticipated increase in enrollment of over 20%. <u>Senate</u> and <u>House</u> concur.	Gross	\$10,641,600	\$560,000
	Federal	5,120,800	154,700
	Local	5,291,400	405,300
	Private	14,800	0
	Restricted	214,600	0
7. Middle School Math Administration	Gross	\$0	\$250,000
<u>House</u> adds \$250,000 for administration of middle school math programs in the School Aid Act.	GF/GP	\$0	\$250,000

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	House Change
8. Subject Area Content Expectations and Guidelines	Gross	\$0	\$250,000
<u>House</u> adds \$250,000 for the development, approval, and implementation of the new subject area content expectations and guidelines.	GF/GP	\$0	\$250,000
9. School Improvement Operations	Gross	\$16,011,300	\$100,000
<u>House</u> adds \$100,000 for additional support of new content area expectations and graduation requirements.	Federal	14,335,700	0
	Private	1,082,100	0
	Restricted	518,900	0
	GF/GP	\$74,600	\$100,000
10. Best Practices	Gross	\$350,000	(\$150,000)
<u>House</u> reduces the appropriation to the State Board of Education for the national best practices from \$350,000 to \$200,000.	GF/GP	\$350,000	(\$150,000)
11. Middle School Math Project	Gross	\$100,000	(\$100,000)
<u>Exec Rec</u> eliminates funding and related boilerplate which provides two grants of \$50,000 each for Wayne State University and Michigan Virtual High School for providing professional development or enhanced curricula in middle school mathematics. <u>Senate</u> maintains current appropriation. <u>House</u> concurs with the Exec Rec.	Restricted	100,000	(100,000)
	GF/GP	\$0	\$0
12. National Board Certification	Gross	\$0	\$100,000
<u>House</u> adds a new line to fund grants to pay half of the application fees for teachers who apply for national board certification.	Restricted	0	100,000
	GF/GP	\$0	\$0
13. Education Commission of the States	Gross	\$0	\$50,000
<u>House</u> adds \$50,000 to pay Michigan's dues for the Education Commission of the States.	GF/GP	\$0	\$50,000
13. Economics	Gross	N/A	\$1,287,500
<u>Exec Rec</u> provides for economic increases in salaries and wages, insurances, retirement, and worker's compensation and recognizes savings in building occupancy costs. <u>Senate</u> and <u>House</u> concur.	Federal	N/A	943,000
	Local	N/A	111,300
	Private	N/A	15,800
	Restricted	N/A	70,100
	GF/GP	N/A	\$147,300

Major Boilerplate Changes from FY 2005-06**Sec. 215. Departmental Employee Contact with Legislature – RETAINED**

Prohibits disciplinary action against a department employee for communicating with a Legislator or his or her staff. Exec Rec deletes. Senate and House retain.

Sec. 218. Contingency Funds – NOT INCLUDED

Appropriates up to \$5.0 million in Federal contingency funds, up to \$700,000 in State restricted contingency funds, up to \$250,000 in private contingency funds, and \$3.0 million in local contingency funds. Exec Rec adds new section. Senate and House do not include this section.

Sec. 218. Automated External Defibrillators – NEW

Encourages department to promote benefits of automated external defibrillators (AEDs) and to work with districts who receive grants for AED purchases to secure a bulk-purchase discount. Senate adds new section. House concurs.

Sec. 219. K-16 Coalition Ballot Initiative – NEW

Requires a report from the department regarding proposed budget cuts of 7.93% GF/GP if the initiative passes. Senate adds new section. House concurs.

Sec. 220. Timely Data – NEW

Requires the department to provide data requested by legislature, staff, and fiscal agencies in a timely manner. House adds new section.

Sec. 220. Standardized Crisis Management System for Schools – NEW

Requires DOE, in collaboration with the Michigan Commission on Law Enforcement Standards (MCOLES) to contract for a statewide standardized crisis management system for emergencies at public schools.

Sec. 303. Best Practices Study – REVISED

Earmarks \$350,000 to State Board of Education to study and advise the Legislature and Governor on local, state, and national education best practices. Exec Rec deletes. Senate retains with an earmark of only \$100. House retains with earmark of \$200,000 and revises to emphasize middle school math and allow study of best practices for financial turnaround methods.

Sec. 303. Michigan History Day – NOT INCLUDED

Provides \$25,000 grant to Michigan Historical Society for Michigan History Day. Senate adds new section. House does not include.

Sec. 503. Teacher Preparation Programs – DELETED

Provides \$75,000 for Central Michigan University's Alternative Route to Certification Program. Exec Rec deletes. Senate retains with \$125,000 for CMU's program and \$125,000 for Wayne State University's Limited License to Instruct program. House deletes.

Sec. 504. National Board Certification – NEW

Provides up to ½ the application fee for teachers who apply for National Board Certification. House adds new section.

Sec. 602. Middle School Math Administration – NEW

Provides funding for administration of middle school math programs funded in the School Aid Act. House adds new section.

Sec. 603. Subject Area Content Expectations and Guidelines – NEW

Provides funding for development, approval and implementation of the new subject area content expectations and guidelines, requires that the science content expectations include critical evaluation of scientific theories, and that social studies content expectations not discourage or prohibit the use of the word "American" when referring to a citizen of the United States. House adds new section.

Sec. 604. Web-based Practice Assessments – NEW

Provides funding and contract requirements for a web-based practice assessment and classroom remediation program for middle school students with priority on math assessments. House adds new section.

Sec. 901. Federal and Private Grants – NEW

Requires the Department to notify House and Senate Appropriation Subcommittee Chairs within 10 days of the receipt of a grant appropriated in the new federal and private grants line item. Exec Rec adds new section. Senate and House concur.

Sec. 902. International Baccalaureate – NOT INCLUDED

Provides \$50,000 in grants for the establishment of international baccalaureate programs. Senate adds new section. House does not include.

**Summary: HB 5796, Article 6; House Passed
ENVIRONMENTAL QUALITY
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	%
IDG/IDT	\$18,031,100	\$18,233,600	\$18,233,600	\$18,233,600		\$202,500	1.1
Federal	144,062,700	140,338,500	140,338,500	140,338,500		(3,724,200)	(2.6)
Local	0	0	0	0		0	0
Private	450,000	450,000	450,000	450,000		0	0
Restricted	260,842,600	217,878,000	218,913,000	180,212,000		(41,929,600)	(16.1)
GF/GP	31,809,600	33,328,400	34,028,400	32,894,400		2,218,800	7.0
Gross	\$455,196,000	\$410,228,500	\$411,963,500	\$372,128,500		(\$43,232,500)	(9.5)
FTEs	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.

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

		FY 2005-06 YTD	House Change
1. Underground Storage Tank Cleanup	Gross	\$102,000,000	(\$81,900,000)
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)
2. Strategic Water Quality Initiatives Grants	Gross	\$0	\$40,000,000
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
3. Contaminated Site Investigation/Cleanup Program	Gross	\$21,702,200	\$0
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. 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.	Private	150,000	0
	Restricted	21,552,200	(2,000,000)
	GF/GP	\$0	\$2,000,000

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	House Change
4. Drinking Water Grants		Gross	\$113,053,500 (\$6,073,600)
Reduces Federal support to reflect expected grant level. The General Fund is reduced to reflect matching requirements.	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		FTEs	98.1 (4.0)
Eliminates 4 engineer positions that review plans and issue permits for new wastewater treatment systems.	Gross	\$15,281,200 (\$367,500)	
	Federal	3,916,400	0
	Restricted	8,077,700	0
	GF/GP	\$3,287,100	(\$367,500)
6. Clean Michigan Initiative Administrative Support		Gross	\$21,702,200 (\$1,900,000)
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.	Private	150,000	0
	Restricted	21,552,200	(1,900,000)
7. Land and Water Management Permit Fees		Gross	\$12,750,200 \$0
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.	IDG	908,100	0
	Federal	3,292,300	0
	Restricted	3,286,000	0
	GF/GP	\$5,263,800	\$0
8. Manufactured Housing Fees		Gross	\$16,052,700 (\$633,300)
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.	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		Gross	\$0 \$500,000
Funding is provided to support local cleanup efforts in Anchor Bay.	Restricted	0	500,000
10. Water Supply Wells: City of St. Louis		Gross	\$0 \$300,000
Funding is provided toward the development cost of new water supply wells for the City of St. Louis.	GF/GP	\$0	\$300,000
11. Real Time Water Quality Monitoring		Gross	\$250,000 \$0
Funding for the pilot water quality monitoring project in the Lake St. Clair watershed is retained: \$250,000	Restricted	250,000	0
12. Muskegon County Wetlands Restoration		Gross	\$0 \$200,000
Funding is provided toward the establishment of a wetland on Little Black Creek.	GF/GP	\$0	\$200,000
13. Office of Environmental Ombudsman		FTEs	0.0 3.0
An interdepartmental grant to the Legislative Council would establish a new office responsible for resolving conflicts arising from environmental regulations or enforcement actions.	Gross	\$0 \$200,000	
	GF/GP	\$0	\$200,000
14. Community Outreach Pilot Program		Gross	\$0 \$150,000
A new line item is included to develop an outreach program to increase awareness of environmental issues that may impact communities.	Restricted	0	150,000

Major Budget Changes from FY 2005-06 YTD Appropriations**FY 2005-06 YTD****House Change****15. Economic Adjustments**

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

Gross	N/A	\$5,777,800
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. 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: HB 5796, Article 7; House Passed
ALL GENERAL GOVERNMENT DEPARTMENTS
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	%
Gross	\$3,419,774,000	\$3,007,324,600	\$2,941,233,400			(\$478,540,600)	(14.0)
IDG/IDT	604,409,300	589,646,200	585,266,100			(19,143,200)	(3.2)
Federal	102,542,900	103,227,200	55,540,200			(47,002,700)	(45.8)
Local	2,725,400	2,766,200	2,766,200			40,800	1.5
Private	1,250,100	1,250,100	550,100			(700,000)	(56.0)
Restricted	2,092,741,500	1,649,653,800	1,665,891,800			(426,849,700)	(20.4)
GF/GP	\$616,104,800	\$660,781,100	\$631,219,000			\$15,114,200	2.5
FTEs	7,314.4	7,287.4	7,135.4			(179.0)	(2.4)

Note: FY 2005-06 figures include supplemental actions through June 1, 2006.

* FY 2005-06 YTD and Executive figures include appropriations for Michigan Strategic Fund; House figures do not.

** Executive figures include revisions contained in revision letter dated 05/24/2006.

** 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 Passed recommendation totals \$2.9 billion Gross and \$631.2 million GF/GP.

The House Passed recommendation is \$478.5 million Gross, or 14.0%, under current-year appropriated levels, and \$15.1 million GF/GP, or 2.5%, over current-year appropriated levels.

The House Passed recommendation is \$66.1 million Gross, or 2.2%, and \$29.6 million GF/GP, or 4.5%, under the revised Executive recommendation.

Summary: HB 5796, Article 7; House Passed

ATTORNEY GENERAL

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	%
Gross	\$65,748,100	\$68,306,300	\$68,306,300			\$2,558,200	3.9
IDG/IDT	13,408,400	13,914,300	13,914,300			505,900	3.8
Federal	9,827,100	10,236,500	10,236,500			409,400	4.2
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	11,011,400	11,259,500	11,259,500			248,100	2.3
GF/GP	\$31,501,200	\$32,896,000	\$32,896,000			\$1,394,800	4.4
FTEs	566.0	563.0	563.0			(3.0)	(0.5)

Note: FY 2005-06 figures include supplemental actions through June 1, 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. 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.

	Exec Change	House Change
Gross	(\$666,300)	(\$666,300)
IDG	(300,000)	(300,000)
Restricted	(366,300)	(366,300)
GF/GP	\$0	\$0

2. 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.

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

3. Economic Adjustments

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

Gross	\$3,224,500	\$3,224,500
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 includes language which authorizes unexpended prisoner reimbursement revenue, up to \$500,000, to be carried forward.

**Summary: HB 5796, Article 7; House Passed
CIVIL RIGHTS
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	%
Gross	\$13,674,900	\$14,020,200	\$14,020,200			\$345,300	2.5
IDG/IDT	0	0	0			0	0.0
Federal	1,566,200	1,566,200	1,566,200			0	0.0
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	0	0	0			0	0.0
GF/GP	\$12,108,700	\$12,454,000	\$12,454,000			\$345,300	2.9
FTEs	141.0	141.0	141.0			0.0	0.0

Note: FY 2005-06 figures include supplemental actions through June 1, 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.

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>Exec Change</u>	<u>House Change</u>
1. Economic Adjustments	Gross	\$366,300	\$366,300
Includes additional funding for salary and wage, insurance, retirement, and workers' compensation premium costs.	GF/GP	\$366,300	\$366,300
2. Human Resources Optimization Project	Gross	(\$21,000)	(\$21,000)
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: HB 5796, Article 7; House Passed
CIVIL SERVICE
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	%
Gross	\$35,941,600	\$36,547,100	\$36,547,100			\$605,500	1.7
IDG/IDT	5,670,900	5,788,100	5,788,100			117,200	2.1
Federal	4,779,100	4,779,100	4,779,100			0	0.0
Local	1,700,000	1,700,000	1,700,000			0	0.0
Private	150,000	150,000	150,000			0	0.0
Restricted	16,539,200	17,157,500	17,157,500			618,300	3.7
GF/GP	\$7,102,400	\$6,972,400	\$6,972,400			(\$130,000)	(1.8)
FTEs	240.5	240.5	240.5			0.0	0.0

Note: FY 2005-06 figures include supplemental actions through June 1, 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.

	Exec Change	House Change
Gross	(\$355,100)	(\$355,100)
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.

Gross	\$976,600	\$976,600
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.

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

Major Boilerplate Changes from FY 2005-06

None

**Summary: HB 5796, Article 7; House Passed
EXECUTIVE OFFICE
FY 2006-07**

Analyst: Robin Risko

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

Note: FY 2005-06 figures include supplemental actions through June 1, 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: HB 5796, Article 7; House Passed
INFORMATION TECHNOLOGY
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	%
Gross	\$384,706,700	\$378,422,000	\$378,422,000			(\$6,284,700)	(1.6)
IDG/IDT	384,706,700	378,422,000	378,422,000			(6,284,700)	(1.6)
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
GF/GP	\$0	\$0	\$0			\$0	0.0
FTEs	1,766.4	1,781.4	1,781.4			15.0	0.8

Note: FY 2005-06 figures include supplemental actions through June 1, 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.

	Exec Change	House Change
Gross	\$7,176,600	\$7,176,600
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.

Gross	\$8,369,300	\$8,369,300
IDG	8,369,300	8,369,300
GF/GP	\$0	\$0

Major Budget Changes from FY 2005-06 YTD Appropriations**Exec Change House Change****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: (includes adjustments made in 2006 PA 153 – supplemental SB 242)

Gross	(\$1,863,000)	(\$1,863,000)
IDG	(1,863,000)	(1,863,000)
GF/GP	\$0	\$0

- 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.

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

House 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: HB 5796, Article 7; House Passed
LEGISLATURE
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	%
Gross	\$130,439,900	\$129,731,900	\$113,754,400			(\$16,685,500)	(12.8)
IDG/IDT	2,301,500	2,301,500	0			(2,301,500)	(100.0)
Federal	0	0	0			0	0.0
Local	0	0	0			0	0.0
Private	400,000	400,000	400,000			0	0.0
Restricted	2,356,500	2,356,500	1,109,800			(1,246,700)	(52.9)
GF/GP	\$125,381,900	\$124,673,900	\$112,244,600			(\$13,137,300)	(10.5)
FTEs	0.0	0.0	0.0			0.0	0.0

Note: FY 2005-06 figures include supplemental actions through June 1, 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: HB 5796, Article 7; House Passed
OFFICE OF THE AUDITOR GENERAL
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	%
Gross	\$0	\$0	\$17,477,500			\$17,477,500	100.0
IDG/IDT	0	0	1,801,500			1,801,500	100.0
Federal	0	0	0			0	0.0
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	0	0	1,539,900			1,539,900	100.0
GF/GP	\$0	\$0	\$14,136,100			\$14,136,100	100.0
FTEs	0.0	0.0	0.0			0.0	0.0

Note: FY 2005-06 figures include supplemental actions through June 1, 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 recommendations are as follows:

	FY 2005-06 YTD	House	Difference: House from FY 2005-06 YTD	
			Amount	%
Gross	\$15,477,500	\$17,477,500	\$2,000,000	12.9
IDG/IDT	1,801,500	1,801,500	0	0.0
Restricted	1,246,700	1,539,900	293,200	23.5
GF/GP	\$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

	Exec Change	House Change
1. Additional Auditor Positions	Gross	\$0
Includes funding for an additional 15.0 auditor positions.	GF/GP	\$915,000
2. Economic Adjustments	Gross	\$0
Includes additional funding for salary and wage, insurance, and retirement costs.	GF/GP	\$580,000

Major Budget Changes from FY 2005-06 YTD Appropriations**3. Information Technology**

Includes additional funding for information technology system equipment needs.

	<u>Exec Change</u>	<u>House Change</u>
Gross	\$0	\$505,000
GF/GP	\$0	\$505,000

4. Fund Source Adjustments

Reduces GF/GP funding and offsets the reduction with increased state restricted funding in order to more accurately reflect where audit charges occur.

Gross	\$0	\$0
Restricted	0	293,200
GF/GP	\$0	(\$293,200)

Major Boilerplate Changes from FY 2005-06

None

Summary: HB 5796, Article 7; House Passed MANAGEMENT AND BUDGET 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	%
Gross	\$234,880,800	\$496,142,000	\$496,642,000			\$261,761,200	111.4
IDG/IDT	153,786,800	155,293,500	155,293,500			1,506,700	1.0
Federal	0	0	0			0	0.0
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	45,876,100	52,438,900	67,438,900			21,562,800	47.0
GF/GP	\$35,217,900	\$288,409,600	\$273,909,600			\$238,691,700	677.8
FTEs	751.0	759.0	759.0			8.0	1.1

Note: FY 2005-06 figures include supplemental actions through June 1, 2006.

* Executive figures reflect the transfer of State Building Authority Rent Payments from the Department of Treasury and revisions contained in revision letter dated 05/24/2006.

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

		Exec Change	House Change
1. Acquisition Services	Gross	\$0	\$500,000
Includes additional funding as an incentive for the Department to continue properly managing acquisition services.	GF/GP	\$0	\$500,000
2. Transfer of State Building Authority Rent	Gross	\$272,797,100	\$272,797,100
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
3. Office of Retirement Services	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.	Gross	\$3,920,000	\$3,920,000
	Restricted	3,920,000	3,920,000
	GF/GP	\$0	\$0
4. Michigan State Fair Operations	Gross	\$587,400	\$587,400
Adjusts the base appropriation in order to reflect actual ongoing operational expenses of the State Fair.	Restricted	587,400	587,400
	GF/GP	\$0	\$0
5. Program Reductions	FTEs	(6.0)	(6.0)
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.	Gross	(\$492,000)	(\$492,000)
	IDG	293,200	293,200
	Restricted	(27,000)	(27,000)
	GF/GP	(\$758,200)	(\$758,200)

Major Budget Changes from FY 2005-06 YTD Appropriations

		<u>Exec Change</u>	<u>House Change</u>
6. Building Occupancy Adjustments	Gross	\$358,800	\$358,800
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.	IDG	358,800	358,800
	GF/GP	\$0	\$0
7. e-Procurement Project	Gross	(\$1,000,000)	(\$1,000,000)
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.	IDG	(1,000,000)	(1,000,000)
	GF/GP	\$0	\$0
8. Retirement Disaster Recovery Plan	Gross	(\$500,000)	(\$500,000)
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.	Restricted	(500,000)	(500,000)
	GF/GP	\$0	\$0
9. Economic Adjustments	Gross	\$3,193,100	\$3,193,100
Includes additional funding for salary and wage, insurance, retirement, and rent costs. Reduces funding for workers' compensation premium costs and building occupancy charges.	IDG	990,200	990,200
	Restricted	1,011,800	1,011,800
	GF/GP	\$1,191,100	\$1,191,100
10. Human Resources Optimization Project	Gross	\$34,700	\$34,700
Increases funding in order to more accurately reflect the Department's portion of Human Resources Optimization user charges.	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** 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 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: HB 5796, Article 7; House Passed
STATE
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	%
Gross	\$208,578,400	\$204,793,500	\$204,793,500			(\$3,784,900)	(1.8)
IDG/IDT	31,000,000	20,000,000	20,000,000			(11,000,000)	(35.5)
Federal	2,943,300	3,052,100	3,052,100			108,800	3.7
Local	0	0	0			0	0.0
Private	100	100	100			0	0.0
Restricted	161,137,200	162,608,600	162,608,600			1,471,400	0.9
GF/GP	\$13,497,800	\$19,132,700	\$19,132,700			\$5,634,900	41.7
FTEs	1,859.8	1,859.8	1,859.8			0.0	0.0

Note: FY 2005-06 figures include supplemental actions through June 1, 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

		Exec Change	House Change
1. Business Application Modernization Project	Gross	\$1,100,000	\$1,100,000
Includes additional funding for continued development and implementation of the Business Application Modernization Project.	GF/GP	\$1,100,000	\$1,100,000
2. Eliminate Funding for the Reissue of Registration Plates	Gross	(\$11,000,000)	(\$11,000,000)
Eliminates the one-time appropriation included in HB 4437 (supplemental bill) for additional costs of reissuing registration license plates.	IDG	(11,000,000)	(11,000,000)
	GF/GP	\$0	\$0
3. Program Reductions	Gross	(\$365,900)	(\$365,900)
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)
4. Economic Adjustments	Gross	\$6,481,000	\$6,481,000
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 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: HB 5796, Article 7; House Passed

TREASURY

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	%
Gross	\$2,340,428,100	\$1,673,986,100	\$1,604,894,900			(\$735,533,200)	(31.4)
IDG/IDT	13,355,000	13,926,800	10,046,700			(3,308,300)	(24.8)
Federal	83,427,200	83,593,300	35,906,300			(47,520,900)	(57.0)
Local	1,025,400	1,066,200	1,066,200			40,800	4.0
Private	700,000	700,000	0			(700,000)	(100.0)
Restricted	1,855,821,100	1,403,832,800	1,404,777,600			(451,043,500)	(24.3)
GF/GP	\$365,818,300	\$170,867,000	\$154,098,100			(\$211,720,200)	(57.9)
FTEs	1,906.0	1,858.5	1,706.5			(199.5)	(10.5)

Note: FY 2005-06 figures include the results of supplemental action through June 1, 2006.

* FY 2005-06 YTD and 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.

	<u>Exec Change</u>	<u>House Change</u>
Gross	(\$253,697,100)	(\$253,697,100)
Restricted	(16,795,000)	(16,795,000)
GF/GP	(\$236,902,100)	(\$236,902,100)

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. (House does not include appropriations for MSF in the general government bill, see separate summary for MSF).

FTEs	0.0	(190.0)
Gross	\$0	(\$476,696,300)
IDG	0	(78,600)
Federal	0	(48,021,800)
Private	0	(700,000)
Restricted	0	(394,005,000)
GF/GP	\$0	(\$33,890,900)

3. MSF Adjustments

Reflects the reduction of 38.0 FTE positions and \$396.2 million gross. (House does not include appropriations for MSF in the general government bill, see separate summary for MSF).

FTEs	(38.0)	0.0
Gross	(\$396,216,500)	\$0
IDG	0	0
Federal	(334,800)	0
Private	0	0
Restricted	(394,000,000)	0
GF/GP	(\$1,881,700)	\$0

4. 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.

Gross	(\$240,000)	(\$240,000)
Restricted	(240,000)	(240,000)
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. Additional funding is shown as a reduction because of the supplemental increase in current year by SB 242, PA 153 of 06.

FTEs	0.0	0.0
Gross	(\$700,000)	(\$700,000)
GF/GP	(\$700,000)	(\$700,000)

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
Gross	\$375,000	\$375,000
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
Gross	\$345,800	(\$3,455,700)
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
Gross	(\$250,000)	(\$250,000)
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)
Gross	(\$400,000)	(\$400,000)
GF/GP	(\$400,000)	(\$400,000)

10. Life Science Technology

Includes additional funding for the early drug discovery grant program.

FTEs	0.0	0.0
Gross	\$0	\$1,000,000
Restricted	0	1,000,000
GF/GP	\$0	\$0

11. 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)
Gross	(\$538,000)	(\$538,000)
GF/GP	(\$538,000)	(\$538,000)

12. 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)
Gross	(\$72,400)	(\$72,400)
GF/GP	(\$72,400)	(\$72,400)

13. 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.)

Gross	\$8,219,100	\$7,399,400
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**14. Constitutional Revenue Sharing**

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

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

15. Statutory Revenue Sharing

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

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

Major Budget Changes from FY 2005-06 YTD Appropriations**Exec Change House Change****16. Special Census Revenue Sharing Payments**

Appropriates funds for special census revenue sharing payments to be prorated among qualifying local units of government. Additional funding is shown as a reduction because of the supplemental increase in current year by SB 242, PA 153 of 06.

Gross	(\$43,700)	(\$43,700)
GF/GP	(\$43,700)	(\$43,700)

17. 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.

Gross	\$0	\$15,190,100
GF/GP	\$0	\$15,190,100

DEBT SERVICE**18. 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.

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

GRANTS**19. Grants**

Adds \$900,000 gross and GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program; decreases Qualified Agricultural Loan payments by \$459,900 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).

Gross	(\$22,702,900)	(\$22,702,900)
Restricted	(23,500,000)	(23,500,000)
GF/GP	\$797,100	\$797,100

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.

Major Boilerplate Changes from FY 2005-06

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. 949. *Transportation Cost Allocation Plan* – NEW

House includes new language that requires Department to develop a cost allocation plan to determine actual costs of work performed for state restricted transportation funds.

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.

Sec. 975. *Life Science Technology* – NEW

House includes new language that specifies funding to be allocated to the core technology alliance to implement and fund an early drug discovery grant program.

MICHIGAN STRATEGIC FUND – NOT INCLUDED

Sec. 1001 – 1012.

See separate summary.

**Summary: HB 5796, Article 8; House Passed
HIGHER EDUCATION
FY 2006-07**



Analyst: Kyle I. Jen

	FY 2005-06 Year-to-Date	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0		\$0	--
Federal	3,500,000	3,000,000	3,000,000	3,000,000		(500,000)	(14.3)
Local	0	0	0	0		0	--
Private	0	0	0	0		0	--
Restricted	153,500,000	153,800,000	157,050,000	148,800,000		(4,700,000)	(3.1)
GF/GP	1,577,443,900	1,585,040,700	1,617,836,800	1,629,150,700		51,706,800	3.3
Gross	\$1,734,443,900	\$1,741,840,700	\$1,777,886,800	\$1,780,950,700		\$46,506,800	2.7
FTEs	1.0	1.0	1.0	1.0		0.0	0.0

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through February 9, 2006.

Overview

The Higher Education budget includes funding for the operations of the 15 state universities; need- and merit-based financial aid programs for students attending state universities, community colleges, and independent colleges and universities; and several other higher education-related programs—including Michigan State University's Agriculture Experiment Station and Extension Service.

Major Budget Changes from FY 2005-06 YTD Appropriations

1. State University Operations Funding

Exec Rec provides three sets of increases totaling \$28.4 million: (1) 2.0% across-the-board increase for three major research universities, (2) 1.0% across-the-board increase for other 12 universities, and (3) additional 1.0% increase for other 12 universities based on four data components.

Senate provides two sets of increases totaling \$31.4 million: (1) increases to four universities for \$3,750-per-FYES funding floor and (2) 1.8% across-the-board increase for all 15 universities. Additionally, \$2.3 million is added for eight universities to bring them up to the amounts allocated to them under the Exec Rec.

House utilizes funding model with enrollment-, degree completion-, and research-based components to determine state university appropriation amounts. Significant change from enacted version of FY 2005-06 funding model is higher weighting for math degrees and education degrees in math-, science-, technical-, and special education-related subareas. Funding increases from FY 2005-06 enacted amounts are limited to 4.0%; decreases are limited to 2.0%. Net funding increase is \$35.2 million. House includes three additional funding increases in university appropriations: (1) \$3.2 million to provide \$3,000 per FY 2004-05 Indian Tuition Waiver, (2) \$600,000 for Northern Michigan's costs of operating and maintaining the Superior Dome, and (3) \$1.0 million to aid Northern Michigan in the transition to the state university funding model.

Total net funding increase for university operations under House-passed budget is \$40.0 million GF/GP.

FY 2005-06 YTD House Change

Gross	\$1,419,831,900	\$39,988,000
Restricted	9,500,000	0
GF/GP	\$1,410,331,900	\$39,988,000

Major Budget Changes from FY 2005-06 YTD Appropriations**FY 2005-06 YTD House Change****2. Mich. Public School Empl. Retirement System (MPERS)**

House adds \$1.7 million GF/GP for payment to MPERS, to be used to reduce payments by the seven state universities with employees in the system. Payment reductions would be proportional to universities' FY 2006-07 MPERS costs above costs if MPERS employees were instead subject to a defined contribution retirement plan.

Gross	\$0	\$1,683,400
GF/GP	\$0	\$1,683,400

3. Agriculture Experiment Station and Cooperative Extension

Exec Rec maintains current-year levels for these appropriations. Senate and House increase both line items by 2.0% (\$1.2 million). House adds additional \$300,000 to the Cooperative Extension line item, designated for local 4-H programs.

Gross	\$61,768,100	\$1,535,400
GF/GP	\$61,768,100	\$1,535,400

4. Tuition Grant Program

Exec Rec eliminates \$58.8 million appropriation for Tuition Grant Program to reflect eventual phase-out of program and adds \$29.5 million GF/GP to State Competitive Scholarship line item to pay for costs of reduced Tuition Grant awards to undergraduate students currently receiving awards; net savings is \$29.3 million. Senate and House do not concur with phase-out and retain current total funding amount for program; \$4.0 million in one-time carry-forward revenue is offset with GF/GP funds.

Gross	\$58,768,100	\$0
Restricted	4,000,000	(4,000,000)
GF/GP	\$54,768,100	\$4,000,000

5. State Competitive Scholarships

Exec Rec offsets \$3.0 million appropriated from Michigan Higher Education Assistance Authority (MHEAA) operating fund in FY 2005-06 with GF/GP funds and removes \$500,000 in federal funding no longer available. Senate concurs with federal reduction but retains MHEAA funds. House concurs with both Exec Rec changes.

Gross	\$34,630,500	(\$500,000)
Federal	2,000,000	(500,000)
Restricted	3,000,000	(3,000,000)
GF/GP	\$29,630,500	\$3,000,000

6. Nursing Scholarship Program

Exec Rec maintains current-year level for this item. Senate increases appropriation by \$250,000 from FY 2005-06 Merit Award Trust Fund carry-forward revenue. House maintains current-year level.

Gross	\$4,000,000	\$0
Restricted	4,000,000	0

7. Michigan Merit Award Program

Exec Rec, Senate, and House increase appropriation from Merit Award Trust Fund by 1.0% to fund projected costs of \$2,500 Merit Awards and middle school exam-based awards; cost estimate for appropriation does not include \$1,000 out-of-state awards.

Gross	\$126,400,000	\$1,300,000
Restricted	126,400,000	1,300,000

8. Tuition Incentive Program (TIP)

Exec Rec, Senate, and House increase appropriation by 16.7% to fund projected cost increase for program due to growing number of students certified as eligible due to Medicaid eligibility.

Gross	\$12,000,000	\$2,000,000
Restricted	6,600,000	0
GF/GP	\$5,400,000	\$2,000,000

9. Children of Veterans Tuition Grant Program

Exec Rec, Senate, and House remove \$500,000 GF/GP for half-year costs of program shifted from Military and Veterans Affairs budget and add \$1.0 million in restricted funding from income tax check-off contributions.

Gross	\$500,000	\$500,000
Restricted	0	1,000,000
GF/GP	\$500,000	(\$500,000)

Major Budget Changes from FY 2005-06 YTD Appropriations**FY 2005-06 YTD House Change****10. MiLEAD Initiative****Gross****\$0****\$0**

Exec Rec and Senate add \$5.0 million appropriation from Civilian Conservation Corps Endowment Fund to pay for costs of proposed Michigan Leadership, Education, and Development (MiLEAD) Initiative; grants would be made to colleges/universities to implement residential programs for at-risk youth to earn college credit and perform conservation-based community service. House does not include proposed appropriation.

0

0

Major Boilerplate Changes from FY 2005-06**Sec. 212(3). Fiscal Agency Report – RETAINED**

Requires fiscal agencies to provide detailed description of procedures used to determine appropriation amounts. Exec Rec deletes. Senate and House retain.

Sec. 221. Construction Contracts – NEW

Prohibits state universities from entering into construction contracts that discriminate based on specified criteria, including membership or nonmembership in any labor organization. House adds new section.

Sec. 301(6). Tuition Grants: Proposed Phase-Out – NOT INCLUDED

Allows for expenditure of \$29.5 million from State Competitive Scholarship line item to provide reduced Tuition Grant awards to undergraduate students receiving awards in current academic year. Exec Rec adds new subsection. Senate and House do not include subsection.

Sec. 302. Tuition Grants: Current Provisions – REVISED

Provides for distribution of funds appropriated for Tuition Grants. Exec Rec deletes. Senate retains and moves application deadline from July 15 to July 1. House retains, concurs with July 1 deadline, states that FY 2007-08 deadline will be June 1, requires that maximum award amount be increased from \$2,000 to \$2,400, and deletes language providing that the number of awardees not be reduced if the maximum award amount is increased.

Sec. 308. Financial Aid Payment Schedules – RETAINED

Provides for quarterly financial aid payments schedules. Exec Rec revises schedule for most programs to 25/25/25/25. Senate and House retain current schedules of either 40/40/10/10 or 50/25/25/0.

Sec. 310. Tuition Incentive Program (TIP) – REVISED

Sets provisions for TIP. Exec Rec requires that participants file a Free Application for Federal Student Aid (FAFSA) and adds achievement of junior-level status as possible criterion to enter Phase II of program. Senate requires only that participants request information on filing a FAFSA and does include junior-level criterion. House concurs with both Exec Rec changes and provides that federal grant aid be deducted from TIP payment amounts.

Sec. 312. Nursing Scholarship Program – RETAINED

Provides for distribution of funds appropriated for Nursing Scholarship Program. Senate adds language including master's degree students as eligible for scholarships, subject to the same employment and repayment obligations established by statute for undergraduate students. House does not include Senate-added language.

Sec. 313. MiLEAD Initiative – NOT INCLUDED

Provides for new program to make grants of up to \$1.0 million each to public colleges/universities for residential programs for at-risk youth to earn college credit and perform conservation-based community service; requires DNR approval of conservation projects and annual report from grant recipients. Exec Rec adds new section. Senate adds private colleges/universities as eligible grant recipients. House does not include new section.

Sec. 314. Children of Veterans Tuition Grants Program – NEW

Requires annual report on the number and amount of grant awards under the Children of Veterans Tuition Grant Program. House adds new section.

Sec. 315. Tuition Grants: Report on Academic Progress – NEW

Requires annual report on the number and amount of Tuition Grant awards; states legislative intent that Association of Independent Colleges and Universities of Michigan submit report on academic progress of Tuition Grant recipients. House adds new section.

Major Boilerplate Changes from FY 2005-06

Sec. 402. Douglas Lake Biological Station – RETAINED

Identifies University of Michigan's biological station at Douglas Lake as a unique resource. Exec Rec deletes. Senate and House retain.

Sec. 405. HEIDI Advisory Committee – DELETED

Establishes advisory committee for HEIDI database. Exec Rec and Senate retain. House deletes. (Committee established in state statute by Public Act 95 of 2006.)

Sec. 418. State University Appropriation Calculations – REVISED

Describes state university funding model calculations used to determine July/August monthly payment amounts in FY 2005-06. Exec Rec replaces language with description of calculations used to distribute 1.0% increase to 12 universities. Senate deletes. House retains section with revised provisions describing state university funding model calculations based on enrollment-, degree-, and research-based components; limits funding increases to 4.0% and funding decreases to 2.0%; adds subsection stating legislative intent to continue to review performance indicators that reflect state universities' unique missions.

Sec. 419. Superior Dome – NEW

Provides that \$600,000 from appropriation to Northern Michigan University is for costs of operating and maintaining the Superior Dome; states intent that funds be transferred from line item if responsibility for dome is transferred to another entity. House adds new section.

Sec. 426 Private Bookstores – REVISED

States legislative intent that private bookstores have timely access to universities' required textbook lists. Exec Rec deletes. Senate retains. House retains and adds further intent related to students' use of funds in university-administered accounts at private bookstores.

Sec. 434. Local 4-H Programs – NEW

Designates \$300,000 from Cooperative Extension appropriation for local 4-H programs—above and beyond funds expended for those programs in previous years. House adds new section.

Sec. 437. Michigan Public School Employees Retirement System (MPERS) – REVISED

States legislative intent for subsidy from MPERS stabilization subaccount to reduce university contribution rates. Exec Rec and Senate delete. House includes new language providing for use of appropriation to MPERS to reduce payments to system by seven state universities; reductions are to be proportional to the differences between MPERS costs and costs if employees were subject to defined contribution retirement plan with 12.0% payroll costs.

Sec. 450. Per-Student Funding Floor – REVISED

Indicates that \$3,650-per-FYES funding floor is reflected in line item appropriations for universities, except Grand Valley due to limited state resources. Exec Rec deletes. Senate retains and adjusts floor amount to \$3,750. House revises language to state that all universities' appropriations (except Grand Valley) equate to at least \$3,749 per FYES.

Sec. 462. FY 2004-05 Book Closing Funds – DELETED

Provides that funds in FY 2005-06 budget bill for state university operations are in addition to funds paid at FY 2004-05 book closing, which the universities will recognize as FY 2005-06 revenue. Exec Rec, Senate, and House delete.

Sec. 701a. New Academic Programs – REVISED

Lists new programs for which state universities may report enrollment data to HEIDI. Exec Rec and Senate delete. House retains and inserts updated list.

Sec. 711. Education Degrees – NEW

Requires each state university to report on its efforts to increase the number of education degrees conferred for teaching middle school and high school math, physics, chemistry, biology, and certain foreign languages. Senate adds new section. House includes new section, but refers to list of critical shortage areas compiled by superintendent of public instruction.

Sec. 712. Research, Technology Transfer, and High-Tech Graduates – NEW

Requires each state university to report various data items related to research funding, technology transfer, and the number of students graduating with advanced degrees in math, science, health care, or engineering. Senate adds new section. House includes new section with various revisions to data reporting requirements.

HIGHER EDUCATION

FY 2006-07: As Passed by the House



STATE UNIVERSITIES

	(1) FY 2005-06 Year-to-Date as of 2/9/06	(2) Funding Model Adjustments	(3) Indian Tuition Waivers	(4) NMU Dome & Transition/ AES & CES/ MPERS	(5) Financial Aid Changes	(6) FY 2006-07 House Passed	(7) Change from Year-to-Date Amount Percent	(8)	(9) \$ Change From Exec. Rec.	(10) \$ Change from Senate	(11) FY 2005-06 Year-to-Date \$ per FYES**	(12) FY 2006-07 House \$ per FYES**
Central Michigan	\$80,061,900	3,202,500	333,000			\$83,597,400	\$3,535,500	4.4	\$1,861,200	\$1,790,000	\$3,736	\$3,901
Eastern Michigan	76,140,600	2,028,100	216,000			78,384,700	2,244,100	2.9	756,600	756,600	4,019	4,137
Ferris State	48,634,700	1,945,400	135,000			50,715,100	2,080,400	4.3	1,236,500	1,205,000	4,611	4,808
Grand Valley State	61,129,900	2,445,200	294,000			63,869,100	2,739,200	4.5	1,419,900	(1,521,000)	3,151	3,292
Lake Superior State	12,506,300	(250,100)	486,000			12,742,200	235,900	1.9	(246,400)	(246,400)	4,827	4,918
Michigan State	283,730,300	9,814,000	336,000			293,880,300	10,150,000	3.6	4,475,400	4,475,400	6,782	7,025
Michigan Tech	48,018,800	935,700	87,000			49,041,500	1,022,700	2.1	161,100	161,100	8,095	8,268
Northern Michigan	45,051,600	(901,000)	414,000	1,600,000		46,164,600	1,113,000	2.5	285,600	285,600	5,348	5,480
Oakland	50,685,700	2,027,400	111,000			52,824,100	2,138,400	4.2	1,104,400	34,300	3,664	3,818
Saginaw Valley State	27,499,800	1,100,000	78,000			28,677,800	1,178,000	4.3	375,100	(501,000)	3,595	3,749
UM - Ann Arbor	316,368,500	10,919,600	183,000			327,471,100	11,102,600	3.5	4,775,200	4,775,200	8,048	8,330
UM - Dearborn	24,739,200	989,600	72,000			25,800,800	1,061,600	4.3	513,900	513,900	3,973	4,143
UM - Flint	20,903,100	836,100	93,000			21,832,200	929,100	4.4	412,100	412,100	4,231	4,419
Wayne State	214,666,300	(4,293,300)	228,000			210,601,000	(4,065,300)	(1.9)	(8,358,600)	(8,358,600)	8,603	8,440
Western Michigan	109,695,200	4,387,800	135,000			114,218,000	4,522,800	4.1	2,819,200	2,548,300	4,569	4,758
Subtotal - State Universities	\$1,419,831,900	\$35,187,000	\$3,201,000	\$1,600,000	\$0	\$1,459,819,900	\$39,988,000	2.8	\$11,591,200	\$6,330,500	\$5,679	\$5,839
Merit Award Trust Fund	9,500,000					9,500,000	0	0.0	0	0	0	0
State GF/GP	\$1,410,331,900	\$35,187,000	\$3,201,000	\$1,600,000	\$0	\$1,450,319,900	\$39,988,000	2.8	\$11,591,200	\$6,330,500		
AES/CES, STATE/REGIONAL, & KCP												
Agricultural Experiment Station	\$33,163,800			\$663,300		\$33,827,100	\$663,300	2.0	\$663,300	\$0		
Cooperative Extension Service	28,604,300			872,100		29,476,400	872,100	3.0	872,100	300,000		
Higher Education Database	200,000					200,000	0	0.0	0	0		
Midwestern Higher Ed. Compact	90,000					90,000	0	0.0	0	0		
Mich. Public School Empl. Ret. System	0			1,683,400		1,683,400	1,683,400	--	1,683,400	1,683,400		
King-Chavez-Parks (three lines)	2,691,500					2,691,500	0	0.0	0	0		
Subtotal - AES/CES/State/Reg/KCP	\$64,749,600	\$0	\$0	\$3,218,800	\$0	\$67,968,400	\$3,218,800	5.0	\$3,218,800	\$1,983,400		
State GF/GP	\$64,749,600	\$0	\$0	\$3,218,800	\$0	\$67,968,400	\$3,218,800	5.0	\$3,218,800	\$1,983,400		
GRANTS & FINANCIAL AID												
Slate Competitive Scholarships	\$34,630,500				(\$500,000)	\$34,130,500	(\$500,000)	(1.4)	(\$29,468,100)	\$0		
Tuition Grants	58,768,100					58,768,100	0	0.0	58,768,100	0		
Michigan Work Study Program	7,326,300					7,326,300	0	0.0	0	0		
Part-Time Independent Student Prog.	2,653,300					2,653,300	0	0.0	0	0		
Mich. Education Opportunity Grants	2,084,200					2,084,200	0	0.0	0	0		
Byrd Honors Scholarship Program	1,500,000					1,500,000	0	0.0	0	0		
Nursing Scholarship & Grant Progs.	4,000,000					4,000,000	0	0.0	0	(250,000)		
Michigan Merit Award Program	126,400,000				1,300,000	127,700,000	1,300,000	1.0	0	0		
Tuition Incentive Program	12,000,000				2,000,000	14,000,000	2,000,000	16.7	0	0		
Children of Vets. Tuition Grant Prog.	500,000				500,000	1,000,000	500,000	100.0	0	0		
MILEAD Initiative	0					0	0	--	(5,000,000)	(5,000,000)		
Subtotal - Grants/Financial Aid	\$249,862,400	\$0	\$0	\$0	\$3,300,000	\$253,162,400	\$3,300,000	1.3	\$24,300,000	(\$5,250,000)		
Federal	3,500,000				(500,000)	3,000,000	(500,000)	(14.3)	0	0		
Merit Award Trust Fund	137,000,000				1,300,000	138,300,000	1,300,000	0.9	0	(250,000)		
MHEAA Operating Fund	3,000,000				(3,000,000)	0	(3,000,000)	(100.0)	0	(3,000,000)		
Tuition Grant Carry-Forward	4,000,000				(4,000,000)	0	(4,000,000)	(100.0)	0	0		
Michigan CCC Endowment Fund	0					0	0	--	(5,000,000)	(5,000,000)		
Contribs. to Children of Vets. Prog.	0				1,000,000	1,000,000	1,000,000	--	0	0		
State GF/GP	\$102,362,400	\$0	\$0	\$0	\$8,500,000	\$110,862,400	\$8,500,000	8.3	\$29,300,000	\$3,000,000		
TOTAL - HIGHER ED												
TOTAL - FEDERAL	\$1,734,443,900	\$35,187,000	\$3,201,000	\$4,818,800	\$3,300,000	\$1,780,950,700	\$46,506,800	2.7	\$39,110,000	\$3,063,900		
TOTAL - STATE RESTRICTED	3,500,000	0	0	0	(500,000)	3,000,000	(500,000)	(14.3)	0	0		
TOTAL - STATE RESTRICTED	153,500,000	0	0	0	(4,700,000)	148,800,000	(4,700,000)	(3.1)	(5,000,000)	(8,250,000)		
TOTAL - GF/GP	\$1,577,443,900	\$35,187,000	\$3,201,000	\$4,818,800	\$8,500,000	\$1,629,150,700	\$51,706,800	3.3	\$44,110,000	\$11,313,900		

**FYES = FY 2004-05 fiscal year-equated students

HFA: 5/25/06

Summary: HB 5796, Article 9; House Passed HISTORY, ARTS, AND LIBRARIES FY 2006-07

Analyst: Al Valenzio

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	Difference: House from FY 2005-06 YTD	
				Amount	%
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	43,675,200	2,485,100	6.0
Gross	\$53,219,100	\$54,688,700	\$55,363,700	\$2,144,600	4.0
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 \$765,900, 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 recommends a 3.7% increase, or a reduction of \$50,000 from the Executive.

	FY 2005-06 YTD	House Change
Gross	\$7,177,300	\$265,900
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 does not concur with the Executive recommendation.

FTEs	24.3	0.0
Gross	\$1,446,000	\$0
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%. As passed the House, an 8.4% increase is provided.

Gross	\$9,828,400	\$765,900
Federal	700,000	0
GF/GP	\$9,128,400	\$765,900

Major Budget Changes from FY 2005-06 YTD Appropriations

		<u>FY 2005-06 YTD</u>	<u>House Change</u>
4. Office of Film and Television Services	FTEs	1.0	0.0
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 does not concur with the Executive recommendation.	Gross	\$174,700	\$300
	GF/GP	\$174,700	\$300
5. Historical Societies	Gross	\$0	\$100,000
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.	GF/GP	\$0	\$100,000
6. Information Technology, Base Adjustment	Gross	\$790,700	\$120,100
Contract reductions built into the FY 2006 budget were over-stated.	IDG	3,800	0
	Restricted	49,200	0
	GF/GP	\$737,700	\$120,100
7. Building Occupancy Charges, Base Adjustments	Gross	\$2,746,100	\$180,900
Adjustments for utility costs that have not be increased since FY 2002.	GF/GP	\$2,746,100	\$180,900
8. Historical Administration and Services	Gross	\$5,012,500	\$0
Funding shifts from restricted funds to GF/GP based on Statewide Cost Allocation Plan (SWCAP) charges.	IDG	145,900	(74,600)
	Restricted	107,700	(43,800)
	GF/GP	\$4,758,900	\$118,400
9. Economic Adjustments	Gross	N/A	\$1,024,900
Adjustments for salaries and wages, insurances, workers compensation, and retirement and FICA.	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** 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** 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** 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** recommends this language.

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** 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.

Major Boilerplate Changes from FY 2005-06

Sec. 401 (6). Possible Penalties – NEW

The **House** 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** does not concur.

Sec. 408. Multi-Cultural Heritage Centers – NEW

This directs the department to make available at least \$800,000 for grants to multi-cultural heritage centers. The **Executive** did not include this language.

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** does not concur.

Summary: HB 5796, Article 10; House Passed
HUMAN SERVICES
FY 2006-07

Analyst: Bob Schneider, Bill Fairgrieve

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
						Amount	%
IDG/IDT	2,439,200	1,102,700	1,102,700			(1,336,500)	(54.8)
Federal	3,213,153,000	3,147,082,900	3,145,059,800			(68,093,200)	(2.1)
Local	51,076,200	55,939,500	52,939,500			1,863,300	3.6
Private	8,918,600	9,914,100	9,914,100			995,500	11.2
Restricted	71,176,100	66,868,600	66,868,600			(4,307,500)	(6.1)
GF/GP	1,081,211,900	1,190,896,700	1,150,320,600			69,108,700	6.4
Gross	4,427,975,000	4,471,804,500	4,426,205,300			(1,769,700)	(0.0)
FTEs	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

	Exec Rec	House Change
Gross	\$373,783,600	(\$78,000,000)
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.

Gross	\$373,783,600	\$3,400,000
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
Gross	\$1,398,500	\$5,077,000
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.

Gross	\$833,300	\$2,300,000
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.

Gross	N/A	\$12,500,000
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
Gross	\$3,649,200	\$2,152,500
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.

Gross	N/A	\$3,600,000
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.

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

Major Budget Changes from Executive Recommendation

		<u>Exec Rec</u>	<u>House Change</u>
9. Legal Support Contracts: State Incentive Payment to Friends of the Court	Gross	\$139,753,600	\$3,000,000
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.	Federal	138,753,600	0
	GF/GP	\$1,000,000	\$3,000,000
10. Additional Staff for Medicaid Asset Transfer Look-Backs	Gross	N/A	\$2,000,000
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.	Federal	N/A	1,000,000
	GF/GP	N/A	\$1,000,000
11. Before and After School Allocation: Grand Rapids Youth Commonwealth	Gross	N/A	\$100,000
Includes \$100,000 earmark for Grand Rapids Youth Commonwealth to support Camp O'Malley youth programs.	Federal	N/A	100,000
	GF/GP	N/A	\$0
12. MSU Kinship Care Resource Center	Gross	N/A	\$250,000
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.	Federal	N/A	250,000
	GF/GP	N/A	\$0
13. Pontiac School-Based Crisis Intervention Project	Gross	\$0	\$78,500
Restores \$78,500 TANF earmark for this project that had been eliminated within the Executive Recommendation.	Federal	0	78,500
	GF/GP	0	\$0
14. Juvenile Justice Education Funds	Gross	\$0	\$0
Eliminates \$3.0 million in School Aid funding that had been recommended by the Governor to support education-related expenditures for youths within the state juvenile justice system. Instead, the House action restores the general fund appropriation that had supported these activities.	Local	0	(3,000,000)
	GF/GP	0	\$3,000,000

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. 401. Barry County Domestic Violence Program – NEW

Requires the Department to allocate \$75,000 in TANF funds to Barry County for domestic violence services that comply with standards and reporting requirements of the domestic violence board.

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.

Major Boilerplate Changes from Executive Recommendation:

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.

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.

Major Boilerplate Changes from Executive Recommendation:

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.

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: HB 5796, Article 11; House Passed
JUDICIARY
FY 2006-07**

Analyst: Marilyn B. Peterson

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

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

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.

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

3. Rent Increases

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

Gross	N/A	\$53,300
GF/GP	N/A	\$53,300

4. New Federal Grant

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

Gross	N/A	\$200,000
Federal	N/A	200,000
GF/GP		\$0

Major Budget Changes from FY 2005-06 YTD Appropriations**FY 2005-06 YTD House Change****5. 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

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)

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

Includes no economic increase for workers' compensation.

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. 313. Judicial Training – NEW

House expresses legislative intent for judges to receive training on judicial responsibilities pertaining to expert witnesses.

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: HB 5796, Article 12; House Passed LABOR AND ECONOMIC GROWTH FY 2006-07

Analyst: Richard Child

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
					Amount	%
IDG/IDT	\$10,743,800	\$11,207,000			\$463,200	4.3
Federal	787,078,700	795,345,800			8,267,100	1.1
Local	15,738,200	15,824,300			86,100	0.5
Private	2,310,300	2,314,300			4,000	0.2
Restricted	329,877,200	344,006,800			14,129,600	4.3
GF/GP	38,078,900	48,216,800			10,137,900	26.6
Gross	\$1,183,827,100	\$1,216,915,000			\$33,371,800	2.8
FTEs	4,214.0	4,266.0			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.

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD (as of 2/9/06)	House Change
1. Fire Protection Grants Increases fire protection grants to FY 2005 funding level.	Gross	\$7,210,500	\$3,700,000
	Restricted	7,210,500	0
	GF/GP	\$0	\$3,700,000
2. Partially Replace Unavailable Reed Act Work First Funds with GF/GP Expiration of Federal Reed Act Work First funding causes partial replacement with GF/GP dollars, resulting in net funding reduction of \$650,000.	Gross	\$6,300,000	(\$650,000)
	Federal	6,300,000	(6,300,000)
	GF/GP	\$0	\$5,650,000
3. Reduce Michigan Broadband Development Authority Recognizes anticipated cessation of lending program, and reduces staff size to number needed for existing loans.	FTE	13.0	(11.0)
	Gross	\$1,588,200	(\$1,093,400)
	Restricted	1,588,200	(1,093,400)
4. FY 2007 Economic Increases 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.	Gross	\$0	\$18,602,900
	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
5. Grant to Newsline for the Blind Adds \$100,000 to assist statewide organization that provides newspaper information to blind and low vision citizens.	Gross	\$0	\$100,000
	GF/GP	0	100,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		FY 2005-06 YTD (as of 2/9/06)	House Change
6. Net Increase in Federal Program/Grant Funding	Gross	\$0	\$5,760,000
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.	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. 318. Prohibition of Ergonomics Rules- MODIFIED

Retains current law which prohibits the use of appropriated funds to develop ergonomics rules that are more stringent than voluntary Federal guidelines. Adds new report to the Legislature due March 7 and September 1, 2007 requiring disclosure of activities related to ergonomic rule promulgation.

Sec. 319. Prohibition of Professional Employer Organization Special Rules- NEW

Prohibits use of appropriated funds to develop rules, guidelines, standards, etc. governing professional employer organizations (PEOs) that are more stringent than currently prescribed by statute. Defines PEOs using definition from Michigan Single Business Tax Act.

Sec. 353. Resumption of Printing of Real Estate Reference Books- NEW

Allocates \$100,000 of funds appropriated for Commercial Services to resume printing the red book which contains real estate laws and regulations.

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: HB 5796, Article 13 House Passed

MICHIGAN STRATEGIC FUND

FY 2006-07

Analyst: Richard Child

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Senate	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	\$80,096,300	\$80,479,800			\$383,500	0.5
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.

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

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: HB 5796, Article 14; House Passed
MILITARY AND VETERANS AFFAIRS
FY 2006-07**

Analyst: Jan Wisniewski

	FY 2005-06 YTD	Executive	FY2006/2007		FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
			House	Senate		Amount	%
IDG/IDT	\$1,656,800	\$1,664,600	\$1,664,600	\$1,664,600		\$7,800	0.4
Federal	49,537,200	51,190,700	51,190,700	51,450,700		1,653,500	3.3
Local	0	1,253,100	0	1,253,100		0	0.0
Private	1,355,800	1,366,300	1,366,300	1,441,300		10,500	0.8
Restricted	27,360,500	26,202,700	26,202,700	26,452,700		(1,157,800)	(4.2)
GF/GP	37,789,100	40,640,200	41,893,300	40,757,500		4,104,200	10.9
Gross	\$117,699,400	\$122,317,600	\$122,317,600	\$123,019,900		\$4,618,200	3.9
FTEs	1,023.0	1,022.0	1,022.0	1,023.0		(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.

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

		FY 2005-06 YTD	Executive	House	Senate
1. Departmentwide Accounts - Military Retirement	Gross	\$1,656,800	\$166,800	\$166,800	\$166,800
Provides 3.4% cost of living increase due to Federal requirements. <u>House Subcommittee</u> : concur with Executive on amount, but insert funding in the Military Retirement line rather than the Departmentwide Accounts line as a technical adjustment. <u>House</u> : concur with Subcommittee. <u>Senate</u> : concur with Executive.	Federal	1,266,100	0	0	0
	GF/GP	\$390,400	\$166,800	\$166,800	\$166,800
2. Challenge Program	Gross	\$4,035,900	\$500,000	\$500,000	\$500,000
Shifts School Aid funding to replace GF/GP to support two 150 pupil classes, increasing the program by 100 pupils. <u>House Subcommittee</u> : concur with Executive. <u>House</u> : maintains GF/GP funding and omits School Aid fund shift. <u>Senate</u> : concur with Executive.	IDG	656,800	0	0	0
	Federal	1,739,200	0	0	0
	Private	790,800	0	0	0
	Restricted	100,000	1,253,100	0	1,253,100
	GF/GP	\$753,100	(\$753,100)	\$1,253,100	(\$753,100)
3. Grand Rapids Veterans Home – Restricted Fund Offset	Gross	\$45,416,700	\$0	\$0	\$0
Provides GF/GP funding to offset a reduction in restricted funds. <u>House Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	Federal	15,322,500	0	0	0
	Restricted	16,041,400	(1,200,000)	(1,200,000)	(1,200,000)
	GF/GP	\$14,052,800	\$1,200,000	\$1,200,000	\$1,200,000

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	<u>Executive</u>	<u>House</u>	<u>Senate</u>
4. Economic Adjustments	Gross	NA	\$3,992,400	\$3,992,400	\$3,992,400
Provides funding for employee economic adjustments. <u>House Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	IDG	NA	7,800	7,800	7,800
	Federal	NA	1,653,500	1,653,500	1,653,500
	Private	NA	10,500	10,500	10,500
	Restricted	NA	42,200	42,200	42,200
	GF/GP	NA	\$2,278,400	\$2,278,400	\$2,278,400
5. Starbase Grant	Gross	\$640,000	\$0	\$0	\$260,000
No change from current year by Executive and House. <u>Senate</u> added \$260,000 in Federal funds.	Federal	\$640,000	\$0	\$0	\$260,000
6. Veterans Service Organizations	Gross	\$3,912,300	\$0	\$0	\$117,300
No change from current year by Executive and House. <u>Senate</u> added a 3% increase of \$117,300 GF/GP spread through the VSO line items.	GF/GP	\$3,912,300	\$0	\$0	\$117,300
7. Grand Rapids Veterans Home – Board of Managers	Gross	\$415,000	\$0	\$0	\$250,000
No change from current year by Executive and House. <u>Senate</u> added \$75,000 in private funds and \$175,000 in restricted funds from the Military Family Relief Fund.	Private	340,000	0	0	75,000
	Restricted	\$75,000	\$0	\$0	\$175,000
8. D.J. Jacobetti Veterans Home – Board of Managers	Gross	\$200,000	\$0	\$0	\$75,000
No change from current year by Executive and House. <u>Senate</u> added \$75,000 in restricted funds from the Military Family Relief Fund.	Private	125,000	0	0	0
	Restricted	\$75,000	\$0	\$0	\$75,000

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with Executive.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

Sec. 228. GF/GP Spending Reduction – NEW SENATE LANGUAGE

Requires a report to the Appropriations Subcommittees concerning a list of GF/GP budget cuts to reduce GF/GP spending by 7.93% for FY06-07 if the K-16 ballot initiative is adopted by voters.

Summary: HB 5796, Article 15; House Passed

NATURAL RESOURCES

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	%
IDG/IDT	\$3,691,200	\$3,765,900	\$3,765,900	\$3,765,900		\$74,700	2.0
Federal	38,990,200	42,964,300	42,964,300	42,964,300		3,974,100	10.2
Local	0	0	0	0		0	0
Private	2,090,100	2,125,100	2,125,100	3,125,100		35,000	1.7
Restricted	202,578,400	213,043,300	213,317,300	215,915,400		10,738,900	5.3
GF/GP	25,593,200	25,119,600	26,269,600	27,792,500		676,400	2.6
Gross	\$272,943,100	\$287,018,200	\$288,442,200	\$290,563,200		\$15,499,100	5.7
FTEs	2,079.5	2,093.4	2,092.4	2,082.4		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

		FY 2005-06 YTD	House Change
1. Marine Safety Grants: Federal Grant Increase	Gross	\$2,805,000	\$1,470,000
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
2. Marine Safety Enforcement Program	Gross	\$27,111,100	\$1,470,000
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
3. State Park Camping Fees	Gross	\$41,289,500	\$3,500,000
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
4. Forest Fire Protection Funding Shift	Gross	\$10,421,400	\$0
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)
5. Island Lake Shooting Range Dispute Resolution	Gross	\$0	\$500,000
A new line item is included to cover necessary site improvements to resolve noise issues.	GF/GP	\$0	\$500,000
6. Jackson County: Cascades Park	Gross	\$0	\$500,000
A new line item is included to remove a wall and perform necessary maintenance at this county park.	GF/GP	\$0	\$500,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>House Change</u>
7. <i>Payments in Lieu of Taxes - Purchased Lands</i>	Gross	\$5,050,000	\$350,000
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
8. <i>National Recreational Trails Grants</i>	Gross	\$1,850,000	\$300,000
The Federal grant program to develop and maintain recreational trails is increased.	Private	50,000	0
	Federal	1,800,000	300,000
9. <i>Kalamazoo River Dam Removal</i>	Gross	\$17,232,000	\$249,000
Three dams on the Kalamazoo River would be evaluated for removal. These have been identified as the Otsego, Plainwell, and Trowbridge Dams.	Federal	3,618,500	0
	Private	109,700	0
	Restricted	13,503,800	249,000
10. <i>Wildlife Management: Sportsmen Against Hunger</i>	Gross	\$24,567,800	\$250,000
A newly enacted program is included in the Wildlife appropriation.	Federal	10,029,800	0
	Private	108,500	0
	Restricted	12,692,200	250,000
	GF/GP	\$1,737,300	\$0
11. <i>Cormorant Control</i>	Gross	\$0	\$150,000
A new line item is included to support cormorant population mitigation efforts.	GF/GP	\$0	\$150,000
12. <i>Economic Adjustments</i>	Gross	N/A	\$6,472,800
Provides support for the negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.	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: HB 5796, Article 17; House Passed
STATE POLICE
FY 2006-07**

Analyst: Jan Wisniewski

	FY 2005-06 YTD	Executive	FY2006/2007		FY 2006-07 Enacted	Difference: House from FY 2005-06 YTD	
			House	Senate		Amount	%
IDG/IDT	\$20,736,300	\$22,642,400	\$22,642,400	\$22,642,400		\$1,906,100	9.2
Federal	182,821,000	181,013,300	169,013,300	169,305,000		(13,807,700)	(7.6)
Local	5,597,900	8,088,900	8,088,900	8,088,900		2,491,000	44.5
Private	11,200	80,300	80,300	80,300		69,100	617.0
Restricted	106,282,100	111,373,200	111,373,200	111,373,200		5,091,100	4.8
GF/GP	235,361,600	255,298,700	259,298,700	255,298,700		23,937,100	10.2
Gross	\$550,810,100	\$578,496,800	\$570,496,800	\$566,788,500		\$19,686,700	3.6
FTEs	2,900.0	2,903.0	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.

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	Executive	House	Senate
1. Civilian Retirement Rate Adjustment	Gross	NA	(\$92,700)	(\$92,700)	(\$92,700)
Adjusts IDG, restricted, local and federal funding in various line items for civilian retirement. <u>House Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	IDG	NA	(11,900)	(11,900)	(11,900)
	Federal	NA	(48,700)	(48,700)	(48,700)
	Local	NA	(1,500)	(1,500)	(1,500)
	Restricted	NA	(30,600)	(30,600)	(30,600)
2. Michigan Justice Training Fund	Gross	\$11,102,100	\$0	\$0	\$0
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. <u>House Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	Restricted	11,102,100	(1,900,000)	(1,900,000)	(1,900,000)
	GF/GP	\$0	\$1,900,000	\$1,900,000	\$1,900,000
3. At-Post Troopers Fund Shift	Gross	\$121,088,200	\$0	\$0	\$0
Shifts restricted funds to GF/GP to cover restricted fund shortfall in the Traffic Law Enforcement and Safety Fund. <u>House Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	Restricted	46,754,400	(2,000,000)	(2,000,000)	(2,000,000)
	GF/GP	\$74,333,800	\$2,000,000	\$2,000,000	\$2,000,000

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	Executive	House	Senate
4. Human Resources Service	Gross	\$88,600	\$85,000	\$85,000	\$85,000
Center User Charges	Restricted	2,600	17,000	17,000	17,000
Increased fees for user charges in the Human Resources Optimization line. House Subcommittee, House, and Senate concur with Executive.	GF/GP	\$86,000	\$68,000	\$68,000	\$68,000
5. Management Services - Consolidate Gaylord and Bridgeport Regional Dispatch	Gross	\$2,436,300	(\$240,000)	(\$240,000)	(\$240,000)
Consolidation of the Gaylord and Bridgeport Regional Dispatch Centers to increase departmental efficiencies. House Subcommittee, House, and Senate concur with Executive.	Restricted	117,800	0	0	0
	GF/GP	\$2,318,500	(\$240,000)	(\$240,000)	(\$240,000)
6. Savings Via Agency Attrition	FTEs	NA	(17.0)	(17.0)	(17.0)
Savings due to expected attrition of 17.0 FTEs in various line items. House Subcommittee, House, and Senate concur with Executive.	Gross	NA	(\$1,721,700)	(\$1,721,700)	(\$1,721,700)
	Federal	NA	(25,500)	(25,500)	(25,500)
	Restricted	NA	(35,200)	(35,200)	(35,200)
	GF/GP	NA	(\$1,661,000)	(\$1,661,000)	(\$1,661,000)
7. School Bus Inspections Fund Shift	Gross	\$1,284,800	\$0	\$0	\$0
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. House Subcommittee, House, and Senate concur with Executive.	Local	0	1,284,800	1,284,800	1,284,800
	GF/GP	\$1,284,800	(\$1,284,800)	(\$1,284,800)	(\$1,284,800)
8. Federal/State Restricted Authorization Increase	Gross	NA	\$3,100,300	\$3,100,300	\$3,100,300
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 Department of Corrections, and \$600,000 in reimbursed services provided to governmental and non-governmental organizations. House Subcommittee, House, and Senate concur with Executive.	IDG	NA	1,000,000	1,000,000	1,000,000
	Federal	NA	200,000	200,000	200,000
	Local	NA	1,000,000	1,000,000	1,000,000
	Private	NA	63,800	63,800	63,800
	Restricted	NA	836,500	836,500	836,500
9. Federal/State Restricted Authorization Decrease	Gross	NA	(\$3,068,000)	(\$3,068,000)	(\$3,068,000)
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 funds to reflect actual collections, and \$728,500 for Federal toxicology grant which expired. House, Subcommittee, House, and Senate concur with Executive.	Federal	NA	(3,018,700)	(3,018,700)	(3,018,700)
	Restricted	NA	(49,300)	(49,300)	(49,300)

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	<u>Executive</u>	<u>House</u>	<u>Senate</u>
10. State Restricted Authorization Increase	Gross	NA	\$7,065,300	\$7,065,300	\$7,065,300
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. <u>House</u> , <u>Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	Restricted	NA	7,065,300	7,065,300	7,065,300
11. Economic Adjustments	Gross	NA	\$20,308,500	\$20,308,500	\$20,308,500
Provides funding for employee economic adjustments. <u>House</u> , <u>Subcommittee</u> , <u>House</u> , and <u>Senate</u> concur with Executive.	IDG	NA	918,000	918,000	918,000
	Federal	NA	1,125,800	1,125,800	1,125,800
	Local	NA	207,700	207,700	207,700
	Private	NA	5,300	5,300	5,300
	Restricted	NA	1,146,800	1,146,800	1,146,800
	GF/GP	NA	\$16,904,900	\$16,904,900	\$16,904,900
12. Trooper Recruit School	Gross	NA	NA	\$2,500,000	NA
Not included in Exec. Rec. <u>House Subcommittee</u> : add \$2.5 million GF/GP to the At-Post Trooper line for a 50 student trooper recruit school to increase total trooper strength. <u>House</u> : concur with Subcommittee. <u>Senate</u> : not included in Senate passed bill	GF/GP	NA	NA	2,500,000	NA
13. Disaster Assistance	Gross	\$12,000,000	\$0	(\$12,000,000)	(\$12,000,000)
Additional Federal funding added for FY2005/2006 for Michigan's Hurricane Katrina relief efforts. <u>House Subcommittee</u> : concur with Executive. <u>House</u> : delete line item and remove funding. The Department indicated that this line was included in error for the FY2006/2007 budget. <u>Senate</u> : concur with House.	Federal	\$12,000,000	0	(12,000,000)	(12,000,000)
14. Secondary Road Patrol Program	Gross	\$14,020,100	\$4,600	\$1,504,600	\$4,600
<u>Executive</u> : economic adjustment - \$4,600 in restricted funds. <u>House</u> , added \$1.5 million GF/GP for additional law enforcement related funding for local police agencies. <u>Senate</u> : concur with Executive.	Restricted	\$14,020,100	\$4,600	\$4,600	\$4,600
	GF/GP	\$0	\$0	\$1,500,000	\$0
15. Forensic Sciences	FTEs	180.0	3.0	3.0	3.0
<u>Executive</u> : various FTE and funding adjustments. <u>House</u> : concur with Executive. <u>Senate</u> : added \$291,700 in Federal funds to reflect additional Federal authorization	Gross	\$18,523,200	\$569,800	\$569,800	\$861,500
	Federal	\$797,500	(\$726,300)	(\$726,300)	(\$434,600)
	Restricted	\$1,540,800	\$166,000	\$166,000	\$166,000
	GF/GP	\$16,184,900	\$1,130,100	\$1,130,100	\$1,130,100

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. House Subcommittee does not concur with Executive. House concurs with Subcommittee. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

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. Senate concurs with House.

Sec. 226. MCOLES Certified Officers for Trooper School – NEW HOUSE LANGUAGE

House added language emphasizing recruitment of MCOLES certified local level police officers for the trooper recruit school

Sec. 1102. Methamphetamine Reporting – NEW HOUSE LANGUAGE

House added language requiring the department to utilize 2.0 FTE positions for collecting methamphetamine incidence reports and providing reports to the Appropriations Committees.

Major Boilerplate Changes from FY 2005-06

Sec. 226. State, Local and Regional Communication Interoperability Plans – NEW SENATE LANGUAGE

Senate added language requiring the department to work with DIT to encourage tactical interoperable radio communication plans between local, regional, state, and federal agencies.

Sec. 227. Prohibit Transporting Employees on State Aircraft – NEW SENATE LANGUAGE

Senate added language prohibiting the department from transporting employees of higher education institutions, legislators and staff, and local government employees on state-owned aircraft.

Sec. 228. GF/GP Spending Reduction – NEW SENATE LANGUAGE

Requires a report to the Appropriations Subcommittees concerning a list of GF/GP budget cuts to reduce GF/GP spending by 7.93% for FY06-07 if the K-16 ballot initiative is adopted by voters.

Sec. 229. State Police Retirement System – NEW SENATE LANGUAGE

Requires that unexpended and unencumbered funds from the department's current year appropriated budget may be used for the State Police retirement system for retirees who accrued overtime from 1957 through 1963.

Sec. 230. Trooper School – NEW SENATE LANGUAGE

Requires that unexpended and unencumbered funds from the department's current year appropriated budget may be used for a new trooper school, provided that the objectives in Sec. 229 are fulfilled.

Sec. 308. LEIN Fee Increase Reporting – NEW SENATE LANGUAGE

Requires the department to report any changes in the LEIN fee structure to the subcommittees.

Summary: HB 5796, Article 18; House Passed

TRANSPORTATION

FY 2006-07

Analyst: William E. Hamilton

	FY 2005-06 YTD As of 6/2/2006 *	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate **	Enacted	Difference: House Sub from FY 2005-06 YTD	
						Amount	%
IDG/IDT	0	0	0	0		0	0
Federal	1,210,650,300	1,169,386,000	1,169,336,300	1,169,386,000		(\$41,314,000)	(3.4)
Local	6,100,000	47,500,000	47,500,000	47,500,000		41,400,000	678.7
Private	0	0	0	0		0	0
Restricted	2,197,159,900	2,225,499,100	2,224,909,500	2,214,382,600		27,749,600	1.3
GF/GP	0	0	0	0		0	0
Gross	\$3,413,910,200	\$3,442,385,100	\$3,441,745,800	\$3,431,268,600		\$27,835,600	1.3
FTEs	3,028.3	3,036.3	3,036.3	3,022.3		8.0	.3

* Reflects adjustments made in Supplemental appropriation bill, Senate Bill 242

**Senate Bill 1097, as passed the Senate

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 – Bill includes a \$41.4 million increase in appropriated local revenue in budget, of which \$25 million is technical adjustment. Also assumes increase in Comprehensive Transportation Fund (CTF) revenue from end of redirection of auto-related sales tax.

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

Interdepartmental Grants – House 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. (Included in current-year supplemental).

Road & Bridge Construction – Appropriates \$988.4 million, a \$5.2 million decrease from current-year. House increases by \$1.3 million (from MTF savings noted above).

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 – House 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.

Major Budget Changes from FY 2005-06 YTD Appropriations

FY 2005-06 YTD House Change

1. Debt Service

Reflects reduction in debt service through anticipated refinancing of GARVEE notes.

Gross	FY 2005-06 YTD	House Change
Federal	\$240,743,500	(\$33,123,500)
Restricted	103,200,000	(48,200,000)
	137,543,500	15,076,500

Major Budget Changes from FY 2005-06 YTD Appropriations**FY 2005-06 YTD House Change****2. Interdepartmental Grants to Other State Departments**

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.

Gross	\$44,635,700	(\$2,225,000)
Restricted	44,635,700	(2,225,000)

3. Economic Development and Enhancement Programs – Business Support

Reflects \$36,700 economic reduction; adds \$181,800 state restricted to offset federal funds. (Executive had requested \$181,800 current year increase in supplemental.)

FTEs	9.0	0.0
Gross	\$985,900	\$145,400
Restricted	985,900	145,100

4. Information Technology

Adds \$891,800 (federal) for IT projects. (SB 242 added \$2.0 million in current year supplemental.)

Gross	\$27,000,000	\$876,500
Federal	555,100	891,800
Restricted	26,444,900	(15,300)

5. Engineering Services

Includes \$4.0 million (federal) to support a new federally-mandated program *Safe routes to schools*, 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. 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.)

FTEs	804.2	(2.0)
Gross	\$53,871,300	\$1,666,600
Federal	10,008,200	1,143,100
Restricted	43,863,100	523,500

6. State Trunkline Maintenance

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: *State trunkline operations*, at \$129.3 million; and *Contract operations*, at \$145.8 million; increases of \$6.4 million and \$8.7 million respectively.

FTEs	815.6	10.0
Gross	\$260,067,900	\$15,097,000
Restricted	260,067,900	15,097,000

7. State Trunkline Road and Bridge Construction

Appropriates \$989.4 million, a \$5.2 million increase from current-year. Increase reflects, in part inclusion of \$25.0 million in additional local revenue as a fund source (a technical adjustment). House also reflects additional \$1.3 million from redistribute on MTF revenue (see Item 2, above).

Gross	\$973,699,600	(\$5,160,700)
Federal	745,579,000	(11,905,400)
Local	5,000,000	25,000,000
Restricted	223,120,600	(18,899,500)

8. MTF Distribution to Local Road Agencies

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).

Gross	\$1,004,653,100	\$8,973,200
Restricted	1,004,653,100	8,973,200

9. Transportation Economic Development

Authorizes \$41.0 million reflecting statutory distribution.

Gross	\$41,009,800	\$717,000
Restricted	41,009,800	717,000

10. Aeronautics Programs

Program reductions of \$709,800 to *Aeronautics services*, and \$300,000 to *Air service program* reflect anticipated reduction in State Aeronautics Fund revenue.

FTEs	56.0	0.0
Gross	\$8,486,500	(\$793,000)
Restricted	8,486,500	(793,000)

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

11. Public Transportation and Freight Services	FTEs	74.0	0.0
Restores program reductions made in current-year budget. (SB 242 included \$895,000 increase to current year.)	Gross	\$7,713,700	\$518,500
	Federal	695,000	43,100
	Restricted	7,018,700	475,400
12. Bus Transit – Local Bus Operating Assistance	Gross	\$163,276,100	\$3,347,900
Includes \$166.6 million for state operating assistance to local public transit agencies.	Restricted	163,276,100	3,347,900
13. Rail Passenger Service	Gross	\$8,200,000	\$0
House maintains current-year funding level; boilerplate would limit Port Huron/Chicago and Grand Rapids/Chicago subsidy to \$7.1 million.	Federal	1,000,000	0
	Restricted	7,200,000	0
14. Bus Capital	Gross	\$46,852,200	\$17,874,300
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
15. Economics	Gross	N/A	\$9,096,300
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.

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 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. 393. Detroit River International Crossing Study — NEW

Prohibits spending on new crossing study without prior legislative approval.

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. 504(4). Treasury Cost Allocation Plan — NEW

Requires the state Treasurer to develop cost allocation plan to identify costs of collecting motor fuel taxes.

Sec. 613. Signage for MIS Speedway— NEW

Requires the department to spend not less than \$500,000 to implement signage program to assist motorists in locating Michigan International Speedway.

Sec. 614. Widen US-127— NEW

Requires the department to spend not less than \$15 million widen US-127 in Jackson and Lenawee counties.

Sec. 655. Eaton Rapids Sidewalk Program— NEW

Indicates legislative intent that the department spend not less than \$32,000 on a sidewalk improvement project.

Major Boilerplate Changes from FY 2005-06

Sec. 656. M-49 Upgrade "Green Highway"— NEW

Indicates legislative intent that the department upgrade M-49 in Hillsdale County to a "designated" route.

Sec. 657. US-23 Corridor Study— NEW

Indicates legislative intent that the department proceed with a US 23 congestion mitigation corridor study in Washtenaw and Livingston counties.

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.

Sec. 738. Hillsdale to Quincy Track Project— NEW

Indicates legislative intent that sufficient funds be allocated from appropriations to complete this project.