ENERGY, LABOR, AND ECONOMIC GROWTH
Summary: FY 2009-10 Executive Budget Recommendation

Analyst: Mark Wolf

	FY 2008-09 YTD	FY 2009-10 Executive	*Difference: Enacted From FY 2008-09 YTD* Amount	%
IDG/IDT	$30,774,200	$29,117,100	*($1,657,100)*	*(5.4)*
Federal	874,942,400	918,286,200	*43,343,800*	*5.0*
Local	15,889,200	15,921,000	*31,800*	*0.2*
Private	5,314,300	5,314,300	*0*	*0.0*
Restricted	402,614,000	399,903,500	*(2,710,500)*	*(0.7)*
GF/GP	72,704,200	74,118,200	*1,414,000*	*1.9*
Gross	**$1,402,238,300**	**$1,442,660,300**	***$40,422,000***	***2.9***
FTEs	4,383.5	4,723.0	*339.5*	*7.7*

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Department of Energy, Labor, and Economic Growth (DLEG) has primary responsibility for the regulatory functions that relate specifically to commercial, business, and workers' issues. It also includes various employment training-related programs for displaced workers, adults, and youth, as well as unemployment and workers compensation administration. Executive Order 2008-20 transferred certain energy-related functions from the Department of Environmental Quality in order to consolidate energy-related programs within the department.

Major Budget Issues

Major Budget Changes From FY 2008-09 YTD Appropriations		**FY 2008-09 YTD**	**Enacted Change From YTD**
1. *Energy Program Consolidation (EO 2008-20)*	**FTEs**	N/A	1.0
Adds 1.0 FTE position and $1.9 million (Retired Engineers Technical Assistance Program Fund) for the consolidation of energy programs, mostly transferred from DEQ, within DELEG.	**Gross**	N/A	$1,957,200
	Restricted	N/A	1,957,200
	GF/GP	N/A	$0
2. Unemployment Insurance Agency	FTEs	1,002.7	300.0
Adds 300.0 FTE positions and $18.0 million (Federal) to respond to the increased number of UI benefit claims. Also recognizes $4.6 million (Federal) for postage costs, which were previously paid directly by DOL but are now provided to states (including UIA) to pay postage costs.	**Gross**	**$103,928,000**	**$22,587,800**
	Federal	90,870,300	22,587,800
	Restricted	13,057,700	$0
3. Office of Financial and Insurance Regulation (OFIR)	FTEs	348.0	1.0
Adds 1.0 FTE position and $59,900 (Securities Fees) to implement increased responsibilities of 2008 PA 551 (updated Uniform Securities Act).	**Gross**	**$52,670,200**	**$59,900**
	Federal	50,400	0
	Restricted	52,169,800	59,900
4. Liquor Revenue Fund Shift	**Gross**	N/A	$0
Replaces $19.7 million in Liquor Purchase Revolving Funds used in several LCC-related administrative lines with an anticipated increase in Liquor License Revenue generated from proposed doubling liquor license fees, providing a 2am-4am license, and a Sunday morning license.	Federal	N/A	0
	Restricted	N/A	0
	GF/GP	N/A	$0
5. Centers for Independent Living	**Gross**	**$3,579,700**	($500,000)
.Removes $500,000 (Corporations Fees) added in FY 2008 to support the 15 Centers for Independent Living within the state.	Federal	420,000	0
	Private	100,000	0
	Restricted	500,000	(500,000)
	GF/GP	$2,109,500	$0

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Enacted Change From YTD
6. State Office of Administrative Hearings and Rules	FTEs	170.5	5.5
Adds 11.0 FTE positions and $1.3 million (IDG-DHS) to support increased hearing caseloads from the Department of Human Services; transfers 3.0 FTE positions and $263,600 (L&R Fees) to the Bureau of Commercial Services, and aligns funding and FTE positions with support and activities from Corrections, Education, and Human Services.	**Gross**	**$23,051,200**	**$818,100**
	IDG	11,254,200	1,081,700
	Federal	6,978,800	0
	Restricted	4,818,200	(263,600)
7. Jobs, Education, and Training (JET) Program	FTEs	57.0	0.0
Reduces $3.0 million in administrative costs, based on anticipated program efficiencies.	**Gross**	**$18,410,200**	**($3,000,000)**
	IDG	18,410,200	(3,000,000)
8. MSHDA Payments on Behalf of Tenants	**Gross**	**$145,000,000**	**$11,000,000**
Increases funding for Section 8 Rental Assistance based on anticipated revenue from the U.S. Department of Housing and Urban Development.	Federal	145,000,000	11,000,000
9. Remonumentation Grants	**Gross**	**$11,000,000**	**($5,700,000)**
Decreases authorization for grants to counties based on estimated revenue.	Restricted	11,000,000	(5,700,000)
10. Michigan Tax Tribunal	FTEs	11.0	0.0
Increases appropriation by $550,000 to work through backlog of cases.	**Gross**	**$2,028,300**	**$550,000**
	Restricted	2,028,300	550,000
11. Low Income Energy Efficiency Fund	**Gross**	**$93,200,000**	**($3,200,000)**
Reduces authorization by $3.2 million to align with annual revenue and provide sufficient authorization to re-appropriate prior-year awards not fully expended. From FY 2009 enacted, this represents an increase of $10.0 million. Annual revenue is $84.0 million.	Restricted	93,200,000	(3,200,000)
12. HAL Transfer: Historic Preservation and Archaeology Programs	FTEs	N/A	20.0
With the elimination of HAL, the State Historic Preservation Office and archaeology programs are transferred to MSHDA.	**Gross**	N/A	**$2,137,500**
	Federal	N/A	950,000
	GF/GP	N/A	$1,187,500
13. Information Technology	**Gross**	**$42,853,200**	**$1,173,500**
Increases funding ($618,900) to provide DELEG's share of the costs for the Michigan Business Services improvement initiative (MBSii) - a one-stop web portal designed to improve the business-state interface as it relates to starting and operating a business in the state; adds $655,600 for Microsoft license upgrade; includes $101,000 in efficiencies.	Federal	27,479,400	301,200
	Restricted	15,373,800	872,300
14. Commission for the Blind	**Gross**	**$19,684,900**	**$4,575,000**
Increases authorization based on federal revenue available.	Federal	14,246,100	4,575,000
	Local	521,000	0
	Private	110,300	0
	Restricted	545,200	0
	GF/GP	$4,262,300	$0
15. Annualize EO 2008-21 Reductions	**Gross**	N/A	**($285,500)**
Annualizes GF/GP reductions from EO 2008-21 for Fire Marshal ($5,000), Fire Safety ($10,000), Fire Fighters Training Council ($10,000), Workers Compensation Agency ($200,000), Workers Compensation Board of Magistrates and Appellate Commission ($10,500), and Workforce Programs Administration ($50,000)	GF/GP	N/A	($285,500)
16. FY 2008-09 Economic Increases	**Gross**	**N/A**	**$9,344,000**
	IDG	N/A	261,200
	Federal	N/A	4,277,500
	Local	N/A	31,800
	Restricted	N/A	4,261,500
	GF/GP	N/A	512,000

<u>Major Boilerplate Changes From FY 2008-09</u>

The boilerplate sections are re-organized into 8 categories to improve readability: (1) General Sections; (2) Occupational and Industry Regulation, and Employment Services; (3) Office of Financial and Insurance Regulation; (4) Housing and Community Development; (5) Michigan Rehabilitation Services; (6) Michigan Commission for the Blind; (7) Career Education; (8) Workforce Development.

Sec. 205. Hiring Freeze - **DELETED**
Prohibits DELEG from hiring new full-time classified civil service employees and from filling vacant state classified civil service positions unless exceptions to the freeze is granted by the state budget director.

Sec. 213. (Former Sec. 223) Contingency Appropriations
The **Executive** increases authorization for contingency appropriations. Total contingency appropriations are $31.0 million Federal, $26.2 million Restricted; $8.2 million Local; and $600,000 Private.

Sec. 214. IT Projects - **DELETED**
Designates IT services and projects appropriation as a work project.

Sec. 215. Policy Changes - **DELETED**
Requires DELEG to report on policy changes made to implement public acts; prohibits adopt of rules that have a disproportionate impact on small businesses.

Sec. 216. Appropriated Funds De-Aggregation - **DELETED**
States intent that all part 1 funds sources not be aggregated into general categories, but be specifically identified as much as possible.

Sec. 219. Executive Branch Employee Communications with Legislature - **DELETED**
Prohibits disciplinary action against Executive employees that communicate with a legislator or legislative staff.

Sec. 222. Government Efficiency Commission Recommendations **- DELETED**
Requires DELEG to review recommendations of the Commission on Governmental Efficiency

Sec. 224. Restrictions on Out-of-State Travel to Training Seminars - **DELETED**
Prohibits more than one DELEG employee traveling out-of-state for training conferences unless funded by federal or private funds.

Sec. 311. Transfer to Construction Code Fund - **DELETED**
Transfers $3.0 million in surplus corporation fees (copy and certification fees) to the State Construction Code Fund.

Sec. 335. Low-Income Energy Efficiency Assistance Program - **DELETED**
Establishes deadlines for application and award announcements; requires the Public Service Commission to report to the Legislature and state budget office on the distribution of funds.

Sec. 336. OFIR Expenditures - **DELETED**
Requires report of actual expenditures for last completed fiscal year for each division within OFIR

Sec. 337. OFIR Credit Scoring - **DELETED**
Prohibits expending funds to implement a ban on credit scoring in insurance rate setting until the Legislature has authorized such a prohibition.

Sec. 340. Health Maintenance Organization (HMO) Financial Filings - **DELETED**
Requires that OFIR provide copies of HMO quarterly and annual financial filings to the fiscal agencies.

Sec. 352. Workers Compensation Board of Magistrates and Appellate Commission - **DELETED**
Requires expenditures in part 1 be used to that cases are decided in a timely manner; funds from unclassified salaries appropriation line to support five appellate commissioners and 26 magistrates.

Sec. 355. Ergonomics Rules Prohibited - **DELETED**
Prohibits promulgate of ergonomics rules that are more stringent than voluntary federal guidelines.

Sec. 358. Real Estate Education Fund - **DELETED**
Allows real estate pre- and post-licensure education to be delivered through on-line courses by a community college, university, or private school; allows Real Estate Education Fund to be used for grants to educational providers to establish on-line courses available to students.

Sec. 365. Training Grant to Aggregate industry - **DELETED**
Requires allocation not less than $40,000 for training grants to non-profit organizations representing the aggregate industry in Michigan.

<u>Major Boilerplate Changes From FY 2008-09</u>

Sec. 378. SOAHR Decisions in Public Assistance Cases - **DELETED**
States legislative intent that the State Office of Administrative Hearings and Rules (SOAHR) develop a system to post administrative hearing decisions regarding public assistance on the Internet.

Sec. 379. Teacher Tenure Cases - **DELETED**
Requires SOAHR to report on the status of pending teacher tenure cases.

Sec. 403. Local Match Requirements for Facilities Establishment Grants - **DELETED**
Requires that local match for vocational rehabilitation facilities establishment grants not exceed 21.3% for the fiscal year ending September 30.

Sec. 415. Private Occupational School License Fees - **DELETED**
Requires that these appropriated fees be applied to administrative cost of Proprietary Schools Oversight Unit.

Sec. 418. Employment Outcomes for Future Faculty Program Participants - **DELETED**
Requires participating universities to provide DELEG with information on employment outcomes of program participants; requires report on this data.

Sec. 421. Marketing of King-Chavez-Parks Program - **DELETED**
Direct DELET to mark the program to parents and students, and report to the Legislature electronically on these marketing efforts; requires program be administered as it was when in the Department of Education.

Sec. 429. Focus: HOPE Reporting - **DELETED**
Requires Focus: HOPE to report on its use of funds appropriated in the budget act.

Sec. 437. Welfare-to-Work Funds Allocation - **DELETED**
Allocates $200,000 to public-private welfare-to-work partnership involving an imbedded DHS caseworker at the job site of an employer to work with employees receiving public assistance.

Sec. 439. Focus: HOPE Career Prep Pilot Program - **DELETED**
Establishes legislative intent that DELEG work with Career Alliance (Genesee-Shiawassee Michigan Works! Agency) and other interested MWAs in implementing the career prep pilot program developed by Focus: HOPE.

Sec. 440. Gang Diversion - **DELETED**
States legislative intent to set aside some Workforce Investment Act (statewide activities) funds to support gang diversion activities and support services of local law enforcement and MWAs in Wyoming, Detroit, and Benton Harbor.

Sec. 442. Temporary Assistance for Needy Families (TANF) Contingency Funds - **DELETED**
Appropriates up to $30.0 million in TANF funds, upon receipt of TANF Contingency Funds in FY 2007-08, and subsequent carryforward of TANF block grant funds in FY 2008-09.

Sec. 503 - State Historic Preservation - **NEW**
Incorporated from the HAL appropriations act, this section appropriates funds received by the State Historic Preservation Office (MSHDA) from document reproduction and services, and application fees.

Sec. 907 - Nursing Education Report - **New**
Incorporated from the Higher Education appropriations act, this section requires DELEG to report on the status of nursing education programs in the state.

Sec. 909. (Former Sec. 432) No Worker Left Behind (NWLB) Report
The **Executive** removes fund source detail from the required NWLB report, and adds to the reporting requirements, the number of participants securing employment within one year, the number securing employment in an occupation related to the training, and average wage of those securing employment within one year.

Sec. 910. (Former Sec. 432) No Worker Left Behind **GF/GP Funding**
Deletes a requirement that $2.5 million-$5.0 million of the $15.0 million GF/GP appropriated for NWLB be expended for capacity building at community colleges.