

ENERGY, LABOR, AND ECONOMIC GROWTH

Summary: Senate Bill 243 (S-1), as passed by the Senate



Analyst: Mark Wolf

April 21, 2009

	FY 2008-09 YTD	FY 2009-10 Revised Exec	FY 2009-10 Senate	Difference: Executive From FY 2008-09 YTD		Difference: Senate From FY 2008-09 YTD	
				Amount	%	Amount	%
IDG/IDT	\$30,774,200	\$29,117,100	\$29,117,100	(\$1,657,100)	(5.4)	(\$1,657,100)	(5.4)
Federal	874,942,400	918,286,200	917,336,200	43,343,800	5.0	42,393,800	4.8
Local	15,889,200	15,921,000	15,921,000	31,800	0.2	31,800	0.2
Private	5,314,300	5,314,300	5,314,300	0	0.0	0	0.0
Restricted	402,614,000	399,903,500	399,803,500	(2,710,500)	(0.7)	(2,810,500)	(0.7)
GF/GP	72,704,200	73,914,300	65,430,700	1,210,100	1.7	(7,273,500)	(10.0)
Gross	\$1,402,238,300	\$1,442,456,400	\$1,432,922,800	\$40,218,100	2.9	(\$30,384,500)	2.2
FTEs	4,383.5	4,723.0	4,705.0	339.5	7.7	321.5	7.3

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009. This does not include the \$236.1 million in additional federal funding available through the American Recovery and Reinvestment Act and appropriated in 2009 PA 7 (HB 4258). The Revised Executive Recommendation includes a revision, dated March 4, 2009, reducing the GF/GP appropriation to the SHPO and archaeology programs, included within MSHDA.

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. The EO also renamed the department, adding "Energy" to its name.

Major Budget Issues

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Exec. Change From YTD	Senate Change From YTD
Items included in both the Executive and the Senate				
1. Energy Program Consolidation (EO 2008-20) 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.	FTEs	N/A	1.0	1.0
	Gross	N/A	\$1,957,200	\$1,957,200
	Restricted	N/A	1,957,200	1,957,200
	GF/GP	N/A	\$0	\$0
2. Unemployment Insurance Agency 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.	FTEs	1,002.7	300.0	300.0
	Gross	\$103,928,000	\$22,587,800	\$22,587,800
	Federal	90,870,300	22,587,800	22,587,800
	Restricted	13,057,700	0	0
3. Office of Financial and Insurance Regulation (OFIR) Adds 1.0 FTE position and \$59,900 (Securities Fees) to implement increased responsibilities of 2008 PA 551 (updated Uniform Securities Act).	FTEs	348.0	1.0	1.0
	Gross	\$52,670,200	\$59,900	\$59,900
	Federal	50,400	0	0
	Restricted	52,169,800	59,900	59,900
4. Jobs, Education, and Training (JET) Program Reduces \$3.0 million in administrative costs, based on anticipated program efficiencies.	FTEs	57.0	0.0	0.0
	Gross	\$18,410,200	(\$3,000,000)	(\$3,000,000)
	IDG	18,410,200	(3,000,000)	(3,000,000)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Exec. Change From YTD	Senate Change From YTD
5. MSHDA Payments on Behalf of Tenants Increases funding for Section 8 Rental Assistance based on anticipated revenue from the U.S. Department of Housing and Urban Development.	Gross	\$145,000,000	\$11,000,000	\$11,000,000
	Federal	145,000,000	11,000,000	11,000,000
6. Remonumentation Grants Decreases authorization for grants to counties based on estimated revenue.	Gross	\$11,000,000	(\$5,700,000)	(\$5,700,000)
	Restricted	11,000,000	(5,700,000)	(5,700,000)
7. Michigan Tax Tribunal Increases appropriation by \$550,000 to work through backlog of cases.	FTEs	11.0	0.0	0.0
	Gross	\$2,028,300	\$550,000	\$550,000
	Restricted	2,028,300	550,000	550,000
8. Low Income Energy Efficiency Fund 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.	Gross	\$93,200,000	(\$3,200,000)	(\$3,200,000)
	Restricted	93,200,000	(3,200,000)	(3,200,000)
9. Information Technology 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.	Gross	\$42,853,200	\$1,173,500	\$1,173,500
	Federal	27,479,400	301,200	301,200
	Restricted	15,373,800	872,300	872,300
10. Commission for the Blind Increases authorization based on federal revenue available.	Gross	\$19,684,900	\$4,575,000	\$4,575,000
	Federal	14,246,100	4,575,000	4,575,000
	Local	521,000	0	0
	Private	110,300	0	0
	Restricted	545,200	0	0
	GF/GP	\$4,262,300	\$0	\$0
11. Annualize EO 2008-21 Reductions 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)	Gross	N/A	(\$285,500)	(\$285,500)
	GF/GP	N/A	(\$285,500)	(\$285,500)
12. FY 2008-09 Economic Increases	Gross	N/A	\$9,344,000	\$9,344,000
	IDG	N/A	261,200	261,200
	Federal	N/A	4,277,500	4,277,500
	Local	N/A	31,800	31,800
	Restricted	N/A	4,261,500	4,261,500
	GF/GP	N/A	\$512,000	\$512,000

Senate-Executive Items of Difference

13. Liquor Revenue Fund Shift The Executive 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. The Senate does not concur with the Executive.	Gross	N/A	\$0	\$0
	Federal	N/A	0	0
	Restricted	N/A	0	0
	GF/GP	N/A	\$0	\$0

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-09 YTD</u>	<u>Exec. Change From YTD</u>	<u>Senate Change From YTD</u>	
14. Centers for Independent Living		Gross	\$3,579,700	(\$500,000)	(\$100,000)
The Executive removes \$500,000 (Corporations Fees) added in FY 2008 to support the 15 Centers for Independent Living within the state. The Senate concurs with the reduction in Corporations Fees, but adds \$400,000 GF/GP.	Federal	420,000	0	0	
	Private	100,000	0	0	
	Restricted	500,000	(500,000)	(500,000)	
	GF/GP	\$2,109,500	\$0	\$400,000	
15. State Office of Administrative Hearings and Rules		FTEs	170.5	5.5	7.5
The Executive and Senate add 11.0 FTE positions and \$1.3 million (IDG-DHS) to support increased hearing caseloads from the Department of Human Services; transfer 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. The Senate does not include a reduction of 2.0 FTEs related to Corrections administrative hearings.	Gross	\$23,051,200	\$818,100	\$818,100	
	IDG	11,254,200	1,081,700	1,081,700	
	Federal	6,978,800	0	0	
	Restricted	4,818,200	(263,600)	(263,600)	
16. HAL Transfer: Historic Preservation and Archaeology Programs		FTEs	N/A	20.0	0.0
The Executive proposes to eliminate the Department of History, Arts, and Libraries, and transfer programs throughout state government. Included in this is the transfer of the State Historic Preservation Office and archaeology programs to MSHDA. The Senate continues to have a separate budget bill for HAL. To date, there has not been an EO eliminating the department.	Gross	N/A	\$1,933,600	\$0	
	Federal	N/A	950,000	0	
	GF/GP	N/A	\$983,900	\$0	
17. No Worker Left Behind GF/GP		Gross	\$15,000,000	\$0	(\$8,400,000)
The Executive continues a \$15.0 million GF/GP appropriation for the No Worker Left Behind program, with funding used for adult education and worker training in in-demand occupations. The Senate appropriates \$6.6 million GF/GP for No Worker Left Behind (in addition to other funds).		GF/GP	\$15,000,000	\$0	(\$8,400,000)
18. Michigan Occupational Safety and Health Administration		FTEs	229.0	0.0	0.0
The Senate reduces funding by a \$100,000 placeholder. The intent is to explore the possibility of returning the program to the federal Department of Labor, Occupational Safety and Health Administration.	Gross	\$26,264,300	\$0	(\$100,000)	
	Federal	12,227,400	0	0	
	Restricted	14,036,900	0	(100,000)	
19. Agricultural Economic Development		Gross	N/A	\$500,000	\$500,000
The Senate adds \$500,000 GF/GP for an IDG to the Department of Agriculture "to foster and promote growth in the food and agriculture sector."		GF/GP	N/A	\$500,000	\$500,000

Major Boilerplate Changes From FY 2008-09

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

Sec. 205. Hiring Freeze - RETAINED

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. The **Executive** deletes this section; the **Senate** retains it.

Sec. 213. (Former Sec. 223) Contingency Appropriations - MODIFIED

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. The **Senate** deletes the federal contingency appropriation.

Sec. 214. IT Projects - RETAINED

Designates IT services and projects appropriation as a work project. The **Executive** deletes this section; the **Senate** retains it.

Sec. 215. Policy Changes - RETAINED

Requires DELEG to report on policy changes made to implement public acts; prohibits adopt of rules that have a disproportionate impact on small businesses. The **Executive** deletes this section; the **Senate** retains it.

Sec. 216. Appropriated Funds De-Aggregation - RETAINED

States intent that all part 1 funds sources not be aggregated into general categories, but be specifically identified as much as possible. The **Executive** deletes this section; the **Senate** retains it.

Sec. 219. Executive Branch Employee Communications with Legislature - RETAINED

Prohibits disciplinary action against Executive employees that communicate with a legislator or legislative staff. The **Executive** deletes this section; the **Senate** retains it.

Sec. 222. Government Efficiency Commission Recommendations - RETAINED

Requires DELEG to review recommendations of the Commission on Governmental Efficiency. The **Executive** deletes this section; the **Senate** retains it.

Sec. 224. Restrictions on Out-of-State Travel to Training Seminars - RETAINED

Prohibits more than one DELEG employee traveling out-of-state for training conferences unless funded by federal or private funds. The **Executive** deletes this section; the **Senate** retains it.

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. The **Executive** and **Senate** delete this section.

Sec. 322 (Former Sec. 358). Real Estate Education Fund - RETAINED

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. The **Executive** deletes this section; the **Senate** retains it.

Sec. 331 (Former Sec. 352). Workers Compensation Board of Magistrates and Appellate Commission - RETAINED

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. The **Executive** deletes this section; the **Senate** retains it.

Sec. 333. UI Internet Claims - NEW

The **Senate** adds a provision requiring the department to work to increase the number of Internet-filed unemployment benefit claims (with a goal of 50% of UI claims being filed via the Internet by July 1, 2010), and requiring a quarterly report on the number of claims filed via the Internet.

Sec. 341 (Former Sec. 355). Ergonomics Rules Prohibited - RETAINED

Prohibits promulgate of ergonomics rules that are more stringent than voluntary federal guidelines. The **Executive** deletes this section. The **Senate** retains this section, and provides that the prohibition is in accordance with Attorney General Opinion No. 7225 (February 27, 2009).

Sec. 342 (Former Sec. 365). Training Grant to Aggregate industry - RETAINED

Requires allocation not less than \$40,000 for training grants to non-profit organizations representing the aggregate industry in Michigan. The **Executive** deletes this section; the **Senate** retains it.

Major Boilerplate Changes From FY 2008-09

Sec. 345. Federal Enforcement of OSHA Standards - NEW

The **Senate** adds a provision stating the Legislature's intent to return the occupational safety and health program back to the federal government and to explore the option of entering an agreement with the federal government to continue the safety and training program for employers.

Sec. 351 (Former Sec. 378). SOAHR Decisions in Public Assistance Cases - RETAINED

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. The **Executive** deletes this section; the **Senate** retains it.

Sec. 352. (Former Sec. 379). Teacher Tenure Cases - RETAINED

Requires SOAHR to report on the status of pending teacher tenure cases. The **Executive** deletes this section; the **Senate** retains it.

Sec. 361 (Former Sec. 335). Low-Income Energy Efficiency Assistance Program - RETAINED

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. The **Executive** deletes this section; the **Senate** retains it.

Sec. 364. Agriculture Economic Development - NEW

The **Senate** adds a section directing that the \$500,000 GF/GP appropriated in Part 1 for agricultural economic development be expended by DELEG as an IDG to the Department of Agriculture foster the promote growth in the food and agriculture sector.

Sec. 405 (Former Sec. 336). OFIR Expenditures - RETAINED

Requires report of actual expenditures for last completed fiscal year for each division within OFIR. The **Executive** deletes this section; the **Senate** retains it.

Section 406 (Former Sec. 337). OFIR Credit Scoring - RETAINED

Prohibits expending funds to implement a ban on credit scoring in insurance rate setting until the Legislature has authorized such a prohibition. The **Executive** deletes this section. The **Senate** retains this section, and provides that the prohibition is in accordance with Attorney General Opinion No. 7225 (February 27, 2009).

Sec. 407 (Former Sec. 340). Health Maintenance Organization (HMO) Financial Filings - RETAINED

Requires that OFIR provide copies of HMO quarterly and annual financial filings to the fiscal agencies. The **Executive** deletes this section; the **Senate** retains it.

Sec. 415. Private Occupational School License Fees - DELETED

Requires that these appropriated fees be applied to administrative cost of Proprietary Schools Oversight Unit. The **Executive** and **Senate** delete this section.

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. The **Executive** and **Senate** delete this section.

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. The **Executive** and **Senate** delete this section.

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. The **Executive** and **Senate** delete this section.

Sec. 501 (Former Sec. 438). Housing and Community Development Fund - NEW

The **Senate** adds intent language providing that at least \$2,163,400 in funding available from the American Recovery and Reinvestment Act and/or the National Affordable Housing Trust Fund be allocated for eligible purposes of the HCDF.

Sec. 503 (Executive). State Historic Preservation - NOT INCLUDED

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. The **Executive** includes this section. The **Senate** continues the HAL appropriation as a separate budget bill (SB 247). [To date, the Executive has not yet issued an Executive Order eliminating HAL.]

Major Boilerplate Changes From FY 2008-09

Sec. 603 (Former Sec. 403). Local Match Requirements for Facilities Establishment Grants - RETAINED

Requires that local match for vocational rehabilitation facilities establishment grants not exceed 21.3% for the fiscal year ending September 30. The **Executive** deletes this section; the **Senate** retains it.

Sec. 813 (Former Sec. 437). Welfare-to-Work Funds Allocation - MODIFIED

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. The **Executive** deletes this section. The **Senate** retains this section, but allocates the funds from the Workforce Training Program Subgrantees line item.

Sec. 814 (Former Sec. 439). Focus: HOPE Career Prep Pilot Program - RETAINED

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. 815 (Former 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. The **Executive** deletes this section. The **Senate** retains this section, and also includes Saginaw as an eligible area to receive funds.

Sec. 816 (Former Sec. 429). Focus: HOPE Reporting - RETAINED

Requires Focus: HOPE to report on its use of funds appropriated in the budget act. The **Executive** deletes this section. The **Senate** retains this section, and provides that the from funds appropriated in Part 1 for Workforce Programs Subgrantees at least \$5.0 million in Federal funds and \$860,200 GF/GP shall be allocated to Focus: HOPE. [Previously these funds were a separate line item. The funds are rolled into the workforce subgrantees line item.]

Sec. 820 (Executive 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. 830. (Former Sec. 432) No Worker Left Behind (NWLB) Report - RETAINED

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. The **Senate** maintains current language.

Sec. 831. (Former Sec. 432) No Worker Left Behind GF/GP Funding - MODIFIED

Directs the \$15.0 million GF/GP appropriation for No Worker Left Behind to adult education, community colleges, and worker training. The **Executive** 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. The **Senate** provides that up to \$2.5 million shall be expended for adult education, and up to \$2.5 million shall be expended for community colleges, with the remaining balance expended for worker training in in-demand occupations. The **Senate** also reduces the GF/GP appropriation for NWLB to \$6.6 million.