



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

BILL ANALYSIS



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Senate Bill 245 (Substitute S-2)
Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$3,097,126,100
Changes from FY 2008-09 Year-to-Date:	
1. Department of Attorney General. This includes a 10% GF/GP reduction of \$3,198,300.	(806,300)
2. Department of Civil Rights. This includes a 10% GF/GP reduction of \$1,232,000.	(647,000)
3. Executive Office. This includes a GF/GP reduction of \$493,600.	(214,400)
4. Department of Information Technology. This budget consists of 100% IDG funding.	(27,287,100)
5. Legislature. This includes a GF/GP reduction of \$9,469,600.	(5,946,800)
6. Legislative Auditor General. This includes a FG/GP reduction of \$1,248,700	(809,700)
7. Department of Management and Budget. This includes a GF/GP reduction of \$6,366,200.	7,055,100
8. Department of State. This represents a GF/GP decrease of \$10,321,400 and an increase of \$5,750,000 in restricted revenue for a new fee.	(5,150,800)
9. Department of Treasury Operations. This represents a decrease of \$8.9 million GF/GP, primarily a result of the completion of the Michigan Business Tax implementation.	39,861,300
10. Department of Treasury Debt Service. This decrease is GF/GP funding due to schedule adjustments.	(945,500)
11. Department of Treasury Revenue Sharing. These adjustments are 100% State Restricted funding, primarily for county revenue sharing and represent a \$96.9 million reduction.	(96,964,400)
12. Michigan Strategic Fund. This represents a GF/GP increase of \$46,800 for employee economics.	(29,456,700)
13. Comparison to Governor's Recommendation. The Senate is \$25.6 million Gross over and \$5.5 million GF/GP under the Governor.	
Total Changes.....	(\$121,312,300)
FY 2009-10 Senate Gross Appropriation	\$2,975,813,800

Changes from FY 2008-09 Year to Date:

1. **Hiring Freeze.** Imposed hiring freeze and provided for exceptions. Provides for a quarterly report to the Chairs of Appropriations Committees regarding exceptions to hiring freeze. The Governor eliminated this section. The Senate restored current year language. (Sec. 205)
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 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 restored current year language. (Sec. 215)
4. **Travel Restrictions.** Limits out-of-state travel to specific situations, allows for exceptions by the State Budget Director, and requires monthly and annual reports. The Governor modified this section to limit exceptions to this restriction. The Senate concurred with the Governor. (Sec. 216)
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. The Senate restored current year language. (Sec. 217)
6. **Specific Policy Changes.** Requires 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 Governor removed this section. The Senate restored current year language. (Sec. 221)
7. **Travel Restrictions.** Prohibits all departments from sending more than one departmental employee to the same out-of-state conference or seminar. Allows this for conferences or seminars that cover multiples topics in which one employee may not have expertise. The Governor eliminated this section. The Senate concurred with the Governor. (Sec. 224)
8. **No-bid Contracts.** The Senate added language prohibiting departments from entering into no-bid contracts if there are other bidders. (Sec. 227)
9. **General Fund Lapses.** The Senate added language requiring a report on General Fund lapses. (Sec. 228)

Date Completed: 6-16-09

Fiscal Analyst: Joe Carrasco



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Senate Bill 245 (Substitute S-2)
Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$74,679,900
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Changes from FY 2008-09 Year-to-Date:

1. Internal Audit Consolidation. Internal audit functions transferred to DMB per Executive Order (E.O.) 2007-31. The Senate concurred with the Governor.	(47,900)
2. Microsoft Upgrade. One-time funding provided to upgrade Microsoft Office software. The Senate concurred with the Governor.	80,800
3. Private Rent Adjustments. Funding is increased due to increased rent costs of privately owned buildings leased by the Department in East Lansing, Lansing, and Petoskey. The Senate concurred with the Governor.	32,000
4. Administrative Savings. Savings realized from annualization of reductions made in E.O. 2008-21. The Senate concurred with the Governor.	(160,700)
5. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. The Senate concurred with the Governor.	(12,100)
6. Federal Funding. The Senate increased Federal authorization for the Prosecuting Attorney's Coordinating Council to receive anticipated additional revenue.	100,000
7. Economic Adjustments. The Department's economic adjustments totaled \$1,135,200 while the economic adjustment for DIT totaled \$17,200. The Senate concurred with the Governor.	1,152,400
8. YTD Changes. E.O. 2009-22 reduced funding to Operations by \$1,259,600 resulting in 27-31 fewer FTEs. Additional reductions for Information Technology of \$6,400 and \$435,800 for Furlough Days savings were also included.	1,729,800
9. Legislative Transfers. DMB Letter 3/18/2009 increased funding for Operations by \$344,000 and PACC was increased by \$138,300. These funds were transferred from the Federal HHS Medicaid Fraud Control Unit.	(482,300)
10. 10% Funding Reduction. The Senate reduced funding in the following lines: Operations by \$3,038,400, Child Support Enforcement by \$64,000, and PACC by \$95,900.	(3,198,300)
11. Comparison to Governor's Recommendation. The Senate is \$948,300 Gross under and \$3,198,300 GF/GP under the Governor.	
Total Changes.....	(\$806,300)

FY 2009-10 Senate Gross Appropriation	\$73,873,600
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Changes from FY 2008-09 Year to Date:

1. **Antitrust and Securities Fraud.** The Governor and Senate added new language stating that unexpended funds from antitrust or securities fraud revenues at the end of the fiscal year may be carried forward for expenditure in the following fiscal year up to a maximum of \$250,000. (Sec. 307 (2))
2. **Legal Service Costs.** The Governor added new language stating that the Department may not receive or expend funds in addition to those authorized in Part 1 for legal services provided to other State departments or agencies, except for costs for expert witness, court costs, or other nonsalary litigation expenses unless they are authorized by supplemental appropriation or transfer. The Senate did not include this language.
3. **Medicaid False Claims.** The Governor removed language allowing for the expenditure of money received by the Department under the Medicaid False Claims Act. The Senate restored this provision. (Sec. 311)

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$13,792,400
Changes from FY 2008-09 Year-to-Date:	
1. Internal Audit Consolidation. Internal audit functions transferred to DMB per Executive Order 2007-31. The Senate concurred with the Governor.	(68,700)
2. Microsoft Upgrade. One-time funding provided to upgrade Microsoft Office software. The Senate concurred with the Governor.	22,600
3. Administrative Savings. Savings realized from annualization of reductions made in E.O. 2008-21 resulting in the loss of 2.0 FTE. The Senate concurred with the Governor.	(62,100)
4. Economic Adjustments. The Department's economic adjustments totaled \$185,700 while the economic adjustment for DIT totaled \$10,900. The Senate concurred with the Governor.	196,600
5. Contingency Fund Transfers. DMB Letter 2/24/2009 increased funding for Operations by \$159,200 from Federal Contingency Funds.	(159,200)
6. YTD Changes. E.O. 2009-22 included reductions in Operations of \$466,700 and Information Technology Services of \$22,500. Also included was \$166,600 in furlough days savings.	655,800
7. 10% Funding Reduction. The Senate included reductions to Operations of \$1,146,300 and to Information Technology Services of \$85,700.	(1,232,000)
8. Comparison to Governor's Recommendation. The Senate is \$1,232,000 Gross under and \$1,232,000 GF/GP under the Governor.	
Total Changes.....	(\$647,000)
FY 2009-10 Senate Gross Appropriation	\$13,145,400

Changes from FY 2008-09 Year to Date:

1. The Governor and Senate recommended no changes to the boilerplate sections for the Department of Civil Rights.

Date Completed: 6-16-09

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$5,038,100
Changes from FY 2008-09 Year-to-Date:	
1. Economic Adjustments. The Governor and Senate did not include any funding adjustments for the Executive Office.	0
2. YTD Changes. E.O. 2009-22 included reductions to the Executive Office of \$197,000 in addition to furlough savings of \$82,000.	279,200
3. 10% Funding Reduction. The Senate included reductions for the Executive Office of \$493,600.	(493,600)
4. Comparison to Governor's Recommendation. The Senate is \$493,600 Gross under and \$493,600 GF/GP under the Governor.	
Total Changes.....	(\$214,400)
FY 2009-10 Senate Gross Appropriation	\$4,823,700

Changes from FY 2008-09 Year to Date:

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

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Senate Bill 245 (Substitute S-2)
Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$431,421,900
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Changes from FY 2008-09 Year-to-Date:

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| 1. Department of Agriculture. The Governor eliminated funding for the Upper Peninsula State Fair. | (900) |
| 2. Department of Corrections. The Governor included adjustments for the OMNI system, desktop maintenance costs, a data warehouse for healthcare claims, and funding for a new medical records systems. Savings were also included to reflect the closing of various facilities. | 2,329,400 |
| 3. Department of Energy, Labor and Economic Growth. The Governor included an adjustment for the pollution/energy functions transferred to this Department. | 23,200 |
| 4. Department of Environmental Quality. The Governor transferred the Wetlands Program back to the Federal government. | (54,600) |
| 5. History, Arts, and Libraries (HAL). As part of the dissolution of this Department, the Demographics and Census Data program was transferred to DIT, and one-time IT costs for the Department were removed. The Senate restored the Department but removed one-time costs. | (60,700) |
| 6. Department of Human Services. The Governor removed \$17.3 million in funding for the Bridges project in anticipation of its completion, and transferred associated staff out of DIT. The Governor also transferred the Juvenile Justice System to a non-IT line item, included costs for the implementation of the Child Rights settlement, and reflected (\$3.0 million) in contract savings. | (20,610,700) |
| 7. Department of Management and Budget. The Governor removed one-time funding and State Fair IT costs. | (238,800) |
| 8. Department of State Police. The Governor included adjustments to account for one-time IT expenditures. | 1,731,100 |
| 9. Department of Treasury. The Governor removed funding for secondary collection activities. | (500,000) |
| 10. Economic Adjustments. | 3,722,100 |
| 11. Other Changes. The Governor included \$6.9 million in funding for a statewide Microsoft Office upgrade, and \$1.0 million for the Michigan Business One Stop Portal, as well as administrative reductions of \$396,200 and virtual storage savings of \$1.2 million. | 6,296,000 |
| 12. FY 2009-10 Adjustments from the Governor. Adjustments carried forward from E.O. 2009-22. | (19,923,200) |
| 13. Comparison to Governor's Recommendation. The Senate is \$19,705,900 Gross under and \$0 GF/GP over/under the Governor. | |

Total Changes.....	(27,287,100)
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FY 2009-10 Senate Gross Appropriation	\$404,134,800
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Changes from FY 2008-09 Year to Date:

1. **Reporting Requirement for Expenditures for Spatial Information and Technical Services.** The Governor eliminated a reporting requirement for funds received under this section. The Senate retained current year language. (Sec. 574)
2. **Annual Report.** The Governor removed a section that 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 Senate retained current year language. (Sec. 578)
3. **Life-Cycle of Hardware and Software.** The Governor removed a section that 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 Senate retained current year language. (Sec. 579)
4. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed subsection (2), which designated funds as work project appropriations. The Senate retained current year language. (Sec. 580(2))
5. **Information Technology Study.** The Governor removed a section that requires the Department to assess the State's IT assets and potential benefits and economies. The Senate concurred with the Governor. (Sec. 581)
6. **Improvements to Michigan.gov.** Requires a report by December 1 on improvements made to Michigan.gov. The Governor removed this section. The Senate retained current year language. (Sec. 582)
7. **Contract Reporting Requirement.** Requires a report by December 31 on all follow-on contracts and change orders greater than \$25,000. The Governor removed this section. The Senate retained current year language. (Sec. 583)
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 for certain departments that would result from 2-1-1 service. The Senate retained current year language. (Sec. 584)
9. **MiCSES.** The Governor removed a section that requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The Senate retained current year language. (Sec. 585)
10. **Census-Related Services.** The Governor added new language that appropriates funds collected for census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products. Also provides carryforward authorization. Language similar to this was previously in the HAL budget. The Senate restored this language to the HAL budget. (Sec. 588)

Date Completed: 6-16-09

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$110,981,200
Changes from FY 2008-09 Year-to-Date:	
1. Economic Adjustments. The Governor and Senate did not include any funding adjustments for the Legislature.	0
2. YTD Changes. H.B. 4309 included the following reductions: \$971,300 for the Senate, \$1,282,400 for the House of Representatives, \$183,000 for the Automated Data Processing system, \$128,800 from both the House and Senate Fiscal Agencies, \$388,400 for the Legislative Council, \$55,000 for the LSB automated data system, and property management adjustments of \$381,500.	3,522,800
3. 10% Funding Reduction. The Senate included reductions of \$2,593,100 for the Senate, \$227,000 for the Senate Automated Data Processing, \$286,600 for the Senate Fiscal Agency, \$4,052,200 for the House of Representatives, \$180,300 for the House Automated Data Processing, \$286,600 for the House Fiscal Agency, \$864,500 for Legislative Council, \$122,400 for LSB Automated Data Processing, and property management reductions of \$688,500 for the Farnum Building, and \$168,400 for the Cora Anderson Building.	(9,469,600)
4. Comparison to Governor's Recommendation. The Senate is \$9,469,600 Gross and \$9,469,600 GF/GP under the Governor.	
Total Changes.....	(\$5,946,800)
FY 2009-10 Senate Gross Appropriation	\$105,034,400

Changes from FY 2008-09 Year to Date:

1. **Domestic Partner Health Benefits.** Prohibits appropriated funds from being used to pay for the health insurance benefits for unmarried domestic partners of legislators or legislative employees. The Governor eliminated this language. The Senate retained this language. (Sec. 610)

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$15,389,200
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Changes from FY 2008-09 Year-to-Date:

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| 1. Information Technology. The Governor and Senate eliminated one-time funding for costs associated with the transition from the executive IT network to the legislative IT network. | (63,000) |
| 2. YTD Changes. H. B. 4309 reduced funding for Field Operations by \$502,000. | 502,000 |
| 3. 10% Funding Reduction. The Senate reduced funding for Field Operations by \$1,248,700. | (1,248,700) |
| 4. Comparison to Governor's Recommendation. The Senate is \$1,248,700 Gross under and \$1,248,700 GF/GP under the Governor. | |

Total Changes	(\$809,700)
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FY 2009-10 Senate Gross Appropriation	\$14,579,500
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Changes from FY 2008-09 Year to Date:

1. **Information Technology.** Language allowing the use of \$63,000 to be used for the migration costs of moving the IT network from the executive network to the legislative network is removed by the Governor and Senate.

Date Completed: 6-16-09

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Senate Bill 245 (Substitute S-2)
Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation \$549,679,200

Changes from FY 2008-09 Year-to-Date:

1. **Internal Audit Consolidation.** Internal audit functions transferred to DMB per Executive Order 2007-31. Civil Service transferred \$121,500 while DMB reduced IDGs by \$1,102,300. Elimination of 1.0 FTE. The Senate concurred with the Governor. (1,223,800)
2. **Microsoft Upgrade.** One-time funding provided to upgrade Microsoft Office software. The Senate concurred with the Governor. 279,400
3. **Administrative Savings.** Savings realized from annualization of reductions made in E.O. 2008-21. Elimination of 8.0 FTE. The Senate concurred with the Governor. (482,300)
4. **Human Resource Staff Reductions.** Savings realized due to closure of Deerfield and Branch correctional facilities and Mt. Pleasant Community Health facility. Elimination of 20.0 FTE. The Senate concurred with the Governor. (1,608,800)
5. **State Building Authority Rent Adjustments.** The Governor and Senate made adjustments to the "rent" the State pays for State financed building projects based on projected payments. 20,000,000
6. **State Fair.** Elimination of State support for State Fair. Elimination of 9.0 FTE. The Senate concurred with the Governor. (6,605,300)
7. **HAL Records Center Transfer.** The Governor included costs associated with operating the State's records center and archives is transferred to DMB due to elimination of the Department of HAL. Addition of 21.0 FTE. The Senate did not include this change. 0
8. **Department of Information Technology (DIT) Reduction.** This represents the Department's share of a DIT administrative reduction. The Senate concurred with the Governor. (160,000)
9. **Office of Great Workplace Development.** The Senate eliminated funding for this office within the Civil Service Commission. Resulted in a reduction of 5.0 FTE. (700,000)
10. **Economic Adjustments.** The Department's economic adjustments totaled \$1,966,500 while the economic adjustment for DIT totaled \$1,317,100. The Senate concurred with the Governor. 3,283,600
11. **Other Changes.** Positive adjustments are included for private rent adjustments (\$266,700) and the transfer of 3.0 FTE for carpenters from State Police (\$282,700) while a negative adjustment is included for the elimination of the collection of FOIA funds in the Civil Service Commission (\$1,100) and negative technical adjustments totaling \$275,000. 273,300
12. **YTD Changes.** E.O.2009-22 reduced funding by 4%. 2,365,200
13. **Contingency Fund Transfer.** H.B. 4258 appropriated \$2,000,000 of ARRA supplemental funds to the Michigan Economics Recovery Office. (2,000,000)
14. **10% Funding Reductions.** The Senate reduced funding for the following line items: \$50,400 for Executive Operations, \$101,100 for Administrative Services, \$1,256,000 for Budget and Financial Management, \$81,500 for the Office of State Employer, \$444,500 for Business Support Services, \$161,400 for the Office of Children's Ombudsman, \$1,446,800 for Information Technology, \$342,900 for Civil Service Agency, \$426,800 for Civil Service Executive Direction, \$1,829,400 for Civil Service Human Resources Operations, and \$225,400 for Civil Service Information Technology. (6,366,200)
15. **Comparison to Governor's Recommendation.** The Senate is \$9,889,200 Gross under and \$9,165,600 GF/GP under the Governor.

Total Changes..... \$7,055,100

FY 2009-10 Senate Gross Appropriation \$556,734,300

Changes from FY 2008-09 Year to Date:

1. **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. The Senate retained this language. (Sec. 710)
2. **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 and requires the Department to give a 30-day notice before a fuel surcharge is implemented.The Governor removed Subsections 3 and 4 (items c and d above) while the Senate retained these subsections. (Sec. 715)
3. **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. The Senate retained these sections.
4. **Supplier Diversity Program.** The Governor and Senate removed language for the supplier diversity program intended to increase the number and types of vendors competing for State contracts.
5. **Internal Audits.** The Governor and Senate deleted language that allows internal audit charges to be funded by assessments against State agencies in a manner prescribed by the Department.
6. **Records Center and Archives.** The Governor adds new language that is necessary to provide spending authorization for the records center and archives acquired from the eliminated Department of HAL. The Senate removed this section.
7. **2-1-1 Capacities.** Requires the Department to assist DIT in determining how existing 2-1-1 capacities are utilized by each State department. The Governor and Senate removed this section.
8. **Approval for Projects.** The Governor and Senate move language requiring Joint Capital Outlay Subcommittee approval for certain self-funded construction projects for universities and community colleges from Sec. 730 to Sec. 769.
9. **Unclassified Salaries.** The Senate added new language requiring the Department to compile a report by January 1 pertaining to the salaries of unclassified employees and gubernatorial appointees. (Sec. 724)
10. **State Fair.** The Senate added new language to allow the Department to receive and expend up to \$150,000 from the State Exposition and Fairgrounds Fund. (Sec. 724a)
11. **Office of Great Workplace Development.** Senate eliminates funding and adds language prohibiting the use of any other funds for this office. (Sec. 754)

Date Completed: 6-16-09

Fiscal Analyst: Joe Carrasco

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

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$214,218,400
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Changes from FY 2008-09 Year-to-Date:

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|---|--------------|
| 1. Internal Audit Consolidation. Internal audit functions transferred to DMB per Executive Order 2007-31. The Senate concurred with the Governor. | (148,600) |
| 2. Microsoft Upgrade. One-time funding provided to upgrade Microsoft Office software. The Senate concurred with the Governor. | 266,700 |
| 3. Michigan Business One-Stop Portal. The Governor and Senate added funding for Department to become part of the new initiative to create a single place for business to interact with government. | 54,000 |
| 4. Administrative Savings. Savings realized from annualization of reductions made in E.O. 2008-21. The Senate concurred with the Governor. | (132,600) |
| 5. Help America Vote Act. All Federal funding is exhausted and eliminated for FY 2009-10. The Senate concurred with the Governor. | (3,863,700) |
| 6. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. The Senate concurred with the Governor. | (35,400) |
| 7. Economic Adjustments. The Department's economic adjustments totaled \$2,919,100 while the economic adjustment for DIT totaled \$201,100. The Senate concurred with the Governor. | 3,120,200 |
| 8. YTD Changes. E.O. 2009-22 included reductions for including reductions for Department Services Operations of \$155,800, Regulatory Services Operations of \$255,000, Branch Operations of \$534,400, Central Operations of \$100,000 and Information Technology of \$300. | 1,335,000 |
| 9. Legislative Transfer. DMB Letter 2/24/2009 approved the following increases from Federal Contingency funds: \$200,000 for Motorcycle education grants, \$760,000 for Customer Delivery Central Operations, and \$15,000 for Help America Vote. An additional \$200,000 was approved fro Motorcycle Safety Education from State Contingency Funds. | (1,175,000) |
| 10. 10% Funding Reduction. The Senate reduced funding for the following line items: Executive Direction Operations by \$5,000, Department Services Operations by \$910,000, Regulatory Services Operations by \$435,000, Customer Delivery Branch Operations by \$5,924,900, Customer Delivery Central Operations by \$2,909,300, and Information Technology by \$137,200. | (10,321,400) |
| 11. Branch Services Fee. The Senate increased funding for expected new restricted revenues from new fee. | 5,750,000 |
| 12. Comparison to Governor's Recommendation. The Senate is \$4,571,400 Gross under and \$10,321,400 GF/GP under the Governor. | |

Total Changes.....	(\$5,150,800)
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FY 2009-10 Senate Gross Appropriation	\$209,067,600
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Changes from FY 2008-09 Year to Date:

1. **HAVA Report.** The Senate added language requiring the Department to report annually on its success of the enforcement and compliance with the Help America Vote Act. (Sec. 805a)
2. **Branch Office Closings.** (1) At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, 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. The Governor eliminated this section. The Senate retained this language. (Sec. 815)
3. **Transaction Report.** Requires 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 Governor and Senate removed this section.
4. **Motorcycle Safety Education Program.** Language continuing the Motorcycle Safety Education Program in the same manner as was provided by the Department of Education and the listing of revenue sources for the program are removed by the Governor. The Senate retained this provision. (Sec. 818)
5. **Department of State Business Application Modernization Project.** Language designating unexpended funds as a work project is deleted by the Governor. The Senate retained this provision. (Sec. 819)
6. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. The Senate retained this section. (Sec. 824)
7. **Guidelines for Branch Office Placement.** Provides guidelines for the placement of future branch offices. The Governor removed this section. The Senate retained this section. (Sec. 827)
8. **Technical Language.** New language adding the phrase "In addition to the appropriation in part 1" is added by the Governor to the beginning of Sections 802, 805, 806, 810, and 816. The Senate did not include this change.

Date Completed: 6-16-09

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Senate Bill 245 (Substitute S-2)
Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$1,681,925,800
Changes from FY 2008-09 Year-to-Date:	
1. Secondary Collection Activities. The Governor and Senate removed funding for this purpose.	(1,100,000)
2. Telephone/Telegraph Reappraisals. The Governor and Senate included partial funding to begin these.	500,000
3. Blackstone Settlement. The Governor and Senate included a supplemental for fiscal year 2008-09 to pay this settlement in full using State restricted funds.	(2,000,000)
4. Property Tax Appeal Program. The Senate eliminated this program.	(500,000)
5. Lottery and Casino Gaming Personnel. The Governor and Senate included funding for additional lottery sales representatives and a casino auditor for the new Nottawaseppi Tribe casino.	923,500
6. Michigan Education Savings Program. The Governor eliminated this program, which provided a State match of up to \$200.00 for program participants. The Senate restored the program.	0
7. Michigan Business Tax Implementation. The Governor and Senate removed one-time costs.	(6,500,000)
8. Commercial Mobile Radio Service Payments. The Governor moved these payments to boilerplate authorization. The Senate restored the line item with full-year authorization.	9,100,000
9. Lottery Promotion and Advertising. The Governor moved funding for lottery advertising to boilerplate authorization. The Senate restored the line item and applied a 10% reduction.	(1,862,200)
10. Debt Service. Adjustments include increases of \$430,000 for Quality of Life bonds and \$2.2 million for Great Lakes Water Quality bonds, and decreases of \$65,500 for Water Pollution Control bonds and \$3.5 million for the Clean Michigan Initiative.	(945,500)
11. Michigan Strategic Fund. Please see MSF sheet for more detail.	(29,456,700)
12. Revenue Sharing. The Governor and Senate included revenue-based adjustments to constitutional and statutory payments, as well as \$46.8 million in additional payments to counties.	(96,964,400)
13. Revenue Enhancement Activities. The Governor and Senate included funding for expanded compliance enforcement for business accounts, and automation of income tax processing, which the Department predicts will garner \$15.2 million in additional revenue.	1,045,000
14. Other Increases. These include: a \$200,000 increase for PILT, \$400,000 for an updated assessors' manual, \$375,900 in additional attorney general charges, \$255,300 for Statewide IT changes, \$300,000 for investment oversight, \$200,000 for the tobacco stamp contract, \$160,000 for principal residence exemption hearings, \$128,200 for Michigan Transportation Fund investment and \$5,000 for a deputy treasurer salary.	2,024,400
15. Economic Adjustments. These include \$324,400 in DIT economics.	4,070,600
16. Other Changes. These include adjustments to reflect actual expenditures for Senior Citizen Cooperative Housing Tax Exemption (\$316,500), Renaissance Zone Reimbursements (\$11,500), and department travel (\$100,000), as well as IT savings of (\$94,200), the transfer of Internal Audit functions to DMB (\$132,700), and an adjustment to reflect the inactive college work study program (\$46,700).	(701,600)
17. YTD Changes. E.O. 2009-22 included a 4% reduction in funding including a \$41.5 million reduction in Revenue Sharing.	45,372,300
18. Legislative Transfers. DMB Letter 2/24/2009 included a \$200,000 transfer from Customer Contact from State Restricted Contingency Funds and a \$1,388,100 increase for Revenue Sharing.	(1,588,100)
19. 13% Funding Reduction. The Senate included the following reductions: \$227,400 for travel, \$1,200,000 for Supervision of General Property Tax eliminating 50% of Revenue Enhancement, \$140,600 for Local Finance, \$500,000 by eliminating the Property Tax Appeal Program, \$204,900 for Mail Operations, \$153,400 for Student Financial Assistance Programs, \$5,000 for Grants in Counties in Lieu of Taxes, \$3,300,000 for Senior Citizens Cooperative Housing, \$400,000 for Renaissance Zone Reimbursement by eliminating payments to public libraries, \$2,387,800 for PILT, and \$403,500 for Information Technology.	(8,922,600)
20. Comparison to Governor's Recommendation. The Senate is \$164.0 million Gross under and \$13.9 million GF/GP under the Governor.	
Total Changes	(\$87,505,300)
FY 2009-10 Senate Gross Appropriation	\$1,594,420,500

Changes from FY 2008-09 Year to Date:

1. **Sale of Tax Manuals.** Requires the Department to sell copies to the various local government assistance manuals. The Governor removed this section. The Senate retained current year language. (Sec. 905)
2. **Senior Citizen Cooperative Housing.** The Governor removed subsection (2), a requirement for a program audit. The Senate retained current year language. (Sec. 913(2))
3. **Telephone/Telegraph Language.** The Governor removed this section indicating legislative intent to fund these re-appraisals. The Senate concurred with the Governor. (Sec. 927)
4. **Secondary Collection Activities.** Requires the Department to select a private collection agency for secondary collection activities in compliance with the accounts receivable collection system contract. The Governor removed this section. The Senate concurred with the Governor. (Sec. 930a)
5. **Michigan Education Savings Program.** The Governor eliminated this program and the associated boilerplate. The Senate restored the program and boilerplate. (Sec. 933)
6. **Payments in Lieu of Taxes.** Requires the Department to make payments by February 14 for all bills received by January 15. The Governor removed this section. The Senate modified this section to require the Department to improve this payment system. (Sec. 938)
7. **Medical Pension Liability for State Employee Retirees.** Requires the Department to explore the use of a dynamic algorithm based product to utilize insurance products to address the medical pension liability for State employee retirees, and to report on the results by March 31. The Governor removed this section. The Senate removed the reporting requirement. (Sec. 941)
8. **Property Tax Appeal Program.** The Senate eliminated this program. (Sec. 942)
9. **Field Collection Services.** The Senate added language requiring a report on additional revenue collected by new personnel. (Sec. 942)
10. **Pension Plan Consultant.** Requires that any report given to the Department by a pension plan consultant be provided to the Subcommittees on General Government, the fiscal agencies and the State budget director. The Governor removed this section. The Senate modified this language to provide the report within 30 days. (Sec. 944)
11. **9-1-1 Revenue.** The Governor added language that appropriates revenue from the emergency 9-1-1 service enabling act to be distributed in accordance in the act. Replaced a line item appropriation. The Senate did not include this section. (Sec. 944)
12. **Assessment Administration.** The Governor removed the section that provides that the Department may review local unit assessment administration. The Senate restored current year language. (Sec. 945)
13. **Regional Training.** The Governor removed the section that allows for the coordination of regional assessment, training and recertification activities. The Senate restored current year language. (Sec. 946)
14. **Revenue Enhancement Program.** The Senate added language stating that payments shall be 88% of previous year's payments.
15. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. The Senate restored current year language. (Sec. 948)
16. **Transportation Funds Cost Study.** Requires the Department to conduct a cost study identifying costs of work performed by the Department for State restricted transportation funds, if these costs are not addressed elsewhere. The Governor removed this section. The Senate concurred with the Governor. (Sec. 949)
17. **Tobacco Stamp Technology.** The Senate added language requiring the Department to explore a public-private partnership for new stamping technology. (Sec. 949)
18. **Revenue Sharing.** The Governor modified this section to allow statutory payments to decrease should sales tax revenues fall, and included a provision that would decrease statutory payments if constitutional payments increase, reinstituting the methodology followed prior to the current year. The additional 2% statutory payments are retained. The Senate retained current year language. (Sec. 950)
19. **DHS Bridge Cards.** The Governor removed the section that requires the State Lottery to inform lottery retailers that the cash side of DHS bridge cards cannot be used to purchase lottery tickets. The Senate restored current year language. (Sec. 963)
20. **Lottery Advertising.** The Governor added language that appropriates 1% of the prior fiscal year's revenues for lottery promotion and advertising. Previously \$18.6 million in a line item appropriation. The Senate did not include this section. (Sec. 963)

Date Completed: 6-16-09

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Senate Bill 245 (Substitute S-2)

Committee: Appropriations

FY 2008-09 Year-to-Date Gross Appropriation	\$147,987,000
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Changes from FY 2008-09 Year-to-Date:

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| 14. Economic Development Job Training (EDJT) Grants. The Governor restored the reductions from E.O. 2009-22 which reduced the line by \$1,166,200 but annualized the \$149,000 reduction from E.O. 2008-21 bringing the line from \$5,707,300 to \$6,724,500. The Senate reduced the line by 10% from the Governor to \$6,052,000. | 344,700 |
| 15. 21st Century Jobs Fund. The Governor restored the program from \$52,950,000 to \$75.0 million. For FY 2008-09 the program was reduced by \$22,050,000 to balance the budget. Senate decreased the line further to \$32,420,300. | (20,529,700) |
| 16. Defense Contract Coordination Center. The Senate created a new line item to fund this program using 21 st Century Jobs Trust Fund dollars. | 3,000,000 |
| 17. Business Incubators. The Governor eliminated the \$1.25 million appropriation for this competitive program for eligible recipients in Berrien, Genesee, Macomb, Washtenaw, and Wayne counties. Senate included a \$100 placeholder | (1,249,900) |
| 18. Cultural and Economic Development. The Governor transferred 2.0 FTEs and \$335,200 GF/GP from History, Arts, and Libraries. Senate did not include this line. Included in S.B. 247. | 0 |
| 19. Arts and Cultural Planning Grants. The Governor transferred 5.0 FTEs and \$499,900 from the Department of History, Arts, and Libraries for the administration of this new planning grant program. An additional \$1,822,000 (\$1,000,000 GF/GP and \$822,000 Federal) is proposed for the planning grants which are available to remodel, repair, renovate, or construct arts and cultural institutions that are operated by counties, cities, villages, townships, community foundations, or nonprofit organizations. Senate did not include this. Program is included in S.B. 247. | 0 |
| 20. 10.0% Administration Reduction. The Senate reduced all administrative line items 10.0% below the Governor's recommendation. The line item reductions included: Administration - \$(259,100); Job Creation Services - \$(1,398,600); Film Office - \$(18,400). | (1,676,100) |
| 21. Michigan Promotion. The Senate reduced this line by 10% bringing the line from \$5,717,500 to \$5,145,700. | (571,800) |
| 22. Community Development Block Grant Funding ARRA. The Governor and Senate did not include the one-time ARRA funding for this program. | (9,300,000) |
| 23. Economic Adjustments. The Governor and Senate included these adjustments. | 232,600 |
| 24. Other Adjustments. Furlough day savings not continued into FY 2009-10. | 293,500 |
| 25. Comparison to Governor's Recommendation. The Senate is \$45,157,100 Gross and \$4,727,400 GF/GP under the Governor. | |

Total Changes.....	(\$29,456,700)
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FY 2009-10 Senate Gross Appropriation	\$118,530,300
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Changes from FY 2008-09 Year to Date:**10. Deleted Sections.** The Governor deleted the following sections:

- a. **Core Communities.** Language describes the grant program. Senate retained current year language. (Sec. 1014)
- b. **Regional Planning Commission.** Language requires that the Department contract with regional planning commissions for technical assistance to member municipalities. Senate concurred. (Sec. 1015)
- c. **Audit on Jobs Claims.** Language requires an audit on jobs claims from firms receiving financial or tax incentives from the State. Senate retained current year language. (Sec. 1016)
- d. **Promote Agricultural Products.** Language requires that the Fund collaborate with the Department of Agriculture to promote business development of Michigan Agriculture products in accordance with Chapter 8B of PA 270 of 1984 (the MSF Act). Senate concurred. (Sec. 1019)
- e. **Tourism Promotion.** Language refers back to the tourism promotion and business marketing appropriation in P.A. 98 of 2008. Senate concurred. (Sec. 1021)
- f. **SBIR/STTR Grant and Loan Program.** Language requires a set aside for this grant program of \$1.4 million from the 21st Century Jobs program. Senate retained current year language. (Sec. 1024)
- g. **Lakeshore Advantage.** Language requires a set aside from the 21st Century Jobs Program of \$3.0 million for this organization. Senate retained current year language. (Sec. 1027)
- h. **Michigan Worker Preference.** Language states legislative intent that tax breaks or other incentives are awarded to companies that give preference to Michigan workers. Senate concurred. (Sec. 1029)
- i. **Business Incubator Program.** Language describes the parameters of this competitive grant program. Senate changed language to allow distribution of funds to those incubators that received awards in the FY 2008-09 competitive process. (Sec. 1034)

11. EDJT Grants. The Governor made the following changes: Renamed the program the "Economic Diversification Skills Training Program"; deleted the maximum match rate for incumbent worker training program grants; deleted the prohibition against funding school pupils or college students; expanded uses of the funds to include: participation in a degree program at a community college or university related to high technology activities, job training curriculum development, reimbursing wages for participants, training necessary to receive a certification for a business to remain competitive, consulting services for businesses interested in expanding, and recruitment assistance for certain types of positions. Deleted language regarding the set asides for aerospace certification grants and Mack Alive. The Senate retained current year language except for concurring on the deletion of Mack Alive. The Senate also reduced the allocation for aerospace to \$250,000 and allocated all the funds to the Michigan aerospace manufacturers association for assistance and promotion of the industry. (Sec. 1002)

12. Arts and Cultural Planning Grants. The Governor added language describing this new grant program. The language specifies that planning grants would be awarded for assisting in the completion of program statements and schematic planning documents for the remodeling, repair, renovation, or construction of arts and cultural institutions. Eligible recipients would be counties, cities, villages, townships, community foundations, and nonprofit organizations operating arts institutions. Criteria for the grants include projects that serve multi-county geographical regions, leverage public private investment, provide educational opportunities, and promote tourism and attract or retain businesses or residents. Establishes a \$1,000 application fee. Awardees must submit a professionally developed program statement and schematic design plan to the Council for review and possible final planning and construction approval. Recommended projects will be submitted to the State budget director. Total cost of the projects recommended by MCACA cannot exceed \$100.0 million. Debt service for bonds issued under this program shall be paid by annual appropriations. Senate did not include. Current arts grant program language included in S.B. 247 as passed by the Senate.

13. Film Office Report. The Senate changed the current year language by adding to the contents of the report information on tax credits provided by type of tax credit or loan, the amount of expenditures by production eligible for a credit for personnel expenditures, goods, services, whether the credits were awarded to a Michigan entity, and a breakout of jobs created by full-time, part-time, and temporary positions. (Sec. 1032)

Date Completed: 6-15-09

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