

**Summary: First Conference Report
Department of Attorney General
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	601.0	\$62,900,500	\$9,756,900	\$7,624,800	\$0	\$1,171,600	\$8,871,900	\$35,475,300
Executive	589.5	\$62,838,900	\$9,917,900	\$7,672,700	\$0	\$1,183,000	\$8,864,600	\$35,200,700
House	592.5	\$63,190,700	\$9,917,900	\$7,672,700	\$0	\$1,183,000	\$9,216,400	\$35,200,700
Senate	592.5	\$63,196,100	\$9,917,900	\$7,672,700	\$0	\$1,183,000	\$9,216,400	\$35,206,100
Conference	592.5	\$61,757,600	\$9,917,900	\$7,672,700	\$0	\$1,183,000	\$9,216,400	\$33,767,600
Conference Change from YTD	(8.5)	(\$1,142,900)	\$161,000	\$47,900	\$0	\$11,400	\$344,500	(\$1,707,700)
Conference Change from Executive	3.0	(\$1,081,300)	\$0	\$0	\$0	\$0	\$351,800	(\$1,433,100)
Conference Change from House	0.0	(\$1,433,100)	\$0	\$0	\$0	\$0	\$0	(\$1,433,100)
Conference Change from Senate	0.0	(\$1,438,500)	\$0	\$0	\$0	\$0	\$0	(\$1,438,500)

OVERVIEW

The Department of Attorney General's chief officer is the elected Attorney General of the state. The Attorney General's powers are prescribed in the State Constitution, in statute, and in court decisions. Serving as legal counsel for state departments, agencies, boards, commissions, and their officers, the Attorney General defends the state in court, and brings action and intervenes in cases on the state's behalf. In addition to defending state agencies, the Attorney General represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

The Department of Attorney General has 41 legal divisions and three administrative divisions. In general, each legal division practices in specialized legal areas. Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and goals of the Department do not change from one year to the next. The mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Transfer to the Department of Information Technology	FTEs	(7.0)	(7.0)	(7.0)	(7.0)
	Gross	\$0	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0	\$0
<p>The Executive transferred information technology-related FTE positions to the new Department of Information Technology, which was created pursuant to E.O. 2001-3. The associated funding, \$878,200 GF/GP, was transferred to a new appropriation unit within the Attorney General budget and will be used to fund services provided to the Department of Attorney General by the new Department of Information Technology via an interdepartmental grant. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.</p>					
2. Economic Adjustments	Gross	\$384,900	\$384,900	\$390,400	\$390,400
	GF/GP	\$103,800	\$103,800	\$109,300	\$109,300
<p>The Executive included additional funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker's compensation, and termination of the \$375 lump sum payment made to employees in fiscal years 2001 and 2002. The House concurred with the Executive recommendation on the total amount of additional funding, but appropriated the funding in the four salary-related line items instead of appropriating it all in the Attorney General Operations line item. The Senate concurred with the House on the proper allocation of additional funding, but included \$5,500 more than the Executive and House for the Attorney General's salary. The Conference Committee concurs with the Senate.</p>					
3. Funding for Employee-Related Economics	FTEs	(4.5)	(4.5)	(4.5)	(4.5)
	Gross	(\$286,600)	(\$286,600)	(\$286,600)	(\$286,600)
	GF/GP	(\$286,600)	(\$286,600)	(\$286,600)	(\$286,600)
<p>The Executive reduced FTE position authorization and the associated funding in order to fund employee-related economic increases. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.</p>					
4. Termination of Early Retirement Payouts	Gross	(\$159,900)	(\$159,900)	(\$159,900)	(\$159,900)
	GF/GP	(\$91,800)	(\$91,800)	(\$91,800)	(\$91,800)
<p>The Executive reduced funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.</p>					
5. Tobacco Settlement Trust Fund	FTEs	0.0	3.0	3.0	3.0
	Gross	\$0	\$351,800	\$351,800	\$351,800
	Restr	0	351,800	351,800	351,800
	GF/GP	\$0	\$0	\$0	\$0
<p>The House included funding for an additional 3.0 FTE positions, two attorneys and one secretary, to perform ongoing legal work and activities related to the Tobacco Master Settlement Agreement. These positions are to be funded with Tobacco Settlement Trust Fund revenues. The Senate concurred with the House. The Conference Committee concurs with the House.</p>					

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
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6. Early Retirement and Budgetary Savings	Gross	\$0	\$0	(\$100)	(\$1,438,600)
The Senate included a negative appropriation of \$100 to serve as a placeholder for reflecting the amount of savings anticipated to result from implementation of the 2002 early retirement program. The Conference Committee includes a GF/GP reduction of \$1,438,600. Of that amount, \$1,081,100 reflects the amount of savings anticipated to occur as a result of the early retirement program, \$352,000 equates to a 1.0% reduction from the Executive recommendation, and \$5,500 is reduced to cover costs associated with the salary increase included for the Attorney General (see item 2). The Conference Committee reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".	GF/GP	\$0	\$0	(\$100)	(\$1,438,600)

Major Boilerplate Changes from FY 2001-02:

Appropriation of Litigation Expense Reimbursements

The **Executive** included new language which appropriates up to \$500,000 from litigation expense reimbursements to be used for payment of attorney fees assessed against the Governor or the Attorney General when they are the named party in litigation against the state. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 307)

Attorney General Salary

The **Senate** included new language which requires the Attorney General's salary to be \$135,500 effective January 1, 2003, unless an amendment to the state constitution gives the State Officers Compensation Commission the authority to determine the salary of the Attorney General. The **Conference Committee** concurs with the Senate. (Sec. 308)

Appropriation of Litigation Expense Reimbursements

The **Executive** included supplemental language for FY 2002 which appropriates up to \$500,000 from litigation expense reimbursements to be used for payment of attorney fees assessed against the Governor or the Attorney General when they are the named party in litigation against the state. The **House** concurred with the Executive recommendation. The **Senate** did not include the language. The **Conference Committee** does not include the language in the General Government bill. Instead, the language is included in the House proposed supplemental appropriations bill, HB 4373.

**Summary: First Conference Report
Department of Civil Rights
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	171.5	\$15,267,000	\$0	\$934,000	\$0	\$0	\$0	\$14,333,000
Executive	163.5	\$15,348,900	\$0	\$934,000	\$0	\$0	\$0	\$14,414,900
House	163.5	\$15,348,900	\$0	\$934,000	\$0	\$0	\$0	\$14,414,900
Senate	163.5	\$15,348,800	\$0	\$934,000	\$0	\$0	\$0	\$14,414,800
Conference	163.5	\$14,367,700	\$0	\$934,000	\$0	\$0	\$0	\$13,433,700
Conference Change from YTD	(8.0)	(\$899,300)	\$0	\$0	\$0	\$0	\$0	(\$899,300)
Conference Change from Executive	0.0	(\$981,200)	\$0	\$0	\$0	\$0	\$0	(\$981,200)
Conference Change from House	0.0	(\$981,200)	\$0	\$0	\$0	\$0	\$0	(\$981,200)
Conference Change from Senate	0.0	(\$981,100)	\$0	\$0	\$0	\$0	\$0	(\$981,100)

OVERVIEW

The Michigan Civil Rights Commission was established in 1963 pursuant to Article I, Section 2 of the State Constitution to carry out the guarantees against discrimination. In Article V, Section 29, the Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." Public Acts 453 and 220 of 1976, the Elliot-Larsen Civil Rights Act and the Handicappers' Civil Rights Act respectively, and subsequent amendments have added sex, age, marital status, height, weight, arrest record, and physical and mental disabilities to the original four protected categories.

The Michigan Department of Civil Rights was established in 1965 to serve as the administrative arm charged with implementing the policies of the Commission. The Department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, and investigates and resolves discrimination complaints in the areas of employment, public accommodations and service, education, housing, and law enforcement. Also, the Department provides information and services to businesses on diversity initiatives, equal employment laws, contract compliance, coordination of certification programs for enterprises owned by persons with disabilities, and joint venture/strategic alliance matchmaking. A discrimination complaint may be filed at any of the Department's offices if the alleged discrimination has occurred within the past 180 days.

Major Budget Changes from FY 2001-02 YTD Appropriations: **Executive** **House** **Senate** **Conference**

1. Transfer to the Department of Information Technology	FTEs	(5.0)	(5.0)	(5.0)	(5.0)
	Gross	\$0	\$0	\$0	\$0
	GF/GP	\$0	\$0	\$0	\$0

The **Executive** transferred information technology-related FTE positions to the new Department of Information Technology, which was created pursuant to E.O. 2001-3. The associated funding, \$1.1 million GF/GP, was transferred to a new appropriation unit within the Civil Rights budget and will be used to fund services provided to the Department of Civil Rights by the new Department of Information Technology via an interdepartmental grant. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
2. Economic Adjustments	Gross	\$301,100	\$301,100	\$301,100	\$301,100
The Executive included additional funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker's compensation, and termination of the \$375 lump sum payment made to employees in fiscal years 2001 and 2002. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	GF/GP	\$301,100	\$301,100	\$301,100	\$301,100
3. Funding for Employee-Related Economics	FTEs	(3.0)	(3.0)	(3.0)	(3.0)
The Executive reduced FTE position authorization and the associated funding in order to fund employee-related economic increases. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	Gross	(\$181,200)	(\$181,200)	(\$181,200)	(\$181,200)
	GF/GP	(\$181,200)	(\$181,200)	(\$181,200)	(\$181,200)
4. Termination of Early Retirement Payouts	Gross	(\$38,000)	(\$38,000)	(\$38,000)	(\$38,000)
The Executive reduced funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	GF/GP	(\$38,000)	(\$38,000)	(\$38,000)	(\$38,000)
5. Early Retirement and Budgetary Savings	Gross	\$0	\$0	(\$100)	(\$981,200)
The Senate included a negative appropriation of \$100 to serve as a placeholder for reflecting the amount of savings anticipated to result from implementation of the 2002 early retirement program. The Conference Committee includes a GF/GP reduction of \$981,200. Of that amount, \$837,100 reflects the amount of savings anticipated to occur as a result of the early retirement program, and \$144,100 equates to a 1.0% reduction from the Executive recommendation. The Conference Committee reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".	GF/GP	\$0	\$0	(\$100)	(\$981,200)

Major Boilerplate Changes from FY 2001-02:

No major changes to current-year boilerplate.

**Summary: First Conference Report
Department of Civil Service
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	230.5	\$30,088,340	\$3,300,000	\$4,779,100	\$1,700,000	\$150,000	\$9,502,900	\$10,656,340
Executive	201.5	\$32,217,300	\$5,300,000	\$4,779,100	\$1,700,000	\$150,000	\$9,639,200	\$10,649,000
House	201.5	\$32,217,300	\$5,300,000	\$4,779,100	\$1,700,000	\$150,000	\$9,639,200	\$10,649,000
Senate	201.5	\$32,217,200	\$5,300,000	\$4,779,100	\$1,700,000	\$150,000	\$9,639,200	\$10,648,900
Conference	201.5	\$31,585,200	\$5,300,000	\$4,779,100	\$1,700,000	\$150,000	\$9,639,200	\$10,016,900
Conference Change from YTD	(29.0)	\$1,496,860	\$2,000,000	\$0	\$0	\$0	\$136,300	(\$639,440)
Conference Change from Executive	0.0	(\$632,100)	\$0	\$0	\$0	\$0	\$0	(\$632,100)
Conference Change from House	0.0	(\$632,100)	\$0	\$0	\$0	\$0	\$0	(\$632,100)
Conference Change from Senate	0.0	(\$632,000)	\$0	\$0	\$0	\$0	\$0	(\$632,000)

OVERVIEW

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department of Civil Service administers a statewide merit system that provides classified job opportunities within state government. This system includes classification of positions, administration of competitive examinations for all classified positions, setting of pay scales, development of rules governing personnel transactions and conditions of employment, and administration of the Civil Service Commission's Employment Relations Policy. In addition, the Department maintains ongoing statewide recruitment.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Department of Information Technology Transfer

The **Executive** transferred information technology-related funding and FTE positions out of this line item. The FTE positions were transferred to the new Department of Information Technology, which was created pursuant to EO 2001-3. The funding was transferred to a new appropriation unit within the Department of Civil Service budget. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
FTEs	(27.0)	(27.0)	(27.0)	(27.0)
Gross	\$0	\$0	\$0	\$0
Federal	0	0	0	0
Restr	0	0	0	0
GF/GP	\$0	\$0	\$0	\$0

2. State Officers Compensation Commission

The **Executive** recommends funding that will cover the costs of the biennial meetings of the State Officers Compensation. The **House** and **Senate** concur with the Executive Recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$15,000	\$15,000	\$15,000	\$15,000
GF/GP	\$15,000	\$15,000	\$15,000	\$15,000

Major Budget Changes from FY 2001-02 YTD Appropriations:**3. Training Adjustment**

The **Executive** recommends an increase in IDG-training authorization to reflect increased use of the leadership development and executive training curriculum. It is estimated that 1,600 state employees may take advantage of this five-course curriculum that addresses organizational direction as well as strategic planning, change, management and alignment. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
Gross	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
IDG	2,000,000	2,000,000	2,000,000	2,000,000
GF/GP	\$0	\$0	\$0	\$0

4. Budgetary Savings Adjustment

The **Executive** eliminated the Budgetary Savings unit that was created in FY 2000-01. The budgetary savings amount is reduced from the Civil Service Operations appropriation line. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)
GF/GP	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)

5. Early Retirement and Budgetary Savings

The **Senate** included a negative appropriation of \$100 to serve as a placeholder to reflect the amount of savings anticipated to result from the implementation of the 2002 early retirement program. The **Conference Committee** includes a GF/GP reduction of \$632,100. Of that amount, \$525,600 reflects the amount of savings anticipated to occur as a result of the early retirement program, \$106,500 equates to a 1.0% reduction from the Executive recommendation. The **Conference Committee** reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".

Gross	\$0	\$0	(\$100)	(\$632,100)
GF/GP	\$0	\$0	(\$100)	(\$632,100)

Major Boilerplate Changes from FY 2001-02:

No major boilerplate changes.

Summary: First Conference Report

Executive Office

HB 5646

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	85.0	\$5,480,900	\$0	\$0	\$0	\$0	\$0	\$5,480,900
Executive	84.2	\$5,486,400	\$0	\$0	\$0	\$0	\$0	\$5,486,400
House	84.2	\$5,486,400	\$0	\$0	\$0	\$0	\$0	\$5,486,400
Senate	84.2	\$5,486,300	\$0	\$0	\$0	\$0	\$0	\$5,486,300
Conference	84.2	\$5,399,500	\$0	\$0	\$0	\$0	\$0	\$5,399,500
Conference Change from YTD	(0.8)	(\$81,400)	\$0	\$0	\$0	\$0	\$0	(\$81,400)
Conference Change from Executive	0.0	(\$86,900)	\$0	\$0	\$0	\$0	\$0	(\$86,900)
Conference Change from House	0.0	(\$86,900)	\$0	\$0	\$0	\$0	\$0	(\$86,900)
Conference Change from Senate	0.0	(\$86,800)	\$0	\$0	\$0	\$0	\$0	(\$86,800)

OVERVIEW

The budget for the Executive Office provides funding for the Governor, the Lieutenant Governor, their staffs, and the Office of Regulatory Reform. The Governor is elected by the people to a four-year term, is the Chief Executive Officer of the state, the Commander-in-Chief of the state's military establishment, and the Chairperson of the State Administrative Board. Major constitutionally specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. The Lieutenant Governor is nominated at party convention, is elected with the Governor to a four-year term, performs gubernatorial functions in the Governor's absence, and serves as President of the Michigan Senate.

Within the Executive Office is the Office of Regulatory Reform. This office is charged with removing unnecessary regulations which impact the business community and with simplifying complex rules where possible. Also, the Office of Regulatory Reform provides citizens with better and easier access to proposed changes in administrative rules, information on the rules process, and the status of new rules.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Economic Adjustments	Gross	\$54,800	\$54,800	\$54,800	\$54,800
The Executive included additional funding for standard economic adjustments associated with salaries and wages and termination of the \$375 lump sum payment made to employees in fiscal years 2001 and 2002. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	GF/GP	\$54,800	\$54,800	\$54,800	\$54,800
2. Funding for Employee-Related Economics	FTEs	(0.8)	(0.8)	(0.8)	(0.8)
The Executive reduced FTE position authorization and the associated funding in order to fund employee-related economic increases. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	Gross	(\$54,800)	(\$54,800)	(\$54,800)	(\$54,800)
	GF/GP	(\$54,800)	(\$54,800)	(\$54,800)	(\$54,800)

Major Budget Changes from FY 2001-02 YTD Appropriations:**3. SOCC Adjustments**

The **Executive** included additional funding to cover costs associated with salary increases provided by SOCC for the Governor and Lieutenant Governor. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross
GF/GP

Executive

\$5,500
\$5,500

House

\$5,500
\$5,500

Senate

\$5,500
\$5,500

Conference

\$5,500
\$5,500

4. Early Retirement and Budgetary Savings

The **Senate** included a negative appropriation of \$100 to serve as a placeholder for reflecting the amount of savings anticipated to result from implementation of the 2002 early retirement program. The **Conference Committee** includes a GF/GP reduction of \$86,900. Of that amount, \$36,600 reflects the amount of savings anticipated to occur as a result of the early retirement program, and \$50,300 equates to a 1.0% reduction from the Executive recommendation. The **Conference Committee** reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".

Gross
GF/GP

\$0
\$0

\$0
\$0

(\$100)
(\$100)

(\$86,900)
(\$86,900)

Major Boilerplate Changes from FY 2001-02:

No changes made to current-year boilerplate.

**Summary: First Conference Report
Department of Information Technology
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	0.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revised Executive	1,771.4	\$427,508,900	\$427,508,900	\$0	\$0	\$0	\$0	\$0
House	1,706.2	\$333,453,600	\$333,453,600	\$0	\$0	\$0	\$0	\$0
Senate	1,771.4	\$427,508,800	\$427,508,800	\$0	\$0	\$0	\$0	\$0
Conference	1,771.4	\$424,006,800	\$424,006,800	\$0	\$0	\$0	\$0	\$0
Conference Change from YTD	1,771.4	\$424,006,800	\$424,006,800	\$0	\$0	\$0	\$0	\$0
Conference Change from Executive	0.0	(\$3,502,100)	(\$3,502,100)	\$0	\$0	\$0	\$0	\$0
Conference Change from House	65.2	\$90,553,200	\$90,553,200	\$0	\$0	\$0	\$0	\$0
Conference Change from Senate	0.0	(\$3,502,000)	(\$3,502,000)	\$0	\$0	\$0	\$0	\$0

OVERVIEW

The Department of Information Technology was created pursuant to E.O. 2001-3 for the purposes of improving the delivery of services to citizens by utilizing advancements in technology, improving the management of state information and technology resources, and assuring the reliability, security, and confidentiality of data and computer facilities. The Department utilizes existing technology funds and the workforce from within the other 19 state agencies to support the long-term technology needs of the state, and to find solutions and identify more effective ways to achieve missions.

Each state agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. The administration of fund sources remains with each agency. Funds are organized into the following broad theme areas which are based on agency missions: Enterprisewide Services, Health and Human Services, Education Services, Public Protection, Resources Services, Transportation Services, and General Services.

**Major Budget Changes from FY 2001-02 YTD
Appropriations:**

1. Base Transfers

The **Executive** transferred FY 2002 information technology-related FTE positions and funding from Executive branch departments and agencies to the new Department of Information Technology. The **House** and **Senate** concurred with the Executive recommendation on the transfer of FTE positions and funding. (The **Executive revised** the original recommendation subsequent to House action on the bill. Therefore, the difference between the House and the Executive/Senate numbers is 65.2 FTE positions and \$94.1 million, the amount of the Executive revision.) The **Conference Committee** concurs with the revised Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
FTEs	1,774.2	1,709.0	1,774.2	1,774.2
Gross	\$426,774,800	\$332,719,500	\$426,774,800	\$426,774,800
IDG	426,774,800	332,719,500	426,774,800	426,774,800
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD**Appropriations:**

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
2. Economic Adjustments					
The Executive included additional funding for standard economic adjustments associated with classified salaries and wages. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	Gross	\$1,363,500	\$1,363,500	\$1,363,500	\$1,363,500
	IDG	1,363,500	1,363,500	1,363,500	1,363,500
	GF/GP	\$0	\$0	\$0	\$0
3. Funding for Employee-Related Economics					
The Executive reduced FTE position authorization and the associated funding in order to fund employee-related economic increases. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	FTEs	(8.8)	(8.8)	(8.8)	(8.8)
	Gross	(\$629,400)	(\$629,400)	(\$629,400)	(\$629,400)
	IDG	(629,400)	(629,400)	(629,400)	(629,400)
	GF/GP	\$0	\$0	\$0	\$0
4. Savings from Consolidation - Funding for e-Michigan					
The Executive reflected \$9.3 million in administrative savings which are anticipated to result from the consolidation of functions and resources, and then appropriated the \$9.3 million to further fund e-Michigan initiatives. Funding is to be used for business and technical staffing, business process reengineering, contracts, hardware, software, test and development center operations and maintenance, and portal hosting. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	Gross	\$0	\$0	\$0	\$0
	IDG	0	0	0	0
	GF/GP	\$0	\$0	\$0	\$0
5. Early Retirement Savings					
The Senate included a negative appropriation of \$100 to serve as a placeholder for reflecting the amount of savings anticipated to result from implementation of the 2002 early retirement program. The Conference Committee includes a reduction of \$3,502,100 in the amount of IDG funding to be received by the Department of Information Technology from other state departments and agencies. This reduction is the amount of savings anticipated to occur as a result of the early retirement program.	Gross	\$0	\$0	(\$100)	(\$3,502,100)
	IDG	0	0	(100)	(3,502,100)
	GF/GP	\$0	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:**Contingency Funding**

The **Executive** included new language which authorizes the Department to receive up to \$40.0 million in additional IDG funding from the other state departments and agencies and authorizes the expenditure of the funding once it has been transferred to a line item via the legislative transfer process. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 570)

e-Michigan

The **Executive** modified current-year e-Michigan language by deleting the \$250,000 cap on funding received for the sale of paid advertising, deleting the requirement that the e-Michigan Office develop an easily accessible search function of all state departments and agencies, deleting the listing of required privacy policy provisions, and deleting the requirement that the e-Michigan Office report annually on the amount of funding received, expenditures made, and number of transactions performed. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 572)

Transfer of Employees

The **House** included new language which specifies that the intent of the Legislature is for the Department of Information Technology to transfer their employees from the other state departments and agencies within a reasonable time frame. The **Senate** concurred with the House. The **Conference Committee** concurs with the House. (Sec. 575)

Major Boilerplate Changes from FY 2001-02:

Definition of Information Technology Services

The **House** included new language which defines “information technology services” to mean services involving all aspects of managing and processing information including, but not limited to, all of the following: application development and maintenance; desktop computer support and management; mainframe computer support and management; server support and management; local area network support and management; information technology contract, project, and procurement management; information technology planning and budget management; and telecommunication services, security, infrastructure, and support. The **Senate** concurred with the House. The **Conference Committee** concurs with the House. (Sec. 576)

Summary: First Conference Report Legislature HB 5646

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	0.0	\$125,850,000	\$1,612,200	\$0	\$0	\$400,000	\$1,478,600	\$122,359,200
Executive	0.0	\$126,345,700	\$1,627,600	\$0	\$0	\$400,000	\$1,475,300	\$122,842,800
House	0.0	\$126,345,800	\$1,627,600	\$0	\$0	\$400,000	\$1,475,300	\$122,842,900
Senate	0.0	\$130,024,500	\$1,627,600	\$0	\$0	\$400,000	\$2,488,500	\$125,508,400
Conference	0.0	\$126,360,200	\$1,627,600	\$0	\$0	\$400,000	\$2,530,400	\$121,802,200
Conference Change from YTD	0.0	\$510,200	\$15,400	\$0	\$0	\$0	\$1,051,800	(\$557,000)
Conference Change from Executive	0.0	\$14,500	\$0	\$0	\$0	\$0	\$1,055,100	(\$1,040,600)
Conference Change from House	0.0	\$14,400	\$0	\$0	\$0	\$0	\$1,055,100	(\$1,040,700)
Conference Change from Senate	0.0	(\$3,664,300)	\$0	\$0	\$0	\$0	\$41,900	(\$3,706,200)

OVERVIEW

The budget for the Legislature provides funding for the Legislative branch of state government, to include the Office of the Auditor General, the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, appropriates funding from revenues collected for the support of public institutions and the administration of the affairs of state government, initiates and considers amendments to the State Constitution and to the Constitution of the United States, and exercises legislative oversight over the Executive branch of government. However, the majority of the Legislature's work entails lawmaking. Through a process which is defined by the State Constitution, statute, and legislative rules, the Legislature considers thousands of bills during each two-year session.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. The resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government; provide citizens with a measure of accountability, ensuring that all receipts and expenditures are in accordance with the State Constitution, laws, rules, and procedures; and assist state departments and agencies in improving the financial management, effectiveness, efficiency, and economy of activities and programs approved by the Legislature.

The Legislative Council is a joint 12-member bipartisan committee of the Legislature established pursuant to Article IV, Section 15 of the State Constitution. The Council provides a wide variety of essential services to members and staff of the Legislature and is responsible for maintaining bill drafting, research, and other services.

The Michigan Legislative Retirement System was established by Public Act 261 of 1957 and is a statewide single-employer retirement plan. The plan provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. The system is funded through state appropriations, member contributions, certain court filing fees, and investment income.

Under authority of the Michigan Capitol Committee, Legislative Council Facility Agency staff has full responsibility for the maintenance, operation, and repair of the Capitol Building and grounds. Carpenters, painters, maintenance mechanics, and electricians provide the care and upkeep. Funding is provided in the budget for care and upkeep of the Capitol Building, the House of Representatives Office Building, and the Farnum Building.

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
1. Senate	Gross	\$78,300	\$318,000	\$1,318,000	\$712,600
The Executive included additional funding to cover costs associated with the salary increase provided by SOCC for the Senators. The House included an additional \$318,000 for this line item. The Senate included an additional \$1,318,000 for this line item. The Conference Committee includes an additional \$712,600 for this line item.		GF/GP	\$78,300	\$1,318,000	\$712,600
2. Senate Automated Data Processing	Gross	\$0	\$0	\$1,000	\$75,300
The Senate included an additional \$1,000 for this line item. The Conference Committee includes an additional \$75,300 for this line item.		GF/GP	\$0	\$1,000	\$75,300
3. House of Representatives	Gross	\$234,800	\$1,734,800	\$1,734,700	\$1,066,700
The Executive included additional funding for costs associated with the salary increase provided by SOCC for the Representatives. The House included an additional \$1,734,800 for this line item. The Senate included \$100 less than the House in order to create a point of difference. The Conference Committee includes an additional \$1,066,700 for this line item.		GF/GP	\$234,800	\$1,734,700	\$1,066,700
4. House Automated Data Processing	Gross	\$0	\$300,000	\$299,900	\$0
The House included an additional \$300,000 for this line item. The Senate included \$100 less than the House in order to create a point of difference. The Conference Committee reflects current-year funding levels for this line item.		GF/GP	\$0	\$299,900	\$0
5. Legislative Auditor General – Funding Adjustments	Gross	\$0	\$100	\$1,072,100	\$924,000
The House included an additional \$100 for this line item. The Senate concurred with the House on the \$100 and included an additional \$1.1 million for this line item in order to provide the following: \$8,100 salary increase for the Auditor General, which increases the salary from \$127,400 to \$135,500; \$8,800 salary increase for the two unclassified positions, which increases the total salary amount for the two positions from \$138,400 to \$147,200; and \$1,055,100 for baseline operating costs, to be funded with state restricted State Services Fee Fund revenue. The Conference Committee includes an additional \$924,000 in Gross authorization, an additional \$1,055,100 in state restricted revenue, and a reduction of \$131,100 GF/GP for this line item.		Restr	0	1,055,100	1,055,100
		GF/GP	\$0	\$17,000	(\$131,100)
6. Legislative Council – Funding Adjustments	Gross	(\$200,000)	(\$200,000)	(\$20,300)	(\$126,800)
The Executive removed one-time funding which was included in the current-year budget. The House concurred with the Executive recommendation. The Senate included the funding reduction and transferred \$179,700 from the e-Law, Legislative Council Technology Enhancement Project line item to this line item in an effort to fund Internet service provider hosting costs. The Conference Committee reflects a reduction of \$126,800 for this line item.		GF/GP	(\$200,000)	(\$20,300)	(\$126,800)

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
7. e-Law, Legislative Council Technology Enhancement Project	Gross	\$0	(\$2,000,000)	(\$2,179,700)	(\$2,179,700)
The House transferred \$2.0 million from this line item to various other line items within the Legislature budget (\$1.5 million to the House of Representatives line item; \$300,000 to the House Automated Data Processing line item; and \$200,000 to the House office building line item). The Senate concurred with the House and transferred an additional \$179,700 from this line item to the Legislative Council line item. The Conference Committee reflects a reduction of \$2,179,700 for this line item.	GF/GP	\$0	(\$2,000,000)	(\$2,179,700)	(\$2,179,700)
8. National Association Dues	Gross	\$0	\$0	\$31,000	(\$3,900)
The Senate included additional funding to cover the actual cost of national association dues for FY 2002-2003. The Conference Committee reflects a reduction of \$3,900 for this line item.	GF/GP	\$0	\$0	\$31,000	(\$3,900)
9. General Nonretirement Expenses	Gross	\$0	\$0	\$1,374,700	(\$31,200)
The Senate included an additional \$1,374,700 for this line item. Also, the Senate reduced state restricted funding authorization by \$41,900 and increased GF/GP by a like amount based on anticipated court fee collections. The Conference Committee reflects a reduction of \$31,200 for this line item.	Restr	0	0	(41,900)	0
	GF/GP	\$0	\$0	\$1,416,600	(\$31,200)
10. House of Representatives Office Building	Gross	\$147,400	\$347,400	\$347,600	\$147,400
The Executive included additional funding to cover the 3.5% increase in lease costs required annually for the House office building. The House included an additional \$347,400 for this line item. The Senate included \$200 more than the House in order to create a point of difference. The Conference Committee includes an additional \$147,400 for this line item.	GF/GP	\$147,400	\$347,400	\$347,600	\$147,400
11. Farnum Building	Gross	\$0	\$0	\$200,000	\$14,200
The Senate included an additional \$200,000 for this line item and changed the name of the line to read "Farnum Building and Other Properties". The Conference Committee includes an additional \$14,200 for this line item and reflects the name change.	GF/GP	\$0	\$0	\$200,000	\$14,200
12. Other Adjustments	Gross	\$0	\$0	\$0	(\$100,500)
The Conference Committee reflects a reduction in funding for the following line items: Senate Fiscal Agency (\$25,900); House Fiscal Agency (\$30,200); Legislative Service Bureau Automated Data Processing (\$15,000); Legislative Corrections Ombudsman (\$5,500); Worker's Compensation (\$1,500); and Capitol Building (\$22,400).	GF/GP	\$0	\$0	\$0	(\$100,500)

Major Boilerplate Changes from FY 2001-02:**Public Access to Legislative Offices**

The **Executive** deleted current-year language which prohibits restricting public access to legislative offices during normal business hours. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Farnum Building

The **Senate** revised current-year language which authorizes the Senate to charge rent and assess charges for utility costs, and appropriates the funding for renovation, operation, and maintenance of the Farnum Building, to include "other" Senate properties. The **Conference Committee** concurs with the Senate. (Sec. 602)

Major Boilerplate Changes from FY 2001-02:

National Association Dues

The **Senate** included additional funding for national association dues and revised current-year language, which specifies the distribution of funding appropriated to pay for national association dues, to reflect the increased appropriation amount. The **Conference Committee** reduces the appropriation for national association dues and revises current-year language to reflect the decreased appropriation amount. (Sec. 603)

Health Insurance Benefits for Unmarried Domestic Partners

The **Senate** deleted current-year language which prohibits funding to be used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees. The **Conference Committee** retains current-year language. (Sec. 609)

Audits of School District Financial and Pupil Accounting Records

The **Senate** deleted current-year language which requires the Office of the Auditor General to conduct audits of school district financial and pupil accounting records, requires the Office of the Auditor General to perform an oversight function of the state aid membership reporting and auditing process, and requires a report by the Office of the Auditor General assessing the internal control structure for the reporting and auditing process. The **Conference Committee** concurs with the Senate.

Salaries of the Auditor General and Unclassified Positions

The **Senate** included additional funding for the annual salaries of the Auditor General and the two unclassified positions and revised current-year language to reflect the new appropriation amounts. The **Conference Committee** concurs with the Senate. (Sec. 615)

Auditor General Hiring Freeze

The **Senate** deleted current-year language which imposes a hiring freeze on the Office of the Auditor General and authorizes legislative leadership to grant exceptions to the hiring freeze. The **Conference Committee** concurs with the Senate.

Legislative Requests for Audits

The **Senate** included new language which requires any audits, reviews, or investigations requested of the Auditor General by the Legislature to include an estimate of the additional costs involved and requires the Legislature to provide supplemental funding when such costs exceed \$50,000. Also, the language authorizes the Auditor General to determine whether to perform such activities in keeping with Audit Directive Number 29, which describes the policy on responding to legislative requests. The **Conference Committee** concurs with the Senate. (Sec. 618)

**Summary: First Conference Report
Department of Management and Budget
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	925.5	\$173,229,000	\$85,722,700	\$380,300	\$0	\$0	\$43,257,800	\$43,868,200
Executive	854.5	\$188,634,700	\$109,606,600	\$300,100	\$0	\$0	\$35,355,300	\$43,372,700
House	854.5	\$188,634,700	\$109,548,100	\$358,600	\$0	\$0	\$35,355,300	\$43,372,700
Senate	854.5	\$188,634,600	\$109,548,100	\$358,600	\$0	\$0	\$35,355,300	\$43,372,600
Conference	854.5	\$188,098,300	\$109,548,100	\$358,600	\$0	\$0	\$35,355,300	\$42,836,300
Conference Change from YTD	(71.0)	\$14,869,300	\$23,825,400	(\$21,700)	\$0	\$0	(\$7,902,500)	(\$1,031,900)
Conference Change from Executive	0.0	(\$536,400)	(\$58,500)	\$58,500	\$0	\$0	\$0	(\$536,400)
Conference Change from House	0.0	(\$536,400)	\$0	\$0	\$0	\$0	\$0	(\$536,400)
Conference Change from Senate	0.0	(\$536,300)	\$0	\$0	\$0	\$0	\$0	(\$536,300)

OVERVIEW

The Department of Management and Budget has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. The Department is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; negotiating collective bargaining agreements; managing capital outlay projects; managing property for the state (i.e. managing state leases, selling surplus property); executing cost-effective purchasing programs; managing the state's retirement systems and employee benefit programs; supervising the state motor vehicle fleet; administering travel policies; and providing office support services to state agencies. In addition, the Department prepares, presents, and executes the state budget on behalf of the Governor.

Major Budget Changes from FY 2001-02 YTD

Appropriations:

1. Transfer to the Department of Information Technology

The **Executive** transferred information technology-related FTE positions to the new Department of Information Technology, which was created pursuant to E.O. 2001-3. The associated funding, \$27.4 million GF/GP, was transferred to a new appropriation unit within DMB's budget and will be used to fund services provided to the Department of Management and Budget by the new Department of Information Technology via an interdepartmental grant. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
FTEs	(84.0)	(84.0)	(84.0)	(84.0)
Gross	\$0	\$0	\$0	\$0
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD**Appropriations:****2. State Space Plan**

The **Executive** included additional funding for rent and operational costs associated with continued implementation of the state space plan. Consolidation efforts include the transfer of responsibility of the Michigan Library and Historical Center to DMB and the opening of the Hall of Justice. An increase of 17.0 FTE positions is reflected due to the transfer in of 15.0 FTE positions from the Legislative branch and to the addition of 2.0 new facility manager positions associated with the Hall of Justice. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
FTEs	17.0	17.0	17.0	17.0
Gross	\$14,728,700	\$14,728,700	\$14,728,700	\$14,728,700
IDG	14,728,700	14,728,700	14,728,700	14,728,700
GF/GP	\$0	\$0	\$0	\$0

3. Completion of Retirement Technology Project

The **Executive** reduced funding based on completion of the retirement technology project. The Vision ORS project was designed to replace outdated technology infrastructure, integrate technology systems across all retirement systems, facilitate maintenance and enhancements to the system, and improve customer service in processing retirements and responding to customer inquiries. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
Restr	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
GF/GP	\$0	\$0	\$0	\$0

4. Security at State Buildings

The **Executive** included additional funding for tightened security at state buildings. Security guards will be present in buildings, at one or more of the entrances, at the docks, and at parking ramp entrances. Where there are no security guards, doors will be locked. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$4,792,000	\$4,792,000	\$4,792,000	\$4,792,000
Restr	4,792,000	4,792,000	4,792,000	4,792,000
GF/GP	\$0	\$0	\$0	\$0

5. Parking Adjustments

The **Executive** included additional funding for costs associated with providing new leased parking areas for employees and included additional funding for the Roosevelt Ramp. The Department has leased a number of parking spaces in various lots and ramps in Detroit and Lansing and is providing shuttle bus services to more remote parking locations in order to improve the overall parking situation. The Roosevelt Ramp will be constructed and managed by DMB. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$3,214,800	\$3,214,800	\$3,214,800	\$3,214,800
Restr	3,214,800	3,214,800	3,214,800	3,214,800
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD**Appropriations:**

		<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
6. Economic Adjustments	Gross	\$348,700	\$348,700	\$348,700	\$348,700
The Executive included additional funding for standard economic adjustments associated with salaries and wages, employee retirement plans, building occupancy charges, rent, worker's compensation, and termination of the \$375 lump sum payment made to employees in fiscal years 2001 and 2002. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	GF/GP	(\$92,000)	(\$92,000)	(\$92,000)	(\$92,000)
7. Funding for Employee-Related Economics	FTEs	(4.0)	(4.0)	(4.0)	(4.0)
The Executive reduced FTE position authorization and the associated funding in order to fund employee-related economic increases. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	Gross	(\$352,400)	(\$352,400)	(\$352,400)	(\$352,400)
	GF/GP	(\$352,400)	(\$352,400)	(\$352,400)	(\$352,400)
8. Termination of Early Retirement Payouts	Gross	(\$126,100)	(\$126,100)	(\$126,100)	(\$126,100)
The Executive reduced funding to reflect termination of the five-year scheduled payments of sick leave to employees who participated in the 1997 early retirement program. The House and Senate concurred with the Executive recommendation. The Conference Committee concurs with the Executive recommendation.	GF/GP	(\$27,500)	(\$27,500)	(\$27,500)	(\$27,500)
9. Early Retirement and Budgetary Savings	Gross	\$0	\$0	(\$100)	(\$536,400)
The Senate included a negative appropriation of \$100 to serve as a placeholder for reflecting the amount of savings anticipated to result from implementation of the 2002 early retirement program. The Conference Committee includes a GF/GP reduction of \$536,400. Of that amount, \$102,700 reflects the amount of savings anticipated to occur as a result of the early retirement program, and \$433,700 equates to a 1.0% reduction from the Executive recommendation. The Conference Committee reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".	GF/GP	\$0	\$0	(\$100)	(\$536,400)

Major Boilerplate Changes from FY 2001-02:**GENERAL SECTIONS*****Purchase of Foreign Goods and Services***

The **Executive** deleted current-year language which prohibits the purchase of foreign goods or services if competitively priced and of comparable quality American goods or services are available. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 209)

Business in Deprived and Depressed Communities

The **Executive** deleted current-year language which requires directors of departments to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 210)

Receipt and Retention of Reports

The **Executive** deleted current-year language which requires departments/agencies to receive and retain copies of all reports funded from appropriations contained in the bill, and requires that federal and state guidelines for short-term and long-term retention of records be followed. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 212)

Major Boilerplate Changes from FY 2001-02:

e-Michigan Privacy Policy

The **Executive** deleted current-year language which requires all departments/agencies to adhere to the privacy policy adopted by the e-Michigan Office. The **House** retained current-year language. The **Senate** deleted current-year language. The **Conference Committee** concurs with the Senate.

Unreserved GF/GP Balances

The **Executive** included new language which appropriates all unreserved GF/GP balances at the final close of the fiscal year and requires them to be transferred to the countercyclical budget and economic stabilization fund (BSF). The **House** concurred with the Executive recommendation. The **Senate** did not include the new language. The **Conference Committee** concurs with the Senate.

Revenues Exceeding the Revenue Limit by Less than 1%

The **Executive** included new language which requires that the unreserved GF/GP balances referred to above be considered a deposit into the BSF if total state revenues for fiscal year 2003 exceed the revenue limit established in the State Constitution by less than 1%. The **House** concurred with the Executive recommendation. The **Senate** did not include the new language. The **Conference Committee** concurs with the Senate.

Revenues Exceeding the Revenue Limit by More than 1%

The **Executive** included new language which requires that the unreserved GF/GP balances referred to above be transferred back to the general fund if total state revenues for fiscal year 2003 exceed the revenue limit established in the State Constitution by more than 1%. The **House** concurred with the Executive recommendation. The **Senate** did not include the new language. The **Conference Committee** concurs with the Senate.

Designate Information Technology Appropriations as Work Projects

The **Executive** included new language which designates appropriations for information technology as work projects and authorizes them to be carried forward to support technology projects under the direction of the Department of Information Technology. The **House** concurred with the Executive recommendation. The **Senate** did not include the new language. The **Conference Committee** concurs with the Senate.

Privatization

The **Executive** deleted current-year language which requires departments to submit a complete project plan 60 days prior to beginning any effort to privatize and requires an evaluation of the privatization initiative within 30 months. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 207)

Disciplinary Action Against Executive Branch Employees

The **Senate** included new language which prohibits departments and state agencies from taking disciplinary action against employees for communicating with members of the Legislature or their staff. The **Conference Committee** concurs with the Senate. (Sec. 215)

Negative Appropriation for Early Retirement and Budgetary Savings

The **Senate** included new language which requires the state budget director to request legislative transfers by November 15, 2002 in order to apply the early retirement savings to appropriated line items affected by the state's 2002 early retirement program. The **Conference Committee** revises the language to include requirements for how to reach the early retirement and budgetary savings amounts included in the bill, and deletes the November 15 transfer request date requirement. (Sec. 216)

MANAGEMENT AND BUDGET

Commission Per Diem Rates

The **Senate** revised current-year language to include a \$50 per diem rate for the State Employees Retirement Board. Currently, the per diem rate for the State Employees Retirement Board is \$35 as established by section 5 (c) of Public Act 240 of 1943, the State Employees Retirement Act. However, pursuant to recent legislation associated with the 2002 early retirement program, Public Act 93 of 2002, the per diem rate is to be provided at the amount established annually by the Legislature. The Legislature has established a per diem rate of \$50 for all other retirement boards. The **Conference Committee** concurs with the Senate. (Sec. 707)

Revisions to Computer Contracts

The **Executive** deleted current-year language which requires DMB to report on any revisions to current computer contracts exceeding \$500,000 at least 14 days prior to finalization of the revisions. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 713)

Report on Restricted Fund Balances

The **Executive** deleted current-year language which requires DMB, together with Treasury, to provide a report on restricted fund balances, projected revenues, and projected expenditures for each restricted fund. The **House** retained current-year language. The **Senate** deleted current-year language. The **Conference Committee** concurs with the Senate.

Major Boilerplate Changes from FY 2001-02:

Notice of Invitations for Bids and Requests for Proposals

The **Executive** deleted current-year language which requires DMB to maintain an Internet website that contains notice of invitations for bids and requests for proposals over \$50,000, prohibits DMB from accepting invitations for bids or requests for proposals in less than 14 days after notice was made available on the Internet, and authorizes DMB to advertise the invitations for bids and requests for proposals in any manner they determine appropriate. The **House** and **Senate** retained current-year language. The **Conference Committee** concurs with the House/Senate. (Sec. 715)

Vietnam Veterans' Memorial Monument

The **Executive** included new language which authorizes DMB to receive and expend funding from the Vietnam Veterans' Memorial Monument Fund for maintenance of the Vietnam Veterans' Memorial Monument and the Vietnam Memorial Park. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 716)

Veterans' Memorial Park Commission

The **Executive** included new language which authorizes the Michigan Veterans' Memorial Park Commission to receive and expend funding from any source for the purpose of carrying out their responsibilities. The **House** and **Senate** concurred with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 717)

Reference to Townships on Forms

The **House** included new language which prohibits DMB from printing, or authorizing the printing of, forms that reference a city or village unless the form also references a township in the same size print and in the same font. The **Senate** concurred with the House. The **Conference Committee** concurs with the House. (Sec. 718)

Gubernatorial Transition Process

The **Senate** included new language which transfers up to \$1,200,000 from the general fund for costs associated with the gubernatorial transition process. The **Conference Committee** concurs with the Senate. (Sec. 719)

**Summary: First Conference Report
Department of State
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	1,979.3	\$139,288,400	\$55,814,100	\$1,303,600	\$0	\$100	\$64,451,900	\$17,718,700
Executive	1,853.8	\$179,828,100	\$96,493,000	\$1,319,500	\$0	\$100	\$64,274,200	\$17,741,300
House	1,853.8	\$173,335,100	\$90,000,000	\$1,319,500	\$0	\$100	\$64,274,200	\$17,741,300
Senate	1,853.8	\$180,834,800	\$96,493,600	\$1,319,500	\$0	\$100	\$65,274,200	\$17,747,400
Conference	1,853.8	\$180,055,800	\$96,493,000	\$1,319,500	\$0	\$100	\$65,274,200	\$16,969,000
Conference Change from YTD	(125.5)	\$40,767,400	\$40,678,900	\$15,900	\$0	\$0	\$822,300	(\$749,700)
Conference Change from Executive	0.0	\$227,700	\$0	\$0	\$0	\$0	\$1,000,000	(\$772,300)
Conference Change from House	0.0	\$6,720,700	\$6,493,000	\$0	\$0	\$0	\$1,000,000	(\$772,300)
Conference Change from Senate	0.0	(\$779,000)	(\$600)	\$0	\$0	\$0	\$0	(\$778,400)

OVERVIEW

The Department of State is responsible for implementing the policies of the Secretary of State. The Department of State's Chief Executive Officer is the Secretary of State, an elected official who serves a four-year term of office. The Department of State administers programs in four major areas: motor vehicle transactions, which includes titling and registration of automobiles, watercraft, and recreational vehicles; traffic safety, which includes testing drivers for ability and the suspension of license privileges when laws are broken or incompetence is judged; consumer protection, which includes inspection and licensing of automotive repair facilities; and regulation and administration of the state's electoral process, which entails training local election officials and monitoring campaign finance.

Major Budget Changes from FY 2001-02 YTD Appropriations: **Executive** **House** **Senate** **Conference**

**1. Michigan Transportation Fund
Interdepartmental Grant Increase**

The **Executive** recommendation includes a continuation of Michigan Transportation Fund support for Department of State activities as originally provided for in Executive Order 2001-9. This is an IDG-MTF authorization increase, as the Executive Order did not provide this legislative authorization in FY 2001-02. The **House** reduces the authorization by \$6,493,000 so that the gross MTF authorization will be \$90,000,000. The **Senate** concurs with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$40,000,000	\$33,507,000	\$40,000,000	\$40,000,000
IDG	40,000,000	33,507,000	40,000,000	40,000,000
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD Appropriations:

2. Auto Theft Prevention Grant

The **Executive** authorizes Michigan State Police Auto Theft Fund revenue to help improve the Department of State auto theft prevention program. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
Gross	\$100,000	\$100,000	\$100,000	\$100,000
Restr	100,000	100,000	100,000	100,000
GF/GP	\$0	\$0	\$0	\$0

3. Administrative Savings

The **Executive** recommends a base reduction to the Branch Operations appropriation line to recognize administrative savings. Savings will be realized at branch offices due to lower transactions resulting from the shift of customers toward touch-tone telephone and internet services. The **House** and **Senate** concur with the Executive Recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)

4. Department of History, Arts and Libraries Transfer

The **Executive** recommends a transfer of funding for 2.0 FTEs, positions which had provided accounting and legal support to the Historical program while part of the Department of State. Funding also reflects some mailing costs for the Historical program and dollars associated with the promotion of Michigan Week. This will complete the DOS transfer of the Historical program functions to the Department of History, Arts and Libraries. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

FTEs	(2.0)	(2.0)	(2.0)	(2.0)
Gross	(\$261,800)	(\$261,800)	(\$261,800)	(\$261,800)
GF/GP	(\$261,800)	(\$261,800)	(\$261,800)	(\$261,800)

5. Secretary of State Pay Increase

The **Executive** and **House** included a 2% pay increase for the Secretary of State. The **Senate** includes an additional \$5,500 pay increase with the new base amount of \$135,500 remaining the same for four calendar years. The **Conference Committee** concurs with the Senate recommendation.

Gross	\$2,500	\$2,500	\$8,000	\$8,000
GF/GP	\$2,500	\$2,500	\$8,000	\$8,000

6. Early Retirement Savings

The **Senate** included a negative appropriation of \$100 to serve as a placeholder to reflect the amount of savings anticipated to result from the implementation of the 2002 early retirement program. The **Conference Committee** includes a GF/GP reduction of \$777,800. Of that amount, \$594,900 reflects the amount of savings anticipated to occur as a result of the early retirement program, \$177,400 equates to a 1.0% reduction from the Executive recommendation, and \$5,500 is reduced to cover costs associated with the salary increase included for the Secretary of State (see item 5 above). The **Conference Committee** reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".

Gross	\$0	\$0	(\$100)	(\$777,800)
GF/GP	\$0	\$0	(\$100)	(\$777,800)

7. Vertical Driver License and ID Card

The **Senate** includes funding for the development and implementation of a vertical driver license and ID card program. The revenue source is proposed to be the State Services Fee Fund. The **Conference Committee** concurs with the Senate recommendation.

Gross	\$0	\$0	\$1,000,000	\$1,000,000
Restr	0	0	1,000,000	1,000,000
GF/GP	\$0	\$0	\$0	\$0

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
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8. Creation of "Points of Difference"

The **Senate** includes \$100 in each appropriation line that is supported with MTF revenue, and in related revenue lines, in order to create points of difference. The **Conference Committee** does not include the Senate recommendation.

Gross	\$0	\$0	\$1,300	\$0
Restr	0	0	600	0
GF/GP	\$0	\$0	\$700	\$0

Major Boilerplate Changes from FY 2001-02:

Removal of Historical Program Language

Senate Bill 291, PA 120 of 2001 repealed Sections 84, 807, 808, 812, 815, 816 and 819, language found within the Department of State boilerplate section of the General Government budget. The **Executive** strikes these sections from the Department of State as they are now reviewed within the History, Arts and Libraries budget bill. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Removal of Safety Belt Identification Program

The **Executive** struck (Sec. 820 current-year) language that required the department to develop a program that identified to law enforcement officers, drivers of vehicles who are exempt from the use of a safety belt. A report was to be given to the appropriations subcommittees by November 1, 2001. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

New Language – Michigan Transportation Fund Appropriation

The **Executive** proposes (Sec. 815) that the FY 2002-03 Michigan Transportation Fund appropriation to the Department of State would be 10% of gross collected revenues for the fiscal year ending September 30, 2003, excluding the appropriation for expenses associated with the collection of commemorative and specialty license plate fee revenue, as estimated at the January 2002 revenue estimating conference. The **House** modifies the Executive recommendation by removing the percentage and revenue estimating conference language, substituting a \$90,000,000 appropriation for fiscal year ending September 30, 2003. The **Senate** strikes this section. The **Conference Committee** concurs with the Senate recommendation.

New Language – Branch Office

The **Executive** had no recommendation. The **House** includes language that requires the department to consult with the House and Senate Subcommittees on General Government regarding projected closings or consolidations of branch offices. The **Senate** agrees with the House. The **Conference Committee** concurs with the House recommendation. (Sec. 816)

New Language – Secretary of State Salary

The **Senate** includes language that sets the annual salary of the Secretary of State at \$135,500 as of January 1, 2003, unless a constitutional amendment gives the State Officers Compensation Commission that authority. The **Conference Committee** concurs with the Senate recommendation. (Sec. 817)

New Language – Vertical Driver License and ID Card

The **Senate** includes language that specifies that the corresponding \$1.0 million in part 1 from the State Services Fee Fund be for the development and implementation of a vertical driver license and personal identification card for persons under the age of 21. (Sec. 818)

**Summary: First Conference Report
Department of Treasury
HB 5646**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	2,004.5	\$1,991,977,200	\$9,237,000	\$33,490,000	\$1,650,100	\$0	\$1,788,814,100	\$158,786,000
Executive	1,861.5	\$1,969,566,300	\$19,445,300	\$44,296,100	\$910,800	\$0	\$1,781,033,900	\$123,880,200
House	1,861.5	\$1,973,441,000	\$19,445,300	\$44,296,100	\$1,610,800	\$0	\$1,779,533,900	\$128,554,900
Senate	1,861.5	\$1,970,716,100	\$19,445,500	\$44,296,100	\$910,800	\$0	\$1,781,034,100	\$125,029,600
Conference	1,861.5	\$1,961,566,900	\$19,445,300	\$44,296,100	\$910,800	\$0	\$1,775,833,900	\$121,080,800
Conference Change from YTD	(143.0)	(\$30,410,300)	\$10,208,300	\$10,806,100	(\$739,300)	\$0	(\$12,980,200)	(\$37,705,200)
Conference Change from Executive	0.0	(\$7,999,400)	\$0	\$0	\$0	\$0	(\$5,200,000)	(\$2,799,400)
Conference Change from House	0.0	(\$11,874,100)	\$0	\$0	(\$700,000)	\$0	(\$3,700,000)	(\$7,474,100)
Conference Change from Senate	0.0	(\$9,149,200)	(\$200)	\$0	\$0	\$0	(\$5,200,000)	(\$3,948,800)

OVERVIEW

The Department of Treasury is the chief fiscal agency of the state and is the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. In addition, the Department manages one of the nation's largest pension funds, administers the revenue sharing and student financial aid programs. The Department also investigates fraudulent financial activity; gives advice and assistance on all property tax-related issues; trains and gives advice concerning accounting, auditing, budgeting, and financial management to local units of government; advises issuers of municipal obligations; and lends funds to local units in fiscal distress through the Emergency Loan Board.

**Major Budget Changes from FY 2001-02 YTD
Appropriations:**

1. Federal Grant for State Education Assessments

The **Executive** recommends federal grant funds for assessment testing requirements associated with the "No Child Left Behind Act of 2001." The act requires states to develop and implement annual reading and math assessments in grades 3-8. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
Gross	\$10,698,800	\$10,698,800	\$10,698,800	\$10,698,800
Federal	10,698,800	10,698,800	10,698,800	10,698,800
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD**Appropriations:****2. MTF Support for Collection of Motor Fuel Taxes**

The **Executive** recommends Michigan Transportation Fund support for the collection of motor fuel taxes. This is consistent with the authorizing provision in Executive Order 2001-9. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

	Executive	House	Senate	Conference
Gross	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
IDG	8,000,000	8,000,000	8,000,000	8,000,000
GF/GP	\$0	\$0	\$0	\$0

3. Annualize Tax Reverted Property System Program

The **Executive** recommends additional Land Reutilization Fund authorization to reflect full year operations of the new tax reverted property system. Tax reverted property will be processed in three years or less as compared to the old process which could take up to six years. The new system has become fully operational in FY 2001-02. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$3,071,700	\$3,071,700	\$3,071,700	\$3,071,700
Restr	3,071,700	3,071,700	3,071,700	3,071,700
GF/GP	\$0	\$0	\$0	\$0

4. Investment Management Services Increase

The **Executive** recommends the use of Retirement Fund revenue to provide for on-going operational support for investment management and accounting services. These services will enhance the investment allocation process, provide real-time trading access, and achieves compliance with Securities and Exchange Commission requirements. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$2,350,000	\$2,350,000	\$2,350,000	\$2,350,000
Restr	2,350,000	2,350,000	2,350,000	2,350,000
GF/GP	\$0	\$0	\$0	\$0

5. Electronic Motor Fuel Tax Simplification System

The **Executive** recommends Michigan Transportation Fund IDG authorization to fund the implementation of an electronic motor fuel tax simplification system. The current diesel taxation system is complicated and by simplification there is expected to be improvements in tax compliance, revenue collection and information exchanges between partner states and Canada. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	\$2,225,000	\$2,225,000	\$2,225,000	\$2,225,000
IDG	2,225,000	2,225,000	2,225,000	2,225,000
GF/GP	\$0	\$0	\$0	\$0

6. School Bond Loan Debt Service Transfer to State School Aid

The **Executive** recommends transferring School Bond Loan debt service to the State School Aid budget. Debt service is required on state issued bonds to provide loans to school districts in need of assistance in meeting debt service obligations on qualified school bonds issued for capital expenditures. The **House** retains the School Bond Loan debt service within the Department of Treasury. The **Senate** supports the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$5,373,700)	\$1,000	(\$5,373,700)	(\$5,373,700)
Restr	(700,000)	0	(700,000)	(700,000)
GF/GP	(\$4,673,000)	\$1,000	(\$4,673,000)	(\$4,673,000)

Major Budget Changes from FY 2001-02 YTD**Appropriations:****Executive****House****Senate****Conference****7. Bond Debt Service Adjustment**

The **Executive** recommends reducing GF/GP debt service authorization reflecting savings created by the refunding of existing bonded obligations and the restructuring of debt payments. Taking advantage of current low interest rates reduces School Bond Loan and Quality of Life bond debt service. Matching the state's debt payment schedule to estimated school district loan repayments also reduces School Bond Loan debt service. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)
GF/GP	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)	(\$41,034,900)

8. Eliminate Grant to Department of Agriculture

The **Executive** recommends eliminating the State Services Fee Fund supported grant to the Department of Agriculture. This grant supported horse racing industry regulation, oversight and promotional activities in the Office of the Racing Commissioner. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation.

Gross	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)
Restr	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
GF/GP	\$0	\$0	\$0	\$0

9. Grants to Local Units of Government

The **Executive** establishes one-time grants to local units of government to offset negative impacts of revenue sharing distribution in FY 2002-03. Although the aggregate revenue sharing payments remain unchanged from FY 2001-02, by law the constitutional portion increases resulting in a reduction in the statutory portion. Certain communities may receive a reduction according to the statutory formulas. The **House** concurs with the Executive recommendation. The **Senate** added \$100 to create an item of difference between the House and Senate versions of the bill. The **Conference Committee** reduces the Executive recommendation by 1%, or \$100,000, to meet targets.

Gross	\$10,000,000	\$10,000,000	\$10,000,100	\$9,900,000
GF/GP	\$10,000,000	\$10,000,000	\$10,000,100	\$9,900,000

10. New Lottery Game and Gaming Support Activities

The **Executive** revised the Executive recommendation to include increased authorization of State Lottery Fund revenue to be used for the development of a new game and gaming support activities such as the lease or purchase of instant ticket vending machines. The **House** does not concur with the Executive recommendation. The **Senate** agrees with the Executive. The **Conference Committee** concurs with the revised Executive recommendation.

Gross	\$1,500,000	\$0	\$1,500,000	\$1,500,000
Restr	1,500,000	0	1,500,000	1,500,000
GF/GP	\$0	\$0	\$0	\$0

11. Items of Difference – Michigan Transportation Fund

The **Senate** adds \$100 to the "Revenue" appropriation line as well as the "Information Technology Services and Projects" appropriation line to create a point of difference between the House and Senate versions of the bill. The **Conference Committee** does not concur with the Senate.

Gross	\$0	\$0	\$200	\$0
Restr	0	0	200	0
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes from FY 2001-02 YTD**Appropriations:****12. Senior Citizen Cooperative Housing Tax Exemption Payments**

The **Senate** provides additional funding to meet projected tax exemption payments. The **Conference Committee** does not concur with the Senate.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>	<u>Conference</u>
Gross	\$650,000	\$650,000	\$1,799,400	\$650,000
GF/GP	\$650,000	\$650,000	\$1,799,400	\$650,000

13. Early Retirement Savings

The **Senate** included a negative appropriation of \$100 to serve as a placeholder to reflect the amount of savings anticipated to result from the implementation of the 2002 early retirement program. The **Conference Committee** includes a GF/GP reduction of \$2,699,400. Of that amount, \$2,156,500 reflects the amount of savings anticipated to occur as a result of the early retirement program, \$542,900 equates to a 1.0% reduction from the Executive recommendation. The **Conference Committee** reflects these appropriation reductions in two line items, "Early Retirement Savings" and "Budgetary Savings".

Gross	\$0	\$0	(\$100)	(\$2,699,400)
GF/GP	\$0	\$0	(\$100)	(\$2,699,400)

14. Revenue Sharing

The **Executive** proposes Constitutional and Statutory Revenue Sharing support based on the January 2002 Revenue Estimating Conference. The **House** agrees with the Executive Recommendation. The **Senate** adds \$100 in both appropriation lines to create items of difference. The **Conference Committee** includes support consistent with the May 2002 Revenue Estimating Conference.

Gross	(\$11,800,000)	(\$11,800,000)	(\$11,799,800)	(\$17,000,000)
Restr	(11,800,000)	(11,800,000)	(11,799,800)	(17,000,000)
GF/GP	\$0	\$0	\$0	\$0

Major Boilerplate Changes from FY 2001-02:***Provision of Financial Services to Other State Departments***

The **Executive** modifies language requiring the Department of Treasury to provide receipt processing, cash handling, warrant processing, and investment services to other state departments. The change would require these services to be done on a contractual basis. The **House** and **Senate** concur with the Executive Recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 940)

Appropriation of Individual Components of Treasury Fees

The **Executive** modifies the current law by striking the language that lists each fee amount that can be charged against the individual funds that the Treasury manages. The Executive substitutes language that says that the department will provide a report to the House and Senate appropriations subcommittees, the State Budget Director and the legislative fiscal agencies by the November 30th each year identifying the fees assessed against each restricted fund. The **House** retains current law. The **Senate** concurs with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 943)

Technology Investment Plan

The **Executive** Recommendation deletes subsections (2) & (3) (Sec. 923 current year) which allowed the department to contract with private companies to develop and implement the technology investment plan, provided work project status for unexpended funds, mandated a cap on project costs, and a completion date of the project. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 916)

New Language – Receipt and Expenditure of Tax Workshop Funds

The **Executive** proposes language allowing the department to receive and expend funds for conducting tax orientation workshops. Funds received may not exceed costs incurred in conducting the workshops. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 919)

New Language – Department of Transportation Billing

The **Executive** proposes language (Sec. 934) that would allow Treasury to submit billings to the Department of Transportation for payment of tax collection and audit activities performed for fiscal year ending September 30, 2003, not to exceed \$8.0 million. The **House** concurs with the Executive recommendation. The **Senate** does not include this language. The **Conference Committee** concurs with the Senate.

Major Boilerplate Changes from FY 2001-02:

New Language – Collections Receipt and Expenditure of Unclaimed Property Due the State

The **Executive** proposes language that would allow Treasury to contract with private auditing firms to audit and collect unclaimed property due the state. The language appropriates in addition to amounts in part 1, amounts necessary to fund the auditing and collection costs not to exceed 12% of the collections. The language requires a report no later than November 30th, on preceding fiscal year activities ending September 30th. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 920)

New Language – Guidance for Grants to Local Governmental Units

The **Executive** proposes language that details how the \$10.0 million Grants to Local Governmental Units appropriation line will be distributed. The **House** concurs with the Executive recommendation. The **Senate** adds language that states that hold harmless grants do not apply towards reductions incurred as a result of negative census corrections resulting in a lower revenue sharing payment for a community for FY 2003 compared to FY 2002. It also states that if actual sales tax collections increase, cities, villages, and townships will be held harmless for total revenue sharing payments. The **Conference Committee** concurs with the Senate recommendation and adjusts slightly to consolidate three sections down to two. (Sec. 972)

New Language – Michigan Public Educational Facilities Authority

The **Executive** proposes language that authorizes the department to expend revenues received under the Public Educational Facilities Authority for operational expenses and for grants to the Civil Service Commission and State Employee's Retirement Fund. The **House** and **Senate** concur with the Executive recommendation. The **Conference Committee** concurs with the Executive recommendation. (Sec. 963)

New Language – Michigan Broadband Development Authority

The **Senate** proposes language that authorizes the department to expend revenues received under the Broadband Development Authority for operational expenses and for grants to the Civil Service Commission and State Employee's Retirement Fund. The **Conference Committee** concurs with the Executive recommendation. (Sec. 964)

Lottery Prohibitions Language

The **Executive** recommends striking current year sections 971, 972 and 973, which prohibits promotional marketing directed towards minors, prohibits lottery drawings on Sunday, and prohibits associating athletes with lottery products. The **House** retains current law. The **Senate** agrees with the House in maintaining prohibitions on marketing directed towards minors (Sec. 981) and athletes associating themselves with lottery products (Sec. 982), but supports the Executive recommendation to allow for lottery drawings to be held on Sunday. The **Conference Committee** concurs with the Senate.

Michigan Merit Award Trust Fund Source Language

The **Executive** removed language (Sec. 931 current-year) that stated that the Michigan Merit Award Trust Fund consisted of a portion of the tobacco settlement revenue received by the state. The **House** retained current year language. The **Senate** concurs with the Executive recommendation to remove. The **Conference Committee** concurs with the Executive recommendation.

New Language – Restricted Construction Bid Process/Local Units of Government

The **Senate** includes new language (Sec. 973 Senate version) which would mandate that the Treasury withhold certain revenue sharing payments from local units of government that restrict the bid process to either union labor or nonunion labor for the construction of public facilities. The **Conference Committee** report does not include this language.

New Language – Instant Lottery Ticket Vending Machines and Changeplay Game

The **Senate** includes new language (Sec. 983 Senate version) which prohibits the Bureau of Lottery from using funds appropriated in part 1 for the purchase or operation of instant lottery ticket vending machines or a changeplay lottery game. The **Conference Committee** does not concur with the Senate. The changeplay game and vending machines are not prohibited.

New Language – State Services Fee Fund

The **Conference Committee** includes new language which requires that if the State Services Fee Fund revenues are less than amounts appropriated from the fund, casino gaming regulation activities will be funded first and the remaining revenue will be proportionately distributed among the other state departments or agencies.

New Language – Tie-Bar Language

The **Conference Committee** includes language that would tie-bar the General Government FY 2002-03 appropriation act to House Bill 5248 of the 91st Legislature if enacted into law.