

EXECUTIVE ORDER
No. 2007 - 1

**IMPLEMENTATION OF EXPENDITURE REDUCTIONS UNDER
SECTION 20 OF ARTICLE V OF THE MICHIGAN CONSTITUTION OF 1963**

WHEREAS, under Section 20 of Article V of the Michigan Constitution of 1963, the Governor, with the approval of the appropriating committees of the House of Representatives and the Senate, shall reduce expenditures authorized by appropriations whenever it appears that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, and the reductions shall be made in accordance with procedures prescribed by law;

WHEREAS, it appears that actual revenues for the fiscal period beginning on October 1, 2006 and ending on September 30, 2007, will fall below the revenue estimates on which appropriations for that period were based, the estimates having been determined by the Legislature as required under Section 31 of Article IV of the Michigan Constitution of 1963;

WHEREAS, pursuant to Section 391 of The Management and Budget Act, 1984 PA 431, MCL 18.1391, on the basis of written information from the State Budget Director and the State Treasurer, it appears that actual revenue will fall below such revenue estimates;

WHEREAS, there is an unanticipated loss of funding that the departments and agencies of state government do not expect to obtain or make up during the current fiscal year;

WHEREAS, expenditure reductions totaling \$166,929,400.00 general fund-general purpose and \$31,205,600.00 special purpose funds are necessary;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor under the Michigan Constitution of 1963 and Michigan law, and with the approval of a majority of members of each appropriations committee, order the following reductions in expenditures:

A. Portions of general fund-general purpose expenditures authorized by appropriations amounting to \$166,929,400.00 contained in the following public acts are hereby reduced. Where the expenditure reductions of general fund-general purpose appropriations in this Order reduce the restricted portions of gross appropriations and sources of financing that will be earned, the amounts to be reduced shall be provided separately to the State Budget Director for approval and entry into the accounts.

<u>Public Act</u>	<u>Department</u>	<u>Reduction Amount</u>
2006 PA 345	Agriculture	\$2,001,300
2006 PA 345	Attorney General	1,809,000
2006 PA 345	Civil Rights	289,000
2006 PA 345	Civil Service	384,200
2006 PA 341	Community Colleges	10,900,000
2006 PA 330	Community Health	28,159,500
2006 PA 331	Corrections	52,309,800
2006 PA 332	Education	280,200
2006 PA 343	Environmental Quality	2,410,200
2006 PA 345	Executive Office	43,000
2006 PA 340	Higher Education	2,655,700
2006 PA 345	History, Arts, and Libraries	742,000
2006 PA 345	Human Services	34,318,400
2006 PA 345	Labor and Economic Growth	1,329,200
2006 PA 345	Management and Budget	16,525,600
2006 PA 345	Michigan Strategic Fund	2,150,100
2006 PA 345	Military and Veterans Affairs	1,173,700
2006 PA 344	Natural Resources	344,700
2006 PA 345	State	452,300
2006 PA 345	State Police	6,771,100
2006 PA 345	Treasury	<u>1,880,400</u>
	TOTAL	166,929,400

The Department of Information Technology shall reduce user charges to state agencies consistent with reductions for information technology services and projects contained in Section B.

B. The reduction totals for the departments and agencies in Section A include the following appropriation items or are predicated upon the following actions:

1. Department of Agriculture

Appropriation Number	Item	Reduction Amount
01120	Statistical reporting service	130,700
01220	Agricultural development	15,000
02320	Animal health and welfare	125,000
03120	Environmental stewardship	234,700
03908	Local conservation districts	758,400
30000	Information technology services and projects	1,200
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		1,265,000

The amount in Section 604 of Part 2 of Article 1 of 2006 PA 345 for local conservation districts is reduced to \$758,400.00 and distributions are reduced to the following amounts: for each district, \$9,600.00; for equal distribution among multiple districts within a county, \$9,600.00.

The amount in Section 703 of Part 2 of Article 1 of 2006 PA 345 is reduced to \$15,000.00.

2. Department of Attorney General

Appropriation Number	Item	Reduction Amount
00005	Information technology services and projects	1,600
01040	Attorney general operations	1,000,000
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		1,001,600

3. Department of Civil Rights

Appropriation Number	Item	Reduction Amount
01000	Civil rights operations	25,000
02100	Information technology services and projects	700
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		25,700

4. Department of Civil Service

Appropriation Number	Item	Reduction Amount
09150	Information technology services and projects	1,000
19300	Executive direction	174,300
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		175,300

5. Community Colleges

The State Budget Director shall reduce the payment amount to community colleges provided under Section 102 of Part 1 of 2006 PA 341 by \$10,900,000.00. The amount of each college's reduction is to equal the credit issued by the Michigan Public School Employees' Retirement System to each college reducing the amount of pension contributions otherwise due from that college for the fiscal year ending September 30, 2007. The State Budget Director is authorized to take any and all actions necessary to properly record expenditure reductions as part of the financial transactions for the fiscal year ending September 30, 2007.

6. Department of Community Health

Appropriation Number	Item	Reduction Amount
33500	Hospital services and therapy	2,181,000
33550	Health plan services	12,500,000
34500	Health information technology initiatives	7,250,000
80000	Information technology services and projects	2,700
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		21,933,700

7. Department of Corrections

Appropriation Number	Item	Reduction Amount
02072	Training	2,500,000
05083	Information technology services and projects	5,800
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		2,505,800

8. Department of Education

Appropriation Number	Item	Reduction Amount
01404	Best practices study	175,000
03801	Information technology services and projects	3,300
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		178,300

9. Department of Environmental Quality

Appropriation Number	Item	Reduction Amount
01150	Information technology services and projects	700
06051	Water pollution control and drinking water revolving fund	1,600,000
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		1,600,700

10. Higher Education

Appropriation Number	Item	Reduction Amount
03401	Cooperative extension service	2,655,700
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		2,655,700

11. Department of History, Arts, and Libraries

Appropriation Number	Item	Reduction Amount
01100	Management services	18,900
02001	Administration (Michigan Council for Arts and Cultural Affairs)	62,500
03050	Library of Michigan operations	126,500
05000	Information technology services and projects	7,400
07516	Historical facilities system	14,000
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		229,300

12. Department of Human Services

Appropriation Number	Item	Reduction Amount
11350	Demonstration projects	275,000
14200	Medical consultation program	241,800
15100	AFC, children's welfare and daycare licensure	123,400
16100	Information technology services and projects	2,800
32500	Family independence program	6,576,000
32520	State disability assistance	213,500
32550	Day care services	12,939,300
32630	Indigent burial	738,700
62040	Contractual services, supplies, and materials	269,300
72360	Black child and family institute	50,000
72400	Teenage parent counseling	25,500
72420	Youth in transition	122,000
72550	Foster care payments	1,226,200

81100	Domestic violence prevention and treatment	75,000
81200	Crisis prevention and elder law of Michigan food for the elderly project	160,000
83200	Legal support contracts	2,000,000
		25,038,500

The amount in Section 307(1) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 423(1) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 423(2) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$35,000.00.

The amount in Section 423(3) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 423(4) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 560 of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 613 of Part 2 of Article 10 of 2006 PA 345 for the maximum allowable reimbursement limit for indigent burials is reduced to \$680.00 and distributions are reduced to the following amounts: for funeral directors, \$435.00; for cemeteries or crematoriums, \$145.00; and for the provider of the vault, \$100.00.

The amount in Section 668(2) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 905 of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 906 of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

13. Department of Labor and Economic Growth

Appropriation Number	Item	Reduction Amount
18001	Fire protection grants	1,000,000
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		1,000,000

14. Department of Management and Budget

Appropriation Number	Item	Reduction Amount
00005	Information technology services and projects	75,800
01737	State building authority rent – universities	6,875,100
01739	State building authority rent – department of corrections	8,794,900
11000	Executive operations	17,500
12000	Administrative services	25,000
13000	Budget and financial management	61,700
16000	Business support services	72,500
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		15,922,500

15. Michigan Strategic Fund

Appropriation Number	Item	Reduction Amount
01000	Administration	12,500
01100	Job creation services	112,500
03010	Economic development job training grants	1,600,500
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		1,725,500

16. Department of Military and Veterans Affairs

Appropriation Number	Item	Reduction Amount
01011	Headquarters and armories	150,000
03500	Grand Rapids veterans' home	185,000
03700	D.J. Jacobetti veterans' home	134,500
03800	Information technology services and projects	600
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		470,100

17. Department of Natural Resources

Appropriation Number	Item	Reduction Amount
08914	Information technology services and projects	1,400
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		1,400

18. Department of State

Appropriation Number	Item	Reduction Amount
45500	Information technology services and projects	2,400
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		2,400

19. Department of State Police

Appropriation Number	Item	Reduction Amount
61000	Information technology services and projects	9,200
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		9,200

20. Department of Treasury

Appropriation Number	Item	Reduction Amount
01201	Information technology services and projects	5,400
01870	Collections	50,000
01960	Mail operations	50,000
02450	Revenue enhancement program	350,000
09455	Special census revenue sharing payments	892,400
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		1,347,800

21. Retirement Rate Reduction – Defined Benefits

General fund/general purpose expenditures authorized by appropriations are reduced by the amounts listed for the following departments and agencies. The State Budget Director is authorized to take any and all actions necessary to properly record expenditure reductions for each department and agency, including federal and state restricted revenue reductions, as part of the financial transactions for the fiscal year ending September 30, 2007.

Public Act	Department	Reduction Amount
2006 PA 345	Agriculture	736,300
2006 PA 345	Attorney General	807,400
2006 PA 345	Civil Rights	263,300
2006 PA 345	Civil Service	208,900
2006 PA 330	Community Health	6,225,800
2006 PA 331	Corrections	49,804,000
2006 PA 332	Education	101,900
2006 PA 343	Environmental Quality	809,500
2006 PA 345	Executive Office	43,000
2006 PA 345	History, Arts, and Libraries	512,700
2006 PA 345	Services	9,279,900
2006 PA 345	Labor and Economic Growth	329,200

2006 PA 345	Management and Budget	603,100
2006 PA 345	Michigan Strategic Fund	424,600
2006 PA 345	Military and Veterans Affairs	703,600
2006 PA 344	Natural Resources	343,300
2006 PA 345	State	449,900
2006 PA 345	State Police	6,761,900
2006 PA 345	Treasury	532,600
		78,940,900

C. Portions of appropriations financed with special purpose revenue amounting to \$31,754,800.00 contained in the following public acts are reduced as follows:

Public Act	Department	Reduction Amount
2006 PA 340	Higher Education	\$6,000,000
2006 PA 345	Human Services	8,495,600
2006 PA 345	Labor and Economic Growth	10,660,000
2006 PA 345	Transportation	6,000,000
2006 PA 345	Treasury	50,000
	TOTAL	31,205,600

D. The reduction totals for the departments and agencies in Section C include the following appropriation items or are predicated upon the following actions:

1. Higher Education – Michigan Merit Award Trust Fund

Appropriation Number	Item	Reduction Amount
80000	Michigan merit award program	6,000,000
		6,000,000

2. Human Services –Temporary Assistance for Needy Families - Federal Funds

Appropriation Number	Item	Reduction Amount
11350	Demonstration projects	149,200
32550	Day care services	2,626,500

72400	Teenage parent counseling	1,732,400
72280	Child safety and permanency planning	1,200,000
72300	Child protection/community partners	220,000
81200	Crisis prevention and elder law of Michigan food for the elderly project	50,000
82380	Community services block grants	1,675,000
		<u>7,653,100</u>

The amount in Section 303(1) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$1,175,000.00.

The amount in Section 303(2) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 304 of Part 2 of Article 10 of 2006 PA 345 is reduced to \$54,300.00.

The amount in Section 306 of Part 2 of Article 10 of 2006 PA 345 is reduced to \$75,000.00.

The amount in Section 565(1) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$0.00.

The amount in Section 657(3) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$2,500,000.00.

The amount in Section 658 of 2006 PA 345 Part 2 of Article 10 of is reduced to \$0.00.

3. Human Services – Child Care Development Fund – Federal Funds

Appropriation Number	Item	Reduction Amount
32550	Day care services	262,500
		<u>262,500</u>

The amount in Section 676(2) of Part 2 of Article 10 of 2006 PA 345 is reduced to \$12,500.00.

4. Human Services – Part B of Title IV of the Social Security Act – Federal Funds

Appropriation Number	Item	Reduction Amount
72290	Strong families/safe children	580,000
		<hr/> 580,000

5. Labor and Economic Growth – Temporary Assistance for Needy Families – Federal Funds

Appropriation Number	Item	Reduction Amount
08230	Welfare-to-work programs	10,000,000
		<hr/> 10,000,000

6. Labor and Economic Growth – Corporation Fees – State Restricted Funds

Appropriation Number	Item	Reduction Amount
07008	Commercial services	660,000
		<hr/> 660,000

7. Transportation – Transportation Economic Development Fund

Appropriation Number	Item	Reduction Amount
87210	Target industries/economic redevelopment	6,000,000
		<hr/> 6,000,000

8. Treasury – Michigan Merit Award Trust Fund

Appropriation Number	Item	Reduction Amount
03700	Michigan merit award administration	50,000
		<hr/> 50,000

The State Budget Director is authorized to take any and all actions necessary to implement the provisions of this Order to reduce expenditures authorized by appropriations as specified above for the fiscal year beginning on October 1, 2006 and ending on September 30, 2007.

This Order is effective upon approval by the appropriations committees of the House of Representatives and the Senate, as provided under Section 20 of Article V of the Michigan Constitution of 1963 and Section 391 of The Management and Budget Act, 1984 PA 431, MCL 18.1391.

Given under my hand and the Great Seal of the State of Michigan this 8th day of February, in the year of our Lord, two thousand and seven.

JENNIFER M. GRANHOLM
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE