

Summary: Subcommittee Chair Budget Recommendation
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION (MEDC)
FY 2006-07

Analyst: Richard Child

	FY 2005-06 YTD	Chair, House Subcommittee	FY 2006-07 Enacted	Difference: House Subcommittee Rec. from FY 2005-06 YTD	
				Amount	%
IDG/IDT	\$78,600	\$78,600		\$0	0.0
Federal	48,021,800	47,687,000		(\$334,800)	(0.7)
Local	0	0		0	0.0
Private	700,000	700,000		0	0.0
Restricted	5,000	5,000		0	0.0
GF/GP	31,290,900	32,009,200		718,300	2.3
Gross	\$80,096,300	\$80,479,800		\$383,500	0.5
FTEs	190.0	152.0		(38.0)	(20.0)

Note: FY 2005-06 figures include the results of supplementals and Executive Order (EO) actions through January 30, 2006.

Overview

The Michigan Strategic Fund (MSF), an autonomous agency, has been transferred to the Department of Treasury under Public Act 225 of 2005. The MSF's programs are administered by the Michigan Economic Development Corporation, with the primary task of promoting economic development in Michigan, and these programs have been transferred to the Department of Treasury under Public 225 of 2005.

Major Budget Changes from FY 2005-06 YTD Appropriations

1. FY 2007 Economics

Funds 3.5% contractual pay increases, 6.4% increase in employee benefits, increases in retirement, building occupancy for space in State-owned buildings, and self-insured Worker's Compensation.

	FY 2005-06 YTD (as of 2/9/06)	House Change from YTD
Gross	\$0	\$819,700
Federal	0	89,200
GF/GP	\$0	\$730,500

Major Boilerplate Issues and Changes from FY 2005-06

Secs. 528 – 529. Legislative Oversight Requirements – RETAINED

Retains requirement that MEDC work with the Office of Auditor General to develop and implement procedures to audit the numbers of jobs claimed to be created by MEDC grant recipients. Retains report on the number of MEDC employees with an annual salary in excess of \$80,000, including their job title and duties. Renumbers as Sections 1016 and 1017.

Sec. 1018 Tourism Advertising Return on Investment – NEW

Requires MEDC to contract with a State research university in Michigan to conduct a scientific study of the return on investment of State tourism advertising expenditures, and report the results to the Legislature by January 31, 2007.

The following amendment was adopted by the subcommittee:

Proposed Professional Employer Organization Boilerplate

Insert of page 16, after line 8.

Sec. 1019. (1)As a condition of receiving the funds appropriated in part 1, the Michigan Strategic Fund shall ensure that the Michigan Economic Development Corporation and the Michigan Strategic Fund promulgates or creates no guidelines, rules, standards, protocols, or other similar mandates that would prevent a firm, which otherwise qualifies for Michigan Economic Growth Authority tax credits, from receiving such credits because the new employees that fill qualified new jobs as defined in the Michigan Economic Growth Authority Act of 1995, 1995 PA 24, MCL 207.801 to 207.810, are leased from a professional employer organization.

(2) For purposes of this section, a professional employer organization is defined as an organization that provides the management and administration of the human resources and employer risk of another entity by contractually assuming substantial employer rights, responsibilities, and risk through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:

(a) Maintaining the right of direction and control of the employees' work, although this responsibility may be shared with the other entity.

(b) Paying wages and employment taxes of the employees out of its own accounts.

(c) Reporting, collecting, and depositing state and federal employment taxes for the employees.

(d) Retaining the right to hire and fire employees.