

**Summary: FIRST CONFERENCE REPORT  
TOTAL GENERAL GOVERNMENT  
FY 2005-06**



**Analysts: Robin Risko  
Viola Wild**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$2,584,921,400	\$2,649,335,800	\$2,654,954,600	\$2,601,414,100	\$2,914,403,600
<b>IDG</b>	547,333,300	581,480,000	596,883,500	572,170,600	573,818,400
<b>Federal</b>	52,088,500	52,977,000	52,367,000	51,590,600	52,977,000
<b>Local</b>	20,532,800	2,725,400	2,725,400	2,664,300	2,725,400
<b>Private</b>	550,100	550,100	550,100	550,100	550,100
<b>Restricted</b>	1,646,383,800	1,675,337,700	1,668,332,900	1,647,366,500	1,687,569,800
<b>GF/GP</b>	<b>\$318,032,900</b>	<b>\$336,265,600</b>	<b>\$334,095,700</b>	<b>\$327,072,000</b>	<b>\$596,762,900</b>
<b>FTEs</b>	7,043.4	7,056.4	7,099.4	7,039.4	7,109.4

**Overview of All General Government Departments**

The Conference Report totals \$2.9 billion Gross and \$596.8 million GF/GP. Of the \$596.8 million GF/GP, \$256.0 million is due to the transfer of State Building Authority rent payments from the Capital Outlay budget to the General Government budget.

The Conference Report is \$329.5 million, or 12.7%, over current-year Gross and \$278.7 million, or 87.6%, over current-year GF/GP.

The Conference Report is \$265.1 million, or 10.0%, over the revised Executive recommended Gross and \$260.5 million, or 77.5%, over the revised Executive recommended GF/GP.

**Summary of Major Budget Issues**

Listed by department on the following pages.

**Summary: First Conference Report  
ATTORNEY GENERAL  
FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$62,477,700	\$65,880,300	\$64,877,100	\$62,499,300	\$64,720,400
<b>IDG</b>	12,545,500	13,359,300	13,193,500	12,619,700	13,408,400
<b>Federal</b>	8,394,300	8,799,400	8,799,400	8,394,300	8,799,400
<b>Local</b>	0	0	0	0	0
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	10,485,000	11,011,400	11,011,400	10,485,000	11,011,400
<b>GF/GP</b>	<b>\$31,052,900</b>	<b>\$32,710,200</b>	<b>\$31,872,800</b>	<b>\$31,000,300</b>	<b>\$31,501,200</b>
<b>FTEs</b>	564.0	566.0	566.0	566.0	566.0

**Overview**

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

**Major Budget Changes from FY 2004-05  
YTD Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>\$1,776,300</b>	<b>\$1,776,300</b>	<b>\$0</b>	<b>\$1,776,300</b>
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	IDG	384,600	384,600	0	384,600
	Federal	271,900	271,900	0	271,900
	Restr	355,600	355,600	0	355,600
	GF/GP	\$764,200	\$764,200	\$0	\$764,200
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$1,047,400</b>	<b>\$1,047,400</b>	<b>\$0</b>	<b>\$1,047,400</b>
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	IDG	189,200	189,200	0	189,200
	Federal	133,200	133,200	0	133,200
	Restr	170,800	170,800	0	170,800
	GF/GP	\$554,200	\$554,200	\$0	\$554,200
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>\$341,500</b>	<b>\$341,500</b>	<b>\$0</b>	<b>\$341,500</b>
Includes an additional \$522,700 for building occupancy charges, reduces funding for private rent charges by \$124,200, and reduces funding for workers' compensation premium costs by \$57,000.	GF/GP	\$341,500	\$341,500	\$0	\$341,500

**Major Budget Changes from FY 2004-05**  
**YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$371,600)</b>
Reflects a savings, pursuant to Leadership Agreement, due to reduced computing contract costs and lower than anticipated group insurance costs.	GF/GP	\$0	\$0	\$0	(\$371,600)
<b>5. Legal Representation for Tax Reverted Land</b>	FTEs	2.0	2.0	2.0	2.0
	<b>Gross</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>
Includes authorization for additional FTE positions and IDG funding for legal representation to be provided for cases involving tax reverted land. The Department of Treasury will pay the Attorney General for these services from the Land Reutilization Fund.	IDG	240,000	240,000	240,000	240,000
	GF/GP	\$0	\$0	\$0	\$0
<b>6. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$840,000)</b>	<b>(\$52,600)</b>	<b>(\$840,000)</b>
Reduces the amount of GF/GP funding available for various line items throughout the budget, including funding for information technology services and projects.	GF/GP	\$0	(\$840,000)	(\$52,600)	(\$840,000)

**Major Boilerplate Changes from FY 2004-05:**

***Sec. 301. Contingency Funding***

**Executive** includes new language that appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

***Sec. 307. Carry Forward of Recovery Revenues***

**Executive** includes language that authorizes unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by the Department, up to \$250,000, to be carried forward and available for appropriation in the next fiscal year. **House, Senate, and Conference Committee** authorize up to \$1,000,000 to be carried forward.

***Sec. 309. Prisoner Reimbursement Revenue***

**House, Senate, and Conference Committee** modify current-year language to authorize the Department to carry forward up to \$500,000 of unexpended prisoner reimbursement revenue for expenditure in the next fiscal year.

***Sec. 310. Child Support Enforcement Funding***

**Executive** deletes current-year language that requires the Department of Human Services to maintain a cooperative agreement with the Department of Attorney General for federal Title IV-D funding to be used to support child support enforcement activities within the Department of Attorney General. **House, Senate, and Conference Committee** retain current-year language.

**Summary: First Conference Report  
CIVIL RIGHTS  
FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$12,815,200	\$13,335,100	\$12,818,500	\$12,481,000	\$13,158,500
<b>IDG</b>	0	0	0	0	0
<b>Federal</b>	1,247,700	1,049,800	1,049,800	1,049,800	1,049,800
<b>Local</b>	0	0	0	0	0
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	0	0	0	0	0
<b>GF/GP</b>	\$11,567,500	\$12,285,300	\$11,768,700	\$11,431,200	\$12,108,700
<b>FTEs</b>	141.0	141.0	141.0	141.0	141.0

**Overview**

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, and provides information and services to businesses on equal employment laws and other civil rights areas.

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>\$346,900</b>	<b>\$346,900</b>	<b>\$0</b>	<b>\$346,900</b>
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	<b>GF/GP</b>	\$346,900	\$346,900	\$0	\$346,900
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$413,400</b>	<b>\$413,400</b>	<b>\$0</b>	<b>\$413,400</b>
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	<b>GF/GP</b>	\$413,400	\$413,400	\$0	\$413,400
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>\$136,300</b>	<b>\$136,300</b>	<b>\$0</b>	<b>\$136,300</b>
Includes an additional \$150,300 for building occupancy charges and reduces funding for workers' compensation premium costs by \$14,000.	<b>GF/GP</b>	\$136,300	\$136,300	\$0	\$136,300
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$176,600)</b>
Reflects a savings, pursuant to Leadership Agreement, due to reduced computing contract costs and lower than anticipated group insurance costs.	<b>GF/GP</b>	\$0	\$0	\$0	(\$176,600)

**Major Budget Changes from FY 2004-05 YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>5. Administrative Efficiency Reductions</b>	<b>Gross</b>	<b>(\$200,900)</b>	<b>(\$200,900)</b>	<b>\$0</b>	<b>(\$200,900)</b>
Reduces the amount of funding available for administrative expenses. Savings are anticipated to be generated through not filling a vacant position in the Contact Management System and eliminating one position in the Quality Control System.	GF/GP	(\$200,900)	(\$200,900)	\$0	(\$200,900)
<b>6. Federal Funding Adjustment</b>	<b>Gross</b>	<b>(\$197,900)</b>	<b>(\$197,900)</b>	<b>(\$197,900)</b>	<b>(\$197,900)</b>
Reduces federal Equal Employment Opportunity Commission grant funding by \$73,700 and of United States Department of Housing and Urban Development funding by \$124,200 based on revenue projections.	Federal GF/GP	(197,900) \$0	(197,900) \$0	(197,900) \$0	(197,900) \$0
<b>7. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$519,200)</b>	<b>(\$146,300)</b>	<b>(\$2,600)</b>
Reduces the amount of GF/GP funding available for various line items throughout the budget, including funding for information technology services and projects.	GF/GP	\$0	(\$519,200)	(\$146,300)	(\$2,600)

**Major Boilerplate Changes from FY 2004-05:**

***Sec. 401. Contingency Funding***

**Executive** includes new language that appropriates federal contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

**Summary: First Conference Report  
CIVIL SERVICE  
FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$34,917,400	\$36,288,500	\$36,087,300	\$35,123,900	\$35,941,600
<b>IDG</b>	5,370,900	5,670,900	5,670,900	5,670,900	5,670,900
<b>Federal</b>	4,779,100	4,779,100	4,779,100	4,779,100	4,779,100
<b>Local</b>	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Private</b>	150,000	150,000	150,000	150,000	150,000
<b>Restricted</b>	15,474,600	16,539,200	16,539,200	15,474,600	16,539,200
<b>GF/GP</b>	<b>\$7,442,800</b>	<b>\$7,449,300</b>	<b>\$7,248,100</b>	<b>\$7,349,300</b>	<b>\$7,102,400</b>
<b>FTEs</b>	240.5	240.5	240.5	240.5	240.5

**Overview**

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

**Major Budget Changes from FY 2004-05 YTD**

<b><u>Appropriations:</u></b>		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>\$588,600</b>	<b>\$588,600</b>	<b>\$0</b>	<b>\$588,600</b>
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	Restr	384,800	384,800	0	384,800
	GF/GP	\$203,800	\$203,800	\$0	\$203,800
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$880,700</b>	<b>\$880,700</b>	<b>\$0</b>	<b>\$880,700</b>
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	Restr	611,300	611,300	0	611,300
	GF/GP	\$269,400	\$269,400	\$0	\$269,400
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>\$81,500</b>	<b>\$81,500</b>	<b>\$0</b>	<b>\$81,500</b>
Includes an additional \$40,500 for building occupancy charges and \$41,000 for workers' compensation premium costs.	Restr	53,800	53,800	0	53,800
	GF/GP	\$27,700	\$27,700	\$0	\$27,700
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$145,700)</b>
Reflects a savings, pursuant to Leadership Agreement, due to reduced computing contract costs and lower than anticipated group insurance costs.	GF/GP	\$0	\$0	\$0	(\$145,700)

**Major Budget Changes from FY 2004-05 YTD****Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>5. Administrative Efficiency Reductions</b>	<b>Gross</b>	<b>(\$454,200)</b>	<b>(\$454,200)</b>	<b>\$0</b>	<b>(\$454,200)</b>
Reduces the amount of funding available for administrative expenses. Savings are anticipated to be generated through program reductions, not filling vacant positions, and reducing CSS&M costs.	GF/GP	(\$454,200)	(\$454,200)	\$0	(\$454,200)
<b>6. Increased Funding for Training</b>	<b>Gross</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
Includes additional IDG funding for training programs provided by the Department of Civil Service to state employees. There has been an increase in the number of training sessions and costs due to a larger demand for training certified project managers in the Department of Transportation and to an overall increase in training activity for communication and writing classes. The various state departments, which have employees participating in these training programs, reimburse the Department of Civil Service.	IDG	300,000	300,000	300,000	300,000
	GF/GP	\$0	\$0	\$0	\$0
<b>7. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$201,200)</b>	<b>(\$93,500)</b>	<b>(\$201,200)</b>
Reduces the amount of GF/GP funding available for various line items throughout the budget, including funding for information technology services and projects.	GF/GP	\$0	(\$201,200)	(\$93,500)	(\$201,200)

**Major Boilerplate Changes from FY 2004-05:****Sec. 501. Contingency Funding**

**Executive** includes new language that appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

**Sec. 502. Funding for Civil Service Operations**

**Executive, House, Senate, and Conference Committee** modify current-year language to require all restricted funds to be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing Civil Service operations to authorize the Department to adjust funding sources for civil service 1% charges based on actual payroll expenditures.

**Sec. 505. Report on Feasibility of Child Care Centers**

**Executive, House, Senate, and Conference Committee** delete current-year language that requires the Department of Civil Service, in cooperation with the Office of the State Employer, to prepare a report regarding the feasibility of establishing quality child care centers to accommodate the needs of state employees. The report is to include possible locations, potential number of children that would be served, possible federal funding sources available, benefits of work behavior and attitudes to employees and employers, and estimated cost of the program.

**Summary: First Conference Report**  
**EXECUTIVE**  
**FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$5,205,500	\$5,205,500	\$5,092,000	\$5,205,500	\$5,375,500
<b>IDG</b>	0	0	0	0	0
<b>Federal</b>	0	0	0	0	0
<b>Local</b>	0	0	0	0	0
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	0	0	0	0	0
<b>GF/GP</b>	\$5,205,500	\$5,205,500	\$5,092,000	\$5,092,000	\$5,375,500
<b>FTEs</b>	84.2	84.2	84.2	84.2	84.2

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

***1. Funding for Operations***

Includes additional funding for the Executive Office operations line item.

**Gross**

GF/GP

<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>\$0</b>	<b>(\$113,500)</b>	<b>\$0</b>	<b>\$170,000</b>
<b>\$0</b>	<b>(\$113,500)</b>	<b>\$0</b>	<b>\$170,000</b>

**Major Boilerplate Changes from FY 2004-05:**

**There is no boilerplate for the Executive Office.**



**Summary: First Conference Report  
INFORMATION TECHNOLOGY  
FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$351,165,900	\$373,405,100	\$389,104,000	\$367,505,200	\$365,194,400
<b>IDG</b>	351,165,900	373,405,100	389,104,000	367,505,200	365,194,400
<b>Federal</b>	0	0	0	0	0
<b>Local</b>	0	0	0	0	0
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	0	0	0	0	0
<b>GF/GP</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FTEs</b>	1,762.4	1,766.4	1,766.4	1,766.4	1,766.4

**Overview**

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Information Technology Funding</b>	<b>Gross</b>	<b>\$22,239,200</b>	<b>\$37,938,100</b>	<b>\$16,339,300</b>	<b>\$14,028,500</b>
Makes adjustments to line item funding levels and reflects the Leadership Agreement related to contract and group insurance savings. The DIT budget reflects the amount of funding included in the various state department budgets for information technology services and projects. Total change by line item is as follows:	<b>IDG</b>	22,239,200	37,938,100	16,339,300	14,028,500
	<b>GF/GP</b>	\$0	\$0	\$0	\$0
Enterprisewide Services		0	0	(3,419,600)	(922,300)
Health and Human Services		13,931,100	30,854,900	15,993,700	11,233,100
Education Services		86,600	52,800	354,500	(104,000)
Public Protection		1,381,900	680,500	5,179,400	(2,144,500)
Resources Services		1,786,400	1,737,200	1,946,800	1,484,300
Transportation Services		544,900	544,900	(1,808,400)	544,900
General Services		4,508,300	4,067,800	(1,907,100)	3,937,000

**\*Please refer to each state department's budget summary for specific information relative to funding adjustments made for information technology services and projects**

## **Major Boilerplate Changes from FY 2004-05:**

### ***Sec. 573. Sale of Paid Advertising***

Current-year language authorizes the Department to sell and accept paid advertising; requires revenue received to be used for operating costs and for future technology enhancements; limits the amount of revenue that can be received from the sale of paid advertising to \$250,000; requires that funds collected in excess of \$250,000 be deposited into the general fund; appropriates and allots any funding received; requires a privacy policy to be adopted; and requires a report on the total amount of revenue received from the sale of paid advertising and on the total number of transactions. **Executive** modifies current-year language by deleting the \$250,000 limit on funding that can be received from the sale of paid advertising, deleting the requirement that funds collected in excess of \$250,000 be deposited into the general fund, deleting the privacy policy requirement, deleting the reporting requirement, adding that the Department is authorized to accept gifts, donations, contributions, bequests, and grants of money, and adding authorization for unexpended funding to be carried forward. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 574. Spatial Information/Technical Services***

Current-year language authorizes the Department to supply spatial information and technical services to other state departments, local units of government, and other organizations; to receive and expend funding for providing such services, publications, maps, and other products; and to report on expenditures made. **Executive** modifies current-year language by deleting the reporting requirement. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 577. Michigan Public Safety Communications System***

Current-year language requires the appropriation for the Michigan Public Safety Communications System to be expended upon approval of an expenditure plan, requires the Department to assess reasonable access and maintenance fees to all subscribers of the system, requires revenue received to be deposited into the general fund, and requires a report on the amounts of revenue collected and deposited. **House** retains current-year language. **Executive, Senate, and Conference Committee** modify current-year language by deleting the requirement that revenue received be deposited into the general fund, and, instead, requiring it to be expended for support and maintenance of the system.

### ***Sec. 578. Report on Appropriations and Expenditures***

**Executive** deletes current-year language that requires the Department to submit a report on the total amount of funding appropriated for information technology services and projects, by funding source, for all state departments and requires a listing of expenditures made from amounts received. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 579. Report on Life-Cycle of Hardware and Software***

**Executive** and **Senate** delete current-year language that requires the Department to submit a report, which analyzes and makes recommendations on the life cycle of information technology hardware and software. **House** and **Conference Committee** retain current-year language.

### ***Sec. 581. Contingency Funding***

**Executive** includes new language that appropriates IDG funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

### ***Sec. 582. Master Computing Contract***

**Executive, House, and Senate** include new language that requires the Department to reduce Michigan Master Computing Contract general fund expenditures by \$2,060,000. **Conference Committee** does not include the new language because the Leadership Agreement included the reductions in line items throughout the state budget.

### ***Sec. 584. Information and Referral Services Using 2-1-1***

**Senate** and **Conference Committee** include new language that requires the Department to coordinate a study with the Departments of Human Services, Community Health, Labor and Economic Growth, Education, and State Police which identifies all information and referral services for state government. The study is to summarize the purpose, scope, and cost of each service and identify potential cost savings to the state through the shared use of 2-1-1.

**Major Boilerplate Changes from FY 2004-05:**

***Sec. 585. Child Support Enforcement System Report***

**House and Conference Committee** include new language that requires the Department to provide a report on the total amount of funding expended for the Child Support Enforcement System, and requires the report to include information on the original start date and completion date for the project, the original cost to complete the project, a listing of all revisions to project completion dates and costs, and the total amount of funds paid to the federal government for penalties.

**Summary: First Conference Report**  
**LEGISLATURE**  
**FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$126,731,900	\$126,731,900	\$125,064,100	\$125,909,900	\$129,731,900
<b>IDG</b>	1,801,500	1,801,500	2,301,500	1,801,500	2,301,500
<b>Federal</b>	0	0	0	0	0
<b>Local</b>	0	0	0	0	0
<b>Private</b>	400,000	400,000	400,000	400,000	400,000
<b>Restricted</b>	2,356,500	2,356,500	2,356,500	2,356,500	2,356,500
<b>GF/GP</b>	<b>\$122,173,900</b>	<b>\$122,173,900</b>	<b>\$120,006,100</b>	<b>\$121,351,900</b>	<b>\$124,673,900</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0

**Overview**

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Office of the Auditor General, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Office of the Auditor General is responsible for conducting financial and performance audits of state government operations; the Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Legislature Funding</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$3,167,800)</b>	<b>(\$822,000)</b>	<b>\$2,500,000</b>
Makes adjustments to line item funding levels, reflecting the Leadership Agreement.	GF/GP	\$0	(\$3,167,800)	(\$822,000)	\$2,500,000
<b>2. Evaluation of Correctional Facilities</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$500,000</b>
Includes IDG funding from the Department of Corrections for the Legislative Auditor General to contract with Standard and Poors for an evaluation and comparison of correctional facilities.	IDG	0	500,000	0	500,000
	GF/GP	\$0	\$0	\$0	\$0

**Major Boilerplate Changes from FY 2004-05:**

**Sec. 615. Evaluation of Correctional Facilities**

**Senate** and **Conference Committee** include new language that expresses Legislative intent that the Legislative Auditor General contract with Standard and Poors for an evaluation and comparison of each correctional facility, including, but not limited to, physical plants, staffing, programming, security levels, and costs.

**Summary: First Conference Report  
MANAGEMENT AND BUDGET  
FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$212,668,000	\$233,146,800	\$231,941,900	\$227,699,800	\$231,914,100
<b>IDG</b>	143,276,700	153,786,800	153,785,400	152,490,700	153,786,800
<b>Federal</b>	444,600	0	0	444,600	0
<b>Local</b>	0	0	0	0	0
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	33,206,100	42,909,400	42,909,400	40,484,900	42,909,400
<b>GF/GP</b>	<b>\$35,740,600</b>	<b>\$36,450,600</b>	<b>\$35,247,100</b>	<b>\$34,279,600</b>	<b>\$35,217,900</b>
<b>FTEs</b>	731.0	751.0	751.0	751.0	751.0

**Overview**

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>\$2,283,500</b>	<b>\$2,283,500</b>	<b>\$0</b>	<b>\$2,283,500</b>
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	IDG	758,700	758,700	0	758,700
	Restr	672,600	672,600	0	672,600
	GF/GP	\$852,200	\$852,200	\$0	\$852,200
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$2,490,000</b>	<b>\$2,490,000</b>	<b>\$0</b>	<b>\$2,490,000</b>
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	IDG	898,200	898,200	0	898,200
	Restr	634,500	634,500	0	634,500
	GF/GP	\$957,300	\$957,300	\$0	\$957,300
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>\$520,700</b>	<b>\$520,700</b>	<b>\$0</b>	<b>\$520,700</b>
Includes additional funding for building occupancy charges for space DMB occupies in both private and state-owned buildings, for building occupancy charges for space occupied by the Legislature and Executive Office but managed by DMB, for increased private rent costs, and for building occupancy charges for the Office of Children's Ombudsman.	IDG	126,100	126,100	0	126,100
	Restr	173,800	173,800	0	173,800
	GF/GP	\$220,800	\$220,800	\$0	\$220,800

**Major Budget Changes from FY 2004-05 YTD  
Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,092,000)</b>
Reflects a savings, pursuant to Leadership Agreement, due to reduced computing contract costs and lower than anticipated group insurance costs.	GF/GP	\$0	\$0	\$0	(\$1,092,000)
<b>5. Transfer of the State Fair</b>	FTEs	9.0	9.0	9.0	9.0
Reflects the transfer of the Michigan State Fair, pursuant to Public Act 468 of 2004, from the Department of Agriculture to DMB.	<b>Gross</b>	<b>\$5,486,100</b>	<b>\$5,486,100</b>	<b>\$5,486,100</b>	<b>\$5,486,100</b>
Appropriations for the State Fair are supported with revenue from the State Exposition and Fairgrounds Fund.	Restr	5,486,100	5,486,100	5,486,100	5,486,100
	GF/GP	\$0	\$0	\$0	\$0
<b>6. Cadillac Place Lease</b>	<b>Gross</b>	<b>\$10,140,000</b>	<b>\$10,140,000</b>	<b>\$10,140,000</b>	<b>\$10,140,000</b>
Restores \$10.1 million for lease payments to be made on the Cadillac Place building in Detroit.	IDG	10,140,000	10,140,000	10,140,000	10,140,000
Funding was reduced from the prior two fiscal year budgets as a result of restructuring lease payments. The funding is required to be restored in the FY 2006 budget so that lease obligations can be met.	GF/GP	\$0	\$0	\$0	\$0
<b>7. Property Tax Reduction for Constitution Hall</b>	FTEs	4.0	4.0	4.0	4.0
Reflects a savings as a result of the state's purchase of Constitution Hall and not having to pay property taxes on the building because of state ownership. Additional FTE position authorization is included to reflect DMB management and operation of the building, as opposed to management by the lessor.	<b>Gross</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>	<b>(\$1,500,000)</b>
	IDG	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
	GF/GP	\$0	\$0	\$0	\$0
<b>8. One Division Building (Grand Rapids)</b>	<b>Gross</b>	<b>\$604,500</b>	<b>\$604,500</b>	<b>\$604,500</b>	<b>\$604,500</b>
The One Division building is a private leased facility managed by DMB for use by multiple state agencies. Two floors of the building are being renovated to meet the needs of the federal Bankruptcy Court which will be moving into the building. Funding is included to cover additional lease costs which will occur once the Court moves into the building.	IDG	604,500	604,500	604,500	604,500
	GF/GP	\$0	\$0	\$0	\$0
<b>9. Private Rent Increases</b>	<b>Gross</b>	<b>\$349,300</b>	<b>\$349,300</b>	<b>\$349,300</b>	<b>\$349,300</b>
Includes additional funding to cover the cost of annual rent adjustments specified in private leases. These leases are for buildings which are leased by DMB and occupied by other state departments. Adjustments are made for annual CPI increases in base rent, increases in utility costs, property tax adjustments, and operation/maintenance costs.	IDG	349,300	349,300	349,300	349,300
	GF/GP	\$0	\$0	\$0	\$0

**Major Budget Changes from FY 2004-05 YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>10. e-Procurement System</b>	FTEs	3.0	3.0	3.0	3.0
Includes FTE positions and funding for development and administration of the new e-Procurement System. The system will provide an online, statewide, "one-stop shop" marketplace for purchasers and will enable the state to gather purchasing information for reporting purposes, collect and review government spending patterns for the purposes of leveraging better pricing, increase vendor competition in the bidding process, and consolidate workloads.	<b>Gross</b>	<b>\$1,450,000</b>	<b>\$1,450,000</b>	<b>\$1,450,000</b>	<b>\$1,450,000</b>
	Restr	1,450,000	1,450,000	1,450,000	1,450,000
	GF/GP	\$0	\$0	\$0	\$0
<b>11. Retirement Disaster Recovery Plan</b>	<b>Gross</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
Includes additional funding for development and implementation of the new Retirement Business Continuity/Disaster Recovery Plan. The plan will help the Office of Retirement Services to maintain core functional activities, ensuring that the call center is functional and operating within 48 hours of a disaster happening and that pension payments are made to members within one week of a disaster.	Restr	500,000	500,000	500,000	500,000
	GF/GP	\$0	\$0	\$0	\$0
<b>12. Reductions in Operating Costs</b>	FTEs	5.0	5.0	5.0	5.0
Reflects a savings as a result of the following reductions in operating costs:	<b>Gross</b>	<b>(\$582,800)</b>	<b>(\$582,800)</b>	<b>(\$582,800)</b>	<b>(\$582,800)</b>
• Reducing the number of mail deliveries each day (in cases where there are multiple deliveries) or eliminating mail routes in outlying areas for which costs of applying postage to mail is less than the cost of the mail route (\$337,800 GF/GP)	IDG	(245,000)	(245,000)	(245,000)	(245,000)
• Installing high-speed gates on parking ramps in Lansing, reducing the need for security guard services (\$180,000 IDG)	GF/GP	(\$337,800)	(\$337,800)	(\$337,800)	(\$337,800)
• In-sourcing a portion of the state's contract with Honeywell for maintenance of building energy controls and central monitoring systems (\$65,000 IDG); additional FTE positions are authorized in order to accommodate staff who will perform the maintenance.					
<b>13. Professional Development Funds</b>	<b>Gross</b>	<b>(\$280,000)</b>	<b>(\$280,000)</b>	<b>(\$280,000)</b>	<b>(\$280,000)</b>
Reduces the Professional Development Funds appropriation for AFSCME by \$300,000 and increases the Professional Development Funds appropriation for MPES by \$20,000 in accordance with collective bargaining agreements.	IDG	(280,000)	(280,000)	(280,000)	(280,000)
	GF/GP	\$0	\$0	\$0	\$0
<b>14. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$1,397,600)</b>	<b>(\$388,200)</b>	<b>(\$334,800)</b>
Reduces the amount of GF/GP funding available for various line items throughout the budget, including funding for information technology services and projects.	GF/GP	\$0	(\$1,397,600)	(\$388,200)	(\$334,800)

## **Major Boilerplate Changes from FY 2004-05:**

### **DEPARTMENT OF MANAGEMENT AND BUDGET**

#### ***Sec. 701. Contingency Funding***

**Executive** includes new language that appropriates federal, state restricted, and local contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

#### ***Sec. 705. Statewide Appropriations from Employer Contributions***

**House** and **Senate** retain current-year language. **Executive** and **Conference Committee** modify current-year language that authorizes the Department to receive and expend funding for child care information and referral services, professional development, and severance pay, and authorizes the Department to receive and expend funding for staff support associated with the administration of such services to reflect the collective bargaining agreements for FY 2006 (eliminate language that is no longer relevant).

#### ***Sec. 710. Revisions to Computer Contracts***

**Executive** deletes current-year language that requires DMB to report on any revisions that increase or decrease current computer contracts by more than \$500,000 at least 14 days prior to finalization of revisions. **House, Senate, and Conference Committee** retain current-year language.

#### ***Sec. 714. Michigan Register and Administrative Code***

**House** and **Senate** retain current-year language. **Executive** and **Conference Committee** delete current-year language that authorizes DMB to receive and expend funding to cover costs associated with publication and distribution of the Michigan Register and Michigan Administrative Code. The language is deleted as a result of abolishing the Office of Regulatory Reform from DMB, pursuant to Executive Order 2005-1.

#### ***Sec. 715. Motor Vehicle Fleet***

Current-year language specifies what the motor vehicle fleet appropriation is to be used for; requires the appropriation to be funded by revenue from rates charged to state departments for utilizing vehicle travel services provided by DMB; authorizes carry-forward of excess revenue to the Motor Transport Fund; expresses legislative intent that DMB have the authority to determine the appropriateness of vehicle assignment; expresses legislative intent that DMB have the authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses legislative intent that DMB complete a project plan which results in reducing expenditures related to vehicle travel services, to include reducing the number of state vehicles; requires a quarterly report on the status of the project plan; expresses legislative intent that DMB determine the feasibility of using driver record information upon issuing state cars to state employees in order to ensure responsibility and safety. **Executive** deletes all expressions of legislative intent and the reporting requirement. **Senate** retains all current-year language. **House and Conference Committee** retain all current-year language and add that there be a report on the number of miles driven by fleet vehicles; the number of gallons of fuel consumed by fleet vehicles; a calculation of the amount of state motor fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes; and a description of fleet garage operations, goods sold and services provided by the fleet garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to each fleet garage.

#### ***Sec. 715a. Motor Vehicle Fleet Assignments***

**House, Senate, and Conference Committee** include new language that requires DMB to develop a plan for the number of vehicles assigned to, or authorized for use by, state departments and agencies; authorizes the plan to be adjusted during the fiscal year based on needs and cost savings, in an effort to achieve the maximum value and efficiency from the state motor fleet; and requires a report which details the plan and changes made to the plan during the fiscal year. **Conference Committee** consolidates this section with section 715 above and modifies the entire section to streamline reporting requirements.

#### ***Sec. 716. Purchasing from Michigan-Based Firms***

**Executive** deletes current-year language that requires DMB to adopt policies and procedures necessary to provide a purchasing preference for products manufactured or services offered by Michigan-based firms. **House, Senate, and Conference Committee** retain current-year language.

#### ***Sec. 717. Purchasing Decisions in the Best Interest of the State***

**Executive** deletes current-year language that establishes guidelines for DMB to follow when determining whether purchasing or contracting for supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items needed by state departments is in the best interest of the state. **House, Senate, and Conference Committee** retain current-year language.



## **Major Boilerplate Changes from FY 2004-05:**

### ***Sec. 718. Vendor Disclosure (Information to Collect)***

**Executive** deletes current-year language that lists types of information DMB is authorized to collect from vendors to ensure compliance with procurement of goods and services from Michigan-based providers. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 719. Vendor Disclosure (Call Centers)***

**Executive** deletes current-year language that authorizes DMB to require any vendor or subcontractor who provides call or contact center services to the state to disclose to the inbound caller the location from which the call or contact center services are being provided. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 720. Building Occupancy Expenditures***

The **Executive, House, Senate, and Conference Committee** delete current-year language that requires DMB to reduce building occupancy general fund expenditures by \$700,000.

### ***Sec. 722. Ronald Wilson Reagan Memorial Monument Fund***

The **Executive, House, Senate, and Conference Committee** include new language that authorizes DMB to receive and expend funding from the Ronald Wilson Reagan Memorial Monument Fund for the design and construction of a memorial monument.

### ***Sec. 723. State Property***

**House, Senate, and Conference Committee** include new language that requires DMB to make available to the public on the Internet a listing of all parcels of real estate that are available for purchase from the state.

## **GENERAL SECTIONS**

### ***Sec. 210. Deprived and Depressed Communities***

Current-year language requires department directors to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform state contracts. **House** deletes the language. **Executive, Senate, and Conference Committee** retain current-year language.

### ***Sec. 212. Receipt and Retention of Reports***

**Executive** deletes current-year language that authorizes departments to receive, and requires them to retain, copies of all reports required in the bill, and requires departments to follow federal and state guidelines for short-term and long-term retention of records. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 215. Disciplinary Action Against Employees***

**Executive** deletes current-year language that prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 217. General Fund Restrictions***

**Executive** deletes current-year language that prohibits use of general fund appropriations where federal funding is available for the same purpose. **House, Senate, and Conference Committee** retain current-year language.

### ***Sec. 218. Information Technology Appropriations as Work Projects***

**Executive** includes new language that designates appropriations for information technology as work project accounts and authorizes available balances to be carried forward. **House, Senate, and Conference Committee** do not include the language.

### ***Sec. 219. Reduction in Statewide Contractual Expenditures***

**Executive** includes new language that requires DMB to reduce statewide contractual general fund expenditures by \$30.0 million. **House, Senate, and Conference Committee** include the new language and add a requirement for a report which itemizes the sources of reductions.

### ***Sec. 220. Political Action Committees***

**Conference Committee** includes new language that prohibits the use of appropriations for administering, soliciting, or obtaining contributions for a committee as defined in the Michigan Campaign Finance Act.

**Summary: First Conference Report**  
**STATE**  
**FY 2005-06 Senate Bill 272**



**Analyst: Robin Risko**

	<b>FY 2004-05 YTD (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	\$187,720,100	\$198,145,700	\$196,490,700	\$187,288,300	\$197,378,400
<b>IDG</b>	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
<b>Federal</b>	2,541,000	2,943,300	2,333,300	2,241,000	2,943,300
<b>Local</b>	0	0	0	0	0
<b>Private</b>	100	100	100	100	100
<b>Restricted</b>	151,878,500	160,937,200	160,287,200	151,877,500	160,937,200
<b>GF/GP</b>	<b>\$13,300,500</b>	<b>\$14,265,100</b>	<b>\$13,870,100</b>	<b>\$13,169,700</b>	<b>\$13,497,800</b>
<b>FTEs</b>	1,857.8	1,859.8	1,857.8	1,857.8	1,859.8

**Overview**

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

**Major Budget Changes from FY 2004-05 YTD**

**Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>1. Restoration of Employee Concessions</b>	<b>Gross</b>	<b>\$3,979,100</b>	<b>\$3,979,100</b>	<b>\$0</b>	<b>\$3,979,100</b>
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	Federal	37,900	37,900	0	37,900
	Restr	3,698,900	3,698,900	0	3,698,900
	GF/GP	\$242,300	\$242,300	\$0	\$242,300
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$5,569,700</b>	<b>\$5,569,700</b>	<b>\$0</b>	<b>\$5,569,700</b>
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	Federal	54,400	54,400	0	54,400
	Restr	4,847,900	4,847,900	0	4,847,900
	GF/GP	\$667,400	\$667,400	\$0	\$667,400
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>(\$76,600)</b>	<b>(\$76,600)</b>	<b>\$0</b>	<b>(\$76,600)</b>
Includes an additional \$139,400 gross for building occupancy charge economics and reduces funding by \$216,000 gross for workers' compensation premium costs.	Restr	(137,300)	(137,300)	0	(137,300)
	GF/GP	\$60,700	\$60,700	\$0	\$60,700

**Major Budget Changes from FY 2004-05 YTD****Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$372,300)</b>
Reflects a savings, pursuant to Leadership Agreement, due to reduced computing contract costs and lower than anticipated group insurance costs.	GF/GP	\$0	\$0	\$0	(\$372,300)
<b>5. Abandoned Vehicles (Revised Executive)</b>	FTEs	2.0	0.0	0.0	2.0
	<b>Gross</b>	<b>\$650,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$650,000</b>
Includes additional FTE positions and state restricted abandoned vehicle fee funding for administration of the abandoned vehicles program. New and existing responsibilities that were in the Department of State Police have been transferred to the Department of State.	Restr	650,000	0	0	650,000
	GF/GP	\$0	\$0	\$0	\$0
<b>6. Commercial Driver License Information (Revised Executive)</b>	<b>Gross</b>	<b>\$610,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$610,000</b>
Includes additional federal funding made available from the U.S. Department of Transportation for meeting requirements of the U.S. Patriot Act. The state must be able to verify, maintain, and exchange 10-year commercial driver license information with other states.	Federal	610,000	0	0	610,000
	GF/GP	\$0	\$0	\$0	\$0
<b>7. Motorcycle Safety Education Grants</b>	<b>Gross</b>	<b>\$199,200</b>	<b>\$199,200</b>	<b>\$199,200</b>	<b>\$199,200</b>
Reflects an increase in the amount of funding available for Motorcycle Safety Education grants. Funding is made available from the Motorcycle Safety Fund.	Restr	199,200	199,200	199,200	199,200
	GF/GP	\$0	\$0	\$0	\$0
<b>8. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$400,800)</b>	<b>(\$131,000)</b>	<b>(\$400,800)</b>
Reduces the amount of GF/GP funding available for various line items throughout the budget, including funding for information technology services and projects.	GF/GP	\$0	(\$400,800)	(\$131,000)	(\$400,800)

**Major Boilerplate Changes from FY 2004-05:****Sec. 801. Contingency Funding**

**Executive** includes new language that appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

**Sec. 803. Sale of Records**

Current-year language requires the Department to sell copies of records (records of motor vehicles, off-road vehicles, snowmobiles, watercraft, mobile homes, personal identification cards, drivers, and boat operators) for \$7 per record; authorizes use of the revenue received for necessary expenses; and requires the balance of the revenue to revert to the general fund. **Executive** and **House** retain current-year language. **Senate** and **Conference Committee** modify the language to authorize the balance of revenue to revert to the Transportation Administration Collection Fund.

**Sec. 812.(6) Organ and Tissue Donation Education Fund**

**Executive, House, Senate, and Conference Committee** include new language that authorizes the Department to receive and expend funding from the Organ and Tissue Donation Education Fund for administrative expenses.

### **Major Boilerplate Changes from FY 2004-05:**

#### ***Sec. 815.(2) Branch Optimization Plan***

**Executive** and **House** delete current-year language that requires a detailed report regarding the Department's Branch Optimization Plan. The report is to include a listing of all closed branch offices and the amount of savings generated from closing each office, as well as costs associated with new leased facilities and expansions of current leased space. **Senate** and **Conference Committee** retain the reporting requirement but change the due date.

#### ***Sec. 815a. Strategies for Increasing Online Transactions***

**House** and **Conference Committee** include new language that requires the Department to develop a project plan that includes new strategies for increasing the number of transactions completed online.

#### ***Sec. 818. Motorcycle Safety Education Program***

**Executive** deletes current-year language that requires funding appropriated for the Motorcycle Safety Education Grants and Administration program to be used for operation of the program, requires funding for the program to be derived from original and renewal motorcycle license endorsements, annual registration fees, and operator driving test fees, authorizes funding for grants to help subsidize safety training courses for individuals interested in operating motorcycles, authorizes funding to be used for costs associated with administration of the program, and requires funding appropriated for motorcycle safety equipment to be used to purchase equipment for use by public instructional providers of motorcycle safety education courses. **House**, **Senate**, and **Conference Committee** retain current-year language, but delete subsection (5) which refers to the one-time appropriation for motorcycle safety equipment.

#### ***Sec. 819. Department of State's Business Application Modernization Project***

**Executive** deletes current-year language that requires funding appropriated to the Department of Information Technology for the Department of State's Business Application Modernization project to be used only for the development, implementation, and maintenance of the project, and designates the funding as a work project account, authorizing the remaining funding at the end of the fiscal year to be carried forward. **House**, **Senate**, and **Conference Committee** retain current-year language.

#### ***Sec. 820. Feasibility of Branch Office Relocation***

**Senate** and **Conference Committee** include new language that requires the Department to explore the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office.

**Summary: First Conference Report  
TREASURY  
FY 2005-06 Senate Bill 272**



**Analyst: Viola Wild**

	<b>FY 2004-05 YTD* (as of 05/31/05)</b>	<b>Revised Executive</b>	<b>Senate</b>	<b>House</b>	<b>Conference</b>
<b>Gross</b>	<b>\$1,591,219,700</b>	<b>\$1,597,196,900</b>	<b>\$1,593,479,000</b>	<b>\$1,577,701,200</b>	<b>\$1,870,988,800</b>
<b>IDG/IDT</b>	13,172,800	13,456,400	12,828,200	12,082,600	13,456,400
<b>Federal</b>	34,681,800	35,405,400	35,405,400	34,681,800	35,405,400
<b>Local</b>	18,832,800	1,025,400	1,025,400	964,300	1,025,400
<b>Private</b>	0	0	0	0	0
<b>Restricted</b>	1,432,983,100	1,441,584,000	1,435,229,200	1,426,688,000	1,453,816,100
<b>GF/GP</b>	91,549,200	105,725,700	108,990,800	103,284,500	367,285,500
<b>FTEs</b>	1,662.5	1,647.5	1,692.5	1,632.5	1,700.5

\*YTD does not include numbers that are part of the agreement reached at the May or August Consensus Revenue Estimating Conference for revenue sharing payments.

**Overview**

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

**Major Budget Changes from FY 2004-05**

**YTD Appropriations:**

		<b><u>Executive</u></b>	<b><u>Senate</u></b>	<b><u>House</u></b>	<b><u>Conference</u></b>
<b>TREASURY OPERATIONS</b>	<b>Gross</b>	<b>\$4,649,700</b>	<b>\$4,649,700</b>	<b>\$0</b>	<b>\$4,649,700</b>
<b>1. Restoration of Employee Concessions</b>	IDG	287,800	287,800	0	287,800
	Federal	268,600	268,600	0	268,600
Includes additional funding to restore the amount of employee-related savings that was included in the FY 2004-05 budget.	Local	27,300	27,300	0	27,300
	Restr	3,381,800	3,381,800	0	3,381,800
	GF/GP	\$684,200	\$684,200	\$0	\$684,200
<b>2. Insurance and Retirement Economics</b>	<b>Gross</b>	<b>\$6,636,200</b>	<b>\$6,636,200</b>	<b>\$0</b>	<b>\$6,636,200</b>
	IDG	450,100	450,100	0	450,100
Includes additional funding to cover increased insurance and retirement costs in the FY 2005-06 budget.	Federal	455,000	455,000	0	455,000
	Local	33,800	33,800	0	33,800
	Restr	4,807,200	4,807,200	0	4,807,200
	GF/GP	\$890,100	\$890,100	\$0	\$890,100

# **Major Budget Changes from FY 2004-05**

## **YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>3. Other Economic Adjustments</b>	<b>Gross</b>	<b>\$595,300</b>	<b>\$393,100</b>	<b>\$0</b>	<b>\$595,300</b>
Includes an additional \$663,700 for	IDG	(19,400)	(19,400)	0	(19,400)
rent and building occupancy charges	Restr	347,100	347,100	0	347,100
and reduces funding for workers' compensation premium costs by \$68,400.	GF/GP	\$267,600	\$65,400	\$0	\$267,600
<b>4. Contract and Group Insurance Savings</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$542,300)</b>
Includes reductions pursuant to Leadership Agreement based on contract and group insurance savings.	Restr	0	0	0	0
	GF/GP	\$0	\$0	\$0	(\$542,300)
<b>5. Legal Representation Costs</b>	<b>Gross</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>	<b>\$240,000</b>
Includes additional funding to be given to the Department of Attorney General to cover the costs of legal representation for cases involving tax reverted land.	Restr	240,000	240,000	240,000	240,000
	GF/GP	\$0	\$0	\$0	\$0
<b>6. Additional Audit Funding</b>	FTEs	0.0	60.0	0.0	60.0
Includes additional funding for 60.0 FTE positions and auditing enhancements: \$5.8 million for additional support for auditing functions and \$750,000 for principal residence audits. With the exception of current contract obligations, the \$5.8 million shall be used for activities performed by state employees only.	<b>Gross</b>	<b>\$0</b>	<b>\$5,600,000</b>	<b>\$0</b>	<b>\$6,590,000</b>
	GF/GP	\$0	\$5,600,000	\$0	\$6,590,000
<b>7. Personal Property Tax Auditors</b>	FTEs	(23.0)	(38.0)	(38.0)	(38.0)
Eliminates 38.0 FTE positions to perform personal property tax audits. Prior to Executive Order 2005-7, the FY 2004-05 appropriation was \$3,500,000.	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	GF/GP	\$1,000,000	\$0	\$0	\$0
<b>8. Program Reductions</b>	<b>Gross</b>	<b>(\$500,000)</b>	<b>(\$500,000)</b>	<b>(\$500,000)</b>	<b>(\$500,000)</b>
Eliminates state collection of SET for some local units, \$50,000; consolidates oversight of programs, \$200,000; reduces funding for certain tax exemption reviews, \$250,000.	GF/GP	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
<b>REVENUE SHARING</b>					
<b>9. Constitutional Revenue Sharing</b>	<b>Gross</b>	<b>\$21,300,000</b>	<b>\$21,300,000</b>	<b>\$26,100,000</b>	<b>\$25,150,000</b>
Increases funding for constitutional revenue sharing payments to cities, villages, and townships. The House and Conference numbers were adjusted to reflect the May and August Consensus Revenue Estimating Conferences.	Restr	21,300,000	21,300,000	26,100,000	25,150,000
	GF/GP	\$0	\$0	\$0	\$0

**Major Budget Changes from FY 2004-05****YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>10. Statutory Revenue Sharing</b>	<b>Gross</b>	<b>(\$26,500,000)</b>	<b>(\$26,500,000)</b>	<b>(\$21,900,000)</b>	<b>(\$19,950,000)</b>
Reduces funding for statutory	Restr	(26,500,000)	(26,500,000)	(21,900,000)	(19,950,000)
revenue sharing payments to cities,	GF/GP	\$0	\$0	\$0	\$0
villages, and townships. The House					
and Conference numbers were					
adjusted to reflect the May and					
August Consensus Revenue					
Estimating Conferences.					
<b>11. County Revenue Sharing</b>	<b>Gross</b>	<b>(\$17,868,500)</b>	<b>(\$17,868,500)</b>	<b>(\$17,868,500)</b>	<b>(\$17,868,500)</b>
Eliminates the one-time county	Local	(17,868,500)	(17,868,500)	(17,868,500)	(17,868,500)
revenue sharing payments for those	GF/GP	\$0	\$0	\$0	\$0
counties whose fiscal year ended					
September 30. Payments helped					
implement county tax shift and were					
to be repaid to the state.					
<b>12. Special Census Revenue</b>	<b>Gross</b>	<b>\$0</b>	<b>\$91,300</b>	<b>\$759,700</b>	<b>\$500,000</b>
<b>Sharing Payments</b>	GF/GP	\$0	\$91,300	\$759,700	\$500,000
Includes funding for special census					
revenue sharing payments to be					
prorated among qualifying local units					
of government.					
<b>13. Special Grants Payments</b>	<b>Gross</b>	<b>(\$230,300)</b>	<b>(\$230,300)</b>	<b>(\$230,300)</b>	<b>(\$230,300)</b>
Reduces Special Grants line item to	GF/GP	(\$230,300)	(\$230,300)	(\$230,300)	(\$230,300)
cities that have an emergency					
financial manager appointed.					
<b>DEBT SERVICE</b>					
<b>14. Debt Service</b>	<b>Gross</b>	<b>\$7,551,000</b>	<b>\$7,551,000</b>	<b>\$7,551,000</b>	<b>\$7,551,000</b>
(a) Adds \$6.7 million GF/GP for	Restr	(2,887,300)	(2,887,300)	(2,887,300)	(2,887,300)
required debt service payments on	GF/GP	\$10,438,300	\$10,438,300	\$10,438,300	\$10,438,300
Quality of Life bond; reflects a fund					
source shift of \$2.9 million from the					
state restricted Cleanup and					
Redevelopment Funds to GF/GP.					
(b) Adds \$3.8 million gross and					
GF/GP for required debt service					
payments on Clean Michigan					
Initiative bond.					
(c) Reduces funding by					
\$58,000 gross and GF/GP for Water					
Pollution Control bond payments.					

**Major Budget Changes from FY 2004-05****YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>GRANTS</b>					
<b>15. Grants</b>	<b>Gross</b>	<b>\$10,427,700</b>	<b>\$10,437,700</b>	<b>\$10,427,700</b>	<b>\$10,437,700</b>
(a) Includes the \$10,000 reimbursement to counties for lost tax revenue for lands transferred to the federal government.	Restr	9,170,000	9,170,000	9,170,000	9,170,000
(b) Includes \$5.4 million gross for Convention Facility Development Distribution based on revenue collections.	GF/GP	\$1,257,700	\$1,267,700	\$1,257,700	\$1,267,700
(c) Adds \$2.3 million gross for Commercial Mobile Radio Service Payments for local wireless 911 emergency response services.					
(d) Includes \$1.5 million gross for Health and Safety Fund Grants based on revenue collections.					
(e) Adds \$210,000 GF/GP for Qualified Agricultural Loan payment program.					
(f) Increases funding for Senior Citizen Cooperative Housing Tax Exemption Program by \$1.2 million GF/GP.					
(g) Includes \$300,000 GF/GP for Renaissance Zone Reimbursement payments made to libraries for lost property tax revenue associated with renaissance zones.					
<b>16. Human Resources Optimization Project</b>	<b>Gross</b>	<b>\$58,800</b>	<b>\$58,800</b>	<b>\$0</b>	<b>\$58,800</b>
Includes \$14,700 additional funding to cover the HR optimization project in Lottery, and \$44,100 to cover the costs for the Department of Treasury Information Technology.	Restr	58,800	58,800	0	58,800
	GF/GP	\$0	\$0	\$0	\$0
<b>17. Information Technology Reduction</b>	<b>Gross</b>	<b>(\$253,600)</b>	<b>(\$253,600)</b>	<b>(\$253,600)</b>	<b>(\$253,600)</b>
Reduces funding for technology-related services and projects. Savings are to be achieved through rate reductions for contracts.	GF/GP	(\$253,600)	(\$253,600)	(\$253,600)	(\$253,600)
<b>18. IT Funding Restoration</b>	<b>Gross</b>	<b>\$224,200</b>	<b>\$224,200</b>	<b>\$0</b>	<b>\$224,200</b>
Includes additional funding for a partial restoration of Executive Order 2005-7 DIT Enterprise Savings reductions.	GF/GP	\$224,200	\$224,200	\$0	\$224,200
<b>19. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$1,436,200)</b>	<b>(\$102,100)</b>	<b>\$0</b>
Reduces the amount of GF/GP funding for various line items in the budget. Senate includes additional 2% reduction to IT funding.	GF/GP	\$0	(\$1,436,200)	(\$102,100)	\$0



**Major Budget Changes from FY 2004-05****YTD Appropriations:**

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<b>20. Other Changes</b>	FTEs	8.0	8.0	8.0	8.0
Includes additional funding of \$500,000 and 3.0 FTE to assist State fund investment program; an addition of 2.0 FTE to the unclaimed property program to help conduct additional in-state enforcement audits (funding was included in FY 2004-05 Supplemental); and a 3.0 FTE adjustment for the collections program for seasonal hiring.	<b>Gross</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
	Restr	500,000	500,000	500,000	500,000
	GF/GP	\$0	\$0	\$0	\$0
<b>21. Lottery</b>	FTEs	0.0	0.0	0.0	8.0
Includes additional 8.0 FTEs and funding related to the Leadership Agreement and an expansion of Club Keno games which is projected to increase School Aid Fund revenue.	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$637,100</b>
	Restr	\$0	\$0	\$0	637,100
<b>22. State Building Authority</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$272,797,100</b>
<b>Rent Payments</b>	Restr	0	0	0	16,794,900
Includes funding for state building authority rent payments to be made for state agencies, universities, and community colleges. (Funding transferred from the Capital Outlay budget bill.)	GF/GP	\$0	\$0	\$0	\$256,002,200

**Major Boilerplate Changes from FY 2004-05:****Sec. 901. Contingency Funding**

The **Executive** includes new language which appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. **House, Senate, and Conference Committee** do not include the language.

**Sec. 920. Sleeping Bear Dunes National Lakeshore**

Appropriates payments to counties in lieu of taxes for lands transferred to the Federal government. **Executive** and **House** delete the language. **Senate** and **Conference Committee** retain current law.

**Sec. 923. Handbook for Taxpayers**

Prohibits the Department from expending funds on new taxpayer audits until the required taxpayer and tax preparers' handbook on audit and collection procedures is published and available to taxpayers and tax preparers. The **Executive, House, Senate, and Conference Committee** delete the language.

**Sec. 931. Fees Charged Against Restricted Funds**

Modifies current-year language to allow the Department to assess fees against all current and new restricted funds that receive common cash earnings. **Executive, House, Senate** and **Conference Committee** include new language.

**Sec. 940. Personal Property Tax Auditors**

The **Executive** modifies current-year language to include an appropriation of up to \$1 million for additional personal property tax audits (PPTAs) if the Department collects in excess of \$12 million from PPTAs, and up to \$2.5 million if an excess of \$26 million is collected. The **House, Senate, and Conference Committee** delete new and current-year language.

**Sec. 941. Standardized Audit Schedules**

**Executive** includes new language which appropriates up to \$570,000 from standardized audit schedules recovered revenues for support of project expenses. **House** does not include the new language. **Senate** and

### **Major Boilerplate Changes from FY 2004-05:**

**Conference Committee** include the new language and add a requirement that the funding shall be used for business tax audits related to sales tax, use tax, withholding, single business tax, and motor fuel tax obligations.

#### ***Sec. 943. Social Security Numbers on Mailing***

**House, Senate, and Conference Committee** include new language that prohibits the Department from printing complete social security numbers on 1099 mailings.

#### ***Sec. 944. Homestead Property and Home Heating Credit e-filing***

**House, Senate and Conference Committee** include new language that requires the Department to develop a pilot application for an online credit only filing system for homestead property exemption and home heating credit filers.

#### ***Sec. 945. Assessment and Certification Division Reviews***

**Senate and Conference Committee** include new language that allows the assessment and certification division of the Department to conduct 14-point reviews in at least 1 assessment jurisdiction per county.

#### ***Sec. 946. Assessment and Training Coordination***

**Senate and Conference Committee** include new language that allows the state tax commission and assessment and certification management staff to meet with statewide assessment organizations on a quarterly basis to coordinate activities.

#### ***Sec. 947. Audit Enhancements***

**Senate** includes new language that stipulates that of the additional \$5.6 million included in part 1 for tax compliance, \$3.6 million shall be used for additional auditing functions performed by state employees only and \$2 million for principal residence audits. **Conference Committee** modifies the new language requiring that of the \$6.6 million in part 1 for Revenue Enhancement Program, \$5.8 million shall be used for revenue enhancement collection, including auditing functions, and \$750,000 for principal residence audits. With the exception of current contracts, the \$5.8 million shall fund activities performed by state employees only. A quarterly progress report is required for the personal property tax audit and principal residence audit programs. A joint General Government Subcommittee hearing shall be held regarding personal property tax audits within six months. A performance audit of the principal residence audit program by the legislative Auditor General is required.

#### ***Sec. 948. Electronic Income Tax Filing***

**House** included new language that requires the Department to develop a strategic plan to provide for the electronic filing of state income and single business tax returns free-of-charge. **Conference Committee** modified the language to include all tax returns.

#### ***Sec. 951. County Treasurer Compliance with State School Aid Act***

**Executive, House, Senate, and Conference Committee** delete current-year language that requires county treasurers to comply with provisions of the state school aid act in order to receive statutory state general revenue sharing grant payments.

#### ***Sec. 953. County Restricted Reserve Accounts***

**Executive, House, Senate, and Conference Committee** delete the language that requires county revenue sharing payments be distributed on a one-time basis to counties with a fiscal year ending September 30<sup>th</sup>. The state was to be reimbursed from the counties' revenue sharing reserve funds.

#### ***Sec. 956. Special Census Payments***

**Senate** includes new language that appropriates funding for a special census grant to Forsyth Township. **House and Conference Committee** include new language that appropriates funding for special census revenue sharing payments to eligible cities, villages, and townships that are certified to be eligible under the Glenn Steil Revenue Sharing Act of 1971.

#### ***Sec. 970. Casino Wagering Tax***

Requires the wagering tax revenue from licensed gaming under the Michigan gaming control and revenue act at the rate of 8.15% be appropriated to the state school aid fund. This distribution is provided for by statute. **Executive, House, Senate, and Conference Committee** delete the language.

#### ***Sec. 980. State Building Authority – Advances***

**Conference Committee** includes language that authorizes advances from the general fund prior to the sale of bonds. (Transferred from the Capital Outlay budget bill.)

**Major Boilerplate Changes from FY 2004-05:**

***Sec. 981. State Building Authority – Excess Revenue***

**Conference Committee** includes language that requires facility revenue in excess of operation costs to be credited to the retirement of bonds. (Transferred from the Capital Outlay budget bill.)

***Sec. 982. State Building Authority – Insurance***

**Conference Committee** includes language that authorizes appropriations to be used to pay insurance premiums and deductibles. Appropriates any shortage from the general fund. (Transferred from the Capital Outlay budget bill.)

***Sec. 983. State Building Authority – Report***

**Conference Committee** includes language that requires DMB to provide an annual report on the status of construction projects. (Transferred from the Capital Outlay budget bill.)