



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



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5189 (as enrolled)
Sponsor: Representative Amanda Price
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 4-27-12

CONTENT

The bill would enact a supplemental appropriation act that would revise the requirements for the Economic Vitality Incentive Program (EVIP) to allow an option for eligible cities, villages, and townships to comply with the employee compensation category of the program, and to extend the deadline for compliance from May 1, 2012, to June 1, 2012.

Currently, to qualify for EVIP payments under the employee compensation category, each eligible city, village, and township (CVT) is required to develop a compensation plan that it intends to implement with new, modified, or extended contracts or employee agreements. The compensation plan must meet specific limitations in cost of retirement plans for new hires, defined benefit plan multipliers, calculation of final average compensation, and health care costs. Under the bill, a CVT would be able to qualify for the employment compensation category by completing the compensation plan or certifying either that the CVT intends to comply with the Publicly Fund Health Insurance Contribution Act, Public Act 152 of 2011, or that it does not offer medical benefits to employees or elected officials.

The bill also would allow a CVT that did not meet the January 1, 2012, deadline for development of a consolidation or cooperation plan, to receive full payment for that category if it completed the plan by March 1, 2012.

In addition, the bill would repeal and re-enact without change a boilerplate section

for the Department of Human Services that requires the Department to give the highest priority to licensing activities that present the highest risk to vulnerable children or adults receiving services of licensees.

FISCAL IMPACT

The bill would make it easier for eligible cities, villages, and townships to qualify for approximately \$23.3 million in Economic Vitality Incentive Program payments for the employee compensation plan portion of the program. This amount is the total of the last two estimated payments for EVIP in this category in FY 2011-12 or about 11.1% of their maximum payment under the program. Appropriations for payments to CVTs under EVIP total \$210.0 million in FY 2011-12. Approximately 486 CVTs are eligible for this funding.

Changing the deadline for completion of the consolidation plan category from January 1, 2012 to March 1, 2012, would allow two local governments to receive the full payment under that category. This would apply to the City of Inkster in Wayne County and the Village of Otisville in Genesee County, which would receive additional payments of approximately \$275,000 and \$3,000, respectively.

Money not earned by eligible CVTs under EVIP increases the amount available for the Department of Treasury to award in competitive grants to cities, villages, townships, or counties for consolidation or cooperation projects. The appropriation for

the competitive grants is \$5.0 million in FY 2011-12. This amount would be increased by any unclaimed funds from EVIP. The bill would reduce the amount of unclaimed funds for the EVIP program by simplifying compliance with the incentive requirements.

The bill would have no fiscal impact on State government.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.