

## LABOR AND ECONOMIC GROWTH FY 2008-09 Budget Summary: House Bill 5809 (CR-1) Conference Committee Report

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June 24, 2008

	<b>FY 2007-08 YTD</b>	<b>FY 2008-09 Revised Exec 5-7-08</b>	<b>FY 2008-09 House 3-20-2008</b>	<b>FY 2008-09 Senate 5-27-08</b>	<b>FY 2008-09 Conference 6-26-08</b>	<b>Difference: Conference From FY 2007-08 YTD</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	34,472,800	\$30,724,200	\$30,724,200	30,724,300	30,774,200	(3,698,600)	(10.7)
<b>Federal</b>	820,712,500	875,637,300	831,637,300	875,637,200	874,942,400	54,229,900	6.6
<b>Local</b>	15,884,700	15,889,200	15,889,200	15,889,200	15,889,200	4,500	0.0
<b>Private</b>	5,314,300	5,314,300	5,314,300	5,314,300	5,314,300	0	0.0
<b>Restricted</b>	389,120,700	385,719,100	385,937,600	386,308,000	386,914,000	(2,206,700)	(0.6)
<b>GF/GP</b>	46,002,700	103,707,800	94,850,100	45,850,100	73,560,700	27,558,000	59.9
<b>Gross</b>	<b>\$1,311,507,700</b>	<b>\$1,362,852,700</b>	<b>\$1,364,352,700</b>	<b>\$1,359,723,100</b>	<b>\$1,387,394,800</b>	<b>\$75,887,100</b>	<b>5.8</b>
<b>FTEs</b>	4,351.0	4,358.5	4,351.0	4,353.5	4358.5	7.5	0.2

*Note: FY 2007-08 figures reflect supplementals, Executive Orders, and legislative transfers through June 24, 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

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 Year to Date</b>	<b>Conference Change From YTD</b>
<b>Items of Difference</b>			
<b>1. Workforce Training Program Subgrantees</b>			
The <b>Executive</b> and the <b>House</b> add \$40.0 million GF/GP for the No Worker Left Behind Program. The <b>Revised Executive</b> and <b>Senate</b> increased federal WIA authorization by \$44.0 million to reflect WIA PY 2008-09 allocation. The <b>Executive</b> , <b>House</b> , and <b>Senate</b> increase federal TAA authorization by \$6.4 million. The <b>Conference Committee</b> concurs with the additional WIA and TAA authorization, and provides an additional \$15.0 million GF/GP for No Worker Left Behind.	<b>Gross</b>	<b>\$184,587,800</b>	<b>\$65,440,800</b>
	Federal	184,587,800	50,440,800
	GF/GP	\$0	\$15,000,000
<b>2. Michigan Nursing Corps Program</b>			
<b>Executive</b> and <b>House</b> add \$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. The <b>Senate</b> reduces by \$1.0 million from YTD. The <b>Conference Committee</b> provides an additional \$3.5 million.	<b>Gross</b>	<b>\$1,500,000</b>	<b>\$3,500,000</b>
	GF/GP	\$1,500,000	\$3,500,000
<b>3. Office of Financial and Insurance Regulation</b>			
The <b>Revised Executive</b> and <b>Senate</b> adds 50.0 FTEs and \$5.4 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. The <b>Conference Committee</b> concurs.	FTEs	298.0	50.0
	<b>Gross</b>	<b>\$45,903,300</b>	<b>\$5,389,900</b>
	Federal	50,400	0
	Restricted	45,852,900	5,389,900
<b>4. Housing and Community Development Fund</b>			
The <b>Executive</b> and <b>House</b> maintain current year funding levels. The <b>Senate</b> increases funding by \$1.8 million. The <b>Conference Committee</b> concurs maintains current year funding levels.	<b>Gross</b>	<b>\$2,163,400</b>	<b>\$0</b>
	GF/GP	\$2,163,400	\$0

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 Year to Date</b>	<b>Conference Change From YTD</b>
<b>6. Unemployment Fund Shift</b> In a May revision letter, the <b>Executive</b> added \$9.4 million (P&I) to the unemployment programs line to pay for borrowing costs on cash flow advances (loans) made by the Department of Labor. The revision replaced P&I funds in other lines with GF/GP. The YTD appropriation includes an additional \$8.0 million for the same purpose. The <b>Conference Committee</b> concurs with the Executive Revision.	<b>Gross</b>	<b>\$102,340,500</b>	<b>\$9,357,700</b>
	Federal	90,640,500	0
	Restricted	11,700,000	0
	GF/GP	\$0	\$9,357,700
<b>7. Fire Protection Grants</b> The <b>House</b> adds \$1.0 million from the Liquor Purchasing Revolving Fund for fire protection grants to cities with state-owned property. The <b>Executive</b> and <b>Senate</b> maintain current year funding levels. The <b>Conference Committee</b> maintains current year funding levels.	<b>Gross</b>	<b>\$10,910,500</b>	<b>\$0</b>
	Restricted	10,910,500	\$0
<b>8. Centers for Independent Living</b> The <b>House</b> Increases funding for centers for independent living, which provide supportive services to persons with disabilities, by \$500,000. The <b>Senate</b> increases funding by \$163,300. The <b>Conference Committee</b> concurs with the House, but uses restricted funds (Corporations Fees) rather than General Fund/General Purpose.	<b>Gross</b>	<b>\$3,079,700</b>	<b>\$500,000</b>
	Federal	870,200	0
	Private	100,000	0
	Restricted	0	500,000
	GF/GP	2,109,500	\$0
<b>9. State Office of Administrative Hearings and Rules</b> Adds 7.0 FTEs and \$640,700 (IDG-DHS) to support the increased volume of administrative hearings concerning DHS benefits. The <b>Senate</b> added a placeholder for teach tenure hearings. The <b>Conference</b> adds \$50,000 (IDG) for teacher tenure hearings.	<b>Gross</b>	<b>\$3,338,000</b>	<b>\$50,000</b>
	IDG	3,338,000	50,000
<b>10. Jobs, Education, and Training (JET) Program</b> 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. The <b>Senate</b> increases funding by \$100. The <b>Conference Committee</b> concurs with the Executive and the House.	FTE	93.0	(36.0)
	<b>Gross</b>	<b>\$22,877,800</b>	<b>(\$4,467,600)</b>
	IDG	22,877,800	(4,467,600)
<b>11. MIOSHA Commissions</b> The <b>Senate</b> reduced funding for MIOSHA related to the costs of the General Industry Safety Standards Commission and the Occupational Health Standards Commission. The <b>Conference</b> restores the Senate reduction.	<b>Gross</b>	<b>\$26,198,200</b>	<b>\$0</b>
	Federal	12,197,000	0
	Restricted	14,001,200	0
<b>12. BWUC Administration</b> The <b>Senate</b> reduced staffing and funding the administration of the Bureau of Workers and Unemployment Compensation by 5.0 FTEs and \$400,000. The <b>Conference</b> restores the Senate reduction.	<b>Gross</b>	<b>\$9,896,800</b>	<b>\$0</b>
	Restricted	9,896,800	0
<b>Non-Items of Difference</b> <b>13. OFIR IT System Integration</b> 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.)	<b>Gross</b>	<b>N/A</b>	<b>\$1,377,000</b>
	Restricted	N/A	1,377,000
<b>14. MSHDA Payments on Behalf of Tenants</b> Adds \$5.0 million Federal for payments on behalf of tenants in the low-income housing choice voucher program.	<b>Gross</b>	<b>\$140,000,000</b>	<b>\$5,000,000</b>
	Federal	140,000,000	5,000,000
<b>15. Remonumentation Grants</b> Decreases authorization for grants based on estimated revenue.	<b>Gross</b>	<b>\$14,000,000</b>	<b>(\$3,000,000)</b>
	Restricted	14,000,000	(3,000,000)
<b>16. Occupational Regulation (Commercial Services)</b> Adds 11.0 FTEs and \$1.0 million Restricted to crack down on unlicensed activity within the accounting, real estate, and building construction industries.	FTEs	156.0	11.0
	<b>Gross</b>	<b>\$17,651,200</b>	<b>\$1,050,000</b>
	Restricted	17,651,200	1,050,000

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 Year to Date</b>	<b>Conference Change From YTD</b>
<b>17. LCC: Direct Shipper Enforcement Fund</b> Adds \$120,000 from the Direct Shipper Enforcement Fund related to enforcement of regulations concerning the direct shipment of wine.	<b>Gross</b> Restricted	<b>N/A</b> N/A	<b>\$120,000</b> 120,000
<b>18. Internal Audit Consolidation</b> 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.	FTE <b>Gross</b> Federal Restricted	5.0 <b>\$560,100</b> 68,700 491,400	(5.0) <b>\$0</b> 0 0
<b>19. Human Resources Consolidation</b> 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	FTE <b>Gross</b> Federal Restricted	22.0 <b>\$2,619,800</b> 1,800,400 819,400	(22.0) <b>(\$2,619,800)</b> (1,800,400) (819,400)
<b>20. Focus: HOPE</b> Eliminates \$140,000 for a pilot study on improving job placement and retention of welfare recipients.	<b>Gross</b> Restricted	<b>\$140,000</b> 140,000	<b>(\$140,000)</b> (140,000)
<b>21. Liquor Enforcement Grants</b> Adds \$500,000 for liquor law enforcement grants from increased revenue generated from sale of development district and redevelopment project licenses.	<b>Gross</b> Restricted	<b>\$6,507,000</b> 6,507,000	<b>\$93,000</b> 93,000
<b>22. Deaf and Hard of Hearing Interpreters</b> Adds \$75,000 to expand availability of interpreters for the deaf and hard of hearing on account of increase revenue from interpreter testing fees.	<b>Gross</b> Restricted	<b>N/A</b> N/A	<b>\$75,000</b> 75,000
<b>23. FY 2008-09 Economic Increases</b> Includes contractual 1.0% wage increases and adjustments for insurance and retirement (includes \$119,000 Gross for DIT economics).	<b>Gross</b> IDG Federal Local Restricted GF/GP	<b>N/A</b> N/A N/A N/A N/A N/A	<b>\$1,994,900</b> 91,300 935,000 4,500 976,700 (12,600)

#### **Major Boilerplate Changes From FY 2007-08**

##### **Sec. 205. Hiring Freeze - RETAINED**

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). The **Executive, House, and Senate** make minor revisions. The **Senate** does not concur with the **House** in providing an exemption for the MPSC. The **Conference Committee** does not include the exception for the MPSC.

##### **Sec. 215. Report on Policy Changes - RETAINED**

Requires the department to submit a report on policy changes made to implement recently enacted legislation and prohibiting the department from promulgating administrative rules that have disproportionate impact on small businesses. The **Executive and House** delete this section. The **Senate** retains this section. The **Conference Committee** retains this section.

##### **Sec. 219. Employee Interaction with Legislature - Retained**

Prohibits the department from taking disciplinary action against employees who communicate with the Legislature. The **Executive and House** delete this section. The **Senate** retains this section. The **Conference Committee** retains this section.

##### **Sec. 222. Governmental Efficiency Commission - NEW**

The **Senate** added language requiring the department to review the determinations of the Legislative Commission on Governmental Efficiency to determine their applicability to the department and the costs and benefits of implementing recommendations. The **Conference Committee** concurred with the Senate.

## **Major Boilerplate Changes From FY 2007-08**

### ***Sec. 224.(Out-of-State Travel for Training - NEW***

The **Senate** added language prohibiting out-of-state travel by more than one departmental employee for professional development or training, except where more than one person is required to attend and travel is funded by non-state resources. The **Conference Committee** concurs with the Senate, and further permits travel to a conference or training seminar where staff lacks the expertise.

### ***Sec. 225. Transparency in State Expenditures - NOT INCLUDED***

The **Senate** added language requiring the department to develop a website detailing all expenditures made in the fiscal year. The **Conference Committee** does not include this section.

### ***Sec. 311. Construction Code Fund - NEW***

The **Conference Committee** added a section appropriating \$3.0 in surplus corporation fees (copy and certification fees) to the Construction Code Fund.

### ***Sec. 319. Unemployment Taxes and PEOs - NOT INCLUDED***

The **Senate** added language prohibiting the department from expending funds for the UIA to combine entities within a PEO into a single account or single rate unless there is clear evidence that the primary purpose of the PEO is to reduce the unemployment taxes of the employers. The **Conference Committee** does not include this section.

### ***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** and **Senate** retain this section. The **Conference Committee** 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** and **Senate** retain this section. The **Conference Committee** retains this section.

### ***Sec. 337. Credit Scoring in Insurance Rate Setting - RETAINED***

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

### ***Sec. 355. Ergonomic Rules - REVISED***

Prohibits using funds for promulgation of ergonomic rules that are more stringent than voluntary federal standards. The **Executive** and **House** delete this section. The **Senate** revises this section to state that funding for MIOSHA in part 1 shall only be used to administer worker safety programs, and no funding shall be used to support the Occupational Health Standards Commission or the General Industry Safety Standards Commission. The **Conference Committee** maintains current year language, which provides that no funds shall be used to support of the development of ergonomics rules that are more stringent than federal voluntary ergonomics guidelines.

### ***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**, **House**, and **Senate** delete the allocation of funds for this purpose. The **Conference Committee** deletes this provision.

### ***Sec. 365. CET Grants - RETAINED***

Allocates at least \$40,000 from the amount appropriated for the Michigan occupational safety and health consultation education and training (CET) grants to nonprofit organizations representing the aggregate industry. The **Executive** and **House** delete this section. The **Senate** retains this section. The **Conference Committee** retains this section.

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

The **Executive**, **House**, and **Senate** delete the statement of legislative intent allocating at least \$750,000 from the cities of promise blight elimination program to Saginaw and Flint. The **Conference Committee** deletes this section.

### ***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** and **Senate** incorporate this section into Section 335. The **Conference Committee** retains this section.

## **Major Boilerplate Changes From FY 2007-08**

### **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**, **House**, and **Senate** delete this provision. The **Conference Committee** deletes this section..

### **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** and **Senate** retain this provision. The **Conference Committee** retains this section.

### **Sec. 378. SOAHR Decisions in Public Assistance Cases - NEW**

The **Senate** adds intent language for the State Office of Administrative Hearings and Rules to work the Center for Civil Justice to develop a system to post on-line SOAHR decisions concerning Medicaid and cash, emergency, and food assistance. The **Conference Committee** concurs with the Senate.

### **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** and **Senate** retain this provision. The **Conference Committee** 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. The **Senate** provides that funds may be used by existing sites to serve underserved areas. The **Conference Committee** provides that funds may be used by existing sites to serve underserved areas.

### **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** and **Senate** permit 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. The **Conference Committee** includes this provision.

### **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**, **House**, and **Senate** delete this section. The **Conference Committee** deletes this section.

### **Sec. 432. No Worker Left Behind Report - REVISED**

The **Executive** and **Senate** change the dates for the NLWB program from 7/1/2008 for the period 8/1/2007 - 5/30/2008 to a report by 12/15/2009 for the period 10/1/2008 - 9/30/2009. The **House** retained the current dates, but updates the year. The **Senate** also requires a report by 12/15/2008 for the period 10/1/2007 - 9/30/2008. The **Conference Committee** concurs with the Senate, adds that the report include information about the amount expended (listed by fund source) for the program.



## **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.

The **Senate** retains the overall structure of the House language. It allocates at least \$70.0 million for the program and, without setting specific amounts, directs that funds be used for worker training, adult education, and capacity building at community colleges. The Senate does not provide funds to community colleges through a competitive granting process, and does not include the House's provisions regarding the Lewis College of Business or the allocation of funds to public libraries.

The **Conference** retains the overall structure of the House boilerplate. It allocates the \$15 million GF/GP appropriated for NWLB among adult education (\$2.5 million - \$5.0 million), community colleges (\$2.5 million - \$5.0 million), and worker training (available balance). It does not include the House language with respect to public libraries or the Lewis College of Business. It also provides that the department shall maximize participation in the program among food assistance recipients.

### ***Sec. 437. Welfare to Work – REVISED***

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**, **House**, and **Senate** delete this section. The **Senate** adds language allocating \$200,000 for one grant to expand a program of an employer that (1) focuses on retaining low-wage workers receiving public assistance; (2) has at least an 80% retention rate; (3) includes more than one employer; (4) has a DHS caseworker on the employer's worksite; splits the costs of the case worker with federal TANF funds and the employer's own funds; (6) provides life and work-related skills training; (7) impacts at least three counties; and (8) includes partnerships with local government, nonprofits, and community colleges. The **Conference Committee** concurred with the Senate.

### ***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** and **Senate** delete this section. The **House** retains this section, but reduces the allocation from \$400,000 to a \$100 placeholder. The **Conference Committee** deletes this section.

### ***Sec. 439. Focus: HOPE Career Prep Pilot Program - NEW***

The **Senate** added language providing a \$100 placeholder allocation to Focus: HOPE to implement a pilot career prep program for welfare recipients in Genesee and Wayne counties, based on the program designed from funds provided in FY 2007-08 (2007 PA 118, Section 437). The **Conference Committee** provides intent language that the department work with Career Alliance (Genesee-Shiawassee Michigan Works! Agency) and other interested MWAs in implementing the Career Prep pilot program.

### ***Sec. 440. Gang Diversion - NEW***

The **Senate** adds language setting aside a portion of the WIA Statewide Activities funds to support coordinated activities of the local Michigan Works! agency and law enforcement for gang diversion activities and support services to at-risk youth Wyoming, Detroit, and Benton Harbor. The **Conference Committee** concurs with the Senate.

### ***Sec. 441. SOAHR Teacher Tenure Hearings - NEW***

The **Senate** added language specifying the \$100 GF/GP placeholder for SOAHR is to be used to reduce the backlog of teacher tenure cases. The **Conference Committee** does not include this section.

### ***Sec. 442. Temporary Assistance for Need Families Contingency Funds - NEW***

The **Conference Committee** adds a section appropriating up to \$30.0 million in TANF funds, upon the receipt in TANF Contingency Funds in FY 2007-08, and subsequent carryforward of TANF block grant funds in FY 2008-09. Of the funds appropriated, \$2.0 million is allocated to the Michigan Housing and Community Development Fund. The remaining balance of the funds are to be allocated to the JET program for enhanced employment and training services.