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BILL ANALYSIS

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

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

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

Items Included by the Senate and House

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 and House modified this language by providing that the Attorney General and Secretary of State may grant exceptions to the hiring freeze for their respective departments based on the same criteria that the State Budget Director grants exceptions. (Sec. 205)
2. **Privatization Evaluation.** Requires departments to submit a complete project plan to appropriate House and Senate and House 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 and House restored 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 and House restored 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 and House restored the language. (Sec. 210)
5. **Retention of Reports.** The Governor eliminated 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 and House restored 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 and House restored 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 and House removed this section.
8. **2004 Presidential Primary.** The Senate and House 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)

Conference Agreement on Items of Difference

Date Completed: 7-16-03 Fiscal Analyst: 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

FY 2002-03 Year-to-Date Gross Appropriation	**$60,353,383**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Unfunded FTE Vacancies.** The Senate and House eliminated 45.5 unfunded vacant FTEs.	0
2. **Economic Adjustments.**	(15,300)
3. **Other Changes.** Other adjustments include a reduction of $450,900 related to the 2002 Early Retirement Program, elimination of MUSTFA funding ($161,300), information technology transfers, and $87,300 in information technology savings. Technical changes include adjusting funding sources 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)
Conference Agreement on Items of Difference	
4. **Prisoner Reimbursement.** The Senate increased the Prisoner Reimbursement funding $200,000 over the Governor, and also restored 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. The House removed the additional $1,000,000 in Prisoner Reimbursement Revenue and instead included the authorization for additional funding in boilerplate, thereby reflecting a lower spending level in the appropriation line items. The Conference Committee restores the Governor's recommendation.	0
5. **Funding From Other Departments.** The House increased IDG funding from CIS for the Health Professional Division ($408,400), and the Insurance and Banking Division ($689,600). The Conference Committee removed these proposed increases.	0
6. **Bovine Research.** The House eliminated $308,600 in IDG funding from the Department of Agriculture related to an FY 1999-2000 supplemental for the Department of Agriculture related to Bovine TB. The Conference Committee concurred with the House.	(308,600)
7. **Unclassified Positions.** The Senate included separate line items for individual unclassified positions and reduced funding to reflect current salaries. The House maintained the current year roll-up line item structure and restored the funding to the Governor's recommendation. The Conference Committee concurred with the House.	0
8. **Drug Testing of Welfare Recipients.** The House added funding for litigation related to the constitutionality of drug testing welfare recipients. The Conference Committee removed the funding.	0
9. **Child Support Enforcement.** The House included $100 to leave open the issue of child support funding for the Department of Attorney General. The Conference Committee includes $1,407,400 Federal, $725,000 Restricted, and $0 GF/GP for this new line item.	2,132,400
10. Funding Shift. The Conference Committee reduced general fund support for operations by $725,000 and increased restricted funds by the same amount based on available funding.	0
Total Changes	$1,109,017
FY 2003-04 Conference Report Gross Appropriation	**$61,462,400**

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

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

Items Included by the Senate and House

1. **Contingency Funds.** The Senate and House eliminated this section.
2. **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 and House reduced 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)
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 and House restored the language. (Sec. 305)
4. **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 and House eliminated the proposed new section.
5. **Child Support Funding.** The Senate and House included 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)

Conference Agreement on Items of Difference

6. **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 increased the amount from $250,000 to $500,000, and maintained "is" carried forward language. The House maintained the Governor's proposal. The Conference Committee concurred with the House. (Sec. 306)
7. **Litigation Expense Reimbursement.** 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 increased the appropriation from $500,000 to $1,000,000 and would allocate 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. The House restored current year language. The Conference Committee concurred with the House. (Sec. 307)
8. **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 increased the Prisoner Reimbursement funding $200,000 over the Governor, and also restored 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. The House concurred with the Senate regarding the level of spending, however the authorization for additional Prisoner Reimbursement was only included in boilerplate. The House did not reflect the additional $1,000,000 in appropriation line items. The House also modified the wording of this section to circumvent the need for amendments to the State Correctional Facility Reimbursement Act. The Conference Committee restored the Governor's recommended language. (Sec. 308)

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$13,623,900**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Commission Per Diem.** Commission per diems have been suspended. The Senate and House removed the associated funding.	(16,200)
2. **2002 Early Retirement.** The budget eliminates funding associated with one month's salary and annual leave payouts for employees who retired in November 2002.	(401,300)
3. **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)
4. **Unfunded FTE Vacancies.** The Senate and House removed 21.5 unfunded vacant FTE positions.	0
5. **Economic Adjustments.** Standard economic adjustments are applied for workers' compensation and building occupancy charges consistent with factors applied to all budgets.	(14,871)
Conference Agreement on Items of Difference	
6. **Unclassified Positions.** The Senate included separate line items for individual unclassified positions. The House maintained the current year roll-up line item structure. The Conference Committee concurred with the House.	0
7. **Civil Rights Operations.** The Conference Committee adjusted this line to reach the Leadership Target for Civil Rights.	16,200
Total Changes	($506,700)
FY 2003-04 Conference Report Gross Appropriation	**$13,117,200**

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

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

Items Included by the Senate and House

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 and House eliminated 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 and House restored 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 and House eliminated the proposed new section.

Conference Agreement on Items of Difference

None.

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$30,854,000**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **State Officers Compensation Commission (SOCC).** The SOCC meets in every two years, therefore, funding is not required in FY 2003-04.	(15,000)
2. **Employee Recognition Program.** The transfer of the Employee Benefits Program (Item 4, below) included the Employee Recognition Program, which is funded entirely from the State General Fund. The Governor recommended elimination of the program.	(191,800)
3. **Operations Reduction.** The budget includes a general reduction to operations to be achieved through administrative savings.	(977,200)
4. **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. This adjustment reflects funding for the program. The Senate and House included the 31.0 FTE positions associated with the program.	5,425,900
5 **Economic Adjustments.** Standard economic adjustments are applied for workers' compensation and building occupancy charges consistent with factors applied to all budgets.	(1,900)
6. **Other Changes.** The Senate and House eliminated 21.0 unfunded vacant FTE positions, eliminated funding associated with November 2002 early retirement costs, and reduced information technology funding based on efficiencies.	(240,100)
Conference Agreement on Items of Difference	
7. **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 $1,000,000 reduction in Civil Service training recommended by the Governor and the Senate reflected the decreased funding available from State departments for training. The House reduced training by an additional $2,000,000, leaving an appropriation of $1,000,000. The Conference Committee concurred with the House.	(3,000,000)
8. **Bill Format.** The Senate unrolled the operations line item into; Agency Services, Human Resources/Administrative Support, Employee Benefits, and Employee Development. The House concurred with the Senate except for Employee Development, which the House split into two lines (Audit and Compliance, and Training). The Conference Committee concurred with the House.	0
Total Changes	$999,900
FY 2003-04 Conference Report Gross Appropriation	**$31,853,900**

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

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

Items Included by the Senate and House

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 and House eliminated 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 and House concurred 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 and House eliminated the proposed new section.

Conference Agreement on Items of Difference

4. **Human Resource Offices.** Requires the Department to compile a report detailing position descriptions and functions of human resource offices in executive branch departments. Requires report to include recommendations for consolidating human resource functions into one department and estimate cost savings that would be realized from the consolidation. The Conference Committee concurred with the House. (Sec.504)

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$5,021,500**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
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.	(25,000)
2. **Other Changes.** Other adjustments include an operations reduction of $136,900 recommended by the Governor, and a technical adjustment of $100 to reflect actual State Officers Compensation salaries.	(137,000)
Conference Agreement on Items of Difference	
3. **Points of Difference.** The House adjusted line items by $100 to create points of difference with the Senate. The Conference Committee removed the adjustments.	0
Total Changes	($162,000)
FY 2003-04 Conference Report Gross Appropriation	**$4,859,500**

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

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

Items Included by the Senate and House

None.

Conference Agreement on Items of Difference

None.

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$424,006,800**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
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 budget 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 eliminated 14.0 unfunded vacant FTE positions.	0
5. **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
6. **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)
Conference Agreement on Items of Difference	
7. **Bill Format.** The House eliminated the current line item structure and replaced it with appropriation lines consistent with IDG funding from State departments. The Conference Committee restored current year expenditure line items and breaks out funding sources by department.	0
8. **Department of State Mainframe.** The House included funding included in the Department of State's budget to begin replacement of the Department of State's computer mainframe. The Conference Committee reflected the total amount of funding included in the Department of State for this project.	4,550,000
9. **Unclassified Positions.** The Senate included separate line items for individual unclassified positions. The Conference Committee maintains the current year roll-up line item structure.	0
Total Changes	($63,767,500)
FY 2003-04 Conference Report Gross Appropriation	**$360,239,300**

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

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

Items Included by the Senate and House

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 and House eliminated 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 replaced "e-Michigan" with "the Department of Technology" and eliminates subsections 3, 6, 7, and 8. The Senate and House concurred with the Governor on subsection 3, and restored 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 and House concurred with the Governor. (Sec. 573)

Conference Agreement on Items of Difference

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 restored the language included in the FY 2002-03 State Police Budget. The House concurred with the Senate with the exception of the biannual reporting requirement, the House eliminated the October report. The Conference Committee concurred with the Senate. (Sec. 577)

5. **Annual Report.** The House included new language that requires an annual report from the Department of Information Technology that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The Conference Committee concurred with the House. (Sec.578)

6. **Life-Cycle of Hardware and Software.** The House added language that requires the Department to provide a report by March 1, 2004 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The Conference Committee concurred with the House. (Sec. 579)

7. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. (Sec. 580)

FY 2002-03 Year-to-Date Gross Appropriation	**$125,284,700**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Supplemental Appropriation.** The Governor's recommendation reduced the budget for the Legislature to reflect the then pending negative supplemental appropriation for FY 2002-03 (H.B. 4032). The Senate and House concurred 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 and House concurred with the Governor.	0
Conference Agreement on Items of Difference	
3. **Senate Line Items.**	(346,200)
4. **House Line Items.**	(303,100)
5. **Legislative Council Line Items.** Reductions to Legislative Council line items include the elimination of funding for the Legislative Corrections Ombudsman, reductions to National Association Dues, e-Law, and other Council line items.	(2,246,800)
6. **Auditor General**	(665,000)
Total Changes	($5,404,300)
FY 2003-04 Conference Report Gross Appropriation	**$119,880,400**

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

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

Items Included by the Senate and House

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 concurred 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 and House concurred 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 and House eliminated 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 and House replaced 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)

Conference Agreement on Items of Difference

5. **National Association Dues.** Allocates funding for national association dues to the National Conference of State Legislatures (NCSL), Council of State Governments (CSG), National Council of Insurance Legislators (NCIL), and National Conference of Commissioners on Uniform State Laws (NCCUSL). The Conference Committee adjusted this section to provide that the Legislative Council would distribute funds. (Sec. 603)

6. **Audit Compliance.** Requires Auditor General to report to the State Budget Director, the appropriations committees, and fiscal agencies all recommendations in audit reports that were not complied with by audited entities. The House removed this section. The Conference Committee concurred with the House.

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$185,227,911**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Office of Retirement Systems (ORS) - Vision.** 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. **Records Management Demographics.** Executive Order 2002-17 transferred these programs to the Department of History, Arts, and Libraries.	(1,402,000)
4. **FIA Mail Services.** The DMB is assuming interdepartmental mail distribution services for local Family Independence Agency (FIA) offices in Wayne County.	311,800
5. **Unfunded FTE Vacancies.** The Senate and House eliminated 97.0 unfunded vacant FTE positions.	0
6. **Economic Adjustments.** The Governor's budget applies standard economic adjustments for rent and building occupancy charges.	(82,500)
7. **Other Changes.** Other adjustments include rent adjustments, program transfers, elimination of funding for completed projects and one-time costs, savings related to consulting, training, temporary staff, and strategic initiatives, reductions associated with the 2002 Early Retirement Program, and information technology savings. Technical changes include funding source adjustments, adjustments based on the Statewide Cost Allocation Plan, transfer of the Employee Benefits Program to Civil Service, and an $11 rounding adjustment related to Executive Order 2003-03.	(6,978,511)
Conference Agreement on Items of Difference	
8. **Bill Format.** The Senate unrolled current year line items in Department Services, Statewide Administrative Services, and Statewide Support Services to provide more detail in the appropriation bill. The Governor recommended the consolidation of all of the above lines into a single line item entitled Management and Budget Services Operations. The House concurred with the Governor. The Conference Committee concurred with the Senate.	0
9. **Budget and Financial Management.** The Senate reduced this line item from $9,018,500 to $8,018,500. The House restored the funding, rolled into the bill format recommended by the Governor (Item 1). The Conference Committee restored the funding.	0
10. **Motor Vehicle Fleet.** The House included a new line item for the Motor Vehicle Fleet funded from the Motor Transport Revolving Fund. The amount included by the House reflects a $12,500,000 reduction.	58,500,000
11. **Unclassified Positions.** The Senate included separate line items for individual unclassified positions. The House maintained the current year roll-up line item structure. The Conference Committee concurred with the House.	0
Total Changes	$44,959,889
FY 2003-04 Conference Report Gross Appropriation	**$230,187,800**

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

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

Items Included by the Senate and House

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 and House eliminated 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 and House restored 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, Senate, and House removed 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 , Senate, and House removed 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 and House restored 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, Senate, and House removed 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, Senate, and House.
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 and House concurred. (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 and House eliminated the proposed new section.

Conference Agreement on Items of Difference

10. **Motor Vehicle Fleet.** The House included a new section regarding administration of the State Motor Vehicle Fleet. States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments. Requires the Department of Management and Budget to complete a project plan that results in the reduction of expenditures related to vehicle services and a reduction the number of State vehicles in the Motor Vehicle Fleet. Requires quarterly report on the status of the project plan. The Conference Committee concurred with the House. (Sec. 719)

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$178,962,961**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Look-Up Fees.** Boilerplate language authorizes the Department of State to sell copies of driver and various other records. 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. The Senate and House concurred.	0
2. **Unspecified Savings.** The budget includes a reduction to be achieved through administrative savings.	(500,000)
3. **Other Changes.** Other adjustments include economics of $258,900, $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 include a rounding adjustment related to Executive Order 2003-03.	(2,961,961)
Conference Agreement on Items of Difference	
4. **Legacy Computer System.** The Senate and House 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, and the balance is general fund.	4,550,000
5. **Help America Vote Act.** The House included Federal funding that will be allocated to the State of Michigan as a result of the Help America Vote Act. House Bill 4032 (FY 2002-03 Supplemental) includes the first allocation of Federal funds. The FY 2003-04 Federal funding requires a 5% State match ($2,265,000) which was not included by the House. The Leadership Agreement transfers funding to a pending supplemental.	0
6. **Michigan Transportation Fund (MTF) - Funding Shift.** The Senate reduced the MTF grant to the Department of State by $20,827,000. Of that amount, the Senate replaced $16,000,000 with State GF/GP which was to be made available by appropriating $16,000,000 of Comprehensive Transportation Fund revenue to the State General Fund, and the balance was covered with a $4,827,000 increase in the Driver Fees revenue source. The House rejected the GF/GP portion of the funding shift and maintained the $4,827,000 shift from MTF to Driver Fees. The Conference Committee replaces all but $20,000,000 of MTF funding with the new Transportation Administration Collection Fund (S.B. 554).	0
7. **Unclassified Positions.** The Senate included separate line items for individual unclassified positions and reduced funding to reflect current salaries. The House maintained the current year roll-up line item structure and restored the funding to the Governor's recommendation.	0
8. **Motorcycle Safety Education Grants and Administration.** The Senate included funding for this program which was previously appropriated in the Department of Education budget. The House also included the funding, however they combined the grants and administration for the program into one line item. The Conference Committee adjusted revenue to reflect available funding and included separate line items for grants and administration.	1,070,500
Total Changes	$2,158,539
FY 2003-04 Conference Report Gross Appropriation	**$181,121,500**

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

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

Items Included by the Senate and House

1. **Contingency Funds.** Authorizes the Department to receive additional funds. Requires legislative transfers pursuant to Section 393(2) of the DMB Act prior to expenditure of funds. The Senate and House eliminated this section.

2. **Commercial Look-Up Fee.** Authorizes the sale of certain records for $6.55 per record sold as limited by the Michigan Vehicle Code. The Governor increases the fee to $7.00, which will generate an estimated additional $2,100,000 from this revenue source. The Senate and House concurred. (Sec. 802)

3. **Departmental Publications.** 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. The Governor modified carry forward language from the "shall" to "may", and removes reporting requirement (5). The Senate and House maintained current year language. (Sec. 804)

4. **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 and House concurred with the Governor. (Sec. 806)

5. **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 and House restored the section. (Sec. 814)

6. **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, Senate, and House removed this section that was related to a one-time FY 2002-03 appropriation.

7. **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 and House concurred with the Governor. (Sec. 815)

8. **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 and House concurred with the Governor's proposal for this new language. (Sec. 816)

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 and House eliminated the proposed new section.

Conference Agreement on Items of Difference

10. **Motorcycle Safety Education Grants and Administration.** The Senate added language stating legislative intent regarding continuation of the Motorcycle Safety Program in the same manner as was provided by the Department of Education. The House added language listing revenue sources for the program, listing criteria for grants, and detailing appropriate charges for administrative costs by the Department of State. (Sec. 817)

11. **Help America Vote Act.** The House included new language establishing funding for the Help America Vote Act as a work project. The Conference Committee eliminated this section. (Sec. 818)

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman

FY 2002-03 Year-to-Date Gross Appropriation	**$1,902,696,097**
Changes from FY 2002-03 Year-to-Date:	
Items Included by the Senate and House	
1. **Program Reductions.** Savings 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, $1,664,000; and administrative reductions, $700,000.	(5,064,000)
2. **New Lottery Games.** New Keno and Breakopen Games are estimated to generate $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. **Michigan Transportation Fund (MTF).** The Legislature reduced MTF funding to $6,700,000.	(1,861,000)
4. **Debt Service.** Adjustments include an increase of $17,100,000 for Clean Michigan Initiative, a reduction of $3,400,000 associated with Quality of Line Bond, 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
5. **Renaissance Zone Reimbursement.** Transferred in from the HAL budget.	1,640,000
6. **Economic Adjustments.**	(516,800)
7. **Other Changes.** Other adjustments include an increase based on available revenue, information technology reductions, reductions based on estimated costs and available funding, program transfers, and elimination of funded vacant positions (341.0 FTEs).	(3,299,097)
Conference Agreement on Items of Difference	
8. **Lottery Advertising.** The Senate reduced this item by $2,000,000 from the Governor's recommendation. The House restored $50,000 of the Senate reduction. The Conference Committee reduced advertising by $1,000,000 from the Governor's recommendation..	(1,000,000)
9. **Legislative Reductions.** The Senate reduced travel by an additional $627,400, reduced human resources/program management/purchasing by $472,600, and various other lines by an additional $530,000. The House restored the $627,500 in travel and $472,700 in the human resources/program management/purchasing line item. The Conference Committee restored funding to the Governor's recommendation.	0
10. **Revenue Sharing.** The Conference Committee adjusted funding based on the May Consensus Revenue Estimating Conference to provide for a 3% reduction to Revenue Sharing.	(62,650,000)
11. **Section 22a Audits.** The Conference Committee included funding to reimburse local units of government for personal property audits.	7,000,000
12. **Unclassified Positions.** The Senate included separate line items for unclassified positions and reduced funding to reflect current salaries. The Conference Committee maintained the current year roll-up line item structure and funding.	0
Total Changes	($49,326,797)
FY 2003-04 Conference Report Gross Appropriation	**$1,853,369,300**

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

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

Items Included by the Senate and House

1. **Contingency Funds.** The Senate and House eliminated this section.
2. **Tax Collection Contracts.** The Senate and House added new language recommended as a separate section by the Governor regarding defaulted student loans. Appropriates, in addition to amounts in Part 1, amounts necessary to fund collection costs and fees not to exceed 22% of the collection. 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. The Governor eliminated this section. The Senate and House restored it. (Sec. 915)
4. **Renaissance Zone Reimbursements.** The Senate and House included this section consistent with the transfer of this item from HAL to General Government. (Sec. 922)
5. **Appropriation of FY 2002-03 Funds.** The Senate and House eliminated the proposed new section.
6. **Prohibition of Sports Personalities in Lottery Advertising.** The Governor removed this section. The Senate and House restored it. (Sec. 982)

Conference Agreement on Items of Difference

7. **Michigan Transportation Fund.** The House added a new section that requires the Department of Treasury to submit a report for the previous fiscal year regarding the amount of Michigan Transportation Fund revenue collected and the cost of collection. The Conference Committee concurred with the House. (Sec. 923)
8. **Audit Collection Procedures Handbook.** The House added new language that prohibits the Department from expending funds on initiating a new audit of any taxpayer until the Department fully complies with MCL 205.4(3). The required handbook shall inform tax payers and tax preparers of audit and collection procedures. Allows compliance with this section by making audit information available through the Department's Website. The Conference Committee concurred with the House. (Sec. 924)
9. **MEAP Test Administration**. The House added a new subsection (3) that requires the results of each test to include an item analysis that lists all items that are counted for individual student scores and the percentage of students choosing each possible response. The Conference Committee concurred with the House. (Sec. 951)
10. **Lottery Sales Strategies.** The House included new language the requires the Bureau of State Lottery to complete a project plan which includes new strategies to use in its efforts to increase lottery ticket sales through promotion and advertising. Requires quarterly report on status of project plan. The Conference Committee concurred with the House. (Sec. 983)
11. **Lottery Sales Incentives.** The House added language that requires the Bureau of State Lottery to complete a project plant that includes incentives to b offered to lottery sales agents in an effort to increase lottery ticket sales. Requires quarterly report on status of project plan. The Conference Committee removed this section.
12. **Homestead Property Tax Exemption Audit Fund.** The Conference Committee added language that appropriates Homestead Property Tax Audit Fund revenue for costs of audits consistent with Enrolled Senate Bill 520. (Sec. 925)
13. **MCL 211.22a Costs.** The Conference Committee included language regarding the appropriation for grants to locals to reimburse costs of personal property audits.

Date Completed: 7-16-03 Fiscal Analyst: Bill Bowerman