



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

BILL



ANALYSIS

**Telephone: (517) 373-2768**

**Fax: (517) 373-1986**

**[House Bill is H.B. 5365](#)**

	<u><b>Gross</b></u>	<u><b>GF/GP</b></u>
<b>FY 2012-13 Senate-Passed Recommendation .....</b>	\$4,236,501,900	\$938,678,400
<b>FY 2012-13 House Passed Recommendation .....</b>	\$4,200,278,800	\$888,754,100
Change from Senate .....	(\$36,223,100)	(\$49,924,300)
Percent Change from Senate.....	(0.9)%	(5.3)%

**See Individual Highlight Sheet for Department Detail**

Throughout this document:

"FTE" means Full Time Equivalent

"GF/GP" means General Fund/General Purpose

"OPEB" means Other Post-Employment Benefits

**Changes from FY 2011-12 Year to Date:**

1. **Transparency Website.** The Senate concurred with the Governor's recommendation to move authority for these websites to the Department of Technology, Management, and Budget (DTMB). The House maintained current language which allows departments to do their own transparency websites. (Sec. 203)
2. **Information Technology (IT) Work Projects.** The Senate concurred with the Governor to delete language that permits information technology funds to be placed in work projects. The House retained the current language. (Sec. 207)
3. **Internet Reports.** The Senate retained current language that allows reports to be distributed on the Internet. The House required Internet reporting unless otherwise specified. (Sec. 208)
4. **Reduce Impact of Rules on Small Business.** The Senate deleted language on consideration of the impact of administrative rules on small business. House retains current language. (Sec. 221)
5. **General Fund Lapse Report.** The Senate concurred with the Governor's recommendation to move lapse reporting to the DTMB and change the date from November 15 to November 30. The House retained the current language. (Sec. 228)
6. **Customer Service.** The House added language to require departments to work together to implement and maintain courteous and efficient customer service to all customers including the public and all the branches of government. (Sec. 230)
7. **Spending Limits on Positions and Quarterly Reports.** The House added legislative intent language that departments should not spend funding associated with vacant full-time equated (FTE) positions until the position is occupied. The House also required quarterly reports on FTE positions by position title, compensation, and filled and unfilled positions, both full-time and part-time. (Sec. 231)
8. **Outcomes Identification and Reporting.** The House added language that requires each department and agency to identify ten principal outcomes (five for Civil Rights, Attorney General, Lottery, and Gaming Control Board) affected by the appropriations, rank those indicators, and submit a report by October 31, 2012 that includes the outcomes and current data related to those outcomes. Requires the reports be updated biannually beginning April 1, 2013 on those outcomes and efforts to improve them. (Sec. 232)
9. **FY 2013-14.** The Senate included intent language that states the FY 2013-14 appropriations are expected to be the same as the FY 2012-13 appropriations adjusted for caseload, Federal funds, economic factors, and available revenue. The House language notes that FY 2013-14 appropriations would exclude one-time appropriations. The House included a schedule of anticipated incremental budget adjustments in FY 2013-14. (Sec. 1201)

Date Completed: 5-3-12

Fiscal Analyst: Elizabeth Pratt



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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$84,947,200</b>
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**House Changes to Senate-Passed:**

1. **Operational Reductions.** The Senate adopted the Governor's recommendation. The House made reductions in operations lines throughout the budget to reduce GF/GP spending when compared to the Senate and Governor. These consisted of reductions of \$287,400 to the Operations line, \$9,200 to the Public Safety Initiative, \$8,400 to Child Support Enforcement, \$14,000 to Prosecuting Attorneys Coordinating Council, and \$14,000 reduction to the information technology line item. (333,000)

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<b>Total Changes .....</b>	<b>(\$333,000)</b>
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$84,614,200</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **Appropriation of Foreclosure Lawsuit Proceeds.** The House added language to require that all proceeds from a lawsuit or settlement related to mortgage foreclosure fraud are state funds and are subject to appropriation. (Sec. 313)
2. **Report on Proceeds of Lawsuits.** The House added language that states that proceeds of lawsuits are State funds subject to appropriation. The language would require a report by November 1 of all proceeds from lawsuits and settlement agreements obtained by the Attorney General and how the funding was or will be spent. (Sec. 314)
3. **Report on Impact of Prohibition on Actions Against Drug Manufacturers.** The House required a report by April 1 of the funds that could be recovered by the Attorney General but for the prohibition on actions against a drug manufacturer in MCL 600.2946. (Sec. 315)

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[House Bill is H.B. 5365](#)

<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$14,332,600</b>
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**House Changes to Senate-Passed:**

- |   |           |
|---|-----------|
| <p>1. <b>Operational Reductions.</b> The Senate adopted the Governor's recommendation. The House made reductions in operations lines throughout the budget to reduce GF/GP spending when compared to the Senate and Governor. These reductions consisted of a reduction of \$99,100 to the Operations line, a reduction of \$5,500 to the Commission on Disability Concerns, a reduction of \$2,000 to the Hispanic/Latino Commission of Michigan, a reduction of \$1,000 to the proposed funding for the Asian Pacific American Affairs Commission, and a \$6,600 reduction to the information technology line item.</p> | (114,200) |
|---|-----------|

<b>Total Changes .....</b>	<b>(\$114,200)</b>
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$14,218,400</b>
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**Changes from FY 2012-13 Senate-Passed:**

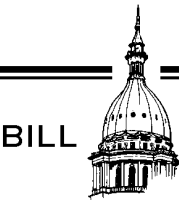
1. The House and Senate concurred on the boilerplate for the Department of Civil Rights.

Date Completed: 5-3-12

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[House Bill is H.B. 5365](#)

FY 2012-13 Senate-Passed Gross Appropriation .....	\$4,887,900
House Changes to Senate-Passed:	
1. There are no changes from the Senate-Passed Executive Budget.	0
Total Changes .....	0
FY 2012-13 House-Passed Gross Appropriation.....	\$4,887,900

**Changes from FY 2012-13 Senate-Passed:**

1. **Ethics Officer.** The House added language requiring funds in Part 1 to be used for the hiring of an Ethics Officer. (Sec. 501)

Date Completed: 5-3-12

Fiscal Analyst: Joe Carrasco





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[House Bill is H.B. 5365](#)

<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$113,877,500</b>
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**House Changes to Senate-Passed:**

- |  |             |
|--|-------------|
| 1. <b>Senate Operations Changes.</b> The House did not include the Senate's increase of \$677,500 for the Senate.  | (677,500)   |
| 2. <b>House Operations Changes.</b> The House did not include the Senate's increase for the House of \$577,500.  | (577,500)   |
| 3. <b>Legislative Council Changes.</b> The House included funding of \$200,000 for the Michigan Veterans' Facility Ombudsman.  | 200,000     |
| 4. <b>Capitol Renovation and Maintenance.</b> The House did not include the Senate's \$3.1 million in GF/GP funding for completion of renovation and maintenance projects on the Capitol building. | (3,100,000) |

Total Changes .....	(\$4,155,000)
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$109,722,500</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **National Association Dues.** The Governor deleted the words "if funds are available" from the language. The Senate concurred with the Governor and increased amount to \$53,000. The House concurred only with the Governor. (Sec. 603)
2. **Capitol Renovation and Maintenance.** The Senate added new language allocating \$1.5 million to each the House and Senate and \$100,000 to Capital Facilities for Capitol building renovation and maintenance projects. The House did not include this language. (Sec. 609)
3. **Michigan Veterans' Facility Ombudsman.** The House added new language directing that the new funding for the Legislative Council must be used to establish the Office of the Michigan Veterans' Ombudsman. (Sec. 609)

Date Completed: 5-3-12

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[House Bill is H.B. 5365](#)

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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$18,687,700</b>
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**House Changes to Senate-Passed:**

1. There are no changes to the Senate-Passed Legislative Auditor General Budget.	0
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Total Changes .....	0
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$18,687,700</b>
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**Changes from FY 2012-13 Senate-Passed:**

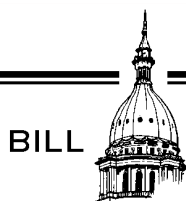
1. No changes from the Senate-Passed Legislative Auditor General Budget.

Date Completed: 5-3-12

Fiscal Analyst: Joe Carrasco



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# BILL ANALYSIS

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[House Bill is H.B. 5365](#)

<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$220,822,500</b>
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**House Changes to Senate-Passed:**

1. <b>House Target Reductions.</b> The House reduced several line items by 1% to meet House targets. The lines reduced include: Executive Direction (\$9,900); Department Services (\$2,000); Regulatory Services (\$200); Branch Operations (\$424,200); Central Operations (\$602,400); Organ Donor Program (\$1,100); Election Administration (\$75,800); and Information Technology (\$20,500).	(1,136,100)
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2. <b>Commercial Driver's License Medical Certificate Program.</b> The House included one-time GF/GP funding for costs associated with the new medical certificate program.	600,000
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<b>Total Changes .....</b>	<b>(\$536,100)</b>
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$220,286,400</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **Business Application Modernization (BAM) Project Report.** The Senate retained the required report regarding the BAM project. The House deleted this section. (Sec. 716b)

Date Completed: 5-3-12

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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$1,136,973,600</b>
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**House Changes to Senate-Passed:**

- |   |              |
|---|--------------|
| <p>1. <b>Capital Outlay.</b> The Senate included \$15.0 million for maintenance and remodeling costs for various State-owned buildings and \$1,800 for University and Community College construction authorizations. The House did not include the Community College funding and reduced the \$15.0 million by \$185,100.</p>   | (186,900)    |
| <p>2. <b>One-Time Boilerplate Appropriations.</b> The Senate included the following one-time funding: \$10.0 million for special maintenance for State-owned facilities; \$7.0 million for space consolidation; and \$4.7 million for lump-sum payments for State employees. The Senate moved funding to a new unit in Part 1. The House reduced the \$7.0 million for space consolidation by \$600,000.</p>  | (600,000)    |
| <p>3. <b>Enterprise-wide Information Technology (IT) Investment Project.</b> The Governor proposed \$50.0 million for a new program to prioritize and manage IT projects across all State departments &amp; agencies. The Senate reduced funding by \$2.0 million. The House reduced funding by an additional \$18,370,200.</p>   | (18,370,200) |
| <p>4. <b>House Target Reductions.</b> The House reduced several line items by 1% to reach House targets. Items reduced include: Executive Operations (\$3,800); Administrative Services (\$20,900); Budget &amp; Financial Management (\$134,000)' Office of the State Employer (\$10,000); Business Support Services (\$49,500); IT (\$141,400); IT Innovation Fund (\$30,900); Retirement Services (\$49,100); Office of Children's Ombudsman (\$14,700); and Civil Service Commission (\$262,900).</p> | (717,200)    |

Total Changes .....	(\$19,874,300)
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$1,117,099,300</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **Remanufactured Furniture.** The Senate retained the requirement that the Department use, whenever possible, refurbished or remanufactured furniture. The House did not include this requirement. (Sec. 803(5))
2. **Enterprisewide IT Investments.** House added language requiring the Department to develop a plan regarding the use of funds appropriated in Part 1 for the Enterprisewide IT Investments program. (Sec. 814)
3. **Contracts Exceeding \$250,000.** House added new language stating that contracts exceeding \$250,000 for goods or services must be competitively bid. Also, any savings resulting from any renegotiated contract must be posted on the Department's Dashboard. (Sec. 816)
4. **Annual Report.** Requires an annual report from the Department of Information Technology 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. **Senate:** Removed language. **House:** Retains current year language. (Sec. 828)
5. **Life-Cycle of Hardware and Software.** 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. **Senate:** Retains current language. **House:** Removed language. (Sec. 829)
6. **Child Support Enforcement System Report.** Requires the Department to provide a report to the government operations committees, general government subcommittees, and fiscal agencies by January 1 that calculates the total cost of the Child Support Enforcement System from the inception of the program. The report shall include the total amount of penalties paid to the Federal government. **Senate:** Removed language. **House:** Retains current year language. (Sec. 832)
7. **University and Community College Construction Authorizations.** Provides construction authorizations for 18 of the 20 projects that received planning authorizations in Public Act 329 of 2010. The two excluded were Macomb County Community College and Lake Superior State University. Project costs total \$613.1 million, with a State share of \$304.5 million and the university/college share of \$308.6 million. State costs will be funded through the State Building Authority. Annual debt service costs for the projects will range from \$21.3 million to \$27.4 million for 15 to 17 years depending on the bond interest rates and when the projects come on line. The Governor included the \$100 line item construction authorizations in Part 1. **Senate:** Added this new section. **House:** Does not include this new Section. (Sec. 876)

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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$471,449,200</b>
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**House Changes to Senate-Passed:**

- |   |             |
|---|-------------|
| <p>1. <b>Administrative Reductions.</b> The House made reductions in operations lines throughout the budget to reduce GF/GP spending when compared to the Senate and Governor. These reductions consisted \$17,600 from Office of the Director, \$1,900 from Travel, \$178,400 from Supervision of the General Property Tax Law, \$18,000 from Local Finance, \$35,600 from Department and Budget Services, \$27,000 from Collections, \$6,100 from Receipts Processing, \$28,400 from the unit for Financial Programs, and \$50,300 from the information technology line item.</p> | (676,200)   |
| <p>2. <b>Payments in Lieu of Taxes (PILT).</b> The Senate increased PILT to the revised FY 2011-12 amount of \$14,256,900 in FY 2012-13 including \$10,156,400 GF/GP. The House concurred with the Governor and funded PILT at \$12,382,700 in FY 2012-13, including \$8,581,000 GF/GP.</p>   | (1,874,200) |
| <p>3. <b>Facility for Rare Isotope Beams.</b> The Senate included funding for the debt service on the community share portion of this project in the budget for Higher Education. The House included the funding within the Department of Treasury.</p>   | 2,339,900   |
| <p>4. <b>Community College Renaissance Zone Grants.</b> The House added \$4.0 million GF/GP in one-time funding for renaissance zone reimbursement to community colleges. The Senate did not include.</p>   | 4,000,000   |
| <p>5. <b>State and Authority Finance.</b> The Senate concurred with the Governor's recommendation to roll up the line items for Michigan Finance Authority, Student Financial Assistance Programs, and Common Cash and Debt Management into a single line for State and Authority Finance. The House maintained separate line items.</p>  | 0           |

Total Changes .....	\$3,789,500
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$475,238,700</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **Private Auditing of Unclaimed Property.** The Senate deleted authority for contingent fee contracts for unclaimed property audits and a reporting requirement. The House retained the language. (Sec. 919)
2. **Report of Charges to the Michigan Transportation Fund.** The Senate deleted this report on how Treasury computes administrative costs charged to the fund. The House retained and changed the due date to April 1, 2013. (Sec. 922)
3. **Public Private Investment Fund Report.** The Senate retained the current language. The House deleted the annual report. (Sec. 925)
4. **Tobacco Tax Enforcement.** The Senate deleted direction on how to use appropriations for tobacco tax enforcement. The House retained instructions related to cooperation between the department, the Attorney General, and the Michigan State Police and a report on the proposed use of funds. ( Sec 943)

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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$140,554,900</b>
<b>House Changes to Senate-Passed:</b>	
1. The Senate and House concurred with the Governor's recommendation on debt service appropriations for FY 2012-13.	0
<b>Total Changes .....</b>	<b>0</b>
<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$140,554,900</b>

**Changes from FY 2012-13 Senate-Passed:**

1. No boilerplate changes were proposed for this budget.

Date Completed: 5-3-12

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<b>FY 2012-13 Senate-Passed Gross Appropriation .....</b>	<b>\$1,073,193,000</b>
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**House Changes to Senate-Passed:**

- |   |              |
|---|--------------|
| 1. <b>County Revenue Sharing.</b> The Senate included \$101,658,700 in funding for the statutory county revenue sharing program. The House included \$91,420,000.   | (10,238,700) |
| 2. <b>County Incentive Program.</b> The Senate recommended \$25,414,600 for an incentive program for counties. The House included \$39,180,000 for a similar program.   | 13,765,400   |
| 3. <b>Economic Vitality Incentive Program (EVIP).</b> The Senate provided \$210,000,000 for this incentive program for eligible cities, villages, and townships (CVTs). The House increased funding to \$220,000,000.   | 10,000,000   |
| 4. <b>Competitive Grant Assistance Program.</b> The Senate provided \$25,000,000 in one-time funding for this program to assist local governments with consolidation or cooperation projects. The House also provided at total of \$25,000,000 consisting of \$5,000,000 in ongoing funds and \$20,000,000 in one-time funding. | 0            |

<b>Total Changes .....</b>	<b>\$13,526,700</b>
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<b>FY 2012-13 House-Passed Gross Appropriation.....</b>	<b>\$1,086,719,700</b>
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**Changes from FY 2012-13 Senate-Passed:**

1. **Eligibility for Competitive Grant Assistance.** The House added school districts to eligibility for the consolidation program if they are in cooperative projects with a CVT or county. (Sec. 951)
2. **EVIP Payment formula for CVTs.** The Senate maintained the current payment calculation at 67.837363% of the FY 2009-10 statutory payments. The House increased to 71.0677% consistent with the additional \$10.0 million in the program. (Sec. 952)
3. **EVIP Consolidation Plan Requirements.** The Senate required first-time filers to either list previous consolidations or cooperative projects or provide a new proposal. Second-time filers were required to update their previous plan. The House required all filers to include a new proposal and changed the certification date to February 1. (Sec. 952)
4. **EVIP Employment Compensation Requirements.** The Senate provide an option to comply in this category by either submitting a modified compensation plan or certifying either compliance with the Publicly Funded Health Insurance contribution Act, 2011 PA 152, or that the local government does not offer health care benefits to employees or elected officials. The compensation plan requirement would be modified to specify that retirement changes would apply to new hires and benefits awarded going forward based on service credits earned under new or extended contracts or employment agreements. The Senate included the Governor's recommendation that locals submit a list of employee contracts and their expiration dates. Second-year participants were required to update their previous plan, report on barriers to implementation, and submit an implementation timeline. The House made certification of compliance with 2011 PA 152 the sole eligibility criteria for the employee compensation category and set the certification date at June 1. (Sec. 952)
5. **EVIP Payment Schedule.** The Senate retained the current payment schedule for CVTs with payments in October, December, February, April, June, and August and included the Governor's recommended payment schedule for counties with payments in November, January, March, May, July, and September. The House kept all payments on the current payment schedule. The House changed payments for CVTs to have two payment dates for each of the three categories, as opposed to paying a portion of the payment for each category on each of the six payment dates.
6. **EVIP Guidance from Treasury.** The House added language to require the Department of Treasury by October 1, 2012 to develop and post on the Internet and distribute to eligible locals detailed guidance on how to qualify for EVIP payments. (Sec. 952)

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FY 2012-13 Senate-Passed Gross Appropriation .....	\$956,775,800
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**House Changes to Senate-Passed:**

- |  |              |
|--|--------------|
| 1. <b>Film Incentives.</b> The Senate provided \$50.0 million GF/GP in one-time funding for Film Incentives. The House provided \$11.0 million GF/GP in one-time funding.  | (39,000,000) |
| 2. <b>Business Attraction and Economic Gardening.</b> The Senate appropriated \$66.0 million for this program consisting of \$25.0 million from the 21 <sup>st</sup> Century Jobs Trust Fund and \$41.0 million GF/GP. The House included \$90.0 million.                                  | 24,000,000   |
| 3. <b>Talent Fund for Jobs Training and Skill Development.</b> The Senate included \$13,186,700 GF/GP for this new program proposed by the Governor. The House did not include.  | (13,186,700) |
| 4. <b>Precollege Programs in Engineering and Science.</b> The Senate included a total of \$340,000 GF/GP in one-time funding for programs in Detroit and Grand Rapids that encourage youth in preparing for higher education in engineering, science, and math. The House did not include. | (340,000)    |

Total Changes .....	(\$28,526,700)
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FY 2012-13 House-Passed Gross Appropriation.....	\$928,249,100
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**Changes from FY 2012-13 Senate-Passed:**

1. **Appropriation from Foreclosure Settlement to the Michigan Housing and Community Development Fund.** The Senate included a boilerplate appropriation of 10.0% of the Michigan-designated funds received by the State from the Joint State-Federal Foreclosure Settlement to the Michigan Housing and Community Development Fund in FY 2012-13. The House did not include. (Sec. 985)
2. **Contingency Funds.** The Senate increased the contingency fund spending authority from \$10,000,000 Federal to \$20,000,000, from \$1,000,000 in State Restricted to \$2,000,000, and added \$100,000 in Local contingency funds. These amounts would only become available if additional funds were received during the fiscal year and the spending was approved by both the House and Senate Appropriations Committees through legislative transfers. The House increased the amounts to \$50,000,000 Federal and \$5,000,000 State Restricted, but did not include any authority for Local funds. (Sec. 1001)
3. **Report on Michigan Economic Development Corporation (MEDC) Programs.** The Senate revised the report elements in the MEDC annual report. The House retained the current language. (Sec. 1007)
4. **Business Attraction and Economic Gardening.** The Senate deleted a requirement that at least \$20.0 million be granted for brownfield redevelopment and historic preservation incentives. The House retained the language. (Sec. 1024)
5. **Spending Plan Report.** The Senate added a requirement for an update to the spending plan report for the programs for Business Attraction and Economic Gardening and Innovation and Entrepreneurship if the plans for the program funds are revised after the April 15 report due date. The House retained the current language. (Sec. 1031)
6. **Film Incentive Report.** The Senate added report elements to the required information for each category of the film incentive program. The House included references to the new film incentive grants. (Sec. 1032)
7. **Business Incubators.** The Senate retained the Business Incubator program and added a Mason County incubator/business opportunity center to the list of recipients. The House did not include the program. (Sec. 1034)
8. **Precollege Engineering Program.** The Senate included boilerplate that specifies that of the \$340,000 in funding, half is for the Detroit Precollege Engineering Program and half is for the Grand Rapids Area Precollege Engineering Program. The House did not include. (Sec. 1053)
9. **Education Advisory Committees.** The Senate deleted and the House retained a requirement that each local workforce development board maintain a partnership with an education advisory group that represents specific stakeholder groups. (Sec. 1061)
10. **Veterans Outreach.** The Senate deleted and the House retained language that directs that specialists in assisting disabled veterans be made available at Michigan Works! service centers as resources permit and directs the MSF to make assisting disabled veterans a priority. (Sec. 1062)
11. **Workforce Training Earmarks.** The Senate retained permissive allocations of up to \$100,000 each for two programs. One is for a non-profits multi-county program that reduces barriers to employment and the other is for a non-profit that assists unemployed or low wage workers in development career pathways and entrepreneurial skills and provides job placement assistance. (Sec. 1064)
12. **Allocations to Public Libraries.** The Senate deleted language that required Michigan Works! Agencies to allocate a portion of funds to pay for services at public libraries that serve as access points, services centers, or local partners serving high-demand service areas of underserved areas. The House retained the current language. (Sec. 1065)
13. **No Worker Left Behind Report.** The Senate deleted the report on this program. The House retained the current report and updated the data collection period to FY 2011-12.

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