

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



Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5646 (S-1 as reported)
Committee: Appropriations

OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Civil Service, Executive, Information Technology, Legislature, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2002-03. The Senate Substitute is \$6,192,900 Gross; \$3,826,900 GF/GP over the Governor's revised recommendation.

The following boilerplate changes are included in the general boilerplate section of the bill:

1. **Restored Sections.** The Governor recommended elimination of boilerplate sections on privatization, Buy American intent language, depressed and deprived communities, and retention of reports. The House and Senate restored all of those sections. (Sec. 207, 209, 210, and 212)
2. **Hiring Freeze.** Imposes hiring freeze and provides for exceptions. Provides for monthly report to chairs of appropriations committees regarding exceptions to hiring freeze. List of reasons for exceptions include loss of revenue, inability to receive Federal funds, or resulting costs exceeding savings from the vacancy. The Governor recommends a quarterly report, instead of monthly. The House and Senate concur. (Sec. 205)
3. **Internet Reports.** Requires use of the Internet to fulfill reporting requirements unless otherwise specified. Provides for quarterly cumulative reports including location of report. The Governor removes the reporting requirement. The House and Senate concur. (Sec. 208)
4. **Privacy Policy.** The Senate removed current year language that required all departments to adhere to the privacy policy adopted under Section 715 (7).
5. **General Fund Unreserved Balances.** The Governor and House included new language that appropriates and transfers all unreserved GF/GP balances to the BSF at the final close of the fiscal year. The Senate removed this section.
6. **Revenue Limit Exceeded by Less than 1%.** The Governor and House included language that provides if the revenue limit is exceeded by less than 1%, the excess is appropriated to the BSF at the close of the fiscal year. The Senate removed this section.
7. **Revenue Limit Exceeded by More than 1%.** The Governor and House included language that provides if the revenue limit is exceeded by more than 1%, the excess is appropriated and transferred back to the General Fund from the BSF before final book closing for the fiscal year. The Senate removed this section.
8. **Information Technology Work Project Designation.** The Governor and House included new language that provides that amounts appropriated in Part 1 for information technology may be designated as work projects if approved as such pursuant to Section 451a of the Management and Budget Act. The Senate deleted this section.
9. **Communications with Legislators.** The Senate added new language that prohibits disciplinary action against department employees for communicating with legislators or their staff. (Sec. 215)
10. **Early Retirement Savings.** The Governor and Senate included new language providing that the State Budget Director shall request legislative transfers no later than November 15, 2002 to apply early retirement savings to line items affected by the early retirement program. (Sec. 216)
11. **FY 2001-02 Sections.** Boilerplate for FY 2001-02 included by the Governor and the House was removed by the Senate. The Senate included these sections in the FY 2001-02 supplemental appropriation bill, S.B. 287.

Date Completed: 5-08-02

Bill Bowerman
Jessica Runnels

House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|--|---------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$62,900,500 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. Staff Reductions. The Governor's recommendation reduces 4.5 FTE positions to cover General Fund employee-related economic costs. | (286,600) |
| 2. Tobacco Settlement Trust Fund. The House and Senate included 3.0 FTE funded by the Tobacco Settlement Trust Fund for ongoing legal services associated with the Tobacco Master Settlement Agreement. | 351,800 |
| 3. Early Retirement Savings. Pursuant to the Governor's Revised Recommendation (4/1/02), the Senate included a line item to be adjusted by a Conference Committee to reflect savings resulting from early retirement legislation. | (100) |
| 4. Program Transfers. The budget includes a new Information Technology appropriation unit for the Department of Attorney General. It includes \$878,200 transferred from the operations line item. This funding also is appropriated as an interdepartmental grant from user fees in the new Department of Information Technology, which was created by Executive Order 2001-03. Seven positions are transferred to the new Department from the Department of Attorney General. | 0 |
| 5. Attorney General Salary. The Governor did not include a salary increase for the Attorney General. Pursuant to the Michigan Constitution, the Attorney General's salary cannot be increased during his or her term of office. Any change to the salary must be effective on January 1, 2003. The House included a 2% increase. The Senate increased the Attorney General's salary from \$124,900 to \$135,500 effective January 1, 2003. | 8,000 |
| 6. Unclassified Salaries. No increase was recommended by the Governor for the \$467,000 line item that funds 5.0 FTE unclassified positions. The House and Senate included a 2% increase. | 9,300 |
| 7. Economic Adjustments. | 373,100 |
| 8. Other Changes. Other adjustments include the reduction of \$159,900 to reflect the end of the five-year payouts of sick leave for employees that retired under the 1997 Early Retirement legislation. | (159,900) |
| 9. Comparison to Governor's Recommendation. The Senate Substitute is \$357,300 Gross; \$5,500 GF/GP over the Governor's Revised Recommendation. | |
| Total Changes | \$295,600 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$63,196,100 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Changes from FY 2001-02 Year to Date:

1. **Litigation Expense Reimbursement.** The Governor, House, and Senate included new language that appropriates up to \$500,000 from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay attorney fees assessed against the State and for State costs incurred pursuant to MCL 770.16 (DNA testing). Allows for carryforward of unexpended funds. (Sec. 307)
2. **Attorney General Salary.** The Senate added language providing that the salary of the Attorney General shall be \$135,500 effective January 1, 2003, unless a constitutional amendment gives the State Officers Compensation Commission the authority to determine the Attorney General's salary. (Sec. 308)

Date Completed: 5-08-02

Fiscal Analyst: Bill Bowerman

House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|--|---------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$15,267,000 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. Information Technology Positions. The budget transfers 5.0 FTEs to the Department of Information Technology. A new appropriation unit is created within the Department of Civil Rights budget which includes \$1,082,000 Gross and GF/GP that is seen in the budget for the new Department as an interdepartmental grant from user charges | 0 |
| 2. Completion of 1997 Early Retirement Payouts. The budget includes a reduction to reflect the completion of the five year payouts for annual and sick leave related to the 1997 early retirement legislation. The reduction includes (\$38,000) Gross; all GF/GP. | (38,000) |
| 3. Staff Reductions to Pay for Employee Economics. The budget includes a reduction of General Fund and 3.0 FTEs to pay for employee economics. | (176,100) |
| 4. Early Retirement Savings. The Governor issued a revised recommendation to include a line for implementation of the early retirement program. The Senate concurred. | (100) |
| 5. Unclassified Salaries. The budget includes no net increase to this line item from the current year. | 0 |
| 6. Economic Adjustments. The budget includes standard economic adjustments applied to all budget areas. The adjustments include \$296,000 Gross; all GF/GP. | 296,000 |
| 7. Comparison to Governor's Recommendation. The Senate version is the same as the Governor's recommended budget for this department. | |
| Total Changes | \$81,800 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$15,348,800 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

Changes from FY 2001-02 Year to Date:

1. **Receipt and Expenditure of Additional Funds.** The Governor recommended adding workshops and award programs to the purposes for which the Department may receive and expend funds. The House and Senate concur. (Sec. 401)

Date Completed: 5-08-02

Fiscal Analyst: Jessica Runnels



House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|---|---------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$30,088,340 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. Training for Management Employees. The budget doubles the appropriation for employee training from \$2,000,000 to \$4,000,000. The increase is primarily related to the Leadership Development and Executive Training Program that management employees statewide are required to attend. | 2,000,000 |
| 2. State Officers Compensation Commission. The budget includes funding for expenses such as meeting rooms and travel expenses for the biannual meeting for the Commission in FY 2002-03. | 15,000 |
| 3. Information Technology Positions. The budget transfers 27.0 FTEs to the Department of Information Technology. A new appropriation unit is created within the Department of Civil Service budget which includes \$3,461,600 Gross; 1,440,000 GF/GP that is seen in the budget for the new Department as an interdepartmental grant from user charges | 0 |
| 4. Completion of 1997 Early Retirement Payouts. The budget includes a reduction to reflect the completion of the five year payouts for annual and sick leave related to the 1997 early retirement legislation. | (97,000) |
| 5. Staff Reductions to Pay for Employee Economics. The budget includes a reduction of General Fund and 3.0 FTEs to pay for employee economics. | (121,300) |
| 6. Early Retirement Savings. The Governor issued a revised recommendation to include a line for implementation of the early retirement program. The Senate concurred. | (100) |
| 7. Economic Adjustments. The budget includes standard economic adjustments applied to all budget areas. The adjustments include \$332,260 Gross; \$139,660 GF/GP. | 332,260 |
| 8. Comparison to Governor's Recommendation. The Senate version is the same as the Governor's recommended budget for this department. | |
| Total Changes | \$2,128,860 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$32,217,200 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **One Percent Charges.** The Governor removed "programs" from the basis for determining 1% of the payroll charges available to the Department of Civil Service. The House and Senate concur. (Sec. 501)

Date Completed: 5-08-02

Fiscal Analyst: Jessica Runnels



House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|--|--------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$5,480,900 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. State Officers Compensation Commission (SOCC) Determinations. The budget includes \$800 for costs associated with SOCC determinations for the salaries of the Governor and the Lt. Governor for the last quarter of 2002. The budget also includes \$4,700 to fund up to a 2.0% increase for future SOCC determinations related to 2003. | 5,500 |
| 2. Staff Reductions. The Governor's recommendation reduces positions by 0.8 FTE to cover General Fund employee-related economic costs. | (54,800) |
| 3. Early Retirement Savings. Pursuant to the Governor's Revised Recommendation (4/1/02), the Senate included a line item to be adjusted by the Conference Committee to reflect savings resulting from early retirement legislation. | (100) |
| 4. Unclassified Salaries. The Governor's recommendation increases the line item that funds 8.0 FTE unclassified positions by 2.0%, from \$833,100 to \$849,800. | 16,700 |
| 5. Economic Adjustments. | 38,100 |
| 6. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended funding for Gross and GF/GP. | |
| Total Changes | \$5,400 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$5,486,300 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

None.

Date Completed: 5-08-02

Fiscal Analyst: Bill Bowerman



House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|--|----------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$332,719,500 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. FY 2001-02 Appropriation. There was no appropriation bill for the Department of Information Technology in FY 2001-02. The Department was created by Executive Order 2001-3, which became effective on October 14, 2001. The amount listed for FY 2001-02 is based on the FY 2001-02 appropriation for entities transferred pursuant to Executive Order 2001-03. Executive Order 2001-3, by a Type II transfer, transferred the following to DIT: | |
| • All information technology services currently within any executive branch entity. | |
| • The Michigan Administration Information Network. | |
| • The Computing Services Unit. | |
| • The Information Technology Services Division. | |
| • The Office of Project Management. | |
| • The Information Technology Budget and Finance Division. | |
| • The Office of Information Technology Solutions. | |
| • The Telecommunications Services Unit. | |
| • The Michigan Information Network Office. | |
| • The Michigan Information Center. | |
| The budget for executive branch departments and agencies creates a new Information Technology appropriation unit in each department. This funding is the source for IDG user fee revenue to fund the new Department of Information Technology. The services to departments provided by the new Department of Information Technology, are consolidated into seven line items; Enterprise Wide Services, Health and Human Services, Education Services, Public Protection, Resource Services, Transportation Services, and General Services. | |
| 2. Staff Reductions. The budget reflects the reduction of 8.8 FTE positions to offset General Fund employee-related economic adjustments. | (629,400) |
| 3. Revised Recommendation. The Governor's 4-4-02 revision letter transfers an additional 65.2 FTEs and \$94,055,300 to DIT. Of that amount, 59.2 FTEs and \$91,097,100 is from FIA, mostly due to the transfer of the Child Support Enforcement System. The balance of the revisions have resulted from discussions between DIT and other departments to more accurately align positions and funding related to information technology services. | 94,055,300 |
| 4. e-Michigan. The budget transfers \$9,300,000 from charges to departments to fund costs associated with e-Michigan. | 0 |
| 5. Early Retirement Savings. Pursuant to the Governor's Revised Recommendations (4/1/02), the Senate included a line item to be adjusted by the Conference Committee to reflect savings resulting from early retirement legislation. | (100) |
| 6. Unclassified Salaries. The budget allocates \$300,000 from existing appropriations to fund 6.0 FTE unclassified positions. | 0 |
| 7. Economic Adjustments. | 1,363,500 |
| 8. Comparison to Governor's Recommendation. The Senate Substitute is at the Governor's recommended level of funding. | |
| Total Changes | \$94,789,300 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$427,508,800 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **Contingency Funds.** Appropriates, in addition to funds in Part 1, \$40,000,000 for interdepartmental grant contingency funds. Legislative transfers are required prior to expenditure. (Sec. 570)
2. **User Fees.** Provides that the appropriation for the Department of Information Technology in Part 1 shall be funded by user fees assessed to State departments and agencies. (Sec. 571)
3. **e-Michigan.** (1) Permits the e-Michigan office to sell and accept advertising with the revenue used for operating costs and limited to \$250,000. (2) Private and public sources donating gifts, grants, etc. may receive recognition on Website. (3) e-Michigan may provide services to other State departments and agencies. (4) Funds received from parts 1, 2, & 3 are appropriated. (5) Unexpended revenue will not lapse, but must be reappropriated. (6) A search function of all State agencies will be placed on the front page of the website. (7) The privacy policy adopted by e-Michigan will instruct visitors on how to be warned, view, and remove cookies on their personal computer. (8) Reporting requirement on revenue received from advertising, gifts, and donations. The Governor's recommendation removed the \$250,000 limit on revenues, eliminates subsections 6, 7, and 8, and includes technical changes. The House and Senate rejected the Governor's changes and restored current year language. (Sec. 572)
4. **Transfers to Department of Information Technology.** The House added language that states legislative intent that the transfer of employees to the Department of Information Technology will occur within a reasonable time frame. The Senate concurred. (Sec. 575)
5. **Information Technology-Definitions.** The House added language that defines information technology services as services involving all aspects of managing and processing information, and lists examples consistent with Executive Order 2001-3. The Senate concurred. (Sec. 576)

Date Completed: 5-08-02

Fiscal Analyst: Bill Bowerman



House Bill 5646 (S-1 as reported)

Committee: Appropriations

FY 2001-02 Year-to-Date Gross Appropriation **\$125,850,000**

Changes from FY 2001-02 Year-to-Date:

- 1. **Legislative Retirement.** The Senate included a funding shift of \$41,900 from Court Fees to General Fund, and an additional \$1,374,700 GF/GP based on MCL 38.1063. 1,374,700
- 2. **e-Law Technology Project.** The House reduced this line item by \$2,000,000 and shifted the funding to House line items. The Senate transferred an additional \$179,700 to the Legislative Council to fund costs related to the Internet Service Provider for the Legislature. (2,179,700)
- 3. **House Line Items.** The House added \$1,500,000 for House Operations, \$200,000 for the House Office Building, and \$300,000 for House ADP. The Senate created points of difference changes on each line. 2,000,000
- 4. **Senate Line Items.** The House transferred \$239,700 from the Senate Fiscal Agency to Senate Operations. The Senate increased funding for Senate Operations by \$1,000,000, Senate ADP by \$1,000, and the Farnum Building by \$200,000. 1,440,700
- 5. **National Association Dues.** The Senate increased national association dues from \$385,500 to \$416,500 based on actual costs. 31,000
- 6. **Legislative Auditor General.** The House increased funding by \$100. The Senate added \$16,900 GF/GP for unclassified salaries (Section 615) and \$1,055,100 for baseline costs funded from the State Services Fee Fund. 1,072,100
- 7. **State Officers Compensation Commission (SOCC) Determinations.** The budget includes \$76,700 for costs associated with SOCC determinations for the last quarter of 2002. The budget also includes \$181,500 to fund up to a 2.0% increase for future SOCC determinations related to 2003. 258,200
- 8. **Lease Costs.** The budget includes funding for lease cost adjustments associated with the House Office Building and the Victor Office Center. 162,000
- 9. **Reductions.** The Governor's recommendation includes reductions to offset employee-related General Fund economic costs. (1,635,300)
- 10. **Economic Adjustments.** 1,635,300
- 11. **Other Changes.** Other adjustments include a \$54,900 increase for defined contribution costs, \$179,700 for the Internet Service Provider, \$12,100 for restricted audit charges, the elimination of \$200,000 in one-time costs for the Legislative Council, and a reduction of \$31,200 to reflect the end of the five-year payouts of sick leave related to the 1997 Early Retirement Program. The budget does not include the negative \$100 line item appropriation recommended by the Governor for early retirement savings. 15,500
- 12. **Comparison to Governor's Recommendation.** The Senate Substitute is \$3,678,900 Gross; \$2,665,700 GF/GP over the Governor. 15,500

Total Changes **\$4,174,500**

FY 2002-03 Senate Appropriations Committee Gross Appropriation **\$130,024,500**

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **Farnum Building.** Provides that the Senate may charge rent and assess utility costs and appropriates funds for renovation, operation, and maintenance of Farnum Building. The Senate modified the section (and the line item description) to include other Senate properties. (Sec. 602)
2. **National Association Dues.** Allocates funding for national association dues to the National Conference of State Legislatures (NCSL), Council of State Governments (CSG), National Council of Insurance Legislators (NCIL), and National Conference of Commissioners on Uniform State Laws (NCCUSL). The Governor's recommendation adjusts funding based on appropriation in Part 1. The House concurred with the Governor. The Senate modified the section to reflect actual dues. (Sec. 603)
3. **e-Law, Legislative Council's Technology Project.** Designates appropriation for E-Law as a work project. Estimates total project cost at \$3,992,750 with a tentative completion date of September 30, 2003. The Senate updated the completion date of the project to September 30, 2004. (Sec. 608)
4. **Health Insurance.** Provides that funds appropriated to the Legislature shall not be used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees. The Senate removed this section.
5. **Public Access.** Provides that public access to legislative offices shall not be restricted during normal business hours. The Governor, House, and Senate removed this section.
6. **School District Financial and Pupil Accounting Records.** Provides for auditing school district financial and pupil accounting records utilized for State school aid distributions. Also provides for continuation of Auditor General oversight functions and reporting requirements. Requires annual report on the results of the assessment of the internal control structure for the State's membership reporting and auditing process, and recommendations to improve the internal structure. The Senate removed this section.
7. **Auditor General-Unclassified Salaries.** Provides that Auditor General's salary for FY 2001-02 shall be \$127,400 and limits funding for 2.0 other unclassified positions to a combined total of \$138,400. The Senate increased the Auditor General's salary to \$135,500 and appropriated \$147,200 for the remaining unclassified positions. (Sec. 615)
8. **Auditor General Hiring Freeze.** Imposes a hiring freeze (excluding filling vacancies as they arise) for the Auditor General. Provides that Legislative Leadership may grant exceptions to the hiring freeze. The Senate removed this section.
9. **Legislative Audit Requests.** The Senate added language providing that any audits, reviews, or investigations requested of the Auditor General by the Legislature or by legislative leadership, legislative committees, or individual legislators should include an estimate of the additional costs involved and, when such costs exceed \$50,000, should provide supplemental funding. The Auditor General will determine whether to perform such activities in keeping with Audit Directive No. 29, which describes the Office of Auditor General policy on responding to legislative requests. (Sec. 618)

Date Completed: 5-08-02

Fiscal Analyst: Bill Bowerman



House Bill 5646 (S-1 as reported)

Committee: Appropriations

| | |
|--|----------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$175,329,000 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. State Space Plan. The budget includes an appropriation from building occupancy changes for costs associated with the State Space Plan. Included are the transfer of the Historical Center from the Legislature to the Executive, the opening of the Hall of Justice, new leased facilities in Grand Rapids, the first year of property taxes for Constitution Hall, and a shift from rent to building occupancy charges. FTE authorization is increased by 17.0 positions for property management responsibilities in Constitution Hall and the Hall of Justice. | 14,728,700 |
| 2. Security at State Buildings. The budget includes an increased appropriation for heightened security at State buildings. These costs are built into building occupancy charges. | 4,792,000 |
| 3. Parking Adjustments. The Office of Property Services is exploring alternative parking arrangements with municipal and private owners of parking lots in the Lansing and Detroit areas. The appropriation is increased since additional parking fees may be processed by the Office. | 3,214,800 |
| 4. Professional Development and Severance Pay Funds. Pursuant to collective bargaining agreements, the budget includes appropriations for the professional development and severance pay funds . | 750,000 |
| 5. State Building Authority Oversight. The budget includes an appropriation for the Department to receive and expend revenue received for the purchase from the State of Federal tax credits by private drillers for the development of natural gas. | 50,000 |
| 6. Retirement Service Technology Plan. The budget reflects the reduction of implementation funding for the Vision ORS automated retirement funding. | (8,000,000) |
| 7. Information Technology Positions. The budget transfers 84.0 FTEs to the Department of Information Technology. A new appropriation unit is created within the Department of Management and Budget budget which includes \$27,434,300 Gross; 18,960,400 GF/GP that is seen in the budget for the new Department as an interdepartmental grant from user charges | 0 |
| 8. Reduction of One-Time Items. The budget eliminates one-time FY 2001-02 appropriation items. | (2,100,000) |
| 9. Early Retirement Savings. The Governor issued a revised recommendation to include a line for implementation of the early retirement program. The Senate concurred. | (100) |
| 10. Unclassified Salaries. The budget includes a 2% increase to the line item for unclassified salaries, from \$559,600 to \$570,800. | 11,200 |
| 11. Economic Adjustments. Changes are made to reflect standard economic adjustments, the completion of 1997 early retirement payouts, and staff reductions to pay for employee economics. The reduction includes 3.0 FTEs. | (141,000) |
| 12. Comparison to Governor's Recommendation. The Senate version is the same as the Governor's recommended budget for this department. | |
| Total Changes | \$13,305,600 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$188,634,600 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **Automated Retirement Management System.** The Governor recommended removing this language section since implementation of the system will be complete by the start of the FY 2002-03. The House and Senate concur.
2. **Commission Per Diems.** The Senate added a per diem of \$50.00 for the State Employees Retirement Board pursuant to recent changes in the State Employees Retirement Act. (Sec. 707)
3. **Building Occupancy and Parking Charges.** The Governor recommended including the Legislature in the agencies that the Department of Management and Budget may collect parking charges from since the Roosevelt parking structure will be operational in FY 2002-03 and primarily used by the Legislature. The House and Senate concur. (Sec. 710)
4. **Restricted Fund Balances.** This section requires a report on the projected revenues, expenditures, and balances on restricted fund sources for the prior, current, and next fiscal years by February 15. The Governor removed this section. The House restored it. The Senate concurred with the Governor.
5. **Reference to Townships on Forms.** The House added a section requiring the Department of Management and Budget to print "township" in the same font and size as "city" and "village" on all forms. The Senate concurred. (Sec. 718)
6. **Gubernatorial Transition Process.** The Senate added a section appropriating \$1,200,000 for costs associated with the transition to a new Executive administration. (Sec. 719)

Date Completed: 5-08-02

Fiscal Analyst: Jessica Runnels



House Bill 5646 (S-1 as reported)
 Committee: Appropriations

| | |
|--|----------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$179,288,400 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. Michigan Transportation Fund (MTF). The Governor recommended an appropriation of \$96,493,000 MTF. The House reduced this appropriation to \$90,000,000. The Senate restored the Governor's recommended funding and created items of difference in line items containing MTF funding. However, the appropriation bill for the Department of Transportation includes less MTF money for the Department of State than appropriated in this bill. | 1,300 |
| 2. Auto Theft Prevention Grant. The budget includes an appropriation to authorize the Department to receive and expend a grant from the Auto Theft Prevention Authority. An additional 1.5 FTEs are included. | 100,000 |
| 3. Branch Office Operation Reduction. The Governor recommended a General Fund reduction in the line item for branch operations. The Department does not anticipate layoffs or branch closings as a result of this reduction. The House and Senate concur. | (1,000,000) |
| 4. Vertical Driver License and Personal Identification Card. The Senate included funding from the State Services Fee Fund for the development and implementation of a vertical driver license and personal identification card for persons under age 21. | 1,000,000 |
| 5. Transfer to Historical Program. Support services associated with the former Historical Program are transferred to the Department of History, Arts, and Libraries. The transfer includes 2.0 FTEs. | (261,800) |
| 6. Information Technology Positions. The budget transfers 101.0 FTEs to the Department of Information Technology. A new appropriation unit is created within the Department of State budget which includes \$21,044,700 Gross; 1,989,600 GF/GP that is seen in the budget for the new Department as an interdepartmental grant from user charges | 0 |
| 7. Completion of 1997 Early Retirement Payouts. The budget includes a reduction to reflect the completion of the five year payouts for annual and sick leave related to the 1997 early retirement legislation. The reduction includes (\$211,800) Gross; (\$15,000) GF/GP. | (211,800) |
| 8. Staff Reductions to Pay for Employee Economics. The budget includes a reduction of General Fund and 4.0 FTEs to pay for employee economics. | (128,600) |
| 9. FTE Reduction. The budget includes a reduction of 22.0 FTEs to reflect the funding reductions of Executive Order 2001-9 that are continued for FY 2002-03. | 0 |
| 10. Early Retirement Savings. The Governor issued a revised recommendation to include a line for implementation of the early retirement program. The Senate concurred. | (100) |
| 11. Unclassified Salaries. The Governor and House included a 2% increase to the line item for unclassified salaries, from \$467,000 to \$476,300. Part of the increase is a change to the Secretary of State's salary. The Senate concurred and increased the Secretary's annual salary from \$124,900 to \$135,500. | 17,300 |
| 12. Economic Adjustments. The budget includes standard economic adjustments applied to all budget areas. The adjustments include \$2,030,100 Gross; (\$1,416,200) GF/GP. | 2,030,100 |
| 13. Comparison to Governor's Recommendation. The Senate bill is \$1,006,700 Gross; \$6,100 GF/GP over the Governor's recommended budget for this department. | |
| Total Changes | \$1,546,400 |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$180,834,800 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **Collector and Fundraising Plates.** The Governor expanded the distribution of fundraising collections to include the sponsoring public or private agencies, reflecting the benefitting organizations of the "Proud to be American" plate. The House and Senate concur. (Sec. 812)
2. **Michigan Transportation Fund (MTF) Revenue.** The Governor included this section limiting MTF revenue to the Department of State to 10% of funds collected by the Department, excluding collection expenses for commemorative and specialty license plates. The House revised the language to limit the Department to \$90,000,000 of MTF, excluding collection expenses for commemorative and specialty license plates. The Senate eliminated the section.
3. **Branch Office Closings.** The House added a section directing the Department of State to consult with the Senate and House General Government Appropriation Subcommittees on the closing or consolidation of branch offices. The Senate concurred. (Sec. 816)
4. **Secretary of State Salary.** The Senate added a section setting the annual salary for the Secretary of State at \$135,500, unless a constitutional amendment gives that authority to the State Officers Compensation Commission. (Sec. 817)
5. **Vertical Driver License and ID Card.** The Senate added a section specifying that the \$1,000,000 from the State Services Fee Fund is for the development and implementation of the vertical driver license and personal identification card program for persons under age 21. (Sec. 818)

Date Completed: 5-06-02

Fiscal Analyst: Jessica Runnels



House Bill 5646 (S-1 as amended by the Committee of the Whole)
 Committee: Appropriations

| | |
|---|------------------------|
| FY 2001-02 Year-to-Date Gross Appropriation | \$1,999,977,200 |
| Changes from FY 2001-02 Year-to-Date: | |
| 1. Revenue Sharing. The Governor recommended a funding level that would result in local governments receiving the same level of revenue sharing payments in FY 2002-03 as they will receive in FY 2001-02. Due to the constitutional and statutory revenue sharing formulas, accomplishing this funding level requires a supplementary grant of \$10,000,000 GF/GP. Actual FY 2001-02 collections are less than appropriated amounts. The House and Senate concur. The Senate added funding to create items of difference. | (1,799,700) |
| 2. Debt Service. Due to refinancing and restructuring, the Governor included a one-time reduction to the Quality of Life bond for \$15,000,000 and the School Bond Loan Program debt service is transferred to the School Aid budget. The Senate concurred with the Governor. | (46,408,600) |
| 3. Federal Education Assessment Grant. The budget includes Federal funding for the development and administration of education assessment tests. This funding will supplement the Michigan Education Assessment Program (MEAP). The House and Senate concur. | 10,698,800 |
| 4. Michigan Transportation Fund (MTF). The Governor recommended offsetting \$8,000,000 GF/GP in collection costs of Transportation-related taxes with MTF. The House and Senate concur and the Senate added funding to create items of difference. The Transportation bill includes less MTF funding for the Department of Treasury than appropriated in this bill. | 200 |
| 5. Diesel Equity and Simplification Package. The Governor included \$2,000,000 in one-time funding for implementation of an electronic diesel tax reporting and collection system and \$225,000 is on-going administration funding. The House and Senate concur. | 2,225,000 |
| 6. Lottery New Games Funding. In a revised recommendation, the Governor proposed \$1,500,000 in funding for the development of new Lottery games. The House disagreed and did not include this funding. The Senate concurred with the Governor. | 1,500,000 |
| 7. Senior Citizen Cooperative Housing Payments. The Governor and House increased this line by \$650,000 GF/GP. The Senate adjustment reflects actual estimated payments. | 1,799,400 |
| 8. Early Retirement Savings. The Governor issued a revised recommendation to include a line for implementation of the early retirement program. The Senate concurred. | (100) |
| 9. Unclassified Salaries. The budget includes a 2% increase to the line item for unclassified salaries, from \$774,200 to \$800,900. The House and Senate concur. | 26,700 |
| 10. Economic Adjustments. Changes are made to reflect standard economic adjustments applied to all budgets. The reduction includes 3.0 FTEs. | 3,848,100 |
| 11. Other Changes. The budget includes adjustments for one-time items in FY 2001-02, changes in grant levels for certain programs, and modifications to reflect annual costs of programs. 140.0 FTEs are transferred to the new Department of Information Technology. | (1,150,900) |
| 12. Comparison to Governor's Recommendation. The Senate bill is \$1,149,900 Gross; \$1,149,500 GF/GP over the Governor's recommended budget for this department. | |
| Total Changes | (\$29,261,100) |
| FY 2002-03 Senate Appropriations Committee Gross Appropriation | \$1,970,716,100 |

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



Changes from FY 2001-02 Year to Date:

1. **Treasury Fees.** The Governor recommended eliminating the listing of Treasury fees applied to State funds included in the appropriation bill and instead providing it in an annual report. The House restored the list. The Senate concurred with the Governor. (Sec. 943)
2. **MEAP Test Administration.** The Governor eliminated the phrase "without cost to them" in the notification requirement of tests provided to private and home-schooled students. The House retained the language and the Senate concurred with the Governor. (Sec. 951)
3. **Michigan Merit Award Trust Fund.** The Governor eliminated this current year language stating that the Michigan Merit Award Trust Fund is a portion of the tobacco settlement revenue. The House restored the language. The Senate concurred with the Governor.
4. **Tax Orientation Workshops.** The Governor added a new section allowing the Department to receive and expend funds for conducting tax orientation workshops and seminars. The House and Senate concur. (Sec. 919)
5. **Michigan Transportation Fund Revenue.** The Governor included language from Executive Order 2001-9 stating that the Department of Treasury may bill the Michigan Transportation Fund up to \$8,000,000 for transportation tax collection costs. The House concurred. The Senate removed the language.
6. **Private Auditing of Unclaimed Property.** The Governor included a new section authorizing the Department of Treasury to contract auditing and collections services for unclaimed property. The House and Senate concur. (Sec. 920)
7. **Supplemental Revenue Sharing Grants.** The Governor added a new section specifying the \$10,000,000 GF/GP in Part 1 is for hold harmless grants, designating \$5,400,000 for counties and \$4,600,000 for cities, villages, and townships. The House concurred. The Senate eliminated the reference to specific amounts for the type of local unit of government and added two new subsections. The first states that the hold harmless grant will not be given for payments reductions due to negative census corrections and the second subsection states that cities, villages, and townships will be held harmless if statutory payments decrease due to an increase in constitutional revenue sharing payments. (Sec. 972)
8. **Michigan Public Educational Facilities Authority.** The Senate included a new section authorizing the Department to receive and expend funds for the new Michigan Public Educational Facilities Authority. (Sec. 963)
9. **Michigan Broadband Development Authority.** The Senate included a new section authorizing the Department to receive and expend funds for the new Michigan Broadband Development Authority. (Sec. 964)
10. **Prohibition of Sunday Drawing.** The Governor eliminated this section prohibiting a Lottery drawing on Sunday. The House restored the section. The Senate concurred with the Governor.
11. **Revenue Sharing Payment Condition.** The Senate added language providing that statutory revenue sharing payments shall not be made to local units of government that are involved in the construction of public facilities where the local unit of government, through contract, rule, resolution, or any other means, has restricted any aspect of the construction process to either union labor or nonunion labor. (Sec. 973)

Date Completed: 5-15-02

Fiscal Analyst: Jessica Runnels

