

**Summary: Senate Passed
ALL GENERAL GOVERNMENT DEPARTMENTS
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House
Gross	\$2,745,581,932	\$2,542,228,700	\$2,570,999,800	\$2,554,400,700	(\$16,599,100)
IDG/IDT	569,647,200	500,932,400	550,214,600	537,397,900	(12,816,700)
Federal	61,469,300	51,522,900	50,531,800	50,414,400	(117,400)
Local	2,610,800	20,532,800	2,664,300	2,664,100	(200)
Private	550,100	550,100	550,100	550,100	0
Restricted	1,772,817,600	1,618,639,600	1,621,781,800	1,618,681,200	(3,100,600)
GF/GP	\$338,486,932	\$350,050,900	\$345,257,200	\$344,693,000	(\$564,200)
FTEs	6,963.9	6,998.9	6,987.9	6,998.4	10.5

Overview of All General Government Departments

The revised Executive recommendation totals \$2.5 billion Gross and \$350.1 million GF/GP.

The revised Executive budget is \$203.4 million, or 7.4%, under current-year Gross and \$11.6 million, or 3.4%, over current-year GF/GP.

The House Passed Substitute totals \$2.6 billion Gross and \$345.3 million GF/GP.

The House Passed budget is \$174.6 million, or 6.4%, under current-year Gross and \$6.8 million, or 2.0%, over current-year GF/GP.

The House Passed budget is \$28.8 million, or 1.1%, over the revised Executive recommended Gross and \$4.8 million, or 1.4%, under the revised Executive recommended GF/GP.

The Senate Passed Substitute totals \$2.6 billion Gross and \$344.7 million GF/GP.

The Senate Passed budget is \$191.2 million, or 7.0%, under current-year Gross and \$6.2 million, or 1.8%, over current-year GF/GP.

The Senate Passed budget is \$12.2 million, or 0.5%, over the revised Executive recommended Gross and \$5.4 million, or 1.5%, under the revised Executive recommended GF/GP.

The Senate Passed budget is \$16.6 million, or 0.6%, under the House Passed Gross and \$564,200, or 0.2%, under the House Passed GF/GP.

Summary of Major Budget Issues

Listed by department on the following pages.

**Summary: Senate Passed
ATTORNEY GENERAL
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$60,740,400	\$62,125,300	\$63,230,200	\$63,019,400	(\$210,800)	(0.3)
IDG/IDT	10,810,600	11,244,300	12,545,500	12,545,500	0	0.0
Federal	8,999,800	9,292,400	8,301,300	8,301,300	0	0.0
Local	0	0	0	0	0	0.0
Private	0	0	0	0	0	0.0
Restricted	10,670,100	11,070,000	10,485,000	10,485,000	0	0.0
GF/GP	\$30,259,900	\$30,518,600	\$31,898,400	\$31,687,600	(\$210,800)	(0.7)
FTEs	568.0	562.0	564.0	564.0	0.0	0.0

Overview

The Attorney General's powers are prescribed in the State Constitution, in statute, and in court decisions. Serving as legal counsel for state departments, agencies, boards, commissions, and their officers, the Attorney General defends the state in court, and brings actions and intervenes in cases on the state's behalf. In addition to defending state agencies, the Attorney General represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

The Department of Attorney General is organized into five bureaus: Child & Family Services, Criminal Justice, Economic Development & Oversight, Consumer Protection, and Governmental Affairs. In general, each bureau represents certain state agencies, boards, and commissions, and practices in specialized legal areas. Also, the Department includes the Prosecuting Attorneys Coordinating Council, an autonomous entity which provides services to Michigan's prosecutors, their assistants, and other office staff.

Unlike other state agencies, the Department of Attorney General does not operate or initiate programs, and thus the basic mission and goals of the Department do not change from one year to the next. The mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Employee-Related Economic Increases	Gross	\$3,828,100	\$4,871,400	\$4,871,400
Includes additional funding to cover increased staff salary, insurance, and retirement costs.	IDG	818,300	712,300	712,300
	Federal	551,900	556,200	556,200
	Restricted	755,500	642,400	642,400
	GF/GP	\$1,702,400	\$2,960,500	\$2,960,500

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
2. Employee-Related Savings	Gross	(\$1,776,300)	(\$1,751,300)	(\$1,751,300)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	IDG	(384,600)	(341,900)	(341,900)
	Federal	(259,300)	(256,200)	(256,200)
	Restricted	(355,600)	(308,300)	(308,300)
	GF/GP	(\$776,800)	(\$844,900)	(\$844,900)
3. Other Economic Adjustments	Gross	(\$453,200)	(\$453,200)	(\$453,200)
Reduces funding for rent by \$324,200, building occupancy charges by \$127,000, and workers' compensation premiums by \$2,000.	GF/GP	(\$453,200)	(\$453,200)	(\$453,200)
4. Health Professionals	Gross	\$0	\$460,900	\$461,000
House and Senate include additional funding to cover the cost of services provided by the Attorney General to the Department of Community Health, Bureau of Health Services. There has been an increase in licensing activities and regulation of health care providers.	IDG	0	460,900	461,000
5. Office of Financial and Insurance Services	Gross	\$0	\$903,600	\$903,500
House and Senate include additional funding to cover the cost of services provided by the Attorney General to DLEG, Office of Financial and Insurance Services. There has been a significant increase in the workload due to health care receiverships and liquidations.	IDG	0	903,600	903,500
6. Food Stamp Revenue	Gross	\$0	(\$633,800)	(\$633,800)
House and Senate reflect a reduction in the amount of federal funding made available by the U.S. Department of Agriculture for support of food stamp fraud cases. Federal revenue received has been lower than appropriated amounts.	Federal	0	(633,800)	(633,800)
7. Byrne Grant	Gross	\$0	(\$364,700)	(\$364,700)
House and Senate reflect the elimination of federal Byrne Grant funding that was once available to support the Attorney General Operations line item. The funding has been discontinued.	Federal	0	(364,700)	(364,700)
8. Real Estate Enforcement	FTEs	0.0	2.0	2.0
House and Senate include additional FTE position authorization and the associated funding in order to support expenses incurred by the Attorney General for services provided to DLEG. More specifically, this funding will support costs of prosecutions resulting from unlicensed real estate activities.	Gross	\$0	\$200,000	\$200,000
	Restricted	0	200,000	200,000
9. Prisoner Reimbursement	Gross	\$0	(\$719,200)	(\$719,200)
House and Senate reflect a reduction in the amount of prisoner reimbursement revenue appropriated in order to more accurately reflect the amount of revenue the Attorney General expects to collect. There is an overstatement of revenue collections in the FY 2004 budget.	Restricted	0	(719,200)	(719,200)
10. Executive Budget Revision Letter 05/27/04	Gross	(\$189,800)	\$0	\$0
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	GF/GP	(\$189,800)	\$0	\$0

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
11. Program Reductions	Gross	\$0	\$0	(\$210,600)
Senate reduces funding for the Prosecuting Attorneys Coordinating Council by \$150,000 and funding for Information Technology Services and Projects by \$60,600.	GF/GP	\$0	\$0	(\$210,600)
12. \$100 Points of Difference	Gross	\$0	\$0	(\$200)
Senate reduces GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	GF/GP	\$0	\$0	(\$200)

Boilerplate Changes from FY 2003-04:

Sec. 301. Contingency Funds

Executive and **House** include new language which appropriates federal, state restricted, local, and private contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

Sec. 307. Unobligated Antitrust Enforcement Revenue

Current-year Sec. 306 authorizes unobligated antitrust enforcement revenue, up to \$250,000, to be carried forward. **Executive** retains current law. **House** and **Senate** authorize, in addition to the antitrust enforcement revenues, securities fraud, consumer protection, and class action enforcement revenues, and attorney fees recovered by the Department, up to \$1,000,000, to be carried forward.

Sec. 309. Prisoner Reimbursement Revenue

Current-year Sec. 308 authorizes the Department to spend up to \$301,700 of prisoner reimbursement revenue on activities related to the State Correctional Facilities Reimbursement Act and authorizes the Department to spend up to \$800,000 of prisoner reimbursement revenue, if the Department collects in excess of \$1,131,000, on defense of litigation against the state, its departments, or employees in civil actions filed by prisoners. **Executive** increases spending authorization from \$301,700 to \$400,000, increases the amount the Department is to collect from \$1,131,000 to \$1,231,000, and adds that with the approval of the State Budget Director up to \$800,000 of unexpended funds may be carried forward for expenditure in the following year. **House** and **Senate** increase spending authorization from \$301,700 to \$400,000, retain the amount the Department is to collect at \$1,131,000, and authorize the excess collected, up to \$1,000,000, to be carried forward.

Sec. 311. Information Technology Appropriation

House and **Senate** include new language which appropriates \$700,000 to the Department for information technology services and projects expenditures.

**Summary: Senate Passed
CIVIL RIGHTS
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$12,654,158	\$12,707,300	\$12,791,200	\$12,182,300	(\$608,900)	(4.8)
IDG/IDT	0	0	0	0	0	0.0
Federal	934,000	934,000	934,000	934,000	0	0.0
Local	0	0	0	0	0	0.0
Private	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0.0
GF/GP	\$11,720,158	\$11,773,300	\$11,857,200	\$11,248,300	(\$608,900)	(5.1)
FTEs	142.0	141.0	141.0	141.0	0.0	0.0

Overview

The Michigan Civil Rights Commission was established in 1963 pursuant to Article I, Section 2 of the State Constitution to carry out the guarantees against discrimination. In Article V, Section 29, the Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." Public Acts 453 and 220 of 1976, the Elliot-Larsen Civil Rights Act and the Handicappers' Civil Rights Act, respectively, and subsequent amendments have added sex, age, marital status, height, weight, arrest record, and physical and mental disabilities to the original four protected categories.

The Michigan Department of Civil Rights was established in 1965 to serve as the administrative arm charged with implementing the policies of the Commission. The Department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws; investigates and resolves discrimination complaints in the areas of employment, public accommodations and service, education, housing, and law enforcement; and disseminates information that explains the rights and responsibilities of Michigan citizens as provided by law. Also, the Department provides information and services to businesses on diversity initiatives, equal employment laws, contract compliance, coordination of certification programs for enterprises owned by persons with disabilities, and joint venture/strategic alliance matchmaking. A discrimination complaint may be filed at any of the Department's offices if the alleged discrimination has occurred within the past 180 days.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Employee-Related Economic Increases	Gross	\$870,900	\$870,900	\$870,900
Includes additional funding to cover increased staff salary, insurance, and retirement costs.	GF/GP	\$870,900	\$870,900	\$870,900
2. Employee-Related Savings	Gross	(\$346,900)	(\$346,900)	(\$346,900)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	GF/GP	(\$346,900)	(\$346,900)	(\$346,900)

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
3. Other Economic Adjustments	Gross	(\$375,700)	(\$375,700)	(\$375,700)
Reduces funding for rent and building occupancy charges by \$374,700 and worker's compensation premiums by \$1,000.	GF/GP	(\$375,700)	(\$375,700)	(\$375,700)
4. Human Resources Optimization Project	FTEs	(1.0)	(1.0)	(1.0)
Reduces FTE position authorization and funding by \$49,100 as a result of consolidated human resources functions. The Department of Civil Service will create a new Human Resources Call Center, which will be the central information source for employees who have human resources questions or who need personnel transactions processed, and the Department of Civil Rights will pay them for the services they provide, \$29,500.	Gross	(\$19,600)	(\$19,600)	(\$19,600)
	GF/GP	(\$19,600)	(\$19,600)	(\$19,600)
5. Executive Budget Revision Letter 05/27/04	Gross	(\$83,900)	\$0	\$0
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	GF/GP	(\$83,900)	\$0	\$0
6. Program Reductions	Gross	\$0	\$0	(\$608,800)
Senate reduces funding for Operations by \$550,000 and funding for Information Technology Services and Projects by \$58,800.	GF/GP	\$0	\$0	(\$608,800)
7. \$100 Points of Difference	Gross	\$0	\$0	(\$100)
Senate reduces GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	GF/GP	\$0	\$0	(\$100)

Boilerplate Changes from FY 2003-04:

Sec. 401. Contingency Funds

Executive and **House** include new language which appropriates federal contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

**Summary: Senate Passed
CIVIL SERVICE
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference From House	
					Amount	%
Gross	\$31,633,837	\$35,209,800	\$35,262,900	\$34,908,300	(\$354,600)	(1.0)
IDG/IDT	2,300,000	2,300,000	5,370,900	5,295,900	(75,000)	(1.4)
Federal	4,779,100	4,779,100	4,779,100	4,699,200	(79,900)	(1.7)
Local	1,700,000	1,700,000	1,700,000	1,700,000	0	0.0
Private	150,000	150,000	150,000	150,000	0	0.0
Restricted	14,872,200	18,545,500	15,474,600	15,412,700	(61,900)	(0.4)
GF/GP	\$7,832,537	\$7,735,200	\$7,788,300	\$7,650,500	(\$137,800)	(1.8)
FTEs	211.5	240.5	240.5	240.5	0.0	0.0

Overview

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government. This system includes classification of positions, administration of competitive examinations for all classified positions, setting of pay scales, development of rules governing personnel transactions and conditions of employment, administration of employee benefits, and administration of the Civil Service Commission's Employment Relations Policy. In addition, the Department maintains ongoing statewide recruitment.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Human Resources Optimization Project	FTEs	30.0	30.0	30.0
Includes an additional 30.0 FTE positions and \$3.0 million for the creation of a new Human Resources Call Center, which will be the central information source for employees who have human resources questions or who need personnel transactions processed. Also, a portion of the funding will be used for increased information technology costs associated with the consolidation of human resources functions. House and Senate reflect an increase in IDG funding instead of an increase in state restricted funding in order to more accurately reflect the payment structure for consolidated human resources services.	Gross	\$3,070,900	\$3,070,900	\$3,070,900
	IDG	0	3,070,900	3,070,900
	Restricted	3,070,900	0	0
2. Employee-Related Economic Increases	Gross	\$1,949,800	\$1,949,800	\$1,949,800
Includes additional funding to cover increased staff salary, insurance, and retirement costs	Restricted	1,127,900	1,127,900	1,127,900
	GF/GP	\$821,900	\$821,900	\$821,900

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
3. Employee-Related Savings				
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	Gross	(\$588,600)	(\$588,600)	(\$588,600)
	Restricted	(384,800)	(384,800)	(384,800)
	GF/GP	(\$203,800)	(\$203,800)	(\$203,800)
4. Other Economic Adjustments				
Reduces funding for building occupancy charges by \$60,000 and workers' compensation premiums by \$2,000,	Gross	(\$62,000)	(\$62,000)	(\$62,000)
	Restricted	(40,300)	(40,300)	(40,300)
	GF/GP	(\$21,700)	(\$21,700)	(\$21,700)
5. Administrative Efficiencies				
Reflects a savings as a result of reduced spending for contractual services, reduced in-state travel and conference attendance, and delayed improvements to the Human Resources Management Network.	Gross	(\$600,000)	(\$600,000)	(\$680,000)
	GF/GP	(\$600,000)	(\$600,000)	(\$680,000)
6. Human Resources Optimization Project				
Reduces FTE position authorization and funding by \$49,100 as a result of consolidated human resources functions. The Department of Civil Service will create a new Human Resources Call Center, which will be the central information source for employees who have human resources questions or who need personnel transactions processed.	FTEs	(1.0)	(1.0)	(1.0)
	Gross	(\$49,100)	(\$49,100)	(\$49,100)
	Restricted	(31,900)	(31,900)	(31,900)
	GF/GP	(\$17,200)	(\$17,200)	(\$17,200)
7. Executive Budget Revision Letter 05/27/04				
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	Gross	(\$53,100)	\$0	\$0
	GF/GP	(\$53,100)	\$0	\$0
8. Program Reduction				
Senate reduces funding for Information Technology Services and Projects.	Gross	\$0	\$0	(\$274,200)
	IDG	0	0	(75,000)
	Federal	0	0	(79,900)
	Restricted	0	0	(61,900)
	GF/GP	\$0	\$0	(\$57,400)
9. \$100 Points of Difference				
Senate reduces IDG and GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	Gross	\$0	\$0	(\$400)
	IDG	0	0	(200)
	GF/GP	\$0	\$0	(\$200)

Boilerplate Changes from FY 2003-04:

Sec. 501. Contingency Funds

Executive and **House** include new language which appropriates federal, state restricted, local, and private contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

Sec. 505. Report on Feasibility of Child Care Centers

Senate includes new language which requires the Department to prepare a report regarding the feasibility of establishing quality child care centers to accommodate the needs of state employees. The report is to include possible locations, potential number of children that would be served, possible federal funding sources available, benefits of work behavior and attitudes to employees and employers, and estimated cost of the program.

**Summary: Senate Passed
EXECUTIVE
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$4,859,500	\$4,859,500	\$4,859,500	\$4,859,400	(\$100)	0.0
IDG/IDT	0	0	0	0	0	0.0
Federal	0	0	0	0	0	0.0
Local	0	0	0	0	0	0.0
Private	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0.0
GF/GP	\$4,859,500	\$4,859,500	\$4,859,500	\$4,859,400	(\$100)	0.0
FTEs	84.2	84.2	84.2	84.2	0.0	0.0

Overview

The budget for the Executive Office provides funding for the Governor, the Lieutenant Governor, and their staffs. The Governor is elected by the people to a four-year term, is the Chief Executive Officer of the state, the Commander-In-Chief of the state's military establishment, and the Chairperson of the State Administrative Board. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. The Lieutenant Governor is nominated at party convention, is elected with the Governor to a four-year term, performs gubernatorial functions in the Governor's absence, and serves as President of the Michigan Senate.

Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C. Office, Southeastern Michigan Office, and Upper Peninsula Office.

Budget Changes

from FY 2003-04 YTD Appropriations:

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. \$100 Points of Difference			
Gross	\$0	\$0	(\$100)
Senate reduces GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	\$0	\$0	(\$100)

**Summary: Senate Passed
INFORMATION TECHNOLOGY
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$360,239,300	\$365,838,600	\$355,248,700	\$340,599,300	(\$14,649,400)	(4.1)
IDG/IDT	360,239,300	365,838,600	355,248,700	340,599,300	(14,649,400)	(4.1)
Federal	0	0	0	0	0	0.0
Local	0	0	0	0	0	0.0
Private	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0.0
GF/GP	\$0	\$0	\$0	\$0	\$0	0.0
FTEs	1,755.4	1,762.4	1,762.4	1,762.4	0.0	0.0

Overview

The Department of Information Technology was created pursuant to Executive Order 2001-3 for the purposes of improving the delivery of services to citizens by utilizing advancements in technology, improving the management of state information and technology resources, and assuring the reliability, security, and confidentiality of state data and computer facilities. The Department acts as a general contractor between the state's information technology users and private sector providers of information technology products and services.

"Information Technology Services" is defined to mean services involving all aspects of managing and processing information including, but not limited to, all of the following: application development and maintenance; desktop computer support and management; mainframe computer support and management; server support and management; local area network support and management; information technology contract, project, and procurement management; information technology planning and budget management; telecommunication services, security, infrastructure, and support; and software and software licensing.

The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies to support the long-term technology needs of the state, and to find solutions and identify more effective ways to achieve missions. Each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. The administration of fund sources remains with each agency. Funding is organized into the following broad theme areas which are based on agency missions: Enterprisewide Services, Health and Human Services, Education Services, Public Protection, Resources Services, Transportation Services, and General Services.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Employee-Related Economic Increases	Gross	\$14,830,600	\$14,830,600	\$14,830,600
Includes additional funding to cover increased staff salary, insurance, and retirement costs.	IDG	14,830,600	14,830,600	14,830,600

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
2. <i>Employee-Related Savings</i>	Gross	(\$4,472,200)	(\$4,472,200)	(\$4,472,200)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	IDG	(4,472,200)	(4,472,200)	(4,472,200)
3. <i>Executive Order 2003-23 Adjustments</i>	Gross	(\$13,888,400)	(\$13,888,400)	(\$13,888,400)
Makes the same adjustments in the DIT budget as were made in other state department budgets as a result of Executive Order 2003-23, in order to accurately reflect statewide appropriations for information technology services and projects.	IDG	(13,888,400)	(13,888,400)	(13,888,400)
4. <i>FY 2004 Adjustments</i>	Gross	\$11,243,100	\$11,243,100	\$11,243,100
Makes the same adjustments in the DIT budget as were made in various other state department budgets as a result of supplemental appropriations. Also, makes adjustments to reflect actual enacted appropriations for information technology services and projects in other state department budgets.	IDG	11,243,100	11,243,100	11,243,100
5. <i>Reduced Funding for CSES</i>	Gross	(\$12,000,000)	(\$12,000,000)	(\$12,000,000)
Reflects a reduction in funding for the Child Support Enforcement System (CSES) in the Family Independence Agency budget based on projected spending levels. The CSES project has been certified and fully implemented. Funding will continue to be available for ongoing operation and maintenance costs.	IDG	(12,000,000)	(12,000,000)	(12,000,000)
6. <i>Baseline Reductions</i>	Gross	(\$4,331,600)	(\$4,331,600)	(\$4,331,600)
Reflects a savings of \$4.3 million as a result of reductions in platform and telecommunication rates, data line charges, data center operations, agency and maintenance services, contractual and consulting services, staff, CSS&M, and equipment purchases.	IDG	(4,331,600)	(4,331,600)	(4,331,600)
7. <i>Unemployment Call Center</i>	Gross	\$9,115,200	\$9,115,200	\$9,115,200
Reflects the transfer of the Department of Labor and Economic Growth's contract with IBM to the Department of Information Technology. Contract funding supports the Unemployment Call Center and the computer system which houses all of the state's unemployment data.	IDG	9,115,200	9,115,200	9,115,200
8. <i>Adjustments for Corrections</i>	Gross	\$2,220,000	\$2,220,000	\$2,220,000
Reflects adjustments made in the Department of Corrections budget for the conversion of the entire Department from the Correction Management Information System to the Offender Management Network Information System.	IDG	2,220,000	2,220,000	2,220,000
9. <i>Adjustments for State Police</i>	Gross	\$2,430,000	\$2,430,000	\$2,430,000
Reflects adjustments made in the Department of State Police budget for the transfer of the Commercial Vehicle Information System Network project, fleet funding, and information technology-related personnel costs from the State Police to DIT.	IDG	2,430,000	2,430,000	2,430,000

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
10. Human Resources Optimization	FTEs	4.0	4.0	4.0
Includes additional FTE position authorization and funding for operation and maintenance of the new Human Resources Call Center being implemented in the Department of Civil Service budget. Funding will cover costs of annual fees for software, staff, server hosting, maintenance and support, and the toll free service.	Gross	\$1,070,900	\$1,070,900	\$1,070,900
	IDG	1,070,900	1,070,900	1,070,900
11. Executive Budget Revision Letter 05/27/04	Gross	(\$397,200)	\$0	\$0
Executive reduces IDG funding to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	IDG	(397,200)	0	0
12. Program Reductions	Gross	\$0	(\$10,987,100)	(\$25,636,500)
House reduces funding authorization for each line item in the DIT budget by 3% from the original Executive recommendation. Senate reduces funding by 7%.	IDG	0	(10,987,100)	(25,636,500)

Boilerplate Changes from FY 2003-04:

Sec. 571. Contingency Funds

Executive and **House** include new language which appropriates IDG funding that can be expended upon legislative transfer to a specific line item. **Executive** authorizes appropriation of \$40.0 million. **House** authorizes appropriation of \$10.0 million. **Senate** does not include the new language.

Sec. 572. User Fees

Current-year Sec. 571 requires the Department to be funded with user fees assessed against other state departments and requires user fees to be based on services provided by the Department. **Executive** and **House** retain current law. **Senate** does not include the language.

Sec. 573. Sale of Paid Advertising

Current-year Sec. 572 authorizes the Department to sell and accept paid advertising; requires revenue received to be used for operating costs and future technology enhancements; limits the amount of revenue that can be received from the sale of paid advertising to \$250,000; authorizes the receipt of gifts, donations, contributions, bequests, and grants; authorizes unexpended funding to be carried forward; requires the Department to develop a search function of all state departments that is easily accessible to visitors; requires a privacy policy to be adopted; and requires a report on the amount of gifts, donations, contributions, bequests, and grants received, expenditures made, total revenue received from the sale of paid advertising, and total number of advertising transactions. **Executive** deletes the \$250,000 limit, deletes the requirement that funding received over \$250,000 be deposited into the general fund, deletes the requirement that the Department develop a search function, deletes the requirement that a privacy policy be adopted, and deletes the reporting requirement. **House** deletes the requirement that the Department develop a search function and deletes the requirement that a privacy policy be adopted. **Senate** deletes authorization to receive, donations, contributions, bequests, and grants, deletes authorization for unexpended funding to be carried forward, and deletes the requirement that the Department develop a search function.

Sec. 574. Spatial Information/Technical Services

Authorizes the Department to supply spatial information and technical services to other state departments, local units of government, and other organizations, and to receive and expend funding for providing such services, publications, maps, and other products. **Executive** and **House** retain current law. **Senate** retains current law and adds a requirement that a report be submitted on the sources of funding and expenditures made.

Boilerplate Changes from FY 2003-04:

Sec. 577. Michigan Public Safety Communications System

Current-year language requires the appropriation for the Michigan Public Safety Communications System to be expended upon approval by the State Budget Director of an expenditure plan, requires the Department to assess reasonable access and maintenance fees to all subscribers of the system, requires revenue received to be deposited into the general fund, and requires a report on the amount of revenue collected and deposited. **Executive** deletes the requirement that revenue received be deposited into the general fund, instead requiring it to be expended for support and maintenance of the system, and requires the report to indicate the amount of revenue expended for support and maintenance. **House** and **Senate** retain current law.

Sec. 578. Report on Appropriations and Expenditures

Requires the Department to submit a report on the total amount of funding appropriated for information technology services and projects, by funding source, for all state departments and requires a listing of expenditures made from amounts received. **Executive** deletes language. **House** and **Senate** retain current law.

Sec. 579. Report on Life-Cycle of Hardware and Software

Requires the Department to submit a report which analyzes and makes recommendations on the life-cycle of information technology hardware and software. **Executive** deletes language. **House** and **Senate** retain current law.

**Summary: Senate Passed
LEGISLATURE
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$118,630,800	\$118,630,800	\$118,680,800	\$121,629,300	\$2,948,500	2.5
IDG/IDT	1,662,900	1,801,500	1,801,500	1,801,500	0	0.0
Federal	0	0	0	0	0	0.0
Local	0	0	0	0	0	0.0
Private	400,000	400,000	400,000	400,000	0	0.0
Restricted	2,495,100	2,356,500	2,356,500	2,356,500	0	0.0
GF/GP	\$114,072,800	\$114,072,800	\$114,122,800	\$117,071,300	\$2,948,500	2.5
FTEs	0.0	0.0	0.0	0.0	0.0	0.0

Overview

The budget for the Legislature provides funding for the Legislative branch of state government, to include the Legislative Council and agencies it governs, the Office of the Auditor General, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, appropriates funding from revenues collected for the support of public institutions and the administration of the affairs of state government, initiates and considers amendments to the State and U.S. Constitutions, and exercises legislative oversight over the Executive branch of government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature and is responsible for maintaining bill drafting, research, and other services. Carpenters, painters, maintenance mechanics, and electricians provide maintenance, operation, and repair of the Capitol Building, House of Representatives Office Building, and Farnum Building.

The Office of the Auditor General is responsible for conducting financial and performance audits of state government operations. The resulting audit reports provide a continuing flow of information to assist the Legislature in its oversight of state government, provide citizens with a measure of accountability, and assist state departments and agencies in improving financial management.

The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. The system is funded through state appropriations, member contributions, certain court filing fees, and investment income.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Auditor General – Fund Source Shift	Gross	\$0	\$0	\$0
Increases IDG funding and reduces state restricted	IDG	138,600	138,600	138,600
funding by the same amount in order to more accurately	Restricted	(138,600)	(138,600)	(138,600)
reflect where audit charges occur.				
2. Auditor General – Funding Increase	Gross	\$0	\$50,000	\$3,000,000
House and Senate include additional funding for the	GF/GP	\$0	\$50,000	\$3,000,000
Office of the Auditor General.				

Budget Changes

from FY 2003-04 YTD Appropriations:

3. \$100 Points of Difference

Senate reduces GF/GP funding by \$100 for all Legislature, Legislative Council, Legislative Retirement, and Property Management line items in order to create points of difference with the House.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$0	\$0	(\$1,500)
GF/GP	\$0	\$0	(\$1,500)

Boilerplate Changes from FY 2003-04:

Sec. 606. Property Management

Designates the appropriations for property management as work project appropriations. **House** and **Senate** modify the language to include work project account information that is required pursuant to the Management and Budget Act.

Sec. 606a. Automated Data Processing

House and **Senate** include new language which designates House, Senate, and Legislative Service Bureau automated data processing appropriations as work project appropriations.

Sec. 610. Contingency Funds

Executive and **House** include new language which appropriates state restricted contingency funds to the Auditor General that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

**Summary: Senate Passed
MANAGEMENT AND BUDGET
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$229,987,800	\$157,299,900	\$212,837,500	\$212,718,900	(\$118,600)	(0.1)
IDG/IDT	162,216,800	86,575,200	142,075,200	144,012,600	1,937,400	1.4
Federal	740,800	444,600	444,600	443,600	(1,000)	(0.2)
Local	0	0	0	0	0	0.0
Private	0	0	0	0	0	0.0
Restricted	31,201,300	33,206,100	33,206,100	32,563,600	(642,500)	(1.9)
GF/GP	\$35,828,900	\$37,074,000	\$37,111,600	\$35,699,100	(\$1,412,500)	(3.8)
FTEs	722.0	731.0	729.0	731.0	2.0	0.3

Overview

The Department of Management and Budget (DMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. The Department is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies, managing capital outlay projects, managing property for the state (i.e., managing state leases, selling surplus property), executing cost-effective purchasing programs, managing the state's retirement systems, supervising the state motor vehicle fleet, administering travel policies, and providing office support services to state agencies. In addition, the Office of the State Budget is housed within DMB and prepares, presents, and executes the state budget on behalf of the Governor.

The Department has several autonomous units, including the following: Office of the State Employer, which is primarily responsible for central labor relations as the employer of the state classified work force; Office of the Children's Ombudsman, which investigates the actions, decisions, policies, and protocols of the Family Independence Agency and child placing agencies as they relate to children in Michigan's child welfare system; and Office of Regulatory Reform, which is responsible for reviewing proposed rules, coordinating the processing of rules by state agencies, and working with agencies to streamline the rule-making process and improve public access.

Budget Changes

from FY 2003-04 YTD Appropriations:

1. Motor Vehicle Fleet

Executive eliminates the Motor Vehicle Fleet line item appropriation and returns funding to a non-appropriated internal service fund. **House** and **Senate** retain the line item appropriation but reduce funding by \$3.0 million and \$1.0 million respectively.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	(\$58,500,000)	(\$3,000,000)	(\$1,000,000)
IDG	(58,500,000)	(3,000,000)	(1,000,000)

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
2. Restructuring of Rent Payments	Gross	(\$18,100,000)	(\$18,100,000)	(\$18,100,000)
Reflects a savings of \$18.1 million due to the renegotiation of long-term leases for buildings the Department manages. Rent payments the Department makes for affected leased facilities for FY 2005 will be reduced as a result of financial restructuring.	IDG	(18,100,000)	(18,100,000)	(18,100,000)
3. Employee-Related Economic Increases	Gross	\$7,438,900	\$7,438,900	\$7,438,900
Includes additional funding to cover increased staff salary, insurance, and retirement costs.	IDG	2,564,000	2,564,000	2,564,000
	Restricted	1,833,100	1,833,100	1,833,100
	GF/GP	\$3,041,800	\$3,041,800	\$3,041,800
4. Employee-Related Savings	Gross	(\$2,261,200)	(\$2,261,200)	(\$2,261,200)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	IDG	(763,600)	(763,600)	(763,600)
	Restricted	(645,400)	(645,400)	(645,400)
	GF/GP	(\$852,200)	(\$852,200)	(\$852,200)
5. Internal Audit Partnership with Treasury	FTEs	4.0	4.0	4.0
Reflects the transfer of 4.0 FTE positions and funding from the Department of Treasury to DMB to support administrative costs associated with DMB providing internal audit services to the Department of Treasury.	Gross	\$425,000	\$425,000	\$425,000
	GF/GP	\$425,000	\$425,000	\$425,000
6. Retirement System Vision ORS Project	Gross	\$553,000	\$553,000	\$553,000
Includes additional funding to cover information technology cost increases associated with the Vision ORS system. Funding will support costs for maintenance, software and licenses for additional servers, network storage space, professional services to perform anticipated major annual software upgrades, and application support tools for the application support team.	Restricted	553,000	553,000	553,000
7. Reduced Funding for MAIN Support	Gross	(\$477,000)	(\$477,000)	(\$477,000)
Reflects a savings due to reducing state and contractor staff costs, scaling back on system development initiatives, and reducing operating costs as a result of archiving MAIN data in a way that allows the system to run faster and store less data.	GF/GP	(\$477,000)	(\$477,000)	(\$477,000)
8. Building Operation Service Reductions	FTEs	(2.0)	(2.0)	(2.0)
Reflects a savings of \$81,000 due to elimination of uniform rental and laundry services, a savings of \$53,000 due to conversion of Grand Tower Building contractual operations staff to state staff, a savings of \$47,000 due to warehouse lease cancellation and a move to state space, and a savings of \$30,000 due to elimination of contract reporting requirements.	Gross	(\$211,000)	(\$211,000)	(\$211,000)
	IDG	(211,000)	(211,000)	(211,000)
9. Human Resources Optimization	FTEs	(1.0)	(1.0)	(1.0)
Reduces FTE position authorization and funding by \$49,100 as a result of consolidated human resources functions. The Department of Civil Service will create a new Human Resources Call Center, which will be the central information source for employees who have human resources questions or who need personnel transactions processed, and the Department of Management and Budget will pay them for the services they provide, \$29,500.	Gross	(\$19,600)	(\$19,600)	(\$19,600)
	IDG	(7,600)	(7,600)	(7,600)
	Restricted	(8,000)	(8,000)	(8,000)
	GF/GP	(\$4,000)	(\$4,000)	(\$4,000)

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
10. Executive Budget Revision Letter 04/01/04	FTEs	2.0	0.0	2.0
Executive and Senate reflect the transfer of 2.0 FTE positions and the associated funding from the Department of State to the Department of Management and Budget. This transfer is the result of implementing Executive Order 2002-20, which consolidated all real estate planning functions performed by state agencies within DMB.	Gross	\$199,800	\$0	\$199,800
	GF/GP	\$199,800	\$0	\$199,800
11. Executive Budget Revision Letter 05/27/04	Gross	(\$237,400)	\$0	\$0
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	GF/GP	(\$237,400)	\$0	\$0
12. Program Reductions	Gross	\$0	\$0	(\$2,317,600)
Senate reduces funding for Executive Operations by \$250,000, funding for Business Support Services by \$250,000, and funding for Information Technology Services and Projects by \$1.8 million.	GF/GP	\$0	\$0	(\$2,317,600)
13. \$100 Points of Difference	Gross	\$0	\$0	(\$800)
Senate reduces IDG and GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	IDG	0	0	(200)
	GF/GP	\$0	\$0	(\$600)

Boilerplate Changes from FY 2003-04:

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 701. Contingency Funds

Executive and **House** include new language which appropriates federal, state restricted, and local contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

Sec. 703. Training and Orientation Workshops

Current-year Sec. 702 authorizes the Department to receive and expend funding for conducting training and orientation workshops and seminars. **Executive** and **House** retain current law. **Senate** deletes the language.

Sec. 713. Revisions to Computer Contracts

Requires DMB to report on any revisions to current computer contracts exceeding \$500,000 at least 14 days prior to finalization of the revisions. **Executive** deletes the language. **House** retains current law. **Senate** modifies current law requiring a report on any revisions that increase or decrease current contracts by more than \$500,000.

Sec. 715. Motor Vehicle Fleet

Current law section 719 requires the appropriation for motor vehicle fleet to be used for administration and the acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles; specifies that the appropriation is to be funded by revenue from rates charged to state departments and agencies for utilizing vehicle travel services provided by DMB; expresses intent of the Legislature that DMB have the authority to determine the appropriateness of vehicle assignment, to include, year, make, model, size, and price of vehicle; gives DMB the authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses intent of the Legislature that DMB complete a project plan which results in the reduction of expenditures related to vehicle travel services, to include a reduction in the number of state vehicles; and requires a quarterly report on the status of the project plan. **Executive** deletes the language. **House** and **Senate** modify current law to include authorization for excess revenue from the Motor Transport Fund to be carried forward and to express that it is the Legislature's intent that the Department determine the feasibility of using driver record information upon issuing state cars to state employees in order to ensure responsibility and safety.

Sec. 716. Purchasing from Michigan-Based Firms

House and **Senate** include new language which requires DMB to adopt policies and procedures necessary in order to provide a purchasing preference for products manufactured or services offered by Michigan-based firms.

Boilerplate Changes from FY 2003-04:

Sec. 717. Purchasing Decisions in the Best Interests of the State

House and **Senate** include new language which establishes guidelines for DMB to follow when determining whether the purchase, contracting for, providing of supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items needed by state departments is in the best interests of the state.

Sec. 718. Vendor Disclosure (Information to Collect)

House and **Senate** include new language which lists types of information DMB is authorized to collect from vendors in order to ensure compliance with procurement of goods and services from Michigan-based providers.

Sec. 719. Vendor Disclosure (Call Centers)

House and **Senate** include new language which authorizes DMB to require that any vendor or subcontractor who provides call or contact center services to the state disclose the location from which the call or contact center services are being provided to the inbound caller.

Sec. _____. Building Occupancy Expenditures

Executive Budget Revision Letter 05/27/04 includes new language which requires the Department to reduce building occupancy general fund expenditures by \$700,000 and authorizes the State Budget Director to take any action necessary to properly record expenditure reductions. **House** and **Senate** do not include the new language.

GENERAL SECTIONS OF BOILERPLATE

Sec. 205. Hiring Freeze

Imposes a hiring freeze on the state classified civil service, permits exceptions by the Attorney General and Secretary of State for their respective departments and by the State Budget Director for all other Executive branch departments, and requires a report on the number of exceptions granted, to include justification for the exceptions. **Executive** deletes the language. **House** retains current law. **Senate** deletes the provision that authorizes the Attorney General, Secretary of State, and State Budget Director to grant exceptions to the hiring freeze, and adds that the hiring freeze does not apply to certain situations which are specified in the language.

Sec. 207. Privatization

Requires departments to submit a complete project plan 60 days prior to beginning any effort to privatize and requires an evaluation of the privatization initiative within 30 months. **Executive** and **Senate** delete the language. **House** retains current law.

Sec. 209. Information Technology Appropriations as Work Projects

Executive includes new language which designates appropriations for information technology as work project accounts and authorizes carryforward of available balances. **House** and **Senate** do not include the new language.

Sec. 210. Deprived and Depressed Communities

Requires the directors of departments to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 212. Receipt and Retention of Reports

Authorizes departments to receive, and requires them to retain, copies of all reports required in the bill, and requires departments to follow federal and state guidelines for short-term and long-term retention of records. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 215. Disciplinary Action Against Employees

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 216. Travel Restrictions

Senate includes new language which prohibits departments from expending appropriations for out-of-state travel, requires departments to reduce travel expenditures by at least 50% in FY 2005, and grants exceptions to these restrictions for travel that is related to necessary legal services, revenue collection, or the protection of state property, investments, or assets.

Sec. 217. General Fund Restrictions

Senate includes new language which prohibits the use of general fund appropriations where federal funding is available for the same purpose.

**Summary: Senate Passed
STATE
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$181,088,251	\$188,131,200	\$188,266,000	\$186,405,100	(\$1,860,900)	(1.0)
IDG/IDT	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
Federal	1,319,500	1,391,000	1,391,000	1,391,000	0	0.0
Local	0	0	0	0	0	0.0
Private	100	100	100	100	0	0.0
Restricted	143,070,200	151,678,500	151,553,500	150,272,800	(1,280,700)	(0.8)
GF/GP	\$16,698,451	\$15,061,600	\$15,321,400	\$14,741,200	(\$580,200)	(3.8)
FTEs	1,856.8	1,857.8	1,859.8	1,857.8	(2.0)	(0.1)

Overview

The Department of State administers programs in four major areas: motor vehicle transactions, which includes titling and registration of automobiles, watercraft, and recreational vehicles; traffic safety, which includes testing drivers for ability and the suspension of license privileges when laws are broken or incompetence is judged; consumer protection, which includes inspection and licensing of automotive repair facilities; and regulation and administration of the state's electoral process, which entails training local election officials and monitoring campaign finance.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
1. Employee-Related Economic Increases	Gross	\$11,765,900	\$11,765,900	\$11,765,900
Includes additional funding to cover increased staff salary, insurance, and retirement costs.	Federal	109,400	109,400	109,400
	Restricted	10,986,600	10,986,600	10,986,600
	GF/GP	\$669,900	\$669,900	\$669,900
2. Employee-Related Savings	Gross	(\$3,735,300)	(\$3,735,300)	(\$3,735,300)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions.	Federal	(37,900)	(37,900)	(37,900)
	Restricted	(3,488,100)	(3,488,100)	(3,488,100)
	GF/GP	(\$209,300)	(\$209,300)	(\$209,300)
3. Other Economic Adjustments	Gross	(\$995,700)	(\$995,700)	(\$995,700)
Reduces funding for building occupancy charges by \$973,700 Gross and workers' compensation premiums by \$22,000 Gross.	Restricted	(732,400)	(732,400)	(732,400)
	GF/GP	(\$263,300)	(\$263,300)	(\$263,300)
4. Qualified Voter File	Gross	\$395,300	\$395,300	\$395,300
Includes additional funding for continued maintenance and improvement of the server processes, a group of programs utilized by all 1,498 city, county, and township clerks to administer elections.	GF/GP	\$395,300	\$395,300	\$395,300

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
5. Transfer of Driver Education Program	FTEs	2.0	2.0	2.0
Reflects the transfer of FTE positions and funding to cover administrative costs for the Driver Education program, which is being transferred from the Department of Education to the Department of State. Major responsibilities will include approval of driver education courses and approval of driver education instructors in both school district and proprietary driver training programs.	Gross	\$528,000	\$528,000	\$528,000
	Restricted	528,000	528,000	528,000
6. Notary Public Act	FTEs	1.0	1.0	1.0
Includes an additional 1.0 FTE position and \$400,000 for implementation of Public Act 238 of 2003, which rewrites the Michigan Notary Public Act. The legislation takes affect on April 1 and streamlines the application process, authorizing the Department to conduct background checks to ensure suitable candidates. Of the additional funding, \$100,000 is to be used for educating and training county clerks on the new process.	Gross	\$400,000	\$400,000	\$400,000
	Restricted	400,000	400,000	400,000
7. DIT Base Reduction	Gross	(\$936,800)	(\$936,800)	(\$936,800)
Reflects a savings due to reductions in data center platform and telecommunication rates, contractual services, consulting charges, and hardware costs.	GF/GP	(\$936,800)	(\$936,800)	(\$936,800)
8. Executive Budget Revision Letter 04/01/04	FTEs	(2.0)	0.0	(2.0)
Executive and Senate reflect the transfer of 2.0 FTE positions and the associated funding from the Department of State to the Department of Management and Budget. This transfer is the result of implementing Executive Order 2002-20, which consolidated all real estate planning functions performed by state agencies within DMB.	Gross	(\$199,800)	\$0	(\$199,800)
	GF/GP	(\$199,800)	\$0	(\$199,800)
9. Executive Budget Revision Letter 04/01/04	Gross	\$125,000	\$0	\$125,000
Executive and Senate include authorization to receive additional fee revenue which will be used to increase motorcycle safety and education grant funding made available to local programs.	Restricted	125,000	0	125,000
10. Executive Budget Revision Letter 05/27/04	Gross	(\$60,000)	\$0	\$0
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System	GF/GP	(\$60,000)	0	0
11. Program Reductions	Gross	\$0	\$0	(\$1,785,000)
Senate reduces funding for Branch Operations by \$167,000 and funding for Information Technology Services and Projects by \$1.6 million.	GF/GP	0	0	(\$1,785,000)
12. \$100 Points of Difference	Gross	\$0	\$0	(\$1,100)
Senate reduces state restricted and GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	Restricted	0	0	(300)
	GF/GP	\$0	\$0	(\$800)

Boilerplate Changes from FY 2003-04:

Sec. 801. Contingency Funds

Executive and **House** include new language which appropriates federal, state restricted, local, and private contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

Sec. 814. Organ Donor Program

Requires organ donor program funding to be used for the production of an organ donation informational pamphlet to be distributed with driver licenses and personal identification cards and to pay for return postage costs. The pamphlet is required to include a return reply postage paid form addressed to the Gift of Life Donor Program organization. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 815. Notification of Closing/Consolidating Branch Offices

Requires the Department to consult with the House and Senate General Government Subcommittee members on the projected closing or consolidation of Secretary of State branch offices. **Executive** deletes the language. **House** retains current law. **Senate** modifies current law requiring that at least 60 days prior to the announcement of branch office closings, consolidations, or relocations, the Department will inform certain legislators to include those who represent the affected areas. The announcement is required to be provided in written form and to include all analyses done regarding criteria for changes in the location of branches, including branch transactions, revenue, and the impact on citizens affected. Also, a detailed report regarding the Department's branch optimization plan that was announced on April 26, 2004 is required.

Sec. 817. Unlicensed Dealer Fines

Authorizes funding collected by the Department from unlicensed dealer fines to be used to offset administrative expenses and requires funding to be transferred via the legislative transfer process in order to be available for expenditure. **Executive** and **Senate** delete the language. **House** retains current law.

Sec. 818. Motorcycle Safety Education Program

Requires funding appropriated for the Motorcycle Safety Education Grants and Administration program to be used for operation of the program, requires funding for the program to be derived from original and renewal motorcycle license endorsements, annual registration fees, and operator driving test fees, authorizes funding for grants to help subsidize safety training courses for individuals interested in operating motorcycles, and authorizes funding to be used for costs associated with administration of the program. **Executive** deletes the language. **House** and **Senate** retain current law.

**Summary: Senate Passed
TREASURY
FY 2004-05 House Bill 5517**



Analyst: Robin Risko

	FY 2003-04 YTD	Revised Executive	House	Senate	Senate Difference from House	
					Amount	%
Gross	\$1,745,747,886	\$1,597,426,300	\$1,579,823,000	\$1,578,078,700	(\$1,744,300)	(0.1)
IDG/IDT	12,417,600	13,172,800	13,172,800	13,143,100	(29,700)	(0.2)
Federal	44,696,100	34,681,800	34,681,800	34,645,300	(36,500)	(0.1)
Local	910,800	18,832,800	964,300	964,100	(200)	0.0
Private	0	0	0	0	0	0.0
Restricted	1,570,508,700	1,401,783,000	1,408,706,100	1,407,590,600	(1,115,500)	(0.1)
GF/GP	\$117,214,686	\$128,955,900	\$122,298,000	\$121,735,600	(\$562,400)	(0.5)
FTEs	1,624.0	1,620.0	1,607.0	1,617.5	10.5	0.7

Overview

The Department of Treasury is the chief fiscal agency of the state and is the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. In addition, the Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. Also, the Department investigates fraudulent financial activity, provides recommendations and assistance on all property tax-related issues, trains and gives advice concerning accounting, auditing, budgeting, and financial management to local units of government, advises issuers of municipal obligations, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
TREASURY OPERATIONS	Gross	\$14,971,900	\$14,971,900	\$14,971,900
1. Employee-Related Economic Increases	IDG	967,900	967,900	967,900
Includes additional funding to cover increased staff salary, insurance, and retirement costs. (Includes increases for Bureau of State Lottery and Michigan Gaming Control Board staff.)	Federal	1,053,100	1,053,100	1,053,100
	Local	80,800	80,800	80,800
	Restricted	10,712,600	10,712,600	10,712,600
	GF/GP	\$2,157,500	\$2,157,500	\$2,157,500
2. Employee-Related Savings	Gross	(\$4,649,700)	(\$4,649,700)	(\$4,649,700)
Reduces funding to partially offset the cost of employee-related economic increases. Savings are to be achieved by reducing outside contracts, promoting voluntary work schedule adjustments, and continuing a portion of the temporary wage and benefit concessions. (Includes savings for Bureau of State Lottery and Michigan Gaming Control Board staff.)	IDG	(295,500)	(295,500)	(295,500)
	Federal	(268,600)	(268,600)	(268,600)
	Local	(27,300)	(27,300)	(27,300)
	Restricted	(3,374,100)	(3,374,100)	(3,374,100)
	GF/GP	(\$684,200)	(\$684,200)	(\$684,200)

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
3. Other Economic Adjustments	Gross	(\$1,714,300)	(\$1,714,300)	(\$1,714,300)
Reduces funding for building occupancy charges by \$1.7 million Gross and workers' compensation premiums by \$17,000 Gross. (Includes reductions for Bureau of State Lottery and Michigan Gaming Control Board.)	Restricted	(887,900)	(887,900)	(887,900)
	GF/GP	(\$826,400)	(\$826,400)	(\$826,400)
4. Human Resources Optimization Project	FTEs	(3.0)	(3.0)	(3.0)
Reduces FTE position authorization and funding by \$147,200 as a result of consolidated human resources functions. The Department of Civil Service will create a new Human Resources Call Center, which will be the central information source for employees who have human resources questions or who need personnel transactions processed, and the Department of Treasury will pay them for the services they provide, \$88,600. (Includes savings for Bureau of State Lottery and Michigan Gaming Control Board.)	Gross	(\$58,600)	(\$58,600)	(\$58,600)
	Restricted	(32,300)	(32,300)	(32,300)
	GF/GP	(\$26,300)	(\$26,300)	(\$26,300)
5. Transfer of MEAP/Merit Award Board	FTEs	(18.0)	(18.0)	(18.0)
Reflects the transfer of FTE positions and \$27.3 million appropriated for Michigan Educational Assessment Program administration and the Michigan Merit Award Board from the Department of Treasury to the Department of Education, pursuant to Executive Order 2003-20. Retains 6.0 FTE positions and \$1.6 million that are associated with the Michigan Merit Award program.	Gross	(\$27,346,900)	(\$27,346,900)	(\$27,346,900)
	Federal	(10,798,800)	(10,798,800)	(10,798,800)
	Restricted	(16,548,100)	(16,548,100)	(16,548,100)
6. Revenue Recovery Initiatives	Gross	(\$550,000)	(\$550,000)	(\$550,000)
Reflects an overall reduction in GF/GP funding that originally was included in 2003 PA 237 for enhanced revenue recovery initiatives. Specifically, funding was included for industrial facility and tax increment finance audits; for the statewide cash basis audit process, managed desk audits, out-of-state vendor audits, and for standardized audit schedules and statistical sampling; for sales, use, and withholding tax reconciliation; and for levy process enhancement, field staff enforcement of collections, IRS data sharing to increase delinquent tax revenue collections, and enforcement of 2003 PA 23, which holds corporate officers of Limited Liability Corporations liable for unpaid taxes.	Restricted	450,000	450,000	450,000
	GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
7. Reduced Funding for Travel	Gross	\$0	(\$327,400)	(\$27,400)
House eliminates GF/GP funding for departmentwide travel. Senate reduces funding.	GF/GP	\$0	(\$327,400)	(\$27,400)
8. Audits of Detroit Water and Sewerage Department	Gross	\$0	\$500,000	\$50,000
House and Senate include additional funding for the Department to conduct a financial audit, a performance audit, and an independent efficiency evaluation of the Detroit Water and Sewerage Department.	GF/GP	\$0	\$500,000	\$50,000
9. Additional Auditors for MGCB	FTEs	0.0	4.0	4.0
House and Senate include additional FTE position authorization and funding for the Michigan Gaming Control Board to hire auditors. According to a recent report by the Auditor General, the Board needs additional staff in order to conduct audits of the casinos on a more regular basis.	Gross	\$0	\$323,100	\$323,100
	Restricted	\$0	323,100	323,100

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
10. Executive Budget Revision Letter 05/27/04	Gross	(\$169,500)	\$0	\$0
Executive reduces GF/GP to reflect savings from changes in allocating year-end salary and fringe benefit costs between fiscal years and the new actuarial experience study for the State Employee Retirement System.	GF/GP	(\$169,500)	\$0	\$0
11. Executive Budget Revision Letter 05/27/04	FTEs	17.0	0.0	0.0
Executive includes additional FTE positions and funding to reflect Executive Order 2004-2, which transferred responsibility for sale of tax-reverted property from DNR to Treasury.	Gross	\$2,500,000	\$0	\$0
	Restricted	\$2,500,000	\$0	\$0
12. Program Reductions	Gross	\$0	\$0	(\$2,543,500)
Senate reduces funding for the following: Supervision of the General Property Tax Law by \$300,000; Local Finance by \$125,000; Tax Policy by \$100,000; Human Resources, Program Management, and Purchasing by \$150,000; Office of Revenue and Tax Analysis by \$150,000; Finance and Accounting by \$75,000; Receipts Processing by \$50,000; Common Cash Investments and Debt Management by \$50,000; Lottery, Gaming, and Treasury Information Technology Services and Projects by \$1.5 million.	IDG	0	0	(29,500)
	Federal	0	0	(36,500)
	Local	0	0	(200)
	Restricted	0	0	(1,114,500)
	GF/GP	\$0	\$0	(\$1,362,800)
13. New Programs/Funding Increases/FTE Changes	FTEs	0.0	0.0	10.0
Senate includes 10.0 FTE positions and \$900,000 for hiring personal property tax auditors; \$1,000 for audits to be conducted of Intermediate School Districts; \$1,000 for purchased lands payments in lieu of taxes; and an additional \$50,000 for Property Tax Assessor Training.	Gross	\$0	\$0	\$952,000
	GF/GP	\$0	\$0	\$952,000
14. \$100 Points of Difference	Gross	\$0	\$0	(\$2,800)
Senate reduces IDG, state restricted, and GF/GP funding by \$100 for applicable line items in order to create points of difference with the House.	IDG	0	0	(200)
	Restricted	0	0	(1,000)
	GF/GP	\$0	\$0	(\$1,600)
REVENUE SHARING	Gross	\$26,157,9000	\$37,057,900	\$37,058,900
15. Constitutional Revenue Sharing	Restricted	26,157,9000	37,057,900	37,058,900
Includes additional funding for constitutional revenue sharing payments.				
16. Statutory Revenue Sharing	Gross	(\$206,336,900)	(\$208,136,900)	(\$208,137,900)
Reduces funding for statutory revenue sharing payments. Also, Executive proposes using funding from the statutory revenue sharing line item for Payments in Lieu of Taxes (PILT) prior to distributing statutory revenue sharing payments.	Restricted	(206,336,900)	(208,136,900)	(208,137,900)
17. County Revenue Sharing	Gross	\$17,868,500	\$0	\$0
Executive includes a new county revenue sharing line item to reflect the most recent revenue sharing proposal.	Restricted	17,868,500	0	0

Budget Changes

from FY 2003-04 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
DEBT SERVICE	Gross	\$25,164,000	\$25,164,000	\$25,164,000
18. Debt Service	Restricted	10,009,300	10,009,300	10,009,300
	GF/GP	\$15,154,700	\$15,154,700	\$15,154,700

a.) Includes an additional \$22.2 million Gross and \$12.2 million GF/GP for required debt service payments on the Quality of Life bond. This increase reflects a fund source shift of \$10.9 million from GF/GP to state restricted Cleanup and Redevelopment Funds.

b.) Includes an additional \$3.1 million Gross and GF/GP for required debt service payments on the Clean Michigan Initiative bond.

c.) Reduces funding by \$100,000 Gross and GF/GP for payments on the Water Pollution Control bond.

GRANTS

19. Grants

The **Executive** makes the following adjustments:

a.) adds \$5.5 million Gross for Convention Facility Development Distribution based on revenue collections;

b.) adds \$2.5 million Gross for Commercial Mobile Radio Service Payments for 911 telephone emergency programs in local communities;

c.) adds \$1.2 million GF/GP for the Senior Citizen Cooperative Housing Tax Exemption Program;

d.) adds \$328,000 GF/GP for Renaissance Zone Reimbursement payments to be made to libraries for lost property tax revenue associated with renaissance zones;

e.) reduces \$3.2 million GF/GP from the Qualified Agricultural Loan payment program based on a federal grant pay down provision included in the loan agreements;

f.) eliminates \$42,700 GF/GP for reimbursement payments which were made to the City of Benton Harbor for lost property tax revenue associated with an enterprise zone, as the ten-year commitment has been completed; and

g.) maintains current-year funding levels for Grants to Counties in Lieu of Taxes, Health and Safety Fund Grants, and Special Grants to cities which have an emergency financial manager appointed to them.

The **House** and **Senate** concur with the Executive recommendation on the items listed above and, in addition, eliminate the \$7.0 million appropriation for grants to local units of government to reimburse for conducting personal property tax assessments of businesses.

	Gross	\$6,285,300	(\$714,700)	(\$714,700)
	Restricted	8,000,000	8,000,000	8,000,000
	GF/GP	(\$1,714,700)	(\$8,714,700)	(\$8,714,700)

Boilerplate Changes from FY 2003-04:

Sec. 901. Contingency Funds

Executive and **House** include new language which appropriates federal, state restricted, local, and private contingency funding that can be expended upon legislative transfer to a specific line item. **Senate** does not include the new language.

Sec. 902(3). Defaulted Student Loan Collections

Requires the Department to explore the feasibility of donated services in lieu of repayment when they are unable to collect defaulted student loans and to report on the implementation status of this section. **Executive**, **House**, and **Senate** delete the language.

Boilerplate Changes from FY 2003-04:

Sec. 907. Assessor Certification and Training Fees

Current-year Sec. 906 authorizes the Department to use the Assessor Certification and Training Fund to operate the Property Assessor Certification and Training program, assesses fees to cover expenses incurred in offering programs to be paid by participants, and requires fees collected to be credited to the Assessor Certification and Training Fund. **Executive, House,** and **Senate** increase examination fees from \$25 to \$50, initial certification fees from \$35 to \$50, annual renewal fees from \$50 to \$75 for levels 1 and 2 and from \$95 to \$125 for levels 3 and 4.

Sec. 913. Loans to Local Units of Government

Authorizes the State Treasurer to make loans to local units of government from the state's Common Cash Fund to implement local government infrastructure and private facility projects and specifies the terms of these loans. **Executive, House,** and **Senate** delete the language.

Sec. 921. Appropriation of Tobacco Revenue

Appropriates all revenues collected pursuant to the Tobacco Products Tax Act to the Health and Safety Fund for distribution. **Executive, House,** and **Senate** delete the language.

Sec. 924. Audit and Collection Procedures

Requires the Department to publish the handbook required, pursuant to 1941 PA 122, Section 205.4(3), which informs taxpayers and tax preparers of audit and collection procedures and authorizes the Department to publish the handbook on the Internet. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 926. Audits of Detroit Water and Sewerage Department

House and **Senate** include new language which requires the Department of Treasury to conduct a financial audit, a performance audit, and an independent efficiency evaluation of the Detroit Water and Sewerage Department.

Sec. 938. Property Tax Assessor Training

Senate includes new language which requires the general fund appropriation for property tax assessor training to be used for the education and training of current assessors.

Sec. 939. Pension Fund Investments

Senate includes new language which expresses legislative intent that pension funds be invested in no less than 2% but not more than 5% in early stage, university derived life science companies located solely in Michigan, or in Michigan based seed stage venture capital funds which invest in such life science companies, but only to the extent that such venture capital funds invest such funds in Michigan derived life science companies.

Sec. 940. Personal Property Tax Auditors

Senate includes new language which specifies the purpose of funding appropriated for additional property tax auditors.

Sec. 951. Revenue Sharing Payment Condition

Requires county treasurers to comply with section 151 of the School Aid Act in order to receive statutory revenue sharing payments and prohibits the Department from withholding revenue sharing payments to counties if local units of government fail to provide county treasurers with the information needed to comply with section 151. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 952. Restoration of Revenue Sharing

Requires appropriations for special grants to cities to be used to restore revenue sharing reductions contained in Executive Order 2003-23 to cities which had an emergency financial manager appointed to them. **Executive, House,** and **Senate** include the new language.

Sec. 953. County Restricted Reserve Accounts

Executive includes new language which authorizes counties to withdraw from restricted reserve funds an amount equal to their FY 2004 revenue sharing payment adjusted for inflation until there is no funding left in the restricted reserve fund, requires the rate of inflation to be the same as that specified in the General Property Tax Act, and requires the Department to annually certify to the State Budget Director the amount each county is authorized to withdraw. **House** does not include the new language. **Senate** includes a modified version of the Executive language (Sec. 953).

Sec. 954. Revenue Sharing Penalty

Senate includes new language which requires a 5% reduction in statutory revenue sharing payments for local units of government which adopt ordinances or rules, whether by vote of the electorate, county commissions, city councils, or executive directive, that are in direct conflict with the Michigan Constitution or state statute.

Sec. _____. County Revenue Sharing Payments

Executive Budget Revision Letter 05/27/04 includes new language which requires county revenue sharing payments to be distributed on a one-time basis to counties with a fiscal year ending September 30th, and provides for the state to be reimbursed from the Revenue Sharing Reserve Fund by March 1, 2005.

Boilerplate Changes from FY 2003-04:

Sec. 961. Lottery Promotional Efforts

Prohibits funding from being used for promotional efforts directed towards individuals less than 18 years of age. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 962. Sports Figures in Lottery Advertising

Prohibits funding from being used for associating professional or amateur athletes with the lottery or its products. **Executive** deletes the language. **House** and **Senate** retain current law.

Sec. 963. FIA Bridge Cards

Senate includes new language which requires the Bureau of State Lottery to notify lottery retailers that FIA bridge cards cannot be used to purchase lottery tickets.