



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



## BILL ANALYSIS

Telephone: (517) 373-2768  
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### OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Executive, Information Technology, Legislature, Legislative Auditor General, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2008-09.

#### Changes from FY 2007-08 Year-to-Date:

##### Items Included by the House and Senate

1. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section. The House and Senate restored it. (Sec. 215)
2. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor eliminated this section, the House and Senate restored it. (Sec. 217)
3. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. Funds are not available for expenditure until approved as work projects pursuant to Section 451a of the Management and Budget Act. The House and Senate did not include this section. (Sec. 215)
4. **Specific Policy Changes.** Requires each department to report on each specific policy change made to implement enacted legislation. The section also prohibits the use of funds in Part 1 to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses pursuant to MCL 24.240. The Governor removed this section. The House and Senate restored it. (Sec. 221)

##### Conference Agreement on Items of Difference

5. **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Governor and House eliminated this section. The Senate restored it. The Conference concurred with the Senate. (Sec. 212)
6. **Political Action Committees.** The Senate included language that prohibits funds to be used to establish, operate, or administer a payroll deduction plan that allows classified employees to make contributions to political action committees or organizations. The Conference did not include this section. (Sec. 220)
7. **Travel Restrictions.** The Senate included new language prohibiting departments from sending more than one employee to an out-of-state conference or seminar, excluding the Department of Management & Budget. The Conference modified the language to allow this under certain circumstances. (Sec. 224)
8. **Efficiency Mechanisms.** Requires departments to implement continuous improvements efficiency mechanisms. The Governor removed this section, the House restored it. The Senate concurred with the Governor. The Conference concurred with the Senate and Governor. (Sec. 225)
9. **Posting of Expenditures.** The Senate included new language requiring departments to post all expenditures on a publicly accessible Internet site. The Conference did not include this section. (Sec. 225)





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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$73,124,200</b>
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

- |   |           |
|---|-----------|
| 1. <b>Revenue Adjustments.</b> The Governor adjusted IDG, Federal, and Restricted revenues to reflect agreements in memorandums of understanding. Federal funding for Medicaid Fraud investigations was increased by \$200,000. The Conference concurred with the Governor. | 3,005,000 |
| 2. <b>Department of Information Technology (DIT) Reduction.</b> This represents the Department's share of a DIT administrative reduction. The Conference concurred.   | (1,400)   |
| 3. <b>Economic Adjustments.</b> The Department's economic adjustments totaled \$411,300 while the economic adjustment for DIT totaled \$5,500. The Conference concurred with the Governor.  | 416,800   |

Conference Agreement on Items of Difference

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| 4. <b>HMO Savings.</b> The Department's portion of a statewide HMO savings.      | (55,100) |
| 5. <b>Target Reductions.</b> A 0.25% GF/GP reduction applied across all budgets. | (79,800) |

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Total Changes .....	\$3,285,500
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$76,409,700</b>
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Anti-Trust Enforcement Revenue.** Allows up to \$250,000 of anti-trust enforcement revenue to be carried forward. The Senate and House retained current law while the Governor removed this language. (Sec. 307)
2. **Litigation Expense Reimbursement.** The Governor, House, and Senate added language excluding salaries and support costs from allowable litigation expenses. (Sec. 308)

Conference Agreement on Items of Difference

3. **Settlement Funds.** The Governor added a new section requiring the Department of Attorney General to deposit any funds received from debts due or forfeited penalties, or from lawsuit settlements. Funds could not be used until deposited and appropriated. Would disallow the Department to accept the payment of money, goods, services, or benefits to a third party in lieu of a debt or obligation due to the State. Requires the Department to report to the House and Senate Appropriations Subcommittees on General Government on a quarterly basis the case names, file numbers, court docket numbers, and presiding courts for every matter the Attorney General settled during the preceding quarter. Additionally, the Attorney General shall itemize each settlement. The House concurred with the Governor. The Senate did not include this language. The Conference concurred with the Senate.
4. **Expending of Funds for Legal Services.** The Senate did not concur with the Governor and House to keep current law that allows the Department to receive and expend additional funds for costs for expert witnesses and Court costs. The Conference concurred with the Governor and House. (Sec. 312)
5. **Medicaid Fraud Awards.** The Senate added new language allowing receipt and expenditure of funds received by the Department for violations against the Medicaid False Claims Act. The Conference concurred with the Senate. (Sec. 311)
6. **Child Support Funding.** Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section also provides that the Attorney General shall, to the extent allowable under Federal law, have access to any information used by the State to locate parents who fail to pay child support. The Governor removed this section. The House concurred with the Governor. The Senate retained current law. The Conference concurred with the Senate. (Sec. 310)
7. **Settlement Proceeds Advertising Prohibition.** The House included new language that prohibits the Department of Attorney General from using the proceeds of any settlement for advertising or public service messages that refer to or use the image or voice of the Attorney General or any elected State officer or candidate for elective office. The Governor and Senate did not concur with the House. The Conference concurred with the Governor and Senate.

Date Completed: 7-22-08

Fiscal Analyst: Joe Carrasco



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$14,744,900</b>
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

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|--|-----------|
| 1. <b>Computer Upgrades.</b> The Governor increased funding to purchase new computers for the Department. The House and Senate concurred with the Governor.  | 75,000    |
| 2. <b>Department of Information Technology (DIT) Reduction.</b> This represents the Department's share of a DIT administrative reduction. The House and Senate concurred with the Governor.  | (600)     |
| 3. <b>Human Resource Optimization.</b> The HR optimization costs previously contained in the Department's budget were transferred to the Civil Service Commission within the Department of Management and Budget. The House and Senate concurred with the Governor.              | (8,700)   |
| 4. <b>Human Resource Consolidation.</b> The Department's HR responsibilities, including 2.0 FTEs, were transferred to the Civil Service Commission within the Department of Management and Budget per Executive Order 2007-30. The House and Senate concurred with the Governor. | (201,200) |
| 5. <b>Economic Adjustments.</b> The Department's economic adjustments totaled \$169,800 while the economic adjustment for DIT totaled \$2,800.   | 172,600   |

Conference Agreement on Items of Difference

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| 6. <b>FY 2007-08 Transfer Adjustment.</b> Adjustment to reflect 5-9-2008 FY 2008 transfer. | (253,600) |
| 7. <b>HMO Savings.</b> The Department's portion of a statewide HMO savings.                | (22,000)  |
| 8. <b>Target Reduction.</b> A 0.25% GF/GP reduction applied to all budgets.                | (31,100)  |

Total Changes.....	(\$269,600)
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$14,475,300</b>
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**

1. The Governor, House and Senate recommended no changes to the boilerplate sections for the Department of Civil Rights.

Date Completed: 7-22-08

Fiscal Analyst: Joe Carrasco



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FY 2007-08 Year-to-Date Gross Appropriation .....	\$5,317,300
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

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|--|---|
| 1. <b>Economic Adjustments.</b> The Governor, House and Senate did not include any funding adjustments for the Executive Office. | 0 |
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Conference Agreement on Items of Difference

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|---|---|
| 2. <b>Items of Difference Adjustment.</b> The Senate adjusted several line items by \$100 to make points of difference from the House. The Conference concurred with the House. | 0 |
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Total Changes .....	0
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FY 2008-09 Conference Report Gross Appropriation .....	\$5,317,300
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**

1. There are no boilerplate sections for the Executive Office.

Date Completed: 7-22-08

Fiscal Analyst: Joe Carrasco



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$429,838,100</b>
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**Changes from FY 2007-08 Year-to-Date:**Items of Included by the House and Senate

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|---|-------------|
| 1. <b>Department of Civil Rights.</b> The Governor, House, and Senate included funding to replace certain agency computers.   | 75,000      |
| 2. <b>Department of Community Health.</b> The Governor, House, and Senate included funding for the Certificate of Need application processing system, Vital Records and disaster recovery for Public Health Systems.  | 497,700     |
| 3. <b>Department of Corrections.</b> The Governor, House, and Senate included funding for PC and server replacement, desktop maintenance, and removed one-time funding for IT equipment.  | 1,561,500   |
| 4. <b>Department of History, Arts and Libraries.</b> The Governor, House, and Senate included funding for PC and server replacement, software support licenses and upgrading networks systems.  | 179,500     |
| 5. <b>Department of Human Services.</b> The Governor, House, and Senate transferred in IT costs from the Jobs, Education and Training program, added IT costs for new staff, and included a \$5.3 million reduction, which was part of a broader departmental reduction plan.   | (5,013,300) |
| 6. <b>Department of Management and Budget.</b> The Governor, House, and Senate recommended the removal of one-time funding related to retirement, as well as increases for telephone equipment for the retirement call center and IT costs for new retirement employees. The Conference included a reduction of \$56,200.   | (184,500)   |
| 7. <b>Department of Natural Resources.</b> The Governor, House, and Senate recommended a decrease to reflect anticipated revenues in the department. The Conference included an additional decrease of \$8,000.   | (33,000)    |
| 8. <b>Department of State.</b> The Governor, House, and Senate included funding for server replacement.   | 90,000      |
| 9. <b>Department of State Police.</b> The Governor, House, and Senate included funding to reflect additional revenues related to the Automated Fingerprint Identification System and the Traffic Crash Reporting System, added funding for the Criminal Justice Information Center, transferred in MCOLES IT costs, and included funding to cover a structural deficit in the Michigan Public Safety Communications System. | 2,982,400   |
| 10. <b>Administrative Reduction.</b> The Governor, House, and Senate included an overall administrative reduction for the department.   | (233,400)   |
| 11. <b>Economic Adjustments.</b>  | 932,800     |
| 12. <b>Other Changes.</b> The Governor, House, and Senate included several technical adjustments to align agency appropriations with DIT appropriations.  | 2,051,800   |

Conference Agreement on Items of Difference

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| 13. <b>Department of Treasury.</b> The Governor, House, and Senate included funding for server replacement, maintenance for the Tobacco System and the Taxpayer Contact Center. The Senate also included a \$1,000,000 reduction for IT. The Conference concurred with the Senate. | (210,000) |
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Total Changes.....	\$2,696,500
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$432,534,600</b>
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**Amount Over/(Under) GF/GP Target: N/A**

**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Advertising on State Websites.** The Governor removed language limiting funds that can be received under this section to \$250,000. The House and Senate retained current-year language. (Sec. 573 (1))
2. **Carryforward of Advertising Revenue.** The Governor added language authorizing the carryforward of funds received under this section. The House and Senate did not include this subsection. (Sec. 573 (5))
3. **Reporting Requirement for Expenditures for Spatial Information and Technical Services.** The Governor eliminated a reporting requirement for funds received under this section. The House and Senate retained current-year language. (Sec. 574)
4. **Annual Report.** The Governor removed a section that requires an annual report from the Department that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The House and Senate retained this section. (Sec. 578)
5. **Life-Cycle of Hardware and Software.** The Governor removed a section that requires the Department to provide a report by March 1 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The House and Senate retained current-year language. (Sec. 579)
6. **Information Technology Study.** The Governor removed a section that requires the Department to assess the State's IT assets and potential benefits and economies. The House and Senate retained current-year language. (Sec. 581)
7. **Website Improvements.** The House added language requiring a report on improvement to the Michigan.gov website. The Senate concurred with the House. (Sec. 582)
8. **MiCSES.** The Governor removed a section that requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The House and Senate retained current-year language. (Sec. 585)
9. **Spending Authorization and User Fees.** The Governor, House, and Senate added a subsection allowing the State Budget Director to adjust spending authorization and user fees to ensure that the appropriations in the Department's budget equal the appropriations for IT in the budget for other agencies. (Secs. 579 (1), 586)

Conference Agreement on Items of Difference

10. **Change Orders and Follow-On Contracts.** The Senate added language requiring a report on all change orders and follow-on contracts entered into by the Department since its inception. The Conference modified this to require reporting going forward on change orders and follow on contracts over \$25,000. (Sec. 583)
11. **2-1-1 Study.** The Governor and House removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings for certain departments that would result from 2-1-1 service. The Senate restored it. The Conference concurred with the Senate. (Sec. 584)

Date Completed: 7-22-08

Fiscal Analyst: Stephanie Yu



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$114,504,000</b>
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**Changes from FY 2007-08 Year-to-Date:**Items Included by the House and Senate

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|--|--------|
| 1. <b>National Association Dues.</b> The House added funding to pay the annual dues to the National Conference of Commissioners on Uniform State Laws (NCCUSL). The Senate concurred with the House. | 51,000 |
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Conference Agreement on Items of Difference

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|---|-----------|
| 2. <b>Property Management.</b> The House and Senate made adjustments to the funding for Legislative Property Management; \$189,100 increase for the Capitol Building and a \$1,500,000 reduction for the Anderson House Office Building. The Conference lowered the reduction for the Anderson House Office Building to \$1,029,400 and increased funding for the Farnum Building by \$323,500. | (516,800) |
| 3. <b>Economic Adjustments.</b> The Governor and Senate did not include any funding adjustments for the Legislature. The House added \$330,800 in economic increases. The Conference increased funding only for the Legislative Council.  | 96,100    |
| 4. <b>Legislative Corrections Ombudsman.</b> The House added funding of \$1,250,000 for a Legislative Corrections Ombudsman Office within the Legislative Council. The Senate reduced funding by \$750,000. The Conference agreed on funding of \$369,700.  | 369,700   |
| 5. <b>Sentencing Guidelines Commission.</b> The House added \$500,000 in funding for the Commission within the Legislative Council. The Senate did not include this line item. The Conference concurred with the Senate.  | 0         |
| 6. <b>Items of Difference Adjustment.</b> The Senate adjusted several line items by \$100 to make points of difference from the House. The Conference concurred with the House.   | 0         |

Total Changes.....	\$0
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$114,504,000</b>
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**

1. The Governor recommended no changes to the boilerplate sections for the Legislature.

Items Included by the House and Senate

2. **National Association Dues.** The House and Senate added language to require that \$51,000 is paid for annual dues to the NCCUSL. (Sec. 603)

Date Completed: 7-22-08

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FY 2007-08 Year-to-Date Gross Appropriation .....	\$15,828,200
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**Changes from FY 2007-08 Year-to-Date:**

Conference Agreement on Items of Difference

- |   |        |
|---|--------|
| 1. <b>Items of Difference Adjustment.</b> The Senate adjusted several line items by \$100 to make points of difference from the House. The Conference concurred with the House.   | 0      |
| 2. <b>Economic Adjustments.</b> The Governor and Senate recommended no changes to appropriations for the Legislative Auditor General for economics. The House added \$25,000. The Conference concurred with the Governor and Senate | 0      |
| 3. <b>Information Technology.</b> The Senate added funding to allow the office to move its IT functions from the Executive branch network to the Legislative branch network. The Conference concurred with the Senate.              | 63,000 |

Total Changes .....	\$63,000
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FY 2008-09 Conference Report Gross Appropriation .....	\$15,891,200
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**

1. The Governor and House recommended no changes to the boilerplate sections for the Legislative Auditor General.

Conference Agreement on Items of Difference

2. **Information Technology Network.** Senate added language to allow for the expenditure of \$63,000 to transition the office's IT network from the Executive branch to the Legislative branch. The Conference concurred with the Senate. (Sec. 624)

Date Completed: 7-22-08

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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$504,891,400</b>
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

- |  |            |
|--|------------|
| 1. <b>State Building Authority Rent Adjustments.</b> The Governor, House, and Senate made adjustments to "rent" the State pays for State financed building projects based on projected payments.   | 5,000,000  |
| 2. <b>Building Occupancy Charges.</b> The Governor provided for increased rent adjustments for leased buildings. The House and Senate concurred with the Governor.   | 446,100    |
| 3. <b>Internal Audit Functions Transferred In.</b> Various State Departments transferred their internal audit functions, including 51.0 FTEs, to DMB per Executive Order 2007-31.  | 5,870,400  |
| 4. <b>Administrative Efficiencies.</b> The Governor, House, and Senate reduced several line items due to administrative efficiencies, including: Parking Enforcement (\$300,000 and 5.0 FTEs); DMB Admin. Services (\$274,000 and 3.0 FTEs); and Civil Service Commission (\$300,800).   | (874,800)  |
| 5. <b>Department of Information Technology (DIT) Reduction.</b> This represents the Department's share of a DIT administrative reduction.  | (40,000)   |
| 6. <b>Human Resource Optimization.</b> The HR optimization costs previously contained in the Department's budget were transferred to the Civil Service Commission within the Department.   | (66,000)   |
| 7. <b>Human Resource Consolidation.</b> The Department's HR responsibilities, including 14.0 FTEs, were transferred to the Civil Service Commission within the Department per Executive Order 2007-30.   | (831,700)  |
| 8. <b>Human Resource Functions Transferred In.</b> Various State Departments transferred their human resource functions, including 358.0 FTEs, to DMB per Executive Order 2007-30.   | 33,433,200 |
| 9. <b>Economic Adjustments.</b> The Department's economic adjustments totaled a negative \$78,100 while the economic adjustment for DIT totaled a positive \$108,100.  | 30,000     |
| 10. <b>Other Changes.</b> The Governor, House and Senate included increases for: professional development funds based on collective bargaining (\$71,000); transfer of DMB's internal audit functions from the management side to the budget side (\$31,600); and fully funding the Children's Ombudsman supervisor (\$80,000); Retirement Services (\$300 reduction). | 182,300    |

Conference Agreement on Items of Difference

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|---|--------------|
| 11. <b>Property Utilization.</b> The Governor and House included \$150,000 for a one-time property utilization study and \$400,000 for internal relocation expenses for State departments and agencies. The Senate did not include the \$150,000 for the study. The Conference concurred with the Governor and House. | 550,000      |
| 12. <b>Supplier Diversity Program.</b> The House added 8.0 FTEs and \$1.0 million for new program to increase the number and types of vendors competing for State contracts. The Conference cut funding & FTEs by 50%.  | 500,000      |
| 13. <b>HMO Savings.</b> The Department's portion of a statewide HMO savings.  | (169,100)    |
| 14. <b>Target Reduction.</b> A 0.25% GF/GP reduction applied to all budgets.  | (105,400)    |
| 15. <b>Revised Executive Recommendation.</b> Letter dated 6-5-08.   | 243,300      |
| 16. <b>Capital Outlay.</b> Revised Executive Recommendation added capital outlay to this budget.  | 2,000,000    |
| Total Changes.....  | \$46,168,300 |

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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$551,059,700</b>
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**Amount Over GF/GP Target: \$500,000**

**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Computer Contract Adjustments.** Requires 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 while the House and Senate retained the language. (Sec. 710)
2. **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. States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
  - d. Requires the Department 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. The plan shall also include a calculation of the amount of State fuel taxes that would have been incurred by fleet vehicles, description of fleet garage operations, goods and services by the garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to the fleet garage. Provides that the plan may be adjusted during the fiscal year based on needs and cost savings. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.
  - e. Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.The Governor removed Subsections 3 and 4 (items c and d above). The House and Senate retained Subsections 3 and 4. (Sec. 715)
3. **Contracting.** The Governor removed current year language (Sec. 716, Sec. 717, Sec. 718, Sec. 719) regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431); language requiring determination of best interests of the State when dealing with vendors outside of Michigan; language requiring obtaining certain information from vendors; and language requiring disclosure of the location of call/contact centers. The House and Senate retained these sections.
4. **State Property.** Requires DMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State. The Governor removed this section while the House and Senate retained the language. (Sec. 723)
5. **Retirement Services.** Authorizes \$300,000 of the Retirement appropriation as a work project to implement the amendatory legislation allowing the addition of a new spouse as a pension beneficiary for the Public School Employees Retirement System. The Governor removed this section. The House and Senate concurred.
6. **Internal Audits.** The Governor added new language that allows internal audit charges to be funded by assessments against State agencies in a manner prescribed by the Department. The House and Senate concurred. (Sec. 723 in Govs. Rec., 720 in House and Senate)
7. **Reference Changes.** The Governor changed all references to the former Department of Civil Service to the current Civil Service Commission. The House and Senate concurred. (Secs. 750, 751, 752, 753)

Conference Agreement on Items of Difference

8. **Supplier Diversity Program.** The House added new language allowing DMB to implement a new program to increase the number and types of vendors competing for State contracts. The Senate did not include this language. The Conference concurred with the House. (Sec. 716a)
9. **2-1-1 Capacities.** Requires the Department to assist DIT in determining how existing 2-1-1 capacities are utilized by each State department. The Governor and House removed this section. The Senate retained current law. The Conference concurred with the Senate. (Sec. 724a)

Date Completed: 7-22-08

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Hlgen\_cr



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$207,681,400</b>
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**Changes from FY 2007-08 Year-to-Date:**Items Included by the House and Senate

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|---|-----------|
| 1. <b>Computer Server Replacement.</b> The Governor added one-time funding for the replacement of an outdated computer server in the contact center that provides automated information regarding branch office services. The House and Senate concurred.                     | 90,000    |
| 2. <b>Assigned Claims.</b> The Governor increased funding to cover increased attorney costs for claims filed against uninsured drivers. The House and Senate concurred.   | 120,000   |
| 3. <b>Federal Funding Reductions.</b> The Governor eliminated two Federal funds: one-time funding of \$350,000 for compliance with the Help America Vote Act and \$101,200 for social security number verifications. The House and Senate concurred.                          | (451,200) |
| 4. <b>Administrative Reductions.</b> The Governor, House, and Senate reduced funding for several line items: \$237,000 for Department Services Operations; \$222,000 for Regulatory Services Operations; \$76,800 for Central Operations; and \$68,600 for Branch Operations. | (604,400) |
| 5. <b>Department of Information Technology (DIT) Reduction.</b> This represents the Department's share of a DIT administrative reduction.   | (17,100)  |
| 6. <b>Economic Adjustments.</b> The Department's economic adjustments totaled \$700 while the economic adjustment for DIT totaled a positive \$52,500.  | 53,200    |

Conference Agreement on Items of Difference

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| 7. <b>Enhanced Driver License Revenue.</b> The Senate added additional restricted revenue to allow expenditure of anticipated new revenue from fees for the new enhanced driver license and personal ID cards. The Conference concurred with the Senate. | 4,150,000 |
| 8. <b>Items of Difference Adjustment.</b> The Senate adjusted several line items by \$100 to make points of difference from the House. The Conference concurred with the House.  | 0         |
| 9. <b>HMO Savings.</b> The Department's portion of a statewide HMO savings.  | (287,500) |
| 10. <b>Target Reduction.</b> A 0.25% GF/GP reduction applied across all budgets.   | (71,700)  |
| 11. <b>Revised Executive Recommendation.</b> The Conference reflects additional Federal revenue from revised Executive Recommendation dated 6-5-08.  | 4,213,700 |

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<b>Total Changes.....</b>	<b>\$7,195,000</b>
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$214,876,400</b>
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Contingency Funds.** The Governor, House, and Senate increased limit for Federal contingency funds to \$2.0 million. (Sec. 801)
2. **Branch Office Closings.** (1) 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 information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. The Governor eliminated this section while the House and Senate retained current law. (Sec. 815).
3. **Transaction Report.** Requires the Department to report to the House and Senate General Government Subcommittees and the respective fiscal agencies, by December 15<sup>th</sup>, the number of branch office transactions completed online. The Governor removed this section. The House and Senate retained current law. (Sec. 815a)
4. **Motorcycle Safety Program.** Language continues the Motorcycle Safety Program in the same manner as was provided by the Department of Education. Lists revenue sources for the program, criteria for grants, and details appropriate charges for Department of State administrative costs. The Governor removed this section. The House and Senate retained current law. (Sec. 818)
5. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed this section. The House and Senate retained current law. (Sec. 819)
6. **Branch Offices.** Requires the Department to maintain branch offices in each location that existed on August 1, 2007. The Governor, House, and Senate removed this section.
7. **Guidelines for Branch Office Placement.** Provides guidelines for the placement of future branch offices. The Governor removed this section. The House and Senate retained current law. (Sec. 827)

Conference Agreement on Items of Difference

8. **Transportation Funds Cost Study.** The Senate added language that requires the Department to conduct a cost study identifying costs of work performed by the Department from State restricted funds. The Conference adopted language requiring study only if Task Force does not complete report. (Sec. 803a)
9. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor and House removed this section. The Senate retained current law. The Conference concurred with the Senate. (Sec.824)
10. **Ann Arbor Branch Office.** Requires the Department to maintain a full service branch office in Ann Arbor. The Governor and House removed this section. The Senate retained language but changed branch location to Ann Arbor. The Conference concurred with the Governor and House.

Date Completed: 7-22-08

Fiscal Analyst: Joe Carrasco



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>\$1,798,454,000</b>
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

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| 1. <b>Michigan Business Tax.</b> The Governor, House, and Senate included an increase for MBT implementation.  | 3,400,000   |
| 2. <b>Renaissance Zone Reimbursement.</b> The Governor, House, and Senate included an increase.  | 705,000     |
| 3. <b>Pension Plan Consultant.</b> The Governor, House, & Senate included funding to evaluate pension funds.   | 1,000,000   |
| 4. <b>Casino Gaming.</b> The Governor, House, and Senate included an increase to monitor the larger permanent casinos. One-time funding to move Gaming Control Board to Detroit was eliminated.  | (4,816,000) |
| 5. <b>Senior Citizen Cooperative Housing Tax Exemption.</b> The Governor, House, and Senate included a reduction to reflect actual program expenditures. The Conference included an additional reduction.  | (681,900)   |
| 6. <b>Commercial Mobile Radio Service Fees.</b> This fee is scheduled to sunset 2/28/09.   | (6,800,000) |
| 7. <b>Michigan Transportation Fund (MTF).</b> The Gov., House, & Senate included a reduction in MTF funding.   | (750,900)   |
| 8. <b>Administrative Reductions.</b> The Governor, House, and Senate included reductions of: Revenue Enhancement Program (\$336,400), Neighborhood Enterprise Zone (\$150,000), Student Financial Services (\$75,200), and Supervision of the General Property Tax Law (\$50,000).   | (611,600)   |
| 9. <b>Human Resources Changes.</b> The Department's HR responsibilities, including 17.0 FTEs and HR optimization costs, were transferred to the Civil Service Commission.  | (2,057,300) |
| 10. <b>Debt Service.</b> Changes included \$15.7 million for new issues, a decrease of \$12,563,400 for current debt service, and a \$40 million GF/GP reduction from restructuring.   | (6,863,400) |
| 11. <b>Economic Adjustments.</b> These include \$77,400 in DIT Economics, and (\$59,500) in HMO savings.   | 512,100     |
| 12. <b>Other Changes.</b> Included are adjustment for Attorney General charges of \$700,000, increase for Lottery Commissioner of \$17,000, increase of \$100,000 in Federal home heating assistance, increase of \$250,000 for out-of-state lien filings, removal of one-time funding for presidential primary, and removal of \$520,000 for the implementation of repealed tax on services and increase in the income tax. | (9,453,000) |

Conference Agreement on Items of Difference

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| 13. <b>Information Technology Adjustments.</b> The Governor, House, and Senate included increases for software, server replacement, and the tobacco system, and an administrative reduction for DIT. The Senate also included a \$1.0 million reduction for IT. The Conference concurred with the Senate. | (246,900)    |
| 14. <b>Lottery Advertising.</b> The Senate included a 10% cut to Lottery advertising, the Conference did not.   | 0            |
| 15. <b>Payments in Lieu of Taxes.</b> The Senate transferred this from the Department of Natural Resources.   | 14,189,200   |
| 16. <b>Revenue Sharing.</b> Governor and House included 4% increase in statutory revenue sharing. The Senate did not. The Senate included \$102,000 grant for Shiawassee County. The Conference included a 2% increase in statutory payments but not the grant and adjusted for May revenue estimates.    | 12,540,900   |
| 17. <b>City-University Partnership Grants.</b> The House included funding for a new collaboration effort between MSU, U of M, WSU, and urban core mayors. The Senate included a placeholder for this item. The Conference did not include it.   | 0            |
| 18. <b>Public Private Partnership Investment.</b> The Senate included a \$100 placeholder for this item. The Governor's revised recommendation included \$1.5 million. The Conference concurred with the Governor.  | 1,450,000    |
| 19. <b>Michigan Strategic Fund (MSF).</b> Please see the MSF highlight sheet for more detail.   | (67,328,800) |
| 20. <b>Property Tax Appeal Program.</b> The Senate included \$1.0 million to assist local units and school districts in defending appeals of utility personal property assessments. The Conference included \$500,000.  | 500,000      |
| 21. <b>Telephone Telegraph Re-Appraisals.</b> The Senate included a \$100 placeholder for this item. The Conference did not include it.   | 0            |

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Total Changes.....	(\$65,312,600)
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$1,733,141,400</b>
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**Amount (Under) GF/GP Target: \$500,000**

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**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Debt Service Costs.** The Governor, House, and Senate modified this section to include amounts needed for mandatory and optional redemptions in what is appropriated for debt service costs. (Sec. 902(1))
2. **School Bond Loans.** The Governor, House, and Senate added a subsection that appropriates certain repayments received by the State on loans made from the school bond loan fund for the payment of debt service costs. (Sec. 902(3))
3. **Tax Manuals.** The Governor, House, and Senate modified this section to require the Department to provide copies of the State Tax Manual on their website, or sell copies in other electronic formats. (Sec. 905)
4. **Secondary Collections.** The Governor deleted language requiring a contract for secondary collection activities. The House and Senate modified the section to remove request for proposal language. (Sec. 930a)
5. **Treasury Fees.** The Governor, House, and Senate modified this section to include other investment income in addition to common cash earnings for the assessment of treasury fees. (Sec. 931(1))
6. **Michigan Tobacco Settlement Finance Authority.** The Governor, House, and Senate added a section that authorizes the Department to expend revenues received for this Authority for administrative costs. (Sec. 940)
7. **Standardized Audit Schedules.** The Governor, House, and Senate removed this section. (Sec. 941)
8. **Social Security Numbers.** The Governor removed the section prohibiting the inclusion of SSNs on Form 1099-G mailings. The House and Senate retained current year language. (Sec. 943)
9. **Assessment Administration.** The Governor removed the section that provides that the Department may review local unit assessment administration. The House and Senate retained current year language. (Sec. 945)
10. **Regional Assessment Training.** The Governor removed this section. The House and Senate retained current year language. (Sec. 946)
11. **Revenue Enhancement Program.** The Governor removed this section. The House and Senate retained current year language. (Sec. 947)
12. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. The House and Senate modified this section to include Michigan Business Tax returns. (Sec. 948)
13. **Bid for Tobacco Stamp Technology.** The Governor, House, and Senate removed this section. (Sec. 949)
14. **DHS Bridge Cards.** The Governor removed the section that requires the State Lottery to inform retailers that DHS bridge cards cannot be used to buy lottery tickets. The House & Senate retained current year language. (Sec. 963)

Conference Agreement on Items of Difference

15. **City-University Partnership Grants.** The House and Senate included language specifying the activities to be part of the City-University partnership plan. The Conference did not include it. (Sec. 923)
16. **Public-Private Partnership Investment.** The Conference included language creating this fund and specifying its usage. (Sec. 925)
17. **Telephone/Telegraph Re-appraisals.** The Conference included language that the Legislature intends to fund these. (Sec. 927)
18. **Payments in Lieu of Taxes.** The Conference included language requiring the Department to make payments, by February 14, for bills received by January 15. (Sec. 938)
19. **Medical Pension Liability for State Employees.** The Senate added language requiring the Department to explore products to address the medical pension liability for State retirees. The Conference concurred with the Senate. (Sec. 941)
20. **Property Tax Appeal Program.** The Senate added language requiring that funds be used to assist local units to defend appeals of utility personal property tax assessments. The Conference concurred with the Senate. (Sec. 942)
21. **Pension Plan Consultant.** The Senate added language requiring any report from a pension plan consultant be shared with the Legislature. The Conference concurred with the Senate. (Sec. 944)
22. **Transportation Funds Cost Study.** The Senate added language requiring the Department of State to conduct a cost study to identify costs to collect fuel taxes and sales & use taxes. The Conference modified this to require the study only if a task force does not complete the report. (Sec. 949)
23. **Revenue Sharing.** The Governor and House included a 4% increase in the statutory payment. The Senate did not include the increase. The Conference included a 2% increase. (Sec. 950)
24. **Grant to Shiawassee.** The Senate added language requiring a \$102,000 special grant to Shiawassee County. The Conference did not include this section. (Sec. 952(2))
25. **Michigan Strategic Fund.** See MSF highlight sheet for detailed information.

Date Completed: 7-22-08

Fiscal Analyst: Stephanie Yu

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Hlgen\_cr



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<b>FY 2007-08 Year-to-Date Gross Appropriation .....</b>	<b>219,972,500</b>
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**Changes from FY 2007-08 Year-to-Date:**

Items Included by the House and Senate

1. <b>Economic Development and Cultural Institutions Earmarks.</b> The Governor eliminated earmarks of \$100 each for Business Incubator Program; Berrien County Brownfield Redevelopment Authority; Detroit Institute of Arts; McBain Township, Missaukee County; Detroit Historical Museum; Detroit Zoological Institute; and the Michigan State University Bio-Energy Research Center. The House and Senate concurred.	(700)
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2. <b>Economic Adjustments.</b> The Governor, House, and Senate concurred.	78,600
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Conference Agreement on Items of Difference

3. <b>Michigan Promotion Program.</b> The Governor eliminated one-time funding from the Jobs for Michigan Fund>Returns to Fund, reducing funding from \$11,417,500 to \$5,717,500. The House concurred. The Senate increased by \$100 GF/GP. Conference reduced by \$41,300 from House, setting the line at \$5,717,500.	(5,700,000)
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4. <b>21<sup>st</sup> Century Jobs Trust Fund Programs.</b> The Governor continued funding at \$75.0 million as specified in statute. The House concurred. The Senate reduced by \$100. Conference funded at \$65.0 million.	(10,000,000)
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5. <b>Business Incubator Earmarks.</b> The Senate added line items of \$100 GF/GP each for business incubators in Macomb and Washtenaw Counties. Conference appropriated \$1,250,000 from 21 <sup>st</sup> Century Investment Fund – Returns to Fund to fund business incubators in Washtenaw, Genesee, Berrien, Wayne, and Macomb counties.	1,250,000
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6. <b>Economic Development Job Training Grants.</b> Governor and House maintained current funding. Senate reduced by \$100. Conference reduced by \$120,500 (including HMO savings of \$37,900) and included boilerplate allocations for Mack Alive and Michigan Aerospace Manufacturers Association.	(120,500)
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7. <b>Community Development Block Grant (CDBG) Technical Assistance.</b> The House provided \$66,000 GF/GP in grants to local planning agencies that received grants in 2008. The Senate did not include. Conference concurred with Senate.	0
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8. <b>Energy Efficiency Grants.</b> The House provided \$600,000 GF/GP for grants of \$200,000 each to pilot residential energy efficiency programs in Ann Arbor, Grand Rapids, and Lansing. The Senate did not include. Conference concurred with Senate.	0
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9. <b>Detroit Festival of Arts.</b> The House provided a \$75,000 GF/GP grant. The Senate did not include. Conference concurred with Senate.	0
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10. <b>Film Office.</b> The Governor's revised recommendation transferred the Film Office to the MSF consistent with the recently passed film package, adding 6.0 FTEs. The Senate concurred. Conference concurred with revised Governor and Senate.	731,600
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11. <b>Other Changes.</b> Adjustments made to remove FY 2007-08 supplemental funding of \$50,000,000 for promotion pursuant to P.A. 98 of 2008, \$3.5 million for the MSU Bio-energy Research Center, and made other adjustments	(53,567,800)
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Total Changes.....	(\$67,328,800)
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<b>FY 2008-09 Conference Report Gross Appropriation .....</b>	<b>\$152,643,700</b>
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**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2007-08 Year to Date:**Items Included by the House and Senate

1. **Intent on Incentives.** The Governor stated intent that economic development incentives be given to Michigan businesses. The House and Senate maintained current year language. (Sec. 1029)

Conference Agreement on Items of Difference

2. **Deletions.** The Governor eliminated a number of sections including:
  - **Audits.** Permissive language concerning the implementation of audit procedures that allow for the auditing of job claims at companies receiving financial incentives. House revised specifying which credits and incentives may be audited. Senate changed current year language to require audits. Conference directs MEDC to utilize the audit procedures previously developed, review the results and report to the legislature (Sec. 1016)
  - **Job Creation Reporting.** Required the Fund to report separately the number of actual and indirect jobs created due to incentives in marketing materials. House concurred. The Senate maintained current language. Conference concurred with House. (Sec. 1025)
  - **Lakeshore Advantage.** Required a \$3.0 million allocation by March 31, 2007. House concurred. The Senate retained current year allocation from the 21<sup>st</sup> Century Fund. Conference concurred with Senate. (Sec. 1027)
3. **Promotion Work Project.** Provided work project authorization for \$5.7 million appropriated for Michigan Promotion and Business Development activities. House concurred. Senate changed the language stating availability of other funds for promotion from the bonding package. Conference concurred with Senate. (Sec. 1021)
4. **Economic Development Job Training Grants (EDJT).** The Governor added the assistance of Michigan residents and companies as a purpose for this grant program; deleted the earmark for community colleges; added businesses with less than 50 employees and an award less than \$20,000 to the list of eligible applicants; changed the repayment provision to allow for a prorated amount based on the number of actual jobs created or trained compared with the number originally identified in the application; increased the match rate for businesses training incumbent workers from a minimum of 30.0% up to 50.0% of the program costs; and deleted the earmark for the aerospace certification grants. House concurred. The Senate maintained the current year match requirement and the earmark for Michigan Aerospace Manufacturing Association (MAMA) and concurred in the remaining changes. Conference set the match from 30% to 50%, included MAMA allocation, and added a \$50,000 allocation to Mack Alive for employment training. (Sec. 1002)
5. **MEDC Annual Report.** The Senate expanded the MEDC annual report to include detailed reporting on tourism promotion and business marketing, revenues by source, and information on the number of jobs projected to be created and actually created by projects using financial incentives. Conference included tourism and revenue reports only. (Sec. 1007)
6. **CDBG Technical Assistance Grants.** The House added new language allocating these grants to local planning agencies that received grants in 2008 and required each agency to receive an amount equal to previous year. The Senate required that contracts for CDBG technical assistance be awarded to regional planning commissions in the same amounts as in FY 2007-08. Conference concurred with Senate. (Sec. 1015)
7. **Energy Efficiency Pilot.** The House added language specifying the allocation of these funds as \$200,000 each for three cities: Ann Arbor, Grand Rapids, and Lansing. The Senate did not include. Conference concurred with Senate. (Sec. 1018)
8. **Agricultural Promotion.** The Senate stated intent that MSF and its contractors work with the Department of Agriculture to promote business development of Michigan agricultural products. Conference concurred. (Sec. 1019)
9. **SBIR/STTR Program.** The Governor and House deleted the set aside for SBIR/STTR programs. The Senate maintained the \$1.4 million allocation in FY 2008-09. The House specified the use of unaccepted awards for a \$1.5 million business incubator program. The Senate did not include. (Sec. 1024)
10. **Business Incubator Program.** House included 3 business incubators in distressed areas. Senate funded two placeholders. Conference appropriated \$1,250,000 for a competitive business incubator program in Wayne, Macomb, Genesee, Washtenaw and Berrien counties.
11. **Tourism Promotion.** The Senate included Mackinac Island State Park and the Michigan State historic parks with allowable promotion activities. Conference concurred with Senate. (Sec. 1024)

Date Completed: 7-22-08

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