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FISCAL YEAR 2007

STATE OF MICHIGAN BUDGET UPDATE

During the last week of July the House and Senate approved all of the FY2007 department budgets with the exception of Capitol Outlay and forwarded them to the Governor for her consideration. In early August the Governor signed the submitted FY2007 budget bills into law with only a few minor line-item vetoes. The following reflects a summary of the recent appropriations history for those departments specifically associated with the provision of human services, and a discussion of the major program and administrative changes approved for inclusion in the FY2007 budgets.

The key highlights of the final FY2007 human services budgets include:

- the absence of time limits, family caps, severe sanctions and grant reductions for Family Independence Program recipients (as approved by the House);
- the absence of Medicaid eligibility reductions, or major increases in copayments for Medicaid recipients (as approved by the House);
- Legislative support for the Governor’s proposed Michigan First Healthcare Plan;
- Increases for K – 16 education.

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Department of Human Services

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Revised Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropri- ations Act (P.A. 345)	FY2007 % Change From Original FY2006
Gross Appropriations	\$4,428.0	\$ 6.8	\$4,472.3	\$4,426.2	\$4,471.8	\$4,468.1	+ 0.9%
General Fund (GF)	\$1,081.3	\$34.9	\$1,190.5	\$1,150.3	\$1,187.7	\$1,197.4	+ 10.7%
Staff Positions	10,286 FTEs					10,343.4 FTEs	

¹The Governor signed the DHS budget bill after vetoing \$20,000 for a Smoking Cessation Pilot.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Committee Summary Reports

After lengthy debate regarding a House recommendation to limit lifetime eligibility for the Family Independence Program (FIP) to four years for households with a work requirement (with the continuous receipt of benefits limited to 24 months), the House-Senate conference committee chose not to adopt the limit for inclusion in the FY2007 DHS budget. It was indicated by Senator Hardiman, the chairman of the Senate appropriations subcommittee for DHS, however, that time limits may be the subject of policy committee hearings later this year or next.

The following summary reflects major changes that were adopted for inclusion in the Department of Human Services budget:

- Added 124 positions at a cost of \$23.5 million gross/\$16.4 million GF to expand the Jobs, Education and Training (JET) pilot project intended to increase long-term Family Independence Program (FIP) recipients' work participation rates in an effort to comply with significantly higher federal work requirements. The conference committee assumed offsetting savings in the FIP grant account of \$25.7 million gross/\$21.0 million GF related to expected increases in employment and earnings and an increase from 30 to 90 days in the length of the initial sanction resulting from noncompliance with JET program rules.
- Added \$4.4 million to the budget associated with an increase in the earned income disregard from \$200 plus 20 percent to \$200 plus 50 percent of

the balance for FIP program participants with earned income.

- Approved creation of the Short-Term Family Support Program, which would provide a \$1,500 lump sum payment to qualifying families that agree to forgo FIP cash assistance benefits for at least four months. Intended for FIP applicants determined to have a high degree of work-readiness, this program is assumed to result in a net savings of \$5.5 million gross/\$4.5 million GF due to a reduction in the long-term participation in the FIP cash assistance program. The assumed savings is equivalent to an average monthly caseload reduction of 1,100 cases.
- Created a state-funded component of the FIP cash assistance program at a cost of \$50 million gross/\$50 million GF. Households in this state funded category would not be counted for purposes of determining compliance with FIP federal work participation requirements, thus avoiding or reducing potential federal sanctions.
- Reflected an addition of \$11.7 million gross/\$11.7 million GF for a projected Day Care caseload increase of 2,000 related primarily to the expansion of the JET employment and training pilot project.
- Added 51 Child Protective Services workers (7 percent increase) at a cost of \$3.7 million as well as 5 positions to conduct investigations of cases

at high-risk of child abuse and neglect at a cost of \$358,800.

- Reflected a 5 percent rate increase for foster care services provided by child placement agencies bringing the reimbursement rate to \$19.40/day.
- Recognized an increase in funding for the Marriage Initiative from \$.5 million to \$2.475 million and the Fatherhood Initiative from \$.5 million to \$1.725 million using federal TANF funds (\$2.75 million) and newly available Healthy Marriage and Family federal funds (\$1.45 million).
- Recognized \$3 million gross/\$3 million GF in budgetary savings, \$1 million of which must be identified by DHS and the State Budget Office and approved by the Legislature in subsequent FY 2007 budget legislation.
- Reflected a transfer of 6 positions and \$9.4 million gross/\$1.0 million GF associated with the Michigan Community Service Commission from the Department of Labor and Economic Growth to DHS. MCSC oversees federal, state and private grant funds used to support local volunteer and

community service initiatives including Americorps and Volunteer Investment grants.

- Added \$21.3 million gross/\$19.5 million GF to fund an increased caseload and other Child Care Fund cost increases related to caring for abused, neglected and delinquent youth that are court wards.
- Added \$5.5 million gross/\$2.75 million GF to fund the Bridges information technology project intended to integrate the DHS eligibility and case management computer systems.
- Reflected the addition of \$41.2 million gross/\$18.5 million GF related to a 3.5 percent salary and wage adjustment for classified employees as well as economic adjustments for retirement, insurances and facilities costs.
- Added boilerplate section 907 requiring DHS, in cooperation with the State Court Administrative Office, to establish a pilot program to examine the effectiveness of contracting with a public or private collection agency to recoup child support arrearages.

Department of Community Health

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Revised Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropri- ations Act (P.A. 330)	FY2007 % Change From Original FY2006
Gross Appropriations	\$10,326.2	\$ 40.2	\$11,260.6	\$10,907.0	\$11,193.1	\$11,196.2	+ 8.4%
General Fund (GF)	\$2,951.9	(\$2.4)	\$3,001.2	\$2,928.0	\$2,948.0	\$2,940.1	- 0.4%
<i>Staff Positions</i>	4,674.6 FTEs					4,664.1 FTEs	

¹The Governor signed the DCH budget bill without vetoes.

Source of data: House and Senate Fiscal Agencies' Conference Committee Summaries

The approved FY2007 budget for the Department of Community Health totals \$11.2 billion, of which \$2.9 billion is general fund. The gross increase over the initial FY2006 appropriation is more than \$800 million, while the general fund is reduced by nearly \$12 million. The Conference agreement reflects a

general fund reduction of \$61 million from the Governor's revised recommendation.

The major initiative included in the Department of Community Health budget is the development and implementation of the *Michigan First Healthcare Plan*.

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. Department staff are working with federal officials to develop the parameters of the federal waiver. The new program will not be an expansion of the current Medicaid program. Eligibility requirements and services provided are expected to 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. A phased implementation is expected beginning in April 2007. The new program will be a partnership among state government, the health care industry, and the business community. When fully implemented, the program is expected to cover 550,000 people. While the Executive Budget included \$200 million, all federal, in initial funding for this program, the Conference Committee authorized only \$100 million.

Another initiative included in the Executive Budget was the recommendation to increase hourly wages paid to Adult Home Help providers to a minimum of \$6.60. The Executive Budget added \$20 million gross/\$8.7 million general fund (GF) to cover the proposed wage increase. With subsequent passage of the bill that increases the minimum wage to \$6.95 effective October 1, 2006, the Legislature amended the recommendation and funding to provide a minimum wage of \$7.00 per hour for home help workers, and those workers employed by a county who were earning \$7.00 per hour as of July 1, 2006, will receive at least a \$.50 per hour increase. The Conference Committee added a total of \$31.5 million gross/\$13.7 million GF for this wage increase.

The Conference Committee also approved a 2 percent increase for Community Mental Health direct care workers at a cost of \$10.4 million gross/\$4.5 million GF.

The Conference Committee provided funding to increase physician rates for well-child visits and primary care services by 2 percent and added \$16.6 million gross/\$7.3 million GF.

Even though the House recommended elimination of Medicaid coverage for optional young adults and

parent/caretaker relatives, there were no Medicaid eligibility reductions included in the final budget.

The House and Senate both approved millions of dollars in savings from increased copays and implementation of premiums for Medicaid recipients, but the Conference Committee approved only one increase in copays and no premiums for Medicaid recipients. The Medicaid copay for nonemergency use of hospital emergency rooms is increased from \$3 to \$6. In addition, the family premiums for MIChild are increased from \$5 to \$10 per month effective October 1, 2006.

Other highlights of the final FY2007 budget include:

Medicaid Caseload and Utilization – The Executive budget included increases of \$244.6 million gross/\$133.6 million GF to recognize caseload growth (3 percent) and medical care utilization. The Conference Committee increased the adjustment by \$52.1 million gross/\$22.1 million GF based on more recent caseload information and trends. In addition, the Conference Committee reduced the Executive recommended funding for the Medicare Part D state liability (“claw-back”) by \$23.2 million gross and general fund based on more recent estimates of the State’s liability.

Actuarially Sound Rates for Health Maintenance Organizations – The Executive Budget recommended \$55 million gross/\$24.1 million GF to meet the federal requirement that rates paid to health maintenance organizations (HMOs) must be actuarially sound. The same federal requirements apply to mental health managed care organizations; the Executive Budget recommended the addition of \$32.6 million gross/\$14.2 million GF to meet this requirement. The Conference Committee added \$42.0 million gross/\$18.3 million GF, for a total increase of \$97.3 million gross/\$42.5 million GF to provide the required increase in rates (5 percent) for health maintenance organizations.

Hospital Provider Tax Increase – The Executive Budget recommended an increase of 1 percent (to 2.8 percent) in the hospital provider tax to generate funds to be used for federal match and enable health maintenance organizations (HMOs) to increase their payments to hospitals for inpatient services by \$148 million. The increased provider tax, in addition to allowing increased payments by HMOs to hospitals, will generate a state savings of \$30 million GF. The Senate and House concurred with this recommendation.

Criminal History Check Pilot Program – The Executive Budget recommended funding of \$2.6 million gross and federal for a pilot project to establish a Criminal History Check Program on employees of certain health facilities. The Senate and House concurred with this recommendation.

Adult Benefits Waiver Funding – The Executive Budget recommended funding of \$106.6 million, an increase of nearly \$11 million, for the Adult Benefits Waiver assuming a monthly average caseload of 54,700, a continuation of the FY2006 caseload projection. While the Senate and House concurred with the Executive recommended adjustment, the Conference Committee increased the adjustment by \$15.6 million gross/\$4.8 million GF.

It is important to note that enrollment in the program has been closed most of the year due to the cap in enrollments. An open enrollment period for the months of September and October 2006 has recently been announced by the Department of Community Health.

Cost Saving Initiatives – The Executive Budget included numerous cost-saving policies as well as continuation of provider rate reductions included in the FY2006 appropriations. New savings initiatives include:

- Implementation of federal pharmacy rebates for drugs dispensed by health maintenance organizations to Medicaid recipients, saving \$100 million gross/\$43 million GF. Currently federal pharmacy rebates are allowed only on fee-for-services-provided drugs. The Senate and House concurred with this recommendation. This proposal will require a change in federal law which was proposed, but not approved in 2005.
- The Executive Budget annualized savings for the initiative implemented in FY2006 to reduce Medicaid eligibility error rates saving \$20 million gross/\$8.7 million GF. (The FY2006 budget includes savings of more than \$21 million gross/\$9 million GF for this initiative.) The Senate and House concurred with these savings.
- The Executive Budget recommended inclusion of anti-depressant drugs in health maintenance organization rates to generate higher provider tax revenues, and inclusion of anti-psychotic drugs in rates paid to managed care mental health providers to generate higher provider taxes that together result in state savings of about \$10 million. These drugs have previously been paid as

fee-for-service and not part of the health maintenance organizations' responsibilities. The Senate and House concurred with these savings. To generate the budgeted savings, the federal law change mentioned above must be approved.

- The Executive Budget recommended the inclusion of graduate medical education in health maintenance organization rates to generate higher provider tax revenues that result in state savings of \$3.3 million GF. The Conference Committee concurred with this recommendation.
- Third-party liability collections are increased by \$26.8 million gross/\$11.7 million GF assuming state legislation is passed requiring insurance companies to provide information that would enable matches with the Medicaid eligibility/claims files. The Conference Committee assumed higher savings of \$36.9 million gross/\$16.1 million GF.

Hearing and Vision Screening – The Executive Budget recommended the transfer of hearing and vision screening services in schools to the School Aid Fund, saving \$2.6 million GF. The program's FY2006 reduction of \$2.6 million is restored with School Aid funds. The Senate and House concurred with this recommendation.

Employee-Related Economics – The Executive Budget included \$23.5 million gross/\$14.0 million GF for FY2007 employee economics, including salary and wage increases, health insurance and retirement. No funding was included to compensate for the inadequate funding of salary and wage economics in FY2006. The Conference Committee concurred with these adjustments.

Legislative Initiatives – The Conference Committee approved numerous changes in the Department of Community Health budget that were either part of the Leadership agreement, or initiatives recommended by the Senate or the House.

• **Leadership changes included:**

- ▶ The leadership agreement increased the amount of Merit Award Trust Fund revenue available to the Community Health budget by \$53.5 million, nearly \$35 million more than recommended in the Executive Budget. The increase in Merit Award Trust Fund revenue decreases general fund by a like amount.
- ▶ The leadership agreement also increased the amount of tobacco tax revenue available to

the Community Health budget by \$49.4 million, nearly \$20 million more than recommended in the Executive Budget. The increased tobacco tax revenue decreased general fund by a like amount.

- **Conference Committee changes included:**

- ▶ The Executive Budget recommended no changes to Healthy Michigan Fund programming; the Senate concurred. The House recommended numerous changes that were not adopted. The Conference Committee approved small increases for arthritis prevention (\$50,000), Huntington's and Parkinson's diseases programming (\$50,000 each), and infant mortality reduction programs (\$200,000).
- ▶ The Conference Committee concurred with the Senate recommendation to increase staffing in the Department of Human Services and the Medical Services Administration to expand the asset look-back period and increase audits for long-term care to achieve savings of \$12 million gross/\$5 million GF in the Community Health budget.
- ▶ The Conference Committee nearly doubled the savings assumed by the House and Senate for provisions included in the federal Deficit Reduction Act related to long-term care eligibility. Savings total \$22.0 million gross/\$9.6 million GF.
- ▶ The Conference Committee concurred with the Senate and House in budgeting \$22.9 million gross/\$10.0 million GF in savings associated with pharmaceutical recoveries based on a recent Auditor General report that identified overpayments for recipients who were also covered by Medicare or other insurance.
- ▶ The Conference Committee concurred with the Senate recommendation to add funding to support a federal waiver request to provide financial incentives for positive health behavior. A similar waiver was recently approved in Florida. Funding of \$10.0 million gross, all federal is included.
- ▶ The Conference Committee adopted the House proposal to implement a specialized

case management program for the highest cost Medicaid recipients, but doubled the House-passed savings to \$10.0 million gross/\$4.4 million GF.

- ▶ The Conference Committee concurred with the House recommendation to increase funding for the Salvation Army Harbor Light program by \$.4 million, all state funds.
- ▶ The Conference Committee concurred with the House recommendation to increase anti-drug abuse grants, and added \$1.2 million gross and GF.
- ▶ The Conference Committee concurred with the House recommendation to fund health technology efforts by adding \$9.5 million gross/\$7.3 million GF. The Conference Committee also concurred with the House proposal to use a portion of the technology funds for a pilot project in Southeast Michigan related to the electronic exchange of health information and assumed savings of \$6.2 million gross/\$2.7 million GF.
- ▶ The Conference Committee concurred with the House proposal to reduce the Guardianship fee from \$60 to \$45 per month, saving \$.5 million gross/\$.2 million GF.
- ▶ The Conference Committee concurred with the House recommendation to increase the Personal Care Services payment from \$174.38 to \$184.38 per month for Medicaid residents in Adult Foster Care homes or Homes for the Aged, and added \$.9 million gross/\$.4 million GF.
- ▶ The Conference Committee adopted greater savings related to the recently implemented Family Planning Waiver than were included in the Revised Executive Budget recommendation. The increased savings total \$10.0 million GF.

There were numerous boilerplate changes included in the FY2007 Department of Community Health budget. Detailed information may be accessed from the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa

Department of Labor and Economic Growth

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Recom- mendation	FY2007 Senate	FY2007 House	FY2007 ¹ Appropri- ations Act (P.A. 345)	FY2007 % Change From Original FY2006
Gross Appropriations	\$1,273.3	(\$41.8)	\$1,225.6	\$1,217.6	\$1,216.9	\$1,231.5	– 3.1%
General Fund (GF)	\$ 70.4	(\$23.0)	\$ 47.4	\$ 48.8	\$ 48.2	\$ 47.4	– 32.2%
Staff Positions	4,410 FTEs						4,297 FTEs

¹The Governor signed the DLEG budget bill without vetoes.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Committee Summary Reports

The approved Department of Labor and Economic Growth (DLEG) budget for FY2007 reflects a \$41.8 million decrease over the FY2006 original appropriation and a general fund reduction of \$23 million. Budget reductions resulted from the following:

- The transfer of the Michigan Community Service Commission to the Department of Human Services (DHS), for a gross reduction of \$9.4 million;
- The reduction of the Broadband Development Authority, by \$1.1 million gross;
- The partial replacement of expired federal Reed Act (\$6.3 million) funds with general fund dollars totaling \$5.65 million, resulting in a funding reduction of \$650,000 gross;
- The transfer of grants for the Pre-College Program in Engineering and the Sciences to the School Aid Budget for a reduction of \$680,100 gross.

The approved FY2007 DLEG budget includes the revised Executive-recommended \$12.3 million increase to the Jobs, Education and Training (JET) program from funds allocated from the Department of Human Services. This increase expands the JET pilot program and adds 31.0 FTEs. In addition to the expansion of the program, the Conference Committee adopted the Governor's

new language which, in part, adds confidential screenings of JET participants, requires DLEG and DHS to create a shared tool to assess client barriers, and allows clients performing at below a ninth grade reading or math level to engage in basic skills education.

Other highlights of the approved budget:

- The Conference Committee approved a \$2.0 million federal and gross increase in Workforce Development training programs for disabled persons.
- The Conference Committee also added \$5.0 million gross and federal in Section 8 housing and rental assistance payments administered by the Michigan State Housing Development Authority (MSHDA).
- The Conference Committee approved funds for a 3.5 percent contractual salary and 6.4 percent benefit and pension increase for employees. Funding was obtained from a combination of state, federal, departmental grants, private, and restricted funds for a total of \$17.4 million gross.
- The Conference Committee approved the Governor's recommendation to add 4.0 FTEs to DLEG's Wage and Hour Division to handle inquiries and implement the minimum wage increase.

- The Conference Committee concurred with the Executive Budget recommendation to add \$3.7 million gross and general fund for Fire Protection Grants, bringing the total amount to \$10.9 million.
- The Conference Committee concurred with the Executive Budget recommendation to create the Bureau of Fire Services that includes

operations of all fire safety programs such as the Firefighters Training Council, the Fire Safety Division and the Office of the Fire Marshall. Funds for the new Bureau and funding of all programs come from a combination of sources, including grants from the Departments of Community Health and State Police, federal dollars, state funds, and fees.

K-12 Education (School Aid)

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropri- ations Act (P.A. 342)	FY2007 % Change From Original FY2006
Gross Appropriations	\$12,757.4	(\$0.25)	\$13,119.0	\$13,103.9	\$13,116.6	\$13,093.7	+ 2.6%
General Fund (GF)	\$ 62.7	\$0.0	\$ 35.0	\$ 45.0	\$ 35.0	\$ 35.0	- 44.2%

¹The Governor signed the School Aid budget bill without vetoes.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Summary Reports

The approved FY2007 budget for K-12 School Aid totals \$13.1 billion, of which \$11.6 billion is state funds. This represents an increase of nearly \$337 million over the current FY2006 appropriation. In addition to the state and federal funds, schools are expected to receive an estimated \$3.8 billion from local property taxes.

The final budget includes a Basic Foundation Allowance of \$7,085, a \$210/pupil increase from the current FY2006 level. The Governor had included an increase of \$200 per pupil, the Senate added \$225 per pupil, while the House added \$230 per pupil. The Conference Committee included funding to provide equity payments of \$23 per pupil to districts with a foundation allowance below \$7,360 in FY2007, as well as \$20 million for grants to districts with declining enrollments. The Conference Committee also included \$20 million for grants to school districts of \$54 per middle school pupil for a middle school math

initiative, Engineering Michigan's Future. Funding for grants to Intermediate School Districts for this purpose is eliminated.

The Executive Budget recommended the transfer of cash-flow borrowing costs from the general fund to the School Aid Fund (SAF). The Conference Committee concurred with the recommendation and created a new line item, totaling \$22.8 million in the School Aid Fund.

The Executive Budget recommended and the Legislature concurred with the elimination of the \$7 million supplemental payment to the Detroit Public Schools to assist in the transition from a reform board to an elected school board.

The percentage of payroll required to fund retirement and health care is increased from 16.34 percent to 17.74 percent.

- Several program increases were concurred in or provided by the Conference Committee as follows:
 - ▶ School Readiness Program grants are increased by \$6.0 million to a total of \$78.8 million; the Executive Budget included a \$28.8 million increase.
 - ▶ Special Education is increased by \$50.0 million to a total of \$1.42 billion to meet costs associated with the increased foundation allowance and other requirements.
 - ▶ Great Parents, Great Start grants (Intermediate School District programs for children from birth to age 5) are increased by \$1.7 million to a total of \$5.0 million; the Executive Budget included a \$6.7 million increase.
 - ▶ Adult Education is increased by \$3.0 million to a total of \$24 million; the Executive Budget included a \$4.0 million increase.
 - ▶ Intermediate School District operations are increased by \$2.4 million to a total of \$80.1 million; the Conference Committee did not include the Executive recommended funding for professional development.
 - ▶ Early Childhood Grants (0-3 Secondary Prevention Program) are increased by \$1.5 million to \$1.75 million.
 - ▶ Funding for Math and Science Centers is increased by \$1.0 million to a total of \$8.0 million.
 - ▶ Funding for Michigan Virtual High Schools is increased by \$1.0 million (\$.5 million SAF and \$.5 million GF); the Executive Budget included a \$1.0 million GF increase.
- **New Programs or Initiatives:**
 - ▶ Health/Science Middle College Program – \$2 million; the Executive Budget recommended \$5 million. This program will create partnerships among schools, community colleges, and hospitals to enable high school students to earn college credit and receive on-the-job training in health care-related areas. The Conference Committee concurred.
 - ▶ Grants for *For Inspiration and Recognition of Science and Technology (FIRST)* Robotics Competitions – \$.15 million. The Executive Budget recommended \$1.0 million for this

program; the Conference Committee reduced the amount to \$150,000. This funding provides grants to high schools to enhance math and science skills through hands-on activities and participation in *FIRST* Robotics competitions.

- ▶ Early Childhood Investment Corporation (ECIC) collaborative grants – \$1.0 million. The Conference Committee concurred with adding \$1.0 million, as recommended in the Executive Budget, to increase available funding for early childhood grants.
- ▶ Children of Incarcerated Parents – \$1.9 million. The Senate recommended funding for grants for pilot programs to address the needs of children with incarcerated parents. The Conference Committee concurred with the Senate recommendation.
- ▶ Book-a-Month Program – \$.5 million. The Senate-passed budget included \$1.0 million for grants to districts to provide children, age birth to 5, with a book each month. The Conference Committee added only one-half of the funding.
- ▶ Automated External Defibrillators – \$.1 million. This funding will provide grants to districts to purchase at least one automated external defibrillator. The Senate and House both recommended funding for this purpose; the Conference Committee concurred.
- ▶ Web-Based Assessments – \$1.0 million. The Conference Committee added funding to develop and implement online practice tests, with immediate results upon completion and links to materials for those middle school students who are not successful. Contractors applying for these funds must meet specific Internet capabilities.
- ▶ School Building Security Mapping – \$.4 million. The Conference Committee added funding for a pilot program to provide grants to districts and Intermediate School Districts to develop security mapping for use by emergency response agencies.
- ▶ Positive Behavioral Support Program – \$.3 million. The Conference Committee added funding to expand the school-based crisis intervention project operated by the Pontiac School district in 2005 -2006.

- ▶ Mercy Education Project – \$.1 million. The Conference Committee added funding to support an after school tutoring program for at-risk girls in grades 1-8 in Detroit Public Schools.
 - ▶ Early Intervention Program for K-3 – \$.4 million. The House and Senate recommended \$500,000 to establish an early intervention program for children in grades K–3 to reduce the need for special education services in subsequent grades. The Conference Committee reduced the funding to \$400,000.
 - ▶ International Baccalaureate Programs – \$.25 million. The Conference Committee added \$250,000 (the House recommended \$500,000) to fund five grants of \$50,000 to establish and implement international baccalaureate diploma programs or international baccalaureate middle years programs.
- The Executive Budget recommended numerous program funding transfers (from State Departments to School Aid) that were adopted by the Conference Committee. The programs are listed below:
 - ▶ Michigan Education Assessment Program (MEAP) test contract costs (from Education) – \$19.5 million;

- ▶ School Breakfast Program (from Education) – \$9.6 million;
- ▶ Public Health Hearing and Vision screening (from Community Health). Funding was fully restored from the 50 percent reduction in FY2006 – \$5.2 million;
- ▶ Juvenile Facilities education expenses (from Human Services) – \$3.0 million;
- ▶ School bus inspections (from State Police) – \$1.3 million;
- ▶ Youth Challenge Program (from Military and Veterans Affairs) – \$1.3 million;
- ▶ Pre-College Engineering Program, with \$100,000 added by the Conference Committee (from Labor and Economic Growth) – \$0.8 million.

There were numerous boilerplate changes included in the FY2007 School Aid Act. Detailed information may be accessed from the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa

Department of Education

Fiscal Year 2006-2007 Budget Summary (in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropriations Act (P.A. 332)	FY2007 % Change From Original FY2006
Gross Appropriations	\$ 117.5	\$ 3.3	\$ 90.4	\$ 92.5	\$ 90.4	\$ 90.6	– 22.9%
General Fund (GF)	\$ 16.1	\$ 0.0	\$ 6.7	\$ 8.7	\$ 6.6	\$ 6.6	– 59.0%
<i>Staff Positions</i>	<i>423.5 FTEs</i>					<i>435.5 FTEs</i>	

¹Appropriations reflect Governor's vetoes of \$75,000: \$50,000 for dues to the Education Commission of the States and \$25,000 for Michigan History Day.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Summary Reports

The approved budget for FY2007 for the Department of Education totals \$90.6 million gross/\$6.6 million GF. With the transfer of the School Breakfast Program to the School Aid Fund, the remaining general fund is allotted primarily to administration. The most significant funding changes for the Department are the transfers of the Michigan Education Assessment Program (MEAP) contract cost to the School Aid Fund, saving \$24.8 million gross/\$0 GF; and the transfer of the School Breakfast Program to the School Aid Fund, saving \$9.6 million gross and GF. The Legislature concurred with the Executive Budget recommendations to transfer these programs. The Conference Committee also concurred with the additional staff (8 FTEs) and funding (\$.6 million gross/\$0 GF) recommended for the Michigan School for the Deaf and Blind to accommodate the projected 20 percent increase in enrollment.

Other highlights of the FY2007 budget include:

- The Conference Committee restored funding for the National Board Certification Grants, \$100,000 gross/\$0 GF, to fund one-half of the application fees for teachers who apply to become certified by the National Board for Professional Teaching Standards.
- The Conference Committee increased funding from \$75,000 to \$100,000 for Central Michigan University's Alternative Route to Certification

Program, which helps teachers in rural areas become certified in math and science, and added \$100,000 for Wayne State University's Limited License to Instruct Program.

- The Conference Committee reduced funding for the State Board study of best practices in education from \$350,000 gross and GF to \$175,000 gross and GF.
- The Conference Committee added \$100,000 gross and GF for the development, approval and implementation of curriculum expectations and revisions.
- The Conference Committee concurred with the Executive Budget recommendation to eliminate funding for the Middle School Math Project, saving \$100,000 gross and GF.
- The Conference Committee approved \$1.3 million gross/\$.1 million GF for economic increases for the Department.

There were numerous boilerplate changes included in the FY2007 Department of Education budget. Detailed information may be accessed from the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa

Higher Education

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropriations Act (P.A. 340)	FY2007 % Change From Original FY2006
Gross Appropriations	\$1,733.9	\$ 0.5	\$1,741.8	\$1,777.9	\$1,780.9	\$1,787.5	+ 3.1%
General Fund (GF)	\$1,576.9	\$ 0.5	\$1,585.0	\$1,617.8	\$1,629.2	\$1,624.8	+ 3.0%

¹The Governor signed the Higher Education budget bill without vetoes.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Committee Summary Reports

The approved FY2007 budget for Higher Education included an overall gross increase of \$53.6 million (3.1 percent), which includes a general fund increase

of \$47.9 million (3.0 percent). There was a \$500,000 (14.3 percent) decrease in federal funds compared to the original FY2006 appropriation.

The Conference Committee approved an overall increase to University Operations funding of \$43.3 million (3.0 percent) gross and GF. The final percentage approved was higher than the Executive recommendation of 2.0 percent.

The Conference Committee also approved a 2.0 percent gross and GF increase for the Michigan State University Agriculture Experiment Station and Cooperative Extension, for a total increase over FY2006 appropriations of \$1.2 million. The Executive Budget recommended no increase.

The Conference Committee maintained funding for the Tuition Grant Program, not concurring with the Executive recommendation to eliminate \$58.8 million for the eventual phase-out and restructuring of the program. The Executive recommendation eliminated the program and merged it with the State Competitive Scholarships, but allowed current recipients of the grant to receive \$1,300, the maximum for the State Competitive Scholarship. The Conference Committee retained the specified maximum amount of the grant at \$2,000.

The Conference Committee reduced funding for the State Competitive Scholarships by \$500,000 due to federal funding that is no longer available.

The Conference Committee increased funding for the Nursing Scholarship Program by \$250,000 gross/\$0 GF for a total of \$4.25 million and adopted the Senate's proposal to allow master's level students to qualify for the scholarship program under the same statutory requirements as undergraduate students.

The Conference Committee provided a 16.7 percent increase (\$2.0 million gross/\$0 GF) to the Tuition Incentive Program (TIP) to reflect the increase in the number of students eligible for the TIP program due to Medicaid eligibility.

The Conference Committee included a \$5.0 million gross/\$0 GF appropriation for the Michigan Leadership, Education, and Development (MiLEAD) Initiative. The MiLEAD Initiative will make grants available to colleges/universities for residential programs for at-risk youth to perform conservation-based community service work while earning college credits for such work.

There are numerous boilerplate sections within the FY2007 Higher Education budget that were revised, added, or deleted. Additional information may be accessed through the Budget sections of the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa

Community Colleges

Fiscal Year 2006-2007 Budget Summary *(in millions)*

	Original FY2006 Appropriation	FY2006 YTD Adjust- ments	FY2007 Governor's Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropri- ations Act (P.A. 341)	FY2007 % Change From Original FY2006
Gross Appropriations	\$ 281.3	\$0.3	\$ 287.1	\$ 287.1	\$ 288.8	\$ 289.9	+ 2.9%
General Fund (GF)	\$ 281.3	\$0.3	\$ 287.1	\$ 243.2	\$ 288.8	\$ 289.9	+ 2.9%

¹The Governor signed the Community College budget bill without vetoes.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Committee Summary Reports

The Conference Committee adopted a final budget for Community Colleges which exceeded the recommendations of the Executive Budget, as well as the House and Senate-passed budgets. The overall operations funding is increased for FY2007 by 2.9

percent to \$289.9 million. This increase includes a 10.3 percent, or \$300,000 increase for statutorily-required reimbursement to colleges with renaissance zones in their districts.

Funding is continued for the At-Risk Student Success Program and maintains \$225,000 from the FY2006 supplemental for Wayne County Community College.

Nursing program expansions will be examined by a newly created workgroup that will make recommendations regarding expanding nursing programs at community colleges. While there is legislative intent to fund approved recommendations of the workgroup, nursing program expansion grants were not funded.

There are numerous boilerplate sections within the FY2007 Community College budget that were revised, added, or deleted. Additional information may be accessed through the Budget sections of the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa

Department of Corrections

Fiscal Year 2006-2007 Budget Summary

(in millions)

	Original FY2006 Appropriation	FY2006 YTD Adjustments	FY2007 Governor's Recom- mendation	FY2007 House	FY2007 Senate	FY2007 ¹ Appropriations Act With Veto (P.A. 331)	FY2007 % Change From Original FY2006
Gross Appropriations	\$1,860.1	(\$1.0)	\$1,947.4	\$1,917.4	\$1,947.4	\$1,940.4	+ 4.3%
General Fund (GF)	\$1,780.7	\$0.0	\$1,865.6	\$1,835.6	\$1,865.6	\$1,858.6	+ 4.4%
Staff Positions	17,521.8 FTEs					17,798.0 FTEs	

¹The Governor signed the Corrections budget bill without vetoes.

Source of data, except the appropriations act figures: House and Senate Fiscal Agency Conference Committee Summary Reports

The approved FY2007 budget for the Department of Corrections (DOC) includes an increase of 4.3 percent (4.4 percent GF) or \$77.9 million. No new funding is added for bed capacity increases; rather the increase of 545 beds is funded by transfers from various program areas. The budget assumes closure of Camp Brighton women's prison camp, and conversion of Huron Valley Technical Rule Violator center to a women's camp.

The cost of employee economics as well as building and utility related cost increases represent the largest change in the budget for FY2007. To cover the cost of these economic adjustments, \$82.0 million gross/\$80.2 million GF is added. The budget also includes the Executive-recommended \$8.8 million gross and GF for training 650 new corrections officers to fill current or anticipated vacancies, including \$1.0 million for the use of the State Police training facility.

There were numerous staffing changes approved including:

- A reduction of 27.5 middle management (sergeant positions) positions and a 17.0 FTE reduction in security inspectors, saving \$3.5 million gross and GF.
- An increase of 46 parole/probation officers with funding provided by field operations reorganizations that generate sufficient savings to fund the field officers and produce a net savings of \$2.7 million gross and GF.
- An increase of \$1.0 million gross and GF to support 6 physicians for the Jackson Complex to comply with the *Hadix* court order.

Other highlights of the approved budget include:

- The Conference Committee assumed transportation savings through the use of videoconferencing with courts rather than court appearances and more efficient medical care transports, limiting off-site medical care to one trip per day. Projected savings total \$4.5 million gross and GF.
- The Legislature concurred with the Executive Budget recommendation to create a new line item for Community Re-Entry Centers with funds, \$14.3 million (\$14.0 million GF), transferred from Technical Rule Violator program and Corrections Centers. The new line item reflects changes in the community programs under truth-in-sentencing and the Michigan Prisoner Re-Entry Initiative. The corresponding elimination of the component line items resulted in a small savings of \$.3 million gross/\$0 GF.
- The Legislature concurred with the Executive Budget recommendation to increase funding by \$.8 million gross and GF for mental health services and programming needs at the Thumb Correctional Facility to provide services to the 320 youth offenders transferred from the Michigan Youth Correctional Facility.
- The Legislature concurred with the Executive Budget recommendation to add \$1.7 million gross and GF for the phased-in implementation of Global Positioning Systems (GPS) for electronic monitoring of selected offenders, primarily those convicted of burglary-related crimes.
- The Legislature concurred with the Executive Budget recommendation to add \$1.0 million gross and GF, \$.5 million for each program, to accommodate anticipated increases for outpatient substance abuse testing and treatment costs in accordance with the new outpatient treatment service contracts; and to increase funding for nurse consultants to review prisoner medical cases to meet *Hadix*-related case review standards statewide.
- The Conference Committee expanded funding by \$.8 million gross and GF for the Joshua Project, a city and state collaborative effort to curb gun-related violence in Detroit, from \$.5 million to \$1.3 million.
- The Legislature concurred with the Executive Budget recommendation to provide \$1.8 million gross and GF for technology upgrades to the Department's management information system.

There were numerous boilerplate changes included in the FY2007 Department of Corrections budget. Detailed information may be accessed from the House or Senate Fiscal Agency websites at:

www.house.michigan.gov/hfa
www.senate.michigan.gov/sfa