

SENATE BILL No. 1051

June 6, 2018, Introduced by Senator HILDENBRAND and referred to the Committee on Government Operations.

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending sections 363, 367, and 447 (MCL 18.1363, 18.1367, and 18.1447), section 363 as amended by 1999 PA 8, section 367 as amended by 2016 PA 221, and section 447 as added by 2012 PA 535, and by adding section 495.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 363. (1) Within 30 days after the legislature convenes in
2 regular session, except in a year in which a newly elected governor
3 is inaugurated into office when 60 days shall be allowed, the
4 governor shall transmit to each member of the legislature and the
5 fiscal agencies the budget in detail as provided in this act,
6 accompanied by such explanations and recommendations relative

1 ~~thereto~~ **TO THE BUDGET** as the governor considers necessary. At the
2 time the budget is transmitted to the legislature, the director
3 shall transmit line-item appropriation detail to the fiscal
4 agencies using a computer software application that is compatible
5 with the budget tracking computer systems used by the respective
6 fiscal agencies.

7 (2) **THE BUDGET TRANSMITTED BY THE GOVERNOR TO THE LEGISLATURE**
8 **SHALL BE FOR THE UPCOMING FISCAL YEAR AND THE FOLLOWING FISCAL**
9 **YEAR. AT A MINIMUM, THE BUDGETS SHALL CONSIST OF ALL OF THE**
10 **FOLLOWING:**

11 (A) **ESTIMATES OF ANTICIPATED REVENUES BY STATE FUNDS.**

12 (B) **LINE-ITEM DETAILS OF PROPOSED EXPENDITURES UNROLLED TO**
13 **SHOW SPECIFIC SPENDING CATEGORIES.**

14 (C) **ESTIMATES OF THE YEAR-END UNRESTRICTED FUND BALANCES FOR**
15 **STATE FUNDS.**

16 (D) **ANY ADDITIONAL BUDGET DETAIL REQUIRED BY THIS ACT.**

17 (3) **EACH FISCAL YEAR, BY THE DEADLINE ESTABLISHED IN**
18 **SUBSECTION (1) FOR THE GOVERNOR TO SUBMIT A BUDGET TO THE**
19 **LEGISLATURE, THE GOVERNOR SHALL ALSO PRESENT A STRATEGIC PLAN FOR**
20 **THE STATE.**

21 (4) **THE STRATEGIC PLAN SHALL BE PUBLISHED ON THE STATE'S**
22 **WEBSITE.**

23 (5) **THE STRATEGIC PLAN SHALL START WITH THE UPCOMING FISCAL**
24 **YEAR AND SHALL COVER THE NEXT 5 FISCAL YEARS. THE STRATEGIC PLAN**
25 **CAN BE A REVISED VERSION OF A PREVIOUS STRATEGIC PLAN OR A NEW**
26 **STRATEGIC PLAN.**

27 (6) **THE STRATEGIC PLAN SHALL INCLUDE THE MISSION, VISION,**

1 GOALS, STRATEGIES, AND PERFORMANCE MEASURES FOR EACH STATE
2 DEPARTMENT, INCLUDING MEASURES OF THE DEPARTMENT'S INPUTS, OUTPUTS,
3 AND OUTPUT MEASURES. THE DEPARTMENT'S BALANCED SCORECARD CAN SERVE
4 AS THE DEPARTMENT'S OUTPUT MEASURES.

5 (7) AT THE GOVERNOR'S DISCRETION, THE STRATEGIC PLAN MAY
6 INCLUDE INPUTS, OUTPUTS, AND OUTPUT MEASURES FOR STATE AGENCIES,
7 BUREAUS, AND DIVISIONS WITHIN A STATE DEPARTMENT.

8 Sec. 367. (1) Concurrent with transmitting the state budget to
9 the legislature, the governor shall submit to the legislature and
10 the fiscal agencies **FOR THE UPCOMING FISCAL YEAR AND THE FOLLOWING**
11 **FISCAL YEAR** executive budget bills containing itemized statements
12 of estimated state spending to be paid to local units of
13 government; annual required employer contributions toward total
14 unfunded retiree health care and pension legacy costs as determined
15 by the state's consulting actuary for each department and the
16 legislative branch and the judicial branch; individual line item
17 amounts, including the number of FTE positions to be funded by each
18 individual line item amount, for the proposed expenditures; and any
19 necessary bills for additional revenue to provide financing for the
20 proposed expenditures.

21 (2) One executive budget bill and 1 enacted budget bill shall
22 contain all of the following:

23 (a) The estimated revenue for each state operating fund in
24 sufficient detail to provide for comparison with actual revenue.

25 (b) Summary totals for each state operating fund to reflect
26 that recommended expenditures for each fund are within proposed and
27 estimated resources.

1 (c) A statement of estimated state spending to be paid to
2 units of local government, total state spending from state sources
3 of financing, and the state-local proportion derived from that
4 data.

5 Sec. 447. (1) Each fiscal year, by the deadline established in
6 section 363 for the governor to submit a budget to the legislature,
7 each department shall have a strategic ~~mission, vision, goals,~~ **PLAN**
8 **FOR ITS OPERATIONS**, and a balanced scorecard in place. The
9 scorecard shall include at least 1 existing metric or establish at
10 least 1 new metric for each 1-time or ongoing enhancement budget
11 recommendation. Each metric shall be in 1 of the following
12 categories:

- 13 (a) Customer service.
- 14 (b) Financial.
- 15 (c) Internal business process.
- 16 (d) Learning and growth.

17 (2) As used in this section:

18 (a) "Balanced scorecard" means a management tool that allows
19 managers to lead through monitoring the performance of an
20 organization on the few but vital set of activities and measures
21 that drive enterprise success. It focuses not just on financial
22 dimensions but also other vital areas such as employees, customers,
23 processes, and any other area crucial to the success of the
24 organization.

25 (b) "Customer service metric" means a standard that measures
26 the value received from the citizen perspective and the scale and
27 quality of the service.

1 (c) "Financial metric" means a standard for quantifying the
2 amount that the strategy, implementation, and execution of an
3 enhancement budget recommendation is contributing to the bottom
4 line.

5 (d) "Internal business process metric" means a standard that
6 measures how well business processes are structured or organized to
7 meet citizen service expectations.

8 (e) "Learning and growth metric" means a standard that
9 measures how well the people, technology, and climate support the
10 strategy of the enhancement.

11 **SEC. 495. (1) WITHIN 9 MONTHS AFTER THE END OF THE FISCAL**
12 **YEAR, THE DIRECTOR SHALL PUBLISH ON THE INTERNET A POPULAR**
13 **FINANCIAL REPORT THAT SHALL STRIVE TO COMMUNICATE THE STATE'S**
14 **CURRENT FINANCIAL SITUATION IN AN EASY-TO-UNDERSTAND REPORT.**

15 (2) AT A MINIMUM, THE REPORT WILL CONTAIN INFORMATION ON THE
16 MOST RECENT 5 YEARS OF DATA FOR EACH OF THE FOLLOWING:

17 (A) TOTAL STATE REVENUES AND EXPENDITURES.

18 (B) TOTAL GENERAL FUND/GENERAL PURPOSE REVENUES AND
19 EXPENDITURES.

20 (C) TOTAL SCHOOL AID FUND REVENUES AND EXPENDITURES.

21 (D) THE UNRESTRICTED FUND BALANCE FOR THE GENERAL FUND AND
22 SCHOOL AID FUND.

23 (E) TOTAL OUTSTANDING STATE DEBT BY MAJOR TYPE.

24 (F) TOTAL UNFUNDED PENSION AND OTHER POSTEMPLOYMENT BENEFIT
25 OBLIGATIONS FOR EACH OF THE FOLLOWING RETIREMENT SYSTEMS:

26 (i) THE STATE EMPLOYEES' RETIREMENT ACT, 1943 PA 240, MCL 38.1
27 TO 38.69.

1 (ii) THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980
2 PA 300, MCL 38.1301 TO 38.1437.

3 (iii) THE JUDGES RETIREMENT ACT OF 1992, 1992 PA 234, MCL
4 38.2101 TO 38.2670.

5 (iv) THE STATE POLICE RETIREMENT ACT OF 1986, 1986 PA 182, MCL
6 38.1601 TO 38.1648.

7 (v) THE MICHIGAN LEGISLATIVE RETIREMENT SYSTEM ACT, 1957 PA
8 261, MCL 38.1001 TO 38.1080.

9 (G) TOTAL REVENUES BY MAJOR SOURCE, INCLUDING TAXES AND
10 FEDERAL GRANTS.

11 (H) TOTAL EXPENDITURES BY MAJOR SPENDING CATEGORY.

12 (I) THE NUMBER OF STATE EMPLOYEES BY DEPARTMENT.

13 (J) BASIC ECONOMIC INFORMATION FOR THIS STATE, INCLUDING PER-
14 CAPITA INCOME, NONFARM PAYROLL EMPLOYMENT, AND THE UNEMPLOYMENT
15 RATE.