



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

BILL ANALYSIS

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

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Civil Service, Executive, Information Technology, Legislature, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2003-04. The Senate Substitute is \$1,049,700 Gross under; \$16,467,500 GF/GP over the Governor's revised recommendation. Excluding programs transferred by the Senate to the General Government Bill (Motorcycle Safety Program and Renaissance Zone Reimbursement) and funding shifts related to the reduction in the Michigan Transportation Fund (MTF) appropriated to the Department of State, the Senate Substitute is \$4,033,500/\$1,172,500 GF/GP under the Governor's recommendation.

The budget does not include economic adjustments for salaries and wages, insurance, and retirement. Table 1 on page 2. lists the impact by budget area.

The following boilerplate changes are included in the general boilerplate section of the bill:

1. **Hiring Freeze.** This section imposes a hiring freeze and provides for exceptions. Provides for a quarterly report to the chairs of appropriations committees regarding exceptions to hiring freeze. List of reasons for exceptions include loss of revenue, inability to receive Federal funds, or resulting costs exceeding savings from the vacancy. The Senate Subcommittee modified this language by excluding departments headed by elected officials (Department of Attorney General and Secretary of State) from the hiring freeze. (Sec. 205)
2. **Privatization Evaluation.** Requires departments to submit a complete project plan to appropriate House and Senate appropriation subcommittees and fiscal agencies 60 days prior to beginning any privatization efforts. The completed evaluations are to be submitted within 30 months. The Governor eliminated this section. The Senate Substitute restores the provision. (Sec. 207)
3. **Buy American Intent Language.** The Governor eliminated this section that prohibits use of funds for purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available. The Senate Substitute restores this section. (Sec. 209)
4. **Deprived and Depressed Communities.** Requires department directors to take all reasonable steps necessary to ensure businesses in deprived and depressed communities compete for and perform State contracts. The Governor eliminated this section. The Senate Substitute restores the language. (Sec. 210)
5. **Retention of Reports.** The Governor eliminates current year language that requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Senate Substitute restores this section. (Sec. 212)
6. **Communications with Legislators.** The Governor removed language that prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Senate Substitute restores this section. (Sec. 215)
7. **Information Technology Work Projects.** The Governor recommended new language stating that amounts appropriated in Part 1 for information technology may be designated as work projects. The Senate Substitute removes this section.
8. **2004 Presidential Primary.** The Senate added language providing that none of the funds appropriated in this Act shall be used to fund the cost of a 2004 Presidential Primary. (Sec. 216)

Date Completed: 6/18/03

Bill Bowerman

Table 1

FY 2003-04 UNFUNDED ECONOMIC ADJUSTMENTS		
	Gross	GF/GP
Attorney General	\$3,228,400	\$1,564,000
Civil Rights	699,200	674,600
Civil Service	1,116,900	446,800
Executive Office	280,000	280,000
Legislature	5,738,600	5,582,300
Management and Budget	4,059,700	1,263,500
State	7,626,200	587,300
Treasury	7,744,800	1,273,400
Total:	\$30,493,800	\$11,671,900

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$60,353,383
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Changes from FY 2002-03 Year-to-Date:

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| 1. Prisoner Reimbursement. The Attorney General currently receives \$301,700 for costs incurred related to obtaining reimbursements from prisoners pursuant to the State Correctional Facility Reimbursement Act (MCL 800.401 et seq.). The Governor's recommendation increases this funding by up to \$800,000, and reduces State General Fund support by the same amount. Boilerplate included by the Governor (Section 308) limits the additional \$800,000 to amounts collected in excess of \$1,131,000. The language also allows the Attorney General to use the \$800,000 for expenses of defending the State in civil actions filed by prisoners. This use of funds is inconsistent with Section 6 of the State Correctional Facility Reimbursement Act, which provides that reimbursements must fund costs of investigations under the Act, and the balance must be credited to the State General Fund. The Senate Subcommittee increases the Prisoner Reimbursement funding \$200,000 over the Governor, and also restores the \$800,000 General Fund that was removed by the Governor. This results in a \$1,000,000 increase for the Attorney General instead of the funding shift recommended by the Governor. | 1,000,000 |
| 2. Information Technology. Two positions were transferred to the Department of Information Technology, and \$145,100 was transferred from operations to the Department of Attorney General's information technology appropriation unit to reflect actual positions associated with information technology functions. | 0 |
| 3. Unfunded FTE Vacancies. The Senate Substitute eliminates 45.5 unfunded vacant FTE positions. | 0 |
| 4. Unclassified Salaries. The Senate Substitute creates separate appropriation line items for the 5.0 unclassified FTE positions that were previously combined in one line item. The appropriation is reduced from \$476,300 to \$355,300 to reflect actual costs. | (121,000) |
| 5. Economic Adjustments. Standard economic adjustments are applied for rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. | (15,300) |
| 6. Other Changes. Other adjustments include a reduction of \$450,900 related to the 2002 Early Retirement Program, elimination of MUSTFA funding (\$161,300) due to the sunset of the regulatory fee, and \$87,300 in information technology savings. Technical changes include adjusting funding sources for Attorney General Operations and the Prosecuting Attorneys Coordinating Council to reflect available revenue, reclassifying the funding source for representation of the State in workers' compensation cases, and a \$17 rounding adjustment related to Executive Order 2003-03. | (699,483) |
| 7. Comparison to Governor's Recommendation. The Senate Substitute is \$879,000 Gross/\$679,000 GF/GP over the Governor's Recommendation. | |

Total Changes	\$164,217
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FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$60,517,600
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Changes from FY 2002-03 Year to Date:

1. **Biennial Reports.** Current year language authorizes the sale of biennial reports in excess of the 500 copies that may be distributed on a gratis basis. Requires price to be set at not less than the actual cost and money received from the sale of reports shall be deposited in the State General Fund. The Senate Substitute reduces the number of gratis copies to 350, provides that gratis copies of the report shall not be provided to members of the Legislature, and requires the report to be made available on the Department of Attorney General's website. (Sec. 302)
2. **Accident Fund Cases.** Attorney General responsibility for legal representation of State of Michigan State employee workers' disability compensation cases handled by the Accident Fund Company. The Governor's recommendation modifies this language to reflect that the Accident Fund Company is no longer the third party administrator for these cases. The Risk Management Revolving Fund now supports the legal representation costs of the Attorney General. The Senate Substitute concurs with the Governor. (Sec. 303)
3. **Tobacco Litigation.** This section provides that any proceeds from a lawsuit or settlement agreement initiated by the State against a manufacturer of tobacco products are State funds and subject to the appropriations process. The Governor proposed eliminating this section. The Senate Substitute restores the language. (Sec. 305)
4. **Anti-Trust Enforcement Revenue.** Provides that any unobligated anti-trust enforcement revenue in excess of the amount appropriated, limited to \$250,000, is carried forward for appropriation in the next fiscal year. The Governor's recommendation removes "in excess of funds appropriated" and changes "is" to "may" be carried forward. The Senate Substitute increases the amount from \$250,000 to \$500,000, and maintains "is" carried forward language. (Sec. 306)
6. **Litigation Expense Reimbursement.** Current year language appropriates up to \$500,000 from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay attorney fees assessed against the State and for State costs incurred pursuant to MCL 770.16 (DNA testing). Allows for carryforward of unexpended funds. The Senate Substitute increases the appropriation from \$500,000 to \$1,000,000 and allocates the first \$500,000 for Department of Attorney General salaries and wages, contractual services, supplies and materials, information technology expenses, and program operating costs. The remaining \$500,000 would be allocated for the payment of attorney fees assessed against the Governor or the Attorney General when acting in an official capacity as the named party in litigation against the State. The remaining \$500,000 may also be used for costs incurred pursuant to MCL 770.16. (Sec. 307)
7. **Prisoner Reimbursement Funds.** The Governor recommended new language that provides that if the Department of Attorney General collects in excess of \$1,131,000, the excess, limited to up to \$800,000, may be spent on the defense of the State in civil actions filed by prisoners. This section is inconsistent with the State Correctional Facility Reimbursement Act (1935 PA 253). The Senate Substitute increases the limit from \$800,000 to \$1,000,000. (Sec. 308)
8. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.
9. **Child Support Funding.** The Senate Substitute includes new language that requires the Family Independence Agency to enter into a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section provides that the Attorney General shall have access to any information used by the State to locate parents who fail to pay child support. (Sec. 309)

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$13,623,900
Changes from FY 2002-03 Year-to-Date:	
1. Commission Per Diem. Commission per diems have been suspended. The Senate Substitute removes the associated funding.	(16,200)
2. General Fund Reduction. The Senate Substitute reduces funding for the operations line by an additional \$983,800.	(983,800)
3. 2002 Early Retirement. The Governor's recommendation eliminates funding associated with one month's salary and annual leave payouts for employees who retired in November 2002.	(401,300)
4. Information Technology Reduction. The information technology appropriation for the Department was reduced based on savings that will be achieved by the Department of Information Technology. Savings include renegotiation of vendor contracts to reduce rates paid to vendors, telecommunication rate reductions related to data circuits, consolidation efficiencies, and equipment savings.	(90,529)
5. Unfunded FTE Vacancies. The Senate Substitute removes 21.5 unfunded vacant FTE positions.	0
6. Unclassified Positions. The Senate Substitute unrolls funding for unclassified positions and reduces the authorization from 5.0 FTE to 3.0 FTE based on actual funding.	0
7. Economic Adjustments. Standard economic adjustments are applied for workers' compensation and building occupancy charges consistent with factors applied to all budgets.	(14,871)
8. Comparison to Governor's Recommendation. The Senate Substitute is \$1,000,000 (all GF/GP) under the Governor's recommendation.	
Total Changes	(\$1,506,700)
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$12,117,200

Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
2. **Receipt and Expenditure of Additional Funds.** Provides that the Department may receive and expend funds from local or private sources in addition to appropriations in Part 1 for training, sale of publications, mediation processes, providing copies, and for workshops and award programs. Requires annual report on receipts and expenditures. The Governor's recommendation eliminates the reporting requirement. The Senate Substitute restores the reporting requirement. (Sec. 401)
3. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$30,854,000
Changes from FY 2002-03 Year-to-Date:	
1. 2002 Early Retirement. The Governor's recommendation eliminates funding associated with one month's salary and annual leave payouts for employees who retired in November 2002.	(199,100)
2. Information Technology Reduction. The information technology appropriation for the Department was reduced based on savings that will be achieved by the Department of Information Technology. Savings include renegotiation of vendor contracts to reduce rates paid to vendors, telecommunication rate reductions related to data circuits, consolidation efficiencies, and equipment savings.	(41,000)
3. State Officers Compensation Commission (SOCC). The SOCC meets in every two years, therefore, funding is not required in FY 2003-04.	(15,000)
4. Employee Recognition Program. The transfer of the Employee Benefits Program (Item 7, below) included the Employee Recognition Program, which is funded entirely from the State General Fund. The Governor is recommending elimination of the program.	(191,800)
5. Operations Reduction. The budget includes a general reduction to operations to be achieved through administrative savings.	(977,200)
6. Training Reduction. Training provided by the Department of Civil Service is funded by interdepartmental grant charges to State departments. Due to overall reductions in the State budget, funding from departments for training has been reduced. The reduction in Civil Service reflects the decreased funding available from State departments for training	(1,000,000)
7. Employee Benefits Program. Executive Order 2002-13 transferred the Employee Benefits Program from the Department of Management and Budget to the Department of Civil Service. The program administers group insurance plans for medical, dental, vision, disability, life, and long-term care benefits. It also includes pretax benefit programs, COBRA and other insurance continuation programs. This adjustment reflects funding for the program. The Senate Substitute includes the 31.0 FTE positions associated with the program.	5,425,900
8. Economic Adjustments. Standard economic adjustments are applied for workers' compensation and building occupancy charges consistent with factors applied to all budgets.	(1,900)
9. Other Changes. Other adjustments include the elimination of 21.0 unfunded vacant FTE positions. The Senate Substitute also unrolls the operation line item into; Agency Services, Human Resources/Administrative Support, Employee Benefits, and Employee Development.	0
10. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended funding level.	
Total Changes	\$2,999,900
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$33,853,900

Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
2. **Flexible Spending Account Program.** Enables the Department of Management and Budget to deposit money into the State Sponsored Group Insurance, Flexible Spending Accounts, and COBRA Fund. Unspent money from the flexible spending accounts portion of the Fund would be used to offset the costs of administering the Flexible Spending Account program. Any remaining balance of unspent employee contributions will lapse to the General Fund. The Governor adjusted this language to reflect the program's transfer to the Department of Civil Service. The Senate Substitute concurs with the Governor. (Sec. 503)
3. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$5,021,500
Changes from FY 2002-03 Year-to-Date:	
1. 2002 Early Retirement. The Governor's recommendation eliminates funding associated with one month's salary and annual leave payouts for employees who retired in November 2002.	(25,000)
2. Operations Reduction. The Governor's budget includes a general reduction to the Executive Office line item.	(136,900)
3. Other Changes. The budget includes a technical adjustment to reflect the actual State Officers Compensation Commission determination for the Lieutenant Governor's salary.	(100)
4. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommendation.	
Total Changes	(\$162,000)
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$4,859,500

Changes from FY 2002-03 Year to Date:

None.

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$424,006,800
Changes from FY 2002-03 Year-to-Date:	
1. 2002 Early Retirement. The budget eliminates funding associated with one month's salary and annual leave payouts for employees who retired in November 2002.	(1,265,000)
2. Information Technology Reduction. The budget reduces the appropriation for the Department of Information Technology based on savings that will be achieved through renegotiation of vendor contracts to reduce rates paid to vendors, telecommunication rate reductions related to data circuits, consolidation efficiencies, and equipment savings. Savings are reflected in departmental information technology appropriation units.	(15,277,930)
3. FY 2002-03 Base Adjustments. Several adjustments to the FY 2002-03 budget were not reflected in the appropriation for the Department of Information Technology in that fiscal year. They included budgetary savings reductions included in the enacted budgets of State departments and agencies, Executive Order 2002-22, and Executive Order 2003-03. The Governor's recommendation includes adjustments to accurately reflect the current services year-to-date budget for the Department of Information Technology.	(23,183,170)
4. Unfunded FTE Vacancies. The Senate Substitute eliminates 14.0 unfunded vacant FTE positions.	0
5. Unclassified Salaries. The Senate Substitute creates separate appropriation line items for unclassified positions and reduces the number by 3.0 FTE to reflect actual funded positions.	0
6. Technical Changes. Technical adjustments include transfers of the source of information technology functions between departments and adjusting for early retirement differences between the Department of Information Technology and other departments.	306,100
7. Other Changes. Other recommended adjustments include a \$20,571,000 reduction to the Child Support Enforcement System based on full implementation by September 2003. Adjustments also are made to departments' information technology funding based on FTE positions and funding identified as information technology functions.	(28,897,500)
6. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended level of funding.	
Total Changes	(\$68,317,500)
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$355,689,300

Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
2. **State Website.**
 - (1) Provides authority for the Department to sell and accept paid advertising. Up to \$250,000 in revenue received under this section can be used for operating costs of the Department and technology enhancements. Funds in excess of \$250,000 are deposited in the State General Fund.
 - (2) Allows the Department to receive gifts, donations, contributions, bequests, and grants from any public or private source to assist with underwriting or sponsorship of State Web pages. Permits recognition of contribution on Web page.
 - (3) Authorizes the Department to enter into agreements to supply services to other departments and agencies. Authorizes the Department to receive and expend funds in addition to those authorized in 2000 PA 291 for providing those services.
 - (4) Appropriates and allots funds received under subsection 1, 2, and 3 when received.
 - (5) Provides that unexpended revenue received under this section shall not lapse to the General Fund and shall be available for future appropriations.
 - (6) A search function of all State agencies will be placed on the front page of the website.
 - (7) The privacy policy adopted by the Department will instruct visitors on how to be warned, view, and remove cookies on their personal computer.
 - (8) Reporting requirement on revenue received and expenditures made under this section.

The Governor's recommendation replaces "e-Michigan" with "the Department of Technology" and eliminates subsections 3, 6, 7, and 8. The Senate Substitute concurs with the Governor on subsection 3, and restores subsections 6, 7, and 8. (Sec. 572)

3. **Census Information.** Allows Department of Information Technology to enter into agreements to supply census information, spatial information, and technical services to other departments, local units of government, and organizations. Provides for receipt and expenditure of funds relating to providing services, publications, and maps, and other census related products in addition to amounts appropriated in Part 1. The Governor's recommendation removes census information from this section based on Executive Order 2002-17. The Senate Substitute concurs with the Governor. (Sec. 573)
4. **Michigan Public Safety Communications System.** Provides that money appropriated in Part 1 for the Michigan Public Safety Communications System shall be expended upon approval of an expenditure plan by the State Budget Director. Provides for assessment of access and maintenance fees. Similar language was included in the FY 2002-03 Department of State Police budget. However, that language also included provisions that money received under this section shall be deposited in the State General Fund and also included a reporting requirement on revenue received. The Senate Substitute restores the language included in the FY 2002-03 State Police Budget. (Sec. 577)

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$125,284,700
Changes from FY 2002-03 Year-to-Date:	
1. Pending Supplemental Appropriation. The Governor's recommendation reduces the budget for the Legislature to reflect the pending negative supplemental appropriation for FY 2002-03. (H.B. 4032). The Senate Substitute concurs with the Governor.	(1,843,200)
2. Audit Charges. The Governor's recommendation includes adjustments for projected audit charges to restricted funds by the Auditor General. The net impact is reduced from the State Services Fee Fund, resulting in a net zero increase in funding. The Senate Substitute concurs with the Governor.	0
3. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended level of funding.	
Total Changes	(\$1,843,200)
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$123,441,500

Changes from FY 2002-03 Year to Date:

1. **Expenditures and Transfers.** Transfer and expenditure approval process for the Legislature. The Governor's recommendation provides that notice of a transfer must be prior to the year-end book closing for the legislative entity. The Senate Substitute concurs with the Governor. (Sec. 601)
2. **e-Law, Legislative Council's Technology Project.** Designates appropriation for E-Law as a work project. Estimates total project cost at \$3,992,750 with a tentative completion date of September 30, 2004. The Governor adjusted the completion date to 2005. The Senate Substitute concurs with the Governor. (Sec. 608)
3. **Contingency Funds.** Authorizes the Auditor General to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
4. **Auditor General-Unclassified Salaries.** Provides that Auditor General's salary for FY 2002-03 shall be \$135,500 and limits funding for 2.0 other unclassified positions to a combined total of \$147,200. The Senate Substitute replaces this section with new language providing that the Speaker of the House, Senate Majority Leader, House Minority Leader, and Senate Minority Leader shall set the salaries for unclassified positions in the Office of the Auditor General. (Sec. 615)

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation \$185,227,911

Changes from FY 2002-03 Year-to-Date:

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| 1. Office of Retirement Systems (ORS) - Vision. Vision ORS is a multiyear project consisting of improvements to the business process for ORS and technological support. When Vision is completed, retirement members will have access to their retirement information by telephone, Internet, fax, interactive voice response, or in person. The proposed adjustment for FY 2003-04 will provide ongoing operational costs as the new system becomes functional. | 1,290,000 |
| 2. Building Occupancy Reductions and Adjustments. Reductions in the budget include: removal of the Victor Center from the State Space Plan, \$1,678,900; janitorial and other service reductions, \$900,000; security cost reductions, \$2,050,000; parking leases and shuttle bus efficiencies, \$750,000; and operating cost reductions for Cadillac Place and Constitution Hall, \$1,300,000. | (6,678,900) |
| 3. Employee Benefits Program. Executive Order 2002-13 transferred the Employee Benefits Program from the Department of Management and Budget (DMB) to the Department of Civil Service. | (5,425,900) |
| 4. Records Management Demographics. Executive Order 2002-17 transferred the demographics program and the State Data Center program (census reporting) to the Department of History, Arts, and Libraries. | (1,402,000) |
| 5. FIA Mail Services. The DMB is assuming interdepartmental mail distribution services for local Family Independence Agency (FIA) offices in Wayne County that were previously performed by FIA staff. The DMB currently provides this service for the majority of State agencies. | 311,800 |
| 6. Unfunded FTE Vacancies. The Senate Substitute eliminates 97.0 unfunded vacant FTE positions. | 0 |
| 7. Bill Format. Current year line items are unrolled in Department Services, Statewide Administrative Services, and Statewide Support Services to provide more detail in the appropriation bill. | 0 |
| 8. Unclassified Salaries. The Senate Substitute creates separate appropriation line items for 6.0 unclassified FTE positions. | 0 |
| 9. Economic Adjustments. The Governor's budget applies standard economic adjustments for rent and building occupancy charges. | (82,500) |
| 10. Other Changes. Other adjustments include an increase of \$729,900 for rent adjustments for leased facilities, \$685,100 to reflect the transfer of funding for the Center for Educational Performance and Information (CEPI) from the Department of Education to DMB, elimination of the \$1,200,000 for the Gubernatorial Transition Fund, elimination of the severance pay fund pursuant to collective bargaining agreements, and other savings related to consulting, training, temporary staff, and strategic initiatives, a \$277,400 reduction associated with the 2002 Early Retirement Program, and a \$646,200 reduction related to information technology savings. Technical changes include technical funding source adjustments, adjustments based on the Statewide Cost Allocation Plan, and an \$11 rounding adjustment related to Executive Order 2003-03. | (1,552,611) |
| 11. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended level of funding. | |

Total Changes (\$13,540,111)

FY 2003-04 Senate Appropriations Committee Gross Appropriation \$171,687,800

Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
2. **Statewide Appropriations for Employee Programs.** Provides for the receipt and expenditure of funds for child care information and referral services, professional development, severance pay, staff support, and other programs as specified in joint labor- management agreements or the coordinated compensation hearing process. The Governor's recommendation removes severance pay from this section. The Senate Substitute restores the current year language. (Sec. 705)
3. **Commission Per Diems.** Sets and authorizes per diem amounts of \$50.00 for the Judges Retirement Board, the Public School Employees Retirement Board, the State Police Retirement Board, and the State Employees Retirement Board. The Governor and Senate Substitute remove this section.
4. **Health Insurance Reserve Fund.** Earmarks \$0 for the Health Insurance Reserve Fund of the State Employees Retirement System pursuant to section 52 of the State Employees Retirement Act of 1943. The Governor and Senate Substitute remove this section.
5. **Computer Contract Adjustments.** Requires notification to the Legislature on computer contract revisions exceeding \$500,000. The Governor removed this section. The Senate Substitute restores it. (Sec. 713)
6. **Reference to Townships on Forms.** Provides that the Department shall not print or authorize the printing of a form that references a city or village, unless that form also references a township in the same size print and same font as the city or village. The restriction applies when current supply of forms is depleted. The Governor and Senate Substitute remove this section.
7. **Gubernatorial Transition Process.** Appropriates \$1,200,000 for costs associated with the transition to a new Executive administration. This appropriation is removed by the Governor and the Senate Substitute.
8. **Michigan Register and Administrative Code.** Authorizes Executive Office to receive and expend funds related to the publication and distribution of the Michigan Register and Administrative Code. The Governor moved this section from the Executive Office to DMB pursuant to Executive Order 2002-11. The Senate concurs. (Sec. 718)
9. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation	\$178,962,961
Changes from FY 2002-03 Year-to-Date:	
1. Look-Up Fees. Boilerplate language authorizes the Department of State to sell copies of driver and various other records. The fee is currently set at \$6.55 per record. The revenue generated from the fee is appropriated to the Department of State. The balance remaining at the end of the fiscal year lapses to the State General Fund. The FY 2002-03 appropriation to the Department of State from look-up fee revenue is \$30,094,300. The Governor's recommendation increases the look-up fee from \$6.55 to \$7.00. The estimated \$2,100,000 in additional revenue will offset an equal reduction to the State General Fund.	0
2. Motorcycle Safety Program. This program was previously appropriated in the Department of Education. The Governor recommended elimination of the Program. The cost of the Program is funded through fees paid by motorcyclists.	1,343,800
3. Legacy Computer System. The Senate Substitute included funding to initiate replacement of the Department of State's Mainframe Computer System. The total cost is estimated at \$35.0 million. The funding source for the \$800,000 is based on a pending \$3 increase in the fee for Personal Identification Cards, from \$7 to \$10.	800,000
4. Michigan Transportation Fund (MTF). The Senate Substitute shifts \$20,827,000 from the MTF to other funding sources based on adjustments made by the Senate Appropriations Transportation Subcommittee. The MTF is partially replaced by \$16,000,000 that will be transferred to the State General Fund through reductions made to Comprehensive Transportation Fund programs in the Transportation Budget. The balance, \$4,827,000, would be funded from a portion of the pending increase in driver license fees.	0
5. Unspecified Savings. The proposed budget includes a reduction to be achieved through administrative savings.	(500,000)
6. Unclassified Salaries. The Senate Substitute creates separate appropriation line items for 5.0 unclassified positions and adjusts funding to reflect actual costs.	(169,200)
7. Economic Adjustments. The budget recommendation applies standard economic adjustments for rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets.	258,900
8. Other Changes. Other adjustments include \$112,600 related to information technology reductions, \$193,900 in savings related to the 2002 Early Retirement Program, a \$1,000,000 reduction related to the one-time cost to develop a vertical drivers license, a \$1,993,000 reduction in specialty plates to reflect MTF funding, a \$62,600 transfer to HAL, and an increase of \$141,200 to convert plate production from steel to aluminum. Technical changes in the proposed budget include a rounding adjustment for the information technology appropriation related to Executive Order 2003-03.	(3,220,861)
9. Comparison to Governor's Recommendation. The Senate Substitute is \$1,974,600 Gross/\$15,830,800 GF/GP over the Governor's recommendation.	
Total Changes	(\$1,487,361)
FY 2003-04 Senate Appropriations Committee Gross Appropriation	\$177,475,600

Changes from FY 2002-03 Year to Date:

1. **Commercial Look-Up Fee.** Authorizes the sale of certain records for \$6.55 per record sold as limited by the Michigan Vehicle Code. Allows the Department to use the revenue for purposes as appropriated. The balance reverts to the General Fund. The Governor increases the fee to \$7.00, which will generate an estimated additional \$2,100,000 from this revenue source. The Senate Substitute concurs with the Governor. (Sec. 802)
2. **Departmental Publications.** (1) Authorizes the Department of State to accept gifts, donations, contributions and grants for the purpose of underwriting costs of the departmental publication authorized by the Motor Vehicle Code. Allows private or public funding sources to receive recognition in the publication and provide traffic safety messages in the publication. (2) The Department may sell and accept advertising for placement in the publication. (3) Provides for deposit in the Department's publication fund. Appropriates funds upon receipt and (4) provides for carry forward. (5) Requires annual report regarding receipts and expenditures. (6) The Department may provide free copies and may sell publications or manuals with the receipts credited to the Publications Fund. The Governor modifies carry forward language from the "shall" to "may", and removes reporting requirement (5). The Senate Substitute maintains current year language. (Sec. 804)
3. **Traffic Accident Records Program.** Requires the Department of State to use available balances at the end of the fiscal year to pay \$307,900 to the Department of State Police for the traffic accident records program. The Governor increases the amount to \$315,900. The Senate Substitute concurs with the Governor. (Sec. 806)
4. **Branch Office Closings.** Requires the Department to consult with the Senate and House General Government Appropriation Subcommittees regarding the closing or consolidation of any branch offices. The Governor proposes the elimination of this language. The Senate Substitute restores the section. (Sec. 814)
5. **Vertical Driver License and I.D. Card.** Specifies that the \$1,000,000 in Part 1 from the State Services Fee Fund is for the development and implementation of a vertical driver license and personal identification card for persons under age 21. The Governor and Senate remove this section that was related to a one-time FY 2002-03 appropriation.
6. **Credit Card Service Assessments.** The Governor included new language providing that any service assessment collected by the Department of State from the user of a credit or debit card is appropriated to the Department of State for expenses related to that service. Limits charge by the Department of State to not more than the costs billable to the Department for service assessments. Provides for carry forward of funds. The Senate concurs with the Governor. (Sec. 815)
7. **Unlicensed Dealer Fines.** Provides that in addition to funds appropriated in Part 1, funds collected by the Department of State under MCL 257.248 from unlicensed dealer fines may be used to defray administrative expenses pursuant to Public Act 652 of 2002. Funds shall be available for expenditure after the approval of legislative transfers pursuant to the Management and Budget Act. The Senate concurs with the Governor's proposal for this new language. (Sec. 816)
8. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.
9. **Motorcycle Safety Program.** The Senate Substitute includes new language stating legislative intent regarding continuation of the Motorcycle Safety Program in the same manner as was provided by the Department of Education. (Sec. 817)

Date Completed: 4/24/03

Fiscal Analyst: Bill Bowerman

Senate Bill 270 (S-1 as reported)

Committee: Appropriations

FY 2002-03 Year-to-Date Gross Appropriation **\$1,902,696,097**

Changes from FY 2002-03 Year-to-Date:

1. **Program Reductions.** Savings in the Governor's recommendation include: eliminating seasonal employees in the revenue division, \$1,400,000; training reductions, \$500,000; reduction of individual income tax form notification distribution, \$600,000; travel savings, \$100,000; shifting local unit mailings to the Internet, \$100,000; removing one-time costs for the motor fuel tax electronic reporting system; and administrative reductions, \$700,000. The Senate Substitute reduces travel by an additional \$100,000 and various other lines by an additional \$330,000. (5,494,000)
2. **New Lottery Games.** The proposed new games (Keno and Breakopen Games) will generate an estimated \$50,900,000 in FY 2003-04 and \$67,800,000 on a full-year basis to the School Aid Fund. 2,724,100
3. **Lottery Advertising.** The Senate Substitute reduces the this item by \$2,000,000. (2,000,000)
4. **Renaissance Zone Reimbursement.** This payment was previously contained in the HAL budget. 1,640,000
5. **Michigan Transportation Fund (MTF).** The Senate Substitute reduces MTF funding consistent with the Senate Substitute for the Transportation Budget. (1,861,000)
6. **Debt Service.** Adjustments include an increase of \$17,100,000 for Clean Michigan Initiative debt service costs, a reduction of \$3,400,000 associated with Quality of Line Bond debt service costs, a \$40,000,000 funding shift from Restricted to General Fund revenue related to Executive Order 2002-22, and a funding shift of \$878,000 from General Fund to Recreation Bond resources. 13,700,000
7. **Revenue Sharing.** The budget reflects a \$43,638,000 (3%) reduction to total revenue sharing based on the year-to-date amount adjusted by the January 2003 Consensus Revenue Estimating Conference. (58,420,000)
9. **Unclassified Salaries.** The Senate Substitute creates separate appropriation line items for 9.0 unclassified FTE positions and adjusts funding to reflect actual costs. (52,300)
10. **Economic Adjustments.** (516,800)
11. **Other Changes.** Other adjustments include an increase of \$2,500,000 for Commercial Mobil Radio Service payments, a \$693,200 reduction associated with the 2002 Early Retirement Program, \$177,300 in information technology reductions, a reduction from \$6,000,000 to \$5,000,000 for costs related to Qualified Agricultural Loan Payments, a \$700,000 reduction for the Senior Citizen Cooperative Housing Tax Exemption related to the change in payment dates for the State Education Property Tax; a \$42,700 reduction to the Benton Harbor Enterprise Zone pursuant to statute; a reduction of \$100,000 in Federal funding, and a transfer of \$55,000 to HAL. The Senate Substitute rolls out lines in Revenue, Banking and Administrative Services, and Financial Programs to provide more detail in the budget. Unfunded vacant positions (341.0 FTE) are eliminated. The Senate Substitute also transfers \$450,000 from the Casino Gaming Board to Casino Administration to fund an additional 6.0 FTE positions. Technical adjustments include eliminating 4.0 FTEs/\$224,400 related to the sunset of the statutory fee for the Michigan Underground Storage Tank Financial Assurance Fund; eliminating the Children's Trust Fund deduct of \$6,500; funding source adjustments based on actual charges; reflecting the previous transfer of certain warrant processing costs to the Department of Management and Budget; and a \$3 rounding adjustment due to E.O. 2003-3. (3,499,097)
12. **Comparison to Governor's Recommendation.** The Senate Substitute is \$2,903,300 Gross under and \$957,700 GF/GP over the Governor's recommendation.

Total Changes **(\$53,779,097)**

FY 2003-04 Senate Appropriations Committee Gross Appropriation **\$1,848,917,000**

Changes from FY 2002-03 Year to Date:

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the Management and Budget Act prior to expenditure of funds. The Senate Substitute eliminates this section.
2. **Tax Collection Contracts.** Allows the Department to contract with private collection agencies to collect taxes and other accounts due to the State. Limits collection costs and fees. Requires annual report. The Senate Substitute adds new language recommended as a separate section by the Governor regarding defaulted student loans. The new language provides that the Department of Treasury may contract with private collection agencies and law firms to collect defaulted student loans and other accounts due the Michigan Guaranty Agency. Appropriates, in addition to amounts in Part 1, amounts necessary to fund collection costs and fees not to exceed 22% of the collection. Collection costs are to be funded from the fund or account to which revenues being collected are dedicated. The modified language also requires the Department to explore the feasibility of donated services in lieu of repayment in cases where the Department is unable to collect defaulted student loans. (Sec. 902)
3. **State Campaign Fund.** Provides for the appropriation and carry forward of designated amounts to the State Campaign Fund pursuant to the Michigan Campaign Finance Act. The Governor eliminated this section. The Senate Substitute restores it. (Sec. 915)
4. **Technology Investment Plan.** Authorizes the Department to develop a technology investment plan to maintain and upgrade tax management technology. The Governor and Senate removed this section.
5. **Renaissance Zone Reimbursements.** Provides for reimbursement to public libraries for property taxes levied pursuant to the Michigan Renaissance Zone Act (1996 PA 376). The Senate includes this section consistent with the transfer of this item from HAL to General Government. (Sec. 922)
6. **Appropriation of FY 2002-03 Funds.** The Governor recommended new language that appropriates to the Department, in addition to appropriation in Part 1, an amount not to exceed one-half of the unexpended, unreserved general fund portions of certain FY 2002-03 appropriations made to the Department. The Senate Substitute eliminates the proposed new section.
7. **Prohibitions of Sports Personalities in Advertising.** Prohibits appropriations for State Lottery from being used for the purpose of associating amateur or professional sports figure with the lottery. The Governor removed this section. The Senate restores it. (Sec. 982)

Date Completed: 6/18/03

Fiscal Analyst: Bill Bowerman