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FISCAL YEAR 2007-2008 EXECUTIVE BUDGET AND FISCAL YEAR 2006-2007 EXECUTIVE ORDER RELEASED

Tax and Fee Increases, Spending Reductions and Operational Reforms Proposed to Address Exploding Deficits

On February 7th Governor Granholm released her proposed FY2008 Executive Budget together with an Executive Order recommendation for FY2007 in response to a significant budget deficit in the current fiscal year. Noting that inflation adjusted General Fund revenues had declined by over \$3.2 billion dollars (38 percent) since FY2000 due in large measure to tax cuts adopted during the Engler administration, Governor Granholm's Executive Budget and Executive Order proposals revealed her plans to resolve deficits in excess of \$3 billion over the next 18 months.

In their presentation of the Executive Budget to a joint session of the House and Senate Appropriations Committees, State Treasurer Robert Kleine and Budget Director Bob Emerson indicated that quick action on the administration's proposals would be necessary to keep Michigan's fiscal crisis from getting worse. For each month that implementation of the Governor's plan is delayed, Treasurer Kleine noted, the state's deficit could be expected to grow by \$100 million or more.

The Treasurer also noted that the state's credit rating, which determines the interest rate the state must pay on borrowed funds, is at risk of further downgrades by Wall Street bond rating firms concerned about Michigan's deteriorating fiscal condition. (Subsequent to the release of the Executive Budget, Standard and Poor's issued a statement identified Michigan as the only state in the country it judged to have a negative fiscal outlook. The Standard and Poor's advisory suggested that state policy-makers would need to take corrective action in the near future to avoid a further deterioration of the state's credit rating.)

Regarding the current year deficit of approximately \$942 million, including a \$377 million shortfall in the School Aid Fund, the administration indicated that failure to adopt the proposed Executive Order could result in a pro-rata reduction in the K-12 Foundation Allowance of over \$200 per pupil (approximately 3 percent) late in the school year. Such a reduction, school administrators have warned, could place over 100 Michigan public

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school systems in deficit and seriously deplete the reserves of many other districts.

On February 14th, one week after the Governor issued her proposals for resolving the FY2007 budget shortfall, the Senate Appropriations committee voted to reject the plan due to its revenue enhancement component, indicating that they would prefer to address the entire FY2007 deficit with program reductions.

In response, the administration announced that it would release the details of a revised Executive Order on March 22nd. Upon its release, the legislature will have 10 business days to approve or reject the plan in its entirety.

Turning to the FY2008 Executive Budget Proposal, as Chart I on the following page illustrates, the Governor proposes to address a deficit estimated to total at least \$2.1 billion by instituting the following:

- Reduce spending, primarily in the Departments of Corrections and Human Services, by a total of \$310 million;
- Replace the Single Business Tax (SBT), due to expire on December 31, 2007, with the Michigan Business Tax. The new tax, estimated by the administration to bring in approximately \$1.1 billion in revenues annually; would reduce direct business taxes in Michigan by approximately \$.5 billion.
- Reduce or eliminate a series of special tax credits estimated to save the state \$84.2 million;
- Increase tax revenues by \$86.6 million in association with raising the cigarette tax by 5 cents per pack, doubling the tax on other tobacco products, and increasing the wholesale liquor markup rate from 65 percent to 75 percent;
- Increase state revenues by an additional \$104.2 million in association with a series of tax and fee increases and decreases. Of particular note in this category is the administration's recommendation to join 18 other states in decoupling from the federal estate tax phase-out begun in 2002. Expected to increase state revenues by \$119 million annually, the Governor's estate tax recommendation would exclude the value of farms and small businesses and the first \$2 million of other Michigan estates. Also included in this category is a proposed tax decrease of

\$175 million associated with the exemption of the trade-in value of motor vehicles from the 6 percent sales tax currently paid on the full value of a new motor vehicle;

- Institute a 2 percent excise tax on non-excluded services purchased by businesses and the general public. This new tax, which would exclude health care and educational services, day care services purchased by governmental units and non-profits, purchases related to research and computer systems design, and admissions to zoos, museums and amateur sports events, is projected to yield \$1.47 billion annually.

The cumulative \$3.16 billion in new and Single Business Tax replacement revenues and program reductions reflected in the Governor's FY2008 Executive Budget are intended to resolve approximately \$2.2 billion in projected deficits and to fund the following mostly education and training related initiatives:

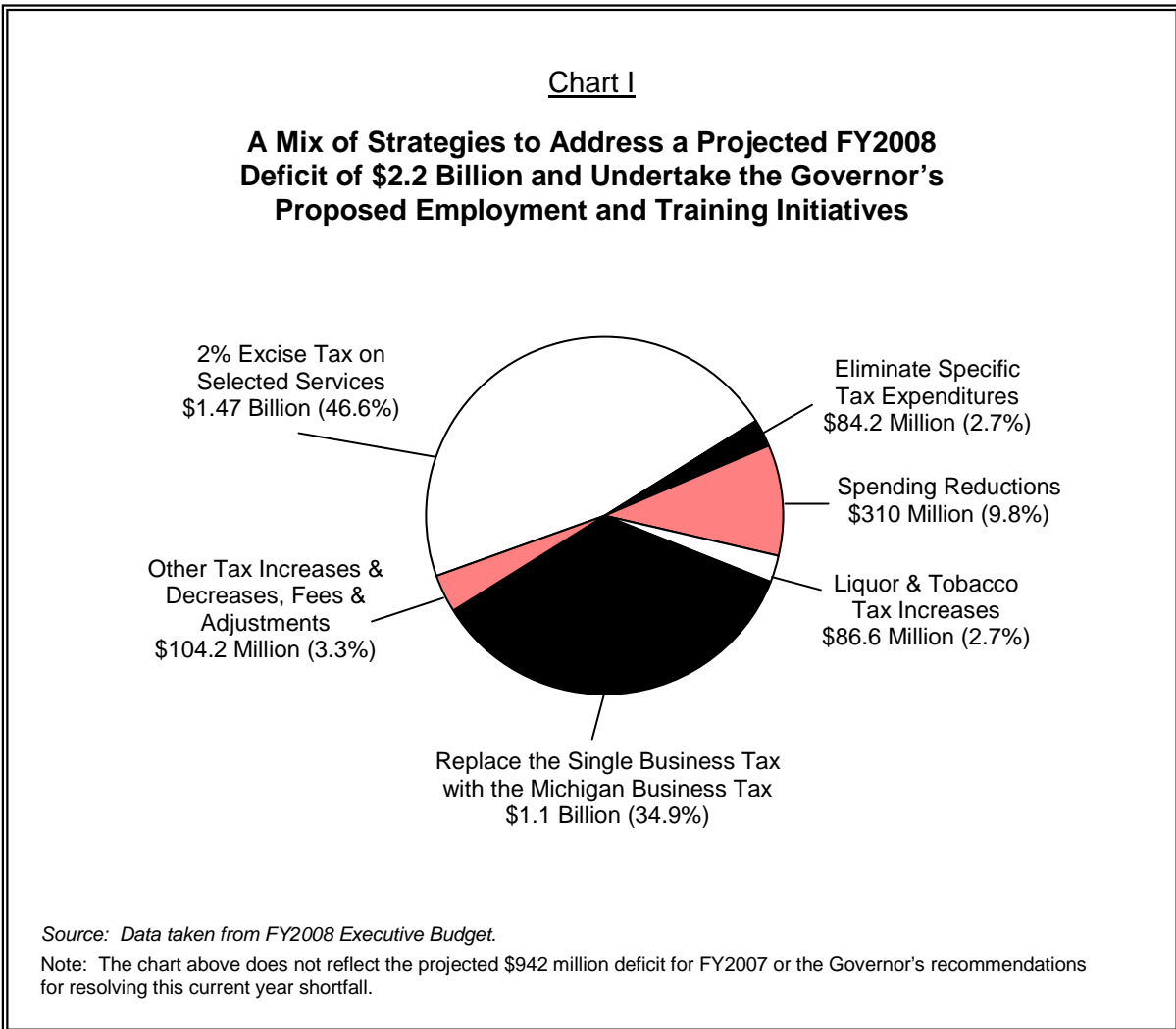
- Increase Pre-school Funding by 200 Percent (\$200 million)
- Increase funding for K-12, Community Colleges and Higher Education by 2.5 Percent (\$287.6 million)
- Create a No Worker Left Behind Program to provide up to two years of tuition free community college training for qualifying Michigan residents. (\$77 million per year for 3 years)
- Create a Michigan Nursing Corps intended to increase the number of faculty available to train nurses in traditional and accelerated programs with the goal of graduating 3,000 new nurses within three years. (\$15 million per year for three years)
- Deposit \$200 million into the currently depleted Medicaid Benefits Trust Fund to address future health care needs.

The administration recommended that the revenue package outlined above be approved by April 1st with an effective date of June 1st in order to yield approximately \$529 million in revenues in the current fiscal year to help close the forecast \$942 million deficit for the current fiscal year. Per the Governor's original Executive Order, the balance of the current year deficit would be closed by reducing the state's contributions to the various state and public school employee retirement funds (\$277.9

million), delaying the 4th quarter payment to colleges and universities until FY2008 (\$69 million) and by a variety of program reductions and accounting adjustments (\$66.1 million).

It should be noted that the Governor’s FY2008 Executive Budget proposal does not reflect the potential impact of federal budget reductions contained in President Bush’s recently released FY2008 Executive Budget recommendation. An

analysis of the President’s budget proposal by the Center on Budget and Policy Priorities indicates that its adoption would likely reduce federal funds flowing to the state of Michigan by approximately \$577 million in FY2008. Of particular note are recommendations to reduce the Low Income Home Energy Assistance Program, the Community Services Block Grant and the Social Services Block Grant (Title XX) by over 25 percent relative to their respective funding levels in FY2007.



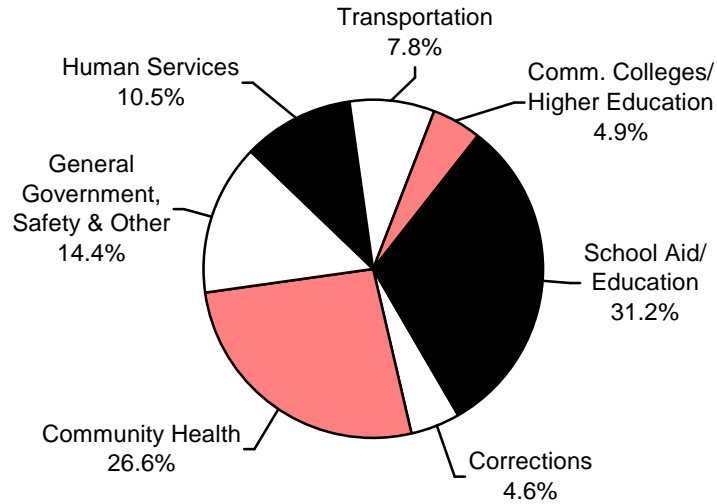
As illustrated by Chart II on the following page, the Governor’s FY2008 Executive Budget proposal reflects total spending of \$43.3 billion and General Fund spending of \$9.54 billion, increases of 2.2 percent and 3.5 percent respectively over adjusted FY2007 appropriations. Chart II also illustrates the

Percentage distribution of recommended appropriations by department. It is noteworthy, in that regard, that over 75 percent of recommended total and General Fund spending is linked to K-12 and Higher Education, Community Health, Human Services and Corrections.

CHART II

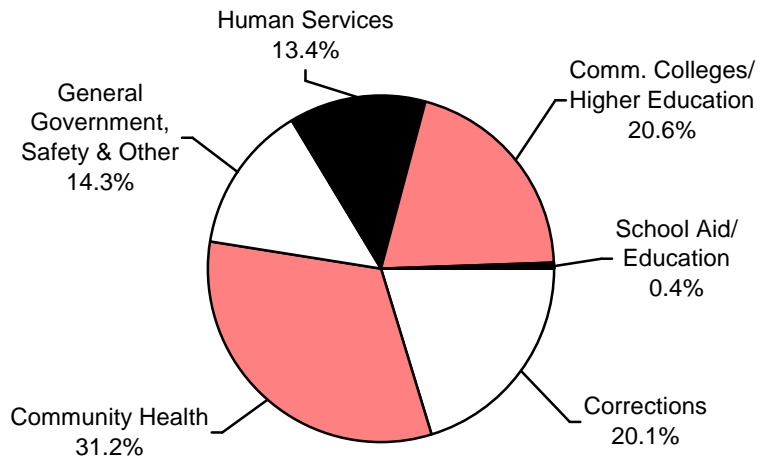
FY2008 Adjusted Gross Executive Budget Recommendation

\$43.3 Billion



FY2008 GF/GP Executive Budget Recommendation

\$9.54 Billion



Source: Data taken from FY 2008 Executive Budget.

Department of Human Services (DHS)

The Governor's Executive Budget recommends total Department of Human Services (DHS) funding of \$4.55 billion, of which \$1.28 billion (28.3 percent) is general fund. If adopted, the FY2008 Executive Budget recommendation would result in a 1.7 percent increase in overall department funding and a 266 position (2.6 percent) increase in authorized staffing. As was the case with the other state departments, the administration's DHS recommendation provides funding to cover a 4 percent employee pay adjustment agreed to in collective bargaining, funding to cover increases in employee retirement and health insurance costs, and a variety of economic adjustments for rent, utilities, etc.

The following significant recommendations were reflected in the proposed DHS budget:

Child Welfare Staffing and Support Services

The Executive Budget proposes adding 257 positions focused primarily on finding permanent placements for foster care children, converting current relative caregivers to licensed foster parents, and facilitating background checks on current and prospective foster parents. Funds were also added to increase staffing within private child placement agencies and to support additional medical and psychological evaluations for abused and neglected children. (\$25.2 million)

The Executive Budget also recommends the establishment of a new Guardianship Program which would provide financial support similar to that provided to foster families for caregivers agreeing to become the legal guardians of children who have been the victims of abuse and neglect. (\$4.58 million)

Also recommended in the Executive Budget is a 2.1 percent increase in the Adoption Subsidies line-item to address caseload increases. This program provides subsidy payments to adoptive parents of children identified as having special needs. (\$2.29 million)

Caseload and cost-per-case increases related to caring for abused and neglected youth, and delinquent youth that are court wards, are cited in the Executive Budget as necessitating an increase in the Child Care Fund appropriation line-item. (\$5 million)

The Executive Budget reflects a reduction in recommended appropriations for the Foster Care line-item (-\$9.3 million) due to anticipated caseload and average cost per case decreases primarily associated with the Wayne County Foster Care program. The Executive Budget also reflects a significant (\$9.1 million) shift from federal and state to local funding in support of the Foster Care program due in part to a decrease in the number of cases eligible for federal Title IV-E funding.

Family Independence Program (FIP) Caseload and Policy Changes

Beginning in the spring of 2006 the FIP program, the state's primary cash assistance program for low income families, experienced unexpected caseload growth due in part to a policy change which permitted cases to open prior to referral to the Work First program. In an effort to reverse this trend the Governor has proposed reinstating the policy of requiring Work First participation prior to opening a FIP case for households determined not to have significant barriers to employment.

The Executive Budget also assumes implementation of a revised policy adopted in the last legislative session that increases the initial sanction for failure to comply with work participation or other FIP program requirements from 30 days to 90 days.

These policy changes, and a recommended 15-day delay in issuing the initial cash assistance payment for households that currently receive a payment within the 15 days of eligibility determination, are expected to reduce program spending by \$60.4 million in FY2008. These savings are reflected as a partial offset to \$82.4 million in anticipated FIP program cost increases related to a projected FY2008 caseload of 84,100, up from a budgeted 77,600 cases in FY2007. (The February FIP caseload stood at 88,756, over 11,000 cases above the budgeted FY2007 caseload and slightly above the caseload in January.)

It is anticipated that the FIP policy changes outlined above will be implemented by DHS in the spring of FY2007 and serve as part of the solution to Michigan's general fund deficit in the current fiscal year.

While it appears likely that implementation of the proposed policy changes will serve to reduce the FIP

caseload over the next eighteen months, Michigan's lagging economy and the significant upward trend in applications for a range of public assistance programs suggests that it may prove difficult to realize the FIP savings assumed in the Executive Budget.

Day Care Policy Changes

The Executive Budget reflects several Day Care program policy and case review recommendations as part of the administration's effort to address the significant general fund deficits forecast for FY2007 and FY2008. The most significant of these proposals would reduce the maximum reimbursable Day Care per two-week pay period from 100 hours to 90 hours. This recommendation is expected to reduce reimbursements for approximately 19,000 current Day Care cases. (-\$23.6 million)

Implementation of a twelve county pilot project in FY2007 to identify Day Care cases receiving improper payments due to eligibility errors or fraud is projected to reduce program costs by \$6.1 million in FY2008 at an annual cost \$1.6 million. (Net Savings: \$4.5 million)

The Executive Budget also recommends elimination of federally funded (TANF) grants for Before and After School day care service programs. (-\$5 million)

Jobs, Education and Training (JET) Program Expansion

The Executive Budget proposes that the JET pilot projects initiated in FY2007 be expanded statewide in FY2008. The program, which is operated in cooperation with the Department of Labor and Economic Growth (DLEG), is intended to increase engagement in work activities by FIP cash assistance recipients. Of the recommended \$17.98 million authorization increase for FY2008, \$13.5 million would be passed through to DLEG in support of additional staffing and services related to rehabilitation and employment support services. DHS would retain \$4.5 million to hire 30 JET coordinator positions and to provide additional work support services. Expansion of the program is contingent upon documenting program outcomes in FY2007.

It should be noted that the JET program was developed in part as a response to federal TANF program requirements, which mandated that at least 50 percent of work eligible single parent FIP households be in compliance with work participation requirements. Currently Michigan is approximately 12 percent below the adjusted employment participation

levels that would bring the state into compliance with federal guidelines. The current DHS plan calls for a quarterly improvement in the percentage of FIP cases meeting work participation requirements, driven in large measure by the targeted efforts and resources of the JET program. Assuming that the JET project has the desired outcome, it is anticipated that Michigan will reach or exceed the 50 percent federal work participation threshold by the end of FY2008.

State Disability Assistance (SDA) Caseload Adjustment

The Executive Budget recommends a \$3.56 million increase in the SDA line-item appropriation associated with a projected 5.1 percent increase in cases served. It is anticipated that the average monthly caseload for this program, which provides cash assistance for low-income childless adults with a qualifying disability, will reach 12,200 in FY2008.

Bridges Information Technology Project Expansion

The Executive Budget recommends that the Bridges Project, which aims to integrate eligibility and case management computer systems in an effort to improve efficiencies and reduce staff workloads, be expanded in FY2008. (\$14 million)

Indigent Burial Services Reimbursement Reduction

As part of its deficit reduction package, the administration recommended that reimbursements for indigent burial services be reduced by 25 percent in FY2008. (-\$1.47 million)

Reduction of Federal TANF Allocations to Community Action Agencies

Driven at least in part by the exhaustion of prior year TANF balances, the administration recommended a 10.3 percent reduction in federal TANF dollars allocated to Community Action Agencies in support of their human services programming (-\$2.4 million) and their outreach efforts to raise awareness of the federal Earned Income Tax Credit among those workers eligible to apply for the credit. (-\$.5 million)

Marriage and Fatherhood Initiative Reductions

In recognition that Michigan did not receive an allocation from the federally funded \$150 million Healthy Marriage and Family program, the administration recommends reducing authorizations supporting these programs by \$3.2 million to a level of \$1 million in FY2008.

Elimination of the Teen Parent Counseling Program

Again related at least in part to the exhaustion of prior TANF balances, the administration proposed the elimination of a program administered by agencies under contract with DHS in 18 counties to provide education, training and employment services to teen parents. (-\$3.82 million)

Other Issues and Concerns

Since March 2002 when an early retirement program for state employees was announced, onboard staffing at the DHS has declined from over 14,000

to less than 10,000. The loss of many of the department's most experienced staff, together with a significant increase in most DHS program caseloads, has resulted in a dramatic increase in caseload/worker ratios. While efforts to simplify program policies and automate application processing have been undertaken in an effort to alleviate some of the resulting pressure on department staff, the potential for significant adverse impacts in terms of processing accuracy and timeliness, as well as employee skill development and retention, presents a daunting challenge to department management.

Department of Community Health (DCH)

The Governor's FY2008 budget recommends total funding for the Department of Community Health of \$11.5 billion, of which \$3.0 billion is general fund. This represents 26.4 percent of the total state budget and 31.4 percent of the statewide general fund recommendation. Medicaid represents about two-thirds of the Department's budget. While the FY2008 recommendation represents a \$58 million general fund increase over the current FY2007 law, if the FY2007 Executive Order and Supplemental are considered, the FY2008 recommendation is actually a general fund REDUCTION of about \$22 million.

Most notable about the budget recommendation is the absence of major program reductions. However, **this budget recommendation is predicated on the passage of numerous REVENUE solutions to the FY2007 budget shortfall that would be continued in FY2008.** If increased revenue policies (e.g., expand sales tax to services, reestablishing the estate tax, close tax loopholes, etc.) are not approved, then dramatic reductions will be required to balance the state budget. While the reductions included in the budget are very problematic and not good public policy, they are minor in comparison to what would be required to balance the budget absent new revenues.

The Governor continues to work with the federal government to secure approval for her *Michigan First Healthcare Plan* introduced in last year's budget. Approval had been anticipated by the end of 2006, with an April 1, 2007 implementation, however federal approval has not yet been granted. Efforts to implement the plan are still a high priority, and the FY2008 budget continues the \$100 million

gross and federal recommendation. The new health care initiative will provide affordable insurance coverage to families and individuals without employer-based health care coverage who have incomes below 200 percent of the poverty level. The program will be financed with federal funds secured through a federal Medicaid waiver. Eligibility requirements and services provided will be less comprehensive than the current Medicaid program. The state matching funds requirement for the waiver will be met through funds currently spent to finance programs for low-income persons and families who are uninsured. The programs currently funded with these appropriations will not change.

The Executive Budget recommends an increase in the Home and Community Based Waiver funding of \$20 million gross, \$8.4 million general fund to support 700 – 1,400 additional placements. This increase is financed by limiting the growth in the inflation factor for nursing homes. The budget also recognizes the federal Money Follows the Person grant awarded in January 2007 and adds \$11.8 million gross, \$3.0 million general fund. The general fund requirement will be provided through savings achieved from transitioning people from a nursing home to the community. Enhanced federal funding is available for the first year of community placement.

The Executive Budget recommends the elimination or reduction of 22 Healthy Michigan Fund programs and redirects the savings to Medicaid.

Other highlights of the Executive Budget recommendation include:

Caseload and Utilization Increases

The Executive budget includes increases of \$243.1 million gross, \$102 million general fund to recognize caseload growth and medical care utilization in Medicaid, MIChild, Children's Special Health Care Services, Mental Health/Substance Abuse, and the Adult Benefits Waiver. The monthly average number of persons eligible for Medicaid is projected to be 1,581,000 which may be somewhat optimistic since the number of eligibles as of January 2007 is 1,553,200. Funding is recommended to maintain the Adult Benefits Waiver at the federally approved caseload of 62,000. It is important to note that enrollment in the program is currently closed due to the cap in enrollments.

Actuarially Sound Rates for Health Maintenance Organizations/Managed Care Plans

Funding of \$87.4 million gross, \$36.6 million general fund is recommended to meet the federal requirement that rates paid to health maintenance organizations (HMO's)/managed care plans must be actuarially sound. The same federal requirements apply to mental health managed care organizations, and the Executive Budget recommends the addition of \$42.8 million gross, \$15.4 million general fund to meet this requirement.

Public Institution Physician Adjustor Payment Increase

Funding of \$26 million gross, \$0 general fund is recommended to increase the physician adjustor payment for public institutions that was implemented in FY2006. Physician services at Michigan State University, Wayne State University, University of Michigan and Hurley Hospital will receive the enhanced payment. The public entities provide the required match.

Criminal History Check Program

Funding of \$4.5 million gross, \$0 general fund is recommended to continue the criminal history check pilot project funded by the federal government in FY2007. This program provides background checks for direct care workers at nursing homes, adult foster care facilities and other long-term care agencies. The criminal backgrounds checks are required by 2006 Public Acts 27, 28, and 29. The program will be funded with health system fees, assuming a change in the Public Health Code, and federal Medicaid funds.

Impact of Minimum Wage Increase

The Executive Budget recommends an increase of \$3.6 million gross, \$1.5 million general fund to recognize the impact of the minimum wage increase from \$7.15 to \$7.40 for Adult Home Help workers.

Wage Increase for Mental Health Direct Care Workers

The Executive Budget adds \$7.3 million gross, \$3.7 million general fund to fully fund the 2 percent wage increase provided to mental health direct care workers in the current year. This wage increase was not adequately funded in the FY2007 budget and is also included in the proposed FY2007 supplemental.

Replace Unavailable Trust Funds and Provider Taxes with General Fund

The Executive Budget recommends the addition of \$80 million general fund to replace other funding that is not available, including Medicaid Benefits Trust Fund, Merit Award Trust Fund, and provider taxes from managed care organizations due to changes in federal policy which lowered the provider tax percentage from 6.0 percent to 5.5 percent. These funds served as match for the federal Medicaid dollars, and must be replaced to continue \$191 million in Medicaid services.

Federal Medical Assistance Percentage (FMAP)

The Federal Medical Assistance Percentage (Michigan's Medicaid match rate) will increase from 56.38 percent in FY2007 to 58.10 percent in FY2008 increasing federal revenue and correspondingly reducing general fund need by \$155 million.

Cost Saving Initiatives

Several cost-saving policies are recommended in the Executive Budget. New savings initiatives include:

- Elimination of the \$5 million Disproportionate Share Hospital payment pool added in FY2005.
- Implementation of a Medicaid Estate Recovery program – again – to save \$10 million gross, \$4.2 million general fund. Estate recovery is mandated in the Medicaid statute; Michigan is the only state without some type of program.
- Savings for full-year implementation of Plan First! the Department's recently approved Family Planning Waiver. Due to delayed approval of the

waiver by the federal government, savings assumed in the FY2007 budget did not materialize, but are expected to reduce costs by \$12.6 million gross, \$7.1 million general fund in FY2008.

- Implementation of a methodology change for outpatient reimbursement for individuals eligible for both Medicaid and Medicare that will reduce Medicaid obligations to pay Medicare co-pays by \$10 million gross, \$4.2 million general fund.

Public Health Changes

Public health service changes include the following:

- As mentioned above, 22 Healthy Michigan Fund prevention programs are recommended for reduction or elimination. \$9.9 million in savings

is redirected to the Medicaid program, and \$1.8 million in reductions reflect reduced tobacco tax revenues available to fund programs.

- Addition of \$5 million gross for a federal Medicaid Transformation Grant to support technology projects to automate and integrate vital records into Medicaid and to implement health professionals one-source credentialing.

Employee-Related Economics

The Executive Budget includes \$26.1 million gross, \$9.8 million general fund for FY2008 employee economics, including salary and wage increases, health insurance and retirement, and building occupancy cost increases.

Department of Labor and Economic Growth (DLEG)

The Governor's budget recommends total funding for the Department of Labor and Economic Growth of \$1.3 billion, of which \$99.1 million is general fund. The administration's budget proposal reflects an overall funding increase of 9.2 percent and a 108.9 percent increase from the general fund. Highlights from the Governor's budget include:

- \$77 million (\$40 million general fund, \$37 million Federal WIA) in funding for the new No Worker Left Behind program. This program is designed to fund up to two years of college tuition to assist displaced workers obtain training and quickly transition to new careers.

- Allocating \$15 million for the first of a three-year Michigan Nursing Corps program. This program is designed to increase the number of nurses being trained in the state.
- Providing \$13.5 million in funding for the state-wide expansion of the Jobs, Education, and Training Program (JET). The funds allocated will be used for the hiring of 62.0 FTE's. Expansion of the program is contingent on demonstrated savings from the JET pilot sites in FY2007.
- A \$10 million reduction in TANF funding and replacing it with \$10 million in WIA funding.

K-12 School Aid Budget

The Governor's FY2008 budget recommends a total of \$13.4 billion for the K-12 School Aid budget, of which \$12.0 billion are state (school aid) funds, an increase of nearly \$338 million over the current FY2007 appropriation. Schools also receive state general fund and federal funds which total \$1.4 billion, and together with community colleges are expected to receive an estimated \$4.5 billion from local property taxes.

Programmatic changes included in the Executive Budget are predicated, in part, on passage and implementation in 2007 of several revenue enhancement proposals including the 2 percent sales tax on some services, reinstating the state estate tax, increase in the liquor tax, and closing several tax "loopholes." **If the new revenue proposals are not enacted, the School Aid Fund**

recommendation will have to be dramatically reduced.

The Executive Budget recommends a Basic Foundation Allowance of \$7,286, an increase of \$178 per pupil plus the amount of the equity payment (\$23/pupil) from FY2007. The appropriated foundation allowance for FY2007 is \$7,085

A major funding change recommended in the Executive Budget is based on revaluing the Michigan Public School Employee Retirement System assets to their fair market value as of September 30, 2006. This would increase the net value of the assets by an estimated \$3 billion, and reduce the required amount of employer contributions by \$185 million. The reduced funding requirement would allow the retirement/insurance rate for FY2008 to be lowered from 17.74 percent in FY2007 to 16.72 percent in FY2008. If required legislation is not enacted to allow revaluing of the retirement system assets, the retirement/ insurance rate would increase to 18.56 percent.

A major initiative funded in the FY2008 Executive Budget is the addition of \$200 million gross and School Aid Fund (SAF) to promote universal pre-school programs for eligible 4 year olds. Funding of \$194.6 million is added to provide full-day programs for at-risk and low-income children (at least 50 percent of participants must be from families with incomes at or below 250 percent of the federal poverty level). Up to 26,000 children are expected to be served. Districts that implement full-day preschool programs must offer full-day kindergarten programs in the following year. An additional \$5.4 million gross and SAF is recommended for the current School Readiness programs (partial day programs) to increase the per-child funding from \$3,300 to \$3,500. This increase would bring total School Readiness program funding to \$96.5 million.

Other highlights of the FY2008 Executive Budget recommendation:

- Increases declining enrollment grants by \$16 million to \$36 million to assist districts with 2 consecutive years of declining enrollment. The Middle School Math Initiative is eliminated,

saving \$20 million, to fund the declining enrollment grants.

- Promotes consolidation of district business, administrative, and instructional services with Intermediate School District services by providing incentive payments to districts that do. Total amount recommended for incentives is \$10 million.
- Provides a 2.5 percent increase, \$2.0 million gross and SAF, for Intermediate School Districts general operations.
- Promotes health sciences careers by increasing funding from \$2 to \$4 million gross and SAF for the Health/Science Middle College Program. This program creates partnerships among school systems, community colleges and hospitals to provide opportunities for high school students to earn college credit and receive on-the-job training in the health sciences field.
- Recommends a \$10.7 million gross, \$10.3 million SAF increase for the Michigan Education Assessment Program testing required by the State and Federal government.
- Eliminates the Freedom to Learn program funding of \$1.5 million gross and federal due to exhaustion of the federal funding.
- Recommends elimination of nearly all of the new programs or initiatives included in the FY2007 appropriations. This recommendation is in concert with the FY2007 proposed reductions to resolve the School Aid fund shortfall and avoid pro-ratio reductions of \$215 per pupil. Programs recommended for elimination include: Children of Incarcerated Parents, Book-a-Month Program, Automated External Defibrillators, Web-Based Assessments, School Building Security Mapping, Positive Behavioral Support Program, Mercy Education Project, Early Intervention Program for K- 3, International Baccalaureate Programs, Conductive Learning Center Evaluation, and Pre-college Engineering Grant to Kalamazoo.

Department of Education (DOE)

The Governor's budget recommends total funding for the Department of Education of \$93.1 million, of which \$6.6 million is general fund. This recommendation represents, for the most part, a continuation budget of that enacted for FY2007. The budget reflects the sale of the former site of the School for the Blind in Lansing and eliminates the rental revenue and associated maintenance costs.

Highlights of the FY2008 Executive Budget recommendation include:

- An increase of \$1,758,400 gross, \$0 general fund for conversion of the teacher licensing database which would be funded from increased teacher certification fees;
- An increase of \$973,400 gross, \$0 general fund for additional staff (7 FTEs) and programming at the Michigan School for the Deaf and Blind due to projected enrollment increases of 15 students. For the period FY2005 – FY2008, enrollment will have increased by 46 percent.

- Elimination of funding for following programs:
 - ▶ \$100,000 gross, \$0 general fund boilerplate allocation to Wayne State University for the Pathways to Teaching Program.
 - ▶ \$100,000 gross, \$0 general fund boilerplate allocation to Central Michigan University for the Alternative Route to Certification Program.

- Economic increases of \$1.7 million gross, \$0.2 million general fund are recommended to cover employee-related salary and wage increases, retirement and health insurance increases, as well as building occupancy cost increases.

The Department has alerted the Legislature, in testimony before the House Appropriations Subcommittee, that they do not have the funding or staffing resources to carry out all that is required of the Department, and, therefore, are unable to meet federal and audit requirements.

Higher Education

The Governor's FY2008 budget recommendation for Michigan's 15 public universities and related programs is \$1.81 billion gross, \$1.68 billion general fund. This recommendation reflects an overall funding increase of 1.4 percent and a general fund increase of 3.5 percent over the FY2007 appropriation. Highlights of the Higher Education Executive recommendation include:

- An overall 2.5 percent (\$21.0 million) increase in funding for universities characterized as "research universities" including Michigan State University, University of Michigan, and Wayne State University.
- A 2.5 percent inflationary, across the board increase for Michigan's other 12 public universities totaling \$15.6 million.
- Continuation of \$2.7 million in funding for the Martin Luther King, Jr., Cesar Chavez, Rosa Parks program for grants to increase the

participation of minority and economically disadvantaged students in post-secondary education.

- The transfer of \$43.5 million from the Michigan Merit Award Program for the creation of the Michigan Promise Grant Program created by Public Act 479 of 2006. This program provides merit-based grants to students (up to \$4,000) that do well on the state's Merit Exam in high school. Students may also earn this grant after completing two years of post-secondary education with at least a 2.5 GPA.
- The addition of \$7.1 million to the Tuition Incentive Program (TIP) for college tuition for Medicaid-eligible high school students who graduate and continue on to college. This increase represents a 50.7 percent increase to the program, bringing total recommended funding to \$21.1 million for FY2008. The increase is due to rising caseloads.

- A \$3.0 million increase for Project GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) to increase the number of economically disadvantaged students preparing to attend and succeed in post-secondary education. The program will grant scholarships to students in school districts in Detroit, Flint, and Muskegon.
- The elimination of \$58.8 million in funding for need-based tuition grants for students attending Michigan's private colleges and universities. This

is the fifth consecutive year the Governor has eliminated funding for the program. The Governor also recommended the elimination of the Michigan Leadership, Education, and Development (MiLEAD) program, saving \$5 million.

- The decrease of \$67.7 million for the Michigan Merit Award Program with \$43.5 million being transferred to the Michigan Promise Grant and \$24.2 million was eliminated as a temporary cost saving measure related to the implementation of the new Michigan Promise Program.

Community Colleges

The Governor's FY2008 Executive Budget recommendation for Michigan's 28 Community Colleges reflects an overall increase of 2.6 percent (\$7.1 million), bringing the total proposed authorization to \$297.4 million, which consists entirely of general fund dollars.

- The Executive Budget recommends a 2.5 percent inflationary increase (\$7.1 million) across the board for community college operations.

- There is also an additional recommendation of \$225,000 for Wayne County Community College to fully restore funding of \$450,000 that was reduced during FY 2004. FY 05-06 restored \$225,000 of this funding and it was continued during FY 06-07.
- Also recommended is an increase of \$175,000 over the FY 06-07 recommendation for Renaissance Zones Tax Reimbursements for colleges in Renaissance Zones, bringing funding to \$3.4 million.

Department of Corrections

The Governor's FY2008 Executive Budget recommends an increase of 3.2 percent (\$61 million) in total authorizations and 4 percent (\$74 million) in state funding for the Department of Corrections (DOC). The administration also recommends a 2.3 percent (404 positions) staffing increase related primarily to the scheduled opening of 1,400 beds in 13 corrections facilities around the state and an increase in the number of guards detailed to provide security for hospitalized prisoners. Of particular note are proposals to:

- Reduce Michigan's state prison population by up to 5,500 inmates (approximately 10 percent) in association with parole and commutation initiatives for the permanently medically fragile, foreign nationals that could be deported to their home countries, and elderly inmates that are judged to pose no risk to the community if they

are released. The Governor's inmate reduction proposals have been linked with related recommendations to close between one and four state prisons as inmate populations decline. In association with this proposal the Governor has established a citizens advisory panel to review cases and make parole and commutation recommendations. Given that these recommendations are in the development stage, no costs or savings related to their implementation has been reflected in the Executive Budget. It is anticipated, however, that in addition to a savings related to reduced inmate populations, the state may see significant savings related to health care costs that are fully funded by the state during incarceration but would qualify for approximately 58 percent federal match under Medicaid when an inmate is paroled.

- Implement statutory changes to sentencing guidelines for mid-range offenders whom judges may currently sentence either to prison or to local sanctions. The anticipated \$122 million in cost savings resulting from a decrease in the number of “moderate-risk” offenders being sentenced to prison would be partially offset by redirecting \$30 million to local communities and field operations to cover the increased supervision and services costs of offenders diverted from state prison incarceration.
- Provide full-year funding for statewide implementation of the community portion of the Michigan Prisoner Re-Entry initiative, which uses prisoner assessment, individual case management and community based support programs to improve the likelihood of successful parolee reintegration into the community and reduced recidivism.

(\$20.62 million) The Executive Budget also recommends the addition of 21 parole and case management agents in support of the Michigan Prisoner Re-Entry initiative.(\$1.77 million)

- Fund two additional mental health outpatient treatment teams. (\$1.98 million)
- Fund training for 776 new corrections officers, up from the 650 training slots funded in FY2007. (\$2.68 million)
- Fund pharmaceutical price and utilization increases.
- Fund salary and wage, insurance, retirement and other economic adjustments related to Department of Corrections employee compensation (\$86.89 million).

Concluding Comments

On March 22nd, the Governor is planning to release a revised Executive Order to address the current year budget deficit and set the stage for further deliberations on the FY2008 budget. Also this week, closed-door sessions between the administration and legislative leadership regarding Michigan’s budget crisis finally got underway after several false starts. Details regarding the FY2007 Executive Order and the FY2008 budget deliberations will be reflected in the next issue of the *Legislative Bulletin*.

Bills Pending

Status of bills updated through February 28, 2007.

Children & Families

SB 97 & 155 – CHILD DAY CARE COMPLAINTS

SB 97 requires a child care organization that was the subject of a high risk special investigation by the Michigan Department of Human Services to notify the parents or guardians of all children who were present at the time of the incident being investigated, or who otherwise could come into contact with the individual being investigated; establishes criminal penalties for making a false report that led to a special investigation requiring this notice. SB 155 amends the Code of Criminal Procedure to include in the sentencing guidelines making a false report that initiated a special investigation prohibited by SB 97.

Senate passed (SB 97 with amendments) 2/13/07; to House Families & Children's Services 2/13/07. (Hardiman & Brown)

SB 271 – FOSTER CARE BACKGROUND CHECK

Requires background checks on foster care providers and applicants of adult residents of foster care homes.

Introduced 2/22/07; to Families & Human Services; referred to committee of the whole 2/28/07. (Van Woerkom)

HR 15 – YEAR OF THE CHILD

Declares 2007 as the Year of the Child in Michigan.

Adopted 2/7/07. (Accavitti)

Miscellaneous

SB 1 – MEDICAID INCENTIVES

Requests a federal waiver for incentives for Medicaid recipients.

Senate passed substitute as amended 2/22/07; to House Health Policy 2/22/07. (George)

SB 176 – QUALITY ASSURANCE ASSESSMENTS

Increases the appropriated amount of quality assurance assessment collected.

House passed substitute 2/15/07; to Senate Appropriations 2/15/07. (Cherry) (Same as HB 4186 – Cushingberry.)

HB 4120 – CITY CHECKOFF

Permits cities that impose an income tax to create a check-off program enabling taxpayers to contribute funds to the city.

House passed with amendments 2/27/07; to Senate Finance 2/28/07. (Bauer)

NOTE: *Copies of legislative bills are available from the State of Michigan website: www.legislature.mi.gov*

BILLS INTRODUCED

Status of bills updated through February 28, 2007.

Adoption

HB 4066 – POSTHUMOUS ADOPTIONS

Allows for posthumous adoptions and medical assistance payments.

Introduced 1/22/07; to Families & Children's Services. (Mayes)

HB 4259 – SECOND PARENT ADOPTIONS

Provides for second parent adoption.

Introduced 2/13/07; to Judiciary. (Condino)

Children & Families

SB 5 – FAMILY THERAPISTS

Clarifies the scope of practice for marriage and family therapists.

Introduced 1/10/07; to Health Policy. (Hardiman)

SB 82 – CHILD CAR SEATS

Requires the use of a child safety restraint system or booster seats for children under age 8.

Introduced 1/25/07; to Transportation. (McManus)

SB 158 – CHILD ABUSE

Includes in the definition of *child abuse* the commission of an act likely to cause physical harm.

Introduced 2/6/07; to Families & Human Services. (Jelinek)

SB 183 – CHILD PROTECTION

Amends the Child Protection Law to give the U.S. Secretary of Health and Human Services access to certain information on perpetrators of child abuse or neglect, for the purpose of complying with federal law.

Introduced 2/7/07; to Families & Human Services. (Sanborn)

SB 241 – CHILD CARE LICENSING

Revises licensing and registration requirements for child care centers.

Introduced 2/21/07; to Families & Human Services. (Jacobs)

SB 242 & 243 – CHILD CARE

Changes the name of family day care home to family *child* care home and group day care home to group *child* care home.

Introduced 2/21/07; to Families & Human Services. (Jacobs)

SB 273 – CHILD ABUSE REPORTS

Clarifies the procedure required of the Department of Human Services for following up on a report of child abuse or neglect that involves a licensed or registered facility or home.

Introduced 2/22/07; to Families & Human Services. (Hardiman)

SB 275 – NURSING MOTHERS

Exempts nursing mothers from jury duty.

Introduced 2/27/07; to Judiciary. (Whitmer)

SB 287 – TOBACCO SALES

Increases penalties for selling tobacco to a minor.

Introduced 2/28/07; to Judiciary. (Basham)

HB 4128 – CHILD CARE

Provides a civil procedure for payment of medical or psychological care for a child who was abused or neglected by a parent.

Introduced 1/25/07; to Judiciary. (Stakoe)

HB 4140 – CHILD CUSTODY

Prohibits child custody to be awarded to the parent convicted of criminal sexual conduct against his or her child.

Introduced 1/25/07; to Families & Children's Services. (Rick Jones)

HB 4147 – CHILD SUPPORT

Provides for termination of child support obligations when DNA evidence demonstrates that the payer is not the biological parent.

Introduced 1/30/07; to Families & Children's Services. (Lemmons)

HB 4256 – CHILD CARE RATINGS

Creates a public rating for child care centers, day care centers, family day care homes, and group day care homes.

Introduced 2/13/07; to Families & Children's Services. (Angerer)

Corrections

SB 195 – ALTERNATIVE INCARCERATION

Revises the eligibility requirements for the special alternative incarceration program as a condition of probation.

Introduced 2/13/07; to Judiciary. (Brater)
(Same as HB 4272 – Condino.)

SB 199 – JAIL DIVERSION

Allows diversion from jail for certain individuals under certain circumstances.

Introduced 2/14/07; to Judiciary. (Brater)

SB 200 – JAIL DIVERSION

Requires mental health services for certain people diverted from jail.

Introduced 2/14/07; to Judiciary. (Brater)

HB 4176 – DOUBLE BUNKING

Clarifies the restriction on double bunking in high-security and segregation cells.

Introduced 1/30/07; to Judiciary. (Spade)

HB 4184 – ALTERNATIVE INCARCERATION

Revises the eligibility requirements for special alternative incarceration programs for prisoners.

Introduced 1/31/07; to Judiciary. (Condino)

HB 4234 – JAIL POPULATION MANAGEMENT PLAN

Provides for the adoption of a jail population management plan.

Introduced 2/7/07; to Judiciary. (Wenke)

HB 4253 – PAROLE ALTERNATIVE

Adds employment readiness certificate as an alternative to obtaining a GED certificate as a requirement for parole.

Introduced 2/13/07; to Judiciary. (Pastor)

HB 4309 – STATE PRISONER HOUSING

Allows for the housing of state prisoners at the former Michigan youth correctional facility.

Introduced 2/22/07; to Judiciary. (Hansen)

Disabled

SB 25 – DEAF INTERPRETER

Revises the definition of a *qualified interpreter* for a deaf or deaf-blind individual and provides for the appointment of a deaf interpreter under certain circumstances.

Introduced 1/24/07; to Judiciary. (Gleason)
(Same as HB 4208 – Spade.)

HB 4159 – WHEELCHAIR RAMPS

Requires that health insurance policies that cover durable medical equipment include in that coverage the construction of at least one wheelchair ramp.

Introduced 1/30/07; to Insurance. (Wojno)

Education

SB 11 – DROPOUT AGE

Increases school dropout age to 18.

Introduced 1/10/07; to Education. (Brater)

SB 54 – SINKING FUNDS

Expands allowable use of school district sinking funds.

Introduced 1/24/07; to Education. (Whitmer)
(Same as HB 4141 – Meadows.)

SB 66 – DECLINING ENROLLMENT

Allows use of a three-year average for calculating funding for districts with declining enrollment.

Introduced 1/24/07; to Appropriations. (Hunter)

SB 70 – READING TRAINING

Extends the date for implementation of the requirement for current teachers to receive training concerning reading problems to July 1, 2008.

Introduced 1/24/07; to Education. (Cassis)

SB 100 – CHARACTER DEVELOPMENT PROGRAM

Requires the state to develop model curricula on character development and encourages schools to provide such programs.

Introduced 1/30/07; to Education. (Garcia)

SB 101 – FINANCIAL EDUCATION

Requires the Michigan Virtual University to develop and offer a course on basic finance for high school students as an elective and requires that students receive high school credit for passing the course.

Introduced 1/30/07; to Education. (Garcia)

SB 159 – K-3 CLASS SIZE

Requires the reduction of class size for kindergarten through third grade over a five-year period.

Introduced 2/6/07; to Education. (Clark-Coleman)

SB 162 – FULL-DAY KINDERGARTEN

Provides mandatory enrollment and full-day kindergarten.

Introduced 2/6/07; to Education. (Clark-Coleman)

SB 188 – VOCATIONAL EDUCATION

Revises the definition of *vocational education* and the use of vocational education funds.

Introduced 2/8/07; to Education. (Van Woerkom)

SB 194 – STRICT DISCIPLINE

Revises the financial responsibility for children enrolled in strict discipline academies.

Introduced 2/13/07; to Appropriations. (Switalski)

SB 215 – COLLECTIVE BARGAINING

Restores collective bargaining rights for public school administrators.

Introduced 2/20/07; to Education. (Clark-Coleman)

SB 282 – PHYSICAL EDUCATION

Revises physical education requirements for schools.

Introduced 2/27/07; to Health Policy. (Thomas)

HB 4008 – PUPIL INSTRUCTION TIME

Amends the School Aid Act to revise pupil instruction time provisions.

Introduced 1/22/07; to Education. (Caswell)

HB 4012 – SCHOOL HEALTH INSURANCE OPTIONS

Requires school districts to offer certain health insurance options.

Introduced 1/22/07; to Education. (Caswell)

HB 4021 – SCHOOL BUDGET DEADLINE

Requires the Legislature to adopt an annual School Aid budget by July 1 each year.

Introduced 1/22/07; to Appropriations. (Hildenbrand)

HB 4036 – HEALTHY SCHOOL FOOD

Requires rules prohibiting the sale of certain foods and beverages in public schools.

Introduced 1/22/07; to Health Policy. (Accavitti)

HB 4039 – SCHOOL ADMINISTRATOR UNIONS

Repeals the provision barring school principals and administrators from joining unions.

Introduced 1/22/07; to Education. (Lemmons)

HB 4040 – DETROIT SCHOOL DEBT

Requires the State to assume debt accumulated by Detroit Public Schools while under the guidance of a state-appointed reform board.

Introduced 1/22/07; to Appropriations. (Lemmons)

HB 4042 – DROP-OUT AGE

Raises to 18 the age of compulsory attendance at school.

Introduced 1/22/07; to Education. (Lemmons)

HB 4043 – DETROIT CHARTER SCHOOLS

Allows a community college to act as the authorizing body for charter schools in Detroit.

Introduced 1/22/07; to Education. (Lemmons)

HB 4073 – MANDATORY KINDERGARTEN

Adds kindergarten to mandatory school attendance.

Introduced 1/22/07; to Education. (V. Smith)

HB 4091 – BULLY POLICY

Requires all school districts to establish a policy prohibiting bullying at school.

Introduced 1/23/07; to Education. (Vagnozzi)

HB 4096 – SCHOLARSHIP PROGRAM

Creates the Michigan Opportunity Scholarship Program.

Introduced 1/23/07; to Education. (Vagnozzi)

HB 4162 – SCHOOL BULLYING

Requires school policy prohibiting harassment and bullying at school.

Introduced 1/30/07; to Education. (Byrnes)
(Same as SB 107 – Anderson.)

HB 4165 & 4166 – DENTAL EXAMS

Requires parents of a child entering school to provide documentation that the incoming student has received a dental examination, and requires parents to sign a waiver form if they elect for their child to not receive a dental examination before starting school.

Introduced 1/30/07; to Education. (Clack)

HB 4183 – DETROIT SCHOOL BOARD ELECTION

Revises the timing for elections of Detroit School Board members.

Introduced 1/31/07; to Education. (Lemmons)

HB 4200 – PUPIL COUNT DAYS

Prohibits the use of public funds for rewarding attendance on school count days.

Introduced 2/1/07; to Education. (Wenke)

HB 4201 – SCHOOL BULLYING

Requires local policy on bullying and harassment and teacher and professional development on classroom management.

Introduced 2/1/07; to Education. (Wenke)

HB 4204 – EDUCATION SAVINGS PLAN

Provides for multiple program managers and availability through financial advisors in the Michigan Education Savings Plan.

Introduced 2/7/07; to Education. (Sheen)

HB 4243 – STUDENT RECORD

Requires that a record that follows a student who transfers schools include disciplinary, attendance and health information.

Introduced 2/8/07; to Education. (Accavitti)

HB 4288 – CLASS SIZE

Requires a reduction in class sizes for kindergarten through third grades.

Introduced 2/20/07; to Education. (Cheeks)

HB 4326 – WORK-BASED LEARNING

Provides for standards for counting work-based learning as pupil instruction time for eighth grade students.

Introduced 2/27/07; to Education. (Stakoe)

HJR E – SCHOOL FUNDING

Requires equal amount of per pupil funding for all local school districts.

Introduced 2/20/07; to Education. (Elsenheimer)

Elections/Legislative Issues

SB 2 – AUTOMATED POLITICAL CALLS

Requires the disclosure of committees that use automated political phone calls (robocalls) and registration of people who make robocalls.

Introduced 1/10/07; to Campaign & Election Oversight. (Hardiman)

SB 3 – AUTOMATED POLITICAL CALLS

Provides for a do-not-call list for automated political telephone calls.

Introduced 1/10/07; to Campaign & Election Oversight. (Hardiman)

SB 10 – MAIL ELECTIONS

Implements elections by mail.

Introduced 1/10/07; to Campaign & Election Oversight. (Brater)

SB 12 – ABSENTEE VOTING

Eliminates the qualification requirements for absentee voting.

Introduced 1/10/07; to Campaign & Election Oversight. (Brater)

SB 13 – VOTER REGISTRATION

Allows a voter to register on election day.

Introduced 1/10/07; to Campaign & Election Oversight. (Brater)

SB 160 – ABSENTEE VOTING

Allows local clerks to mail applications for absent voter ballots, even if not requested by the voter.

Introduced 2/6/07; to Campaign & Election Oversight. (Clark-Coleman)

SB 202 – ABSENTEE VOTING

Provides for permanent absent voter file.

Introduced 2/14/07; to Campaign & Election Oversight. (Jansen)

SB 284 – AUTOMATED POLITICAL CALLS

Requires disclosure of the person paying for automated political calls and whether the call was authorized by the candidate.

Introduced 2/27/07; to Campaign & Election Oversight. (Richardville)

SCR 6 – STATE OF THE STATE INTERPRETERS

Expresses the sense of the Michigan Legislature that future State of the State addresses be interpreted for deaf and hard of hearing individuals.

Introduced 2/22/07; to Government Operations & Reform. (Gleason)

SJR B – PART-TIME LEGISLATURE

Provides for a part-time Legislature.

Introduced 2/22/07; to Government Operations & Reform. (Patterson)

HB 4004 – AUTOMATED POLITICAL CALLS

Provides for a do-not-call list for automated political telephone calls.

Introduced 1/22/07; to Energy & Technology. (Rick Jones)

HB 4019 – AUTOMATED POLITICAL CALLS

Prohibits automated campaign telephone calls.

Introduced 1/22/07; to Ethics & Elections. (Opsommer)

HB 4024 – CONSTITUTIONAL CONVENTION

Provides for submitting at the 2008 general election the question of whether to call a constitutional convention.

Introduced 1/22/07; to Ethics & Elections. (Hildenbrand)

HB 4030 – PAID CIRCULATORS

Requires the name of the individual or organization providing compensation to a circulator of a ballot question petition to be printed on the front of the petition.

Introduced 1/22/07; to Ethics & Elections. (Rocca)

HB 4048 – ABSENTEE VOTING

Provides for the issuance of an absent voter ballot without justification.

Introduced 1/22/07; to Ethics & Elections. (Griffin)

HB 4057 – AUTOMATED POLITICAL CALLS

Requires disclosure of telephone or electronic campaign messages of payer's identification and whether it was approved by a candidate.

Introduced 1/22/07; to Ethics & Elections. (Nofs)

HB 4082 – AUTOMATED POLITICAL CALLS

Creates a do-not-call list for automated political phone calls.

Introduced 1/22/07; to Energy & Technology. (Hoogendyk)

HB 4090 – EARLY VOTING

Provides for early voting.

Introduced 1/23/07; to Ethics & Elections. (Vagnozzi)

HB 4127 – LEGISLATIVE HEALTH BENEFITS

Revises the age requirement to draw health benefits for lawmakers, as well as a vesting schedule and effective date.

Introduced 1/25/07; to Oversight & Investigations. (Caswell)

HB 4134 – ABSENTEE VOTING

Allows for the issuance of an absent voter ballot without requiring justification.

Introduced 1/25/07; to Ethics & Elections. (Bieda)

HB 4192 – LEGISLATOR CONFLICT OF INTEREST

Prohibits legislators from voting on bills or chairing a committee when a conflict of interest exists.

Introduced 2/1/07; to Ethics & Elections. (Hammon)

HB 4231 – VOTER ID CARD

Allows voter identification cards to be delivered to a post office box.

Introduced 2/7/07; to Ethics & Elections. (Caswell)

HB 4238 – AUTOMATED POLITICAL CALLS

Prohibits automated campaign telephone calls.

Introduced 2/7/07; to Ethics & Elections. (Sak)

HB 4276 – ABSENT VOTER APPLICATION

Expands absent voter ballot application to include printed name of applicant.

Introduced 2/15/07; to Ethics & Elections. (Elsenheimer)

HB 4285 – CAMPAIGN FINANCE

Regulates campaign finance statements.

Introduced 2/20/07; to Ethics & Elections. (Tobocman)

HB 4315 – LEGISLATOR CONFLICT OF INTEREST

Prohibits legislators from voting on bills when a conflict of interest exists.

Introduced 2/22/07; to Ethics & Elections. (Bieda)

HB 4333 – AUTOMATED POLITICAL CALLS

Requires the disclosure of persons making automated telephone calls related to candidates or elections.

Introduced 2/27/07; to Ethics & Elections. (Wenke)

HJR C – TERM LIMITS

Reduces the Legislature to 20 Senate members and 60 House members, and increases term limits to six in the House and four in the Senate.

Introduced 1/22/07; to Appropriations. (Steil)

HR 11 – HOUSE COMMITTEES

Increases the number of members on the Appropriations Committee from 29 to 30 and the New Economy and Quality of Life Committee from 7 to 11.

Adopted 1/30/07. (Tobocman)

Employment & Economy

SB 86 – UNEMPLOYMENT BENEFIT EXTENSION

Extends the length of time for receiving unemployment compensation.

Introduced 1/25/07; to Commerce & Tourism. (Basham)

SB 87 – EMPLOYER HEALTH FEE

Provides for the imposition and collection of a fee from employers based on the amount paid for a health care relative to total paid for wages; deposits revenue in the Fair Share Health Care Fund to pay for Medicaid costs.

Introduced 1/25/07; to Commerce & Tourism. (Basham)

SB 154 – UNEMPLOYMENT BENEFITS

Increases the dependent supplement under unemployment benefits.

Introduced 2/1/07; to Commerce & Tourism. (Gleason)

SB 198 – MINIMUM WAGE

Revises the minimum salary for exclusion from overtime requirement as an executive, administrator, or professional.

Introduced 2/14/07; to Commerce & Tourism. (Basham)

SB 264 – EMPLOYMENT RELATIONS MEETING

Provides exemption from the Open Meetings Act for the Michigan Employment Relations Commission.

Introduced 2/21/07; to Government Operations & Reform. (Clark-Coleman)

HB 4005 – STATE EARLY OUT

Provides early retirement program for state employees.

Introduced 1/22/07; to Government Operations. (Rick Jones)

HB 4037 – CITY RESIDENCY

Repeals law barring local government from requiring employees to reside within geographic areas.

Introduced 1/22/07; to Intergovernmental, Urban & Regional Affairs. (Lemmons)

HB 4075 – EARLY RETIREMENT

Provides for early retirement for certain state employees.

Introduced 1/22/07; to Government Operations. (Sheen)

HB 4229 – TIP WAGES

Indexes wages for workers who solely rely on tips to the rate of inflation.

Introduced 2/7/07; to Labor. (Condino)

HB 4306 & 4307 – PREVAILING WAGE REPEAL

Repeals the prevailing wage requirements for public school construction projects and public school academy construction projects.

Introduced 2/21/07; to Oversight, Elections & Ethics. (Meekhof & Hildenbrand)

HB 4308 – UNION-FREE STATE CONTRACTS

Requires state contracts to contain a clause stating that membership in a union is not a condition of working on the contract or dues to a union are not required.

Introduced 2/21/07; to Oversight & Investigations. (Hildenbrand)

HB 4316 – WORKER FREEDOM

Creates the Worker Freedom Act.

Introduced 2/27/07; to Labor. (Meadows)

Energy & Utilities

SB 216 – LOW-INCOME ENERGY

Provides for annual approval of a low-income energy efficiency factor.

Introduced 2/20/07; to Energy Policy. (Patterson)

SCR 4 & SR 10 – ENERGY ASSISTANCE PROGRAM

Urges the President of the United States and Congress to increase funding for the Low Income Home Energy Assistance Program and to facilitate the establishment of programs that provide information about responsible energy use.

Introduced 2/15/07; to Energy Policy. (Patterson)

HR 18 – ENERGY ASSISTANCE PROGRAM

Urges the President of the United States and Congress to increase funding for the Low Income Home Energy Assistance Program.

Introduced 2/13/07; to Energy & Technology. (Lemmons)

Health

SB 63 – NURSE STAFFING

Requires health facilities licensed under the Public Health Code to develop an acuity system and staffing plan for nurses.

Introduced 1/24/07; to Health Policy. (Patterson)

SB 245 – NURSE PRACTITIONER INCENTIVE

Requires that nurse practitioners providing medical services in medically-underserved areas be reimbursed at the same rate as that provided to physicians for medical services in underserved areas.

Introduced 2/21/07; to Health Policy. (Thomas)

SB 278 – MI-HEART

Creates the Michigan Helping Ensure Affordable and Reliable Treatment (MI-HEART) Act.

Introduced 2/27/07; to Health Policy. (George)

SB 280 – DEPENDENT COVERAGE

Allows for the continuation of dependent health insurance coverage.

Introduced 2/27/07; to Health Policy. (Sanborn)

SB 281 – WELLNESS PROGRAMS

Provides preference in state purchasing to companies that have wellness plans.

Introduced 2/27/07; to Health Policy. (Kahn)

SB 283 – DEPENDENT COVERAGE

Provides for continuation of the dependent coverage waiver of certain coverages.

Introduced 2/27/07; to Health Policy. (Brown)

SB 293 – DRUG PURCHASING

Creates a multi-state prescription drug purchasing program.

Introduced 2/28/07; to Health Policy. (Kahn)

SCR 5 – CHILDREN'S INSURANCE

Urges the United States Congress to reauthorize the State Children's Health Insurance Program for Michigan.

Introduced 2/15/07; to Appropriations. (Kahn)

HB 4094 – MIDWEST PHARMACEUTICAL COMPACT

Enters Michigan into the Midwest Pharmaceutical Compact.

Introduced 1/23/07; to Health Policy. (Vagnozzi)

HB 4148 – HEALTH CARE STEERING

Prohibits health care steering by auto insurance companies.

Introduced 1/30/07; to Insurance. (Lemmons)

HB 4202 – SINGLE-PAYER HEALTH CARE

Establishes a single-payer health care system.

Introduced 2/7/07; to Appropriations. (Cushingberry)

HB 4207 – NURSING LICENSURE

Provides for the licensure of graduates from a nursing education program outside the United States who do not have a certificate from the Commission on Graduates of Foreign Nursing Schools.

*Introduced 2/7/07; to Health Policy. (Hopgood)
(Same as SB 197 – Olshove.)*

HB 4248 – HEALTH PROFESSIONAL COMPLAINTS

Provides penalties for failure to process a complaint against a health professional after an investigation.

Introduced 2/8/07; to Health Policy. (Meadows)

HB 4269 – ESTATE RECOVERY

Requires the filing of a death record with the Michigan Department of Community Health or the Michigan Estate Recovery Program.

Introduced 2/14/07; to Judiciary. (Vagnozzi)
(Same as SB 203 – Switalski.)

HB 4270 – ESTATE RECOVERY

Requires payment from a descendant's estate in accordance with the Michigan Estate Recovery Program for Medicaid.

Introduced 2/14/07; to Judiciary. (Vagnozzi)
(Same as SB 204 – Switalski.)

HB 4339 – NURSE ACUITY

Requires hospitals to develop an acuity system and staffing plan for nurses.

Introduced 2/28/07; to Labor. (Wojno)

HB 4340 – NURSE-TO-PATIENT RATIOS

Requires hospitals to create an acuity system and annual staffing plan including minimum nurse-to-patient ratios and provides for penalties.

Introduced 2/28/07; to Labor. (Wojno)

HB 4341 – NURSE MANDATORY OVERTIME

Prohibits mandatory overtime for nurses.

Introduced 2/28/07; to Labor. (Wojno)

Juvenile Justice

SB 6 – JUVENILE LIFE SENTENCE

Prohibits sentencing a juvenile to imprisonment for life without the possibility of parole.

Introduced 1/10/07; to Judiciary. (Brater)

SB 9 – JUVENILE LIFE SENTENCE

Allows parole for some juveniles sentenced to imprisonment for life.

Introduced 1/10/07; to Judiciary. (Brater)

SB 28 – JUVENILE SENTENCING

Prohibits sentencing juveniles to imprisonment for life without parole.

Introduced 1/24/07; to Judiciary. (Switalski)

SB 40 – JUVENILE SENTENCING

Prohibits sentencing juveniles to imprisonment for life without parole.

Introduced 1/24/07; to Judiciary. (Scott)

SB 291 & 292 – GANG CRIMES

Creates additional penalties for committing a crime while a member of a gang and enacts sentencing guidelines.

Introduced 2/28/07; to Judiciary. (Kahn)

Revenues & Appropriations

The following are Executive Budget bills for various state budgets for Fiscal Year 2007-2008.

SB 247 – COMMUNITY COLLEGES (HB 4360)

SB 248 – COMMUNITY HEALTH (HB 4344)

SB 249 – CORRECTIONS (HB 4348)

SB 250 – EDUCATION (HB 4346)

SB 253 – UNIVERSITIES & HIGHER EDUCATION (HB 4350)

SB 254 – HIGHER EDUCATION (HB 4351)

SB 256 – HUMAN SERVICES (HB 4357)

SB 258 – LABOR & ECONOMIC GROWTH (HB 4345)

SB 263 – SCHOOL AID (HB 4359)

Introduced 2/21/07; to Appropriations.

Seniors & Adult Services

SB 164 – UTILITY DISCOUNT RATE

Revises the discount rate by utilities for senior citizens so that it does not penalize users when using more than the discount threshold.

Introduced 2/6/07; to Energy Policy. (Clark-Coleman)

HB 4013 – PATIENT LIFT GUIDELINES

Requires the Department of Community Health to develop and adopt clinical process guidelines for patient lift equipment.

Introduced 1/22/07; to Senior Health, Security & Retirement. (Caswell)

HB 4157 – NURSING HOME DEATH

Requires notification of next of kin, country medical examiner, and others when a patient dies in a nursing home.

Introduced 1/30/07; to Health Policy. (Wojno)

HB 4185 – QUALITY ASSURANCE ASSESSMENTS

Provides for revisions regarding hospital and nursing home quality assurance assessments and an increase in hospital assessment.

Introduced 1/31/07; to Appropriations. (Cushingberry)
(Same as SB 175 – Cherry.)

Social Services

SB 120 – FOOD STAMP DISTRIBUTION

Requires that food assistance benefits be distributed twice a month.

Introduced 1/30/07; to Families & Human Services. (Scott)

SB 170 – GUARDIANSHIP ASSISTANCE

Establishes the Guardianship Assistance Act to provide assistance payment to certain guardians of minors.

Introduced 2/6/07; to Families & Human Services. (Clark-Coleman)

SB 171 – RELATIVE CARE AID

Amends the Social Welfare Act to require the same level of state financial support for relative care as for foster care.

Introduced 2/6/07; to Families & Human Services. (Clark-Coleman)

SB 172 – RELATIVE FOSTER CARE

Prohibits the State from removing a child under a relative's care under certain circumstances.

Introduced 2/6/07; to Families & Human Services. (Clark-Coleman)

SB 295 – WELFARE SUNSET

Sets a sunset date for the extension of human services financial benefits.

Introduced 2/28/07; to Families & Human Services. (Hardiman)

HB 4136 – EBT BRIDGE CARDS

Allows food assistance recipients' use of EBT bridge cards at certain approved restaurants.

Introduced 1/25/07; to Families & Human Services. (Johnson)

HB 4284 – ADULT FOSTER CARE

Provides for medical service coverage with adult foster care facilities.

Introduced 2/20/07; to Families & Children Services. (Ball)

Taxes

SB 21 – WORK OPPORTUNITY CREDIT

Creates a Single Business Tax credit for work opportunity job training.

Introduced 1/24/07; to Finance. (Thomas)

SB 23 – MEDICAL CREDIT

Provides an income tax credit to physicians with medical care practices in medically underserved areas.

Introduced 1/24/07; to Finance. (Thomas)

SB 69 – NEIGHBORHOOD IMPROVEMENT TAX

Provides for tax increment financing for neighborhood improvement authorities.

Introduced 1/24/07; to Commerce & Tourism. (Hunter)

SB 76 – ORGAN DONATIONS

Allows for an income tax deduction for lost wages and expenses incurred during organ donation.

Introduced 1/25/07; to Finance. (Gleason)

SB 80 – PROPERTY TRANSFER TAX

Excludes from the property transfer tax certain homes transferred to low-income individuals.

Introduced 1/25/07; to Finance. (Jelinek)

SB 111 – MOBILE HOME TAX

Provides penalties to mobile home park owners for failing to remit the required assessment tax.

Introduced 1/30/07; to Local, Urban & State Affairs. (Jelinek)

SB 147 – YOUTH CHALLENGE FUND

Provides an income tax checkoff to designate funds for the Youth Challenge Program.

Introduced 1/31/07; to Finance. (Brown)

SB 150 – FOOD BANK CREDIT

Provides an income tax credit for donations to food banks.

Introduced 1/31/07; to Finance. (Allen)

SB 151 – BUSINESS TAX

Enacts a new business tax for the State.

Introduced 2/1/07; to Finance. (Gilbert)

SB 163 – VETERANS HOME PROPERTY TAX CREDIT

Revises qualifying household income alternative calculation for veterans and military servicepersons for homestead property tax credit.

Introduced 2/6/07; to Finance. (Clark-Coleman)

SB 182 – VETERANS TAXABLE VALUE

Increases the taxable value amount for certain veterans and servicepersons.

Introduced 2/7/07; to Finance. (Allen)

SB 187 – DENTIST STUDENT LOANS

Provides an income tax credit for a portion of student loans by dentists who participate in the Medicaid program.

Introduced 2/8/07; to Finance. (Van Woerkom)

SB 277 – MI-HEART

Allows for a deduction from premiums paid for certain health plans to go to the MI-HEART exchange fund.

Introduced 2/27/07; to Health Policy. (Richardville)

HB 4009 – PREMANUFACTURED HOME TAX

Amends the Use Tax Act to provide for the definition of a premanufactured modular building unit, and clarifies tax on materials and labor.

Introduced 1/22/07; to Tax Policy. (Caswell)

HB 4014 – SENIOR CARE TAX EXEMPTION

Provides an income tax exemption for caring for a senior citizen in the home.

Introduced 1/22/07; to Tax Policy. (Shaffer)

HB 4031 – DRUG TAX EXEMPTION

Provides a sales tax exemption for over-the-counter medications.

Introduced 1/22/07; to Health Policy. (Rocca)

HB 4049 – HOMESTEAD TAX PHASE-IN

Provides for phased increase in taxable value of a home-
stead when sold.

Introduced 1/22/07; to Commerce. (Griffin)

HB 4061 – HOME HEATING CREDIT

Earmarks a portion of the oil and gas severance tax for the Home Heating Credit Fund.

Introduced 1/22/07; to Energy & Technology. (Nofs)

HB 4062 – HOME HEATING CREDIT

Revises household income requirement.

Introduced 1/22/07; to Energy & Technology. (Nofs)

HB 4063 – HOME HEATING CREDIT

Provides an income tax check-off for the Home Heating Credit Fund.

Introduced 1/22/07; to Energy & Technology. (Nofs)

HB 4064 – HOME HEATING CREDIT

Establishes the Home Heating Credit Fund within the Department of Treasury to fund home heating credits under the Income Tax Act to the extent that those credits are not fully funded by federal low income home energy assistance program block grant funds.

Introduced 1/22/07; to Energy & Technology. (Nofs)

HB 4097 – INDEXED PROPERTY TAX CREDIT

Indexes the maximum amount of property tax credit available for inflation.

Introduced 1/23/07; to Tax Policy. (Vagnozzi)

HB 4137 – FORECLOSURES

Prohibits the foreclosure on a senior citizen's or disabled person's home for delinquent taxes.

Introduced 1/25/07; to Senior Health, Security & Retirement. (Johnson)

HB 4205 – TUITION SAVINGS PLAN

Revises the income tax deduction for contributions into a tuition savings plan.

Introduced 2/7/07; to Education. (Sheen)

HB 4227 – HOMESTEAD CREDIT INCREASE

Increases the homestead property tax credits.

Introduced 2/7/07; to Tax Policy. (Condino)

HB 4255 – HOME HEATING CREDIT

Increases the home heating credit income threshold.

Introduced 2/13/07; to Energy & Technology. (Angerer)

HB 4279 – HOME HEATING CREDIT

HB 4279 establishes the Home Heating Credit Fund and HB 4280 provides an income tax check-off option for contributions to the Home Heating Credit Fund.

Introduced 2/15/07; to Energy & Technology. (Accavitti)

HB 4280 – HOME HEATING CREDIT

Allows taxpayers to contribute \$5 or more to the Home Heating Credit Fund through a checkoff on the first page of the state individual income tax return.

Introduced 2/15/07; to Energy & Technology. (Accavitti)

HJR B – HOMESTEAD TAX PHASE-IN

Phases in over three years the increase in property tax for a principal residence following the transfer of ownership.

Introduced 1/22/07; to Commerce. (Griffin)

Miscellaneous

SB 103 – DOMESTIC ABUSE

Allows early termination of a lease for victims of domestic abuse.

Introduced 1/30/07; to Judiciary. (Garcia)

SB 123 – NONPROFIT CORPORATIONS

Amends the Nonprofit Corporation Act to allow the use of electronic communications.

Introduced 1/30/07; to Economic Development & Regulatory Reform. (Sanborn)

SB 244 – NATIONAL GUARD DENTAL COVERAGE

Provides dental care coverage for national guard troops and families while on active duty.

Introduced 2/21/07; to Appropriations. (Kahn)

SB 265 – VOLUNTEER EMERGENCY VEHICLES

Regulates emergency lights on vehicles of volunteer members of emergency management units.

Introduced 2/22/07; to Transportation. (Kuipers)

SB 268 – NEIGHBORHOOD IMPROVEMENT

Establishes neighborhood improvement districts and authorizes the collection of revenues.

Introduced 2/22/07; to Commerce & Tourism. (Hunter)

SB 288 – DISABLED VETERANS

Provides for a property tax exemption for disabled veterans.

Introduced 2/28/07; to Finance. (Basham)

HB 4070 – CREDIT SCORING

Regulates the use of credit information.

Introduced 1/22/07; to Insurance. (Opsommer)

HB 4015 – MOBILE HOME PARK SHELTER

Requires emergency storm shelters in all mobile home parks.

Introduced 1/22/07; to Regulatory Reform. (Shaffer)

APPOINTMENTS

LONG-TERM CARE SUPPORTS AND SERVICES ADVISORY COMMISSION:

The Commission was created as an advisory body within the Michigan Department of Community Health, and serves as a forum for the discussion of issues related to the provision of long-term care supports and services in Michigan.

Andrew A. Farmer, Lansing, was designated as chairperson of the commission to serve at the pleasure of the governor.

Robert J. Allison, Royal Oak, was appointed to represent direct care staff providing long-term supports and services for a term expiring 12/31/10. The appointment is not subject to disapproval by the Michigan Senate.

COUNCIL FOR LABOR AND ECONOMIC GROWTH

The Council serves as the state's workforce investment board required under the federal Workforce Investment Act of 1998. The Council is also charged with assessing trends and issues, developing strategies, and acting as an ongoing strategic advising body that encourages and stimulates innovative public and private responses to workforce challenges. The Council develops policies and helps implement programs to build a workforce that meets the needs of Michigan's businesses and allows them to successfully compete in the global marketplace today and in the future. The council is an action-oriented board with

the ability to recommend changes and ensure their implementation.

Marjorie A. Sorge, Livonia, was designated as chairperson of the council for a term expiring at the pleasure of the governor. **Paul W. Arsenault**, Ishpeming, was appointed for a term expiring 4/30/08; and **Fern R. Espino**, Dearborn, for a term expiring 4/30/09. Appointed for terms expiring 4/30/10 were **Stephen W. Balbierz**, Marquette; **Jennifer E. Cornell**, Tecumseh; and **John A. James**, Farmington Hills. All were appointed to represent the business community, and the appointments are not subject to disapproval by the Michigan Senate.

WORKER'S COMPENSATION BOARD OF MAGISTRATES

The Board functions within the Department of Labor and Economic Growth. Magistrates are responsible for conducting hearings in disputes that arise under the Workers' Disability Compensation Act of 1969 and hear cases related to workers' compensation claims.

Appointed for terms expiring 1/26/11 were **William A. Baillargeon**, Saugatuck, and **David B. Merwin**, Muskegon. The appointments stand confirmed unless disapproved by the Michigan Senate within 60 days.