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BILL ANALYSIS

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Senate Bill 1089 (S-1 as reported)
Committee: Appropriations

FY 2005-06 Year-to-Date Gross Appropriation	**$53,219,100**
Changes from FY 2005-06 Year-to-Date:	
1. **Arts and Cultural Grants.** The Governor recommended increasing arts grants by $315,900 or 3.2%. The House increased by $265,900. The Senate reduced by $192,700 GF/GP.	(192,700)
2. **State Aid to Public Libraries.** The Governor recommended increasing State Aid to Public Libraries by $315,900 or 4.4%. State Aid to Cooperative Libraries would remain unchanged. The House increased State Aid to Public Libraries by $265,900. The Senate consolidated the two line items and reduced by $192,800.	(192,800)
3. **Historical Grants.** The House and Senate added $100,000 to the Historical Administration and Services line item for a historical grant program.	100,000
4. **Film Office.** The Governor recommended eliminating HAL funding for the Film Office and funding film industry initiatives and administration from the $2,000,000 appropriated from the 21st Century Jobs Trust Fund in FY 2005-06. The House and Senate restored the FTE and GF/GP funding and increased by $300.	300
5. **Mackinac Island State Park Fund Shift.** The Governor recommended replacing $200,000 GF/GP with $200,000 from the unreserved balance of the Mackinac Island State Park Operation Fund. The House and Senate did not include fund shift.	0
6. **Federal Funds.** The Governor recommended including $200,000 in anticipation of additional Federal funds for historical programs. The House and Senate concurred.	200,000
7. **Michigan History Day.** The Senate added $5,000 to the Historical Administration and Services line item to support this grant.	5,000
8. **Book Distribution Centers.** The Senate reduced this line by $20,000.	(20,000)
9. **Economic Adjustments.** The Governor recommended economic increases of $982,600. The House and Senate concurred.	982,600
10. **Other Changes.** The Governor recommendation included removing an unfunded IDG ($500,000), reducing human resources optimization charges ($13,400), a base adjustment for building occupancy charges of $180,900, additional funding for Department of Information Technology (DIT) projects of $120,100 and DIT economics of $42,300. The House and Senate concurred.	(170,100)
11. **Comparison to Governor's Recommendation.** The Senate recommendation is $757,300 Gross and $557,300 under the Governor.	
Total Changes..........	$712,300
FY 2006-07 Senate Appropriations Committee Gross Appropriation	**$53,931,400**

Changes from FY 2005-06 Year to Date:

1. **Purchasing Requirement for Deprived and Depressed Communities.** The Governor recommended including language that requires the State to encourage businesses from deprived and depressed communities to compete for and perform, or serve as subcontractors on, State contracts for service and/or supplies. (Sec. 210). The House and Senate did not include.
2. **Contingency Fund Appropriations.** The Governor recommended including contingency language that would allow expenditure of additional Federal, State restricted, local, and private revenue that are received during the year after legislative transfer to a budgetary line item. (Sec. 218). The House and Senate did not include.
3. **Goals and Outcomes.** The House added new language requiring the Department to report by December 1 on their goal and expected outcomes for each program, and to report by April 1 on the success in achieving those outcomes. (Sec. 221) The Senate did not include.
4. **History, Arts, and Libraries Fund.** The Governor added application fees and grants, gifts and bequests (including those for capital projects) to the funds the Department is permitted to receive and expend from the History, Arts, and Libraries Fund, a restricted fund for the Department's operational revenue. (Sec. 215 and 502). The House and Senate concurred.
5. **Arts and Cultural Grants.** The Governor deleted language that states legislative intent to reduce the share of arts grants that can go to any one organization from 17.0% in FY 2005-06 to 16.0% in FY 2006-07 and 15.0% in FY 2007-08. The maximum would remain at 17.0% in FY 2006-07 under the Governor's proposal. (Sec. 403(1)). The House and Senate restored current year language to 16% in 2006-07 and intent language to reduce to 15% in 07-08. New language was added to this Section to prohibit funding for the Ann Arbor film festival (401)(2)(d); to prohibit funding for projects or activities that are not directly funded but are in conjunction with funded activity 401(3)(b); and to create penalties by withholding undistributed grant payments for recipients not in compliance with 401 (3). The Senate did not include 401(2)(d), changed 401(3)(b) to prohibit use of grant funds to create or promote work for which funding is prohibited under 401(3)(a), and changed the penalty of withholding grant payments from five years to three years.
6. **Notification of Sales.** The Governor deleted the requirement that the appropriation subcommittees be notified one week prior to any sale of artifacts. (Sec. 506). The House and Senate maintained current year language.
7. **Historical Grants.** The House and Senate added current year language, vetoed by the Governor, providing $100,000 for competitive grants to local historical societies and the State Historic Preservation Network. (Sec. 508)
8. **Deleted Sections.** The Governor recommended deletion of the following sections (section numbers refer to P.A. 157 of 2005): privatization review (Sec. 207), affirmative action (Sec. 211), intent language on exploring supplemental funding sources (Sec. 218), prohibition of disciplinary action against an employee for communication with a member of the Legislature or his or her staff member (Sec. 219), publication of the draft minutes of the Michigan Film Advisory Commission (Sec. 220), intent language on creation of an income tax check-off to support the Michigan Council for Arts and Cultural Affairs grant program (Sec. 407), availability of the subscriber list of the Michigan History magazine for use by the Historical Society of Michigan (Sec. 507), acquisition of databases by the Library of Michigan for use by eligible local libraries (Sec. 603), distribution rate for calculating payments of state aid to cooperative libraries (Sec. 610), and intent language stating that if additional General Fund/General Purpose revenue is appropriated to the Mackinac Island State Park Commission, that the Mackinac Island park operations line should be transferred from park operations and divided equally between State aid to libraries and arts and cultural grants (Sec. 700). House reinstated all sections except sections 211, 610, and 700. The Senate concurred with House reinstatements and also reinstated sections 210 and 211 but deleted Sec. 603.
9. **K-16 Ballot Initiative.** The Senate included new language requiring a report by October 15, 2006, listing all GF/GP cuts that would be required to reduce the budget by 7.93% if the initiative is adopted by the voters. (Sec. 222)
10. **Michigan History Day.** The Senate added current year language, vetoed by the Governor, providing $5,000 for this grant. (Sec. 509)
11. **Book Distribution Centers.** The Senate added intent language allocating $20,000 from the General Fund balance at the end of FY 2005-06 to the book distribution centers. This would restore them to the level of the Governor's recommendation and current year funding. (Sec. 608)

Date Completed: 5-23-06 Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz