

**Summary: House Bill 4831
FY 2005-06**



**ARTICLE 2
COMMUNITY COLLEGES**

Summary: Conference Report CR-1*
Analyst: Kyle I. Jen

IDG/IDT	<u>*FY 2004-05 Year-to-Date</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>	<u>Difference: Conference from YTD</u>	
Federal							
Local							
Private							
Restricted				18,282,200			
GF/GP	280,827,400	281,327,400	281,327,400	260,490,400	281,327,400	500,000	0.2
Gross	\$280,827,400	\$281,327,400	\$281,327,400	\$278,772,600	\$281,327,400	\$500,000	0.2
FTEs							

*Reflects impact of EO 2005-7 reductions, but not subsequent partial restoration following May revenue conference; excludes 3.0% tuition restraint funds totaling \$8.5 million originally appropriated in FY 2003-04 but actually paid in FY 2004-05

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.

<u>Major Budget Changes from FY 2004-05</u>	<u>FY 2004-05 Year-to-Date</u>	<u>Conference Change</u>
1. Operations Funding	Gross \$275,104,700	\$0
<u>Exec Rec/House</u> : No changes from year-to-date (post-EO 2005-7). <u>Senate</u> : Across-the-board reductions of 0.9% from post-EO 2005-7 levels; offsets \$18.3 million GF/GP with School Aid Fund revenue. <u>Conference</u> : Concurs with Exec Rec/House.	GF/GP \$275,104,700	\$0
2. Renaissance Zone Tax Reimbursement	Gross \$2,400,000	\$500,000
<u>Exec Rec/House/Senate/Conference</u> : Increases funding by 20.8% for statutorily-required reimbursement to colleges with renaissance zones in their districts to reflect expected increases in taxable value in those zones.	GF/GP \$2,400,000	\$500,000

Major Boilerplate Changes from FY 2004-05

Sec. 207. Tuition Restraint – DELETED

Sets conditions for receipt of funds appropriated to colleges contingent on tuition restraint in FY 2004-05. Exec Rec/House/Senate/Conference delete.

Sec. 208. Entrepreneurship Curriculum – REVISED

Requires Department of Labor and Economic Growth to work with colleges to develop an entrepreneurship curriculum. House/Senate/Conference add annual reporting requirement.

Sec. 210. Deprived and Depressed Communities – RETAINED

Encourages colleges to ensure that businesses in deprived and depressed communities compete for and perform contracts. Exec Rec/Senate retain. House deletes. Conference retains.

Sec. 211. Payment Schedule – RETAINED

Sets payment schedule for funds appropriated. Exec Rec eliminates provision requiring full payment of At-Risk Student Success Program funds by November 1. House/Senate/Conference retain requirement.

Sec. 216(3). Reports to MPSERS – DELETED

Limits number of reports colleges can be required to submit to Michigan Public School Employees Retirement System (MPSERS). Exec Rec/House/Senate/Conference delete.

Major Boilerplate Changes from FY 2004-05

Sec. 220. ITEM Funding – RETAINED

States intent to restore funding for infrastructure, technology, equipment, and maintenance (ITEM) provided in previous years. Exec Rec deletes. House/Senate/Conference retain.

Sec. 224. Collaboration with Four-Year Universities – RETAINED

Encourages colleges to increase collaboration with four-year universities. Exec Rec deletes. House/Senate/Conference retain.

Sec. 230. Abortion Services – RETAINED

Prohibits expenditure of funds appropriated to provide health care coverage for abortion services, with certain exclusions. Exec Rec deletes. House/Senate/Conference retain.

Sec. 231. Benefits for Unmarried Partners – RETAINED

States legislative intent that funding under act not be used to extend benefits to unmarried partners of college employees. Exec Rec deletes. House/Senate/Conference retain.

Sec. 235. State University Admission Policies – REVISED

States legislative intent for workgroup to evaluate state university admission and enrollment policies. Exec Rec deletes. House/Senate/Conference retain and add reporting requirement.

Sec. 236. Tuition Reciprocity Agreements – RETAINED

States intent regarding frequency of review of tuition reciprocity agreements and tuition rate paid by out-of-state students attending Michigan colleges. Exec Rec deletes. House/Senate/Conference retain.

Sec. 237. Payments in Lieu of Taxes – REVISED

States intent for workgroup to evaluate the possibility of making payments in lieu of taxes to community colleges whose districts contain state-owned land. Exec Rec deletes. House/Senate/Conference retain and expand scope to include all nontaxable land and add reporting requirement.

Sec. 238. Optional Retirement Plan – REVISED

States intent for workgroup to evaluate impact of expanding eligibility for Optional Retirement Plan to include part-time faculty. Exec Rec deletes. House/Senate/Conference retain and add reporting requirement.

Sec. 239. Subsequent Appropriations Increases – RETAINED

States intent that any subsequent action to increase appropriations to state universities be accompanied by similar action for community colleges. Exec Rec deletes. House/Senate/Conference retain.

Sec. 240. Economic Development Job Training Grants – RETAINED

States legislative intent that 70 percent of Economic Development Job Training Grants be awarded to community colleges. Exec Rec deletes. House/Senate/Conference retain.

Sec. 241. Nursing Education Programs – NEW

States intent that colleges expand their nursing education programs. Senate adds new section. Conference includes section.

Sec. 242. Performance Indicator Task Force – NEW

Establishes 13-member task force to review, evaluate, discuss, and make recommendations regarding performance indicators to be utilized in future budget years to guide decisions regarding state funding to community colleges. Task force is composed of four legislators, two department directors, four community college representatives, and three members of the public. Specifies minimum list of possible indicators to be considered. Requires report on findings and recommendations by February 1, 2006. States legislative intent that community college funding will be based partially or wholly on performance indicators in future years. House adds new section. Senate does not include section. Conference includes section, but provides for 8-member task force: four legislators and four community college representatives.

Sec. 243. Future Appropriations Increase – NEW

States intent for review of possible \$3.2 million increase for community college operations if GF/GP revenue estimate increases at January 2006 revenue conference. Conference adds new section.

Sec. 304. Gast-Mathieu Formula – RETAINED

States legislative intent to fully fund Gast-Mathieu Formula. Exec Rec deletes. House/Senate/Conference retain.

Sec. 305. FY 2004-05 Book Closing Funds – NEW

States that funds appropriated in FY 2005-06 bill for college operations are in addition to funds anticipated for payment at FY 2004-05 book closing, which the colleges will recognize as FY 2005-06 revenue. Conference adds new section.

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Major Boilerplate Changes from FY 2004-05

Sec. 401. At-Risk Student Success Program – RETAINED

Provides for distribution and expenditure of At-Risk Student Success Program funds. Exec Rec restricts use of funds to addressing special needs of at-risk students at community colleges. House/Senate/Conference retain current language, which allows funds to also be used for acquisition or upgrade of technology-related equipment and software.

Sec. 502. ACS Data Audits – RETAINED

Requires auditor general to audit Activities Classification Structure (ACS) data submitted by seven randomly-selected community colleges. House allows for auditing of three additional colleges above minimum of seven. Senate/Conference retain current provisions.

Sec. 511. On-Site Visits – RETAINED

States intent that the frequency of on-site visits to monitor the performance of community colleges be limited. Exec Rec deletes. House/Senate/Conference retain.

Sec. 513. Tax Revenue Losses – RETAINED

Requires Department of Treasury to collect data on tax revenue losses to colleges resulting from tax increment financing authorities and tax abatements. Exec Rec deletes. House/Senate/Conference retain.

ARTICLE 3
 COMMUNITY HEALTH

Summary

Analysts: Margaret Alston, Bill Fairgrieve, Sue Frey, Steve Stauff

FY 2005-06 DEPARTMENT OF COMMUNITY HEALTH BUDGET
PROPOSED PART 1 GF/GP CHANGES

Department of Community Health		<u>GF/GP</u>
House Recommendation		2,842,599,600
Final Target		2,951,899,400
Target increase over House Recommendation		109,299,800
Proposed Conference Committee Adjustments to House Version		
1.	Fund consensus Medicaid caseload increase	48,746,200
2.	Medicaid Benefits Trust Fund adjustment	7,400,000
3.	Contract and Group Insurance Savings	(8,840,100)
4.	Restore all but \$3.0 million of Healthy Michigan Fund savings	10,626,800
5.	Restore employee economics	6,263,400
6.	Increase nursing home QAAP savings	(18,000,000)
7.	Restore Director and Unclassified funding	25,000
8.	Restore funding to Consumer Involvement Program	189,100
9.	Restore \$100,000 Office of Recipients Rights reduction	100,000
10.	Restore Multicultural Services to FY 2004-05 level	1,400,000
11.	Restore \$20.0 million CMH reduction	20,000,000
12.	Restore Community Substance Abuse and SDA substance abuse services	750,000
13.	Increase Rural Health Services funding	126,000
14.	Reject Michigan Essential Health Provider fund source changes	545,400
15.	Restore Surgeon General, Chief Nurse Executive, and ODCP Director funding	268,500
16.	Partially restore Hearing and Vision Screening services	2,575,000
17.	Restore Early Childhood Collaborative Secondary Prevention Program	524,000
18.	Restore Office of Services to the Aging reductions	263,500
19.	Eliminate Medicaid Hospital DRG base rate reduction	2,195,200
20.	Restore Medicaid Adult Dental services	4,800,000
21.	Restore Medicaid coverage for 19 and 20 year olds	4,794,300
22.	Restore optional Medicaid coverage for parents/caretaker relatives	42,541,800
23.	Assume savings from hospital case rate payment for parents/caretaker relatives	(12,500,000)
24.	Fund Adult Benefits Waiver program at Executive Recommendation	5,786,700
25.	Reject Medicaid premium savings and revise copayments	5,700,000
26.	Restore MIChoice HCBS funds, reduce admin. rate \$2/day, and increase slots	3,255,800
27.	Increase Medicaid Mental Health QAAP savings	(4,500,000)
28.	Restore 1% of 4% provider reduction, but exclude HMOs	9,511,100

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29.	Recognize additional HMO QAAP revenue	(5,432,600)
30.	Improve fraud recoveries from pharmaceutical manufacturers	(4,300,000)
31.	Reduce provider mispayments with assistance from consulting firm	(2,200,000)
32.	Recognize nursing home savings from HCBS increased slots	(1,300,000)
33.	Settle nursing home lawsuit and recoup escrow balance	(3,000,000)
34.	Nursing home capital refinancing savings	(2,000,000)
35.	Establish an asset test for determining eligibility of parents and caretaker relatives	
36.	Retain current MIChild enrollment policies	2,000,000
37.	Maintain current MIChild premiums @ \$5 per month	395,100
38.	Medicaid psychotropic drug utilization savings	(4,000,000)
39.	Recognize savings from implementation of a Medicaid hospital observation rate	(2,050,400)
40.	Increase funding for Free Clinics to \$250,000	40,000
	Subtotal of Proposed Adjustments	109,299,800
	Proposed Conference Funding Recommendation	2,951,899,400
	Final Target	2,951,899,400
	Amount Over (Under) Final Target	0

Major Boilerplate Changes

Sec. 261. Medicaid Management Information System Upgrade

Provides that the Part 1 appropriated funds for the Medicaid management information system upgrade are contingent upon approval of an advanced planning document from the Centers for Medicare and Medicaid Services. Also permits the appropriation to be designated as a work project and carried forward to support completion of the project.

Sec. 267. Disciplinary Action Against State Employee

Prohibits the Department from taking disciplinary action against an employee for communicating with a member of the Legislature or his/her staff.

Sec. 425. Report on Prisoners Receiving Mental Health and Substance Abuse Services

Modifies language that requires a report on the number of prisoners receiving substance abuse and mental health services. The Department, in conjunction with the Department of Corrections, would be required to report on the number of prisoners with a primary diagnosis of mental illness and receiving substance abuse services including inpatient, residential and outpatient care.

Sec. 450. Audit and Reporting Requirements for CMHSPs

Modifies language that continues a Work Group on recommending strategies to streamline audit and reporting requirements for CMHSPs or specialty prepaid health plans. The charge to this Work Group would be to develop standards and criteria to be used by any contractor performing an audit for a prepaid inpatient health plan or CMHSP.

Sec. 456. Consumer Choices for Mental Health Services

Requires prepaid inpatient health plans when providing Medicaid mental health services to honor a consumer choice for skill building assistance and work preparatory services provided in accredited community based rehabilitation organizations as well as supported and integrated employment services.

Sec. 457. Quality Assurance Assessment Program for CMH Inpatient Health Plans

Requires the Department to assure that implementation of the Quality Assurance Assessment Program for CMH health plans does not result in any net reduction in revenue for CMH services. If the quality assurance assessment program is not implemented, or implemented and does not generate the anticipated revenue, or reduced or eliminated at a later date, the Department must submit a plan to the House of Representatives and Senate Appropriations Subcommittees on Community Health on how the projected GF/GP savings will be achieved.

Sec. 458. Report on Recommendations of Michigan Mental Health Commission and Cost-Benefit Analysis for Residential Facilities and Specialized Mental Health Court Program

Requires the Department to report by April 15, 2006 on the following: an updated plan for implementing recommendations of Michigan Mental Health Commission report on October 15, 2004; cost-benefit analysis of establishing secure residential facilities of fewer than 17 beds for adults with serious mental illness; and cost-benefit analysis of establishing specialized mental health court program that diverts adults with serious mental illness alleged to have committed an offense deemed nonserious into treatment prior to the filing of any charges.

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

Requires the Department to establish uniform definitions, standards, and instructions for the classification, allocation, assignment, calculation, recording, and reporting of administrative costs by prepaid inpatient health plans, CMHSPs, and contracted organized provider systems. By April 15, 2006, the Department is required to provide a written draft of the proposed definitions, standards, and instructions to the House of Representatives and Senate Appropriations Subcommittees on Community Health, the House and Senate Fiscal Agencies, and the State Budget Director.

Sec. 462. Funding Equity Plan for CMH Non-Medicaid Services

Requires the Department to establish a Work Group to develop a plan to achieve funding equity for all CMHSPs that receive funds appropriated under CMH Non-Medicaid Services. The funding equity plan, at a minimum, shall establish a payment or scale to ensure that each CMHSP is paid and/or reimbursed equally based on the recipient's diagnosis or individual plan of service.

Sec. 463. Program Evaluation Measures for Substance Abuse Services

Directs the Department to establish standard program evaluation measures to assess the effectiveness of programs provided through coordinating agencies and service providers in reducing and preventing the incidence of substance abuse.

Sec. 464. Liquor License Fees

Expresses the Legislature's intent that revenue received by the Department from liquor license fees are to be expended only to fund programs for the prevention, rehabilitation, care, and treatment of alcoholics pursuant to provisions within the Liquor Control Code.

Sec. 465. Respite Services

Specifies that funds appropriated in Part 1 for respite services shall be used for direct respite care services for children with serious emotional disturbances and their families. No more than 1% of the funds allocated for this line item can be expended by CMHSPs for administration and administrative purposes.

Sec. 651. Activities of the Surgeon General

Requires the department to report on activities and efforts of the surgeon general to improve the health status of the citizens of the state pursuant to the goals and objectives stated in the Healthy Michigan 2010 report, and to indicate measurable progress made.

Sec. 1006. (2) Quit Kit Allocation for Smoking Prevention

Establishes allocation of \$900,000 of smoking prevention funds for the Quit Kit program that includes the nicotine patch or nicotine gum, for purposes of complying with Public Act 164 of 2004.

Sec. 1637. Personal Health Responsibility Agreement

Requires that all Medicaid recipients be offered the opportunity to sign a Medicaid personal responsibility agreement which contains various provisions regarding healthy behaviors.

Sec. 1666. System Changes Providing Immediate Inclusion of Newborns in Medicaid Eligibility File

Requires the Department to implement system changes that assures that newborns of health plan covered Medicaid mothers are within 30 days of birth included in the Medicaid eligibility file.

Sec. 1684. Home and Community-Based Services Administrative Expenses

Requires that the payment rate allocated for administrative expenses for the HCBS waiver program be reduced by \$2.00 per person per day, and that the savings realized by this action will be reallocated to increase enrollment in the waiver program to provide direct services to eligible participants. A report will be prepared by the Department on the number of nursing home patients discharged who are subsequently enrolled in the HCBS waiver program, and the associated cost savings.

Sec. 1686. Long Term Care Single Point of Entry Pilot Project Report

Requires the Department to report by April 30, 2006, on the progress of three Medicaid long-term care single point of entry services pilot projects.

Sec. 1700. Actuarially Sound Capitation Rates

Requires the Department to consult with the Michigan Association of Health Plans and develop a plan to assure that the Medicaid payment rates to HMOs in FY 2005-06 meet the federal requirements for actuarially sound rates. The plan shall be submitted by May 30, 2006.

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Sec. 1729. Bi-Partisan Joint Committee Identifying Medicaid Cost Reductions

Establishment of a bi-partisan joint subcommittee that shall attempt to identify at least \$40.0 million through cost reduction measures, with potential savings to go to the state Medicaid program.

Sec. 1732. Nursing Home QAAP Modification Assurance

Assurance that the Department will not reduce nursing home reimbursements to achieve certain general fund/general purpose savings if proposed modifications to the quality assurance assessment program for nursing homes are not implemented.

ARTICLE 4
CORRECTIONS

Summary: CR-1
Analyst: Marilyn Peterson

	FY 2004-05 YTD (as of 2/10/05)	Executive (Rev. 6/2/05)	House (6/9/05)	Senate (6/15/05)	Conference	CR-1 Change from FY 2004-05 YTD	
						Amount	%
IDG/IDT	\$3,364,200	\$1,043,800	\$1,043,800	\$1,043,800	\$1,043,800	(\$2,320,400)	(69.0)
Federal	8,188,100	10,316,800	10,316,800	10,316,800	11,410,200	3,222,100	39.4
Local	393,600	411,700	411,700	411,700	411,700	18,100	4.6
Private	0	0	0	0	0	0	0.0
Restricted	66,075,600	66,590,000	66,442,400	66,442,400	66,590,000	514,400	0.8
GF/GP	1,708,161,100	1,805,280,300	1,748,507,700	1,776,144,200	1,798,991,400	90,830,300	5.3
Gross	\$1,786,182,600	\$1,883,642,600	\$1,826,722,400	\$1,854,358,900	\$1,878,447,100	\$92,264,500	5.2
FTEs	17,769.8	17,517.2	17,201.8	17,524.2	17,521.8	(248.6)	(1.4)
Avg. Pop.	51,503	50,949	50,285	51,425	50,945	(558)	(1.1)

Notes:

- FY 2004-05 figures do not include the results of any supplementals or Executive Order actions that occurred after February 10, 2005.
- FTEs include 16.0 unclassified positions
- Executive is as revised 6/2/05 to transfer SOAHR FTEs to Department of Labor and Economic Growth
- House figures are those in House-passed HB 4831, the omnibus budget bill for FY 2005-06

Major Budget Changes from FY 2004-05 YTD Appropriations:

PRISON AND CAMP CAPACITY CHANGES

1. Youth Correctional Facility

Funds the privately-owned and –operated Michigan Youth Correctional Facility in Baldwin, and incorporates assumptions of at least \$1.0 million in annual savings through renegotiation of management and lease contracts.

	FY 2004-05 YTD (as of 2/10/05)	Conference Change
Beds	480	0
FTEs	1.0	0.0
Gross	\$18,840,700	(\$1,000,000)
GF/GP	\$18,840,700	(\$1,000,000)

2. Add Beds in Six-bunk Open Bays

Funds additional 976 Level I (minimum security) beds through addition of one bunk to six-bunk open bays in eight lower-peninsula facilities.

Beds	n/a	976
FTEs	n/a	102.6
Gross	n/a	\$10,321,300
GF/GP	n/a	\$10,321,300

3. Add Beds at Kinross and Ojibway

Funds additional 376 beds at Kinross Correctional Facility (in Kincheloe) and Ojibway Correctional Facility (in Marenisco). Increases at Kinross of 296 Level II beds and 22.6 FTEs. Increases at Ojibway of 80 Level I beds and 10.8 FTEs.

Beds	n/a	376
FTEs	n/a	35.4
Gross	n/a	\$4,127,000
GF/GP	n/a	\$4,127,000

4. Jackson Complex A and B Units

Virtually eliminates partial-year funding included in FY 2004-05 for Egeler's A and B units; beds were constructed as Level V, but funded and used briefly in FY 2004-05 as minimum-to-medium security beds accommodating prisoners processed at the Egeler reception center and awaiting transfer to other facilities. Health care funding retained to support new beds being added elsewhere in the system.

Beds	480	(480)
FTEs	58.2	(58.2)
Gross	\$5,060,100	(\$3,517,900)
GF/GP	\$5,060,100	(\$3,517,900)

5. Full-year Costs of Beds Added in FY 2004-05

Provides full-year funding for beds opened and receiving partial-year funding in FY 2004-05. Adds \$1.3 million for 200 beds added at Camp Lehman, \$2.1 million and 31.1 FTEs for 316 beds added through conversion of Oaks Correctional Facility from Level V to Level IV, and \$506,800 for 96 beds added through conversion of Oaks segregation unit to general population.

Beds	612	0
FTEs	23.7	31.1
Gross	\$3,398,000	\$3,877,800
GF/GP	\$3,398,000	\$3,877,800

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Major Budget Changes from FY 2004-05 YTD Appropriations:

6. Close Mangum Farm and Camps Tuscola and Sauble

Includes reductions totaling 475 beds, 108.8 FTEs, \$3.4 million Gross, and \$3.1 million GF/GP through closure Camps Tuscola and Sauble and the barracks at Marquette's Mangum farm.

	FY 2004-05 YTD (as of 2/10/05)	Conference Change
Beds	n/a	(475)
FTEs	n/a	(108.8)
Gross	n/a	(\$3,370,700)
Restricted	n/a	(228,900)
GF/GP	n/a	(\$3,141,800)

PRISON AND CAMP OPERATIONS

7. Reduce Security Levels at Five Facilities

Reflects reductions in staffing needs due to changes in security levels that occurred at five facilities during the first half of FY 2004-05. At Bellamy Creek, two units (240 beds) changed from Level III to Level II, and three units (480 beds) changed from Level IV to Level II. At Boyer Road, the entire 960-bed facility changed from Level II to Level I. At Ojibway, three units (360 beds) changed from Level II to Level I. At Mound and Ryan, both facilities changed from multilevel facilities to Level II facilities, with a total of 574 beds affected.

Beds	n/a	0
FTEs	n/a	(95.3)
Gross	n/a	(\$2,871,900)
GF/GP	n/a	(\$2,871,900)

8. Seniority Step Increases at Correctional Facilities

Increases appropriations at all the correctional facilities to meet needs for additional funding due to increasing seniority of staff.

FTEs	n/a	0.0
Gross	n/a	\$8,085,200
GF/GP	n/a	\$8,085,200

9. Consolidate Administrative Functions at Eight Facilities

Includes savings generated by consolidating business offices and other administrative functions at: Mound and Ryan, Kinross and Chippewa, Brooks and Muskegon, and Pine River and St. Louis.

FTEs	n/a	(10.0)
Gross	n/a	(\$445,600)
GF/GP	n/a	(\$445,600)

10. Food Service

Includes various adjustments pertaining to food service. Savings of \$1.0 million through changing from whole to skim milk and eliminating coffee from prisoner food service. Closure of Jackson complex production kitchen to save \$3.5 million, \$2.7 million of which is funded by user fees (intradepartmental transfers from the various facilities). Increase of \$520,000 to provide food to the Department of Community Health's (MDCH) new forensic center; fully funded by interdepartmental grant from MDCH.

FTEs	n/a	(8.4)
Gross	n/a	(\$3,940,300)
IDG/IDT	n/a	(2,219,400)
GF/GP	n/a	(\$1,720,900)

OFFENDER HEALTH CARE AND TREATMENT

11. Substance Abuse Testing and Treatment

Uses newly-awarded federal grant for residential substance abuse treatment of state prisoners (RSAT) to offset.

Gross	\$17,646,000	\$574,900
Federal	729,400	1,093,400
GF/GP	\$16,916,600	(\$530,300)

12. Managed Care Contract Savings

Incorporates unspecified efficiencies in prisoner health care provided under a managed care contract for hospital and specialty care.

Gross	\$59,875,200	(\$1,698,200)
GF/GP	\$59,875,200	(\$1,698,200)

13. Hepatitis C Testing and Treatment

Eliminates separate line item that was added in the current fiscal year for hepatitis C testing and treatment. Funding reduced by \$1.0 million and the remaining \$150,000 added to prison health clinic line items.

Gross	\$1,150,000	(\$1,000,000)
GF/GP	\$1,150,000	(\$1,000,000)

PRISONER REINTEGRATION AND ALTERNATIVES TO PRISON INCARCERATION

14. Prisoner Reintegration Programs

Creates new line item to consolidate various programs aimed at improving success on parole and reducing need for additional prison beds. Includes current-year funding for female programs, plus funding from new federal grant, \$3.0 million for reintegration programs for mentally ill offenders, and \$5.0 million for various re-entry pilot programs at sites across the state.

FTEs	4.0	0.0
Gross	\$3,843,700	\$9,035,000
Federal	0	1,035,000
GF/GP	\$3,843,700	\$8,000,000

15. Community Corrections Probation Residential Centers

Reduces the base by \$500,000 in response historical spending, adds \$1.6 million for increase in per diem payments (from \$43 to \$47.50) to service providers, and renames the line item to "Residential Services" to reflect expanded purpose.

Gross	\$15,828,400	\$1,097,000
Restricted	2,323,500	0
GF/GP	\$13,504,900	\$1,097,000

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Major Budget Changes from FY 2004-05 YTD Appropriations:

		FY 2004-05 YTD (as of 2/10/05)	Conference Change
16. Community Corrections Comprehensive Plans and Services	Gross	\$13,033,300	(\$500,000)
Reduces the base by \$500,000 in response to historical spending.	GF/GP	\$13,033,300	(\$500,000)
17. Parole and Probation Supervision	FTEs	n/a	(3.0)
Offsets \$1.0 million in GF/GP funding with increased collections of parole and probation oversight fees, assumes savings of \$239,500 and 3.0 FTEs through consolidation of field offices, and provides \$454,900 for increased costs of field office rent.	Gross	n/a	(\$188,100)
	Restricted	n/a	1,000,000
	GF/GP	n/a	(\$1,188,100)
18. Parole and Probation Special Operations	Gross	\$0	\$500,000
Provides funding for law enforcement escorts for parole and probation agents making after-hours checks of supervised offenders in Detroit.	GF/GP	\$0	\$500,000
19. Close Two Corrections Centers	Beds	481	(271)
Reflects closure of two corrections centers formerly leased in Benton Harbor and Saginaw. Corrections centers historically housed low-level offenders placed in the community prior to parole. Population eligible for community placement is declining due to impact of truth-in-sentencing, which requires offenders to serve their minimum sentences in secure confinement.	FTEs	70.0	(22.0)
	Gross	\$9,283,000	(\$3,532,200)
	Restricted	1,486,300	(1,176,100)
	GF/GP	\$7,796,700	(\$2,356,100)
20. Eliminate Funding for CRP II	FTEs	68.5	(68.5)
Eliminates remainder of funding for Conditional Reintegration Program (called CRP II to distinguish it from an earlier proposal), first funded in FY 2003-04. Under CRP II, offenders past their earliest release date were to be selected and moved to tether. Difficulties in identifying a sufficient number of offenders suitable for tether led to a reduction under enacted budget for FY 2004-05, with elimination of the remainder now proposed.	Gross	\$5,514,800	(\$5,514,800)
	Restricted	1,859,100	(1,859,100)
	GF/GP	\$3,655,700	(\$3,655,700)
MISCELLANEOUS ADJUSTMENTS			
21. Supplementary Operational Expenditures	Gross	n/a	\$4,000,000
Aggregates various costs into a single line item. Funding to be used for wage and salary increases, contractual obligations to pay dry cleaning allowances, and jail capacity grants. Change from current year reflects \$4.0 million recommended by the Executive for various grant programs to ease jail crowding problems.	GF/GP	n/a	\$4,000,000
22. Vaccination Program	Gross	\$991,200	(\$300,000)
Reduces funding for vaccination program, which largely funds hepatitis-B vaccinations for new corrections officers.	GF/GP	\$991,200	(\$300,000)
23. Close DeMarse Academy	Gross	n/a	(\$696,800)
Closes DeMarse training academy, located on grounds of former Michigan School for the Blind in Lansing. New classes of corrections officers to utilize state police training facility. Savings of \$1.0 million offset by increased food costs of \$303,800.	GF/GP	n/a	(\$696,800)
24. Reduce Central Office Staffing	FTEs	n/a	(14.5)
Eliminates 14.5 FTEs from central office staff in Lansing, with attendant savings of \$1.1 million.	Gross	n/a	(\$1,118,700)
	GF/GP	n/a	(\$1,118,700)
25. Eliminate Jail Services Unit	FTEs	5.0	(4.0)
Eliminates jail services unit, which reviews jail plans and inspects jails for compliance with statutory and promulgated jail standards. Under proposed statutory changes, these responsibilities would be shifted to Department of Labor and Economic Growth (DLEG). An associated position that administers the county jail reimburse-ment program would be transferred to Office of Community Corrections.	Gross	\$654,500	(\$581,200)
	IDG/IDT	165,000	(165,000)
	GF/GP	\$489,500	(\$416,200)
26. Statewide Consolidation of Human Resources	FTEs	n/a	(7.0)
Assumes additional savings through human resources optimization project, initiated in FY 2004-05.	Gross	n/a	(\$558,200)
	GF/GP	n/a	(\$558,200)

**Summary: House Bill 4831
FY 2005-06**



Major Budget Changes from FY 2004-05 YTD Appropriations:

27. Department of Information Technology (DIT)

Adds \$644,400 for computer costs associated with human resources optimization project, includes \$400,000 reduction to recognize that computers used for prisoner education are not supported by DIT, and incorporates \$612,300 reduction in connection with statewide DIT reductions. These figures do not reflect about \$1.7 million in newly-identified contractual savings (see below).

	FY 2004-05 YTD (as of 2/10/05)	Conference Change
Gross	\$14,789,900	(\$367,900)
Restricted	509,500	0
GF/GP	\$14,280,400	(\$367,900)

28. Restoration of FY 2004-05 Concessions

Funds restoration of FY 2004-05 wage and salary concessions.

Gross	n/a	\$46,342,500
IDG/IDT	n/a	56,200
Federal	n/a	42,300
Local	n/a	7,400
Restricted	n/a	1,180,600
GF/GP	n/a	\$45,056,000

29. Newly-identified Insurances, Retirement, and Contract Savings

Reflects \$19.1 million in newly-identified savings to be achieved in employee health care and retirement benefits and under various contracts. Savings of \$1.3 million in insurances, \$12.1 million in retirement costs, and \$5.7 million in contractual costs.

Gross	n/a	(\$19,129,600)
GF/GP	n/a	(\$19,129,600)

30. Economic Adjustments

Includes economic increases for:

- Insurances (\$24.2 million Gross, \$23.5 million GF/GP)
- Retirement (\$30.5 million Gross, \$29.6 million GF/GP)
- Building occupancy (\$152,700 Gross and GF/GP)

Gross	n/a	\$53,414,200
IDG/IDT	n/a	5,900
Federal	n/a	51,400
Local	n/a	10,700
Restricted	n/a	1,499,800
GF/GP	n/a	\$51,846,400

Includes economic decrease of \$1.4 million (Gross and GF/GP) for worker's compensation.

Does not provide additional revenues to fund 1.5% wage and salary increase occurring in FY 2005-06, which for MDOC employees would total an estimated \$13.8 million. Does not provide funding for economic increases in food or fuel and utilities, nor for increased costs under new guards' contract that increased the dry cleaning allowance paid to corrections officers.

Economic adjustment figures do not reflect newly-identified savings in costs of employee benefits and retirement, described above.

Major Boilerplate Changes from FY 2004-05:

Sec. 401. Prison Population Projections – REVISED

Requires that the report on the prison population projections include explanations of the methodology and assumptions used in developing the projection updates.

Sec. 403. County Jail Services Staff – DELETED

Eliminates mandate to continue to maintain county jail services staff.

Sec. 407. Prisoner Reintegration Programs – NEW

Requires reports on implementation and results of prisoner reintegration programs, and maintenance of programs based at Cooper Street Correctional Facility, Macomb Correctional Facility, and the Huron Valley complex.

Sec. 411. Recidivism Report – NEW

Conditions certain expenditures on provision of a report detailing a departmental plan to reduce recidivism rates among prisoners released from correctional facilities. Report to include information on how the success of the plan will be measured, along with detailed information on historical recidivism rates, and comparisons to other states.

Sec. 503. Substance Abuse Testing and Treatment – NEW

Requires report on substance abuse testing and treatment program objectives, outcome measures, and results.

Sec. 504. Mental Health and Substance Abuse Services – NEW

Requires department to cooperate with Department of Community Health in providing information and developing a report on prisoners receiving substance abuse and mental health services.

Major Boilerplate Changes from FY 2004-05:

Sec. 608. Parole and Probation Special Operations – NEW

Specifies that funds appropriated for parole and probation special operations are to be used to fund law enforcement officer escorts for parole and probation agents making unscheduled after-hours checks to verify offenders' whereabouts and activities in selected precincts of Detroit. Expresses a legislative intent that the department cooperate with the attorney general and local law enforcement agencies in assigning field agents for parole and probation special operations.

Sec. 709. Community Corrections Program Reports – NEW

Requires reports on the county jail reimbursement program, the felony drunk driver jail reduction and community treatment program, the alternatives to prison jail and treatment programs, the jail capacity expansion program, and new initiatives to control prison population growth funded under the residential services and comprehensive plans and services line items. Reports are to include information on program objectives and outcome measures, expenditures by location, the impact on jail utilization, the impact on prison admissions, and other information relevant to evaluation of the program.

Sec. 904. Privatization of Pharmaceutical Services – DELETED

Eliminates requirement that a one-year cost-benefit analysis of privatizing pharmacy services be conducted prior to any effort to privatize pharmacy services.

Sec. 1010. GED and Recidivism Report – REVISED

Includes new requirements for reporting on prisoner educational backgrounds, prison education programs, and program impact.

Sec. 1011. GED Certification Report – NEW

Conditions academic/vocational program expenditures on the provision of a departmental plan to increase certification rates among prisoners enrolled in general educational development (GED) programs at correctional facilities. Report to include details on how the department plans to improve certification rates, along with information on recent certification rates and comparisons to other states.

Sec. 1014. Women's Facilities, Sexual Harassment, and State Police Investigations – NEW

Requires implementation of a plan to remove male corrections staff from the housing units in female prisons, mandates that a single staffer at each facility be designated to assist prisoners in filing sexual harassment claims, and requires the department to refer all complaints of criminal conduct to the state police.

Sec. 1015. Supplementary Operational Expenses – NEW

Expresses legislative intent for appropriation for supplemental operational expenses to be used to offset costs of employee wage and salary increases, contractual obligations to pay dry cleaning allowances, and jail capacity grants.

**Summary: House Bill 4831
FY 2005-06**



**ARTICLE 5
EDUCATION**

**Summary: Conference Report
Analyst: Mary Ann Cleary**

	FY 2004-05 YTD (as of 5/23/05)	Executive	House	Senate	Conference	Difference: CONFERENCE from FY 2004-05 YTD	
						Amount	%
IDG/IDT	1,072,100	0	0	0	0	(1,072,100)	(100.0)
Federal	63,305,000	67,519,400	67,519,400	70,519,400	70,519,400	7,214,400	11.4
Local	5,208,800	5,444,000	5,444,000	5,444,000	5,444,000	235,200	4.5
Private	714,600	898,600	898,600	1,898,600	1,898,600	1,184,000	165.7
Restricted	19,635,000	23,188,200	23,363,200	23,338,200	23,513,200	3,828,200	19.5
GF/GP	26,061,700	28,091,600	16,541,600	15,825,740	16,450,400	(\$9,611,300)	(36.9)
Gross	\$115,997,200	\$125,141,800	\$113,766,800	\$117,025,940	\$117,825,600	\$2,900,500	2.5
FTEs	413.0	425.0	425.0	423.5	423.5	10.0	2.4

Note: FY 2004-05 YTD figures do not include the results of any supplementals or Executive Order actions that occurred after May 23, 2005.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

	FY 2004-05 YTD (as of 5/23/05)	Conference Change from YTD
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Major Budget Changes from FY 2004-05 YTD Appropriations:

1. School Readiness Program – Competitive Grants	Gross	\$12,250,000	(\$12,250,000)
The Conference report transfers the school readiness program and corresponding boilerplate to the school aid act.	GF/GP	12,250,000	(12,250,000)
2. MEAP Enhancement Costs	Gross	\$25,130,000	\$2,600,000
The Conference report adds \$2.6 million in Merit Award Trust Funds for contractual services to revise the High School Michigan Education Assessment Program (MEAP) test to also be a college entrance exam, as required in PA 596 of 2004 and adds \$3.0 million for an anticipated Federal grant for a longitudinal data tracking system.	Federal	11,445,400	3,000,000
	Restricted	13,685,200	2,600,000
3. School Breakfast Program	Gross	\$8,025,000	\$1,600,000
The Conference report adds \$1.6 million in General Funds to reflect an anticipated increase in meal costs and in the number of breakfasts served.	GF/GP	8,025,000	1,600,000
4. School Improvement Contract	Gross	\$0	\$350,000
The Conference report adds \$350,000 in General Funds to contract with a third party to provide additional benchmarking training services and district-level written reports.	GF/GP	0	350,000
5. Best Practice Study	Gross	\$0	\$350,000
The Conference report adds \$350,000 in General Funds to the State Board to advise the Legislature and Governor on best practices in education.	GF/GP	0	350,000
6. Special Education Assessment	Gross	\$0	\$3,380,000
The Conference report adds \$3.4 million from the Federal Individuals with Disabilities in Education Act (IDEA) funding to support alternative assessments for students with disabilities.	Federal	0	3,380,000

**Summary: House Bill 4831
FY 2005-06**



**FY 2004-05 YTD
(as of 5/23/05)** **Conference
Change
from YTD**

Major Budget Changes from FY 2004-05 YTD Appropriations:

<p>7. Limited License/Alternative Route to Certification Programs The Conference report maintains \$75,000 in funding for the Alternative Route to Certification Program, which helps teachers in rural areas to become certified in math and science.</p>	<p>Gross Restricted</p>	<p>\$150,000 150,000</p>	<p>(\$75,000) (75,000)</p>
<p>8. National Board Certification Grants The Conference report eliminates funding for a grant which pays for 50% of the fee to become certified by the National Board for Professional Teaching Standards.</p>	<p>Gross Restricted</p>	<p>\$100,000 100,000</p>	<p>(\$100,000) (100,000)</p>
<p>9. Middle School Math Project The Conference report adds \$100,000 in Certification Fees to provide two grants of \$50,000 each for Wayne State University and Michigan Virtual High School for the provision of professional development or enhanced curricula in middle school mathematics.</p>	<p>Gross GF/GP</p>	<p>\$0 0</p>	<p>\$100,000 100,000</p>

Major Boilerplate Changes from FY 2004-05:

Sec. 214. Personal Services Contracts

The **Conference report** recommends elimination of the section.

Sec. 215. Departmental Employee Contact with Legislature

The **Conference report** adds a section prohibiting the Department from taking disciplinary action against any employee for communicating with a Legislator or his or her staff.

Sec. 301. State Board Travel

The **Conference report** allows out-of-state travel for members of the Board of Education if the travel is directly related to Board duties.

Sec. 303. Best Practices Study

The **Conference report** earmarks \$350,000 to the State Board of Education to study and advise the Legislature and Governor on local, state, and national education best practices.

Sec. 503. Teacher Preparation Programs

The **Conference Report** retains \$75,000 in funding for Central Michigan University's Alternative Route to Certification program and eliminates the \$75,000 for Wayne State University's Limited License to Instruct Program.

Sec. 703. Michigan School Readiness Program

The **Conference report** recommends eliminating language providing for the competitive grant portion of the MSRP and to transfer the program and the funding into the K-12 budget.

Sec. 703. Middle School Math Project

The **Conference report** includes a new funding of two grants of \$50,000 each for Wayne State University and Michigan Virtual High School for the provision of professional development or enhanced curricula in middle school mathematics.

Sec. 1001. School Improvement Contract

The **Conference report** earmarks \$350,000 to the department to contract with Standard & Poor's for benchmarking training services and district-level written reports.

Summary: House Bill 4831
FY 2005-06



ARTICLE 6
ENVIRONMENTAL QUALITY

Summary: Conference Report
Analyst: Kirk Lindquist

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
IDG/IDT	\$14,947,000	\$18,058,300	\$17,096,900	18,031,100	18,031,100
Federal	135,021,300	143,969,700	143,088,700	144,062,700	144,062,700
Local					
Private	445,900	450,000	450,000	450,000	450,000
Restricted	214,170,300	182,528,000	183,551,300	180,578,600	260,913,600
GF/GP	26,131,900	30,510,300	29,442,400	30,841,400	31,809,600
Gross	\$390,716,400	\$375,516,300	\$373,629,300	\$373,963,800	\$455,267,000
FTEs	1,570.2	1,575.2	1,500.7	1,573.2	1,573.2

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.

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Underground Storage Tank Cleanup	Gross	N/A	\$22,000,000	\$22,000,000	\$102,000,000
Adds restricted funds for storage tank site cleanup; revenue from Refined Petroleum Fund.	Restricted	N/A	22,000,000	22,000,000	102,000,000
2. Air Emission Fee Increase	Gross	\$22,360,000	\$0	\$0	\$0
Includes funding shift in Air Quality Program, replacing GF/GP Support.	Federal	5,009,800	0	0	0
	Restricted	13,787,400	2,768,100	0	0
	GF/GP	\$3,562,300	(\$2,768,100)	\$0	\$0
3. Office of Special Environmental Projects Eliminated	FTEs	3.0	(3.0)	0.0	0.0
Eliminates program office.	Gross	\$441,400	(\$441,400)	\$0	\$0
	Restricted	441,400	(0)	0	0
	GF/GP	\$0	(\$441,400)	\$0	\$0
4. Water Pollution Control and Drinking Water Revolving Fund Matching Funds	Gross	\$112,153,500	\$900,000	\$900,000	\$900,000
Restores GF/GP match for federal grant (\$4.9 million reduced in FY 2004-05); support increased by \$900,000 to earn federal grant.	Federal	85,000,000	0	0	0
	Restricted	26,100,000	(4,900,000)	(4,900,000)	(4,900,000)
	GF/GP	\$1,053,500	\$5,800,000	\$5,800,000	\$5,800,000
5. Wetland and Inland Lakes and Streams Fees	Gross	\$21,960,500	\$0	\$0	\$0
The Executive Recommendation included two \$1,000,000 fee increase proposals to replace reduced General Fund appropriations in the Water Management Division. These fee increases were replaced by General Fund support in the Conference agreement.	IDG	907,900	0	0	0
	Federal	3,123,300	0	0	0
	Restricted	12,187,400	0	0	0
	GF/GP	\$5,841,900	\$0	\$0	\$0
6. Scrap Tire Grants	Gross	\$3,500,000	\$1,000,000	\$1,000,000	\$1,000,000
Increases restricted funds to clean up scrap tire piles created before 1991.	Restricted	3,500,000	1,000,000	1,000,000	1,000,000
7. Aquifer Protection	Gross	\$650,000	(\$250,000)	(\$250,000)	(\$250,000)
Deletes GF/GP for groundwater conflict resolution program; retains \$50,000 grant to Department of Agriculture.	Restricted	450,000	(0)	(0)	(0)
	GF/GP	\$200,000	(\$250,000)	(\$250,000)	(\$250,000)

**Summary: House Bill 4831
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<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>	
8. Environmental Laboratory	Gross	\$0	\$502,000	\$502,000	\$502,000	
Increases program support through intradepartmental charges, reflects anticipated workloads.		IDG 106,200	1,186,000	1,186,000	1,186,000	
	Federal 591,900	0	0	0	0	
	Restricted 4,738,700	0	0	0	0	
	GF/GP \$684,000	(\$684,000)	(\$684,000)	(\$684,000)	(\$684,000)	
9. Fish Contaminant Contracts	Gross	\$316,100	(\$316,100)	\$0	\$0	
Would have eliminated contracts for laboratory studies of fish taken from Michigan lakes and streams.		GF/GP \$316,100	(\$316,100)	\$0	\$0	
10. Executive Order 2005-3	Gross	\$340,599,300	(\$509,900)	(\$509,900)	(\$509,900)	
Reflects GF/GP reductions in EO 2005-3, including \$673,000 in administrative efficiencies for a number of administrative units, fund shifts to restricted fund sources of \$938,600, and eliminating matching funds for radon grant program.		IDG 14,263,000	684,000	684,000	684,000	
	Federal 133,766,800	0	0	0	0	
	Private 445,900	0	0	0	0	
	Restricted 163,451,800	938,600	938,600	938,600	938,600	
	GF/GP \$28,671,800	(\$2,132,500)	(\$2,132,500)	(\$2,132,500)	(\$2,132,500)	
11. Dam Safety Program	FTEs	2.0	0.0	0.0	0.0	
The Governor's Recommendation eliminated remaining funding (after the EO reduction) for the dam inspection program. The Conference Committee provided full year funding for the program, while deleting funding for those owned by the DNR.		Gross	\$275,400	\$0	\$180,900	\$40,900
	IDG 1,200	0	0	0	0	
	Federal 93,000	0	0	0	0	
	Restricted 14,600	0	0	0	0	
	GF/GP \$166,600	\$0	\$180,900	\$40,900	\$40,900	
12. Real Time Water Quality Monitoring	Gross	\$0	\$250,000	\$0	\$250,000	
Includes funding for continuation of water quality monitoring program for Lake St. Clair and the St. Clair River.		Restricted 0	250,000	0	250,000	
13. Household Hazardous Waste Grants	Gross	\$0	\$100,000	\$50,000	\$100,000	
Provides funding for local hazardous waste collection programs.		Restricted 0	100,000	50,000	100,000	
14. Economic Adjustments	Gross	N/A	\$9,063,800	\$9,063,800	\$8,363,100	
Increases contribution rates for defined benefit and defined contribution retirement plans, and employer share of health insurance premiums (\$4.3 million). Reduced funds in FY 2004-05 as employee concessions were added back (\$4.1 million).		IDG 99,700	99,700	99,700	99,700	
	Federal 1,187,600	1,187,600	1,187,600	1,187,600	1,187,600	
	Private 4,100	4,100	4,100	4,100	4,100	
	Restricted 6,203,400	6,203,400	6,203,400	6,203,400	6,203,400	
	GF/GP N/A	\$1,569,000	\$1,569,000	\$868,300	\$868,300	

Major Boilerplate Changes from FY 2004-05

Sec. 702. Underground Storage Tank Cleanup Site List – NEW

Provides a list of cleanup sites, and prohibits Department from spending \$42.0 million for cleanup efforts until the program is authorized in statute.

Sec. 703. Underground Storage Tank: Initial Cleanup – NEW

States \$45.0 million appropriation is to be used to support the Advisory Council recommendations for owner/operator reimbursements.

Sec. 704. Human Exposure Risk Assessment – NEW

Requires adoption of area-wide risk assessment criteria, established through peer review studies of bioavailability and levels of human exposure.

Sec. 801. Petroleum Related "Red Tag" Notices – NEW

Requires Department to notify Legislature 48 hours before suspending the sale of petroleum products, unless imminent public safety concerns exist.

Sec. 903. Groundwater Use Rule Promulgation – NEW

Directs Department to not promulgate rules regarding groundwater use or withdrawal unless it implements provisions of 2003 Parts 148 and 177.

**Summary: House Bill 4831
FY 2005-06**



Major Boilerplate Changes from FY 2004-05

Sec. 1003. Grant for Fish Weir in Romeoville, Illinois – DELETED

Provides \$100,000 from Environmental Protection Fund for Michigan's share of construction costs of electrical dispersal barrier in the Chicago River.

ARTICLE 8
 HIGHER EDUCATION

Summary: Conference Report
 Analyst: Kyle I. Jen

IDG/IDT	*FY 2004-05 Year-to-Date	Executive	House	Senate	Conference	Difference: Conference from YTD	
Federal	4,500,000	3,500,000	3,500,000	3,500,000	3,500,000	(1,000,000)	(22.2)
Local							
Private							
Restricted	85,150,000	146,500,000	166,500,000	146,500,000	153,500,000	68,350,000	80.3
GF/GP	1,565,267,200	1,492,834,100	1,545,388,900	1,556,938,100	1,576,943,900	11,676,700	0.7
Gross	\$1,654,917,200	\$1,642,834,100	\$1,715,388,900	\$1,706,938,100	\$1,733,943,900	\$79,026,700	4.8
FTEs	1.0	1.0	1.0	1.0	1.0	0.0	0.0

*Reflects impact of EO 2005-7 reductions, but not subsequent partial restoration following May revenue conference; excludes 3.0% tuition restraint funds totaling \$43.0 million originally appropriated in FY 2003-04 but actually paid in FY 2004-05

Overview

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

Major Budget Changes from FY 2004-05

1. University Operations

Exec Rec: No changes from year-to-date (post-EO 2005-7).

House: Adjusts state university operations appropriations based on funding model that includes enrollment-, degree-, and research-based components; positive/negative differences between funding model amounts and amounts under Exec Rec limited to 5.0 percent; net funding increase of \$11.9 million.

Senate: Includes series of incremental adjustments: (1) funding floor of \$3,750/FYES, (2) funding increases based on research/degree/job placement data, and (3) reductions to Northern/Wayne's appropriations of 10.0%/5.0%; net funding increase of \$14.4 million.

Conference: Includes three sets of positive adjustments:

- 1) Across-the-board increases for all 15 universities totaling \$2,500,000.
- 2) Increases totaling \$6,900,000 for Grand Valley, Oakland, and Saginaw Valley to establish funding floor of \$3,650 per fiscal year equated student (Grand Valley amount capped at \$3,108,500).
- 3) Increases totaling \$6,951,700 for 13 universities to reflect use of funding model (with some revisions from House-passed version) to determine July and August monthly payment amounts.

	FY 2004-05 Year-to-Date	Conference Change
Gross	\$1,403,480,200	\$16,351,700
Restricted	9,500,000	0
GF/GP	\$1,393,980,200	\$16,351,700

2. King-Chavez-Parks Programs

Exec Rec: Consolidates funding for five of six programs into a single line item for competitive grants, with no net change in funding.

House: Eliminates all funding for programs.

Senate/Conference: Maintains current funding level and structure: funding for three programs is built into universities' operations line items; funding for three other programs is appropriated in separate line items.

Gross	\$5,146,900	\$0
GF/GP	\$5,146,900	\$0

3. National Charter Schools Institute

Exec Rec/House: Removes funding for institute from Central's appropriation.

Senate/Conference: Restores funding for institute.

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

**Summary: House Bill 4831
FY 2005-06**



<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>Conference Change</u>
4. Agriculture Experiment Station <u>Exec Rec:</u> Reduces appropriation by 10.0 percent. <u>House/Senate/Conference:</u> Restores funding to current-year level.	Gross GF/GP	\$33,163,800 \$33,163,800	\$0 \$0
5. Cooperative Extension <u>Exec Rec:</u> Reduces appropriation by 23.4 percent. <u>House/Senate/Conference:</u> Restores funding to current-year level.	Gross GF/GP	\$28,604,300 \$28,604,300	\$0 \$0
6. Midwestern Higher Education Compact Dues <u>Exec Rec:</u> Eliminates appropriation for dues. <u>House/Senate/Conference:</u> Includes \$90,000 for FY 2005-06 dues.	Gross GF/GP	\$165,000 \$165,000	(\$75,000) (\$75,000)
7. College Employment Research Institute <u>Senate:</u> Adds \$100,000 for collection of job placement data from universities. <u>Conference:</u> Funds not included.	Gross GF/GP	\$0 \$0	\$0 \$0
8. State Competitive Scholarships <u>Exec Rec:</u> Removes federal funds no longer available for program. <u>House:</u> Concurs with federal reduction; replaces \$9.75 million GF/GP with funds from Michigan Higher Education Assistance Authority (MHEAA) Operating Fund. <u>Senate/Conference:</u> Concurs with federal reduction; replaces \$3.0 million GF/GP with MHEAA funds.	Gross Federal Restricted GF/GP	\$35,630,500 3,000,000 0 \$32,630,500	(\$1,000,000) (1,000,000) 3,000,000 (\$3,000,000)
9. Tuition Grants <u>Exec Rec:</u> Eliminates funding for program. <u>House:</u> Reduces funding by 2.0%. <u>Senate:</u> Reduces funding by 4.9%. <u>Conference:</u> Reduces funding by 4.9%; offsets \$4.0 million GF/GP with funds from carry-forward of unexpended funds from FY 2004-05 appropriation	Gross Restricted GF/GP	\$61,768,100 0 \$61,768,100	(\$3,000,000) 4,000,000 (\$7,000,000)
10. Michigan Work Study <u>Exec Rec:</u> No change. <u>House:</u> Eliminates funding for program. <u>Senate/Conference:</u> No change.	Gross GF/GP	\$7,326,300 \$7,326,300	\$0 \$0
11. Part-Time Independent Student Program <u>Exec Rec:</u> No change. <u>House:</u> Eliminates funding for program. <u>Senate/Conference:</u> No change.	Gross GF/GP	\$2,653,300 \$2,653,300	\$0 \$0
12. Michigan Education Opportunity Grants <u>Exec Rec:</u> No change. <u>House:</u> Eliminates funding for program. <u>Senate/Conference:</u> No change.	Gross GF/GP	\$2,084,200 \$2,084,200	\$0 \$0
13. Michigan Merit Award Program <u>Exec Rec:</u> Increases total funding for program to 121.0 million; adjustment necessary due to statutory change in program's appropriation schedule that allowed for savings of roughly \$60 million in both FY 2003-04 and FY 2004-05; does not include funds for middle school or out-of-state awards. <u>House:</u> Adds \$9.0 million above Exec Rec for middle school awards. <u>Senate:</u> Includes total funding of \$101.3 million based on assumed program change(s) to reduce award payments in FY 2005-06; savings of \$19.7 million versus Exec Rec used to offset GF/GP funds for financial aid. <u>Conference:</u> Includes total funding of \$126.4 million for estimated costs of program; estimate includes funds for middle school awards but not for out-of-state awards.	Gross Restricted	\$61,400,000 61,400,000	\$65,000,000 65,000,000

**Summary: House Bill 4831
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Major Budget Changes from FY 2004-05

14. Tuition Incentive Program (TIP)

Exec Rec: Increases appropriation to reflect projected increase in costs.
House: Does not fund projected increase; replaces \$10.25 million in Merit Award Trust Fund funds with funds from MHEAA Operating Fund.
Senate: Concurs with Exec Rec.
Conference: Includes projected cost increase; offsets \$5.4 million in Merit funds with GF/GP.

	<u>FY 2004-05 Year-to-Date</u>	<u>Conference Change</u>
Gross	\$10,250,000	\$1,750,000
Restricted	10,250,000	(3,650,000)
GF/GP	\$0	\$5,400,000

Major Boilerplate Changes from FY 2004-05

Sec. 212(1). Monthly Payment Schedule – REVISED

Provides for 11 monthly payments to state universities. Conference revises to reflect July/August payments based on funding model (see section 418 below) and nine equal payments of remaining funds appropriated.

Sec. 212(3). Fiscal Agency Report – RETAINED

Requires report from fiscal agencies on appropriations methodology. Exec Rec deletes. House/Senate/Conference retain.

Sec. 214. Tuition Tax Credit – RETAINED

Requires notification to legislature regarding Tuition Tax Credit eligibility. Exec Rec deletes. House/Senate/Conference retain.

Sec. 301. State Competitive Scholarship Program – REVISED

Provides for distribution of State Competitive Scholarship Program funds. Conference adds language providing that Veterans Administration benefits not be considered in determining program eligibility.

Sec. 302. Tuition Grant Program – REVISED

Provides for distribution of Tuition Grant Program funds. Exec Rec deletes. House retains and moves application deadline from July 15 to July 1; states legislative intent for June 15 deadline in 2006 and June 1 deadline in 2007. Senate retains. Conference sets deadlines at July 15, 2005; July 1, 2006; and June 15, 2007 and adds language requiring level of at least \$2,000 for maximum award amount, along with associated reporting language.

Sec. 303. Michigan Work Study – RETAINED

Provides for distribution of Michigan Work Study funds. Exec Rec/Senate retain. House deletes. Conference retains.

Sec. 308. Financial Aid Payment Schedule – RETAINED

Sets payment schedules for financial aid programs. Exec Rec shifts quarterly schedules for most programs from 40%/40%/10%/10% to 25%/25%/25%/25%. House/Senate/Conference retain current schedules.

Sec. 310(11). Tuition Incentive Program Carry-Forward – DELETED

Requires carry-forward of unexpended funds for Tuition Incentive Program. Exec Rec/Senate delete. House retains. Conference deletes.

Sec. 312. Nursing Scholarship Program – REVISED

Provides for expenditure of Nursing Scholarship Program funds pursuant to statute. Conference revises to allow for expenditure of funds for other grant purposes if statute is amended.

Sec. 313. Nursing Education Programs – NOT INCLUDED

States intent that universities expand their nursing education programs. Senate adds new section. Conference does not include section.

Sec. 315. Dental Clinics Grant – DELETED

Directs Dental Clinics Grant to University of Detroit Mercy to support dental clinic services to low-income residents in southeastern Michigan. Exec Rec/House/Senate/Conference delete. (Funding shifted to DCH budget via EO 2005-7.)

Sec. 401. Joseph F. Young, Sr. Psychiatric Research and Training Program – DELETED

Earmarks \$5.6 million from appropriation to Wayne State for psychiatric research and training program at university. Exec Rec/House/Senate/Conference delete. (Funding shifted to DCH budget via EO 2005-7.)

Sec. 402. Douglas Lake Biological Station – RETAINED

Recognizes University of Michigan's Douglas Lake Biological Station as unique resource. Exec Rec deletes. House/Senate/Conference retain.

**Summary: House Bill 4831
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Major Boilerplate Changes from FY 2004-05

Sec. 405. HEIDI Advisory Committee – RETAINED

Creates Higher Education Institutional Data Inventory (HEIDI) Advisory Committee. Exec Rec deletes. House/Senate/Conference retain.

Sec. 406. College Employment Research Institute – NOT INCLUDED

Provides for College Employment Research Institute at Michigan State to collect various job placement data items from state universities. Senate adds new section. Conference does not include section.

Sec. 418. State University Funding Model – NEW

Describes funding model calculations used to determine state university operations appropriations amounts. Model includes enrollment-, degree-, and research-based components. House adds new section. Conference includes revised version of language, specifying that model has been used to determine July and August 2006 monthly payment amounts.

Sec. 421. National Charter Schools Institute – DELETED

Requires report from Central Michigan University regarding Charter Schools Institute. Exec Rec/House/Senate/Conference delete.

Sec. 426. Private Bookstores – RETAINED

States intent that private bookstores have access to required textbook lists. Exec Rec deletes. House/Senate/Conference retain.

Sec. 436. Tuition Restraint – REVISED

Sets conditions for receipt of funds tied to tuition restraint in FY 2004-05. Exec Rec revises existing tuition restraint language to require that universities restrain increases in resident undergraduate tuition and fee rates to 5.0% or \$307, whichever is greater. House/Senate/Conference replace section with language stating intent that universities increase institutional financial aid expenditures by at least the same percentage as resident undergraduate tuition and fees are increased and requiring universities to report on the amounts of those increases.

Sec. 437. Retirement System Stabilization Subaccount – RETAINED

States legislative intent for subsidy from Public School Employee Retirement System stabilization subaccount to reduce university contribution rates. Exec Rec deletes. House/Senate/Conference retain and adjust subsidy amount.

Sec. 450. Per-Student Funding Floor – REVISED

States legislative intent for funding floor of \$4,000 per fiscal year-equated student (FYES). Exec Rec/House delete. Senate retains and revises language to indicate that \$3,750-per-FYES floor is reflected in line item appropriations. Conference revises Senate version of language to reflect \$3,650-per-FYES floor for all universities, except Grand Valley due to limited state resources.

Sec. 460. Student and Presidential Housing – DELETED

Requires report from each university regarding student and presidential housing facilities. Exec Rec/House/Senate/Conference delete.

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

States that funds appropriated in FY 2005-06 bill for state university operations are in addition to funds anticipated for payment at FY 2004-05 book closing, which the universities will recognize as FY 2005-06 revenue. Conference adds new section.

Secs. 501 to 507. King-Chavez-Parks Programs – RETAINED

Provides for expenditure of funds under six King-Chavez-Parks programs. Exec Rec consolidates language into single section providing for competitive grants. House deletes all language. Senate/Conference retain current-year language.

ARTICLE 14
NATURAL RESOURCES

Summary: Conference Report
Analyst: Kirk Lindquist

	FY 2004-05 YTD	Executive	House	Senate	Conference
IDG/IDT	\$3,528,700	\$3,691,200	\$3,691,200	\$3,691,200	\$3,691,200
Federal	40,009,200	38,990,200	38,990,200	38,990,200	38,990,200
Local					
Private	2,024,300	2,090,100	2,090,100	2,090,100	2,090,100
Restricted	193,482,200	201,194,300	205,023,000	201,828,400	202,578,400
GF/GP	28,501,700	26,533,300	25,604,600	25,940,900	25,593,200
Gross	\$267,546,100	\$272,499,100	\$275,399,100	\$272,540,800	\$272,943,100
FTEs	2,076.5	2,084.2	2,080.2	2,075.5	2,079.5

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. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

Major Budget Changes from FY 2004-05		FY 2004-05 Year-to-Date	House	Senate	Conference
1. Conservation Law Enforcement	Gross	\$28,160,500	(\$1,000,000)	(\$1,300,000)	(\$1,000,000)
Reduces GF/GP for general law enforcement activity by \$1.0 million; support for snowmobile and off-road vehicle enforcement to be funded by restricted funds. Off-road vehicle funding authorization requires a statutory change.	Federal	3,676,200	0	0	0
	Restricted	20,817,100	600,000	300,000	600,000
	GF/GP	\$3,667,200	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)
2. Payments In Lieu of Taxes	Gross	\$7,800,000	(\$2,400,000)	(\$3,099,400)	(\$2,750,000)
Implements change made by 2004 PA 513 transferring payments for State Education Taxes to School Aid; included in School Aid appropriation act. Payment levels are reduced 4.5 %. This shortage is to be made up in future appropriations for Purchased Lands PILT.	Restricted	3,900,000	0	0	0
	GF/GP	\$3,900,000	(\$2,400,000)	(\$3,099,400)	(\$2,750,000)
3. ORV Grant Funding	Gross	\$1,374,500	\$0	\$982,900	\$982,900
Increased appropriation for trail improvement grants.	Restricted	1,374,500	0	982,900	982,900
4. Timber Marking	FTEs	117.0	4.0	0.0	4.0
Increased funding for timber marking and support of contractors clearing inaccessible roads, dealing with wetlands, and old growth area issues impairing timber harvesting.	Gross	\$13,993,900	\$350,000	\$0	\$350,000
	Federal	835,800	0	0	0
	Private	837,200	0	0	0
	Restricted	12,320,900	350,000	0	350,000
5. State Game Area Maintenance	Gross	\$200,000	\$300,000	\$300,000	\$300,000
Transfers federal Department of Interior funds from Capital Outlay to State Game and Wildlife Area Maintenance program.	Federal	200,000	300,000	300,000	300,000
6. Snowmobile Law Enforcement Grants	Gross	\$1,142,000	(\$300,000)	\$0	\$0
Shifts snowmobile enforcement grant funding for county sheriffs to DNR law enforcement.	Restricted	1,142,000	(300,000)	0	0
7. Captive Cervidae Game Farm Inspections	Gross	\$93,500	\$251,000	\$0	\$115,800
Provides GF/GP support for the program expansion recommended by the Governor. The fee increase is not included.	Restricted	93,500	(93,500)	0	0
	GF/GP	\$0	\$344,500	\$0	\$115,800

**Summary: House Bill 4831
FY 2005-06**



<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
8. Forest Development Fund Deduct Adjustments	Gross	N/A	\$0	\$0	\$0
Provides increases to level of support provided from Forest Development Fund revenue for Forest Fire Protection.	Restricted		1,073,200	0	350,000
	GF/GP		(\$1,073,200)	\$0	(\$350,000)
9. Forest Fire Outreach and Assistance	Gross	\$9,491,300	(\$102,300)	(\$102,300)	(\$102,300)
Reduces fire loss program; eliminates outreach and public assistance programs.	Federal	760,300	0	0	0
	Restricted	4,003,100	0	0	0
	GF/GP	\$4,727,900	(\$102,300)	(\$102,300)	(\$102,300)
10. Nongame Wildlife Specialty Plate Revenue	Gross	\$1,187,000	\$0	\$0	\$0
Would have increased license plate revenue to offset required GF/GP savings.	Federal	438,000	0	0	0
	Restricted	635,600	100,000	0	0
	GF/GP	\$113,400	(\$100,000)	\$0	\$0
11. Education and Outreach Programs	Gross	\$3,402,300	(\$100,000)	\$0	\$0
Decreases G/F/GP support	IDG	5,700	0	0	0
	Restricted	3,187,200	0	0	0
	GF/GP	\$209,400	(\$100,000)	\$0	\$0
12. Economic Adjustments	Gross	N/A	\$10,477,600	\$10,477,600	\$10,130,500
Increases contribution rates for defined benefit and defined contribution retirement plans and employer share of health insurance premiums (\$5.1 million). Reduced funds in FY 2004-05, as employee concessions, were added back: \$5.0 million.	IDG		129,300	129,300	129,300
	Federal		1,182,100	1,182,100	1,182,100
	Private		65,800	65,800	65,800
	Restricted		8,146,200	8,146,200	8,146,200
	GF/GP	N/A	\$954,200	\$954,200	\$607,100

Major Boilerplate Changes from FY 2004-05

Sec. 407. Turkey License Sales – NEW

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

Sec. 502. Bobcat Population Report – NEW

Requires an estimate of Bobcat population in the Lower Peninsula and urges a suspension of trapping until the report is submitted.

Sec. 503. Cormorant Control Study – NEW

Requires action plan to reduce cormorant population impacts on Michigan fisheries.

Sec. 705. State Park Sponsorship – NEW

Requires recommendations for corporate sponsorships in selected areas of State Parks.

Sec. 804 Timber Marking – REVISED

Directs Department to mark and prepare for harvest, 63,000 acres at an average rate of 12.5 to 13.0 cords per acre; consideration to be given to impact of timber harvesting on wildlife habitat and recreation uses; requires quarterly report.

Sec. 806. Gaylord-Cheboygan Snowmobile Trail – NEW

Requires designation of a snowmobile trail connecting these two municipalities.

Sec. 807. ORV Trail Development

Requires a plan to increase the number of ORV trail miles by 25% over 4 years.

Sec. 210. Report Retention – REMOVED

Sec. 301. Habitat Report – REMOVED

Sec. 801. Forest Certification – REMOVED

Sec. 1101. Rural Fire Protection Grants (Federal) – REMOVED