



Senate Fiscal Agency
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OVERVIEW

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

Items Included by the Senate and House

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. The Senate and House restored current year language. (Sec. 201(3))
2. **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. The Senate and House restored current year language. (Sec. 212)
3. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section. The Senate and House restored it. (Sec. 215)
4. **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. The Senate and House restored it. (Sec. 217)
5. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. The Senate and House did not include this section. (Sec. 218)

Conference Agreement on Items of Difference

6. **Hiring Freeze.** Imposes hiring freeze and provides for exceptions. The Governor's recommendation substituted the State Budget Director "shall" with "may" regarding granting exceptions to the hiring freeze. The Senate amended the list of exceptions. The House retained current year language. The Conference Report concurred with the House. (Sec. 205)
7. **Internet Reports.** Requires use of the Internet to fulfill reporting requirements unless otherwise specified. The House removed "unless otherwise specified." The Conference Report concurred with the House. (Sec. 208)
8. **Political Action Committees.** The Governor and House 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. The Senate restored current year language. The Conference Report concurred with the Governor and the House. (Sec. 220)
9. **Reporting Requirement.** The Senate added language requiring each department to report on each specific policy change made to implement enacted legislation. The section also prohibits the use of funds in Part 1 to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses pursuant to MCL 24.240. The Conference Report concurred with the Senate. (Sec. 221)
10. **Budgetary Savings.** The Senate added language requiring transfer approval by the Legislature for budgetary savings pursuant to Section 393(2) of the Management and Budget Act. The Conference Report did not include this section. (Sec. 222)
11. **Efficiency Mechanisms.** The House added language requiring departments to implement continuous improvements efficiency mechanisms. The Conference Report concurred with the House. (Sec. 225)



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FY 2006-07 Year-to-Date Gross Appropriation \$65,146,800

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 1. **Federal Funds.** Funding from the Byrne Grant within the Prosecuting Attorney's Coordinating Council was eliminated due to end of funding cycle. The Senate and House concurred with the Governor. (225,000)
- 2. **Early Retirement Sick Leave Payout.** The final payment of the five-year payout for sick leave associated with the early retirement incentive in 2002 was made in FY 2007 thus funding is no longer necessary. The Senate and House concurred with the Governor. (71,300)
- 3. **Administrative Reduction.** The Senate and House concurred with the Governor and reduced spending in operations; however, the Department would have discretion in making the required reductions. (1,300,000)
- 4. **DIT 5% Reduction.** Enterprise administration would be reduced by 5%. The Senate and House concurred with the Governor. (3,100)

Conference Agreement on Items of Difference

- 5. **Interdepartmental Grants.** The Conference Report concurred with the Governor and House and adjusted IDG payments to more accurately align payments by departments to the Attorney General's office for legal services rendered. Senate did not include this recommended change. 4,052,900
- 6. **Real Estate Fraud.** The Conference Report concurred with the Senate and increased funding to provide full funding for the Department to conduct real estate fraud investigations and prosecutions. The Governor and House did not include this item. 322,300
- 7. **Economic Adjustments.** The Conference Report concurred with the Governor's recommendation for economic increases. 2,645,000
- 8. **Additional GF/GP Adjustments.** The Conference Report reduced several line items to meet target: Operations (\$770,900); Child Support Enforcement (\$24,800); and PACC (\$33,200). (828,900)
- 9. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 3,385,500

Total Changes..... \$7,977,400

FY 2007-08 Conference Report Gross Appropriation \$73,124,200

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

Changes from FY 2006-07 Year to Date:Conference Agreement on Items of Difference

1. **Contingency Funds.** The Conference Report concurred with the Governor and House and appropriated, 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 Senate removed this language. (Sec. 301)
2. **Settlement Funds.** The Conference Report concurred with the Senate and did not include a new section recommended by the Governor and the House 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.
3. **Antitrust Revenues.** The Conference Report concurred with the Senate and added new language (previously vetoed by the Governor) appropriating up to \$250,000 of revenues received by the Department for antitrust, securities fraud, consumer protections or class action enforcement, or attorney fees recovered by the Department to litigate such cases. Unexpended funds, up to \$250,000 shall be carried forward for expenditure in the next fiscal year. (Sec. 307)
4. **Prisoner Reimbursement Funds.** The Conference Report provided for the Department of Corrections to use prisoner reimbursement funds to defend the department and its officers, employees and agents in civil actions filed by prisoners. The Senate reinstated vetoed language that allowed for unexpended funds, up to a maximum of \$500,000 to be carried forward for expenditure in the next fiscal year. The Conference Report did not include this Senate language. (Sec. 309)
5. **Expending of Funds for Legal Services.** The Conference Report concurred with the Governor and House and included 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. Senate removed this language. (Sec. 311)
6. **Child Support Funding.** The Conference Report concurred with the Senate and retained current law requiring 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 and House did not include this section. (Sec. 310)
7. **Medicaid Fraud Awards.** The Conference Report did not concur with the Senate to add new language allowing any funds received by the Department for violations against the Medicaid False Claim Act, Section 10b of PA 72 of 1977 to be appropriated to the Department for the purpose for which they were received and for unexpended funds to be carried forward for expenditure in subsequent fiscal years.

Date Completed: 10-30-07

Fiscal Analyst: Joe Carrasco



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FY 2006-07 Year-to-Date Gross Appropriation \$13,852,300

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 1. **Removal of HR Costs.** The Conference Report concurred with the Governor and reduced costs associated with hardware and software requirements. (14,700)
- 2. **2002 Sick Leave Payments.** The last of these payments from the 2002 early retirement were made in FY 2006-07. The Conference Report concurred with the Governor. (69,000)
- 3. **Economic Adjustments.** The Conference Report concurred with the Governor to provide economic increases. 605,500

Conference Agreement on Items of Difference

- 4. **Administrative Reduction.** The Conference Report concurred with the Governor and Senate and recommended administrative reductions. The House did not include this reduction. (50,000)
- 5. **Department of Information Technology (DIT) Reduction.** This represents the Department's share of a DIT administrative reduction. The Conference Report concurred with the Governor and Senate. The House did not include this reduction. (1,300)
- 6. **Non-Classified Salaries.** The Conference Report increased funding for this line item. 600
- 7. **Funding Shift.** The Department was able to capture \$400,000 in additional Federal funding, offsetting GF/GP dollars. The Conference Report concurred with the Governor and Senate. The House recognized the additional Federal dollars but did not offset GF/GP dollars. 0
- 8. **Additional Senate Reductions.** The Conference Report does not include the Senate's additional GF/GP reductions: Operations (\$442,000) and Information Technology (\$30,500). 0
- 9. **Budgetary Savings.** The Conference Report does not include the Senate's additional budgetary savings of \$258,800. 0
- 10. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 167,900

Total Changes \$639,000

FY 2007-08 Conference Report Gross Appropriation \$14,491,300

Amount Over/(Under) GF/GP Target: \$(55,300)

Changes from FY 2006-07 Year to Date:Conference Agreement on Items of Difference

1. **Contingency Funds.** The Conference Report concurred with the Governor and House and appropriated, in addition to amounts appropriated in Part 1, Federal Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Senate removed this language. (Sec. 401)
2. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report moved this language to the General Section, Sec. 226, of General Government.

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$35,284,700

Changes from FY 2006-07 Year-to-Date:

NOTE: Although listed separately in this highlight sheet, Civil Service is appropriated as part of the Department of Management and Budget in this Conference Report.

Items Included by the Senate and House

- 1. **Removal of HR costs.** This reflects a reduction in costs associated with hardware and software requirements. The Senate and House concurred with the Governor. (14,700)
- 2. **2002 Sick Leave Payments.** The last of these payments from the 2002 early retirement will be made in FY 2006-07. The Senate and House concurred with the Governor. (4,200)
- 3. **Economic Adjustments.** The Senate and House concurred with the Governor. 818,300

Conference Agreement on Items of Difference

- 4. **Administrative Reduction.** The Conference Report concurred with the Governor and Senate and recommended administrative reductions. The House did not include this reduction. (348,600)
- 5. **Department of Information Technology (DIT) Reduction.** This represents the Department's share of a DIT administrative reduction. The Conference Report concurred with the Governor and Senate and recommended this reduction. The House did not include this reduction. (12,500)
- 6. **Additional Senate Reductions.** The Conference Report concurred with the Senate and included additional GF/GP reductions. The Senate had spread the reduction among several line items. The Conference Report made the full reduction to the Executive Direction line item. (103,600)
- 7. **Additional GF/GP Adjustments.** The Conference Report included an additional net reduction to the Executive Direction line item to meet target. (60,200)
- 8. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 1,262,400

Total Changes..... \$1,536,900

FY 2007-08 Conference Report Gross Appropriation \$36,821,600

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

Changes from FY 2006-07 Year to Date:Conference Agreement on Items of Difference

1. **Contingency Funds.** The Conference Report concurred with the Governor and House and 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. The Senate removed this language. (Sec. 750)
2. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report moved this language to the General Section, Sec. 226, of General Government.

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$5,272,900

Changes from FY 2006-07 Year-to-Date:

Conference Agreement on Items of Difference

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| <p>1. General Fund Reduction. The Conference Report concurred with the Senate and included a GF/GP reduction in the Executive Office line item. The Governor and House did not include this reduction.</p> <p>2. Economic Adjustments. The Conference Report included a slight adjustment for the Executive Office. The House included a 1.5% increase of \$65,400 while the Governor and Senate did not included any adjustments.</p> <p>3. Year-To-Date Adjustment. Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007.</p> | <p>(204,300)</p> <p>11,700</p> <p>237,000</p> |
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Total Changes.....	\$44,400
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FY 2007-08 Conference Report Gross Appropriation \$5,317,300

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

Changes from FY 2006-07 Year to Date:

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

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$374,846,400

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

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|---|-------------|
| 1. Department of Community Health. The Governor transferred the Chandler Building lease to DIT (\$568,900), restored unrealized cost savings (\$251,800), authorized a Federal grant for a WIC pilot program (\$108,500), and a shift to the DIT line of \$405,300. | \$1,334,500 |
| 2. Department of Corrections. The Governor included \$1,115,800 for telecommunications infrastructure and \$572,800 for the timekeeping system. One-time funding of \$800,000 is removed. Funding is also included for desktop maintenance and one-time computer costs (\$288,000). | 1,176,600 |
| 3. Department of Education. Funding for security controls recommended in a 2006 audit. | 176,000 |
| 4. Environmental Quality. New funds for Information Lifecycle Management System. | 500,000 |
| 5. Department of History, Arts and Libraries. Increased funding for web portal expenses. | 140,000 |
| 6. Department of Human Services (DHS). The Governor included a planned increase of \$14 million for the 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 increased funding for children's welfare improvements by \$485,700 and for the Daycare Case Review project by \$74,600. | 17,541,700 |
| 7. Department of Labor and Economic Growth. DLEG cut \$1,000,000 of their IT budget. | (1,000,000) |
| 8. Department of Management and Budget (DMB). The Governor removed one-time funding for the retirement system (\$580,000), added \$712,000 and 1.0 FTE for improvements 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 \$1.5 million to assist in a projected shortfall in the IT line. The State Police budget also contained a funding shift, decreasing GF/GP used for IT costs. | 1,499,900 |
| 11. Department of Transportation. The Governor decreased restricted revenues (\$50,000) and added \$400,000 to replace the PowerBuilder development program. | 350,000 |
| 12. Department of Treasury. The Governor decreased restricted revenues (\$20,000) and moved 1.0 FTE and (\$125,000) to Tax Processing. | (145,000) |
| 13. Economic Adjustments. | 6,342,100 |
| 14. Adjustments Related to Executive Order 2007-3. | 8,921,800 |
| 15. Other Changes. These included 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) |

Conference Agreement on Items of Difference

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| 16. Departmental Adjustments. The Senate included additional IT cuts in General Government while the House included cuts to DHS, DLEG, and HAL, and an increase for Education. The Conference Report included reductions in Agriculture, Civil Rights, Civil Service, Corrections, Education, DLEG, DMB, DNR, and State Police and increases for DCH, State, and Treasury. The largest increase reflects funding for the Michigan Medicaid Information System. | 18,947,300 |
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Total Changes..... \$65,061,000

FY 2007-08 Conference Report Gross Appropriation \$428,907,400

Amount Over/(Under) GF/GP Target: \$ N/A

Changes from FY 2006-07 Year to Date:Items Included by the Senate and House

1. **Advertising on State Websites.** The Governor removed language limiting funds that can be received under this section to \$250,000. The Senate and House restored current year language. (Sec. 573 (1))
2. **Carryforward of Advertising Revenue.** The Governor added language authorizing the carryforward of funds received under this section. The Senate and House removed this subsection. (Sec. 573 (5))
3. **Reporting Requirement.** The Governor eliminated a reporting requirement for funds received under this section. The Senate and House restored the requirement. (Sec. 574)
4. **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. The Senate and House restored current year language. (Sec. 578)
5. **MiCSES.** Requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The Governor removed this section. The Senate and House restored current year language. (Sec. 585)
6. **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. The Senate and House concurred with the Governor. (Sec. 586)

Conference Agreement on Items of Difference

7. **Gifts/Donations.** The Governor and House 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. The Senate removed this section. The Conference Report concurred with the Governor and House. (Sec. 573 (2))
8. **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 and Senate removed this section. The House restored current year language. The Conference Report concurred with the House. (Sec. 579)
9. **Information Technology Study.** Requires the Department to assess the State's IT assets and potential benefits and economies. The Governor and the House removed a reporting requirement. The Senate removed the section. The Conference Report concurred with the Governor and the House. (Sec. 581)
10. **2-1-1 Study.** The Governor removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings for certain departments that would result from 2-1-1 service. The Senate changed the requirement to include all State departments. The Conference Report concurred with the Senate. (Sec. 584)
11. **Legal Services.** The Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report modified the language and moved it to the general sections. (Sec. 226)

Date Completed: 10-17-07

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FY 2006-07 Year-to-Date Gross Appropriation \$111,282,500

Changes from FY 2006-07 Year-to-Date:

Conference Agreement on Items of Difference

- 1. **General Fund Reductions.** The Conference Report concurred with the Senate and included GF/GP reductions: Senate Operations (\$1,056,200), Sen. Automated Data Processing (\$106,100), Senate Fiscal Agency (\$127,400), House Operations (\$1,451,800), House Automated Data Processing (\$84,200), House Fiscal Agency (\$123,300), Legislative Council (\$400,000), LSB Automated Data Processing (\$57,200), National Association Dues (\$4,100), Non-Retirement Expenses (\$135,300), Capitol Building (\$93,400), House Office Building (\$322,700), and Farnum Building (\$38,300). (4,000,000)

- 2. **Economic Adjustments.** The Conference Report partially restored the reductions made by the Senate to provide for a 1.7% economic increase. The Governor and Senate did not include any funding adjustments for economics while the House provided for a 1.5% increase of \$1,657,900. 1,927,600

- 3. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 5,293,900

- 4. **House Adjustments.** The House included two items there were not included in the Conference Report: Legislative Corrections Ombudsman (\$1,250,000), and the Sentencing Guidelines Commission (\$500,000). 0

Total Changes..... \$3,221,500

FY 2007-08 Conference Report Gross Appropriation \$114,504,000

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

Changes from FY 2006-07 Year to Date:

1. The Governor, Senate and House recommended no changes to the boilerplate sections for the Legislature.

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$15,107,100

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

1. **Name Change.** The Senate and House concurred with the Governor and renamed this section of the appropriations bill the Legislative Auditor General, from Office of the Auditor General. 0

Conference Agreement on Items of Difference

2. **Additional GF/GP Adjustment.** The Senate included a budgetary savings of \$162,000. (967,300)
 The Conference Report made an additional reduction of \$805,300. The Governor and House did not include these reductions.

3. **Economic Adjustments.** The Conference Report included an increase for economics slightly less than that proposed by the Senate and House (\$452,000 each). The Governor did not include any funding adjustments for the Legislative Auditor General's office. 448,000

4. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 1,240,400

Total Changes..... \$721,100

FY 2007-08 Conference Report Gross Appropriation \$15,828,200

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

Changes from FY 2006-07 Year to Date:Items Included by the Senate and House

1. **Name Change.** The Governor changed references to the office of the auditor general to the legislative auditor general. The Senate and House concurred with the Governor. (Sec. 622)

Conference Agreement on Items of Difference

2. **Audit of Legislative Retirement System.** The House added language requiring the Auditor General to perform an audit of the Legislative Retirement System's financial statements for the fiscal year ending September 30, 2008. The Conference Report did not include this language.

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$472,302,400

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 1. **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. The Senate and House concurred with the Governor. (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. The Senate and House concurred with the Governor. 432,000
- 3. **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. The Senate and House concurred with the Governor. (79,400)
- 4. **Economic Adjustments.** The Senate and House concurred with the Governor. 3,383,700
- 5. **Other Changes.** 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. The Senate and House concurred with the Governor. 6,800

Conference Agreement on Items of Difference

- 6. **State Building Authority Rent Adjustments.** The Conference Report made further adjustments to the amount of "rent" the State pays for State financed building projects based on projected payments. The Governor had recommended a negative adjustment of \$4,575,000. (10,975,000)
- 7. **Administrative Reductions.** The Governor recommended reductions in financial services, human resources, and internal audit functions impacting mail delivery services, financial reporting, and accounting analysis and reduce staff by 2.5 FTE. The Senate concurred with the Governor; the House did not include these reductions. (230,000)
- 8. **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). The Senate concurred with the Governor; the House did not include these reductions. (165,700)
- 9. **Additional GF/GP Adjustments.** The Senate included additional GF/GP reductions of \$1,729,500 to several line items as well as a budgetary savings of \$620,500. The Conference Report restored most of these reductions; however, a net reduction was still necessary to reach target. The House did not include the Senate's original reductions. (344,200)
- 10. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 3,839,600

Total Changes (\$4,225,600)

FY 2007-08 Conference Report Gross Appropriation \$468,076,800

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

Changes from FY 2006-07 Year to Date:Items Included by the Senate and House

1. **Computer Contract Adjustments.** The Governor removed language requiring notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Conference Report concurred with the Senate and House and retained current law. (Sec. 710)
2. **Contracting.** The Governor removed language regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431). The Conference Report concurred with the Senate and House and retained current law. (Secs. 716, 717, 718, and 719)
3. **State Property.** The Governor removed language requiring 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 Conference Report concurred with the Senate and House and retained current law. (Sec. 723)
4. **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. The Conference Report concurred with the Governor to add this provision. (Sec. 724)

Conference Agreement on Items of Difference

5. **Contingency Funds.** The Conference Report concurred with the Governor and House and appropriated, in addition to amounts appropriated in Part 1, Federal, State Restricted, and Local Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Senate removed this language. (Sec. 701)
6. **Motor Vehicle Fleet.**
 - a) States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
 - b) 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. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.
 - c) 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 items a and b above (subsections 3 and 4 of Sec. 715) and added new language to item c (subsection 5) requiring the Department to give a 30-day notice before a fuel surcharge is implemented. The Conference Report concurred with the Senate and House and restored items a and b (subsections 3 and 4) and concurred with the Governor's change in item c (subsection 5). (Sec. 715)

7. **2-1-1 Capacities.** The Conference Report concurred with the Senate and added new language requiring the Department to assist DIT in determining how existing 2-1-1 capacities will be utilized by each State department. (Sec. 724a)
8. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report moved this language to the General Section, Sec. 226, of General Government.
9. **Calumet State Police Post.** The House added language requiring the Department to conduct an independent appraisal and market analysis of the Calumet State Police post. Conference Report did not include this language.
10. **Procurement for Durable Goods.** The House added language requiring the DMB to contract with a private company to study ways to streamline procurement of durable goods & services and report on it by November 30, 2007. The Conference Report did not include this language.
11. **State-owned Equipment.** The Conference Report added new language requiring the Department to report on State-owned equipment such as furniture, computers, vehicles, construction equipment, etc. (Sec. 724b)

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$198,783,000

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 1. **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. The Senate and House concurred with the Governor. (44,700)
- 2. **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. The Senate and House concurred with the Governor. (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. The Senate and House concurred with the Governor. (950,000)
- 4. **DIT Reduction.** The Governor reduced the Department's share of an administrative reduction in DIT payments across all State departments. The Senate and House concurred with the Governor. (36,800)
- 5. **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. The Senate and House concurred with the Governor. 40,000
- 6. **Economic Adjustments.** The Senate and House concurred with the Governor. 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. The Senate and House concurred with the Governor. 0

Conference Agreement on Items of Difference

- 8. **Additional GF/GP Adjustments.** The Senate included additional GF/GP reductions of \$757,900 to several line items as well as a budgetary savings of \$2,584,000. The Conference Report restored most of these reductions; however, a net reduction was still necessary to reach target. The House did not include the Senate's original reductions. (539,800)
- 9. **Help America Vote Act.** The House concurred with the Revised Governor's recommendation to add funding for the Help America Vote Act. The Conference Report concurred with the House. 350,000
- 10. **Year-To-Date Adjustment.** Adjustments to the year-to-date figure for FY 2006-07 to reflect changes in appropriations due to E. O. 2007-3, P.A. 17 of 2007 and P.A. 41 of 2007. 6,010,500

Total Changes \$8,898,400

FY 2007-08 Conference Report Gross Appropriation \$207,681,400

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

Changes from FY 2006-07 Year to Date:Items Included by the Senate and House

1. **Transactions Report.** The Governor removed language requiring the Department to report to the House and Senate General Government Subcommittees and the respective fiscal agencies, by December 15th, the number of branch office transactions completed online. The Conference Report retained current law. (Sec. 815a)
2. **Motorcycle Safety Program.** The Governor removed language that 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 Conference Report retained current law. (Sec. 818)
3. **Department of State Business Application Modernization Project.** The Governor removed language that provides criteria for expenditure of funds and designates as a work project. The Conference Report retained current law. (Sec. 819)
4. **Branch Office Location.** The Governor removed language that 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 Conference Report concurred with Governor.
5. **Buena Vista Branch Office.** The Senate and House added language requiring the Department to maintain a full service branch office in Buena Vista Township. The Conference Report concurred. (Sec. 824)
6. **Milan Branch Office.** The Senate and House added language requiring the Department to maintain a full service branch office in Milan. The Conference Report concurred. (Sec. 825)
7. **Branch Offices.** The Senate and House added language requiring the Department to maintain branch offices in each location that existed on August 1, 2007. The Conference Report concurred. (Sec. 826)

Conference Agreement on Items of Difference

8. **Contingency Funds.** The Conference Report concurred with the Governor and House and appropriated, 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 Senate removed this language. (Sec. 801)
9. **Branch Office Closings.** 1) Requires that 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 the details of the proposal including cost estimates of savings. 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. Senate restored current law language in subsection 1 and concurred with the Governor and removed subsection 2. The House concurred with the Senate and added an additional requirement to include in the report costs for new leased facilities and expansions. The Conference Report concurred with the House and added new language requiring a 6-month notice for closures or consolidations. (Sec. 815)
10. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report moved this language to the General Section, Sec. 226, of General Government.
11. **Gifts and Donations.** Senate added new language allowing the Department to accept non-monetary gifts, donations, or contributions of property for use for any departmental function relating to licensing, regulation, or safety. The House did not include this language. The Conference Report concurred with the Senate. (Sec. 821)
12. **FTE Authorization.** The House added language allowing the Department to allocate any of its FTEs among the branch offices. The Conference Report did not include this language.
13. **Unencumbered Funds.** The House added language requiring unexpended and unencumbered funds to lapse back to the State department from which they were appropriated. The Conference Report did not include this language.
14. **Guidelines for Branch Office Placement.** The House added guidelines for the placement of future branch offices. The Conference Report concurred with the House. (Sec. 827)

Date Completed: 10-30-07

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FY 2006-07 Year-to-Date Gross Appropriation \$1,599,122,100

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 1. **Program Increases.** These include the Cybershame initiative \$250,000, the Neighborhood Enterprise Zone program \$150,000, Renaissance Zone reimbursement \$465,000, Investments \$100,000 and the expansion of Club Keno in Lottery, 2.0 FTEs and \$150,000. 1,115,000
- 2. **Transfers Out.** New Hire Reporting to DHS (\$1,545,000), rent to HAL (\$92,500). (1,637,500)
- 3. **Qualified Agricultural Loan Payments.** This loan program is scheduled to end 10/1/07. (2,500,000)
- 4. **Revenue Enhancement Program.** The Governor an adjustment for this program. 33,200
- 5. **Other Program Reductions.** These include (\$200,000) for the MESP, (\$3,020,000) for land reutilization, Customer Contact (\$690,800), and Tax Processing (\$340,200). (4,251,000)
- 6. **Debt Service.** Changes include new issues for the Clean Michigan Initiative (\$8,100,000) and Great Lakes Water Quality bonds (\$4,300,000), and \$7,428,200 for current debt service. 19,828,200
- 7. **Tax Restructuring Initiative.** Removal of one-time costs associated with new taxes. The Conference Report adjusted these amounts to reflect the costs in FY 2007-08. (2,280,000)
- 8. **Economic Adjustments.** 7,116,300
- 9. **Retirement Adjustments Related to Executive Order 2007-3.** 5,763,900
- 10. **Other Changes.** The Governor, House, and Senate removed 2002 early out sick leave payments (\$115,300) and HR optimization (\$58,800). (174,100)

Conference Agreement on Items of Difference

- 11. **Local Public Safety Grants.** The Governor included \$14,381,000 for a new grant program funded by an increase in liquor license fees and the House included a \$100 placeholder. The Senate and Conference Report did not include this program. 0
- 12. **Administrative Reductions.** The Governor and Senate included reductions: \$50,000 in Collections, \$50,000 in Mail Operations, \$50,000 for Merit Award Administration, and a DIT reduction of \$74,100. The House did not include them, but the Conference Report did. (224,100)
- 13. **GF/GP Reductions.** The Senate included additional GF/GP reductions in several line items. The Conference Report included the following reductions: Senior Citizen Cooperative Housing (399,100), Rent/BOC (100,000), telephone/telegraph appraisals (200,000), HR & Purchasing (50,000), Program Management (100,000), and Mail Operations (50,000). (899,100)
- 14. **Michigan Strategic Fund (MSF).** The Governor and House transferred the MSF to Treasury. The Senate did not include the MSF in General Government. The Conference Report concurred with the Governor and House. Please see the MSF highlight sheet for detail. 166,422,500
- 15. **Revenue Sharing.** Adjustments reflect current revenue estimates. One county will receive a payment (\$113,600). The Governor added local collaborative efforts payments of \$27,160,000. The House included \$54,320,000 in funding and rolled Constitutional and Statutory payments into one line item. The Senate and Conference Report did not include the new program and maintained separate line items. (33,631,400)
- 16. **Other Changes.** The Senate included additional budgetary savings and \$51,000 in restricted funds to pay national dues. The Conference Report included the dues and added \$3,300,000 in restricted funds for secondary collection activities and \$2,000,000 for Blackstone settlement. 5,351,000

Total Changes..... \$160,032,900

FY 2007-08 Conference Report Gross Appropriation \$1,759,155,000

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

Changes from FY 2006-07 Year to Date:Items Included by the Senate and House

1. **Renaissance Zone Reimbursement.** The Governor modified the section to require the Department to certify the amounts due each eligible recipient. The Senate and House concurred. (Sec. 922)
2. **Social Security Numbers.** The Governor removed the section prohibiting the inclusion of SSNs on Form 1099-G mailings. The Senate and House restored current year language. (Sec. 943)
3. **Assessment Administration.** Provides that the Department may review local unit assessment administration. The Governor removed this section. The Senate and House restored current year language. (Sec. 945)
4. **Regional Training.** Allows for the coordination of regional assessment, training and recertification activities. The Governor removed this section. The Senate and House restored current year language. (Sec. 946)
5. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. The Senate and House restored current year language. (Sec. 948)
6. **Income Tax Check-offs.** Requires a plan to identify the feasibility of income tax form check-offs. The Governor removed this section. The Senate and House concurred with the Governor. (Sec. 949)
7. **Prohibition of Sports Personalities in Advertising.** Prohibits the State Lottery from using funds to associate sports figures with the lottery. The Governor, House, and Senate removed this section. (Sec. 962)
8. **DHS Bridge Cards.** Requires the State Lottery to inform lottery retailers that the cash side of DHS bridge cards cannot be used to purchase lottery tickets. The Governor removed this section. The Senate and House restored it. (Sec. 963)

Conference Agreement on Items of Difference

9. **Contingency Funds.** The Governor and House included contingency funds language. The Senate did not. (Sec. 901)
10. **Unclaimed Property Dues.** The Senate added language requiring \$51,000 of the funds in Part 1 be used to pay dues to NCCUSL. The Conference Report concurred with the Senate. (Sec. 919(2))
11. **Secondary Collections.** The Senate added language requiring a contract for secondary collection activities. The Conference Report concurred with the Senate. (Sec. 930a)
12. **Pension Fund Investments.** The Governor and House removed the intent of the Legislature language. The Senate restored current year language. The Conference Report concurred with the Senate. (Sec. 939)
13. **Standardized Audit Schedules.** The Governor and House removed the section appropriating funds to support standardized audit schedules. The Senate restored current year language. The Conference Report concurred with the Senate. (Sec. 941)
14. **Revenue Enhancement Program.** The Governor removed language requiring the development of a statewide database and quarterly progress reports. The Senate restored the reporting requirement and included language requiring the Department to maintain a statewide database. The House increased the amount earmarked for the database. The Conference Report concurred with the Senate. (Sec. 947)
15. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. The Conference Report concurred. (Sec. 226)
16. **Local Public Safety Grants.** The Governor and House added this section for a new grant program. The Senate did not include the funding or the boilerplate. The Conference Report concurred with the Senate. (Sec. 941)
17. **Revenue Sharing.** The Governor and Senate retained current year language. The House modified the section to require the State to distribute the full amount appropriated. The Conference Report modified the language to ensure each local unit receives the same amount the did in FY 2006-07. (Sec. 950)
18. **Local Government Collaborative Efforts.** The Governor and House added this section to provide for the distribution of the funds appropriated in Part 1. The Senate did not include the funding or the language. The Conference Report concurred with the Senate. (Sec. 956)
19. **Special Census Revenue Sharing Payments.** Provides for the distribution of special census payments. The Governor removed this section. The Senate and House restored current year language. The Conference Report did not include the section.
20. **Michigan Strategic Fund.** The Governor and House transferred boilerplate pertaining to the MSF to Treasury. The Senate did not include the Fund in the General Government bill. The Conference Report concurred with the Governor and the House. See MSF highlight sheet for detailed information.



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FY 2006-07 Year-to-Date Gross Appropriation \$85,826,200

Changes from FY 2006-07 Year-to-Date:

Items Included by the Senate and House

- 10. **21st Century Programs.** The Governor recommended \$75.0 million from the 21st Century Jobs Trust Fund. The funds come from tobacco settlement revenue deposited in the 21st Century Jobs Trust Fund pursuant to PA 232 of 2005 and would be allocated by the MSF Board subject to statutory limits. The Senate, House, and Conference Report concurred. 75,000,000
- 11. **Economic Adjustments.** 413,000
- 12. **Other Changes.** Other changes recommended by the Governor include an increase in Human Resources optimization user charges of \$500, reduction of obsolete Federal expenditure authority of (\$300,000), reduction of (\$91,900) due to completion of the sick leave payout related to State employee early retirements and other adjustments. The Senate, House, and Conference Report concurred. 239,100

Conference Agreement on Items of Difference

- 13. **Michigan Promotion Program.** The Governor and House recommended increasing funding for this program by \$10.0 million GF/GP to \$15,717,500 for tourism and business marketing. The Senate funded at \$6,717,500 with a fund shift that replaced \$3,621,500 GF/GP with funds from the Jobs for Michigan Investment Funds>Returns to Fund. The Conference Report added \$5,700,000 from Investment Funds – Returns to Fund. 5,700,000
- 14. **Alternative Energy Initiative.** The Governor and House recommended \$7.0 million GF/GP to subsidize conversion of fuel pumps for alternative fuels. The Senate included a \$100 placeholder. The Conference Report did not include. 0
- 15. **Small Business Innovation Research (SBIR) and Small Business Technical Transfer (STTR) Matching Grant Program.** The Senate funded this new line item with \$1,378,500 from the Jobs for Michigan Investment Fund - Returns to Fund. House did not include. The Conference Report made this a \$1,400,000 allocation from the line for 21st Century Jobs Trust Fund Programs. 0
- 16. **Economic Development Job Training (EDJT) Grants.** The Governor recommended funding at \$8,197,500. The Senate and House concurred in the Governor's funding level. The Conference Report reduced to \$7,441,300 and included an allocation for aeronautics certification grants. (756,500)
- 17. **Aeronautics Certification Grants.** The Senate added \$500,000 GF/GP for grants of up to \$25,000 to reimburse companies for eligible costs incurred in achieving aeronautics manufacturing certification. The House did not include. The Conference Report made this a boilerplate allocation from EDJT or the Defense Contract Coordination Center. 0
- 18. **Placeholder Appropriations.** The Conference Report included \$100 appropriations for each of the following: Business Incubators for distressed communities, Detroit Institute of Arts, Detroit Historical Museum, Detroit Zoological Institute, Michigan State University Bio-energy Research Center, McBain Township in Missaukee County for infrastructure improvements, and Berrien County Brownfield Redevelopment Authority for an ethanol project. 700
- 19. **Other Changes.** The Conference Report did not include funding for the proposed Entrepreneurial and Mentoring Training Program or a budgetary savings unit. 0

Total Changes..... \$80,596,300

FY 2007-08 Conference Report Gross Appropriation \$166,422,500

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

Changes from FY 2006-07 Year to Date:Conference Agreement on Items of Difference

8. **Economic Development Job Training Grants and Aeronautics Certification.** The Governor renamed to the Upper Hand Training Program and focused on high technology. The Senate also focused on high tech areas but did not rename. House concurred with Governor but did not rename. The Conference Report concurred with the Senate and added an allocation for Aeronautics Certification Grants of \$500,000 from either EDJT and/or the Defense Contract Coordination Center. (Sec. 1002)
9. **Professional Employer Organization (PEO).** The Governor and House deleted language preventing the MSF from disqualifying a firm for a MEGA award because it leases employees from a PEO. The Senate retained. The Conference Report concurred with House.
10. **Michigan Promotion Program.** The Governor and House added \$10.0 million to accelerate tourism and business marketing. Senate added \$1.0 million for tourism promotion only. The Conference Report added \$5,700,000 for business or tourism marketing with intent language to increase if funds are available. (Sec. 1021)
11. **Business Incubator Programs.** The House added a \$100 placeholder for business incubators in areas that meet criteria for distressed communities. The Senate did not include. The Conference Report modified the language to state criteria for four communities and added intent language that the appropriation be increased to \$4.0 million if funds are available. (Sec. 1022)
12. **SBIR/STTR Programs.** The Senate added language to require the Strategic Economic and Commercialization Board to use funds that are not claimed by awardees for the SBIR/STTR programs. House did not include. Conference Report made this an allocation of \$1.4 million from the 21st Century Jobs Trust Fund to Small Business Technical Development Centers to operate the program. The Conference Report also modified language originally proposed by the Senate to provide that any funds unclaimed by awardees in the Competitive Edge Technology Grant and Loan program would be used for this SBIR/STTR program. (Sec. 1024)
13. **Limitation on Jobs Reporting.** The Senate required that MEDC only report the actual direct jobs created by any incentive package. The House did not include. The Conference Report required direct and indirect jobs to be reported separately. (Sec. 1025)
14. **Private Research Institute.** The Senate allocated \$1.5 million from the appropriation for 21st Century Programs to a private research institute that was a federally designated good manufacturing facility. The House and Conference Report did not include.
15. **Biodiesel Production and Biomass Research Facility.** The Senate allocated \$2.0 million from the appropriation for 21st Century Programs for supporting a biofuels facility operated with support from a regional economic development organization and a public university, with a donated facility. The House did not include. The Conference Report replaced language to direct the MSF to amend an existing contract with Lakeshore Advantage to provide that at least \$3.0 million of \$3.4 million shall be distributed by March 31, 2008, and that the contract purposes be expanded to include all types of operating expenses. If the contract is not amended, then an allocation of not more than \$3.0 million would be made to Lakeshore Advantage to bring total payments to \$3.0 million in FY 2007-08. (Sec. 1027)
16. **Intent Language on Incentives.** The Senate added language stating intent that financial incentives be awarded only to companies with 100% Michigan workers. The House did not include. The Conference Report includes intent language that incentives go to companies that give preference to Michigan workers. (Sec. 1029)
17. **Use of 21st Century Funds.** The Senate specified that \$5.0 million from the Jobs for Michigan Investment Fund - Returns to Fund should only be used for SBIR/STTR programs and the Michigan Promotion program, and that appropriations from the 21st Century Jobs Trust Fund should only be used for 21st Century programs. The House and Conference Report did not include.

Date Completed: 10-30-07

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