

LABOR AND ECONOMIC GROWTH

Summary: Conference Committee Budget Recommendation FY 2007-08

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	FY 2006-07 YTD	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	Difference: Conf Rec. From FY 2006-07 YTD	
	Enacted	Rev. Executive	House	Senate	Conference	Amount	%
IDG/IDT	\$23,485,800	\$34,472,800	\$34,472,800	\$34,472,800	\$34,472,800	\$10,987,000	46.8
Federal	795,345,800	820,712,500	820,712,500	820,712,500	820,712,500	25,366,700	3.2
Local	15,824,300	15,884,700	15,884,700	15,884,700	15,884,700	60,400	0.4
Private	2,314,300	2,314,300	2,314,300	2,314,300	5,314,300	3,000,000	129.6
Restricted	347,069,300	377,815,200	378,215,200	374,025,100	378,843,700	31,774,400	9.0
GF/GP	47,436,700	98,427,800	49,860,000	46,635,600	46,002,700	(1,434,000)	(3.0)
Gross	\$1,231,476,200	\$1,349,627,300	\$1,301,459,500	\$1,294,045,000	\$1,301,230,700	\$69,754,500	5.7
FTEs	4,297.0	4,340.0	4,340.0	4,336.0	4,341.0	44.0	1.0

Note: FY 2006-07 figures include the results of supplementals and Executive Order (EO) actions through January 31, 2007.

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 various employment training-related programs for displaced workers, adults, and youth, and employment services for the disabled as well as welfare recipients. Programs of the Michigan Strategic Fund, an autonomous agency administered by Michigan Economic Development Corporation (MEDC), were transferred to Department of Treasury by 2005 PA 225.

Major Budget Changes From FY 2006-07 YTD Appropriations

		FY 2006-07 YTD Enacted	Conference Change From YTD
1. Fire Protection Grants	Gross	\$10,910,500	\$0
Replaces GF/GP with \$5.0 million in additional bad driver fees and decrease in Liquor Purchase Revolving Fund of \$1.3 million.	Restricted	7,210,500	3,700,000
	GF/GP	\$3,700,000	(\$3,700,000)
2. New No Worker Left Behind Program	Gross	\$0	\$37,000,000
Redirects some existing Workforce Incentive Act Funds, concurring with the Executive, to provide up to two years of college to displaced workers. Excludes \$40 million GF/GP recommended by the Executive.	Federal	0	37,000,000
	GF/GP	\$0	\$0
3. New Welfare-to-Work Pilot Program	Gross	\$0	\$140,000
Increases grant by \$140,000 GF/GP and allocates to Focus: Hope to design pilot program to improve job placement of welfare recipients.	GF/GP	0	140,000
4. Michigan Housing and Community Development Fund	Gross	\$0	\$2,163,400
Provides \$2.2 million GF/GP to Michigan State Housing Development Authority to revitalize downtowns and provide low income housing.	GF/GP	0	2,163,400
5. New Michigan Nursing Corps Program	Gross	\$0	\$1,500,000
Includes \$1.5 million for Executive initiative to rapidly prepare 500 new nursing faculty and recruit 200 displaced workers with bachelor's degrees in science to earn an accelerated one year nursing certification.	GF/GP	\$0	\$1,500,000

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD Enacted</u>	<u>Conference Change From YTD</u>
6. <i>FY 2007-08 Economic Increases</i>	Gross	\$0	\$15,637,400
Concurs with Executive. Includes contractual 3.0% wage increases, 7.2% employee benefit increases based on higher wages; provides a \$0.5 million decrease for occupancy charges for use of state-owned buildings and a \$1.0 million decrease for self-insured worker's compensation; rent does not increase.	IDG	0	510,300
	Federal	0	7,758,900
	Local	0	60,400
	Restricted	0	6,929,400
	GF/GP	\$0	\$378,400
7. <i>Reduction in Workforce Training Program Sub-grantees</i>	Gross	\$153,952,700	\$184,587,800
Eliminates \$4.35 million in GF/GP which was not expended in FY 2006-2007. Federal increase is due to increased Workforce Investment Act (WIA) funds based on Michigan's unemployment rate.	Federal	149,602,700	184,587,800
	GF/GP	4,350,000	\$0

Major Boilerplate Changes From FY 2006-07

Sec. 218. Contingent Fund Language - NEW

Concurs with Executive Recommendation to allow advance appropriation of up to \$30.5 million in federal funds, \$13.2 million in state restricted, \$8.2 million in local and \$550,000 in private funds, should additional funding become available in FY 2008.

Sec. 319. Prohibition of Professional Employer Organization Special Rules – DELETED

Removes prohibition against use of appropriated funds to develop rules, guidelines, or standards governing professional employer organizations (PEOs) that are more stringent than currently prescribed by statute.

Sec. 337. Prohibits Ban on Use of Credit Scoring in Insurance Rate Setting – RETAINED

Prevents funding for rules that would ban the use of credit scoring in insurance rate setting.

Sec. 355. Prohibits Funding for Ergonomic Rules – RETAINED

Stops funding for promulgation of ergonomic rules that are more stringent than voluntary Federal standards.

Sec. 405. Welfare Recipient Work Requirements – MODIFIED

Simplifies language by citing new requirements in federal Social Security Act.

Sec. 431. Michigan Nursing Corps – NEW

Describes program to train new nursing faculty and recruit and re-train displaced workers with bachelor's degrees in science. Creates a work project for unexpended funds until project completion, which is tentatively stated as September 30, 2009. Conference includes \$1.5 million instead of \$15.0 million GF/GP recommended by the Executive. Adds language allowing, but not requiring, matching grants to hospitals providing clinical nursing training.

Sec. 432. No Worker Left Behind Program – NEW

Conference eliminates Executive boilerplate, and adds a report on this program's results to the Legislature, due July 1, 2008.

Sec. 437. Welfare to Work Pilot Program – NEW

Conference adds \$140,000 to Welfare-to-Work Program line, allocating this amount to Focus: Hope to design a pilot program to improve the job placement and retention of welfare recipients. Directs Focus: Hope to work collaboratively with the Department of Human Services Jobs, Employment, Training (JET) Program, as well as Michigan public community colleges and universities.

Sec. 438. Michigan Housing and Community Development Fund – NEW

Conference includes additional \$2.2 million GF for Michigan State Housing Development Authority (MSHDA) to revitalize downtowns and provide low income housing. Also adds a report to the Legislature on the projects funded.

Sec. 439. Land Bank Fast Track Authority Increased Funding- NEW

Increases Executive Recommendation by \$400,000 to be used specifically for maintenance or demolition of tax reverted properties.