



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

General Government Budgets
Total Gross and GF/GP Appropriations

| | FY 2013-14 | FY 2014-15 | | Percent |
|---|----------------------------|---------------------------|----------------------|----------------------|
| | <u>Year-to-Date</u> | <u>Gov's. Rec.</u> | <u>Change</u> | <u>Change</u> |
| Gross Appropriations | \$4,458,973,500 | \$4,742,121,900 | \$283,148,400 | 6.4% |
| GF/GP Appropriations..... | \$1,071,605,500 | \$1,208,809,500 | \$137,204,000 | 12.8% |
| Full-time Equated Employees (FTEs) | 7,615.7 | 7,712.2 | 96.5 | 1.3% |

See Individual Highlight Sheet for Department Detail



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|--|---------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$89,139,900 |
| Changes from FY 2013-14 Year-to-Date: | |
| 1. Unclassified Salary Increase. The Governor recommended an increase to the Unclassified Salary line item. The line increased from \$707,000 to \$724,700. | 17,700 |
| 2. Human Trafficking Initiative. The Governor recommended an increase in funding for the Department to hire 2.5 additional FTEs to combat human trafficking. | 400,000 |
| 3. Michigan Gaming Control Board. The Governor recommended an increase in funding for the Department to hire an investigator to monitor illegal gaming activity across the State. | 113,600 |
| 4. Assigned Claims Assessments. The Governor eliminated funding for this line item since those services have been privatized and are no longer supported with State funds. | (158,600) |
| 5. Economic Adjustments. Includes (\$308,100) Gross and (\$119,400) GF/GP for OPEB and \$1,817,800 Gross and \$687,500 GF/GP for other economic adjustments. | 1,509,700 |
| Total Changes | \$1,882,400 |
| FY 2014-15 Governor's Recommendation | \$91,022,300 |

Changes from FY 2013-14 Year-to-Date:

1. **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.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. These sections include:
 - Report on total State spending for the Department. (Sec. 2-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 2-202)
 - Definitions. (Sec. 2-203)
 - Requirement for Departments to maintain searchable websites. ***Governor deleted the requirement for quarterly updates*** (Sec. 2-206)
 - Report on out-of-state travel. (Sec. 2-216)
 - GF/GP Lapse Report. (Sec. 2-217)
 - Restricted Revenue Report. (Sec. 2-218)
 - Department Scorecards. (Sec. 2-219)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Use of Internet to fulfill reporting requirements. (Sec. 2-227)
 - Buy American with a Michigan preference. (Sec. 2-228)
3. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 2-229)

Date Completed: 2-19-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|--|---------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$15,198,300 |
|--|---------------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|---|---------|
| 1. Unclassified Salary Increase. The Governor recommended an increase to the Unclassified Salary line item. The line increased from \$707,000 to \$724,700. | 17,700 |
| 2. Expansion of Targeted Initiatives. The Governor recommended funding for three new initiatives to combat civil rights violations against Michigan citizens. Funding and the addition of 4.0 FTEs is recommended for the following: \$250,000 for Advocates and Leaders for Police and Community Trust; \$125,000 for the Michigan Alliance Against Hate Crimes; and \$125,000 for Anti-Bullying initiatives. | 500,000 |
| 3. Expansion of Intake Unit. The Governor recommended an increase in funding and the addition of 2.0 FTEs for the Department to hire additional staff to process initial customer contact information. | 175,000 |
| 4. Americans with Disabilities Act (ADA). The Governor transferred from DTMB the funding and 4.0 FTEs for the program that monitors and insures the State's compliance with the ADA. | 583,500 |
| 5. Economic Adjustments. Includes (\$16,600) Gross and (\$14,300) GF/GP for OPEB and \$311,300 Gross and \$257,300GF/GP for other economic adjustments. | 294,700 |

| | |
|---------------------|-------------|
| Total Changes | \$1,570,900 |
|---------------------|-------------|

| | |
|---|---------------------|
| FY 2014-15 Governor's Recommendation | \$16,769,200 |
|---|---------------------|

Changes from FY 2013-14 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The Civil Rights budget is in Article 3.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. These sections include:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 3-202)
 - Definitions. (Sec. 3-203)
 - Report on out-of-state travel. (Sec. 3-216)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - GF/GP Lapse Report. (Sec. 3-228)
 - Department Scorecards. (Sec. 3-233)
 - Requirement for Departments to maintain searchable websites. **Governor deleted the requirement for quarterly updates** (Sec. 3-235)
 - Use of Internet to fulfill reporting requirements. (Sec. 3-236)
 - Buy American with a Michigan preference. (Sec. 3-237)
3. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 3-238)
4. **Department Report.** Governor deleted the requirement for a detailed report submitted by November 30 that covers the following items for the most recent fiscal year: Detailed description of departmental operations; detailed description of all subunits in the department (responsibilities, positions, revenue, and spending for each subunit); number of complaints by type; average cost per complaint investigation and average investigative time spent per complaint; percent of complaints that are meritorious and worthy of investigation or settlement and the percentage of complaints that have no merit; list of amounts awarded to claimants; expenditures associated with complaint investigation and enforcement; and Complaint investigations closed per FTE for the past 5 years. (Sec. 404)
5. **Notifications Required Re Federal Reports or Complaints.** Governor deleted the requirement for the department to notify the Office of State Budget, Senate and House appropriations committees, and the Senate and House fiscal agencies prior to submitting a report or complaint to the United State Commission on Civil Rights or other Federal departments. (Sec. 405)

Date Completed: 2-19-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|---|--------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$5,370,000 |
| Changes from FY 2013-14 Year-to-Date: | |
| 1. Executive Office. Governor included a 3% increase to reflect actual costs of operation. | 161,100 |
| 2. Office for New Americans. Governor created a new office within the Executive Office called the Office for New Americans to attract talented immigrants to Michigan. | 385,000 |
| Total Changes | \$546,100 |
| FY 2014-15 Governor's Recommendation | \$5,916,100 |

Changes from FY 2013-14 Year-to-Date:

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

Date Completed: 2-18-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|--|----------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$144,773,700 |
|--|----------------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|---|-----------|
| 1. Auditor General Adjustment – Governor recommended a 2% overall increase for Auditor General operations. | 276,500 |
| 2. Legislative Adjustment. The Governor increased overall funding for the Legislature by a total of 4.5%. The Senate will receive an increase of \$1.2 million overall while the House will receive an overall increase of \$1.6 million. The House and Senate Fiscal Agencies will receive an increase of \$154,000 each. The Legislative Council will receive an increase of \$578,500 while the Retirement System will receive an increase of \$155,300. The Farnum Building and the Cora Anderson House building would receive increases totaling \$574,000. Finally, the Governor included new funding of \$3.0 million for the newly created State Capitol Historic Site line item and increased the Capitol's funding by \$138,600. | 7,751,200 |
| 3. Economic Adjustments. Includes (\$29,900) Gross and (\$20,200) GF/GP for OPEB and \$557,800 Gross and \$369,700 GF/GP for other economic adjustments. | 527,900 |

| | |
|---------------------|-------------|
| Total Changes | \$8,555,600 |
|---------------------|-------------|

| | |
|---|----------------------|
| FY 2014-15 Governor's Recommendation | \$153,329,300 |
|---|----------------------|

Changes from FY 2013-14 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Government departments into separate articles within his proposed budget. The budget for the Legislature and the Legislative Auditor General is in Article 12.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Legislature and the Legislative Auditor General. These sections include:
 - Report on total State spending for the Department. (Sec. 12-201)
 - Definitions. (Sec. 12-203)
3. **Legacy Costs.** Governor added a general section listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 12-202)
4. **Date Changes.** The Governor extended the work project dates to September 30, 2019, for Property Management and Legislative Automated Processing. (Secs. 12-606 and 12-607)
5. **Capitol Historic Site Fund.** Governor added new language stating that the appropriation from the Capitol Historic Site Fund do not take effect unless Enrolled Senate Bill 678 of the 97th Legislature is enacted into law.

Date Completed: 2-19-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|--|----------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$219,548,900 |
|--|----------------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|--|-----------|
| 1. Unclassified Salary Increase. Governor included salary and wage increases for the unclassified salary line item. The GF/GP funded line item increased from \$707,000 to \$724,700. | 17,700 |
| 2. Vendor Increase for Elections Compliance. The Governor included GF/GP funding of \$500,000 to increase payments to vendors who maintain campaign finance systems and lobbyist registration systems. | 500,000 |
| 3. Fraud Prevention – Data Analytics and Prosecution. The Governor included GF/GP funding of \$627,400 to allow the Department to develop a system of tools for departmentwide fraud deterrence. | 627,400 |
| 4. Fraud Prevention – Insurance Verification and Paper Certificates. The Governor included GF/GP funding of \$1.2 million to allow the Department to develop a process to verify paper certificates for auto insurance before renewal of vehicle registration to detect and combat fraud. | 1,203,400 |
| 5. Fund Shift. The Governor replaced Michigan Transportation Fund (MTF) funding with GF/GP due to the capped amount of MTF funds that can be transferred to the Department. The shift increases GF/GP expenditures by \$300,700 while having a zero effect on the gross appropriation. | 0 |
| 6. Help America Vote Act. The Governor eliminated Federal funding for this program due to the end of the Federal funding cycle. | (350,000) |
| 7. Economic Adjustments. Includes (\$700,700) Gross and (\$32,100) GF/GP for OPEB and \$ 3,265,600 Gross and \$68,500 GF/GP for other economic adjustments. | 2,564,900 |

| | |
|---------------------|-------------|
| Total Changes | \$4,563,400 |
|---------------------|-------------|

| | |
|---|----------------------|
| FY 2014-15 Governor's Recommendation | \$224,112,300 |
|---|----------------------|

Changes from FY 2013-14 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 16.
2. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of State. These sections include:
 - Report on total State spending for the Department. (Sec. 16-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 16-202)
 - Definitions. (Sec. 16-203)
 - Report on out-of-state travel. (Sec. 16-216)
 - Requirement for Departments to maintain searchable websites. **Governor deleted the requirement for quarterly updates** (Sec. 16-227)
 - GF/GP Lapse Report. (Sec. 16-228)
 - Department Scorecards. (Sec. 16-233)
 - Prohibition on outside legal services. (Sec. 16-234)
 - Use of Internet to fulfill reporting requirements. (Sec. 16-235)
 - Buy American with a Michigan preference. (Sec. 16-236)
 - Restricted Revenue Report. (Sec. 16-237)
3. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 2-238)
4. **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)
5. **Branch Office Closings or Relocations.** Governor deleted the requirement that least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or at least 60 days prior to relocations, that the department of state 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. Branch offices that consolidate or relocate within the same local unit of government are exempt from this notification procedure. this section. (Current Law Sec. 714)
6. **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. (Current Law Sec. 716b)
7. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. (Current Law Sec. 718)

Date Completed: 2-19-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL ANALYSIS



Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

Committee: Appropriations

| | |
|--|------------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$1,190,805,600 |
|--|------------------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|--|--------------|
| 1. Removal of One-Time Funding. Governor excluded FY 2013-14 one-time funding of \$37.7 million: \$1.5 million for Delta County bridge removal; \$2.5 million for Regional Prosperity Grants; \$2.0 million for Legal Services; \$10.0 million for special maintenance; \$21.3 million for Technology Services; and \$430,500 for MSU's combined sewer overflow project. | (37,730,500) |
| 2. Unclassified Salary Increase. Governor included salary and wage increases for the unclassified salary line item increasing from \$804,500 to \$824,600. | 20,100 |
| 3. Cyber Security. The Governor included funding to enhance Michigan's cyber security posture. | 6,785,000 |
| 4. Regional Prosperity Grants. The Governor converted this FY 2013-14 one-time funding item to an ongoing funding item for FY 2014-15. | 2,500,000 |
| 5. Michigan Public Safety Communications System Lifecycle and Radio Replacement. The Governor included funding to replace system equipment. | 25,300,000 |
| 6. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2014 appropriations for all departments. | 5,551,000 |
| 7. Motor Vehicle Fleet. The Governor increased funding to account for higher fuel, maintenance, and vehicle leasing costs. | 8,300,000 |
| 8. Professional Development Funds. Governor included funding to provide professional development and trainings for UAW-represented employees per contract requirements. | 720,000 |
| 9. Enterprisewide Special Maintenance. The Governor increased funding for the ongoing appropriations for this item to provide maintenance services to State-owned buildings across the State. | 5,000,000 |
| 10. IT Investment Fund. The Governor increased funding for this IT program to further provide maintenance and replacement of legacy IT systems across State departments and agencies. Funding for this item will total \$75.0 million in FY 2014-15. | 28,000,000 |
| 11. Michigan Public Safety Communication System. The Governor transferred in the funding and FTEs from the Michigan State Police the Michigan Public Safety Communication System. | 16,340,900 |
| 12. Programs Transferred Out from DTMB. The Governor transferred out the staff and funding for two items: Administrative staff for the SBA rent program (\$699,100) are transferred to the Department of Treasury and the staff for the Americans with Disabilities Act (\$300,000) are transferred to the Department of Civil Rights. | (999,100) |
| 13. IT Innovation Fund. The Governor eliminates all funding for this program. | (2,500,000) |
| 14. One-Time Appropriations. Governor included the following one-time funding: \$10.0 million for special maintenance for State-owned facilities; \$5.5 million for the new Office of Urban Initiative; \$2.5 million for the Regional Prosperity Grant program; \$5.0 million for litigation costs; \$6.9 million for alignment of IT funding with agency requests; and \$300 for planning authorizations for SBA-authorized community college and university construction projects. | 29,900,300 |
| 15. Military Retirement Program. The Governor increased funding for the Military Retirement Program to cover unfunded costs associated with prefunding of pensions. | 437,000 |
| 16. State Building Authority (SBA) Rent Adjustments. The Governor decreased funding for SBA line item for State Agencies to reflect decreased debt service costs. | (4,000,000) |
| 17. Economic Adjustments. Includes (\$1,689,500) Gross and (\$370,500) GF/GP for OPEB and \$9,188,400 Gross and \$4,101,500 GF/GP for other economic adjustments. | 7,498,900 |
| 18. Other Changes. Miscellaneous adjustments were made to various line items, including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP of funding of (\$34,300); \$240,000 to annualize cyber security costs; \$510,200 for the Office of Children's Ombudsman; and a negative (\$475,200) various miscellaneous technical adjustments for MiResults performance metrics, BOC charges, and the Civil Service Commission. | 275,000 |

| | |
|---------------------|--------------|
| Total Changes | \$91,398,600 |
|---------------------|--------------|

| | |
|---|------------------------|
| FY 2014-15 Governor's Recommendation | \$1,282,204,200 |
|---|------------------------|

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Changes from FY 2013-14 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2013-14 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. These sections include:
 - Report on total State spending for the Department. (Sec. 18-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 18-202)
 - Definitions. (Sec. 18-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 18-206)
 - Report on out-of-state travel. (Sec. 18-216)
 - Prohibition on outside legal services. (Sec. 18-226)
 - Restricted Revenue Report. (Sec. 18-227)
 - GF/GP Lapse Report. (Sec. 18-228)
 - Department Scorecards. (Sec. 18-232)
 - Related federal and restricted funds for special maintenance. (Sec. 18-233; Current Law Sec. 822a)
 - Related federal and restricted funds for enterprise wide IT investments. (Sec. 18-234; Current Law Sec. 822b)
 - Use of Internet to fulfill reporting requirements. (Sec. 18-235)
 - Buy American with a Michigan preference. (Sec. 18-237)
2. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 18-236)
3. **Computer Contract Adjustments.** Within 14 days of the Department finalizing the revisions, the Department must notify 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 the 14-day requirement and instead requires a report quarterly. (Current Law Sec. 809)
4. **Requests for Proposals-Website.** Requires the Department of Management and Budget to maintain an Internet website that contains notice of all invitations to bid and requests for proposals over \$50,000. Prohibits the Department from accepting a bid or proposal less than 14 days after the request was made available on the website. The Governor removed the 14-day provision. (Current Law Sec. 810)
5. **Motor Vehicle Fleet.** The Governor removed the requirement for the Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles. (Current Law Sec. 813(5))

The Governor replaced Subsection 5 with new language stating that once notification is made to the House and Senate standing committees on appropriations, spending authorization and the IDG from the Motor Transport Fund in DTMB may be adjusted to ensure that the appropriations for the motor vehicle fleet equals the expenditures for motor vehicle fleet in the budgets for all executive departments and agencies. (18-813(5))
6. **Vendor Call or Contact Centers.** The Governor removed current year language requiring disclosure of location of call/contact centers. (Current Law Sec. 817)
7. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 816, 817, 821, 822, 822(c), 822(e), 824 (required report only), 827(4), 828, 829, 830, 831, 832, 843, and 862. The majority of these sections required the Department to provide either reports or notifications to the Legislature.
8. **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. (Sec. 18-866)
9. **One-time Appropriations.** The Governor provided boilerplate language describing the qualification process for the new proposed Regional Prosperity Grant Program. (Sec. 17-901) ***Governor made this an on-going program and moved the boilerplate language to the main boilerplate section of the bill as a new section. The Governor also revised and updated the language, updated dates in subsection (9), and added new subparts within the new section. (Sec. 18-822f)***

Date Completed: 2-21-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|--|----------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$154,202,500 |
|--|----------------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|---|-------------|
| <p>1. Great Lakes Water Quality Bond. The Governor included a negative adjustment of \$7.3 million in debt service payments for the Great Lakes Water Quality Bond. In addition, the Governor also included new debt service payments totaling \$6.5 million GF/GP bringing the total debt service payment for this bond to \$13,811,000 (all GF/GP) in FY 2014-15. The overall change in payments for this bond decreases by \$2.1 Million from FY 2013-14. The proposed debt service payments for this bond would cover debt service on existing bonds and the additional costs of a proposed \$97.0 million bond issue. There is \$97.0 million in spending authority in the FY 2014-15 DEQ Executive Recommendation for these bonds under the Strategic Water Quality Initiative Fund (SWQIF) within DEQ. The bonds are issued under Proposal 2 of 2002 and can be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that makes the grants and loans more attractive to municipalities.</p> | (2,105,600) |
| <p>2. Clean Michigan Initiative. The Governor recommended an increase in debt service of \$36,600 to \$57,224,000 GF/GP in FY 2014-15 to cover the cost of scheduled payments.</p> | 36,600 |
| <p>3. Quality of Life Bond. The Governor recommended increasing the debt service line for this program to \$81,360,000 in FY 2014-15. This consists of an increase in scheduled payments of \$1.1 million GF/GP and an addition of \$3.0 million GF/GP in a fund shift that replaces \$3.0 million from the Refined Petroleum Fund.</p> | 1,394,200 |
| <p>4. Water Pollution Control Bond and Interest Redemption. The Governor eliminated all funding for this debt service in FY 2014-15 as all the obligations have been met.</p> | (1,132,700) |

| | |
|---------------------|---------------|
| Total Changes | (\$1,807,500) |
|---------------------|---------------|

| | |
|---|----------------------|
| FY 2014-15 Governor's Recommendation | \$152,395,000 |
|---|----------------------|

Changes from FY 2013-14 Year-to-Date:

1. **Boilerplate Changes.** There are no boilerplate changes related to Treasury - Debt Service.

Date Completed: 2-21-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

Committee: Appropriations

| | |
|---|---------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$498,233,500 |
|---|---------------|

Changes from FY 2013-14 Year-to-Date:

- | | |
|--|-------------|
| 1. Unclassified Salary Increase. Governor included salary and wage increases for the unclassified salary line item totaling \$26,800. This represents the increase for salary and wages only. The remainder of the increase for this line item of \$47,500 is included in the Economic section below. | 26,800 |
| 2. Eliminate One-time Funding. The Governor removed one-time funding totaling \$9.8 million: \$ 1.8 million for replacement of Sales and Withholding tax system; \$3.0 million for Casino Gaming Board system replacement; and \$5.0 million for Distressed Communities. | (9,763,300) |
| 3. Financial Independence Team. The Governor recommended \$6.5 million and 9.0 FTEs to create a financial independence team to provide support to financially troubled school districts. | 6,500,000 |
| 4. Data Governance Program. The Governor recommended new funding for the creation of a secure and accurate data storage system to improve data quality and availability primarily at the State's data storage warehouse. | 401,000 |
| 5. Gaming. The Governor increased funding for three items: \$113,600 to hire an investigator to review illegal gaming activity; \$153,200 to fill two secretarial positions; and \$129,500 to hire a programmer to support new replacement systems. | 396,300 |
| 6. Convention Facility Tax Distribution. The Governor recommended an increase in funding based on actual collections so additional funds may be distributed according to statute requirements. | 16,100,000 |
| 7. Payments in Lieu of Taxes (PILT). The Governor increased PILT funding by 5.0% to provide full funding for PILT in compliance with 2012 PA 603 and 2012 PA 604. | 867,400 |
| 8. Office of Tax Plan Implementation. The Governor recommended an increase of \$1.6 million and 9.0 FTEs for testing new tax systems. | 1,550,000 |
| 9. Program Transfers. The Governor transferred \$699,100 and 4.0 FTEs from DTMB for SBA Rent administrative staff. | 699,100 |
| 10. Technical Issues Resolution Unit Expansion. The Governor provided increased funding to hire additional staff to address changes in tax statutes that impact compliance reviews. | 600,000 |
| 11. One-Time Appropriations. Governor included the following one-time funding: \$19.3 million for distribution of Metropolitan Areas Component Tax revenue; \$1.5 million for Personal Property Tax Reform implementation; and \$2.0 million for implementation costs associated with the Department accepting credit card payments for individual income taxes owed. | 22,800,000 |
| 12. Economic Adjustments. Includes (\$595,800) Gross and (\$109,800) GF/GP for OPEB and \$ 5,538,000 Gross and \$873,300 GF/GP for other economic adjustments. | 4,942,200 |
| 13. Other Changes. Miscellaneous adjustments were made to various line items, including: a net zero Gross change to replace funding from the Michigan Transportation Fund, however change results in a positive adjustment to GF/GP funding of \$41,900 and \$623,000 in various miscellaneous technical adjustments for a New Fuel Tax processing center, Indian Gaming, and P-20 software purchase. | 623,000 |

| | |
|---------------------|--------------|
| Total Changes | \$45,742,500 |
|---------------------|--------------|

| | |
|--|---------------|
| FY 2014-15 Governor's Recommendation | \$543,976,000 |
|--|---------------|

Changes from FY 2013-14 Year-to-Date:

1. **Line Item Structure.** The Governor separated the General Governments departments into separate articles within his proposed budget. The budget for the Department of Treasury is in Article 20.
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 Treasury. These sections include:
 - Report on total State spending for the Department. (Sec. 20-201)
 - Compliance with the Management and Budget Act. (Sec. 20-202)
 - Definitions. (Sec. 20-203)
 - Use of the Internet for reporting requirements. (Sec. 20-208)
 - Buy American with a Michigan preference. (Sec. 20-209)
 - Report on out-of-state travel. (Sec. 20-216)
 - Prohibition on outside legal services. (Sec. 20-226)
 - Restricted Revenue Report. (Sec. 20-227)
 - GF/GP Lapse Report. (Sec. 20-228)
 - Requirement for Departments to maintain searchable websites. **Governor deleted the requirement for quarterly updates** (Sec. 20-229)
 - Department Scorecards. (Sec. 20-230)
3. **Legacy Costs.** Governor added new language listing the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimated of the amount of pension-related legacy costs. (Sec. 20-231)
4. **Deleted Reports.** The Governor recommended deleting the following sections reports: bond restructuring (Sec. 902a), Municipal Finance Authority unappropriated revenue and spending (Sec. 934(2)), and pension consultant report (Sec. 944).
5. **Convention Facility Development Fund.** Governor added new language requiring collections into the fund to be distributed according to Sections 8 and 9 of the State Convention Facility Development Act, 1985 PA 106. (Sec. 20-946)
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. (Current Law Sec. 963)
7. **Prohibition Against Ownership Interest in a Casino Enterprise.** The Governor added new language prohibiting the Department, an agency, or an authority from using funds in Part 1 to purchase and ownership interest in a casino enterprise or a gambling operation. (Sec. 20-970)
8. **Local Revenue Sharing Boards.** Requires Treasury to report to the House and Senate Appropriations committees by September 30 on the receipts and distributions by local revenue sharing boards. Governor changed reporting from the Dept. of Treasury to the Michigan Gaming Control Board. (Current Law Sec. 973(6))
9. **State Building Authority.** Governor moved SBA boilerplate language from DTMB to Treasury in accordance with E.O. 2013-8 which transferred the SBA in its entirety to the Department of Treasury. (Secs. 20-1100, 1102, 1103)

Date Completed: 2-21-14

Fiscal Analyst: Joe Carrasco, Jr.



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

BILL ANALYSIS



Telephone: (517) 373-2768

Fax: (517) 373-1986

Senate Bill 767 (as introduced)

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

Committee: Appropriations

FY 2013-14 Year-to-Date Gross Appropriation \$1,142,143,500

Changes from FY 2013-14 Year-to-Date:

1. **Constitutional Revenue Sharing.** The Governor recommended an increase of 2.6% to \$764,927,600 consistent with the growth in sales tax revenue forecast by the January 2014 Consensus Revenue Estimating Conference. Constitutional revenue sharing pays 15.0% of revenue from the sales tax at a 4.0% rate to cities, villages, and townships (CVTs) on a per capita basis. 19,384,100

2. **County Revenue Sharing and County Incentive Program.** The Governor recommended full funding for 74 eligible counties under the statutory county revenue sharing distribution formula. This would increase funding by 44.9% or \$65,440,000 to \$211,200,000. This amount would be distributed to counties that have completed withdrawals from their revenue sharing reserve funds and returned to State-paid revenue sharing. Each eligible county would receive 80% of its full funding amount through the county revenue sharing line item and up to 20% by meeting the requirements of the County Incentive Program. The proposed appropriations would provide a 25.1% increase to counties and \$28.6 million for 11 counties projected to return to State-paid revenue sharing in FY 2014-15. 65,440,000

| | FY 2013-14 Year-to-Date | FY 2014-15 Gov's Rec | Dollar Change |
|--------------------------|----------------------------|-------------------------|------------------|
| County Revenue Sharing | \$116,608,000 | \$168,960,000 | \$52,352,000 |
| County Incentive Program | 29,152,000 | 42,240,000 | 13,088,000 |
| Total | \$145,760,000 | \$211,200,000 | \$65,440,000 |

3. **Economic Vitality Incentive Program (EVIP).** The Governor recommended an increase of 3.1% in EVIP for eligible cities, villages, and townships that satisfy incentive requirements. This would increase payments from \$235,840,000 in FY 2013-14 to \$243,040,000 in FY 2014-15. 7,200,000

4. **Supplemental EVIP Distribution.** The Governor recommended \$28.5 million for an additional payment to most EVIP-eligible cities, villages, and townships. The payment would be distributed using a formula based on population weighted by several factors: financial soundness criteria; presence of a deficit elimination plan; high crime rate (available only to CVTs with population of at least 5,000); or high unemployment rate (available only to CVTs with population of at least 20,000). No payment of less than \$5,000 would be made; thus, some EVIP-eligible CVTs would not receive a supplemental EVIP distribution. 28,500,000

5. **EVIP Administration.** The Governor recommended \$300,000 in one-time funding for Department of Treasury administration of the proposed supplemental EVIP distribution. 300,000

6. **Competitive Grant Assistance Program (CGAP).** The Governor reduced CGAP from \$15.0 million in FY 2013-14 to \$5.0 million in FY 2014-15. The pace of grant awards has been slower than anticipated. A balance from FY 2013-14 is expected to carry forward for distribution in FY 2014-15. (10,000,000)

Total Changes \$110,824,100

FY 2014-15 Governor's Recommendation \$1,252,967,600

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

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Changes from FY 2013-14 Year-to-Date:

1. **Competitive Grant Assistance Program.** The Governor specified that the Department of Treasury may consider projects that result in more efficient government services through increased cooperation and/or collaboration. (Sec. 20-951)
2. **Incentive Program Requirements.** The Governor changed the EVIP and county incentive program requirements to require that the performance dashboard include a cost per resident of unfunded accrued liabilities and limit the consolidation plan update requirement to the plans in the most recent report. (Sec. 20-952)
3. **Incentive Program Optional Financial Standards.** The Governor proposed that as an alternative to meeting standards for accountability and transparency, consolidation of services, and unfunded accrued liabilities, cities, villages, townships, and counties could qualify for EVIP or the county incentive program by certifying compliance with all of the following financial standards by October 1:
 - a. Standard 1, Budget Reserve: Unreserved fund balance of at least 6 percent of general fund budget, as of most recent audited financial statements.
 - b. Standard 2, Pension Plans: Demonstrate that contributions to defined benefit pension plans are at least equal to the actuarially required annual contribution, or that the local unit does not have a defined benefit pension plan.
 - c. Standard 3, Other Post-Employment Benefits (OPEB): Demonstrate that contributions for OPEB are at least equal to the required annual contribution, or that the local unit does not have a defined benefit pension plan.
 - d. Standard 4, Bond or Credit Rating: Demonstrate that the bond or credit rating is at least equivalent to AA- from Standard and Poors or similar nationally recognized rating organization or that the local unit has no general obligation debt. (Sec. 20-952)
4. **EVIP Supplemental Payment Eligibility.** The Governor recommended \$28.5 million for a new distribution and \$300,000 for Treasury administrative costs. The new distribution would be made to EVIP-eligible CVTs on a per capita basis with population figures adjusted up 10.0% for each of the following criteria met by the local unit:
 - a. Financial Stability: Certify by October 1 that the local unit meets all of the proposed optional financial standards.
 - b. High Unemployment: Population of 5,000 or more and a violent crime rate among the worst 25.0% of Michigan communities using data reported to the Michigan State Police.
 - c. High Unemployment: Population of 20,000 or more and an unemployment rate among the worst 25.0% of Michigan communities using jobless rates published by the U.S. Census Bureau.
 - d. Deficit Elimination Plan: CVT with a Treasury-approved deficit elimination plan.No payment of less than \$5,000 would be made. Some EVIP-eligible CVTs would not receive a supplemental payment. The Department of Treasury would determine the data sources and payment method. Unspent funds would be established as a work project. (Sec. 20-953)

Date Completed: 2-13-14

Fiscal Analyst: Elizabeth Pratt



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



BILL ANALYSIS

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

Senate Bill 767 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 837](#)

| | |
|---|------------------------|
| FY 2013-14 Year-to-Date Gross Appropriation | \$1,008,273,900 |
| Changes from FY 2013-14 Year-to-Date: | |
| 1. Film Incentives. The Governor reduced funding for Film Incentives from \$50.0 million in FY 2013-14 to \$25.0 million in FY 2014-15. The fund source would change from one-time GF/GP in FY 2013-14 to ongoing GF/GP in FY 2014-15. | (25,000,000) |
| 2. Business Attraction and Community Revitalization. The Governor increased total funding for the program from \$120.0 million in FY 2013-14 to \$138.5 million in FY 2014-15. The increase consisted of \$10.0 million in new one-time GF/GP, \$5.0 million in additional ongoing GF/GP, and \$3.5 million from the 21 st Century Jobs Trust Fund. The Governor also replaced \$24.8 million in one-time GF/GP in FY 2013-14 with \$24.8 million in ongoing GF/GP in FY 2014-15. | 18,500,000 |
| 3. Engineering Talent Investment Program Debt Service. The Governor recommended \$7.9 million GF/GP for the first year of debt service on a proposed \$100.0 million Michigan Strategic Fund (MSF) bond issue to fund improved facilities and laboratories for university engineering departments that partner with private companies to increase and retain engineering graduates. The MSF board would select the recipients through a request for proposal (RFP) process. | 7,900,000 |
| 4. Community College Skilled Trades Equipment Program Debt Service. The Governor recommended \$4.6 million GF/GP for the first year of debt service on a proposed \$50.0 million MSF bond issue to update technology at community colleges for training for high demand occupations. The MSF board would award the funds through an RFP-process. | 4,600,000 |
| 5. Automotive, Engineering, and Manufacturing Technology Fund. The Governor added \$5.0 million in one-time GF/GP to increase global markets for the Michigan auto sector and encourage public-private partnerships and collaborations with the auto industry. | 5,000,000 |
| 6. Job Creation Services. The Governor removed \$4,625,000 to remove several special projects included in the FY 2013-14 budget. | (4,625,000) |
| 7. Land Bank Fast Track Authority. The Governor recommended \$3,950,000 GF/GP for the Land Bank. Half would be used for Land Bank operations and half for a Good Neighbor Program to maintain properties owned by the Land Bank. | 3,950,000 |
| 8. Pure Michigan. The Governor increased spending for tourism promotion from \$29.0 million in FY 2013-14 to \$31.0 million in FY 2014-15 to expand international marketing. | 2,000,000 |
| 9. Arts and Cultural Grants. The Governor increased funding by \$2.0 million GF/GP to \$10,150,000. | 2,000,000 |
| 10. Entrepreneurial Eco-System. The Governor renamed the Innovation and Entrepreneurship line item to Entrepreneurial Eco-System and reduced funding from \$28.5 million to \$25.0 million. | (3,500,000) |
| 11. Economic Adjustments. Includes a negative \$387,200 Gross and a negative \$77,100 GF/GP for OPEB and \$2,010,100 Gross and \$380,700 GF/GP for other economic adjustments. | 1,622,900 |
| 12. Other Changes. The Governor adjusted Federal and private fund sources. | (1,291,900) |
| Total Changes | \$11,156,000 |
| FY 2014-15 Governor's Recommendation | \$1,019,429,900 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Hlmsf_gr

Changes from FY 2013-14 Year-to-Date:

1. **Legacy Costs.** The Governor reported estimated appropriations of \$10,508,300 for pension-related legacy costs and \$8,293,000 for retiree health care legacy costs. (Sec. 20-1002)
2. **Business Incubators.** The Governor removed performance dashboard and report requirements for State-funded business incubators and intent language on using the performance data for future appropriations. (Sec. 1034)
3. **Van Andel Institute.** The Governor deleted a \$500,000 earmark for the Van Andel Institute from the Innovation and Entrepreneurship line item. The funds were for matching Federal grants. (Sec. 1034b)
4. **Michigan State Housing Development Authority Reports (MSHDA).** The Governor deleted MSDHA reporting on housing production goals and results and on the status of obligations related to the Broadband Development Authority. (Sec. 980 and 981)
5. **Use of State Accounting System.** The Governor deleted a requirement that the MSF use the Michigan Administrative Information Network (MAIN) or a successor accounting system used across State government that tracks all financial transactions and recipients of business incentives and other economic assistance. (Sec. 1040)
6. **Limit on Business Attraction and Community Revitalization.** The Governor deleted a requirement on the \$120.0 million appropriation in FY 2013-14 for business attraction and community revitalization, that the MSF cannot request the availability of more than 60.0% of those funds from the State Treasurer prior to April 1, 2014. (Sec. 1041)
7. **Engineering Talent Investment Program.** The Governor added language for this proposed program to require: MSF board approval of RFPs and program guidelines, the MSF board to award up to \$100.0 million of bond proceeds for capital improvements at public institutions of higher education with accredited engineering programs to increase engineering talent, a 25.0% university match, business partnerships, reports, and State Budget Director oversight. (Sec. 20-1051)
8. **Community Colleges Skilled Trades Equipment Program.** The Governor added requirements for this proposed program: MSF board approval of RFPs and program guidelines; the MSF board to award of up to \$50.0 million of bond proceeds for equipment and related investments at community colleges for training students in skilled, high-wage, in demand occupations; coordination with business and regional talent needs; at least 25.0% community college match in excess of donated equipment; business partnerships; reports; and State Budget Director oversight. (Sec. 20-1052)
9. **Precollege Engineering - Remove Vetoed Section.** The Governor deleted a vetoed section from the FY 2013-14 budget, which would have distributed \$640,000 for precollege engineering programs in Detroit and Grand Rapids. The appropriation also was vetoed. (Sec. 1053)
10. **Report on Re-appropriation of Federal Funds.** The Governor deleted a report on the amount of Federal Workforce Investment Act funding re-appropriated for a subsequent fiscal year under boilerplate authority. (Sec. 1063(2))

Date Completed: 2-21-14

Fiscal Analyst: Elizabeth Pratt