



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

BILL



ANALYSIS

Telephone: (517) 373-2768

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Throughout this document Senate means Appropriations Committee

General Government Budgets
Total Gross and GF/GP Appropriations

	<u>FY 2012-13</u> <u>Year-to-Date</u>	<u>FY 2013-14</u> <u>Gov's. Rec.</u>	<u>Change from</u> <u>Year-to-Date</u>	<u>Percent</u> <u>Change from</u> <u>Year-to-Date</u>
Gross Appropriations	\$4,318,903,100	\$4,433,136,800	\$114,223,700	2.6%
GF/GP Appropriations.....	\$1,013,727,700	\$1,052,945,600	\$39,219,900	3.9%
Full-time Equated Employees (FTEs)	7,722.7	7,631.7	(91.0)	(1.2)%

	<u>FY 2013-14</u> <u>Senate Rec.</u>	<u>Change from</u> <u>Year-to-Date</u>	<u>Percent</u> <u>Change from</u> <u>Year-to-Date</u>
Gross Appropriations	\$4,420,586,800	\$101,683,700	2.4%
GF/GP Appropriations.....	1,043,745,600	30,017,900	3.0%
FTEs	7,621.7	(101.0)	(1.3)%

See Individual Highlight Sheet for Department Detail

Changes from FY 2012-13 Year to Date:

1. **Bill Structure.** The Governor recommended an omnibus bill for government operations with a separate article for each department. The General Government budgets were not aggregated in the Governor's recommendation. Some of the General Government boilerplate is included in Article 20 of the Governor's recommendation which would apply to all of the appropriations in the omnibus bill. Article 20 also includes required reports of the estimated statewide totals for total State spending and payments to locals (Sec. 20-201) and operating fund revenues and balances (Sec. 20-301). The Senate maintained the current bill structure.
2. **Deleted General Sections.** The Governor deleted the following general sections: information technology work project authorization (Sec. 207), purchasing requirements regarding consideration for buying from American, Michigan, and veteran-owned firms (Sec. 209), purchasing requirement regarding deprived and depressed areas (Sec. 210); retention of reports by departments (Sec. 212), prohibit casino ownership (Sec. 213), Department of Technology, Management, and Budget user fees (Sec. 214), prohibit employee discipline for speaking with a legislator or legislative staff (Sec. 215), prohibit use of General Fund money when Federal funds are available (Sec. 217), prohibition on using appropriations to administer a committee or obtain contributions for a committee as defined in the Michigan Campaign Finance Act, MCL 169.203 (Sec. 220), policy change report (Sec. 221), require departments to follow-up on savings proposals from the Legislative Auditor General (Sec. 229), FTE reporting (Sec. 231), and outcomes report (Sec. 232). The Senate concurred in deleting information technology work projects (Sec. 207), information technology user fees (Sec. 214), limitations on administering a committee (Sec. 220), intent language on FTEs and FTE reporting (Sec. 231), and outcomes identification and reporting (Sec. 232) and retained the remaining sections.
3. **Appropriation to the Budget Stabilization Fund.** The Governor recommended a boilerplate appropriation from the General Fund to the Countercyclical Budget and Economic Stabilization Fund of \$75.0 million GF/GP in FY 2013-14. The section also reports the statutory calculation to determine the amount of any required payment to the Fund. According to this calculation, no pay-in is required in FY 2013-14. The Senate did not include a BSF deposit in FY 2012-14. (Sec. 211)
4. **Michigan Health Savings Fund.** The Governor recommended a boilerplate appropriation of \$103.0 million GF/GP in FY 2013-14 to the proposed Michigan Health Savings Fund. The Governor recommended using this fund for future Medicaid costs; however, there is no boilerplate that describes the proposed fund. The Senate concurred. (Sec. 20-208/Sec. 211a)
5. **Department Scorecard.** The Governor added language to direct the departments to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the Department's performance. The Senate concurred. (Sec. 2-219/Sec. 219)
6. **Limitations on Contract Approval.** The Senate added a requirement that prior to approval of any contract in excess of \$1.0 million or issuing request for proposals (RFP) for such a contract, a department or agency is required to issue and receive a request for information (RFI) or request for qualifications (RFQ), provide the results to the Legislature, and post a summary of the results on the department's or agency's webpage. (Sec. 235)
7. **Intent Language on Retirement Costs.** The Senate added a statement of intent that the FY 2014-15 budget should identify normal retirement costs and legacy retirement costs by line item. (Sec. 1202)

Date Completed: 4-19-13

Fiscal Analyst: Elizabeth Pratt



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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$85,082,500
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Changes from FY 2012-13 Year-to-Date:

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| <p>1. Operations. The Governor recommended increasing the operations line by \$2,124,200 to reflect the costs of legal services provided pursuant to the current memoranda of understanding between the Attorney General and the Department of Human Services (DHS) and the Department of Licensing and Regulatory Affairs. This increase would be funded from interdepartmental grants from the departments. The Senate concurred.</p> | 2,124,200 |
| <p>2. Fraud Prevention Activities for DHS. The Governor recommended \$500,000 and 3.0 full-time equated (FTE) employees to investigate and prosecute fraud in the programs offered by DHS. The Senate concurred.</p> | 500,000 |
| <p>3. Information Technology. The Governor recommended an increase in information technology charges for wireless infrastructure, bandwidth expansion, and the Microsoft enterprise agreement. The Senate concurred.</p> | 53,100 |
| <p>4. Remove One-time Payments. The Governor eliminated funding for one-time lump sum payments to State employees in FY 2012-13. The Senate concurred.</p> | (1,025,900) |
| <p>5. Economic Adjustments. Includes \$2,054,400 Gross and \$800,500 GF/GP for OPEB and \$518,600 Gross and \$195,200 GF/GP for other economic adjustments. The Senate concurred.</p> | 2,573,000 |
| <p>6. Comparison to Governor's Recommendation. The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor.</p> | |

Total Changes	\$4,224,400
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FY 2013-14 Senate Appropriations Committee Gross Appropriation.....	\$89,306,900
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Changes from FY 2012-13 Year-to-Date:

8. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Attorney General is in Article 2. The Governor combined the existing seven line items into two lines, one for operations and one for Prosecuting Attorneys Coordinating Council. Fund source details would not be included. The Senate maintained the current bill structure.
9. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. These sections included:
- Report on total State spending for the Department. (Sec. 2-201)
 - Definitions. Many were eliminated due to the deletion of fund source detail. (Sec. 2-203)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Restricted Revenue Report. (Sec. 2-218)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 2-217)

The Senate maintained these sections as general sections that apply to all of the departments in the bill.

10. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the Department's performance. The Senate concurred. (Sec. 2-219/Sec. 219)
11. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. The Senate maintained current language. (Sec. 2-206/Sec. 206)
12. **Use of Litigation Expense Reimbursements.** The Governor expanded the use of a limited amount of litigation expense reimbursements to allow them to be used for the payment of salaries and support costs. Currently these funds can be used for payment of court judgments, settlements, arbitration awards, and attorney fees and certain litigation costs. As in the current year, a maximum of \$500,000 could be appropriated from litigation awards for all of the named purposes. The Senate concurred. (Sec. 2-308/Sec. 308)

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

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FY 2012-13 Year-to-Date Gross Appropriation	\$14,765,500
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Changes from FY 2012-13 Year-to-Date:

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| <p>1. Division on Deaf and Hard of Hearing. The Governor added \$100,000 GF/GP and 1.0 full-time equated (FTE) position for an employee on leave who is returning from military service. This would increase the line item to \$771,300 in FY 2013-14. The Senate concurred.</p> | 100,000 |
| <p>2. Hispanic/Latino Commission of Michigan. The Governor recommended an additional \$54,000 GF/GP to increase the line item to \$255,600 in FY 2013-14. This would support the Commission's work to enhance the abilities of Michigan Hispanics by improving their economic stability, education, achievement, and participation in government, business and the community. The Senate concurred.</p> | 54,000 |
| <p>3. Information Technology (IT). The Governor recommended \$6,100 for information technology adjustments related to wireless infrastructure, bandwidth expansion, the Center for Shared Solutions, and the Microsoft Enterprise agreement. This would increase the IT line to \$677,300 in FY 2013-14. The Senate concurred.</p> | 6,100 |
| <p>4. Remove One-time Funding. The Governor removed funding for one-time payments to employees in FY 2012-13 required by contract. The Senate concurred.</p> | (128,900) |
| <p>5. Economic Adjustments. Includes \$60,800 Gross and \$48,200 GF/GP for OPEB and \$340,800 Gross and \$279,900 GF/GP for other economic adjustments. The Senate concurred.</p> | 401,600 |
| <p>6. Comparison to Governor's Recommendation. The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor.</p> | |

Total Changes	\$432,800
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$15,198,300
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Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3. The Governor combined the existing 6 line items into 1 line for civil rights operations. Fund source details would not be included. The Senate maintained the current bill structure.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2012-13 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. These sections included:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Report on out-of-state travel. (Sec. 2-216)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - Lapse Report. The Governor changed the report date from November 15 to November 30. (Sec. 3-228)The Senate retained the current language and bill structure.
3. **Department Scorecard.** The Governor added language to direct the Department to maintain a publicly accessible website that shows a scorecard that lists, tracks, and updates metrics that represent the department's performance. The Senate concurred. (Sec. 2-233/Sec. 219)
4. **State Transparency Reporting.** The Governor required the Department to cooperate with the Department of Technology, Management, and Budget to maintain a searchable website of spending, vendors, job specifications, wage rates, and FTE data that is freely available to the public. Currently, DTMB is directed to maintain this website statewide. The Governor deleted the current requirement to update the website at least quarterly. The Senate retained current language. (Sec. 2-235/Sec. 206)

Date Completed: 4-19-13

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$4,887,900
Changes from FY 2012-13 Year-to-Date:	
1. Removal of FY 2012-13 One-Time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments. The Senate concurred.	(58,700)
2. Executive Office. Governor included a 2% increase to reflect actual costs of operation. The Senate concurred.	97,800
3. Economic Adjustments. Includes \$0 for other post-employment benefits (OPEB) and \$43,000 for other economic adjustments.	43,000
4. Comparison to Governor's Recommendation. The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor.	
Total Changes	\$82,100
FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$4,970,000

Changes from FY 2012-13 Year to Date:

1. There previously were no boilerplate sections for the Executive Office. The Governor added one general section listing the total State spending from State resources and the payments to local units of government. The Senate moved to General Section 201. (Sec. 8-201)

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$129,610,200
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Changes from FY 2012-13 Year-to-Date:

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| 1. Auditor General - Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations for State employee lump-sum payments. The Senate concurred. | (270,900) |
| 2. Auditor General - Augmented Funding. The Governor increased funding so that the Auditor General can enhance audit oversight and service delivery, including the annual Comprehensive Annual Financial Report (CAFR). The Senate concurred. | 250,000 |
| 3. Auditor General - Information Technology (IT) Auditors. The Senate added additional funding for the Auditor General to hire 15.0 additional FTEs to perform IT audits. | 1,200,000 |
| 4. Auditor General - Technical Adjustment. The Governor moved boilerplate authorization that allows the Auditor General to receive and expend funds for additional audits to the line items section in Part 1. Though this increased the total appropriation, this is NOT NEW funding as previous boilerplate language allowed for the receipt and expenditure of these funds. The Senate concurred. | 1,255,200 |
| 5. Legislative Adjustment. The Governor increased funding by a total of 11.6%. Funding will primarily be used to cover increased other post-employment benefits (OPEB) and other unfunded retirement costs. These increased costs affect only Legislative staff as current Legislators are not eligible for pensions or retirement health care benefits. The Senate concurred. | 12,896,800 |
| 6. Economic Adjustments - Auditor General. Includes \$92,400 for OPEB and \$540,000 for other economic adjustments. | 632,400 |
| 7. Comparison to Governor's Recommendation. The Senate is \$1.2 million Gross over and \$1.2 million GF/GP over the Governor. | |

Total Changes	\$15,963,500
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$145,573,700
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Changes from FY 2012-13 Year to Date:

1. **Total State Spending.** The Governor added one general section listing the total State spending from State resources and the payments to local units of government. (Sec. 11-201) Senate retained as Sec. 201.
2. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 11. The Senate retained current-year format for the budget.
3. **Date Changes.** The Governor extended the work project dates to September 30, 2018, for Property Management and Legislative Automated Processing. The Senate concurred with the Governor. (Secs. 606 and 607)

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

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FY 2012-13 Year-to-Date Gross Appropriation	\$220,669,300
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Changes from FY 2012-13 Year-to-Date:

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|---|-------------|
| 1. Removal of FY 2012-13 One-time Funding. Governor eliminated the FY 2012-13 one-time appropriations of \$1.5 million for employee lump-sum payments, \$150,000 for Executive Direction and \$600,000 for Central Operations. The Senate concurred. | (2,294,400) |
| 2. Anatomical Gift Registry. Governor included funding to promote organ donation. The Senate concurred. | 50,000 |
| 3. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system as the XP system will no longer be supported by Microsoft after April 8, 2014. The Senate concurred. | 53,400 |
| 4. Center for Shared Solutions. The Governor included funding to cover increased staffing costs associated with this program which provides base geospatial mapping services to State departments and agencies as well as local entities. The Senate concurred. | 39,000 |
| 5. Wireless Infrastructure and Bandwidth Expansion. The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth to accommodate the ever-increasing use of wireless devices around the Capitol and State departments and agencies. The Senate concurred. | 67,600 |
| 6. Transportation Administration Collection Fund (TACF). The Governor adjusted the source of funding from this fund to reflect actual revenue. The Senate concurred. | (8,000,000) |
| 7. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures by \$606,300 while having a zero effect on the gross appropriation. The Senate concurred. | 0 |
| 8. Contractual Services. The Governor increased funding for costs associated with the Department's servicing of over 20 million customer documents. The Senate concurred. | 500,000 |
| 9. Olympic Fundraising Plate. The Governor eliminated this line item as the Department no longer collects the fee for this license plate. The Senate concurred. | (75,700) |
| 10. Assigned Claims Assessments. The Governor eliminated this funding as the services provided regarding assigned claims (uninsured drivers) was transferred to a private entity on January 1, 2013, per P.A. 204 of 2012. The Senate concurred. | (1,098,600) |
| 11. Driver Look-Up Fees. The Governor included the additional revenue resulting from the \$1 increase in the fee from \$7 to \$8 for each driver record that is requested. The Senate concurred. | 4,700,000 |
| 12. Economic Adjustments. Includes \$661,700 for other post-employment benefits (OPEB) and \$4.3 million for Department economic adjustments. | 4,938,300 |
| 13. Comparison to Governor's Recommendation. The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor. | |

Total Changes	(\$1,120,400)
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$219,548,900
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Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 15. The Senate retained current-year format for the budget.
2. **Total State Spending.** Governor provided a new section stating the amount of total State spending from State resources and the amount of payments to local units of government. (Sec. 15-201) Senate retained as Sec. 201.
3. **ATM.** Governor included definition for ATM. (Sec. 15-203) Senate retained as Sec. 203.
4. **Out-of-State Travel Report.** Governor included new language requiring the Department to report to the Legislature detailing the Department's out-of-state travel expenses. (Sec. 15-216) Senate retained as Sec. 216.
5. **General Fund/General Purpose (GF/GP) Lapse Report.** Governor included new language requiring the State Budget Office to prepare a report that provides estimates of the total GF/GP lapses at the close of the prior fiscal year. (Sec. 15-228) Senate retained as Sec. 228.
6. **Public Scorecard and Metrics.** Governor included new language requiring the Department to maintain a publicly accessible website that provides a scorecard that identifies, tracks, and regularly updates key metrics. (Sec. 15-233) Senate retained as Sec. 219.
7. **Legal Services.** Governor included language prohibiting the Department from using funds to hire legal services that are the responsibility of the Attorney General. (Sec. 15-234) Senate retained as Sec. 226.
8. **Assigned Claims.** Governor removed language allowing the Department to receive and expend funds regarding the settlement of assigned claims (uninsured motorists) as this service will now be done through a private entity per P.A. 204 of 2012. The Senate concurred with the Governor. (Current Law Sec. 702)
9. **Driver Look-Up Fees.** Governor included language increasing the fee from \$7 to \$8 for each driver record that is requested. The Senate concurred with the Governor. (Sec. 703)
10. **Branch Office Closings.** At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on Appropriations and Legislators who represent affected areas regarding the details of the proposal. The Governor eliminated this section. The Senate retained section and added a new provision that exempts this requirement when the consolidation or relocation is within the current local unit of government. (Current Law Sec. 714)
11. **Business Application Modernization (BAM) Project.** The Governor removed language requiring the Department to report the total amount of funds spent on the BAM project from its inception. The Senate retained this section. (Sec. 716b)
12. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. The Senate retained this section. (Sec. 718)
13. **General Fund Expenditures.** Requires the Department to use Restricted Funds before using General Fund dollars. The Governor removed this section. The Senate concurred with the Governor. (Sec. 719)

Date Completed: 4-19-13

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

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FY 2012-13 Year-to-Date Gross Appropriation	\$1,142,973,600
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Changes from FY 2012-13 Year-to-Date:

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| 1. Removal of One-Time Funding. Governor excluded FY 2012-13 one-time funding of \$4.7 million for employee lump-sum payments; \$10.0 million for special maintenance; \$7.0 million for space consolidation and \$4.0 million for Teacher Evaluation Pilot Project. The Senate concurred. | (25,680,200) |
| 2. State Police Mobile Computing. Governor included funding to upgrade mobile computing in State Trooper vehicles. The Senate concurred. | 1,000,000 |
| 3. Microsoft Enterprise Agreement. The Governor included funding to upgrade the Department's current Windows XP operating system with the Windows 7 operating system. Senate concurred. | 1,423,600 |
| 4. Center for Shared Solutions. The Governor increased funding to cover base geospatial mapping services to State departments and agencies as well as local entities. The Senate concurred. | 936,500 |
| 5. Wireless Infrastructure and Bandwidth Expansion. The Governor included funding to upgrade the State's wireless infrastructure and to expand bandwidth. The Senate concurred. | 3,163,900 |
| 6. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2013 appropriations for all departments. The Senate concurred. | 4,385,700 |
| 7. IT Adjustments. Governor increased funding in IT appropriations in various departmental IT line items. The Senate concurred. | 3,051,300 |
| 8. Motor Vehicle Fleet. The Governor increased funding to account for higher fuel, maintenance, and vehicle leasing costs. The Senate concurred. | 1,500,000 |
| 9. Professional Development Funds. Governor included funding to provide professional development and trainings for NEREs per contract requirements. The Senate concurred. | 200,000 |
| 10. Civil Service Fund Shift. The Governor transferred 4.0 FTE positions and associated funding to the Department of Human Services to provide trainings specific to DHS. The Senate concurred. | (465,600) |
| 11. One-Time Appropriations. Governor included the following one-time funding: \$1.5 million Delta County bridge removal; \$10.0 million for special maintenance for State-owned facilities; \$21.3 million for Technology Investments; \$5.0 million for the new Regional Prosperity Grant program; and \$100 for construction authorization of \$20.2 million (\$3.0 million Federal share, \$17.1 million SBA, \$80,100 GF/GP) for the State Emergency Operations Center Project. Senate reduced prosperity grants by \$4.0 million, and included \$2.4 million for nursing home surveyors. | 36,200,100 |
| 12. Military Retirement Program. The Governor increased funding for the Military Retirement Program to cover unfunded costs associated with prefunding of pensions. The Senate concurred. | 826,100 |
| 13. State Building Authority (SBA) Rent Adjustments. The Governor increased funding for SBA line item for State Agencies to reflect increased debt service costs. The Senate concurred. | 1,700,000 |
| 14. Economic Adjustments. Includes \$2.2 million other post-employment benefits (OPEB) and \$10.8 million for Department economic adjustments. | 12,980,200 |
| 15. Other Changes. Miscellaneous adjustments were made to various line items, including: a net zero SWCAP adjustment resulting in a negative adjustment to GF/GP funding of \$481,000; a negative \$120,000 adjustment for accounting services for the MSP; and an increase of \$300,000 for Administrative Services to hire 1.0 FTE. | 180,000 |
| 16. Comparison to Governor's Recommendation. The Senate is \$1,600,000 Gross under and \$1,600,000 GF/GP under the Governor. | |

Total Changes	\$41,401,600
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$1,184,375,200
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Changes from FY 2012-13 Year to Date:

1. **Re-numbering of Sections.** Sections of boilerplate that have been retained in the Governor's budget are re-numbered accordingly for Article 17. The Senate retained current-year format for the budget.
2. **General Sections.** The Governor included several General Sections (200s) that are included in the General Section of the General Government portion of the current law Omnibus appropriation bill, P.A. 200 of 2012. The Senate retained current-year format. (Current Law Sections 201-234)
3. **Requests for Information (RFI) or Qualification (RFQ).** The Senate added a new provision requiring all State departments and agencies to first request an RFI or an RFQ prior to accepting a request for proposals (RFP). (Sec. 235)
4. **Statewide State-Owned Inventory System.** The Governor deleted current language requiring the Department to develop a plan regarding a Statewide State-owned inventory management system and submit this plan to the Legislature by February 1. The Senate concurred. (Sec. 803(5))
5. **Computer Contract Adjustments.** Required notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. Governor removed this section. Senate retained. (Sec. 809)
6. **Motor Vehicle Fleet.**
 - a) 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.
 - b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c) Requires Dept. 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.
 - d) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$3.04 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.
 - e) Requires Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles.

The Governor removed Subsection 3 and 5 (items c and e above). The Senate removed only Subsection 3 (item c above). (Sec. 813)
7. **Vendor Call or Contact Centers.** The Governor removed current year language requiring disclosure of location of call/contact centers. The Senate retained. (Sec. 817)
8. **Space Consolidation Plan.** The Governor removed current year language requiring the Department to develop a plan regarding the use of funds for consolidation of space in State-owned or leased facilities across the State. The Senate concurred. (Current Law Sec. 821)
9. **Unclassified Salaries.** Language required the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. The Senate retained. (Sec. 822)
10. **Former State Police Headquarters.** Senate added exemption for FY 2010-11 funding for MSU asbestos abatement funds to be used to connect the former State Police Headquarters site to municipal sewer system (Sec. 822c)
11. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 823(4), 824(required report only), 827(4), 828, 829, 830, 832, 862, 863, 870, 871, and 872. The majority of these sections required the Department to provide either reports or notifications to the Legislature. The Senate retained all these sections except for Sections 823(4) and 832.
12. **State Building Authority Authorizations.** The Governor added new language requiring the Legislature to determine that funding provided in Part 1 is for the leasing of facilities to be used for a public purpose. The Senate concurred. (Sec. 866)
13. **One-time Appropriations.** The Governor provided boilerplate language describing the qualification process for the new proposed Regional Prosperity Grant Program. The Senate concurred (Sec. 890) and added language stating that funds for nursing home surveyors are to be used to implement P.A. 322. of 2012. (Sec. 892)

Date Completed: 4-19-13

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$140,554,900
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Changes from FY 2012-13 Year-to-Date:

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|--|-----------|
| <p>1. Great Lakes Water Quality Bond. The Governor recommended increasing appropriations for debt service payments by \$9,411,500 GF/GP to \$15,916,000 in FY 2013-14. This would cover debt service on existing bonds and the additional costs of a proposed \$100.0 million bond issue. The Governor proposed using the bond proceeds for grants and loans to local governments for sanitary sewer and storm sewer improvements, stormwater management plans or programs, and establishing wetland mitigation banks. The voters approved the issuance of Great Lakes Water Quality Bonds in 2002. The Senate concurred.</p> | 9,411,500 |
| <p>2. Clean Michigan Initiative. The Governor recommended an increase in debt service of \$2,886,500 to \$57,187,400 GF/GP in FY 2013-14 to cover the cost of scheduled payments. The Senate concurred.</p> | 2,886,500 |
| <p>3. Quality of Life Bond. The Governor recommended an increasing the debt service line for this program to \$79,965,800 in FY 2013-14. This consists of an increase in scheduled payments of \$2,271,000 GF/GP and an addition \$2.5 million GF/GP in a fund shift that replaces \$2.5 million from the Refined Petroleum Fund. The Senate concurred.</p> | 2,271,000 |
| <p>4. Water Pollution Control Bond and Interest Redemption. The Governor recommended a decrease of \$921,400 GF/GP in the appropriation for debt service on these bonds. The appropriation would be \$1,132,700 in FY 2013-14. This is expected to be the last year of debt service payments on these bonds. The Senate concurred.</p> | (921,400) |
| <p>5. Comparison to Governor's Recommendation. The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor.</p> | |

Total Changes	\$13,647,600
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$154,202,500
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Changes from FY 2012-13 Year-to-Date:

1. **Boilerplate Changes.** There are no boilerplate changes related to Treasury - Debt Service.
2. **Facility for Rare Isotope Beams (FRIB) Debt Service.** Please see the highlights sheet for Treasury - Michigan Strategic Fund for boilerplate changes related to the proposed payment of debt service for the FRIB at Michigan State University.

Date Completed: 4-19-13

Fiscal Analyst: Elizabeth Pratt



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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$512,424,800
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Changes from FY 2012-13 Year-to-Date:

1. **Distressed Communities.** The Governor recommended \$5.0 million in one-time GF/GP funding for financial consulting services and emergency manager salaries for financially distressed communities. This offsets the removal of \$5,780,000 in supplemental funding for FY 2012-13 provided in the Local Financial Stability and Choice Act, 2012 PA 436. The Senate concurred. (780,000)
2. **Information Technology (IT) System.** The Governor recommended \$1,763,300 in one-time GF/GP to develop system requirements for replacing the business tax registration and sales, use, and withholding IT systems. Total cost is estimated at \$23.1 million over 3 years in the DTMB and Treasury budgets. The Senate concurred. 1,763,300
3. **Digital Tobacco Stamps.** The Governor recommended \$3.0 million from tobacco tax revenue for the cost of implementing digital tax stamps for cigarettes. The Senate concurred. 3,000,000
4. **Casino Gaming Control Board IT System.** The Governor recommended a one-time appropriation of \$3.0 million to replace IT systems. Funding would consist of \$2.3 million from the Casino Gaming Fund and \$700,000 from the State Services Fee Fund. The Senate concurred. 3,000,000
5. **Internet Lottery Sales.** The Governor increased funding by \$3,350,000 and 10.0 FTEs for the implementation of lottery sales on the Internet. The Senate did not include. 0
6. **Payments in Lieu of Taxes (PILT).** The Governor increased PILT funding by \$1,734,500 to provide full funding in compliance with 2012 PA 603 and 2012 PA 604. The Senate concurred. 1,734,500
7. **Tax Programs.** The Governor recommended \$942,600 for ongoing costs of administering State taxes. The Senate concurred. 942,600
8. **Program Transfers.** The Governor transferred \$3.5 million GF/GP for Renaissance Zone Reimbursement for community colleges from Treasury to the community college budget. The community share payment for the Facility Rare Isotope Beams at MSU of \$2,339,900 GF/GP was transferred from Treasury to the Michigan Strategic Fund Agency. The Senate concurred. (5,839,900)
9. **Qualified Agricultural Loan Origination Program.** The Governor removed supplemental funding of \$15.0 million GF/GP in FY 2012-13 for this assistance to farmers. The Senate concurred. (15,000,000)
10. **Dual Enrollment.** The Governor reduced funding for tuition payments for nonpublic school students dually enrolled in postsecondary courses from \$10.0 million in FY 2012-13 to \$1.0 million in FY 2013-14 based on previous reimbursement costs. The Senate concurred. (9,000,000)
11. **Economic Adjustments.** Includes \$1,056,800 Gross and \$158,500 GF/GP for OPEB and \$6,186,600 Gross and \$1,143,800 GF/GP for other economic adjustments. 7,243,400
12. **Other Changes.** The Governor recommended removal of \$5,742,700 in one-time State employee lump sum payments, an increase of \$203,000 in IT cost adjustments, removal of \$1,243,300 in unrealized Federal funds, reduction of \$335,000 in spending authority for local assessor fees, an unclassified salaries increase of \$9,700, an additional increase in unclassified salaries of \$42,100 funded by a \$42,100 reduction in funding for Tax Compliance, an increase of \$57,700 to make the MSDHA director an unclassified position, and a data collection fee adjustment of \$9,100. (7,041,500)
13. **Comparison to Governor's Recommendation.** The Senate is \$0 Gross over/under and \$0 GF/GP over/under the Governor.

Total Changes	(\$19,977,600)
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$492,447,200
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Changes from FY 2012-13 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget and rolled up many lines and fund sources. The Senate maintained the current bill structure.
2. **Deleted Reports.** The Governor recommended deleting the following reports: bond restructuring (Sec. 902a), cost of collections of unpaid taxes and loans (Sec. 903(3)), senior citizens' cooperative housing tax exemption audit report (Sec. 913(2)), unclaimed property audits (Sec. 919(2)), public private partnership (Sec. 925(5)), costs of collections for State departments (Sec. 930(2)), restricted fund management fees (Sec. 931), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(2)), and pension consultant report (Sec. 944). The Senate retained all these sections.
3. **Public Private Partnership.** The Governor deleted the current prohibition against support for the Detroit River International Crossing or any successor project by the Department or the Public Private Partnership Fund. The Senate maintained current law. (Sec. 925 and 925a)
4. **Assessor Certification and Training Fees.** The Governor deleted the schedule of fees for property assessor examinations, initial certifications, and renewal fees and recommended that the State Tax Commission determine these fees annually. Current fees are set in boilerplate as follows: examination fee, \$50; initial certification fee, \$50; annual renewal fee for level 1 and 2 assessors, \$75; and annual renewal fee for level 3 and 4 assessors, \$125. Revenue from the fees is used to offset the costs of the training and certification program. The Senate concurred. (Sec. 907)
5. **EVIP Qualifications.** The Senate added new requirement stating that all cities, villages, townships, and counties must report on their websites the country of origin of all flags purchased or displayed in order to qualify for payment. (Sec. 952(6)(b))
6. **Lottery Information for Retailers.** The Governor deleted a requirement for the Bureau of the State Lottery to inform retailers that cash on a Bridge Card cannot be used to purchase lottery tickets. The Senate concurred. (Sec. 963)
7. **iLottery Prohibition.** Senate added new language prohibiting the Bureau of State Lottery from expending any funds on iLottery. (Sec. 963)

Date Completed: 4-19-13

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Senate Bill 194 (S-1as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$1,083,700,000
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Changes from FY 2012-13 Year-to-Date:

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|---|------------|
| <p>1. Constitutional Revenue Sharing. The Governor recommended an increase in constitutional revenue sharing payments of \$29,450,200 or 4.1% based on the sales tax estimate from the most recent consensus revenue estimating conference. This would increase payments from an estimated \$713,100,000 in FY 2012-13 to \$742,550,200 in FY 2013-14. The Michigan Constitution requires the distribution of 15% of the sales tax revenue collected at a rate of 4% to cities, villages, and townships on a per capita basis. The Senate concurred.</p> | 29,450,200 |
| <p>2. County Revenue Sharing. The Governor increased funding for county revenue sharing by \$8.0 million to \$112,480,000 in FY 2013-14. This would provide a 1.1% increase to existing recipients and cover the cost of a county projected to re-enter State-paid county revenue sharing program next year and the 11 counties that received part-year State payments in FY 2012-13 and will increase to full-year State-paid funding in FY 2013-14. County Revenue Sharing provides State payments to any county that has completed withdrawals from its revenue sharing reserve fund created by acceleration of property tax collections in 2005. The Senate increased funding by \$12,128,000 to \$116,608,000. This would provide a 4.8% increase and cover the cost of additional counties entering the program.</p> | 12,128,000 |
| <p>3. County Incentive Program. The Governor increased funding for the County Incentive Program by \$2.0 million to provide a 1.1 % increase and to cover the cost of the additional counties that receive County Revenue Sharing and thus become eligible for the incentive program. The Senate increased by 4.8% to \$29,152,000. This consists of \$24,652,000 in ongoing appropriations and \$4.5 million in one-time appropriations.</p> | 3,032,000 |
| <p>4. Economic Vitality Incentive Program. The Governor continued funding for this program at \$225.0 million in FY 2013-14, the same amount as in the current year. The Senate increased funding by 4.8% to \$235,840,000. This consists of \$228,340,000 in ongoing appropriations and \$7.5 million in one-time funding.</p> | 10,840,000 |
| <p>5. Competitive Grant Assistance Program. The Governor recommended funding this program at \$15.0 million in FY 2013-14, the same amount as in the current year. This consists of \$5.0 million in ongoing and \$10.0 million in one-time appropriations. The Senate concurred.</p> | 0 |
| <p>6. Comparison to Governor's Recommendation. The Senate is \$16.0 million Gross and \$16.0 million GF/GP over the Governor.</p> | |

Total Changes	\$55,450,200
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$1,139,150,200
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Changes from FY 2012-13 Year-to-Date:

1. **Economic Vitality Incentive Program (EVIP) and County Incentive Program.** The Governor recommended changes to each of the incentive categories:
 - **Category 1 - Accountability and Transparency:** The Governor specified the requirements for the debt service report that is currently part of the budget report. This would consist of a statement of issuance dates, issuance amounts, and a listing of annual debt service payments. The Senate concurred.
 - **Category 2 - Consolidation of Services:** The Governor required participants to report on the status of previous proposals and add a new proposal for consolidation, collaboration, or cooperation with potential savings and a timeline for implementation. The Senate did not require a new proposal for previous participants. It added options for innovation and privatization projects in the consolidation plan.
 - **Category 3 - Employment Compensation:** The Governor increased the requirements in this area to require that a recipient establish an employment compensation plan that meets the required criteria *and* comply with the requirements of the Publicly Funded Health Insurance Contribution Act, Public Act 152 of 2011. The compensation plan would have the same elements as in the current year in that it would be a plan that the local government intends to implement with any new, modified, or extended employee contract or employment agreement and would be required to comply with specific limits regarding retirement plans costs and multipliers. The Senate changed the category to Unfunded Accrued Liabilities and required participants to submit a plan to reduce unfunded accrued liabilities. The plan would be required to include a list of previous actions taken to reduce those liabilities with estimated cost savings and a detailed description of additional actions that could be taken.
 - **Source of Flags.** The Senate required cities, villages, townships, and counties to post on the Internet the country of origin of all flags purchased or displayed in order to qualify for EVIP or County Incentive Program payments. (Sec. 19-952/Sec. 952)
2. **Competitive Grant Assistance Program (CGAP).** The Governor recommended that \$7.5 million of the \$15.0 million appropriation be allocated for projects to combine public safety operations. He also recommended expanding eligibility to authorities that combine operations with a city, village, township, or county. The Senate expanded eligibility to authorities, public community colleges, and public universities that combine operations with a city, village, township, or county. The Senate did not include the proposed public safety earmark. (Sec. 19-951/Sec. 951)

Date Completed: 4-19-13

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Senate Bill 194 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee

FY 2012-13 Year-to-Date Gross Appropriation	\$984,234,400
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Changes from FY 2012-13 Year-to-Date:

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|--|---------------|
| 1. Ongoing Operations. The Senate rolled up lines for Administration, Job Creation Services, Michigan Film Office, Pure Michigan, Innovation and Entrepreneurship, Business Attraction and Community Revitalization, Community Ventures, and Land Bank Fast Track Authority. The Senate funding is \$24.8 million under the Governor's total for those lines. Allocation of the funding would be determined by the MSF Board. | 169,794,200 |
| 2. MSF, One-time Operations. The Senate rolled up the one-time line items for the MSF into this new line which consists of the Governor's recommendations for Film Incentives, Business Attraction and Community Revitalization, Land Bank Fast Track Authority, and Skilled Trades Training Program. Boilerplate allocated \$25.0 million for film incentives. | 69,500,000 |
| 3. Business Attraction and Community Revitalization. The Governor increased by \$20.0 million GF/GP to \$120.0 million. The Governor allocated \$20.0 million for debt financing for development in distressed urban areas and \$2.0 million GF/GP for the proposed Food and Agricultural Industry Growth Initiative. The Senate rolled up to the new operations lines. | (100,000,000) |
| 4. Film Incentives. The Governor reduced from \$50.0 million in FY 2012-13 to \$25.0 million in FY 2012-14. The Senate moved \$25.0 million to the proposed one-time operations line. | (50,000,000) |
| 5. Land Bank Fast Track Authority. The Governor increased funding for the Land Bank by \$14,109,800 and 16.0 FTEs as follows: \$9.5 million for blight elimination, \$4.0 million for maintenance of property, and \$2.5 million for operational expenses, and removed unused restricted funding authority. The Senate moved to the ongoing and one-time operations lines. | (2,993,900) |
| 6. Skilled Trades Training Program. The Governor recommended \$10.0 million GF/GP for training grants to businesses. The Senate rolled the program into the one-time operations line. | 0 |
| 7. Pure Michigan. The Governor increased to \$29.0 million to support international tourism marketing. The Senate included in the proposed ongoing operations line item. | (25,000,000) |
| 8. Innovation and Entrepreneurship. The Governor increased this program from \$25.0 million to \$28.5 million. The Senate included in the proposed ongoing operations line item. | (25,000,000) |
| 9. Roll-up Adjustments. The Senate removed other line items to create the operations line. | (31,773,000) |
| 10. Facility for Rare Isotope Beams (FRIB) Debt Service. The Governor added debt service on bonds to raise up to \$90.9 million pay the community share of construction costs for the FRIB facility at MSU. Annual debt service would vary based on bond terms. The Senate concurred. | 7,300,000 |
| 11. Arts and Cultural Grants. Governor increased funding to \$6,650,000. The Senate concurred. | 500,000 |
| 12. Economic Adjustments. Includes \$365,500 Gross and \$66,000 GF/GP for OPEB and \$2,332,500 Gross and \$409,500 GF/GP for other economic adjustments. | 2,698,000 |
| 13. Other Changes. The Governor and Senate added \$1,730,700 in Federal GEAR-UP funding, removed \$21,894,100 in unused Federal spending authority, removed one-time lump sum payments of \$1,135,700, added \$203,100 for information technology costs, transferred \$132,300 for the wage and hour unit to DLARA per E.O. 2012-9, and made adjustments for the roll up. | (23,445,800) |
| 14. Comparison to Governor's Recommendation. The Senate is \$24,800,000 Gross and \$24,800,000 GF/GP under the Governor. | |

Total Changes	(\$8,420,500)
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FY 2013-14 Senate Appropriations Committee Gross Appropriation	\$1,000,613,900
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Changes from FY 2012-13 Year-to-Date:

1. **Structure of Bill.** The Governor rolled up the appropriations for MSF and MSHDA into one line for each agency. The Senate rolled up lines into ongoing operations and one-time operations lines.
2. **Annual Report.** The Governor combined the MSF and the Michigan Economic Development Corporation (MEDC) annual reports and the tourism report. The requirement to coordinate tourism promotion with the tourism industry was deleted. The Senate concurred. (Sec. 1007)
3. **Limit on Fundraising Activities.** The Governor expanded the prohibition on private fund raising by MEDC staff to apply to staff involved in the award of incentives, in addition to the current grants and tax abatements. The Senate concurred. (Sec. 1013)
4. **Core Communities Report.** The Governor deleted this annual report. The Senate retained. (Sec. 1014)
5. **Allocation of Business Attraction Funding.** The Governor revised the requirement on allocation of the appropriation for Business Attraction and Community Revitalization to state that \$20.0 million must be granted for community revitalization. The Senate modified to say that the \$20.0 million is for brownfield and historic preservation projects in the community revitalization program. (Sec. 1024)
6. **Spending Plan Report.** The Governor eliminated the spending plan report for Innovation and Entrepreneurship and Business Attraction and Economic Gardening (now Community Revitalization) and replaced it with a semi-annual report on MSF board allocations. The Senate modified the current language to apply to the ongoing and one-time operations appropriations in part 1. (Sec. 1031)
7. **Film Incentive Intent Language.** The Governor specified that the percentage of State qualified production expenditures that are eligible for reimbursement is determined as of the date of the film incentive agreement. He deleted language that stated that this was the intent of the Legislature. The Senate concurred. (Sec. 1033b)
8. **Business Incubators.** The Governor deleted allocations for business incubators and accelerators including Automation Alley and locations in Detroit and Houghton, Isabella, Kent, Macomb, Oakland, Washtenaw, Midland, Ingham, and Mason counties. The Senate concurred and retained reporting language. (Sec. 1034)
9. **Van Andel Institute Allocation.** The Governor deleted a \$500,000 allocation to the Van Andel Institute for match for Federal research grants. The Senate retained. (Sec. 1034b)
10. **Arts and Cultural Grant Administration.** The Governor deleted the current \$100,000 cap on use of funds from the arts grants line for program administration. The Senate prohibited use of the grant line for administration. (Sec. 1035)
11. **FRIB.** The Governor added requirements for issuance of bonds to fund FRIB construction. Prior to issuing bonds, the MSF and the State Budget Director must determine that all construction approvals have been obtained and Federal construction funds are available. The bond proceeds used for construction are limited to \$90,960,100, the remaining amount of the community share. Funds would be distributed to MSU on a reimbursement basis. The State Budget Director would retain the authority and fiduciary responsibility necessary to protect the public's financial and policy interests. Any actions under that authority, such as rescinding payments, would be reported to the Legislature within 10 days of the exercise of that authority. The Senate concurred. (Sec. 1037)
12. **Refugee Work Assistance.** The Governor deleted previously vetoed language that allocated \$200,000 for a refugee assistance and sustainability training program. The Senate retained as an allocation from the ongoing appropriations line. (Sec. 1052)
13. **Workforce Development Terminology.** The Governor replaced references to the Jobs, Education, and Training (JET) program with Partnership, Accountability, Training, and Hope (PATH), the new approach to workforce participation required of recipients of cash assistance. The Senate concurred. (Sec. 1060)
14. **Workforce Investment Act Prior Year Funds.** The Governor eliminated the report to the Legislature of funds appropriated from prior year WIA and Trade Adjustment Assistance awards. The Senate retained. (Sec. 1063)

Date Completed: 4-19-13

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