



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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November 30, 2005

Senator Valde Garcia, Chair
Senate Appropriations Subcommittee on Commerce, Labor,
and Economic Development
State Capitol Building

Representative Jack Brandenburg, Chair
House Appropriations Subcommittee on Economic Development
Cora A. Anderson House Office Building
Lansing, MI 48909

Dear Senator Garcia and Representative Brandenburg:

Attached you will find the report on the implementation of the appropriation reductions as required in Section 530 of our Fiscal Year 2005-2006 Appropriations Act, Public Act 156 of 2005.

Sincerely,

James C. Epolito
President & CEO

Attachment

cc: Senate Appropriations Subcommittee on Commerce, Labor,
and Economic Development
House Appropriations Subcommittee on Economic Development
Office of the State Budget
Senate Fiscal Agency
House Fiscal Agency

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Michigan Economic Development Corporation

Implementation Plan for FY06 Michigan Strategic Fund Appropriation Reductions

Line item detail

Administration \$ (500,000)

Five staff members transferred to Michigan State Housing Development Authority	(338,310)
Reduction in operating and central administrative costs	<u>(161,690)</u>
	\$(500,000)

Job Creation Services \$ (2,500,000)

Twenty-nine staff members transferred to Michigan State Housing Development Authority	(1,656,690)
Reduction in operating and central administrative costs	(494,310)
Closed Business Service Center in Detroit Airport	(145,000)
Closed Mexico Office for export assistance and reduced other international operations by 10%	<u>(204,000)</u>
	\$(2,500,000)

Impact of appropriation reductions

-State classified FTE positions reduced by 34.0 FTE positions, an 18% reduction, from FY06 appropriated FTE position number. MSHDA will support these positions with federal funds.

-Reduced operational and central administrative expenses for staff by 23%.

-Reduced several programs staffing levels to minimal service levels.

-Moved community assistance team staff to MSHDA, focusing the remaining MEDC programs on businesses.

-Shifted the export assistance and foreign investment efforts to Asia and Europe, away from all the South American countries.

-Closed Business Service Center in McNamara Terminal of Detroit Metropolitan Airport.