



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

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 21 (Substitute S-3 as reported) *(as passed by the Senate)*
Senate Bill 802 (Substitute S-1 as reported) *(as passed by the Senate)*
Sponsor: Senator Tonya Schuitmaker (S.B. 21)
Senator Patrick Colbeck (S.B. 802)
Committee: Reforms, Restructuring and Reinventing

CONTENT

Senate Bill 21 (S-3) would amend the Management and Budget Act to require each department, every fiscal year, to have a strategic mission, vision, goals, and a balanced scorecard in place by the deadline established in the Act for the Governor to submit a budget to the Legislature.

The scorecard would have to include at least one existing metric or establish at least one new metric for each one-time or ongoing enhancement budget recommendation. Each metric would have to be in one of the following categories:

- Customer service (measuring the value received from the citizen perspective and the scale and quality of the service).
- Financial (quantifying the amount that the strategy, implementation, and execution of an enhancement budget recommendation is contributing to the bottom line).
- Internal business process (measuring how well business processes are structured or organized to meet citizen service expectations).
- Learning and growth (measuring how well the people, technology, and climate support the strategy of the enhancement).

"Balanced scorecard" would mean "a management tool that allows managers to lead through monitoring the performance of an organization on the few but vital set of activities and measures that drive enterprise success..."

Senate Bill 802 (S-1) would amend the Management and Budget Act to require each reporting unit (a State agency to which an appropriation is made), beginning in fiscal year (FY) 2013-14, to classify each line item in the enacted budget in one of the following spending categories: core services, support services, or work projects. Each reporting unit also would have to prepare a spending plan for each line item in the most recently enacted budget, and submit the plan to the State Budget Office within 60 days after the budget was enacted.

A spending plan would have to do the following:

- Summarize the line items by appropriation unit.
- Identify the budget requirements for each core service, support service, and work project according to specified expense categories.
- Identify revenue sources and amounts for each appropriation unit.

A spending plan could not exceed the gross appropriation for the line item in the enacted budget, but could propose a lower amount if revenue were expected to be less than the amount appropriated.

Within 30 days after receiving the reporting units' spending plans, the State Budget Office would have to review and approve each plan or, if changes were requested, return the plan to the reporting unit, which would have two weeks to submit a revised spending plan. The State Budget Director would have to submit each approved spending plan to the appropriate Appropriations subcommittees and the Senate and House Fiscal Agencies in a spreadsheet-compatible format, and post it on the Department of Technology, Management, and Budget's (DTMB's) website.

The bill states, for FY 2014-15, "the legislature intends that appropriations and the executive budget will group line-item appropriations into only 3 appropriation units: core services, support services, and work projects. Each reporting unit shall prepare a spending plan for each line-item category within each appropriation unit."

The bill also states, for FY 2015-16 and each subsequent fiscal year, "the legislature intends that appropriations and the executive budget will include a schedule of programs for each line item. The schedule of programs shall include suggested spending amounts for each program listed."

Senate Bills 21 (S-3) and 802 (S-1) are tie-barred.

Proposed MCL 18.1447 (S.B. 21)
Proposed MCL 18.1373 (S.B. 802)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 21 (S-3). There would be little or no added costs to any departments from the provisions of the bill. Departments already provide mission statement and metrics for existing funding; thus, complying with the proposed requirements should fall within the scope of what departments already provide.

Senate Bill 802 (S-1). State departments and agencies could experience a minimal fiscal impact from complying with the bill's requirements but any additional costs should be absorbed within the departments' or agencies' annual budgets. The DTMB already has a public website in place; thus, there would be no additional costs to the Department to comply with the proposed requirements.

Date Completed: 4-27-12

Fiscal Analyst: Joe Carrasco

Floor\sb21

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.