



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

BILL ANALYSIS



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| | <u>Gross</u> | <u>GF/GP</u> | <u>FTE Employees</u> |
|--|-----------------|---------------|----------------------|
| FY 2011-12 Year-to-Date Appropriation..... | \$4,106,297,100 | \$864,050,200 | 8,116.2 |
| FY 2012-13 Governor's Recommendation..... | 4,241,272,700 | 943,748,000 | 7,740.7 |
| Change from Year-To-Date..... | 134,975,600 | 79,697,800 | (375.5) |
| Percent Change from Year-To-Date..... | 3.3% | 9.2% | (4.6)% |

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. **Bill Structure.** The Governor recommended an omnibus bill for government operations with a separate article for each department. The General Government budgets were not aggregated in the Governor's recommendation. Some of the General Government boilerplate is included in Article 20 of the Governor's recommendation which would apply to all of the appropriations in the omnibus bill. Article 20 also includes required reports of the estimated statewide totals for total State spending and payments to locals and projected (Sec. 20-201) and operating fund revenues and balances (Sec. 20-301).
2. **Deleted General Sections.** The Governor deleted the following general sections: information technology work project authorization (Sec. 207), purchasing requirements regarding consideration for buying from American, Michigan, and veteran-owned firms (Sec. 209), purchasing requirement regarding deprived and depressed areas (Sec. 210); retention of reports by departments (Sec. 212), prohibit casino ownership (Sec. 213), Department of Technology, Management, and Budget user fees (Sec. 214), prohibit employee discipline for speaking with a legislator or legislative staff (Sec. 215), limitations on out-of-State travel (Sec. 216), prohibit use of General Fund money when Federal funds are available (Sec. 217), prohibition on using appropriations to administer a committee or obtain contributions for a committee as defined in the Michigan Campaign Finance Act, MCL 169.203 (sec. 220), policy change report (Sec. 221), and require departments to follow-up on savings proposals from the Legislative Auditor General (Sec. 229).
3. **Relocated Sections.** The Governor moved the schedule of payments to locals by department and list of definitions to sections in the articles for the individual departments.
4. **Lapse Report.** The Governor recommended that report of lapse estimates be submitted by November 30 instead of November 15, and that the report be prepared by the State Budget Office instead of individual departments and agencies. (Sec. 20-204)
5. **Transparency Reporting.** The Governor changed the language on internet expenditure and vendor reporting for the public to require that it be maintained by the Department of Technology, Management, and Budget, instead of giving departments and agencies the option to do this separately. (Sec. 205)
6. **Appropriation to the Budget Stabilization Fund.** The Governor recommended an appropriation from the General Fund to the Countercyclical Budget and Economic Stabilization Fund of \$130,000,000. The section reports the statutory calculation to determine the amount of any required payment to the Fund. According to this calculation, no pay-in is required in FY 2012-13. (Sec. 20-207)

Date Completed: 3-2-12

Fiscal Analyst: Elizabeth Pratt



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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|---------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$74,590,900 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Public Safety Initiative. The Governor recommended \$900,000 GF/GP to contract for special attorneys general to assist in reducing the backlog of outstanding warrants in distressed cities. | 900,000 |
| 2. Information Technology (IT). The Governor increased the IT line by \$500,000 GF/GP. Excess IT costs have been supported from the operations line. | 500,000 |
| 3. Implement Contingency Plan Savings. The Governor continued the savings from the FY 2011-12 contingency plan reductions, eliminating 12.0 FTE positions. | (1,298,000) |
| 4. Tobacco Tax Enforcement. The Governor recommended \$500,000 GF/GP and 5.0 FTE positions for the cost of enhanced tobacco tax enforcement in conjunction with the State Police and Treasury. | 500,000 |
| 5. Unclassified Salaries. The Governor increased unclassified salaries by \$88,400 GF/GP. | 88,400 |
| 6. Gaming Attorney. The Governor added State restricted funds for an attorney position to support illegal gambling enforcement for the Michigan Gaming Control Board. | 164,800 |
| 7. State Employee Lump Sum Payments. The Governor added \$1,025,900 for one-time payments that are required by contract. | 1,025,900 |
| 8. Economic Adjustments. Includes \$10,073,100 for OPEB and savings of \$1,259,500 for other economic adjustments. | 8,813,600 |
| 9. Other Changes. The Governor recommended removing \$250,000 in one-time funding for redistricting lawsuit and a transfer of \$88,400 from the operations line to the unclassified line. | (338,400) |
| Total Changes..... | \$10,356,300 |
| FY 2012-13 Governor's Recommendation..... | \$84,947,200 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Bill Structure.** The Governor separated the General Government departments into articles within his proposed budget. The Attorney General budget is in Article 2. The Governor combined the existing 6 line items into 2 rolled up lines, one for Attorney General operations and one for Prosecuting Attorneys Coordinating Council. Fund source details would not be included. (Article 2)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the single total included currently for the General Government budgets as a whole. (Sec. 2-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 2-202)
4. **Prohibition on Outside Legal Services.** The Governor included language that prohibits a department from hiring legal services that are the responsibility of the Attorney General, with limited exceptions. Currently the language is in Sec. 226 of the General Sections for the General Government departments. (Sec. 2-204)
5. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State Employee Lump Sum Payments which total \$1,025,900, including \$393,300 GF/GP. (Sec. 2-301)

Date Completed: 3-2-11

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|---------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$13,730,200 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Contingency Plan Reductions. The Governor recommended continuing FY 2011-12 contingency plan reductions. This would decrease operations funding by \$260,900 and eliminate 4.0 full-time equivalent (FTE) positions. | (260,900) |
| 2. Investigations. The Governor increased funding for civil rights complaint investigations by \$287,800, with a combination of additional Federal funding and \$115,000 GF/GP. | 287,800 |
| 3. Commission on Disability Concerns Fund Shift. The Governor removed \$667,400 in uncollectible Federal funds and 2.0 FTEs from the budget and added \$120,000 GF/GP. | (547,400) |
| 4. Asian Pacific American Affairs Commission. The Governor recommended first-time State funding of \$100,000 GF/GP and 1.0 FTE to support this existing commission. | 100,000 |
| 5. State Employee Lump Sum Payments. The Governor added \$128,900 for one-time payments that are required by contract. | 128,900 |
| 6. Economic Adjustments. Includes \$1,578,400 for OPEB and savings of \$684,400 for other economic adjustments. | 894,000 |
| Total Changes..... | \$602,400 |
| FY 2012-13 Governor's Recommendation..... | \$14,332,600 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Governor combined the existing 5 line items into 1 line for civil rights operations. Fund source details would not be included. (Article 3)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the total included currently for the General Government budgets as a whole. (Sec. 3-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 3-202)
4. **Contingency Fund Spending Authority.** The Governor increased the contingency fund authorization for potential additional private funds from \$500,000 to \$750,000. The funding would only become available if the Department received a private grant and it was approved by both the House and the Senate in a legislative transfer. (Sec. 3-204)
5. **Prohibition on Outside Legal Services.** The Governor included language that prohibits a department from hiring legal services that are the responsibility of the Attorney General, with limited exceptions. Currently the language is in Sec. 226 of the General Sections for the General Government departments. (Sec. 2-204)
6. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State employee lump sum payments which total \$128,900, including \$104,300 GF/GP. (Sec. 3-401)

Date Completed: 3-2-12

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|--------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$4,599,200 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. State Employee Lump Sum Payments. The Governor added \$58,700 for one-time payments that are required by contract. | 58,700 |
| 2. Executive Office. The Governor included an adjustment in funding to reflect actual costs of operation. | 164,000 |
| 3. Economic Adjustments. Includes \$0 for OPEB and \$66,000 for other economic adjustments. | 66,000 |
| Total Changes..... | \$288,700 |
| FY 2012-13 Governor's Recommendation..... | \$4,887,900 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 8-201)
2. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$58,700 for State employee lump sum payments. (Sec. 8-301)

Date Completed: 3-2-12

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Senate Bill 954 (as introduced)
 Committee: Appropriations

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|--|----------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$100,803,200 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Senate Changes. The Governor increased funding by a total of \$2.9 million. Funding includes: \$2.3 million for Senate Operations including \$1.3 million for OPEB; \$107,800 for IT; and \$417,400 for the Senate Fiscal Agency, including \$126,500 for OPEB. | 2,872,800 |
| 2. House Changes. The Governor increased funding by a total of \$3.6 million. Funding includes: \$3.1 million for House Operations including \$1.7 million for OPEB; \$85,600 for IT; and \$417,400 for the House Fiscal Agency, including \$141,000 for OPEB. | 3,610,800 |
| 3. Legislative Council Changes. The Governor increased funding by a total of \$1.1 million. Funding includes: \$456,000 for Council Operations; \$602,500 for OPEB; and \$58,200 for IT. | 1,116,700 |
| 4. Legislative Retirement Changes. The Governor increased funding by a total of \$176,700. Funding includes \$157,200 for non-retirement expenses and \$19,500 for OPEB. | 176,700 |
| 5. Building Operations Changes. The Governor increased funding by a total of \$634,200. Funding includes: \$127,600 for the Capitol building; \$415,800 for the Cora Anderson House building; and \$90,800 for the Farnum building. | 634,200 |
| 6. Other Changes. The Governor included additional funding for several line items. These include: \$6,300 for worker's compensation; \$283,500 for National Association Dues; and \$18,300 for the Legislative Corrections Ombudsman. Additionally, included is a funding shift to replace IDG funding with GF/GP funding for the Corrections Ombudsman which results in a zero gross change but increases GF/GP expenditures by \$250,000. | 308,100 |
| Total Changes..... | \$8,719,300 |
| FY 2012-13 Governor's Recommendation..... | \$109,522,500 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **National Association Dues.** The Governor deleted the words "if funds are available" from the language. (Sec. 11-304)
4. **Date Changes.** The Governor extended the work project dates to September 30, 2017, for Property Management and Legislative Automated Processing. (Secs. 11-307 and 11-308)

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|---------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$16,032,300 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. State Employee Lump Sum Payments. The Governor added \$270,900 one-time payments that are required by contract. | 270,900 |
| 2. Field Operations. The Governor increased funding to fully fund economic increases budgeted in FY 2011-12. Funding from lapsed funds fell short of projections. | 511,000 |
| 3. Fund Shift. The Governor replaced IDG funding related to the Statewide Single Audit with GF/GP. The shift increases GF/GP expenditures by \$340,000 while having a zero effect on the Gross appropriation. | 0 |
| 4. Economic Adjustments. Includes \$2.5 million for OPEB and a negative \$647,700 for Department economic adjustments. | 1,873,500 |
| Total Changes..... | <u>\$2,655,400</u> |
| FY 2012-13 Governor's Recommendation..... | \$18,687,700 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201)
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11.
3. **Statewide Single Audit.** The Governor removed language requiring a report, by December 31, 2011, regarding the feasibility of converting to a Statewide single audit. (Sec. 624)
4. **Lapsed Funds for Economics.** The Governor removed language allowing the Auditor General to use up to \$905,000 of lapsed funds to pay for economic cost increases. (Sec. 625)
5. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$270,900 for State employee lump sum payments. (Sec. 11-501)

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|----------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$211,885,000 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. One-Time Boilerplate Appropriations. The Governor included \$150,000 in one-time GF/GP funding for marketing of the Department's newly implemented Express Services. | 150,000 |
| 2. Credit and Debit Card Assessment Fees. Due to the number of increased transactions via credit and debit cards, the funding source from this fee was increased to realize the additional revenue. The revenue is used to pay for the fees charged by the credit and debit card companies. | 4,000,000 |
| 3. Contingency Plan Adjustment. The Governor included a reduction for the savings realized by the Department for employee-related costs. | (965,800) |
| 4. Transportation Administration Collection Fund (TACF). The Governor adjusted the source of funding from this fund to reflect actual revenue. | (8,000,000) |
| 5. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures while having a zero effect on the gross appropriation. | 0 |
| 6. Commercial Driver License. The Governor included additional funding that is anticipated due to the \$10 increase in the fee for a Commercial Driver license. | 1,000,000 |
| 7. State Employee Lump Sum Payments. The Governor added \$1,544,400 for one-time payments that are required by contract. | 1,544,400 |
| 8. Economic Adjustments. Includes \$19.1 million for OPEB and a negative \$7.9 million for Department economic adjustments. | 11,208,900 |
| Total Changes..... | \$8,937,500 |
| FY 2012-13 Governor's Recommendation..... | \$220,822,500 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 15.
2. **Total State Spending.** The Governor provided a new section stating the amount of total State spending from State resources and the amount of payments to local units of government. (Sec. 15-201)
3. **Automatic Teller Machine (ATM).** The Governor included definition for ATM. (Sec. 15-202)
4. **Legal Services.** Governor included language prohibiting the Department from using funds to hire legal services that are the responsibility of the Attorney General. (Sec. 15-203)
5. **Branch Office Closings.** 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 Governor eliminated the written notice requirement in this section. (Sec. 714)
6. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. (Sec. 718)
7. **General Fund Expenditures.** Requires the Department to use State restricted funds before using General Fund dollars. The Governor removed this section. (Sec. 719)
8. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$1.5 million for State employee lump sum payments. (Sec. 15-401)
9. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 705(5), 711(2), 716, 716b, and 716c. The majority of these sections required the Department to provide either reports or notifications to the Legislature.

Date Completed: 3-2-12

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Senate Bill 954 (as introduced)
 Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation \$1,080,334,300

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

- 1. **FY 2011-12 Adjustment.** The Governor removed one-time funding of \$1.9 million that was added by P.A. 264 of 2011 to fund additional costs associated with administering newly enacted retirement reforms. (1,900,000)
- 2. **Removal of One-Time Funding.** The Governor excluded FY 2011-12 one-time funding of \$61.3 million: \$60.0 million for OPEB and \$1.3 million for asbestos removal at former State Police Headquarters. (61,250,000)
- 3. **Capital Outlay.** Governor included \$15.0 million for maintenance and remodeling costs for various State-owned buildings and \$1,800 for University and Community College construction authorizations. 15,001,800
- 4. **Statewide Single Audit.** Governor included funding for the Office of Financial Management to establish and fill a new position related to the Statewide single audit. 90,000
- 5. **Professional Development Funds.** The Governor included funding to provide professional development and training for State classified employees per contract requirements. 175,000
- 6. **One-Time Boilerplate Appropriations.** The Governor 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. 21,680,200
- 7. **Military Retirement Program.** The Governor transferred the military retirement program to DTMB from the Department of Military and Veterans Affairs. 3,981,700
- 8. **Revenue Adjustments.** Two items were reduced to reflect actual revenue: \$1.7 million for Civil Service Commission and \$2.3 million for the Bureau of Labor Market Information Strategies. (3,975,000)
- 9. **Information Technology (IT) - Alignment of IDG Funding.** The IT portion of the budget aligned its IDG funding with enacted FY 2011-12 appropriations for all departments. (274,500)
- 10. **Enterprise-wide IT Investment Project.** Governor proposed a new program to prioritize and manage IT projects across all State departments and agencies. 50,000,000
- 11. **Departmental IT Changes.** Various adjustments were made to Departmental IT appropriations to adjust for changes in IT needs and programs. Major increases include \$5.5 million for Dept. of Community Health and \$3.7 million for Public Protection programs. Decreases include \$2.2 million for Dept. of Human Services, \$400,000 for Dept. of Natural Resources, and \$700,000 for DTMB. Also included were baseline adjustments for FY 2011-12 costs related to OPEB totaling \$9.7 million. 16,226,500
- 12. **Economic Adjustments.** Includes \$35.1 million for Department OPEB and \$1.4 million for IT OPEB. Other economic adjustments total a negative \$13.5 million for the Department and a negative \$215,000 for IT economics. 22,828,000
- 13. **Other Changes.** Miscellaneous negative adjustments were made to various line items, including: \$638,100 for statewide cost allocation plan; \$806,300 for contingency plan; and \$2.5 million for adjustments for the reduction of 225.5 FTEs. (3,944,400)

Total Changes..... \$58,639,300

FY 2012-13 Governor's Recommendation..... \$1,138,973,600

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items

Changes from FY 2011-12 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 17.
2. **Computer Contract Adjustments.** Required 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. (Sec. 809)
3. **Motor Vehicle Fleet.**
 - a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for 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) Requires DTMB 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.
 - d) 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.
 - e) Requires Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles.

The Governor removed Subsections 3 and 5 (items c and e above). Governor also changed rate to \$3.04 in Subsection 4 (item d above). (Sec. 813)
4. **Vendor Call or Contact Centers.** The Governor removed current year language requiring disclosure of location of call/contact centers. (Sec. 817)
5. **Unclassified Salaries.** Language required the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. (Sec. 822)
6. **Privatization of State Lottery Administration.** Requires Department to submit a report to the Legislature regarding the feasibility of privatizing the administration of the State Lottery. The Governor removed this section. (Sec. 822a)
7. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 823(4), 824 (required report only), 827(4) however, carryforward language was retained, 828, 829, 830, 832, 840(4), 843, 850(1), 860 (only deletes "JCOS" from definitions, 862, and 876). The majority of these sections required the Department to provide either reports or notifications to the Legislature.
8. **University and Community College Capital Outlay Projects.** The Governor added new language providing authorization for university and community college projects appropriated from State Building Authority funding to proceed. (Sec. 17-707)
9. **One-Time Appropriations.** The Governor provided for one-time appropriations totaling \$21.7 million for State facility special maintenance, \$10.0 million; space consolidation, \$7.0 million; and \$4.7 million for State employee lump sum payments. (Sec. 17-801)
10. **Special Maintenance and Remodeling.** The Governor included language stating that in addition to the GF/GP appropriation in Part 1 and Sec. 17-801 for special maintenance and remodeling, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1. (Sec. 17-802)
11. **Enterprisewide IT Investments.** The Governor included language stating that in addition to the GF/GP appropriation in Part 1 for enterprisewide information technology investments, related Federal and State restricted funds will be appropriated up to the amounts that will be earned based upon the initiatives undertaken with the funds in Part 1. (Sec. 17-803)

Date Completed: 3-2-12

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|---|----------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$452,074,600 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Office of Fiscal Responsibility. The Governor added \$4,500,000 GF/GP for a new office to assist financially distressed local governments avoid insolvency. | 4,500,000 |
| 2. Tobacco Tax Enforcement. The Governor recommended \$1,500,000 GF/GP for additional tobacco tax enforcement. | 1,500,000 |
| 3. Payments in Lieu of Taxes. The Governor increased State restricted fund spending authority and realized General Fund savings of \$349,400 from the shift to increased payments from the Natural Resources Trust Fund pursuant to 2011 PA 118. | 1,805,700 |
| 4. Health Insurance Claims Assessment Administration. The Governor recommended \$1,948,400 for administration of this new assessment. | 1,948,400 |
| 5. Lottery Promotion. The Governor increased State restricted funds for lottery promotion by \$931,100 to \$18,622,000. | 931,100 |
| 6. Gaming Enforcement. The Governor recommended additional State restricted funding for the Michigan Gaming Control Board to reduce illegal gaming. | 431,800 |
| 7. Charges to the Michigan Transportation Fund. The Governor recommended a fund shift to reduce tax collection and administrative charges to the Michigan Transportation Fund by \$6,421,600 and increase General Fund support for those functions by the same amount. | 0 |
| 8. Presidential Primary. The Governor removed \$10,000,000 GF/GP for the 2012 presidential primary. | (10,000,000) |
| 9. Contingency Plan Savings. The Governor continued FY 2011-12 contingency plan savings of \$3,088,300 and eliminated 43.0 FTE funded positions. | (3,088,300) |
| 10. Revenue Sharing Administration. The Governor increased funding by \$200,000 GF/GP for the increased cost of administering the incentive and competitive grant programs for cities, villages, townships, and counties. | 200,000 |
| 11. State Employee Lump Sum Payments. The Governor added \$2,742,700 for one-time payments that are required by contract. | 2,742,700 |
| 12. Economic Adjustments. Includes \$28,720,100 for OPEB and a negative \$7,192,100 for other economic adjustments. | 21,528,000 |
| 13. Other Changes. The Governor recommended removing \$3,000,000 in tobacco tax enforcement State restricted revenue; removing the remaining \$1,000,000 in supplemental funding for tax plan implementation; removing \$1,000,000 in one-time funding for the issuance costs of unemployment fund deficit reduction bonds; and a \$1,000 technical increase to the unclassified line. | (4,999,000) |
| Total Changes..... | \$17,500,400 |
| FY 2012-13 Governor's Recommendation..... | \$469,575,000 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Treasury budget is in Article 19. The Governor combined the existing 44 line items (excluding line for debt service, revenue sharing, and Michigan Strategic Fund which are considered separately) into 10 rolled up lines. (Article 19)
2. **Report of Total State Spending.** The Governor moved the report of total State spending to each department, as opposed to the total included currently for the General Government budgets as a whole. (Sec. 19-201)
3. **Definitions.** The Governor rolled up fund source detail and deleted many definitions of acronyms that currently are included in the appropriated fund source detail. (Sec. 19-202)
4. **Deleted Reports.** The Governor recommended deleting the following reports: bond restructuring (Sec. 902a), cost of collections of unpaid taxes and loans (Sec. 903(3)), senior citizens' cooperative housing tax exemption audit report (Sec. 913(2)), sale of customized listings (Sec. 916), appropriations for write-offs and advances (Sec. 917(2)), unclaimed property audits (Sec. 919(2)), transportation fund cost of collections (Sec. 922), principle residence exemption audits (Sec. 924(2)), public private partnership (Sec. 925(5)), personal property tax audits (Sec. 927), costs of collections for State departments (Sec. 930(2)), restricted fund management fees (Sec. 931), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(3)), and pension consultant report (Sec. 944).
5. **Public Private Partnership.** The Governor deleted the current prohibition against support for the Detroit River International Crossing or any successor project by the Department or the Public Private Partnership Fund. (Secs. 925 and 925a)
6. **Audit Charges Fund.** The Governor created a revolving fund for receiving contractual payments from audit charges. (Sec. 19-306(2)).
7. **Municipal Finance Fee Fund.** The Governor created a revolving fund to receive fees collected under the Municipal Finance Act. Revenue could be carried forward for future appropriation. (Sec. 19-308)
8. **Tobacco Tax Enforcement.** The Governor deleted boilerplate related to use of funds for tobacco tax enforcement. The Governor declared this section unenforceable in his signing message. (Sec. 943)
9. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. (Sec. 963)
10. **Gaming Control Board Rewards for Crime Information.** The Governor increased the largest reward that the Gaming Commission is allowed to provide for information related to crimes involving the horse racing industry from \$5,000 to \$5,800. (Sec. 19-604)
11. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for State employee lump sum payments which total \$2,742,700, including \$311,500 GF/GP. (Sec. 2-301)

Date Completed: 3-2-12

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|--|----------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$140,928,000 |
|--|----------------------|

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

- | | |
|--|-----------|
| <p>1. Debt Service Scheduled Payments. The Governor recommended a reduction of \$373,100 in the cost of State debt service payments on general obligation bonds issued for voter-approved environmental programs. This reflects the net change in the cost of payments of principal and interest on four programs: These programs are Water Pollution Control Bonds, Quality of Life Bonds, Clean Michigan Initiative, and Great Lakes Water Quality Bonds. The Governor projected that additional bonds will be issued for the Clean Michigan Initiative and Great Lakes Water Quality Bond Program in FY 2012-13.</p> | (373,100) |
| <p>2. Debt Service Fund Shift. The Governor recommended a fund shift to reduce use of revenue from the Refined Petroleum Fund for payment of debt service on Quality of Life bonds. The appropriations from the Refined Petroleum Fund would decrease by \$10,000,000 which would be replaced by \$10,000,000 GF/GP.</p> | 0 |

| | |
|--------------------|-------------|
| Total Changes..... | (\$373,100) |
|--------------------|-------------|

| | |
|--|----------------------|
| FY 2012-13 Governor's Recommendation..... | \$140,554,900 |
|--|----------------------|

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. No boilerplate changes were recommended.

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|---|------------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$1,027,500,500 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Constitutional Revenue Sharing. The Governor recommended constitutional revenue sharing to cities, villages, and townships at \$711,119,700 based on consensus revenue estimates. This is an increase of \$13,619,200 or 2.0% over the current estimates for FY 2011-12. This required program distributes 15.0% of the State sales tax revenue received at a rate of 4.0% on a per capita basis to cities, villages, and townships (CVTs). | 13,619,200 |
| 2. Economic Vitality Incentive Program (EVIP). The Governor continued this program for eligible cities, villages, and townships at the current level of \$215,000,000, however, \$15,000,000 in one-time funding in FY 2011-12 was made ongoing. | 0 |
| 3. County Statutory Revenue Sharing. The Governor eliminated statutory revenue sharing for counties. This program provided State payments to counties that had depleted their revenue sharing reserve accounts which were created by the acceleration of property tax collections in FY 2003-04. The cost of fully funding the statutory formula for counties is approximately \$167.6 million in FY 2012-13. Payments for this program were prorated in FY 2011-12 to the available appropriation. | (115,000,000) |
| 4. County Incentive Program. The Governor created an incentive program for counties similar to the current EVIP for cities, villages, and townships. Receipt of payments would be based on satisfying incentive criteria for transparency in finances, consolidation of services, and employment compensation plans. Payment amounts would be based on the amounts due under the existing county revenue sharing formula and prorated to the total available. The proposed funding is \$10,600,000 greater than county revenue sharing was in FY 2011-12, however, due to counties returning to the program as they exhaust their reserve accounts, there would be a greater proration of payments in FY 2012-13 than in FY 2011-12. | 125,600,000 |
| 5. Competitive Grant Assistance Program. The Governor provided an increase of \$20,000,000 in one-time funding to bring this program to \$25,000,000. The program offers competitive grants to cities, villages, townships, and counties for costs associated with mergers, inter-local agreements, and cooperative efforts for local units combining government operations. | 20,000,000 |
| Total Changes..... | \$44,219,200 |
| FY 2012-13 Governor's Recommendation..... | \$1,071,719,700 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Competitive Grant Assistance Program.** The Governor eliminated the requirement that grants be awarded only to projects that occurred on or after October 1, 2012. (Sec. 19-402)
2. **Incentive Programs.** The Governor revised the EVIP requirements to include counties and required participants to comply with compensation plan requirements for employee contracts or agreements entered into after September 30, 2012. The Governor required participants to submit a list of the expiration dates of current employee contracts and agreements. The Governor added a 3-year budget projection and debt service detail to accountability and transparency requirements. Second year EVIP participants would be required to update previous consolidation and compensation plans, identify barriers to implementation of those plans, present timelines for implementation, and include at least one new consolidation proposal. The three categories would remain accountability and transparency, consolidation of services, and employee compensation, with one-third of funding dependent on completion of each category. Certification of compliance and submission of completed plans would be required for payment. Payments would be issued until the due dates. After the due date for a category, payments would be forfeited for any payment month unless the certification was made by the first day of that payment month. (Sec. 19-403)
3. **County Incentive Program.** The Governor created an incentive-based program for counties. Payments would be calculated according to the existing revenue sharing statute but paid based on county completion of incentive requirements. The incentive requirements would be the same as those under the EVIP. (Sec. 19-403)
4. **Health Care Benefits.** The Governor required all incentive program participants to certify by April 1, 2013 either compliance with Secs. 3, 4, and 5 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152 (cost sharing requirements) or that health benefits are not offered to local employees or elected officials. Failure to comply would result in a 10% reduction in all incentive program payments. (Sec. 19-404)

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Senate Bill 954 (as introduced)
 Committee: Appropriations

| | |
|---|-----------------------|
| FY 2011-12 Year-to-Date Gross Appropriation | \$983,818,900 |
| Changes from FY 2011-12 Year-to-Date: | |
| 1. Talent Fund for Jobs Training and Skills Development. The Governor recommended \$15,000,000 GF/GP for a new program to provide job training for the unemployed in distressed cities. | 15,000,000 |
| 2. Arts and Cultural Grants. The Governor increased funding by \$3,582,600 GF/GP to a total of \$6,150,000. | 3,582,600 |
| 3. Workforce Training Program. The Governor reduced the line to \$250,798,500 due to a \$50,000,000 reduction in Federal Workforce Investment Act funding and the potential receipt of up to \$5,000,000 in private grants for workforce development. | (45,000,000) |
| 4. Business Development and Economic Gardening. The Governor continued funding for the program at \$100,000,000 in FY 2012-13. The budget converted \$50,000,000 GF/GP in one-time funding in FY 2011-12 to an ongoing General Fund appropriation in FY 2012-13. | 0 |
| 5. Film Incentive Program. The Governor funded the program at \$25,000,000 GF/GP in one-time funding in FY 2012-13, the same level of one-time funding as in FY 2011-12. | 0 |
| 6. State Employee Lump Sum Payments. The Governor added \$1,135,700 for one-time payments that are required by contract. | 1,135,700 |
| 7. Economic Adjustments. Includes \$11,036,800 for OPEB and a negative \$2,074,800 for other economic adjustments. | 8,962,000 |
| 8. Other Changes. The Governor recommended continuation of contingency plan reductions of \$250,100. | (250,100) |
| Total Changes..... | (\$16,569,800) |
| FY 2012-13 Governor's Recommendation..... | \$967,249,100 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Changes from FY 2011-12 Year to Date:

1. **Bill Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The MSF budget is part of the Treasury budget within Article 19. The Governor combined the existing 30 line items into 2 rolled up lines from MSF and MSHDA. (Article 19)
2. **Deleted Reports.** The Governor recommended deleting the following reports: MSHDA housing production goals (Sec. 980), Broadband Development Authority (Sec. 981), MSF grant report (Sec. 1006), investment program report (Sec. 1007), core communities fund (Sec. 1014), spending plan for funds for innovation and entrepreneurship and business development and economic gardening (Sec. 1031), film tax credits report (Sec. 1032), and No Worker Left Behind report. (Sec. 1068)
3. **Deleted Sections.** The Governor proposed deleting the following sections: Limitations on land purchases (Sec. 1009), separation of fund-raising from grant or tax abatement awards (Sec. 1013), reappropriation of 21st Century work project (Sec. 1021), tourism promotion coordination with locals (Sec. 1023), allocation of at least \$20.0 million in economic gardening funds for brownfield and historic preservation incentives (Sec. 1024), Workforce Investment Act allocations (Secs. 1054 and 1064), WIA gang diversion intent language (Sec. 1066), education partnerships with local workforce boards (Sec. 1061), veterans' specialists available at Michigan Works! service centers (Sec. 1062), and Michigan Works! agencies required funding for libraries serving as access points (Sec.1065).
4. **Contingency Fund.** The Governor increased the potential contingency fund authorizations from \$10.0 million to \$50.0 million for Federal revenue, from \$1.0 million to \$5.0 million for State restricted funds, from \$700,000 to \$5.0 million for private funds, and added \$100,000 in local contingency fund authorization. The funds would not be considered appropriated until they had been approved by legislative transfer. (Sec. 19-701)
5. **Arts and Cultural Grants.** The Governor removed the limit on the use of appropriations for administration and the report to the Legislature on grant awards. (Sec. 19-803)
6. **Business Incubators.** The Governor deleted this program which provided grants to business incubators in Detroit and the following counties: Houghton, Kent, Macomb, Oakland, Washtenaw, and a Midland County site of an Isabella County incubator. (Sec. 1034)
7. **One-Time Basis Appropriations.** The Governor added boilerplate for a one-time appropriation for state employee lump sum payments which total \$1,135,700, including \$140,900 GF/GP. (Sec. 2-301)

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