



A Comprehensive Solution

WITHOUT RAISING TAXES



House Republican BUDGET PRIORITIES

SAVINGS FROM REFORMS \$146,400,000

- ▶ Welfare reform **\$44,000,000**
- ▶ Prison privatization **\$40,000,000**
- ▶ Increase forest harvest **\$25,000,000**
- ▶ Privatize veterans hospitals **\$18,000,000**
- ▶ Eliminate prisoner pay **\$11,000,000**
- ▶ Reinstate prisoner phone charge **\$4,000,000**
- ▶ County Jail Reimbursement **\$3,000,000**
- ▶ Eliminate regional administrative offices **\$1,400,000**

- ▶ No job killing tax hikes
- ▶ Per pupil increase
- ▶ Enact real government reforms
- ▶ Eliminate the job-killing MBT Surcharge
- ▶ Implement recommendations from the Jobs Task Force report

HOUSE GOP BUDGET SOLUTIONS

- ▶ Department cuts **\$665,000,000**
- ▶ Reforms **\$146,000,000**
- ▶ EITC residency requirement **\$3,000,000**
- ▶ Governor's early retirement plan **\$98,000,000**
- ▶ 10 percent reduction to full county revenue sharing payment **\$11,000,000**
- ▶ Rescinding the 3 percent pay raise **\$52,000,000**
- ▶ 3.1% Higher Education Reduction **\$47,000,000**
- ▶ Medicaid Part D adjustment **\$100,000,000**
- ▶ School Categorical Funding Reductions **\$430,000,000**

Total: \$1.5 billion

A Comprehensive Solution **WITH NO NEW TAXES**

House Republicans FY '11 Economic Proposal

House Republicans again are offering a comprehensive solution to balance the budget and Reinvest, Reinvigorate and Reform our economy. It is a plan that makes Michigan more competitive through real, structural reform, targeted budget cuts and prioritized spending.

FOSTERING JOB CREATION

House Republicans are offering more than a budget solution, they are offering an economic agenda. Through the difficult choices it advances, the House Republican Budget Plan allows Michigan to increase the competitiveness of its business climate. Unlike Gov. Jennifer Granholm's budget proposal, the House Republican plan contains proposals which will promote economic development and provide direct assistance to jobs providers by:

- **Not raising taxes on Michigan job providers and families;**
- **Reducing the Michigan Business Tax surcharge by \$100 million** by capping the tax credits that may be awarded in a year;
- **Eliminating the personal property tax** levied on businesses at the state level by transferring funds previously appropriated to the 21st Century Jobs Fund;
- **Reforming the unemployment insurance system to cut down on fraud and abuse;**
- **Implementing regulatory reforms** to the Department of Natural Resources and Environment;
- **Enacting prevailing wage reform legislation;** and
- **Ensuring stable long-term energy costs** by moving forward with a 2,500-job clean-coal based generation expansion project.

HOUSE REPUBLICAN PRIORITIES

- **No new taxes;**
- Safeguarding the money school districts receive by **increasing the foundation allowance to a minimum of \$7,334 per pupil** and cutting strings attached to state dollars; and
- Keeping dangerous felons in prison **where they belong**, while providing the funding and reforms necessary to take more criminals off the street by reducing the state's crime lab backlog.

BETTER ROADS. SAFER COMMUNITIES.

- **Preserving Michigan's share of federal road funding** by using \$84 million in existing state revenues to leverage \$475 million in federal road funds and more than 7,000 jobs in 2011 alone;
- **Committing additional resources to fight crime** through additional resources for funding forensic personnel and judicial innovation to keep scientists and technicians in the lab working; and
- **Providing funding for tourism**, designating \$13 million to continue this critical campaign without raising fees or taxes.



STRATEGIC SPENDING

In order to preserve those priorities and make such critical investments, House Republicans identify more than \$664.8 million in immediate cost savings to the state's General Fund.

Department	Reduction	General Fund Percent Reduction	Overall Percent Reduction
Agriculture	\$3,053,944	10 percent	3.83 percent
Community Health	\$167,367,325	7 percent	1.28 percent
Corrections	\$136,520,000	7 percent	6.98 percent
Economic Development	\$7,509,000	14 percent	0.52 percent
Education, Department of	\$3,667,880	18 percent	3.19 percent
General Government	\$129,756,016	21 percent	5.49 percent
Human Services	\$189,210,000	22 percent	3.11 percent
Judiciary	\$2,000,000	1.3 percent	0.78 percent
Natural Resources and Environment	\$9,200,000	21 percent	1.32 percent
State Police	\$15,537,410	5.8 percent	3.07 percent
Military and Veterans Affairs	\$0	0 percent	0 percent

The only way to provide comprehensive transformation to the budget is to couple targeted budget cuts and prioritized spending with real, transformative structural reform. In that vein, House Republicans also identify more than \$149 million in savings from implementing the following reforms:

Welfare reform	\$44,000,000
Prison privatization	\$40,000,000
Increase forest harvest	\$25,000,000
Privatize veterans homes	\$18,000,000
Eliminate prisoner pay	\$11,000,000
Reinstate prisoner phone charge	\$4,000,000
County Jail Reimbursement	\$3,000,000
De-fund regional prison administrative offices	\$1,400,000

House Republicans also propose a number of reforms that make for more efficient and effective government:

- **Creating right to work zones** to create a competitive advantage in attracting new businesses and jobs over neighboring states;
- **Modifying rules on binding arbitration** to ensure communities can afford the contracts that are imposed upon them;
- **Providing incentives for consolidation of emergency service departments;**
- **Fixing the Urban Cooperation Act** to permit local governments to negotiate new contracts when consolidating departments and services;
- **Privatizing the billing and collection services for the Department of Community Health;**
- **Requiring school employees to contribute toward the cost of their health care;**
- **Freezing school personnel pay for one year;**
- **Requiring competitive bidding on schools' non-instructional services;** and
- **Permitting local school districts to open charter schools on equal footing with other charter school authorizers,** freeing them from the constraints of collective bargaining agreements.

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House Republicans FY '11 Economic Proposal

I. INTRODUCTION

Michigan has a profound and chronic structural budget crisis -- a direct result of the state's ongoing jobs crisis.

During the past seven years of chronic budget crisis, the governor has refused to consider a comprehensive solution to this crisis that blend targeted budget cuts, prioritized spending and real structural reform. Instead Governor Granholm has repeatedly relied on failed strategies of the past: increased taxes, one-time fixes and accounting gimmicks.

Yet the ever-increasing deficit now stands at more than a billion dollars for the upcoming fiscal year. The state can no longer delude itself with the same tired tactics. It's time for leadership and action. Michigan House Republicans again are offering a comprehensive solution that addresses the state's jobs and budget crisis, without raising taxes.

Over the last nine years, Michigan has lost nearly one million jobs,¹ which translates into an astounding 20-percent loss of all the jobs within the state since the start of the decade,² including more than 315,000 manufacturing jobs.³

The number of jobs lost means that Michigan has also lost nearly a half million of its residents -- more than the combined populations of Grand Rapids, Warren and Sterling Heights, the state's second-, third- and fourth-largest cities.⁴ Unfortunately, the exodus of jobs and families has become even more rapid of late. In 2009, 109,000 more people left the state than moved into it.⁵ This translates into a family leaving Michigan every 12 minutes, and the families who are leaving are typically young, well-educated and high-income earners.

Individuals, not government, are the basis of all economic development, and the residents who left the state in 2007 took with them almost \$1.2 billion in total salaries more than those who moved into the state brought with them.⁶ The net loss of school-age children was more than 12,000 in 2007 alone, costing individual school districts nearly \$84 million.⁷

¹ Washington Post, October 6, 2009

² The Michigan Department of Labor and Economic Growth, which reflects that there are presently 4,132,000 people employed in the State.

³ Detroit Free Press, September 28, 2008

⁴ Detroit Free Press, April 2, 2009

⁵ Detroit Free Press, April 2, 2009

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As a result, the state's tax revenues continue to fall significantly. Revenue from Michigan's major taxes was down 15.7 percent in 2009 from the previous year. The most significant declines were in sales tax revenue (-17.6 percent), withholding tax (-11.1 percent), and the use tax (-15.9 percent).⁸

The time for action is now.

Incredibly, despite losing more than 100,000 residents in just the preceding twelve months, state government actually added nearly 1,700 employees to its payroll in 2009, with the number of state employees increasing from 52,769⁹ to 54,465¹⁰ in just six months. Michigan's state employees earned, on average, \$53,098¹¹ last year compared to \$43,831¹² earned by the average private-sector worker. Yet, despite this disparity, the Granholm administration negotiated another 3-percent pay raise for state workers represented by labor unions.

These economic realities require the state to stop its business-as-usual model. The state must follow the private sector example and make difficult decisions, which include downsizing a work force that, although dedicated and skilled, can no longer be sustained at its present size.

Michigan is the only state in the country to lose property value over the past four years.¹³ It had more home foreclosures than any other state, except three; it is afflicted with its worst per capita income since 1929;¹⁴ and it has had the highest unemployment rate in the country for a staggering four consecutive years, posting job losses for 22 consecutive months.¹⁵

Confronted with a General Fund shortfall of nearly 20 percent of the entire fund, we must finally undertake the difficult process of implementing real and meaningful reforms.

⁸ Michigan Senate, October 2009 Revenue Report

⁹ Detroit News, September 28, 2009

¹⁰ 2008-2009 Michigan Civil Service Annual Workforce Report

¹¹ 2008-2009 Michigan Civil Service Annual Workforce Report

¹² Bureau of Labor Statistics, Quarterly Census of Employment and Wages, September 2009

¹³ Office of Federal Housing Enterprise Oversight)

¹⁴ April 14, 2009, Detroit News

¹⁵ US Bureau of Labor Statistics



II. FOSTERING COMPETITIVENESS

The governor's proposed budget includes a reduction in the Michigan Business Tax surcharge, ***but at a cost of \$1.1 billion in new sales taxes on services.*** A sales tax on services, which would further injure job providers and consumers alike, is unnecessary under the House Republican plan to reform the Michigan Economic Development Corporation and cap targeted tax credits.

Further, the House Republican plan provides additional tax relief to job providers by eliminating the job-killing MBT surcharge and offsetting the repeal of the personal property tax levied on businesses at the state level with funds previously appropriated to the 21st Century Jobs Fund.

Additionally, the House Republican budget provides cost-savings to job providers by incorporating reforms to the Unemployment Insurance Agency, the Department of Natural Resources and Environment, prevailing wage law, and through reduced energy costs resulting from the expansion of existing energy capabilities.

House Republicans based much of this approach on the Strategic Jobs Task Force Report it recently released to critical acclaim from Michigan's business community. The Task Force on Jobs was implemented by House Republicans to analyze how Michigan could become a more attractive place to do business. That Task Force traveled throughout the state to hear from citizens, stakeholders and experts alike on these issues. Doing so allowed the Task Force to develop a strategic vision that was not limited to the prevailing constraints in Lansing.

The Strategic Jobs Task Force Report details a road map for action, calling on the House and Senate to pass 16 bills that are presently sitting in the Legislature, as well as imploring the Governor to insist that the DNRE finally pass DEQ permits to construct two critical energy projects that have been awaiting action for far too long. This legislative and administrative action can and will serve as the catalyst to lead Michigan back to prosperity.



III. FUNDING PRIORITIES

The House GOP members identified several priorities that will help grow the economy. Those priorities include:

- **Balance the Budget without Raising Taxes;**
- **Public Safety:** Ensuring that budget constraints do not override public safety concerns by providing resources to keep felons in prisons until they have completed their sentence; and
- **School Funding:** Safeguarding the money school districts receive by increasing the per pupil foundation allowance to \$7,334. Further, to address the structural problems and inequities which have crept into the School Aid Budget over the past 16 years, House Republicans have proposed that \$439 million of categorical grants and earmarks be eliminated to help ease state restrictions on school funding. Of that savings, \$410 million would be used to fill the deficit the School Aid Fund is presently facing, with the remaining \$29 million redirected to increase the foundation allowance. Doing so not only provides school districts with additional per pupil funding but also cuts the strings that bind the districts to Lansing, allowing schools flexibility in deciding where and how to spend the school aid they receive.

Additionally, not only was the caucus able to protect the state's funding priorities during these difficult times without raising taxes, it was also able to provide for additional investment in three critical needs facing the state: transportation; criminal investigations and tourism. The common denominator with these funding priorities is that they provide a direct return on investment to the state in that they return money to the state, make the state more attractive to job providers, and make the state a more appealing and safer place to live.

A. TRANSPORTATION FUNDING

The Michigan Department of Transportation (MDOT) estimates that the state will be approximately \$84 million short in meeting its federal matching fund obligations for 2011. This means that the state will leave approximately \$475 million in federal road dollars on the table unless action is taken soon to secure it.

The governor's proposed 2011 state budget concedes defeat on this matching funds dilemma, costing the state roughly \$500 million in lost road and bridge projects and more than 7,000 construction jobs in 2011 alone.



Under the Governor's 2011 budget, MDOT claims that 75 transportation projects around the state will be either abandoned or delayed (see Appendix A below), while millions of Michigan road dollars will instead end up improving roads and creating jobs in other states.

Michigan citizens cannot afford to see their gas taxes increased, particularly at a time of great economic distress. Michigan must be prepared with an alternative plan to avoid losing even one dollar of available federal road funding in 2011.

For the current fiscal year, House Republicans propose using \$84 million in existing state revenues to preserve \$475 million in federal road funds. House Republicans would dedicate the following funds to the State Trunkline Fund (STF) to be used to meet federal matching requirements for road projects:

1) Transportation Economic Development Fund: \$60 million from the Transportation Economic Development Fund (TEDF), which still leaves the TEDF program with a balance of at least \$60 million.

The Transportation Economic Development Fund was created in 1987 to help fund specific categories of road projects that promote economic development, relieve traffic congestion, help establish local all-season road systems, ensure effective transport of forest raw materials and improve roads in rural counties.

According to the House Fiscal Agency, the TEDF currently has a balance of between \$120 million and \$130 million. It is believed that the TEDF program has never had to turn down an applicant due to lack of funds. However, the fund continually maintains a significant balance in the event that a large, high impact economic development project comes up. For this reason, the TEDF has been raided for non-transportation purposes repeatedly during recent state budget struggles.

Due to the down economy, demand for TEDF projects has leveled off. This reality makes it even more reasonable to use a portion of these state road dollars to keep from turning back federal dollars. The TEDF could be utilized to help the state meet its federal matching requirements, while still maintaining a large balance of tens of millions of dollars for future projects.

2) General Fund: \$20 million from the General Fund to support transportation.

A decade of budget problems requires our state to take a closer look at its priorities, and we believe that protecting our transportation infrastructure while keeping Michigan's

federal road money in Michigan should be a top priority. In recent budget struggles, transportation has been raided numerous times to help plug holes in General Fund. With millions of federal road dollars on the line, it is time for the General Fund to repay its debt.

3) Comprehensive Transportation Fund: \$3 million from the Comprehensive Transportation Fund.

Under current law, the sales tax collected at a 4 percent tax rate on the sale of motor fuels, motor vehicles, motor vehicle parts and accessories is distributed as follows: 60 percent to the School Aid Fund; 15 percent for local revenue sharing; and of the remaining 25 percent, not less than 27.9 percent to the Comprehensive Transportation Fund (CTF), with the remaining balance going to the General Fund.

The current administration and the Legislature have shifted sales tax-generated CTF funds a number of times during the state budget process. For example, the following amounts of CTF revenue have been diverted in recent budget cycles:

- FY 2007-08: \$5 million
- FY 2006-07: \$10.2 million
- FY 2005-06: \$11.1 million

Most would agree that our number one transportation priority should be our roads and bridges. If millions can be diverted from the CTF to plug holes in the state's General Fund, it is certainly justifiable to use a small amount of CTF sales tax revenue for an actual transportation purpose.

While many of those advocating for fuel tax increases prefer to highlight the "crumbling roads" argument to promote funding proposals that siphon off tens of millions of dollars for public transit, the case can be made to rededicate a small portion of CTF resources toward roads--since they should be our top transportation priority.

4) Michigan Department of Transportation Executive Staff: \$1 million from the Executive portion of the Department's budget.

MDOT currently has three deputy directors, along with a government affairs director and two legislative liaisons--one for each house of the Legislature. It is clear that some cost savings can be realized through reductions and streamlining within the Department's leadership structure.

Together, these four actions would prevent Michigan from turning away federal road

funds in 2011, without raising taxes. Our federal matching fund obligations would be met, while still leaving the TEDF with a large balance to assist with future infrastructure improvements and economic development projects. This proposal also cuts into the fat within MDOT's front office and puts that money toward our bridges and roads.

B. FUNDING FOR PUBLIC SAFETY

Unlike the Governor and House Democrats, House Republicans believe that more resources should be dedicated to putting dangerous criminals behind bars, not letting them out on our streets. That is why the caucus budget proposal puts a new priority on processing criminal evidence to help law enforcement and prosecutors put away violent criminals.

Forensics backlogs are not new, but the situation has become dire due to the failure at the City of Detroit Crime Laboratory, which is now closed. This closure and the appalling fallout from inferior work have saddled the Michigan State Police with cleaning up the mess. According to the State Police, the current turnaround time for DNA evidence can be nine months or longer. This is unacceptable, particularly when there are courts in the state feeling pressure to dismiss cases if they are not ready to go to trial in a timely manner. This crisis is crippling our justice system, while criminals who would otherwise be locked up remain on the street.

The state forensic sciences system is heavily stressed, as the vast majority of hard-working laboratory staff are already working long hours to process casework. In addition, according to the State Police, the accredited private laboratories that Michigan law enforcement has turned to in the past are also at or near caseload capacity.

As an example of the critical nature of this crisis, the State Police has roughly 50 DNA scientists while a number of other states have closer to 200. This statistic reaffirms what we already know - Michigan desperately needs more resources to process forensics evidence. To support our state's outstanding criminal justice professionals and to keep our communities safe, reducing the crime lab backlog is one of the caucus' top priorities.

House Republicans believe that State Police crime labs must be provided with as much financial support as possible during this difficult budget time, while pursuing necessary policy changes that will save the State Police, local law enforcement and prosecutors both time and financial resources.

To start, House Republicans propose actions that will help reduce delays for forensics casework to take dangerous criminals off the street before they commit other crimes



through the following steps:

1) More Funding for Forensic Professionals: It is acknowledged that new forensic scientists and technicians will need on-the-job training before they can take the lead on criminal cases. However, their presence in assisting current forensics staff while on the job can only improve the current situation, and will result in more fully-trained forensics professionals a year from now.

To support the State Police in this overwhelming task, House Republicans propose dedicating an additional \$4 million for the Department to hire forensics personnel, purchase necessary equipment and take other needed measures to reduce the state's crime lab casework backlog.

2) Keep Forensic Scientists in the Lab: House Republicans also propose legislative initiatives that will provide changes to the judicial system that will allow current forensics professionals to spend less time in the courtroom and more in the lab.

Forensic professionals such as DNA scientists are in high demand in the courtroom. These professionals spend a significant amount of time traveling the state to testify in judicial proceedings. This is time that could otherwise be spent in the laboratory processing criminal evidence. Therefore, House Republicans propose two legislative changes to address this issue:

- **Video Testimony:** The caucus supports legislation to allow for greater use of video testimony by expert witnesses such as forensic scientists. Technical innovations in recent years make this a feasible option.
- **Preliminary Examination Reform:** Further, the Caucus supports reform to the preliminary examination process. The preliminary examination process seldom results in the dismissal of charges against a suspected criminal. Often, preliminary exams are used by defense lawyers merely as a ploy that disrespects those who are disadvantaged by the process -- victims, witnesses and police officers.

These two reforms will leave the integrity of the criminal justice system undiminished, while saving law enforcement professionals, including forensic scientists, both precious time and limited financial resources.

C. TOURISM

The House Republican Caucus remains dedicated to providing long-term funding for one of Michigan's greatest successes, the Pure Michigan campaign. The House Republican budget proposes designating \$13 million to continue the campaign. Taxing a growth industry is a shortsighted approach, and the GOP plan provides the funding necessary to grow the tourism industry with the benefits of the Pure Michigan campaign through fiscal discipline that does not raise taxes or fees.



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House Republicans FY '11 Economic Proposal

IV. STRATEGIC SPENDING

To advance the state's competitive position, preserve its critical funding priorities bring Michigan back to prosperity; House Republicans identified more than \$648 million in cost-savings.

Toward that end, the caucus proposes the following departmental reductions for the state's fiscal year 2010 - 2011 budget, amounting to less than 9 percent of its General Fund.

Department	Reduction	General Fund Percent Reduction	Overall Percent Reduction
Agriculture	\$3,053,944	10 percent	3.83 percent
Community Health	\$167,367,325	7 percent	1.28 percent
Corrections	\$136,520,000	7 percent	6.98 percent
Economic Development	\$7,509,000	14 percent	0.52 percent
Education, Department of	\$3,667,880	18 percent	3.19 percent
General Government	\$129,756,016	21 percent	5.49 percent
Human Services	\$189,210,000	22 percent	3.11 percent
Judiciary	\$2,000,000	1.3 percent	0.78 percent
Natural Resources and Environment	\$9,200,000	21 percent	1.32 percent
State Police	\$15,537,410	5.8 percent	3.07 percent
Military and Veterans Affairs	\$0	0 percent	0 percent



**House Republican Budget Plan
FY 2011 Balance Sheet**

<u>General Fund</u>	Fiscal Year 2011 (in Millions)	
	Governor's Rec	House GOP Rec
Beginning Balance	\$ 34.00	\$ 34.00
Consensus Revenues	\$ 6,968.00	\$ 6,968.00
Revenue Sharing Payments	\$ 427.00	\$ 427.00
Use Tax - 2009 PA 106	\$ 355.00	\$ 355.00
Interfund Transfers	\$ 45.00	\$ 45.00
Revenue Estimate	\$ 7,829.00	\$ 7,829.00
FY10 Current Law Spending	\$ 8,128.00	\$ 8,128.00
Baseline Spending Adjustments		
Corrections Prison Increases	\$ 26.00	\$ 26.00
Replace FY 2010 Federal Stimulus Revenue	\$ 1,057.00	\$ 1,057.00
3.1% University reduction from ARRA backfill	\$ -	\$ (47.80)
FY2011 ARRA Funding (one quarter)	\$ (208.00)	\$ (208.00)
Community Health Baseline	\$ (184.00)	\$ (184.00)
Human Services Caseload/Costs	\$ 118.00	\$ 118.00
Federal Matching Rate Adjustments	\$ (232.00)	\$ (232.00)
Employee Economics	\$ 140.00	\$ 140.00
Eliminate 3% Salary increase for Union employees		\$ (52.00)
Other Cost Adjustments (Debt Service/SBA Rent)	\$ 71.00	\$ 71.00
10% Reduction to Full FY11 Co. Rev. Sharing Payment	\$ -	\$ (11.10)
Transfer GF to MDOT for Fed Match	\$ -	\$ 20.00
Funding for Crime Lab backlog	\$ -	\$ 4.00
Funding for Tourism	\$ -	\$ 13.00
Total Baseline Spending Estimate	\$ 8,916.00	\$ 8,842.10
Projected Deficit	\$ (1,087.00)	\$ (1,013.10)
Solutions		
Governor's Solutions		
FY2011 Federal Stimulus FMAP (additional quarters)	\$ 514.00	\$ -
Revenue Adjustments and Reforms	\$ 12.00	\$ -
Governor's Spending Reductions/Tax Increases	\$ 566.00	\$ -
Proposed GOP Solutions:		
Assume Civil Service savings through retirement initiative	\$ -	\$ 98.00
EITC Residency requirement	\$ -	\$ 3.00
Savings Based on Proposed Reforms	\$ -	\$ 146.40
Recommended GF Department Reductions	\$ -	\$ 664.82
Total Proposed Solutions	\$ 1,092.00	\$ 912.22
Projected FY11 GF Balance	\$ 5.00	\$ (100.88)
Federal Medicare Part D ARRA Funds		\$ 101.00
FINAL GF BALANCE		\$ 0.12

	Fiscal Year 2011 in millions	
	Gov's Rec	House GOP Rec
Beginning Balance	\$ 79.00	\$ 79.00
Consensus Revenues	\$ 10,481.00	\$ 10,481.00
Interfund Transfers	\$ 30.00	\$ 30.00
Federal Aid to Schools	\$ 1,863.00	\$ 1,863.00
Revenue Estimate	\$ 12,453.00	\$ 12,453.00
FY10 Current Law Spending	\$ 12,824.00	\$ 12,824.00
Baseline Spending Adjustments		
Debt Service Adjustments	\$ 39.00	\$ 39.00
Total Baseline Spending Estimate	\$ 12,863.00	\$ 12,863.00
Estimated Deficit	\$ (410.00)	\$ (410.00)
Proposed Solutions:		
Executive Proposed Revenue Increases/Reforms	\$ 562.00	\$ -
House GOP Proposed Cuts: SAF	\$ -	\$ 439.30
Proposed Redirection to Foundation Allowance	\$ -	\$ (29.30)
Total Proposed Solutions	\$ 562.00	\$ 410.00
Projected SAF Balance	\$ 152.00	\$ -

**Potential FY 2011 GF/GP Cuts for Balanced Budget
House GOP Budget Recommendation - Assuming No FMAP**

Budget Area	Recommended Cuts to FY10 Enacted Budgets	GF/GP Savings
Agriculture	Reduction of Unclassified positions	71,284
	Reduction to Executive Direction line item	162,920
	Reduce Management Services	317,860
	Reduce Internal Audit Services	57,740
	Reduce Building Occupancy Chargers	150,640
	Animal Health and Welfare (No Veterinarian to earn over \$90k)	335,400
	Pesticide and plant pest management	882,440
	Environmental stewardship	452,320
	Lab Services	587,420
	Agricultural Development	35,920
	Subtotal	3,053,944
Corrections	Reduce central office lines	5,000,000
	Transportation savings	3,500,000
	Reduce overtime	60,000,000
	Assumed Savings from Governor's Veto Message	20,000,000
	Food Service Contracting/Privatization savings - Based on Aud Gen. report	38,000,000
	Supply chain logistics in food service, transportation and housing (MDOC proposed)	4,000,000
	Pharmacy savings (MDOC proposed)	4,600,000
	Other operational efficiencies (MDOC proposed)	1,420,000
		Subtotal
Community Health	Community Mental Health Non-Medicaid Services	57,750,000
	Medicaid Inspector General - Net Savings assumed	3,100,000
	Community Substance Abuse prevention, education and treatment programs	2,760,000
	Multicultural Funding	1,023,570
	Reduce Health Policy Regulation	233,955
	Unclassified 10% salary reduction	60,000
	Savings from Detroit Wayne MH Agency reform	35,000,000
	Eliminate subsidy for TMA Plus - allow for 100% participation	3,735,200
	Eliminate 19 & 20 yr olds and caretaker relatives for the last 3/4 of FY 11	52,900,000
	Eliminated funding for 2 school based health centers	164,400
	Eliminate funding for criminal background check program for employees of adult foster care facilities and homes for the aged	1,707,000
	Eliminate Human Growth Hormone Therapy	2,000,000
	Move nursing home patients to home waiver program	7,944,200
Restore Nurse Family Partnership Program eliminated in FY 10 budget	(1,011,000)	
	Subtotal	167,367,325
Dept. of Education	Eliminate State Board Per Diem Payments	\$24,400
	Reduce Unclassified Positions	\$81,200
	Reduce State Board/Superintendent Operations	\$239,880
	Reduce Central Support	\$100,340
	Reduce School Improvement Operations	\$87,020
	Reduce Grants Administration and School Support Services	\$64,640
	Reduce Career/Technical Education Operations	\$129,500
	Reduce Library of Michigan	\$2,200,900
	Reduce State Aid to Libraries	\$700,000
	Reduce Book Distribution Centers	\$40,000
		Subtotal
General Government	<i>Attorney General</i> 10% GF reduction	2,878,500
	<i>Civil Rights</i> 50% GF Reduction for Civil Rights, including consolidation of dept. into AG	5,853,200
	<i>Executive</i> 6.1% GF reduction	294,246
	<i>Information Tech.</i> 10% reduction to all department IT services*	42,332,310
	<i>Legislature</i> 6.1% GF reduction	6,441,600
	<i>Leg. Auditor Gen.</i> Funding increase to ensure oversight responsibility	(1,385,000)
	<i>DMB</i> Eliminate State Fair Funding**	7,105,200
	10% GF reduction	29,357,430
	<i>State</i> 10% GF reduction	1,795,540
	<i>Treasury</i> 10% Statutory Rev. Sharing reduction	31,416,990
	Reduce GF Funding to FY10 Sen. Passed Level	1,803,800
	10% cut to Lottery Advertising	1,862,200
	Subtotal	129,756,016
Human Services	Eliminate Michigan Community Service Commission	660,000
	SSI Supplementals	1,500,000
	Domestic Violence and Prevention	3,000,000
	Overall Dept. reduction to account for issues within Michigan Home Based Child Care Council	3,700,000
	Eliminate State Disability Assistance	26,000,000

	Reduce FIP payments by 15%	55,500,000
	Reduce daycare provider rate by 15%	71,700,000
	Eliminate Detention Support Service (tether)	1,400,000
	Eliminate 0-3 funding for parents	3,800,000
	Eliminate Community Protection and Permanency	18,800,000
	Eliminate SSI Advocacy Services	1,300,000
	Eliminate Multicultural Services	1,850,000
	Subtotal	189,210,000
Judiciary	Court Equity Fund distribution reductions	2,000,000
	Subtotal	2,000,000
DELEG	Centers for Independent Living	1,250,000
	Welfare to Work	1,500,000
	Michigan Nursing Corps - eliminate program	300,000
	No Worker Left Behind	1,000,000
	Energy Program Consolidation	1,900,000
	Workers Compensation Agency	1,500,000
	Office of Financial And Insurance Regulation	59,000
	Subtotal	7,509,000
DNRE	Reduce former DEQ staff by 80 FTE - estimated savings	5,600,000
	Reduce former DNR staff by 45 FTE - estimated savings	3,600,000
	Subtotal	9,200,000
State Police	20% cut to Command Staff	9,272,260
	Reduction to vehicle fleet leasing	856,800
	Reduction to Support Services	1,000,000
	Eliminate GF for workers compensation claims	3,151,300
	50% GF cut to aviation program	739,050
	Eliminate Capitol Security Guards	518,000
	Subtotal	15,537,410.00

TOTAL GENERAL FUND CUTS from ENACTED BUDGETS	664,821,575
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* - Non-GF Savings within DIT but GF in other budgets

** - Not all GF - would require transferring restricted to GF (Budget and Financial Management line)

Potential FY 2011 School Aid Fund Cuts for Balanced Budget

Eliminate \$439M in categoricals
 Cut \$410M, redirect remaining \$29M to foundation allowance
 Increase foundation allowance by \$18 per pupil

Item	FY11 SAF \$ Reduction
Eliminate Isolated District Earmarks	\$2,025,000
Eliminate MBT Impact on Out of Formula District Earmarks	\$1,300,000
Eliminate Court-Placed Pupil Grants	\$8,000,000
Eliminate Juvenile Facility Grants	\$2,523,000
Eliminate Youth Challenge Program Grant	\$642,300
Eliminate Declining Enrollment Grants	\$20,000,000
Reduce At-Risk Grants by 83%*	\$274,695,500
Eliminate ECIC ISD Collaborative Grants	\$6,000,000
Reduce School Readiness Grants by 17%*	\$15,100,000
Eliminate Bilingual Education Grants	\$2,800,000
Eliminate ISD Special Ed Millage Equalization	\$36,881,100
Eliminate Voc Tech Ed Programs	\$26,611,300
Eliminate ISD Voc Ed Millage Equalization	\$9,000,000
Eliminate Health/Science Middle College Grants	\$2,000,000
Eliminate Precollege Engineering Grants	\$905,100
Eliminate University Reimbursements for Bus Driver Safety Instruction	\$1,625,000
Eliminate SAF funding for Michigan Virtual High School (MVHS)	\$4,387,500
Eliminate Math and Science Center Grants	\$2,515,000
Eliminate Pontiac Crisis Intervention Program Earmark	\$300,000
Eliminate Adult Education Grants	\$22,000,000
	\$439,310,800

Maintenance of Effort*

SAF Deficit	(\$410,000,000)
Savings from categoricals	\$439,310,800
Revised SAF Balance	\$29,310,800
Redirected into Foundation Allowance	\$29,310,800
Per-pupil increase	\$18.55

V. REAL GOVERNMENT REFORM

The House Republican plan realizes more than \$149 million in savings immediately from implementing the following reforms:

Welfare reform	\$44,000,000
Prison privatization	\$40,000,000
Increase forest harvest	\$25,000,000
Privatize veterans homes	\$18,000,000
Eliminate prisoner pay	\$11,000,000
Reinstate prisoner phone charge	\$4,000,000
County Jail Reimbursement	\$3,000,000
De-fund regional prison administrative offices	\$1,400,000

Further, not only is such reform necessary to solve Michigan's unrelenting budget shortfall, but a number of additional reforms make for good government by streamlining the services that government offers, making government more cost-efficient, reasonable and responsive.

Consequently, House Republicans urge that the Governor and legislative Democrats to join with them and immediately implement the follow reforms to bring real, necessary and constructive change to Michigan.

A. STRATEGIC JOBS TASK FORCE RECOMMENDATIONS

At the start of the current legislative term, House Republicans formed a Strategic Jobs Task Force. The Task Force, under the leadership of Chairman John Proos, was created to establish a long-term plan to bring economic prosperity and financial security back to Michigan, with no regard for politics or quick fixes.

The Jobs Task Force traveled throughout the state over the course of the year. In doing so, the Task Force met with dozens of stakeholders whose interests, although varied, are critical to rebuilding the state's economy. The result of the exhaustive nature of their efforts is the MI Jobs Plan, a full copy of which can be found at: www.gophouse.com. The MI Jobs Plan provides a framework for a long-term strategy to promote healthy and growing businesses within the state, which of course are the very key to job creation and stability.

Although the Jobs Task Force made 26 recommendations to reinvigorate, reinvest and reform Michigan's economy, implementation of seven of those recommendations must begin immediately:



1. Reduce the Michigan Business Tax Surcharge

The Problem: The job-killing, 22 percent surcharge the MBT places on businesses is above and beyond MBT tax liability. The surcharge took nearly \$600 million away from job providers in 2009, taking money for salaries, benefits and jobs for Michigan families.

The Solution: Eliminating the Michigan Business Tax Surcharge is a priority of the caucus, and future savings found in state government should be tied to further repeal. Although the caucus would prefer an immediate repeal of the MBT Surcharge, economic constraints require the passage of HB 4651 (Hildenbrand) or SB 1 (Jansen) to phase out the MBT Surcharge over a short period of years and pay for the reduction with caps on economic development credits.

The Result: The fiscal year 2010 Executive Budget Appendix on Tax Credits, Deductions, and Exemptions estimates nearly \$350 million in tax credit claims will be made against Brownfield Redevelopment Credits, MEGA credits and Film Production Credits alone. By capping credits that may be claimed in a single year at \$75 million for MEGA credits, \$50 million for Brownfield Redevelopment Credits and \$100 million for Film Credits, the state could reduce claimed credits by more than \$100 million and the MBT Surcharge by 20 percent. Because the caps on credits do not include previously awarded credits, annual claims will continue to decrease, thereby permitting the surcharge to be phased out over time. Should the current trend of claims on credits continue Michigan would see added savings by capping these credits. From FY 2008 to FY 2010, claims on MEGA credits have increased by more than 18 percent and claims on Brownfield credits have increased 73 percent. Due to the drastic increases in claims as well as the recent drops in revenue, determining the reduction in the surcharge is difficult at this time. However, capping these claims would create future savings to allow the surcharge to be reduced from current levels, by approximately 30 percent in 2012 and approximately 40 percent in 2013.

2. Eliminate the State Personal Property Tax

The Problem: In addition to phasing out the MBT surcharge, Michigan must go further to invite business back to Michigan by reducing the overall tax burden. To become more attractive to businesses than other states, Michigan must rank much better than average.

The Solution: Michigan must also reduce the Personal Property Tax. The caucus recommends amending the General Property Tax Act by repealing the personal property tax levied on business.

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The Result: Taxes on personal property directly discourage investment in all types of business. By reducing personal property taxes, Michigan can remove this burden on investing in businesses in all sectors of the economy. Eliminating Michigan's personal property tax will benefit the most job providers, and lead to the greatest growth. However, due to the economic realities of the state budget, House Republicans propose transferring the funds appropriated to the 21st Century jobs fund in the past to the general fund. The 21st Century Jobs Fund has long been a political tool of the current governor, allowing the Michigan Economic Development Corporation to pick winners and losers. This fund, used to finance a portion of MEDC, has been dwarfed by the MEDC's other revenue streams. Thus, this fund should be transferred to the General Fund to help offset revenues lost by reductions in the Personal Property Tax.

In 2009, the Personal Property Tax resulted in approximately \$78 million in state revenue. Each year, \$75 million is appropriated to the 21st Century Jobs Fund. In 2009, these funds were removed from this fund for other uses. Michigan's desperate need for jobs requires the transfer of these funds to offset tax breaks which will lead to job creation. The MEDC will continue to receive funding from the Tribal Gaming Compact and fees associated with the tax credits it grants.

3. Permit Right To Work Zones

The Problem: Some business and government leaders have called for Michigan to consider enacting its own right to work statute. For example, Crain's Detroit Business published an editorial in early 2009 which endorsed the concept of right to work zones, where local governments and school districts could designate the area within their boundaries as right to work.

The principal concept of right to work is that any worker should have the ability to freely choose whether or not he or she wishes to belong to a labor union. Right to work laws are state statutes or constitutional provisions which ban the practice of requiring union membership or financial support as a condition of employment. Right to work zones give the power of choice to local governments.

So far, 22 states have adopted a right to work law: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia and Wyoming.

The Solution: There are at least three bills introduced this session on the topic. Senate Bill 945 (Cassis) or House Bill 4081 (Knollenberg) would allow local governments to establish right to work zones, while Senate Bill 1018 (Cassis) would require all



renaissance zones in the state to be right to work zones.

The Result: Michigan, with its historically strong union presence, has been an unlikely candidate to institute a right to work statute. However, if our state enacted some form of a right to work law, it would be the first state in the Great Lakes region to do so, giving our state a competitive advantage over neighboring states in attracting new businesses and jobs. For example, according to the National Right to Work Institute, between 1986 and 2006, right to work states added a net total of 104,000 auto manufacturing jobs, while non-right to work states lost 130,000 auto manufacturing jobs.

4. Reduce Unemployment Fraud and Benefit Overpayments

The Problem: The Michigan Unemployment Insurance Agency sometimes overpays or even pays claimants who are gainfully employed but, at the same time, collecting unemployment benefits.

Because Michigan's unemployment system is 100 percent employer-financed through payroll taxes, there is a negative impact on job providers across the state when applicants cheat the system or receive more in benefits than they are entitled to.

Michigan's unemployment rate has hovered near or above 15 percent for the past several months and has been above 10 percent for more than a year. Michigan citizens continue to feel the effects of our struggling economy, and it is shameful that people are stealing from a trust fund designed to help unemployed workers pay their bills and support their families during challenging times.

With Michigan's unemployment trust fund over \$3 billion in debt to the federal government, the Unemployment Insurance Agency must make it a priority to pursue and properly penalize individuals who are taking more than their fair share.

The Solution: Republicans in both the House (HB 5208) and Senate (SBs 612-615) have introduced legislation to require the state to implement technology through a competitive bid process to recapture overpaid or fraudulently paid UI funds. Several other states are already using computer software specifically designed to identify unemployment benefit overpayments and fraud (Alabama, Alaska, Arizona, Arkansas, Colorado, Illinois, Kentucky, Nebraska, New Jersey, North Carolina, Tennessee, Washington, and Washington, D.C.).

The Result: If Michigan implemented the use of similar software, our state's unemployment system could save tens of millions of dollars per year. This would strengthen the integrity of a program funded by Michigan's struggling job providers,



while ensuring that the resources within the unemployment system are spent to provide assistance to those Michigan workers and their families who need it most.

5. Modify the Prevailing Wage on State Projects

The Problem: Under Michigan's prevailing wage law, all contractors participating in a state or state-sponsored school construction project must compensate their workers by paying wage and fringe benefit rates found in local union collective bargaining agreements. To satisfy the prevailing wage standard, wages and benefits paid by construction contractors must meet or exceed the amount of wages and benefits paid to union workers within a particular community.

Many claim that state prevailing wages often exceed the wages that would otherwise be determined in a completely free market. This can result in higher overall costs to many government construction projects. There are many instances when our state prevailing wage mandates exceed those provided for under the federal prevailing wage law (Davis-Bacon and Related Acts).

The Solution: We propose reforming our state prevailing wage law to allow job providers a choice between paying the state prevailing wage or the federal prevailing wage on state and state-sponsored construction contracts.

The Result: While it is difficult to estimate the exact cost-savings of prevailing wage reform, it is clear that real savings would be recognized by the state and our local school districts. For example, in August of 1997, school construction was exempted from Ohio's state prevailing wage law. A study published by the Ohio Legislative Service Commission (akin to Michigan's Legislative Service Bureau) five years later indicated that the school construction exemption resulted in a cost-savings of \$487.9 million over that five-year period.

Prevailing wage reform would save taxpayer dollars by bringing wages paid on state projects more reasonably in line with federal levels, while continuing to protect well-paying jobs for workers in the construction industry. It would also lend a hand to our financially struggling school districts at a time when they need it most.

6. Implement Comprehensive Regulatory Reform

The Problem: Business taxes are receiving a lot of attention as a leading factor in Michigan's economic struggle, but excessive government regulations are an equally important element in making Michigan a more attractive place to do business. By their nature, government regulations fail to account for individual differences and may be

unevenly enforced. They also create unintended, adverse consequences resulting in harm to Michigan's business community, and also infringe on property rights and the right to engage in an honest trade.

Unfortunately, Michigan is moving rapidly in the wrong direction on the regulatory front. Both of the state's peninsulas, and all of its 83 counties, are replete with horror stories about the Department of Environment Quality subjecting businesses to enforcement actions that appear to violate all standards of common sense.

The Solution: House Republicans have a comprehensive solution to ensure that the state's regulations are more reasonable and responsive. That solution consists of six bills:

- HB 4898 (Rep. Stamas) requires DEQ to evaluate and measure its programs relative to requirements in other states.
- HB 4902 (Rep. Agema) establishes a statutory inspection protocol to ensure state government does not use its inspection power to unfairly target or harass job providers.
- HB 4903 (Rep. Agema) improves the operation of Part 201 Remediation programs.
- HB 4908 (Rep. Bolger) allows private sector review of permit applications prior to DEQ sign-off.
- HB 4909 (Rep. Haines) prohibits rules that are more stringent than federal requirements unless specifically authorized by law.
- HB 4988 (Rep. Meekhof) requires more frequent review of administrative rules and whether or not they need to be maintained or could be repealed.

The Result: Enacting these six measures will make Michigan a more attractive place to do business and attract and retain jobs in a number of respects, including: 1) letting job providers know they cannot be targeted by state government if they raise questions or concerns about how an agency is processing permits or enforcing the law; 2) providing continuity and certainty to job providers by ensuring that there are no continual requests for information and permit changes as the file moves from one bureaucrat to another; 3) ensuring a regulatory role to private-sector professionals; 4) providing job providers with an opportunity to expedite the permitting process; and 5) ensuring that a state agency has methodically and objectively evaluated the need for a rule.

7. Expand Energy Capacity

The problem: As Michigan looks toward green energy, it must also keep a watchful eye on its base-load generation capacity and needs. The state must also understand the impact that a stable and reliable electrical generation system will have on lower rates and creating jobs.

According to the Governor's 21st Century Energy Plan, Michigan's load growth is expected to increase an average of 1.2 percent per year over the next 20 years. The average age of Michigan's power plants is 48 years and no Michigan utilities have undertaken base-load construction in nearly thirty years. The last coal-fired plant was permitted in 1984.

Due to extensive federal grants and Michigan Business Tax Credits, several Michigan companies are in the position to assist Michigan's development and deployment of lithium ion batteries and new solar panel parts around the world. This manufacturing process will create greater electrical demand. Michigan must act now to construct new base-load electrical generation facilities.

The solution: Approve clean coal-fired power plants. Michigan has the opportunity to stabilize its energy costs and create thousands of jobs tomorrow. The current administration must take immediate action and approve the following permits to install clean coal-fired plants that have been pending for nearly three years:

- Permit Number 317-07, Wolverine Power Supply Cooperative's permit to construction a 600 Megawatt coal and bio-mass plant in Rogers City in northeastern Lower Peninsula; and
- Permit Number 25-07, Holland Municipal's construction of a 78 Megawatt coal boiler unit that would be added to the city's existing James DeYoung Generating Station located in Holland, Michigan.

Further, considering the positive effect of nuclear energy in combating greenhouse gasses, specifically carbon emissions, and the fact that Michigan is home to three nuclear power plants, the state must also proactively seek the development of nuclear energy. As Michigan's largest incumbent utility continues the federal permitting process for a new nuclear plant, Michigan must not stand in the way or place new road blocks that will deter this development as the Granholm Administration has done with the aforementioned coal plants.

Lastly, Michigan must protect and consider incentives to utilize its unique homeland



hydrocarbon reservoirs and energy storage capabilities. Home to some of the most significant oil and gas reserves and underground gas storage capacity in the entire Midwest, Michigan could strengthen itself as a leader in these two areas.

The result: The actions would expand job opportunities by growing a state industry led by world market demands.

B. SENSIBLE GOVERNMENT REFORMS

Furthermore, there are no less than eight additional reforms that make for better government for the residents of the state, either by streamlining the services that government offers, making those services competitive with neighboring states or making the services more cost-efficient and responsive.

1. Welfare Reform (\$44 Million)

The Problem: Every other state, except Vermont, has established real lifetime limits for Temporary Assistance to Needy Families (TANF) benefits, which was included as a requirement in President Clinton's welfare reform legislation.

The Solution: The state should enact real time limits for able-bodied welfare recipients. Legislation is required to repeal the sunset of the time limit requirement currently found in statute.

The Result: If Michigan enacted a real 48-month time lifetime limit for welfare recipients who meet work requirements, and applied it retroactively, approximately 8,700 cases would be closed and the state would save approximately \$43.7 million for a full year, based on caseload data from December 2008 to the Department of Human Services.

2. Increase Timber Harvest on State-Owned Lands (\$25 Million)

The state's forest cover has increased by 7 percent since 1980, largely due to the fact that the annual growth of forest is 2.7 times the amount harvested. Consequently, there remains a significant potential to increase the current growth rate through enhanced management. Harvested wood contributes about \$14 billion to the Michigan economy and represents 5 to 6 percent of manufacturing jobs. A 50 percent increase in our use of available wood biomass would produce a multi-billion-dollar impact on our economy, taking into account that this increase cannot be achieved until more infrastructure for our

bio-economy is in place to use it.

The Solution: In order to increase timber production on state-owned lands, it is recommended that five strategies be pursued:

- Transfer Forest Management and timber production from DNRE to the Department of Agriculture;
- Forest-based activities in the federal government are considered ag-based, and USDA runs those programs;
- Define private landowner timber sales as agricultural operations, phasing those timber sales out from MBT gross receipts base;
- Within the Department of Agriculture have Michigan Conservation Districts contract out to private sector the timber sale program; and
- Increase annual harvest level to treat 100,000 acres in 2011, with associated sustainable volume increase annually.

The Result: The estimated wood fiber requirements to meet the intended expansion in Michigan's economy will mean a doubling of today's forest yield in the state of Michigan. These additional harvests can be done under sustainable forest certification with no adverse environmental impact. New markets can also reduce fuel loading and address conditions that lead to forest health problems. Much of the new volume must come from improving utilization of current harvest and from directing currently unmerchantable wood and biomaterials away from waste streams.

It is calculated that following these recommendations and increasing the harvest of Michigan's Renewable Resources of timberland will conservatively increase the revenue to the Michigan Forest Development Fund by \$25 million. In addition, by shifting the work to local conservation districts, the costs to the state should be reduced by 10 to 15 percent, or approximately \$4 million, while the increase in economic activity will positively affect state and local tax revenue.

3. Provide Incentives for Consolidation of Emergency Services Departments

The Problem: Unlike local government consolidation, emergency services departments can merge to form more regional emergency services departments without obtaining the approval of the voters and without their residents feeling a loss of home identity. However, it is rarely done because of territorial and financial obstacles. A lack of consolidation has led to a duplication of services in adjacent areas, and created other

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House Republicans FY '11 Economic Proposal

inefficiencies of service.

The Solution: The state will provide incentives, both financial and other, to emergency services departments that choose to consolidate.

Financial incentive:

Legacy Costs - Relief from up to 20 percent of all currently retired employee legacy costs (and equalization) - pension and health care costs. This relief will be one time and cover only those employees already retired by the date of the enactment of this amendatory act. This should help to level out the debts of the two or three merging entities and free up additional funds for the newly merged department.

Other incentives and stipulations to encourage efficient consolidation will include:

- The local government municipal governments will have the authority to establish the board of the emergency services authority, so long as at least one member of each municipality is on the board;
- The new authority will be subject to all bargaining rights previously afforded public safety officers;
- The new authority will be permitted to organize under the Emergency Services Authority Act (or a newly created act) and not under the Urban Cooperation Act (unless amended) or any other act that requires the protection of all highest wages and benefits;
- A provision be included in all future labor contracts that the contracts become null and void should the authority have to have an emergency financial manager appointed;
- Police and fire departments and/or public services departments located within a city with a population of 600,000 or more will be ineligible to participate;
- The newly created authority cover contiguous municipalities; and
- If municipalities with a volunteer fire department wish to continue on a volunteer basis it may do so.

The Result: This proposal will provide relief from unfunded and partially funded retirement liabilities, free up funds in local government budgets to keep and/or hire more police and fire, secure police and fire retirement benefits in the cases where the local government will soon be facing bankruptcy and set a vision for a more regional approach



to planning and governmental management.

4. Fix the Urban Cooperation Act

The Problem: Michigan has 83 counties, hundreds of cities and villages, and more than 1,000 townships. As such, there are many ways to save money by merging responsibilities based on where people actually live and where services are needed.

Unfortunately, the Urban Cooperation Act, which governs how local governments can enter into cooperation and consolidation agreements, often stands as a barrier to greater cooperation by increasing costs.

Currently, when two or more units of government want to save money by consolidating departments, such as a city and township that want to share a public works department, they must take the most generous aspects of each individual union contract and apply that to everyone in the new department. This means it actually costs municipalities more to consolidate, defeating the purpose.

The Solution: Allow the government entity to negotiate a new contract for the consolidating departments/services/municipalities, thereby giving local officials the ability to make sound decisions about employee salaries and benefits that are in the best interest of their residents.

The Result: The formation of a new, consolidated government entity will result in more efficient and streamlined operations that will save on labor and legacy costs, and encourage continued cooperation and consolidation. This does not necessarily mean overall wages and benefits will decrease, but it will ensure the new contract will not automatically increase total compensation.

5. Modify Rules Regarding Binding Arbitration (Public Act 312)

The Problem: Public Act 312 of 1969 established a binding arbitration process to settle labor disputes police officers and firefighters and their employers. While well-intentioned, this often results in wages and benefits that local governments are hard pressed to afford. In part due to the existing PA 312 structure, some municipalities have been left with no choice but to lay off employees (sometimes police and fire) to stay on budget.

Without in any way diminishing the importance of the service provided by these employees or their dedication, any realistic attempt to reform government must acknowledge that labor contracts, pensions and benefits for public safety workers are threatening to bankrupt many local governments across Michigan.

Historically, salaries and wages have gone up when times were good, often in lock-step with our state's once-booming auto industry. However, there has never been a mechanism in place to lower salaries and benefits when the economy is on the decline. Due to binding arbitration, local units of government in financial distress are not able to modify pay or benefits for public safety officials and firefighters. Instead, they must cut employees (including police and fire), other essential services or raise taxes.

The Solution: Reasonable changes to P.A. 312 should be made to ensure communities can afford the cost of contracts imposed upon them, which would include requiring arbiters to place a higher consideration on the ability of a local unit of government to pay for wages and benefits for police and firefighters.

Conversely, arbiters should not be allowed to consider the ability of a local government to raise taxes as an acceptable way to pay for new contracts.

Further, P.A. 312 should be amended to disallow funds already dedicated for a project (such as renovation of a library), to be taken to pay for wages and benefits for police and firefighters.

The Result: Amending Public Act 312 in this manner will allow elected officials, and not arbiters, to dictate budget priorities for local governments while continuing to ensure fair wages and benefits for police officers and firefighters.

6. Expand the Authority of the State Boundary Commission

The Problem: Presently, there are 294 townships that have less than 1,000 people residing in them, 635 townships that have less than 2,000 people in residing in them and 846 townships with less than 3,000 people residing in them.

The Solution: Expand the authority of the State Boundary Commission in the following ways, all of which will serve to highlight the areas that should consolidate, but none of which will mandate that the consolidation take place:

- Study and make recommendations of consolidation of townships and villages with less than 3000 residents;
- Send the recommendations to the local county boards to review possible consolidation opportunities. The State Constitution grants the authority for township consolidation to the counties, but only as provided by law. Currently, the only statutory provision granting consolidation authority of this type to

counties requires a petition by the residents requesting the consolidation. In order for a recommendation for consolidation by the State Boundary Commission to have any opportunity, it would also require the legislature to grant the authority to the county to put the proposed consolidation on the ballot for a vote without requiring a petition by the township residents. (The deleted language was misleading. The intention was to allow the county boards to put the consolidation opportunity on the ballot based on the State Boundary Commission report and not have the Legislature vote each and every time to allow the issue to be on the ballot).

- Or, based on the recommendations of the State Boundary Commission, require that each township identified by the State Boundary Commission as being a good candidate for consolidation or transfer of services put up for a vote of its residents whether or not they desire to send the functions of assessing, tax collecting, planning and zoning (if applicable) and the provisions for public safety to the county. In exchange for relinquishing any or all of these functions to the county level, the township would get a half mill decrease, with the remainder of the funds going to the county for the performance of the services. However, each township would get to keep its township hall for voting purposes; and
- Examine the boundaries in the metropolitan areas and make recommendations for consolidation and coordination, such as allowing the city of Royal Oak to annex Royal Oak Township or merge Ecorse and River Rouge.

The Result: The anticipated benefits would include: A decrease in property taxes for the residents of the consolidated townships; efficiencies of scale savings by moving these functions to the county level; a decrease in the number of elections, elected officials and their compensation; and if applicable, less division of the available revenue sharing dollars, thereby splitting portions into larger pieces.

7. Judicial Reduction

The Problem: The State Supreme Court Administrative Office has set forth a plan for the past few years to eliminate a number of judicial positions that they deemed to be "over-staffed." Rep. Rick Jones has introduced a bill, HB 5276, that partially incorporates that plan as it does not propose to eliminate the four Court of Appeals judgeships that the SCAO proposes to eliminate.

The Solution: Implement the Supreme Court Administrator's Office plan to reduce judicial positions for seats that are "over-staffed" through legislative action that calls for the immediate (and not merely through attrition) elimination of any seat that is deemed to

be "over-staffed."

The Result: If immediate reductions are sought, instead of utilizing the SCAO's position of eliminating those positions through attrition only, immediately savings could be realized, although the savings has not been quantified.

8. Adjust State Employee and Retiree Health Care Premiums and Co-Pays

The Problem: Michigan's state employee health insurance premium costs are above the national average. The state spends over \$1,182 per month on the state portion of employee health insurance premiums, well above the national average of \$880.37. (Numbers provided by NCSL).

In Michigan, an employee does not qualify for retirement health benefits until he or she has worked for the state for ten years. At that stage, the state will assume 30 percent of their retirement health insurance premium. The state will assume an additional 3 percent for each additional year worked, to a maximum of 90 percent (realized after 30 years). Upon retirement, the state will assume a percentage of the employee's insurance premium, until the employee reaches 65 and qualifies for Medicare. At that time, the state will assume some of the cost of a Medicare supplement plan.

The Solution: There are many ways to control state employee health costs. New employees and existing employees should assume more of the cost of their health insurance (currently \$131.42 per employee). New employees also should not be eligible for the generous retirement health care subsidy offered to existing employees. Further, co-pays and deductibles should be increased. Other incentives, such as a penalty for smokers or discounts for people leading healthy lifestyles should be considered.

However, the best way to drive down health costs is to give employees more of a stake in their health spending. The best way to do that is through Health Savings Accounts. While Michigan does have Health Savings Accounts, it does not aggressively promote them. Michigan should consider Indiana's example of depositing \$2,750 into each employee's HSA; splitting (with the employee) the cost of medical bills between \$2,751 and \$8,000; and providing full insurance for all costs more than \$8,000.

The Result: Some of the proposed solutions could be implemented by the Office of the State Employer. Other aspects would have to be implemented via legislation.

C. PRIVATIZATION

There are three areas identified that could be privatized with significant savings to the state.

1. Privatize Prison Functions (\$40 Million)

The Problem: The Corrections budget continues to consume a substantial portion of the state's budget, in part due to the high costs associated with the personnel providing those services.

The Solution: Privatize functions within prisons, such as food service, vocational training and education and transportation.

The Result: Estimates of the savings that would result from privatizing these services have ranged up to \$40 million.

2. Privatize Veterans Homes Operations (\$18 Million)

The Problem: Privatizing the resident care aides has been met with resistance in the past. However, the Michigan Department of Military and Veteran Affairs currently has a plan to privatize 10 of the 175 resident care aides per year that are employed at the Grand Rapids Veterans Homes. This would mean that in the next 17-18 years all of the resident care aides at the GRVH would be privatized. The Department has estimated the total savings of privatizing all of these employees at \$4 million.

However, the Michigan budget deficit is currently threatening Military and Veterans Affairs with budget cuts, and therefore more drastic action is needed. Other states have privatized their veterans home operations and realized significant cost-savings.

The Solution: Privatizing operations at both the Grand Rapids Veterans Home and the Jacobetti Veterans Home would save the General Fund an estimated \$18 million a year. There may be other costs involved with turning over the homes to private entities, but those would be first year costs and the state would save the full amount from the second year on.

The Result: The savings of \$18 million would stave off harmful budget cuts in Military and Veterans Affairs and other departments.

3. Privatize the Health Insurance Cost Avoidance and Recovery Section

The Problem: The Health Insurance Cost Avoidance and Recovery Section (HICARS) of the Department of Community Health has failed to collect over \$200 million in money owed the state.

Some of the proposed solutions could be implemented by the Office of the State Employer. Other aspects would have to be implemented via legislation.

The Solution: Privatizing this billing and collection function as proposed by Rep. John Walsh.

The Result: The state will save money and the vendor will have an incentive to collect overdue payments. However, it is unclear how much money the state will save on labor costs, but overall savings could be considerable.

D. CORRECTIONS

The Department of Corrections, which consumes more than a quarter of Michigan's General Fund must reform itself wherever it can without jeopardizing public safety. A good starting point is implementation of the following four reforms:

1. Eliminate Prisoner Pay (\$11 Million)

The Problem: Currently, those who are imprisoned in Michigan and serve in some type of service capacity in the prison are paid for their services.

Although the pay is modest, it does cost the state significantly. Presently, prisoners are paid three dollars per day, and are capped from making more than \$40 a month.

The Solution: The outright elimination of prisoner pay.

The Result: By no longer paying prisoners, the state would realize an annual savings of more than \$11 million.

2. Reinstigate Prisoner Phone Surcharge (\$4 Million)

The Problem: Before this surcharge was removed from the budget, it was a \$10 million line-item of restricted revenue.

The Solution: Implement a phone surcharge that prisoners would have to pay in order to use the phone services housed within a Michigan Correctional Facility.

The Result: Reinstating a phone surcharge on prisoners would result in the state saving approximately \$4 million.

3. County Jail Reimbursement Program (\$3-6 Million)

The Problem: It is no secret that Michigan's prisons are a great source of stress to Michigan's budget. The state spends more on the corrections budget than it does any other budget, save one. Presently, this budget stands at \$1.93 billion, \$1.87 billion of which is General Fund General Purpose funding.

The Solution: The County Jail Reimbursement Program is intended to encourage judges to sentence felony offenders who would otherwise go to prison with county-based sanctions, such as jail. For the initiative to work, such a program must compensate sheriffs for inmates diverted from prison. The proposal, which is encompassed in House Bill 5534, sponsored by Rep. Joe Haveman, would define the criteria for the County Jail Reimbursement Program and set minimal levels of funding for the program by placing those criteria in standing statute rather than in the boilerplate of the Department of Corrections budget bill. The CJRP per diem rate has been \$43.50. The per diem prison rate is higher.

The Result: While the expense to the state to fund the program may be in the \$12-15 million range, the prospective net savings to the state is estimated to be \$3-6 million. Annually 3,300 felons would remain the responsibility of the county instead of the state.

4. Eliminate the Regional Prison Administration (\$1.4 Million)

The Problem: As the number of prisons has grown smaller, the state does not need the same intermediate bureaucracy between prison management and the central office.

The Solution: The simple fix is to remove those bureaucratic layers, in this case the Regional Administration.

The Result: The state would realize a \$1.4 million savings if it eliminated funding for the Regional Prison Administration

D. LOCAL LEVEL EDUCATION RECOMMENDATIONS

House Republicans recognize that schools are struggling. The caucus, through this comprehensive plan, has attempted to minimize the economic consequences to schools, making it one of its three funding priorities. A 3.2 percent funding cut to schools, although modest when compared to the cuts imposed upon every other department within the state, will still be deeply felt.

Consequently, to help ease the burden of that cut, House Republicans outline additional local-level reforms, three of which are cost-saving reforms for schools. House Republicans urge schools to implement those reforms in order to mitigate the impact of this cut and provide for more competitive schools.

Further, although tangible savings may not be realized, House Republicans also urge districts to implement district-authorized charter schools on the local level.

1. Require School Employee Health Care Contribution (\$300 Million)

The Problem: Michigan schools collectively spend approximately \$2 billion annually on health care benefits for public school employees. Nearly that entire amount is borne by taxpayer-funded school districts. The majority of public school employees contribute little to nothing toward the cost of their health care premiums, an arrangement that is out of step with the private sector.

The Solution: Require public school employees to pay 20 percent of their health care premiums, as is the case with most other professions.

The Result: Requiring public school employees to pay 20 percent of their health care premiums, would 1) help contain overall health care costs by increasing participant awareness and reducing instances of over-consumption; and 2) provide roughly \$300 million in savings to schools across Michigan.

2. Require Competitive Bidding on Non-Instructional Services (\$200 Million)

The Problem: Some states are offering financial rewards to districts that save money through the privatization of non-instructional services such as food, custodial, and janitorial services and health insurance. However, Michigan cannot afford such incentives at this time.

The Solution: Public school districts have it well within their power to make these cost-saving decisions without such incentives, recognizing that in the long run it helps the

district's financial well-being. In fact, some are already doing so, including:

- In 2007, Napoleon Community Schools privatized custodial work.
- In 2004, Centreville Public Schools shifted from MESSA to an insurance plan administered by Blue Cross. (Incidentally, according to the district's superintendent, the insurance is the same compared with MESSA benefits, with three areas that are no longer covered: sex-change operations, massages and a treatment for Christian Science practitioners).
- Mattawan Consolidated Schools recently switched from MESSA.

The Result: These three examples illustrate the possibility of the savings that can be realized from the privatization of non-instructional services. Napoleon Community Schools has realized savings of \$305,000 a year; Centreville (which estimates that its health care costs average \$8,500 per teacher compared to the \$12,900 a neighboring district still using MESSA is paying) estimates that its total annual savings lie somewhere between \$200,000-\$250,000, which translates to more than \$200 per student; and Mattawan estimates savings of \$250,000 annually.

The savings possibilities of privatizing non-instructional services are further illustrated by the reality facing the Kalamazoo schools. Some Kalamazoo area districts pay more than \$16,000 per teacher for family health coverage, compared to the current national average of \$11,500 for an employer-sponsored family plan. Kalamazoo RESA uses an alternate insurance plan that averages about \$10,500 per employee. If Kalamazoo Public Schools lowered its costs to that rate, the annual savings would be about \$2.5 million.

3. Freeze School Personnel Pay Levels for One Year (\$80 - 100 Million)

The Problem: Schools routinely report that their largest budget items are employee salaries and benefits. Michigan public school employees, particularly teachers, are among the highest paid in the country. According to the National Education Association (NEA), Michigan ranked 11 out of all states in both average salaries of public school teachers and total instructional staff costs for 2008-09. Yet, at the same time, our state is leading the nation in unemployment, job loss, population loss, declining property values, lowest per capita personal income growth and the worst cumulative real gross domestic product growth. Rich-state salaries are incompatible with poor-state realities.

The Solution: Freeze salaries for school personnel for one year.

The Result: An extremely conservative estimate of the savings that could be realized from a one-year pay freeze for all public school employees is \$80-100 million. The reality is probably much higher.

4. District-Authorized Charter Schools

The Problem: Current law allows a Public School Academy (PSA), or charter school, to be authorized by a public university, community college, intermediate school district or local school district. But there's a reason why very few local school districts (just 4 out of 551) exercise this power: When a local district is the authorizer, the employees of the charter school must be covered by the collective bargaining agreements that apply to other employees of the school district.

Charter schools were created, in part, to inject innovation and flexibility into the education system. The best charter schools free educators from burdensome administrative responsibilities, such as collective bargaining, and allow them to focus on academic improvement. Under current law, there is little incentive for a local district to open a charter school if it must simply replicate existing conditions in the rest of the district.

For example, let's say an urban school district opens a charter school under current law. To achieve their goal of providing a rigorous college-preparatory curriculum for students who might otherwise be at risk of not even graduating, they implement a unique school design that emphasizes close personal relationships, carefully pairs teachers with specific classrooms, and then allows each teacher to move up through the grade levels with his or her students. The result is that the district's least-effective but best-protected teachers can then be placed into the charter school, weakening or even poisoning the entire learning environment.

The Solution: Allow local school districts to authorize charter schools on equal footing with other authorizers - that is, free from the constraints of collective bargaining agreements.

The Result: School districts and charter schools could become partners, not rivals, in delivering superior education to pupils. Local district administrators and school boards would be better-positioned to offer parents the alternative educational choices they seek, while keeping students (and their accompanying per pupil funding) in the district. By setting up charter public schools side by side with existing traditional public schools, local districts could create campuses of innovation: distinct learning communities, each with its own methods and objectives that meet the needs of multiple student populations in close enough proximity to model best practices, share non-instructional services and

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let students transfer between them with minimal disruption.



VI. CONCLUSION

Michigan's crisis lies deeper than the budget crisis, and we must finally address the root of the problem: our nation-leading unemployment rate. With jobs comes revenues to the state, and the House GOP will continue to advocate for job creation and economic growth as a solution to the state's budget woes, by putting the needs of families and job providers first, and government second.

The House Republican caucus offers this comprehensive solution to the state's budget and economic problems for review, and looks forward to working in a bipartisan, bicameral manner to enact real government reform -- without inflicting the economic harm associated with a tax increase.



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APPENDIX A
2011 ROAD AND BRIDGE PROJECTS LOST UNDER GOVERNOR'S BUDGET

Region	County	Route	Location	Type of Work	Cut/ Delay	Budget
Bay	Genesee	M-21	M-21 over Mistequay Creek	Bridge Replacement	Cut	\$2,092,680
Bay	Saginaw	M-13	M-13 over no name drain	Bridge Replacement	Cut	\$755,563
Bay	Bay	I-75	Linwood Road to Pinconning Road	Restoration and Rehabilitation	Del	\$31,500,000
Bay	Clare	US-127 BR/M-61	County Farm Road southeasterly to M-61 East	Resurface	Cut	\$3,980,637
Grand	Kent	I-96	Whitneyville Ave over I-96	Overlay-Deep	Cut	\$848,274
Grand	Kent	US-131	36th Street over US-131	Bridge Replacement	Del	\$4,502,000
Grand	Muskegon	US-31 BR	US-31 Bridge over CSX RR (abandoned)	Bridge Replacement	Del	\$410,000
Grand	Ottawa	M-231	M-231 (new route) over the Grand River	New Structure on New Route	Del	
Grand	Ionia	M-21	Detmers Road East to Lincoln Avenue	Resurface	Cut	\$2,490,000
Grand	Muskegon	US-31 BR	Hall Street to Division Street	Reconstruction	Del	\$1,593,500
Grand	Ottawa	I-196 EB	At the Zeeland rest area #528	Roadside Facilities - Improve	Cut	\$150,079
Metro	Oakland	I-96	I-96 EB over GTW RR (abandoned)	Bridge removal	Cut	\$2,910,000
Metro	Oakland	I-96	I-96 WB over GTW RR (abandoned)	Bridge removal	Cut	\$2,910,000
Metro	Oakland	I-96	I-96 EB & WB over pathway GTW RR (abandoned)	Bridge replacement	Cut	\$2,910,000
Metro	Oakland	M-59	M-59 EB over GTW RR	Overlay-deep	Cut	\$1,389,634
Metro	Oakland	M-59	M-59 WB over GTW RR	Overlay-deep	Cut	\$1,389,634
Metro	Oakland	M-59	Crooks Road over M-59	Bridge Replacement	Del	\$3,105,000
Metro	St. Clair	I-69	Range Road over I-69	Overlay-deep	Cut	\$554,458
Metro	Wayne	I-275	I-94 WB over I-275 SB to I-94 EB ramp	Deck Replacement	Cut	\$1,007,401
Metro	Wayne	M-39	Sawyer Avenue walkover over M-39	Bridge Replacement	Cut	\$8,326,501



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Metro	Wayne	M-39	Cathedral Avenue walkover over M-39	Bridge Replacement	Cut	\$8,326,501
Metro	Wayne	M-39	Glendale walkover over M-39	Bridge Replacement	Cut	\$8,326,501
Metro	Wayne	M-39	CSX RR over M-39	Painting Complete	Cut	\$8,326,501
Metro	Wayne	M-39	Tournier Avenue walkover over M-39	Bridge Replacement	Cut	\$8,326,501
Metro	Wayne	M-39	Vassar Avenue walkover over M-39	Bridge Replacement	Cut	\$8,326,501
Metro	Wayne	US-24	US-24 over Smith Creek	Culvert Replacement	Cut	\$521,150
Metro	Wayne	I-75	I-75 NB Connector over I-75	Bridge Replacement	Cut	\$3,126,801
Metro	Wayne	I-75	I-75 SB Connector over I-75	Bridge Replacement	Cut	\$3,692,979
Metro	Wayne	US-24	Frisbee Street walkover over US-24	Bridge Replacement	Cut	\$3,159,019
Metro	Macomb	M-53	34 Mile Road to North Macomb County Line	Reconstruction	Del	\$19,800,000
Metro	Macomb	M-3 SB	Wellington Crescent to Sandpiper	Resurface	Del	\$4,950,000
Metro	Macomb	M-3 NB	Remick to Sandpiper	Resurface	Del	\$5,500,000
Metro	Oakland	M-59	At Crooks Road interchange	Bridge - Improve	Del	\$6,600,000
Metro	Wayne	US-24	Vreeland to West Road	Major Widening	Cut	\$23,000,000
Metro	Wayne	I-75	Ramps Dix Toledo interchange	Reconstruction	Cut	\$4,911,881
North	Ogemaw	I-75	I-75 NB over Branch Laporte Creek	Bridge Replacement	Del	\$632,268
North	Wexford	M-37	M-37 over Pine River	Deck Replacement	Cut	\$2,311,328
North	Cheboygan	US-23	From Cheboygan East county line to Cordwood	Restoration and Rehabilitation	Cut	\$3,820,000
North	Emmet	US-31	US-31 from west of Division to Manvel and M-119	Traffic Operations and Safety Work	Del	\$908,995
North	Manistee	US-31	South of Coates Highway to Maidens Road	Resurface	Cut	\$5,390,306
Southwest	Allegan	M-89	28th Street east to Kalamazoo Street	Reconstruction	Cut	\$5,274,590
Southwest	Berrien	M-140	Dan Smith Road ro Watervliet north city limits	Reconstruction	Cut	\$9,500,000
Southwest	Calhoun	M-60	Within the Village of Homer	Resurface	Cut	\$1,320,000



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Southwest	Kalamazoo	M-96	Michigan Avenue to 35th Street	Resurface	Cut	\$4,115,000
Superior	Mackinac	I-75	I-75 over Hoban Creek	Culvert Replacement	Cut	\$1,915,700
Superior	Chippewa	M-129	South of M-80 to north of 10 Mile Road	Restoration and Rehabilitation	Cut	\$4,117,000
Superior	Chippewa	M-129	M-129 over Fletcher Creek	Restoration and Rehabilitation	Cut	\$4,117,000
Superior	Chippewa	I-75 BS	I-75 BS from Easterday Avenue to Power Canal	Reconstruction	Del	\$700,000
Superior	Dickinson	US-141	US-141 from state line to US-2 in Dickinson County	Restoration and Rehabilitation	Cut	\$3,226,902
Superior	Houghton	M-26	Tamarack to Hubbel	Reconstruction	Cut	\$3,288,870
Superior	Mackinac	US-2	M-117 to Naubinway	Restoration and Rehabilitation	Del	\$5,565,000
University	Jackson	US-127	M-50 over US-127	Bridge Replacement	Cut	\$2,856,635
University	Lenawee	US-223	US-223 over Gall County Drain	Culvert Replacement	Cut	\$835,028
University	Livingston	US-23	US-23 NB over Silver Lake Road	Overlay-Deep	Cut	\$898,712
University	Livingston	US-23	Lee Road over US-23	Superstructure Repair	Cut	\$898,712
University	Livingston	US-23	US-23 NB over Hyne Road	Overlay-Deep	Cut	\$512,209
University	Livingston	US-23	US-23 SB over Hyne Road	Overlay-Deep	Cut	\$504,733
University	Monroe	US-24	US-24 over Little Sandy Creek	Culvert Replacement	Cut	\$1,140,746
University	Shiawassee	I-69	I-69 EB over Looking Glass River	Deck Replacement	Cut	\$2,476,442
University	Shiawassee	I-69	I-69 WB over Looking Glass River	Deck Replacement	Cut	\$2,476,442
University	Shiawassee	I-69	Morrice Road over I-69	Overlay-Deep	Cut	\$2,476,442
University	Shiawassee	I-69	Durand Road over I-69	Overlay-Deep	Cut	\$2,476,442
University	Shiawassee	I-69	State Road over I-69	Overlay-Deep	Cut	\$888,493
University	Shiawassee	M-71	M-71 over Holly Drain	Deck Replacement	Cut	\$640,996
University	Washtenaw	M-52	M-52 over Raisin River	Deck Replacement	Cut	\$358,800
University	Ingham	M-43	ECL Williamston to east JCT of M-52	Resurface	Del	\$3,178,257
University	Lenawee	US-223	East of Silberhorn Hwy to west of Rodesiler Road	Resurface	Cut	\$6,792,050
University	Livingston	US-23	Silver Lake Road to CSX RR	Resurface	Cut	\$17,395,697



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University	Livingston	US-23	US-23 NB over Huron R	Superstructure Replacement	Cut	\$17,395,697
University	Livingston	US-23	US-23 SB over Huron R	Superstructure Replacement	Cut	\$17,395,697
University	Livingston	US-23	US-23 SB over Silver Lake Road	Overlay-Deep	Cut	\$17,395,697
University	Livingston	US-23	CSX RR over US-23	Painting Complete	Cut	\$17,395,697
University	Monroe	US-24	US-24 from Stewart Road to Lasalle Road	Resurface	Cut	\$4,721,602
University	Washtenaw	M-52	Austin to Dutch	Reconstruction	Cut	\$8,060,633
University	Ingham	US-127 NB	At the Lansing rest area #810	Roadside Facilities - Improve	Cut	\$3,580,000

