



Senate Fiscal Agency
 P. O. Box 30036
 Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-2768
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[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

General Government Budgets
Total Gross and GF/GP Appropriations

	<u>FY 2012-13</u> <u>Year-to-Date</u>	<u>FY 2013-14</u> <u>Gov's. Rec.</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
Gross Appropriations	\$4,318,903,100	\$4,433,136,800	\$114,223,700	2.6%
GF/GP Appropriations	\$1,013,727,700	\$1,052,945,600	\$39,219,900	3.9%
Full-time Equated Employees (FTEs)	7,722.7	7,631.7	(91.0)	(1.2)%

See Individual Highlight Sheet for Department Detail

Changes from FY 2012-13 Year to Date:

1. **Bill Structure.** The Governor recommended an omnibus bill for government operations with a separate article for each department. The General Government budgets were not aggregated in the Governor's recommendation. Some of the General Government boilerplate is included in Article 20 of the Governor's recommendation which would apply to all of the appropriations in the omnibus bill. Article 20 also includes required reports of the estimated statewide totals for total State spending and payments to locals (Sec. 20-201) and operating fund revenues and balances (Sec. 20-301).
2. **Deleted General Sections.** The Governor deleted the following general sections: information technology work project authorization (Sec. 207), purchasing requirements regarding consideration for buying from American, Michigan, and veteran-owned firms (Sec. 209), purchasing requirement regarding deprived and depressed areas (Sec. 210); retention of reports by departments (Sec. 212), prohibit casino ownership (Sec. 213), Department of Technology, Management, and Budget user fees (Sec. 214), prohibit employee discipline for speaking with a legislator or legislative staff (Sec. 215), prohibit use of General Fund money when Federal funds are available (Sec. 217), prohibition on using appropriations to administer a committee or obtain contributions for a committee as defined in the Michigan Campaign Finance Act, MCL 169.203 (Sec. 220), policy change report (Sec. 221), require departments to follow-up on savings proposals from the Legislative Auditor General (Sec. 229), FTE reporting (Sec. 231), and outcomes report (Sec. 232).
3. **Relocated Sections.** The Governor moved the schedule of payments to locals by department and list of definitions to the articles for the individual departments.
4. **Appropriation to the Budget Stabilization Fund.** The Governor recommended a boilerplate appropriation from the General Fund to the Countercyclical Budget and Economic Stabilization Fund of \$75.0 million GF/GP in FY 2013-14. The section also reports the statutory calculation to determine the amount of any required payment to the Fund. According to this calculation, no pay-in is required in FY 2013-14. (Sec. 20-207)
5. **Michigan Health Savings Fund.** The Governor recommended a boilerplate appropriation of \$103.0 million GF/GP in FY 2013-14 to the proposed Michigan Health Savings Fund. The Governor recommended using this fund for future Medicaid costs; however, there is no boilerplate that describes the proposed fund. (Sec. 20-208)

Date Completed: 2-22-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$85,082,500
Changes from FY 2012-13 Year-to-Date:	
1. Operations. The Governor recommended increasing the operations line by \$2,124,200 to reflect the costs of legal services provided pursuant to the current memoranda of understanding between the Attorney General and the Department of Human Services (DHS) and the Department of Licensing and Regulatory Affairs. This increase would be funded from interdepartmental grants from the departments.	2,124,200
2. Fraud Prevention Activities for DHS. The Governor recommended \$500,000 and 3.0 full-time equated (FTE) employees to investigate and prosecute fraud in the programs offered by DHS.	500,000
3. Information Technology. The Governor recommended an increase in information technology charges for wireless infrastructure, bandwidth expansion, and the Microsoft enterprise agreement.	53,100
4. Remove One-time Payments. The Governor eliminated funding for one-time lump sum payments to State employees in FY 2012-13.	(1,025,900)
5. Economic Adjustments. Includes \$2,054,400 Gross and \$800,500 GF/GP for OPEB and \$518,600 Gross and \$195,200 GF/GP for other economic adjustments.	2,573,000
Total Changes	\$4,224,400
FY 2013-14 Governor's Recommendation	\$89,306,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Attorney General is in Article 2. The Governor combined the existing seven line items into two lines, one for operations and one for Prosecuting Attorneys Coordinating Council. Fund source details would not be included. (Article 2)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. These sections include:
 - Report on total State spending for the Department. (Sec. 2-201)
 - Definitions. Many were eliminated due to the deletion of fund source detail. (Sec. 2-203)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Restricted Revenue Report. (Sec. 2-218)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 2-217)
3. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the Department's performance. (Sec. 2-219)
4. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-206)
5. **Use of Litigation Expense Reimbursements.** The Governor expanded the use of a limited amount of litigation expense reimbursements to allow them to be used for the payment of salaries and support costs. Currently these funds can be used for payment of court judgments, settlements, arbitration awards, and attorney fees and certain litigation costs. As in the current year, a maximum of \$500,000 could be appropriated from litigation awards for all of the named purposes. (Sec. 2-308)

Date Completed: 2-19-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$14,765,500
Changes from FY 2012-13 Year-to-Date:	
1. Division on Deaf and Hard of Hearing. The Governor added \$100,000 GF/GP and 1.0 full-time equated (FTE) position for an employee on leave who is returning from military service. This would increase the line item to \$771,300 in FY 2013-14.	100,000
2. Hispanic/Latino Commission of Michigan. The Governor recommended an additional \$54,000 GF/GP to increase the line item to \$255,600 in FY 2013-14. This would support the Commission's work to enhance the abilities of Michigan Hispanics by improving their economic stability, education, achievement, and participation in government, business and the community.	54,000
3. Information Technology. The Governor recommended \$6,100 for information technology adjustments related to wireless infrastructure, bandwidth expansion, the Center for Shared Solutions, and the Microsoft Enterprise agreement. This would increase the IT line to \$677,300 in FY 2013-14.	6,100
4. Remove One-time Funding. The Governor removed fund for one-time payments to employees in FY 2012-13 required by contract.	(128,900)
5. Economic Adjustments. Includes \$60,800 Gross and \$48,200GF/GP for OPEB and \$340,800 Gross and \$279,900GF/GP for other economic adjustments.	401,600
Total Changes	\$432,800
FY 2013-14 Governor's Recommendation	\$15,198,300

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Governor combined the existing 6 line items into 1 line for civil rights operations. Fund source details would not be included. (Article 3)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. These sections include:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 3-228)
3. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the department's performance. (Sec. 2-233)
4. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-235)

Date Completed: 2-15-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$4,887,900
Changes from FY 2012-13 Year-to-Date:	
1. Removal of FY 2012-13 One-Time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments.	(58,700)
2. Executive Office. Governor included a 2% increase to reflect actual costs of operation.	97,800
3. Economic Adjustments. Includes \$0 for other post-employment benefits (OPEB) and \$43,000 for other economic adjustments.	43,000
Total Changes	\$82,100
FY 2013-14 Governor's Recommendation	\$4,970,000

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 8-201)

Date Completed: 2-20-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$129,610,200
Changes from FY 2012-13 Year-to-Date:	
1. Auditor General - Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments.	(270,900)
2. Auditor General - Augmented Funding. The Governor increased funding so that the Auditor General can enhance audit oversight and service delivery, including the annual Comprehensive Annual Financial Report (CAFR).	250,000
3. Auditor General - Technical Adjustment. The Governor moved boilerplate authorization that allows the Auditor General to receive and expend funds for additional audits to the line items section in Part 1. Though this increased the total appropriation, this is NOT NEW funding as previous boilerplate language allowed for the receipt and expenditure of these funds.	1,255,200
4. Legislative Adjustment. The Governor increased funding by a total of 11.6%. Funding will primarily be used to cover increased other post-employment benefits (OPEB) and other unfunded retirement costs. These increased costs affect only Legislative staff as current Legislators are not eligible for pensions or retirement health care benefits.	12,896,800
5. Economic Adjustments - Auditor General. Includes \$92,400 for OPEB and \$540,000 for other economic adjustments.	632,400
Total Changes	\$14,763,500
FY 2013-14 Governor's Recommendation	\$144,373,700

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **Date Changes.** The Governor extended the work project dates to September 30, 2018, for Property Management and Legislative Automated Processing. (Secs. 11-606 and 11-607)

Date Completed: 2-15-13

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Senate Bill 194 (as introduced)
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FY 2012-13 Year-to-Date Gross Appropriation \$220,669,300

Changes from FY 2012-13 Year-to-Date:

<ol style="list-style-type: none"> 1. Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations of \$1.5 million for employee lump-sum payments, \$150,000 for Executive Direction and \$600,000 for Central Operations. 2. Anatomical Gift Registry. Governor included funding to promote organ donation. 3. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014. 4. Center for Shared Solutions. The Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities. 5. Wireless Infrastructure and Bandwidth Expansion. The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies. 6. Transportation Administration Collection Fund (TACF). The Governor adjusted the source of funding from this fund to reflect actual revenue. 7. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures by \$606,300 while having a zero effect on the gross appropriation. 8. Contractual Services. The Governor increased funding for costs associated with the Department's servicing of over 20 million customer documents. 9. Olympic Fundraising Plate. The Governor eliminated this line item as the Department no longer collects the fee for this license plate. 10. Assigned Claims Assessments. The Governor eliminated this funding as the services provided regarding assigned claims (uninsured drivers) was transferred to a private entity on January 1, 2013, per P.A. 204 of 2012. 11. Driver Look-Up Fees. The Governor included the additional revenue resulting from the \$1 increase in the fee from \$7 to \$8 for each driver record that is requested. 12. Economic Adjustments. Includes \$661,700 for other post-employment benefits (OPEB) and \$4.3 million for Department economic adjustments. 	<p>(2,294,400)</p> <p>50,000</p> <p>53,400</p> <p>39,000</p> <p>67,600</p> <p>(8,000,000)</p> <p>0</p> <p>500,000</p> <p>(75,700)</p> <p>(1,098,600)</p> <p>4,700,000</p> <p>4,938,300</p> <hr/> <p>(\$1,120,400)</p> <hr/> <p>\$219,548,900</p>
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The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 15.
2. **Total State Spending.** Governor provided a new section stating the amount of total State spending from State resources and the amount of payments to local units of government. (Sec. 15-201)
3. **ATM.** Governor included definition for ATM. (Sec. 15-203)
4. **Out-of-State Travel Report.** Governor included new language requiring the Department to report to the Legislature detailing the Department's out-of-state travel expenses. (Sec. 15-216)
5. **Publicly Accessible Website.** Governor included new language requiring the Department to maintain a publicly accessible website detailing the Department's expenditures, vendor contract information, number of employees, and wage rate information. (Sec. 15-227)
6. **General Fund/General Purpose (GF/GP) Lapse Report.** Governor included new language requiring the State Budget Office to prepare a report that provides estimates of the total GF/GP lapses at the close of the prior fiscal year. (Sec. 15-228)
7. **Public Scorecard and Metrics.** Governor included new language requiring the Department to maintain a publicly accessible website that provides a scorecard that identifies, tracks, and regularly updates key metrics. (Sec. 15-233)
8. **Legal Services.** Governor included language prohibiting the Department from using funds to hire legal services that are the responsibility of the Attorney General. (Sec. 15-234)
9. **Assigned Claims.** Governor removed language allowing the Department to receive and expend funds regarding the settlement of assigned claims (uninsured motorists) as this service will now be done through a private entity per P.A. 204 of 2012. (Current Law Sec. 702)
10. **Driver Look-Up Fees.** Governor included language increasing the fee from \$7 to \$8 for each driver record that is requested. (Sec. 15-703)
11. **Branch Office Closings.** At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on Appropriations and Legislators who represent affected areas regarding the details of the proposal. The Governor eliminated this section. (Current Law Sec. 714)
12. **Business Application Modernization (BAM) Project.** The Governor removed language requiring the Department to report the total amount of funds spent on the BAM project from its inception. (Current Law Sec. 716b)
13. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. (Current Law Sec. 718)
14. **General Fund Expenditures.** Requires the Department to use Restricted Funds before using General Fund dollars. The Governor removed this section. (Current Law Sec. 719)

Date Completed: 2-15-13

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation \$1,142,973,600

Changes from FY 2012-13 Year-to-Date:

- 1. **Removal of One-Time Funding.** Governor excluded FY 2012-13 one-time funding of \$4.7 million for employee lump-sum payments; \$10.0 million for special maintenance; \$7.0 million for space consolidation and \$4.0 million for Teacher Evaluation Pilot Project. (25,680,200)
- 2. **State Police Mobile Computing.** Governor included funding to upgrade mobile computing in State Trooper vehicles. 1,000,000
- 3. **Microsoft Enterprise Agreement.** The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014. 1,423,600
- 4. **Center for Shared Solutions.** The Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities. 936,500
- 5. **Wireless Infrastructure and Bandwidth Expansion.** The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies. 3,163,900
- 6. **Information Technology (IT) - Alignment of IDG Funding.** The IT portion of the budget aligned its IDG funding with enacted FY 2013 appropriations for all departments 4,385,700
- 7. **IT Adjustments.** Governor increased funding in IT appropriations in various departmental IT line items. 3,051,300
- 8. **Motor Vehicle Fleet.** The Governor increased funding to account for higher fuel, maintenance, and vehicle leasing costs. 1,500,000
- 9. **Professional Development Funds.** Governor included funding to provide professional development and trainings for NEREs per contract requirements. 200,000
- 10. **Civil Service Fund Shift.** The Governor transferred 4.0 FTE positions and associated funding to the Department of Human Services to provide trainings specific to DHS. (465,600)
- 11. **One-Time Appropriations.** Governor included the following one-time funding: \$1.5 million Delta County bridge removal; \$10.0 million for special maintenance for State-owned facilities; \$21.3 million for Technology Investments; \$5.0 million for the new Regional Prosperity Grant program; and \$100 for construction authorization of \$20.2 million (\$3.0 million Federal share, \$17.1 million SBA, \$80,100 GF/GP) for the State Emergency Operations Center Project. 37,800,100
- 12. **Military Retirement Program.** The Governor increased funding for the Military Retirement Program to cover unfunded costs associated with prefunding of pensions. 826,100
- 13. **State Building Authority (SBA) Rent Adjustments.** The Governor increased funding for SBA line item for State Agencies to reflect increased debt service costs. 1,700,000
- 14. **Economic Adjustments.** Includes \$2.2 million other post-employment benefits (OPEB) and \$10.8 million for Department economic adjustments. 12,980,200
- 15. **Other Changes.** Miscellaneous adjustments were made to various line items, including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP funding of \$481,000; a negative \$120,000 adjustment for accounting services for the MSP; and an increase of \$300,000 for Administrative Services to hire 1.0 FTE. 180,000

Total Changes \$43,001,600

FY 2013-14 Governor's Recommendation \$1,185,975,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 17.
2. **General Sections.** The Governor included several General Sections (200s) that are included in the General Section of the General Government portion of the current law Omnibus appropriation bill, P.A. 200 of 2012. (Current Law Sections 201-234)
3. **Statewide State-Owned Inventory System.** The Governor deleted current language requiring the Department to develop a plan regarding a Statewide State-owned inventory management system and submit this plan to the Legislature by February 1. (Current Law Sec. 803(5))
4. **Computer Contract Adjustments.** Required notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section. (Current Law Sec. 809)
5. **Motor Vehicle Fleet.**
 - a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
 - b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c) Requires Dept. of Management and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles.
 - d) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$3.04 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.
 - e) Requires Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles.

The Governor removed Subsection 3 and 5 (items c and e above). (Current Law Sec. 813)

6. **Vendor Call or Contact Centers.** The Governor removed current year language requiring disclosure of location of call/contact centers. (Current Law Sec. 817)
7. **Space Consolidation Plan.** The Governor removed current year language requiring the Department to develop a plan regarding the use of funds for consolidation of space in State-owned or leased facilities across the State. (Current Law Sec. 821)
8. **Unclassified Salaries.** Language required the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. (Current Law Sec. 822)
9. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 823(4), 824(required report only), 827(4), 828, 829, 830, 832, 862, 863, 870, 871, and 872. The majority of these sections required the Department to provide either reports or notifications to the Legislature.
10. **State Building Authority Authorizations.** The Governor added new language requiring the Legislature to determine that funding provided in Part 1 is for the leasing of facilities to be used for a public purpose. (Sec. 17-866)
11. **One-time Appropriations.** The Governor provided boilerplate language describing the qualification process for the new proposed Regional Prosperity Grant Program. (Sec. 17-901)

Date Completed: 2-15-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

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FY 2012-13 Year-to-Date Gross Appropriation	\$140,554,900
Changes from FY 2012-13 Year-to-Date:	
<p>1. Great Lakes Water Quality Bond. The Governor recommended increasing appropriations for debt service payments by \$9,411,500 GF/GP to \$15,916,000 in FY 2013-14. This would cover debt service on existing bonds and the additional costs of a proposed \$100.0 million bond issue. The Governor proposed using the bond proceeds for grants and loans to local governments for sanitary sewer and storm sewer improvements, stormwater management plans or programs, and establishing wetland mitigation banks. The voters approved the issuance of Great Lakes Water Quality Bonds in 2002.</p>	9,411,500
<p>2. Clean Michigan Initiative. The Governor recommended an increase in debt service of \$2,886,500 to \$57,187,400 GF/GP in FY 2013-14 to cover the cost of scheduled payments.</p>	2,886,500
<p>3. Quality of Life Bond. The Governor recommended an increasing the debt service line for this program to \$79,965,800 in FY 2013-14. This consists of an increase in scheduled payments of \$2,271,000 GF/GP and an addition \$2.5 million GF/GP in a fund shift that replaces \$2.5 million from the Refined Petroleum Fund.</p>	2,271,000
<p>4. Water Pollution Control Bond and Interest Redemption. The Governor recommended a decrease of \$921,400 GF/GP in the appropriation for debt service on these bonds. The appropriation would be \$1,132,700 in FY 2013-14. This is expected to be the last year of debt service payments on these bonds.</p>	(921,400)
Total Changes	\$13,647,600
FY 2013-14 Governor's Recommendation	\$154,202,500

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Boilerplate Changes.** There are no boilerplate changes related to Treasury - Debt Service.
2. **Facility for Rare Isotope Beams (FRIB) Debt Service.** Please see the highlights sheet for Treasury - Michigan Strategic Fund for boilerplate changes related to the proposed payment of debt service for the FRIB at Michigan State University.

Date Completed: 2-19-13

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 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation \$512,424,800

Changes from FY 2012-13 Year-to-Date:

1. **Distressed Communities.** The Governor recommended \$5.0 million in one-time GF/GP funding for financial consulting services and emergency manager salaries for financially distressed communities. This offsets the removal of \$5,780,000 in supplemental funding for FY 2012-13 provided in the Local Financial Stability and Choice Act, 2012 PA 436. (780,000)
2. **Information Technology (IT) System.** The Governor recommended \$1,763,300 in one-time GF/GP to develop system requirements for replacing the business tax registration and sales, use, and withholding IT systems. Total cost is estimated at \$23.1 million over 3 years in the DTMB and Treasury budgets. 1,763,300
3. **Digital Tobacco Stamps.** The Governor recommended \$3.0 million from tobacco tax revenue for the cost of implementing digital tax stamps for cigarettes. 3,000,000
4. **Casino Gaming Control Board IT System.** The Governor recommended a one-time appropriation of \$3.0 million to replace IT. Funding would consist of \$2.3 million from the Casino Gaming Fund and \$700,000 from the State Services Fee Fund. 3,000,000
5. **Internet Lottery Sales.** The Governor increased funding by \$3,350,000 and 10.0 FTEs for the implementation of lottery sales on the Internet. 3,350,000
6. **Payments in Lieu of Taxes (PILT).** The Governor increased PILT funding by \$1,734,500 to provide full funding for PILT in compliance with 2012 PA 603 and 2012 PA 604. 1,734,500
7. **Tax Plan Implementation.** The Governor recommended \$942,600 for ongoing costs of administering State taxes. 942,600
8. **Unclassified Salaries.** The Governor included the salary of the Director of the Michigan State Housing Development Authority (MSHDA) in the unclassified line. Previously the MSHDA director was a classified employee. 57,700
9. **Program Transfers.** The Governor transferred \$3.5 million GF/GP for Renaissance Zone Reimbursement for community colleges from Treasury to the community college budget. The community share payment for the Facility Rare Isotope Beams at MSU of \$2,339,900 GF/GP was transferred from Treasury to the Michigan Strategic Fund Agency. (5,839,900)
10. **Eliminate One-time Funding.** The Governor removed one-time funding of \$3.0 million for Treasury legal services and \$2,742,700 in State employee lump sum payments. (5,742,700)
11. **Qualified Agricultural Loan Origination Program.** The Governor removed supplemental funding of \$15.0 million GF/GP in FY 2012-13 for this assistance to farmers. (15,000,000)
12. **Dual Enrollment.** The Governor reduced funding for tuition payments for nonpublic school students dually enrolled in postsecondary courses from \$10.0 million in FY 2012-13 to \$1.0 million in FY 2013-14 based on previous reimbursement costs. (9,000,000)
13. **Economic Adjustments.** Includes \$1,056,800 Gross and \$158,500 GF/GP for OPEB and \$6,196,300 Gross and \$1,149,500 GF/GP for other economic adjustments. 7,253,100
14. **Other Changes.** The Governor recommended \$203,000 in IT cost adjustments, removal of \$1,243,300 in unrealized Federal funds, reduction of \$335,000 in spending authority for local assessor fees, and a data collection fee adjustment of \$9,100. (1,366,200)

Total Changes (\$16,627,600)

FY 2013-14 Governor's Recommendation \$495,797,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The budget for the Department of Treasury is in Article 19. The Governor combined the existing line items into one line for each current unit. Fund source details were not included. (Article 2)
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Treasury. These sections include:
 - Report on total State spending for the Department. (Sec. 19-201)
 - Compliance with the Management and Budget Act. (Sec. 19-202)
 - Definitions. Many were eliminated due to the deletion of fund source detail. (Sec. 19-203)
 - Use of the Internet for reporting requirements. (Sec. 19-208)
 - Report on out-of-state travel. (Sec. 19-216)
 - Prohibition on outside legal services. (Sec. 19-226)
 - Restricted Revenue Report. (Sec. 19-227)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 19-228)
3. **Deleted Reports.** The Governor recommended deleting the following reports: bond restructuring (Sec. 902a), cost of collections of unpaid taxes and loans (Sec. 903(3)), senior citizens' cooperative housing tax exemption audit report (Sec. 913(2)), unclaimed property audits (Sec. 919(2)), public private partnership (Sec. 925(5)), costs of collections for State departments (Sec. 930(2)), restricted fund management fees (Sec. 931), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(2)), and pension consultant report (Sec. 944).
4. **Public Private Partnership.** The Governor deleted the current prohibition against support for the Detroit River International Crossing or any successor project by the Department or the Public Private Partnership Fund. (Sec. 925 and 925a)
5. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. (Sec. 2-229)
6. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the department's performance. (Sec. 2-230)
7. **Assessor Certification and Training Fees.** The Governor deleted the schedule of fees for property assessor examinations, initial certifications, and renewal fees and recommended that the State Tax Commission determine these fees annually. Current fees are set in boilerplate as follows: examination fee, \$50; initial certification fee, \$50; annual renewal fee for level 1 and 2 assessors, \$75; and annual renewal fee for level 3 and 4 assessors, \$125. Revenue from the fees is used to offset the costs of the training and certification program. (Sec. 19-907)
8. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. (Sec. 963)

Date Completed: 2-21-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation	\$1,083,700,000
Changes from FY 2012-13 Year-to-Date:	
1. Constitutional Revenue Sharing. The Governor recommended an increase in constitutional revenue sharing payments of \$29,450,200 or 4.1% based on the sales tax estimate from the most recent consensus revenue estimating conference. This would increase payments from an estimated \$713,100,000 in FY 2012-13 to \$742,550,200 in FY 2013-14. The Michigan Constitution requires the distribution of 15% of the sales tax revenue collected at a rate of 4% to cities, villages, and townships on a per capita basis.	29,450,200
2. County Revenue Sharing. The Governor increased funding for county revenue sharing by \$8.0 million to \$112,480,000 in FY 2013-14 to cover the cost of a county projected to re-enter State-paid county revenue sharing program next year and the 11 counties that received part-year State payments in FY 2012-13 and will increase to full-year State-paid funding in FY 2013-14. County Revenue Sharing provides State payments to any county that has completed withdrawals from its revenue sharing reserve fund created by acceleration of property tax collections in 2005.	8,000,000
3. County Incentive Program. The Governor increased funding for the County Incentive Program by \$2.0 million to cover the cost of the additional counties that receive County Revenue Sharing and thus become eligible for the incentive program.	2,000,000
4. Economic Vitality Incentive Program. The Governor continued funding for this program at \$225.0 million in FY 2013-14, the same amount as in the current year.	0
5. Competitive Grant Assistance Program. The Governor recommended funding this program at \$225.0 million in FY 2013-14, the same amount as in the current year.	0
Total Changes	\$39,450,200
FY 2013-14 Governor's Recommendation	\$1,123,150,200

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Economic Vitality Incentive Program (EVIP).** The Governor recommended changes to each of the incentive categories:
 - **Category 1 - Accountability and Transparency:** The Governor specified the requirements for the debt service report that is currently part of the budget report. This would consist of a statement of issuance dates, issuance amounts, and a listing of annual debt service payments.
 - **Category 2 - Consolidation of Services:** The Governor required participants to report on the status of previous proposals and add a new proposal for consolidation, collaboration, or cooperation with potential savings and a timeline for implementation.
 - **Category 3 - Employment Compensation:** The Governor increased the requirements in this area to require that a recipient establish an employment compensation plan that meets the required criteria *and* comply with the requirements of the Publicly Funded Health Insurance Contribution Act, Public Act 152 of 2011. The compensation plan would have the same elements as in the current year in that it would be a plan that the local government intends to implement with any new, modified, or extended employee contract or employment agreement and would be required to comply with specific limits regarding retirement plans costs and multipliers. (Sec. 19-952)
2. **Competitive Grant Assistance Program (CGAP).** The Governor recommended that \$7.5 million of the \$15.0 million appropriation be allocated for projects to combine public safety operations. He also recommended expanding eligibility to authorities that combine operations with a city, village, township, or county. (Sec. 19-951)

Date Completed: 2-19-13

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Senate Bill 194 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is House Bill 4328](#)

FY 2012-13 Year-to-Date Gross Appropriation \$984,234,400

Changes from FY 2012-13 Year-to-Date:

<p>1. Business Attraction and Community Revitalization. The Governor increased the program by \$20.0 million GF/GP to \$120.0 million. The Governor recommended using \$20.0 million of these funds to increase debt financing for development in distressed urban areas. The proposed Food and Agricultural Industry Growth Initiative was funded at \$2.0 million GF/GP. Use of 21st Century Jobs Trust Fund (CJTF) in the line declined by \$7.5 million. This partially was replaced by \$5.5 million GF/GP.</p> <p>2. Film Incentives. The Governor reduced funding for Film Incentives from \$50.0 million in FY 2012-13 to \$25.0 million in FY 2012-14.</p> <p>3. Land Bank Fast Track Authority. The Governor increased funding for the Land Bank by \$14,109,800 and 16.0 FTEs. He recommended \$9.5 million for blight elimination, \$4.0 million for the proposed Good Neighbor Program to improve maintenance of property owned by the Land Bank, and \$2.5 million for operational expenses. Spending authority for Land Bank program revenue was reduced by \$1,890,200 to the level received.</p> <p>4. Skilled Trades Training Program. The Governor recommended \$10.0 million GF/GP for training grants to businesses that need skilled employees and have a financial hardship in training employees.</p> <p>5. Pure Michigan. The Governor increased funding for the Pure Michigan advertising program to \$29.0 million to support international tourism marketing. The increased funding would come from the 21st CJTF.</p> <p>6. Innovation and Entrepreneurship. The Governor increased 21st CJTF appropriations for this program from \$25.0 million to \$28.5 million.</p> <p>7. Facility for Rare Isotope Beams (FRIB) Debt Service. The Governor proposed that the MSF use up to \$90.9 million of the proceeds from revenue bonds secured by a pledge of State GF/GP revenue to pay the community share of construction costs for the FRIB facility at MSU. Debt service is estimated at \$7.3 million in FY 2013-14. Payments would vary based on the terms of the bond issue and would continue for the life of the bonds. The Governor transferred the FY 2012-13 FRIB appropriation of \$2,339,900 GF/GP from Treasury to the MSF and provided an increase of \$4,961,100 GF/GP.</p> <p>8. Arts and Cultural Grants. The Governor increased funding to \$6,650,000.</p> <p>9. Arts Grant Administration. The Governor increased the Job Creation Services line by \$500,000 to cover administrative costs of the Arts and Cultural Grant Program.</p> <p>10. Federal Revenue. The Governor removed \$21,894,100 in unused spending authority.</p> <p>11. Economic Adjustments. Includes \$365,500 Gross and \$66,000 GF/GP for OPEB and \$2,332,500 Gross and \$409,500 GF/GP for other economic adjustments.</p> <p>12. Other Changes. The Governor added \$1,730,700 in Federal GEAR-UP funding, removed one-time lump sum payments of \$1,135,700, added \$203,100 for information technology costs, and transferred \$132,300 for the wage and hour unit to DLARA per E.O. 2012-9.</p>	<p>20,000,000</p> <p>(25,000,000)</p> <p>14,109,800</p> <p>10,000,000</p> <p>4,000,000</p> <p>3,500,000</p> <p>7,300,000</p> <p>500,000</p> <p>500,000</p> <p>(21,894,100)</p> <p>2,698,000</p> <p>665,800</p> <hr/> <p>Total Changes \$16,379,500</p>
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FY 2013-14 Governor's Recommendation \$1,000,613,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2012-13 Year-to-Date:

1. **Structure of Bill.** The Governor rolled up the appropriations for MSF and MSHDA into one line for each agency, described by a non-binding schedule of programs. No detail on revenue sources was included. (Article 19)
2. **Annual Report.** The Governor combined the MSF and the Michigan Economic Development Corporation (MEDC) annual reports and the tourism report. The requirement to coordinate tourism promotion with the tourism industry was deleted. (Sec. 19-1007)
3. **Limit on Fundraising Activities.** The Governor expanded the prohibition on private fund raising by MEDC staff to apply to staff involved in the award of incentives, in addition to the current grants and tax abatements. (Sec. 19-1013)
4. **Core Communities Report.** The Governor deleted the annual report on this program.
5. **Allocation of Business Attraction Funding.** The Governor revised the requirement on allocation of the appropriation for Business Attraction and Community Revitalization to state that \$20.0 million must be granted for community revitalization. (Sec. 19-1024)
6. **Spending Plan Report.** The Governor eliminated the spending plan report for Innovation and Entrepreneurship and Business Attraction and Economic Gardening (now Community Revitalization) and replaced it with a semi-annual report on MSF board allocations of appropriations in part 1. (Sec. 19-1031)
7. **Film Incentive Intent Language.** The Governor retained language that specifies that the percentage of State qualified production expenditures that are eligible for reimbursement is determined as of the date of the film incentive agreement. He deleted language that stated that this was the intent of the Legislature. (Sec. 1033b)
8. **Business Incubators.** The Governor deleted language that allocated up to \$8.5 million from the line item for Innovation and Entrepreneurship to business incubators and accelerators including Automation Alley and locations in Detroit and Houghton, Isabella, Kent, Macomb, Oakland, Washtenaw, Midland, Ingham, and Mason counties.
9. **Van Andel Institute Allocation.** The Governor deleted a \$500,000 allocation from the line item for Innovation and Entrepreneurship to the Van Andel Institute for match for Federal research grants.
10. **Arts and Cultural Grant Administration.** The Governor deleted the current \$100,000 cap on funds from the arts grants line item available for administration of the program. (Sec. 1035)
11. **FRIB.** The Governor added requirements for issuance of bonds to fund FRIB construction. Prior to issuing bonds, the MSF and the State Budget Director must determine that all construction approvals have been obtained and Federal construction funds are available. The bond proceeds used for construction are limited to \$90,960,100, the remaining amount of the community share. Funds would be distributed to MSU on a reimbursement basis. The State Budget Director would retain the authority and fiduciary responsibility necessary to protect the public's financial and policy interests. Any actions under that authority, such as rescinding payments, would be reported to the Legislature within 10 days of the exercise of that authority. (Sec. 19-1037)
12. **Precollege Engineering Programs.** The Governor deleted boilerplate that specified the distribution of the final year of funding for the Detroit and Grand Rapids precollege engineering program.
13. **Workforce Development Terminology.** The Governor replaced references to the Jobs, Education, and Training (JET) program with Partnership, Accountability, Training, and Hope (PATH), the new approach to workforce participation required of recipients of cash assistance. (Sec. 19-1060)
14. **Workforce Investment Act Prior Year Funds.** The Governor eliminated the report to the Legislature of funds appropriated from prior year WIA and Trade Adjustment Assistance awards. (Sec. 19-1063)

Date Completed: 2-19-13

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