



BULLETIN

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FEBRUARY 17, 2011

BUDGET PROPOSAL LEAVES FEW UNTOUCHED

Gov. Rick Snyder released his budget proposal this morning to a joint House and Senate Committee Session. As the news media foretold, the cuts are many and hit the young and the old, state workers and retirees, municipalities, police, and more. Some of the highlights that relate specifically to Corrections and State Employees are detailed below:

- State employees will be asked for \$180M in cuts during contract negotiations which would customarily begin this summer. Budget Director Nixon has stated that he expects unions will agree to increase the share of health care premiums workers pay and make other changes rather than cutting wages.
- Closes one prison to be named later this year (8,000 inmates currently eligible for parole. Expects paroles over the next few months will allow a closure by late FY '11. **\$18.9M**)
- Proposes privatizing food service and prison store operations in Michigan prisons. **(\$9.5M)**
- Elimination of Public Works programs and other consolidations and contract savings **(\$3.6M)**
- Reduction in Lieutenant positions statewide **(\$8.5M)**
- Drops the individual income tax rate from 4.35% to 4.25% on Oct. 1 where it will remain instead of the scheduled drop to 3.9% in future years.
- Eliminates the state income tax exemption for pensions. Social Security benefits continue to be exempt.

It is our understanding at this time that the Department of Corrections has yet to identify which facility will be closing.

Also of concern is a veiled statement made by Governor Snyder in his discussion on state employees that *“a number of work rules or negotiated issues that present unique challenges and add substantial costs for the operation of 24-hour institutions must be further examined.”* This could refer to overtime and administrative leave, among others.

Check back to the MCO website and facebook, and watch for KYI's and Bulletins with updates as more details are revealed and the budget begins to move through the legislature.

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