



## **OVERVIEW**

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Civil Service, Executive, Information Technology, Legislature, Legislative Auditor General, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2007-08.

- 1. **State Spending Reporting Section.** Reporting requirement regarding actual total State spending and payments to locals within 30 days of book closing. The Governor's Recommendation changed this section to require a report only if actual payments are less than the minimum required by Article IX, Section 30, of the Michigan Constitution. (Sec. 201(3))
- 2. Hiring Freeze. Imposes hiring freeze and provides for exceptions. Provides for a quarterly report to the chairs of appropriations committees regarding exceptions to hiring freeze. List of reasons for exceptions include; ability to deliver basic services, loss of revenue, inability to receive Federal funds, or resulting costs exceeding savings from the vacancy. The Attorney General and Secretary of State may grant exceptions to the hiring freeze for their respective departments based on the same criteria that the State Budget Director grants exceptions. The Governor's recommendation substituted the State Budget Director "shall" with "may" regarding granting exceptions to the hiring freeze. (Sec. 205)
- 3. **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Governor eliminated this section.
- 4. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section.
- 5. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor eliminated this section.
- 6. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. Funds are not available for expenditure until approved as work projects pursuant to Section 451a of the Management and Budget Act. (Sec. 218)
- 7. **Political Action Committees.** The Governor removed language that prohibited the use of appropriations in Part 1 to administer a committee, or to solicit, or obtain contributions for a "committee" as defined in the Michigan Campaign Finance Act.

Note: The Governor stated in the signing letter for the FY 2005-06 General Government Appropriation Bill (2005 PA 146) that Section 220 was unenforceable due to Article XI, Section 5, of the Michigan Constitution of 1963.





FY 2006-07 Year-to-Date Gross Appropriation	\$68,532,300
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Federal Funds. Funding from the Byrne Grant within the Prosecuting Attorney's Coordinating Council would be eliminated due to end of funding cycle.</li> </ol>	(225,000)
<ol><li>Early Retirement Sick Leave Payout. The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed.</li></ol>	(71,300)
<ol> <li>Interdepartmental Grants. Adjustments would be made to more accurately align payments by departments to the Attorney General's office for legal services rendered.</li> </ol>	6,654,500
<ol> <li>Administrative Reduction. The Governor reduced spending in operations; however, the Department would have discretion in making the required reductions.</li> </ol>	(1,300,000)
<ol> <li>Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction.</li> </ol>	(3,100)
6. Economic Adjustments.	2,645,000
Total Changes	\$7,700,100
FY 2007-08 Governor's Recommendation	\$76,232,400

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. (Sec. 301)
- 2. Settlement Funds. The Governor added a new section requiring the Department of Attorney General to deposit any funds received from debts due or forfeited penalties, or from lawsuit settlements. Funds could not be used until deposited and appropriated. Would disallow the Department to accept the payment of money, goods, services, or benefits to a third party in lieu of a debt or obligation due to the State. Requires the Department to report to the House and Senate appropriations subcommittees on General Government on a quarterly basis the case names, file numbers, court docket numbers, and presiding courts for every matter the Attorney General settled during the preceding quarter. Additionally, the Attorney General shall itemize each settlement. (Sec. 307)
- 3. Expending of Funds for Legal Services. The Governor added a new section stating that the Department of Attorney General may not receive and expend funds in addition to those authorized in Part 1 for legal services provided specifically to other State departments or agencies except for costs for expert witnesses, court costs, or other non-salary litigation expenses associated with a pending legal action. (Sec. 310)
- 4. **Child Support Funding.** Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section also provides that the Attorney General shall, to the extent allowable under Federal law, have access to any information used by the State to locate parents who fail to pay child support. The Governor removed this section.





FY 2006-07 Year-to-Date Gross Appropriation	\$14,020,200
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Removal of HR Costs. This reflects a reduction in costs associated with hardware and software requirements.</li> </ol>	(14,700)
<ol><li>Early Retirement Sick Leave Payout. The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed.</li></ol>	(69,000)
3. General Fund Reduction. The Governor recommended administrative reductions.	(50,000)
<ol> <li>Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction.</li> </ol>	(1,300)
<ol><li>Funding shift. The Department was able to capture \$400,000 in additional Federal funding, offsetting GF/GP dollars.</li></ol>	0
6. Economic Adjustments.	605,500
Total Changes	\$470,500
FY 2007-08 Governor's Recommendation	\$14,490,700

1. **Contingency Funds.** The Governor included language that appropriates, in addition to amounts appropriated in Part 1, Federal Contingency Funds. Requires legislative transfers prior to expenditure of funds. (Sec. 401)





FY 2006-07 Year-to-Date Gross Appropriation	\$36,547,100
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Removal of HR costs. This reflects a reduction in costs associated with hardware and software requirements.</li> </ol>	(14,700)
<ol><li>Early Retirement Sick Leave Payout. The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed.</li></ol>	(4,200)
<ol><li>General Fund Reduction. The Governor recommended administrative reductions to civil service operations.</li></ol>	(348,600)
<ol> <li>Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction.</li> </ol>	(12,500)
5. Economic Adjustments.	818,300
Total Changes	\$438,300
FY 2007-08 Governor's Recommendation	\$36,985,400

1. **Contingency Funds.** The Governor included language that appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. (Sec. 501)





Senate Bill 229 (as introduced) Committee: Appropriations	
FY 2006-07 Year-to-Date Gross Appropriation	\$5,509,900
Changes from FY 2006-07 Year-to-Date:	
Economic Adjustments. The Governor did not include any funding adjustments for the Executive Office.	0
Total Changes	\$0
FY 2007-08 Governor's Recommendation	\$5,509,900

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





FY 2006-07 Year-to-Date Gross Appropriation	\$378,222,000
Changes from FY 2006-07 Year-to-Date:	<b>4010,</b>
1. <b>Department of Community Health.</b> The Governor recommended transferring the Chandler Building lease to DIT (\$568,900), the restoration of unrealized cost savings (\$251,800), authorization for a Federal grant for a WIC pilot program (\$108,500), and a shift to the DIT line of \$405,300.	1,334,500
<ol> <li>Department of Corrections. The Governor included funding for several upgrades, \$1,115,800 for telecommunications infrastructure and \$572,800 for the timekeeping system. One-time funding for two items is removed: \$500,000 for migration to the OMNI system and \$300,000 for OMNI server replacement. Funding is also included for desktop maintenance and one-time computer costs (\$288,000).</li> </ol>	1,176,600
3. <b>Department of Education.</b> Funding for security controls recommended in a 2006 audit.	176,000
4. Environmental Quality. New funds for Information Lifecycle Management System.	500,000
5. <b>Department of History, Arts and Libraries.</b> Increased funding for web portal expenses.	140,000
6. <b>Department of Human Services (DHS).</b> The Governor included a scheduled increase of \$14,000,000 for the ongoing Integrated Service Delivery Project, increased Federal authorization for child support automation by \$2,182,100, transferred in the Juvenile Justice Information System (\$1,000,000), and transferred out 2.0 security personnel (\$200,700). The Governor also increased funding for children's welfare improvements by \$485,700 and for the Daycare Case Review project by \$74,600. The DHS budget also contained several funding shifts, but these do not appear in the DIT budget.	17,541,700
7. Department of Labor and Economic Growth. DLEG cut \$1,000,000 of their IT budget.	(1,000,000)
8. <b>Department of Management and Budget.</b> The Governor removed one-time funding for the retirement system (\$580,000), and added \$712,000 and 1.0 FTE for improvements to that system, including security and disaster recovery, customer software, and enabling electronic payments from schools, and included savings of \$150,000 for MAIN.	(18,000)
9. Department of State. Transfer in of costs associated with the Uniform Commercial code.	500,000
10. Michigan State Police. The Governor included \$1,500,000 to assist in a projected shortfall in the IT line, an increase of \$500,000 in the base for subscriber fees for the MPSCS, and transferred in \$5,046,100 in IT costs not currently included in that line. The State Police budget also contained a funding shift, decreasing GF/GP used for IT costs.	7,046,100
<ol> <li>Department of Transportation. The Governor included a decrease in restricted revenues (\$50,000) and \$400,000 to replace the PowerBuilder development program.</li> </ol>	350,000
<ol> <li>Department of Treasury. The Governor included a decrease in restricted revenues (\$20,000) and transferred 1.0 FTE and \$125,000 to Tax Processing.</li> </ol>	(145,000)
13. Economic Adjustments.	6,342,100
14. <b>Other Changes.</b> These include removing 2002 early out sick leave payments (\$281,200) and costs from HR optimization (\$1,481,000), and administrative reductions of \$443,700.	(2,205,900)
Total Changes	\$31,738,100
FY 2007-08 Governor's Recommendation	\$409,960,100

- 1. **Advertising on State Websites.** The Governor removed language limiting funds that can be received under this section to \$250,000. (Sec. 573 (1))
- 2. **Gifts/Donations.** The Governor included language that authorizes the Department to accept gifts, donations, contributions, grants, and bequests to support the cost of the State Website of services offered on the Website. The Legislature removed this section in FY 2004-05, FY 2005-06 and FY 2006-07. (Sec. 573 (2))
- 3. Carryforward of Advertising Revenue. The Governor added language authorizing the carryforward of funds received under this section. (Sec. 573 (5))
- 4. **Reporting Requirement.** The Governor eliminated a reporting requirement for funds received under this section. (Sec. 574)
- 5. **Annual Report.** Requires an annual report from the Department that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The Governor removed this section. (Sec. 578)
- 6. **Life-Cycle of Hardware and Software.** Requires the Department to provide a report by March 1 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The Governor removed this section. (Sec. 579)
- 7. **Information Technology Study.** Requires the Department to assess the State's IT assets and potential benefits and economies. The Governor removed a reporting requirement. (Sec. 581)
- 8. **2-1-1 Study.** The Governor removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings that would result from 2-1-1 service. The study was to be completed and a report delivered to the House and Senate Subcommittees on General Government by October 15, 2006. (Sec. 584)
- 9. **MiCSES.** Requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The report was to be submitted by January 1, 2007. The Governor removed this section. (Sec. 585)
- 10. **Legislative Transfers.** The Governor added language that provides for an automatic appropriation in the Department's budget for any transfer to or from the information technology line item within an agency budget to reflect the increase or decrease. (Sec. 586)

Date Completed: 2-15-07 Fiscal Analyst: Stephanie Yu





Senate Bill 229 (as introduced) Committee: Appropriations	
FY 2006-07 Year-to-Date Gross Appropriation	\$116,576,400
Changes from FY 2006-07 Year-to-Date:	
Economic Adjustments. The Governor did not include any funding adjustments for the Legislature.	0
Total Changes	\$0
FY 2007-08 Governor's Recommendation	\$116,576,400

1. The Governor recommended no changes to the boilerplate sections for the Legislature.





ANALYSIS

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Senate Bill 229 (as introduced) Committee: Appropriations	
FY 2006-07 Year-to-Date Gross Appropriation	\$16,347,500
Changes from FY 2006-07 Year-to-Date:	
Economic Adjustments. The Governor recommended no changes to appropriations for the Auditor General.	0
Total Changes	\$0
FY 2007-08 Governor's Recommendation	\$16,347,500

1. **Name Change.** The Governor changed references to the Office of the Auditor General to the Legislative Auditor General. (Sec. 622)





FY 2006-07 Year-to-Date Gross Appropriation	\$476,142,000
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Building Occupancy Charges. The Governor provided for increased rent adjustments for leased buildings (\$335,300); the costs of opening the Joint Operations Center (\$71,300); and reductions related to technology improvements to building security (\$500,000).</li> </ol>	(93,400)
2. Office of Retirement Services (ORS). The Governor eliminated \$580,000 of one-time funding for improvements to the Call Center and for privacy requirements related to social security numbers. In addition, funding is increased by \$300,000 for implementation of legislation related to beneficiary changes, \$412,000 for new software for the Call Center, and \$300,000 for technology improvements, including the hiring of one additional staff person.	432,000
<ol> <li>Early Retirement Sick Leave Payout. The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed.</li> </ol>	(79,400)
4. State Building Authority Rent Adjustments. The Governor recommended adjustments to the amount of "rent" the State pays for State financed building projects based on projected payments.	(4,575,000)
<ol> <li>Administrative Reductions. The Governor recommended reductions in financial services, human resources, and internal audit functions. These reductions would impact mail delivery services, financial reporting, and accounting analysis and reduce staff by 2.5 FTE.</li> </ol>	(230,000)
6. DIT and Project MAIN Reductions. The Governor reduced the Department's share of an administrative reduction in DIT payments across all State departments (\$15,700) as well as a \$150,000 reduction in funding for the Michigan Administrative and Information Network (MAIN). Reductions in MAIN would be achieved by management of vacant positions, reducing the use of outside consultants, and reducing staff training.	(165,700)
7. Economic Adjustments.	3,383,700
8. <b>Other Changes.</b> Other adjustments include: increases to professional development funds based on collective bargaining, (\$154,000); Human Resource optimization plan reduction resulting in the loss of 1.0 FTE (\$90,700); and a funding shift to maximize federal match which will shift 1.0 FTEs to DHS, reducing funding by \$56,500.	6,800
Total Changes	(\$1,321,000)
FY 2007-08 Governor's Recommendation	\$474,821,000

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, and Local Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. (Sec. 701)
- 2. **Computer Contract Adjustments.** Requires notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section.

#### 3. Motor Vehicle Fleet.

- a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
- b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
- c) States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
- d) Requires the Department of Management and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall also include a calculation of the amount of State fuel taxes that would have been incurred by fleet vehicles, description of fleet garage operations, goods and services by the garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to the fleet garage. Provides that the plan may be adjusted during the fiscal year based on needs and cost savings. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.
- e) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon.

The Governor removed Subsections 3 and 4 and added new language to Subsection 5 requiring the Department to give a 30-day notice before a fuel surcharge is implemented. (Sec. 712)

- 4. Contracting. The Governor removed current year language (Sec. 716, Sec. 717, Sec. 718, Sec. 719) regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431); language requiring determination of best interests of the State when dealing with vendors outside of Michigan; language requiring obtaining certain information from vendors; and language requiring disclosure of the location of call/contact centers.
- 5. **State Property.** Requires DMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State. The Governor removed this section.
- 6. **Retirement Services.** Authorizes \$300,000 of the Retirement appropriation as a work project to implement the amendatory legislation allowing the addition of a new spouse as a pension beneficiary for the Public School Employees Retirement System. (Sec. 715)





FY 2006-07 Year-to-Date Gross Appropriation	\$204,793,500
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Early Retirement Sick Leave Payout. The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed.</li> </ol>	(44,700)
<ol> <li>Administrative Reductions. The Governor recommended reductions in Branch Operations (\$1,797,300); Central Operations (\$485,900); Regulatory Services Operations (\$166,500); Department Services (\$94,200); and Executive Operations (\$2,300). All of these reductions would be accomplished by a combination of vacancy management and administrative options.</li> </ol>	(2,546,200)
3. Restricted Fund Reductions. Due to lower than anticipated revenues from certain fees, the Governor reduced restricted fund revenues upon which the Department's appropriation is based. The estimates are revised based on the lower revenues from Auto Repair Facilities Fees, Vehicle Theft Prevention Funds, Parking Ticket Court Fines, Mobile Home Commission Fees, and Child Support Clearance Fees.	(950,000)
<ol> <li>Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction.</li> </ol>	(36,800)
<ol><li>Fees to Local Units of Government. The Governor increased the fees to local units of government to more accurately reflect the actual costs of voter registrations.</li></ol>	40,000
6. Economic Adjustments.	6,615,400
7. Transportation Administration Collection Fund (TACF). General Fund is used to support costs that would otherwise be charged to the TACF. The budget also assumed that legislation will be adopted to continue the deposit of the Expeditious Service Fee and Registration Transfer Fee in the TACF instead of the Michigan Transportation Fund. Without that adjustment, there would be an additional shortfall of approximately \$10.0 million in the TACF. In addition to the above, the Governor increased the General Fund revenues by \$6.0 million to replace the annual shortfall in TACF revenue.	
Total Changes	\$3,077,700
FY 2007-08 Governor's Recommendation	\$207,871,200

- 1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. (Sec. 801)
- 2. Branch Office Closings. (1) Requires at least 60 days prior to the announcement of Secretary of State branch office closings, consolidations, or relocations, the department of state shall inform members of the Senate and House of Representatives Standing Committees on appropriations and Legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. 2) Provides that prior to October 4, 2005, the Department of State shall provide a detailed report to the Senate and House General Government Subcommittees regarding the Department's branch optimization plan that was announced on April 26, 2004. The Governor eliminated this section.
- 3. **Transaction Report.** Requires the Department to report to the House and Senate General Government Subcommittees and the respective fiscal agencies, by December 15<sup>th</sup>, the number of branch office transactions completed online. The Governor removed this section.
- 4. **Motorcycle Safety Program.** Language continues the Motorcycle Safety Program in the same manner as was provided by the Department of Education. Lists revenue sources for the program, criteria for grants, and details appropriate charges for Department of State administrative costs. The Governor removed this section.
- 5. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed this section.
- 6. **Branch Office Location.** Requires the Department to explore the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office. The Governor removed this section.





FY 2006-07 Year-to-Date Gross Appropriation	\$1,596,486,300
Changes from FY 2006-07 Year-to-Date:	
<ol> <li>Local Public Safety Grants. The Governor included \$14,381,000 for a new grant program funded by an increase in liquor license fees. These grants would be distributed to cities, villages and townships based on prison populations.</li> </ol>	14,381,000
<ol> <li>Program Increases. These include new funding for the Cybershame initiative (\$250,000), the Neighborhood Enterprise Zone program (\$150,000), an increase for Renaissance Zone reimbursement (\$465,000) and the expansion of Club Keno in Lottery (2.0 FTEs and \$150,000).</li> </ol>	1,015,000
<ol> <li>Transfers Out. New Hire Reporting is transferred back to DHS (\$1,545,000) and records center rent is transferred to HAL (\$92,500).</li> </ol>	(1,637,500)
<ol> <li>Administrative Reductions. These include: \$100,000 in Collections, \$100,000 in Mail Operations, \$100,000 for Merit Award Administration, and a DIT reduction of \$79,500.</li> </ol>	(379,500)
5. Qualified Agricultural Loan Payments. This loan program is scheduled to end 10/1/07.	(2,500,000)
<ol><li>Revenue Enhancement Program. The Governor included a scheduled increase of \$383,200, and the program took a GF/GP reduction of \$1,200,000.</li></ol>	(816,800)
7. <b>Other Program Reductions.</b> These include \$200,000 for the Michigan Education Savings Program based on prior year costs, \$3,020,000 for land reutilization to reflect program costs, and reductions to Customer Contact (\$690,800) and Tax Processing (\$340,200) due to a reduction in the IDG from the Michigan Transportation Fund.	(4,251,000)
<ol> <li>Michigan Strategic Fund (MSF). The Governor transferred the Michigan Strategic Fund to Treasury. See the MSF highlight sheet for more detail.</li> </ol>	178,650,900
9. <b>Debt Service.</b> Adjustments include new issues for the Clean Michigan Initiative (\$8,100,000) and Great Lakes Water Quality bonds (\$4,300,000), as well as \$7,428,200 in adjustments to current debt service.	19,828,200
10. <b>Constitutional and Statutory Revenue Sharing.</b> These payments have been revised downward from the enacted estimates for FY 2006-07 due to decreased revenue estimates, constitutional payments to \$ 678,840,000 and statutory to \$ 405,940,000. The estimates for FY 2007-08 show a slight increase in constitutional payments to \$685,467,000 and a slight decrease in statutory payments to \$400,885,000 based on current revenue estimates. The net change from FY 2006-07 enacted amounts is reflected to the right.	(20,058,000)
11. Other Revenue Sharing Changes. Special census payments are eliminated (\$892,400), and one county will receive a payment (\$113,600) under the formula. New local government collaborative efforts payments are added (\$27,160,000).	26,381,200
12. <b>Commercial Mobile Radio Service Payments.</b> These fees are scheduled to sunset December 31, 2007. The Governor's recommendation assumes a delay or repeal of that sunset.	0
13. Economic Adjustments.	7,116,300
14. <b>Other Changes.</b> These include the removal of 2002 early out sick leave payments (\$115,300) and HR optimization (\$58,800), and an increase of \$100,000 for Investments.	(74,100)
Total Changes	\$217,655,700
FY 2007-08 Governor's Recommendation	\$1,814,142,000

- 1. Contingency Funds. The Governor included language for contingency funds.
- 2. **Renaissance Zone Reimbursement.** The Governor modified the section to require the Department to certify it has received necessary information to determine amounts due each eligible recipient. (Sec. 922)
- 3. **Pension Fund Investments.** It is the intent of the Legislature that the State Treasurer give consideration to investments in early stage, university derived life sciences companies in Michigan, or in venture capital funds that invest in those companies. The Governor removed the intent of the Legislature language. (Sec. 939).
- 4. **Standardized Audit Schedules.** The Governor removed the section appropriating funds from recovered delinquent tax collections to support standardized audit schedules. (Sec. 941)
- 5. **Social Security Numbers.** The Governor removed the section prohibiting the Department from including complete SSNs on form 1099-G mailings to taxpayers. (Sec. 943)
- 6. **Assessment Administration.** Provides that the Department may review local unit assessment administration. The Governor removed this section. (Sec. 945)
- 7. **Regional Training.** Allows for the coordination of regional assessment, training and recertification activities. The Governor removed this section. (Sec. 946)
- 8. **Revenue Enhancement Program.** The Governor removed language requiring the development of a statewide database and quarterly progress reports. (Sec. 940)
- 9. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. (Sec. 948)
- 10. **Income Tax Check-offs.** Requires a plan to identify the feasibility of income tax form check-off initiatives and a report by October 31, 2006. The Governor removed this section. (Sec. 949)
- 11. **Local Public Safety Grants.** The Governor added this section pertaining to this new grant program. Distributes the funds in part 1 based on prison intake data and sets the minimum for a grant at \$100,000. Also requires that an increase in liquor license fees be passed to expend these funds. (Sec. 941)
- 12. **Special Census Revenue Sharing Payments.** Provides for the distribution of special census payments. The Governor removed this section. (Sec. 956)
- 13. **Local Government Collaborative Efforts.** The Governor added this section to provide for the distribution of the funds appropriated in part 1. Unexpended funds revert to the general fund. (Sec. 956)
- 14. Prohibition of Sports Personalities in Advertising. Prohibits the State Lottery from using funds to associate sports figures with the lottery, with the exception of NASCAR drivers promoting instant tickets. The Governor removed this section. (Sec. 962)
- 15. **DHS Bridge Cards.** Requires the State Lottery to inform all lottery retailers that the cash side of the DHS bridge cards cannot be used to purchase lottery tickets. The Governor removed this section. (Sec. 963)
- 16. **Michigan Strategic Fund.** Boilerplate pertaining to the Michigan Strategic Fund is transferred to Treasury. See MSF highlight sheet for detailed information on the changes.

Date Completed: 2-14-07 Fiscal Analyst: Stephanie Yu





FY 2006-07 Year-to-Date Gross Appropriation	\$80,479,800
Changes from FY 2006-07 Year-to-Date:	
1. <b>Jobs for Michigan Investment Program.</b> The Governor recommended appropriating \$75,000,000 from the 21 <sup>st</sup> Century Jobs Trust Fund to the Michigan Strategic Fund. The funds come from tobacco settlement revenue deposited in the 21 <sup>st</sup> Century Jobs Trust Fund pursuant to P.A. 232 of 2005. Once appropriated, the Michigan Strategic Fund Board would have the authority to allocate these funds among the allowable programs of investments, competitive edge technology grants and loans, and loan enhancement programs subject to certain statutory limits.	75,000,000
<ol> <li>Michigan Promotion Program. The Governor recommended increasing funding for this program by \$10,000,000 GF/GP to \$15,717,500. Funding would be used to promote both tourism and business marketing. Any unexpended funds would be placed into a work project that could be spent over three years.</li> </ol>	10,000,000
3. Alternative Energy Initiative. The Governor recommended \$7,000,000 GF/GP to fund the Service Station Matching Grant program created by P.A. 274 of 2006 (MCL 125.2078). The program would provide matching grants to service stations to subsidize the conversion or construction of fuel pumps for use with E85 or biodiesel fuel. Pursuant to statute, grants would be limited to a portion of the project cost, not to exceed a statutory maximum which varies from \$2,000 to \$15,000 based on the type of project.	7,000,000
4. <b>Economic Development Job Training Grants.</b> The Governor recommended renaming program to the Upper Hand Training Program and reducing the appropriation by (\$1,600,500) from \$9,798,000 to \$8,197,500. Eligible training would be focused on the competitive edge technologies, and businesses would become eligible to compete directly for a portion of the funding.	(1,600,500)
5. <b>Community Development Block Grants.</b> The Governor recommended an increase of \$8,000,000 in the Federal expenditure authority for CDBG pass-through funds from \$45,000,000 to \$53,000,000. The additional expenditure authority would permit the MSF to draw down prior year Federal allocations to reimburse municipalities for their projects.	8,000,000
6. Administrative Reductions. The Governor recommended base reductions in both agency administration and program administration (Job Creation Services) line items. The MSF administration line would have a base reduction of (\$25,000) to \$2,529,900 in FY 2007-08 and Job Creation Services would have a base reduction of (\$225,000) to \$17,188,200 in FY 2007-08.	(250,000)
<ol> <li>Economic Adjustments. The Governor recommended economic adjustments of \$413,000.</li> </ol>	413,000
8. <b>Other Changes.</b> Other changes recommended by the Governor consist of an increase in Human Resources optimization user charges of \$500, reduction of obsolete Federal expenditure authority of (\$300,000), and reduction of (\$91,900) due to completion of the sick leave payout related to State employee early retirements.	(391,400)
Total Changes	\$98,171,100
FY 2007-08 Governor's Recommendation	\$178,650,900

- Standard Language. The Governor recommended the following changes to the standard boilerplate sections:
   Deleted language referring to exception to the hiring freeze for classified positions fully funded with Federal funds
   (205); deleted report retention language; and deleted prohibition on disciplinary action against classified staff for
   interaction with Legislature.
- 2. **Contingency Fund Appropriations.** The Governor recommended restoration of contingent fund authority, to permit use of the legislative transfer process to authorize expenditure of additional Federal or restricted funds that might become available during the fiscal year. The language would permit transfer up to \$10,000,000 in Federal funds and \$1,000,000 in State restricted funds. (Sec. 1001)
- 3. **Economic Development Job Training Grants.** The Governor recommended renaming the program the Upper Hand Training Program; replacing the current business response and manufacturing competitiveness programs, with training grants in the high technology areas of life sciences; advanced automotive, manufacturing and materials technology; homeland security; alternative energy; and other high-technology businesses, as defined in the Michigan Economic Growth Authority Act, P.A. 24 of 1995 (MCL 207.803). The definition of eligible applicants would be expanded to include businesses which create 100 or more new jobs at a single location during the two-year period following the grant award. The Governor recommended that \$4,500,000 of the funds be awarded to community colleges, or a consortium of community colleges and other eligible applicants. Of \$3,597,500 remaining, up to \$800,000 could be used for the administration (as in the current year) and the rest awarded to eligible applicants including school districts, intermediate school districts, community colleges, certain businesses and nonprofit organizations, among others. (Sec. 1002)
- 4. **Copyrighted Slogans.** Travel Michigan currently licenses the Michigan advertising slogan "Michigan Great Lakes. Great Times." and uses the revenue for tourism promotion. The Governor recommended updating the language to include the new advertising slogans "The Upper Hand" and "Pure Michigan". (Sec. 1005)
- 5. **Michigan Promotion Program.** The Governor recommended the addition of \$10,000,000 in FY 2007-08 to the Michigan Promotion Program and expanding the program to include business marketing activities. The appropriation would be a work project that could be used over a three-year period ending September 30, 2010. (Sec. 1021)
- 6. **Executive Committee Members.** The Governor recommended deleting intent language that these members are subject to the advice and consent of the Senate.
- 7. **Audit of Job Claims.** The Governor recommended deleting the language requiring the MEDC to work with the Auditor General to implement procedures to audit job claims for recipients of any economic development programs.
- 8. Salary Report. The Governor recommended deleting the report on employees with salaries of \$80,000 or more.
- 9. **Tourism Study.** The Governor recommended deleting the requirement that the agency contract with a university to conduct a study on the return on investment for tourism advertising expenditures. The language also requires a report by September 30.
- 10. **Professional Employer Organization (PEO).** The Governor recommended deleting language prohibiting the agency from promulgating rules or guidelines that would prohibit a firm from qualifying for a MEGA award because the firm's employees are leased from a PEO.
- 11. **Federal Pass-Through Funds.** The Governor recommended new language that would allow for appropriation and carryforward of Federal pass-through funds that do not require a State match. (Sec. 1020)

Date Completed: 2-12-07 Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz