

**SUBSTITUTE FOR
HOUSE BILL NO. 4237**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending section 283 (MCL 18.1283).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 283. (1) The department shall issue directives necessary
2 to establish and maintain the central payroll system for the
3 periodic compensation of the officers and employees of all state
4 agencies of all branches of state government.

5 (2) The department shall perform such duties as required as
6 the tax withholding agency for the state government payroll
7 pursuant to any local, state, or federal law.

8 (3) The department shall issue directives for the approval or
9 disapproval of any proposal for payroll deductions or withholding
10 other than those required by law.

House Bill No. 4237 (H-1) as amended March 9, 2005

1 (4) NOT LATER THAN 120 DAYS AFTER THE EFFECTIVE DATE OF THE
2 AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE DEPARTMENT SHALL [SOLICIT
3 BIDS FROM VENDORS AND AWARD A CONTRACT TO A VENDOR UNDER THIS ACT TO]
4 DETERMINE THE TRUE COST OF OPERATING AND MAINTAINING THE CENTRAL
5 PAYROLL SYSTEM. NOT LATER THAN 240 DAYS AFTER THE EFFECTIVE DATE OF
6 THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE DEPARTMENT SHALL
7 SOLICIT BIDS FROM VENDORS TO OPERATE AND MAINTAIN THE CENTRAL
8 PAYROLL SYSTEM FOR STATE AGENCIES. IF THE DEPARTMENT RECEIVES BIDS
9 TO OPERATE AND MAINTAIN THE CENTRAL PAYROLL SYSTEM THAT INCLUDE
10 STANDARDS FOR SECURITY, ACCURACY, [RESPONSIVENESS,] AND TIMELINESS WHICH
11 MEET THOSE
12 CURRENTLY SET OR PROVIDED BY THE DEPARTMENT AND ARE LESS THAN 95%
13 OF THE DEPARTMENT'S TRUE COST [AND THE VENDOR AGREES TO REIMBURSE THIS
14 STATE THE COST OF THE CONTRACT TO DETERMINE THE TRUE COST OF OPERATING
15 AND MAINTAINING THE CENTRAL PAYROLL SYSTEM], THE DEPARTMENT SHALL ENTER
16 INTO A
17 CONTRACT WITH A VENDOR AS PROVIDED IN THIS ACT. AS PROVIDED IN
18 SECTION 261, THE DEPARTMENT SHALL, ALL OTHER THINGS BEING EQUAL,
19 GIVE PREFERENCE TO VENDORS WHO ARE MICHIGAN-BASED FIRMS [THAT HAVE A
20 PHYSICAL PRESENCE IN THIS STATE AND EMPLOY INDIVIDUALS WHO RESIDE IN THIS
21 STATE].

22 (5) AS USED IN THIS SECTION:

23 (A) "CENTRAL PAYROLL SYSTEM" MEANS THE CENTRAL PAYROLL SYSTEM
24 FOR THE PERIODIC COMPENSATION OF THE OFFICERS AND EMPLOYEES OF ALL
25 STATE AGENCIES AND ALL BRANCHES OF GOVERNMENT THAT INCLUDES, BUT IS
26 NOT LIMITED TO, ALL OF THE FOLLOWING:

27 (i) CHECK PRINTING, PROCESSING, AND DISTRIBUTION.

(ii) THE TOTAL NUMBER OF PAYROLL TRANSACTIONS EACH PAY PERIOD
AND EACH YEAR.

(iii) THE CALCULATION OF THE TRUE COST OF EACH PAYROLL
TRANSACTION.

(B) "TRUE COST" MEANS THE TOTAL MONETARY VALUE OF ALL
PERSONNEL, EQUIPMENT, SOFTWARE, HARDWARE, SUPPLIES, SERVICES,
UTILITIES, POSTAGE, RENT, AND TIME AND ATTENDANCE COLLECTION OF THE

1 DEPARTMENT.