

CONFERENCE SUMMARY DOCUMENT

CONTENTS

Agriculture.....	HB 5796, Article 1	Page 1
Community Colleges.....	SB 1082	Page 5
Community Health	SB 1083	Page 7
Corrections	SB 1084	Page 13
Education.....	SB 1085	Page 17
Environmental Quality	SB 1086	Page 20
General Government		
Attorney General	HB 5796, Article 7	Page 24
Civil Rights	HB 5796, Article 7	Page 26
Civil Service.....	HB 5796, Article 7	Page 27
Executive.....	HB 5796, Article 7	Page 28
Information Technology	HB 5796, Article 7	Page 29
Legislature.....	HB 5796, Article 7	Page 31
Auditor General	HB 5796, Article 7	Page 32
Management and Budget	HB 5796, Article 7	Page 34
State.....	HB 5796, Article 7	Page 37
Treasury	HB 5796, Article 7	Page 39
Higher Education	SB 1088	Page 44
History, Arts, and Libraries	HB 5796, Article 9	Page 49
Human Services.....	HB 5796, Article 10	Page 51
Judiciary.....	HB 5796, Article 11	Page 56
Labor and Economic Growth.....	HB 5796, Article 12	Page 58
Michigan Strategic Fund	HB 5796, Article 13	Page 60
Military and Veterans Affairs	HB 5796, Article 14	Page 61
Natural Resources	SB 1094	Page 63
School Aid.....	SB1095	Page 66
State Police.....	HB 5796, Article 17	Page 72
Transportation.....	HB 5796, Article 18	Page 75
Supplemental Appropriations	HB 5796, Article 19	Page 80

AGRICULTURE

Analyst: William E. Hamilton

	FY 2005-06 YTD 7/12/2006*	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate**	Conference	Difference: Conference from YTD Amount
IDG/IDT	10,368,200	10,382,700	10,382,700	10,382,700	10,382,700	14,500
Federal	33,680,700	22,757,000	22,757,000	23,700,000	23,700,000	(9,980,700)
Local	0	0	0	0	0	0
Private	138,700	183,800	183,800	183,800	183,800	45,100
Restricted	47,977,100	48,399,000	48,549,000	48,449,000	48,449,000	471,900
GF/GP	28,887,700	30,062,500	32,821,500	30,438,300	30,913,300	2,025,600
Gross	121,052,400	111,785,000	114,694,000	113,153,800	113,628,800	(7,423,600)
FTEs	697.0	696.0	706.0	696.0	696.0	(1.0)

* Reflects adjustments to current year made in Senate Bill 242. ** For purposes of this analysis, Senate means Senate Bill 1080.

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. House and Senate concurred with the Executive except as follows: **House** appropriated \$2.9 million (gross) more than the Executive, \$2.7 million GF/GP. **Senate** appropriated \$1.4 million (gross) more than the Executive, \$375,800 GF/GP. **Conference Report** appropriates \$1.8 million (gross) more than the Executive, \$850,800 GF/GP. GF/GP funding increases (from Executive) provided for the fruit and vegetable inspection in PPPM, \$300,000; food safety and quality assurance, \$475,000; and local conservation districts, \$75,800. **Conference Report** also recognizes \$943,000 in additional federal grant revenue identified by the department subsequent to the original budget presentation, and \$50,000 from Agriculture Equine Industry Development Fund (AEIDF) for an Equine survey.

Summary of House/Senate/Conference Changes from Executive

	<u>House Changes</u>		<u>Senate Changes</u>		<u>Conference Changes</u>	
Equine Survey	\$50,000	AEIDF	\$50,000	AEIDF	\$50,000	AEIDF
Food Safety	1,000,000	GF/GP			475,000	GF/GP
Food Safety			150,000	Federal	150,000	Federal
Animal Health	250,000	GF/GP				
Bovine TB	100,000	GF/GP				
PPPM (Fruit and Veg)	300,000	GF/GP	300,000	GF/GP	300,000	GF/GP
Groundwater/Freshwater Protection			250,000	Federal	250,000	Federal
Local Conservation Districts	159,000	GF/GP	75,800	GF/GP	75,800	GF/GP
Agriculture Development	500,000	GF/GP				
Export Market Development	450,000	GF/GP				
Laboratory Services			543,000	Federal	543,000	Federal
Diesel Fuel Inspection	100	GF/GP				
Office of Racing Commissioner	100,000	AEIDF				
Total Changes from Executive	\$2,909,100		\$1,368,800		\$1,843,800	
Gross Appropriation	\$114,694,100		\$113,153,800		\$113,628,800	

House Bill 5796, Article 1
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>House Change From YTD</u>
1. 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. Conference concurs with House/Senate and adds \$50,000 from AEIDF for Equine survey.	Restricted	0	50,000
	GF/GP	\$345,600	(\$19,600)
2. Food Safety and Quality Assurance (Food and Dairy)	FTEs	107.0	0.0
Executive budget proposal reduced 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 proposed \$1.0 million added GF/GP and 10 FTE positions; unrolled Consumer and Industry food safety education fund line. Conference adds \$475,000 GF/GP over the Executive recommendation in accordance with the GF/GP target agreement, and unrolls Consumer and industry food safety education as a fund source, but not a separate line item.	Gross	\$11,455,300	\$476,800
	Federal	378,500	9,600
	Restricted	3,258,600	(523,000)
	GF/GP	\$7,818,200	\$990,200
3. Animal Health and 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 Pseudorabies and swine brucellosis fund as fund source (\$15,600 reduction from current year). House added \$250,000 GF/GP. Conference concurs with Senate rejects \$250,000 House GF/GP increase.	Gross	\$2,316,100	\$112,300
	Federal	386,200	83,200
	Restricted	174,000	(23,200)
	GF/GP	\$1,755,900	\$52,300
4. 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 added \$100,000 GF/GP. Conference concurs with Senate rejects \$250,000 House GF/GP increase.	Gross	\$5,707,800	(\$130,400)
	Federal	933,600	(220,400)
	Restricted	2,297,600	43,300
	GF/GP	\$2,476,600	\$46,700
5. Pesticide and Plant Pest Management (Pesticide and Plant Pest Management)	FTEs	119.8	0.0
Includes economic increases of \$460,700 (Gross). House and Senate add \$300,000 GF/GP more than Executive to support fruit and vegetable inspection program. Conference concurs with House and Senate per target agreement.	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
6. Emerald Ash Borer Program (Pesticide and Plant Pest Management)	FTEs	112.0	(0.0)
Reflects continuing reduction in federal support for this program first included in FY 2002-03 budget.	Gross	\$23,660,600	(\$9,878,600)
	Federal	23,660,600	(9,878,600)
7. Michigan State University (Pesticide and Plant Pest Management)	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.	Federal	210,000	(210,000)
8. 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. Conference concurs with Executive House/Senate.	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

House Bill 5796, Article 1
Conference Summary
FY 2006-07



9. Migrant Housing (Environmental Stewardship)

Recognizes new federal revenue for migrant labor housing program (added to current year budget in SB 242).

Gross	\$145,100	\$5,000
Federal	145,000	5,000
GF/GP	\$100	\$0

10. Local Conservation Districts (Environmental Stewardship)

Provides GF/GP support for the state's 80 local conservation districts. Executive had recommended reduction to \$1.4 million. House recommended \$1.6 million which equates to \$20,000 per district. Conference concurs with Senate which maintains current year funding (\$19,200 per district), in accordance with target agreement.

Gross	\$1,516,800	\$0
GF/GP	\$1,516,800	\$0

11. Laboratory Services (Laboratory)

Transfers \$133,400 in Refined Petroleum Fund revenue, and 2.0 FTE positions, from Consumer protection program line for motor fuel quality testing program. Includes \$64,800 in economic increases. Conference recognizes additional federal grants identified by department after budget development.

FTEs	60.5	2.0
Gross	\$5,908,300	\$331,600
IDG	183,100	6,000
Federal	904,400	11,800
Restricted	2,116,000	(8,600)
GF/GP	\$2,704,800	\$322,400

12. Consumer Protection Program (Laboratory)

Reflects transfer of \$133,400 in Refined Petroleum Fund revenue, and 2.0 FTE positions from Laboratory services. Conference concurs with Executive/House/Senate.

FTEs	69.5	(2.0)
Gross	\$4,883,800	\$64,800
Restricted	4,883,800	\$64,800

13. Diesel Fuel Quality Inspection Program (Laboratory)

House adds \$100 GF/GP placeholder. Not included in Conference report.

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

14. Agriculture Development

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. Conference report does not include additional \$500,000 GF/GP added by House.

FTEs	5.0	0.0
Gross	\$868,800	\$33,000
Private	0	40,000
Federal	199,000	7,500
Restricted	450,700	3,800
GF/GP	\$219,100	(\$18,300)

15. Export Market Development

Executive recommends \$50,000 – same as current year. Conference report does not include additional \$450,000 GF/GP added by House.

Gross	\$50,000	\$0
GF/GP	\$0	\$0

16. Horse Industry Programs

Includes \$13.8 million from AEIDF for various line items within the Fairs and expositions appropriations unit, including \$12.2 million for various horse programs, purses, and awards. Aside from the proposed roll-up of Quarterhorse programs line into Licensed tracks–light horse racing, funding for specific line items unchanged from current year. Appropriation unit includes \$963,200 for Building and Track Improvements–County and State Fairs, and \$700,000 Distribution of outstanding winning tickets line, both unchanged from current year. Conference concurs with Executive/House/Senate.

Gross	\$13,844,800	\$0
Restricted	13,844,800	0

17. Office of Racing Commissioner

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. Conference report does not include additional \$100,000 AEIDF added by House to extend number of racing days.

Gross	\$3,296,400	\$347,700
Restricted	3,296,400	347,700

**House Bill 5796, Article 1
Conference Summary
FY 2006-07**



18. Economics

Funds \$2.5 million (net) for economic increases, including salaries and wages, insurance, retirement contributions, and building occupancy.	Gross	N/A	\$2,545,200
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

Boilerplate Items of Difference

Section 201

Adjusted by fiscal agencies based on part 1.

Section 225

MSU Horse Pavilion (in Senate bill only) **Conference** concurs with Senate.

Section 226

Budget reduction plan requirement (in Senate bill only) **Conference Report** -- Not included

Section 227

Return on investment (in Senate bill only) **Conference** includes modified language.

Section 302(2)

House modifies language regarding reporting of changes in fees. **Conference** concurs with House.

Section 304(2)

Senate adds new reporting requirement for fuel inspection program. **Conference** concurs with Senate.

Section 501

Earmarks for fruit and vegetable inspection program (in House bill only) **Conference Report** -- Not included

Section 604

Local conservation districts (reflects part 1 appropriation in House/Senate bills) **Conference** concurs with Senate.

Section 707

Regarding use of Julian-Stille grants (In House bill only) **Conference** concurs with House.

Section 708

Spending authority for Julian-Stille grants (In House bill only) **Conference** concurs with House.

Section 709

House adds new reporting requirement for Grape and wine council. **Conference** concurs with House.

Section 710

House earmarks for Select Michigan and cherry marketing. **Conference** includes modified language authorizing the department to match external funding for domestic and international marketing programs.

Section 902

House earmarks money for additional racing days. **Conference Report** -- Not included

COMMUNITY COLLEGES

Analyst: Viola Bay Wild

	FY 2005-06 Year-to-Date	Executive	Senate	House	FY 2006-07 Conference	Difference: Conf from FY 2005-06 YTD	
						Amount	%
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	43,900,000	0	0	0	--
GF/GP	\$281,552,400	287,129,400	243,229,400	288,780,700	289,879,400	\$8,327,000	3.0
Gross	\$281,552,400	\$287,129,400	\$287,129,400	\$288,780,700	\$289,879,400	\$8,327,000	3.0
FTEs	0.0	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 Appropriations

1. Operations Funding

Exec Rec recommended a 2.0% across-the-board increase for college operations.

Senate included a 2.0% operations increase and restored \$225,000 to Wayne County Community College (WCCC) which is ½ of the reduction made to WCCC in FY 2003-04. Funding of \$443,000 was allocated to three colleges, Bay de Noc, Kalamazoo Valley, and Mid Michigan, to move them closer to a \$6,500 funding floor; however, these three schools did not receive additional funding under the Task Force Formula distribution. The balance of the increased funding, \$4.8 million, was distributed to the remaining 25 community colleges through the Task Force formula; \$43.9 million in GF/GP funding was replaced with School Aid Fund revenues.

House increased operations appropriation by \$6,677,000 which represents a 2.4% increase to operations compared to FY 2005-06. Funding increased WCCC's appropriation by \$225,000 restoring ½ of their FY 2003-04 reduction that was distributed to 3 other colleges. The balance of the increased funding, \$6.3 million, was distributed using the Task Force formula. The House increased the FY 2005-06 appropriations for two colleges, Bay de Noc and Mid Michigan; the FY 2006-07 operations increase reflects this additional funding.

Conference: Includes \$8,027,000 additional GF/GP funding which represents a 2.9% operations increase compared to FY 2005-06. Funding increases Bay de Noc Community College's appropriation by \$200,000. The remaining operations increase of \$7,827,000 is distributed using the Performance Indicator Task Force formula.

	FY 2005-06 YTD	House Change From YTD
Gross	\$275,329,700	\$8,027,000
Restricted	0	0
GF/GP	275,329,700	\$8,027,000

2. Renaissance Zone Tax Reimbursement

Exec Rec, Senate, and House increased 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. Conference includes increased appropriation.

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

3. Economic Development Grants

House includes an additional appropriation of \$251,100 for economic development grants to be awarded to community colleges. Conference does not include this item.

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

4. Accelerated Licensing and Certification Program Grants

House includes an additional appropriation of \$100 to help fund the development and enhancement of accelerated licensing and certification programs. Conference does not include this item.

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

5. Nursing Program Expansion Grants

House includes an additional appropriation of \$100 to help foster the expansion of nursing education programs. Conference does not include this item.

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

Major Boilerplate Changes from FY 2005-06

Sec. 208. Entrepreneurship Curriculum – REVISED

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**, **Senate**, and **Conference** require the report by February 1.

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

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. **House**, **Senate**, **Executive**, and **Conference** do not include section.

Sec. 238. Optional Retirement Plan – DELETED

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. **House**, **Senate**, **Executive**, and **Conference** do not include section.

Sec. 242. Payment in Lieu of Taxes – NEW

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

Sec. 250. Construction Contracts – NOT INCLUDED

Prohibits community colleges from entering into construction contracts that discriminate based on specified criteria, including membership or nonmembership in any labor organization. **House** includes new language. **Conference** does not include section.

Sec. 304. Gast-Mathieu Formula/Performance Indicator Task Force – REVISED

Recommends that the Gast-Mathieu data continue to be collected and that the funding formula developed by the Performance Indicators Task Force be used for future funding distribution. **Executive** deletes language. **House** and **Senate** include language. **House** also includes new language in section 305 which states legislative intent that the performance measures in the Task Force Report be reviewed and more fully implemented in the future. **Conference** concurs with the House and Senate and includes the House's new language as subsection (2).

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. **Conference** does not include supplemental section.

COMMUNITY HEALTH

Analysts: Margaret Alston, Sue Frey, Steve Stauff

	FY 2005-06 YTD	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Conference	FY 2006-07 Enacted	Difference: Conference from FY 2005-06 YTD Amount	%
IDG/IDT	\$34,090,000	\$37,286,100	\$37,286,100	\$37,286,100		3,196,100	9.4
Federal	5,533,597,400	6,088,988,300	5,823,755,500	6,042,584,700		508,987,300	9.2
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	63,826,900	63,826,900		4,753,100	8.0
Restricted	1,516,009,000	1,817,312,800	1,812,976,900	1,871,199,600		355,190,600	23.4
GF/GP	2,951,899,400	2,947,975,800	2,927,994,000	2,940,082,700		(11,816,700)	(0.4)
Gross	\$10,326,194,000	\$11,194,067,300	\$10,907,016,800	\$11,196,157,400		\$869,963,400	8.4
FTEs	4,674.6	4,694.1	4,658.1	4,664.1		(10.5)	(0.2)

Major Budget Changes from FY 2005-06 YTD Appropriations

1. Economic Adjustments

Includes \$30.8 million gross (\$14.4 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. Conference proposal does not lower the Executive recommended worker's compensation adjustment by \$1.0 million gross (all GF/GP) as recommended by the House.

	FY 2005-06 YTD	Conference Change
Gross	N/A	\$30,775,500
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	\$14,389,300

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% (\$130.0 million gross, \$57.0 million GF/GP) to ensure rates are actuarially sound in FY 2006-07.

Gross	\$3,546,870,800	\$129,951,800
Federal	2,013,657,500	73,266,800
Restricted	395,317,800	0
Local	29,737,100	0
GF/GP	\$1,108,158,400	\$56,985,000

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. Beginning on December 1, 2006, Section 459 would lower the CMHSP non-Medicaid funds by \$3.5 million monthly until it becomes an authority. However, the funding reductions would be restored when Detroit-Wayne County CMHSP becomes an authority.

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

**Senate Bill 1083
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
6. Children's Waiver Home Care Program	Gross	\$19,549,800	\$0
Does not include House proposal to reduce funding for the Children's Waiver Home Care Program by \$2.0 million gross (\$872,400 GF/GP) to reflect current caseload.	Federal	11,063,200	0
	GF/GP	\$8,486,600	\$0
7. 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
8. Public Health Funding Increases	Gross	\$0	\$200,000
Includes GF/GP spending of \$175,000 to establish a Methamphetamine Cleanup Fund and \$25,000 for a Diabetes Management Pilot Project. Does not include Senate proposed \$100,000 to establish 211 Human Services Information Line or \$75,000 to establish Medication Management Pilot.	GF/GP	\$0	\$200,000
9. Move Surgeon General Funding to Infant Mortality	Gross	\$0	\$0
Does not eliminate the Surgeon General position or transfer the related funding of \$240,000 GF/GP to infant mortality projects, as proposed by the House.	GF/GP	\$0	\$0
10. Ages 0-3 Early Childhood Secondary Prevention	Gross	\$524,000	\$0
Does not shift DCH funding for this program to the Department of Human Services budget.	GF/GP	\$524,000	\$0
11. Healthy Michigan Fund Adjustments	Gross	\$43,512,700	\$238,300
Reallocates \$350,000 of Healthy Michigan Funds from Medicaid match to support programs for arthritis, Huntington's Disease, Parkinson's Disease, and infant mortality. Federal increase reflects Medicaid match on the infant mortality Nurse Family Partnership funding (Sec. 1132).	Federal	0	200,000
	Restricted	43,512,700	38,300
	GF/GP	\$0	\$0
12. 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
13. Ultrasound Equipment Fund	Gross	\$0	\$0
Does not include appropriation of \$100,000 for Ultrasound Equipment Fund grants as proposed by the House.	GF/GP	\$0	\$0
14. Anti-Drug Abuse and Drug Treatment Court Grants	Gross	\$26,470,300	(\$8,565,100)
Appropriates \$1,235,100 GF/GP to support current anti-drug abuse program grant awards, replacing a portion of reduced federal funds.	Federal	26,470,300	(9,800,200)
	GF/GP	\$0	\$1,235,100
15. Michigan First Healthcare Plan	Gross	\$0	\$100,000,000
Adds \$100.0 million of federal funding authorization 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 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	100,000,000
	GF/GP	\$0	\$0

**Senate Bill 1083
Conference Summary
FY 2006-07**



<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
16. Medicaid Home Help Worker Wage Increase	Gross	\$186,060,500	\$31,462,600
Adds \$31.5 million gross (\$13.7 million GF/GP) to increase the hourly wage for Medicaid home help workers. (Sec. 1691)	Federal	105,291,600	17,738,600
	GF/GP	\$80,768,900	\$13,724,000
17. Asset Lookback and Audit Savings	Gross	N/A	(\$12,047,700)
Reduces funding by \$12.0 million gross (\$5.0 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.	Federal	N/A	(7,047,700)
	GF/GP	N/A	(\$5,000,000)
18. Recovery of Pharmaceutical Overpayments	Gross	N/A	(\$22,924,800)
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	(12,924,800)
	GF/GP	N/A	(\$10,000,000)
19. Asset Transfer and False Claims Act Savings	Gross	N/A	(\$21,956,200)
Includes savings of \$22.0 million gross (\$9.6 million GF/GP) due to tightening of the asset transfer rules for long term care eligibility and due to the existence of Michigan's False Claims Act. The federal Deficit Reduction Act included several provisions to reduce Medicaid costs at both the state and federal levels. (Sec. 1759)	Federal	N/A	(12,378,900)
	GF/GP	N/A	(\$9,577,300)
20. Copayments Expansion	Gross	N/A	(\$300,000)
Recognizes savings of \$300,000 gross (\$130,900 GF/GP) through the increased use of copayments. (Sec. 1631)	Federal	N/A	(169,100)
	GF/GP	N/A	(\$130,900)
21. 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
22. 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
23. Medicaid Physician Payment Rates	Gross	\$779,943,500	\$16,623,600
Provides for a 2% increase in Medicaid reimbursement rates for physician well child procedure codes and primary care procedure codes. (Sec. 1636)	Federal	441,370,100	9,372,400
	GF/GP	\$338,573,400	\$7,251,200
24. Specialized Case Management Program	Gross	N/A	(\$10,000,000)
Recognizes savings from implementation of a specialized case management program targeting the highest cost Medicaid patients. (Sec. 1756)	Federal	N/A	(5,638,000)
	GF/GP	N/A	(\$4,362,000)
25. Graduate Medical Education	Gross	\$168,954,800	\$6,086,000
Savings of \$3.3 million GF/GP are realized by transferring the Graduate Medical Education (GME) program payments of \$100.0 million gross (\$43.6 million GF/GP) from the Hospital Services line item to the Health Plan Services line item. Increasing payments to health plans is expected to generate an additional \$6.0 million in QAAP revenue and \$3.4 million in federal Medicaid revenue, saving \$3.3 million GF/GP. (Sec. 1740)	Federal	95,611,500	3,425,800
	Restricted	0	6,000,000
	GF/GP	\$73,343,300	(\$3,339,800)

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
26. 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)
27. Pharmacy Quality Improvement Program	Gross	(\$9,214,500)	(\$4,146,300)
Increases the savings associated with the Pharmacy Quality Improvement Program by \$4.1 million.	Federal	(5,214,500)	(2,337,700)
	GF/GP	(\$4,000,000)	(\$1,808,600)
28. Family Planning Waiver Savings	Gross	\$957,800	(\$8,400,000)
Includes savings from the family planning demonstration waiver that became effective on July 1, 2006. Plan First! is the name of this family planning Medicaid benefit program. These services are intended to help women reduce the incidence of closely spaced pregnancies and to decrease the number of unintended pregnancies.	Federal	478,900	1,600,000
	GF/GP	\$478,900	(\$10,000,000)
29. Medicaid Caseload Savings	Gross	N/A	(\$17,760,000)
Recognizes savings from changes in the Medicaid caseload in various program areas including the caretaker relative and 19 & 20 year old eligible populations.	Federal	N/A	(10,013,100)
	GF/GP	N/A	(\$7,746,900)

Major Boilerplate Changes from FY 2005-06

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

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

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

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

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

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

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

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

Sec. 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 for those substance coordinating agencies that have voluntarily incorporated into community mental health authorities and accepted funding from the Department for administrative costs incurred when incorporating into authorities.

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. 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. Expresses legislative intent that a CMHSP or PIHP does not attempt to reduce or restrict the ability of a recipient or his/her family from obtaining legal guardianship without just cause.

Major Boilerplate Changes from FY 2005-06

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 the Michigan prisoner reentry initiative; and requires a report.

Sec. 805. Childhood Vaccinations – NEW

Requires the Department to work with health plans, medical providers, and pharmaceutical manufacturers to ensure that children under age 5 receive all scheduled vaccinations, including pneumococcal conjugate vaccine.

Sec. 1113. Marital Status of Family Planning and Pregnancy Prevention Clients – NEW

Requires family planning and pregnancy prevention service providers to include an optional-response field on patient information documents requesting information on a patient's marital status.

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

Prohibits organizations receiving grant funds from the Crime Victim Services Commission from use of any portion of grant funds for lobbying efforts; Department must assure grant recipient compliance.

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. 1691. Adult Home Help Worker Wage Increase – NEW

Provides that all adult home help workers receive a wage of at least \$7 per hour effective October 1, 2006, and that workers employed by a county which paid those workers at least \$7 per hour as of July 1, 2006 shall receive a wage increase of 50¢ per hour.

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 for trauma centers.

Sec. 1741. Nursing Home Interim Payments – NEW

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

Sec. 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 Proving Legal Residence – 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.

Major Boilerplate Changes from FY 2005-06

Sec. 1758. Emergency Services Only Medicaid Benefit Eligibles – NEW

Requires the Department to provide a report by April 1, 2007, on the number of individuals who receive the emergency services only Medicaid benefit 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. The project will be competitively bid.

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.

Sec. 1767. Pharmacist Payment Report – NEW

Requires the Department to evaluate and produce a report on the impact of the change in which the Medicaid program pays pharmacists for prescriptions from average wholesale price to average manufacturer price.

CORRECTIONS

Analyst: Marilyn B. Peterson

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Conference	Conference Change from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$1,043,800	\$1,238,400	\$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	11,431,500	21,300	0.2
Local	411,700	420,900	420,900	420,900	420,900	9,200	2.2
Private	0	0	0	0	0	0	0.0
Restricted	66,590,000	68,775,700	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	1,858,555,000	77,904,300	4.4
Gross	\$1,860,106,400	\$1,947,421,500	\$1,947,421,500	\$1,917,421,500	\$1,940,421,500	\$77,904,300	4.3
FTEs	17,525.2	17,828.5	17,828.5	17,828.5	17,798.0	272.8	1.6
Avg. Pop.	50,945	51,490	51,490	51,490	51,490	545	1.1

Notes: FY 2006-07 House figures above are from Corrections budget in HB 5796 as passed by the House 5/24/06. FY 2005-06 figures above 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 from FY 2005-06 YTD Appropriations

PRISON AND CAMP OPERATIONS

1. Camp Brighton Closure, Other Bed Count Changes

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

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

2. Prisoner Transportation and Related Overtime Savings

Assumes savings through utilization of videoconferencing as opposed to transporting prisoners to court dates, and through combining runs for off-site medical care.

Gross	N/A (\$4,533,400)
GF/GP	N/A (\$4,533,400)

3. Middle Management Reductions

Eliminates a total of 27.5 sergeant positions across 15 facilities. Statewide, there are about 550 sergeant positions.

FTEs	N/A (27.5)
Gross	N/A (\$2,000,000)
GF/GP	N/A (\$2,000,000)

4. Equipment and Special Maintenance

Provides \$425,500 to upgrade electronic security equipment at various facilities, incorporates a one-time fund shift of \$2.0 million to capital outlay to enable special maintenance projects to be funded through that budget, and eliminates the remaining \$54,000.

Gross	\$2,054,000 (\$1,628,500)
GF/GP	\$2,054,000 (\$1,628,500)

FY 2005-06
YTD
Conference
Change

Major Budget Changes from FY 2005-06 YTD Appropriations

5. Corrections Security Inspectors

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.

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

6. High-security Pay Adjustments

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.

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

PRISONER HEALTH AND MENTAL HEALTH CARE

7. Hadix Consent Decree – Medical Services

Complies with Hadix court order by adding 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., which expires March 31, 2007.

FTEs	138.0	0.0
Gross	\$9,997,700	\$1,018,800
GF/GP	\$9,997,700	\$1,018,800

8. DOJ Consent Decree – MDCH Mental Health Services

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.

Gross	N/A	\$471,700
GF/GP	N/A	\$471,700

9. Clinical Treatment Team, Thumb Correctional Facility

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.

FTEs	N/A	4.0
Gross	N/A	\$329,000
GF/GP	N/A	\$329,000

10. Case Review Nurse Practitioners

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.

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

Provides \$1.7 million GF/GP for phased implementation of GPS electronic monitoring for selected offenders.

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")

Funds expansion of program, currently limited to one precinct, that supports joint operations between law enforcement and parole and probation agents.

Gross	\$500,000	\$800,000
GF/GP	\$500,000	\$800,000

13. Field Operations Reorganization

Recognizes additional \$2.7 million net GF/GP savings from ongoing field operations reorganization; reorganization in FY 2005-06 with reductions to central office staff for \$1.1 million savings. FY 2006-07 proposal includes savings from reorganizing regional field offices. Eliminating 79.5 regional office administrative/management positions is expected to generate savings of \$6.3 million, which would be offset by \$3.6 million to fund 46.3 additional field officer FTEs; net reduction would be 33.2 FTEs and \$2.7 million.

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)

FY 2005-06 Conference
YTD Change

Major Budget Changes from FY 2005-06 YTD Appropriations

14. Community Re-entry Centers

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.

FTEs	N/A	(68.3)
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

Increases funding for new officer training by \$7.8 million, for a total of \$11.8 million GF/GP, to fund an estimated 650 new corrections officers to fill current/anticipated vacancies. Executive also recommends an additional \$1.0 million GF/GP for cost of using the state police training facility.

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

16. Supplementary Operational Expenditures

Eliminates \$4.0 million, to recognize that jail capacity grant programs would not go forward absent changes in sentencing guidelines; distributes the \$13.8 million remainder to support costs of FY 2005-06 contractual salary increases and pre-existing costs of dry cleaning allowances. (*Note:* this line item, new to FY 2005-06, supports cost of FY 2005-06 1.5% wage/salary increases, costs of contractual obligations to pay dry cleaning allowances to corrections officers, and various grant programs that the Executive recommended in FY 2005-06 to assist counties with jail crowding problems.)

Gross	\$17,840,700	(\$4,000,000)
GF/GP	\$17,840,700	(\$4,000,000)

17. Central Office Reorganization

Recognizes savings gained through elimination of three central office executive positions.

FTEs	N/A	(3.0)
Gross	N/A	(\$412,600)
GF/GP	N/A	(\$412,600)

18. Public Works Revenues

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.

Gross	N/A	\$0
Restricted	N/A	2,216,000
GF/GP	N/A	(\$2,216,000)

19. Outpatient Substance Abuse Treatment

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.

Gross	\$18,220,900	\$496,000
Federal	1,822,800	0
GF/GP	\$16,398,100	\$496,000

20. Jail Services Unit

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 MDOC.

FTEs	0.0	4.0
Gross	\$0	\$612,000
IDG/IDT	0	165,000
GF/GP	\$0	\$447,000

21. Human Resources Adjustments

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.

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

FY 2005-06
YTD
Conference
Change

Major Budget Changes from FY 2005-06 YTD Appropriations

22. Information Technology

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.

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

23. Economic Adjustments

Includes economic adjustments totaling \$83.2 million (\$81.5 million GF/GP), of which \$651,900 (\$633,600 GF/GP) is for DIT; adjustments are as follows:

- Salaries and wages: \$36,328,100 Gross, \$35,547,700 GF/GP
- Insurances: \$13,633,100 Gross, \$13,341,400 GF/GP
- Retirement: \$32,057,900 Gross, \$31,370,600 GF/GP
- Building occupancy charges: \$100 Gross and GF/GP
- Food: \$154,700 Gross and GF/GP (down \$800,000 from Exec.)
- Fuel and utilities: \$2,157,500 Gross and GF/GP
- Workers' compensation: (\$1,105,000) decrease Gross & GF/GP

Gross	N/A	\$83,226,400
IDG/IDT	N/A	29,600
Federal	N/A	21,300
Local	N/A	9,200
Restricted	N/A	1,699,300
GF/GP	N/A	\$81,467,000

Major Boilerplate Changes from FY 2005-06

Sec. 409. Recidivism Report – RETAINED

Retains requirement for recidivism report to include information on historical recidivism rates and cross-state comparisons.

Sec. 605. Parole and Probation Agent Workload Study – REVISED

Updates language pertaining to now-completed parole and probation agent workload study, requiring Departmental response and report.

Sec. 607. Parole and Probation Special Operations ("Joshua Project") – REVISED

Expresses legislative intent for Department to cooperate with 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). Revisions broaden language include other "collaborative efforts to reduce crime, particularly violent and gun-related crime," and to allocate \$500,000 to Department of Attorney General for Joshua project costs.

Sec. 608. GPS Tether – NEW

Adds requirement for report on new global positioning system (GPS) tether program.

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

Adds 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

Exempts areas that house prisoners with special medical needs from requirement for Department to provide smoking areas.

Sec. 1007. Academic/Vocational Report – REVISED

Adds requirement for response to August 2005 auditor general report on MDOC education programs, and retains other reporting requirements pertaining to prisoner academic and vocational programs.

Sec. 1008. GED and Recidivism Report – RETAINED

Requires report on offender educational history, GED completion rates, and impact of GED completion on offender recidivism.

EDUCATION

Analysts: Mary Ann Cleary, Bethany Wicksall

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 Senate	FY 2006-07 House	FY 2006-07 Conference	Difference: House from FY 2005-06 YTD Amount	%
IDG/IDT	0	0	0	0	0	0	0%
Federal	70,519,400	67,570,600	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	5,985,600	541,600	9.9%
Private	1,898,600	2,914,400	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	7,527,000	(15,986,200)	-68.0%
GF/GP	16,100,400	6,667,500	6,580,700	8,667,500	6,667,500	(9,432,900)	-58.6%
Gross	117,475,600	90,365,100	90,440,200	92,465,100	90,665,100	(26,810,500)	-22.8%
FTEs	423.5	435.5	435.5	434.5	435.5	12	2.8%

Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
1. MEAP Testing Contract	Gross	\$24,784,500	(\$24,784,500)
Exec Rec 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)
Exec Rec 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
Exec Rec 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
Exec 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. Michigan School for the Deaf and Blind	FTEs	95.0	8.0
Exec Rec 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
6. National Best Practices Study	Gross	\$350,000	(\$175,000)
<u>Senate</u> reduces the appropriation for this study to \$100. <u>House</u> reduces it to \$200,000. <u>Conference report</u> reduces to \$175,000.	GF/GP	\$350,000	(\$175,000)

**Senate Bill 1085
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
7. CMU and WSU Teaching Certification Programs	Gross	\$75,000	\$125,000
<u>Exec Rec</u> eliminates \$75,000 for CMU's program. <u>Senate</u> includes \$125,000 each for both CMU and WSU. <u>House</u> concurs with Governor. <u>Conf. report</u> provides \$100,000 for each.	Restricted	75,000	125,000
	GF/GP	\$0	\$0
8. Subject Area Content Expectations and Guidelines	Gross	\$0	\$100,000
<u>House</u> adds \$250,000 for the development, approval, and implementation of the new subject area content expectations and guidelines. <u>Conference Committee</u> adds \$100,000.	GF/GP	\$0	\$100,000
9. 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 providing professional development or enhanced curricula in middle school mathematics. <u>Senate</u> maintains current appropriation. <u>House</u> concurs with the Exec Rec. <u>Conf. report</u> concurs with House.	Restricted	100,000	(100,000)
	GF/GP	\$0	\$0
10. 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. <u>Conference Committee</u> concurs.	Restricted	0	100,000
	GF/GP	\$0	\$0
11. 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. <u>Conference Committee</u> concurs.	GF/GP	\$0	\$50,000
12. Michigan History Day	Gross	\$0	\$25,000
<u>Senate</u> includes \$25,000 as a grant to the Michigan Historical Society for Michigan History Day. The <u>House</u> does not include. The <u>Conference report</u> concurs with the Senate.	GF/GP	\$0	\$25,000
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. <u>Conference Committee</u> concurs.	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. 218. Automated External Defibrillators (AEDs) – NEW

Encourages department to promote benefits of AEDs and to work with districts who receive grants for AED purchases to secure a bulk-purchase discount. Senate, House ,and Conference report add new section.

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. Conference report concurs with the House.

Sec. 303. Michigan History Day – NEW

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

Sec. 503. Teacher Preparation Programs – RETAINED

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. Conference report provides \$100,000 for each.

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. Conference report concurs with the House.

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, Senate, and House include.

ENVIRONMENTAL QUALITY

Analyst: Kirk Lindquist

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 CR-1	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$18,031,100	\$18,233,600	\$18,233,600	\$18,233,600	\$18,233,600	\$202,500	1.1
Federal	145,518,000	140,338,500	140,338,500	140,338,500	140,338,500	(5,179,500)	(3.6)
Local	0	0	0	0	0	0	0
Private	450,000	450,000	450,000	450,000	450,000	0	0
Restricted	260,865,100	217,878,000	218,913,000	180,212,000	251,379,000	(9,486,100)	(3.6)
GF/GP	31,809,600	33,328,400	34,028,400	32,894,400	33,828,400	2,018,800	6.3
Gross	\$456,673,800	\$410,228,500	\$411,963,500	\$372,128,500	444,229,500	(\$12,444,300)	(2.7)
FTEs	1,573.2	1,567.7	1,570.7	1,567.7	1,567	(5.5)	(0.3)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through June 1, 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

- Cleanup and Redevelopment Program: GF/GP support reestablished at \$2,000,000 and Environmental Protection Fund at \$1,000,000 in place of Cleanup and Redevelopment Funds as a part of a restructuring of the program
- 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	Conference Change
1. Underground Storage Tank Cleanup	Gross	\$102,000,000	(\$80,000,000)
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	(80,000,000)
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.	Private	150,000	0
	Restricted	21,552,200	(2,000,000)
	GF/GP	\$0	\$2,000,000
4. Environmental Cleanup and Redevelopment Program	Gross	\$0	\$21,100,000
Authorization is provided for sites included in boilerplate section 705, supported by CMI Response Fund, \$5.6 million, and Environmental Protection Bond fund, \$15.5 million, revenue.	Restricted	\$0	\$21,100,000

**Senate Bill 1086
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
5. Brownfield Grants and Loans	Gross	\$0	\$8,811,000
Support to communities and brownfield redevelopment authorities for committed redevelopment projects.	Restricted	\$0	\$8,811,000
6. 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)
7. Water Withdrawal Law Implementation	Gross	\$0	\$605,000
Funds provided for database management, permitting, enforcement, and groundwater studies.	Restricted	0	105,000
	GF/GP	\$0	\$500,000
8. 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)
9. Clean Michigan Initiative Administrative Support	Gross	\$21,702,200	(\$0)
The 3% CMI bond set-aside for program administration has been nearly spent; support for the Contaminated Site Investigation program is replaced by \$1.9 million from the Environmental Protection Fund.	Private	150,000	0
	Restricted	\$21,552,200	(\$0)
10. 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
11. 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
12. 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
13. 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 (boilerplate section 703).	Restricted	\$0	\$300,000
14. 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
15. Muskegon County Wetlands Restoration	Gross	\$0	\$200,000
Funding is provided toward the establishment of a wetland on Little Black Creek (boilerplate section 1104).	Restricted	\$0	\$200,000
16. Office of Environmental Ombudsman	Gross	\$0	\$200,000
An interdepartmental grant to the Legislative Council would establish a new office responsible for resolving conflicts arising from environmental regulations or enforcement actions.	GF/GP	\$0	\$200,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
17. Household Hazardous Waste	Gross	\$100,000	\$0
Continuation funding is provided for southwest Michigan communities.	Restricted	\$100,000	\$0
18. Economic Adjustments	Gross	N/A	\$5,777,800
Provides support for the negotiated civil service 3.5% wage increase, retirement plan contributions, and employer share of health insurance premiums.	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. 503. Permit Compliance Guides – NEW

Requires guides for the fruit and vegetable producers to assist with rule compliance.

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 – NEW

Requires a report on beach grooming practices.

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. 705. Cleanup Site List – NEW

Provides a list of sites to be cleaned up with funds appropriated in Part 1.

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.

GENERAL GOVERNMENT

Analysts: Robin Risko, Viola Bay Wild

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate*	Conference
Gross	\$3,419,774,000	\$3,007,324,600	\$2,941,233,400	\$3,013,476,000	\$2,913,277,200
IDG/IDT	604,409,300	589,646,200	585,266,100	591,363,800	588,867,600
Federal	102,542,900	103,227,200	55,540,200	103,227,200	55,540,200
Local	2,725,400	2,766,200	2,766,200	2,776,200	2,766,200
Private	1,250,100	1,250,100	550,100	1,250,100	550,100
Restricted	2,092,741,500	1,649,653,800	1,665,891,800	1,670,243,000	1,658,248,000
GF/GP	\$616,104,800	\$660,781,100	\$631,219,000	\$644,625,700	\$607,305,100
FTEs	7,314.4	7,287.4	7,135.4	7,299.4	7,138.4

NOTE: FY 2005-06 YTD, Executive, and Senate figures include Michigan Strategic Fund appropriations.

Overview of All General Government Departments

The Conference Report totals \$2.9 billion gross and \$607.3 million GF/GP.

The Conference Report is \$506.5 million, or 14.8%, under current-year gross and \$8.8 million, or 1.4%, under current-year GF/GP.

The Conference Report is \$94.0 million, or 3.1%, under the revised Executive recommended gross and \$53.5 million, or 8.1%, under the revised Executive recommended GF/GP.

SEC. 102: ATTORNEY GENERAL

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$65,748,100	\$68,306,300	\$68,306,300	\$68,104,000	\$68,532,300
IDG/IDT	13,408,400	13,914,300	13,914,300	13,914,300	13,914,300
Federal	9,827,100	10,236,500	10,236,500	10,236,500	10,236,500
Local	0	0	0	0	0
Private	0	0	0	0	0
Restricted	11,011,400	11,259,500	11,259,500	11,485,500	11,485,500
GF/GP	\$31,501,200	\$32,896,000	\$32,896,000	\$32,467,700	\$32,896,000
FTEs	566.0	563.0	563.0	565.0	565.0

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	Executive	House	Senate	Conference
1. Increased Federal Funding	Gross \$1,027,700	\$1,027,700	\$1,027,700	\$1,027,700
Includes authorization for the Department to receive additional federal grant funding made available from the U.S. Department of Health and Human Services for Medicaid fraud control activities (\$510,700), for child support enforcement activities (\$450,000), and for a domestic violence prosecution program (\$67,000).	Federal 1,027,700	1,027,700	1,027,700	1,027,700
	GF/GP \$0	\$0	\$0	\$0
2. Fund Source Adjustments	FTEs (2.0)	(2.0)	0.0	0.0
Eliminates 2.0 FTE positions and 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.	Gross (\$666,300)	(\$666,300)	(\$440,300)	(\$440,300)
	IDG (300,000)	(300,000)	(300,000)	(300,000)
	Restricted (366,300)	(366,300)	(140,300)	(140,300)
	GF/GP \$0	\$0	\$0	\$0
3. Program Reductions	Gross \$0	\$0	\$0	\$0
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.	IDG 140,000	140,000	140,000	140,000
	Restricted 60,000	60,000	60,000	60,000
	GF/GP (\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

Major Budget Changes from FY 2005-06 YTD Appropriations **Executive** **House** **Senate** **Conference**

4. Economic Adjustments	Gross	\$3,224,500	\$3,224,500	\$3,224,500	\$3,224,500
Includes additional funding for salary and wage,	IDG	665,900	665,900	665,900	665,900
insurance, and retirement costs, and reduces funding	Federal	409,400	409,400	409,400	409,400
for building occupancy charges.	Restricted	554,400	554,400	554,400	554,400
	GF/GP	\$1,594,800	\$1,594,800	\$1,594,800	\$1,594,800

5. GF/GP Reductions	Gross	\$0	\$0	(\$428,300)	\$0
Reduces GF/GP for various line items throughout the	GF/GP	\$0	\$0	(\$428,300)	\$0
budget. Total reduction is 1.3% from the Executive					
recommended GF/GP.					

Major Boilerplate Changes from FY 2005-06

Sec. 308. Litigation Expense Reimbursements – MODIFIED

Current-year language appropriates up to \$500,000 from litigation expense reimbursements awarded to the state to be used when the Governor or Attorney General are the named party in litigation against the state and authorizes up to \$500,000 of unexpended funds to be carried forward. **Executive** language specifies that funding can be used to pay court judgments or settlements, attorney fees, and expenses, not including staff salaries and support costs. **House** language specifies that funding can be used to pay litigation expenses, and settlements or attorney fees. **Senate** and **Conference Committee** language specifies that funding can be used to pay litigation expenses, court judgments and settlements, or attorney fees.

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

House, Senate, and Conference Committee include language which authorizes unexpended prisoner reimbursement revenue, up to \$500,000, to be carried forward.

SEC. 103: CIVIL RIGHTS

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$13,674,900	\$14,020,200	\$14,020,200	\$13,858,000	\$14,020,200
IDG/IDT	0	0	0	0	0
Federal	1,566,200	1,566,200	1,566,200	1,566,200	1,566,200
Local	0	0	0	0	0
Private	0	0	0	0	0
Restricted	0	0	0	0	0
GF/GP	\$12,108,700	\$12,454,000	\$12,454,000	\$12,291,800	\$12,454,000
FTEs	141.0	141.0	141.0	141.0	141.0

Overview

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

Major Budget Changes from FY 2005-06 YTD Appropriations	Executive	House	Senate	Conference
1. Increased Federal Funding	Gross \$516,400	\$516,400	\$516,400	\$516,400
Includes authorization for the Department to receive additional federal grant funding made available from the Equal Employment Opportunity Commission (\$374,800) and the United States Department of Housing and Urban Development (\$141,600).	Federal 516,400 GF/GP \$0	516,400 \$0	516,400 \$0	516,400 \$0
2. Economic Adjustments	Gross \$366,300	\$366,300	\$366,300	\$366,300
Includes additional funding for salary and wage, insurance, retirement, and workers' compensation premium costs.	GF/GP \$366,300	\$366,300	\$366,300	\$366,300
3. Human Resources Optimization Project	Gross (\$21,000)	(\$21,000)	(\$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)	(\$21,000)	(\$21,000)
4. GF/GP Reductions	Gross \$0	\$0	(\$162,200)	\$0
Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.	GF/GP \$0	\$0	(\$162,200)	\$0

Major Boilerplate Changes from FY 2005-06

None

SEC. 104: CIVIL SERVICE

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$35,941,600	\$36,547,100	\$36,547,100	\$36,456,300	\$36,547,100
IDG/IDT	5,670,900	5,788,100	5,788,100	5,788,100	5,788,100
Federal	4,779,100	4,779,100	4,779,100	4,779,100	4,779,100
Local	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Private	150,000	150,000	150,000	150,000	150,000
Restricted	16,539,200	17,157,500	17,157,500	17,157,500	17,157,500
GF/GP	\$7,102,400	\$6,972,400	\$6,972,400	\$6,881,600	\$6,972,400
FTEs	240.5	240.5	240.5	240.5	240.5

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.

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Program Reductions	Gross (\$355,100)	(\$355,100)	(\$355,100)	(\$355,100)
Reduces GF/GP funding by \$355,100. Savings are anticipated to be generated through CSS&M cost reductions and other administrative efficiencies.	GF/GP (\$355,100)	(\$355,100)	(\$355,100)	(\$355,100)
2. Economic Adjustments	Gross \$976,600	\$976,600	\$976,600	\$976,600
Includes additional funding for salary and wage, insurance, and retirement costs, and reduces funding for workers' compensation premium costs and building occupancy charges.	IDG 117,200	117,200	117,200	117,200
	Restricted 628,300	628,300	628,300	628,300
	GF/GP \$231,100	\$231,100	\$231,100	\$231,100
3. Human Resources Optimization Project	Gross (\$16,000)	(\$16,000)	(\$16,000)	(\$16,000)
Reduces funding in order to more accurately reflect the Department's portion of Human Resources Optimization user charges.	Restricted (10,000)	(10,000)	(10,000)	(10,000)
	GF/GP (\$6,000)	(\$6,000)	(\$6,000)	(\$6,000)
4. GF/GP Reductions	Gross \$0	\$0	(\$90,800)	\$0
Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.	GF/GP \$0	\$0	(\$90,800)	\$0

Major Boilerplate Changes from FY 2005-06

None

SEC. 105: EXECUTIVE

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$5,375,500	\$5,375,500	\$5,375,500	\$5,466,800	\$5,509,900
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	0	0	0
GF/GP	\$5,375,500	\$5,375,500	\$5,375,500	\$5,466,800	\$5,509,900
FTEs	84.2	84.2	84.2	84.2	84.2

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

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Economic Adjustments	Gross	\$0	\$0	\$161,300	\$134,400
Includes additional funding for economics (Senate 3%; GF/GP Conference Committee 2.5%).		\$0	\$0	\$161,300	\$134,400
2. GF/GP Reductions	Gross	\$0	\$0	(\$70,000)	\$0
Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.		\$0	\$0	(\$70,000)	\$0

Major Boilerplate Changes from FY 2005-06

There is no boilerplate for the Executive Office.

SEC. 106: INFORMATION TECHNOLOGY

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$384,706,700	\$378,422,000	\$378,422,000	\$380,639,600	\$378,222,000
IDG/IDT	384,706,700	378,422,000	378,422,000	380,639,600	378,222,000
Federal	0	0	0	0	0
Local	0	0	0	0	0
Private	0	0	0	0	0
Restricted	0	0	0	0	0
GF/GP	\$0	\$0	\$0	\$0	\$0
FTEs	1,766.4	1,781.4	1,781.4	1,791.4	1,782.4

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

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Economic Adjustments	Gross	\$7,176,600	\$7,176,600	\$7,176,600	\$7,176,600
Includes additional funding for salary and wage, IDG		7,176,600	7,176,600	7,176,600	7,176,600
insurance, retirement, and rent costs and for building GF/GP		\$0	\$0	\$0	\$0
occupancy charges.					
2. Program Enhancements	Gross	\$8,369,300	\$8,369,300	\$8,369,300	\$8,369,300
Makes adjustments to reflect program enhancement IDG		8,369,300	8,369,300	8,369,300	8,369,300
appropriations made in other department budgets: GF/GP		\$0	\$0	\$0	\$0
<ul style="list-style-type: none"> • Adds \$5.5 million for Integrated Service Delivery Project in Department of Human Services (DHS) • Adds \$1.1 million for Business Application Modernization Project in Department of State • Adds \$1.0 million for Michigan Public Safety Communications System in Department of State Police • Adds \$399,900 for Social Security Administration Electronic Death Registry System in Department of Community Health • Adds \$370,000 to implement Social Security Privacy Act in Department of Management and Budget. 					

House Bill 5796, Article 7
Conference Summary
FY 2006-07



Major Budget Changes from FY 2005-06 YTD

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
3. Base Adjustments	Gross	(\$1,863,000)	(\$1,863,000)	(\$1,863,000)	(\$1,863,000)
Adjustments to more accurately reflect appropriations for IT services/projects in other department budgets:	IDG	(1,863,000)	(1,863,000)	(1,863,000)	(1,863,000)
	GF/GP	\$0	\$0	\$0	\$0
<ul style="list-style-type: none"> • Adds \$17.0 million to align DIT IDGs with enacted IT appropriations in other department budgets • Adds \$3.2 million for DMB for on-going maintenance costs of state's retirement system • Adds \$1.8 million for Department of Corrections for conversion of modules, server replacements, and desktop maintenance • Removes one-time appropriation of \$17.8 million for Child Support Arrearage Program in DHS • Removes \$3.9 million from DHS as a result of contract and other IT-related savings • Removes \$1.1 million from Department of State Police due to expiration of Commercial Vehicle Information Systems Network grant • Removes one-time appropriation of \$1.0 million for e-Procurement Project in DMB. 					
4. Funding for DCH	FTEs	0.0	0.0	9.0	0.0
Reflects additional FTE positions and federal funding available to Department of Community Health for the Medicaid Management Information System.	Gross	\$0	\$0	\$2,117,500	\$0
	IDG	0	0	2,117,500	0
	GF/GP	\$0	\$0	\$0	\$0
5. Funding for MGCB	FTEs	0.0	0.0	1.0	1.0
Reflects additional FTE position and state restricted funds in Casino Gaming budget for Michigan Gaming Control Board to hire a database administrator.	Gross	\$0	\$0	\$100,000	\$100,000
	IDG	0	0	100,000	100,000
	GF/GP	\$0	\$0	\$0	\$0
6. Funding for 2-1-1	Gross	\$0	\$0	\$100	\$0
Includes funding as a placeholder until discussions on 2-1-1 funding are finalized.	IDG	0	0	100	0
	GF/GP	\$0	\$0	\$0	\$0

Major Boilerplate Changes from FY 2005-06

Sec. 577. Michigan Public Safety Communications System – MODIFIED

Executive, Senate, and Conference Committee include language which authorizes unexpended revenues to be carried forward.

Sec. 579. Report on Life-Cycle of Hardware and Software – RETAINED

House and Conference Committee include current-year language which requires the Department to submit a report which analyzes and makes recommendations on the life-cycle of information technology hardware and software. **Executive and Senate** do not include the language.

Sec. 581. Information Technology Assets – NEW

House and Conference Committee include 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. **Executive and Senate** do not include the language.

Sec. 585. Child Support Enforcement System – RETAINED

House and Conference Committee include current-year language which requires the Department to provide a report on the total amount of funding expended for the Child Support Enforcement System. **Executive and Senate** do not include the language.

SEC. 107: LEGISLATURE

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$130,439,900	\$129,731,900	\$113,754,400	\$131,642,000	\$116,576,400
IDG/IDT	2,301,500	2,301,500	0	1,801,500	0
Federal	0	0	0	0	0
Local	0	0	0	0	0
Private	400,000	400,000	400,000	400,000	400,000
Restricted	2,356,500	2,356,500	1,109,800	2,649,700	1,109,800
GF/GP	\$125,381,900	\$124,673,900	\$112,244,600	\$126,790,800	\$115,066,600
FTEs	0.0	0.0	0.0	0.0	0.0

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

Executive House Senate Conference

1. *Structural Change*

Not Included Included Not Included Included

Transfers funding for Office of the Auditor General out of the Legislature budget and into a budget section of its own.

2. *Economic Adjustments*

Gross	\$0	\$0	\$3,367,300	\$2,822,000
GF/GP	\$0	\$0	\$3,367,300	\$2,822,000

Includes additional funding for economics (Senate 3%; Conference Committee 2.5%).

3. *GF/GP Reductions*

Gross	\$0	\$0	(\$1,461,500)	\$0
GF/GP	\$0	\$0	(\$1,461,500)	\$0

Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.

Major Boilerplate Changes from FY 2005-06

None

SEC. 108: AUDITOR GENERAL

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$0	\$0	\$17,477,500	\$0	\$16,347,500
IDG/IDT	0	0	1,801,500	0	1,801,500
Federal	0	0	0	0	0
Local	0	0	0	0	0
Private	0	0	0	0	0
Restricted	0	0	1,539,900	0	1,539,900
GF/GP	\$0	\$0	\$14,136,100	\$0	\$13,006,100
FTEs	0.0	0.0	0.0	0.0	0.0

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.

The House transfers funding for the Office of the Auditor General out of the Legislature budget and into its own section of the bill. The FY 2005-06 gross appropriation was \$15,977,500; this included a \$500,000 IDG from Department of Corrections, which was vetoed in the Corrections bill. Accordingly, gross and IDG levels should have been reduced in the Auditor General budget. Current-year funding levels compared to the House and Senate recommendations are as follows:

	<u>FY 2005-06 YTD</u>	<u>House</u>	<u>Senate</u>	<u>Difference from FY 2005-06 YTD</u>	
				<u>House</u>	<u>Senate</u>
Gross	\$15,477,500	\$17,477,500	\$15,981,800	\$2,000,000	\$504,300
IDG/IDT	1,801,500	1,801,500	1,801,500	0	0
Restricted	1,246,700	1,539,900	1,539,900	293,200	293,200
GF/GP	\$12,429,300	\$14,136,100	\$12,640,400	\$1,706,800	\$211,100

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Additional Auditor Positions	Gross	\$0	\$915,000	\$0	\$0
Includes funding for an additional 15.0 auditor positions.	GF/GP	\$0	\$915,000	\$0	\$0
2. Economic Adjustments	Gross	\$0	\$580,000	\$372,900	\$576,800
Includes additional funding for salary and wage, insurance, and retirement costs.	GF/GP	\$0	\$580,000	\$372,900	\$576,800
3. Information Technology Equipment	Gross	\$0	\$505,000	\$0	\$0
Includes additional funding for information technology system equipment maintenance and improvements.	GF/GP	\$0	\$505,000	\$0	\$0
4. Fund Source Adjustments	Gross	\$0	\$0	\$293,200	\$293,200
Adjusts fund sourcing in order to more accurately reflect anticipated audit charges.	Restricted	0	293,200	293,200	293,200
	GF/GP	\$0	(\$293,200)	\$0	\$0

House Bill 5796, Article 7
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
5. GF/GP Reductions	Gross	\$0	\$0	(\$161,800)	\$0
Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.	GF/GP	\$0	\$0	(\$161,800)	\$0

Major Boilerplate Changes from FY 2005-06

None

SEC. 109: MANAGEMENT AND BUDGET

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$234,880,800	\$496,142,000	\$496,642,000	\$496,877,100	\$476,142,000
IDG/IDT	153,786,800	155,293,500	155,293,500	155,293,500	155,293,500
Federal	0	0	0	0	0
Local	0	0	0	0	0
Private	0	0	0	0	0
Restricted	45,876,100	52,438,900	67,438,900	67,438,900	52,438,900
GF/GP	\$35,217,900	\$288,409,600	\$273,909,600	\$274,144,700	\$268,409,600
FTEs	751.0	759.0	759.0	759.0	759.0

NOTE: Executive, House, and Senate figures reflect the transfer of State Building Authority Rent Payments from the Department of Treasury.

Overview

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

Major Budget Changes from FY 2005-06 YTD		Executive	House	Senate	Conference
1. Acquisition Services	Gross	\$0	\$500,000	\$0	\$0
Includes additional funding as an incentive for Department to continue properly managing acquisition services.	GF/GP	\$0	\$500,000	\$0	\$0
2. Transfer of State Building Authority Rent	Gross	\$272,797,100	\$272,797,100	\$272,797,100	\$272,797,100
Reflects transfer of State Building Authority Rent Payments from Department of Treasury to Department of Management and Budget.	Restricted	16,795,000	16,795,000	16,795,000	16,795,000
	GF/GP	\$256,002,100	\$256,002,100	\$256,002,100	\$256,002,100
3. SBA Rent Adjustments	Gross	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
Reflects adjustments made for projected rent payments, consistent with anticipated rent payments for previously constructed projects.	GF/GP	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
4. Commercial Mobile Radio Suppliers Fund	Gross	\$0	\$0	\$0	\$0
Authorizes Department to receive additional state restricted revenue available from the Commercial Mobile Radio Suppliers Fund; offsets GF/GP by a like amount; funds will be used to pay SBA rent charges for State Police radio tower construction projects.	Restricted	3,300,000	3,300,000	3,300,000	3,300,000
	GF/GP	(\$3,300,000)	(\$3,300,000)	(\$3,300,000)	(\$3,300,000)

House Bill 5796, Article 7
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
5. Office of Retirement Services	FTEs	13.0	13.0	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	\$3,920,000	\$3,920,000
	Restricted	3,920,000	3,920,000	3,920,000	3,920,000
	GF/GP	\$0	\$0	\$0	\$0
6. Michigan State Fair Operations	Gross	\$587,400	\$587,400	\$587,400	\$587,400
Adjusts the base appropriation to reflect actual ongoing operational expenses of the State Fair.	Restricted	587,400	587,400	587,400	587,400
	GF/GP	\$0	\$0	\$0	\$0
7. Program Reductions	FTEs	(6.0)	(6.0)	(6.0)	(6.0)
Reduces GF/GP 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)	(\$492,000)	(\$492,000)
	IDG	293,200	293,200	293,200	293,200
	Restricted	(27,000)	(27,000)	(27,000)	(27,000)
	GF/GP	(\$758,200)	(\$758,200)	(\$758,200)	(\$758,200)
8. Building Occupancy Adjustments	Gross	\$358,800	\$358,800	\$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	358,800	358,800
	GF/GP	\$0	\$0	\$0	\$0
9. e-Procurement Project	Gross	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Eliminates one-time \$1.0 million appropriation for the completed e-Procurement project which provides an online, statewide, "one-stop shop" marketplace for purchasers. The state can gather purchasing information for reports, 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)	(1,000,000)	(1,000,000)
	GF/GP	\$0	\$0	\$0	\$0
10. Retirement Disaster Recovery Plan	Gross	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Eliminates one-time \$500,000 appropriation for Retirement Business Continuity/Disaster Recovery Plan. The project has been completed and provides 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; pension payments will be made to members within one week of a disaster.	Restricted	(500,000)	(500,000)	(500,000)	(500,000)
	GF/GP	\$0	\$0	\$0	\$0
11. Economic Adjustments	Gross	\$3,193,100	\$3,193,100	\$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	990,200	990,200
	Restricted	1,011,800	1,011,800	1,011,800	1,011,800
	GF/GP	\$1,191,100	\$1,191,100	\$1,191,100	\$1,191,100

**House Bill 5796, Article 7
Conference Summary
FY 2006-07**



<u>Major Budget Changes from FY 2005-06 YTD</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
12. Human Resources Optimization Project	Gross	\$34,700	\$34,700	\$34,700	\$34,700
	IDG	13,500	13,500	13,500	13,500
Increases funding to more accurately reflect Department's portion of Human Resources Optimization user charges.	Restricted	14,500	14,500	14,500	14,500
	GF/GP	\$6,700	\$6,700	\$6,700	\$6,700
13. Gubernatorial Transition Fund	Gross	\$0	\$0	\$1,200,000	\$0
Includes additional funds for costs associated with the gubernatorial transition process.	GF/GP	\$0	\$0	\$1,200,000	\$0
14. GF/GP Reductions	Gross	\$0	\$0	(\$464,900)	\$0
Reduces GF/GP for various line items in the budget. Total reduction is 1.3% from the Executive recommended GF/GP.	GF/GP	\$0	\$0	(\$464,900)	\$0
15. Executive Budget Revision 05/24/2006	Gross	\$0	\$0	\$0	\$0
Revised Executive adjusts funding sources for State Building Authority Rent to reflect changes authorized pursuant to 2006 PA 153 (SB 242 the supplemental bill) and to support rent obligations for the Michigan Public Safety Communications System.	Restricted	(15,000,000)	0	0	(15,000,000)
	GF/GP	\$15,000,000	\$0	\$0	\$15,000,000
16. Target Agreement	Gross	\$0	\$0	\$0	(\$20,000,000)
Reflects a savings due to the renegotiation of long-term leases for buildings the Department manages. Rent payments the Department makes for affected leased facilities for FY 2006-07 will be reduced as a result of financial restructuring.	GF/GP	\$0	\$0	\$0	(\$20,000,000)

Major Boilerplate Changes from FY 2005-06

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 715. (4) Motor Vehicle Fleet – DELETED

House includes current-year language which expresses legislative intent that DMB determine the feasibility of using driver record information upon issuing state cars to state employees in order to ensure responsibility and safety. **Executive, Senate, and Conference Committee** do not include the language.

Sec. 724. Gubernatorial Transition Process – NEW

Senate includes new language which requires the appropriation for gubernatorial transition fund to be used for costs associated with a gubernatorial transition process. Also, states that if the incumbent is reelected, the appropriation is to lapse to the general fund. **Conference Committee** does not include the language.

GENERAL SECTIONS OF BOILERPLATE

Sec. 220. Contributions to Political Organizations – MODIFIED

House, Senate, and Conference Committee modify 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.

Sec. 221. GF/GP Budget Reductions to Implement K-16 Ballot Initiative – NEW

Senate includes new language which requires departments to provide a list of GF/GP budget cuts sufficient to reduce department GF/GP spending by 7.93% if the K-16 ballot initiative is adopted. **Conference Committee** does not include the language.

SEC. 110: STATE

Analyst: Robin Risko

	FY 2005-06 YTD (as of 06/01/06)	Revised Executive	House	Senate	Conference
Gross	\$208,578,400	\$204,793,500	\$204,793,500	\$198,544,400	\$204,793,500
IDG/IDT	31,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Federal	2,943,300	3,052,100	3,052,100	3,052,100	3,052,100
Local	0	0	0	0	0
Private	100	100	100	100	100
Restricted	161,137,200	162,608,600	162,608,600	156,608,600	162,608,600
GF/GP	\$13,497,800	\$19,132,700	\$19,132,700	\$18,883,600	\$19,132,700
FTEs	1,859.8	1,859.8	1,859.8	1,859.8	1,859.8

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		Executive	House	Senate	Conference
1. Business Application Modernization Project	Gross	\$1,100,000	\$1,100,000	\$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	\$1,100,000	\$1,100,000
2. Motorcycle Safety Grants	Gross	\$200,000	\$200,000	\$200,000	\$200,000
Includes additional \$200,000 for the Department to make grants to colleges, universities, intermediate school districts, local school districts, law enforcement agencies, and other governmental agencies located in the state, to help subsidize safety training courses for individuals interested in operating motorcycles.	Restricted	200,000	200,000	200,000	200,000
	GF/GP	\$0	\$0	\$0	\$0
3. Program Reductions	Gross	(\$365,900)	(\$365,900)	(\$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)	(\$365,900)	(\$365,900)
4. Economic Adjustments	Gross	\$6,481,000	\$6,481,000	\$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	108,800	108,800
	Restricted	1,471,400	1,471,400	1,471,400	1,471,400
	GF/GP	\$4,900,800	\$4,900,800	\$4,900,800	\$4,900,800
5. TACF Adjustment	Gross	\$0	\$0	(\$6,000,000)	\$0
Reduces authorization for the Transportation Administration Collection Fund based on revenue projections.	Restricted	0	0	(6,000,000)	0
	GF/GP	\$0	\$0	\$0	\$0

House Bill 5796, Article 7
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>	
6. GF/GP Reductions	Gross	\$0	\$0	(\$249,100)	\$0
Reduces GF/GP for various line items throughout the budget. Total reduction is 1.3% from the Executive recommended GF/GP.	GF/GP	\$0	\$0	(\$249,100)	\$0

Major Boilerplate Changes from FY 2005-06

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

House, Senate, and Conference Committee include 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.

Sec. 815(2). Branch Optimization Plan – RETAINED

Executive and **House** delete current-year language which requires a detailed report regarding the Department's Branch Optimization Plan. **Senate** and **Conference Committee** retain current law.

Sec. 820. Transportation Administration Collection Fund – NEW

Senate includes new language which specifies how TACF reductions are to be achieved and requires legislative transfers for implementation. Requires the Department to update revenue projections and to submit a plan on how to deal with any shortfalls. **Conference Committee** does not include the language.

Sec. 821. Keweenaw County Branch Office – NEW

Senate and **Conference Committee** include new language which requires the Department to complete a cost/benefit analysis regarding the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office and lists specific information that is to be included in the analysis.

SEC. 111: TREASURY

Analyst: Viola Bay Wild

	FY 2005-06 YTD (as of 6/1/06)	Revised Executive	House	Senate	Conference
Gross	\$2,340,428,100	\$1,673,986,100	\$1,605,894,900	\$1,681,887,800	\$1,596,586,300
IDG/IDT	13,535,000	13,926,800	10,046,700	13,926,800	13,848,200
Federal	83,427,200	83,593,300	35,906,300	83,593,300	35,906,300
Local	1,025,400	1,066,200	1,066,200	1,066,200	1,066,200
Private	700,000	700,000	0	700,000	0
Restricted	1,855,821,100	1,403,832,800	1,404,777,600	1,414,902,800	1,411,907,800
GF/GP	\$385,919,400	\$170,867,000	\$154,098,100	\$167,698,700	\$133,857,800
FTEs	1,905.5	1,858.5	1,706.5	1,858.5	1,706.5

NOTE: FY 2005-06 YTD, Executive, and Senate 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.

<u>Major Budget Changes from FY 2005-06 YTD</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
TREASURY OPERATIONS	Gross (\$253,697,100)	(\$253,697,100)	(\$253,697,100)	(\$253,697,100)
1. State Building Authority Rent	Restricted (16,795,000)	(16,795,000)	(16,795,000)	(16,795,000)
Reflects transfer of State Building Authority rent payments from Treasury to Department of Management and Budget.	GF/GP (\$236,902,100)	(\$236,902,100)	(\$236,902,100)	(\$236,902,100)
2. Michigan Strategic Fund Transfer	FTEs 0.0	(190.0)	0.0	(190.0)
Reflects transfer of Michigan Strategic Fund (MSF) from Department of Labor and Economic Development to Treasury under 2005 PA 225. Michigan Economic Development Corporation (MEDC) administers MSF programs and funds. (House and Conference Committee do not include appropriations for MSF in the general government bill)	Gross \$0	(\$476,696,300)	\$0	(\$476,696,300)
	IDG 0	(78,600)	0	(78,600)
	Federal 0	(48,021,800)	0	(48,021,800)
	Private 0	(700,000)	0	(700,000)
	Restricted 0	(394,005,000)	0	(394,005,000)
	GF/GP \$0	(\$33,890,900)	\$0	(\$33,890,900)
3. MSF Adjustments	FTEs (38.0)	0.0	(38.0)	0.0
Reflects reduction of 38.0 FTE positions and \$396.2 million gross. (House and Conference Committee do not include appropriations for MSF in the general government bill)	Gross (\$396,216,500)	\$0	(\$396,216,500)	\$0
	IDG 0	0	0	0
	Federal (334,800)	0	(334,800)	0
	Private 0	0	0	0
	Restricted (394,000,000)	0	(394,000,000)	0
	GF/GP (\$1,881,700)	\$0	(\$1,881,700)	\$0

House Bill 5796, Article 7
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
4. Telephone/Telegraph Real Property Appraisals	FTEs	0.0	0.0	0.0	0.0
	Gross	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Funds new program in Supervision of General Property Tax Law line item to assess telephone/telegraph company real property; 2002 PA 610 requires such assessments to be made the same as other property in the state. Additional funding shows as a reduction due to supplemental increase in current year by SB 242, 2006 PA 153.	GF/GP	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
5. Michigan Transportation Fund	FTEs	0.0	0.0	0.0	0.0
Increases Michigan Transportation Fund IDG current-year funds by \$345,800 for an authorization of \$8.8 million gross.	Gross	\$345,800	(\$3,455,700)	\$345,800	\$345,800
	IDG	345,800	(3,455,700)	345,800	345,800
	GF/GP	\$0	\$0	\$0	\$0
6. Principal Residence Audits	FTEs	0.0	0.0	0.0	0.0
Reduces funding for Principal Residence Exemption Compliance program by \$250,000 gross and GF/GP.	Gross	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
	GF/GP	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
7. Revenue Enhancement Program	FTEs	(10.0)	(10.0)	(10.0)	(10.0)
Reduces Revenue Enhancement Program funds by \$400,000 gross and GF/GP; reduces FTE authorization by 10.0 positions with a phased reduction.	Gross	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)
	GF/GP	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)
8. Cybershame Target Agreement	Gross	\$0	\$0	\$0	\$0
Conference Committee replaces Restricted		0	0	0	0
\$5.0 million GF/GP with Delinquent Tax Collection Revenues; additional revenue is expected from implementing Executive proposed "Cybershame" initiative, which would change Michigan law to allow the names of major delinquent taxpayers to be published on the Internet.	GF/GP	\$0	\$0	\$0	\$0
9. Life Science Technology	FTEs	0.0	0.0	0.0	0.0
Includes additional funds for early drug discovery grant program. Conference Restricted	Gross	\$0	\$1,000,000	\$0	\$0
moves this funding to MSF budget.		0	1,000,000	0	0
	GF/GP	\$0	\$0	\$0	\$0
10. Program Reductions	FTEs	0.0	0.0	0.0	0.0
Reduces GF/GP by \$538,000; savings anticipated from HR Training reductions, administrative efficiencies, and other program reductions.	Gross	(\$538,000)	(\$538,000)	(\$538,000)	(\$538,000)
	GF/GP	(\$538,000)	(\$538,000)	(\$538,000)	(\$538,000)
11. HR Optimization Adjustments	FTEs	(1.0)	(1.0)	(1.0)	(1.0)
Reduces funds for HR Optimization by \$72,400 gross and GF/GP; reduces FTE authorization by 1.0 position to reflect HR Optimization adjustment savings.	Gross	(\$72,400)	(\$72,400)	(\$72,400)	(\$72,400)
	GF/GP	(\$72,400)	(\$72,400)	(\$72,400)	(\$72,400)

House Bill 5796, Article 7
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
12. Economic Adjustments	Gross	\$8,219,100	\$7,399,400	\$8,219,100	\$7,399,400
Includes additional funds for salary and wage, insurance, retirement, and building occupancy costs. (Executive and Senate recommendations include economic adjustments for MSF.)	IDG	391,800	391,800	391,800	391,800
	Federal	590,100	500,900	590,100	500,900
	Local	40,700	40,700	40,700	40,700
	Restricted	4,903,500	4,903,500	4,903,500	4,903,500
	GF/GP	\$2,293,000	\$1,562,500	\$2,293,000	\$1,562,500
REVENUE SHARING					
13. Constitutional Revenue Sharing	Gross	\$15,530,000	\$15,530,000	\$15,530,000	\$6,375,000
Adds funds for constitutional revenue sharing payments to cities, villages, and townships (CVTs) from FY 2005-06 level. Conference amount represents updated estimates from May Consensus Revenue Estimating Conference (CREC).	Restricted	15,530,000	15,530,000	15,530,000	6,375,000
	GF/GP	\$0	\$0	\$0	\$0
14. Statutory Revenue Sharing	Gross	(\$18,030,000)	(\$18,030,000)	(\$18,030,000)	(\$15,865,000)
Reduces funding for statutory revenue sharing payments to CVTs from FY 2005-06 level. Conference amount represents updated estimates from May CREC.	Restricted	(18,030,000)	(18,030,000)	(18,030,000)	(15,865,000)
	GF/GP	\$0	\$0	\$0	\$0
15. Special Census Revenue Sharing	Gross	(\$33,700)	(\$33,700)	(\$700)	(\$700)
Funds special census revenue sharing payments to be prorated among qualifying local units of government. Additional funds show as reduction due to supplemental increase in current year by SB 242, 2006 PA 153.	GF/GP	(\$33,700)	(\$33,700)	(\$700)	(\$700)
16. SHARE Grant Program	Gross	\$0	\$15,190,100	\$0	\$0
Includes \$15.2 million gross and GF/GP for SHARE grants to CVTs that have implemented or plan to implement certain performance measures. Grants to be made primarily to cities, townships, and villages that have had Constitutional increases offset by statutory reductions.	GF/GP	\$0	\$15,190,100	\$0	\$0
DEBT SERVICE					
17. Debt Service	Gross	\$11,156,800	\$11,156,800	\$11,156,800	\$11,156,800
Adds \$14.0 million gross and GF/GP for required debt service payments for Clean Michigan Initiative bond; reduces total debt service payment on Quality of Life bond by \$4.2 million; adds \$8.0 million GF/GP (reflects fund source shift of \$8.0 million from 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.	Restricted	(12,200,000)	(12,200,000)	(12,200,000)	(12,200,000)
	GF/GP	\$23,356,800	\$23,356,800	\$23,356,800	\$23,356,800

**House Bill 5796, Article 7
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD **Executive** **House** **Senate** **Conference**

GRANTS

18. Grants	Gross	(\$22,692,900)	(\$22,692,900)	(12,622,800)	(12,622,900)
Adds \$900,000 gross and GF/GP for Restricted		(23,490,000)	(23,490,000)	(13,410,000)	(13,410,000)
Senior Citizen Cooperative Housing Tax	GF/GP	\$787,100	\$787,100	\$787,200	\$787,100
Exemption Program; reduces 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; reduces Commercial Mobile					
Radio Service (CMRS) payments for					
local wireless 911 emergency response					
services due to CMRS program sunset					
on December 31, 2006. Executive and					
House fund program for the first three					
months in FY 2006-07 and decrease					
funding by \$23.5 million; anticipating					
extension of the sunset, Senate and					
Conference Committee decrease by					
\$13.4 million. Senate includes \$100					
placeholder for Huron Clinton Metro					
Parks grant.					

Major Boilerplate Changes from FY 2005-06

DEPARTMENT OF TREASURY

Sec. 904a. Financial Services Expenditure Appropriation

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

Sec. 938. Michigan Tobacco Settlement Finance Authority Act

House 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. **Executive, Senate, and Conference** do not include the new language.

Sec. 947. Audit Enhancements

House retains current law and adjusts funding amounts to reflect appropriations. With the exception of current contract obligations, \$5.7 million of the \$6.2 million appropriation shall fund revenue enhancement collection activities performed by state employees only. The **Senate** and **Conference Committee** require that \$4.6 million of the \$5.1 million appropriation shall be used for revenue collection enhancement; the remaining \$500,000 balance shall be used for principal residence exemption compliance program and to develop a statewide web-based data base with carryforward of funds authorized. Unexpended funding of revenue enhancement program is designated as a work project for database with an estimated cost of \$24.6 million. The **House, Senate, and Conference Committee** require quarterly progress reports for personal property tax audit and principal residence audit programs and a performance audit of principal residence audit program by the Auditor General. **Executive** deletes the language.

Sec. 948. Electronic Income Tax Filing

House, Senate, and Conference Committee include 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 the language.

Major Boilerplate Changes from FY 2005-06

Sec. 949. Income Tax Form Check-off Initiatives

Senate and **Conference Committee** include language that requires Department to develop a plan for individual income tax form check-off initiatives that includes a process to determine the legal and operational feasibility of each proposed checkoff. **Executive** and **House** do not include the new language.

Sec. 949a. Huron-Clinton Metroparks Authority Inventory Reimbursement

Senate and **Conference Committee** include language that requires the authority to reimburse any counties that made a payment to that authority as an inventory reimbursement payment from the state in FY 2006-07. **Executive** and **House** do not include the new language.

Sec. 949b. Transportation Cost Allocation Plan

House and **Conference Committee** include new language that requires Department to develop a cost allocation plan to determine actual costs of work performed for state restricted transportation funds. **Executive** and **Senate** do not include the new language.

Sec. 957. SHARE Grants

House 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. **Executive**, **Senate**, and **Conference Committee** do not include the new language.

LOTTERY

Sec. 962. Use of Professional or Amateur Athletes in Advertising

Executive and **House** 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. **Senate** and **Conference Committee** retain current law.

MICHIGAN STRATEGIC FUND – NOT INCLUDED

Sec. 1001 – 1012. (See summary for Article 13.)

HIGHER EDUCATION

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 Conference	Difference: Conf from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	3,500,000	3,000,000	3,000,000	3,000,000	3,000,000	(500,000)	(14.3)
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	153,500,000	153,800,000	157,050,000	148,800,000	159,700,000	6,200,000	4.0
GF/GP	1,577,443,900	1,585,040,700	1,617,836,800	1,629,150,700	1,624,791,300	47,347,400	3.0
Gross	\$1,734,443,900	\$1,741,840,700	\$1,777,886,800	\$1,780,950,700	\$1,787,491,300	\$53,047,400	3.1
FTEs	1.0	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 provided 2.0% across-the-board increase for three major research universities and overall increase of 2.0% for other 12 universities based in part on four data components. Senate provided \$3,750-per-FYES funding floor and 1.8% across-the-board increase. Additional funds added to bring eight universities up to amounts allocated to them under Exec Rec. House utilized funding model with enrollment-, degree -, and research-based components with 4.0% limit on increases and 2.0% limit on decreases. Additional funds added for Indian Tuition Waiver costs and Northern Michigan (Superior Dome/transition to model). Conference provides overall increase of 3.0% based on four sets of funding adjustments:

- (1) Adjustments based on House-passed funding model with 2.9% limit on increases and no reductions.
- (2) Funding increases for \$3,775-per-FYES funding floor (increase for Grand Valley capped at \$1.9 million).
- (3) For universities not receiving an increase under (1) or (2), \$450 per Pell Grant awarded to students at those universities.
- (4) Various other adjustments for six universities.

2. Agriculture Experiment Station and Cooperative Extension

Exec Rec maintained current-year levels for these appropriations. Senate and House increased both line items by 2.0%; House added additional \$300,000 to Cooperative Extension line designated for local 4-H programs. Conference includes 2.0% increases.

	FY 2005-06 YTD	Conference Change
Gross	\$1,419,831,900	\$43,262,000
Restricted	9,500,000	0
GF/GP	\$1,410,331,900	\$43,262,000
Gross	\$61,768,100	\$1,235,400
GF/GP	\$61,768,100	\$1,235,400

Senate Bill 1088
Conference Summary
FY 2006-07



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
3. Mich. Public School Empl. Retirement System (MPERS) <u>House</u> added \$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. <u>Conference</u> does not include this item.	Gross	\$0	\$0
	GF/GP	\$0	\$0
4. Tuition Grant Program <u>Exec Rec</u> eliminated \$58.8 million for Tuition Grant Program to reflect eventual phase-out of program and added \$29.5 million GF/GP to Competitive Scholarship line for costs of reduced Tuition Grant awards to undergraduate students currently receiving awards; net savings was \$29.3 million. <u>Senate</u> and <u>House</u> did not concur with phase-out and retained current total funding for program; \$4.0 million in carry-forward revenue offset with GF/GP. <u>Conference</u> maintains current total funding amount and includes \$2.9 million in FY 2005-06 carry-forward revenue.	Gross	\$58,768,100	\$0
	Restricted	4,000,000	(1,100,000)
	GF/GP	\$54,768,100	\$1,100,000
5. State Competitive Scholarships <u>Exec Rec</u> offset \$3.0 million from Michigan Higher Education Assistance Authority (MHEAA) operating fund with GF/GP funds and removed \$500,000 in federal funding no longer available. <u>Senate</u> concurred with federal reduction but retained MHEAA funds. <u>House</u> concurred with both <u>Exec Rec</u> changes. <u>Conference</u> concurs with federal reduction and retains MHEAA funds.	Gross	\$34,630,500	(\$500,000)
	Federal	2,000,000	(500,000)
	Restricted	3,000,000	0
	GF/GP	\$29,630,500	\$0
6. Nursing Scholarship Program <u>Exec Rec</u> maintained current-year level for this item. <u>Senate</u> increased appropriation by \$250,000 (Merit Award Trust Fund). <u>House</u> maintained current-year level. <u>Conference</u> includes <u>Senate</u> increase.	Gross	\$4,000,000	\$250,000
	Restricted	4,000,000	250,000
7. Michigan Merit Award Program <u>Exec Rec</u> , <u>Senate</u> , and <u>House</u> increased appropriation from Merit Award Trust Fund by 1.0% for 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. <u>Conference</u> concurs.	Gross	\$126,400,000	\$1,300,000
	Restricted	126,400,000	1,300,000
8. Tuition Incentive Program (TIP) <u>Exec Rec</u> , <u>Senate</u> , and <u>House</u> increased appropriation by 16.7% to fund projected cost increase for program due to growing number of students certified as eligible due to Medicaid eligibility. <u>Conference</u> concurs with increase and offsets \$250,000 in Merit Award Trust Fund revenue with GF/GP to balance Merit funds.	Gross	\$12,000,000	\$2,000,000
	Restricted	6,600,000	(250,000)
	GF/GP	\$5,400,000	\$2,250,000
9. Children of Veterans Tuition Grant Program <u>Exec Rec</u> , <u>Senate</u> , and <u>House</u> removed \$500,000 GF/GP for half-year costs of program shifted from Military and Veterans Affairs budget and added \$1.0 million in restricted funding from income tax check-off contributions. <u>Conference</u> concurs.	Gross	\$500,000	\$500,000
	Restricted	0	1,000,000
	GF/GP	\$500,000	(\$500,000)
10. MiLEAD Initiative <u>Exec Rec</u> and <u>Senate</u> added \$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 for residential programs for at-risk youth to earn college credit and perform conservation-based community service. <u>House</u> did not include proposed appropriation. <u>Conference</u> includes appropriation.	Gross	\$0	\$5,000,000
	Restricted	0	5,000,000

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 deleted. Senate, House, and Conference retain.

Sec. 221. Construction Contracts – NOT INCLUDED

Prohibits state universities from entering into construction contracts that discriminate based on specified criteria, including membership in a labor organization. House added new section. Conference does not include section.

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

Allows expenditure of \$29.5 million from Competitive Scholarship line item to provide reduced Tuition Grant awards to undergraduate students currently receiving awards. Exec Rec added new subsection. Senate, House, and Conference do not include subsection.

Sec. 302. Tuition Grants: Current Provisions – REVISED

Provides for distribution of Tuition Grant funds. Exec Rec deleted. Senate retained and moved application deadline from July 15 to July 1. House retained, concurred with July 1 deadline, stated that FY 2007-08 deadline will be June 1, and increased specified maximum award amount from \$2,000 to \$2,400. Conference concurs with July 1 deadline and retains specified maximum award amount of \$2,000.

Sec. 308. Financial Aid Payment Schedules – RETAINED

Provides for quarterly financial aid payments schedules. Exec Rec revised schedule for most programs to 25/25/25/25. Senate, House, and Conference 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 required that participants file Free Application for Federal Student Aid (FAFSA) and added achievement of junior-level status as possible criterion to enter Phase II. Senate required only that participants request information on filing FAFSA and did not include junior-level criterion. House concurred with both Exec Rec changes and provided that federal grant aid be deducted from TIP amounts. Conference concurs with Senate.

Sec. 312. Nursing Scholarship Program – REVISED

Provides for distribution of funds appropriated for Nursing Scholarship Program. Senate added language including master's degree students as eligible for scholarships, subject to the same statutory requirements as for undergraduate students. House did not include Senate-added language. Conference concurs with Senate.

Sec. 313. MiLEAD Initiative – NEW

Provides for grants of up to \$1.0 million each to public colleges/universities under MiLEAD initiative. Exec Rec added new section. Senate added private institutions as eligible grant recipients. House did not include new section. Conference includes section, makes private institutions eligible, and specifies that appropriation is a work project.

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 added new section. Conference concurs.

Sec. 315. Tuition Grants: Report on Academic Progress – NOT INCLUDED

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 added new section. Conference does not include section.

Sec. 402. Douglas Lake Biological Station – RETAINED

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

Sec. 405. HEIDI Advisory Committee – REVISED

Establishes advisory committee for HEIDI database. Exec Rec and Senate retained. House deleted. Conference includes new language referencing newly-enacted statutory provisions governing committee.

Major Boilerplate Changes from FY 2005-06

Sec. 418. State University Funding Model – REVISED

Describes state university funding model calculations used to determine July/August payment amounts in FY 2005-06. Exec Rec replaced language with description of calculations used to distribute 1.0% increase to 12 universities. Senate deleted. House retained section with revised provisions describing funding model calculations, limiting funding increases to 4.0% and funding decreases to 2.0%; added subsection stating legislative intent to review performance indicators that reflect universities' unique missions. Conference concurs with House, but references 2.9% limit on funding increases and no funding reductions.

Sec. 419. Superior Dome – NOT INCLUDED

Provides that \$600,000 from appropriation to Northern Michigan University is for costs of operating Superior Dome. House added new section. Conference does not include section.

Sec. 426 Private Bookstores – REVISED

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

Sec. 434. Local 4-H Programs – NOT INCLUDED

Designates \$300,000 from Cooperative Extension appropriation for local 4-H programs. House added new section. Conference does not include section.

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

States legislative intent for subsidy from MPERS stabilization subaccount to reduce university contribution rates. Exec Rec and Senate deleted. House included new language providing for use of appropriation to MPERS to reduce payments to system by seven state universities. Conference does not include section.

Sec. 450. Per-Student Funding Floor – REVISED

Indicates that \$3,650-per-FYES funding floor is reflected in university line item appropriations, except Grand Valley due to limited state resources. Exec Rec deleted. Senate retained and adjusted floor amount to \$3,750. House stated that all university appropriations (except Grand Valley) equated to at least \$3,749 per FYES. Conference concurs with Senate but adjusts floor amount to \$3,775.

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

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

Sec. 701a. New Academic Programs – REVISED

Lists new programs for which state universities may report enrollment data to HEIDI. House and Conference insert 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 math, science, and certain foreign languages. Senate added new section. House included new section but referred to existing critical shortage area list. Conference includes language referring to both Senate list and critical shortage area list and requiring education colleges to provide critical shortage area list to students.

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 advanced degrees in math, science, health care, and engineering. Senate added new section. House included new section with various revisions to data reporting requirements. Conference concurs with House revisions.

HIGHER EDUCATION
FY 2006-07: Conference Report



STATE UNIVERSITIES

(1) FY 2005-06 Year-to-Date as of 2/9/06	(2) Funding Model: 2.9% Limit	(3) \$3,775-per- FYES Floor: Cap for GVSU	(4) \$450 per Pell Award for Others	(5) Other University Adjustments	(6) AES & CES/ Financial Aid Changes	(7) FY 2006-07 Conference Report	(8) Change from Year-to-Date \$ Amount	(9) Percent	(10) FY 2005-06 Year-to-Date \$ per FYES*	(11) FY 2006-07 Conference \$ per FYES*
Central Michigan	\$80,061,900	2,321,800				\$82,383,700	\$2,321,800	2.9	\$3,736	\$3,844
Eastern Michigan	76,140,600	2,028,100				78,168,700	2,028,100	2.7	4,019	4,126
Ferris State	48,634,700	1,410,400				50,045,100	1,410,400	2.9	4,611	4,745
Grand Valley State	61,129,900	1,772,800	1,895,000			64,797,700	3,667,800	6.0	3,151	3,340
Lake Superior State	12,506,300	0	422,100			12,928,400	422,100	3.4	4,827	4,990
Michigan State	283,730,300	8,228,200		227,000		292,185,500	8,455,200	3.0	6,782	6,984
Michigan Tech	48,018,800	935,700		264,800		49,219,300	1,200,500	2.5	8,095	8,298
Northern Michigan	45,051,600	0	1,347,800			46,399,400	1,347,800	3.0	5,348	5,508
Oakland	50,685,700	1,469,900		185,600		52,409,000	1,723,300	3.4	3,664	3,788
Saginaw Valley State	27,499,800	797,500				28,874,500	1,374,700	5.0	3,595	3,775
UM - Ann Arbor	316,368,500	9,174,700		253,100		325,796,300	9,427,800	3.0	8,048	8,288
UM - Dearborn	24,739,200	717,400				25,456,600	717,400	2.9	3,973	4,088
UM - Flint	20,903,100	606,200		11,000		21,520,300	617,200	3.0	4,231	4,355
Wayne State	214,666,300	0	3,035,300	2,331,400		220,033,000	5,366,700	2.5	8,603	8,818
Western Michigan	109,695,200	3,181,200				112,876,400	3,181,200	2.9	4,569	4,702
Subtotal - State Universities	\$1,419,831,900	\$32,643,900	\$4,805,200	\$3,272,900	\$0	\$1,463,093,900	\$43,262,000	3.0	\$5,679	\$5,852
Merit Award Trust Fund	9,500,000					9,500,000	0	0.0		
State GF/GP	\$1,410,331,900	\$32,643,900	\$4,805,200	\$3,272,900	\$0	\$1,453,593,900	\$43,262,000	3.1		

AES/CES, STATE/REGIONAL, & KCP

Agricultural Experiment Station	\$33,163,800				\$663,300	\$33,827,100	\$663,300	2.0		
Cooperative Extension Service	28,604,300				572,100	29,176,400	572,100	2.0		
Higher Education Database	200,000					200,000	0	0.0		
Midwestern Higher Ed. Compact	90,000					90,000	0	0.0		
King-Chavez-Parks (three lines)	2,691,500					2,691,500	0	0.0		
Subtotal - AES/CES/State/Reg/KCP	\$64,749,600	\$0	\$0	\$0	\$1,235,400	\$65,985,000	\$1,235,400	1.9		
State GF/GP	\$64,749,600	\$0	\$0	\$0	\$1,235,400	\$65,985,000	\$1,235,400	1.9		

GRANTS & FINANCIAL AID

State Competitive Scholarships	\$34,630,500				(\$500,000)	\$34,130,500	(\$500,000)	(1.4)		
Tuition Grants	58,768,100					58,768,100	0	0.0		
Michigan Work Study Program	7,326,300					7,326,300	0	0.0		
Part-Time Independent Student Prog.	2,653,300					2,653,300	0	0.0		
Mich. Education Opportunity Grants	2,084,200					2,084,200	0	0.0		
Byrd Honors Scholarship Program	1,500,000					1,500,000	0	0.0		
Nursing Scholarship & Grant Progs.	4,000,000				250,000	4,250,000	250,000	6.3		
Michigan Merit Award Program	126,400,000				1,300,000	127,700,000	1,300,000	1.0		
Tuition Incentive Program	12,000,000				2,000,000	14,000,000	2,000,000	16.7		
Children of Vets. Tuition Grant Prog.	500,000				500,000	1,000,000	500,000	100.0		
MILEAD Initiative	0				5,000,000	5,000,000	5,000,000	--		
Subtotal - Grants/Financial Aid	\$249,862,400	\$0	\$0	\$0	\$8,550,000	\$258,412,400	\$8,550,000	3.4		
Federal	3,500,000				(500,000)	3,000,000	(500,000)	(14.3)		
Merit Award Trust Fund	137,000,000				1,300,000	138,300,000	1,300,000	0.9		
MHEAA Operating Fund	3,000,000				(1,100,000)	2,900,000	(1,100,000)	(27.5)		
Tuition Grant Carry-Forward	4,000,000				1,000,000	5,000,000	1,000,000	--		
Michigan CCC Endowment Fund	0				1,000,000	1,000,000	1,000,000	--		
Contribs. to Children of Vets. Prog.	0				\$2,850,000	\$105,212,400	\$2,850,000	2.8		
State GF/GP	\$102,362,400	\$0	\$0	\$0	\$9,785,400	\$117,874,913,300	\$53,047,400	3.1		
TOTAL - HIGHER ED	\$1,734,443,900	\$32,643,900	\$4,805,200	\$3,272,900	\$9,785,400	\$1,787,491,300	\$53,047,400	3.1		
TOTAL - FEDERAL	3,500,000	0	0	0	(500,000)	3,000,000	(500,000)	(14.3)		
TOTAL - STATE RESTRICTED	153,500,000	0	0	0	6,200,000	159,700,000	6,200,000	4.0		
TOTAL - GF/GP	\$1,577,443,900	\$32,643,900	\$2,540,000	\$3,272,900	\$4,085,400	\$1,624,791,300	\$47,347,400	3.0		

*FYES = FY 2004-05 fiscal year-equated students
HFA: 7/11/06

HISTORY, ARTS, AND LIBRARIES

Analyst: Al Valenzio

	FY 2005-06 YTD	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Conference	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$649,700	\$79,000	\$79,000	\$79,000	\$79,000	(\$570,700)	(87.8)
Federal	8,218,300	8,450,900	8,450,900	8,450,900	8,450,900	232,600	2.8
Local	0	0	0	0	0	0	0
Private	577,400	577,400	577,400	577,400	577,400	0	0
Restricted	2,583,600	2,781,200	2,581,200	2,581,200	2,581,200	(2,400)	(0.1)
GF/GP	41,821,900	42,800,200	43,675,200	42,242,900	43,175,200	1,353,300	3.2
Gross	\$53,850,900	\$54,688,700	\$55,363,700	\$53,931,400	\$54,863,700	\$1,012,800	1.9
FTEs	232.0	232.0	232.0	232.0	232.0	0.0	0

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 Changes from FY 2005-06 YTD Appropriations

FY 2005-06 YTD Conference Change

1. State Aid to Libraries

Partially restores grant funding to libraries. This represents an increase of 4.4%. 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. **Conference Committee** combines the two line items and recommends a \$315,900 increase.

Gross	\$7,177,300	\$315,900
GF/GP	\$7,177,300	\$315,900

2. Mackinac Island State Park Operation

Executive recommends a shift of \$200,000 from General Fund to the Mackinac Island State Park Operations Fund. **Conference Committee** does not concur with Executive and restores GF.

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

House recommended a 1.4% GF increase, Senate an 8.5% decrease. **Conference Committee** restores Executive recommendation that represents 3% reduction from current-year supplemented amount.

Gross	\$10,460,200	(\$315,900)
Federal	700,000	0
GF/GP	\$9,760,200	(\$315,900)

4. Office of Film and Television Services

Executive eliminates General Fund support for this office as funds are provided through tobacco securitization; FTE position is transferred to Management Services line item. House and Senate do not concur with Executive. **Conference Committee** does not concur with Executive, and restores GF financing.

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

Major Budget Changes from FY 2005-06 YTD Appropriations

FY 2005-06 YTD Conference Change

5. Economic Adjustments

Adjustments for salaries and wages, insurances, workers compensation, building occupancy charges, and retirement and FICA. **Conference Committee** concurs with Executive.

Gross	N/A	\$1,204,900
IDG	N/A	3,900
Federal	N/A	32,600
Restricted	N/A	41,400
GF/GP	N/A	\$1,127,000

Major Boilerplate Changes from FY 2005-06

Sec. 218. Contingency Appropriations – (Executive) 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. **Conference Committee** does not concur with Executive and deletes this section.

Sec. 221. Development of Outcomes, Goals and Performance Standards – (House) 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. By April 1, 2007, the department is to report to the Legislature its success in achieving the desired outcomes and goals. **Conference Committee** does not concur, but does include the outcomes, goals, and performance standards in sections 401, 405, and 406.

Sec. 401 (c). Prioritization of Arts Grants – (House) 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. **Conference Committee** concurs.

Sec. 401 (3). Arts Grants Prohibitions – (House/Senate) 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 Senate 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. **Conference Committee** concurs.

Sec. 401 (6). Possible Penalties – (House) NEW

The **House** adds a new subsection that allows the department to withhold any remaining undistributed grant payments for a recipient that does not comply with subsection 3; recipient also may be disqualified from future grants for up to five years. **Conference Committee** does not concur, reduces penalty period to three years.

Sec. 408. –Cultural& Ethnic Heritage Centers – (House) NEW

This directs the department to make available at least \$800,000 for grants to multi-cultural heritage centers. **Conference Committee** does not concur and amends this to eliminate the earmarking of funds; includes permissive language to allow the MCACA to make awards to these institutions, and defines Cultural and Ethnic Heritage centers and museums.

HUMAN SERVICES

Analysts: Robert Schneider and Bill Fairgrieve

	FY 2005-06 YTD	Rev. Executive	House	Senate	FY 2006-07 Conference	Difference: Conf from FY 2005-06 YTD	
						Amount	%
IDG/IDT	2,439,200	1,102,700	1,102,700	1,102,700	3,102,700	663,500	27.2
Federal	3,213,153,000	3,147,908,300	3,145,059,800	3,149,774,900	3,135,487,200	(77,665,800)	(2.4)
Local	51,076,200	55,939,500	52,939,500	55,894,400	55,519,400	4,443,200	8.7
Private	8,918,600	9,914,100	9,914,100	9,914,100	8,876,100	(42,500)	(0.5)
Restricted	71,176,100	66,868,600	66,868,600	67,468,700	67,702,000	(3,474,100)	(4.9)
GF/GP	1,081,211,900	1,190,533,200	1,150,320,600	1,187,681,500	1,197,467,900	116,256,000	10.8
Gross	4,427,975,000	4,472,266,400	4,426,205,300	4,471,836,300	4,468,155,300	40,180,300	0.9
 FTEs	 10,286.0	 10,283.7	 10,248.7	 10,117.7	 10,343.4	 57.4	 0.6

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 FY 2005-06 YTD Appropriations

1. Jobs, Education and Training Program Expansion

Increases funding for additional staff related to the expansion of the existing Jobs Education and Training (JET) pilot projects. The projects seek to increase engagement of long-term Family Independence Program recipients in work activities to achieve boosted federal work participation rate. Funding covers eligibility specialists, JET coordinators, and management/support staff, along with support services provided through DHS, DLEG and Michigan Works!

FTE	22.0	146.0
Gross	\$1,398,500	\$23,539,700
Federal	0	7,187,500
GF/GP	\$1,398,500	\$16,352,200

2. JET Pilot Savings within FIP Program

Reflects anticipated Family Independence Program (FIP) assistance savings from expansion of Jobs Education and Training (JET) pilot project. Pilot should result in reduced FIP benefits from a) increased employment income of clients; b) increased case closures due to income; c) fewer case re-openings due to better employment retention; and d) increased 90 day sanction under the JET pilot project for clients in noncompliance.

Gross	(\$1,698,500)	(\$25,741,400)
Federal	0	(4,743,500)
GF/GP	(\$1,698,500)	(\$20,997,900)

3. Other FIP Policy Changes

Includes adjustments for other FIP policy changes incorporated in the final budget, including a) \$7.2 million in savings from payment standard consolidation proposal; b) \$4.4 million in new costs related to increasing earned income disregard in JET pilot to \$200 plus 50% of earned income; and c) \$460,000 in costs for implementing Transitional FIP program (\$10 monthly payment for 6 months)

Gross	\$392,121,800	(\$2,326,800)
Federal	177,592,900	(428,600)
Restricted	50,210,700	0
GF/GP	\$164,318,200	(\$1,898,200)

House Bill 5796, Article 10
Conference Summary
FY 2006-07



Major Budget Changes from FY 2005-06 YTD Appropriations

		<u>FY 2005-06 YTD</u>	<u>Conf Change</u>
4. Short Term Family Support Program Assumes about \$5.5 million in FIP savings from implementation of Short Term Family Support Program. Program provides lump-sum \$1,500 benefit to qualifying family groups who agree to forego FIP benefits for at least four months. Program would target potential FIP applicants with high degree of work-readiness. Savings would accrue if program avoids longer term FIP benefit payments through use of upfront lump sum payment.	Gross	\$392,121,800	(\$5,456,400)
	Federal	177,592,900	(1,005,100)
	Restricted	50,210,700	0
	GF/GP	\$164,318,200	(\$4,451,300)
5. FIP Fund Shift and State-Funded FIP Benefits Replaces \$78.0 million of TANF appropriations with GF/GP for FIP program. New GF/GP would help the state overcome anticipated TANF shortfall for FY 2007. From the new GF/GP, \$50.0 million would be allocated to fund new state-funded cash benefits. This \$50.0 million would not be counted towards state maintenance of effort requirements, so recipients under the new state-funded component of the program would not be counted in federal work participation requirements.	Gross	\$392,121,800	\$0
	Federal	177,592,900	(78,000,000)
	Restricted	50,210,700	0
	GF/GP	\$164,318,200	78,000,000
6. Day Care Funding for JET Pilot Project Increases funds for Day Care Services by \$11.7 million to account for increased day care needs resulting from JET pilot expansion. Assumes an additional 1,960 day care cases for the fiscal year. Increase is offset by minimum wage impact discussed in next item.	Gross	\$465,438,600	\$11,706,300
	Federal	291,862,900	0
	GF/GP	\$173,575,700	\$11,706,300
7. Impact of Minimum Wage Increase Reduces appropriation for Day Care Services by \$12.6 million and Family Independence Program by \$5.5 million due to state minimum wage increase. Increased minimum wage will increase income for working public assistance recipients, thereby reducing benefit levels or eliminating eligibility for assistance.	Gross	\$857,560,400	(\$18,060,200)
	Federal	469,455,800	(1,010,300)
	Restricted	50,210,700	0
	GF/GP	\$337,893,900	(\$17,049,900)
8. Fund Shift: Replace SSBG with GF/GP Replaces \$15.3 million of in federal appropriations from the Social Services Block Grant with state GF/GP funding. Budget action would help offset an expected shortfall in SSBG revenue for FY 2007. SSBG revenue primarily supports local office staffing costs for social services workers.	Gross	N/A	\$0
	Federal	N/A	(15,300,000)
	GF/GP	N/A	15,300,000
9. Local Office Staffing – Child Protective Services Workers Increases funding for Child Protective Services workers by \$1.8 million and redirects another \$1.9 million from within the existing budget for this purpose. Funding will support 51 additional Child Protective Services workers, a 7% increase over existing staff levels in this area. Conference Committee added \$350,000 in additional funding for audio/video recording equipment and \$358,800 for five additional licensing positions to conduct high-risk investigations regarding abuse and neglect.	FTE	N/A	56.2
	Gross	N/A	\$4,393,800
	Federal	N/A	1,656,000
	GF/GP	N/A	\$2,737,800
10. State Child Support Incentive Payments Increases funding by \$1.0 million to support restoration of incentive payments to local Friend of the Court offices. Incentives would be based on performance in collecting child support on behalf of state public assistance recipients.	Gross	\$0	\$1,000,000
	Federal	0	0
	GF/GP	\$0	\$1,000,000

**House Bill 5796, Article 10
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD Appropriations

FY 2005-06 YTD Conf Change

11. General Foster Care Rate Increase

Provides 5% increase in general foster care rate paid to child placing agencies.

Gross	N/A	\$1,624,100
Federal	N/A	750,200
Local	N/A	204,900
GF/GP	N/A	\$669,000

12. Marriage and Fatherhood Initiatives

Healthy Marriage and Family funding of \$150.0 million annually was included for distribution to states in recent federal budget reconciliation legislation. This funding should be available for marriage, fatherhood and family-related programs. Budget anticipates sufficient funding for Michigan to replace current TANF appropriations of \$1.45 million. Conference Committee adds additional \$2.75 million in TANF support.

Gross	\$1,450,000	\$4,200,000
TANF	1,450,000	2,750,000
Other Fed	0	1,450,000
GF/GP	0	0

13. Budgetary Savings

Requires \$1.0 million in unspecified GF/GP budgetary savings to be determined by DHS and State Budget Office and approved by Legislature through legislative transfer process. This is In addition to just under \$2.0 million in specific GF/GP reductions.

Gross	N/A	(\$2,951,200)
GF/GP	N/A	(\$2,951,200)

14. Other Program Increases

Includes \$200,000 for MSU Kinship Care Resource Center, \$126,500 for Grand Rapids Youth Commonwealth after-school and summer youth programs, \$100,000 for the statewide 2-1-1 phone system, \$122,000 to support 3% contract increase for homeless and runaway youth programs, and \$170,000 increase for food stamp outreach and homeless prevention programs.

Gross	N/A	\$718,500
Federal	N/A	326,500
GF/GP	N/A	\$392,000

15. Child Care Fund Caseload

Increases Child Care Fund appropriation by \$21.3 million to reflect anticipated FY 2007 caseload and cost increase. Program provides funding to cover the state's share of the costs of caring for abused/neglected youth and delinquent youth that are court wards. Significant caseload increase is expected as fewer cases are eligible for federal Title IV-E funding.

Gross	\$173,737,900	\$21,262,100
Federal	84,791,400	1,778,500
GF/GP	\$88,946,500	\$19,483,600

16. State Disbursement Unit

Restores some of the appropriations removed in FY 2006 budget for the State Disbursement Unit (SDU). State's SDU contractor is responsible for the collection and distribution of child support throughout the state. Contract was recently re-bid and significant cost savings from anticipated. However, cost savings from the re-bid contract were overestimated. This adjustment would reduce appropriations to cover currently estimated costs.

Gross	\$13,670,100	\$4,790,700
Restricted	8,600,500	3,161,900
GF/GP	\$5,069,600	\$1,628,800

17. Information Technology – Bridges Project

Increases budgeted funding level by 100% for the Integrated Service Delivery project ("Bridges") which will re-engineer and integrate eligibility and case management computer systems. Goal of the project is to increase efficiency of DHS computer systems and reduce work burden on social services workers.

Gross	\$5,500,000	\$5,500,000
Federal	2,750,000	2,750,000
GF/GP	\$2,750,000	\$2,750,000

18. Michigan Community Service Commission (MCSC)

Transfers appropriations for commission into DHS from Department of Labor and Economic Growth budget. MCSC oversees federal, state and private grant funds to support local volunteerism and community service initiatives, including AmeriCorps and Volunteer Investment grants.

FTE	0.0	6.0
Gross	\$0	\$9,391,900
Federal	0	7,427,100
Private	0	980,300
GF/GP	0	984,500

Major Budget Changes from FY 2005-06 YTD Appropriations

FY 2005-06 YTD Conf Change

19. Department-wide Economic Adjustments

Adds \$41.2 million for DHS economic increases; includes FY 2006-07 employee salary/wage increase of 3.5% for classified employees and increases for retirement, insurance and rent/building occupancy costs.

Gross

GF/GP

N/A

N/A

\$41,246,300

\$18,480,700

Major Boilerplate Changes from FY 2005-06

GENERAL SECTIONS

Sec. 281. Reporting on Administrative Law Decisions – NEW

Requires DHS to provide a quarterly summary of final decisions and recommendations rendered by state administrative law judges, managers and officers for cases under jurisdiction of DHS.

ADULT AND FAMILY SERVICES

Sec. 423. Crisis Prevention and Food for the Elderly Allocations - REVISED

Allocates funding authorized for Crisis Prevention/Food for the Elderly line item. Provides \$20,000 increase for MiCAFE program, \$75,000 for Barry County domestic violence programs, \$25,000 each for senior food aid projects in Kent and Muskegon Counties, and \$50,000 each for Washtenaw County and City of Lansing homeless prevention programs.

CHILD AND FAMILY SERVICES

Sec. 546. General Foster Care Rate Increase – NEW

Provides that general foster care rate (paid to child placing agencies) will increase to \$19.40 per day. Funding is provided in the Foster Care Payments and Wayne County Foster Care Payments line items to cover this increase.

Sec. 556. Adoption Subsidy Reporting – NEW

Requires Department to report on its compliance with certain provisions of federal Title IV-E regarding adoption subsidies, including compliance with notification requirements, requests from adoptive parents for training support, and the number and outcomes of fair hearing requests regarding adoption subsidies.

Sec. 559. Applicability of Federal Adoption Subsidy Law – NEW

Establishes that provisions of federal Title IV-E law prevail whenever such provisions come into conflict with state law or with DHS policies or rules.

Sec. 560. Child Protective Services Equipment Purchases – NEW

Requires DHS to expend \$350,000 to equip current and new child protective services workers with digital audio/video recorders; requires that at least one recorder be housed in each district office; establishes legislative intent regarding use and purpose of the audio/video recorders.

Sec. 562. Use of Title IV-E Funds for Secure Residential Placements – NEW

Requires DHS to consider allowing counties to submit claims for federal Title IV-E funding for youth placements in secure residential facilities when a county can demonstrate the reason for the secure placement is diagnosed medical necessity and not public protection.

Sec. 565. Wayne County Allocation of Family Preservation Funding – NEW

Requires DHS to allocate up to \$2.0 million to Wayne County to provide home-based programs as part of a county expansion of community-based services. One half of the allocation shall serve adjudicated youth and the other half shall serve abused/neglected youth.

PUBLIC ASSISTANCE

Sec. 609. State SSI Supplementation – REVISED

Requires 30 day notice to the Legislature before any proposed reduction in state SSI supplementation levels.

Sec. 613. Indigent Burial Pilot Project – REVISED

Establishes an indigent burial statewide pilot project beginning January 1, 2007. If DHS and funeral establishment representatives determine that continued implementation will lead to excessive demands on appropriated funds, DHS will notify House and Senate appropriations subcommittees that the project is suspended and program payment standards shall revert to their FY 2006 levels.

Major Boilerplate Changes from FY 2005-06

Sec. 618. Suspension/Termination of Public Assistance – REVISED

Lists conditions under which public assistance can be reduced, suspended or terminated without prior notice. Language is revised to include new situations: 1) recipient is no longer resident of Michigan; 2) recipient is closed on one case to be activated on another; 3) certain federal payments are increased or are initiated; 4) recipient is disqualified for intentional program violation; and 5) a DHS negative action is upheld in an administrative hearing.

Sec. 620. Food Assistance Appropriation – NEW

Allows DHS, with approval of State Budget Director and after notification to Subcommittee Chairs, to increase appropriation for Food Assistance Program if projected caseload spending will exceed current appropriation level.

Sec. 679. Long-Term FIP Recipients Pilot Program – DELETED

Required Department to implement pilot program aimed at long-term recipients in Family Independence Program (FIP). Specifies pilot program is not to weaken either work participation requirements or sanctions for noncompliance; pilot shall include recommendations to reduce number of recipients having received cash assistance for more than 48 months; report on policies established through pilot program is required by June 1, 2006.

Sec. 681. Food Assistance Distribution – NEW

Requires DHS to implement policy changes in the distribution of food assistance program benefits to address stakeholder concerns. The change shall seek a more uniform distribution of benefits across any given month. Requires a report on the policy change by December 1, 2006.

CHILD SUPPORT ENFORCEMENT

Sec. 901. Child Support Incentive Payments – REVISED

Revises the allocation of federal child support incentive payments between the state and counties. Provides \$12.0 million to state and \$14.5 million to counties, with any excess revenues being retained by the state. If revenues fall below estimated level, counties and state incur a prorated reduction from earmarked levels. Current-law language allows state to retain up to \$15.4 million in incentive payment revenue and provides that if incentive payment revenue exceeds amount retained by state, then local match supplement for counties eliminated in the budget be restored on a prorated basis; additional revenue beyond that needed to restore the full supplement would be subject to legislative appropriation.

Sec. 907. Use of Collection Agency for Child Support Arrearages – NEW

Requires the DHS, in cooperation with State Court Administrative Office, to establish a pilot program to examine the effectiveness of contracting with a public or private collection agency. Restricted revenue raised through such a pilot could not be expended until the DHS and representatives of county Friend of the Court offices met and agreed on recommendations for use of the revenue.

JUDICIARY

Analyst: Marilyn B. Peterson

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 Conference	House Change from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$2,563,500	\$2,563,500	\$2,563,500	\$2,563,500	\$2,563,500	\$0	0.0
Federal	3,926,400	3,926,400	4,126,400	4,626,400	4,626,400	700,000	17.8
Local	3,419,100	3,612,400	3,612,400	3,612,400	3,612,400	193,300	5.7
Private	842,500	842,500	842,500	842,500	842,500	0	0.0
Restricted	87,015,900	87,178,500	87,178,400	87,178,500	87,178,500	162,600	0.2
GF/GP	157,614,500	160,125,400	161,025,400	158,520,100	160,604,800	2,990,300	1.9
Gross	\$255,381,900	\$258,248,700	\$259,348,600	\$257,343,400	\$259,428,100	\$4,046,200	1.6
FTEs	509.0	509.0	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		FY 2005-06 YTD	Conference Change
1. Circuit Judgeship Changes	Gross	N/A	\$479,400
Provides nine-month funding for four new circuit judgeships that commence January 1, 2007. <u>Executive</u> recommended. <u>House</u> not included. <u>Senate</u> included.	GF/GP	N/A	\$479,400
2. Probate Judgeship Changes	Gross	N/A	\$599,400
Provides nine-month funding for seven part-time probate judges converting to full-time on January 1, 2007. <u>Executive</u> recommended. <u>House</u> and <u>Senate</u> concurred.	GF/GP	N/A	\$599,400
3. GF/GP Reductions	Gross	N/A	(\$500,000)
Incorporates \$500,000 in unspecified program reductions, spread across various lines according to amount of GF/GP funding. <u>Executive</u> recommended. <u>House</u> concurred, but offset 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. <u>Senate</u> reduced Executive GF/GP by \$2,084,800 (1.3%), and included a \$100 placeholder for additional funding for delay reduction efforts in Court of Appeals.	GF/GP	N/A	(\$500,000)
4. Court of Appeals – Fee Revenues	Gross	\$18,653,000	\$150,000
Recognizes increased collections of existing filing and motion fees for the Court of Appeals. <u>Executive</u> , <u>House</u> , <u>Senate</u> included.	Restricted	1,886,300	150,000
	GF/GP	\$16,766,700	\$0

House Bill 5796, Article 11
Conference Summary
FY 2006-07



<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>	<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
5. Rent Increases	Gross	N/A \$53,300
Accommodates increased costs of leases and out-state judicial offices. <u>Executive</u> recommended. <u>House</u> and <u>Senate</u> concurred.	GF/GP	N/A \$53,300
6. New Federal Grants	Gross	N/A \$700,000
Recognizes receipt of new federal grants from federal Office of Highway Safety Planning to assist with automation of traffic safety data collection, storage, and retrieval. <u>Executive</u> not included. <u>House</u> included \$200,000. <u>Senate</u> included.	Federal	N/A 700,000
	GF/GP	\$0
7. Judicial Defined Contribution and FICA Costs	Gross	N/A \$360,800
Increases funding 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. <u>Executive</u> recommended. <u>House</u> and <u>Senate</u> concurred.	GF/GP	N/A \$360,800
8. Economics	Gross	N/A \$2,203,300
Includes economic increases as follows:	Federal	N/A 0
• Salaries and wages (\$1.1 million gross, \$1.0 million GF/GP), funded at 3.5% increase	Local	N/A 193,300
• Insurances (\$378,200 gross, \$358,600 GF/GP)	Private	N/A 0
• Retirement (\$618,800 gross, \$586,600 GF/GP)	Restricted	N/A 12,600
• Building occupancy charges (\$146,000 gross, \$46,800 GF/GP)	GF/GP	N/A \$1,997,400
• No economic increase for workers' compensation.		
<u>Executive</u> : recommended. <u>House</u> and <u>Senate</u> concurred.		

Major Boilerplate Changes from FY 2005-06

Sec. 204. Contact With Legislature – RETAINED

Forbids disciplinary action against any judicial branch employee for communicating with legislator or legislative staff. Executive deleted, House and Senate retained.

Sec. 304. Auditor General – NEW

Requires judicial cooperation with the auditor general. Executive did not include, House and Senate included.

Sec. 305. Expenditure and Revenue Reports – NEW

Requires quarterly reports on revenues and expenditures. Executive did not include, House and Senate included.

Sec. 307. Court of Appeals Delay Reduction – RETAINED

Expresses legislative intent that revenue from recent increases in Court of Appeals filing and motion fees be used for delay reduction efforts. Executive did not include. House included along with new language specifying that the House's funding increase be used for contractual services to further ongoing efforts toward reducing the amount of time taken to process and dispose of appeals. Senate included in same form as in conference report.

Sec. 313. Judicial Training – NEW

Expresses legislative intent for judges to receive training on judicial responsibilities pertaining to expert witnesses. Executive and Senate did not include, House included.

Sec. 317. Transcript Fees – RETAINED

Provides for expenditures to reimburse counties for additional costs should statutory limits on transcript fees be increased and associated sources of funding found. Executive and House deleted; Senate retained.

LABOR AND ECONOMIC GROWTH

Analyst: Richard Child

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Executive	FY 2006-07 Conference	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$10,743,800	\$11,207,000	\$12,271,100	\$20,485,800	\$23,485,800	\$12,742,000	118.6
Federal	787,078,700	795,345,800	795,345,800	795,345,800	795,345,800	8,267,100	1.1
Local	15,738,200	15,824,300	15,824,300	15,824,300	15,824,300	86,100	0.5
Private	2,310,300	2,314,300	2,314,300	2,314,300	2,314,300	4,000	0.2
Restricted	329,877,200	344,006,800	343,000,700	344,219,300	347,069,300	17,192,100	5.2
GF/GP	38,078,900	48,216,800	48,802,200	47,436,700	47,436,700	9,357,800	24.6
Gross	\$1,183,827,100	\$1,216,915,000	\$1,217,558,400	\$1,225,626,200	\$1,231,476,200	\$47,649,100	4.0
FTEs	4,214.0	4,266.0	4,265.0	4,297.0	4,297.0	83.0	2.0

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)	Conference Change
1. Fire Protection Grants Increases fire protection grants to FY 2004-05 funding level.	Gross	\$7,210,500	\$3,700,000
	Restricted	7,210,500	0
	GF/GP	\$0	\$3,700,000
2. Partially Replace Reed Act Work First Funds with GF/GP Expiration of Federal Reed Act Work First funding causes partial replacement with GF/GP, 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 increases (3.5% wages, 6.4% employee benefits and pensions) totaling \$17.4 million. 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. Net Increase in Federal Program/Grant Funding Provides \$2.0 million increase in Workforce Development training for the disabled; adds \$5.0 million Section 8 housing and rental assistance payments administered by MSHDA; eliminates \$1.2 million for federal grant programs that have ended.	Gross	\$0	\$5,760,000
	Federal	0	5,760,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD (as of 2/9/06)</u>	<u>Conference Change</u>
6. Jobs, Education and Training (JET) Program Adds \$12.3 million from Department of Human Services grant to provide additional program support for the Work First Program. This JET pilot program is intended to remove barriers to employment for welfare recipients. 31.0 FTEs are added.	Gross	\$0	\$12,278,800
	IDG	0	12,278,800
7. Additional Staffing for Minimum Wage Inquiries Adds \$0.3 million and 4.0 FTEs to handle inquiries regarding Michigan's new minimum wage law.	Gross	\$0	\$312,600
	Restricted	0	312,600

Major Boilerplate Issues and Changes from FY 2005-06

Sec. 310. Fire Safety Programs – MODIFIED

Recognizes newly-created Bureau of Fire Services. 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 IDGs 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 Rule – 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. 341. Consumer Finance Fees Appropriated to General Fund – NEW

Appropriates \$7.0 million in surplus consumer finance fee revenue to the General Fund.

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

Allocates \$50,000 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 Concerning OFIS – NEW

Requires annual report to the Legislature summarizing the decisions of all Administrative Law Judges decisions concerning the Office of Financial and Insurance Services (OFIS). Report is to be prepared by OFIS.

Sec. 373. Report of Number of Inquiries Concerning Michigan's Minimum Wage Law – NEW

Requires annual report for FY 2005-06 and quarterly report for FY 2006-07 of the number of inquiries from employers and employees concerning Michigan new minimum wage law.

Sec. 405. Welfare Recipient Work Requirements – MODIFIED

Adopts Governor's recommendation to reflect changes in federal welfare recipient work participation requirements.

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.

MICHIGAN STRATEGIC FUND

Analyst: Richard Child

	FY 2005-06 YTD	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Executive	FY 2006-07 Conference	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$78,600	\$78,600	\$78,600	\$78,600	\$78,600	\$0	0.0
Federal	48,021,800	47,687,000	47,687,000	47,687,000	47,687,000	(\$334,800)	(0.7)
Local	0	0	0	0	0	0	0.0
Private	700,000	700,000	700,000	700,000	700,000	0	0.0
Restricted	5,000	5,000	1,005,000	5,000	5,000	0	0.0
GF/GP	31,290,900	32,009,200	29,609,200	32,009,200	32,009,200	718,300	2.3
Gross	\$80,096,300	\$80,479,800	\$79,079,800	\$80,479,800	\$80,479,800	\$383,500	0.5
FTEs	190.0	152.0	152.0	152.0	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 also been transferred to the Department of Treasury under Public 225 of 2005.

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

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.

MILITARY AND VETERANS AFFAIRS

Analyst: Jan Wisniewski

	FY 2005-06 YTD	Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Conference	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$1,656,800	\$1,664,600	\$1,664,600	\$1,664,600	\$1,664,600	\$7,800	0.5
Federal	51,793,800	51,190,700	51,190,700	51,450,700	51,450,700	(343,100)	(0.7)
Local	0	1,253,100	0	1,253,100	1,253,100	1,253,100	N/A
Private	1,355,800	1,366,300	1,366,300	1,441,300	1,441,300	85,500	6.3
Restricted	27,579,500	26,202,700	26,202,700	26,452,700	26,452,700	(1,126,800)	(4.1)
GF/GP	37,789,100	40,640,200	41,893,300	40,757,500	40,640,200	2,851,100	7.5
Gross	\$120,175,000	\$122,317,600	\$122,317,600	\$123,019,900	\$122,902,600	\$2,727,600	2.3
FTEs	1,023.0	1,022.0	1,022.0	1,022.0	1,022.0	(1.0)	(0.1)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through June 1, 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.

<u>Items of Difference Between the House and Senate</u>		FY 2005-06					
		YTD	Executive	House	Senate	Conference	
1. Departmentwide Accounts - Military Retirement	Gross	\$1,656,800	\$166,800	\$166,800	\$166,800	\$166,800	
	Federal	1,266,100	0	0	0	0	
	GF/GP	\$390,400	\$166,800	\$166,800	\$166,800	\$166,800	
	Executive: Provides 3.4% cost of living increase due to federal requirements.						
2. Challenge Program	Gross	\$4,035,900	\$500,000	\$500,000	\$500,000	\$500,000	
	IDG	656,800	0	0	0	0	
	Federal	1,739,200	0	0	0	0	
	Private	790,800	0	0	0	0	
House: Maintained GF/GP; did not include School Aid fund shift. Senate and Conference Committee: Concurred with Executive.	Restricted	100,000	1,253,100	0	1,253,100	1,253,100	
	GF/GP	\$753,100	(\$753,100)	\$1,253,100	(\$753,100)	(\$753,100)	

House Bill 5796, Article 14
Conference Summary
FY 2006-07



<u>Items of Difference Between the House and Senate</u>		<u>FY 2005-06</u> <u>YTD</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
3. Starbase Grant	Gross	\$846,600	\$0	\$0	\$53,400	\$53,400
No change from current year by Executive and House. Senate: Added \$260,000 in federal funds. SB 242 Supplemental: Added \$206,600 in federal funds to the current-year appropriation. Conference Committee: Concurred with Senate.		Federal \$846,600	\$0	\$0	\$53,400	\$53,400
4. Veterans Service Organizations	Gross	\$3,912,300	\$0	\$0	\$117,300	\$0
No change from current year by Executive and House. Senate: Added 3% increase of \$117,300 GF/GP for VSOs. Conference Committee: Concurred with Executive and House.		GF/GP \$3,912,300	\$0	\$0	\$117,300	\$0
5. Grand Rapids Veterans Home – Board of Managers	Gross	\$598,300	(\$183,300)	(\$183,300)	\$66,700	\$66,700
No change from current year by Executive and House. Senate: Added \$75,000 private funds and \$175,000 restricted from Military Family Relief Fund. SB 242 Supplemental: Added \$183,300 in Military Family Relief Fund revenue. Conference Committee: Concurred with Senate.		Private	340,000	0	75,000	75,000
		Restricted	\$258,300	(\$183,300)	(\$8,300)	(\$8,300)
6. D.J. Jacobetti Veterans Home – Board of Managers	Gross	\$235,700	(\$35,700)	(\$35,700)	\$39,300	\$39,300
No change from current year by Executive and House. Senate: Added \$75,000 in restricted from Military Family Relief Fund. SB 242 Supplemental: Added \$35,700 in Military Family Relief Fund revenue. Conference Committee: Concurred with Senate.		Private	125,000	0	0	0
		Restricted	\$110,700	(\$35,700)	\$39,300	\$39,300

Boilerplate Items of Difference Between the House and Senate.

Senate Sec. 228. K-16 Ballot Initiative Budget Reduction Plan

Senate added language requiring a 7.93% budget reduction plan by October 15, 2006 pending the adoption of the K-16 ballot initiative. Conference Committee did not include this language.

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

Executive added new language requiring department to operate two Challenge Program classes of at least 150 pupils each and requiring department to utilize funding from school districts that receive School Aid funding. Conference Committee did not include this language.

Senate Sec. 501. Veterans Service Organizations Service Redundancy

Senate added a new subsection requiring the identification of redundant services provided by various veterans' service organizations. Conference Committee included this language.

Senate Sec. 703. Veterans Trust Fund Corpus Restoration

Senate added language including the reporting of efforts to restore the Veterans Trust Fund original corpus amount of \$50 million. Conference Committee included this language.

NATURAL RESOURCES

Analyst: Kirk Lindquist

	FY 2005-06 YTD	Executive	House	Senate	FY 2006-07 CR-1	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$3,691,200	\$3,765,900	\$3,765,900	\$3,765,900	\$3,765,900	\$74,700	2.0
Federal	41,930,200	42,964,300	42,964,300	42,964,300	43,464,300	1,534,100	3.7
Local	0	0	0	0	0	0	0
Private	2,090,100	2,125,100	2,125,100	3,125,100	3,125,100	1,035,000	49.5
Restricted	206,736,400	213,043,300	213,317,300	215,915,400	215,888,300	9,151,900	4.4
GF/GP	25,943,200	25,119,600	26,269,600	24,792,500	25,269,600	673,600	2.6
Gross	\$280,391,100	\$287,018,200	\$288,442,200	\$290,563,200	\$291,513,200	\$11,122,100	4.0
FTEs	2,079.5	2,093.4	2,092.4	2,092.4	2,092.4	13.9	0.7

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through June 1, 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	Conference Change
1. Marine Safety Grants: Federal Grant Increase Federal US Coast Guard grant funding is available for county sheriffs. Funds are available for lake safety and watercraft enforcement activities on inland lakes.	Gross	\$2,805,000	\$1,470,000
	Federal	0	1,470,000
	Restricted	2,805,000	0
2. Marine Safety Enforcement Program Federal US Coast Guard grant funds are provided for inland lakes and Great Lakes enforcement activities. Funds will be used to purchase equipment.	Gross	\$27,111,100	\$1,470,000
	Federal	3,895,600	1,470,000
	Restricted	21,073,500	0
	GF/GP	\$2,142,000	\$0
3. State Park Camping Fees Provides increased funding for State Park operations available through the latest increase in camping fees.	Gross	\$41,289,500	\$3,500,000
	Federal	113,800	0
	Private	344,200	0
	Restricted	40,831,500	3,500,000
4. Forest Fire Protection Funding Shift The Forest Development Fund is increased, and the General Fund is reduced for fire suppression on non-state lands.	Gross	\$10,421,400	\$0
	Federal	824,200	0
	Restricted	4,653,000	1,500,000
	GF/GP	\$4,944,200	(\$1,500,000)
5. Accessibility Grants: State Parks A new line item authorizing receipt and expenditure of Kellogg Foundation grant to improve State Park access for disabled persons.	Gross	\$0	\$1,000,000
	Private	\$0	\$1,000,000

**Senate Bill 1094
Conference Summary
FY 2006-07**



<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
6. Jackson County: Cascades Park A new line item is included to remove a wall and perform necessary maintenance at this county park.	Gross	\$0	\$500,000
	Federal	\$0	\$500,000
7. Payments in Lieu of Taxes - Purchased Lands Full funding is provided for payments in lieu of property taxes to local taxing authorities.	Gross	\$5,050,000	\$350,000
	Restricted	2,700,000	0
	GF/GP	\$2,350,000	\$350,000
8. National Recreational Trails Grants The Federal grant program to develop and maintain recreational trails is increased.	Gross	\$1,850,000	\$300,000
	Private	50,000	0
	Federal	1,800,000	300,000
9. Kalamazoo River Dam Removal Three dams would be removed from the Kalamazoo River: Otsego, Plainwell, and Trowbridge Dams.	Gross	\$17,232,000	\$2,000,000
	Federal	3,618,500	0
	Private	109,700	0
	Restricted	13,503,800	2,000,000
10. Wildlife Management: Sportsmen Against Hunger A newly enacted program is included in the Wildlife appropriation.	Gross	\$24,567,800	\$250,000
	Federal	10,029,800	0
	Private	108,500	0
	Restricted GF/GP	12,692,200 \$1,737,300	250,000 \$0
11. Cormorant Control A new line item is included to support cormorant population mitigation efforts.	Gross	\$0	\$150,000
	GF/GP	\$0	\$150,000
12. Bay City State Park Docks Appropriation to install floating docks and barrier-free access at Bay City State Park (boilerplate section 708).	Gross	\$0	\$100,000
	Restricted	\$0	\$100,000
13. Petoskey Breakwater Waterways Fund would be available to make necessary repairs to the Petoskey breakwater pier(boilerplate section 709).	Gross	\$0	\$400,000
	Restricted	\$0	\$400,000
14. Chappel Dam Maintenance Game and Fish Protection Fund would be provided to maintain this water control dam in Gladwin County.	Gross	\$0	\$300,000
	Restricted	\$0	\$300,000
12. 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	\$6,472,800
	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. 218. Aircraft Use – NEW

Prohibits use of State aircraft by higher education institutions or legislative staff, and local government employees.

Sec. 219. Deprived and Depressed Communities – NEW

Ensures that businesses in economically depressed areas can compete for State contracts.

Sec. 301. Project F.I.S.H.– NEW

Requires a cost benefit analysis of the collaborative program to increase the number of anglers.

Sec. 406. Turkey License Sales – DELETED

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

Sec. 501. Indemnification Payments – REVISED

Adds cougars to list of predators.

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. 706. Island Lake Shooting Range – NEW

Requires an engineering study for site modifications to mitigate sound problems at the shooting range.

Sec. 707. Access Sites on Inland Lakes – NEW

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

Sec. 804. Forest Finance Authority Project – NEW

Requires a report on the planned use, expenditure, and steps taken by the Authority related to the \$26.0 million appropriation from the 21st Century Jobs Trust Fund.

Sec. 1104. ORV Trail Development – NEW

Requires the expenditure of \$980,000 to develop new ORV trails.

SCHOOL AID

Analysts: Mary Ann Cleary, Bethany Wicksall

	FY 2005-06 YTD	Executive	Senate	House	FY 2006-07 Conference	Difference: House from FY 2005-06 YTD	
						Amount	%
IDG/IDT	0	0	0	0	0	0	0.0
Federal	1,392,587,300	1,412,736,900	1,412,736,900	1,412,736,900	1,411,236,900	18,649,600	1.3
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,301,850,000	11,671,277,800	11,668,853,800	11,646,116,500	11,647,508,200	345,658,200	3.0
GF/GP	62,714,000	35,000,000	35,000,000	45,000,000	35,000,000	-27,714,000	-44.2
Gross	12,757,151,300	13,119,014,700	13,116,590,700	13,103,853,400	13,093,745,100	336,593,800	2.6

Major Budget Changes from FY 2005-06 YTD Appropriations

	FY 2005-06 YTD	Conference Change
--	-------------------	----------------------

1. Proposal A Obligation Payment

Exec provides a reduction of \$245 million to reflect changes in taxable values, pupil membership blends, and anticipated savings from enhanced tax audits. Senate concurs. House revises based on May consensus estimates. Conf. Report revises based on May consensus estimates.

Gross	\$6,459,000,000	(\$252,000,000)
Restricted	6,459,000,000	(252,000,000)

2. Discretionary Payment

Exec adds \$367.3 million to reflect a \$200 per pupil increase in the foundation allowance for FY 2006-07. Senate adds \$406.8 million to reflect a \$225 per pupil increase. House adds \$418.3 million to reflect a \$230 per pupil increase. Conf. Report adds \$385.9 million for a \$210 per pupil increase.

Gross	\$3,197,736,800	\$385,913,200
Restricted	3,197,736,800	385,913,200

3. Equity Payment

Senate adds \$41.2 million to provide an equity payment of up to \$60 per pupil to districts with a Senate-proposed FY 2006-07 foundation allowance below \$7,160. House adds \$35.2 million to provide equity payment of \$35 per pupil to districts with House-proposed FY 2006-07 foundation allowance below \$7,480. Conf. Report adds \$20.0 million to provide equity payment of \$23 per pupil to districts with a FY 2006-07 foundation allowance below \$7,360.

Gross	\$0	\$20,000,000
Restricted	0	20,000,000

4. Other Foundation Adjustments

Exec proposes \$41.5 million for districts to receive an additional \$25 per pupil for FY 2005-06 and provides \$12.0 million for foundation adjustments for districts who were levying mills to finance an operating deficit in 1993. Senate does not include FY 2005-06 increase but provides placeholders for foundation adjustments except for Garden City which would receive \$500,000 for foundation adjustment. House does not include any of the items. Conf. Report includes foundation adjustment of \$800,000 (Garden City) and \$500,000 (Huron Schools).

Gross	\$0	\$1,300,000
Restricted	0	1,300,000

Senate Bill 1095
Conference Summary
FY 2006-07



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
5. Declining Enrollment <u>Exec</u> proposes \$50.0 million for declining enrollment grants to local districts (not charters) with two years of consecutive pupil membership decline. <u>Senate</u> adds \$100 placeholder. <u>House</u> does not include the item. <u>Conf. Report</u> includes \$20.0 million for declining enrollment.	Gross	\$0	\$20,000,000
	Restricted	0	20,000,000
6. Cash Flow Borrowing <u>Exec</u> proposes moving \$22.8 million of costs from cash-flow borrowing from GF to the School Aid Fund balance sheet. <u>Senate</u> concurred but created a line item to fund it in the School Aid act. <u>House</u> does not shift any cash flow borrowing costs from GF to the School Aid fund. <u>Conf. Report</u> concurs with the Senate.	Gross	\$0	\$22,800,000
	Restricted	0	22,800,000
7. Engineering Michigan's Future – District <u>House</u> adds \$30.0 million to reflect \$80 per pupil in grades 6,7, and 8 for middle school math initiative. <u>Conf. Report</u> includes \$20.0 million to reflect \$54 per pupil.	Gross	\$0	\$20,000,000
	Restricted	0	20,000,000
8. Engineering Michigan's Future – ISDs <u>House</u> adds \$150,000 to the ISD portion of the middle school math initiative and provides intent that ISD program place an emphasis on professional development. <u>Conf. Report</u> eliminates this program.	Gross	\$3,850,000	(\$3,850,000)
	Restricted	3,850,000	(3,850,000)
9. Math and Science Centers <u>Exec</u> increases state restricted funding for math and science centers by \$1.0 million to provide additional funding to centers that are able to provide curriculum and professional development support to assist districts in implementing the core curriculum. <u>Senate</u> concurs with Exec. <u>House</u> concurs with Exec but provides an additional \$1.5 million increase for general operations. <u>Conf. Report</u> concurs with Senate.	Gross	\$6,956,000	\$1,000,000
	Federal	4,456,000	0
	Restricted	2,500,000	1,000,000
10. Adult Education Funding <u>Exec</u> increases funding for adult education programs by \$4.0 million to a total of \$25.0 million. Funding for existing programs are increased to 125% of FY 2005-06 amount. <u>Senate</u> concurs with Exec on appropriation but requires that all of the increase be used for new programs. <u>House</u> concurs with Exec and Senate on appropriation but uses \$2.0 million for an increase to existing programs and \$2.0 million for new programs, of which \$600,000 would be for 3 grants to innovative community college programs. <u>Conf. Report</u> increases funding by \$3.0 million and splits it between existing and new programs. Of the \$1.5 million for new programs it would provide one grant of \$200,000 to expand an existing innovative community college program.	Gross	\$21,000,000	\$3,000,000
	Restricted	21,000,000	3,000,000
11. Reimbursement for Fingerprinting <u>Senate</u> included \$3.5 million to reimburse for public school employees who had to have fingerprints done a second time under the new statute. <u>House</u> concurs with Senate and includes \$200,000 to reimburse non-public school employees under the same circumstances. <u>Conf. Report</u> does not provide separate appropriation line item for fingerprinting costs but rolls this reimbursement into the increase in foundation allowance.	Gross	\$0	\$0
	Restricted	0	0
	GF/GP	\$0	\$0

**Senate Bill 1095
Conference Summary
FY 2006-07**



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Conference Change
12. Early Childhood Grants	Gross	\$250,000	\$1,500,000
<u>Exec</u> maintains current funding for interagency early childhood grants. <u>Senate</u> increases to \$500,000. <u>House</u> increases to \$2,000,000. <u>Conf. Report</u> increases funding by \$1.5 million.		GF/GP \$250,000	\$1,500,000
13. Court-Placed Pupils	Gross	\$8,000,000	\$0
<u>Exec</u> increases funding by \$2.0 million to total \$10.0 million. <u>Senate</u> and <u>House</u> concur. <u>Conf. Report</u> does not provide an increase in line.		Restricted 8,000,000	0
14. Michigan Virtual High School (MVHS)	Gross	\$5,000,000	\$1,000,000
<u>Exec</u> adds \$1.0 million GF to provide online test preparation resources for high-school students and \$525,000 in school aid funds for a career exploration and planning tool to be made available to all students at no cost. <u>Senate</u> and <u>House</u> concur. <u>Conf. Report</u> provides \$500,000 for online test preparation and \$500,000 for online career planning tool.		Federal 3,250,000	0
	Restricted	0	500,000
	GF/GP	\$1,750,000	\$500,000
15. Before and After School Programs	Gross	\$0	\$0
<u>House</u> adds \$1.0 million for Grants to Before and After School programs. Grants would be no more than \$100,000 per program and no more than \$200,000 in a single county. <u>Conf. Report</u> does not fund this program.		GF/GP \$0	\$0
16. Adolescent Health Centers	Gross	\$3,743,000	\$0
<u>Senate</u> adds \$2,000,000 for 11 new school health centers. <u>House</u> adds \$1,000,000. <u>Conf. Report</u> does not provide an increase.		Restricted 3,743,000	0
17. International Baccalaureate Programs	Gross	\$0	\$250,000
<u>House</u> adds \$500,000 for five grants of up to \$100,000 for the start-up costs of IB programs. <u>Conf. Report</u> provides \$250,000 for five grants of \$50,000 each.		Restricted 0	250,000
18. Early Intervention Program	Gross	\$0	\$400,000
<u>Senate</u> adds \$500,000 for an early intervening program in grades K-3 to reduce the need for future special education placement. <u>House</u> concurs with Senate. <u>Conf. Report</u> provides \$400,000.		Restricted 0	400,000
19. Exemplary Achievement Grants	Gross	\$0	\$0
<u>House</u> adds \$500,000 for two grants of up to \$250,000 each for schools with exemplary achievement who are contiguous to at least two districts with foundations of at least \$1,000 higher than their own. <u>Conf. Report</u> does not fund this program.		Restricted 0	0
20. Conductive Learning Study	Gross	\$0	\$250,000
<u>House</u> adds \$150,000 for a study by MSU to evaluate Aquinas College conductive learning program and its results for children with cerebral palsy. <u>Conf. Report</u> provides \$250,000.		Restricted 0	250,000
21. Financial Emergency District Funding	Gross	\$0	\$125,000
<u>House</u> adds \$100 placeholder for grant to a district that was prorated while it had an emergency financial manager. <u>Conf. Report</u> provides \$125,000.		Restricted 0	125,000
22. MEAP Assessment Testing Costs – Transferred	Gross	N/A	\$27,925,200
<u>Exec</u> provides \$27.9 million for costs associated with elementary and high school assessments required under state and federal law. Program was transferred from Department of Education. <u>Senate</u> , <u>House</u> and <u>Conf. Report</u> concur.		Federal N/A	8,425,200
	Restricted	N/A	19,500,000

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
23. School Breakfast Program – Transferred <u>Exec</u> appropriates \$9.6 million SAF for school breakfast program formerly funded in Department of Education with GF/GP. <u>Senate</u> , <u>House</u> , and <u>Conf. Report</u> concur.	Gross	N/A	\$9,625,000
	Restricted	N/A	9,625,000
24. Hearing and Vision Screening – Transferred <u>Exec</u> includes funds for state portion of hearing and vision screenings described in Section 9301 of Public Health Code. A local public health department shall pay at least 50% of the total cost of the screenings. FY 2005-06 funding was \$2.5 million GF;/GP in DCH. <u>Senate</u> concurs with <u>Exec</u> . <u>House</u> includes but funds with GF/GP. <u>Conf. Report</u> concurs with <u>Senate</u> .	Gross	N/A	\$5,150,000
	Restricted	N/A	0
	GF/GP	N/A	\$5,150,000
25. School Bus Inspections – Transferred <u>Exec</u> transfers funding of \$1.3 million for school bus inspections from GF/GP in Department of State Police budget to school aid funds. <u>Senate</u> concurs with <u>Exec</u> . <u>House</u> includes but funds with GF/GP. <u>Conf. Report</u> concurs with the <u>Senate</u> .	Gross	N/A	\$1,340,000
	Restricted	N/A	0
	GF/GP	N/A	\$1,340,000
26. Other Proposed Transferred Programs – Transferred <u>Exec</u> proposes transfer of programs previously funded in other departments with GF to the school aid fund: Juvenile Detention Facilities (DHS) \$3.0 million; Youth Challenge Program (DMVA) \$1.3 million; Pre-College Engineering Program (DLEG) \$0.7 million. <u>Senate</u> concurs with <u>Exec</u> , but adds \$100,000 to pre-college engineering program. <u>House</u> maintains programs with GF in the original departments. <u>Conf. Report</u> concurs with <u>Senate</u> .	Gross	N/A	\$5,033,200
	Restricted	N/A	5,033,200
27. School Readiness Program – District Grants <u>Exec</u> increases funding by \$28.8 million to allow over 8,700 more 4-year-olds to be served. <u>Senate</u> increases by \$7.4 million, but increases per pupil allowance from \$3,300 to \$3,400 and increases slots by only 1,588. <u>House</u> maintains current-year funding. <u>Conf. Report</u> increases funds by \$6.0 million but retains current per pupil allowance at \$3,300.	Gross	\$72,800,000	\$6,000,000
	Restricted	72,600,000	6,000,000
	GF/GP	\$200,000	\$0
28. Great Parents, Great Start – ISD grants <u>Exec</u> adds \$6.7 million to expand ISD age 0-5 program to \$10.0 million. <u>Senate</u> concurs with <u>Exec</u> . <u>House</u> maintains current-year funding. <u>Conf. Report</u> increases funding by \$1.7 million to \$5.0 million.	Gross	\$3,326,000	\$1,674,000
	Restricted	3,326,000	1,674,000
29. Detroit Transition Grant <u>Exec</u> eliminates \$7.0 million grant to Detroit Public Schools which was to assist with transition from Reform Board to Elected School Board. <u>Senate</u> , <u>House</u> , and <u>Conf. Report</u> concur.	Gross	\$7,000,000	(\$7,000,000)
	Restricted	7,000,000	(7,000,000)
30. Intermediate School Districts (ISDs) General Operations <u>Exec</u> increases general operations funding by 2.9% or \$2.3 million to provide increase proposed in foundation allowance and adds \$500,000 to develop expanded professional development opportunities for teachers to update and expand their knowledge and skills to support core content standards and curriculum requirements. <u>Senate</u> concurs with <u>Exec</u> but provides 3.3% increase to match foundation allowance increase. <u>House</u> maintains current-year funding. <u>Conf. Report</u> provides 3.1% increase to match foundation allowance increase, but does not include funds for professional development.	Gross	\$77,702,100	\$2,408,800
	Restricted	77,702,100	2,408,800

<u>Major Budget Changes from FY 2005-06 YTD Appropriations</u>		<u>FY 2005-06 YTD</u>	<u>Conference Change</u>
31. Center for Education and Performance (CEPI)	Gross	\$5,543,200	\$350,000
<u>Exec</u> increases funding by \$2.5 million GF/GP to \$4.5 million for continued development and implementation of a comprehensive data management and student tracking system. <u>Senate</u> concurs with <u>Exec</u> . <u>House</u> maintains current-year funding. <u>Conf. Report</u> provides an additional \$350,000.	Federal	3,543,200	0
	GF/GP	\$2,000,000	\$350,000
32. Other New Programs Proposed by Executive	Gross	\$0	\$3,150,000
<u>Exec</u> proposed the following new categoricals:	Restricted	0	3,150,000
<ul style="list-style-type: none"> • Middle School After School Grants-\$15.0 million • Elementary Math and Reading Grants-\$10.0 million • Health/Science Middle College Program-\$5.0 million • Vocational Educ. Curriculum Development-\$1.0 million • ECIC Collaborative Grants-\$1.0 million • FIRST Robotics Competition Grants-\$1.0 million 			
<u>Senate</u> put \$100 place holders for the first five but did not include the FIRST Robotics grants. <u>House</u> included only \$500,000 for Vocational Education Curriculum Development, but none of the other line items. <u>Conf. Report</u> provides \$2.0 million for Health/Science Middle College, \$1.0 million for ECIC, and \$150,000 for the FIRST Robotics Program.			
33. Other New Programs Proposed by Senate	Gross	\$0	\$2,475,000
<u>Senate</u> added the following categoricals:	Restricted	0	2,475,000
<ul style="list-style-type: none"> • Children of Incarcerated Parents Grants - \$1.875 million • Book a Month Program - \$1.0 million • Automated External Defibrillators - \$100,000 			
<u>House</u> included only \$100,000 for Automated External Defibrillators. <u>Conf. Report</u> concurs with <u>Senate</u> on Children of Incarcerated parents and AEDs, but provides only \$500,000 for Book a Month program.			
34. Other New Programs Added by Conference Committee	Gross	\$0	\$1,750,000
<u>Conference Committee</u> added the following categoricals:	Restricted	0	1,750,000
<ul style="list-style-type: none"> • Web-Based Assessments - \$1.0 million • School Building Security Mapping - \$350,000 • Positive Behavioral Support Program - \$300,000 • Mercy Education Project - \$100,000 			

Major Boilerplate Changes from FY 2005-06

Sec. 6(4)(r). Developmental Kindergarten – DELETED

Exec, Senate, and House remove language which would not allow developmental kindergarten pupils to be counted as pupil membership.

Sec. 6(7). Pupil Membership Count Day – REVISED

Exec, Senate, and House change count day from 4th Wednesday in September to 4th Wednesday after Labor Day.

Sec. 18(2). School Operations Budgets – NEW

Exec, Senate, and House require that districts make their board-approved annual operating budgets and any revisions available on their websites, or if the district does not have one, on their ISD's website.

Sec. 20(1). FY 2006-07 Basic Foundation Allowance – REVISED

Exec increases FY 2006-07 basic per-pupil foundation allowances by \$200 to \$7,075; Senate increases by \$225 to \$7,100; House increases by \$230 to \$7,105, but adds language that the basic would revert to \$6,875 if K-16 ballot initiative passes; Conference Committee increases FY 2006-07 basic per-pupil foundation allowance by \$210 to \$7,085.

Major Boilerplate Changes from FY 2005-06

Sec. 32L. School Readiness Competitive Grants – REVISED

House changes the requirements for teachers and paraprofessionals to match the changes in Section 37 and allows for any grant recipient to be able to use its original funding level to provide either a half-day or full-day. Conference Committee concurs with the House on full-day funding but makes teaching requirements match the committee's changes to Section 37.

Sec. 37. School Readiness Teacher Requirements – REVISED

House adds language for districts that are unable to comply with current teacher requirements for school readiness teachers to be able to hire individuals who have one or more of the following: a) a valid teaching certificate with an early childhood endorsement (ZA) or a child development associate credential (CDA), 2) a bachelor's degree in child care or child development, or 3) a child development credential (CDA) combined with an associate's degree in early childhood education. Changes the paraprofessional requirement to allow a district to hire an individual who has completed at least 1 course in an appropriate training program, including, but not limited to, a CDA, an associate degree in child development program, or similar program. Conference Committee retains current language but would allow a teacher with at least 4 years experience in a qualified preschool and 90 credits to be waived from these requirements.

Sec. 51a. Special Education Itinerant Staff – REVISED

Exec eliminates language that allows funding that would otherwise lapse from this section to pay affected districts or ISDs on a FY 2003-04 basis for FY 2004-05 only; if sufficient excess funds are not available to pay on FY 2003-04 basis, then proration of the excess funds will occur on an equal percentage basis. Senate concurs with Exec. House retains current law and specifies from which sections lapse funds should be used. Conference Committee concurs with the House.

Sec. 81(2). ISD Professional Development – NEW

Conference Committee adds intent that ISDs which receive operational support collaborate with the Department of Education to provide professional development to teachers in order to support the Michigan Merit Curriculum.

Sec. 98 and 99. Scientific Method – NEW

House adds language requiring that science activities funded for the Michigan Virtual University and Math and Science Centers use the scientific method to critically evaluate scientific theories.

Sec. 101. Hours of Instruction – REVISED

Senate changes the number of hours of professional development that can be counted as hours of instruction from 51 to 38. House concurs with Exec on technical changes but retains current law on professional development hours. Conference Committee concurs with the Senate.

Sec. 107. Adult Education Program – REVISED

Exec changes the distribution of payments to districts for funding adult education students from 90% for enrollment and 10% for completion to 75% for enrollment and 25% for completion. Senate retains current law. House concurs with Exec. Conference Committee concurs with the Senate.

Sec. 147. MPSERS Contribution Subsidy – REVISED

Exec, Senate, and House estimate percentage of payroll districts must allocate for public school employee retirement at 17.74%.

STATE POLICE

Analyst: Jan Wisniewski

	FY 2005-06 YTD	Executive	FY 2006-07 House	FY 2006-07 Senate	FY 2006-07 Conference	Difference: Conference from FY 2005-06 YTD	
						Amount	%
IDG/IDT	\$20,736,300	\$22,642,400	\$22,642,400	\$22,642,400	\$22,642,400	\$1,906,100	9.2
Federal	184,031,900	181,013,300	169,013,300	169,305,000	169,305,000	(14,726,900)	(8.0)
Local	6,597,900	8,088,900	8,088,900	8,088,900	8,088,900	1,491,000	22.6
Private	75,000	80,300	80,300	80,300	80,300	5,300	7.1
Restricted	111,572,500	111,373,200	111,373,200	111,373,200	119,873,200	8,300,700	7.4
GF/GP	235,861,600	255,298,700	259,298,700	255,298,700	249,298,700	13,437,100	5.7
Gross	\$558,875,200	\$578,496,800	\$570,496,800	\$566,788,500	\$569,288,500	\$10,413,300	1.9
FTEs	2,900.0	2,903.0	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 June 1, 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.

Items of Difference Between the House and Senate

		FY 2005-06 YTD	Executive	House	Senate	Conference
1. Secondary Road Patrol Program	Gross	\$14,020,100	\$4,600	\$1,504,600	\$4,600	\$4,600
	Restricted	14,020,100	4,600	4,600	4,600	4,600
	GF/GP	\$0	\$0	\$1,500,000	\$0	\$0
Executive: Economic adjustment of \$4,600 restricted funds. House: Added \$1.5 million GF/GP for additional law enforcement-related funding for local police agencies. Senate and Conference Committee: Concurred with Executive.						
2. Laboratory Operations	FTEs	180.0	3.0	3.0	3.0	3.0
	Gross	\$18,874,900	\$218,100	\$218,100	\$509,800	\$509,800
	Federal	1,089,200	(1,018,000)	(1,018,000)	(726,300)	(726,300)
	Restricted	1,600,800	106,000	166,000	106,000	106,000
	GF/GP	\$16,184,900	\$1,130,100	\$1,130,100	\$1,130,100	\$1,130,100
Executive: Various FTE and funding adjustments. House: Concurred with Executive. Senate: Added \$291,700 in federal funds to reflect additional federal authorization. SB 242 Supplemental: Added \$291,700 federal revenue and \$60,000 restricted. Conference Committee: Concurred with Senate.						

House Bill 5796, Article 17
Conference Summary
FY 2006-07



<u>Items of Difference Between the House and Senate</u>		<u>FY 2005-06</u> <u>YTD</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
3. At-Post Troopers	FTEs	1,141.0	0.0	0.0	0.0	0.0
Executive: Replace \$2.0 million in restricted Traffic Law Enforcement and Safety Fund revenue with GF/GP; economic adjustment of \$7,814,100 GF/GP. House: Added \$2.5 million GF/GP for a 50-student trooper recruit school to increase total trooper strength. Senate: Concurred with Executive. Conference Committee: Added \$8.5 million restricted from the State Services Fee Fund transferred to the Traffic Law Enforcement and Safety Fund; reduced \$6.0 million GF/GP, resulting in \$2.5 million to fund a trooper recruit school.	Gross	121,088,200	7,814,100	10,314,100	7,814,100	10,314,100
	Restricted	46,754,400	(2,000,000)	(2,000,000)	(2,000,000)	6,500,000
	GF/GP	74,333,800	9,814,100	12,314,100	9,814,100	3,814,100

Boilerplate Items of Difference Between the House and Senate

Conference Committee Sec. 218. Trooper School Requirement

Conference Committee added language requiring a trooper school with a goal of not less than 50 graduates to commence no later than August 15, 2007.

Conference Committee Sec. 225. Michigan Justice Training Fund

Conference Committee added language stating legislative intent that Michigan Justice Training Funds within MCOLES be used solely for grant delivery.

Senate Sec. 226. State, Local and Regional Communication Interoperability Plans

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

Senate Sec. 227. Prohibit Transporting Employees on State Aircraft

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

Senate Sec. 228. K-16 Ballot Initiative Budget Reduction Plan

Senate added language requiring 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. Conference Committee did not include this language.

Senate Sec. 229. State Police Retirement System

Senate added language requiring 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. Conference Committee included this language.

Senate Sec. 230. Trooper School

Senate added language requiring 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. Conference Committee included this language.

House Sec. 226. MCOLES Certified Officers for Trooper School

House added language emphasizing recruitment of MCOLES certified local level police officers for the trooper recruit school. Conference Committee included this language.

Boilerplate Items of Difference Between the House and Senate

Senate Sec. 308. LEIN Fee Increase Reporting

Senate added language requiring the department to report any changes in the LEIN fee structure to the subcommittees. Conference Committee included this language.

Conference Committee Sec. 902. State Services Fee Fund Transfer

Conference Committee added language providing \$8.5 million in surplus FY06-07 State Services Fee Fund revenue to be appropriated to the Traffic Law Enforcement and Safety Fund.

House Sec. 1102. Methamphetamine Reporting

House added language requiring the department to utilize 2.0 FTE positions for collecting methamphetamine incidence reports and providing reports to the Appropriations Committees. Conference Committee included language but did not include 2.0 FTE data collection designation.

TRANSPORTATION

Analyst: William E. Hamilton

	FY 2005-06 YTD As of 7/12/06*	FY 2006-07 Executive	FY 2006-07 House	FY 2006-07 Senate**	FY 2006-07 Conference	Difference: Conference from 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	1,169,336,300	(\$41,314,000)
Local	6,100,000	47,500,000	47,500,000	47,500,000	47,500,000	41,400,000
Private	0	0	0	0	0	0
Restricted	2,197,159,900	2,225,499,100	2,224,909,500	2,214,382,600	2,225,331,000	28,171,100
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	\$3,442,167,300	\$28,257,100
FTEs	3,037.3	3,036.3	3,036.3	3,022.3	3,036.3	(1.0)

* Reflects adjustments made in Supplemental appropriation bill, Senate Bill 242. **Senate Bill 1097 used as basis of comparison.

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** –Includes a \$41.4 million increase in appropriated local revenue, 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.
- **Interdepartmental Grants** – Conference report adopts the Executive budget recommendations, per General Fund target agreement.
- **Performance Excellence** – Conference report adopts the Executive budget recommendation.
- **Safe Routes to School** – Includes \$4.0 million for new federal program, an initiative in SAFETEA-LU, the federal-aid reauthorization act. (Also included in current-year supplemental).
- **Road & Bridge Construction** – Appropriates \$988.1 million, a \$4.5 million decrease from current-year, based on estimated federal and State Trunkline Fund (STF) revenue.
- **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.
- **Rail Passenger**–Funds Rail Passenger line at \$8.2 million, the same as current-year funding.
- **Other Public Transportation** – Conference report adopts Executive budget recommendation for CTF-funded lines.

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	Change
1. Debt Service	Gross	\$240,743,500	(\$33,123,500)
Reflects reduction in debt service through anticipated refinancing of GARVEE notes.	Federal	103,200,000	(48,200,000)
	Restricted	137,543,500	15,076,500
2. Interdepartmental Grants to Other State Departments	Gross	\$44,635,700	\$1,576,500
Includes \$20.0 million MTF to Department of State, \$8.8 million (MTF) to Department of Treasury for costs of collecting MTF revenue.	Restricted	44,635,700	1,576,500

House Bill 5796, Article 18
Conference Summary
FY 2006-07



Major Budget Changes from FY 2005-06 YTD Appropriations		FY 2005-06 YTD	Change
3. Economic Development and Enhancement Programs – Business Support	FTEs	9.0	0.0
Reflects \$36,700 economic reduction; adds \$181,800 state restricted to offset federal funds	Gross	\$985,900	\$145,400
	Restricted	985,900	145,100
4. Information Technology	Gross	\$27,000,000	\$876,500
Adds \$891,800 (federal) for IT projects.	Federal	555,100	891,800
	Restricted	26,444,900	(15,300)
5. Engineering Services	FTEs	804.2	(2.0)
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. (There is a net reduction of one FTE position due to program transfers.)	Gross	\$53,871,300	\$1,666,600
	Federal	10,008,200	1,143,100
	Restricted	43,863,100	523,500
6. State Trunkline Maintenance	FTEs	815.6	10.0
Increase reflects additional 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.	Gross	\$262,017,900	\$13,147,000
	Restricted	262,017,900	13,147,000
7. State Trunkline Road and Bridge Construction	Gross	\$992,612,100	(\$4,547,900)
Appropriates \$988.1 million, a \$4.5 million decrease from current-year, reflecting anticipated federal and STF revenue. Increase in local revenue is a technical adjustment, not an actual increase in available revenue.	Federal	754,800,300	(2,735,800)
	Local	5,000,000	25,000,000
	Restricted	235,811,800	(32,283,700)
8. MTF Distribution to Local Road Agencies	Gross	\$1,004,653,100	\$6,890,400
Appropriates \$1.0 billion (\$649.4 million to county road commissions and \$362.1 million to cities and villages) based on MTF revenue estimates and Act 51 formula; actual distribution will be based on actual MTF revenue.	Restricted	1,004,653,100	6,890,400
9. Transportation Economic Development	Gross	\$41,009,800	\$757,000
Authorizes \$41.8 million reflecting statutory distribution, except for additional \$40,000 added to Forest roads program for construction of additional truck turnoffs.	Restricted	41,009,800	757,000
10. Aeronautics Programs	FTEs	56.0	0.0
Program reductions of \$709,800 to Aeronautics services, and \$300,000 to Air service program reflect anticipated reduction in State Aeronautics Fund revenue.	Gross	\$8,486,500	(\$793,000)
	Restricted	8,486,500	(793,000)
11. Public Transportation and Freight Services	FTEs	74.0	0.0
Maintains funding at current-year baseline (after \$895,000 increase made in SB 242 supplemental). Increase reflects economic adjustments.	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
Maintains current-year funding level; boilerplate would limit Port Huron/Chicago and Grand Rapids/Chicago subsidy to \$7.1 million (See boilerplate section 711)	Federal	1,000,000	0
	Restricted	7,200,000	0

Major Budget Changes from FY 2005-06 YTD Appropriations

		FY 2005-06 YTD	Change
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 additional CTF revenue and \$7.0 million 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. 258. Information Technology— NEW

House: Includes work project carry-forward language. **Senate:** Not Included. **Conference:** Concurs with House.

Sec. 305. Lease of Space in Public Passenger Properties

House: Modifies to allow use of funds to maintain or *improve* properties. **Senate:** Retains current-year language. **Conference:** Concurs with Senate.

Sec. 306. Biennial Audit of Transportation Funds.

House: Modifies language; extends report due date to 9 months after state CAFR. **Senate:** Retains current-year language. **Conference:** Modifies language; extends report due date to 9 months after state CAFR.

Sec. 308. Compliance with Construction Contract Specifications

House: Retains current-year language. **Senate:** Modifies to include fiscal agencies and State Budget Director as report recipients. **Conference:** Concurs with Senate.

Sec. 311. Local Advance Construct Projects

House: Not included. **Senate:** Retains current-year language. (Note that current year language was repealed in SB 242.) **Conference:** Concurs with House (not included).

Sec. 383. State Airfleet Restrictions— NEW

Conference: Adds new subsection (6) to waive restrictions for law enforcement and homeland security.

Sec. 391. Public Transportation Deputy Directors — NEW

House: Indicates legislative intent that there be separate directors for public transportation and aeronautics. **Senate:** Not included. **Conference:** Concurs with House.

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

House: 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. **Senate:** Not included. **Conference:** Concurs with Senate (not included).

Sec. 393/384 Detroit River International Crossing Study — NEW

House: Prohibits expenditure of funds on study without prior legislative approval. **Senate:** Prohibits expenditure of funds on study or to implement study recommendations. **Conference:** Modifies language as follows: "Sec. 384 The department shall not, directly or indirectly, expend any funds appropriated in Part 1 for design or right of way acquisition associated with a new crossing of the Detroit River between Detroit, Michigan and Windsor, Ontario."

Sec. 402. Sale of Local Federal Aid — NEW

"Authorizes local road agencies to sell federal aid to department or to other local road agencies." **House:** Includes: "The state-restricted transportation funds received in exchange for federal aid shall be used for the same purpose for which the federal aid had been programmed." **Senate:** Includes "Exchanged funds shall be used for the original purpose." **Conference:** Modifies language as follows: "The state-restricted transportation funds received in exchange for federal aid funds shall be used for the same purpose as the federal aid were originally intended."

Major Boilerplate Changes from FY 2005-06

Sec. 504. Use of MTF Report (other state agencies)

House: Adds new subsection 4 to require Department of Treasury cost allocation study. **Senate:** Not included. **Conference:** Concurs with House.

Sec. 608. Forest Road Truck Turn-Offs— Retained

Conference: Includes \$40,000 for truck turnoffs.

Sec. 613. MIS Signage — NEW

House: Requires the department to spend not less than \$500,000 for signs to assist traffic coming from all directions to the Michigan International Speedway. **Senate:** Does not specify dollar amount. **Conference:** Concurs with House.

Sec. 614. Widen US-127— NEW

House: Requires the department to spend not less than \$15 million widen US-127 in Jackson and Lenawee counties. **Senate:** Does not specify dollar amount. **Conference:** Not included.

Sec. 615. Interchange M-48 and I75 in Chippewa County— NEW

House: Not included. **Senate:** Directs department to construct full interchange. **Conference:** Concurs with Senate.

Sec. 616. Traffic Light US-31 Bay Harbor (Emmet County)— NEW

House: Not included. **Senate:** Requires the department to reimburse the city of Petoskey for traffic signal. **Conference:** Concurs with Senate.

Sec. 617. Non-motorized Bridge in Traverse City— NEW

House: Not included. **Senate:** Requires the department to construct bridge. **Conference:** Concurs with House (not included).

Sec. 639. Compliance with Michigan Vehicle Code

House: Not included. **Senate:** Requires signage and report on compliance with "drive on right side" requirement. **Conference:** Concurs with Senate.

Sec. 640. Compliance with Michigan Vehicle Code

House: Not included. **Senate:** Requires signage and report on compliance with "yield to emergency vehicle" requirement. **Conference:** Concurs with Senate.

Sec. 654. Long-term Viability of Mackinac Bridge

House: Indicates legislative intent that the Mackinac Bridge Authority protect long-term viability. **Senate:** Not included. **Conference:** Concurs with House.

Sec. 655. Eaton Rapids Sidewalk Program— NEW

House: Indicates legislative intent that department spend not less than \$32,000 for sidewalk improvement project. **Senate:** Not included. **Conference:** Concurs with House.

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

House: Indicates legislative intent that the department upgrade M-49 in Hillsdale County to a "designated" route. **Senate:** Not included. **Conference:** Concurs with House.

Sec. 657. US-23 Corridor Study— NEW

House: Indicates legislative intent that the department proceed with a US 23 congestion mitigation corridor study in Washtenaw and Livingston counties. **Senate:** Not included. **Conference:** Concurs with House.

Sec. 709(3). Essential Corridor Bus Routes

Subsection prohibits an entity receiving operating assistance from competing with another private or public carrier over the same route. **House:** Not included. **Senate:** Retains current year language. **Conference:** Concurs with Senate.

Major Boilerplate Changes from FY 2005-06

Sec. 711. Rail Passenger (AMTRAK)

House: 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. **Senate:** Limits subsidy to related route revenue not to exceed \$6.1 million. **Conference:** Modifies language as follows: “(2) Any state subsidy for rail passenger service between Grand Rapids and Chicago and between Port Huron and Chicago shall be limited to an amount equal to revenue generated from operation of these routes, including, but not limited to, revenue from fares and concessions. The state subsidy shall not exceed \$7,100,000.00.”

Sec. 732. Handicap Bus Lifts Maintenance Reporting Requirement

Provides reporting requirement for maintenance of wheelchair lifts by transit agencies; provides sanctions for failure to repair by milestone dates. **House:** Directs local transit agencies to equip vehicles with lifts. Does not include reporting requirements. **Senate:** Updates reporting requirements. **Conference:** Concurs with Senate with modification of report recipients.

Sec. 738. Hillsdale to Quincy Track Project— NEW

House: Indicates legislative intent that sufficient funds be allocated from appropriations to complete this project. **Senate:** Not included. **Conference:** Concurs with House.

Sec. 739. Transit Agency Bus Size

Directs transit agencies not to assign buses longer than 40 feet to fixed route service if not warranted by ridership. **House:** Not included. **Senate:** Retains current year language. **Conference:** Concurs with Senate.

SUPPLEMENTAL

Analyst: Al Valenzio

<u>Department/Budget</u>	<u>Target Agreement</u>		<u>Conference Report</u>	
	<u>GF/GP</u>	<u>Gross</u>	<u>GF/GP</u>	<u>Gross</u>
Attorney General	\$0	\$0	\$0	\$0
Capital Outlay	500	500	500	500
Community Health	27,382,700	161,116,200	27,382,700	161,116,200
Corrections	10,000,000	10,000,000	10,000,000	10,000,000
Education	0	195,800	0	195,800
Environmental Quality	0	50,000	0	50,000
Human Services	11,490,900	63,681,800	11,490,900	63,681,800
Legislature	(500,000)	(500,000)	(500,000)	(500,000)
Military & Veterans Affairs	1,900,000	1,760,600	1,900,000	1,760,600
Natural Resources	0	600,000	0	600,000
State	6,500,000	500,000	6,500,000	500,000
State Police	(4,100,000)	0	(4,100,000)	0
Treasury	0	0	100,000	100,000
Totals	\$52,674,100	\$237,404,900	\$52,774,100	\$237,504,900

FY 2005-06 Budget Issues

ATTORNEY GENERAL

1. Funding Source Shift

Shifts \$386,800 from the Tobacco Settlement Trust Fund to the Merit Award Trust fund.

	<u>Target</u>	<u>Conference</u>
Gross	\$0	\$0

CAPITAL OUTLAY

2. Cost/Construction Authorization, State Building Authority (SBA) Project, UM-Flint

Construction authorization for a partially state-funded project at the University of Michigan-Flint for renovations of French Hall. Total project cost \$9,350,000; state share \$7.0 million.

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

3. Cost/Construction Authorization, SBA Project, UM-Ann Arbor

Construction authorization for a partially state-funded project at the University of Michigan-Ann Arbor for renovations of the Phoenix Laboratory. Total project cost \$9.5 million; state share \$6,428,300.

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

4. Cost/Construction Authorization, SBA Project, CMU

Construction authorization for a partially state-funded project at Central Michigan University for a new Education Building. Total project cost \$50.0 million; state share \$37.5 million.

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

House Bill 5796, Article 19
Conference Summary
FY 2005-06



FY 2005-06 Budget Issues

		<u>Target</u>	<u>Conference</u>
5. <i>Cost/Construction Authorization, SBA Project, WSU</i>	Gross	\$100	\$100
Construction authorization for a partially state-funded project at Wayne State University for an addition to its Engineering Development Center. Total project cost \$27.35 million; state share \$15.0 million.	GF/GP	\$100	\$100

6. <i>Cost/Construction Authorization, SBA Project, Corrections</i>	Gross	\$100	\$100
Construction authorization for fire safety improvements at the Egeler Correctional Facility per federal court order; total project cost \$8.3 million.	GF/GP	\$100	\$100

COMMUNITY HEALTH

7. <i>Hospital QAAP</i>	Gross	\$116,400,000	\$116,400,000
Provides additional funding to increase hospital QAAP payments to the federal upper payment limit for FY 2004-05 and FY 2005-06. The additional QAAP revenue is matched with federal Medicaid funds to finance increased Medicaid payments to hospitals.	Federal	65,940,000	65,940,000
	Restricted	50,460,000	50,460,000

8. <i>Consensus Caseload Adjustments</i>	Gross	\$33,937,000	\$33,937,000
Increases Medicaid funding levels to reflect the consensus FY 2005-06 expenditures agreed to by the House and Senate fiscal agencies and the State Budget Office.	Federal	32,615,200	32,615,200
	GF/GP	\$1,321,800	\$1,321,800

9. <i>Funding Increase for Dental Clinics</i>	Gross	\$9,821,400	\$9,821,400
Allocates \$9.8 million of federal, local and private funds for a rate increase to dental clinics operated by local public health departments and federally qualified health centers.	Federal	5,564,100	5,564,100
	Local	3,857,300	3,857,300
	Private	400,000	400,000

10. <i>Funding Shifts</i>	Gross	\$0	\$0
Replaces \$25.6 million of Tobacco Settlement Revenue with GF/GP to reflect the reduced payments from cigarette manufacturers. Adjusts the fund sources for Respite Care, the EPIC program, Pharmaceutical Services and Long-Term Care Services from Tobacco Settlement Revenue to Merit Award Revenue.	Restricted	(25,582,000)	(25,582,000)
	GF/GP	\$25,582,000	\$25,582,000

11. <i>Family Planning Waivers</i>	FTE	5.0	5.0
Includes funding for staff, education/outreach, training/contractual assistance, and pharmacy benefits manager contract costs associated with implementing the recently approved federal family planning waiver. The waiver expands eligibility for family planning services to women of childbearing age who are not currently Medicaid eligible up to 185% of the federal poverty level.	Gross	\$957,800	\$957,800
	Fed.	478,900	478,900
	GF/GP	\$478,900	\$478,900

CORRECTIONS

12. <i>Fuel, Utilities, and Census Growth</i>	Gross	\$10,000,000	\$10,000,000
Provide funds to various institutions for unanticipated population and energy cost increases.	GF/GP	\$10,000,000	\$10,000,000

EDUCATION

13. <i>Northern Food Service Case</i>	Gross	\$195,800	\$195,800
Funds are provided to comply with a State Court of Appeals decision.	Restricted	195,800	195,800

ENVIRONMENTAL QUALITY

14. <i>Volunteer River, Stream, and Creek Cleanup</i>	Gross	\$50,000	\$50,000
Additional funding will support the evaluation of widespread water quality problems.	Restricted	50,000	50,000

House Bill 5796, Article 19
Conference Summary
FY 2005-06



FY 2005-06 Budget Issues

15. Funding Source Shift, Land & Water Management

Shifts \$1.0 million from the Land and Water Permit Fee line to the Environmental Protection Fund.

	<u>Target</u>	<u>Conference</u>
Gross	\$0	\$0

16. Funding Source Shift, Environmental Science & Services

Shifts \$100,300 from the Small Business Pollution Prevention Revolving Loan Fund to the Waste Reduction Fee line.

Gross	\$0	\$0
--------------	------------	------------

HUMAN SERVICES

17. Consensus Caseload Adjustments – Child Care Fund

Increases funding for the Child Care Fund to reflect consensus FY 2005-06 caseload estimates agreed to by the House and Senate fiscal agencies and the State Budget Office. Child Care Fund provides state reimbursement to counties to cover state share of costs of providing services to either delinquent youth or abused/neglected youth.

Gross	\$11,300,000	\$11,300,000
GF/GP	\$11,300,000	\$11,300,000

18. Food Assistance Program

Increases federal funding for the food assistance program to reflect anticipated caseload increase.

Gross	\$35,000,000	\$35,000,000
Federal	35,000,000	35,000,000

19. LIHEAP Funding

Additional federal funds are available for the Low-Income Home Energy Assistance Program, which supports crisis energy assistance for low-income households and provides funding to cover the state's Home Heating Credit.

Gross	\$17,000,000	\$17,000,000
Federal	17,000,000	17,000,000

20. Family Planning Waiver

Supports DHS staff costs related to eligibility determination of potential participants in recently-approved family planning waiver; waiver expands eligibility for family planning services to women of childbearing age who are not currently Medicaid eligible up to 185% of federal poverty level.

FTE	15.0	15.0
Gross	\$381,800	\$381,800
Federal	190,900	190,900
GF/GP	\$190,900	\$190,900

LEGISLATURE

21. Prison Study Project

Eliminate funding provided under PA 153 of 2006.

Gross	(\$500,000)	(\$500,000)
GF/GP	(\$500,000)	(\$500,000)

MILITARY AND VETERANS AFFAIRS

22. Grand Rapids Veterans Home

Provides general fund support to cover an anticipated year-end shortfall in income and assessment revenue at the Grand Rapids Veterans Home; provides for projected operational deficits for health care staffing costs, provides available Medicare authorization to cover allowable costs; and provides available private funds for therapy programs.

Gross	\$1,325,600	\$1,325,600
Federal	350,600	350,600
Private	75,000	75,000
Restricted	(1,000,000)	(1,000,000)
GF/GP	\$1,900,000	\$1,900,000

23. D.J. Jacobetti Veterans Home

Provides authorization for available federal carry-forward revenues to cover projected operational costs and provides available Medicare authorization increase to cover allowable costs.

Gross	\$435,000	\$435,000
Federal	435,000	435,000

NATURAL RESOURCES

24. Forest Fire Protection

Funds unanticipated overtime costs.

Gross	\$400,000	\$400,000
Restricted	400,000	400,000

25. Forest and Timber Treatments

Funds higher than anticipated transportation costs.

Gross	\$200,000	\$200,000
Restricted	200,000	200,000

House Bill 5796, Article 19
Conference Summary
FY 2005-06



FY 2005-06 Budget Issues

STATE

26. Funding Source Shift

From the TACF to General Fund dollars.

Gross	\$0	\$0
GF/GP	\$6,500,000	\$6,500,000

27. Help America Vote Act

Funds to improve voting access for individuals with disabilities.

Gross	\$500,000	\$500,000
Federal	500,000	500,000

STATE POLICE

28. Funding Source Shift

From the General Fund to the Traffic Law Enforcement and Safety Fund.

Gross	\$0	\$0
GF/GP	(\$4,100,000)	(\$4,100,000)

TREASURY

29. Strategic Fund, Promote Michigan

Funds will be used for promoting the Detroit Zoological Institute.

Gross	\$0	\$100,000
GF/GP	\$0	\$100,000

FY 2005-06 Boilerplate Issues

CAPITAL OUTLAY

Sec. 250. University of Michigan, Phoenix Lab Project

Project cannot move to final design until the Joint Capital Outlay Subcommittee has approved the program statement and preliminary planning documents as required under 1984 PA 431.

Not Included	Included
--------------	----------

STATE

Sec. 301. Help America Vote Act

Designates appropriation as a work project account.

Included	Included
----------	----------

STATE POLICE

Sec. 401. Appropriate Restricted Funds

Shifts \$6.0 million from the State Services Fee Fund to the Traffic Law Enforcement and Safety Fund.

Included	Included
----------	----------

TREASURY

Sec. 501. Detroit Zoological Institute Promotion

Designates appropriation as a work project account.

Not Included	Included
--------------	----------

REPEALER

Sec. 1001. PA 153 of 2006

Section 301 (Legislature) of PA 153 is repealed.

Included	Included
----------	----------