Senate Fiscal Agency
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BILL ANALYSIS

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FY 2008-09 Year-to-Date Gross Appropriation	**$3,087,914,900**
Changes from FY 2008-09 Year-to-Date:	
1. **Dept. of Attorney General.** This includes a GF/GP reduction of 3.8% or $1,133,200.	(295,400)
2. **Department of Civil Rights.** This includes a GF/GP reduction of 1.3% or $154,500.	(313,700)
3. **Executive Office.** This includes a GF/GP reduction of 4.3% or $214,400.	(214,400)
4. **Department of Information Technology.** This budget consists of 100% IDG funding.	3,569,600
5. **Legislature.** This includes a GF/GP reduction of 4.3% or $4,706,500.	(4,706,500)
6. **Legislative Auditor General.** This includes a GF/GP reduction of 3.6% or $428,000.	(428,000)
7. **Department of Management and Budget.** This includes a GF/GP increase of 2.2% or $6,372,400.	1,169,900
8. **Department of State.** This represents a GF/GP reduction of 27.6% or $6,840,400.	(4,448,500)
9. **Department of Treasury Operations.** This represents a reduction of 13.8% or $9,644,700 GF/GP.	16,046,800
10. **Department of Treasury Debt Service.** This decrease in GF/GP funding due to payment schedule adjustments and re-estimates.	(2,945,500)
11. **Department of Treasury Revenue Sharing.** These adjustments are 100% State Restricted funding.	(55,728,900)
12. **Michigan Strategic Fund.** This represents a GF/GP reduction of 2.2% or $605,400.	(33,418,600)
Total Changes..	($81,713,200)
FY 2009-10 Conference Report Gross Appropriation	**$3,006,201,700**

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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 and House 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 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 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 and House 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 and House 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. The House concurred. (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 and House concurred with the Governor. (Sec. 224)
8. **General Fund Lapses.** The Senate added language requiring a report on General Fund lapses. The House concurred. (Sec. 228)

Conference Agreement on Items of Difference

9. **Political Action Committees.** The Senate included language prohibiting the use of funds appropriated in this bill from being used to administer a payroll reduction plan for State employees. The House did not include this language. The Conference concurred with the House. (Sec. 220)
10. **No-bid Contracts.** The Senate added language prohibiting departments from entering into no-bid contracts if there are other bidders. The House did not include this language. The Conference concurred with the House and made modifications to address bundled contracts. (Sec. 227)
11. **Report on FTEs.** The House added language requiring a bimonthly report on the number of FTEs in Classified Civil Service positions. The Conference did not include. (Sec. 229)
12. **Transparency.** The House added language requiring the departments to develop an Internet site posting expenditures greater than $10,000. The Conference did not include. (Sec. 230)

Date Completed: 9-29-09 Fiscal Analyst: Joe Carrasco, Elizabeth Pratt and Maria Tyszkiewicz

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FY 2008-09 Year-to-Date Gross Appropriation	**$74,169,000**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
1. **Internal Audit Consolidation.** The Governor transferred internal audit functions to DMB per Executive Order (E.O.) 2007-31. The Senate and House concurred.	(47,900)
2. **Microsoft Upgrade.** The Governor recommended one-time funding to upgrade Microsoft Office software. The Senate and House concurred.	80,800
3. **Private Rent Adjustments.** The Governor recommended additional funding due to increased rent costs of privately owned buildings leased by the Department in East Lansing, Lansing, and Petoskey. The Senate and House concurred.	32,000
4. **Administrative Savings.** The Governor realized savings from annualization of reductions made in E.O. 2008-21. The Senate and House concurred.	(160,700)
5. **Department of Information Technology (DIT) Reduction**. This represents the Department's share of a DIT administrative reduction. The Senate and House concurred with the Governor.	(12,100)
6. **Economic Adjustments.** The Department's economic adjustments totaled $1,135,200 while the economic adjustment for DIT totaled $17,200. The Senate and House concurred with the Governor.	1,152,400
Conference Agreement on Items of Difference	
7. **Operations.** The Governor made minor adjustments. The Senate reduced by $3,038,400 GF/GP. The House reduced by $3,015,900 GF/GP. The Conference concurred with the Senate.	(3,038,400)
8. **Prosecuting Attorney's Coordinating Council.** The Senate increased Federal authorization for the Prosecuting Attorney's Coordinating Council to receive anticipated additional revenue of $100,000 and reduced GF/GP funding by $95,900. The House made an adjustment of $4,200. The Conference concurred with the Senate.	4,100
9. **Child Support Enforcement.** The Governor maintained current year funding. The Senate reduced funding by $64,000. The House reduced funding by $67,500. The Conference concurred with the Senate.	(64,000)
10. **Other Changes.** Various changes have been made including YTD adjustments for furlough days, E.O. 2009-22, and transfers to adjust Restricted and Federal fund sources to actual revenue levels.	1,758,400
Total Changes........	($295,400)
FY 2009-10 Conference Report Gross Appropriation	**$73,873,600**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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. The Senate and House concurred. (Sec. 307 (2))

Conference Agreement on Items of Difference

2. **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. The House concurred with the Governor. The Conference concurred with the House. (Sec. 311)
3. **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. The House modified the language to allow receipt of funds if appropriated by supplemental or transfer. The Conference retained current year funding. (Sec. 312)
4. **Settlement and Penalty Revenue.** The House added language to prohibit use of settlement proceeds until appropriated and to limit other terms of settlements. The Senate did not include. The Conference concurred with the Senate. (Sec. 313)
5. **Special Attorneys General.** The House added new language requiring a report on names, addresses, and compensation for these attorneys appointed in the previous year. The Conference did not include. (Sec. 314)
6. **Michigan Occupational Safety and Health Administration (MIOSHA) Complaint Report.** The House added a report on the number of complaints received, investigated, and prosecuted by MIOSHA. The Senate did not include. The Conference concurred with the Senate. (Sec. 315)

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FY 2008-09 Year-to-Date Gross Appropriation	**$14,077,400**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
1. **Internal Audit Consolidation.** Internal audit functions transferred to DMB per Executive Order 2007-31.	(68,700)
2. **Microsoft Upgrade.** One-time funding provided to upgrade Microsoft Office software.	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.	(62,100)
4. **Economic Adjustments.** The Department's economic adjustments totaled $185,700 while the economic adjustment for DIT totaled $10,900.	196,600
5. **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. Other changes included Federal and GF/GP adjustments for operations.	211,600
Conference Agreement on Items of Difference	
6. **Unclassified Salaries.** The Senate unrolled this line item by position. The House did not unroll the line item. The Conference concurred with the House.	0
7. **Funding Reductions.** The Senate included reductions to Operations of $1,146,300 and to Information Technology (IT) Services of $85,700. The House reduced Operations by $1,139,100 and IT by $85,700. The Conference restored $618,300 of Senate reduction.	(613,700)
Total Changes	($313,700)
FY 2009-10 Conference Report Gross Appropriation	**$13,763,700**

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

Changes from FY 2008-09 Year to Date:

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

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FY 2008-09 Year-to-Date Gross Appropriation	**$5,038,100**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
1. **Economic Adjustments.** The Governor, House, 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 $197,200 in addition to furlough savings of $82,000.	279,200
Conference Agreement on Items of Difference	
3. **10% Funding Reduction.** The Conference concurred with the Senate and included reductions for the Executive Office of $493,600.	(493,600)
Total Changes........	($214,400)
FY 2009-10 Conference Report Gross Appropriation	**$4,823,700**

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

Changes from FY 2008-09 Year to Date:

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

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FY 2008-09 Year-to-Date Gross Appropriation	**$419,753,500**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
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 State Police.** The Governor included adjustments to account for one-time IT expenditures.	1,731,100
8. **Department of Treasury.** The Governor removed funding for secondary collection activities.	(500,000)
9. **Economic Adjustments.**	3,722,100
10. **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
Conference Agreement on Items of Difference	
11. **Department of Management and Budget.** The Governor removed one-time funding and State Fair IT costs.	(238,800)
12. **Other Adjustments.** Miscellaneous adjustments are included totaling $10.9 million.	10,933,500
Total Changes..	$3,569,600
FY 2009-10 Conference Report Gross Appropriation	**$423,323,100**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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 and House 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 and House 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 and House 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 and House 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 and House 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 and House 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 and House 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 and House 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 and House retained current year language. (Sec. 585)

Conference Agreement on Items of Difference

10. **Census-Related Services.** The Governor added new language, and the Conference concurred, 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)

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FY 2008-09 Year-to-Date Gross Appropriation	**$110,981,200**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
1. **Economic Adjustments.** The Governor, Senate and House 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
Conference Agreement on Items of Difference	
3. **10% Funding Reduction.** The Conference included reductions of $2,428,300 for the Senate, $255,000 for the Senate Automated Data Processing, $321,900 for the Senate Fiscal Agency, $3,206,100 for the House of Representatives, $202,500 for the House Automated Data Processing, $321,900 for the House Fiscal Agency, $971,000 for Legislative Council, $137,500 for LSB Automated Data Processing, and property management reductions of $75,700 for the Farnum Building, and $309,400 for the Cora Anderson Building.	(8,229,300)
Total Changes	($4,706,500)
FY 2009-10 Conference Report Gross Appropriation	**$106,274,700**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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 and House retained this language. (Sec. 610)

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FY 2008-09 Year-to-Date Gross Appropriation	**$15,389,200**
Changes from FY 2008-09 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. **Information Technology.** The Governor, House, 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
<u>Conference Agreement on Items of Difference</u>	
3. **10% Funding Reduction.** The Conference reduced funding for Field Operations by $1,248,700.	(1,248,700)
4. **Economics.** The House increased funding for Economics by $328,000. The Senate did not include any increase. The Conference increased funding by $381,700.	381,700
Total Changes	($428,000)
FY 2009-10 Conference Report Gross Appropriation	**$14,961,200**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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, Senate and House.

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FY 2008-09 Year-to-Date Gross Appropriation	**$547,495,800**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
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 and House concurred with the Governor.	(1,223,800)
2. **Microsoft Upgrade.** One-time funding provided to upgrade Microsoft Office software. The Senate and House 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 and House 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 and House concurred with the Governor.	(1,608,800)
5. **Economic Adjustments.** The Department's economic adjustments totaled $1,966,500 while the economic adjustment for DIT totaled $1,317,100. Senate and House concurred with the Governor.	3,283,600
6. **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. Includes $3,733,400 in misc. adjustments.	4,006,700
7. **YTD Changes.** E.O.2009-22 reduced funding by 4%.	2,365,200
8. **Contingency Fund Transfer.** H.B. 4258 appropriated $2,000,000 of ARRA supplemental funds to the Michigan Economics Recovery Office.	(2,000,000)
9. **Department of Information Technology (DIT) Reduction.** This represents the Department's share of a DIT administrative reduction. The Senate and House concurred with the Governor.	(160,000)
Conference Agreement on Items of Difference	
10. **State Building Authority Rent Adjustments.** The Conference made adjustments to the "rent" the State pays for State financed building projects based on projected payments.	3,548,500
11. **State Fair.** Elimination of State support for State Fair. Elimination of 9.0 FTE. Senate added a $100 place-holder, retained 9.0 FTEs; House retained full funding. Conf. retained full funding plus $500,000.	500,000
12. **HAL Records Center Transfer.** Gov. included costs associated with operating State's records center and archives is transferred to DMB due to elimination of the Dept of HAL. Addition of 21.0 FTE. Conference retains only the records center and 13.0 FTEs.	1,674,000
13. **Office of Great Workplace Development.** Senate eliminated funding for this office within the Civil Service Commission. Resulted in a reduction of 5.0 FTE. Conference concurred with Senate.	(700,000)
14. **10% Funding Reductions.** Conference reduced funding for the following line items: $114,500 for Executive Operations, $185,300 for Administrative Services, $652,700 for Budget & Financial Management, $1,985,000 for Bldg. Operations Services, $235,000 for Business Support Services, $110,000 for Office of Children's Ombudsman, $1,855,600 for Information Technology, $1,300,000 for Civil Service Agency Services, $724,500 for Civil Service Executive Direction, $750,000 for Civil Service Human Resources Operations, and $400,000 for Civil Service Information Technology.	(8,312,600)
Total Changes..........	$1,169,900
FY 2009-10 Conference Report Gross Appropriation	**$548,665,700**

Amount Over GF/GP Target: $0

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

1. **Computer Contract Adjustments.** Requires notification to House & Senate Appropriation Comm. 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. Conference. retained this language. (Sec. 710)
2. **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 and Conference retained these sections.
3. **Supplier Diversity Program.** Governor, Senate, and House removed language for the supplier diversity program intended to increase the number and types of vendors competing for State contracts.
4. **Internal Audits.** Governor, Senate and House deleted language that allows internal audit charges to be funded by assessments against State agencies in a manner prescribed by the Department.
5. **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, Senate and House removed this section.
6. **Approval for Projects.** Governor, Senate and House moved language requiring Joint Capital Outlay Subcommittee approval for certain self-funded construction projects for universities and community colleges from Sec. 730 to Sec. 769.

Conference Agreement on Items of Difference

7. **Census Tracking.** Conference concurred with new House language that distributes funds for reapportionment equally between the Senate and House. (Sec. 720)
8. **Data Imaging.** Conference concurred with new House language allowing for the expenditure of necessary funds for document and data imaging services. (Sec. 724)
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. 725)
10. **State Fair Appropriations.** Conference added language directing that $7,105,300 of the appropriations in Part 1 be used for the operation of the Michigan State Fair. (Sec. 726)
11. **Parolee Employment.** Conference added new language requiring the Michigan State Fair to cooperate with a nonprofit organization to employ parolees at the Fair to assist with cleanup and other activities. (Sec. 726a)
12. **Contracting Expenditures.** Conference added new language requiring the Department to take measures to reduce existing contractual expenditures by $20 million. (Sec. 727)
13. **Office of Great Workplace Development.** Senate eliminates funding and adds language prohibiting the use of any other funds for this office The Conference concurred. (Sec. 754)

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FY 2008-09 Year-to-Date Gross Appropriation	**$213,578,700**

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

Items Included by the Senate and House

1. **Internal Audit Consolidation.** Internal audit functions transferred to DMB per Executive Order 2007-31. The Senate and House concurred with the Governor.	(148,600)
2. **Microsoft Upgrade.** One-time funding provided to upgrade Microsoft Office software. The Senate and House concurred with the Governor	266,700
3. **Michigan Business One-Stop Portal.** The Governor, Senate and House 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 and House concurred with the Governor.	(132,600)
5. **Help America Vote Act.** All Federal funding is exhausted and eliminated for FY 2009-10. The Senate and House 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 and House 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 and House 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. Additional savings of $1,954,200 are included for furlough days.	2,999,700
9. **Legislative Transfers.** 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. DMB letter dated 6/9/02 approved Federal contingency funds of $1,025,000 for Customer Delivery Central Operations.	(2,200,000)

Conference Agreement on Items of Difference

10. **10% Funding Reduction.** The Conference 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 $5,862,300, Customer Delivery Central Operations by $2,909,300, and Information Technology by $137,200. Some of the savings are due to implementation of permanent license plates.	(10,258,800)
11. **Restricted Revenue.** The Senate increased funding for expected new restricted revenue. The Conference concurred	5,750,000
Total Changes........	($4,448,500)
FY 2009-10 Conference Report Gross Appropriation	**$209,130,200**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

1. **HAVA Report.** The Senate and House 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 and House 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, Senate and House 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 and House 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 and House 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 and House 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 and House 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 and House did not include this change.

Conference Agreement on Items of Difference

9. **General Fund Expenditures.** The House added new language requiring the Department to use Restricted Funds before using General Fund dollars. The Conference concurred. (Sec. 825)
10. **Performance Audit Requirements.** The House added new language requiring a report on the improvements made to address the concerns identified by the Auditor General in 2009. The Conference concurred. (Sec. 828)

Date Completed: 9-29-09 Fiscal Analyst: Joe Carrasco

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FY 2008-09 Year-to-Date Gross Appropriation	**$1,687,432,000**
Changes from FY 2008-09 Year-to-Date:	
Items Included by the Senate and House	
1. **Blackstone Settlement.** Conf. includes savings, as payments were included in P.A. 79 of 2009.	(5,500,000)
2. **Economic Adjustments.**	4,070,600
3. **Other Changes.** House and Senate concur on property tax assessor training, $10,100; home heating assistance administration, $62,000; unclaimed property, $67,600; MI Bus. Tax reduction from start-up costs of $6,500,000; and property tax appeal program reduction of $500,000.	(6,860,300)
Conference Agreement on Items of Difference	
4. **Debt Service.** Conference included revised total cost figures for the Water Pollution Control Board, $2,257,500; Quality of Life Bond, $38,355,100; Clean Michigan Initiative, $24,418,000; Great Lakes Water Quality Bond, $15,146,900.	(2,946,400)
5. **Revenue Sharing.** Conference adjusted constitutional revenue sharing to $622,137,900 based on current sales tax estimates. Gov. increased statutory revenue sharing to cities, villages, and townships $74.2 million. House reduced by $5.0 million below FY 2008-09 and Senate reduced by $81.3 million below FY 2008-09. Conf. set at $73.8 million. Gov. increased county revenue sharing by $39.4 million, House increased by $61.5 million, Senate increased by $51.6 million, Conference adopted $52.3 million. House and Senate concurred in elimination of special grant.	(55,728,900)
6. **Payment in Lieu of Taxes (PILT).** Gov. recommended funding of $14,389,100 for commercial forest reserve, purchased land, swamp and tax reverted land. Senate provided $11,561,300. House concurred with Gov. Conf. provided $12,956,400, a 12% reduction from current year.	(1,210,600)
7. **Michigan Strategic Fund**. Please see MSF sheet for details.	(33,418,600)
8. **Supervision of the General Property Tax Law**. Governor provided funding for an upgraded assessors manual and transferred in a portion of the revenue enhancement program. Senate reduced by $1,200,000 and House reduced by $2,000,000. Conf. reductions totaled $2,850,000, reducing the revenue enhancement program by $2,000,000, savings from changed procedures in telephone and telegraph appraisals of $450,000 and other administrative efficiencies of $400,000.	(2,850,000)
9. **Michigan Education Savings Program.** The Governor and House eliminated the program which provided up to $200 savings match for eligible participants. The Senate retained. Conference concurred with the House.	(800,000)
10. **Convention Facility Development Distribution**. Conference adjusted for restricted fund payments related to the enacted convention center redevelopment package.	25,000,000
11. **Senior Citizen Cooperative Housing Tax Exemption.** The Governor and House reduced $1,650,000, Senate reductions totaled $3,300,000. Conference reduced by $1,980,000 or 12%.	(1,980,000)
12. **Commercial Mobile Radio Service Payments.** Governor and House moved to boilerplate appropriation. Senate maintained line item and increased to $20.2 million based on estimated revenue. Conference increased line item to reflect current revenue estimate of $27.0 million.	6,800,000
13. **Lottery Promotion.** Gov. and House moved from line item to boilerplate appropriation. Senate retained line item and reduced by 10%. Conf. retained line at current year amount of $18,622,000.	0
14. **Other.** Conference resolved numerous $100 items of difference, reduced the Senate cut to mail operations, and made adjustments for year-to-date changes for executive order reductions.	(622,000)
Total Changes	($76,046,200)
FY 2009-10 Conference Report Gross Appropriation	**$1,611,385,800**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

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 and House retained current year language. (Sec. 905)
2. **Senior Citizen Cooperative Housing.** The Governor removed subsection (2), a requirement for a program audit. The Senate and House retained current year language. (Sec. 913(2))
3. **Secondary Collection Activities.** The Governor removed the requirement for a private secondary collection contract. The Senate and House concurred. (Sec. 930a)
4. **Payments in Lieu of Taxes.** The Governor removed language that required payment by February 14 for all bills received by January 15. The Senate included a report on improvement efforts. The House concurred. (Sec. 938)
5. **Tobacco Stamp Technology.** The Senate added language requiring the Department to explore a public-private partnership for new stamping technology. The House concurred. (Sec. 949)

Conference Agreement on Items of Difference

6. **Michigan Education Savings Program.** The Governor and House eliminated this program and the associated boilerplate. The Senate restored. The Conference concurred with the House. (Sec. 933)
7. **Medical Pension Liability for State Employee Retirees.** Current language required the Department to explore the use of a dynamic algorithm to address the medical pension liability for State employee retirees, and to report by March 31. The Governor and House removed this section. The Senate removed the reporting requirement. The Conference concurred with the House. (Sec. 941)
8. **Field Collection Services.** The Senate added language requiring a report on additional revenue collected by new personnel. The House did not include. Conference concurred with the Senate. (Sec. 942)
9. **9-1-1 Revenue.** The Governor and House 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. The Conference concurred with the Senate. (Sec. 944)
10. **Revenue Sharing to Cities, Villages, and Townships.** 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 deleted the 2% payment, reduced payments to 88% of the FY 2008-09 total, and kept the adjustment mechanism. House used 96.421111%. The Conference included Senate language at 88.94% of the prior year. (Sec. 950)
11. **County Revenue Sharing.** The Governor recommended current year language that based payments on the FY 2003-04 level adjusted by inflation and reduced by county authorized withdrawals from reserve funds. The Senate changed to 88% of amount under the Act less amount allowed to expend in FY 2008-09 from reserve funds. The House referred to distribution provided by law. The Conference changed to Senate language at 88.94% of the prior year, and adjusted language on qualification for payments. (Sec. 955)
12. **Lottery Advertising.** The Governor and House 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 and reduced line item by 10%. The Conference included line item at prior year amount with no boilerplate. (Sec. 963)

Date Completed: 9-29-09 Fiscal Analyst: Elizabeth Pratt, Maria Tyszkiewicz, and David Zin

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FY 2008-09 Year-to-Date Gross Appropriation	**$148,031,000**

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

Items Included by the Senate and House	
1. **Community Development Block Grant Funding ARRA.** Governor, Senate, and House did not include the one-time ARRA funding for this program.	(9,300,000)
2. **Economic Adjustments.** Governor, Senate, and House included these adjustments.	232,600
3. **Other Adjustments.**	246,800
Conference Agreement on Items of Difference	
4. **Economic Development Job Training (EDJT) Grants.** Governor restored the $1.2 million reduction from E.O. 2009-22 and $149,000 reduction from E.O. 2008-21. Senate reduced the line by 10.0% from the Governor to $6,052,000. House reduced by $7.5% to $4,706,500 from Governor. Conference reduced by $700 from the House to $4,705,800.	(998,800)
5. **21st Century Jobs Fund.** Governor restored the program from $52,950,000 to $75.0 million. FY 2008-09 program was reduced by $22,050,000 to balance the budget. Senate decreased the line further to $32,420,300. House reduced the line to $62.0 million. Conference included target reduction and reduced line to reflect $9.0 million appropriation for Cobo included in the Convention Facility Act.	(24,450,000)
6. **Defense Contract Coordination Center.** Senate created a new line item to fund this program using 21st Century Jobs Trust Fund dollars. House did not include. Conference did not include line item.	0
7. **Business Incubators.** 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. House increased to $1.6 million. Conference included $1.3 million.	50,000
8. **Cultural and Economic Development.** Governor transferred 2.0 FTEs and $335,200 GF/GP from History, Arts, and Libraries. Senate and House did not include this line. Included in S.B. 247. E.O. 2009-36 transferred into MSHDA. Conference concurred with Governor.	0
9. **Arts and Cultural Planning Grants.** Governor transferred 5.0 FTEs and $499,900 from the Department of History, Arts, and Libraries for the administration, $1,822,000 ($1,000,000 GF/GP and $822,000 Federal) for planning grants for construction projects at arts and cultural institutions. Senate and House included in S.B. 247. Conference included funding but reduced by $64,500 and will allow Department to design new program.	2,267,400
10. **10.0% Administration Reduction.** Senate reduced all administrative line items 10.0% below the Governor. House reduced by 2.3% below the Governor. Conference reduced by 6.8%.	(1,151,900)
11. **Michigan Promotion.** Senate reduced this line by 10.0%. House reduced by 5.5%. Conference concurred with House. Line is funded at $5,402,800.	(314,700)
Total Changes	(33,418,600)
FY 2009-10 Conference Report Gross Appropriation	**$114,612,400**

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

Changes from FY 2008-09 Year to Date:

Items Included by the Senate and House

1. **Deleted Sections.** The Governor deleted the following sections:
   a. **Regional Planning Commission.** Language requires that the Department contract with regional planning commissions for technical assistance to member municipalities. Senate and House concurred. (Sec. 1015)
   b. **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 and House concurred. (Sec. 1019)
   c. **Tourism Promotion.** Language refers back to the tourism promotion and business marketing appropriation in P.A. 98 of 2008. Senate and House concurred. (Sec. 1021)
   d. **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 and House retained current year language. (Sec. 1024)
   e. **Michigan Worker Preference.** Language states legislative intent that tax breaks or other incentives are awarded to companies that give preference to Michigan workers. Senate and House concurred. (Sec. 1029)

Conference Agreement on Items of Difference

2. **Deleted Sections:**
   a. **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. House deleted. Conference concurred with House. (Sec. 1016)
   b. **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. House concurred with Governor. Conference included language but changed shall to may. (Sec. 1027)
   c. **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. House added Detroit and Oakland County. Conference language included Detroit and Oakland County as Tier 1 incubators eligible for $250,000 per entity, Tier 2 incubators are eligible for awards as funds are available pro rated for a maximum of $100,000 per entity. Tier 2 includes incubator in the counties of Houghton, Ingham, Isabella, Kalamazoo, Kent, Macomb, Muskegon, and Washtenaw. (Sec. 1034)
3. **EDJT Grants.** 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. Senate retained current year language except for concurring on the deletion of Mack Alive. 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. House concurred with Governor. Conference maintained current name, concurred with most of House but retained Senate language on Aerospace. (Sec. 1002)
4. **Arts and Cultural Planning Grants.** 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. Establishes a $1,000 application fee. Recommended projects will be submitted to the State budget director. Total cost of the projects cannot exceed $100.0 million. Debt service for bonds issued under this program shall be paid by annual appropriations. Senate and House included in S.B. 247. Conference changed language to allow Council to redesign program with reduced funding. Report on program by December 31 with grant awards by April 30.
5. **Film Office Report.** 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. House retained current language. Conference modified Senate language. (Sec. 1032)

Date Completed: 9-28-09 Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz