

OMNIBUS BUDGET: FYs 2011-12 and 2012-13
Summary: As Passed by the House
House Bill 4526 (H-3) as Amended



Mitchell E. Bean, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

| Budget Area (Bill Page) [Summary Page] | FY 2011-12 Appropriations | | FY 2012-13 Anticipated Appropriations | |
|--|---------------------------|------------------------|---------------------------------------|------------------------|
| | Gross | GF/GP | Gross | GF/GP |
| Agriculture & Rural Development (1) [2] | \$71,351,600 | \$27,835,000 | \$72,747,800 | \$28,447,400 |
| Community Health (35) [10] | 13,922,657,100 | 2,675,575,200 | 14,370,554,100 | 2,904,904,000 |
| Corrections (115) [19] | 1,936,573,800 | 1,874,836,200 | 2,011,927,400 | 1,950,811,200 |
| Education (201) [25] | 115,313,000 | 20,013,900 | 116,759,100 | 20,253,200 |
| Environmental Quality (234) [29] | 412,304,100 | 21,135,900 | 417,041,200 | 21,719,600 |
| General Government (291) [34] | | | | |
| <i>Attorney General (292) [35]</i> | \$74,340,900 | \$28,117,600 | \$76,321,200 | \$28,828,100 |
| <i>Civil Rights (296) [37]</i> | 11,937,700 | 9,666,000 | 12,263,100 | 9,934,900 |
| <i>Executive Office (297) [39]</i> | 4,399,200 | 4,399,200 | 4,399,200 | 4,399,200 |
| <i>Legislature (298) [40]</i> | 100,333,200 | 98,573,400 | 100,333,200 | 98,573,400 |
| <i>Legislative Auditor General (300) [41]</i> | 15,638,400 | 10,597,000 | 15,638,400 | 10,597,000 |
| <i>State (301) [43]</i> | 211,885,000 | 11,286,200 | 216,538,500 | 11,586,000 |
| <i>Tech, Management, & Budget (306) [45]</i> | 1,006,297,300 | 307,513,400 | 1,024,716,800 | 319,863,800 |
| <i>Treasury (311) [49]</i> | 1,913,945,700 | 202,413,100 | 1,942,991,100 | 193,475,800 |
| Subtotal: General Government | \$3,338,777,400 | \$672,565,900 | \$3,393,201,500 | \$677,258,200 |
| Human Services (441) [54] | 6,858,436,000 | 1,066,207,600 | 6,900,780,900 | 1,154,444,300 |
| Judiciary (490) [60] | 255,973,200 | 152,534,300 | 257,613,600 | 154,044,800 |
| Licensing & Regulatory Affairs (510) [62] | 1,272,162,000 | 42,555,800 | 1,284,168,300 | 43,130,200 |
| Military & Veterans Affairs (549) [73] | 152,383,500 | 33,044,900 | 153,474,000 | 33,692,200 |
| Natural Resources (577) [75] | 329,969,200 | 13,604,500 | 336,302,600 | 13,952,700 |
| State Police (627) [80] | 520,850,000 | 264,243,400 | 530,571,900 | 269,534,100 |
| Transportation (663) [85] | 3,327,770,700 | 0 | 3,319,376,200 | 0 |
| TOTAL | \$32,514,521,600 | \$6,864,152,600 | \$33,164,518,600 | \$7,272,191,900 |

Note: The FY 2011-12 and FY 2012-13 budgets for Community Colleges, Higher Education, and School Aid are contained in House Bill 4325.

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: As Passed by the House
Article I, House Bill 4526 (H-3) as Amended



Analyst: William Hamilton

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|---------------------|--|--------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | 289,100 | 297,600 | 8,500 | 2.9 | 297,600 | 0 | 0.0 |
| Federal | 14,922,600 | 14,184,700 | (737,900) | (4.9) | 14,386,700 | 202,000 | 1.4 |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 260,100 | 171,300 | (88,800) | (34.1) | 171,300 | 0 | 0.0 |
| Restricted | 30,679,400 | 28,863,000 | (1,816,400) | (5.9) | 29,444,800 | 581,800 | 2.0 |
| GF/GP | 30,297,100 | 27,835,000 | (2,462,100) | (8.1) | 28,447,400 | 612,400 | 2.3 |
| Gross | \$76,448,300 | \$71,351,600 | (\$5,096,700) | (6.7) | \$72,747,800 | \$1,396,200 | 2.0 |
| FTEs | 458.5 | 438.0 | (20.5) | (4.5) | 438.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

The House bill reflects the Governor's proposed budget with the following exceptions: The House bill does not recognize \$300,000 in restricted revenue from proposed grain dealer fees and instead retains \$300,000 GF/GP. The House bill does not recognize \$550,000 in restricted revenue from a proposed Intercounty Drain fee and includes \$432,300 GF/GP. The effect of these two changes is that *Gross appropriations* in the House Bill are \$117,700 less than the Governor's recommendation; GF/GP funding is \$732,300 more than the Governor.

The House generally follows the line item format of the current year budget with the exception of two current year line items, *Groundwater and freshwater protection program*, and *Agriculture pollution prevention program*, which were rolled up into a single *Environmental stewardship* line. In addition, restricted *Freshwater protection fund* revenue was added to the *Michigan agriculture environmental assurance program* line to better reflect actual program funding. The House bill also retains a number of legislative boilerplate sections.

The only difference between the FY 2011-12 and FY 2012-13 budgets is the inclusion in FY 2012-13 of a \$1,396,200 item, "*Active and retiree insurance and pension adjustment*." FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Commissions and Boards No change from current year. | Gross | \$23,800 | \$0 | \$0 |
| | Restricted | 8,800 | 0 | 0 |
| | GF/GP | \$15,000 | \$0 | \$0 |
| 2. Unclassified Positions No change from current year. | FTEs | 2.0 | 0.0 | 0.0 |
| | Gross | \$213,300 | \$0 | \$0 |
| | GF/GP | \$213,300 | \$0 | \$0 |
| 3. Executive Direction Reflects economic adjustment. | FTEs | 8.0 | 0.0 | 0.0 |
| | Gross | \$996,200 | \$54,400 | \$0 |
| | Restricted | 38,400 | 2,100 | 0 |
| | GF/GP | \$957,800 | \$52,300 | \$0 |
| 4. Management Services/Operational Services Reflects economic adjustment. | FTEs | 12.0 | 3.0 | 0.0 |
| | Gross | \$928,600 | \$52,500 | \$0 |
| | Restricted | 57,800 | 0 | 0 |
| | GF/GP | \$870,800 | \$52,500 | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 5. Statistical Reporting Service | FTEs 1.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | Gross \$148,500 | \$9,800 | \$0 |
| | Private 82,600 | 5,400 | 0 |
| | GF/GP \$65,900 | \$4,400 | \$0 |
| 6. Emergency Management | FTEs 6.5 | (4.5) | 0.0 |
| Reflects anticipated end of a \$500,000 US Food and Drug Administration Rapid Response Team grant; economic adjustments. | Gross \$741,800 | (\$498,200) | \$0 |
| | Federal 500,000 | (500,000) | 0 |
| | GF/GP \$241,800 | \$1,800 | \$0 |
| 7. Accounting Service Center | Gross \$878,300 | \$0 | \$0 |
| Department reimburses the Michigan Department of Transportation for accounting services. No change from current year. | GF/GP \$878,300 | \$0 | \$0 |
| 8. Departmentwide – Rent and Building Occupancy | Gross \$1,042,200 | (\$50,300) | \$0 |
| Appropriation for estimated building occupancy costs of \$991,900 includes \$442,000 in federal funds; however federal grants do not generally participate in building occupancy costs. As a result, only restricted and GF/GP funds are actually available for use by the department; costs not supported by actual revenue are charged to department program lines. | Federal 464,400 | (22,400) | 0 |
| | Restricted 577,800 | (78,800) | 0 |
| | GF/GP \$0 | \$50,900 | \$0 |
| 9. Information Technology | Gross \$1,500,800 | (\$197,000) | \$0 |
| Recognizes \$20,600 in economic increases; \$57,600 GF/GP decrease for early retirement savings; restricted revenue decrease of \$160,000 to reflect actual revenue. | IDG 2,800 | 0 | 0 |
| | Restricted 307,800 | (157,700) | 0 |
| | GF/GP \$1,189,800 | (\$39,300) | \$0 |
| 10. Food and Dairy – Food/Milk Safety and Quality Assurance | FTEs 107.0 | (6.0) | 0.0 |
| Governor recommends transfer of some elements of dairy inspection program to the dairy industry through use of industry-employed, department-certified field inspectors, resulting in GF/GP savings of \$600,000. Recognizes \$458,700 in economic increases; \$493,300 GF/GP decrease for early retirement savings. House concurs with the Governor's recommendation. | Gross \$13,004,100 | (\$634,600) | \$0 |
| | Federal 658,700 | 27,800 | 0 |
| | Restricted 3,163,500 | 133,300 | 0 |
| | GF/GP \$9,181,900 | (\$795,700) | \$0 |

The \$8.4 million in GF/GP revenue is the largest use of GF/GP revenue in this budget.

Current year budget unrolls Food safety and Milk safety programs into two separate line items as follows:

| Unrolled Line Items | | FY 2010-11 Enacted Appropriation | FY 2011-12 House Appropriation |
|---|--------------|---|---|
| <i>Food and Dairy – Food Safety and Quality Assurance</i> | FTEs | 81.0 | 81.0 |
| | Gross | \$9,744,900 | \$9,931,600 |
| | Federal | 624,200 | 651,600 |
| | Restr. | 3,003,500 | 3,034,500 |
| | GF/GP | \$6,117,200 | \$6,145,500 |
| <i>Milk Safety and Quality Assurance</i> | FTEs | 26.0 | 26.0 |
| | Gross | \$3,259,200 | \$2,437,900 |
| | Federal | 34,500 | 34,900 |
| | Restr. | 160,000 | 162,300 |
| | GF/GP | \$3,064,700 | \$2,240,700 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 11. Animal Industry – Animal Health and Disease Response | FTEs 68.0 | (4.0) | 0.0 |
| Recognizes \$137,000 in economic increases; \$35,400 decrease in federal revenue to reflect actual anticipated federal grants. | Gross \$9,474,200 | (\$434,800) | \$0 |
| Reduces GF/GP baseline by \$536,700 to reflect advances in Bovine TB Program, specifically: the elimination of the inspection station at the Mackinac Bridge (\$332,000), plus other unspecified program reductions, (\$204,700). | Federal 1,291,200 | (17,100) | 0 |
| | Restricted 253,800 | 3,800 | 0 |
| | GF/GP \$7,929,200 | (\$421,500) | \$0 |
| <u>House</u> concurs with the Governor's recommendation. | | | |
| The \$7.5 million in GF/GP revenue is the second largest use of GF/GP revenue in this budget. | | | |
| 12. Pesticide and Plant Pest Management – PPPM | FTEs 94.0 | (6.0) | 0.0 |
| Governor recommends elimination of Department inspections of nursery stock intended for in-state sale; Department inspections would be limited to those needed for out-of-state export. Transfer of inspections of in-state stock to industry would result in GF/GP savings of \$500,000. | Gross \$11,347,000 | (\$1,034,300) | \$0 |
| | Federal 2,019,500 | (52,000) | 0 |
| | Private 166,400 | (83,100) | 0 |
| | Restricted 5,134,200 | (104,900) | 0 |
| | GF/GP \$4,026,900 | (\$794,300) | \$0 |
| Governor also proposes elimination of Department animal feed content label sampling/testing (for protein/fat/fiber content), resulting in a GF/GP savings of \$250,000. Department would continue health/safety related inspections. | | | |
| <u>House</u> concurs with the Governor's recommendation. | | | |
| Budget also recognizes \$430,600 in economic increases, \$199,200 GF/GP decrease for early retirement savings, and adjustments of restricted and federal revenue sources to actual, (\$496,400), and (\$19,300). | | | |
| 13. Emerald Ash Borer Program – PPPM | FTEs 10.0 | (3.0) | 0.0 |
| Appropriation of \$1.8 million reflects continuing reduction in federal support for this program; appropriation had been as much as \$25.0 million in FYs 2003-04 and 2004-05. | Gross \$2,138,500 | (\$315,900) | \$0 |
| | Federal 2,138,500 | (315,900) | 0 |
| 14. Producer Security/Grain Dealer Licensing – PPPM | FTEs 4.0 | 0.0 | 0.0 |
| Proposed budget recognizes \$23,400 in economic increases, and net \$32,600 reduction to reflect anticipated restricted revenue. The Governor had proposed \$300,000 increase in annual grain dealer fees to offset \$300,000 GF/GP reduction. | Gross \$552,600 | (\$9,200) | \$0 |
| | Restricted 252,600 | (9,200) | 0 |
| | GF/GP \$300,000 | \$0 | \$0 |
| <u>House</u> does not recognize the fee increase and retains \$300,000 GF/GP. | | | |
| 15. Environmental Stewardship (Current Law) | Gross \$94,400 | (\$94,400) | \$0 |
| Current year appropriation is simply a placeholder with no GF/GP funding and no FTEs. The department anticipates lapsing the entire current year appropriation. | Federal 41,700 | (41,700) | 0 |
| | Restricted 52,700 | (52,700) | 0 |
| | GF/GP \$0 | \$0 | \$0 |
| Environmental Stewardship – NEW | FTEs 0.0 | 18.0 | 0.0 |
| <u>House</u> rolls up of two current year line items, <i>Groundwater and freshwater protection program</i> , and <i>Agriculture pollution prevention program</i> , up into a single <i>Environmental stewardship</i> line to provide for agriculture pollution prevention and conservation activities. | Gross \$0 | \$6,133,800 | \$0 |
| | Federal 0 | 1,361,200 | 0 |
| | Restricted 0 | 4,772,600 | 0 |
| | GF/GP \$0 | \$0 | \$0 |
| 16. Michigan Agriculture Environmental Assurance Program | FTEs 3.0 | 0.0 | 0.0 |
| GF/GP increase reflects economic adjustment. | Gross \$262,000 | \$290,600 | \$0 |
| | Restricted 0 | 288,000 | 0 |
| | GF/GP \$262,000 | \$2,600 | \$0 |
| <u>House</u> includes \$288,000 in restricted <i>Freshwater protection fund</i> revenue to better reflect actual program funding. | | | |

| | | House Changes | | | |
|--|--|---|-------------------------------------|-------------------------------------|------------|
| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 17. Groundwater/Freshwater Protection Program | | FTEs | 15.0 | (15.0) | 0.0 |
| Among other things, this line provides technical assistance grants, through local conservation districts, to implement conservation programs. | | Gross | \$5,354,100 | (\$5,354,100) | \$0 |
| | | Federal | 314,500 | (314,500) | 0 |
| | | Restricted | 5,039,600 | (5,039,600) | 0 |
| <i>House rolls up this line into Environmental Stewardship, above.</i> | | | | | |
| 18. Farmland/Open Space Preservation | | FTEs | 9.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | | Gross | \$928,600 | \$29,600 | \$0 |
| | | Restricted | 928,600 | 29,600 | 0 |
| 19. Agriculture Pollution Prevention Program | | Gross | \$1,000,100 | (\$1,000,100) | \$0 |
| No change from current year. | | Federal | 1,000,000 | (1,000,000) | 0 |
| | | Restricted | 100 | (100) | 0 |
| <i>House rolls up this line into Environmental Stewardship, above.</i> | | | | | |
| 20. Local Conservation Districts | | Gross | \$100 | \$0 | \$0 |
| Retains \$100 placeholder. General Fund support for the <i>Local conservation districts</i> line had been \$2.8 million in FY 2000-01. | | GF/GP | \$100 | 0 | 0 |
| 21. Migrant Labor Housing | | FTEs | 6.0 | 0.0 | 0.0 |
| Reflects economic adjustments. Inspection program supported by GF/GP, and restricted funds from \$5 per occupant migrant labor housing inspection fee established in 2010 PA 13 and 2010 PA 14. Federal funds represent US Department of Labor housing grants. | | Gross | \$1,142,800 | \$19,500 | \$0 |
| | | Federal | 463,900 | 7,900 | 0 |
| | | Restricted | 140,900 | 2,300 | 0 |
| | | GF/GP | \$538,000 | \$9,300 | \$0 |
| 22. Right to Farm | | FTEs | 3.0 | 0.0 | 0.0 |
| Reflects economic adjustment. | | Gross | \$504,300 | \$14,700 | \$0 |
| | | IDG | 97,200 | 2,800 | 0 |
| | | GF/GP | \$407,100 | \$11,900 | \$0 |
| 23. Intercounty Drains | | FTEs | 3.0 | 0.0 | 0.0 |
| Governor proposed a \$500 assessment on intercounty drainage districts to generate \$550,000 in restricted revenue to support program and offset GF/GP reduction; also reflects economic increase of \$16,200. | | Gross | \$416,100 | \$16,200 | \$0 |
| | | Restricted | 0 | 0 | 0 |
| | | GF/GP | \$416,100 | \$16,200 | \$0 |
| <i>House does not recognize the proposed fee revenue and retains \$432,300 GF/GP.</i> | | | | | |
| 24. Laboratory Services | | FTEs | 45.0 | (3.0) | 0.0 |
| Recognizes \$162,100 economic increase; \$256,100 GF/GP reduction for early retirement savings; baseline GF/GP reduction of \$427,000. | | Gross | \$6,085,600 | (\$521,000) | \$0 |
| | | IDG | 189,100 | 5,700 | 0 |
| | | Federal | 916,200 | 27,300 | 0 |
| | | Restricted | 2,476,000 | 61,900 | 0 |
| | | GF/GP | \$2,504,300 | (\$615,900) | \$0 |
| 25. USDA Monitoring | | FTEs | 13.0 | 0.0 | 0.0 |
| Reflects economic increase, \$26,300; \$166,700 anticipated increase in federal revenue. | | Gross | \$2,259,000 | \$193,000 | \$0 |
| | | Federal | 2,259,000 | 193,000 | 0 |
| 26. Consumer Protection Program | | FTEs | 39.0 | 0.0 | 0.0 |
| Line supports motor fuel quality program, weights and measures, and metrology laboratory. Restricted revenue includes \$3.2 million from the Refined petroleum fund. Governor's budget reflects economic adjustments only. | | Gross | \$5,498,100 | \$73,200 | \$0 |
| | | Restricted | 5,497,500 | 73,200 | 0 |
| | | GF/GP | \$600 | \$0 | \$0 |
| 27. Agriculture Development | | FTEs | 4.0 | 0.0 | 0.0 |
| Reflects economic adjustments of \$17,100; adjusts federal and restricted revenue to actual anticipated revenue. | | Gross | \$2,056,700 | (\$141,400) | \$0 |
| | | Private | 11,100 | (11,100) | 0 |
| | | Federal | 1,605,000 | (91,500) | 0 |
| | | Restricted | 142,400 | (41,500) | 0 |
| | | GF/GP | \$298,200 | \$2,700 | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|---|-------------------------------------|-------------------------------------|
| 28. Grape and Wine Program | FTEs 3.0 | 0.0 | 0.0 |
| Recognizes economic adjustment. | Gross \$736,800 | (\$500) | \$0 |
| | Restricted 736,800 | (500) | 0 |
| | | | |
| 29. Horse Racing Programs | FTEs 3.0 | 0.0 | 0.0 |
| The fund source for this line item is the Agriculture Equine Industry Development Fund (AEIDF). The Governor's budget reflects on-going reduction in AEIDF revenue available for horse racing programs. | Gross \$3,820,100 | (\$698,200) | \$0 |
| | Restricted 3,820,100 | (698,200) | 0 |

| | Current YTD | House FY 2011-12 |
|---|--------------------|-----------------------------|
| Horse racing administration | 394,400 | 331,300 |
| Purses & supplements-fairs/licensed tracks | 764,300 | 611,400 |
| Licensed tracks - light horse racing | 42,600 | 34,100 |
| Standardbred (SB) breeders' awards | 312,500 | 250,000 |
| SB purses/supplements-licensed tracks | 577,000 | 461,600 |
| SB sire stakes | 261,200 | 209,000 |
| SB training and stabling | 11,600 | 9,300 |
| Thoroughbred owners' awards | 39,900 | 31,900 |
| Thoroughbred supplements-licensed tracks | 387,000 | 309,600 |
| Thoroughbred breeders awards | 387,000 | 309,600 |
| Thoroughbred sire stakes | 267,600 | 214,100 |
| Distribution of outstanding winning tickets | 375,000 | 350,000 |
| Total | \$3,820,100 | \$3,121,900 |

| | | | |
|---|--------------------------|----------------------|--------------------|
| 30. Capital Outlay - Farmland/Open Space Acquisition | Gross \$3,300,000 | (\$1,000,000) | \$0 |
| Adjusts state restricted Agriculture Preservation Fund revenue to better align with actual revenue estimates. | Federal 1,250,000 | 0 | 0 |
| | Restricted 2,050,000 | (1,000,000) | \$0 |
| | | | |
| 31. Economics | Gross N/A | \$1,640,900 | \$1,396,200 |
| State Budget Office identifies \$1.6 million in net economic increases: \$1,914,400 increase related to retirement contributions; \$172,400 decrease for insurance costs; \$12,700 increase for workers compensation, and \$50,300 decrease for building occupancy charges. In addition, the budget recognizes \$20,600 in economic increases related to information technology services. | IDG N/A | 8,500 | 0 |
| | Federal N/A | 202,900 | 202,000 |
| | Private N/A | 8,700 | 0 |
| | Restricted N/A | 586,700 | 581,800 |
| | GF/GP N/A | \$804,400 | \$612,400 |

Executive budget detail shows a \$1,396,200 increase in FY 2012-13 for "Active and retiree insurance and pension adjustment."

Boilerplate Changes From FY 2010-11

Sec. 201. Total State Payments/Payments to Local Units – MODIFIED

Identifies total state spending; payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Boilerplate Changes From FY 2010-11

Sec. 202. Management and Budget Act – RETAINED

Indicates that appropriations are subject to the Management and Budget Act.

Sec. 203. Abbreviations – RETAINED

Defines abbreviations.

Sec. 204. Civil Service Charge – RETAINED

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter.

Sec. 205. Hiring Freeze – RETAINED

Imposes a hiring freeze for state civil service positions.

Sec. 206. Contingency Appropriations – RETAINED

Provides for contingent federal, state, local, and private appropriations per Management and Budget Act. (Renumbered from Section 228.)

Sec. 207. Transparency Report – MODIFIED

Directs department to develop, post, and maintain on a publically accessible website expenditures made during the fiscal year. (Renumbered from Section 215.)

Sec. 208. Internet Reporting – RETAINED

Requires Department to use the Internet to fulfill reporting requirements.

Sec. 209. Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.

Sec. 210. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas.

Sec. 211. Information Technology – RETAINED

Allows establishment of IT projects as Work Projects. (Renumbered from Sec. 220.)

Sec. 212. Indemnification Payments – Moved to Section 453.

Sec. 212. Receive/Retain Reports – NEW

Requires department to retain reports funded from appropriation in part 1.

Sec. 214. Information Technology – RETAINED

Requires Department to pay user fees to Department of Technology, Management, and Budget subject to provisions of interagency agreement. (Renumbered from Section 219).

Sec. 214. Grant Notification – Moved to Section 302

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. (Renumbered from Section 224.)

Sec. 216. Out-of-State Travel – MODIFIED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel. (Renumbered from Section 223.)

Sec. 224. Communication with the Legislature

(Renumbered as Section 215.)

Sec. 226. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General. (Renumbered from 230.)

Sec. 228. General Fund Lapse Report – RETAINED

Requires report on estimated GF/GP lapses. (Renumbered from Section 237.)

Sec. 229. Impact of New Legislation and Administrative Rules – DELETED

Sec. 231. Direct Service Levels – DELETED

Establishes baseline level of 315 direct service Department employees.

Boilerplate Changes From FY 2010-11

Sec. 301. Miscellaneous Revenue/Expenditures – RETAINED

Allows Department to receive/expend revenue to cover expenses related to publications, audits, sales, inspections, and other Department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by Department. (Renumbered from Section 302.)

Sec. 302. Grant Notification – RETAINED

Requires report on grants made to local units of government, institutions of higher education, or non-profit organizations. (Renumbered from Section 214.)

Sec. 306. Matching Funds for Agriculture Statistics Studies – DELETED

Requires industry matching funds for study costs.

Sec. 401. Restaurant Inspection and Licensing – DELETED

Requires Department to monitor restaurant inspection/licensing activities conducted by locals and report to Legislature.

Sec. 402. Food-borne Illness Report – RETAINED

Requires Department to provide reports on food-borne outbreaks and emergencies related to food safety.

Sec. 404. Consumer and Industry Food Education Fund – RETAINED

Requires not less than \$150,000 from the fund be expended for purposes required under Section 4117 of the Food Act of 2000.

Sec. 406. Food Safety FTEs – DELETED

Exempts food and dairy inspectors from hiring freeze.

Sec. 451 Bovine Tuberculosis Split State Status – RETAINED

Requires Department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity.

Sec. 452. Bovine TB – DELETED

Requires Department to apply for all available federal funds to support program.

Sec. 453. Indemnification Payments – RETAINED

Authorizes Department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; provides for report. Subsection (2) authorizes Department to indemnify for livestock killed by wolves, coyotes, or cougars. (Renumbered from Section 212.)

Sec. 454. Bovine TB – RETAINED

Directs Department to collaborate with USDA and work to eradicate Bovine TB.

Sec. 456. Electronic Animal Identification (EID) – RETAINED

Prohibits use of funds to enforce EID program for domestic animals other than cattle without specific authorization in statute.

Sec. 457. Bovine TB Report – MODIFIED

Requires quarterly report on Bovine TB program.

Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – RETAINED

Requires Department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

Sec. 459. Bovine TB FTEs – DELETED

Exempts Bovine TB program from hiring freeze.

Sec. 460. Aquaculture Reductions – DELETED

Excludes aquaculture program from potential reductions in animal health and welfare appropriations.

Sec. 551. Fruit and Vegetables Industry Inspections – MODIFIED

Legislative intent that the Department work with fruit and vegetable industry to ensure development of a sustainable system of third-party inspections of fruits and vegetables. House incorporates Section 553 as Subsection (2).

Sec. 552. Invasive Species Control – DELETED

Directs the department to evaluate methods of limiting invasive species in or on pallets.

Sec. 553. Earmark for Export Inspections – RETAINED

Earmarks \$200,000 in PPPM to ensure commodity export inspections; House incorporates into Section 551.

Sec. 601. Environmental Stewardship – NEW

Clarifies intent of line item funding: "*The part 1 appropriation line item environmental stewardship shall be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan natural resources and environmental protection act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal farm bill of 2008.*"

Boilerplate Changes From FY 2010-11

Sec. 603. Migrant Labor Housing – DELETED

Requires Department to apply for any available federal funds to support the migrant labor housing program.

Sec. 606. Environmental Quality Incentives – RETAINED

Requires the department to actively search for all possible funding sources to be used to match federal funds in the USDA environmental quality incentives program.

Sec. 607. Inter-County Drain Program – MODIFIED

Indicates legislative intent that Department continue its activities as provided under the Drain Code.

House adds new subsection directs department to work with representatives of intercounty drain districts to develop method for recovering program costs.

Sec. 706. Agricultural Development – RETAINED

Requires Department to report on agricultural development and export market development activities.

Sec. 709. Grape and Wine Industry Council – RETAINED

Requires Department to provide report describing activities of the council.

Sec. 711. Michigan Strategic Fund – DELETED

Indicates legislative intent that MSF work with MDA to promote Michigan agriculture.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes.

Sec. 802. Agriculture Equine Fund Reduction – RETAINED

Requires that department make proportionate reductions in AEIDF appropriations, except for the racing commission and laboratory analysis, if AEIDF revenue falls below original appropriation amounts.

Sec. 803. Thoroughbred Program Escrow – RETAINED

Provides for "escrowing" of funds for thoroughbred program.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Sec. 1001. Farmland and Open Space Development Rights – RETAINED

Indicates that the appropriation for farmland and open space development acquisition shall be used for the purchase of development rights and the awarding of grants by the agriculture preservation fund board under the MNREPA.

Sec. 1002. Provisions Regarding Lump Sum Payments – RETAINED

Indicates that the director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Limits lump sum appropriation carry forward to no more than 3 fiscal years following appropriation and provides for lapse of funds to original fund source per DMB Act.

Sec. 1003. Provisions Regarding Carry Forward Authority – RETAINED

Provides for appropriation carry-forward authority per DMB Act.

DEPARTMENT OF COMMUNITY HEALTH
Summary: As Passed by the House
Article IV, House Bill 4526 (H-3) as Amended



Analysts: Margaret Alston, Susan Frey, Steve Stauff

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|-------------------------|--|--------------|-------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$54,020,800 | \$4,528,700 | (\$49,492,100) | (91.6) | \$4,528,700 | \$0 | 0.0 |
| Federal | | | | | | | |
| ARRA | 650,327,000 | 0 | (650,327,000) | (100.0) | 0 | 0 | 0.0 |
| Non-ARRA | 8,823,718,200 | 8,746,547,600 | (77,170,600) | (0.9) | 8,964,967,300 | 218,419,700 | 2.5 |
| Local | 235,104,200 | 248,228,900 | 13,124,700 | 5.6 | 250,030,200 | 1,801,300 | 0.7 |
| Private | 88,103,600 | 96,694,700 | 8,591,100 | 9.8 | 96,694,700 | 0 | 0.0 |
| Restricted | 1,851,347,100 | 2,151,082,000 | 299,734,900 | 16.1 | 2,149,429,200 | (1,652,800) | (0.1) |
| GF/GP | 2,421,483,700 | 2,675,575,200 | 254,091,500 | 10.5 | 2,904,904,000 | 229,328,800 | 8.6 |
| Gross | \$14,124,104,600 | \$13,922,657,100 | (\$201,447,500) | (1.4) | \$14,370,554,100 | \$447,897,000 | 3.2 |
| FTEs | 4,398.8 | 4,030.0 | (368.8) | (8.4) | 4,030.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department of Community Health (DCH) budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health regulatory functions.

Part 1 Appropriations: The House does not concur with the Executive proposal to roll-up the DCH budget from 143 appropriation line items into 6 line items.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Economic Adjustments | Gross | N/A | \$22,464,200 | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> to include a net increase of \$22.5 million gross (\$10.3 million GF/GP) to finance economic adjustments for pension and retiree insurance (defined benefit and contribution), insurance, workers' compensation, building occupancy, and gas, fuel, and utility costs for FY 2011-12. Does not include economic adjustments for employees' salaries and wages and food provided to clients in state-operated facilities for individuals with mental illness and developmental disabilities. | IDG | N/A | 35,700 | 0 |
| | Federal | N/A | 4,511,800 | 0 |
| | Restricted | N/A | 1,501,500 | 0 |
| | Local | N/A | 6,118,900 | 0 |
| | Private | N/A | 2,800 | 0 |
| | GF/GP | N/A | \$10,293,500 | \$0 |
| 2. Retirement Adjustments | Gross | N/A | (\$5,024,300) | \$13,031,100 |
| The <u>House</u> concurs with the <u>Executive</u> projections of FY 2011-12 early retirement savings of \$5.0 million gross (\$3.5 million GF/GP). The House also concurs with the Executive's proposal of FY 2012-13 active and retiree insurance and pension adjustment of \$13.0 million gross (\$7.6 million GF/GP). | Federal | N/A | (899,100) | 3,709,200 |
| | Restricted | N/A | 0 | 1,254,200 |
| | Local | N/A | (607,800) | 447,800 |
| | GF/GP | N/A | (\$3,517,400) | \$7,619,900 |
| 3. Community Health Automated Medical Processing System (CHAMPS) Funding | Gross | N/A | \$8,922,600 | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> to add \$8.9 million gross (\$1.2 million GF/GP) for the Medicaid automated claims processing system, referred to as CHAMPS, to meet federal requirements for enhancements related to the Health Insurance Portability and Accountability Act (HIPAA). | Federal | N/A | 7,768,000 | 0 |
| | GF/GP | N/A | \$1,154,600 | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 4. Actuarially Sound Capitation Payment Rates Adjustment | Gross | \$6,088,703,100 | \$0 | \$0 |
| Concurring with the <u>Executive</u> , the <u>House</u> does not recommend actuarial soundness adjustments in FY 2011-12 for Health Plans and Prepaid Inpatient Health Plans as it has been determined, at this time, no funding adjustments are necessary to ensure capitation payment rates are actuarially sound. These types of adjustments have been included in the DCH budget since FY 2004-05. | Federal | 4,004,215,300 | 0 | 0 |
| | ARRA | 328,031,800 | 0 | 0 |
| | Restricted | 971,718,500 | 0 | 0 |
| | Local | 34,887,900 | 0 | 0 |
| | GF/GP | \$749,849,600 | \$0 | \$0 |
| 5. Mental Health Services for Special Populations Program Reduction | Gross | \$6,873,800 | (\$6,873,800) | \$0 |
| The <u>House</u> does not concur with the <u>Executive</u> to reduce funding for mental health services for special populations and groups such as Chinese American, Asian American, Hispanics, Arab/Chaldean, ACCESS, Michigan Inter-Tribal Council, Jewish Federation, Chaldean Community Foundation, and Vietnam Veterans by \$1,031,000 GF/GP, an adjustment which represents a 15.0% reduction from current funding for this program. The House eliminates funding for this line item. | GF/GP | \$6,873,800 | (\$6,873,800) | \$0 |
| 6. Community Mental Health (CMH) Non-Medicaid Services and Administrative Reduction | Gross | \$282,275,100 | (\$8,483,300) | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> to reduce non-Medicaid services provided to individuals with mental illness and developmental disabilities by community mental health services programs (CMHSPs) and related administrative costs by \$8.5 million GF/GP, a budgetary change which represents a 3.0% reduction from current funding for the CMH non-Medicaid line item. According to the DCH, up to \$3.4 million GF/GP of the proposed reduction is related to administrative services and the remaining \$5.1 million GF/GP is related to non-Medicaid services provided to individuals. (Sec. 462) | GF/GP | \$282,275,100 | (\$8,483,300) | \$0 |
| 7. Substance Abuse Services and Administrative Funding | Gross | \$85,758,300 | (\$8,310,000) | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> to reduce administrative costs for coordinating agencies by \$152,900 GF/GP and eliminate one-time funding of \$1.0 million GF/GP for a community health outreach program provided by Self-Help Addiction Rehabilitation (SHAR) Inc. The House does not concur with the following proposals by the Executive: \$224,300 GF/GP reduction for the State Disability Assistance Program Substance Abuse Services line item; and \$165,000 GF/GP reduction for the Salvation Army Harbor Light Program and Odyssey House. Instead, the House eliminates funding for the State Disability Assistance Program (\$2,243,100 GF/GP) and the Salvation Army Harbor Light Program and Odyssey House (\$999,900 GF/GP). | Federal | 65,893,900 | (3,914,100) | 0 |
| | ARRA | 277,700 | 0 | 0 |
| | Restricted | 3,051,100 | 0 | 0 |
| | GF/GP | \$16,535,600 | (\$4,395,900) | \$0 |
| 8. Children's Waiver Home Care Program Reduction | Gross | \$21,049,800 | (\$2,105,000) | \$0 |
| Concurring with the <u>Executive</u> , the <u>House</u> includes a reduction of \$2,105,000 gross (\$712,800 GF/GP) for the Children's Waiver Home Care Program that provides home and community-based services for 464 eligible children with developmental disabilities. The DCH will be reviewing administrative and regulatory requirements to implement efficiencies and hopes to capture unspent authorization for the waiver program. | Federal | 14,361,800 | (1,392,200) | 0 |
| | ARRA | 1,066,000 | 0 | 0 |
| | GF/GP | \$5,622,000 | (\$712,800) | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| 9. Forensic Mental Health Services Provided to the Department of Corrections (DOC) Transfer | FTE | 396.3 | (396.3) | 0.0 |
| The <u>House</u> concurs with the <u>Executive</u> to transfer almost 400 staff positions associated with \$50.5 million interdepartmental grant from the DOC as the Department of Community Health will no longer be responsible for providing mental health services to prisoners under the jurisdiction of DOC. The effective date of the transfer was February 20, 2011. Michigan's Mental Health Code allows DOC to contract with DCH or third-party providers to operate the mental health program. | Gross | \$50,527,800 | (\$50,527,800) | \$0 |
| | IDG | 50,527,800 | (50,527,800) | 0 |
| | GF/GP | \$0 | \$0 | \$0 |
| 10. Criminal Background Check Program Funding | FTE | 5.5 | (5.5) | 0.0 |
| Concurring with the <u>Executive</u> , the <u>House</u> eliminates funding of \$2.7 million gross (\$2.2 million GF/GP) for the Criminal Background Check Program for employees of homes for the aged and adult foster care facilities by assuming that these facilities will be required to pay the costs for this program. Statutory changes to the Public Health Code and Adult Foster Care Facility Licensing Act are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.) | Gross | \$2,705,400 | (\$2,705,400) | \$0 |
| | Federal | 542,900 | (542,900) | 0 |
| | GF/GP | \$2,162,500 | (\$2,162,500) | \$0 |
| 11. Health Facility Licensure Fees | Gross | \$21,322,200 | \$0 | \$0 |
| The <u>House</u> does not concur with the <u>Executive</u> of assuming savings of \$4.4 million GF/GP by increasing the licensure fees for health facilities such as nursing homes, freestanding surgical outpatient facilities, and hospitals. Statutory changes to the Mental Health Code and Public Health Code are required in order to realize the proposed savings. (FTE-related economics adjustments are included in item 1.) | Federal | 15,010,700 | 0 | 0 |
| | Restricted | 1,699,900 | 0 | 0 |
| | Private | 200,000 | 0 | 0 |
| | GF/GP | \$4,411,600 | \$0 | \$0 |
| 12. Essential Local Public Health Services Reduction | Gross | \$39,082,800 | (\$3,393,300) | \$0 |
| The <u>House</u> increases reductions over the <u>Executive</u> and reduces GF/GP funding to the state's 45 local public health departments by \$3.4 million (10%), affecting most state and local cost-shared services: immunizations, infectious disease control, sexually transmitted disease control and prevention, food protection, public water supply, private groundwater supply, and on-site sewage management. Hearing and vision screening programs funded by this line item are not affected. The <u>Executive</u> proposed a 5% GF/GP reduction. | Local | 5,150,000 | 0 | 0 |
| | GF/GP | \$33,932,800 | (\$3,393,300) | \$0 |
| 13. Healthy Michigan Prevention Funding Reduction | FTE | N/A | (1.0) | 0.0 |
| The <u>House</u> eliminates all but one Healthy Michigan funded public health prevention project and shifts \$10.3 million of Healthy Michigan Funds to Medicaid match, for GF/GP savings. Public health project allocations from the Fund are reduced to \$805,200. Medicaid program allocations from the Fund are increased to \$33.4 million. Medicaid program also receives \$194,200 in additional Fund revenue, for additional GF/GP savings. Healthy Michigan Fund appropriations total \$34.2 million. The <u>Executive</u> proposed a \$1.0 million project cut and shift to Medicaid. | Gross | \$33,981,700 | (\$10,113,700) | \$0 |
| | Restricted | 33,981,700 | 194,200 | 0 |
| | GF/GP | \$0 | (\$10,307,900) | \$0 |
| 14. Public Health Laboratory Services and Facilities | Gross | \$250,000 | (\$250,000) | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> and eliminates final year funding of \$250,000 GF/GP for the Upper Peninsula regional public health laboratory in Houghton. | GF/GP | \$250,000 | (\$250,000) | \$0 |
| 15. Public Health Projects Eliminated | Gross | \$425,000 | (\$425,000) | \$0 |
| The <u>House</u> eliminates funding for the following public health projects: traumatic brain injury pilot projects \$200,000 Gross (\$100,000 GF/GP), stillbirth awareness \$50,000 GF/GP, colon disease project with Henry Ford Health System \$125,000 GF/GP, and Special Needs Vision Clinic \$50,000 GF/GP. The <u>Executive</u> proposed reductions of 15% for these projects. | Federal | 100,000 | (100,000) | 0 |
| | GF/GP | \$325,000 | (\$325,000) | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
|---|---|-------------------------------------|-------------------------------------|----------------------|
| 16. Maternal and Infant Program Placeholders | Gross | \$0 | \$200 | \$0 |
| The <u>House</u> includes two \$100 placeholders for funding for infant mortality programs and nurse family partnership programs. Sec. 1112 and Sec. 1139 are related boilerplate. | GF/GP | \$0 | \$200 | \$0 |
| 17. Crime Victim Services and Program Increases | FTEs | 11.0 | 2.0 | 0.0 |
| The <u>House</u> concurs with the <u>Executive</u> and recognizes increased funds of \$10.4 million gross (\$0 GF/GP) available for local services to crime victims, victim compensation, and funding to local prosecutors and victim notification network system. Increase is related to additional revenue to the state restricted Crime Victim's Rights Fund due to statutory changes, and consequent increase in federal grant funds. | Gross | \$27,039,800 | \$10,381,000 | \$0 |
| | Federal | 16,563,700 | 6,881,000 | 0 |
| | Restricted | 10,476,100 | 3,500,000 | 0 |
| | GF/GP | \$0 | \$0 | \$0 |
| 18. Aging Program State Funding Reductions | Gross | \$90,829,700 | (\$7,658,400) | \$0 |
| The <u>House</u> increases reductions over the Executive and reduces GF/GP funding to programs for seniors by \$8.0 million including \$1,835,000 (15%) of GF/GP funds for community services, \$1,581,700 (18%) of GF/GP funds for home-delivered and congregate meals, and eliminates all funding for 3 senior volunteer programs totaling \$4,465,300. Tribal Elders' funding of \$120,000 is eliminated. <u>Executive</u> had reduced GF/GP for aging programs by \$2.2 million (8-9% and 15%). The <u>House</u> concurs with federal, private, and early retirement adjustments to the Aging budget. | Federal | 56,707,800 | 321,000 | 0 |
| | Private | 607,500 | 70,000 | 0 |
| | Merit Awd | 4,468,700 | 0 | 0 |
| | Restricted | 1,400,000 | 0 | 0 |
| | GF/GP | \$27,645,700 | (\$8,049,400) | \$0 |
| 19. Medicaid FMAP Federal Stimulus Adjustment | Gross | N/A | \$20,877,000 | \$0 |
| The <u>House</u> and <u>Executive</u> agree on an increase of \$564.7 million GF/GP to offset the final year of enhanced federal FMAP Medicaid funding from the American Recovery and Reinvestment Act (ARRA) and related extension. | ARRA | N/A | (627,327,000) | 0 |
| | Local | N/A | 4,516,200 | 0 |
| | Restricted | N/A | 79,018,600 | 0 |
| | GF/GP | N/A | \$564,669,200 | \$0 |
| 20. Medicaid Caseload, Utilization and Inflation Increase | Gross | \$11,397,017,900 | \$437,522,800 | \$334,468,400 |
| The <u>House</u> and <u>Executive</u> include a base adjustment increase for FY 2010-11 of \$115.5 million gross (\$47.8 million GF/GP) to cover caseload/utilization/inflation changes within Medicaid, Mental Health/Substance Abuse, Children's Special Health Care Services and Federal Medicare Prescription programs. The increase included for FY 2011-12 is \$322.0 million Gross (\$133.2 million GF/GP) and for FY 2012-13 the increase is projected to be \$334.5 million Gross (\$117.5 million GF/GP). | Federal | 7,568,396,600 | 256,582,200 | 217,000,900 |
| | Local | 52,469,400 | 0 | 0 |
| | Private | 2,100,000 | 0 | 0 |
| | Merit Awd | 82,275,800 | 0 | 0 |
| | Restricted | 1,846,351,100 | 0 | 0 |
| | GF/GP | \$1,845,425,000 | \$180,940,600 | \$117,467,500 |
| 21. Dual Eligibles to Managed Care | Gross | N/A | (\$29,828,700) | \$0 |
| The <u>House</u> and <u>Executive</u> concur on shifting individuals who are eligible for both Medicare and Medicaid (dual eligibles) from fee-for-service to an integrated managed care system. Savings of \$29.8 million gross (\$10.1 million GF/GP) are estimated given a start date of April 1, 2012. A federal waiver would be required to allow the State to receive the Medicare funds to manage the care of the dual eligibles. | Federal | N/A | (19,728,700) | 0 |
| | GF/GP | N/A | (\$10,100,000) | \$0 |
| 22. Other Medicaid Fund Source Adjustments | Gross | N/A | \$431,600 | \$397,500 |
| The <u>House</u> concurs with the <u>Executive</u> regarding an increase of federal Medicaid and Children's Health Insurance Program Reauthorization Act (CHIPRA) funds for FY 2011-12 would offset \$29.9 million of GF/GP due to regular changes in federal match rates. An additional \$160.0 million GF/GP is necessary to offset one-time CHIPRA FMAP correction revenue included in the FY 2010-11 budget. In FY 2012-13, a decrease of federal Medicaid and SCHIP funds would require an additional \$97.8 million of GF/GP due to regular changes in federal match rates. | Federal | N/A | 40,613,500 | (97,841,400) |
| | Local | N/A | (457,800) | 0 |
| | Restricted | N/A | (169,810,500) | 397,500 |
| | GF/GP | N/A | \$130,086,400 | \$97,841,400 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| 23. Graduate Medical Education Reduction | Gross | \$168,160,800 | (\$67,264,300) | \$0 |
| Both the <u>House</u> and <u>Executive</u> apply a 40% reduction to the Graduate Medical Education (GME) payments resulting in savings of \$67.3 million gross (\$22.8 million GF/GP). GME payments are made to Michigan hospitals which provide clinical training and education to individuals in approved residency programs. This funding is provided in recognition of the higher costs incurred by the teaching hospitals. | Federal | 110,633,000 | (44,488,600) | 0 |
| | ARRA | 9,164,800 | 0 | 0 |
| | GF/GP | \$48,363,000 | (\$22,775,700) | \$0 |
| 24. Hospital Disproportionate Share Payments | Gross | \$52,500,000 | (\$7,500,000) | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> to decrease disproportionate share hospital (DSH) payments to \$45.0 million but rather than allocate all \$45.0 million to the larger hospital pool, he <u>House</u> allocates \$33,750,000 to the large hospital pool and \$11,250,000 to the small hospital pool. The distribution was based on a change in census numbers state wide. See boilerplate Sec. 1699. | Federal | 34,344,700 | (4,960,500) | 0 |
| | Restricted | 8,875,700 | (2,539,500) | 0 |
| | GF/GP | \$9,279,600 | \$0 | \$0 |
| 25. Include Behavioral Health Drugs In Preferred Drug List | Gross | \$401,414,600 | (\$18,700,000) | \$0 |
| The <u>House</u> and <u>Executive</u> agree on the removal of \$18.7 million gross (\$6.3 million GF/GP) in the Pharmaceutical Services line as a result of including behavioral health drugs on the preferred drug list. A statutory change would be required to realize these savings. | Federal | 262,930,300 | (12,368,200) | 0 |
| | ARRA | 21,788,500 | 0 | 0 |
| | GF/GP | \$116,695,800 | (\$6,331,800) | \$0 |
| 26. Medicaid Estate Recovery Program | Gross | \$1,687,362,700 | (\$15,443,300) | \$0 |
| The <u>House</u> increases the <u>Executive</u> reduction to the Long-Term Care Services line up to \$15.4 million gross (\$5.2 million GF/GP) representing savings generated by statutory changes strengthening the existing Medicaid long-term care estate recovery law. These are additional savings beyond the <u>Executive</u> of \$5,443,300 gross (\$1,843,100 GF/GP). Michigan currently is the only state in the nation without a federally approved estate recovery program. | Federal | 1,128,268,000 | (10,214,200) | 0 |
| | ARRA | 93,769,300 | 0 | 0 |
| | Restricted | 328,363,700 | 0 | 0 |
| | Local | 6,618,800 | 0 | 0 |
| | GF/GP | \$130,342,900 | (\$5,229,100) | \$0 |
| 27. Adult Home Help Service Limits | Gross | \$304,928,900 | (\$17,720,000) | \$0 |
| The <u>House</u> concurs with the <u>Executive</u> reduction to the Adult Home Help line of \$17.7 million gross (\$6.0 million GF/GP) as a result of excluding individuals from the Adult Home Help program who qualify only for assistance with instrumental activities of daily living (IADL). IADLs include shopping, laundry, housework, meal preparation and money management. | Federal | 202,644,500 | (11,720,000) | 0 |
| | ARRA | 16,794,600 | 0 | 0 |
| | GF/GP | \$85,489,800 | (\$6,000,000) | \$0 |
| 28. Repeal Medicaid HMO and PIHP Use Tax | Gross | \$388,352,900 | (\$388,352,900) | \$0 |
| The <u>House</u> and <u>Executive</u> both assume repeal of the use tax currently covering Medicaid HMOs and PIHPs. Proposed elimination is based on anticipated federal action that would prohibit financing the Medicaid program under the current law. The repeal of the use tax would save the State \$131.5 million GF/GP; reduce tax collections by \$388.4 million Gross, resulting in a net State revenue reduction of \$257.9 million. Statutory changes would be necessary to repeal this portion of the use tax. | Federal | 256,856,600 | (256,856,600) | 0 |
| | GF/GP | \$131,496,300 | (\$131,496,300) | \$0 |
| 29. Insurer Paid Claims Tax of 1% | Gross | \$0 | \$0 | \$0 |
| The <u>House</u> and <u>Executive</u> both assume enactment of a 1% assessment on all health insurance paid claims which would generate approximately \$396.9 million of state restricted revenue which would offset a like amount of GF/GP. Statutory changes would be necessary to enact the assessment. | Restricted | 0 | 396,856,600 | 0 |
| | GF/GP | \$0 | (\$396,856,600) | \$0 |

House Changes

| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 30. Third Party Liability Recovery Savings | Gross | N/A | (\$20,210,300) | \$0 |
| The <u>House</u> increases the <u>Executive</u> reduction to the Health Plan Services line item up to \$20.2 million gross (\$6.8 million GF/GP) from \$14.8 million gross (\$5.0 million GF/GP) reflecting savings generated by broadening the Sharing Health Care Information Act. The Executive proposed language change would require auto insurers who are legally responsible for payment of a health care claim to report to the Department of Community Health. This will enable the State to better identify Medicaid eligible persons with other health care coverage and avoid or recover payments for services provided by the Medicaid program. This requires a change in Michigan law. | Federal | N/A | (13,367,100) | 0 |
| | GF/GP | N/A | (\$6,843,200) | \$0 |
| 31. Primary Care Physician Rate Increase FY 2012-13 | Gross | N/A | \$0 | \$100,000,000 |
| The <u>House</u> concurs with the <u>Executive</u> in anticipating the availability of \$100.0 million federal funds in FY 2012-13 to increase the reimbursement rates of primary care physicians up to 100% of Medicare rates. This reimbursement level is a requirement of the Affordable Care Act of 2010 and the rate increase is fully federally funded. | Federal | N/A | 0 | 100,000,000 |
| | GF/GP | N/A | \$0 | \$0 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2010-11 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted. For the Department of Community Health, the Executive deletes 210 of 251 current law boilerplate sections. The House deletes 146 of 251 current law boilerplate sections.

GENERAL SECTIONS

Sec. 206. Contingency Funds – REVISED

Appropriates and makes available for expenditure up to \$200 million federal contingency funds, up to \$40 million state restricted contingency funds, up to \$20 million local contingency funds, and up to \$20 million private contingency funds if transferred according to provisions of Section 393(2) of the Management and Budget Act. House and Executive revise current law.

Sec. 213. Report on Tobacco Tax and Healthy Michigan Funds – RETAINED

Requires state departments, agencies, and commissions receiving tobacco tax and Healthy Michigan funds to report on programs utilizing these funds. House retains current law and Executive deletes.

Sec. 219. DCH Contracts with the Michigan Public Health Institute – RETAINED

Allows DCH to contract with the Michigan Public Health Institute for the design and implementation of projects and other public health related activities. Requires DCH to report on each funded project and provide copies of all reports, studies, and publications produced by the Institute. House retains current law and Executive deletes.

Sec. 220. Audits of Michigan Public Health Institute – DELETED

Requires all contracts with the Michigan Public Health Institute funded with Part 1 appropriations to include a provision requiring financial and performance audits by the state Auditor General of funded projects with state appropriations. House and Executive delete current law.

Sec. 292. Civil Service Classification Pay Status and Publicly Accessible Internet Website – REVISED

Requires DCH to develop, post, and maintain on a publicly accessible Internet website all expenditures made by DCH within a fiscal year which includes the purpose for which expenditures are made. House revises current law and Executive deletes.

Sec. 295. Privatization of Program and Service Areas – NEW

Requires the Department to explore program and other service areas, including eligibility determination, where privatization may lead to increased efficiencies and budgetary savings. House adds new section.

Major Boilerplate Changes From FY 2010-11

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Comprehensive System of CMH Services – DELETED

Provides that Part 1 appropriated funds are to support a comprehensive system of CMH services under the full authority and responsibility of local community mental health services programs (CMHSPs) or prepaid inpatient health plans (PIHPs). Requires that DCH ensure each CMHSP or PIHP provide a complete array of mental health services, coordination of inpatient and outpatient hospital services, individualized plans of services, a case or care management system, and a system that serves at-risk and delinquent youth pursuant to provisions of the Mental Health Code. House and Executive delete current law.

Sec. 404. Report on CMHSPs – RETAINED

Requires DCH to report on the following for CMHSPs or PIHPs: expenditures and services data, information about access to CMHSPs, lapses and carry-forwards, information on the CMH Medicaid managed care program, performance indicator required to be submitted to DCH in contracts with CMHSPs or PIHPs, and an estimate of the number of mental health direct care workers. House retains current law and Executive deletes.

Sec. 407. Substance Abuse Prevention, Education, and Treatment Grants – RETAINED

Requires that appropriations for substance abuse prevention, education, and treatment grants be expended for contracting with coordinating agencies. Requires coordinating agencies work with CMHSPs or PIHPs to coordinate care and services provided to individuals with severe and persistent mental illness and substance abuse diagnoses. House retains current law and Executive deletes.

Sec. 408. Report on Substance Abuse Prevention, Education, and Treatment Programs – RETAINED

Requires DCH to report on expenditures and services data on substance abuse prevention, education, and treatment programs from the prior fiscal year. House retains current law and Executive deletes.

Sec. 414. Medicaid Substance Abuse Services – DELETED

Requires Medicaid substance abuse services to be managed by PIHPs pursuant to the Centers for Medicare and Medicaid Services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. Authorizes PIHPs to receive a capitated payment on a per eligible per month basis to assure the provision of medically necessary substance abuse services. House and Executive delete current law.

Sec. 494. National Accreditation Process for Behavioral Health Services – NEW

Allows a CMHSP, PIHP, or subcontracting provider agency that has been reviewed and accredited through a national accreditation process for behavioral health care services to be considered in compliance with any state program review criteria or audit requirement for each corresponding item that was reviewed and addressed by the national accrediting entity. Requires DCH to minimize the number of gaps between state program review criteria and audit requirements and standards under the national accreditation process on or before March 1, 2012. House adds new section.

Sec. 495. Medical Home for Recipients of Medicaid Mental Health Benefits – NEW

Expresses legislature's intent that the Department begins working with the Centers for Medicare and Medicaid Services to develop a program that creates a medical home for individuals receiving Medicaid mental health benefits. House adds new section.

STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES , AND FORENSIC AND PRISON MENTAL HEALTH SERVICES

Sec. 605. Closures or Consolidations of State Hospitals and Centers – REVISED

Requires DCH to provide a closure plan four months after closure certification to the House and Senate Appropriations Subcommittees on Community Health, House and Senate Fiscal Agencies, and State Budget Director. Upon the closure of state-run operations and after transitional costs have been paid, requires the transfer of remaining operational funds to CMHSPs or PIHPs. House and Executive revise current law.

PUBLIC HEALTH ADMINISTRATION

Sec. 650. Fish Consumption Advisory – DELETED

Directs DCH to communicate the annual public health consumption advisory for sport fish; at a minimum, post the advisory on the Internet and provide it to Women, Infants, and Children special supplemental nutrition program participants. House and Executive delete current law.

INFECTIOUS DISEASE CONTROL

Sec. 801. Priority for Adolescents for AIDS Prevention Services – DELETED

Requires DCH and its subcontractors to ensure that high-risk children ages 9 through 18 receive priority for AIDS prevention, education, and outreach services. House and Executive delete current law.

LOCAL HEALTH ADMINISTRATION AND GRANTS

Sec. 904. Essential Local Public Health Services – REVISED

Eliminates requirement for DCH to report on planned allocations of essential local public health services line item funds. House and Executive revise current law.

CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION

Sec. 1004. Cancer Investigation with St. Clair County - NEW

House adds new intent language that DCH continue to collaborate with St. Clair County to investigate higher than normal cancer rates in that county.

Major Boilerplate Changes From FY 2010-11

Sec. 1006. Priority for Smoking Prevention Funding and Allocation for Quit Kits – DELETED

Requires DCH to give priority to prevention and smoking cessation programs for pregnant women, women with young children, and adolescents in spending smoking prevention program line item funds. Allocates \$100,000 for the Quit Kit program that includes the nicotine patch or nicotine gum, for purposes of complying with Act 164 of 2004. House and Executive delete current law.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1105. Contract with Local Agencies Best Able to Serve Clients – DELETED

Requires DCH to contract for family, maternal, and children's health services with local agencies best able to serve clients. Describes factors to be used by DCH to evaluate a local agency's ability to serve clients. House and Executive delete current law.

Sec. 1118. Evidence-Based Practices for Maternal, Infant and Child Health In-Home Visiting Programs – NEW

Directs DCH to pursue use of evidence-based practices and program models for maternal, infant, and child health in-home visiting programs funded in the budget, consistent with any applicable grant or program requirements. House adds new section.

Sec. 1129. Report of Elevated Blood Lead Levels in Children – DELETED

Directs DCH to annually report to the Legislature on the number of children with elevated blood lead levels by county, including blood lead level and source of reported information. House and Executive delete current law.

Sec. 1135. School Health Education Curriculum – DELETED

Establishes that provision of a school health education curriculum shall be in accordance with health education goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request. House and Executive delete current law.

CHILDREN'S SPECIAL HEALTH CARE SERVICES

Sec. 1204. CSHCS and Medicaid HMOs – DELETED

Requires the Department to work with the Michigan Association of Health Plans to identify and report on a Medicaid HMO reimbursement methodology for Children's Special Health Care Services (CSHCS) eligibles. House and Executive delete current law.

OFFICE OF SERVICES TO THE AGING

Sec. 1401. Eligibility for Senior Community Services and Nutrition Services Programs – RETAINED

Eligibility for community services and nutrition services programs shall be restricted to individuals at least 60 years of age who fail to qualify for home care services under Titles XVIII, XIX, or XX of the Social Security Act. House retains current law and Executive deletes.

MEDICAL SERVICES

Sec. 1661. Access to Maternal Infant Health Program (MIHP) Services – DELETED

Requires timely access to Maternal Infant Health Program (MIHP) services and coordination with other state or local programs; requires HMOs to be responsible for MIHP as described in Medicaid policy; coordination of MIHP services with other state services focusing on the prevention of adverse birth outcomes, child abuse and neglect; DCH to provide, annually, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of pregnant women. House and Executive delete current law.

Sec. 1691. Adult Home Help Worker Wage Increase – DELETED

Provides that all adult home help workers receive the wage increase provided in previous years. House and Executive delete current law. House and Executive delete current law.

Sec. 1756. Beneficiary Monitoring Program – NEW

Requires the Department to expand and improve the beneficiary monitoring program and provide a report by April 1 of the current fiscal year. House adds new section.

Sec. 1817. Medicaid and Preventable Medical Errors – DELETED

Directs DCH to report to the Legislature on implementation of a policy to prohibit billing for care made necessary by preventable medical errors or adverse health events. House and Executive delete current law.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation – NEW

Requires the Department to give consideration of Medicaid Health Plan accreditation when establishing compliance with State program review criteria or audit requirements. House adds new section.

Sec. 1824. Residents of Homes for the Aged and Adult Foster Care and HCBS Program – DELETED

Provides that individuals living in homes for the aged or adult foster care facilities shall be eligible to apply for enrollment for services from the Home- and Community-Based Services (HCBS) waiver program. House and Executive delete current law.

Sec. 1837. Telemedicine Use in Underserved Areas – DELETED

Requires that DCH explore the use of telemedicine as a means to increase Medicaid recipients who reside in underserved areas access to primary care services. House and Executive delete current law.

Major Boilerplate Changes From FY 2010-11

Sec. 1838. Reimbursement Changes for Long-Term Care Facilities – DELETED

Requires that DCH work with relevant parties to convene a workgroup to identify possible budget-neutral changes in reimbursement for long-term care facilities. An update of the findings will be presented at respective Executive budget subcommittee presentations to the Legislature. House and Executive delete current law.

Sec. 1845. Harper University Hospital Contingency DSH Payment – NEW

Gives priority to Harper University Hospital for a DSH allotment of up to \$8,520,900 if total allotments or expenditures fall below the federal Medicaid DSH ceiling.

Sec. 1847. Ambulance Quality Assurance Assessment Program – NEW

Requires the Department to meet with the Michigan Association of Ambulance Services to discuss the possible structure of an ambulance quality assurance assessment program. House adds new section.

DEPARTMENT OF CORRECTIONS
Summary: As Passed by the House
Article V, House Bill 4526 (H-3) as Amended



Analyst: Bob Schneider

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|------------------------|--|--------------|------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$915,400 | \$943,800 | \$28,400 | 3.1 | \$947,800 | \$4,000 | 0.4 |
| Federal | 7,868,500 | 7,995,100 | 126,600 | 1.6 | 8,045,800 | 50,700 | 0.6 |
| Local | 443,100 | 447,300 | 4,200 | 0.9 | 447,300 | 0 | 0.0 |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 80,327,100 | 52,351,400 | (27,975,700) | (34.8) | 51,675,300 | (676,100) | (0.9) |
| GF/GP | \$1,917,879,500 | \$1,874,836,200 | (\$43,043,300) | (2.2) | \$1,950,811,200 | \$75,975,000 | 4.1 |
| Gross | \$2,007,433,600 | \$1,936,573,800 | (\$70,859,800) | (3.5) | \$2,011,927,400 | \$75,353,600 | 3.8 |
| FTEs | 15,877.5 | 15,529.3 | (348.2) | (2.2) | 14,989.4 | (539.9) | (3.4) |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Corrections is responsible for the operation and maintenance of the state's 34 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education and other prisoner programs, and reintegration programs. The Department is also responsible for the supervision of all parolees and probationers under Department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of September 30, 2010, the Department was responsible for 125,231 Michigan offenders: 58,497 probationers, 44,092 prisoners, and 22,642 parolees.

| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|-----------------------------------|-----------------------------|-----------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Closure of Crane and Mound Correctional Facilities | FTE 10,869.9 | (266.6) | (70.9) |
| <u>House</u> provides for the closure of both the Crane and Mound Correctional Facilities. Full-year closure savings of \$26.1 million are included for Crane, which is scheduled to be closed in June 2011 pursuant to the Executive budget recommendation. The budget also assumes the closure of Mound in January 2012 and includes direct partial-year savings of \$19.5 million. However, the department is allowed to retain \$14.0 million in the Inmate Housing Fund line item to accommodate Mound prisoners in other facilities, so net savings from the Mound closure equates to \$5.5 million. | Beds 44,181 | (1,258) | (266) |
| | Gross \$1,096,308,300 | (\$31,590,700) | (\$6,502,600) |
| | Federal 1,481,400 | 0 | 0 |
| | Restricted 32,155,800 | 0 | 0 |
| | GF/GP \$1,062,671,100 | (\$31,590,700) | (\$6,502,600) |
| 2. Reinvestment of Crane Closure Savings | FTE 10,869.9 | 32.0 | 0.0 |
| <u>House</u> concurs with an <u>Executive</u> to reinvest some of Crane closure savings within the budget. Budget provides \$2.9 million to finance 32 additional corrections program coordinator positions across prison facilities. These coordinators are responsible for developing prisoner programming and ensuring that prisoners complete programming. In addition, \$2.7 million is added to four prison line items to address anticipated personnel cost increases related higher average seniority among staff following the Crane closure. Total reinvestment in the <u>House</u> proposal is \$5.6 million, slightly below the \$7.2 million recommended by the <u>Executive</u> . | Beds 44,181 | 0 | 0 |
| | Gross \$1,096,308,300 | \$5,600,700 | \$0 |
| | Federal 1,481,400 | 0 | 0 |
| | Restricted 32,155,800 | 0 | 0 |
| | GF/GP \$1,062,671,100 | \$5,600,700 | \$0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | | |
|--|---|-------------------------------------|-------------------------------------|------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 3. Cost-Effective Housing Initiative | Gross | N/A | (\$9,581,300) | \$0 |
| <u>House</u> includes \$47.9 million in a new Cost-Effective Housing Initiative line item aimed at exploring more cost-effective methods of housing prisoners. Related boilerplate requires funding to be used to house prisoners in the most cost-effective manner possible, including the use of public-private partnerships, privately-owned facilities, and the re-use of recently closed facilities. The direct appropriation is offset by a negative appropriation of \$57.5 million in the Inmate Housing Fund line item which represents anticipated savings in general prison operations from the initiative. Net savings from the initiative would be \$9.6 million. | GF/GP | N/A | (\$9,581,300) | \$0 |
| 4. Prison Operation Efficiencies | FTE | 10,869.9 | 0.0 | 0.0 |
| <u>House</u> reduces appropriations for prison facilities and regional offices by 1.5% from Executive recommended levels. Reductions are applied to each facility line item, but exclude Mound, Crane, and the Special Alternative Incarceration Facility. The proposal reduces total prison operation funding by \$16.2 million. | Beds | 44,181 | 0 | 0 |
| | Gross | \$1,096,308,300 | (\$16,175,400) | \$0 |
| | Federal | 1,481,400 | 0 | 0 |
| | Restricted | 32,155,800 | 0 | 0 |
| | GF/GP | \$1,062,671,100 | (\$16,175,400) | \$0 |
| 5. Programming for Parole-Eligible Prisoners | Beds | N/A | (220) | 0 |
| <u>House</u> adds \$1.6 million to the Health Care Clinical Complexes line items to provide additional resources toward prisoner programming, particularly assaultive offender and sex offender programs, that are often needed for prisons to achieve parole. The Department revealed that over 1,000 prisoners currently past their earliest release date have not completed this programming despite the need. Budget assumes offsetting savings of \$5.5 million, which assumes program completion and parole for around 220 prisoners. | Gross | N/A | (\$3,918,700) | \$0 |
| | GF/GP | N/A | (\$3,918,700) | \$0 |
| 6. County Jail Reimbursement Diversion Savings | Gross | N/A | (\$4,500,000) | \$0 |
| Maintains current year appropriation of \$16.6 million for county jail reimbursement program, but restructures reimbursement and eligibility provisions in boilerplate. Separate appropriations finance reimbursement to each sentencing guideline tier to expand potential reimbursements for offenders more likely to have been otherwise sentenced to prison. If the program is fully utilized, the restructuring would result in prison operations savings of around \$4.5 million. | GF/GP | N/A | (\$4,500,000) | \$0 |
| 7. Privatization of Special Alternative Incarceration Facility | Gross | \$10,965,800 | (\$1,000,000) | \$0 |
| <u>House</u> assumes \$1.0 million in savings resulting from the privatization of the Special Alternative Incarceration facility at Camp Cassidy Lake. | IDG | 350,800 | 0 | 0 |
| | GF/GP | \$10,615,000 | (\$1,000,000) | \$0 |
| 8. Central Office Operating Reduction | Gross | \$67,113,600 | (\$3,000,000) | \$0 |
| <u>House</u> reduces funding for various central office functions by 4.5%. This includes appropriations for Lansing-based central office staff in the Executive Bureau, Operations Support Administration, Correctional Facilities Administration, and Health Care Administration, and the Northern and Southern regional offices. | IDG | 298,400 | 0 | 0 |
| | Federal | 1,143,900 | 0 | 0 |
| | Restricted | 508,100 | 0 | 0 |
| | GF/GP | \$65,163,200 | (\$3,000,000) | \$0 |
| 9. Michigan Prisoner Re-entry Initiative | Gross | \$54,744,700 | \$1,540,400 | \$0 |
| <u>House</u> increases funding for the Michigan Prisoner Re-entry Initiative by \$1.5 million over current funding levels. The program aims at providing support to assist prisoners in preparing and transitioning to re-enter the community following their release. | Federal | 1,035,000 | 0 | 0 |
| | GF/GP | \$53,709,700 | \$1,540,400 | \$0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | | |
|---|---|-------------------------------------|-------------------------------------|----------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 10. Prison Food Service Privatization and Efficiencies | FTE | 414.0 | 0.0 | (402.0) |
| <u>House</u> concurs with <u>Executive</u> in reducing food service funding by 14% for FY 2011-12 in anticipation of savings resulting from bidding out food service functions to a private vendor and from continued supply chain cost savings. Assumes \$7.0 million GF/GP savings for FY 2011-12 from implementation of competitively bid food service contract, which would result in the elimination of 402 FTE positions. Another \$2.5 million GF/GP savings is expected to be achieved through supply chain reforms, including the statewide standardization of food menus in correctional facilities which has helped lower food and warehousing costs. Additional privatization savings are projected for FY 2012-13. | Gross | \$67,632,700 | (\$9,500,000) | (\$2,300,000) |
| | IDG | 617,000 | 0 | 0 |
| | GF/GP | \$67,015,700 | (\$9,500,000) | (\$2,300,000) |
| 11. Privatizing Prisoner Store Operations | FTE | 110.0 | (35.0) | (75.0) |
| <u>House</u> and <u>Executive</u> include savings to be generated through competitive bidding of prisoner store operations. Currently, direct prisoner store operational costs are financed through store-generated revenues. However, the private contract will utilize kiosk technology to interface with the accounting system, which will allow for some consolidation in accounting operations and result in GF/GP savings. The action will eliminate 75 prisoner store storekeeper positions and another 35 accounting/procurement positions within prison facilities and MDOC central office. Implementation of a private contract is expected by January 2012. | Gross | \$7,520,000 | (\$6,252,500) | (\$1,467,100) |
| | Restricted | 5,070,000 | (3,802,500) | (1,467,100) |
| | GF/GP | \$2,450,000 | (\$2,450,000) | \$0 |
| 12. Elimination of Lieutenant Positions | FTE | 10,869.9 | (81.0) | 0.0 |
| <u>House</u> concurs with <u>Executive</u> proposal to eliminate one lieutenant position from each shift at each state correctional facility, resulting in a net reduction of 81 FTE positions and savings of \$8.5 million GF/GP statewide. | Gross | \$1,096,308,300 | (\$8,491,800) | \$0 |
| | Federal | 1,481,400 | 0 | 0 |
| | Restricted | 32,155,800 | 0 | 0 |
| | GF/GP | \$1,062,671,100 | (\$8,491,800) | \$0 |
| 13. Neal Settlement Agreement | Gross | \$10,000,000 | \$5,000,000 | \$5,000,000 |
| <u>House</u> and <u>Executive</u> provide increase of \$5.0 million GF/GP for FY 2011-12 and another \$5.0 million GF/GP for FY 2012-13 to cover payments arising out of a settlement agreement related to a lawsuit brought by female inmates alleging sexual harassment within MDOC facilities. Annual settlement payment of \$15.0 million for FY 2011-12 will increase to \$20.0 million for FY 2012-13 and FY 2013-14, with a final payment of \$25.0 million in FY 2014-15. | GF/GP | \$10,000,000 | \$5,000,000 | \$5,000,000 |
| 14. New Custody Staff Training | Gross | \$3,623,800 | (\$2,500,000) | \$0 |
| <u>House</u> reduces funding for New Custody Staff Training by \$2.5 million GF/GP. Increased funding should allow for the training of around 60 new corrections officers during FY 2011-12. The MDOC indicates normal attrition for corrections officers varies from 600-800 officers per year. However, prison closures would offset some of the need for newly trained officers. <u>Executive</u> had proposed a \$3.5 million increase for this purpose. | GF/GP | \$3,623,800 | (\$2,500,000) | \$0 |
| 15. Health Care - Clinical Complexes | Gross | \$159,702,200 | (\$2,000,000) | \$0 |
| <u>House</u> reduces health care funding to regional clinical complexes by \$2.0 million in anticipation of additional prisoner health care savings, including pharmaceutical costs. | Restricted | 349,000 | 0 | 0 |
| | GF/GP | \$159,353,200 | (\$2,000,000) | \$0 |
| 16. Early Retirement Incentive Savings | FTE | N/A | (103.0) | 0.0 |
| <u>House</u> and <u>Executive</u> remove funding associated with 103 FTE positions that will remain unfilled after being vacated by state employees who accepted the early retirement incentive offered last year. The Department of Corrections saw 434 employees retire as a result of the incentives. Certain positions that involve direct contact with prisoners (e.g. corrections officers, nurses, teachers, parole officers) will be replaced on a one-for-one basis. However, other positions will be replaced on a one-for-two basis, which is the source of these savings. | Gross | N/A | (\$8,821,900) | \$0 |
| | GF/GP | N/A | (\$8,821,900) | \$0 |

| | | House Changes | | | |
|--|--|---|-------------------------------------|-------------------------------------|---------------------|
| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 17. Prison Facilities - Supply Chain Savings | | Gross | \$1,096,308,300 | (\$9,750,000) | \$0 |
| <u>House</u> assumes \$9.8 million in additional savings spread across all correctional facilities related to supply chain transformation efforts. | | Federal | 1,481,400 | 0 | 0 |
| <u>Executive</u> included \$6.8 million in these savings. | | Restricted | 32,155,800 | 0 | 0 |
| | | GF/GP | \$1,062,671,100 | (\$9,750,000) | \$0 |
| 18. Retention of Public Works Programs | | Gross | N/A | \$10,000,000 | 0.0 |
| <u>House</u> retains public works programs at MDOC facilities, but provides in boilerplate that the full costs of all public works programming are to be borne by the public or private entity that benefits from these services. Adds \$10.0 million in appropriations from public works user fees to cover the program. <u>Executive</u> had eliminated public works funding at all facilities with the exception of the Special Alternative Incarceration Program. | | Restricted | N/A | 10,000,000 | \$0 |
| | | GF/GP | N/A | \$0 | \$0 |
| 19. Parole/Probation and Tether Fee Revenue Shortfall | | Gross | \$178,661,200 | \$0 | \$0 |
| <u>House</u> concurs with <u>Executive</u> in shifting \$3.0 million in financing for Field Operations programs from restricted revenue to GF/GP revenue to account for current restricted revenue shortfalls. Appropriations from parole/probation oversight fees and tether participant contributions are reduced by \$2.0 million and \$1.0 million, respectively, to better reflect expected revenue in these areas. These reductions are offset by increasing GF/GP appropriations by \$3.0 million to maintain base funding. | | Restricted | 11,333,800 | (3,000,000) | 0 |
| | | GF/GP | \$167,327,400 | \$3,000,000 | \$0 |
| 20. Recognize Closure of Muskegon Correctional Facility | | FTE | 238.0 | (238.0) | 0.0 |
| <u>House</u> recognizes the upcoming closure of the Muskegon Correctional Facility, which was being used to house prisoners under a contract with the State of Pennsylvania. In February, Pennsylvania informed Michigan that it was cancelling the contract as overcrowding conditions in the state had improved. The appropriation is financed with contract revenue from Pennsylvania, thus the closure will have no GF/GP impact. | | Beds | 1,320 | (1,320) | 0 |
| | | Gross | \$30,832,600 | (\$30,832,600) | \$0 |
| | | Restricted | 30,832,600 | (30,832,600) | 0 |
| | | GF/GP | \$0 | \$0 | \$0 |
| 21. Interdepartmental Grant to Corrections Ombudsman | | Gross | \$250,000 | \$0 | \$0 |
| <u>House</u> retains funding for an interdepartmental grant to the Legislative Corrections Ombudsman for oversight functions (\$250,000 GF/GP). <u>Executive</u> eliminated grant. | | GF/GP | \$250,000 | \$0 | \$0 |
| 22. Other Budget Reductions and Transfers | | Gross | \$3,602,200 | (\$525,000) | \$0 |
| <u>House</u> includes other budget reductions to line items that have historically lapsed appropriation authority, including: | | GF/GP | \$3,602,200 | (\$525,000) | \$0 |
| <ul style="list-style-type: none"> \$175,000 GF/GP for unclassified salaries \$50,000 GF/GP for public education on community corrections \$300,000 GF/GP for felony drunk driver jail reduction program | | | | | |
| 23. FY 2012-13 Spending Adjustment | | Gross | N/A | \$0 | \$30,000,000 |
| <u>House</u> concurs with <u>Executive</u> in providing an estimated \$30.0 million GF/GP for FY 2012-13 as a contingency to cover unknown potential needs in areas such as medical services inflation, information technology, and physical plant spending. | | GF/GP | N/A | \$0 | \$30,000,000 |
| 24. Economic Adjustments | | Gross | N/A | \$58,312,200 | \$50,623,300 |
| <u>House</u> and <u>Executive</u> include \$58.3 million gross (\$56.2 million GF/GP) for FY 2011-12 and another \$50.6 million (\$49.8 million GF/GP) for FY 2012-13 to cover economic increases as proposed in Executive budget. For FY 2011-12, the increase is related to employee and retiree insurance, retirement costs, building occupancy charges, worker's compensation, food and fuel. The FY 2012-13 adjustments include only projected cost increases for employee and retiree insurance and retirement costs. Budget does not include an increase for salaries and wages for either fiscal year. | | IDG | N/A | 28,400 | 4,000 |
| | | Federal | N/A | 126,600 | 50,700 |
| | | Local | N/A | 4,200 | 0 |
| | | Restricted | N/A | 1,919,700 | 791,000 |
| | | GF/GP | N/A | \$56,233,300 | \$49,777,600 |

Major Boilerplate Changes From FY 2010-11

Major Boilerplate Changes From FY 2010-11

NOTE: No new boilerplate is proposed for FY 2012-13.

Sec. 211. Authority to Collect and Spend Certain Reimbursement Revenue – REVISED

Allows MDOC to collect revenue in excess of appropriations and to use the revenue to offset expenses associated with related programs such as parolee loans or academic/vocational services. Executive and House add public works programs and services provided to local units of government to list of programs and deletes language placing restrictions on use of money collected from parolees and probationers for restitution. House also requires new reporting on fee collections.

Sec. 235. Corrections Expenditure Reductions – REVISED

Expresses intent that MDOC reduce expenditures by following specified Auditor General recommendations and by continuing the supply chain transformation process. New House language references recent Auditor General findings on MDOC pharmaceutical costs.

Sec. 237. Department Procurement Processes – NEW

Requires MDOC to abide by statute and administrative rules regarding procurement requests and to communicate with the Department of Technology, Management, and Budget to ensure proper use of delegated purchasing authority. Requires reporting if requests for proposals are delayed due to improper use of purchasing authority.

Sec. 238. Repurposing of Closed Correctional Facilities – NEW

Expresses intent that MDOC make additional efforts to sell, rent, or otherwise repurpose closed correctional facilities.

Sec. 239. Audit of Vendor and Contract Payments – NEW

Requires MDOC to solicit proposals for auditing of vendor and contract payments and recovery of improper payments for at least the prior three fiscal years; requires report to Subcommittees on results, findings, and amounts recovered.

Sec. 406. Prisoner Re-entry Pilot Program with Faith-Based Organization – NEW

Conditions the expenditure of appropriations reinvested from Crane closure on the establishment of a pilot program of at least \$2.0 million to contract with faith-based non-profit agencies with established prisoner re-entry programs. Requires reporting comparing outcomes of faith-based pilot services with other MPRI services.

Sec. 410. Residential Services Per Diem Rates – REVISED

Revises language in section 410(3) to eliminate the \$48.50 per diem for residential services providers that achieve accreditation. New language provides a \$47.50 per diem for all providers.

Sec. 414. County Jail Reimbursement Program – REVISED

House revises the funding structure, eligibility standards, and reimbursement levels for the County Jail Reimbursement Program. While the total appropriation is maintained at \$16.5 million: Three separate appropriations are provided for each class of offender based on their sentencing guideline scores. Eligibility standards are consistent with the standards in place during FY 2009-10 which removed eligibility for offenders convicted of non-person class F crimes. Per diem reimbursement rates are \$40 for offenders with Group 2 straddle cell guideline scores, \$55 for those with Group 1 straddle cell guideline scores, and \$65 for those with presumptive prison guideline scores. Under current law, counties were given the choice between the eligibility/reimbursement standards in place during FY 2009-2010 (with \$35/\$50/\$60 tiered per diem reimbursement) and the eligibility/reimbursement standards in place in previous years which paid a flat \$43.50 per diem without regard to guideline score. In addition, Executive and House both eliminate language requiring the convening of a reimbursement committee made up of Subcommittee Chairs and stakeholders to review whether all eligible claims can be met with existing appropriated funds.

Sec. 426. Employment in Recycling Programs for Parolees – REVISED

Allocates \$500,000 to non-profit agencies with established public utility asset recovery recycling programs, and requires hiring at least 45% returning citizens through the funded program. House language makes revisions to clarify the intent of the language and references a new appropriation line item for the program.

Sec. 434. Programs for At-Risk Young Adults and Children of Incarcerated Parents – REVISED

Expresses intent that MDOC collaborate with other state and local entities to implement employment projects targeting at-risk young adults in high-crime neighborhoods and support programs for children of incarcerated parents. House adds faith-based organizations to the list of participants.

Sec. 814. Availability of Psychotropic Drugs – DELETED

Requires that MDOC assure that psychotropic medications are available, when deemed medically necessary by a physician to prisoners who have mental illness diagnoses but are not enrolled in the Corrections Mental Health Program.

Sec. 815. Health Care Quality Assurance Unit – DELETED

Allocates \$520,000 of appropriation for Health Care Administration to operate a Health Care Quality Assurance Unit.

Sec. 906. Public Works Programs – REVISED

Modifies current law to require fee rates paid by public works beneficiaries be sufficient to cover the entire costs of services provided. Adds provision encouraging public works program continuation but not at the expense of prisoner programming.

Sec. 919. Food Service Contract – DELETED

Specifies conditions and criteria to be met prior to expenditure of funds on private food service contract.

Major Boilerplate Changes From FY 2010-11

Sec. 924 and 929. Youthful Offenders and Prisoners with Mental Illness – REVISED

Sections guide the treatment of offenders with special. House proposal modifies requirement that those in therapeutic seclusion be evaluated by a mental health professional “every 12 hours” to a “every 24 hours”. Executive had required evaluation in manner consistent with the Mental Health Code.

Sec. 935. Priorities for Prison Facility Closures – NEW

Establishes legislative intent that the department fully consider the potential economic impact on communities when making a determination of a facility closure. Makes minimizing local economic impact a high priority in the decision process.

Sec. 936. Cost-Effective Housing Initiative – NEW

Appropriates \$47.9 million for use in housing prisoners in the most cost-effective manner possible, including exploring the use of public-private partnerships, the use of privately-owned facilities, and the use of recently closed facilities. Assumes offsetting savings of \$57.5 million within general prison operation costs as a result of the shift to more cost-effective approaches.

Sec. 937. Private Contractor Use of Local Foods – NEW

Provides that contractors that provide food service within a correctional facility be encouraged to provide that service using fresh foods that are grown or produced locally.

DEPARTMENT OF EDUCATION
Summary: As Passed by the House
Article VI, House Bill 4526 (H-3) as Amended



Analysts: Mary Ann Cleary and Bethany Wicksall

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|--------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- | \$0 | \$0 | -- |
| Federal | 87,772,100 | 77,929,200 | (9,842,900) | (11.2) | 78,869,000 | 939,800 | 1.2 |
| Local | 7,199,400 | 7,159,200 | (40,200) | (0.6) | 7,269,600 | 110,400 | 1.5 |
| Private | 3,124,500 | 3,044,400 | (80,100) | (2.6) | 3,053,700 | 9,300 | 0.3 |
| Restricted | 6,949,800 | 7,166,300 | 216,500 | 3.1 | 7,313,600 | 147,300 | 2.1 |
| GF/GP | 21,914,100 | 20,013,900 | (1,900,200) | (8.7) | 20,253,200 | 239,300 | 1.2 |
| Gross | \$126,959,900 | \$115,313,000 | (\$11,646,900) | (9.2) | 116,759,100 | \$1,446,100 | 1.3 |
| FTEs | 562.5 | 559.0 | (3.5) | (0.6) | 559.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2010-11 YTD Appropriations

1. State Aid to Libraries

Executive reduces the Department of Education appropriation for state aid to libraries by \$2.3 million to \$3.4 million. In addition, the \$1.5 million appropriation in the School Aid budget was eliminated under the Executive budget, for a total reduction equal to 52.4% of current state support to libraries.

House concurs with Executive.

2. Michigan eLibrary (MeL)

Executive provides additional GF/GP support for the MeL due to the potential loss of federal funds which are likely to decrease based on diminishing state maintenance of effort (MOE) levels from recent reductions in state aid to libraries.

House concurs with Executive.

3. 2009 State Education Reform Activities

Executive eliminates three pieces of the recent education reform which required new activities for the Department. This includes eliminating the State Reform/Redesign Office, which was supposed to identify and propose reforms for the bottom 5% of districts, to save \$1.4 million. It also eliminates the online testing platform to save \$500,000 and eliminates the basic instructional supplies hotline and appeals process to save \$76,000.

House concurs on the elimination of the online testing platform and the basic instructional supplies hotline and appeals process but maintains the funding and FTEs for the School Reform and Redesign Office.

| | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Gross | \$5,750,000 | (\$2,304,300) | \$0 |
| GF/GP | \$5,750,000 | (\$2,304,300) | \$0 |
| Gross | \$0 | \$950,000 | \$0 |
| GF/GP | \$0 | \$950,000 | \$0 |
| FTEs | 25.0 | (1.0) | 0.0 |
| Gross | \$8,977,800 | (\$576,000) | \$0 |
| Federal | 5,063,700 | 0 | 0 |
| GF/GP | \$3,914,100 | (\$576,000) | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 4. Excess Federal and Private Spending Authorization | FTEs | N/A | (3.5) | 0.0 |
| <u>Executive</u> decreases spending authorization in several units of the bill to reflect the anticipated availability of funds. This includes \$3,967,800 in Special Education, \$1,500,000 in Professional Preparation, \$346,000 and 3.5 FTEs in School Finance/School Law, and \$198,700 in Early Childhood. | Gross | N/A | (\$6,012,500) | \$0 |
| <u>House</u> concurs with Executive. | Federal | N/A | (5,813,800) | 0 |
| | Private | N/A | (198,700) | 0 |
| | GF/GP | N/A | \$0 | \$0 |
| 5. Office of Education Assessment and Accountability (OEAA) | Gross | \$9,652,300 | (\$5,000,000) | \$0 |
| <u>Executive</u> removes the one-time federal funds used for the rewrite of the OEAA secure site. | Federal | 9,652,300 | (5,000,000) | 0 |
| <u>House</u> concurs with Executive. | GF/GP | \$0 | \$0 | \$0 |
| 6. Recognize Savings from 2010 Early Retirement | Gross | N/A | (\$370,900) | \$0 |
| <u>Executive</u> recognizes the GF/GP savings throughout the department associated with the early retirement. | GF/GP | N/A | (\$370,900) | \$0 |
| <u>House</u> concurs with Executive. | | | | |
| 7. Michigan Schools for the Deaf and Blind | Gross | \$90,000 | \$110,000 | \$0 |
| <u>Executive</u> increases spending authorization for private gifts for blind services in order to allow expenditure of carry forward funds that were not spent in FY 2009-10. | Private | 90,000 | 110,000 | 0 |
| <u>House</u> concurs with Executive. | GF/GP | \$0 | \$0 | \$0 |
| 8. Reorganize School Finance/School Law Unit | FTEs | 16.5 | 1.0 | 0.0 |
| <u>Executive</u> reorganizes this unit into three new units and shifts \$106,000 and 1.0 FTE to the existing Grants Administration unit. Creates a net change of 1.0 FTE. The transfers would include the following: | Gross | \$2,844,100 | \$0 | \$0 |
| State Aid and School Finance Services: \$854,500 and 7.5 FTEs | Federal | 1,335,600 | 0 | 0 |
| Audit Services: \$481,300 and 3.5 FTEs | Restricted | 493,400 | 0 | 0 |
| Administrative Law Services: \$1,056,300 and 2.0 FTEs | GF/GP | \$1,015,100 | \$0 | \$0 |
| <u>House</u> concurs with Executive. | | | | |
| 9. FTE Adjustments | FTEs | N/A | 0.0 | 0.0 |
| <u>Executive</u> recommends positive FTE adjustments for four units: | Gross | N/A | \$0 | \$0 |
| Grants Administration: 2.0 FTEs | GF/GP | N/A | \$0 | \$0 |
| Field Services: 3.0 FTEs | | | | |
| Education Improvement/Innovation: 3.0 FTEs | | | | |
| Career/Technical Education: 1.0 FTE | | | | |
| <u>House</u> concurs with Executive recommended increases, but offsets them with the following negative FTE adjustments: | | | | |
| Central Support: (2.0) FTEs | | | | |
| Michigan Schools for Deaf/Blind (6.0) FTEs | | | | |
| Library of Michigan Operations (1.0) FTEs | | | | |
| 10. Economic Adjustments | Gross | N/A | \$1,556,800 | \$1,446,100 |
| <u>Executive</u> includes economic adjustments for retirement, insurances, workers' compensation, and building occupancy charges totaling \$1.6 million for FY 2011-12 and \$1.4 million for FY 2012-13. | Federal | N/A | 902,500 | 939,800 |
| | Local | N/A | 103,200 | 110,400 |
| | Private | N/A | 8,600 | 9,300 |
| | Restricted | N/A | 141,500 | 147,300 |
| <u>House</u> concurs. | GF/GP | N/A | \$401,000 | \$239,300 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Major Boilerplate Changes From FY 2010-11

Sec. 204. Civil Service Fee – RETAINED

Specifies administrative fee charged to each state department for personnel services.

Executive deletes. House maintains current law.

Sec. 205. Internet Reporting – RETAINED

Requires department to use Internet or email to fulfill reporting requirements.

Executive moves to general sections of omnibus bill. House maintains current law.

Sec. 206. State Board of Education Information – RETAINED

Requires the department to forward board agendas and documents to various governmental agencies electronically.

Executive deletes. House maintains current law.

Sec. 208. Personnel Records – RETAINED

Directs the department require districts to retain teacher personnel records regarding sexual misconduct.

Executive deletes. House maintains current law.

Sec. 207. Department Financial Information – NEW

House adds new section requiring that the department develop, post, and maintain on a user-friendly and publicly accessible internet site, all expenditures and purpose for each expenditure made by the agency within a fiscal year.

Sec. 209. Information Technology User Fees – RETAINED

Directs the department to pay user fees to Department of Technology, Management and Budget for technology-related services.

Executive deletes. House maintains current law.

Sec. 210. Information Technology Work Projects – NEW

House adds new section allowing appropriations for information technology work projects to be carried forward into following fiscal year according to the Management and Budget Act.

Sec. 211. Adequate Yearly Progress (AYP) – RETAINED

Requires that the department allow districts to appeal determinations of failure to meet AYP before it publishes AYP reports.

Executive deletes. House maintains current law.

Sec. 212. Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.

Executive deletes. House maintains current law.

Sec. 213. Hiring Freeze – RETAINED

Establishes a hiring freeze for state civil service with exceptions under certain circumstances.

Executive deletes. House maintains current law.

Sec. 214. Out-of-State Travel – RETAINED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel.

Executive deletes. House maintains current law.

Sec. 215. Out-of-State Professional Development – RETAINED

Limits out-of-state travel for professional development conferences or training seminars.

Executive deletes. House maintains current law.

Sec. 216. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

Executive deletes. House maintains current law.

Sec. 217. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas.

Executive deletes. House maintains current law.

Sec. 218. Report Retention – NEW

House adds new language requiring the department to retain all reports funded from appropriations in part 1 according to federal and state guidelines for short-term and long-term retention of records.

Sec. 220. Providing the Legislature with Timely Data – RETAINED

Requires the department to provide data requested by legislature, staff, and fiscal agencies in a timely manner.

Executive deletes. House maintains current law.

Sec. 221. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General.

Executive deletes. House maintains current law.

Major Boilerplate Changes From FY 2010-11

Sec. 222. Impact of New Legislation and Administrative Rules – DELETED

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the department from adopting administrative rules that have a disproportionate impact on small business.

Executive deletes. House concurs.

Sec. 225. Pupil Membership Fraud – RETAINED

Requires the State Superintendent of Public Instruction to investigate and report on issues of pupil membership fraud, and report on the scope of and proposed solutions to the problem. Executive deletes. House maintains current law.

Sec. 226. Lapse Report – RETAINED

Requires the department to report projected year-end GF/GP lapse amount for a given year by Oct. 15 of the next fiscal year.

Executive deletes. House maintains current law.

Sec. 301. State Board of Education Expenses – REVISED

Authorizes the department to make per diem payments State Board of Education members and report quarterly on expenses.

Executive eliminates the reporting requirement. House concurs.

Sec. 401. Michigan Schools for the Deaf and Blind Employees – DELETED

Stipulates that employees who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits. Executive deletes. House concurs.

Sec. 405. Federal Medicaid Program – RETAINED

Allows the department to assist other departments and school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program.

Executive deletes. House maintains current law.

Sec. 501. Felony Conviction Files – RETAINED

Requires that the department maintain professional personnel registry and certificate revocation/felony conviction files.

Executive deletes. House maintains current law.

Sec. 601. Administration of the Charter School Office – DELETED

Earmarks funds to operate the charter school office.

Executive deletes. House concurs.

Sec. 701. Collaboration with Center for Education Performance and Information (CEPI) – DELETED

Directs the department to work collaboratively with CEPI to support data collection.

Executive deletes. House concurs.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs together in a state department.

Executive deletes. House maintains current law.

Sec. 804. Library Collections – RETAINED

Requires that the department and the Library of Michigan maintain custody of the non-Michigan genealogy and all Michigan-specific collections and continue to make these collections available to the public.

Executive deletes. House maintains current law.

Sec. 805. Library Minimum Hours Waivers – NEW

House adds new language requiring the department to grant waivers to any library requesting a waiver for the minimum hours of operation required under the state aid to public libraries minimum standards.

Sec. 901. Federal and Private Grants – RETAINED

Requires that the department notify House and Senate Appropriations subcommittee chairs with ten days of receipt of a grant appropriated in the federal and private grants line item including funding source, purpose, and amount of grant.

Executive deletes. House maintains current law.

Sec. 903. Cyber Schools – RETAINED

Directs the department to work with districts that operate a cyber school or alternative education program with a seat-time waiver to provide a report by March 1, detailing enrollments resident districts, per pupil operating costs, and online education providers.

Executive deletes. House maintains current law.

Sec. 904. Federal Education Jobs – DELETED

Designated a portion of Federal Education Jobs funds for administration of the funds distributed to districts in School Aid budget.

Executive deletes. House concurs.

DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Passed by the House
Article VII, House Bill 4526 (H-3) as Amended



Analyst: Viola Bay Wild

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|---------------------|--|------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$8,691,800 | 9,043,200 | 351,400 | 4.0 | \$9,200,700 | \$157,500 | 1.7 |
| Federal | 182,901,700 | 159,701,500 | (23,200,200) | (12.7) | 161,050,300 | 1,348,800 | 0.8 |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 684,700 | 711,800 | 27,100 | 4.0 | 731,000 | 19,200 | 2.7 |
| Restricted | 178,065,000 | 221,711,700 | 43,646,700 | 24.5 | 224,339,600 | 2,627,900 | 1.2 |
| GF/GP | 25,322,500 | 21,135,900 | (4,186,600) | (16.5) | 21,719,600 | 583,700 | 2.8 |
| Gross | \$395,665,700 | 412,304,100 | 16,638,400 | 4.2 | 417,041,200 | \$4,737,100 | 1.1 |
| FTEs | 1,483.1 | 1,450.10 | (33.0) | (2.2) | 1,450.1 | 0.0 | 0.0 |

Notes:

- (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DEQ's funding after being separated from DNRE by E.O. 2011-1.
- (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Office of Pollution Prevention and Compliance Assistance (OPPCA) <u>Executive</u> and <u>House</u> decrease funding by \$1.2 million Gross and GF/GP and eliminates 9.0 FTEs for the OPPCA program which provides environmental regulation assistance and education to businesses and the public. | FTE | N/A | (9.0) | 0.0 |
| | Gross | N/A | (\$1,200,000) | \$0 |
| | GF/GP | N/A | (\$1,200,000) | \$0 |
| 2. GF/GP Reductions <u>Executive</u> reduces funding by \$1.5 million Gross and \$1.7 million GF/GP and eliminates 11.0 FTEs in various programs such as Air Quality, Environmental Investigations, Critical Dunes, and Groundwater Discharge, among others; savings realized from program elimination, reductions, and administrative cost savings. Includes \$400,000 fund source shift for Critical Dunes Program from GF/GP to Environmental Protection Fund. <u>House</u> includes these GF/GP reductions and reduces GF/GP funding by an additional \$355,700 in various line items. | FTE | N/A | (11.0) | 0.0 |
| | Gross | N/A | (\$1,892,200) | \$0 |
| | Federal | N/A | (76,700) | 0 |
| | Restricted | N/A | 202,200 | 0 |
| | GF/GP | N/A | (\$2,017,700) | \$0 |
| 3. High Risk Erosion Revised <u>Executive</u> and <u>House</u> include additional \$18,000 Gross funding for the High Risk Erosion program; funding helps retain current federal funding in DEQ budget. | Gross | N/A | \$18,000 | \$0 |
| | Restricted | N/A | 18,000 | 0 |
| 4. Early Retirement Savings <u>Executive</u> and <u>House</u> include \$738,100 Gross and GF/GP savings realized from the FY 2010-11 early retirement incentive program. | Gross | N/A | (\$738,100) | \$0 |
| | GF/GP | N/A | (\$738,100) | \$0 |

| | | <u>House Changes</u> | | | |
|---|--|---|-------------------------------------|-------------------------------------|------------|
| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> | |
| 5. Accounting Consolidation | | FTE | 13.0 | (13.0) | 0.0 |
| <u>Executive</u> and <u>House</u> transfer 13.0 FTEs to the Department of Transportation to consolidate accounting staff from various departments. The \$1.2 million Gross and \$162,800 GF/GP funding associated with the FTEs will remain in the DEQ budget to fund an Accounting Service Center. | | Gross | \$1,224,700 | \$0 | \$0 |
| | | IDG | 127,200 | 0 | 0 |
| | | Restricted | 934,700 | 0 | 0 |
| | | GF/GP | \$162,800 | \$0 | \$0 |
| 6. Restricted Funds Authorization Reduction | | Gross | N/A | (\$6,413,200) | \$0 |
| <u>Executive</u> and <u>House</u> reduce authorization for 17 restricted funds by \$6.4 million to align with anticipated revenues. Funds include Air Emission Fees, Great Lakes Protection Fund, NPDES fees, and Solid Waste Management Fund Staff Account, among others. | | Restricted | N/A | (6,413,200) | 0 |
| 7. Great Lakes Restoration Initiative (GLRI) Reduction | | Gross | \$50,000,000 | (\$25,000,000) | \$0 |
| <u>Executive</u> and <u>House</u> reduce authorization for GLRI federal competitive grant by \$25.0 million to align with anticipated awards. | | Federal | 50,000,000 | (25,000,000) | 0 |
| 8. Nonmetallic Mine Reclamation Program Elimination | | Gross | \$23,800 | (\$23,800) | \$0 |
| <u>Executive</u> and <u>House</u> eliminate Nonmetallic Mining Reclamation Program within the Office of Geologic Survey and the \$23,800 restricted funding associated with the program. | | Restricted | 23,800 | (23,800) | 0 |
| 9. Geologic Mapping and Information Program Elimination | | Gross | N/A | (\$358,000) | \$0 |
| <u>Executive</u> and <u>House</u> eliminate program funding of \$208,000; recommends that the mapping and evaluation duties of program and the federal funding be reassigned to the Geosciences Department of WMU. | | Federal | N/A | (210,500) | 0 |
| | | Restricted | | (147,500) | 0 |
| 10. Air Quality Program - Renewable Operating Permits | | Gross | N/A | \$840,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$840,000 additional restricted funding authorization to be realized through an increase in fees by a formula change to current fee structure in the Air Quality Program; increase expected to generate sufficient funding to adequately implement the program under the Clean Air Act. | | Restricted | N/A | 840,000 | 0 |
| 11. Strategic Water Quality Initiative Funds - Nonpoint Source Contamination Cleanups | | Gross | N/A | \$30,000,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$30.0 million additional restricted funding to implement PA 232 of 2010 and appropriate funds for cleanups; authorized bonding would generate an estimated \$900,000 in annual General Obligation debt service for the State. | | Restricted | N/A | 30,000,000 | 0 |
| 12. Solid Waste Surcharge Fee Proposal | | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> include funding that anticipates an increase in the solid waste surcharge fee from 7 cents per cubic yard to 12 cents in order to support the program. Because revenues have been declining, no additional funding authorization is needed. | | Restricted | N/A | 0 | 0 |
| 13. Wastewater Operator Certification Fees | | Gross | N/A | \$156,000 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted fund authorization by \$356,000 for new increased fee structure for wastewater operator certification exams and renewals; includes a \$200,000 GF/GP reduction. | | Restricted | N/A | 356,000 | 0 |
| | | GF/GP | N/A | (\$200,000) | \$0 |
| 14. Coastal and Inland Waters Permit Program Information System Replacement | | Gross | N/A | \$3,200,000 | \$0 |
| <u>Executive</u> and <u>House</u> include \$3.2 million available land and water permit fee revenue to replace obsolete software needed for the program. | | Restricted | N/A | 3,200,000 | 0 |
| 15. State-Owned Sites Cleanup Program | | Gross | N/A | \$4,400,000 | \$0 |
| <u>Executive</u> and <u>House</u> appropriate \$4.4 million in remaining funding from the State Sites Cleanup Fund to address the cleanup of high risk sites where the State is responsible for the contamination. | | Restricted | N/A | 4,400,000 | 0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | | House Changes | | |
|---|--------------|---|-------------------------------------|-------------------------------------|
| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 16. Environmental Pollution Prevention Fund (EPPF) - Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted funding from EPPF for Hazardous Waste Management Program by \$738,000 and reduces GF/GP funding by same amount. | Restricted | N/A | 738,000 | 0 |
| | GF/GP | N/A | (\$738,000) | \$0 |
| 17. Oil and Gas Regulatory Fund - Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> include a technical change that reduces restricted funding from the Oil and Gas Regulatory Fund for Oil, Gas and Mineral Services Program by \$150,000 and increases federal funding by same amount. | Federal | N/A | 150,000 | 0 |
| | Restricted | N/A | (150,000) | 0 |
| 18. IDG / Restricted Fund Source Shift | Gross | N/A | \$0 | \$0 |
| <u>Revised Executive</u> and <u>House</u> include a technical change that reduces restricted funding from the Public Utility Assessment by \$125,000 and increases the Michigan State Police IDG by same amount for radiation protection programs. | IDG | N/A | 125,000 | 0 |
| | Restricted | N/A | (125,000) | 0 |
| 19. Brownfield Grants and Environmental Bond Site Reclamation Program Grants | Gross | N/A | \$6,952,500 | \$0 |
| <u>Revised Executive</u> and <u>House</u> include \$6,952,500 additional restricted funding for grant programs to local units of government and brownfield redevelopment authorities for cleanup projects. | Restricted | N/A | 6,952,500 | 0 |
| 20. Economics | Gross | N/A | \$6,697,200 | \$4,737,100 |
| <u>Executive</u> and <u>House</u> increase funding in FY 2011-12 by \$6.7 million Gross and \$707,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$137,600 Gross and \$7,100 GF/GP for DIT economics. For FY 2012-13, proposed funding for economics is increased by an additional \$4.7 million Gross and \$583,700 GF/GP. | IDG | N/A | 226,400 | 157,500 |
| | Federal | N/A | 1,937,000 | 1,348,800 |
| | Private | N/A | 27,100 | 19,200 |
| | Restricted | N/A | 3,799,500 | 2,627,900 |
| | GF/GP | N/A | \$707,200 | \$583,700 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Charges – RETAINED

Requires Civil Service to charge state departments 1% of salary payments. Executive deletes language; House retains language.

Sec. 206. IT Work Projects – NEW

Allows IT projects to be designated as work projects and appropriations to be carried forward. House includes new language.

Sec. 207. Retention of Reports – NEW

Requires DEQ to retain copies of all reports funded from appropriations. House includes new language.

Sec. 208. DIT User Fees – RETAINED

Directs DEQ to pay user fees to DTMB for technology services and projects. Executive deletes language; House retains language.

Sec. 209. Out-of-State Travel Restrictions – REVISED

Limits purpose/amount of out-of-state travel; requires annual report on January 1 for prior fiscal year. Executive deletes language; House retains and includes new language to allow state budget director to grant travel exceptions.

Sec. 210. Purchase of Foreign Goods and Services – RETAINED

Prohibits purchase of foreign goods and services if competitively priced and comparable American goods or services are available; requires preference for goods and services from Michigan businesses and businesses owned and operated by veterans. Executive deletes language; House retains language.

Sec. 211. Businesses in Economically Deprived or Depressed Communities – RETAINED

Encourages vendor contracts in economically depressed communities. Executive deletes language; House retains language.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House retains language.

Major Boilerplate Changes From FY 2010-11

Sec. 213. Rule Promulgation – RETAINED

Requires report on policy changes made to implement a public act; Department is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House retains language.

Sec. 214. Legal Services – RETAINED

Prohibits hiring attorneys for legal services provided by the Attorney General. Executive deletes language; House retains language.

Sec. 215. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 private; transfers must be approved by the House and Senate appropriations committees. Executive and House revise language to amounts listed.

Sec. 218. Pending Permits – RETAINED

Any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011. Executive deletes language; House retains language.

Sec. 220. Hiring Freeze – NEW

Imposes hiring freeze on state classified civil service. House includes new language.

Sec. 221. Future Use of Refined Petroleum Fund (RPF) Revenues – DELETED

States legislative intent that after FY 2010-11, RPF revenues shall be used solely for leaking underground storage tanks. Executive and House delete language.

Sec. 221. GF/GP Lapse – NEW

Requires report by October 15 that provides estimates of GF/GP appropriation lapses at close of year. House includes new language.

Sec. 222. Restricted Fund Revenue, Expenditures, Fund Balances, and FTE Information – RETAINED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated; requires report on number and funding of FTE positions that are supported by each line item. Executive deletes language; House retains language.

Sec. 225. Out-of-State State Employee Training – RETAINED

Prohibits out-of-state travel to attend a conference or seminar for more than one employee unless the travel is funded by a federal or private source, or conference includes multiple issues in which one employee does not have expertise. Executive deletes language; House retains language (Sec. 223).

Sec. 227. Permit Application Status Tracking Tool – NEW

Requires report on the implementation of a permit application status tracking tool on the DEQ website. House includes new language.

Sec. 228. Customer Satisfaction Evaluation Program – NEW

Requires DEQ to develop a customer satisfaction evaluation program; requires report. House includes new language.

Sec. 229. Expedited Permitting Program – NEW

Requires report identifying specific permit programs to use an expedited permitting option. House includes new language.

Sec. 233. FTE Report and Expenditure Report – RETAINED

Requires report on the number of FTEs in pay status; report required quarterly; requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made. Executive deletes language; House retains language (Sec. 224 - FTE report, Sec. 225 - Internet expenditure report).

Sec. 234. Website Expenditure Posting Cost – RETAINED

Directs DEQ to spend less than \$10,000 to post expenditures on the website. Executive deletes language; House retains language (Sec. 226).

Sec. 307. Restricted Fund Transfer to Environmental Pollution Prevention Fund (EPPF) – NEW

Authorizes transfer of \$2.0 million from the Small Business Pollution Prevention Fund to the EPPF. Executive (Sec. 8-305) and House include new language.

Sec. 308. Restricted Fund Transfer to Environmental Protection Fund (EPF) – NEW

Authorizes transfer of \$1.3 million from the Small Business Pollution Prevention Fund to the EPF. Executive (Sec. 8-306) and House include new language.

Sec. 309. Brownfield Grants and Loans Program Work Project Language – NEW

Provides that Brownfield Grants and Loans Program funding are work project appropriations and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract; tentative completion date is September 30, 2016. Revised Executive and House include new language.

Sec. 310. Environmental Bond Site Reclamation Program Work Project Language – NEW

Provides that Environmental Bond Site Reclamation Program funding are work project appropriations and allows carry-forward of any remaining funds; requires that all projects be accomplished by contract; tentative completion date is September 30, 2016. Revised Executive and House include new language.

Major Boilerplate Changes From FY 2010-11

Sec. 405. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes language; House retains language (Sec. 305).

Sec. 406. Operational Memoranda – DELETED

Prohibits expenditure of funds if using operational memoranda or similar documents to impose regulations on individuals or businesses conducting environmental cleanup projects without written consent. Executive and House delete language.

Sec. 407. Solid Waste Management Fund – DELETED

Appropriates \$2.0 million from solid waste management fund perpetual care account to solid waste management fund staff account. Executive and House delete language.

Sec. 408. Refined Petroleum Fund (RPF) Cleanup Site List – REVISED

Lists cleanup projects funded through the RPF Cleanup Program. Executive deletes; House includes revised list (Sec. 306).

Sec. 601. Solid Waste Program Report – NEW

Requires a report on the Department's Solid Waste Management Program and policy. Report shall include options for long-term funding, and the impact of recycling, composting, and beneficial reuse, as well as the feasibility of contracting out landfill inspections. House includes new language.

Sec. 651. Aquatic Nuisance Control (ANC) – REVISED

Requires \$100,000 be allocated to fund up to one additional FTE for ANC program; requires report. Executive deletes; House includes revised language (Sec. 401).

Sec. 652. Groundwater Dispute Resolution Process – DELETED

Directs Department to fund an aquifer dispute resolution process if funds are available. Executive and House delete language.

TOTAL GENERAL GOVERNMENT
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analysts: Robin R. Risko and Ben Gielczyk

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|------------------------|--|------------|------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$644,781,100 | \$669,027,400 | \$24,246,300 | 3.8 | \$672,183,100 | \$3,155,700 | 0.5 |
| Federal | 277,499,300 | 273,049,700 | (4,449,600) | (1.6) | 273,736,300 | 686,600 | 0.3 |
| Local | 3,434,400 | 3,555,800 | 121,400 | 3.5 | 3,604,000 | 48,200 | 1.4 |
| Private | 1,414,500 | 930,700 | (483,800) | (34.2) | 936,900 | 6,200 | 0.7 |
| Restricted | 1,804,038,200 | 1,719,647,900 | (84,390,300) | (4.7) | 1,765,483,000 | 45,835,100 | 2.7 |
| GF/GP | 590,492,600 | 672,565,900 | 82,073,300 | 13.9 | 677,258,200 | 4,692,300 | 0.7 |
| Gross | \$3,321,660,100 | \$3,338,777,400 | \$17,117,300 | 0.5 | \$3,393,201,500 | \$54,424,100 | 1.6 |
| FTEs | 7,709.2 | 7,732.2 | 23.0 | 0.3 | 7,732.2 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

Currently, the following departmental and agency budgets are included in the General Government appropriations bill: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

GENERAL SECTIONS OF BOILERPLATE

Sec. 207. Information Technology Work Project Accounts – NEW

Designates appropriations for information technology as work project accounts.

Sec. 213. Purchase of Ownership Interest In a Casino – DELETED

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation.

Sec. 216. Out-of-State Travel Restrictions – REVISED

Limits out-of-state travel; deletes requirement to report annually on all out-of-state travel funded with department appropriations; adds language which authorizes State Budget Director to grant exceptions to allow travel and requires monthly report on number of exceptions.

Sec. 217. General Fund Restrictions – DELETED

Prohibits using general fund appropriations where federal funds are available for the same purpose.

Sec. 221. Reporting Requirement on Policy Changes – DELETED

Requires departments to report on policy changes made in order to implement enacted legislation.

Sec. 230. FTE Positions and Transparency Websites – REVISED

Deletes requirement to report on number of FTE positions in pay status by civil service classification; retains requirement for executive branch departments to develop, post, and maintain Internet sites showing all expenditures.

Sec. 231. Transparency Website Expenditure – DELETED

Prohibits departments from expending more than \$10,000 to implement transparency websites.

DEPARTMENT OF ATTORNEY GENERAL
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|---------------------|--|------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$21,300,300 | \$21,885,400 | \$585,100 | 2.7 | \$22,539,600 | \$654,200 | 3.0 |
| Federal | 8,565,700 | 8,848,800 | 283,100 | 3.3 | 9,073,800 | 225,000 | 2.5 |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 14,987,700 | 15,489,100 | 501,400 | 3.3 | 15,879,700 | 390,600 | 2.5 |
| GF/GP | 28,559,400 | 28,117,600 | (441,800) | (1.5) | 28,828,100 | 710,500 | 2.5 |
| Gross | \$73,413,100 | \$74,340,900 | \$927,800 | 1.3 | \$76,321,200 | \$1,980,300 | 2.7 |
| FTEs | 520.0 | 520.0 | 0.0 | 0.0 | 520.0 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and not legally-binding appropriations.

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and 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's 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. Its goals include making the state a safe place for its citizens, offering justice to victims of crime, defending common natural resources and monetary assets of the state, and delivering excellent legal services at a minimum cost to taxpayers.

| Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | |
|---|---|-------------------------------------|---------------------------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Line Item Roll-Ups Current year budget contains 6 line items. Executive budget contains 2 line items. House budget contains 5 line items. | | | |
| 2. GF/GP Reductions Reflects a savings to be achieved by not filling vacant positions and through attrition. | Gross GF/GP | N/A N/A | (\$142,400) (\$142,400) |
| 3. Early Retirement Savings Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program. | Gross GF/GP | N/A N/A | (\$1,285,600) (\$1,285,600) |
| 4. SOCC Reduction Reflects a savings due to the 10% reduction in the Attorney General's salary implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2011-12. | Gross GF/GP | \$115,800 \$115,800 | (\$3,300) (\$3,300) |
| 5. PACC Grant Award Reduction Includes a reduction from the Michigan Justice Training Fund as a result of reduced training services being provided by the Prosecuting Attorneys Coordinating Council. | Gross IDG | \$325,000 325,000 | (\$186,000) (186,000) |
| | | | \$0 \$0 |

| | | <u>House Changes</u> | | |
|--|--------------|---|-------------------------------------|-------------------------------------|
| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> |
| 6. State Claims Unit Reduction | Gross | \$1,417,100 | (\$62,500) | \$0 |
| Includes a reduction from the Risk Management Revolving Fund as a result of reduced services related to workers' compensation cases being provided by the Department of Attorney General. | IDG | 1,417,100 | (62,500) | 0 |
| 7. Economics | Gross | N/A | \$2,607,600 | \$1,980,300 |
| Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. Also includes additional funding for economic adjustments to be made in FY 2012-13. | IDG | N/A | 833,600 | 654,200 |
| | Federal | N/A | 283,100 | 225,000 |
| | Restricted | N/A | 501,400 | 390,600 |
| | GF/GP | N/A | \$989,500 | \$710,500 |

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 313. Attorney General Representation of Legislators – NEW

Requires the Attorney General to represent members of the Legislature in civil and legal actions which arise out of members' performing their official duties.

DEPARTMENT OF CIVIL RIGHTS
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|--------------|---|---------------------|--|--------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- | \$0 | \$0 | -- |
| Federal | 1,750,000 | 2,213,200 | 463,200 | 26.5 | 2,269,700 | 56,500 | 2.6 |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 53,000 | 58,500 | 5,500 | 10.4 | 58,500 | 0 | 0.0 |
| GF/GP | 10,975,700 | 9,666,000 | (1,309,700) | (11.9) | 9,934,900 | 268,900 | 2.8 |
| Gross | \$12,778,700 | \$11,937,700 | (\$841,000) | (6.6) | \$12,263,100 | \$325,400 | 2.7 |
| FTEs | 118.0 | 118.0 | 0.0 | 0.0 | 118.0 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing 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, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

| Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | |
|---|---|-------------------------------------|---------------------------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Line Item Roll-Ups Current year budget contains 3 line items. Executive budget contains 1 line item. House budget contains 3 line items. | | | |
| 2. GF/GP Reductions Reflects a savings to be achieved by reducing information technology user charges, downsizing technology equipment and building space as a result of the decrease in staff over the past few years, and by not filling vacant positions. | Gross GF/GP | N/A N/A | (\$1,033,200) (\$1,033,200) |
| 3. Early Retirement Savings Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program. | Gross GF/GP | N/A N/A | (\$608,000) (\$608,000) |
| 4. Increased Federal Grant Funding Reflects an increase in federal Department of Housing and Urban Development funding based on projections of anticipated revenue in FY 2011-12. Also, increases the same federal grant funding in FY 2012-13, but decreases GF/GP funding by a like amount. | Gross Federal GF/GP | \$850,000 850,000 \$0 | \$463,200 463,200 \$0 |
| 5. Fund Source Shift Increases state restricted funding and decreases GF/GP funding in order to more accurately reflect the financing of expenditures. | Gross Restricted GF/GP | N/A N/A N/A | \$0 5,500 (\$5,500) |
| | | | \$0 \$0 \$0 |

| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 6. Economics | Gross | N/A | \$498,200 | \$325,400 |
| Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. Also includes additional funding for economic adjustments to be made in FY 2012-13. | GF/GP | N/A | \$498,200 | \$325,400 |
| 7. Targeted GF/GP Reductions | Gross | N/A | (\$161,200) | \$0 |
| House reduces GF/GP funding for department operations. | GF/GP | N/A | (\$161,200) | \$0 |

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 401. Private Contingency Funds – NEW

Appropriates up to \$500,000 in private contingency funds for the Department.

Sec. 402. Receipt and Expenditure of Local and Private Funds – REVISED

Authorizes the Department to receive and expend local and private funding for a variety of reasons; adds that funding can be used for staffing costs; deletes reporting requirement.

EXECUTIVE OFFICE
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|--------------|---|---------------------|--|--------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$0 | \$0 | \$0 | -- | \$0 | \$0 | -- |
| Federal | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 0 | 0 | 0 | -- | 0 | 0 | -- |
| GF/GP | 4,630,800 | 4,399,200 | (231,600) | (5.0) | 4,399,200 | 0 | 0.0 |
| Gross | \$4,630,800 | \$4,399,200 | (\$231,600) | (5.0) | \$4,399,200 | \$0 | 0.0 |
| FTEs | 84.2 | 84.2 | 0.0 | 0.0 | 84.2 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

| | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|-----------------------------------|-----------------------------|-----------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Budget Changes From FY 2010-11 YTD Appropriations | | | |
| 1. Line Item Roll-Ups | | | |
| Current year budget contains 4 line items. Executive budget contains 1 line item. House budget contains 4 line items. | | | |
| 2. GF/GP Reductions | Gross | N/A | (\$212,200) |
| Reflects a savings to be achieved through administrative reductions. | GF/GP | N/A | (\$212,200) |
| | | | \$0 |
| 3. SOCC Reduction | Gross | \$288,300 | (\$19,400) |
| Reflects a savings due to the 10% reduction in the Governor's and Lieutenant Governor's salaries implemented January 1, 2011. This figure is the amount of savings that will occur in the first three months of FY 2011-12. | GF/GP | \$288,300 | (\$19,400) |
| | | | \$0 |

Boilerplate Changes From FY 2010-11

There is no boilerplate for the Executive Office.

LEGISLATURE
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|--------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$250,000 | \$250,000 | \$0 | 0.0 | \$250,000 | \$0 | 0.0 |
| Federal | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 400,000 | 400,000 | 0 | 0.0 | 400,000 | 0 | 0.0 |
| Restricted | 1,109,800 | 1,109,800 | 0 | 0.0 | 1,109,800 | 0 | 0.0 |
| GF/GP | 100,574,300 | 98,573,400 | (2,000,900) | (2.0) | 98,573,400 | 0 | 0.0 |
| Gross | \$102,334,100 | \$100,333,200 | (\$2,000,900) | (2.0) | \$100,333,200 | \$0 | 0.0 |
| FTEs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. 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. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

| | House Changes | | |
|--|-----------------------------------|-----------------------------|-----------------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |

Budget Changes From FY 2010-11 YTD Appropriations

1. Line Item Roll-Ups

Current year budget contains 15 line items. Executive budget contains 1 line item. House budget contains 12 line items.

2. GF/GP Reductions

Reflects a savings to be achieved through administrative reductions.

| | Gross | N/A | (\$2,000,900) | \$0 |
|--|-------|-----|---------------|-----|
| | GF/GP | N/A | (\$2,000,900) | \$0 |

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2011-12 and FY 2012-13 Executive budget recommendations and in the proposed House budget, but appears separate in this document.**

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

None

LEGISLATIVE AUDITOR GENERAL
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|---------------------|--|------------|---------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$2,301,500 | \$3,501,500 | \$1,200,000 | 52.1 | \$3,501,500 | \$0 | 0.0 |
| Federal | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 1,539,900 | 1,539,900 | 0 | 0.0 | 1,539,900 | 0 | 0.0 |
| GF/GP | 11,155,000 | 10,597,000 | (558,000) | (5.0) | 10,597,000 | 0 | 0.0 |
| Gross | \$14,996,400 | \$15,638,400 | \$642,000 | 4.3 | \$15,638,400 | \$0 | 0.0 |
| FTEs | 0.0 | 0.0 | 0.0 | -- | 0.0 | 0.0 | -- |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

| | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|-----------------------------------|-----------------------------|-----------------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Budget Changes From FY 2010-11 YTD Appropriations | | | |
| 1. Line Item Roll-Ups | | | |
| Current year budget contains 2 line items. Executive budget contains 1 line item. House budget contains 2 line items. | | | |
| 2. GF/GP Reductions | | | |
| Reflects a savings to be achieved through administrative reductions. | Gross GF/GP | N/A N/A | (\$558,000) (\$558,000) |
| | | | \$0 \$0 |
| 3. Fund Source Adjustment | | | |
| Adjusts the budget to reflect the costs of conducting single audits in a line item appropriation. Prior to this, authorization was provided via boilerplate. | Gross IDG | \$958,600 958,600 | \$1,700,000 1,700,000 |
| | | | \$0 0 |
| 4. Technical Adjustment | | | |
| Reduces funding authorized to be received from the Department of Corrections. This funding was included in the FY 2010-11 DOC budget, but was vetoed by the Governor. | Gross IDG | \$500,000 500,000 | (\$500,000) (500,000) |
| | | | \$0 0 |

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2011-12 and FY 2012-13 Executive budget recommendations and in the proposed House budget, but appears separate in this document.**

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Boilerplate Changes From FY 2010-11

Sec. 624. Statewide Single Audit – NEW

Requires a report regarding the feasibility of converting to a statewide single audit; report to include costs involved, required statutory changes, impact on legislative oversight, organizational changes necessary to provide centralized coordination, billing and funding structure changes, corrective action for known internal control weaknesses and prior single audit findings, and a recommendation on implementation.

Sec. 625. Appropriation of FY 2011 GF/GP Lapse – NEW

Authorizes up to \$905,000 of FY 2011 lapsed GF/GP funding to be appropriated for funding the cost of economic increases.

DEPARTMENT OF STATE
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Ben Gielczyk

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|--------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$20,000,000 | \$20,000,000 | \$0 | 0.0 | \$20,000,000 | \$0 | 0.0 |
| Federal | 1,810,000 | 1,810,000 | 0 | 0.0 | 1,810,000 | 0 | 0.0 |
| Local | 0 | 0 | -- | 0.0 | 0 | 0 | -- |
| Private | 100 | 100 | 0 | 0.0 | 100 | 0 | 0.0 |
| Restricted | 177,799,500 | 178,788,700 | 989,200 | 0.6 | 183,142,400 | 4,353,700 | 2.4 |
| GF/GP | 13,910,800 | 11,286,200 | (2,624,600) | (18.9) | 11,586,000 | 299,800 | 2.7 |
| Gross | \$213,520,400 | \$211,885,000 | (\$1,635,400) | (0.8) | \$216,538,500 | \$4,653,500 | 2.2 |
| FTEs | 1,815.0 | 1,815.0 | 0.0 | 0.0 | 1,815.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety, which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

| Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | | |
|---|---|-------------------------------------|-------------------------------|--|--|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 1. Line Item Roll-Ups | Current year budget contains 22 line items. Executive budget contains 4 line items. House budget contains 8 line items. | | | | |
| 2. State Officers Compensation Commission Adjustment | Reflects savings of \$3,300 Gross and GF/GP due to the 10.0% reduction in the Secretary of State's salary implemented on January 1, 2011. This amount reflects savings that will occur in first three months of FY 2011-12. No changes recommended in FY 2012-13. | Gross GF/GP | \$115,800 \$115,800 | (\$3,300) (\$3,300) | \$0 \$0 |
| 3. Early Retirement Savings | Includes reduction of \$631,300 Gross and GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program. No changes recommended in FY 2012-13. | Gross GF/GP | N/A N/A | (\$621,300) (\$621,300) | \$0 \$0 |
| 4. General Fund Reduction | Reduction of \$2.1 million Gross and GF/GP to be achieved through cost savings within the department. No changes recommended in FY 2012-13. | Gross GF/GP | N/A N/A | (\$2,100,000) (\$2,100,000) | \$0 \$0 |
| 5. Economic Adjustments | Reflects increased costs of \$1.1 million Gross and \$100,000 GF/GP associated with employee benefit costs and other economic adjustments. Additional increase of \$4.7 million Gross and \$299,800 GF/GP for FY 2012-13. | Gross Restricted GF/GP | N/A N/A N/A | \$1,089,200 989,200 \$100,000 | \$4,653,500 4,353,700 \$299,800 |

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 705 (5). Department Publications Report – DELETED

Requires report on gifts, donations, contributions, and grants used to underwrite departmental publications along with information on the total revenue received from paid advertising in those publications.

Sec. 706. Help America Vote Act – DELETED

Requires Department of State (DOS) to report on activities and successes of department's enforcement and compliance with provisions contained in Help America Vote Act of 2002.

Sec. 716. Motorcycle Safety Education Program – DELETED

Requires appropriation for Motorcycle Safety Education Grants and Administration to be used for program operation; requires funding to be derived from license endorsements and registration and testing fees; requires funding to be used to help subsidize safety training courses for individuals interested in operating motorcycles. (Funding maintained for program.)

Sec. 716b. Business Application Modernization Project Report – DELETED

Requires the DOS to report on funding expended for the BAM project since its inception.

Sec. 716c. Network Connectivity – DELETED

Requires a report that includes an assessment of the optimal network connectivity in branch offices and makes recommendations on how to best meet the demands of increased online transactions.

Sec. 717 (3). Accept Gifts to Support Department Activities Report – DELETED

Requires report of gifts, donations, and contributions received in the prior year to support licensing, regulation, and safety functions.

Sec. 718. Buena Vista Township Branch Office – DELETED

Requires DOS to maintain a full-service branch office in Buena Vista Township.

Sec. 719. General Fund Expenditures – DELETED

Requires DOS to use available restricted funding for expenditures before using general fund dollars.

Sec. 720. Branch Office Relocation in Urban Areas – DELETED

Encourages DOS to locate branch offices in urban areas rather than greenfield sites.

TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Robin R. Risko

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|------------------------|--|------------|------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$586,552,900 | \$608,968,900 | \$22,416,000 | 3.8 | \$611,470,400 | \$2,501,500 | 0.4 |
| Federal | 2,682,000 | 2,803,400 | 121,400 | 4.5 | 3,134,500 | 331,100 | 11.8 |
| Local | 1,380,400 | 1,456,600 | 76,200 | 5.5 | 1,504,800 | 48,200 | 3.3 |
| Private | 170,800 | 180,600 | 9,800 | 5.7 | 186,800 | 6,200 | 3.4 |
| Restricted | 83,827,300 | 85,374,400 | 1,547,100 | 1.8 | 88,556,500 | 3,182,100 | 3.7 |
| GF/GP | 299,748,800 | 307,513,400 | 7,764,600 | 2.6 | 319,863,800 | 12,350,400 | 4.0 |
| Gross | \$974,362,200 | \$1,006,297,300 | \$31,935,100 | 3.3 | \$1,024,716,800 | \$18,419,500 | 1.8 |
| FTEs | 2,972.5 | 2,986.5 | 14.0 | 0.5 | 2,986.5 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Department of Technology, Management, and Budget is an interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state buildings, state purchasing programs, and the state's retirement systems; supervising the state's motor vehicle fleet; providing office and building support services to state agencies; and acting as a general contractor between the state's information technology users and private sector providers of information technology products and services. The Department houses the Office of the State Budget, which prepares, presents, and executes the state budget on behalf of the Governor, and several other autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, State Building Authority, and Civil Service Commission.

| | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|-----------------------------------|-----------------------------|-----------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Budget Changes From FY 2010-11 YTD Appropriations | | | |
| 1. Line Item Roll-Ups | | | |
| Current year budget contains 36 line items. Executive budget contains 6 line items. House budget contains 16 line items. | | | |
| MANAGEMENT AND BUDGET | Gross | \$241,870,600 | \$15,000,000 |
| 2. SBA Rent Increase | GF/GP | \$241,870,600 | \$15,000,000 |
| Includes additional funding for State Building Authority rent payments to be made for state financed capital outlay projects for state agencies, universities, and community colleges. Adjustments are made based on a number of factors including project start and end dates, delays, refinancing, refunding, the number of current projects underway, and assumptions of upcoming financing needs for planned projects. | | | |
| 3. Management and Budget GF/GP Reductions | Gross | N/A | (\$3,137,400) |
| Reflects a savings to be achieved by eliminating vacant positions; identifying and reducing duplicate functions; allocating more administrative costs to IDG and restricted fund sources resulting in GF/GP savings; reducing contractual services, rent, overtime and administrative support costs; and eliminating the Detroit mail substation. | IDG | N/A | (612,300) |
| | Rest | N/A | (732,600) |
| | GF/GP | N/A | (\$1,792,500) |
| 4. Management and Budget Early Retirement Savings | Gross | N/A | (\$1,529,300) |
| Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program. | GF/GP | N/A | (\$1,529,300) |

| Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | | |
|--|---|-------------------------------------|-------------------------------------|--------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 5. Gubernatorial Transition | Gross | \$1,500,000 | (\$1,500,000) | \$0 |
| Eliminates the one-time appropriation included in the FY 2010-11 budget for costs associated with the gubernatorial transition. Funding was used for both the outgoing and incoming governors and covered expenses associated with staff, leave payments, unemployment benefits, office space, supplies, moving, and other related costs. | GF/GP | \$1,500,000 | (\$1,500,000) | \$0 |
| 6. DMB/DIT Consolidation | FTE | N/A | 39.0 | 0.0 |
| Reflects the transfer of FTE positions and associated funding from the former Department of Information Technology as a result of consolidating the Departments of Management and Budget and Information Technology pursuant to EO 2009-55. | Gross | N/A | \$1,400,000 | \$0 |
| | IDG | N/A | 1,400,000 | 0 |
| 7. Accounting Service Consolidation | FTE | N/A | 14.0 | 0.0 |
| Includes additional FTE positions and associated funding to reflect the transfer of accounting functions from the Departments of Military and Veterans Affairs and State Police to the Department of Technology, Management, and Budget. | Gross | N/A | \$1,593,200 | \$0 |
| | IDG | N/A | 1,593,200 | 0 |
| 8. Building Operations Reductions | Gross | \$88,347,300 | (\$1,250,000) | \$0 |
| Reflects a savings from reorganizing and restructuring building operations staff and not filling vacant positions. | IDG | 88,347,300 | (1,250,000) | 0 |
| 9. Eliminate Professional Development Funds | Gross | \$225,000 | (\$225,000) | \$0 |
| Reflects a savings due to elimination of professional development funds for the AFSCME and MPE-SEIU bargaining units. | IDG | 225,000 | (225,000) | 0 |
| 10. SWCAP-related Fund Source Shifts | Gross | N/A | \$0 | \$0 |
| Adjusts IDG, state restricted, and GF/GP fund sources in order to reflect how departmental and statewide overhead costs should be financed according to the most recent Statewide Cost Allocation Plan (SWCAP). The plan allocates the costs of providing central support services to other state departments and their respective fund sources. | IDG | N/A | 101,100 | 0 |
| | Rest | N/A | 293,600 | 0 |
| | GF/GP | N/A | (\$394,700) | \$0 |
| 11. Fund Source and Technical Adjustments | Gross | N/A | (\$1,100) | \$0 |
| Adjusts fund sources and makes technical adjustments to reflect where expenditures are anticipated to occur. | IDG | N/A | 59,700 | 0 |
| | Rest | N/A | (111,000) | 0 |
| | GF/GP | N/A | \$50,200 | \$0 |
| 12. Management and Budget Economics | Gross | N/A | \$3,175,100 | \$9,819,500 |
| Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. Also includes additional funding for economic adjustments to be made in FY 2012-13. (The change from FY 2011 to FY 2012 represents economics for Management and Budget only. The change from FY 2012 to FY 2013 represents total economics for Management and Budget, Technology Services, and Civil Service Commission.) | IDG | N/A | 1,340,900 | 2,501,500 |
| | Fed | N/A | 0 | 331,100 |
| | Local | N/A | 0 | 48,200 |
| | Private | N/A | 0 | 6,200 |
| | Rest | N/A | 730,100 | 3,182,100 |
| | GF/GP | N/A | \$1,104,100 | \$3,750,400 |
| 13. Targeted GF/GP Reductions | Gross | N/A | (\$512,200) | \$0 |
| House reduces GF/GP funding for department operations. | GF/GP | N/A | (\$512,200) | \$0 |

| | | <u>House Changes</u> | | | |
|--|--|---|-------------------------------------|-------------------------------------|------------|
| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> | |
| TECHNOLOGY SERVICES | | Gross | \$415,136,100 | \$7,907,900 | \$0 |
| 14. <i>Align IDGs with FY 2011 Enacted</i> | | IDG | 415,136,100 | 7,907,900 | 0 |
| Adjusts the Technology Services budget to reflect FY 2011 enacted appropriations in other state department budgets: | | | | | |
| <ul style="list-style-type: none"> • Increases Agriculture by \$32,000 • Decreases DOC by \$600,000 • Decreases DOE by \$85,000 • Increases DHS by \$8.9 million • Decreases DMVA by \$153,200 • Decreases DNRE by \$18,700 • Increases DSP by \$196,800 • Decreases MDOT by \$356,000 | | | | | |
| 15. <i>Program Enhancements</i> | | Gross | \$415,136,100 | \$14,234,900 | \$0 |
| Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets: | | IDG | 415,136,100 | 14,234,900 | 0 |
| <ul style="list-style-type: none"> • DCH - \$8.9 million for the HIPPA Electronic Transaction Standards and International Classification of Diseases projects • DHS - \$2.7 million for the Statewide Automated Child Welfare Information System • DELEG - \$1.8 million for Michigan Business One Stop, an integrated approach to simplifying business-to-government transactions • DHS - \$792,300 for new IT staff as a result of the Children's Rights lawsuit | | | | | |
| 16. <i>Eliminate Program Funding</i> | | Gross | \$415,136,100 | (\$656,000) | \$0 |
| Reflects elimination of funding in various department budgets for programs no longer needing funding: | | IDG | 415,136,100 | (656,000) | 0 |
| <ul style="list-style-type: none"> • DCH - \$401,000 for Electronic Death Registry • DHS - \$255,000 one-time funding for development of the LEIN/Bridges interface | | | | | |
| 17. <i>Technology Services Early Retirement Savings</i> | | Gross | N/A | (\$2,795,500) | \$0 |
| Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program. | | IDG | N/A | (2,795,500) | 0 |
| 18. <i>DMB/DIT Consolidation</i> | | FTE | N/A | (39.0) | 0.0 |
| Reflects the transfer of FTE positions and associated funding to the former Department of Management and Budget as a result of consolidating the Departments of Management and Budget and Information Technology pursuant to EO 2009-55. | | Gross | N/A | (\$1,431,100) | \$0 |
| | | IDG | N/A | (1,431,100) | 0 |
| 19. <i>Technology Services Budget Reductions</i> | | Gross | N/A | (\$1,256,900) | \$0 |
| Reflects a savings to be achieved in various department budgets by aligning the number of desktops with the number of agency IT staff, closing worksites and reducing IT connectivity, not filling vacant IT positions, reducing server and other equipment purchases, and reducing contractual services. | | IDG | N/A | (1,256,900) | 0 |
| <ul style="list-style-type: none"> • Civil Rights savings of \$150,000 • DEQ savings of \$270,000 • DTMB savings of \$257,400 • DNR savings of \$80,600 • DSP savings of \$359,900 • Treasury savings of \$139,000 | | | | | |
| 20. <i>Fund Source Adjustments</i> | | Gross | N/A | (\$1,500,400) | \$0 |
| Aligns fund sources to reflect funding actually received: | | IDG | N/A | (1,500,400) | 0 |
| <ul style="list-style-type: none"> • Agriculture - \$160,000 • DNR - \$32,100 • DSP - \$1.3 million | | | | | |

| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 21. Technology Services Economics | Gross | N/A | \$5,477,600 | \$0 |
| Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. (FY 2012-13 economic adjustments are included in #12 above.) | IDG | N/A | 5,477,600 | 0 |
| CIVIL SERVICE COMMISSION | Gross | N/A | (\$2,000,000) | \$0 |
| 22. Civil Service Commission GF/GP Reductions | GF/GP | N/A | (\$2,000,000) | \$0 |
| Reflects a savings to be achieved by not filling vacant positions. | | | | |
| 23. Civil Service Commission Early Retirement Savings | Gross | N/A | (\$1,616,400) | \$0 |
| Includes a reduction to reflect the amount of full-year savings anticipated to occur as a result of the FY 2010-11 early retirement program. | GF/GP | N/A | (\$1,616,400) | \$0 |
| 24. Human Resources Consolidation | Gross | N/A | \$277,800 | \$0 |
| Includes funding from the Department of Corrections for FTE positions that were transferred as a result of human resources consolidation efforts. | GF/GP | N/A | \$277,800 | \$0 |
| 25. Civil Service Commission Economics | Gross | N/A | \$2,612,100 | \$0 |
| Includes additional funding for economic adjustments to be made for insurance, retirement, and workers' compensation costs and for building occupancy charges in FY 2011-12. (FY 2012-13 economic adjustments are included in #12 above.) | IDG | N/A | 129,400 | 0 |
| | Federal | N/A | 121,400 | 0 |
| | Local | N/A | 76,200 | 0 |
| | Private | N/A | 9,800 | 0 |
| | Restricted | N/A | 1,265,500 | 0 |
| | GF/GP | N/A | \$1,009,800 | \$0 |
| 26. Targeted GF/GP Reductions | Gross | N/A | (\$332,200) | \$0 |
| House reduces GF/GP funding for Civil Service Commission operations. | GF/GP | N/A | (\$332,200) | \$0 |

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

MANAGEMENT AND BUDGET

Sec. 813.(6) Motor Vehicle Fleet – NEW

Requires the department to use remanufactured parts, if economically feasible, when repairing fleet vehicles.

Sec. 815. Purchasing Decisions – DELETED

Sets guidelines for determining whether a purchase, contract, or provision of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and other items for state departments is in the best interest of the state.

TECHNOLOGY SERVICES

Sec. 823.(4) Sale of Paid Advertising – DELETED

Requires report on DTMB website of revenue received and number of advertising transactions.

Sec. 824. Spatial Information and Technical Services – REVISED

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; deletes requirement to report fund sources and expenditures.

Sec. 829. Life-Cycle of Hardware and Software – DELETED

Requires report which analyzes and makes recommendations on life-cycle of IT hardware and software.

Sec. 830. Change Orders and Follow-Up On Contracts – REVISED

Requires report on change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB (changed from \$25,000).

CAPITAL OUTLAY - UNIVERSITIES AND COMMUNITY COLLEGES

Sec. 876. Joint Capital Outlay Subcommittee (JCOS) Authorization – DELETED

Requires JCOS approval of self-funded projects estimated to cost at least \$3.0 million for universities and \$2.0 million for community colleges; exempts U of M hospital and health center; and requires reports on projects commenced.

DEPARTMENT OF TREASURY
Summary: As Passed by the House
Article VIII, House Bill 4526 (H-3) as Amended



Analyst: Ben Gielczyk

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|------------------------|--|--------------|------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$14,376,400 | \$14,421,600 | \$45,200 | 0.3 | \$14,421,600 | \$0 | 0.0 |
| Federal | 262,691,600 | 257,374,300 | (5,317,300) | (2.0) | 257,448,300 | 74,000 | 0.0 |
| Local | 2,054,000 | 2,099,200 | 45,200 | 2.2 | 2,099,200 | 0 | 0.0 |
| Private | 843,600 | 350,000 | (493,600) | (58.5) | 350,000 | 0 | 0.0 |
| Restricted | 1,524,721,000 | 1,437,287,500 | (87,433,500) | (5.7) | 1,475,196,200 | 37,908,700 | 2.6 |
| GF/GP | 120,937,800 | 202,413,100 | 81,475,300 | 67.4 | 193,475,800 | (8,937,300) | (4.4) |
| Gross | \$1,925,624,400 | \$1,913,945,700 | (\$11,678,700) | (0.6) | \$1,942,991,100 | \$29,045,400 | 1.5 |
| FTEs | 2,199.5 | 2,208.5 | 9.0 | 0.4 | 2,208.5 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and are not legally-binding appropriations.

Overview

The Department of Treasury is the chief fiscal agency of the state and 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. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

| | House Changes | | |
|---|-----------------------------------|-----------------------------|-----------------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Budget Changes From FY 2010-11 YTD Appropriations | | | |
| 1. Line Item Roll-Ups | | | |
| Current year budget contains 63 line items. Executive budget contains 11 line items. House budget contains 39 line items. | | | |
| 2. Debt Service Requirements | Gross | \$57,632,800 | \$83,295,200 |
| Reflects increased debt service costs of \$83.3 million GF/GP due to scheduled payment requirements and new issues based on short-term restructuring to achieve FY 2010-11 savings. No changes recommended for FY 2012-13. | GF/GP | \$42,118,300 | \$83,295,200 |
| 3. Presidential Primary Costs | Gross | N/A | \$10,000,000 |
| Includes \$10.0 million GF/GP for anticipated costs associated with the next presidential primary. Funds are eliminated in FY 2012-13. | GF/GP | N/A | \$10,000,000 |
| 4. Payment in Lieu of Taxes | Gross | \$12,956,400 | (\$2,618,400) |
| Reflects 15.0% reduction in payment in lieu of taxes (PILT) to local governments as recommended by Executive. House included additional \$239,000 reduction. Reduction totals \$2.6 million Gross and \$1.8 million GF/GP. Gross figure includes additional \$513,000 Restricted fund reduction to reflect current year reduction to general fund. No changes recommended for FY 2012-13. | Restricted | 2,450,000 | (803,400) |
| | GF/GP | \$10,506,400 | (\$1,815,000) |
| 5. Land Bank Fast Track Authority Revolving Fund Loan | Gross | N/A | \$1,000,000 |
| Includes \$1.0 million Federal from the USA Environmental Protection Agency Revolving Loan Fund for cleanup activities at eligible Brownfield sites. | Federal | N/A | 1,000,000 |

| | | <u>House Changes</u> | | | |
|---|--|---|-------------------------------------|-------------------------------------|---------------------|
| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> | |
| 6. Unclaimed Property Legislation Costs | | FTE | N/A | 5.0 | 0.0 |
| Includes \$700,000 Gross and 5.0 FTEs for continuing staff costs associated with FY 2010-11 legislation (PA 197 of 2010) altering period of years after which unclaimed property escheats to the state. | | Gross | N/A | \$700,000 | \$0 |
| | | Restricted | N/A | 700,000 | 0 |
| 7. Senior Citizen Cooperative Housing | | Gross | \$14,520,000 | (\$2,500,000) | \$0 |
| Reduces funding by \$2.5 million GF/GP to reflect required scheduled payment amount. | | GF/GP | \$14,520,000 | (\$2,500,000) | \$0 |
| 8. Department General Fund Reduction | | Gross | N/A | (\$905,500) | \$0 |
| Reflects 3.0% across-the-board reduction to Department of Treasury administrative functions. Reduction totals \$905,500 GF/GP. | | GF/GP | N/A | (\$905,500) | \$0 |
| 9. Business Property Tax Appeal | | Gross | \$900,000 | (\$600,000) | \$0 |
| Reduces by \$600,000 GF/GP for expected savings associated with proposed legislation that will adjust concerns on definition of personal property and thereby reduce appeals. | | GF/GP | \$900,000 | (\$600,000) | \$0 |
| 10. Fund Source Shifts | | Gross | N/A | \$0 | \$0 |
| Reflects \$1.4 million in fund source shifts from various fund sources to state restricted funds. | | IDG/IDT | N/A | (169,000) | 0 |
| | | Federal | N/A | (1,184,200) | 0 |
| | | Restricted | N/A | 1,353,200 | 0 |
| 11. Targeted General Fund Reductions | | Gross | N/A | (\$749,400) | \$0 |
| Includes targeted GF/GP reductions to various line items which total (\$749,400) GF/GP. Includes reductions in FY 2012-13 recommendations. | | GF/GP | N/A | (\$749,400) | \$0 |
| CASINO GAMING | | | | | |
| 12. Michigan Gaming Control Board Auditor | | FTE | N/A | 1.0 | 0.0 |
| Includes \$90,200 Gross and 1.0 FTE to staff one new auditor required for audits for recently opened tribal casinos. | | Gross | N/A | \$90,200 | \$0 |
| | | Restricted | N/A | 90,200 | 0 |
| REVENUE SHARING | | | | | |
| 13. Constitutional Revenue Sharing | | Gross | \$633,481,800 | \$25,497,500 | \$21,456,800 |
| Reflects projected increase of \$25.5 million Gross in Constitutional revenue sharing from FY 2010-11 appropriation. The FY 2011-12 figure is based on January 2011 Consensus Revenue Estimating Conference (CREC) estimates. Includes projected increase of \$21.5 million Gross for FY 2012-13. | | Restricted | 633,481,800 | \$25,497,500 | \$21,456,800 |
| 14. Economic Vitality Incentive Program | | Gross | \$307,061,700 | (\$107,061,700) | \$0 |
| Eliminates Statutory Revenue Sharing and replaces with Economic Vitality Incentive Program for CVTs. Details of program described in accompanying boilerplate section 951. Reflects a net reduction of \$107.1 million Gross for FY 2011-12. No changes recommended for FY 2012-13. | | Restricted | 307,061,700 | (107,061,700) | 0 |
| 15. County Revenue Sharing | | Gross | \$114,740,700 | (\$14,740,700) | \$10,644,200 |
| Reduces county revenue sharing payments by \$14.7 million Gross from FY 2010-11 appropriation for the 50 counties that will have exhausted reserve funds in FY 2011-12. Includes increase of \$10.6 million Gross for FY 2012-13. | | Restricted | 114,740,700 | (14,740,700) | 10,644,200 |
| MICHIGAN STRATEGIC FUND | | | | | |
| 16. Michigan Strategic Fund Fund Source Adjustments | | FTE | N/A | 3.0 | 0.0 |
| Reduces by \$6.5 million Gross to reflect adjustments to various fund source revenue by aligning restricted fund sources with anticipated collections in those funds. | | Gross | N/A | (\$6,543,600) | \$0 |
| | | IDG/IDT | N/A | (\$50,000) | 0 |
| | | Federal | N/A | (6,000,000) | 0 |
| | | Private | N/A | (493,600) | 0 |

House Changes

| <u>Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 17. Michigan Promotion Program | Gross | \$5,402,800 | (\$5,402,800) | \$0 |
| Reflects \$5.4 million GF/GP reduction due to the elimination of the Michigan Promotion Program line-item. Executive changed program to Pure Michigan and funded with 21st Century Jobs Trust Fund (see below). | GF/GP | \$5,402,800 | (\$5,402,800) | \$0 |
| 18. 21st Century Jobs Trust Fund Programmatic Changes | Gross | \$75,000,000 | \$0 | \$0 |
| Reflects programmatic and funding changes for 21st Century Jobs Trust Fund appropriations. The following programs will be funded with the \$75.0 million 21st Century Jobs Trust Fund allocation: | Restricted | 75,000,000 | 0 | 0 |
| <ul style="list-style-type: none"> • Pure Michigan: \$25.0 million Gross • Innovation and Entrepreneurship: \$25.0 million Gross • Business Attraction and Economic Gardening: \$25.0 million Gross | | | | |
| DEPARTMENTWISE ADJUSTMENTS | | | | |
| 19. Early Retirement Savings | Gross | N/A | (\$1,565,400) | \$0 |
| Includes reduction of \$1.6 million GF/GP to reflect full-year savings anticipated as a result of the FY 2010-11 early retirement program. No changes recommended for FY 2012-13. | GF/GP | N/A | (\$1,565,400) | \$0 |
| 20. Economics | Gross | N/A | \$10,425,900 | \$6,944,400 |
| Reflects increased costs of \$10.4 million Gross and \$1.7 million GF/GP associated with employee benefit costs and other economic adjustments. Additional increase of \$6.9 million Gross and \$1.1 million GF/GP for FY 2012-13. | IDG/IDT | N/A | 264,200 | 0 |
| | Federal | N/A | 866,900 | 74,000 |
| | Local | N/A | 45,200 | 0 |
| | Restricted | N/A | 7,531,400 | 5,807,700 |
| | GF/GP | N/A | \$1,718,200 | \$1,062,700 |

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 903(3). Tax Collection Contracts Report – DELETED

Requires report of agencies used for collection of accounts due to the state; amounts collected; cost of collection; and other information.

Sec. 905. Sale of Tax Manuals – DELETED

Requires Treasury to provide on their website and to sell copies of state tax manuals at a price not to exceed cost of printing; proceeds from sales are required to revert to Local Government Assistance Manual Revolving Fund.

Sec. 913(2). Senior Citizen Cooperative Housing Assessments Reporting – DELETED

Requires program audit and authorizes use of up to 1% of funds for these administration of program.

Sec. 917(2). Write-Offs and Advances Report – DELETED

Requires report stating amounts appropriated for write-offs and advances.

Sec. 919(2). Contracted Audit and Collection Services Report – DELETED

Requires report stating the amount collected, firms employed and costs of collection.

Sec. 922. Michigan Transportation Fund Report – DELETED

Requires Treasury to report on Michigan Transportation Fund revenue collected and costs of collection.

Sec. 930(2). Account Receivable Collection Services – DELETED

Requires stating the principal executive departments and state agencies served, funds collected, and costs of collection.

Sec. 931. Treasury Fees – REVISED

Appropriates individual components of Treasury fees assessed against all restricted funds, including new restricted funds, in current fiscal year; defines treasury fees.

Sec. 934. Expending of Authority Revenues – REVISED

Authorizes Treasury to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Removes maintenance of accounting records language.

Boilerplate Changes From FY 2010-11

Sec. 938. *Payment in Lieu of Taxes (PILT)* – DELETED

Specifies legislative intent that Department work with local units of government to improve the system for payments in lieu of taxes on purchased lands; requires report.

Sec. 939. *Pension Fund Investments* – DELETED

Specifies legislative intent that state treasurer consider investments in early stage, university-derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies.

Sec. 942. *Field Collection Report* – DELETED

Requires Department to report on efficacy of increased personnel for field collection (i.e. additional revenue collections as a result of additional field staff.)

Sec. 945. *Assessment and Certification Division Reviews* – REVISED

Requires assessment and certification division to conduct 14-point review in at least one assessment jurisdiction per county.

Sec. 948. *Electronic Income Tax Filing Report* – DELETED

Requires report on number of state income and single business tax returns filed on-line in preceding fiscal year.

Sec. 949. *Beverage Container Redemption Antifraud Fund* – DELETED

Requires that any funding for the beverage container redemption antifraud fund be used for the purposes described in the beverage redemption antifraud act. Specifies that any available funding after the distribution to the border counties be distributed to the next tier of counties north of the border counties.

Sec. 950. *Revenue Sharing* – REVISED

Specifies distribution of constitutional revenue sharing payments to cities, villages, and townships. Eliminates subsection outlining distribution of statutory revenue sharing payments due to elimination of statutory revenue sharing payments in FY 2011-12.

Sec. 951. *Economic Vitality Incentive Program* – NEW

Specifies distribution of \$200.0 million under new incentive program. Cities, villages, and townships that received a statutory revenue sharing payment in FY 2009-10 will be eligible for 62.96% of their FY 2009-10 statutory revenue sharing payment if certain criteria are met. Provides for redistribution of funds not distributed due to a failure to qualify. Provides \$5.0 million for assistance grants to cities, villages, townships, and counties that elect to merge government services.

LOTTERY

Sec. 964. *Privatization Study* – NEW

Requires Bureau of State Lottery to report on the feasibility of privatizing the administration of the state lottery.

CASINO GAMING

Sec. 973. *Local Revenue Sharing Boards* – REVISED

Authorizes using funds for local government programs to assist local revenue sharing boards; requires those boards to comply with Open Meetings and Freedom of Information acts; authorizes county treasurers to receive and administer revenue on behalf of boards; authorizes directors of State Police and Michigan Gaming Control Board to help local boards allocate funds to local public safety organizations; requires Treasury to report on revenue receipt and distribution. Includes new subsection requiring local revenue sharing boards to comply with all applicable provisions of any agreement authorized by the Indian Gaming Regulatory Act, including, but not limited to, provisions dealing with the disbursement of tribal casino payments received.

Sec. 979. *Thoroughbred Purses* – DELETED

Provides for the use of purse funds in the event that no live thoroughbred race meet is held in 2010 or 2011. Provides for funds to be escrowed and specifies purse pool distribution order.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 980. *Michigan State Housing Development Authority Annual Report* – DELETED

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs.

Sec. 981. *Michigan Broadband Development Authority Report* – DELETED

Requires the department and MSHDA to report on the status of loans entered into by the Michigan Broadband Development Authority.

Sec. 982. *Cities of Promise Blight Elimination Program Report* – DELETED

Requires MSHDA to provide a report on the Cities of Promise Blight Elimination Program.

Sec. 985. *Michigan Housing and Community Development Fund Transfer of Funds* – DELETED

Allows \$200,000 to be appropriated from the Michigan Housing and Community Development Fund to MSHDA for projects in sections 58c and 58d of the State Housing Development Authority Act. Requires report on the status of those projects.

MICHIGAN STRATEGIC FUND

Sec. 1004. *Travel Michigan Fees* – DELETED

Authorizes Travel Michigan program to establish and collect fees to cover costs of promotional materials.

Boilerplate Changes From FY 2010-11

Sec. 1021. 21st Century Jobs Funds Spending Reauthorization – NEW

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 127 of 2007. Funds are made available until September 30, 2016 and work project will not exceed \$75.0 million.

Sec. 1024. Small Business Innovation Research/Small Business Technology Transfer Programs – DELETED

Allocates not less than \$1.4 million from 21st Century Jobs Fund to Michigan Small Business and Technology Development Centers to be used for matching grants for Small Business Innovation Research and Small Business Technology Transfer programs.

Sec. 1024. Brownfield Redevelopment and Historic Preservation Incentives – NEW

Requires that 85 percent of the funds appropriated for business attraction and economic gardening be used for historic redevelopment incentives and historic preservation incentives.

Sec. 1025. Michigan Aerospace Manufacturers Association Allocation – DELETED

Requires \$250,000 of 21st Century Jobs Fund to be allocated to the Michigan Aerospace Manufacturers Association for organizational assistance and to advance and promote the aerospace manufacturing community in the state of Michigan.

Sec. 1027. Lakeshore Advantage Project – DELETED

Allocates \$3.0 million from 21st Century Jobs Fund to Lakeshore Advantage Project.

Sec. 1028. 21st Century Jobs Trust Fund Limit on Spending – DELETED

Caps amount that can be awarded or committed to \$25.0 million during the first quarter of the fiscal year.

Sec. 1029. 21st Century Jobs Funds Spending Reauthorization – DELETED

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 225 of 2005.

Sec. 1030. Grant to Detroit Institute of Arts – DELETED

Appropriates up to \$10.0 million from the unreserved general fund general purpose balance to the MSF as a grant to the Detroit Institute of Arts.

Sec. 1034. Business Incubator Program – DELETED

Stipulates funding be awarded competitively to business incubators in ten counties or cities. Requires that \$1.3 million in 21st Century Jobs Trust Fund funding be used to fund business incubators.

DEPARTMENT OF HUMAN SERVICES
Summary: As Passed by the House
Article X, House Bill 4526 (H-3) as Amended



Analysts: Kevin Koorstra and Bob Schneider

| | FY 2010-11 | FY 2011-12 | Difference: FY 2011-12 | | FY 2012-13 | Difference: FY 2012-13 | |
|-------------------|-------------------------------|------------------------|------------------------|----------------|------------------------|------------------------|------------|
| | Year-to-Date as of 2/17/11 | | House | Vs. FY 2010-11 | | Vs. FY 2011-12 | House |
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$1,230,300 | \$1,243,100 | \$12,800 | 1.0 | \$1,256,200 | \$13,100 | 1.1 |
| Federal | | | | | | | |
| ARRA | 774,767,800 | 549,632,400 | (225,135,400) | (29.1) | 549,632,400 | 0 | 0.0 |
| Non-ARRA | 5,140,056,800 | 5,103,513,800 | (36,543,000) | (0.7) | 5,057,504,700 | (46,009,100) | (0.9) |
| Local | 33,925,700 | 30,573,600 | (3,352,100) | (9.9) | 30,473,200 | (100,400) | (0.3) |
| Private | 14,483,500 | 16,336,100 | 1,852,600 | 12.8 | 16,485,600 | 149,500 | 0.9 |
| Restricted | 60,433,500 | 90,929,400 | 30,495,900 | 50.5 | 90,984,500 | 55,100 | 0.1 |
| GF/GP | 924,018,100 | 1,066,207,600 | 142,189,500 | 15.4 | 1,154,444,300 | 88,236,700 | 8.3 |
| Gross | \$6,948,915,700 | \$6,858,436,000 | (\$90,479,700) | (1.3) | \$6,900,780,900 | \$42,344,900 | 0.6 |
| FTEs | 11,869.5 | 11,554.5 | (315.0) | (2.7) | 11,554.5 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, child care and other emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

| | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|-----------------------------------|-----------------------------|-----------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| Major Budget Changes From FY 2010-11 YTD Appropriations | | | |
| 1. Child Welfare Services: Annualize Staff Added during FY11 | FTE 684.0 | 0.0 | 0.0 |
| | Gross \$47,838,600 | \$29,723,600 | \$0 |
| Annualizes funding for 335 child welfare staff to be hired during FY 2010-11. Fiscal Year 2010-11 budget increased child welfare staffing by \$47.8 million for 684 additional FTEs. However, only partial-year funding was provided for 335 of these positions. These FTEs are appropriated to meet the caseload to worker ratios as required in the Children's Rights settlement agreement. By October 1, 2011 direct foster care staff can have a caseload to worker ratio of no more than 15:1. | Federal 10,727,600 | 7,534,200 | 0 |
| | GF/GP \$37,111,000 | \$22,189,400 | \$0 |
| 2. Child Welfare Services: Annualize Shift to Private Agency Administration | Gross \$5,924,600 | \$30,106,700 | \$0 |
| Increases funding for private foster care administration by \$30.1 million. FY 2010-11 budget increased funding by \$5.9 million to transfer 2,625 (or 15%) publicly administered foster care cases to private child placing agencies during the last quarter. The intent of the transfer of foster care cases to the private agencies is to help the local DHS offices meet the 15:1 case to worker ratio as mandated by the Children's Rights settlement agreement. | Federal 1,777,400 | 9,662,500 | 0 |
| | GF/GP \$4,147,200 | \$20,444,200 | \$0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | | House Changes | | |
|---|--------------|---|-------------------------------------|-------------------------------------|
| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 3. Child Welfare Services: Private Agency Administrative Rate Changes | Gross | N/A | \$1,894,400 | \$0 |
| Increases appropriations \$2.8 million to increase private adoption rates by 15%. Also reduces specialized independent living administrative rates by 50% of the difference between the current specialized rates and the general independent living administrative rate saving \$877,600. | Federal | N/A | 351,300 | 0 |
| | GF/GP | N/A | \$1,543,100 | \$0 |
| 4. Child Welfare Services: Other Changes | Gross | N/A | \$4,701,400 | (\$4,000,000) |
| Increases funding \$4.0 million for the second needs assessment as required by the Children's Rights settlement agreement and increases appropriations \$2.7 million for IT upgrades. Also reduces guardianship assistance \$1.0 million recognizing prior year lapses and eliminates the partial tuition reimbursement for a savings of \$998,600. FY 2012-13 recommendation removes the \$4.0 million for the needs assessment. | Federal | N/A | 665,300 | 0 |
| | GF/GP | N/A | \$4,036,100 | (\$4,000,000) |
| 5. Child Welfare Caseloads | Gross | \$633,047,400 | (\$26,444,800) | \$956,300 |
| Reduces overall appropriations for child welfare program caseloads \$26.4 million. Foster care payments decrease \$12.4 million to fund an average caseload of 7,200. Adoption subsidy payments decrease \$2.1 million to fund an average caseload of 28,200. Child care fund decreases \$12.0 million (or 5.5%) to reflect caseload projection. Recommendation projects an \$1.0 million increase to fund FY 2012-13 child welfare caseloads. | Federal | 358,943,300 | 3,565,000 | 4,593,100 |
| | Local | 19,247,100 | (3,233,200) | (623,800) |
| | Private | 1,800,000 | 0 | 0 |
| | GF/GP | \$253,057,000 | (\$26,776,600) | (\$3,013,000) |
| 6. Temporary Assistance for Needy Families (TANF) Funding Adjustments | Gross | N/A | \$0 | \$0 |
| Increases GF/GP by \$181.8 million to offset one-time federal TANF revenues appropriated in FY 2010-11 that are no longer available. GF/GP is partially offset with \$38.8 million in new one-time TANF contingency funds. FY 2012-13 recommendation includes an additional \$62.6 million GF/GP to offset the one-time TANF revenue used to support FY 2011-12 programs and services. | Federal | N/A | (143,006,600) | (62,645,900) |
| | GF/GP | N/A | \$143,006,600 | \$62,645,900 |
| 7. TANF Fund Shift with Higher Education | Gross | \$0 | \$0 | \$0 |
| Transfers out federal TANF to Higher Education budget to fund financial aid programs and transfers in GF/GP and Merit Award Restricted Trust Funds from Higher Education to fund the Family Independence Program (FIP). This transfer improves the state's ability to meet federal TANF maintenance of effort (MOE) requirements and is consistent with supplemental adjustments made in previous fiscal years. Offsetting adjustments are made in the Higher Education budget. FY 2012-13 recommendation adjust fund shift to meet anticipated financial aid spending. | Federal | 0 | (93,826,400) | (8,760,000) |
| | Restricted | 0 | 30,100,000 | 0 |
| | GF/GP | \$0 | \$63,726,400 | \$8,760,000 |
| 8. Public Assistance Caseloads | Gross | \$706,383,700 | \$18,801,800 | \$8,700,000 |
| Increases funding for public assistance programs \$18.8 million. The Family Independence Program (FIP) increases \$10.3 million to fund an average caseload of 84,000. State Disability Assistance (SDA) decreases \$67,300 to fund an average caseload of 10,850. SSI supplementation increases \$4.1 million to fund 258,500 cases. Child Development and Care (CDC) increase \$4.5 million to fund 27,000 cases. Recommendation projects an additional \$8.7 million to fund FY 2012-13 public assistance caseloads. | Federal | 519,313,100 | 2,027,500 | 0 |
| | Restricted | 45,062,400 | 0 | 0 |
| | GF/GP | \$142,008,200 | \$16,774,300 | \$8,700,000 |
| 9. Family Independence Program: 48-Month Lifetime Limit | Gross | \$428,835,100 | (\$77,400,000) | \$0 |
| Reduces FIP \$77.4 million by implementing a retroactive 48-month lifetime limit for FIP cases. Exemptions to the lifetime limit would include having a physical or mental incapacity, caring for a disabled family member, being a victim of domestic violence, certain periods of pregnancy, or after giving birth. Assumes 12,600 cases (15% of the caseload) would have their benefits expire. | Federal | 374,130,200 | (12,400,000) | 0 |
| | Restricted | 32,784,100 | 0 | 0 |
| | GF/GP | \$21,920,800 | (\$65,000,000) | \$0 |

| | | House Changes | | | |
|---|--|-----------------------------------|-----------------------------|-----------------------------|--------------------|
| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| Major Budget Changes From FY 2010-11 YTD Appropriations | | | | | |
| 10. Family Independence Program: Earned Income Disregard | | Gross | \$428,835,100 | \$10,000,000 | \$0 |
| House increases earned income disregard for FIP case closure from \$200 + 20% to \$200 + 50% at a projected cost of \$10.0 million (earned income disregard for case opening would stay \$200 + 20%). GF/GP costs are partially offset with half of the FY 2010-11 funding for JET Plus (\$4.3 million) (Other \$4.3 million in JET Plus funding is available for FY 2012-13). | | Federal | 374,130,200 | 4,250,000 | 0 |
| | | Restricted | 32,784,100 | 0 | 0 |
| | | GF/GP | \$21,920,800 | \$5,750,000 | \$0 |
| 11. Family Independence Program: Other Reductions | | Gross | \$428,835,100 | (\$11,114,800) | \$0 |
| Reduces FIP \$1.2 million as a result of counting adoption subsidies as family income during the FIP benefit calculation. Also discontinues the policy of passing through the first \$50 in child support to the FIP recipients, increasing restricted revenues \$1.7 million and offsetting \$1.7 million in GF/GP. House reduces the FIP clothing allowance \$9.9 million by limiting clothing allowance for only the children in FIP groups that do not include an adult. | | Federal | 374,130,200 | 0 | 0 |
| | | Restricted | 32,784,100 | 1,700,000 | 0 |
| | | GF/GP | \$21,920,800 | (\$12,814,800) | \$0 |
| 12. Child Development and Care Reductions | | Gross | \$182,113,300 | (\$23,900,000) | \$0 |
| Reduces base child care subsidies from \$1.60 per child per hour to \$1.35 per child per hour for enrolled providers saving \$13.9 million in federal TANF funds. The enrolled providers would remain eligible to receive \$1.85 per child per hour if they complete additional training annually. House also reduces subsidy appropriations \$10.0 million by reducing maximum amount of reimbursable hours per case. The TANF funds are redirected elsewhere in the budget to offset GF/GP. | | Federal | 145,182,900 | 0 | 0 |
| | | GF/GP | \$36,930,400 | (\$23,900,000) | \$0 |
| 13. State Disability Assistance Rate Reduction | | Gross | \$34,765,000 | (\$12,124,500) | \$0 |
| House reduces SDA rates for persons in independent living arrangements from \$269 per month to \$175 per month SDA is a cash assistance program for disabled adults without children. | | Restricted | 12,278,300 | (1,437,800) | 0 |
| | | GF/GP | \$22,486,700 | (\$10,686,700) | \$0 |
| 14. Local Office: Staff Reduction | | FTE | N/A | (300.0) | 0.0 |
| Reduces local office staff by 300 positions with the assumption that the savings can be realized through attrition rather than layoffs. DHS states that increases in workload for remaining local office staff can be mitigated through IT improvements and the other local office adjustments outlined in item 15 below. | | Gross | N/A | (\$19,534,800) | \$0 |
| | | Federal | N/A | (7,178,400) | 0 |
| | | GF/GP | N/A | (\$12,356,400) | \$0 |
| 15. Local Office: Other Adjustments | | FTE | N/A | 57.0 | 0.0 |
| Appropriates 50 additional outstationed eligibility specialists to determine Medicaid eligibility in nursing homes, hospitals and mental health facilities (\$4.3 million, no GF/GP cost), \$2.6 million for medical/psychiatric child welfare evaluations, \$1.7 million to annualize the costs of 100 limited-term eligibility specialists hired during FY 2010-11, \$850,000 to annualize the cost for a customer services center, and \$633,500 for 7 additional Supplemental Security Income (SSI) advocates that are projected to increase SSI recoveries by \$2.1 million. The \$2.1 million in restricted SSI recoveries is used to offset GF/GP. | | Gross | N/A | \$10,037,900 | \$0 |
| | | Federal | N/A | 3,562,200 | 0 |
| | | Local | N/A | 1,066,400 | 0 |
| | | Private | N/A | 1,066,400 | 0 |
| | | Restricted | N/A | 2,100,000 | 0 |
| | | GF/GP | N/A | \$2,242,900 | \$0 |
| 16. Juvenile Justice Facility Closure and Reduction | | FTE | 180.0 | (58.0) | 0.0 |
| Closes the Shawono Juvenile Justice Center saving \$4.7 million gross, \$1.8 million GF/GP, and reduces one of the four sections at the Maxey Training School saving \$900,000 gross, \$450,000 GF/GP. These savings are partially offset with costs to house the youth in private facilities (\$2.6 million gross, \$1.3 million GF/GP) and additional re-entry program costs (\$200,000 GF/GP) for a net savings of \$2.8 million gross, \$786,700 GF/GP. FY 2012-13 recommendation removes \$696,500 GF/GP in one-time closing costs appropriated in FY 2011-12. | | Gross | \$23,210,300 | (\$2,822,000) | (\$696,500) |
| | | Federal | 1,715,900 | (36,000) | 0 |
| | | Local | 11,476,700 | (1,999,300) | 0 |
| | | GF/GP | \$10,017,700 | (\$786,700) | (\$696,500) |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
|--|---|-------------------------------------|-------------------------------------|------------|
| 17. Other Program Eliminations | Gross | N/A | (\$16,693,800) | \$0 |
| Eliminates appropriation funding for Jobs Education and Training Plus (JET Plus) (\$8.5 million federal), Zero to Three (\$3.8 million federal), Before- and After-School (\$3.0 million GF/GP), Michigan 2-1-1 (\$550,000 GF/GP), Conductive Learning Center (\$300,000 GF/GP), Michigan Home Based Child Care Council (MHBCCC) (\$200,000 GF/GP), University of Detroit Mercy legal services (\$200,000 GF/GP), and YouthVille Detroit (\$100,000 GF/GP). | Federal | N/A | (12,343,800) | 0 |
| | GF/GP | N/A | (\$4,350,000) | \$0 |
| 18. Other Program Reductions | FTE | N/A | (12.0) | 0.0 |
| Reduces appropriation levels for employment and training support services (\$6.9 million gross, 2.0 million GF/GP), Local office emergency services allocation (\$4.0 million GF/GP), child protection and permanency (\$2.8 million gross, \$2.6 million GF/GP), family preservation programs (\$2.8 million GF/GP), state disbursement unit contract savings (\$1.8 million gross, \$626,700 GF/GP), strong families/safe children (\$1.5 million federal), children's trust fund grants (\$1.0 million restricted), Early Childhood Investment Corporation, (\$750,000 GF/GP) executive operation staff (\$712,000 gross, \$226,300 GF/GP), child support enforcement staff (\$588,300 gross, \$200,000 GF/GP), families first (\$500,000 federal), multicultural integration funding (\$300,000 gross, \$100,000 GF/GP), LEIN start-up costs (\$255,000 GF/GP), and domestic violence (\$250,000 GF/GP). | Gross | N/A | (\$24,146,000) | \$0 |
| | Federal | N/A | (9,344,800) | 0 |
| | Restricted | N/A | (1,000,000) | 0 |
| | GF/GP | N/A | (\$13,801,200) | \$0 |
| 19. Federal Funding Increases | Gross | N/A | \$8,286,400 | \$0 |
| Increases federal funding available for Refugee Assistance Program (\$3.7 million), Michigan Community Services Commission (\$3.0 million), Community Services Block Grant (\$750,000), Bureau of Child and Adult Licensing (\$632,400), and Weatherization (\$250,000). | Federal | N/A | 8,286,400 | 0 |
| | GF/GP | N/A | \$0 | \$0 |
| 20. Child Support Fees | Gross | \$0 | \$0 | \$0 |
| FY 2010-11 budget removed boilerplate language authorizing DHS to collect an annual \$25 support fee from the custodial parent. <u>House</u> does not reinstitute the \$25 annual fee and removes \$1.0 million in fee revenue fund balance appropriated in FY 2010-11. | Restricted | (2,625,000) | (1,000,000) | 0 |
| | GF/GP | \$2,625,000 | \$1,000,000 | \$0 |
| 21. Child Support Incentive Payments Replacement | Gross | \$0 | \$0 | \$0 |
| Changes enacted through ARRA allowed the state to temporarily use federal child support incentive revenues to draw down additional regular federal IV-D funds. \$17.5 million in GF/GP is appropriated to offset potential revenue shortfalls for both the state and counties as a result of the re-instated prohibition from using child support incentive revenues to draw down additional federal funds. | Federal | 17,489,900 | (17,489,900) | 0 |
| | GF/GP | (\$17,489,900) | \$17,489,900 | \$0 |
| 22. ARRA Funding | FTEs | 2.0 | (2.0) | 0.0 |
| Removes \$11.7 million in federal ARRA funding no longer available in FY 2011-12. \$9.5 million in food assistance administration ARRA funds is partially offset with \$4.0 million federal and \$4.0 million GF/GP. \$2.0 million in transitional supportive housing and \$250,000 and 2 FTEs for faith-based grants are not offset. | Gross | \$11,745,200 | (\$3,759,500) | \$0 |
| | ARRA | 11,745,200 | (11,745,200) | 0 |
| | Federal | 0 | 3,992,900 | 0 |
| | GF/GP | \$0 | \$3,992,800 | \$0 |
| 23. Office of Inspector General Savings | FTEs | 36.0 | 0.0 | 0.0 |
| Reduces Family Independence Program (FIP) and Child Development and Care Subsidies (CDC) \$4.3 million due to projected cost avoidances as a result of the January 1, 2011 expansion of the Front End Eligibility (FEE) program. FEE inspector general staff will review applications to identify persons ineligible before an application is approved or denied by local office staff. <u>House</u> also reduces \$1.0 million in net savings in public assistance funding from OIG program enhancements. | Gross | (\$7,753,400) | (\$5,274,200) | \$0 |
| | Federal | (3,788,600) | (4,646,700) | 0 |
| | GF/GP | (\$3,964,800) | (\$627,500) | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| 24. Early Retirement Savings | Gross | N/A | (\$5,664,000) | \$0 |
| Recognizes \$5.7 million in full year net savings from the retirement incentive program enacted in FY 2010-11. Around 1,300 DHS employees retired as a result of the retirement incentive program. Net savings include the added costs from a 5-year banked leave time payout. | IDG | N/A | 5,000 | 0 |
| | Federal | N/A | (3,365,200) | 0 |
| | Private | N/A | 33,300 | 0 |
| | Restricted | N/A | (800) | 0 |
| | GF/GP | N/A | (\$2,336,300) | \$0 |
| 25. Federal Medical Assistance Percentage Adjustments | Gross | N/A | \$0 | \$0 |
| Increases GF/GP by \$6.5 million to replace the ARRA FMAP increase no longer available for FY 2011-12. Reduces GF/GP by \$1.2 million from the base FMAP federal match rate adjustment from 65.79% to 66.14%. Recommendation projects additional GF/GP need of \$2.4 million from FMAP adjustment from 66.14% to 65.06% in FY 2012-13. This rate is used to determine federal cost sharing for several DHS programs, specifically foster care, adoption subsidies, and child care subsidies funded with federal Title IV-E. | ARRA | N/A | (6,499,700) | 0 |
| | Federal | N/A | 1,162,500 | (2,436,700) |
| | GF/GP | N/A | \$5,337,200 | \$2,436,700 |
| 26. Economic Adjustments | Gross | N/A | \$24,646,500 | \$37,385,100 |
| Increases economic costs related to retirement, insurances, workers' compensation, and building occupancy charges by \$24.5 million gross, \$8.5 million GF/GP. Recommendation projects \$37.4 million gross, \$13.4 million GF/GP in economic adjustments for FY 2012-13. | IDG | N/A | 7,800 | 13,100 |
| | Federal | N/A | 15,472,000 | 23,240,400 |
| | Local | N/A | 542,600 | 523,400 |
| | Private | N/A | 65,400 | 149,500 |
| | Restricted | N/A | 34,500 | 55,100 |
| | GF/GP | N/A | \$8,524,200 | \$13,403,600 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13

GENERAL SECTIONS

Sec. 223. Medicaid Determination Requirements – DELETED

Requires DHS to determine Medicaid eligibility within 60 days when disability is an eligibility factor and within 45 days for all other applicants.

Sec. 224. Medicaid Applications for Nursing Home Patients – DELETED

Requires DHS to approve or deny Medicaid applications for nursing home patients within 45 days of receipt of necessary information.

Sec. 287. Child Death Reviews and Communication – DELETED

Directs DHS to work collaboratively with the courts and child death review board improve communication and coordination on child death reviews; requires DHS to notify the Children's Ombudsman in certain instances.

CHILD AND FAMILY SERVICES

Sec. 502. Indian Tribal Government Foster Care Reimbursement – DELETED

Requires reimbursement to Indian Tribal governments for 50% of foster care expenditures not otherwise eligible for federal funding.

Sec. 503. Adoption Subsidy Payment Continuance – DELETED

Requires for continuance of adoption subsidy payments after the 18th birthday under certain criteria.

Sec. 513. Child Placements in Out-of-State Facilities – DELETED

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office; includes reporting requirement on number of children in out-of-state placements and costs of these placements

Sec. 565. Family Preservation Funding for Wayne County – DELETED

Allocates \$1.6 million of family preservation funding to Wayne County to support home-based programs as part of county expansion of community-based services for delinquent and abused/neglected youth.

Sec. 574. Contracts to License Relative Caregivers – DELETED

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families.

Major Boilerplate Changes From FY 2010-11

PUBLIC ASSISTANCE

Sec. 601. Shelter Vendor Payments – DELETED

Allows termination of shelter vendor payments if the rental unit is not in compliance with local housing codes, or when the landlord is delinquent on property taxes; requires landlord cooperation with weatherization and conservation efforts.

Sec. 603. Energy Provider Agreements and Standard Utility Allowance Adjustments – DELETED

Allows DHS to make direct payments to energy providers; establishes energy caps based on available federal funds; requires DHS to review and adjust the state food assistance standard utility allowance based on current energy costs.

Sec. 608. Adult Foster Care Facility Payment Limits – DELETED

Prohibits adult foster care facilities and homes for the aged from requiring payments by SSI recipients above legislatively-authorized rates; allows facilities and homes to receive certain third-party payments in addition to SSI.

Sec. 613. Indigent Burial Payment Rates and Pilot Project – DELETED

Establishes provider reimbursement rates of \$455 for funeral directors, \$145 for cemeteries/crematoriums, and \$100 for vault providers; allows DHS to work with funeral directors on a statewide pilot program for direct cremations of unclaimed bodies.

Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED

Prohibits providing public assistance to illegal aliens except as required by federal regulations or for emergency food and shelter services.

Sec. 617. FIP Minor Parent Household Restriction – DELETED

Prohibits a minor parent from receiving family independence program (FIP) benefits if the supervising adult is his or her partner.

Sec. 619. Title IV-A and Food Assistance Benefit Exemption – REVISED

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving Title IV-A and food assistance benefits; requires benefits be paid to a third party for these cases. House revision adds additional conditions to be exempt from federal prohibition.

Sec. 635. Child Development and Care (CDC) Provider Central Registry Notification – DELETED

Requires DHS to determine whether a child care provider is listed on the Child Abuse and Neglect Central Registry; if a provider is listed, requires DHS to immediately deny applicant's request for CDC payments.

Sec. 650. Family Independence Program Payment Standards – NEW

Establishes payment standards for family independence program. Payment standards are based on group size.

Sec. 651. Family Independence Program Earned Income Disregard – NEW

Establishes new earned income disregards for family independence program. Earned income disregard for eligibility remains \$200 plus 20%. Earned income disregard for payment standard and case closure is \$200 plus 50%.

Sec. 675. Child Development and Care Services Rate Structure – DELETED

Establishes rate structure for child development and care subsidies; requires enrolled providers complete one-time basic training; allows enrolled providers to receive higher rate if complete 10 hours of additional annual training.

JUVENILE JUSTICE SERVICES

Sec. 726. Residential Provider Contracts and Rate Floor – DELETED

Prohibits DHS from entering or maintaining a contract with for-profit provider of residential services or a provider that uses a for-profit management group unless provider was licensed or management group was under contract on or before August 1, 2007. Establishes floor funding of \$137 per day for these providers.

Sec. 732. Shawono Center Staffing – NEW

Requires DHS to ensure that staff currently employed at Shawono Center are given priority for staff positions they are qualified to fill.

JUDICIARY

Summary: As Passed by the House Article XI, House Bill 4526 (H-3) as Amended



Analyst: Ben Gielczyk

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|--------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$3,573,500 | \$2,573,500 | (\$1,000,000) | (28.0) | \$2,573,500 | \$0 | 0.0 |
| Federal | 5,539,500 | 5,539,500 | 0 | 0.0 | 5,539,500 | 0 | 0.0 |
| Local | 6,252,200 | 6,342,700 | 90,500 | 1.5 | 6,446,600 | 103,900 | 1.6 |
| Private | 842,500 | 842,500 | 0 | 0.0 | 842,500 | 0 | 0.0 |
| Restricted | 92,078,000 | 88,140,700 | (3,937,300) | (4.3) | 88,166,700 | 26,000 | 0.0 |
| GF/GP | 152,073,100 | 152,534,300 | 461,200 | 0.3 | 154,044,800 | 1,510,500 | 1.0 |
| Gross | \$260,358,800 | \$255,973,200 | (\$4,385,600) | (1.7) | \$257,613,600 | \$1,640,400 | 0.6 |
| FTEs | 491.0 | 491.0 | 0.0 | 0.0 | 491.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government, which receives funds appropriated through the budget act for the Judiciary. The Judiciary budget provides operational funding for the Michigan Supreme Court, Court of Appeals, and related judicial agencies. The budget also funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Assistance for local court operations is provided through a variety of grant programs. The largest of these, the Court Equity grant program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|-----------------------------------|-----------------------------------|---------------------------------------|
| | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Line Item Roll-Ups The current year budget contains 31 line items. The Executive budget contains 2 line items. The House budget includes 32 line items. | | | |
| 2. Elimination of Trial Court Judgeships Includes savings associated with temporary elimination of two judgeships on January 1, 2011 and recommended elimination of six trial court judgeships in FY 2011-12. Savings totaling \$69,900 GF/GP associated with temporary elimination of two judgeships represent one-quarter of annual savings due to temporary elimination beginning on January 1, 2011. Savings totaling \$942,100 GF/GP associated with elimination of six trial court judgeships represent full year savings. | Gross GF/GP | N/A N/A | (\$1,012,000) (\$1,012,000) |
| | | | \$0 \$0 |
| 3. Elimination of Court of Appeals Judgeships Includes savings associated with the elimination of two Court of Appeals judgeships. Savings total \$342,600 GF/GP. | Gross GF/GP | N/A N/A | (\$342,600) (\$342,600) |
| | | | \$0 \$0 |
| 4. Early Retirement Savings Reflects a \$1.0 million Gross and GF/GP reduction which accounts for savings associated with the FY 2010-11 early retirement package. | Gross GF/GP | \$1,019,500 \$1,019,500 | (\$1,019,500) (\$1,019,500) |
| | | | \$0 \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 5. Fund Source Transfer | Gross | \$1,000,000 | \$0 | \$0 |
| Increase of \$1.0 million GF/GP and decrease of \$1.0 million IDG to reflect fund source transfer. Replaces Michigan Department of Corrections IDG with corresponding amount of GF/GP. | IDG | 1,000,000 | (1,000,000) | 0 |
| | GF/GP | \$0 | \$1,000,000 | \$0 |
| 6. Court Equity Fund Source Adjustment | Gross | \$64,794,700 | (\$3,959,600) | \$0 |
| House includes technical adjustment downward of \$3,959,600 to bring fund source in line with revenue collections. | Restricted | 54,399,600 | (3,959,600) | 0 |
| | GF/GP | \$10,395,100 | \$0 | \$0 |
| 7. Economics | Gross | N/A | \$1,948,100 | \$1,640,400 |
| Funds economic adjustments as follows for FY 2011-12: | Local | N/A | 90,500 | 103,900 |
| • Insurance: (\$190,400) Gross, (\$172,800) GF/GP | Restricted | N/A | 22,300 | 26,000 |
| • Retirement: \$1,951,600 Gross, \$1,823,400 GF/GP | GF/GP | N/A | \$1,835,300 | \$1,510,500 |
| • Worker's compensation: \$30,400 Gross and GF/GP | | | | |
| • Building occupancy: \$156,500 Gross, \$154,300 GF/GP | | | | |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 215(3). Out-of-State Travel Restrictions Report – DELETED

Limits out-of-state travel in the judicial branch to certain situations. Deletes requirement of report on out-of-state travel expenses.

Sec. 221. Transparency – REVISED

Requires judicial branch to develop and maintain, on a publicly accessible Internet site, all expenditures made by the judicial branch within the fiscal year.

Sec. 222. Businesses in Deprived and Depressed Communities – NEW

Requires judicial branch to take all reasonable steps to ensure that businesses in deprived and depressed communities compete for and perform contracts.

Sec. 223. Juror Compensation Reimbursement Fund Transfer – DELETED

Requires \$2.6 million of the juror compensation reimbursement fund balance at the close of FY 2009-10 be transferred to the general fund.

Sec. 301. Direct Trial Court Automation Support – REVISED

Directs the State Court Administrative Office (SCAO) to recover costs for services to local trial courts under direct trial court automation support program. Eliminates reporting requirements.

Sec. 311(5). Judiciary Drug Court Grant – NEW

Provides that if USDOT, national highway traffic safety administration federal funding is awarded to the judiciary for the support of drug treatment courts that is above the amount appropriated in the bill, the judiciary may receive and expend an amount not exceeding \$450,000 above the amount appropriated in the bill.

Sec. 320. Mental Health Services – DELETED

Provides that \$1.0 million of the IDG from the Department of Corrections shall be allocated for Drug Court mental health treatment services.

Sec. 321. State Appellate Defender Office Byrne Formula Grant – NEW

Provides that if Byrne formula grant funding is awarded to the State Appellate Defender Office (SADO), SADO may receive and expend funding not exceeding \$750,000 as an IDG from the Department of State Police for specified projects.

Sec. 322. Legal Self-Help Website – NEW

Indicates that it is the intent of the legislature that the judicial branch support a statewide legal self-help website and local nonprofit self-help centers that provide assistance to persons representing themselves in civil legal proceedings.

LICENSING AND REGULATORY AFFAIRS
Summary: As Passed by the House
Article XII, House Bill 4526 (H-3) as Amended



Analyst: Mark Wolf

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|------------------------|--|--------------|------------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$13,246,300 | \$12,673,500 | (\$572,800) | (4.3) | \$13,037,900 | 364,400 | 2.9 |
| Federal | 845,017,500 | 839,727,100 | (5,290,400) | (0.6) | 846,545,000 | 6,817,900 | 0.8 |
| Local | 16,020,400 | 12,293,400 | (3,727,000) | (23.3) | 12,293,400 | 0 | 0.0 |
| Private | 6,085,000 | 4,576,500 | (1,508,500) | (24.8) | 4,576,500 | 0 | 0.0 |
| Restricted | 349,846,100 | 360,335,700 | 10,489,600 | 3.0 | 364,585,300 | 4,249,600 | 1.2 |
| GF/GP | 47,607,900 | 42,555,800 | (5,052,100) | (10.6) | 43,130,200 | 574,400 | 1.3 |
| Gross | \$1,277,823,200 | \$1,272,162,000 | (\$5,661,200) | (0.4) | \$1,284,168,300 | \$12,006,300 | 0.9 |
| FTEs | 4,418.0 | 4,410.0 | (8.0) | (0.2) | 4,410.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the primary business regulatory agency in the state. The department's activities center around business and occupational licensing and regulation, workplace safety and regulation, administrative hearings, and rule promulgation. On February 23, 2011 Governor Snyder issued Executive Order 2011-4 renaming the Department of Energy, Labor, and Economic Growth (DELEG) as the Department of Licensing and Regulatory Affairs. The reorganized department will also include functions performed by the DCH Bureau of Health Systems and the Bureau of Health Professions, but will no longer include the DELEG Bureau of Workforce Transformation, the Bureau of Labor Market Information and Strategic Initiatives, the Commission on Disability Concerns, the Hispanic/Latino Commission, the Bureau of Energy Systems, and certain responsibilities of the Wage and Hour Division. The executive order and EO 2011-5 also reorganize the State Office of Administrative Hearings and Rules.

The executive reorganization orders went into effect on April 24th. The Executive Recommendation and the House Subcommittee Recommendation – HB 4271 (H-1) Draft 2 – provide for a DELEG budget. The House committee substitute for HB 4526 is identical in content to the subcommittee recommendation, except that it renames the department as LARA in accordance with the executive reorganization orders. At some point, HB 4526 (and other budget bills) will be amended to reflect the new structure, following the issuance of a Revised Executive Recommendation by the State Budget Office.

| Major Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | |
|---|---|-------------------------------------|-------------------------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| House Committee Changes from Executive | | | |
| 1. Executive Direction – Office of Communications | FTE | 49.0 | 0.0 |
| The House reduces funding for the Office of Communications, within the Executive Director Programs line item, by \$100,000, reflecting the office's costs for developing and producing various cable television shows. A new boilerplate section prohibits the department from developing and producing television shows in the future. | Gross | \$5,559,500 | (\$100,000) |
| | Federal | 2,533,700 | (100,000) |
| | Restricted | 2,554,000 | 0 |
| | GF/GP | \$471,800 | \$0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|---|-------------------------------------|-------------------------------------|
| 2. Liquor Control Commission | | | |
| FTE | 158.0 | (6.0) | 0.0 |
| Gross | \$18,613,500 | \$0 | (\$1,000,000) |
| Restricted | 18,613,500 | 0 | (1,000,000) |
| <p>The FY 2011 budget added 6.0 FTE positions and \$1.0 million (Liquor Purchase Revolving Fund) to support increased enforcement of bootlegging activities (purchasing alcohol out of the state and illegally re-selling it in Michigan). The <u>House</u> reduces the FTE authorization and appropriation, and establishes a new line item (separate from LCC operations) providing \$1.0 million (effectively a placeholder) to support the information technology upgrades to the LCC's liquor purchasing and inventory system. The DTMB IT strategic plan notes that the project is to be completed by 2013.</p> | | | |
| 3. Fire Protection Grants | | | |
| Gross | \$10,910,500 | (\$2,410,500) | \$0 |
| Restricted | 10,910,500 | (2,410,500) | 0 |
| <p>The <u>House</u> eliminates all Liquor Purchase Revolving Fund (LPRF) support for fire protection grants to local units of government. The grants are distributed to local units with state property, with the distribution based on the value of the local and state property and the amount of fire service expenditures made by the local unit. The grant program includes two fund sources: (1) \$8.5 million from the Fire Protection Fund, which receives a portion of the driver responsibility fee revenue and is to be used for this purpose and (2) \$2.4 million from the Liquor Purchase Revolving Fund, the excess of which lapses to General Fund, and historically has been a major fund source for the program.</p> <p>The <u>Executive</u> reduced funding for fire protection grants by \$1.6 million in funding from the LPRF.</p> | | | |
| 4. Bureau of Fire Services | | | |
| Gross | \$5,559,000 | \$0 | \$0 |
| IDG | 100,000 | 0 | 0 |
| Federal | 788,000 | 0 | 0 |
| Restricted | 2,071,000 | 2,410,500 | 0 |
| GF/GP | \$2,600,000 | (\$2,410,500) | \$0 |
| <p>The <u>House</u> replaces \$2.4 million of the \$2.6 million GF/GP support for the Bureau of Fire Services with LPRF revenue made available with the elimination of the fire protection grants.</p> <p>The <u>Executive</u> used the \$1.6 million in LPRF savings it realized through the reduction in fire protection grants for this same purpose.</p> | | | |
| 5. Hispanic/Latino Commission | | | |
| FTE | 2.0 | (1.0) | 0.0 |
| Gross | \$267,300 | (\$267,200) | \$0 |
| GF/GP | \$267,300 | (\$267,200) | \$0 |
| <p>The <u>House</u> provides a placeholder appropriation for the HLC, and reduces the FTE authorization by 1.0 position.</p> <p>The <u>Executive</u> reduced funding for the HLC through the re-assignment of the administrative support staff to elsewhere within the department.</p> <p><i>Note: Under EO 2011-4, the HLC would be transferred to the Department of Civil Rights.</i></p> | | | |
| 6. Unemployment Insurance Special Fraud Control Fund | | | |
| Gross | N/A | \$1,000,000 | \$0 |
| Restricted | N/A | 1,000,000 | 0 |
| <p>Provides spending authorization of \$1.0 million (essentially a placeholder appropriation) for the new Special Fraud Control Fund established with 2011 PA 14 (HB 4408). Per PA 14, the fund receives certain penalty and interest revenue and is to be used by the UIA to support its efforts at preventing, detecting, and collecting benefit overpayments. (The fund is to be first used for the acquisition of software to assist the agency in the detection and collection of benefit overpayments. Per PA 14, the software is to be acquired before September 1, 2011, which is prior to this budget act.)</p> | | | |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| House Committee/Executive Items of Agreement | | | | |
| 7. Workers Compensation Appellate Commission | FTE | 12.0 | 12.0 | 0.0 |
| Eliminates the Workers Compensation Appellate Commission. The 5-member WCAC is a quasi-judicial body that hears appeals of disputed workers compensation claims decisions rendered by the Workers Compensation Board of Magistrates. Decisions by the Board of Magistrates will be appealed directly to the Court of Appeals. The caseload for the WCAC has dropped significantly over the last decade from about 500-600 cases/year to fewer than 200 in each of the last few years. | Gross | \$1,173,100 | (\$1,173,100) | \$0 |
| | Restricted | 447,300 | (447,300) | 0 |
| | GF/GP | \$725,800 | (\$725,800) | \$0 |
| 8. Workers Compensation Agency | Gross | \$9,417,400 | (\$400,000) | \$0 |
| Shifts \$447,300 (Corporations Fees) saved from the elimination of the WCAC to the Workers Compensation Agency, offsetting GF/GP funds. Also reduces funding for the WCA by an additional \$400,000 through the elimination of unfilled vacancies and lapsed spending authority. The WCA has seen fewer worker's compensation claims over the past decade (coinciding with the downturn in the state economy), allowing the agency to consolidate hearing sites, and operate with fewer staff and financial resources. | Restricted | 2,790,400 | 447,300 | 0 |
| | GF/GP | \$6,627,000 | (\$847,300) | \$0 |
| 9. OFIR – Credit Union Examinations | FTE | 370.0 | 2.0 | 0.0 |
| Increases funding and staffing for the Office of Financial and Insurance Regulation (OFIR) to maintain the statutorily-required 18-month examination cycle for credit unions in light of an increase in the number of state chartered credit unions. The increased appropriation is supported by existing credit union regulatory fees. | Gross | \$58,416,800 | \$175,000 | \$0 |
| | Federal | 2,050,400 | 0 | 0 |
| | Restricted | 56,366,400 | 175,000 | 0 |
| 10. OFIR – Investment Advisors Regulation | FTE | 370.0 | 4.0 | 0.0 |
| Increases funding and staffing for the Office of Financial and Insurance Regulation to support additional responsibilities placed on the office under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act shifts regulatory oversight over investment advisors with assets under management between \$25 million and \$100 million from SEC oversight to state oversight. States previously regulated smaller investment firms with less than \$25 million - \$30 million in investments under management. These additional firms, totaling about 170, are very large firms from a state regulatory standpoint. OFIR indicates that most of these firms haven't had an SEC examination. The increased appropriation is supported by existing securities fees. This adjustment is also being made in HB 4407, an FY 2011 supplemental appropriations bill. | Gross | \$58,416,800 | \$300,000 | \$0 |
| | Federal | 2,050,400 | 0 | 0 |
| | Restricted | 56,366,400 | 300,000 | 0 |
| 11. OFIR – Life Insurance Regulation | FTE | 370.0 | 1.0 | 0.0 |
| Increasing funding and staffing for the Office of Financial and Insurance Regulation to support additional responsibilities placed on the office under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act makes many changes affecting the regulation of insurance companies (historically a state, rather than federal, regulatory function). OFIR indicates that these changes will have particularly significant implications on domestic life insurance companies. This adjustment is also being made in HB 4407, an FY 2011 supplemental appropriations bill. | Gross | \$58,416,800 | \$81,000 | \$0 |
| | Federal | 2,050,400 | 0 | 0 |
| | Restricted | 56,366,400 | 81,000 | 0 |

| | | <u>House Changes</u> | | | |
|---|--|---|-------------------------------------|-------------------------------------|------------|
| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | | <u>FY 2010-11 YTD (as of 2/17/11)</u> | <u>FY 2010-11 to FY 2011-12</u> | <u>FY 2011-12 to FY 2012-13</u> | |
| 12. Tax Tribunal – Hearings Officers | | Gross | \$2,867,900 | \$150,000 | \$0 |
| Increases funding for the Michigan Tax Tribunal (MTT) to enable the MTT to contract with additional hearings officers in order to assist the MTT in reducing its backlog of cases. The hearings officers (administrative law judges) hear cases on behalf of the tribunal and issue proposed opinions resolving a dispute. Those proposed opinions are affirmed (or altered) by the tribunal through the MTT's issuance of a final opinion. Hearings officers are paid \$50/case (\$100/case for those requiring an opinion). The additional funding here would support another three officers. | | Restricted | 2,867,900 | 150,000 | 0 |
| 13. Proprietary Schools Regulation | | Gross | \$3,038,300 | \$145,700 | \$0 |
| Increases funding to the Bureau of Workforce Transformation allowing the bureau to increase its regulatory activities concerning private trade/career schools. The agency is required to annually license proprietary schools and solicitors, to approve program and course changes, and to respond consumer complaints. The number, location, and programs of proprietary schools have been increasing in recent years. Along with that increase there is a concomitant increase in consumer complaints. | | Federal | 1,556,200 | 0 | 0 |
| | | Restricted | 762,000 | 145,700 | 0 |
| | | GF/GP | \$720,100 | \$0 | \$0 |
| <i>Note: Under EO 2011-4, the Bureau of Workforce Transformation would be transferred to the Michigan Strategic Fund. Regulation of proprietary schools would, however, remain within LARA.</i> | | | | | |
| 14. Michigan Nursing Corps | | Gross | \$500,000 | (\$500,000) | \$0 |
| Eliminates the specific line item (and related boilerplate) for the Michigan Nursing Corps program. The program makes grants available to universities and health systems to provide financial assistance to students earning advanced nursing degrees, with the receipt of grant assistance by individual students contingent on the student staying in Michigan to teach nursing students. Funding for the program (federal Workforce Investment Act funds) is moved into the Workforce Programs Subgrantees line item. | | Federal | 500,000 | (500,000) | 0 |
| 15. Michigan Business One-Stop Web Portal | | Gross | N/A | \$1,820,000 | \$0 |
| Provides additional authorization for LARA to support its share of the Michigan Business One-Stop Web portal. The website provides a single website for businesses and professionals to locate licensing and regulatory information, with assistance offered through a customer call center. The FY 2010 budget included a partial adjustment for this purpose, with LARA absorbing the remaining cost within existing appropriations. Prior to the reorganization, LARA accounted for nearly 2/3 of the cost of the Business One-Stop, based on the volume of licensing and permitting activity of it and other departments. | | Restricted | N/A | 1,820,000 | 0 |
| 16. Real Estate Continuing Education | | Gross | \$18,384,600 | \$28,000 | \$0 |
| Increases spending authority for the Bureau of Commercial Services to properly ensure compliance with the statutorily-imposed continuing education requirements for real estate licensees. As a condition of license renewal, real estate licenses must meet certain continuing education requirements in every year of a triennial license period. | | Restricted | 18,384,600 | 28,000 | 0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| 17. Wage and Hour Division | Gross | \$3,346,800 | (\$110,000) | \$0 |
| Reduces funding for the division through the elimination of lapsed GF/GP funds. By law, GF/GP funds are to be the last spent. GF/GP funding only accounts for 10.7 percent of the FY 2011 Gross Appropriation for the division. | Restricted | 2,991,800 | 0 | 0 |
| | GF/GP | \$355,000 | (\$110,000) | \$0 |
| <i>Note: Under EO 2011-4, WHD oversight over laws pertaining to youth employment would be moved to the Department of Education and prevailing wages on state-funded projects would be moved to the Michigan Strategic Fund.</i> | | | | |
| 18. Workforce Programs Administration | Gross | \$13,176,000 | (\$529,200) | \$0 |
| Reduces funding for the Bureau of Workforce Transformation through the elimination of lapsed funds. The workforce programs administration line supports the administration and program support for WIA (NWLB), TAA, and JET programs delivered through the Michigan Works! Agencies. | Federal | 12,646,800 | 0 | 0 |
| | GF/GP | \$529,200 | (\$529,200) | \$0 |
| <i>Note: Under EO 2011-4, the Bureau of Workforce Transformation would be reorganized as the Workforce Development Agency within the Michigan Strategic Fund.</i> | | | | |
| 19. Commission on Disability Concerns | Gross | \$1,190,500 | (\$10,700) | \$0 |
| Takes an administrative reduction through the elimination of lapsed appropriations. | Federal | 666,200 | 0 | 0 |
| | Private | 18,700 | 0 | 0 |
| | Restricted | 93,400 | 0 | 0 |
| | GF/GP | \$412,200 | (\$10,700) | \$0 |
| <i>Note: Under EO 2011-4, the CDC would be transferred to the Department of Civil Rights.</i> | | | | |
| 20. Michigan Rehabilitation Service | Gross | \$73,641,400 | (\$4,012,800) | \$0 |
| Reduces spending authorization from local cash-match sources to align spending authorization with actual resources available to the department. An additional reduction of \$250,000 GF/GP is realized with the removal of one-time funding available to the MRS to support a project providing recreational facilities to persons with disabilities. | Federal | 60,859,400 | 0 | 0 |
| | Local | 2,684,500 | (3,762,800) | 0 |
| | Private | 816,000 | 0 | 0 |
| | Restricted | 1,401,800 | 0 | 0 |
| | GF/GP | \$7,879,700 | (\$250,000) | \$0 |
| 21. Welfare to Work | Gross | \$96,923,800 | (\$3,765,000) | \$0 |
| Reduces funding for the Welfare to Work line item (the JET program) to align federal TANF authorization with available funding provided by the Department of Human Services and distributed for the 25 Michigan Works! Agencies. | Federal | 81,699,000 | (3,765,000) | 0 |
| | GF/GP | \$15,224,800 | \$0 | \$0 |
| 22. Unemployment Insurance Agency | Gross | \$144,923,200 | (\$4,494,500) | \$0 |
| Reduces funding by \$4.5 million in federal Reed Act funds unexpended by the UIA. Reed Act funds were made available to the states in 2002, with Michigan's share totaling \$291.5 million. Over the years, the state expended those funds for IT improvements to the UIA and employment service initiatives. The UIA does not use these funds to support UIA administrative costs. These funds are to be appropriated in FY 2011 (HB 4407) to support the costs of replacing the UIA's legacy systems with an integrated IT system for it tax and benefits programs. | Federal | 143,423,200 | (4,494,500) | 0 |
| | Restricted | 1,500,000 | 0 | 0 |
| 23. State Office of Administrative Hearings and Rules | Gross | \$24,910,100 | (\$1,057,100) | \$0 |
| Reduces funding for SOAHR from interdepartmental grants (IDGs) provided by the Department of Corrections and the Department of Environmental Quality to support SOAHR conducted administrative hearings (contested case hearings) on behalf of those agencies. This change simply aligns the LARA budget with funding provided through the DOC and DEQ budgets. | IDG | 12,846,300 | (1,057,100) | 0 |
| | Federal | 7,296,900 | 0 | 0 |
| | Restricted | 4,766,900 | 0 | 0 |

Note: Under EO 2011-4 and 2011-5, SOAHR is to be split into two offices: (1) the Michigan Administrative Hearings System and (2) the Office of Regulatory Reinvention.

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 24. Economics Adjustments | Gross | N/A | \$17,264,500 | \$13,006,300 |
| Accounts for increases in retirement costs. Other employee economic components (salaries and wages, insurance, worker's compensation claims) and rent and building occupancy charges are reduced or held flat. | IDG | N/A | 484,300 | 364,400 |
| | Federal | N/A | 9,060,200 | 6,817,900 |
| | Local | N/A | 35,800 | 0 |
| | Private | N/A | 1,500 | 0 |
| | Restricted | N/A | 6,959,900 | 5,249,600 |
| For FY 2013, economics adjustments (insurance and retirement costs) are added as a separate line item, rather than being spread among the several line items. | GF/GP | N/A | \$722,800 | \$574,400 |
| 25. Retirement Savings | Gross | N/A | (\$1,824,900) | \$0 |
| Realizes some cost savings relative to the recent retirement of employees through the elimination of unfilled vacancies. | Federal | N/A | (1,200,700) | 0 |
| | Restricted | N/A | (624,200) | 0 |
| 26. Fund Shifts | Gross | N/A | \$0 | \$0 |
| Shifts authorization among various fund sources to more accurately reflect expenditure needs. Most of these shifts net out to zero within the same general fund source category (e.g. federal, restricted, etc.) One shift, concerning the Public Service Commission, decreases the MPSC's authorization from Public Utility Assessments (PUA) and increases the authorization from federal gas pipeline safety inspection funds. Recent years have seen the federal government pick up a higher share of the cost. (This shift is made in the March 21, 2011 FY 2011 legislative transfer.) | Federal | N/A | 170,000 | 0 |
| | Restricted | N/A | (170,000) | 0 |

Major Boilerplate Changes From FY 2010-11

NOTES: (1) No new boilerplate language is proposed for FY 2012-13. (2) Under the Executive Recommendation, standard boilerplate sections appear in Article 20 of the proposed omnibus bill. Section numbers listed at the end of each description – e.g. Sec. 7-201 – are Executive section numbers.

Sec. 201. State Spending From State Resources and Payments to Local Units of Government – REVISED

Specifies the amount of state spending from state resources, and the amount to be paid to local units of government. (Sec. 7-201)

Sec. 202. Applicability of the Management and Budget Act – RETAINED

Subjects appropriations to the Management and Budget Act, 1984 PA 431. (Sec. 20-202)

Sec. 203. Definitions and Acronyms – REVISED

Defines various acronyms appearing in the act. The section is revised to include various acronyms used in the bill and delete various acronyms not used in the bill. (Sec 7-202)

Sec. 204. Civil Service 1% Charge – RETAINED

Allows the Civil Service Commission to bill departments and agencies at the end of the first quarter for the 1% classified service payroll charge authorized by the Constitution; payments are to be made by the end of the second quarter. (Sec. 17-401)

Sec. 205. Hiring Freeze – NEW

Imposes a hiring freeze on the department, with the State Budget Director permitted to grant exceptions to the restriction if filling a position meets certain requirements. Similar language had existed in prior year budgets, but was deleted in FY 2011.

Sec. 208. Internet Reporting Requirements – RETAINED

Outlines requirements regarding the use of the Internet to fulfill legislative reporting requirements under the act. (Sec. 20-203)

Sec. 209. Buy American and Buy Michigan Requirements – RETAINED

Prohibits the use of funds to purchase foreign goods or services if competitively priced and comparable quality American goods or services are available; state preference for Michigan-business supplied goods or services. The Executive deletes this section; the House retains it.

Sec. 210. Deprived and Depressed Communities – RETAINED

Requires the LARA director to take steps to ensure Michigan businesses in deprived and depressed communities compete for and perform state contracts; encourages subcontracting with businesses in deprived and depressed communities. The Executive deletes this section; the House retains it.

Major Boilerplate Changes From FY 2010-11

Sec. 211. Affirmative Action Guidelines – DELETED

Directs LARA to maintain affirmative action programs based on guidelines developed by the State Equal Opportunity Workforce Planning Council in compliance with Section 26 of Article 1 of the State Constitution of 1963.

Sec. 211. Information Technology Work Projects – NEW

Permits funds appropriated in Part 1 for information technology to be designated as work projects, and carried forward into subsequent fiscal years. Includes specific work project designation for the LCC purchasing and inventory system IT project added by the House.

Sec. 213. User Fees for Information Technology – RETAINED

Directs LARA to use the appropriation for IT services and projects for user fees to DTMB subject to an interagency agreement. The Executive deletes this section; the House retains it.

Sec. 215. Communications with the Legislature – NEW

Prohibits the department from taking disciplinary action against an employee for communication with a member of the legislature or its staff. This section is standard appropriation language and was previously included in the LARA budget.

Sec. 216. Appropriated Funds De-Aggregation – DELETED

States intent that all Part 1 fund sources not be aggregated into general categories, but be specifically identified as much as possible.

Sec. 217. Travel Expenditure Limitations – RETAINED

Details general travel limitations and exceptions; prohibits more than one LARA employee from travelling out-of-state for training conferences unless the travel was funded by federal or private funds. The Executive deletes this section; the House retains it.

Sec. 220. Federal Funds Carry-Forward – RETAINED

Permits LARA to carry-forward unexpended federal pass-through funds that do not require additional state matching funds; appropriates federal pass-through funds to local institutions that do not require additional state matching funds. The Executive deletes a reporting requirement; the House retains it. (Sec. 7-203)

Sec. 221. Prohibits Purchase of Legal Services – RETAINED

Prohibits the purchase of legal services from third parties that are the responsibility of the Attorney General. The Executive deletes this section; the House retains it.

Sec. 223. Contingency Funds – RETAINED

Permits the appropriation of federal, state restricted, local, and private contingency funds up to specified amounts, subject to the legislative transfer process. (Sec. 7-204)

Sec. 225. Private Grant Funded Projects and State Energy Efficiency Project – REVISED

Requires a report to the Legislature within 10 days of the receipt of grants for the private grant funded projects and a report to the Legislature on the federal State Energy Efficiency Project grant program funds received by the Bureau of Energy Systems. The Executive deletes this section; the House retains it, but deletes the reporting requirement on the BES since those funds are no longer available.

Sec. 226. General Fund/General Purpose Lapse Report – RETAINED

Requires LARA to submit a report providing estimates of GF/GP lapses for departmental programs. The Executive deletes this section; the House retains it.

Sec. 227. Sale of Documents – RETAINED

Allows LARA to sell certain documents at a cost not to exceed the cost of production and distribution; funds to be used for costs directly related to updating and distributing these documents. (Sec. 7-205)

Sec. 228. Increased Payment Options – RETAINED

Allows LARA to receive payments for licenses, permits, and fees via credit card and other electronic means of payment. The Executive deletes this section; the House retains it.

Sec. 231. Transparency Website – REVISED

Requires LARA to post on a publicly accessible website a listing of all expenditures in the fiscal year, and a description of the purpose of each expenditure. Limits the amount expended by LARA for the website to \$10,000. Requires a quarterly report on FTEs by pay status and civil service classification. The Executive deletes this section; the House retains it, but deletes the limit on the cost of it, and deletes the FTE report.

Sec. 232. LARA Television Productions – NEW

Prohibits the department from developing or producing television productions.

Sec. 234. Carry-Forward Funds Report – NEW

Requires the department to report on the amount of funds carried forward into the next fiscal year.

Sec. 301. Fire Protection Grants – RETAINED

Requires that these grants be distributed in accordance with 1977 PA 289. The Executive deletes this section; the House retains it.

Major Boilerplate Changes From FY 2010-11

Sec. 301a Fire Protection Grant Report – RETAINED

Requires local units receiving fire protection grant funds to report to LARA how those funds are expended and to report the fire-related expenditures on state property; requires LARA report to Legislature. The Executive deletes this section; the House retains it.

Sec. 302. Fire Safety Inspection and Plan Review Fees – RETAINED

Establishes the schedule used to assess fees on hospitals and schools for fire safety inspections and plan reviews, in accordance with the Fire Prevention Code. (Sec. 7-301)

Sec. 302a. Fire Safe Cigarette Fine Revenue – RETAINED

Appropriates revenue received by the Cigarette Fire Safety Standard and Firefighter Protection Act Fund created by 2009 PA 56. The fund receives civil fine revenue and is to be expended for fire safety and prevention programs. The Executive deleted this section (because the fund sources were rolled up); the House retains it.

Sec. 303. Elevator Fees – RETAINED

Allows license and permit fee revenue collected under the Elevator Licensing and Elevator Safety Board acts to be carried forward. (Sec. 7-302)

Sec. 304. Customized Fee Listings – RETAINED

Allows LARA to provide customized lists of non-confidential information to interested parties; establishes fees; states that funds lapse to appropriate restricted fund account. (Sec. 7-303)

Sec. 320. Licensing and Regulation Fees – RETAINED

Allows carryforward of generated from occupational licensing and regulation fees in excess of the appropriation. (Sec. 7-304)

Sec. 321. Real Estate Red Book Publishing – DELETED

Allocates up to \$50,000 to resume printing of a reference book of real estate laws and rules known as the Red Book.

Sec. 323. Administration and Enforcement of Unarmed Combat – DELETED

Requires use of \$200,000 from funds in part 1 for the administration and enforcement of unarmed combat (boxing and mixed martial arts) regulations.

Sec. 330. Expenditure of Additional Unemployment Insurance Funds – RETAINED

Allows expenditure of federal funds authorized by the U.S. Department of Labor for the Unemployment Insurance Agency and employment services in excess of the amount appropriated; upon notification of the appropriations subcommittees and the State Budget Office. (Sec. 7-401)

Sec. 332. UI Computer System – REVISED

Requires LARA to have a contract in place by April 11, 2011 to improve the UIA's computer system. The Executive deletes this section; the House deletes this section, but inserts new language requiring quarterly reports on the status of the IT upgrade.

Sec. 333. UI Internet Claims – RETAINED

Requires LARA to work to increase the number of Internet-filed unemployment benefit claims. The Executive deletes this section; the House retains it.

Sec. 340. Workplace Deaths and Injuries – RETAINED

Requires report to the Legislature on the number of persons killed or injured on the job in regulated industries. The Executive deletes this section; the House retains it.

Sec. 341. Ergonomics Standards Prohibited – REVISED

Prohibits the promulgation of rules establishing workplace ergonomics standards that are more stringent than voluntary federal guidelines. [The Legislature has since enacted 2011 PA 10 prohibiting the MIOSHA from establishing workplace ergonomics standards.] The Executive deletes this section; the House deletes this section but inserts new language prohibiting the department from promulgating or adopting rules that are more stringent than any applicable federal standard unless specifically authorized by statute.

Sec. 350. Funds Collected Under the Administrative Procedures Act – RETAINED

Appropriates funds collected under the Administrative Procedures Act (1969 PA 306) for the cost of publication and distribution of administrative procedures. (Sec. 7-205)

Sec. 361. Low Income/Energy Efficiency Assistance – REVISED

Allows unexpended Low Income Energy Efficiency Fund revenue to be carried forward into the next fiscal year. The Executive deletes language establishing application and award deadlines and requiring a report to the Legislature is deleted. The House deletes the application and award deadlines, but keeps the reporting requirement. (Sec. 7-305)

Sec. 368. Regulatory Costs Report – RETAINED

Requires LARA to provide a report to the legislature on the regulatory costs and activities of the Bureau of Commercial Services and the Bureau of Construction Codes. The Executive deletes this section; the House retains it.

Major Boilerplate Changes From FY 2010-11

Sec. 370. Liquor Law Enforcement Grant Report – DELETED

Requires local units receiving liquor law enforcement grant funds (55% of retail liquor license revenue collected by the LCC) to report to the LCC on how those funds are spent, and also provide the amount of liquor-related fees imposed by the local unit, and the revenue generated by such fees; requires LCC report to Legislature.

Sec. 371. LCC Bootlegging Enforcement – DELETED

Requires the Liquor Control Commission to coordinate its bootlegging enforcement activities with the enforcement activities of the Michigan State Police concerning tobacco taxes and other illegal cash transactions.

Sec. 380. Homeowner Construction Lien Recovery Fund – NEW

Appropriates the funds remaining in the Homeowner Construction Lien Recovery Fund (now repealed) for the payment of court-ordered construction lien judgments enter prior to the fund's repeal on August 23, 2010. Since its repeal, the fund has received some restitution payments resulting from court orders made prior to August 23, 2010.

Sec. 390. Tax Tribunal Caseload Report – NEW

Requires the Michigan Tax Tribunal to submit a report on the number of cases heard and the number of cases decided by SOAHR hearing officers, contractual hearing officers, and tribunal members.

Sec. 401. Conservatorship Funds – RETAINED

Appropriates funds collected by Office of Financial and Insurance Regulation in connection with conservatorship of a mortgage servicer to cover expenses of administering the conservatorship. (Sec. 7-306)

Sec. 402. Insurance Liquidation Funds – RETAINED

Appropriates funds collected from corporations being liquidated by LARA pursuant to the Insurance Code to cover expenses of administering the liquidation. (Sec. 7-306). The Executive and House merge this section with Sec. 401.

Sec. 403. Health Care Grievance Process Awareness – DELETED

Directs LARA to allocate funds to promote awareness of policy holders' right to request external review of adverse determination by a health benefit plan after exhaustion of health carrier's internal grievance process.

Sec. 601. Contributions to Michigan Career and Technical Institute (MCTI) – DELETED

Allows MCTI to receive equipment and in-kind contributions from the Pine Lake Fund and other local or intermediate school districts.

Sec. 602. Sources of Matching Funds for Vocational Rehabilitation Programs – RETAINED

Requires Michigan Rehabilitation Services to make every effort to ensure that all possible sources of funds are used to match federal vocational rehabilitation funds. The Executive deletes this section; the House retains it.

Sec. 603. Local Match Requirements for Facilities Establishment Grants – RETAINED

Requires that local match for vocational rehabilitation facilities establishment grants not exceed 21.3% for the fiscal year ending September 30. The Executive deletes this section; the House retains it.

Sec. 604. Centers for Independent Living – RETAINED

Distributes grant funds to state's centers for independent living. Funds are to be used by existing centers to provide services in underserved areas or to build capacity to provide independent living services, in accordance with applicable federal law and regulations. The Executive deletes this section; the House retains it.

Sec. 610. Commission for the Blind Case Services – RETAINED

Provides that funds appropriated in part 1 for the Michigan Commission for the Blind may be used for tuition payments; permits carryforward. (Sec. 7-501)

Sec. 611. Michigan Commission for the Blind Matching Funds – RETAINED

Establishes legislative intent that Michigan Commission for the Blind work collaboratively with service organizations to identify qualified match dollars to maximize use of available federal funds. The Executive deletes this section; the House adds a reference to the Michigan Rehabilitation Services.

Sec. 612. Youth Low-Vision Program – DELETED

Identifies the Youth Low-Vision Program as the payer of last resort.

Sec. 613. Local Support for Subregional Library Services – RETAINED

Requires subregional library's fiscal agency to maintain local support to receive subregional state aid. (Sec. 7-502)

Sec. 614. Approval of Budgets for Subregional Libraries – RETAINED

Requires approval of budgets for subregional libraries by LARA prior to release of state funding. (Sec. 7-503)

Sec. 701. Defaulted Future Faculty Program Loan Collections – DELETED

Appropriates up to \$100,000 collected on defaulted loans under Future Faculty Program in the King-Chavez-Parks initiative; states that funds be used to offset cost loan collection administration.

Major Boilerplate Changes From FY 2010-11

Sec. 710a. WIA Youth Grant Program – RETAINED

Allows LARA to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy. The Executive deletes this section; the House retains it.

Sec. 733. Activities Classification Structure – RETAINED

Requires LARA to publish the Activities Classification Structure data book on or before March 1. The ACS data book provides information on tuition, enrollment, revenue, expenditures and other program data at each of the 28 community colleges in the state. (Sec. 7-504)

Sec. 734. North American Indian Tuition Waiver Report – RETAINED

Requires LARA to compile a report on the NAITW program, which waives the tuition at community colleges for eligible North American Indians. (Sec. 7-504)

Sec. 735. Report on Associate's Degrees and Certificates – RETAINED

Requires LARA to compile information on the types and number of associates degrees and other certificates granted by community colleges in the prior fiscal year. (Sec. 7-504)

Sec. 801. JET Program Guidelines – RETAINED

Establishes guidelines for administering Jobs, Education, and Training (JET) program, including work participation requirements for welfare recipients enrolled in program by referencing applicable federal and state laws. (Sec. 7-505)

Sec. 802. Work First Data Reporting – RETAINED

Requires a three-year longitudinal study of former Work First and JET participants' employment and salary situations, benefits, job retention, and general welfare; requires notification of study's Internet site location by March 15. The Executive deletes this section; the House retains it.

Sec. 810. Workforce Development Boards – RETAINED

Requires local workforce development boards to maintain partnerships with governmental agencies, schools, and colleges located within their service delivery areas; specifies membership of education advisory groups. The Executive deletes this section; the House retains it.

Sec. 811. Disabled Veterans Outreach Program – REVISED

Stipulates staffing levels for disabled veterans outreach program specialists and local veterans employment representatives to assist veterans within Michigan Works! Employment service centers. The Executive deletes this section; the House shortens the language by simply requiring that each MWA shall have a DVOP specialist available and to make placing veterans and disabled veterans in employment a priority.

Sec. 812. Appropriation of Unexpended Workforce Training Funds – RETAINED

Permits appropriation of unencumbered/unexpended Workforce Investment Act and Trade Adjustment Assistance funds from prior years; requires report to the Legislature on such appropriations. (Sec. 7-506)

Sec. 813. Workforce Training Funds Allocation – DELETED

Allocates \$100,000 to an existing employer-led public/private workforce development program meeting certain criteria and \$100,000 an existing workforce development program operated collaboratively with local businesses and educational institutions meeting certain criteria.

Sec. 815. Workforce Funds for Libraries – RETAINED

Provides that funds distributed to local Michigan Works! Agencies may be used by the MWAs for services provided at local libraries that serve as access points, service centers, or local partners serving high demand or underserved areas. The Executive deletes this section. The House retained this section and provides that MWA "shall" (rather than "may") allocate funds to libraries.

Sec. 816. Focus: HOPE Allocation – DELETED

Allocates at least \$5.9 million from the workforce training programs subgrantees line item to Focus: HOPE.

Sec. 817. Gang Diversion – RETAINED

States legislative intent to set aside some Workforce Investment Act (statewide activities) funds to support gang diversion activities and support services of local law enforcement and MWAs in Wyoming, Detroit, Benton Harbor, and Mt. Morris Charter Township. The Executive deletes this section; the House retains it.

Sec. 821. Michigan Nursing Corps – DELETED

Describes purpose and funding for Michigan Nursing Corps program, including accelerated training of both nurses and nursing faculty, and allows matching grants to hospitals providing clinical nursing training.

Sec. 830. No Worker Left Behind Program – RETAINED

Outlines report on program outcomes to be provided to the Legislature. The Executive deletes this section; the House retains it.

Sec. 832. No Worker Left Behind Eligibility – DELETED

Mandates that LARA ensure that school districts and career preparation programs operated by school districts are eligible education providers under NWLB and other WIA-funded programs.

Major Boilerplate Changes From FY 2010-11

Sec. 901. Lump-Sum Appropriations – DELETED

Directs the allocation of lump-sum appropriations and provides for the availability of lump-sum appropriations for no more than three years. (Related to the capital outlay appropriation for the MCB Kalamazoo Training Center.)

Sec. 902. Capital Outlay Appropriation Carry-Forward – DELETED

Provides for the carry forward of capital outlay funds.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary: As Passed by the House
Article XIII, House Bill 4526 (H-3) as Amended



Analyst: Jan Wisniewski

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$1,152,900 | \$1,152,800 | (\$100) | (0.0) | \$1,152,800 | \$0 | 0.0 |
| Federal | 82,203,800 | 87,678,000 | 5,474,200 | 6.7 | 87,600,400 | (77,600) | (0.1) |
| Local | 645,400 | 644,800 | (600) | (0.1) | 644,800 | 0 | 0.0 |
| Private | 1,382,700 | 1,423,300 | 40,600 | 2.9 | 1,423,300 | 0 | 0.0 |
| Restricted | 28,233,400 | 28,439,700 | 206,300 | 0.7 | 28,960,500 | 520,800 | 1.8 |
| GF/GP | 36,424,700 | 33,044,900 | (3,379,800) | (9.3) | 33,692,200 | 647,300 | 2.0 |
| Gross | \$150,042,900 | \$152,383,500 | \$2,340,600 | 1.6 | \$153,474,000 | \$1,090,500 | 0.7 |
| FTEs | 970.0 | 819.0 | (151.0) | (15.6) | 819.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department of Military and Veterans Affairs is responsible for the training and administration of Army and Air National Guard forces, providing combat-ready military forces during times of national emergency, and performing civil relief operations under the command of the Governor during state emergencies. The Department's budget includes administrative and maintenance costs associated with these responsibilities as well as National Guard-related programs such as the Challenge Program. The Department has oversight over the following veterans-related programs: state-licensed nursing care at veterans homes in Grand Rapids and Marquette, grant funding to veterans service organizations, and the Michigan Veterans Trust Fund.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Military Training Sites Firefighters | FTEs | 18.0 | 24.0 | 0.0 |
| <u>Executive</u> increases \$2.5 million in federal funds for 18 additional firefighters at the Alpena Air National Guard Base and 6 additional firefighters at Fort Custer in Battle Creek. <u>House</u> concurs with the Exec. Rec. | Gross | \$25,358,500 | \$2,500,000 | \$0 |
| | Federal | 23,988,400 | 2,500,000 | 0 |
| | GF/GP | \$1,370,100 | \$0 | \$0 |
| 2. Capital Outlay - Camp Grayling Light Demolition Range | Gross | \$0 | \$1,700,000 | (\$1,700,000) |
| <u>Executive</u> increases \$1.7 million in federal funds for construction of a light demolition range at Camp Grayling. Also removes these funds for the FY 2012-13 budget after the construction is complete. <u>House</u> concurs with the Exec. Rec. | Federal | 0 | 1,700,000 | (1,700,000) |
| 3. Military Retirement | Gross | \$3,584,100 | \$200,000 | \$0 |
| <u>Executive</u> increases \$200,000 GF/GP for increased retirement costs as mandated in the Michigan Military Act. <u>House</u> concurs with the Exec. Rec. | GF/GP | \$3,584,100 | \$200,000 | \$0 |
| 4. Capital Outlay - Land Acquisitions and Appraisals | Gross | \$500,000 | (\$500,000) | \$0 |
| <u>Executive</u> decreases \$500,000 in restricted funds for land acquisitions and appraisals at Camp Grayling that was included in FY 2010-11. <u>House</u> concurs with the Exec. Rec. | Restricted | 500,000 | (500,000) | 0 |
| 5. Grand Rapids Veterans' Home Resident Care Aides | Gross | \$50,891,300 | (\$4,200,000) | \$0 |
| <u>Executive</u> decreases \$4.2 million GF/GP as savings for moving to competitive bidding for Resident Care Aide positions at the Grand Rapids Veterans' Home. <u>House</u> concurs with the Exec. Rec. | Federal | 20,335,400 | 0 | 0 |
| | Restricted | 15,701,500 | 0 | 0 |
| | GF/GP | \$14,854,400 | (\$4,200,000) | \$0 |

| | | House Changes | | |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| <u>Major Budget Changes From FY 2010-11 YTD Appropriations</u> | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 6. Early Retirement Savings | Gross | NA | (\$204,000) | \$0 |
| <u>Executive</u> decreases \$204,000 GF/GP across several lines as savings associated with the FY 2010-11 retirements. Also includes Information Technology related employee retirements. <u>House</u> concurs with the Exec. Rec. | | GF/GP | NA (\$204,000) | \$0 |
| 7. Economics | Gross | NA | \$2,844,600 | \$0 |
| <u>Executive</u> increases \$824,200 GF/GP and \$2.8 million gross for department economics (adjustments for insurance, pension, retiree health care, building occupancy charges, worker's compensation, food, and fuel). <u>House</u> concurs with the Exec. Rec. | | IDG | NA (100) | 0 |
| | | Federal | NA 1,274,200 | 0 |
| | | Restricted | NA 706,300 | 0 |
| | | Private | NA 40,600 | 0 |
| | | Local | NA (600) | 0 |
| | | GF/GP | NA \$824,200 | \$0 |
| 8. Active And Retiree Insurance And Pension | Gross | NA | NA | \$2,790,500 |
| <u>Executive</u> adds new line for FY 2012-13 for anticipated insurance and pension costs. <u>House</u> concurs with the Exec. Rec. | | Federal | NA NA | 1,622,400 |
| | | Restricted | NA NA | 520,800 |
| | | GF/GP | NA NA | \$647,300 |

Major Boilerplate Changes From FY 2010-11

NOTE: No new boilerplate is proposed for FY 2012-13.

Sec. 207. Expenditures Posted On A Publicly Accessible Website – NEW

House adds new language requiring the department to develop a publicly accessible website and to post each expenditure made by the department.

Sec. 214. Military Cemeteries in Crawford and Dickinson Counties – DELETED

Executive deletes legislative intent for appropriating funds for military cemeteries in Crawford and Dickinson counties if funds become available. House concurs with Exec. Rec.

Sec. 227. Sale of Department Property – DELETED

Executive deletes requirement for the Department to notify the appropriations subcommittees and the fiscal agencies 60 days prior to announcing the sale of Department property. House concurs with Exec. Rec.

Sec. 234. Unused GF/GP – DELETED

Executive deletes requirement for any lapsed GF/GP funds to be transferred to the Special Maintenance - State line item for repairing and maintaining armories. House concurs with Exec. Rec.

Sec. 301. Armory Rental Fees – DELETED

Executive deletes allowing the Department to charge rental fees for armory rentals. House concurs with Exec. Rec.

Sec. 704. County Veterans Counselors Training – DELETED

Executive deletes requirement for the veterans' affairs directorate and the Michigan Veterans Trust Fund administration to assist county veterans' counselors with receiving training to execute their duties. House concurs with Exec. Rec.

Sec. 705. Funding County Veterans' Counselors – DELETED

Executive deletes legislative intent for the Department providing incentives for each county to fund at least one full-time county veterans counselor. House concurs with Exec. Rec.

Sec. 801. Capital Outlay Projects – DELETED

Executive deletes language specifying that the Department's design and construction projects are contingent upon the availability of federal and state restricted funds. House concurs with Exec. Rec.

DEPARTMENT OF NATURAL RESOURCES
Summary: As Passed by the House
Article XIV, House Bill 4526 (H-3) as Amended



Analyst: Viola Bay Wild

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$1,830,100 | \$1,935,000 | \$104,900 | 5.7 | \$1,935,000 | \$0 | 0.0 |
| Federal | 78,713,500 | 69,319,900 | (9,393,600) | (11.9) | 68,668,800 | (651,000) | (0.9) |
| Local | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Private | 5,824,400 | 2,842,400 | (2,982,000) | (51.2) | 2,842,400 | 0 | 0.0 |
| Restricted | 220,947,800 | 242,267,400 | 21,319,600 | 9.6 | 248,903,700 | 6,636,300 | 2.7 |
| GF/GP | 15,986,900 | 13,604,500 | (2,382,400) | (14.9) | 13,952,700 | 348,200 | 2.6 |
| Gross | \$323,302,700 | \$329,969,200 | \$6,666,500 | 2.1 | \$336,302,600 | \$6,333,400 | 1.9 |
| FTEs | 2,192.4 | 2,176.4 | (16.0) | (0.7) | 2,176.4 | 0.0 | 0.0 |

Notes:

(1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DNR's funding after being separated from DNRE by E.O. 2011-1.
(2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, state parks and forest campgrounds, and Michigan's historical programs.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Early Retirement Savings | Gross | N/A | (\$283,900) | \$0 |
| <u>Executive</u> and <u>House</u> include \$283,900 Gross and GF/GP savings realized from the FY 2010-11 early retirement program. | GF/GP | N/A | (\$283,900) | 0 |
| 2. GF/GP Reductions | FTE | N/A | (2.0) | 0.0 |
| <u>Executive</u> reduces funding by \$838,100 Gross and GF/GP by decreasing funding for various programs. Savings realized from a \$92,400 reduction in Law Enforcement, the elimination of 2.0 FTEs and \$253,100 GF/GP funding for Historical Programs, \$184,700 administrative cost savings, and \$307,900 reduction in Wildlife Division programs which includes \$115,000 reduction in funding for captive cervidae program. <u>House</u> does not include the \$115,000 GF/GP reduction for the captive cervidae program, but includes the remaining Executive reductions and reduces GF/GP funding by an additional \$226,800 for a total GF/GP reduction of \$949,900 in various line items. | Gross | N/A | (\$949,900) | \$0 |
| | GF/GP | N/A | (\$949,900) | \$0 |
| 3. Mackinac Island State Park Commission | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> and <u>House</u> reduce GF/GP funding by \$1.6 million and recommend a funding shift of \$1.6 million from GF/GP to Michigan State Park Endowment Fund (MSPEF); MSPEF restricted funding remains in State Parks line item. | Restricted | N/A | 1,561,900 | 0 |
| | GF/GP | N/A | (\$1,561,900) | \$0 |
| 4. Freedom Trail Commission | Gross | N/A | \$100 | (\$100) |
| <u>Executive</u> deletes \$22,500 GF/GP funding for program, <u>House</u> includes \$100 placeholder in FY 2012. | GF/GP | N/A | \$100 | (\$100) |

| | | House Changes | | |
|--|--------------|---|-------------------------------------|-------------------------------------|
| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 5. Recreation Passport Revenue | Gross | N/A | \$3,114,000 | \$0 |
| <u>Executive</u> and <u>House</u> increase restricted funding to numerous programs by \$3.1 million to reflect additional revenue from Recreation Passport program. | | Restricted | 3,114,000 | 0 |
| 6. Great Lakes Restoration Initiative (GLRI) | Gross | \$15,000,000 | (\$5,000,000) | \$0 |
| <u>Executive</u> and <u>House</u> reduce federal funding authorization by \$5.0 million for the GLRI competitive grant program to align with anticipated grant awards. | | Federal | 15,000,000 | (5,000,000) |
| 7. Funding Authorization Reductions | Gross | N/A | (\$3,039,200) | \$0 |
| <u>Executive</u> and <u>House</u> reduce federal, state restricted, and private funding authorizations by \$3.0 million to align with anticipated revenues. Reduced restricted funds include Game and Fish Fund - Turkey Permit Fees, Game and Fish Fund - Wildlife Resources Protection Fund, History Fees, Cervidae Licensing Fees, Public Use Deed Fees, and ORV Trail Improvement Fund, among others. | | Federal | N/A | (1,000) |
| | | Private | N/A | (1,050,000) |
| | | Restricted | N/A | (1,988,200) |
| 8. Accounting Consolidation Changes | FTE | 14.0 | (14.0) | 0.0 |
| <u>Executive</u> and <u>House</u> transfer 14.0 FTEs to MDOT to consolidate accounting staff from various departments. The \$1.3 million Gross and \$155,000 GF/GP funding associated with the FTEs will remain in the DNR budget and fund an Accounting Service Center. | | Gross | \$1,348,500 | \$0 |
| | | Restricted | 1,193,500 | 0 |
| | | GF/GP | \$155,000 | \$0 |
| 9. Captive Cervidae Fee Proposal | Gross | N/A | \$0 | \$0 |
| <u>Executive</u> includes \$115,000 additional restricted funding to the Cervidae Licensing & Inspection Fees Fund to be realized through an increase in fees on private captive cervidae facilities. Executive proposal would increase 3-year inspection fees from \$750 to \$2,250 for Class III (ranch) and Full Registration facilities. (Executive reduces GF/GP by \$115,000 - see item #2 above.) <u>House</u> does not include increased fee revenue and does not include the \$115,000 GF/GP reduction. | | Restricted | N/A | 0 |
| | | GF/GP | N/A | \$0 |
| 10. Capital Outlay Projects | Gross | \$18,978,600 | \$6,101,500 | \$569,900 |
| <u>Executive</u> and <u>House</u> increase funding in FY 2011-12 for parks, forestry and waterways capital outlay projects by \$6.1 million Gross. <u>House</u> includes a \$100 placeholder for Grand Marais Harbor. For FY 2012-13, proposed Capital Outlay funding is increased by \$569,900 Gross. | | Federal | 9,075,000 | (5,324,900) |
| | | Private | 2,000,000 | (2,000,000) |
| | | Restricted | 7,903,600 | 13,426,400 |
| | | | | 2,070,000 |
| 11. Economics | Gross | N/A | \$6,723,900 | \$5,763,600 |
| <u>Executive</u> and <u>House</u> increases funding in FY 2011-12 by \$6.7 million Gross and \$413,200 GF/GP for economic increases in retirement costs and Worker's Compensation costs. Total includes \$216,900 Gross and \$26,000 GF/GP for DIT economics. For FY 2012-13, proposed funding for economics is increased by an additional \$5.8 million Gross and \$348,300 GF/GP. | | IDG | N/A | 104,900 |
| | | Federal | N/A | 932,300 |
| | | Private | N/A | 68,000 |
| | | Restricted | N/A | 5,205,500 |
| | | GF/GP | N/A | \$413,200 |

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13.

Sec. 204. Civil Service Charges – RETAINED

Requires Civil Service to charge state departments 1% of salary payments. Executive deletes language; House retains language.

Sec. 208. DIT User Fees – RETAINED

Directs DNR to pay user fees to DTMB for technology services and projects. Executive deletes language; House retains language.

Sec. 209. Out-of-State Travel Restrictions – RETAINED

Limits purpose/amount of out-of-state travel; requires annual report. Executive deletes language; House retains and includes new language to allow state budget director to grant travel exceptions.

Major Boilerplate Changes From FY 2010-11

Sec. 210. Purchase of Foreign Goods and Services – RETAINED

Prohibits purchase of foreign goods and services if competitively priced and comparable American ones are available; requires preference for Michigan businesses and those operated by veterans. Executive deletes language; House retains language.

Sec. 211. Businesses in Economically Deprived or Depressed Communities – RETAINED

Encourages vendor contracts in economically depressed communities. Executive deletes language; House retains language.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House retains language.

Sec. 213. Rule Promulgation – RETAINED

Requires report on policy changes made to implement a public act; Department is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House retains language.

Sec. 214. Legal Services – RETAINED

Department may not hire attorneys to provide legal services provided by the Attorney General. Executive deletes language; House retains language.

Sec. 215. Contingency Fund Transfer Authority – REVISED

Provides authority for contingency fund transfers: up to \$3.0 million federal, \$10.0 million restricted, \$100,000 local, and \$1.0 million private; transfers must be approved by both House and Senate appropriations committees. Executive and House revise language amounts listed above.

Sec. 216. IT Work Projects – NEW

Allows IT projects to be designated as work projects and appropriations to be carried forward. House includes new language.

Sec. 217. Retention of Reports – NEW

Requires DNR to retain copies of all reports funded from appropriations. House includes new language.

Sec. 218. Pending Permits – REVISED

Any permit application pending after a 2-year period shall be considered administratively complete on January 1, 2011. Executive deletes language; House includes new language requiring report on pending permits considered complete under this section.

Sec. 219. Hiring Freeze – NEW

Imposes hiring freeze on state classified civil service. House includes new language.

Sec. 220. GF/GP Lapse – NEW

Requires report by October 15 of estimated GF/GP appropriation lapses at close of previous year. House includes new language.

Sec. 222(1)(2). Restricted Fund Revenue, Expenditures and Fund Balances – RETAINED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated; requires report on number and funding of FTE positions that are supported by each line item. Executive deletes language; House retains language.

Sec. 222(3). FTE Information Report – DELETED

Requires report on number and funding of FTE positions supported by each line item. Executive and House delete language.

Sec. 223. Waterways Fund Projects – RETAINED

Requires report on activities of Waterways Commission during previous fiscal year; list of completed waterways fund projects to be provided to Legislature and State Budget Director by January 31, 2011. Executive deletes language; House retains language.

Sec. 225. Out-of-State State Employee Training – RETAINED

Prohibits out-of-state travel to attend a conference for more than one employee unless funded by a federal or private source, or for conferences on issues for which one employee does not have expertise. Executive deletes language; House retains language.

Sec. 233(1). FTE Report and Expenditure Report – RETAINED

Requires report on number of FTEs in pay status; report required quarterly; requires expenditures to be reported on a publicly accessible internet site, including the purpose for the expenditures. Executive deletes language; House retains language

Sec. 233(2). Expenditure Posting on Internet – RETAINED

Requires expenditures to be reported on a publicly accessible internet site, including the purpose for which the expenditures were made. Executive deletes language; **House** retains language (Rennumbers to Sec. 234).

Sec. 234. Website Expenditure Posting Cost – RETAINED

Directs DNR to spend less than \$10,000 to post expenditures on the website. Executive deletes language; House retains language (Rennumbers to Sec. 235).

Sec. 306. Historical Program Fees – RETAINED

Allows DNR to charge fees for historical program services and museum admissions. Executive eliminates language that requires children under 18 be admitted free to the Michigan Historical Museum; House retains language.

Major Boilerplate Changes From FY 2010-11

Sec. 307. Freedom Trail Funding – DELETED

Requires \$22,500 funding for the Freedom Trail Commission. Executive and House delete language.

Sec. 308. Land Transactions – RETAINED

Requires report to Legislature on land purchases, sales and exchanges. Executive deletes language; House retains language.

Sec. 501. Bovine TB Eradication Efforts – RETAINED

Requires annual report on enforcement actions taken to eradicate bovine TB, relevant scientific studies and the number of deer found to be infected. Executive deletes language; House retains language (Renumbers to Sec. 401).

Sec. 502. Livestock Loss Indemnification – RETAINED

Requires Department to reimburse Department of Agriculture for livestock losses caused by wolves, coyotes, or cougars. Executive deletes language; House retains language (Renumbers to Sec. 402).

Sec. 502. Water Control Structure Certification – NEW

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. House includes new language.

Sec. 702. State Park Campground Closures – RETAINED

Requires Department to notify Legislature if reduced operations or recreation opportunities are planned at any state park or recreation area. Executive deletes language; House retains language (Renumbers to Sec. 602).

Sec. 703. Porcupine Mountain Ski Hill – RETAINED

Prohibits DNR from altering operations of the ski hill or demolishing any buildings related to the ski hill in Porcupine Mountains Wilderness State Park. Executive deletes language; House retains language (Renumbers to Sec. 603).

Sec. 708. Property Leases – NEW

Requires DNR to extend or renew existing leases of land that was part of the settlement agreement with utility companies over the Ludington hydroelectric facility to individuals. House includes new language.

Sec. 710. DNR Aircraft Report – NEW

Requires DNR to report on wildfire protection aircraft program. Report shall include the number of planes owned, aircraft costs, airplane usage, number of wildfires, and annual flight hours logged. House includes new language.

Sec. 802. Timber Marking – REVISED

Directs Department to mark and prescribe treatment on 63,000 acres, prepare for harvest 58,000 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report. Executive deletes language; House revises language to require treatment on 95,000 acres and harvest on 77,000 acres (Renumbers to Sec. 702).

Sec. 802. Marine Safety Grants – NEW

Requires Marine Safety Grant Program report. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. House includes new language.

Sec. 804. Horseback Riding Opportunities – RETAINED

Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities. Executive deletes language; House retains language (Renumbers to Sec. 704).

Sec. 805. Contract Foresters – RETAINED

Allows Department to hire sufficient contract foresters to mark timber. Executive deletes language; House retains language (Renumbers to Sec. 705).

Sec. 807. Timber Industry Meetings – RETAINED

Directs Department Director to meet semiannually with timber industry representatives to discuss timber industry issues. Executive deletes language; House retains language (Renumbers to Sec. 706).

Sec. 808. State Forest Campgrounds Mini-State Parks Pilot Program – REVISED

Requires a strategic plan be developed to incorporate selected state forest campgrounds into the state park system as mini-state parks and develop a pilot program using 6 of the state forest campgrounds closed by E.O. 2009-22; requires report. Executive deletes language; House revises language to require completion of the plan (Renumbers to Sec. 707).

Sec. 901. Snowmobile Law Enforcement Grants – RETAINED

Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails. Executive deletes language; House retains language (Renumbers to Sec. 801).

Sec. 1003. Off Road Vehicle (ORV) Trail Improvement Grants – RETAINED

Requires \$980,000 be expended for new trails. Executive deletes language; House retains language (Renumbers to Sec. 902).

Sec. 1101. Capital Outlay Appropriations for the Harbors and Docks Grants in Aid – RETAINED

Provides for disbursement of Waterways Fund appropriation to the federal government and local governmental units. Executive deletes language; House retains language (Renumbers to Sec. 1001).

Major Boilerplate Changes From FY 2010-11

Sec. 1104. Capital Outlay - Grand Marais Harbor – NEW

States legislative intent that a capital outlay project to restore the breakwall at the Grand Marais harbor be funded.

DEPARTMENT OF STATE POLICE
Summary: As Passed by the House
Article XVI, House Bill 4526 (H-3) as Amended



Analyst: Jan Wisniewski

| | FY 2010-11 Year-to-Date as of 2/17/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|---|----------------------|--|--------------|----------------------|--|------------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$24,143,800 | \$23,546,200 | (\$597,600) | (2.5) | \$24,215,200 | \$669,000 | 2.8 |
| Federal | | | | | | | |
| ARRA | 2,000,000 | 0 | (2,000,000) | (100.0) | 0 | 0 | -- |
| Non-ARRA | 103,634,200 | 106,051,500 | 2,417,300 | 2.3 | 106,898,000 | 846,500 | 0.8 |
| Local | 6,257,500 | 6,456,700 | 199,200 | 3.2 | 6,509,100 | 52,400 | 0.8 |
| Private | 269,800 | 216,100 | (53,700) | (19.9) | 224,700 | 8,600 | 4.0 |
| Restricted | 135,942,900 | 120,336,100 | (15,606,800) | (11.5) | 123,190,800 | 2,854,700 | 2.4 |
| GF/GP | 260,383,200 | 264,243,400 | 3,860,200 | 1.5 | 269,534,100 | 5,290,700 | 2.0 |
| Gross | \$532,631,400 | \$520,850,000 | (\$11,781,400) | (2.2) | \$530,571,900 | \$9,721,900 | 1.9 |
| FTEs | 2,765.0 | 2,747.0 | (18.0) | (0.7) | 2,747.0 | 0.0 | 0.0 |

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed only and would not be legally-binding appropriations.

Overview

The Department of State Police provides a wide range of law enforcement services—including highway patrol, criminal investigations, forensic sciences, motor carrier enforcement, emergency management, highway safety planning, fire investigation, criminal justice data processing, and various specialized law enforcement services. The Department's responsibilities also include oversight of law enforcement standards in the state through the Michigan Commission on Law Enforcement Standards (MCOLES) and administration of several law enforcement-related grant programs.

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | House Changes | |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| | | | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
| 1. Various GF/GP Reductions | Gross | NA | (\$432,800) | \$0 |
| House decreases the following lines for additional discussion of various issues in the Exec. Rec.: Special Maintenance and Utilities (\$44,800); Fire Investigation (\$132,100); Parole Absconder Sweeps (\$12,100); Mental Health Awareness Training (\$99,900); Traffic Services (\$143,900). | GF/GP | NA | (\$432,800) | \$0 |
| 2. Laboratory Operations/Detroit Laboratory | Gross | \$100 | (\$100) | \$0 |
| House eliminates the Detroit Laboratory line and moves the \$100 GF/GP that was used as a placeholder to the Laboratory Operations line. | GF/GP | \$100 | (\$100) | \$0 |
| 3. Interdepartmental Grant To Legislature | Gross | \$200,000 | (\$200,000) | \$0 |
| House eliminates this line providing \$200,000 in federal funds for technological security upgrades at the Capitol Building. It's not clear if these funds can be used for this purpose. | Federal | 200,000 | (200,000) | 0 |
| 4. Michigan International Speedway Grant From MEDC | Gross | NA | \$200 | \$0 |
| House adds this new line with \$200 GF/GP as a placeholder for further discussion on potential grant funding for MIS concerning traffic control services provided by MSP. | GF/GP | NA | \$200 | \$0 |

| Major Budget Changes From FY 2010-11 YTD Appropriations | House Changes | | | |
|---|---|-------------------------------------|-------------------------------------|----------------------|
| | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 | |
| 5. Field Services Restructuring | Gross | \$3,208,500 | (\$3,208,500) | \$0 |
| <u>Executive</u> decreases \$3.2 million GF/GP for modifying police services to accommodate various public safety needs which may result in the reduction of posts in the state but will also expand investigative services to these areas. The department is currently developing this restructuring plan. <u>House</u> concurs with the Exec. Rec. | GF/GP | \$3,208,500 | (\$3,208,500) | \$0 |
| 6. Rockford Regional Dispatch Center Closure | FTEs | 12.0 | (12.0) | 0.0 |
| <u>Executive</u> decreases \$1.0 million GF/GP and 12.0 FTEs for the closure of the Rockford Regional Dispatch Center, which will reduce the number of dispatch centers from five to four. This will not result in a reduction of dispatch services to this area of the state. <u>House</u> concurs with the Exec. Rec. | Gross | \$1,000,000 | (\$1,000,000) | \$0 |
| | GF/GP | \$1,000,000 | (\$1,000,000) | \$0 |
| 7. Eliminate Collins Road Facility Lease | Gross | \$750,000 | (\$750,000) | \$0 |
| <u>Executive</u> decreases \$750,000 GF/GP for moving the remaining functions at the Collins Road Facility to the Lansing Township Annex building. | GF/GP | \$750,000 | (\$750,000) | \$0 |
| 8. Early Retirement Savings | Gross | \$1,859,800 | (\$1,859,800) | \$0 |
| <u>Executive</u> decreases \$1.9 million GF/GP for FY 2011 retirement savings in FY 2011-12. <u>House</u> concurs with the Exec. Rec. | GF/GP | \$1,859,800 | (\$1,859,800) | \$0 |
| 9. Deferred Retirement Option Plan (DROP) Savings | Gross | \$2,757,100 | (\$2,757,100) | (\$1,400,000) |
| <u>Executive</u> decreases \$2.8 million GF/GP as projected savings for an assumed 64 enlisted staff entering the DROP program. An additional \$1.4 million GF/GP in savings is anticipated for FY 2012-13. <u>House</u> concurs with the Exec. Rec. | GF/GP | \$2,757,100 | (\$2,757,100) | (\$1,400,000) |
| 10. Economics | Gross | NA | \$22,940,400 | \$0 |
| <u>Executive</u> increases \$18.5 million GF/GP and \$22.0 million Gross for department economics (adjustments for insurance, pension, retiree health care, building occupancy charges, worker's compensation, food, and fuel). Also increases \$8.6 million GF/GP. <u>House</u> concurs with the Exec. Rec. | IDG | NA | 1,075,800 | 0 |
| | Federal | NA | 1,394,000 | 0 |
| | Local | NA | 31,700 | 0 |
| | Private | NA | 16,100 | 0 |
| | Restricted | NA | 1,795,500 | 0 |
| | GF/GP | NA | \$18,527,300 | \$0 |
| 11. Various Administrative Savings | Gross | \$8,739,300 | (\$8,739,300) | (\$1,900,000) |
| <u>Executive</u> decreases \$8.7 million GF/GP and for various administrative savings including reducing trooper overtime costs and anticipated retirement attrition of 34.0 FTEs. An additional \$1.9 million GF/GP in savings is anticipated for FY 2012-13. <u>House</u> concurs with the Exec. Rec. | GF/GP | \$8,739,300 | (\$8,739,300) | (\$1,900,000) |
| 12. Fingerprint Fee Increase | Gross | \$3,000,000 | \$0 | \$0 |
| <u>Executive</u> decreases \$3.0 million GF/GP and replaces with restricted funds from a \$10 increase for fingerprint fees. The state cost of fingerprints is \$30 and would increase to \$40. This fund shift would pay for latent print scientist costs. The current fingerprint fee structure sunsets on October 1, 2012 and requires a statutory change to be extended. <u>House</u> does not concur with the Exec. Rec. and maintains current restricted funds and GF/GP. | Restricted | 0 | 0 | 0 |
| | GF/GP | \$3,000,000 | \$0 | \$0 |
| 13. School Bus Inspections | FTEs | 4.0 | 11.0 | 0.0 |
| <u>Executive</u> increases \$1.0 million in Local - School Bus Revenue (from School Aid funds) and 11.0 FTEs to fully reinstate school bus inspections for all school buses in the state. For FY 2010-11, the school bus inspection program was reduced by \$1.0 million and 11.0 FTEs resulting in random and intermittent inspections and audits of school buses. <u>House</u> concurs with the Exec. Rec. | Gross | \$421,000 | \$1,047,400 | \$0 |
| | Local | 421,000 | 1,047,400 | 0 |

House Changes

| Major Budget Changes From FY 2010-11 YTD Appropriations | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|---|-------------------------------------|-------------------------------------|
| 14. Reversal of One-Time Fund Shifts | Gross | \$5,248,800 | \$0 | \$0 |
| <u>Executive</u> increases a total of \$5.2 million GF/GP and decreases the same amount in federal and restricted funds for various lines funded with non -GF/GP funds in FY 2010-11. Includes \$510,200 in federal funds and \$1.7 million in restricted funds for Laboratory Operations, \$1.0 million in restricted funds for At-Post Troopers, and \$2.0 million in federal ARRA funds for Federal Anti-Drug Initiatives. <u>House</u> concurs with the Exec. Rec. | Federal | 2,510,200 | (2,510,200) | 0 |
| | Restricted | 2,738,600 | (2,738,600) | 0 |
| | GF/GP | \$0 | \$5,248,800 | \$0 |
| 15. Active And Retiree Insurance And Pension | Gross | NA | NA | \$13,021,900 |
| <u>Executive</u> adds new line for FY 21012-13 for anticipated insurance and pension costs. <u>House</u> concurs with the Exec. Rec. | IDG | NA | NA | 669,000 |
| | Federal | NA | NA | 846,500 |
| | Local | NA | NA | 52,400 |
| | Private | NA | NA | 8,600 |
| | Restricted | NA | NA | 2,854,700 |
| | GF/GP | NA | NA | \$8,590,700 |

Major Boilerplate Changes From FY 2010-11

NOTE: No new boilerplate is proposed for FY 2012-13.

Sec. 207. Expenditures Posted On A Publicly Accessible Internet Website – NEW

House adds new language directing the department to develop a publicly accessible website and to post each expenditure made by the department.

Sec. 211. Employee Expenses Reimbursement – DELETED

Executive deletes legislative intent for allowing department personnel to request eligible reimbursement expenses related to department operations. House concurs with Exec. Rec.

Sec. 216. State Accident Data Collection – MODIFIED

Executive modifies language requiring entering vehicle identification numbers into a state accident data collection system and making the information available at a reasonable cost. Renumbered as Sec. 16-203 in the Exec. Rec. House concurs with Exec. Rec. and numbers as Sec. 218.

Sec. 217. School Violence Hotline – DELETED

Executive deletes requirement for the Department to maintain a school violence hotline. House concurs with Exec. Rec.

Sec. 218. At-Post Troopers – MODIFIED

Executive deletes requiring that appropriations designated for At-Post Troopers only be spent on direct trooper costs; deletes legislative intent for maintaining a minimum trooper strength of 1,075 and for a required quarterly trooper strength report. House maintains current year language but modifies subsection (2) basing the At-Post Trooper strength on the most recent Resource Allocation Model (RAM).

Sec. 219. Post Closure Notification – MODIFIED

Executive deletes requirement for the Department to provide a 180-day notification of planned post closures or consolidations. House maintains current year language but changes the 180 day notification to 90 days.

Sec. 221. Marshall Post Replacement – MODIFIED

Executive deletes allowing the Department to enter into an agreement with Calhoun County to build a new post in Marshall. House maintains current year language but changes the location of the post to Region 4 of District 5 as identified by the department.

Sec. 235. Special Operations and Events Spending Plans – DELETED

Executive deletes restrictions for using funds appropriated for Post Uniform Services and Forensic Sciences for Special Operations and Events. House concurs with Exec. Rec.

Sec. 238. Building Operations and Leasing Costs – DELETED

Executive deletes requirement for the Department to work with DMB to reduce building operations and leasing costs for all of the Departments facilities. House concurs with Exec. Rec.

Sec. 239. Michigan International Speedway Traffic Control – DELETED

Executive deletes legislative intent for using any available funds for traffic control purposes at the Michigan International Speedway. House concurs with Exec. Rec.

Major Boilerplate Changes From FY 2010-11

Sec. 241. \$1.8 Million Federal IDG to Judiciary – MODIFIED

House adds language basing the amount of the IDG on the availability of federal funds.

Sec. 242. GF/GP Lapse Report – MODIFIED

Executive deletes requiring an end-of-year GF/GP lapse report by the Department. House maintains current year language but modifies the date.

Sec. 253. Transparency of Funds Expended – DELETED

Executive deletes requiring the posting of expenditures on a publicly accessible website. House concurs with Exec. Rec.

Sec. 254. FTE Report – DELETED

Executive deletes requiring the department to submit a bimonthly report to the appropriations subcommittees and the fiscal agencies concerning the number of FTEs in pay status by Civil Service classification. House concurs with Exec. Rec.

Sec. 301. LEIN User Fees Waiver – DELETED

Executive deletes waiving LEIN user fees for FY11 if an agency does not have an outstanding LEIN balance in previous years. House concurs with Exec. Rec.

Sec. 302. Department of Technology, Management and Budget User Fees – DELETED

Executive deletes requiring departments from paying user fees for information technology services. House concurs with Exec. Rec.

Sec. 303. Work Projects for Information Technology – DELETED

Executive deletes allowing technology projects as work projects. House concurs with Exec. Rec.

Sec. 305. Unauthorized Use of the LEIN System – DELETED

Executive deletes encouraging law enforcement agencies with finding ways to discourage possible abuse of the LEIN system. House concurs with Exec. Rec.

Sec. 306. LEIN System Probation Information – DELETED

Executive deletes requiring the creation of procedures for entering probation related information on the LEIN system. House concurs with Exec. Rec.

Sec. 307. MPSCS Use By Local Police Agencies – DELETED

Executive deletes requiring the Department acting as a liaison between DIT and local public safety agencies to facilitate the use of the MPSCS. House concurs with Exec. Rec.

Sec. 308. LEIN Fee Increase – DELETED

Executive deletes requiring the Department to report any LEIN fee increases to the Legislature 60 days prior to the effective date of the increase. House concurs with Exec. Rec.

Sec. 309. Electronic Real Time Auto Insurance System – DELETED

Executive deletes allowing the Department to develop an electronic real time auto insurance enforcement system. House concurs with Exec. Rec.

Sec. 310. MPSCS Expansion For More Local Users – MODIFIED

Executive deletes legislative intent for expansion of the MPSCS to allow more local users on the system. House maintains current year language but replaces local users with private users with the intent for generating revenue.

Sec. 601. MCOLES Reimbursement Distribution – DELETED

Executive deletes requiring reimbursement of MCOLES funds upon certification by MCOLES. House concurs with Exec. Rec.

Sec. 604. MCOLES Certification For Motor Carrier Officers and Capitol Security Officers – DELETED

Executive deletes allowing MCOLES funds to provide training for MCOLES certification for motor carrier officers and Capitol security officers. House concurs with Exec. Rec.

Sec. 803. Homeland Security Grant Restrictions – DELETED

Executive deletes restricting Homeland Security funds for first responders and the City of Detroit. House concurs with Exec. Rec.

Sec. 1101. State Police Services Near Prisons – DELETED

Executive deletes ensuring that no downgrades in State Police services are experienced in the vicinity of state prisons. House concurs with Exec. Rec.

Sec. 1102. Methamphetamine Reports – DELETED

Executive deletes reporting requirement for methamphetamine related criminal activities. House concurs with Exec. Rec.

Major Boilerplate Changes From FY 2010-11

Sec. 1201. School Bus Inspections – MODIFIED

Executive deletes reporting requirement for the Department's school bus inspections. House modifies reporting requirement for school districts with at least two year of chronic problems with their inspections.

DEPARTMENT OF TRANSPORTATION
Summary: As Passed by the House
Article XVII, House Bill 4526 (H-3) as Amended



Analyst: William E. Hamilton

| | FY 2010-11 Year-to-Date as of 4/7/11 | FY 2011-12 House | Difference: FY 2011-12 Vs. FY 2010-11 | | FY 2012-13 House | Difference: FY 2012-13 Vs. FY 2011-12 | |
|-------------------|--|------------------------|--|-------|------------------------|--|-------|
| | | | Amount | % | | Amount | % |
| IDG/IDT | \$878,300 | \$3,451,500 | 2,573,200 | 293.0 | \$3,451,500 | 0 | 0.0 |
| Federal | 1,227,470,600 | 1,241,195,200 | 13,724,600 | 1.1 | 1,228,065,700 | (13,129,500) | (1.1) |
| Local | 56,496,000 | 53,968,500 | (2,527,500) | (4.5) | 51,711,900 | (2,256,600) | (4.2) |
| Private | 0 | 0 | 0 | -- | 0 | 0 | -- |
| Restricted | 1,950,974,400 | 2,029,155,500 | 78,181,100 | 4.0 | 2,036,147,100 | 6,991,600 | 0.3 |
| GF/GP | 0 | 0 | 0 | | 0 | 0 | |
| Gross | \$3,235,819,300 | \$3,327,770,700 | \$91,951,400 | 2.8 | \$3,319,376,200 | (\$8,394,500) | (0.3) |
| FTEs | 3,022.3 | 3,049.3 | 27.0 | 0.9 | 3,049.3 | 0.0 | 0.0 |

Notes:

- (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. Year-to-Date numbers are estimates of DNR's funding after being separated from DNRE by E.O. 2011-1.
- (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. There is no General Fund revenue appropriated in this budget. Almost all the state-restricted revenue in this budget is constitutionally-restricted – from motor fuel taxes and vehicle registration taxes. This revenue is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies.

Gross appropriations for FY 2011-12 are \$92.0 million more than the current year. This increase reflects anticipated increase in estimated state restricted revenue from motor fuel and registration taxes, and well as increases in estimated federal funds. However, *Gross appropriations* in the House bill are \$50 million less than the Governor's proposed budget; the House bill does not recognize as STF revenue \$50 million from the Canadian contribution to a proposed Detroit-Windsor bridge crossing project. The Governor's budget had assumed the use of that revenue as a source of matching funds to access federal aid highway funds.

Although the House bill does not recognize the \$50 million in STF/Canadian funds, federal revenue shown in the bill would be the same as the Governor's proposal. The House budget anticipates using toll credits to provide the match needed to access all federal aid available to the state. [Most federal aid transportation programs require a non-federal match – most commonly 20% of project cost. To recognize states with a high reliance on toll facilities, federal law allows use of capital expenditures made by toll facilities, such as toll bridges and toll roads, as a "soft match" for federal funds. Toll credits allow states to access federal funds if there are not sufficient non-federal matching funds. Since toll credits are a soft match, they are not appropriated or shown in the budget bill]. The House bill also provides an additional \$10 million for the state trunkline federal aid construction program, and an additional \$10 million for county road commissions, as compared to the Governor's budget. The increase in these line items would come from CTF revenue. This \$20 million reduction of CTF funds is taken equally from *Local bus operating assistance* and *Bus capital*.

The House bill would appropriate \$5.0 million for the MTF IDG to the Department of Treasury, \$3.4 million less than as proposed by the Governor, and redistributes the \$3.4 million savings to the CTF, the STF, and local road agencies in accordance with Act 51 formula.

The differences between the House bill and the Governor's proposed budget are carried forward and reflected in estimated FY 2012-13 appropriations.

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| 1. Debt Service | Gross | \$246,813,000 | \$40,660,400 | (\$41,005,200) |
| Appropriation of \$287.5 million reflects anticipated debt service schedules. \$48.6 million increase in STF debt service reflects repayment of a \$40.0 million short-term note the department may issue, if necessary, in the current fiscal year to match federal funds. Increased in debt service from federal funds reflects federal grant anticipation notes or bonds the department may issue in the current fiscal year for the Blue Water Bridge Plaza project. CTF debt service would decline by \$9.9 million reflecting the May 2009 restructuring of CTF bonds. | Federal | 45,832,100 | 7,602,200 | 24,000 |
| | Restricted | 200,980,900 | 33,058,200 | (41,029,200) |
| 2. Support Services by Other State Departments | Gross | \$51,112,200 | (\$2,742,300) | \$0 |
| Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Increases proposed in the Governor's budget reflect \$545,000 in economic increases, \$183,000 in cost allocation adjustments, less a \$91,600 technical adjustment. | Restricted | 51,112,200 | (2,742,300) | 0 |
| <u>House</u> reduces MTF IDG to Department of Treasury from \$8.4 million as proposed by the Governor to \$5.0 million; and reallocates \$3.4 million savings to the CTF, STF, and local road agencies in accordance with Act 51 formula. | | | | |
| 3. Executive Direction | FTEs | 37.3 | 0.0 | 0.0 |
| Includes <i>Unclassified salaries, Asset Management Council, and Office of Commission Audits</i> ; economic increases of \$161,500 would be offset by \$622,700 baseline reduction – part of \$16.0 million in STF administrative reductions to free up matching funds for federal-aid road and bridge program. | Gross | \$5,662,200 | (\$461,200) | \$0 |
| | Restricted | 5,662,200 | (461,200) | 0 |
| 4. Business Support | FTEs | 58.0 | 0.0 | 0.0 |
| Includes <i>Business support, Economic development and enhancement, Property management, and Worker's compensation</i> . Reflects retirement-related economic increases, \$394,600; increased building occupancy costs, \$410,400; reduction in workers compensation costs, \$24,000; and baseline reductions of \$426,900 – part of \$16.0 million in STF reductions to free up matching funds for federal-aid road and bridge program. | Gross | \$16,792,400 | \$318,900 | \$10,187,300 |
| | Restricted | 16,792,400 | 318,900 | 10,187,300 |
| FY 2012-13 change reflects "Active and retiree insurance and pension adjustment." | | | | |
| 5. Information Technology | Gross | \$27,831,000 | \$504,000 | \$0 |
| Reflects economic adjustments. | Federal | 520,500 | 0 | 0 |
| | Restricted | 27,310,500 | 504,000 | 0 |
| 6. Finance, Contracts, and Support Services | FTEs | 250.5 | 27.0 | 0.0 |
| Includes <i>Financial operations, Contract services, Department services, Performance excellence, and Welcome center operations</i> . Reflects economic increases of \$1.0 million, and baseline STF reductions of \$2.0 million – part of \$16.0 million in STF reductions to free up matching funds for federal-aid road and bridge program. | Gross | \$24,621,500 | \$1,591,900 | \$0 |
| | Restricted | 23,743,200 | (981,300) | 0 |
| | IDG | 878,300 | 2,573,200 | 0 |
| IDG funding reflects accounting functions performed by MDOT for other state departments, \$878,300 in current year for Department of Agriculture; increase for FY 2011-12 reflects shift of DNR/DEQ accounting functions to MDOT. | | | | |

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|--|--------------|-----------------------------------|-----------------------------|-----------------------------|
| 7. Transportation Planning | FTEs | 176.0 | 0.0 | 0.0 |
| Reflects economic increases of \$1.5 million; STF baseline reductions of \$927,100 – part of \$16.0 million in STF reductions to free up matching funds for federal-aid road and bridge program. Also restores \$10,000 (federal) spending authority lost when the Governor vetoed boilerplate Sec. 394 in the current year budget. | Gross | \$37,865,200 | \$549,800 | \$0 |
| | Federal | 21,990,000 | 10,000 | 0 |
| | Restricted | 15,875,200 | 539,800 | 0 |
| 8. Design and Engineering Services | FTEs | 1,492.8 | (1.0) | 0.0 |
| Reflects economic increases of \$7.1 million; \$80,200 decrease related to position transfers; and STF program reductions of \$7.0 million – part of \$16.0 million in STF reductions to free up matching funds for federal-aid road and bridge program. | Gross | \$116,658,200 | \$27,200 | \$0 |
| | Federal | 23,529,800 | 0 | 0 |
| | Restricted | 93,128,200 | 27,200 | 0 |
| 9. State Trunkline Maintenance | FTEs | 836.7 | 1.0 | 0.0 |
| Reflects economic increases, \$2.3 million; increase related to position transfers, \$80,200; STF baseline reduction of \$5.0 million – part of \$16.0 million in STF reductions to free up matching funds for federal-aid road and bridge program, as well as additional \$5.0 million one-time decrease in baseline maintenance operations to match federal funds. | Gross | \$274,663,900 | (\$7,646,200) | \$5,000,000 |
| | Restricted | 274,663,900 | (7,646,200) | 5,000,000 |
| 10. State Trunkline Road and Bridge Construction | Gross | \$796,226,200 | \$57,272,900 | \$38,849,700 |
| The Governor's proposed budget identified sufficient state revenue to match all estimated available federal aid. | Federal | 713,019,500 | 29,072,500 | 1,000 |
| | Local | 30,000,000 | 0 | 0 |
| | Restricted | 53,206,700 | 28,200,400 | 38,848,700 |
| Although the House bill includes the same figure for federal funds as the Governor, the House does not recognize \$50 million in STF funds from the Canadian contribution to a proposed Detroit-Windsor crossing project. The House anticipates using toll credits to provide the additional match needed to access all federal aid available to the state. [Since toll credits are a soft match, they are not appropriated in the state budget bill.] | | | | |
| The House bill also provides an additional \$10.0 million as compared to the Governor's budget using CTF revenue as a fund source. The House bill recognizes \$1.2 million as STF funds realized from the reduction in the MTF IDG to the Michigan Department of Treasury. | | | | |
| 11. Local Federal Aid Road and Bridge Construction | Gross | \$248,751,000 | (\$8,308,000) | \$0 |
| A placeholder reflecting estimated federal aid and the Act 51 directive that an average of 25% of most federal aid program funds be made available to local road agencies. | Federal | 248,751,000 | (8,308,000) | 0 |
| 12. Local Bridge Fund | Gross | \$26,799,800 | \$452,700 | (\$52,600) |
| Act 51 earmark reflects anticipated gasoline tax revenue. | Restricted | 26,799,800 | 452,700 | (52,600) |
| 13. MTF Distribution to Local Road Agencies | Gross | \$886,145,400 | \$41,828,100 | \$14,766,700 |
| Recognizes MTF distribution to county road commissions and cities/villages, based on February 2011 revenue estimates and Act 51 formula; actual distribution will be based on actual MTF revenue, which may differ from estimates. | Restricted | 886,145,400 | 41,828,100 | 14,766,700 |

House also provides an additional \$10.0 million to *County road commissions* as compared to the Governor's budget using CTF revenue as a fund source. includes additional \$1.9 million from the reduction in the MTF IDG to the Michigan Department of Treasury.

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|-----------------------------------|-----------------------------|-----------------------------|
| 14. Transportation Economic Development Fund (TEDF) | Gross | \$32,425,500 | (\$199,300) | \$438,900 |
| Continues into FY 2011-12 and FY 2012-13 the shift of \$12 million in driver's license fee revenue from Category "A" to the STF state trunkline road and bridge program to help provide matching funds for federal aid. Changes reflect minor changes in net available TEDF revenue. | Restricted | 32,425,500 | (199,300) | 438,900 |
| Does not include current year appropriation of \$1.0 million for "Non-profit street railways"; funding shifted to Category A program. | | | | |
| 15. Aeronautics and Freight Services | FTEs | 84.0 | 0.0 | 0.0 |
| Includes three operating line items, <i>Airport improvement services</i> , <i>Aviation services</i> , and <i>Freight and safety services</i> , as well as the <i>Aviation services</i> grant program. Reflects on-going reduction in State Aeronautics Fund (SAF) revenue. | Gross | \$11,694,400 | (\$524,700) | (\$749,200) |
| | Restricted | 11,694,400 | (524,700) | (749,200) |
| 16. Public Transportation Services | FTEs | 46.0 | 0.0 | 0.0 |
| Administers passenger public transportation programs. Increase reflects economic adjustments. | Gross | \$5,827,600 | \$265,800 | \$0 |
| | Federal | 862,100 | 0 | 0 |
| | Restricted | 4,965,500 | 265,800 | 0 |
| 17. Bus Transit - Local Bus Operating Assistance | Gross | \$166,624,000 | (\$9,662,100) | \$0 |
| Governor recommends \$166.6 million (CTF) for state operating assistance to local public transit agencies – unchanged since FY 2006-07. | Restricted | 166,624,000 | (9,662,100) | 0 |
| <u>House</u> reduces the line by \$10.0 million, as compared to the Governor, part of a \$20.0 million redirection of CTF revenue to road programs, less \$337,900 realized from the reduction in the MTF IDG to the Michigan Department of Treasury. These changes would be carried into FY 2012-13. | | | | |
| 18. Bus Transit - Non-Urban Operating/Capital | Gross | \$22,787,900 | \$0 | \$0 |
| Recognizes federal non-urban transit grants. | Federal | 21,987,900 | 0 | 0 |
| | Local | 800,000 | 0 | 0 |
| 19. Rail Passenger Service | Gross | \$11,667,000 | \$0 | \$0 |
| State restricted funds provide operating assistance for AMTRAK rail service between Port Huron/Chicago and Grand Rapids/Chicago; federal revenue supports capital assistance. | Federal | 3,000,000 | 0 | 0 |
| | Restricted | 8,667,000 | 0 | 0 |
| 20. Intercity Services | Gross | \$7,250,000 | (\$1,150,000) | \$0 |
| Provides \$650,000 in additional CTF support; reduces Intercity Bus Equipment Fund authorization by \$1.8 million to reflect actual revenue. | Federal | 4,500,000 | 0 | 0 |
| | Local | 50,000 | 0 | 0 |
| | Restricted | 2,700,000 | (1,150,000) | 0 |
| 21. Freight Preservation and Development | Gross | \$3,364,200 | \$1,735,800 | \$0 |
| Provides additional CTF support to program that supports capital improvements to state owned rail property. | Federal | 100,000 | 0 | 0 |
| | Restricted | 3,264,200 | 1,735,800 | 0 |
| 22. Specialized Services | Gross | \$7,443,800 | \$1,470,000 | \$0 |
| Supports transit programs for elderly and disabled citizens. Increase reflects anticipated federal and CTF revenue. | Federal | 1,785,000 | 700,000 | 0 |
| | Local | 1,700,000 | 785,000 | 0 |
| | Restricted | 3,958,800 | (15,000) | 0 |
| 23. Municipal Credit Program | Gross | \$2,000,000 | \$0 | \$0 |
| Reflects Act 51 earmark level of not less than \$2.0 million. | Restricted | 2,000,000 | 0 | 0 |
| 24. Bus Capital/Transit Capital | Gross | \$41,300,000 | (\$1,251,600) | \$0 |
| Provides increased state CTF matching funds for federal transit grants to local transit agencies. | Federal | 28,300,000 | 0 | 0 |
| | Local | 5,000,000 | 0 | 0 |
| | Restricted | 8,000,000 | (1,251,600) | 0 |

House reduces line by \$10.0 million (CTF), as compared to the Governor, part of a \$20.0 million redirection of CTF revenue to road programs. This change would be carried into FY 2012-13.

House Changes

Major Budget Changes From FY 2010-11 YTD Appropriations

| | | FY 2010-11 YTD (as of 2/17/11) | FY 2010-11 to FY 2011-12 | FY 2011-12 to FY 2012-13 |
|---|--------------|---|-------------------------------------|-------------------------------------|
| 25. State/Local Capital Facilities Projects | Gross | \$12,891,100 | (\$9,889,600) | \$0 |
| Provides \$3.0 million for department facilities. Reflects the end of one time funding for new Port Huron Welcome center replacement, and Blue Water Bridge facilities. | Federal | 6,514,800 | (6,514,800) | 0 |
| | Restricted | 6,376,300 | (3,374,800) | 0 |
| 26. AERO Capital Projects | Gross | \$123,246,400 | (\$13,495,800) | (\$15,830,100) |
| Provides funding for federal Airport Improvement Program; reflects anticipated program funding. | Federal | 102,927,900 | (8,837,300) | (13,154,500) |
| | Local | 16,446,000 | (3,312,500) | (2,256,600) |
| | Restricted | 3,872,500 | (1,346,000) | (419,000) |
| 27. Economics | Gross | N/A | \$14,207,200 | \$10,187,300 |
| Estimated additional funding needed to maintain baseline service levels. Net increase reflects \$14.6 million increase for retirement contributions, \$1.3 million decrease for health insurance, \$24,000 decrease for workers compensation, and \$410,400 increase in building occupancy costs. | Restricted | N/A | 14,207,200 | 10,187,300 |

Executive budget detail shows a \$10.2 million increase in FY 2012-13 for "Active and retiree insurance and pension adjustment."

Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13

Sec. 201. Total State Payments/Payments to Local Units – MODIFIED

Identifies total state spending; payments of state funds to local units of government from the funds appropriated. Updated to reflect Part 1 appropriations.

Sec. 202. Management and Budget Act – RETAINED

Indicates that appropriations are subject to the Management and Budget Act.

Sec. 203. Abbreviations – RETAINED

Defines abbreviations.

Sec. 204. Civil Service Charge – RETAINED

Requires Department of Civil Service to bill departments at the end of the first fiscal quarter for 1% charge authorized in the Constitution; requires payment by the end of the second fiscal quarter.

Sec. 205. Hiring Freeze – RETAINED

Imposes a hiring freeze for state civil service positions. State Budget Director given authority to grant exceptions to the hiring freezes if specific criteria are met.

Sec. 206. Contingency Appropriations – RETAINED

Provides for contingent federal, state, local, and private appropriations per Management and Budget Act.

Sec. 207. Privatization – DELETED

Provides for reports on privatization activities and defines privatize and privatization.

Sec. 207 Transparency – MODIFIED

Directs department to develop, post, and maintain on a publically accessible website expenditures made during the fiscal year. (Modified to delete FTE report; renumbered from Sec. 266 in current year budget.)

Sec. 208. Internet Reporting – RETAINED

Requires Department to use the Internet to fulfill reporting requirements.

Sec. 209 Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.

Sec. 210. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas

Sec. 212. Receive/Retain Reports – RETAINED

Requires department to retain reports funded from appropriation in part 1. (Renumbered from Sec. 211 in current year.)

Boilerplate Changes From FY 2010-11

Sec. 211 and 214. Information Technology – RETAINED

Requires Department to pay user fees to Department of Technology, Management, and Budget subject to provisions of interagency agreement. Allows IT projects to carry forward as work projects.

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. (Renumbered from Sec. 261 in current year.)

Sec. 216. Out-of-State Travel – RETAINED

Limits out-of-state travel. (Renumbered from Sec. 260 in current year.)

Sec. 226. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General. (Renumbered from Sec. 262.)

Sec. 228. General Fund Lapse Report – NEW

Requires report on estimated GF/GP lapses.

Sec. 263. Impact of New Legislation and Administrative Rules – DELETED

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the department from adopting administrative rules that have a disproportionate impact on small business.

Sec. 301. Permit Fees/Bridge Tolls – MODIFIED

Provides for permit and FOIA processing fees; House deletes subsection providing process for raising bridge tolls is not included.

Sec. 303. Legislative Report – DELETED

House does not include report of funds received by city, village, and county road commission by legislative district.

Sec. 304. Confidentiality of Bid Documents – RETAINED

Provides for confidentiality of highway project bid documents.

Sec. 305. Lease of Space in Public Transportation Property – DELETED

House deletes current year language requiring lease of space in public transportation facilities at market rates and that revenue be used for property maintenance/improvements.

Sec. 306. Use of Transportation Funds by Other State Agencies/Biennial Audit – MODIFIED

Sets guidelines for use of transportation funds (grants) by other state agencies. House deletes current year subsections providing for reporting requirements and biennial audit.

Sec. 307. Rolling Five-Year Plan – DELETED

House deletes requirement that department provide rolling five-year highway construction plan by March 1 of each year.

Sec. 308. Contract Compliance – MODIFIED

Requires that MDOT and local road agencies pursue compliance with contract specifications for construction and maintenance; provides for sanctions for unsatisfactory contractors; requires a report. House adds subsection prohibiting the department from reducing or restricting a contractor's prequalification until all administrative appeals have been exhausted.

Sec. 309. Administrative Costs – DELETED

Requires MDOT to continue its efforts to reduce administrative costs.

Sec. 310. State Transportation Commission Minutes/Agenda – DELETED

House deletes current year language requiring department provide copies of minutes and agenda to House and Senate Appropriations Subcommittees on Transportation, House and Senate Fiscal Agencies, and State Budget Director.

Sec. 312. State Trunkline Fund Carryforward – RETAINED

Allows carryforward authority for STF; appropriates for state trunkline federal aid and road and bridge program.

Sec. 313. State Infrastructure Bank – RETAINED

Allows the department to increase and make loans from the State Infrastructure Bank.

Sec. 314. Report on Internal Auditor – DELETED

House deletes current year language providing for report on activities of internal auditor; report due February 1.

Sec. 319. Rest Area Maintenance – DELETED

House deletes current year language requiring signs/telephone numbers for reporting unclean and unsafe conditions at rest areas.

Sec. 321. Complete Streets/Enhancement Grants – DELETED

House deletes current year language directing department give preference, in awarding Enhancement grants, to applicants which have adopted Complete Streets policies.

Boilerplate Changes From FY 2010-11

Sec. 322. Complete Streets/Universities – DELETED

House deletes current year language directing department to work with requesting universities on Complete Streets polices.

Sec. 334. Disadvantaged Businesses Enterprise (DBE) Program – MODIFIED

House deletes current year language which required MDOT to continue MBE/WBE program and reporting requirement; New language limits DBE goal to 5%; limits participation to 5 years.

Sec. 353. Prompt Payment – RETAINED

Directs MDOT to review contractor payment process to ensure that contractors and subs are paid promptly.

Sec. 354. Solicit Proposals for Improper Payment Audit – NEW

House directs department to solicit proposals for an audit of improper payments by March 1, 2012; report to Legislature by September 1, 2012.

Sec. 357. Local Federal Aid Project Review – DELETED

House deletes language directing MDOT complete project reviews within 120 days; requires system for monitoring review process.

Sec. 374. MDOT Employee Newsletters – DELETED

House deletes current year language which requires department to distribute employee newsletters electronically.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED

Prohibits MDOT from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations made in Act.

Sec. 376. Deferred Project Report – DELETED

House deletes current year language which requires a report on the status of 17 projects deferred in 2003.

Sec. 382. Use of State Airfleet – NEW

House directs department to sell one of two MDOT-owned Beechcraft turbo-prop aircraft by September 30, 2012.

Sec. 383. Report on Use of State Airfleet – DELETED

House deletes language which required quarterly report on use of MDOT-owned aircraft; recovery of department costs.

Sec. 384. Detroit River International Crossing (DRIC) – MODIFIED

House limits spending on DRIC or related projects; requires legislative report by March 31, 2012; indicates that spending restrictions of the section will not apply if DRIC enabling legislation is enacted.

Sec. 385. Private Facility Toll Credits – MODIFIED

Restricts use of toll credits earned from private toll facilities. House adds language to direct department to use all available toll credits from private toll facilities to match available federal funds

Sec. 393. Best Practices for Public Transportation – DELETED

House deletes current year language directing Directs department to support best practices.

Sec. 395. County Road C-56 Jurisdiction – DELETED

House deletes intent language that department assume jurisdiction of County Road C-56 in Charlevoix County.

Sec. 398. Street Railway Appropriation – MODIFIED

Executive proposed language provides for \$0 appropriation to a street railway pursuant to section 10e(22) of 1951 PA 51; the appropriation had been \$1 million in current year budget. House concurs with Executive.

Sec. 401. Federal Aid Distribution Report – DELETED

House deletes current year language requiring Department to notify local agencies, Legislature, and state budget director on proposed distribution of federal funds between state and local units.

Sec. 402. Sale of Local Federal Aid – RETAINED

Authorizes local road agencies to sell federal aid to Department or to other local road agencies.

Sec. 501. Motor Carrier Act – RETAINED

Describes distribution of revenue received under the Motor Carrier Act (1933 PA 254).

Sec. 502. Treasury Audits of Local Road Agencies – DELETED

House deletes current year language which provided for audits of local road agencies by Department of Treasury.

Sec. 503. TEDF/Local Bridge Fund Carryforward – RETAINED

Provides carryforward authority for TEDF and Local Bridge funds; prevents diversion for other purposes; authorizes use of federal, local, or private funds for program. .

Sec. 504. MTF Distribution – RETAINED

Requires use of MTF in accordance with Act 51 requirements.

Boilerplate Changes From FY 2010-11

Sec. 601. Road Construction Warranties – DELETED

House deletes current year language which encouraged use of road construction warranties; reporting requirement.

Sec. 602. Manufactured Pipe – DELETED

House deletes current year language which provides standards for use and testing of manufactured pipe.

Sec. 603. Traffic Congestion – DELETED

House deletes current year language directing Department to consider traffic congestion be used as criteria in project selection.

Sec. 604. Work Zone Safety Signs – DELETED

House deletes current year language indicating legislative intent that the department place signs in work zones notifying vehicle operators of increased penalties for traffic offenses in work zones.

Sec. 607. Interchange – I-75 at Corunna Road, Flint – DELETED

House deletes current year language regarding proposed project.

Sec. 610. Dead Deer – DELETED

House deletes current year language regarding legislative intent regarding clean-up of dead deer and other large animal remains.

Sec. 612. Incentive/Disincentive – DELETED

House deletes current year language which requires Department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year.

Sec. 615. Interchange M-48 and I-75 in Chippewa County – DELETED

House deletes current year language which indicates legislative intent that Department construct full interchange.

Sec. 654. Long-term Viability of Mackinac Bridge – DELETED

House deletes current year language regarding legislative intent that the Mackinac Bridge Authority protect long-term viability of the Mackinac Bridge.

Sec. 656. M-49 Upgrade “Green Highway” – DELETED

House deletes current year intent language that the Department upgrade M-49 in Hillsdale County to a “designated” truck route.

Sec. 658. Interchange at I-196 and Phoenix Road in South Haven – DELETED

House deletes current year language indicating legislative intent that Department reconstruct interchange.

Sec. 659. Life Cycle Cost for Pavement Projects – DELETED

Allows the use of historical/comparable data from states with similar climate, soil, and vehicular traffic.

Sec. 660. Use of Alternative Materials – MODIFIED

Encourages the department to examine the use of alternative road surface materials.

House includes reference to crumb rubber from tires.

Sec. 661. Completion of US-127 St. Johns to Ithaca – DELETED

House deletes current year language indicating intent that Department complete engineering and right of way acquisition.

Sec. 662. Emergency Response Access Point, Graafschap Fire/Laketown Township – RETAINED

Intent language regarding emergency access on US-31 in Allegan County.

Sec. 664. Use of Additional MTF Revenue – DELETED

House deletes current year language that revenue in excess of revenue estimates be used to reinstate delayed projects.

Sec. 665. Prohibition on Land Purchase for Watervliet I-94 Rest Area – DELETED

House deletes current year intent language that appropriated funds not be used for property acquisition related to new rest area.

Sec. 701. Intercity Bus Equipment Fund – RETAINED

Provides for separate accounting and carryforward authority for this fund.

Sec. 702. Rail Preservation Fund – RETAINED

Provides for accounting and carryforward authority; reference to State Transportation Preservation Act of 1976 (1976 PA 295).

Sec. 703. Rail Abandonment Notice – DELETED

House deletes current year language requiring notification of Legislature when railroad companies file for abandonment of lines.

Sec. 706. Detroit/Wayne County Port Authority – RETAINED

Requires report due by February 15 of each year.

Sec. 708. Intercity Bus Equipment Program – DELETED

House deletes current year language requiring annual lease of not less than \$1,000.

Sec. 709. Intercity Bus Essential Corridor – DELETED

House deletes section which identifies essential bus corridors and restrictions on intercity operating subsidies.

Boilerplate Changes From FY 2010-11

Sec. 711. Seven-Day Rail Passenger Service (AMTRAK) – DELETED

House deletes section directing Department negotiate with a rail carrier to provide seven-day Port Huron/Chicago and Grand Rapids/Chicago service.

Sec. 714. Local Transit Demand-Response Services – DELETED

House deletes current year language requiring that Department, in cooperation with local transit agencies, work to ensure that demand-response services are provided throughout Michigan.

Sec. 731. Intercity Bus Space Rental – DELETED

House deletes current year language which required Department to charge transit agencies and intercity bus carriers the same rent when leasing similar space in state-owned intermodal facilities.

Sec. 734. Transit Agency Service Performance Measures – DELETED

House deletes section directing that Department work to ensure that transit agencies meet certain service performance measures.

Sec. 740. Review of CTF Fund Balances – DELETED

House deletes current year language requiring report on unencumbered CTF balance by March 1 of each year.

Sec. 741. Ann Arbor and Northwest Michigan Railroad – DELETED

House deletes section requiring report on progress made to improve rail track to support passenger trains at 59 MPH.

Sec. 743. Use HEV Vehicles – DELETED

House deletes section encouraging department to include hybrid electric vehicles in RFPs purchased through the department.

Sec. 745. Appropriation of CTF Debt Service – DELETED

Executive did not include language regarding transfer of bond proceeds to bond proceeds account. House concurs.

Sec. 801. State Aeronautics Fund – RETAINED

Requires that unexpended funds in the State Aeronautics Fund lapse back to the fund.

Sec. 901. Aeronautics Capital Program – RETAINED

Permits department to contract for airport improvement projects on behalf of local airport owners; local match requirements, requires local agencies to obtain authorization before submitting projects to federal agencies.

Sec. 902. Aeronautics Capital Program Status Report – DELETED

House deletes current year reporting requirement.

Sec. 903. Capital Outlay Carry Forward – RETAINED

Provides for carry forward authority in accordance with the Management and Budget Act.

Sec. 904. Capital Outlay Authorization/Lapse – RETAINED

Language on allocation of lump-sum appropriations.