JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

EXECUTIVE ORDER
No. 2005 – 7

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 no appropriation is a mandate to spend, and the Governor, with the approval of the appropriating committees of the House of Representatives and the Senate, must 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, 2004 and ending on September 30, 2005, 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 $295,055,700.00 general fund-general purpose and $8,232,300.00 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 me by the Michigan Constitution of 1963 and Michigan law, and with the approval of a majority of members of each appropriating committee, order the following reductions:

A. Portions of general fund-general purpose appropriations amounting to

$295,055,700.00 contained in the following public acts are 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.

Public Act	Department	Reduction Amount
2004 PA 353	Agriculture	1,663,500
2004 PA 327	Attorney General	451,000
2004 PA 327	Civil Rights	191,500
2004 PA 327	Civil Service	229,300
2004 PA 358	Community Colleges	4,919,600
2004 PA 349	Community Health	63,592,800
2004 PA 345	Corrections	19,003,800
2004 PA 346	Education	333,000
2004 PA 350	Environmental Quality	2,539,900
2004 PA 352	Higher Education	35,233,300
2004 PA 340	History, Arts and Libraries	626,800
2004 PA 344	Human Services	33,276,200
2004 PA 327	Information Technology	2,060,000
2004 PA 354	Labor and Economic Growth	1,051,700
2004 PA 327	Management and Budget	9,617,300
2004 PA 341	Military and Veterans Affairs	714,100
2004 PA 347	Natural Resources	383,300
2004 PA 518	School Aid	99,500,000
2004 PA 327	State	10,609,400
2004 PA 348	State Police	3,455,000
2004 PA 327	Treasury	5,604,200
	Total	295,055,700

The Department of Information Technology shall reduce user charges to state agencies by $4,340,000.00 to reflect reductions in appropriations 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
02320	Animal health and welfare	70,000

01210	Management services	47,400
02205	Pesticide and plant pest management	340,000
01070	Executive direction	88,400
02530	Laboratory services	135,000
01120	Statistical reporting service	6,600
01130	Emergency management	146,500
30000	Information technology services and projects	766,400
03908	Local conservation districts	63,200
		1,663,500

The amount in Sec. 604(a) of 2004 PA 353, for local conservation districts is reduced to $19,200.00.

2. Department of Attorney General

Appropriation Number	Item	Reduction Amount
01040	Attorney general operations	379,500
06100	Information technology services and projects	71,500
		451,000

3. Department of Civil Rights

Appropriation Number	Item	Reduction Amount
01000	Civil rights operations	155,800
02100	Information technology services and projects	35,700
		191,500

4. Department of Civil Service

Appropriation Number	Item	Reduction Amount
19200	Agency services	20,000
19300	Human resources/administrative support	110,000
19500	Audit and compliance	74,100
19150	Information technology services and projects	25,200
		229,300

5. Community Colleges

Appropriation Number	Item	Reduction Amount
07600	Alpena Community College	85,400
07605	Bay de Noc Community College	82,600
07610	Delta College	231,000
07620	Glen Oaks Community College	38,800
07625	Gogebic Community College	70,700
07630	Grand Rapids Community College	290,500
07635	Henry Ford Community College	354,100
07645	Jackson Community College	196,000
07650	Kalamazoo Valley Community College	200,000
07655	Kellogg Community College	157,100
07660	Kirtland Community College	47,700
07665	Lake Michigan College	84,600
07670	Lansing Community College	502,400
07675	Macomb Community College	536,100
07680	Mid Michigan Community College	71,500
07685	Monroe County Community College	69,600
07690	Montcalm Community College	50,300
07615	C.S. Mott Community College	254,000

07695	Muskegon Community College	144,600
07700	North Central Michigan College	49,000
07705	Northwestern Michigan College	147,500
07710	Oakland Community College	338,200
07715	St. Clair County Community College	113,300
07720	Schoolcraft College	198,500
07725	Southwestern Michigan College	106,500
07730	Washtenaw Community College	201,700
07735	Wayne County Community College	260,800
07740	West Shore Community College	37,100
		4,919,600

6. Department of Community Health

Appropriation Number	Item	Reduction Amount
01130	Mental health/substance abuse program administration	409,600
01161	Protection and advocacy services support	31,000
01191	Departmental administration and management	315,100
02965	Medicaid mental health services	5,880,200
02970	Medicaid substance abuse services	119,800
02991	CMHSP, purchase of state services contracts	2,330,000
11230	Executive administration	20,000
12263	Local public health operations	677,000
14230	Family, maternal, and children's health services administration	75,000
14330	Children's special health care services administration	80,000
14355	Medical care and treatment	980,000
15155	Epidemiology administration	75,000

16230	Laboratory services	134,000
16753	Sexually transmitted disease control management and field support	75,000
16778	Immunization local agreements	500,000
18330	Health systems administration	150,000
22100	Drug control policy	40,000
33500	Hospital services and therapy	23,307,400
33520	Physician services	1,730,900
33530	Home health services	68,700
33540	Pharmaceutical services	3,618,100
33550	Health plan services	13,665,000
33580	Auxiliary medical services	16,400
33600	Ambulance services	79,400
33680	Long-term care services	8,185,400
34010	Medical services administration	250,000
46502	Office of services to aging administration	49,800
80000	Information technology services and projects	730,000
		63,592,800

7. Department of Corrections

Appropriation Number	Item	Reduction Amount
01050	Executive direction	235,900
01070	Human resources	392,600
02072	Training	368,100
03112	Worker's compensation	1,600,000
02070	Administrative services	217,800
22250	Field operations	3,592,800

24300	Electronic monitoring center	1,705,900
25280	Corrections centers	318,100
19335	Community corrections comprehensive plans and services	95,000
19337	Public education and training	16,000
16380	Health care administration	78,200
16381	Hospital and specialty care services	1,698,200
29507	Correctional facilities administration	183,300
46002	Alger maximum correctional facility - Munising	4,400
47002	Baraga maximum correctional facility - Baraga	5,600
49002	Chippewa correctional facility - Kincheloe	135,500
50002	Kinross correctional facility - Kincheloe	12,500
51002	Marquette branch prison - Marquette	1,049,800
54002	Newberry correctional facility - Newberry	5,900
52002	Oaks correctional facility - Eastlake	742,900
55002	Ojibway correctional facility - Marenisco	499,500
56002	Pugsley correctional facility - Kingsley	4,900
83002	Saginaw correctional facility - Freeland	7,600
53002	Standish maximum correctional facility - Standish	5,700
35002	Cooper Street correctional facility - Jackson	7,000

36002	G. Robert Cotton correctional facility - Jackson	8,900
32002	Charles E. Egeler correctional facility - Jackson	10,600
79002	Gus Harrison correctional facility - Adrian	10,800
89002	Macomb correctional facility - New Haven	6,300
87002	Mound correctional facility - Detroit	750,400
34002	Parnall correctional facility - Jackson	6,700
86002	Ryan correctional facility - Detroit	275,700
82002	Robert Scott correctional facility - Plymouth	4,500
33002	Southern Michigan correctional facility - Jackson	7,600
80002	Thumb correctional facility - Lapeer	1,369,200
23322	Special alternative incarceration program - Cassidy Lake	2,100
30522	Jackson area support and services - Jackson	720,900
67002	Bellamy Creek correctional facility - Ionia	593,100
72002	Earnest C. Brooks correctional facility - Muskegon	36,100
48002	Carson City correctional facility - Carson City	847,800
61002	Richard A. Handlon correctional facility - Ionia	6,800
62002	Ionia maximum correctional facility - Ionia	3,400
77002	Lakeland correctional facility - Coldwater	14,500

66002	Muskegon correctional facility - Muskegon	66,000
70002	Pine River correctional facility - St. Louis	54,600
64002	Riverside correctional facility - Ionia	207,600
69002	St. Louis correctional facility - St. Louis	49,100
05083	Information technology services and projects	967,900
		19,003,800

8. Department of Education

Appropriation Number	Item	Reduction Amount
01605	Central support	50,000
05101	Early childhood education and family services operations	215,000
07501	School finance and school law operations	21,000
01404	State board/superintendent operations	15,000
03801	Information technology operations	32,000
		333,000

9. Department of Environmental Quality

Appropriation Number	Item	Reduction Amount
01128	Financial and business services, salaries and fringe benefits	34,500
01150	Information technology services and projects	110,800
01345	Building occupancy charges	150,000
01346	Rent – privately owned property	50,000

02808	Field permitting and project assistance, salaries and fringe benefits	100,000
02811	Water management, salaries and fringe benefits	180,900
03116	Environmental investigations, salaries and fringe benefits	336,800
03118	Environmental investigations, other operational expenses	141,800
04318	Pollution prevention and technical assistance, other operational expenses	77,300
04319	Pollution prevention and technical assistance, travel	3,400
04320	Pollution prevention and technical assistance, salaries and fringe benefits	78,900
04620	Air quality programs, salaries and fringe benefits	160,000
04630	Air quality programs, travel	5,000
04706	Hazardous waste management program, salaries and fringe benefits	250,000
04769	Radiological protection program, other operational expenses	82,200
04709	Radiological protection program, salaries and fringe benefits	50,000
04901	Laboratory services, other operational expenses	204,800
04903	Laboratory services, salaries and fringe benefits	474,700
04902	Laboratory services, travel	4,500
06062	Radon grants	44,300
		2,539,900

10. Higher Education

Appropriation Number	Item	Reduction Amount
01001	Central Michigan University	1,403,300
01501	Eastern Michigan University	1,357,400
02001	Ferris State University	859,900
02501	Grand Valley State University	1,016,800
04001	Lake Superior State University	222,900
03001	Michigan State University	5,049,100
03501	Michigan Technological University	855,600
04501	Northern Michigan University	803,700
03201	Oakland University	844,800
05001	Saginaw Valley State University	459,000
05501	University of Michigan - Ann Arbor	5,631,100
05801	University of Michigan - Dearborn	433,600
05701	University of Michigan - Flint	372,800
06501	Wayne State University	9,429,700
06001	Western Michigan University	1,946,600
03524	Dental clinics grant	4,547,000
		35,233,300

11. Department of History, Arts and Libraries

Appropriation Number	Item	Reduction Amount
01100	Management services	29,300
03050	Library of Michigan operations	281,500
02001	Administration (Michigan Council for Arts and Cultural Affairs)	54,800
01400	Film office	5,000
04100	Historical administration and services	183,900

05000	Information technology services and projects	72,300
		626,800

The amount in Section 504(1) of 2004 PA 340 for lighthouse preservation grants is reduced to $0.00.

12. Department of Human Services

Appropriation Number	Item	Reduction Amount
12840	Worker's compensation	495,200
15100	AFC, children's welfare and day care licensure	2,000,000
16100	Information technology services and projects	436,600
16200	Client services system	186,200
16250	Data system enhancement	783,000
16500	Child support automation	2,726,800
32550	Day care services	10,000,000
32610	Homeless shelter contracts	1,700,000
32630	Indigent burial	102,600
47670	Juvenile justice field staff, administration and maintenance	304,000
62910	Food stamp reinvestment	6,500,000
72510	Child care fund	5,300,000
72530	Child care fund administration	100,000
72760	Adoption support services	91,700
83200	Legal support contracts	1,300,000
83400	Child support distribution computer system	1,250,100
		33,276,200

The amount in Section 613 of 2004 PA 344 for the maximum allowable charge limit for indigent burials is reduced to $909.00 and distributions are reduced to the following amounts: for funeral directors, $579.00; for cemeteries or crematoriums, $192.00; and for the provider of the vault, $138.00.

13. Department of Information Technology

The Department of Information Technology shall reduce the Michigan master computing contract general fund expenditures by $2,060,000.00. 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, 2005.

14. Department of Labor and Economic Growth

Appropriation Number	Item	Reduction Amount
01004	Policy development	4,700
11210	Commission for the blind	50,000
03001	Administrative services	40,000
17001	Operations (Tax Tribunal)	306,900
07002	Code enforcement and fire safety	95,100
09520	Employment training services	135,000
09502	Michigan career and technical institute	20,000
08203	Job training programs subgrantees	10,000
03010	Economic development job training grants	250,000
01100	Job creation services	140,000
		1,051,700

15. Department of Management and Budget

Appropriation Number	Item	Reduction Amount
12000	Administrative services	45,000
13000	Budget and financial management	508,000

14000	Office of the state employer	52,700
00005	Information technology services and projects	1,072,900
		1,678,600

The Department of Management and Budget shall reduce building occupancy general fund expenditures by $211,500.00 and reduce procurement card restricted fund expenditures by $370,000.00. 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, 2005.

The Department of Management and Budget shall reduce the Child Care Information and Referral Services fund balance to $0.00 by depositing $1,254,400.00 to the state general fund and returning $1,265,500.00 of restricted and federal funds to state agencies. 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, 2005.

The Department of Management and Budget shall reduce the Severance Pay for UAW fund balance to $0.00 by depositing the unexpended portion of $1,102,800.00 to the state general fund and returning the unexpended portion of $1,404,700.00 of restricted and federal funds to state agencies. 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, 2005.

The Department of Management and Budget shall reduce statewide contractual general fund expenditures by $5,000,000.00. 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, 2005.

16. Department of Military and Veterans Affairs

Appropriation Number	Item	Reduction Amount
01011	Headquarters and armories	185,000
02011	Military training sites and support	516,500

	facilities	
03800	Information technology services and projects	12,600
		714,100

17. Department of Natural Resources

Appropriation Number	Item	Reduction Amount
03116	General law enforcement	308,100
05503	Commercial forest reserve	29,100
08914	Information technology services and projects	46,100
		383,300

18. School Aid

The general fund amount in Section 11(1) of The State School Aid Act of 1979, 1979 PA 94, MCL 388.1611(1), for the fiscal year ending September 30, 2005, is reduced to $165,200,000.00.

19. Department of State

Appropriation Number	Item	Reduction Amount
15100	Operations	10,000
19100	Branch operations	10,412,000
19200	Central records	12,200
19050	Customer services administration	25,400
50100	Building occupancy charges/rent	74,200
50110	Worker's compensation	6,200
45500	Information technology services and projects	69,400
		10,609,400

20. Department of State Police

Appropriation Number	Item	Reduction Amount
34010	Criminal investigations	1,493,000
41010	Criminal justice information center division	63,200
27200	Fire investigation	125,800
16010	Human resources	64,800
32010	Uniform services	555,000
42220	DNA analysis program	225,000
32500	At-post troopers	387,000
61000	Information technology services and projects	541,200
		3,455,000

21. Department of Treasury

Appropriation Number	Item	Reduction Amount
01301	Worker's compensation insurance premium	166,900
04501	Local finance	143,200
01931	Human resources optimization user charges	44,300
03501	Student financial assistance programs	200,000
01201	Treasury operations information technology services and projects	549,800
04212	Personal property tax auditors	3,500,000
		4,604,200

The Department of Treasury shall reduce contract collection costs authorized in Section 903 of 2004 PA 327 by $1,000,000.00 and as a result increase collections revenue deposited to the general fund. 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, 2005.

C. Portions of appropriations financed with special purpose revenue amounting to $8,232,300.00 contained in the following public acts are reduced as follows:

Public Act	Department	Reduction Amount
2004 PA 344	Human Services	7,300,000
2004 PA 354	Labor and Economic Growth	932,300
		8,232,300

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. **Department of Human Services - Temporary Assistance for Needy Families - Federal Funds**

Appropriation Number	Item	Reduction Amount
32550	Day care services	3,300,000
81150	Michigan housing and community development fund	2,000,000
		5,300,000

2. **Department of Human Services - Child Support Incentives - Federal Funds**

Appropriation Number	Item	Reduction Amount
83200	Legal support contracts	2,000,000
		2,000,000

3. **Department of Labor and Economic Growth - Liquor Purchase Revolving Fund**

Appropriation Number	Item	Reduction Amount
13002	Liquor licensing and enforcement	932,300
		932,300

E. 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, 2004 and ending on September 30, 2005.

This Order is effective upon approval by the appropriations committees of the House of Representatives and the Senate, as provided under 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 23rd day of March, in the year of our Lord, two thousand and five.

JENNIFER M. GRANHOLM
GOVERNOR

BY THE GOVERNOR:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 3-23-05 AT 11:12 AM