



FY 2005-06 Year-to-Date Gross Appropriation	\$121,052,400
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
1. Economic Adjustments. Included standard economic adjustments.	2,545,200
Equine Industry Survey. Both House and Senate included Equine Fund revenue for an equine industry survey.	50,000
 Fruit and Vegetable Inspections. Both House and Senate included additional GF/GP funds for seasonal fruit and vegetable inspections. 	300,000
4. Other Changes. Reduction in Federal funds for emerald ash borer (\$10.0 million), administrative savings of \$100,000, statistical report service reduction (\$35,000), HR optimization reduction (\$72,400); Conservation Reserve Enhancement Program GF/GP increase (\$350,000); funds for horse racing audits (\$240,000), migrant labor housing inspections (\$150,000), emergency management (\$57,600); a shift of Restricted to GF/GP funding for food and dairy; a shift of \$40,000 from GF/GP to Restricted in Agriculture Development and a funding adjustment reduction of \$453,600. A reduction adjustment of \$1,874,000 is also made to reflect FY 2005-06 supplemental appropriations from P.A. 153 of 2006.	(11,737,800)
Conference Agreement on Items of Difference	
Export Market. House added \$450,000 GF/GP for export marketing. Not included by the Conference Committee.	0
 Local Conservation Grants. House added \$83,200 GF/GP over current year (\$159,000 over Governor), Senate maintained current year funding level (\$75,800 over Governor). The Conference Committee concurred with the Senate. 	0
7. Racing Commissioner. House added \$100,000 in Equine Fund revenue. Not included.	0
8. Diesel Fuel Inspections. House created line with \$100 GF/GP funding. Not included.	0
9. Agriculture Development. House added GF/GP funding of \$500,000. Not included.	0
10. Animal Health and Welfare. House added \$250,000 GF/GP. Not included.	0
11. Bovine TB. House added \$100,000 GF/GP. Not included.	0
12. Food Safety and Quality Assurance. House added \$1.0 Million GF/GP. The Conference Committee included \$475,000.	475,000
13. Food Safety and Quality Assurance. Senate added \$150,000 Federal to reflect supplemental appropriations from P.A. 153 of 2006. The Conference Committee concurred.	150,000
 Laboratory Services. Senate added \$543,000 Federal to reflect supplemental appropriations from P.A. 153 of 2006. The Conference Committee concurred. 	543,000
15. Groundwater and Freshwater Protection. Senate added \$250,000 to reflect supplemental appropriations from P.A. 153 of 2006. The Conference Committee concurred.	250,000
Total Changes	(\$7,424,600)
FY 2006-07 Conference Report Gross Appropriation	\$113,627,800
Amount Over/(Under) GF/GP Target: \$0	

Items Included by the House and Senate

- 1. Equine Survey. Required survey of equine industry in Michigan. (Sec. 305)
- 2. **Agriculture Development Report.** Required annual report of activities and grants of agriculture and export market programs. (Sec. 706)

Conference Agreement on Items of Difference

- 3. **MSU Pavilion.** Directed Department, with other interested parties, to work toward the expansion of the Michigan State University Pavilion for Agriculture and Livestock Education. Senate. The Conference Committee concurred. (Sec. 225)
- 4. **Budget Reduction Plan.** Requires a proposed GF/GP budget reduction (7.93%) plan by October 15, 2006, as a contingency should the K-16 Ballot Initiative be adopted. Senate. The Conference Committee did not include. (Sec. 226)
- 5. **Return on Investment.** Requires a report on the return on investment of each of the Department's programs. Senate. The Conference Committee concurred. (Sec. 227)
- 6. **Motor Fuel Inspections.** The Senate added language requiring a report on inspection activities and results. The Conference Committee concurred. (Sec. 304)
- 7. **Food Safety Education.** The Conference Committee added language requiring expenditures for consumer and industry food safety education. (Sec. 404)
- 8. **Fruit and Vegetable Inspections.** Required \$1.0 million to be used for inspections with not less than \$600,000 being GF/GP funds. House. The Conference Committee did not include. (Sec. 501)
- 9. **Diversity.** Required diversity of agriculture when awarding development grants. House. The Conference Committee concurred. (Sec. 707)
- 10. **Receipt and Expenditure.** Allowed receipt and expenditure of funds from Agriculture Development Fund. House. The Conference Committee concurred. (Sec. 708)
- 11. Grape and Wine Council. Required report. House. The Conference Committee concurred. (Sec. 709)
- 12. **Select Michigan.** Required \$250,000 for Select Michigan Program and \$975,000 to Cherry Marketing Institute. House. The Conference Committee did not include. (Sec. 710)
- 13. **Matching Funds.** The Conference Committee added language permitting matching of exterior funds for agriculture marketing. (Sec. 710)
- 14. **Racing Days.** Specifies minimum racing days for horse racing. House earmarks \$100,000 for this purpose, Senate omits earmarking language. The Conference Committee did not include. (Sec. 902)

Date Completed: 7-20-06 Fiscal Analyst: Bruce Baker





OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Civil Service, Executive, Information Technology, Legislature, Management and Budget, State, and Treasury (including the Michigan Strategic Fund). The following pages provide a summary of the changes for FY 2006-07.

Items Included by the Senate and House

- 1. **State Spending Reporting Section.** Reporting requirement regarding actual total State spending and payments to locals within 30 days of book closing. The Governor's Recommendation changed this section to require a report only if actual payments are less than the minimum required by Article IX, Section 30, of the Michigan Constitution. The House and Senate restored current year language. (Sec. 201(3))
- 2. Hiring Freeze. Imposes hiring freeze and provides for exceptions. Provides for a quarterly report to the chairs of appropriations committees regarding exceptions to hiring freeze. List of reasons for exceptions include; ability to deliver basic services, loss of revenue, inability to receive Federal funds, or resulting costs exceeding savings from the vacancy. The Attorney General and Secretary of State may grant exceptions to the hiring freeze for their respective departments based on the same criteria that the State Budget Director grants exceptions. The Governor's recommendation substituted the State Budget Director "shall" with "may" regarding granting exceptions to the hiring freeze. The House and Senate maintained current year language. (Sec. 205)
- 3. **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Governor eliminated this section. The House and Senate restored it. (Sec. 212)
- 4. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section. The House and Senate restored this section. (Sec. 215)
- 5. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor eliminated this section. The House and Senate restored this section. (Sec. 217)
- 6. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. Funds are not available for expenditure until approved as work projects pursuant to Section 451a of the Management and Budget Act. The House and Senate eliminated this section.
- Statewide Contractual Expenditures. The Governor, House, and Senate removed one-time language that required DMB to reduce Statewide contractual General Fund expenditures by \$30 million. Reductions were included in FY 2005-06 appropriations.
- 8. **Political Action Committees.** The Governor removed language that prohibited the use of appropriations in Part 1 to administer a committee, or to solicit, or obtain contributions for a "committee" as defined in the Michigan Campaign Finance Act. The Governor stated in the signing letter for the FY 2005-06 General Government Appropriation Bill (2005 PA 146) that Section 220 was unenforceable due to Article XI, Section 5, of the Michigan Constitution of 1963. The House and Senate revised this section to provide that funds appropriated in this act shall not be used to establish, operate, or administer a payroll deduction plan that enables classified state employees to make contributions to either a committee or a political organization. (Sec. 220)

Conference Agreement on Items of Difference

9. **K-16 Ballot Initiative.** The Senate included language that requires departments to provide to the General Government Subcommittees and fiscal agencies a list of General Fund reductions totaling 7.93% if the K-16 Ballot Initiative is adopted. The Conference Committee eliminated this section.





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FY 2005-06 Year-to-Date Gross Appropriation	\$65,748,100
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Funding Adjustments. The Governor, House and Senate removed Corporate and Security Fees, \$140,300. State Trunkline Fund was reduced based on actual workload from the Department of Transportation. 	(440,300)
2. Funding Shifts. Charges to Restricted funds are increased based on legal services provided. These adjustments include \$140,000 from DHS related to the Children and Youth Services Division, \$30,000 from the Liquor Purchase Revolving Fund, and \$30,000 from Oil and Gas Privilege Fee revenue. The above changes result in a GF/GP reduction of \$200,000.	0
3. Economic Adjustments.	3,224,500
Conference Agreement on Items of Difference	
 General Fund Reduction. The Senate reduced General Fund support for the Department by \$428,300 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
5. Real Estate Enforcement Fund. The Governor and House removed 2.0 FTEs and \$226,000 in restricted funding associated with the Real Estate Enforcement Fund. The Senate restored this program. The Conference Committee concurred with the Senate.	0
Total Changes	\$2,784,200
FY 2006-07 Conference Report Gross Appropriation	\$68,532,300

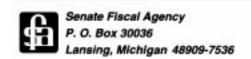
Items Included by the House and Senate

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. The House and Senate removed this section.
- 2. **Enforcement Revenue Carryforward.** Provides that unobligated anti-trust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by the Department, not to exceed \$1,000,000, may be carried forward and available for appropriation to the Department in the succeeding fiscal year. The Governor modified this section by reducing the carry-forward authorization to \$250,000. The House and Senate maintained the current year carry-forward authorization of \$1,000,000, and replaced "may" with "shall" be carried forward. Along with the carry-forward authorization, the House and Senate appropriate revenues received, up to \$1,000,000, to the Department in FY 2006-07. (Sec. 307)
- 3. **Prisoner Reimbursement Funds**. Provides that the Department may spend up to \$421,800 of prisoner reimbursement funds on activities related to the State Correctional Facilities Reimbursement Act. If the Department of Attorney General collects in excess of \$1,131,000, the excess, limited to \$1,000,000, may be spent on the defense of the State, its departments, or employees, in civil actions filed by prisoners. The Governor, House, and Senate increased the amount reserved for collection activities from \$421,800 to \$445,800. The House and Senate added a provision allowing the Department to carry forward up to \$500,000 for expenditure in the following fiscal year. (Sec. 309)
- 4. Child Support Funding. Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section also provides that the Attorney General shall, to the extent allowable under Federal law, have access to any information used by the State to locate parents who fail to pay child support. The Governor removed this section. The House and Senate restored it. (Sec. 310)

Conference Agreement on Items of Difference

5. Litigation Expense Reimbursement. Appropriates up to \$500,000 from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay litigation settlements or attorney fees assessed against the Office of the Governor, the Department of Attorney General, the Governor or the Attorney General when acting in an official capacity as the named party in litigation against the State. Funds may also be expended for State costs incurred pursuant to MCL 770.16 (DNA testing). Provides for carry forward of unexpended funds up to a maximum of \$500,000. The Governor's recommendation modified the language to specify that the funds may be used to pay court judgments, settlements, and litigation expenses (not including staff salaries and support costs). The Governor also replaced "are" with "may be" regarding the provision regarding carry forward of unexpended funds. The House excluded court judgments as an allowable use of the funds, replaced "may" with "shall" be carried forward, and removed the Governor's restriction on using funds for staff costs. The Senate concurred with the House, but restored court judgments as an allowable expenditure. The Conference Committee concurred with the Senate. (Sec. 308)

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





FY 2005-06 Year-to-Date Gross Appropriation	\$13,674,900
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Human Resources Optimization Charges. The Human Resources Optimization charge was reduced based on the new methodology used to assess the Department's cost for the system. 	(21,000)
2. Economic Adjustments.	366,300
Conference Agreement on Items of Difference	
 General Fund Reduction. The Senate reduced General Fund support for the Department by \$162,200 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
Total Changes	\$345,300
FY 2006-07 Conference Report Gross Appropriation	\$14,020,200

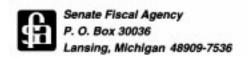
Items Included by the House and Senate

1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section. The House and Senate removed this section.

Conference Agreement on Items of Difference

There were no boilerplate items of difference.

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





FY 2005-06 Year-to-Date Gross Appropriation	\$35,941,600
Changes from FY 2005-06 Year-to-Date: Items Included by the House and Senate	
Program Reductions. An overall 5% General Fund reduction to the Department was allocated to the following line items: Agency Services \$162,100 Executive Direction \$162,000 Information Technology \$31,000	(355,100)
 Human Resources Optimization User Charge. The Department's cost for the Human Resources Optimization Program was reduced based on the new methodology of assessing costs to departments. 	(16,000)
3. Economic Adjustments.	976,600
 Other Changes. Other adjustments included the transfer of funding between line items to reflect the current organizational structure of the Department. 	
Conference Agreement on Items of Difference	
 General Fund Reduction. The Senate reduced General Fund support for the Department by \$90,800 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
Total Changes	\$605,500
FY 2006-07 Conference Report Gross Appropriation	\$36,547,100

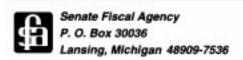
Items Included by the House and Senate

1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section. The House and Senate removed this section.

Conference Agreement on Items of Difference

There were no boilerplate items of difference.

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





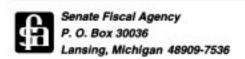
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FY 2005-06 Year-to-Date Gross Appropriation	\$5,375,500
Changes from FY 2005-06 Year-to-Date:	
Conference Agreement on Items of Difference	
 General Fund Reduction. The Senate reduced General Fund support for the Executive Office by \$70,000 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
 Economic Adjustments. The Governor and House did not include any funding adjustments for the Executive Office. The Senate included \$161,300 (3.0%) for economics. The Conference Committee included an economic adjustment of 2.5%. 	134,400
Total Changes	\$134,400
FY 2006-07 Conference Report Gross Appropriation	\$5,509,900

1. There are no boilerplate sections for the Executive Office.

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman



Amount Over/(Under) GF/GP Target: \$0



Telephone: (517) 373-2768 Fax: (517) 373-1986 TDD: (517) 373-0543

FY 2005-06 Year-to-Date Gross Appropriation \$384,706,700 Changes from FY 2005-06 Year-to-Date: Items Included by the House and Senate 1. Department of Community Health. The Governor included \$399,900 to implement a Federal 399.900 grant for the Social Security Administration Electronic Death Registry. 2. Department of Corrections. The Governor included \$660,000 to update Corrections Management 1,890,600 Information Systems modules to Offender Management Network Information (OMNI) and \$1,098,700 to replace servers for OMNI, OMNI/Law Enforcement Information Network (LEIN), and the Offender Tracking Information System. The Governor also included \$5,600 for desktop maintenance in the Thumb Correctional Facility and 1.0 FTE. The House and Senate concurred with the Governor. 3. **Department of Human Services.** The budget includes reductions of \$17,800,000 to the Child (16,868,900)Support Arrearage Program, \$136,600 for retirement insurance and \$3,912,300 for contract and IT savings adjustments. The recommendation transfers out the \$520,000 Prosecuting Attorneys Association contract. An additional \$5,500,000 is included for the Integrated Service Delivery Project. The House and Senate concurred. 4. Department of Management and Budget. The Governor removed one-time funding of 570,000 \$1,000,000 for the e-Procurement system and added \$1.2 million in funding and 13 FTEs for the Retirement System. An additional \$370,000 is allotted to implement the Social Security Number Privacy Act. The House and Senate concurred. 5. Department of State. The Governor restored funds for the Business Application Modernization 1,100,000 Project reduced in FY 2005-06. The House and Senate concurred. 6. Department of State Police. The Governor removed the \$1,074,000 one time grant for the (1,152,400)Commercial Vehicle Information Systems Network. A trainer position was also transferred out of DIT (\$78,400). The House and Senate concurred. 7. Department of Treasury. The Governor transferred \$300,000 to IT from the revenue 0 enhancement program. The House and Senate did not. The Conference Committee concurred with the House and Senate. 8. Other Changes. The Governor included a reduction of \$31,000 to the Department of Civil Service 299,500 from the Better Government workgroup; an increase of \$120,100 to the FY 2006-07 base for History, Arts and Libraries, and a reduction of \$250,000 in unavailable Federal funding for DLEG. 9. Economic Adjustments. 7,176,600 Conference Agreement on Items of Difference 10. 2-1-1 Program. The Senate included a \$100 placeholder for the 2-1-1 program. The Conference 0 Committee removed the placeholder. 11. Department of Community Health. The Senate added an additional \$2,117,500 in Federal 0 money and 9.0 FTEs for the Medicaid Management Information System (MMIS). The Conference Committee did not include this funding. 12. Other Changes. The Senate included 1.0 FTE and \$100,000 from the Casino Gaming Control 100,000 Board. The Conference Committee concurred. Total Changes..... (\$6,484,700)FY 2006-07 Conference Report Gross Appropriation \$378,222,000

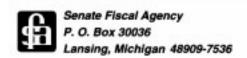
Items Included by the House and Senate

- 1. **Gifts/Donations.** The Governor included language that authorizes the Department to accept gifts, donations, contributions, grants, and bequests to support the cost of the State Website of services offered on the Website. The House and Senate did not include the section.
- 2. **State Website.** The Governor added language allowing the State Budget Director to expend funds received in subsections (1) and (2). The Governor also removed a \$250,000 limit on funds received under this section. The section also requires that the State Budget Office notify the Senate and House Appropriations Subcommittees on General Government and the House and Senate Fiscal Agencies within 10 days of that approval. The House and Senate concurred with the Governor, but restored the \$250,000 limit. (Sec. 573)
- 3. **Privacy Policy.** The privacy policy adopted by the Department will instruct visitors on how to be warned, view and remove cookies on their personal computer. The Governor removed this subsection. The House and Senate concurred with the Governor.
- 4. **Carryforward.** The Governor included language allowing for the carryforward of funds under Section 573. The House and Senate removed this authorization.
- 5. **Annual Report.** Requires an annual report from the Department that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The Governor removed this section. The House and Senate restored it. (Sec. 578)
- 6. **Business Application Modernization Project.** The Governor changed language stating that any unencumbered or unallotted funds "are carried over" into the succeeding fiscal year to "may be carried over." The House and Senate changed the same language to "shall be carried over." (Sec. 580)
- 7. **Contingency Funds.** The Governor added language that authorizes up to \$40 million in contingency funds. Requires legislative transfers prior to expenditure. The House and Senate removed the section.
- 8. **Legislative Transfers.** The Governor added language that provides for an automatic appropriation in the Department's budget for any transfer to or from the information technology line item within an agency budget to reflect the increase or decrease. The House and Senate did not include the section.
- 9. 2-1-1 Study. The Governor removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings that would result from 2-1-1 service. The study was to be completed and a report delivered to the House and Senate Subcommittees on General Government by April 7, 2006. The House and Senate concurred with the Governor. The Conference Committee restored the section and changed the completion date to October 15, 2006. (Sec. 584)

Conference Agreement on Items of Difference

- 10. Carryforward of Restricted Revenues. The Governor and Senate included language allowing for the carryforward of deposits and unencumbered funds from the Michigan public safety communications system as restricted revenues. The House did not include this subsection. The Conference Committee concurred with the Governor and Senate. (Sec. 577(4))
- 11. **Life-Cycle of Hardware and Software.** Requires the Department to provide a report by March 1, 2006 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The Governor and Senate removed this section, while the House retained it as Section 579. The Conference Committee concurred with the House. (Sec. 579)
- 12. **MiCSES.** Requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The report was to be submitted by January 1, 2006. The Governor and Senate removed this section. The House retained the requirement as Section 585. The Conference Committee concurred with the House. (Sec. 585)

Date Completed: 7-20-06 Fiscal Analyst: Stephanie Yu





FY 2005-06 Year-to-Date Gross Appropriation	\$130,439,900
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 One-Time Adjustments. The IDG from the Department of Corrections to the Auditor General was vetoed in the FY 2005-06 budget for the Department of Corrections. Therefore, the House and Senate eliminated the IDG for FY 2006-07 in the Legislative budget. The budget also reflects the elimination of one-time funding that was included in 2006 PA 153. 	(1,208,000)
Conference Agreement on Items of Difference	
 Economic Adjustments. The Governor did not include any funding adjustments for the Legislature. The House only included adjustments for the Auditor General. (See item #3 below.) The Senate included 3% for economic adjustments. The Conference Committee included an overall economic adjustment of 2.5%. 	2,822,000
3. Auditor General. The House provided a \$2,000,000 increase for the Auditor General (Economics \$580,000, 15.0 FTE positions \$915,000, and information technology \$505,000). The House included a funding shift (\$293,200 from GF/GP to Restricted) based on projected audit charges. The House also transferred the Auditor General from the Legislative appropriation to its own separate section in the bill.	870,000
The Senate included the Restricted fund increase based on available revenue, but did not include the transfer of the Auditor General from the Legislative budget. The net Senate General Fund increase to the Auditor General was consistent with adjustments made to other line items in the Legislative budget.	
The Conference Committee included the Restricted fund adjustments, a 2.5% General Fund adjustment (\$312,500), and an additional \$264,300 GF/GP for the Office of the Auditor General. The Conference Committee concurred with the House on the appropriation format for the Office of the Auditor General.	
 General Fund Reduction. The Senate reduced General Fund support for the Legislature by \$1,623,300 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
Total Changes	\$2,484,000
FY 2006-07 Conference Report Gross Appropriation	\$132,923,900

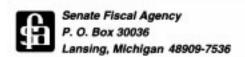
Items Included by the House and Senate

- 1. **Auditor General-Unclassified Salaries.** Provides that the Speaker of the House, Senate Majority Leader, House Minority Leader, and Senate Minority Leader shall set the salaries for unclassified positions for the Legislative Auditor General. The House and Senate replaced "Legislative" Auditor General with "Office of the" Auditor General. (Sec. 622)
- 2. **Correctional Facilities Evaluation.** Expresses legislative intent that the Legislative Auditor General contract with Standard and Poor's for an evaluation and comparison of each correctional facility, including but not limited to its physical plant, staffing, programming, security levels, and costs. The Governor, House, and Senate removed this section.

Conference Agreement on Items of Difference

- 3. **Property Management.** Designates appropriation for property management, along with funds previously appropriated for property management, as a work project. Specifies that the funds will be used to purchase equipment and services for building maintenance. The Governor's Recommendation removed the phrase "along with funds previously appropriated for property management" from this section. The House concurred with the Governor. The Senate restored current year language. The Conference Committee concurred with the Governor and the House. (Sec. 606)
- 4. Automated Data Processing. Designates appropriation for automated data processing, along with funds previously appropriated for automated data processing, as a work project. Specifies that the funds will be used to purchase equipment, software, and services for to support and implement data processing requirements and technology improvements. The Governor's Recommendation removed the phrase "along with funds previously appropriated for automated data processing" from this section. The House concurred with the Governor. The Senate restored current year language. The Conference Committee concurred with the Governor and House. (Sec. 607)

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





\$234,880,800 FY 2005-06 Year-to-Date Gross Appropriation Changes from FY 2005-06 Year-to-Date: Items Included by the House and Senate 1. Office of Retirement Services (ORS). The Governor, House, and Senate included \$1.2 1,920,000 million to support ongoing maintenance of the retirement system, 13.0 FTE/\$350,000 for improvements to the Call Center, and \$370,000 to implement privacy requirements related to social security numbers. 2. State Building Authority (SBA) Rent. The appropriation for SBA Rent is transferred 272,797,100 from the Department of Treasury to DMB. 3. Building Occupancy Charges. Adjustments included \$814,500 for utilities, \$121,700 for 358,800 rent adjustments for leased buildings, and a \$577,500 reduction related to the closing of the Baker-Olin Building. 4. Administrative Reductions. The Governor recommended reductions to mail services, real (492,000)estate services, financial services, organizational services, and the State Employer based on funding limitations. Positions are reduced by 6.0 FTE. The House and Senate concurred. 5. Human Resources Optimization User Charges. An adjustment is included to reflect 34,700 DMB's proportionate share of costs related to this project. 6. Economic Adjustments. 3,193,100 7. Other Changes. Other adjustments include reductions related to one-time funding (16,550,500)associated with the e-Procurement Project, (\$1,000,000) and the Retirement System Disaster Recovery Plan, (\$500,000); SBA rent adjustments based on projected payments, (\$15,000,000); reductions to professional development funds based on collective bargaining, (\$50,000); the recognition of 1.0 unclassified FTE position related to the autonomous appropriation for the Michigan State Fair in DMB; and funding shifts based on the Statewide Cost Allocation Plan and charging appropriate funds for work performed by the Office of the Budget; and a \$500 reduction related to 2006 PA 153. Conference Agreement on Items of Difference 8. Acquisition Services. The House added \$500,000 GF/GP as an incentive to DMB to 0 continue to properly manage acquisition services. The Senate did not include this item. The Conference Committee removed this adjustment. 9. General Fund Reduction. The Senate reduced General Fund support for the 0 Department by \$464,900 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 10. Gubernatorial Transition Fund. The Senate included \$1,200,000 for a gubernatorial 0 transition fund. Boilerplate (Sec. 724) provides that in the event that the incumbent is reelected, the funds shall lapse to the State General Fund. The Conference Committee removed this item. 11. State Building Authority (SBA) Rent. A May 24, 2006 DMB revision letter shifted \$15 (20,000,000)million from Restricted funding to General Fund based on available revenue. The Target Agreement reduced overall funding for SBA rent by \$20 million. The Conference Committee included both adjustments. Total Changes...... \$241,261,200 FY 2006-07 Conference Report Gross Appropriation \$476,142,000

Items Included by the House and Senate

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, and Local Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section. The House and Senate removed this section.
- Computer Contract Adjustments. Requires notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section. The House and Senate restored it. (Sec. 710)
- 3. **Contracting.** The Governor removed current year language regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431), language requiring determination of best interests of the State when dealing with vendors outside of Michigan, and language requiring obtaining certain information from vendors, and language requiring disclosure of the location of call/contact centers. The House and Senate restored all of these sections. (Sec. 716, Sec. 717, Sec. 718, Sec. 719)
- 4. **State Property.** Requires DMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State. The Governor removed this section. The House and Senate restored this section. (Sec. 723)
- 5. State Building Authority Rent. Language related to the inclusion of SBA rent, previously contained in the Department of Treasury section of the General Government Bill, is transferred to DMB. The Governor modified Section 728 that provides for a report relative to the status of construction projects associated with SBA bonds. The revised language limits the report to bonds for the fiscal year and changes the report date from September 30 to October 15. The House and Senate clarified the language to provide that the report applies to the status of construction projects construction projects as of September 30 of each year. (Sec. 728)

Conference Agreement on Items of Difference

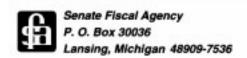
6. Motor Vehicle Fleet.

- 1) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
- 2) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
- 3) States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
- 4) States that it is the intent of the Legislature that the Department will determine the feasibility of using driver record information upon the issuance of cars to State employees in order to insure responsibility and safety.
- Requires the Department of Management and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall also include a calculation of the amount of State fuel taxes that would have been incurred by fleet vehicles, description of fleet garage operations, goods and services by the garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to the fleet garage. Provides that the plan may be adjusted during the fiscal year based on needs and cost savings. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.

The Governor removed subsections 3, 4, and 5 and inserted a new subsection (3) that allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon. Provides that revenues are appropriated when received. The House and Senate included minor wording changes on the new subsection recommended by the Governor. The Senate maintained current year Subsection 5 with modifications to reflect the continuation of a plan for the operation of the motor vehicle fleet. The Senate eliminated current year Subsection 4 pursuant to the Governor's recommendation. The Conference Committee concurred with the Senate. (Sec. 715)

7. **Transition Fund.** The Senate included language that provides that the appropriation in Part 1 for the gubernatorial transition fund shall be expended for costs associated with a gubernatorial transition process. If the incumbent is reelected, the appropriation shall lapse to the State General Fund. The Conference Committee eliminated this section.

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





FY 2005-06 Year-to-Date Gross Appropriation	\$208,578,400
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
1. Business Application Modernization Project. The Governor recommended increasing the appropriation for this project from \$3,450,000 to \$4,550,000. This would restore the appropriation to the level it received prior to budget reductions in previous years. The project involves replacement of the Department's mainframe applications. Business requirements have been set and the Department is now in the build and construction phase.	1,100,000
Operation Reductions. The Governor, House and Senate included General Fund reductions to various line items are included based on administrative savings.	(365,900)
3. Economic Adjustments.	6,481,000
4. Other Changes. The budget reflects elimination of FY 2005-06 one-time funding for reissuing standard registration plates. Organizational transfers between various line items are included to reflect the current organizational structure of the Department.	(11,000,000)
Conference Agreement on Items of Difference	
 General Fund Reduction. The Senate reduced General Fund support for the Department by \$249,100 (1.3%) from the Governor's recommendation. The Conference Committee restored the funding. 	0
6. Transportation Administration Collection Fund (TACF). Due to revenue shortfalls in the Transportation Administration Collection Fund (TACF), no economic adjustments are funded from this source. General fund is used to support costs that would otherwise be charged to the TACF. The budget also assumes that legislation will be adopted to continue the deposit of the Expeditious Service Fee and Registration Transfer Fee in the TACF instead of the Michigan Transportation Fund. Without that adjustment, there will be an additional shortfall of approximately \$10.4 million in the TACF. Notwithstanding the above, there is a projected FY 2006-07 \$12 million shortfall in TACF revenue. The Senate included a \$6,000,000 reduction to TACF appropriations/revenue, including boilerplate language (Sec. 820) requiring the Department to identify line items where reductions will be made. The Conference Committee removed the Senate adjustments.	0
Total Changes	(3,784,900)
FY 2006-07 Conference Report Gross Appropriation	\$204,793,500

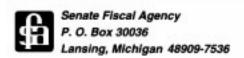
Items Included by the House and Senate

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section. The House and Senate did not include this section.
- 2. **Traffic Accident Records Program.** This section provides that the Department of State shall use available balances at the end of the fiscal year to pay the Department of State Police for services provided by the Traffic Accident Records Program. The Governor, House, and Senate increased the Department of State's payment by \$6,000, from \$315,900 to \$321,900. (Sec. 807)
- 3. **Transaction Strategies.** Requires the Department to develop a project plan to increase the number of transactions completed on-line. Requires report to House and Senate General Government Subcommittees by March 1, 2006. The Governor removed this section. The House and Senate modified this section by requiring a report on the number of branch office transaction completed on-line by Michigan residents in the immediately preceding fiscal year. (Sec. 815a)
- 4. Credit Card Service Assessments. Provides that any service assessment collected by the Department of State from the user of a credit or debit card is appropriated to the Department of State for expenses related to that service. Limits charge by the Department of State to not more than the costs billable to the Department for service assessments. Provides for carry forward of funds. The Governor removed this section. The House and Senate restored it. (Sec. 816)
- 5. **Motorcycle Safety Program.** States legislative intent regarding continuing the Motorcycle Safety Program in the same manner as was provided by the Department of Education. Lists revenue sources for the program, criteria for grants, and details appropriate charges for Department of State administrative costs. The Governor removed this section. The House and Senate restored it. (Sec. 818)
- 6. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed this section. The same language is contained the Information Technology language section of the bill. The House and Senate updated the completion date to 2010. The Senate adjusted the amount to reflect appropriation in Part 1. (Sec. 819)

Conference Agreement on Items of Difference

- 7. **Branch Office Closings.** (1) Requires at least 60 days prior to the announcement of Secretary of State branch office closings, consolidations, or relocations, the department of state shall inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. 2) Provides that prior to October 4, 2005, the Department of State shall provide a detailed report to the Senate and House General Government Subcommittees regarding the Department's branch optimization plan that was announced on April 26, 2004. The Governor removed this section. The House restored Subsection 1. The Senate restored the entire section. The Conference Committee concurred with the Senate. (Sec. 815)
- 8. **Transportation Administration Collection Fund (TACF) Revenue Adjustment.** The Senate added language that provides for allocation of reductions in TACF appropriations. Requires legislative transfers for implementation. The section also requires updated TACF revenue projections by October 5, 2006 and plan to deal with any shortfalls by October 12, 2006. The Conference Committee removed this section.
- 9. Branch Office Location. Requires the Department to explore the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office. The Governor removed this section. The House concurred with the Governor. The Senate updated the section by requiring the Department to complete a cost/benefit analysis regarding the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office. The analysis shall include, but not be limited to, lease costs, building occupancy costs, property management costs, utilities, parking, distance between branch offices and issues related to the overall convenience for the citizens of Michigan. No later than December 1, 2006, the analysis shall be delivered to the members of the Senate and House Standing Committees on Appropriations Subcommittees on General Government and the House and Senate Fiscal Agencies. The Conference Committee concurred with the Senate. (Sec. 821)

Date Completed: 7-20-06 Fiscal Analyst: Bill Bowerman





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FY 2005-06 Year-to-Date Gross Appropriation	\$1,856,731,800
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
1. State Building Authority (SBA) Rent. SBA Rent is transferred to DMB from Treasury.	(253,697,100)
2. Sports Tourism Board. Removed one-time supplemental for Super Bowl security.	(1,000,000)
3. Other Statutory Payments. Senior Citizen Cooperative Housing Tax Exemption, \$900,000; Renaissance Zone Payments, \$362,000; and Qualified Agricultural Loan Payments, (459,900).	802,100
4. Sleeping Bear Dunes National Lakeshore. Adjustment based on actual payments.	(5,000)
5. Telephone/Telegraph Real Property Appraisals. Funding for P.A. 610 of 2002.	(700,000)
6. Transfers Out. Include: \$240,000 to Agriculture for Pari-Mutuel Audits, and \$115,000 to Education for the Michigan Merit Award Program's MEAP Test Center operations.	(355,000)
 Program Reductions. \$400,000 reduction for the revenue enhancement program (REP); \$250,000 reduction for the principal residence exemption (PRE) compliance program; and \$610,400 in savings for various other programs. 	(1,260,400)
8. Debt Service. Adjustments reflected a net increase of \$6,056,800 in current payments, and \$5.1 million in new issues.	11,156,800
9. Economic Adjustments.	7,399,400
10. Other Changes. \$100,000 increase to the School Bond Loan Revolving Fund; \$375,000 for 3.0 new FTEs in investment staff; and a reduction of \$17,600 in HR user charges.	457,400
Conference Agreement on Items of Difference	
11. Michigan Strategic Fund (MSF). The Governor and Senate transferred the MSF to Treasury from DLEG. The House and Conference Committee created a separate bill for the Fund.	0
12. Commercial Mobile Radio Service Program. Adjustment of (\$23.5M) based on 12/31/06 sunset. The Senate partially restored this funding based on pending legislation. The Conference Committee concurred with the Senate.	(13,420,000)
13. Revenue Sharing. Adjustments included a \$6.4 million increase in constitutional revenue sharing and a \$16 million reduction in statutory payments. The House added \$15.2 million for a SHARE grant program. The Senate did not include this program and added an additional \$33,000 for special census payments. The Conference Committee concurred with the Senate and funded the \$33,000 for special census payments from the revenue enhancement program.	(9,523,700)
14. Huron-Clinton Metro Parks Grant. The Senate added a placeholder for the authority. The Conference Committee removed it.	0
15. Program Reduction. The Senate included a 1.3% GF/GP cut to Operations. The Conference Committee did not include the cut.	0
16. Other Changes. The House also added \$1,000,000 for life science technology. The Conference Committee did not.	0
Total Changes	(\$260,145,500)
FY 2006-07 Conference Report Gross Appropriation	\$1,596,586,300

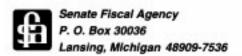
Items Included by the House and Senate

- 1. Contingency Funds. The Governor included language for contingency funds. The House and Senate removed it.
- 2. **Financial Services.** The Governor added section 905 requiring funds to be appropriated for financial services from common cash interest earnings and investment earnings. The House and Senate included it as Section 904a. (Sec. 904a)
- 3. **Renaissance Zone Reimbursement.** The Governor, House and Senate modified the section to remove requirement for the Department to certify it has received necessary information to determine amounts due each eligible recipient. (Sec. 921)
- 4. **Pension Fund Investments.** The intent of the Legislature is that the State Treasurer give consideration to investments in early stage, university derived life sciences companies in Michigan, or in venture capital funds that invest in those companies. The Governor removed the intent of the Legislature language. The House and Senate retained current year language. (Sec. 939)
- 5. **Social Security Numbers.** The Governor removed language prohibiting the Department from including complete SSNs on form 1099-G mailings to taxpayers. The House and Senate restored the section. (Sec. 943)
- 6. **Pilot Application.** The Governor removed the section requiring a pilot application for an on-line preparation and filing system for homestead property and home heating credits. The House and Senate concurred.
- 7. State Building Authority. All boilerplate language relating to the State Building Authority is transferred to DMB.
- 8. **E-filing Strategic Plan.** The Governor removed the section requiring the Department to provide a strategic plan for the electronic filing of all tax returns. The House and Senate modified the section to require a report on the numbers of income tax and single business tax returns filed online. (Sec. 948)
- 9. **DHS Bridge Cards.** Requires the State Lottery to inform all lottery retailers that the cash side of the DHS bridge cards cannot be used to purchase lottery tickets. The Governor removed this section. The House and Senate restored it. (Sec. 963)

Conference Agreement on Items of Difference

- 10. Tobacco Settlement Finance Authority. The House included Section 938 authorizing the expenditure of revenue received under this authority for administrative costs. The Senate did not include it. The Conference Committee concurred with the Senate.
- 11. **Revenue Enhancement Program**. Distributes funds for the program. The Governor removed this section. The House restored the section and modified the amount. The Senate removed the requirement to hire state classified employees and required the Department to develop a database to enforce the PRE compliance program. The Conference Committee concurred with the Senate but set the total at \$5.9 million and \$500,000 for the PRE. (Sec. 947)
- 12. **Income Tax Check-offs.** The Senate added a section requiring a plan to identify the economic, legal and operational feasibility of individual income tax form check-off initiatives and to report on it by October 31, 2006. The Conference Committee concurred with the Senate. (Sec. 949)
- 13. **Huron-Clinton Metro Parks Authority.** The Senate added a section specifying that funds in part 1 be used to reimburse counties that made a payment to the authority. The Conference Committee removed it.
- 14. **SHARE Grant Program.** The House included boilerplate in section 957 delineating the requirements for local units to receive SHARE grants. The Senate did not include it. The Conference Committee concurred with the Senate.
- 15. **Prohibition of Sports Personalities in Advertising.** Prohibits the State Lottery from using funds to associate sports figures with the lottery, with the exception of NASCAR drivers promoting instant tickets. The Governor and House removed this section. The Senate restored it. The Conference Committee concurred with the Senate. (Sec. 962)
- 16. **Life Science Technology.** The House added Section 975 allocating life science technology funds for a grant program for early drug discovery. The Conference Committee removed it.
- 17. Michigan Strategic Fund Changes. The Conference Committee did not include the Fund.
- 18. **Transportation Funds.** The House added Section 949 requiring a cost allocation plan for State restricted transportation funds. The Conference Committee concurred with the House. (Sec. 949b)

Date Completed: 7-20-06 Fiscal Analyst: Stephanie Yu





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FY 2005-06 Year-to-Date Gross Appropriation	\$53,850,900
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Mackinac Island Park Operation. The Governor replaced \$200,000 of GF/GP with new fee revenue. The Senate and House retained GF/GP support for the line. 	0
 Film Office. The Governor eliminated GF/GP funding for the office, relying on funding from the appropriation for the Michigan Film Office in the 21st Century Jobs package to operate the office. The House and Senate retained the GF/GP funding and increased the appropriation by \$300. 	300
3. Economic Adjustments.	982,600
 Other. Includes fund source adjustments, base adjustment for building occupancy charges, and Department of Information Technology economics adjustments. 	29,900
Conference Agreement on Items of Difference	
 Arts and Cultural Grants. The Governor did not continue supplemental funding, reducing grants by \$315,900. The Senate reduced funding by \$824,500. The House increased funding by \$134,100. The Conference Committee funded at Governor. 	(315,900)
6. State Aid to Public Libraries. The Governor increased the program by \$315,900. The House increased the program by \$265,900. The Senate combined cooperative libraries and public libraries in one line, increasing it by \$4,457,000. The Conference Committee adopted the Governor's recommendation on funding and combined the cooperative libraries funding into this line item.	315,900
7. State Aid to Cooperative Libraries. The Governor and the House kept the appropriation at current year level. The Senate combined this appropriation into the line for State Aid to public libraries. The Conference Committee funded at the Governor's level and combined the funding into the line for State Aid to Public Libraries as it was in FY 2004-05.	0
 Book Distribution Centers. The Governor and House continued current year funding. The Senate reduced the program by \$20,000. The Conference Committee concurred with the House. 	0
 Historical Facilities Systems. The Senate and House added a \$100,000 allocation for Grants to Local Historical Societies. The Senate also added \$5,000 for Michigan History Day, which was not funded by the Governor and the House. The Conference Committee removed both grants. 	0
Total Changes	1,012,800
FY 2006-07 Conference Report Gross Appropriation	\$54,863,700

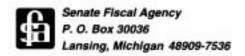
Items Included by the House and Senate

- 1. Arts and Cultural Grants Maximum to Any One Organization. The Governor left the maximum percentage of funding that could go to any one organization at 17.0% and deleted intent language that the percentage be reduced to 16.0% in FY 2006-07 and 15.0% in FY 2007-08. The House and Senate maintained the language, reducing the percentage to 16.0% in FY 2006-07 and including intent language to go to 15.0% in FY 2007-08. (Sec. 403(1))
- 2. **Arts Grants Agreements.** The House required the grant agreements to include the prohibitions and sanctions for objectionable displays. The Senate concurred. (Sec. 403(4))

Conference Agreement on Items of Difference

- 3. **Deprived and Depressed Communities**. The House deleted and the Senate retained language ensuring that businesses in deprived and depressed communities compete for Department contracts. The Conference Committee adopted the House position. (Sec. 210)
- 4. **Affirmative Action.** The House deleted and the Senate retained language that requires the Department to maintain affirmative active. The Conference Committee concurred with the Senate. (Sec. 211)
- 5. **Film Office Intent Language.** The Conference Committee added a statement of intent to explore the costs and benefits of marketing the State's film locations through satellite film offices. (Sec. 221)
- 6. **Goals and Performance Standards.** The House required the Department to develop goals, outcomes, and quantifiable performance standards for all programs, and a plan of action to achieve those goals. A report on the goals and a subsequent report on success in meeting the goals would be required. The Conference Committee deleted the new section; however, additional performance standards and reporting were added to the sections on Arts Grants. (Sec. 221/Sections 401, 405, and 406)
- 7. **K-16 Ballot Initiative.** The Senate included language requiring a report on GF/GP reductions that would reduce expenditures by 7.93% if the K-16 ballot initiative is passed. The Conference Committee did not include. (Sec. 222)
- 8. Arts and Cultural Grants Limitations and Penalties. a) Ann Arbor Funding Prohibition. The House prohibited the Ann Arbor Film Festival from receiving funds for two fiscal years beginning October 1, 2006. The Senate did not include. The Conference Committee concurred with the Senate. (Sec. 401(2)(d)) b) Prohibited Displays. The House prohibited grant-funded activities from being displayed in conjunction with an event that includes a prohibited depiction. The Senate offered alternate language to prohibit grant funding from being used to create or promote a specific work that includes a display or depiction for which funding is prohibited. The Conference Committee concurred with the Senate. (Sec. 401(3)) c) Length of Disqualification. The House included a penalty for a violation of requirements on prohibited displays with a five-year disqualification from future grants. The Senate included a three-year disqualification period. The Conference Committee concurred with the Senate. (Sec. 401(6))
- 9. **Multi-cultural Heritage Centers.** The House required that at least \$800,000 of the total grant amount be distributed for grants to organizations that operate and maintain multicultural heritage centers to support programs or facility maintenance. The Senate did not include the provision. The Conference Committee did not include any funding, but added cultural and ethnic heritage centers as an arts grant program and language that defines these centers, permits the Department to assign priority funding for this category, and permits the Department to extend the application deadline. (Sec. 408)
- 10. **Historical Grants.** The House and Senate concurred in the allocation of \$100,000 for grants to State and local historical societies. The Conference Committee did not include. (Sec. 508)
- 11. **Michigan History Day.** The Senate allocated \$5,000 from the line for historical administration and services to support Michigan History Day. The House did not include. The Conference Committee did not include (Sec. 509)
- 12. **Reimbursement for Services.** The Senate added language to require the Department of History, Arts, and Libraries (HAL) to reimburse the Michigan Strategic Fund (MSF) for services provided by MSF. This mirrors language the Senate included in the MSF budget to require the MSF to reimburse HAL for services provided by HAL at the request of the MSF. The Conference Committee did not include the provision. (Sec. 510)
- 13. **Book Distribution Center.** The Senate added intent language allocating \$20,000 from the General Fund balance at the end of FY 2005-06 to the book distribution centers. This would restore them to the level of the Governor's recommendation and current year funding. The Conference Committee did not include. (Sec. 608)

Date Completed: 7-20-06 Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz





FY 2005-06 Year-to-Date Gross Appropriation	\$4,433,496,200
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Program Transfers. The budget included the Michigan Community Service Commission transfer from the Department of Labor and Economic Growth. 	9,391,900
 Technology. The budget included an increase of \$5.5 million and \$4.8 million for the BRIDGES Program and the SDU contract, respectively, \$3.9 million in a contract reduction, and \$18.8 million one-time arrearage program revenue removed. The FY 2005-06 child support supplemental reduced restricted revenue. 	(13,049,500)
 Fund Shifts. The budget included fund shifts: Federal to GF of \$78.0 million in TANF funds, \$15.3 million in Title XX Social Services Block Grant, \$927,600 in the FMAP rate, and \$2.4 million in IDG DCH funding; reduce GF with \$6.6 million CCDF. 	0
4. Other Revenue Increases. The budget included Federal increases: Children's Trust Fund (CTF) Grants \$237,800, disability determination medical examinations \$2.4 million. \$600,000 in restricted revenue for Court Fees. Conferees added \$208,400 and 3.7 FTEs in CFT administration.	3,485,600
5. Economic Adjustments.	41,246,300
Conference Agreement on Items of Difference	
6. Caseloads. The budget included Adoption Subsidies, Child Care Fund, Food Assistance, State Disability Assistance and SSI State Supplementation increases. Also reductions in Day Care Services and FIP, but no change for Foster Care. The Senate included \$2.0 million for advocacy project, \$4.4 million for foster care rate increase and \$5 million for FIP Basic education. The Conferees included consensus \$11.1 million GF increase.	33,202,900
7. Program Enhancements. The budget included \$1.8 million for 51.2 Child Protective Services (CPS) FTEs, and \$2.5 million Gross for 38.0 FTEs to reduce Medicaid payment errors. FY 2006 supplemental for child and family services, staff positions and FIP reduced the FY 2007 budget. The Senate included 5.0 more CPS FTEs, 20.0 high risk OCAL investigations, and \$1 million for incentive payments. The Conferees included incentives, 5.0 OCAL investigators.	2,128,500
8. Federal TANF Funded Programs. The budget had \$1.2 million reduction for Fatherhood and Marriage Initiatives, and Earned Income Tax Credit (EITC) outreach, but Boys and Girls Clubs GF funds. The Senate includes \$3.07 million for Marriage and Fatherhood Initiative, EITC, and crisis prevention. Conferees concurred, but less for crisis prevention.	3,075,000
9. State Funds Savings. The budget included \$10.98 million in Welfare Reform Jobs, Education and Training (JET) Pilot, \$3.6 million Front-End Eligibility Pilot, and \$5.0 million Child Care. The Senate included \$3 million Child Care Fund, \$9.3 million JET expansion, and \$5 million Day Care. The Conferees included \$5.4 million more JET savings.	(44,313,900)
10. Other Changes. The Smoking Cessation Pilot, the Pontiac School-Based Crisis Intervention Project, and services optimization positions were reduced. The Senate included the Smoking Cessation, Pontiac, and day care pilots. The Conferees concurred.	(507,700)
Total Changes	\$34,659,100
FY 2006-07 Conference Report Gross Appropriation	\$4,468,155,300

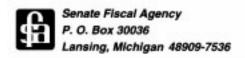
Items Included by the House and Senate

- 1. **Contingency Funds.** The Governor recommended additional funds through transfers approved by the Legislature. (Sec. 206) The House and Senate did not concur.
- 2. **TANF Reporting.** The Governor did not include subsection (2) notifying the Legislature on TANF and MOE spending. (Sec. 218) The House and Senate concurred.
- 3. **Faith-Based Organizations.** The Governor did not include language establishing the use of State funds for sectarian activity in program services. (Sec. 220) The House and Senate did not concur.
- 4. **Medicaid Eligibility.** The Governor did not include a 60-day standard of promptness for determinations and a 45-day standard on nursing home patient applications. (Sec. 223) and (Sec. 224) The House Senate did not concur.
- 5. **Local Office Consolidation.** The Governor did not include the county office restructuring and consolidation plan. (Sec. 261) The House and Senate included the language.
- 6. Kinship Care. The House and Senate included program benefit discrepancy language. (Sec. 670)
- 7. Child Support Incentives. The Governor outlined revenue use. (Sec. 901) The House and Senate concurred.

Conference Agreement on Items of Difference

- 8. **Budgetary Savings.** The Conferees included that the negative appropriation in part 1 be satisfied by department identified savings and subject to legislative approval of transfers required by the State management and budget act. (Sec. 282)
- 9. **Crisis Prevention.** The Conferees included \$70,000 for elder food outreach, \$75,000 Barry County domestic violence, \$50,000 Kent and Muskegon food outreach, and \$100,000 for Ann Arbor and Lansing homeless prevention projects. (Sec. 423)
- 10. **Wayne County Family Preservation.** The Conferees agreed up to \$2 million for home-based youth programs. (Sec. 565)
- 11. **Indigent Burial.** The Conferees included a pilot project for State only payments for services in specific counties. (Secs. 611 and 613)
- 12. **Child Day Care.** The Conferees included family notification with in 24 hours whether a provider is on the child abuse registry. (Sec. 635)
- 13. **Youth Commonwealth.** The Conferees included \$126,500 for an after-school and summer day programs. (Sec. 658)
- 14. **Early Childhood Investment Corporation (ECIC).** The Conferees required a report on the ECIC expenditures. (Sec. 678)
- 15. **Child Support Collections.** The Conferees agreed to subject additional collections under this section to legislative appropriation. (Sec. 907)
- 16. **Office of Children and Adult Licensing.** The Conferees required the department to hire five additional at risk investigators. (Sec. 1004)

Date Completed: 7-20-06 Fiscal Analyst: Constance Cole





FY 2005-06 Year-to-Date Gross Appropriation	\$255,531,900
Changes from FY 2005-06 Year-to-Date:	
Items Included by the Senate and House	
 Justices and Judges Compensation. This includes compensation and defined contribution and FICA increases for seven part-time probate judges who convert to full time as of 1/2/2007. 	960,200
Rent Increases. This includes rent for an office outside of Lansing for a Supreme Court justice and increases for offices for various agencies.	53,300
 Court of Appeals (COA) Projected Collections. This reflects an \$150,000 increase in projected fee collection for COA. It was also included in PA 153 for FY 2005-06. 	0
4. GF/GP Program Reductions. These include: \$88,300 in supreme court administration; \$18,000 for the judicial institute; \$48,400 for the State Court Administrative Office (SCAO); \$21,200 for judicial information systems (JIS); \$5,900 for the foster care review board; \$6,000 for drug treatment courts; \$140,000 for COA operations; \$7,300 for the judicial tenure commission; \$29,600 for the appellate public defender program (SADO); \$5,200 for appellate assigned counsel administration (MAACS); and \$130,100 for court equity fund (CEF) reimbursements.	(500,000)
5. Economic Adjustments.	2,203,300
Conference Agreement on Items of Difference	
 1.302% GF/GP Cut. The Senate applied a 1.3% GF/GP cut, totaling \$2,084,800. The Conference Committee did not include this cut. 	0
7. Pending Changes to the Number of Judgeships. Four new circuit judgeships have been authorized, beginning January 2, 2007. The Governor's original recommendation did not include funding for these judgeships. The Senate included the necessary funding. The Conference Committee included the funding.	479,400
8. Increased Federal Funding. Increased federal funding is expected to be available for judicial information systems. The House added \$200,000, and an additional \$500,000 was added by the Senate as new sources were identified by judiciary. The Conference Committee concurred with the Senate.	700,000
9. COA Delay Reduction Contractual Services. The Senate inserted a placeholder for COA delay reduction contractual services. The House Subcommittee added \$250,000 GF/GP to court of appeal operations for this purpose. The Conference Committee did not include any funding for this purpose.	0
 Other Changes. The House Subcommittee added \$591,500 for SADO and \$58,500 for MAACS for increases in workload from Halbert v. Michigan. The Senate did not include these changes. The Conference Committee concurred with the Senate. 	0
Total Changes	3,896,200
FY 2006-07 Conference Report Gross Appropriation	259,428,100

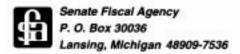
Items Included by the Senate and House

- 1. **Disciplinary Action.** The Governor removed language prohibiting the judicial branch from taking disciplinary action against an employee for communicating with a member of the legislature or his or her staff. The House and Senate restored the section. (Sec. 204)
- 2. **Auditor General.** The House added language requiring the judiciary to comply with the auditor general regarding audits conducted under section 53 of article IV of the state constitution of 1963. The Senate concurred with the House. (Sec. 304)
- 3. **Quarterly Revenue Reports.** The House added language requiring the judiciary to report quarterly on revenues to the subcommittees, the fiscal agencies and the state budget director. The Senate concurred with the House. (Sec. 305)

Conference Agreement on Items of Difference

- 4. **K-16 Ballot Initiative.** The Senate added language requiring a report from the judiciary identifying budget cuts to reduce GF/GP spending by 7.93% if the K-16 Ballot Initiative is adopted by voters. The Conference Committee removed this section.
- 5. **Direct Trial Court Automation Support Program.** The Governor added language to include "development of future versions of case management systems" as part of the costs of the direct trial court automation support program. The House retained current year language and the Senate concurred with the Governor. The Conference Committee concurred with the Governor and Senate. (Sec. 301)
- 6. **Court of Appeals Delay Reduction.** The Governor deleted language requiring the judiciary to use \$312,500 from court of appeals operations for the purpose of delay reduction, \$225,000 from an increase in COA filing fees and \$87,500 from an increase in COA motion fees. The House and Senate retained current year language and added language identifying funds for delay reduction contractual services. The Conference Committee retained current year language. (Sec. 307)
- 7. **SADO Funding.** The House added language providing \$591,500 for SADO to contract for services to manage any increase in workload from Halbert v. Michigan. The Senate did not include this section. The Conference Committee concurred with the Senate.
- 8. **Expert Witness Testimony.** The House added a section requiring judges to receive training pertaining to expert witnesses. The Conference Committee modified the section, limiting the training requirements to include assessment of whether the manner in which an expert witness extrapolates and interprets data is science-based with sufficient facts to support the data. (Sec. 313)
- 9. **Transcript Fee Reimbursement.** The Governor deleted language requiring that funds appropriated for transcript fee reimbursement be disbursed to counties to compensate for costs incurred in the event of a statutory increase in court transcript fees. The House removed the language and the placeholder. The Senate retained current year language. The Conference Committee concurred with the Senate. (Sec. 317)

Date Completed: 7-20-06 Fiscal Analyst: Stephanie Yu





FY 2005-06 Year-to-Date Gross Appropriation	\$1,248,001,500
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Michigan Community Service Commission. The Governor, House, and Senate transferred this Commission to the Department of Human Services (DHS). 	(9,391,900)
 Liquor License Fees. The Governor increased these fees by \$23.0 million to replace Liquor Purchase Revolving Fund (LPRF) revenue. LPRF revenue lapses to the General Fund. The Senate and House did not concur with this fee increase. 	0
3. Fund Shift. The Governor, House, and Senate included a fund shift for all but \$650,000 of the \$5.0 million of expired Federal Reed Act funding with General Fund, \$4,350,000 in the Job Training Programs Subgrantees line and \$1.3 million in the Welfare-to-Work line.	(650,000)
 Fire Protection Grants. The Governor, House, and Senate increased the total grant amount to \$10.9 million. 	3,700,000
Broadband Development Authority. The Governor, House, and Senate reduced the staff and appropriation to reflect the size of the program.	(1,093,400)
6. Regulatory Program Enhancements. The Governor, House, and Senate included restricted fund and FTE increases in regulatory programs to implement regulation of pay day lending and private wastewater treatment facilities, electronic filing of documents, as well as for the Tax Tribunal backlog reduction and the Land Bank Fast Track Authority.	1,719,500
 Other Changes. The Governor, House, and Senate included various Federal and State restricted fund source adjustments as well as \$18,602,900 in economic adjustments. 	(22,770,800)
Conference Agreement on Items of Difference	
8. Pre-College Program in the Engineering and the Sciences. The Governor and Senate transferred these grants to the School Aid Budget (\$680,100). The House retained these grants under DLEG. The Conference Committee transferred the programs to School Aid.	(680,100)
9. Bureau of Fire Services. The Governor, House, and Senate created a new Bureau. The Senate included \$1,365,600 GF, replacing \$906,000 of restricted funds for overhead costs and increased the program line by \$459,600. The House concurred with Governor's funding levels but created separate line items for each program. The Conference Committee included additional fire service fee funding for administrative costs with no program increase.	
10. Job, Education, and Training (JET) Pilot Program. The Governor and Senate added a \$1,064,100 IDG from DHS for a welfare-to-work pilot program. The House did not include. The Conference Committee included the Governor's revised recommendation with a \$12,278,800 interdepartmental grant from DHS.	12,278,800
11. Wage and Hour Division. The Governor's revision included 4.0 FTEs and \$312,600 due to the minimum wage increase. The House included only \$100 placeholder. The Senate left out. The Conference Committee concurred with the Governor's revised recommendation.	312,600
12. Red Book. The House added \$100,000 of restricted funds to print real estate rules. The Conference Committee added \$50,000.	50,000
Total Changes	(\$16,525,300)
FY 2006-07 Conference Report Gross Appropriation	\$1,231,476,200

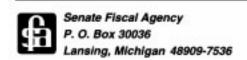
Items Included by the House and Senate

- 1. **Contingency Funds.** The Governor included and the House and Senate eliminated language to provide for the appropriation of these funds.
- 2. **Commission for the Blind.** The Governor, House, and Senate added new language allowing the Commission to carryforward unexpended local or private revenue. (Sec. 326)
- 3. Sections Retained. The Governor deleted and the House and Senate retained language on MSHDA housing production goals, elevator regulation, Broadband Development Authority repayments to MSHDA, Low Income Energy Efficiency grants, OFIS spending by unit, various general sections, real estate continuing education websites and course approvals, intent to fund Fire Services with General Fund, and intent language on the location of administrative law hearings.
- 4. **Credit Scoring.** The Governor deleted and the House and Senate retained language prohibiting the use of funds to implement prohibitions on credit scoring without legislative authorization. (Sec. 337)

Conference Agreement on Items of Difference

- 5. **Budget Reduction Report.** The Senate included language requiring a report on GF/GP cuts sufficient to reduce spending by 7.93% if the K-16 Ballot Initiative is adopted. (Sec. 220) The Conference Committee did not include.
- 6. **Consumer Finance Fees Transfer of Balance.** The Conference Committee added language to transfer \$7.0 million of surplus consumer finance fee revenue to the General Fund. This would implement the target agreement. (Sec. 341)
- 7. **Ergonomics.** The Governor deleted and the Senate retained language prohibiting the use of funds to implement any rules or standards more stringent than Federal guidelines. The House concurred with the Senate and added a report on staff time spent on the development of these guidelines. The Conference Committee concurred with the House. (Sec. 355)
- 8. **Red Book.** The Conference Committee added language to specify that the "Red Book" of real estate law and rules will be available on the Internet and printed by the Department with copies provided at no charge to actively licensed real estate professionals and available for purchase by others. (Sec. 357)
- 9. Administrative Law Judge Report. The House included language requiring a report containing the summary of all decisions of the State Office of Administrative Hearings and Rules (SOAHR) and specific information regarding the rulings. The Senate changed the language to require a report on the cases, hearings, and whether decisions were final or proposed. The Conference Committee included a report on the final decisions or recommendations rendered by SOAHRs and related information for cases under the jurisdiction of the Office of Financial and Insurance Services. (Sec. 372)
- 10. Wage and Hour Division. The House included the FTE portion of the Governor's revised recommendation on staffing changes necessary to implement the upcoming increase in the minimum wage. The Conference Committee included the Governor's revised recommendation and included a report on the number of employee and employer inquiries in FY 2005-06 and FY 2006-07 related to the changes in the minimum wage. (Sec. 373)
- 11. **Work First/JET.** The **Governor** recommended changing the language to: 1) add education, community service, and volunteerism options; 2) add confidential screenings to identify barriers; 3) require DLEG and DHS create a shared assessment tool to identify barriers; 4) change report on placement from 90 days to six months; 5) add to report number of clients obtaining education at all levels and placed in community service; 6) eliminate joint orientation and replaces with distribution of jointly developed guidelines; 7) eliminate 10-10-10 education/work requirement and replace it with training/education/community service for up to 36 months, with assistance provided for up to 24 months; 8) allowing basic skills education for clients performing below 9th grade in reading or math. The Senate maintained current year. The House changed Governor's language to: 1) specifically identify eligible activities; 2) requires all funding be passed through a Michigan Works! Agency; 3) outline specific referrals for recipients based on levels identified in screening. The Conference Committee adopted the Governor's recommendation. (Sec. 405)
- 12. **Workforce Investment Act Funding.** The Senate added new language to allocate \$3.0 million of these funds to support incumbent worker training as a coordinated effort between the Michigan Economic Development Corporation and the Michigan Works! Agencies in conjunction with the Economic Development Job Training Grants. The Conference Committee did not include.

Date Completed: 7-20-06 Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz





FY 2005-06 Year-to-Date Gross Appropriation	\$483,696,300
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 21st Century Jobs Initiative. The Governor, House, and Senate removed one-time funding from the 21st Century Jobs Trust Fund. The FY 2005-06 appropriation is included in PA 225 of 2005, one bill in the 21st Century Jobs legislation and PA 156 of 2006, a multi-department supplemental appropriation bill for FY 2005-06. 	(401,000,000)
 Tobacco Settlement Finance Authority. The Governor recommended and the House and Senate concurred in removing one-time funding for the administrative expenses of this authority. 	(1,000,000)
3. Economic Adjustments.	819,700
 Other Changes. Reduce Federal funds (\$424,000) and adjust human resource optimization user charges (\$12,200). 	(436,200)
Conference Agreement on Items of Difference	
5. Economic Development Job Training Grants. The revised Governor's recommendation removed one-time supplemental funding of \$1.6 million. The House concurred with the Governor. The Senate reduced the line by \$2.7 million GF/GP which was partially offset by replacing \$1.0 million with new revenue from assessments on business payable to MEDC. The 15.0% assessments would replace a 20.0% match payable to community colleges. The Conference Committee removed one-time supplemental funding of \$1.6 million providing a total of \$9,798,000, and maintained the current year match rates.	(1,600,000)
 Michigan Promotion Program. The Senate increased this line by \$300,000. The Conference Committee maintained current year funding. 	0
7. Life Science Technology. The House included \$1,000,000 for this line item for the Core Technology Alliance under the Department of Treasury appropriation unit. The Conference Committee did not include.	0
Total Changes	(\$403,216,500)
FY 2006-07 Conference Report Gross Appropriation	\$80,479,800

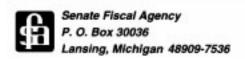
Items Included by the House and Senate

- 1. **Sections Removed.** The Senate and House agreed to remove language regarding adjustments to the appropriations to reflect the securitization proposal, the requirement to perform a study on best practices for economic development programs in the other 49 states, and the funding reduction implementation report.
- 2. **Sections Retained.** The Senate and House agreed to retain language sections that require a report listing grants awarded by the Fund, the appointment of the Executive Committee members for the Michigan Economic Development Corporation (MEDC), the joint annual audit with the Auditor General on job claims by firms receiving tax credits, and the salary report on corporate employees.
- 3. **State Tourism Advertising Expenditures.** The Senate and House concurred on new language requiring the MEDC to contract with a State research university to study the return on investment for State funding. (Sec. 1018)
- 4. **Michigan Economic Growth Authority.** The Senate and House concurred on new language proposed by the House prohibiting the MEDC from creating rules that would prohibit a firm from being eligible for these tax credits due to leasing new employees from a professional employer organization. (Sec. 1019)

Conference Agreement on Items of Difference

- 5. **K-16 Ballot Initiative.** The Senate included new language requiring a report on GF/GP reductions that would reduce expenditures by 7.93% if the K-16 ballot initiative is passed. The Conference Committee did not include.
- 6. **Economic Development Job Training Grants.** The Senate replaced subsection (11), which authorized a 20.0% or 30.0% match rate for these grants, with new language allowing the Fund to assess 15.0% of a total grant from any business receiving the training. The Conference Committee maintained the current year match language. (Sec. 1001)
- 7. **Michigan Promotion Program Funding.** The Senate added new language allocating \$100,000 to the Michigan International Speedway to be used as matching funds to promote auto racing events and \$100,000 to promote the Detroit Zoological Institute. The Conference Committee did not include. (Sec. 1020)
- 8. Workforce Investment Act Funding. The Senate added language stating that the Fund work cooperatively with the Department of Labor and Economic Growth and the Michigan Works! Agencies regarding the distribution of Workforce Investment Act funding. The funding is to be used for incumbent worker training in conjunction with the Economic Job Training Grants program. The Conference Committee did not include. (Sec. 1021)
- 9. **History, Arts, and Libraries (HAL).** The Senate added language requiring the MEDC to reimburse HAL in full for the cost of all services or activities provided by HAL for the MEDC. The Conference Committee did not include. (Sec. 1022)

Date Completed: 7-20-06 Fiscal Analysts: Elizabeth Pratt and Maria Tyszkiewicz



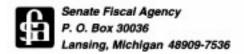


FY 2005-06 Year-to-Date Gross Appropriation	\$120,175,000
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
 Military Retirement. GF/GP funds are added to pay for anticipated payments to retired Michigan Army and Air National Guard per P.A. 150 of 1967. 	166,800
 Grand Rapids Veterans Home. A shift from restricted revenue (\$1,200,000) to GF/GP due to depletion of Home's Income and Assessments reserve funds. 	0
 Human Resources Service Center Charges. An adjustment to reflect projected FY 2006-07 Department of Management and Budget Human Resources Service Center charges. 	31,400
 Human Resources Optimization. A reduction to reflect projected Departmental human resources cost efficiencies. 	(72,400)
 Supplemental Adjustment. A reduction to reflect FY 2005-06 supplemental appropriations from P.A. 153 of 2006. 	(2,475,600)
6. Economic Adjustments. Adjustments include a GF/GP total of \$2,278,400.	3,992,400
Conference Agreement on Items of Difference	
 Veterans Service Organizational Grants. The Senate added a 3% \$117,300 GF/GP increase to grants. The Conference Committee included no increase. 	0
8. Challenge Program. The Senate included local school aid funds of \$1,253,100 are added to the program to supplant existing GF/GP (\$753,100) and to increase overall funding. The House provided GF/GP instead of school aid revenue. The Conference Committee concurred with the Senate.	500,000
 Starbase Grant. The Senate added \$260,000 in Federal funds to reflect FY2005-06 supplemental appropriations from P.A. 153 of 2006. The Conference Committee concurred. 	260,000
 Grand Rapids Veterans Home. The Senate added \$250,000 in restricted revenue to reflect expected revenue. The Conference Committee concurred. 	250,000
11. D. J. Jacobetti Veterans Home. The Senate added \$75,000 in restricted revenue to reflect expected revenue. The Conference Committee concurred.	75,000
Total Changes	\$2,727,600
FY 2006-07 Conference Report Gross Appropriation	\$122,902,600

Conference Agreement on Items of Difference

- 1. **Budget Reduction Plan.** Requires a proposed GF/GP budget reduction (7.93%) plan by October 15, 2006, as a contingency should the K-16 Ballot Initiative be adopted. Senate. The Conference Committee did not include this language. (Sec. 228)
- 2. **Challenge Program.** New language provides for two 150-pupil classes and utilization of funding from the School Aid Fund. Senate. The Conference Committee did not include this language. (Sec. 303)
- 3. **Veterans Service Organizations.** Language added to existing report requirement that research into redundancy of veterans services to be studied. Senate. The Conference Committee concurred. (Sec. 501)
- 4. **Michigan Veterans Trust Fund.** Language added to existing report requirement that plans for corpus repayment is included. Senate. The Conference Committee concurred. (Sec. 703)

Date Completed: 7-20-06 Fiscal Analyst: Bruce Baker



Amount Over/(Under) GF/GP Target: \$0



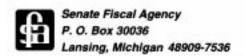
Telephone: (517) 373-2768 Fax: (517) 373-1986 TDD: (517) 373-0543

FY 2005-06 Year-to-Date Gross Appropriation	\$558,875,200
Changes from FY 2005-06 Year-to-Date:	
Items Included by the House and Senate	
1. Economic Adjustments.	20,308,500
2. Other Changes. Continued operation of existing State Police Posts (\$1,050,000) and Fire Investigation Services (\$1,200,000). Consolidation of Gaylord and Bridgeport Regional Dispatch for a \$240,000 savings; a fund shift from GF/GP to local school aid revenue for school bus inspections; a shift from justice training fund revenue to GF/GP for MCOLES administration; additional reimbursed services of \$1,660,000; increase in amount of restricted revenue of \$8,065,300; Federal fund increases for lab operations (\$291,700), and traffic safety (\$200,000), reductions in toxicology (\$728,500), Violence Against Women (\$216,200), Cops Grants (\$1,000,000), vehicle information systems (\$1,074,000) and Hurricane Katrina support (\$12,000,000). \$2.0 million in Restricted funds for At-Post Troopers was shifted to GF/GP. Also included were attrition savings of \$1,721,700 and other fund adjustments which added \$383,300. An adjustment reduction (\$8,065,100) was also made to reflect FY 2005-06 supplemental appropriations from P.A. 153 of 2006.	(12,686,900)
Conference Agreement on Items of Difference	
 At-Post Troopers. The House provided a \$2.5 million GF/GP increase toward the cost of a Trooper School. The Conference Committee added \$2.5 million in Restricted funds. 	2,500,000
 Secondary Road Patrol. The House provided \$1.5 million GF/GP for the Restricted Revenue Grant Program. The Conference Committee did not include. 	0
 Laboratory Operations. The Senate included Federal funds for laboratory operations to reflect FY 2005-06 supplemental appropriations from P.A. 153 of 2006. The Conference Committee concurred. 	291,700
Total Changes	\$10,413,300
FY 2006-07 Conference Report Gross Appropriation	\$569,288,500

Conference Agreement of Items of Difference

- 1. **Trooper School.** The Conference Committee added language requiring Trooper School to begin no later than August 15, 2007, and graduate a minimum of 50 troopers. (Sec. 218)
- 2. **MCOLES.** Stated intent that steps be taken to ensure that justice training funds only be used for grant allocations. House. The Conference Committee concurred. (Sec. 225)
- 3. **Interoperability.** Requires statewide effort to obtain communications interoperability. Senate. The Conference Committee concurred. (Sec. 226)
- 4. **Hiring and Recruiting.** Required priority to be given in recruiting and hiring to MCOLES certified officers, especially those on lay-off status. Report required. House. The Conference Committee concurred. (Sec. 226)
- 5. **State Aircraft.** Limits use of State-owned aircraft except for law enforcement or homeland security operations. Senate. The Conference Committee concurred. (Sec. 227)
- 6. **Budget Reduction Plan.** Requires a proposed GF/GP budget reduction (7.93%) plan by October 15, 2006, as a contingency should the K-16 Ballot Initiative be adopted. Senate. The Conference Committee did not include. (Sec. 228)
- 7. **Lapse Funds.** Permits use of book closing surplus funds to be used for Michigan State Police retirees from 1957 to 1963. The Conference Committee concurred. (Sec. 229)
- 8. **Lapse Funds.** Directs any lapse funds, left after Section 229 objectives have been met, to Trooper School. Senate. The Conference Committee concurred. (Sec. 230)
- 9. **LEIN Fees.** Requires 60 day notice and report on any LEIN fee increase. Senate. The Conference Committee concurred. (Sec. 308)
- 10. **Fund Shift.** The Conference Committee added language requiring transfer of \$8.5 million in State services funds to Traffic Law Enforcement and Safety Fund. (Sec. 902)
- 11. **Meth Lab Data.** Designated 2.0 FTEs to serve as data collectors for methamphetamine incident reports. House. The Conference Committee included report requirement only. (Sec. 1102)

Date Completed: 7-20-06 Fiscal Analyst: Bruce Baker





FY 2005-06 Year-to-Date Gross Appropriation	\$3,424,910,200
Changes from FY 2005-06 Year-to-Date:	
Items Included by the Senate and House	
1. Debt Service. The budget reduced funding for scheduled debt service payments.	(33,123,500)
Safe Routes to School. The budget included Federal funding for a new program to encourage nonmotorized transportation to school.	4,050,000
 Highway Maintenance. The budget increased funding for highway maintenance programs. The budget included \$300,000 for the Summer Youth Corp Program. 	10,682,800
 Federal Aid to Road Agencies. The budget increased funding for the State Road and Bridge Program by \$13.0 million and funding for local road agencies by \$697,000. 	13,708,000
 State Revenue to Local Agencies. The budget included funding distributed to county road commissions and cities and villages pursuant to PA 51 of 1951. The budget also included revenue adjustments to the Local Bridge Fund. 	6,429,900
Aeronautics Program. The budget reduced funding to the Aeronautics Program to reflect anticipated restricted revenue.	(1,009,800)
7. Local Transit Match. The budget included additional local revenue for transit projects.	16,400,000
8. Economic Adjustments. The Governor included standard economic increases. The Conference Committee also made adjustments requested by the State Budget Office.	9,254,600
Conference Agreement on Items of Difference	
 Grants to Other Departments. The Governor increased funding for transportation services provided to the Department by other State departments and agencies. The Conference Committee concurred. 	1,576,500
10. Performance Excellence. Senate reduced the appropriation for this line by \$693,000 and directed that revenue to State road and bridge projects. Conf. Committee restored the funding.	0
11. State Revenue to MDOT. The budget reduced State revenue to MDOT for road and bridge projects based on revenue availability. The Senate added funding of \$693,000 that was removed from Performance Excellence. The Conference Committee concurred with the Governor.	(23,387,200)
12. Economic Development Fund. The Governor included funding for various economic development programs based on revenue availability. The Conference Committee concurred.	717,000
13. Comprehensive Transportation Fund. The Governor increased funding for various public and freight transportation programs to reflect additional revenue to the CTF and MTF. The Senate removed \$10.0 million of CTF appropriations to deposit the revenue into the General Fund. The Conference Committee restored the \$10.0 million.	19,858,100
14. Other Changes. The budget funded other adjustments for human resource user charges, information technology, local revenue for State road and bridge projects, local/Federal restricted revenue in the public and freight transportation programs, and removed on-time supplemental items in FY 2005-06.	(7,899,300)
Total Changes	\$17,257,100
FY 2006-07 Conference Report Gross Appropriation	\$3,442,167,300

Items included by the Senate and House

- 1. Contingency Funds. The Conference Committee did not include contingency fund authorization.
- 2. **Legislative Reports Retained.** The Governor removed and the Conference Committee retained a number of legislative reports: privatization (207), report retention (211), internal auditor activity (314), Multi-Modal Transportation Services Bureau activities (361), deferred projects status (376), State aircraft usage (383), railroad abandonment (703), and local transit agencies operational bus lifts status (732).
- 3. **Charter Prohibition.** The Conference Committee directed the Department to maintain a complaint process for transit agencies that violate the charter prohibition. (Sec. 370)
- 4. Restrictions on Departmental Operations. The Governor removed and the Conference Committee retained a number of restrictions on Departmental operations: disciplinary action against an employee for communicating with the Legislature (261), contractor payment (353), local Federal-aid project review (357), employee newsletters (374), comprehensive transportation fund expenditures for planning activities for transit agencies (379), Multi-Modal Bureau appropriations (380), Departmental television program (381), congestion as criteria in five-year program (603), removal of dead deer from State highways (610), use of high quality pavement marking materials (611), contract incentives/disincentives (612), sale of state-owned intercity bus equipment (730), intermodal facility lease charges (731).

Conference Agreement on Items of Difference

- 5. **Auditor General Report.** The Conference Committee required the report within nine months after the CAFR is published. (Sec. 306)
- 6. **Federal/Local Funding.** The Conference Committee removed a prohibition on using funds to support the Federal advance construction program at the local level. (Sec. 311)
- 7. **Rest Area Signs.** The Governor removed the requirement to post signs at rest areas regarding maintenance responsibility. The Conference Committee retained it. (Sec. 319)
- 8. **Detroit River Crossing.** The Conference Committee included language prohibiting expenditures for design or right-of-way acquisition for a new Detroit River crossing. (Sec. 384)
- 9. **Deputy Directors.** The Conference Committee stated legislative intent to have two separate positions for public transportation and aeronautics. (Sec. 391)
- 10. **Local Federal Aid Buyout.** The Conference Committee allowed local jurisdictions to exchange Federal aid for State Restricted funds. Exchanged funds must be used for the original purpose. (Sec. 402)
- 11. **Cost Allocation Plan.** The Conference Committee required the State Treasurer to develop a cost allocation plan on the cost of collecting motor fuel taxes. (Sec. 504)
- 12. **Unsafe Pedestrian Crossings.** The Governor removed language requiring matching funding for unsafe pedestrian crossings. The Conference Committee retained the language. (Sec. 607)
- 13. Forest Roads. The Conference Committee restored \$40,000 for forest road turn-outs. (Sec. 608)
- 14. **Road Projects.** The Conference Committee included language directing resources to specific road projects for Michigan International Speedway signage (613), an interchange in Chippewa County (615), and a traffic light in Petoskey (616).
- 15. **Special Road Signs.** The Conference Committee directed the Department to develop a plan to place signs on highways informing motorists to drive on the right-side of the road and yield to emergency vehicles and report on the programs by November 1, 2006. (Sec. 639 and Sec. 640)
- 16. **Intent Language.** The Conference Committee included legislative intent to support Federal funds for school sidewalk routes in Eaton Rapids (655), that M-49 be upgraded to a "green" designated highway (656), to conduct a congestion mitigation study on US-23 (657), and rehabilitation of rail track between Hillsdale and Quincy (738).
- 17. **Duplication of Existing Transit Routes.** The Governor removed language prohibiting local transit agencies from establishing new routes that duplicate existing routes served by intercity carriers. The Conference Committee retained the language. (Sec. 709)
- 18. **Amtrak Subsidy.** The Conference Committee limits the subsidy to the amount of related route revenue, up to \$7.1 million. (Sec. 711)

Date Completed: 7-20-06 Fiscal Analyst: Jessica Runnels



SENATE FISCAL AGENCY MEMORANDUM

DATE: July 21, 2006

TO: Members of the Senate

FROM: Gary S. Olson, Director

RE: FY 2005-06 Supplemental Appropriations Included in Article 19 of Omnibus

Appropriation Bill

The budget target agreement, reached on June 29, 2006w, between the Governor and the Republican and Democratic leadership of the House of Representatives and the Senate, included the funding of a series of supplemental appropriation items for fiscal year (FY) 2005-06. These supplemental appropriation items are included in Article 19 of House Bill 5796 (H-2) CR-1*. This is the appropriation bill that contains FY 2006-07 appropriations for numerous State departments in addition to these FY 2005-06 supplemental appropriation items.

The negotiated supplemental appropriation bill contains \$240.1 million of Gross appropriations. These Gross appropriations are funded from \$158.1 million of Federal funds, \$6.5 million of local funds, \$0.5 million of private funds, \$22.3 million of State restricted funds, and \$52.8 million of General Fund/General Purpose (GF/GP) funds. The supplemental appropriations fall into several broad categories. These include additional appropriations in the Departments of Community Health, Corrections, Human Services, Military and Veterans Affairs, and State Police to cover projected funding shortfalls, the appropriation of additional unanticipated Federal and State Restricted funds in several budgets, appropriation adjustments to offset revenue shortfalls of tobacco settlement funds, final construction authorization for five construction projects funded through the State Building Authority, and funding to cover a revenue shortfall in the Department of State.

<u>Table 1</u> provides a summary of the line-item supplemental appropriations contained in House Bill 5796 (H-2) CR-1*. <u>Table 2</u> provides a summary of the boilerplate language associated with the line-item appropriations in House Bill 5796 (H-2) CR-1*.

/kjh

c: Ellen Jeffries, Deputy Director

Table 1

FY 2005-06 Supplemental (Target Agreement) House Bill 5796 (H-2) CR-1*		
	Conference	Report
_	Gross	GF/GP
Capital Outlay		
Central Michigan University (SBA Construction Authorization)	\$100	\$100
University of Michigan-Flint (SBA Construction Authorization)	100	100
University of Michigan-Ann Arbor (SBA Construction Authorization)	100	100
Wayne State University (SBA Construction Authorization)	100	100
Corrections (SBA Construction Authorization)	100	100
Subtotal Capital Outlay	500	500
Community Health		
Medicaid (Hospital QAAP Adjustment)	116,400,000	0
Medicaid (Consensus Caseload Estimates)	33,937,000	1,321,800
Medicaid (Tobacco Settlement Fund Shift to GF/GP)	0	20,582,000
Respite Care (Tobacco Settlement Fund Shift to GF/GP)	0	5,000,000
Dental Clinic Funding (Federal and Local Funding)	9,821,400	0
Family Planning Waiver (Implements Federal Waiver)	957,800	478,900
Subtotal Community Health	161,116,200	27,382,700
Corrections		
Various Funding Shortfalls in Prison System	10,000,000	10,000,000
Subtotal Corrections	10,000,000	10,000,000
Education		
Funding for Court Decision	195,800	0
Subtotal Education	195,800	0
Environmental Quality		
River, Stream and Creek Cleanup	50,000	0
Land and Water Management (Fund Source Shift)	0	0
Environmental Science and Services (Fund Source Shift)	0	0
Subtotal Environmental Quality	50,000	0
Human Services		
Consensus Caseload Funding Adjustments	11,300,000	11,300,000
Food Assistance Program (Federal Funding)	35,000,000	0
Low Income Energy Assistance (Federal Funding)	17,000,000	0
Family Planning Waiver (Implements Federal Waiver)	381,800	190,900
Juvenile Justice Services	2,600,000	0
Subtotal Human Services	66,281,800	11,490,900
Legislature		
Legislative Council (Remove Prison Study Funding)	(500,000)	(500,000)
Subtotal Legislature	(500,000)	(500,000)
Military and Veterans Affairs		
Grand Rapids Veterans Home (Funding Shortfall)	1,325,600	1,900,000
D.J. Jacobetti Veterans Home (Federal Funding)	435,000	0
Subtotal Military and Veterans Affairs	1,760,600	1,900,000
Natural Resources		
Forest Fire Protection (Restricted Funding)	400,000	0
Forest and Timber Treatments (Restricted Funding)	200,000	0
Subtotal Natural Resources	600,000	0

FY 2005-06 Supplemental (Target Agreement) House Bill 5796 (H-2) CR-1*			
	Conference	Conference Report	
	Gross	GF/GP	
State			
Transportation Fund Revenue Shortfall	0	6,500,000	
Election Regulation (Federal Funding)	500,000	0	
Subtotal State	500,000	6,500,000	
State Police			
Fund Source Shift (Shift from GF/GP to Restricted)	0	(6,000,000)	
Uniform Services Funding Shortfall	0	1,900,000	
Subtotal State Police	0	(4,100,000)	
Treasury			
Strategic Fund (Promotion for Detroit Zoo)	100,000	100,000	
Subtotal Treasury	100,000	100,000	
Total Line-Item Appropriations	\$240,104,900	\$52,774,100	

Table 2

FY 2005-06 Supplemental Appropriation Bill House Bill 5796 (H-2) CR-1*			
Boilerplate Language Summary	Conference Report		
Department/Section			
General Sections			
Sec. 201. Reporting language regarding total State appropriations and payments to units of local government in the bill.	Included		
Sec. 202. Subjects the appropriations in the bill to provisions in the Management and Budget Act.	Included		
Capital Outlay			
Sec. 205. Provides that the authorization for the University of Michigan-Ann Arbor Phoenix Laboratory project shall not be allocated unless the Joint Capital Outlay Subcommittee approves the project. Department of State	Included		
Sec. 301. Provides for work project status for the appropriation of Federal funds for assisting persons with disabilities in voting. Department of State Police	Included		
Sec. 401. Appropriates \$6.0 million of revenue from the State Services Fee Fund to the Traffic Law Enforcement and Safety Fund. Treasury	Included		
Sec. 501. Provides for work project status for the appropriation for the promotion of the Detroit Zoo.	Included		
Repealer	Land of the state of		
Sec. 1001. Repeals existing language in the Legislative budget regarding the appropriation of \$500,000 for a study of prisons. This repeal is consistent with the negative line-item appropriation in the Legislature.	Included		