

LABOR AND ECONOMIC GROWTH FY 2008-09 Budget Summary: House Bill 5809 (H-5) as passed by the House

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	FY 2007-08 YTD	FY 2008-09		Difference: House From FY 2007-08 YTD		Difference: House From Executive	
		Executive	House Subcommittee	Amount	%	Amount	%
IDG/IDT	\$34,472,800	\$30,724,200	\$30,724,200	(\$3,748,600)	(10.9)	\$0	0.0
Federal	820,712,500	831,637,300	831,637,300	10,924,800	1.3	0	0.0
Local	15,884,700	15,889,200	15,889,200	4,500	0.0	0	0.0
Private	5,314,300	5,314,300	5,314,300	0	0.0	0	0.0
Restricted	378,843,700	384,937,600	385,937,600	7,093,900	1.9	1,000,000	0.3
GF/GP	46,002,700	94,350,100	94,850,100	48,847,400	106.2	500,000	0.5
Gross	\$1,301,230,700	\$1,362,852,700	\$1,364,352,700	\$63,122,000	4.9	\$1,500,000	0.1
FTEs	4,341.0	4,351.0	4,351.0	10.0	0.2	0.0	0.0

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through February 7, 2008.

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.

Major Budget Issues

Major Budget Changes From FY 2007-08 YTD Appropriations

1. New No Worker Left Behind Program

Adds \$40 million GF/GP for No Worker Left Behind Program to provide occupationally-relevant tuition assistance for in-demand fields. Additional GF/GP support made available through refinancing general obligation bond debt. Reflects reduction of funding from one-time federal funds available. See new boilerplate section 432a for distribution of the \$40.0 million.

	FY 2007-08 YTD	Exec Change From YTD	House Change From YTD
Gross	\$50,600,000	\$26,400,000	\$26,400,000
Federal	50,600,000	(13,600,000)	(13,600,000)
GF/GP	\$0	\$40,000,000	\$40,000,000

2. Michigan Nursing Corps Program

Adds \$8.5 million for the Michigan Nursing Corps program to rapidly prepare new nursing faculty and recruit displaced workers with bachelor's degrees in science to earn an accelerated one-year nursing certification.

Gross	\$1,500,000	\$8,500,000	\$8,500,000
GF/GP	\$1,500,000	\$8,500,000	\$8,500,000

3. Office of Financial and Insurance Regulation

Adds 53.0 FTEs and \$4.7 million in industry-paid fees to improve regulation or maintain statutorily-required regulatory activities related to mortgage lending, payday lending, securities, banking and credit unions, and insurance.

FTEs	288.0	53.0	53.0
Gross	\$45,413,300	\$4,676,900	\$4,676,900
Federal	50,400	0	0
Restricted	45,362,900	\$4,676,900	\$4,676,900

4. OFIR IT System Integration

Adds \$1.4 million Restricted for the first year of a two-year IT project integrating OFIR's IT systems concerning insurance, banking, and credit union regulatory activities. (Estimated costs in FY 2010 are \$1.1 million.)

Gross	N/A	\$1,377,000	\$1,377,000
Restricted	N/A	1,377,000	1,377,000

5. Jobs, Education, and Training (JET) Program

Reduces by 36.0 positions and \$4.5 million (IDG-DHS) to more accurately reflect program personnel needs and to reflect lower than anticipated referrals to Michigan Rehabilitation Service.

FTE	93.0	(36.0)	(36.0)
Gross	\$22,877,800	(\$4,467,600)	(\$4,467,600)
IDG	22,877,800	(4,467,600)	(4,467,600)

Major Budget Changes From FY 2007-08 YTD Appropriations		FY 2007-08 YTD	Exec Change From YTD	House Change From YTD
6. Trade Adjustment Assistance	Gross	\$18,900,000	\$6,604,300	\$6,604,300
Adds \$6.4 million Federal for Department of Labor Trade Adjustment Assistance to displaced workers.	Federal	18,900,000	6,604,300	6,604,300
7. MSHDA Payments on Behalf of Tenants	Gross	\$140,000,000	\$5,000,000	\$5,000,000
Adds \$5.0 million Federal for payments on behalf of tenants in the low-income housing choice voucher program.	Federal	140,000,000	5,000,000	5,000,000
8. Remonumentation Grants	Gross	\$14,000,000	(\$3,000,000)	(\$3,000,000)
Decreases authorization for grants based on estimated revenue.	Restricted	14,000,000	(3,000,000)	(3,000,000)
9. Occupational Regulation (Commercial Services)	FTEs	156.0	11.0	11.0
Adds 11.0 FTEs and \$1.0 million Restricted to crack down on unlicensed activity within the accounting, real estate, and building construction industries.	Gross	\$17,651,200	\$1,050,000	\$1,050,000
	Restricted	17,651,200	1,050,000	1,050,000
10. LCC: Direct Shipper Enforcement Fund	Gross	N/A	\$120,000	\$120,000
Adds \$120,000 from the Direct Shipper Enforcement Fund related to enforcement of regulations concerning the direct shipment of wine.	Restricted	N/A	120,000	120,000
11. Homeowner Construction Lien Fund	Gross	\$1,537,900	\$300,000	\$300,000
Adds \$300,000 to reflect an increase (based on prior years) in the number of claims and judgments awarded.	Restricted	1,537,900	300,000	300,000
12. Internal Audit Consolidation	FTE	5.0	(5.0)	(5.0)
Reduces 5.0 FTEs related to consolidation of internal audit activities within DMB. Funding will remain within DLEG budget, and bill be recorded as an IDG in the DMB budget.	Gross	\$560,100	\$0	\$0
	Federal	68,700	0	0
	Restricted	491,400	0	0
13. Human Resources Consolidation	FTE	22.0	(22.0)	(22.0)
Reduces 22.0 FTEs and \$2.4 million related to consolidation of human resources activities within DMB. Also eliminates \$259,700 in HR optimization charges	Gross	\$2,619,800	(\$2,619,800)	(\$2,619,800)
	Federal	1,800,400	(1,800,400)	(1,800,400)
	Restricted	819,400	(819,400)	(819,400)
14. Focus: HOPE	Gross	\$140,000	(\$140,000)	(\$140,000)
Eliminates \$140,000 for a pilot study on improving job placement and retention of welfare recipients.	Restricted	140,000	(140,000)	(140,000)
15. Liquor Enforcement Grants	Gross	\$6,100,000	\$500,000	\$500,000
Adds \$500,000 for liquor law enforcement grants from increased revenue generated from sale of development district and redevelopment project licenses.	Restricted	6,100,000	500,000	500,000
16. SOAHR: DHS Case Referrals	Gross	\$3,338,000	\$640,700	\$640,700
Adds 7.0 FTEs and \$640,700 (IDG-DHS) to support the increased volume of administrative hearings concerning DHS benefits	IDG	3,338,000	640,700	640,700
17. Deaf and Hard of Hearing Interpreters	Gross	N/A	\$75,000	\$75,000
Adds \$75,000 to expand availability of interpreters for the deaf and hard of hearing on account of increase revenue from interpreter testing fees.	Restricted	N/A	75,000	75,000
18. Fire Protection Grants	Gross	\$10,910,500	\$0	\$1,000,000
Adds \$1.0 million from the Liquor Purchasing Revolving Fund for fire protection grants to cities with state-owned property.	Restricted	10,910,500	0	1,000,000
19. Centers for Independent Living	Gross	\$3,079,700	\$0	\$500,000
Increases funding for centers for independent living, which provide supportive services to persons with disabilities, by \$500,000.	Federal	870,200	0	0
	Private	100,000	0	0
	GF/GP	2,109,500	0	\$500,000
20. FY 2008-09 Economic Increases	Gross	N/A	\$1,9994,900	\$1,9994,900
Includes contractual 1.0% wage increases and adjustments for insurance and retirement.	IDG	N/A	91,300	91,300
	Federal	N/A	935,000	935,000
	Local	N/A	4,500	4,500
	Restricted	N/A	976,700	976,700
	GF/GP	N/A	(12,600)	(12,600)

Major Boilerplate Changes From FY 2007-08

Sec. 205. Hiring Freeze - REVISED

Imposes a hiring freeze on the department, and permits the state budget director to grant exceptions to the hiring freeze in certain limited circumstances. The **House** adds an exception to the hiring freeze for the Public Service Commission for House Bill 5524 (the re-write of P.A. 141).

Sec. 335. MPSC Report on Low Income and Energy Efficiency Fund Grant Awards - RETAINED

Requires the Public Service Commission to issue a report on grant awards from the Low Income and Energy Efficiency Fund. The **Executive** deleted this section. The **House** retains this section.

Sec. 336. Office of Financial and Insurance Regulation Expenditure Report - RETAINED

Requires OFIR to issue a report on expenditures of each OFIR division in the preceding fiscal year. The **Executive** deletes this section. The **House** retains this section.

Sec. 337. Credit Scoring in Insurance Rate Setting - DELETED

Prohibits using appropriations for implementing prohibitions on the use of credit scoring in insurance rate setting. The **Executive** and **House** delete this section.

Sec. 340. Health Maintenance Organization Quarterly and Annual Reports - RETAINED

Requires OFIR to provide the fiscal agencies with copies of quarterly and annual reports of health maintenance organizations (HMOs). The **Executive** deletes this section. The **House** retains this section.

Sec. 355. Ergonomic Rules - DELETED

Prohibits using funds for promulgation of ergonomic rules that are more stringent than voluntary federal standards. The **Executive** and **House** delete this section.

Sec. 357. Real Estate Law and Rules Book - REVISED

Allocates up to \$50,000 for printing the Real Estate Law and Rules Book (Red Book), and requires the department to make printed copies of the book available at cost. The **Executive** and **House** delete the allocation of funds for this purpose.

Sec. 370(2). Cities of Promise Allocation - DELETED

The **Executive** and **House** delete the statement of legislative intent to allocate at least \$750,000 from the cities of promise blight elimination program to Saginaw and Flint.

Sec. 375. MPSC Low Income and Energy Efficiency Grant Awards Process - RETAINED

Requires the MPSC to set an application deadline of May 1st and award deadline of October 1st for issuing LIEEF grant awards. The **Executive** deletes this section. The **House** incorporates this section into Section 335.

Sec. 376. LCC Report on Revenue Losses - DELETED

Requires the Liquor Control Commission to issue a report by January 15, 2008 on the amount of revenue lost due to out of state liquor purchases for individual consumption or illegal resale. The **Executive** and **House** delete this provision.

Sec. 377(2). Workforce Investment Act Funds Expenditures - RETAINED

Requires the department to report the amount of workforce investment act funds appropriated in the fiscal year. The **Executive** deletes this provision. The **House** retains this provision.

Sec. 403. Local Match of Vocational Rehabilitation Facilities Establishment Grants - DELETED

Sets a maximum local match requirement for vocational rehabilitation facilities establishment grants at 21.3%. The **Executive** deletes this provision. The **House** retains this provision.

Sec. 404. Vocational Rehabilitation Independent Living - REVISED

The **Executive** adds that funds appropriated for vocational rehabilitation independent living not used to match federal funding to be used for the development of new independent living centers in areas currently unserved or underserved. The **House** provides that the \$500,000 increase for this line item may be used for the development of new independent living centers in areas currently unserved or underserved.

Sec. 407. Workforce Development Boards - REVISED

Requires local workforce boards to establish education advisory groups consisting of school administrators, workforce board members, employers, labor interests, educators, and parents of school children. The **House** permits local boards to add to the education advisory group representatives of organizations that provide school-based curriculum and youth programs on entrepreneurship, work-readiness skills, and financial literacy.

Sec. 408. Enhance Local Access to Baccalaureate Degree Opportunities - DELETED

Statement of legislative intent to identify ways of enhancing local access to baccalaureate programs in applied science and technology through the community college system. Permits funds to be used for a study such programs would be useful and could be developed quickly. The **Executive** and **House** delete this section.

Major Boilerplate Changes From FY 2007-08

Sec. 432a. No Worker Left Behind - NEW

The **House** adds boilerplate concerning the \$40.0 million increase in funding for NWLB. The section allocates \$30.0 million for worker training in in-demand fields, \$5.0 million for adult basic education, remedial education, and other training for individuals not ready for post-secondary training; and \$5.0 million for capacity building at community colleges and other public, associates-degree granting institutions. The House also requires funds to be used to provide training to food stamp recipients and distributed in a manner that leverages federal, local, and private funds. The House Committee also adds intent language requiring the department to work with local workforce development partners and the Lewis College of Business to assist the college in participating in the program, and adds language permitting a portion of the \$30.0 million allocated for training to be utilized by libraries to assist in providing training in in-demand occupations, based on demonstrated need.

Sec. 437. Welfare to Work Pilot Program – DELETED

Allocates \$140,000 to Focus: Hope to design a pilot program to improve job placement and retention of welfare recipients. Directs Focus: Hope to work collaboratively with Department of Human Services Jobs, Employment, Training Program and Michigan community colleges and universities. The **Executive** and **House** delete this section.

Sec. 439. Land Bank Fast Track Authority - REVISED

Allocates \$400,000 from LBFTA funds appropriated in part 1 to be used for additional maintenance or demolition of tax reverted property. The **Executive** deletes this section. The **House** retains this section, but reduces the allocation from \$400,000 to a \$100 placeholder.