

June 22, 2007

2006-07 BUDGET FIX

The Senate unanimously approved the final piece of a 2006-07 budget-balancing deal yesterday. House Bill 4851, sponsored by Representative Andy Meisner (D-Ferndale), allows for the transfer of funding of up to \$94 million from the Higher Education Student Loan Authority reserves to the Michigan Merit Award Trust Fund. This transfer is part of a budget-balancing agreement by the Legislature and Administration. The bill will be presented to Governor Jennifer Granholm for her approval. The Legislature and Administration will turn their focus to the 2007-08 budget.

The funding shift is part of a recent deal to balance an \$800 million deficit in the current state budget. Governor Granholm and legislators have recently enacted legislation to sell part of Michigan's future tobacco lawsuit settlement to raise approximately \$415 million, delayed or cut payments to universities, as well as made other spending adjustments and accounting changes as additional methods of reducing the state's deficit.

2007-08 BUDGET

House Speaker Andy Dillon (D-Redford Twp.) wants the House Appropriations Committee to start producing its first 2007-08 budget bills based on a target of \$1.5 billion in new revenues. The Speaker stressed with reporters yesterday that the dollar figure isn't a deal with his counterpart in the Senate, Majority Leader Mike Bishop (R-Rochester), but rather, a target. Speaker Dillon indicated he is more comfortable now than he has been in several weeks that the 2007-08 budget will reflect cuts, reforms and new revenues.

Karoub Associates will continue to keep you informed of all budget activities.