

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5189**

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2012; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2012, from the following funds:

**APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$	0
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1	Interdepartmental grant revenues:		
2	Total interdepartmental grants and intradepartmental		
3	transfers .....		0
4	ADJUSTED GROSS APPROPRIATION.....	\$	0
5	Federal revenues:		
6	Total federal revenues.....		0
7	Special revenue funds:		
8	Total local revenues.....		0
9	Total private revenues.....		0
10	Total other state restricted revenues.....		0
11	State general fund/general purpose.....	\$	0

12       **Sec. 102. DEPARTMENT OF TREASURY**

13       **(1) APPROPRIATION SUMMARY**

14	GROSS APPROPRIATION.....	\$	0
15	Interdepartmental grant revenues:		
16	Total interdepartmental grants and intradepartmental		
17	transfers .....		0
18	ADJUSTED GROSS APPROPRIATION.....	\$	0
19	Federal revenues:		
20	Total federal revenues.....		0
21	Special revenue funds:		
22	Total local revenues.....		0
23	Total private revenues.....		0
24	Total other state restricted revenues.....		0
25	State general fund/general purpose.....	\$	0

26       **(2) REVENUE SHARING**

1	Economic vitality incentive program.....	\$	(200,000,000)
2	Economic vitality incentive program.....		200,000,000
3	Economic vitality incentive program, 1-time basis only		(15,000,000)
4	Economic vitality incentive program, 1-time basis only		<u>15,000,000</u>
5	GROSS APPROPRIATION.....	\$	0
6	Appropriated from:		
7	Special revenue funds:		
8	Sales tax revenue.....		0
9	State general fund/general purpose.....	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS**

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal year ending September 30, 2012 is \$0.00 and state appropriations paid to local units of government are \$0.00.

Sec. 202. The appropriations made and expenditures authorized under this act and the departments, commissions, boards, offices, and programs for which appropriations are made under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

**DEPARTMENT OF HUMAN SERVICES**

Sec. 301. The department shall administer licensing and

1 regulation of licensees with the highest priority given to  
2 licensing activities that present the highest risk to vulnerable  
3 children or adults receiving services of licensees.

4 **DEPARTMENT OF TREASURY**

5       Sec. 402. (1) From the funds appropriated in fiscal year 2011-  
6 2012 to the economic vitality incentive program, \$5,000,000.00 is  
7 to be used for assistance grants to cities, villages, townships,  
8 and counties to offset the costs associated with mergers,  
9 interlocal agreements, and cooperative efforts for those cities,  
10 villages, townships, and counties that elect to combine government  
11 operations. Grant funding shall be available for mergers,  
12 interlocal agreements, and cooperative efforts that occur on or  
13 after October 1, 2011. The department of treasury shall develop an  
14 application process and method of grant distribution.

15       (2) From the funds appropriated in fiscal year 2011-2012 to  
16 the economic vitality incentive program, \$210,000,000.00 is to be  
17 used for grants to cities, villages, and townships such that,  
18 subject to fulfilling the requirements under subsection (3)(a),  
19 (b), or (c), each city, village, or township that received a  
20 payment under section 950(2) of 2009 PA 128, greater than \$4,500.00  
21 will be eligible to receive a maximum of 67.837363% of its total  
22 payment received under section 950(2) of 2009 PA 128, rounded to  
23 the nearest dollar. For the purposes of this subsection, any city  
24 or village that according to the 2010 federal decennial census is  
25 determined to have population in more than 1 county will be treated  
26 as a single entity when determining the payment received under

1 section 950(2) of 2009 PA 128.

2 (3) Cities, villages, and townships eligible to receive a  
3 potential payment from the allocation under subsection (2) may  
4 qualify to receive economic vitality incentive program payments  
5 under 1 or more of the following 3 categories:

6 (a) Category 1, accountability and transparency, requires each  
7 eligible city, village, or township to certify that by December 1,  
8 2011, it has produced, and has made readily available to the  
9 public, a citizen's guide and a performance dashboard of its local  
10 finances, including a recognition of its unfunded liabilities. Each  
11 city, village, and township applying for a payment under this  
12 category shall submit a copy of the citizen's guide and a copy of  
13 the performance dashboard to the department of treasury by December  
14 1, 2011.

15 (b) Category 2, consolidation of services, requires each  
16 eligible city, village, or township to certify that by March 1,  
17 2012, it has a plan with 1 or more proposals to increase its  
18 existing level of cooperation, collaboration, and consolidation,  
19 either within the jurisdiction or with other jurisdictions. A plan  
20 shall include a listing of any previous services consolidated with  
21 the cost savings realized from each consolidation and an estimate  
22 of the potential savings for any new service consolidations being  
23 planned. A plan shall be made readily available to the public. Each  
24 city, village, and township applying for a payment under this  
25 subdivision shall submit a copy of the cooperation, collaboration,  
26 and consolidation plan to the department of treasury.

27 (c) Category 3, employee compensation, requires each eligible

1 city, village, or township to meet 1 of the following requirements:

2 (i) Certify that by June 1, 2012, it has developed and  
3 publicized an employee compensation plan that the city, village, or  
4 township intends to implement with any new, modified, or extended  
5 contract or employment agreements for employees not covered under  
6 contract or employment agreement. The employee compensation plan  
7 that each city, village, or township plans to achieve shall be made  
8 available for public viewing in the city, village, or township  
9 clerk's office or posted on a publicly accessible Internet site and  
10 must be submitted to the department of treasury. At a minimum, the  
11 employee compensation plan shall include all of the following:

12 (A) New hires that are eligible for retirement plans are  
13 placed on retirement plans that cap annual employer contributions  
14 at 10% of base salary for employees that are eligible for social  
15 security benefits. For employees that are not eligible for social  
16 security benefits, the annual employer contribution is capped at  
17 16.2% of base salary.

18 (B) For defined benefit pension plans, a maximum multiplier of  
19 1.5% for all employees that are eligible for social security  
20 benefits, except, where postemployment health care is not provided,  
21 the maximum multiplier shall be 2.25%. For all employees that are  
22 not eligible for social security benefits, a maximum multiplier of  
23 2.25%, except, where postemployment health care is not provided,  
24 the maximum multiplier shall be 3.0%.

25 (C) For defined benefit pension plans, final average  
26 compensation for all employees is calculated using a minimum of 3  
27 years of compensation and shall not include more than a total of

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1 240 hours of paid leave. Overtime hours shall not be used in  
2 computing the final average compensation for an employee.

3 (D) Health care premium costs for new hires shall include a  
4 minimum employee share of 20%; or, an employer's share of the local  
5 health care plan costs shall be cost competitive with the new state  
6 preferred provider organization health plan, on a per-employee  
7 basis.

8 (ii) Comply with 1 of the following:

9 (A) Any eligible city, village, or township that offers  
10 medical benefits to its employees or elected public officials shall  
11 certify to the department of treasury by June 1, 2012<<

12 >> that it is in compliance <<

13 >> with the publicly funded health insurance contribution act,  
14 2011 PA 152, MCL 15.561 to 15.569. Dental and vision coverages are  
15 not considered <<medical>> benefits. The department shall develop a  
16 certification process and method for cities, villages, and  
17 townships to follow.

18 (B) Any city, village, or township that does not offer medical  
19 benefits to its employees or elected public officials shall certify  
20 to the department of treasury by June 1, 2012<<

21 >> that it does not offer <<medical>> benefits to its  
22 employees or elected public officials. Dental and vision coverages  
23 are not considered <<medical>> benefits. The department shall  
24 develop a certification process and method for cities, villages,  
25 and townships to follow.

26 (4) Economic vitality incentive program payments are subject  
27 to the following conditions:

1 (a) Except as provided in subsection (d), in order for a city,  
2 village, or township to qualify for a category under subsection  
3 (3)(a), (b), or (c), the city, village, or township shall meet  
4 every criteria for that category including a certification to the  
5 department that it has met the required criteria for that category  
6 and submission of the required citizen's guide and performance  
7 dashboard; cooperation, collaboration, and consolidation plan; or  
8 employee compensation plan or certification of compliance with the  
9 publicly funded health insurance contribution act, 2011 PA 152, MCL  
10 15.561 to 15.569, as required by subsection (3)(a), (b), or (c),  
11 respectively. A department of treasury review of the citizen's  
12 guide, dashboard, or plan is not required in order for a city,  
13 village, or township to receive a payment under subsection (2). The  
14 department shall develop a certification process and method for  
15 cities, villages, and townships to follow.

16 (b) For each category that a city, village, or township  
17 qualifies for in subsection (3), the city, village, or township  
18 shall receive 1/3 of its potential economic vitality incentive  
19 program payment amount calculated in subsection (2).

20 (c) Payments under this section shall be issued to cities,  
21 villages, and townships for each category in subsection (3) until  
22 the specified due date for the category. After the specified due  
23 date for the category, payments shall be made to a city, village,  
24 or township only if that city, village, or township has complied  
25 with subdivision (a).

26 (d) If a city, village, or township does not provide the  
27 required certification or fails to submit the required citizen's



1 guide and performance dashboard; cooperation, collaboration, and  
2 consolidation plan; or employee compensation plan or certification  
3 of compliance with the publicly funded health insurance  
4 contribution act, 2011 PA 152, MCL 15.561 to 15.569, by the first  
5 day of a payment month, the city, village, or township shall  
6 forfeit the payment in that payment month for the uncertified  
7 category in subsection (3), except that a city, village, or  
8 township that certifies and submits the required documents under  
9 subsection (3)(a) by December 1, 2011 shall not forfeit any  
10 payments.

11 (e) Any local unit that falsifies certification documents  
12 shall forfeit any future economic vitality incentive program  
13 payments and shall repay this state all economic vitality incentive  
14 program payments it has received.

15 (f) Payments under this section shall be distributed on the  
16 last business day of October, December, February, April, June, and  
17 August.

18 (g) Payments distributed under this section may be withheld  
19 pursuant to sections 17a and 21 of the Glenn Steil state revenue  
20 sharing act of 1971, 1971 PA 140, MCL 141.917a and 141.921.

21 (5) The unexpended funds appropriated in this section for the  
22 economic vitality incentive program are designated as work project  
23 appropriations and any unencumbered or unallotted funds shall not  
24 lapse at the end of the fiscal year and shall continue to be  
25 available for expenditure for projects under subsection (1) until  
26 the projects have been completed. The following is in compliance  
27 with section 451a of the management and budget act, 1984 PA 431,

1 MCL 18.1451a:

2 (a) The purpose of the projects is to provide incentive-based  
3 grants to recipients under subsection (1).

4 (b) The projects will be accomplished by grants to qualified  
5 governmental units.

6 (c) The total estimated cost of all projects is  
7 \$215,000,000.00.

8 (d) The tentative completion date is September 30, 2016.

9 **REPEALERS**

10 Enacting section 1. (1) Section 402 of 2011 PA 278 is  
11 repealed.

12 (2) Section 311 of article X of 2011 PA 63 is repealed.