



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



BILL ANALYSIS

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Throughout this document Senate means Subcommittee

OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Civil Service, Executive, Information Technology, Legislature, Office of the Auditor General, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2007-08.

1. **State Spending Reporting Section.** Reporting requirement regarding actual total State spending and payments to locals within 30 days of book closing. The Governor's Recommendation changed this section to require a report only if actual payments are less than the minimum required by Article IX, Section 30, of the Michigan Constitution. The Senate restored current year language. (Sec. 201(3))
2. **Hiring Freeze.** Imposes hiring freeze and provides for exceptions. Provides for a quarterly report to the chairs of appropriations committees regarding exceptions to hiring freeze. List of reasons for exceptions include; ability to deliver basic services, loss of revenue, inability to receive Federal funds, or resulting costs exceeding savings from the vacancy. The Attorney General and Secretary of State may grant exceptions to the hiring freeze for their respective departments based on the same criteria that the State Budget Director grants exceptions. The Governor's recommendation substituted the State Budget Director "shall" with "may" regarding granting exceptions to the hiring freeze. The Senate restored current year language. (Sec. 205)
3. **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Governor eliminated this section. The Senate restored current year language. (Sec. 212)
4. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section. The Senate restored current year language. (Sec. 215)
5. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor eliminated this section. The Senate restored current year language. (Sec. 217)
6. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. Funds are not available for expenditure until approved as work projects pursuant to Section 451a of the Management and Budget Act. The Senate did not include this section. (Sec. 218)
7. **Political Action Committees.** The Governor removed language that prohibited the use of appropriations in Part 1 to administer a committee, or to solicit, or obtain contributions for a "committee" as defined in the Michigan Campaign Finance Act. The Senate restored current year language. (Sec. 220)

Note: The Governor stated in the signing letter for the FY 2005-06 General Government Appropriation Bill (2005 PA 146) that Section 220 was unenforceable due to Article XI, Section 5, of the Michigan Constitution of 1963.

8. **Reporting Requirement.** The Senate added language requiring each department to report by April 1, 2008 on each specific policy change made to implement enacted legislation to the appropriations subcommittees, the chairperson of the joint committee on administrative rules, and the senate and house fiscal agencies and policy offices. The section also prohibits the use of funds in part 1 to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses pursuant to MCL 24.240. (Sec. 221)



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Senate Bill 229 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2006-07 Year-to-Date Gross Appropriation	\$68,532,300
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Changes from FY 2006-07 Year-to-Date:

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|--|-------------|
| 1. Federal Funds. Funding from the Byrne Grant within the Prosecuting Attorney's Coordinating Council would be eliminated due to end of funding cycle. The Senate concurred with the Governor. | (225,000) |
| 2. Early Retirement Sick Leave Payout. The final payment of the five-year payout for sick leave associated with the early retirement incentive in 2002 was made in FY 2007 thus funding is no longer necessary. The Senate concurred with the Governor. | (71,300) |
| 3. Interdepartmental Grants. Governor made adjustments to more accurately align payments by departments to the Attorney General's office for legal services rendered. Senate did not include this recommended change. | 0 |
| 4. Administrative Reduction. The Governor reduced spending in operations; however, the Department would have discretion in making the required reductions. The Senate concurred with the Governor. | (1,300,000) |
| 5. DIT 5% Reduction. Enterprise administration would be reduced by 5%. The Senate concurred with the Governor. | (3,100) |
| 6. Economic Adjustments. The Senate reduced economics by \$317,400 from the Governor's recommendation to account for not adopting the changes in interdepartmental grants recommended by the Governor. | 2,327,600 |
| 7. Comparison to Governor's Recommendation. The Senate is \$6,971,900 Gross under and \$0 GF/GP over the Governor. | |

Total Changes	\$728,200
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$69,260,500
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Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. Senate removed this language. (Sec. 301)
2. **Settlement Funds.** The Governor added a new section requiring the Department of Attorney General to deposit any funds received from debts due or forfeited penalties, or from lawsuit settlements. Funds could not be used until deposited and appropriated. Would disallow the Department to accept the payment of money, goods, services, or benefits to a third party in lieu of a debt or obligation due to the State. Requires the Department to report to the House and Senate appropriations subcommittees on General Government on a quarterly basis the case names, file numbers, court docket numbers, and presiding courts for every matter the Attorney General settled during the preceding quarter. Additionally, the Attorney General shall itemize each settlement. Senate removed this language. (Sec. 307)
3. **Antitrust Revenues.** The Senate added new language that was previously vetoed by the Governor appropriating up to \$250,000 of revenues received by the Department for antitrust, securities fraud, consumer protections or class action enforcement, or attorney fees recovered by the Department to litigate such cases. Unexpended funds, up to \$250,000 shall be carried forward for expenditure in the next fiscal year. (Sec. 307)
4. **Prisoner Reimbursement Funds.** Provides for the Department of Corrections to use prisoner reimbursement funds to defend the department and its officers, employees and agents in civil actions filed by prisoners. The Senate reinstated vetoed language that allowed for unexpended funds, up to a maximum of \$500,000 to be carried forward for expenditure in the next fiscal year. (Sec. 309)
5. **Expending of Funds for Legal Services.** The Governor added a new section stating that the Department of Attorney General may not receive and expend funds in addition to those authorized in Part 1 for legal services provided specifically to other State departments or agencies except for costs for expert witnesses, court costs, or other non-salary litigation expenses associated with a pending legal action. Senate removed this language. (Sec. 310)
6. **Child Support Funding.** Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section also provides that the Attorney General shall, to the extent allowable under Federal law, have access to any information used by the State to locate parents who fail to pay child support. The Governor removed this section. The Senate retained current law. (Sec. 310)
7. **Medicaid Fraud Awards.** The Senate added new language allowing any funds received by the Department for violations against the Medicaid False Claim Act, Section 10b of PA 72 of 1977 to be appropriated to the Department for the purpose for which they were received. Unexpended funds at the end of the fiscal year shall be carried forward for expenditure in subsequent fiscal years. (Sec. 311)

Date Completed: 4-18-07

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FY 2006-07 Year-to-Date Gross Appropriation	\$14,020,200
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Changes from FY 2006-07 Year-to-Date:

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|---|-----------|
| 1. Removal of HR Costs. This reflects a reduction in costs associated with hardware and software requirements. The Senate concurred with the Governor. | (14,700) |
| 2. 2002 Sick Leave Payments. The last of these payments from the 2002 early retirement will be made in FY 2006-07. The Senate concurred with the Governor. | (69,000) |
| 3. General Fund Reduction. The Governor recommended administrative reductions. The Senate concurred with the Governor. | (50,000) |
| 4. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. The Senate concurred with the Governor. | (1,300) |
| 5. Funding shift. The Department was able to capture \$400,000 in additional Federal funding, offsetting GF/GP dollars. The Senate concurred with the Governor. | 0 |
| 6. Additional Senate Reductions. The Senate included additional GF/GP reductions: Operations (\$442,000) and Information Technology (\$30,500). | (472,500) |
| 7. Economic Adjustments. The Senate concurred with the Governor. | 605,500 |
| 8. Comparison to Governor's Recommendation. The Senate is \$472,500 Gross and \$472,500 GF/GP under the Governor. | |

Total Changes.....	(\$2,000)
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$14,018,200
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Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** The Governor included language that appropriates, in addition to amounts appropriated in Part 1, Federal Contingency Funds. Requires legislative transfers prior to expenditure of funds. Senate removed this language. (Sec. 401)
2. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 404)

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FY 2006-07 Year-to-Date Gross Appropriation	\$36,547,100
Changes from FY 2006-07 Year-to-Date:	
1. Removal of HR costs. This reflects a reduction in costs associated with hardware and software requirements. The Senate concurred with the Governor.	(14,700)
2. 2002 Sick Leave Payments. The last of these payments from the 2002 early retirement will be made in FY 2006-07. The Senate concurred with the Governor.	(4,200)
3. General Fund Reduction. The Governor recommended administrative reductions to civil service operations. The Senate concurred with the Governor.	(348,600)
4. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. The Senate concurred with the Governor.	(12,500)
5. Additional Senate Reductions. The Senate included additional GF/GP reductions: Agency Services (\$20,900), Executive Direction (\$68,000), Audit and Compliance (\$5,200), and Information Technology (\$9,500).	(103,600)
6. Economic Adjustments. The Senate concurred with the Governor.	818,300
7. Comparison to Governor's Recommendation. The Senate is \$103,600 Gross and \$103,600 GF/GP under the Governor.	
Total Changes.....	\$334,700
FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$36,881,800

Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** The Governor included language that appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. Senate removed this language. (Sec. 501)
2. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 505)

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FY 2006-07 Year-to-Date Gross Appropriation	\$5,509,900
Changes from FY 2006-07 Year-to-Date:	
1. Senate Reduction. The Senate included a GF/GP reduction in the Executive Office line item.	(204,300)
2. Economic Adjustments. The Governor did not include any funding adjustments for the Executive Office. The Senate concurred with the Governor.	0
3. Comparison to Governor's Recommendation. The Senate is \$204,300 Gross and \$204,300 GF/GP under the Governor.	
Total Changes	(\$204,300)
FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$5,305,600

Changes from FY 2006-07 Year to Date:

1. There are no boilerplate sections for the Executive Office.

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FY 2006-07 Year-to-Date Gross Appropriation	\$378,222,000
Changes from FY 2006-07 Year-to-Date:	
1. Department of Community Health. The Governor transferred the Chandler Building lease to DIT (\$568,900), restored unrealized cost savings (\$251,800), authorized a Federal grant for a WIC pilot program (\$108,500), and a shift to the DIT line of \$405,300.	1,334,500
2. Department of Corrections. The Governor included funding for several upgrades, \$1,115,800 for telecommunications infrastructure and \$572,800 for the timekeeping system. One-time funding for two items is removed: \$500,000 for migration to the OMNI system and \$300,000 for OMNI server replacement. Funding is also included for desktop maintenance and one-time computer costs (\$288,000).	1,176,600
3. Department of Education. Funding for security controls recommended in a 2006 audit.	176,000
4. Environmental Quality. New funds for Information Lifecycle Management System.	500,000
5. Department of History, Arts and Libraries. Increased funding for web portal expenses.	140,000
6. Department of Human Services (DHS). The Governor included a planned increase of \$14 million for the Integrated Service Delivery Project, increased federal authorization for child support automation by \$2,182,100, transferred in the Juvenile Justice Information System \$1,000,000, and transferred out 2.0 security personnel (\$200,700). The Governor increased funding for children's welfare improvements by \$485,700 and for the Daycare Case Review project by \$74,600.	17,541,700
7. Department of Labor and Economic Growth. DLEG cut \$1,000,000 of their IT budget.	(1,000,000)
8. Department of Management and Budget (DMB). The Governor removed one-time funding for the retirement system (\$580,000), added \$712,000 and 1.0 FTE for improvements, including security and disaster recovery, customer software, and enabling electronic payments from schools, and included savings of \$150,000 for MAIN.	(18,000)
9. Department of State. Transfer in of costs associated with the Uniform Commercial code.	500,000
10. Michigan State Police. The Governor included \$1,500,000 to assist in a projected shortfall in the IT line, an increase of \$500,000 in the base for subscriber fees for the MPSCS, and transferred in \$5,046,100 in IT costs not currently included in that line. The State Police budget also contained a funding shift, decreasing GF/GP used for IT costs.	7,046,100
11. Department of Transportation. The Governor decreased restricted revenues (\$50,000) and added \$400,000 to replace the PowerBuilder development program.	350,000
12. Department of Treasury. The Governor decreased restricted revenues (\$20,000) and moved 1.0 FTE and (\$125,000) to Tax Processing.	(145,000)
13. Senate Reductions. The Senate included additional IT cuts: DCR (\$30,500), DCS (\$9,500), DMB (\$597,100), and Treasury (\$212,600).	(849,700)
14. Economic Adjustments.	6,342,100
15. Other Changes. These include removing 2002 early out sick leave payments (\$281,200) and costs from HR optimization (\$1,481,000), and administrative reductions of (\$443,700).	(2,205,900)
16. Comparison to Governor's Recommendation. The Senate is \$849,700 Gross under the Governor, all IDG funds.	
Total Changes.....	\$30,888,400
FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$409,110,400

Changes from FY 2006-07 Year to Date:

1. **Advertising on State Websites.** The Governor removed language limiting funds that can be received under this section to \$250,000. The Senate restored current year language. (Sec. 573 (1))
2. **Gifts/Donations.** The Governor included language that authorizes the Department to accept gifts, donations, contributions, grants, and bequests to support the cost of the State Website of services offered on the Website. The Legislature removed this section in FY 2004-05, FY 2005-06 and FY 2006-07. The Senate removed this section. (Sec. 573 (2))
3. **Carryforward of Advertising Revenue.** The Governor added language authorizing the carryforward of funds received under this section. The Senate removed this subsection. (Sec. 573 (5))
4. **Reporting Requirement.** The Governor eliminated a reporting requirement for funds received under this section. The Senate restored the requirement. (Sec. 574)
5. **Annual Report.** Requires an annual report from the Department that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The Governor removed this section. The Senate restored current year language. (Sec. 578)
6. **Life-Cycle of Hardware and Software.** Requires the Department to provide a report by March 1 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The Governor removed this section. The Senate concurred with the Governor. (Sec. 579)
7. **Information Technology Study.** Requires the Department to assess the State's IT assets and potential benefits and economies. The Governor removed a reporting requirement. The Senate removed the section. (Sec. 581)
8. **2-1-1 Study.** The Governor removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings that would result from 2-1-1 service. The study was completed and the report delivered in 2006. The Senate concurred with the Governor. (Sec. 584)
9. **MiCSES.** Requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The Governor removed this section. The Senate restored current year language. (Sec. 585)
10. **Legislative Transfers.** The Governor added language that provides for an automatic appropriation in the Department's budget for any transfer to or from the information technology line item within an agency budget to reflect the increase or decrease. The Senate concurred with the Governor. (Sec. 586)
11. **Legal Services.** The Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 587)

Date Completed: 4-18-07

Fiscal Analyst: Stephanie Yu



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FY 2006-07 Year-to-Date Gross Appropriation	\$116,576,400
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Changes from FY 2006-07 Year-to-Date:

1. **Senate Reductions.** The Senate included GF/GP reductions: Senate Operations (\$1,056,200), Sen. Automated Data Processing (\$106,100), Senate Fiscal Agency (\$127,400), House Operations (\$1,451,800), House Automated Data Processing (\$84,200), House Fiscal Agency (\$123,300), Legislative Council (\$400,000), LSB Automated Data Processing (\$57,200), National Association Dues (\$4,100), Non-Retirement Expenses (\$135,300), Capitol Building (\$93,400), House Office Building (\$322,700), and Farnum Building (\$38,300). (4,000,000)
2. **Economic Adjustments.** The Governor did not include any funding adjustments for the Legislature. The Senate concurred with the Governor. 0
3. **Comparison to Governor's Recommendation.** The Senate is \$4,000,000 Gross and \$4,000,000 GF/GP under the Governor.

Total Changes.....	(\$4,000,000)
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$112,576,400
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Changes from FY 2006-07 Year to Date:

1. The Governor and Senate recommended no changes to the boilerplate sections for the Legislature.

Date Completed: 4-18-07

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FY 2006-07 Year-to-Date Gross Appropriation	\$16,347,500
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Changes from FY 2006-07 Year-to-Date:

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| 1. Name Change. The Governor renamed this section of the appropriations bill the Legislative Auditor General, from Office of the Auditor General. The Senate concurred with the Governor. | 0 |
| 2. Economic Adjustments. The Governor did not include any funding adjustments for the Legislative Auditor General's office. The Senate recommended an increase for economics. | 452,000 |
| 3. Comparison to Governor's Recommendation. The Senate is \$452,000 Gross and \$452,000 GF/GP over the Governor. | |

Total Changes.....	\$452,000
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$16,799,500
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Changes from FY 2006-07 Year to Date:

1. The Governor changed references to the office of the auditor general to the legislative auditor general. Senate concurred with the Governor. (Sec. 622)

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FY 2006-07 Year-to-Date Gross Appropriation	\$476,142,000
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Changes from FY 2006-07 Year-to-Date:

1. **Building Occupancy Charges.** The Governor provided for increased rent adjustments for leased buildings (\$335,300); the costs of opening the Joint Operations Center (\$71,300); and reductions related to technology improvements to building security. The Senate concurred with the Governor. (93,400)
2. **Office of Retirement Services (ORS).** The Governor eliminated \$580,000 of one-time funding for improvements to the Call Center and for privacy requirements related to social security numbers. In addition, funding is increased by \$300,000 for implementation of legislation related to beneficiary changes, \$412,000 for new software for the Call Center, and \$300,000 for technology improvements, including the hiring of one additional staff person. The Senate concurred with the Governor. 432,000
3. **Early Retirement Sick Leave Payout.** The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed. The Senate concurred with the Governor. (79,400)
4. **State Building Authority Rent Adjustments.** The Governor recommended adjustments to the amount of "rent" the State pays for State financed building projects based on projected payments. The Senate concurred with the Governor. (4,575,000)
5. **Administrative Reductions.** The Governor recommended reductions in financial services, human resources, and internal audit functions. These reductions would impact mail delivery services, financial reporting, and accounting analysis and reduce staff by 2.5 FTE. The Senate concurred with the Governor. (230,000)
6. **DIT and Project MAIN Reductions.** The Governor reduced the Department's share of an administrative reduction in DIT payments across all State departments (\$15,700) as well as a \$150,000 reduction in funding for the Michigan Administrative and Information Network (MAIN). Reductions in MAIN would be achieved by management of vacant positions, reducing the use of outside consultants, and reducing staff training. The Senate concurred with the Governor. (165,700)
7. **Additional Senate Reductions.** The Senate included additional GF/GP reductions: Executive Operations (\$41,900), Administrative Services (\$51,800), Budget and Financial Management (\$835,100), Office of the State Employer (\$35,900), Business Support Services (\$167,700), and Information Technology (\$597,100). (1,729,500)
8. **Economic Adjustments.** The Senate concurred with the Governor. 3,383,700
9. **Other Changes.** Other adjustments include: increases to professional development funds based on collective bargaining, (\$154,000); Human Resource optimization plan reduction resulting in the loss of 1.0 FTE (\$90,700); and a funding shift to maximize federal match which will shift 1.0 FTEs to DHS, reducing funding by \$56,500. The Senate concurred with the Governor. 6,800
10. **Comparison to Governor's Recommendation.** The Senate is \$1,729,500 Gross and \$1,729,500 GF/GP under the Governor.

Total Changes.....	(\$3,050,500)
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$473,091,500
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Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, and Local Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. Senate removed this language. (Sec. 701)
2. **Computer Contract Adjustments.** Requires notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section. Senate retained current law. (Sec. 710)
3. **Motor Vehicle Fleet.**
 - a) Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
 - b) Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c) States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
 - d) Requires the Department of Management and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall also include a calculation of the amount of State fuel taxes that would have been incurred by fleet vehicles, description of fleet garage operations, goods and services by the garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to the fleet garage. Provides that the plan may be adjusted during the fiscal year based on needs and cost savings. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.
 - e) Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon.

The Governor removed items c and d above (subsections 3 and 4) and added new language to item e (subsection 5) requiring the Department to give a 30-day notice before a fuel surcharge is implemented. (Sec. 712) Senate restored items c and d (subsections 3 and 4) and concurred with the Governor's change in item e (subsection 5). (Sec. 715)

4. **Contracting.** The Governor removed current year language (Secs. 716, 717, 718, and 719) regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431); language requiring determination of best interests of the State when dealing with vendors outside of Michigan; language requiring obtaining certain information from vendors; and language requiring disclosure of the location of call/contact centers. Senate retained current law. (Secs. 716, 717, 718, and 719)
5. **State Property.** Requires DMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State. The Governor removed this section. Senate retained current law. (Sec. 723)
6. **Retirement Services.** Authorizes \$300,000 of the Retirement appropriation as a work project to implement the amendatory legislation allowing the addition of a new spouse as a pension beneficiary for the Public School Employees Retirement System. (Sec. 715) Senate concurred with the Governor. (Sec. 724)
7. **2-1-1 Capacities.** The Senate added new language requiring the Department to determine how existing 2-1-1 capacities will be utilized by each State department with community resource information and referral service. A report shall be submitted by July 1, 2008, to the House and Senate standing committees on appropriations describing how each State department has utilized 2-1-1 in its coordination efforts, including any efficiencies, cost savings, and improved service provided to Michigan residents. (Sec. 724a)
8. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 724b)

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FY 2006-07 Year-to-Date Gross Appropriation	\$204,793,500
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Changes from FY 2006-07 Year-to-Date:

1. **Early Retirement Sick Leave Payout.** The Governor eliminated the sick leave payouts associated with the early retirements of 2002 as the last year of those payments has been completed. The Senate concurred with the Governor. (44,700)
2. **Administrative Reductions.** The Governor recommended reductions in Branch Operations (\$1,797,300); Central Operations (\$485,900); Regulatory Services Operations (\$166,500); Department Services (\$94,200); and Executive Operations (\$2,300). All of these reductions would be accomplished by a combination of vacancy management and administrative options. The Senate concurred with the Governor. (2,546,200)
3. **Restricted Fund Reductions.** Due to lower than anticipated revenues from certain fees, the Governor reduced restricted fund revenues upon which the Department's appropriation is based. The estimates are revised based on the lower revenues from Auto Repair Facilities Fees, Vehicle Theft Prevention Funds, Parking Ticket Court Fines, Mobile Home Commission Fees, and Child Support Clearance Fees. The Senate concurred with the Governor. (950,000)
4. **DIT Reduction.** The Governor reduced the Department's share of an administrative reduction in DIT payments across all State departments. The Senate concurred with the Governor. (36,800)
5. **Fees to Local Units of Government.** The Governor increased the fees to local units of government to more accurately reflect the actual costs of voter registrations. The Senate concurred with the Governor. 40,000
6. **Additional Senate Reductions.** The Senate included additional GF/GP reductions: Executive Direction Operations (\$15,800), Department Services Operations (\$93,600), Regulatory Services Operations (\$74,100), Branch Operations (\$385,600), Central Operations (\$183,200), and Worker's Compensation (\$5,600). (757,900)
7. **Economic Adjustments.** The Senate concurred with the Governor. 6,615,400
8. **Transportation Administration Collection Fund (TACF).** General Fund is used to support costs that would otherwise be charged to the TACF. The budget also assumed that legislation will be adopted to continue the deposit of the Expeditious Service Fee and Registration Transfer Fee in the TACF instead of the Michigan Transportation Fund. Without that adjustment, there would be an additional shortfall of approximately \$10.0 million in the TACF. In addition to the above, the Governor increased the General Fund revenues by \$6.0 million to replace the annual shortfall in TACF revenue. The Senate concurred with the Governor.
9. **Comparison to Governor's Recommendation.** The Senate is \$757,900 Gross and \$757,900 GF/GP under the Governor.

Total Changes.....	\$2,319,800
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$207,113,300
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Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** Appropriates, in addition to amounts appropriated in Part 1, Federal, State Restricted, Local, and Private Contingency Funds. Requires legislative transfers prior to expenditure of funds. The Governor included this section, which was eliminated by the Legislature in FY 2003-04. Senate removed this language. (Sec. 801)
2. **Branch Office Closings.** (1) Requires at least 60 days prior to the announcement of Secretary of State branch office closings, consolidations, or relocations, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on appropriations and Legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. 2) Provides that prior to October 4, 2005, the Department of State shall provide a detailed report to the Senate and House General Government Subcommittees regarding the Department's branch optimization plan that was announced on April 26, 2004. The Governor eliminated this section. Senate restored current law language in subsection 1 and concurred with the Governor and removed subsection 2. (Sec. 815)
3. **Transactions Report.** Requires the Department to report to the House and Senate General Government Subcommittees and the respective fiscal agencies, by December 15th, the number of branch office transactions completed online. The Governor removed this section. Senate retained current law. (Sec. 815a)
4. **Motorcycle Safety Program.** Language continues the Motorcycle Safety Program in the same manner as was provided by the Department of Education. Lists revenue sources for the program, criteria for grants, and details appropriate charges for Department of State administrative costs. The Governor removed this section. Senate retained current law. (Sec. 818)
5. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed this section. Senate retained current law. (Sec. 819)
6. **Branch Office Location.** Requires the Department to explore the feasibility of locating the Keweenaw County Secretary of State branch office with the Keweenaw County Department of Human Services office. The Governor removed this section. Senate concurred with Governor.
7. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 820)
8. **Gifts and Donations.** Senate added new language allowing the Department to accept non-monetary gifts, donations, or contributions of property for use for any departmental function relating to licensing, regulation, or safety. (Sec. 821)

Date Completed: 4-18-07

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Senate Bill 229 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee

FY 2006-07 Year-to-Date Gross Appropriation	\$1,596,486,300
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Changes from FY 2006-07 Year-to-Date:

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| 1. Local Public Safety Grants. The Governor included \$14,381,000 for a new grant program funded by an increase in liquor license fees, to be distributed to cities, villages and townships based on prison populations. The Senate did not include this program. | 0 |
| 2. Program Increases. These include the Cybershame initiative (\$250,000), the Neighborhood Enterprise Zone program (\$150,000), Renaissance Zone reimbursement (\$465,000) and the expansion of Club Keno in Lottery (2.0 FTEs and \$150,000). | 1,015,000 |
| 3. Transfers Out. New Hire Reporting is transferred back to DHS (\$1,545,000) and records center rent is transferred to HAL (\$92,500). | (1,637,500) |
| 4. Administrative Reductions. These include: \$100,000 in Collections, \$100,000 in Mail Operations, \$100,000 for Merit Award Administration, and a DIT reduction of \$79,500. | (379,500) |
| 5. Qualified Agricultural Loan Payments. This loan program is scheduled to end 10/1/07. | (2,500,000) |
| 6. Revenue Enhancement Program. The Governor included a scheduled increase of \$383,200, and the program took a GF/GP reduction of \$1,200,000. | (816,800) |
| 7. Other Program Reductions. These include (\$200,000) for the Michigan Education Savings Program based on prior year costs, (\$3,020,000) for land reutilization to reflect program costs, and reductions to Customer Contact (\$690,800) and Tax Processing (\$340,200) due to a reduction in the IDG from the Michigan Transportation Fund. | (4,251,000) |
| 8. Additional Senate Reductions. The Senate included additional GF/GP reductions: Travel (\$15,300), Supervision of the general property tax law (\$314,000), Local finance (\$63,800), Tax & economic policy (\$66,900), Human resources & purchasing (\$118,000), Program management (\$26,200), Receipts processing (\$23,800), Common cash & debt management (\$13,800), Student financial assistance programs (\$73,500), Senior citizen cooperative housing tax exemption (\$877,100) and Information technology (\$212,600). | (1,805,000) |
| 9. Michigan Strategic Fund. The Governor transferred the Michigan Strategic Fund to Treasury. The Senate did not include the Fund in the General Government bill. | 0 |
| 10. Debt Service. Adjustments include new issues for the Clean Michigan Initiative (\$8,100,000) and Great Lakes Water Quality bonds (\$4,300,000), as well as \$7,428,200 in adjustments to current debt service. | 19,828,200 |
| 11. Revenue Sharing. There are adjustments included for constitutional payments (\$13,458,000) and statutory payments (\$6,600,000). Special census payments are eliminated (\$892,400), and one county will receive a payment (\$113,600) under the formula. The Governor added new local government collaborative efforts payments of \$27,160,000. The Senate did not include the new program. | (20,836,800) |
| 12. Economic Adjustments. | 7,116,300 |
| 13. Other Changes. The Governor included the removal of 2002 early out sick leave payments (\$115,300) and HR optimization (\$58,800), and an increase of \$100,000 for Investments. The Senate added \$51,000 in restricted funds to pay national dues. | (23,100) |
| 14. Comparison to Governor's Recommendation. Excluding the Michigan Strategic Fund, the Senate is \$43,295,000 Gross and \$1,805,000 GF/GP under the Governor. | |

Total Changes.....	(\$4,290,200)
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FY 2007-08 Senate Appropriations Subcommittee Gross Appropriation	\$1,592,196,100
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Changes from FY 2006-07 Year to Date:

1. **Contingency Funds.** The Governor included contingency funds language. The Senate did not. (Sec. 901)
2. **Unclaimed Property Dues.** The Senate added language requiring that the Department use \$51,000 of the funds in part 1 to pay dues to the National Conference of Commissioners on Uniform State Laws. (Sec. 919(2))
3. **Renaissance Zone Reimbursement.** The Governor modified the section to require the Department to certify it has received necessary information to determine amounts due each eligible recipient. The Senate concurred. (Sec. 922)
4. **Secondary Collections.** The Senate added language requiring the Department to select a private collection agency for secondary collection activities in compliance with the accounts receivable collection system contract. (Sec. 930a)
5. **Pension Fund Investments.** States that it is the intent of the Legislature that the State Treasurer give consideration to investments in early stage, university derived life sciences companies in Michigan, or in venture capital funds that invest in those companies. The Governor removed the intent of the Legislature language. The Senate restored current year language. (Sec. 939)
6. **Standardized Audit Schedules.** The Governor removed the section appropriating funds from recovered delinquent tax collections to support standardized audit schedules. The Senate restored current year language. (Sec. 941)
7. **Social Security Numbers.** The Governor removed the section prohibiting the Department from including complete SSNs on Form 1099-G mailings to taxpayers. The Senate restored current year language. (Sec. 943)
8. **Assessment Administration.** Provides that the Department may review local unit assessment administration. The Governor removed this section. The Senate restored current year language. (Sec. 945)
9. **Regional Training.** Allows for the coordination of regional assessment, training and recertification activities. The Governor removed this section. The Senate restored current year language. (Sec. 946)
10. **Revenue Enhancement Program.** The Governor removed language requiring the development of a statewide database and quarterly progress reports. The Senate restored the reporting requirement and included language requiring the Department to maintain a statewide database. (Sec. 940)
11. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. The Senate restored current year language. (Sec. 948)
12. **Income Tax Check-offs.** Requires a plan to identify the feasibility of income tax form check-offs and a report by October 31, 2006. The Governor removed this section. The Senate concurred with the Governor. (Sec. 949)
13. **Legal Services.** Senate added new language stating that the Department may not hire anyone to perform legal services that are the responsibility of the Department of Attorney General. (Sec. 949)
14. **Local Public Safety Grants.** The Governor added this section for a new grant program tied to an increase in liquor license fees. The Senate did not include the funding or the boilerplate. (Sec. 941)
15. **Special Census Revenue Sharing Payments.** Provides for the distribution of special census payments. The Governor removed this section. The Senate restored current year language. (Sec. 956)
16. **Local Government Collaborative Efforts.** The Governor added this section to provide for the distribution of the funds appropriated in part 1. Unexpended funds revert to the general fund. The Senate did not include the funding or the language pertaining to the program. (Sec. 956)
17. **Prohibition of Sports Personalities in Advertising.** Prohibits the State Lottery from using funds to associate sports figures with the lottery, with the exception of NASCAR drivers promoting instant tickets. The Governor removed this section. The Senate concurred with the Governor. (Sec. 962)
18. **DHS Bridge Cards.** Requires the State Lottery to inform all lottery retailers that the cash side of the DHS bridge cards cannot be used to purchase lottery tickets. The Governor removed this section. The Senate restored current year language. (Sec. 963)
19. **Michigan Strategic Fund (MSF).** The Governor transferred boilerplate pertaining to the MSF to Treasury. See MSF highlight sheet for detailed information. The Senate did not include the Fund in the General Government bill.

Date Completed: 4-18-07

Fiscal Analyst: Stephanie Yu