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

BILL ANALYSIS

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

FY 2010-11 Revised Governor's Gross Appropriation	$3,370,201,700
FY 2010-11 Revised Governor's GF/GP Appropriation	$674,938,400
FY 2010-11 Conference Gross Appropriation	$3,321,660,100
FY 2010-11 Conference GF/GP Appropriation	$590,492,600
FY 2010-11 Senate-Passed Gross Appropriation	$3,285,793,800
FY 2010-11 Senate-Passed GF/GP Appropriation	$672,558,200
FY 2010-11 House-Passed Gross Appropriation	$3,154,164,000
FY 2010-11 House-Passed GF/GP Appropriation	$667,819,900
Conference Gross Change from Governor	($48,541,600)
Conference GF/GP Change from Governor	($84,445,800)

See Individual Highlight Sheet for Department Detail

Changes from FY 2009-10 Year to Date:

Items Included by the House and Senate

1. **Hiring Freeze.** Imposed hiring freeze and provided for exceptions. Provides for a quarterly report to the chairs of Appropriations Committees regarding exceptions to hiring freeze. The Governor deleted this section. The House and Senate retained. (Sec. 205)
2. **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 deleted this section. The House and Senate retained. (Sec. 212)
3. **Communications with Legislators.** Prohibits disciplinary action against Department employees for communicating with Legislators or their staff. The Governor deleted this section. The House and Senate retained. (Sec. 215)
4. **General Fund Restrictions.** Prohibits use of General Fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor deleted this section. The House and Senate retained. (Sec. 217)
5. **Specific Policy Changes.** Requires each department to report on each specific policy change made to implement enacted legislation. 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. The Governor deleted this section. The House and Senate retained. (Sec. 221)
6. **General Fund/General Purpose Lapse Amount.** Requires departments to submit a report on these amounts by October 15. The Governor deleted this section. The House and Senate retained. (Sec. 228)
7. **Auditor General Recommendations.** The House added new language requiring reports from Departments or Agencies on implementing initiatives for efficiencies or savings in audit reports. The Senate concurred. (Sec. 229)
8. **Transparency Language.** The House added language requiring a report on the number of FTEs by Civil Service Classification and requiring the development of a website to provide transparency on all expenditures. The Senate concurred. (Sec. 230)
9. **Transparency Website.** The House added language limiting the amount of funding that can be expended on website at $10,000. The Senate concurred. (Sec. 231)

Conference Agreement on Items of Difference

10. **No-Bid Contracts.** Prohibits departments from entering into these contracts, greater than $500,000, unless there are no other bidders. The Governor deleted this section. The House and Senate retained. The Conference did not include. (Sec. 227)
11. **Budgetary Savings.** The House added language to require that savings from the hiring freeze and other savings identified by the directors be used to implement the proposed budgetary savings line through the transfer process. The Senate did not include. The Conference did not include. (Sec. 206)

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FY 2009-10 Year-to-Date Gross Appropriation	**$74,173,600**

Changes from FY 2009-10 Year-to-Date:

Items Included by the House and Senate	
1. **Homeowner Construction Lien Recovery Fund.** This fund, administered by the Department of Energy, Labor, & Economic Development, became insolvent in FY 2009-10. The Governor eliminated funding and 4.0 FTE's for defense litigation on behalf of the fund. The House and Senate concurred.	(566,100)
2. **Auto Theft Prevention Grant.** The Governor eliminated unused spending authority and 4.0 FTE's for expired grant from Michigan State Police. The House and Senate concurred.	(420,000)
3. **Special Assistant Attorney.** The Governor eliminated spending authority for a court case involving the Game and Fish Protection fund. The House and Senate concurred.	(150,000)
4. **Targeted Layoffs.** The Governor reduced 15.0 FTE's due to targeted reductions. The House and Senate concurred.	(1,137,800)
5. **Attorney General Salary.** The Governor included State Officers Compensation Commission salary reduction. The House and Senate concurred.	(9,100)
6. **Department Consolidation.** Governor included administrative savings from the consolidation of the Departments of Management and Budget and Information Technology. The House and Senate concurred.	(2,300)
7. **Economic Adjustments.** The Governor, House, and Senate concurred.	3,293,300
8. **Other Changes.** Information Technology administrative reductions of ($4,500) and adjustment for prior year contingency fund transfers of ($300,000).	(304,500)
Conference Agreement on Items of Difference	
9. **Budgetary Savings.** The House included a budgetary savings unit which would reduce the General Fund appropriations to the Attorney General by ($972,000). These savings would be distributed to line items through the legislative transfer process. The Senate did not include. The Conference did not include.	0
10. **Budget Reduction.** The Senate targets reduced all lines with FTEs by ($587,900) GF/GP and ($1,559,000) Gross, amounts estimated at 3% of wages for both union and non-union employees and related FICA and retirement expenses. The Conference included the revised Governor's recommendation on the NERE 3% salary savings of ($1,391,100) Gross and ($535,700) GF/GP.	(1,391,100)
11. **Attorney General Operations.** The Conference included an additional reduction of ($72,900) GF/GP.	(72,900)
Total Changes	($760,500)
FY 2010-11 Enacted Gross Appropriation	**$73,413,100**

Changes from FY 2009-10 Year to Date:

Items Included by the House and Senate

1. **Prisoner Reimbursement Funds.** Governor increased amount allowable for department expenditures related to the State Correctional Facilities Reimbursement Act from $470,600 to $497,900. The House and Senate concurred. (Sec. 309)

Conference Agreement on Items of Difference

2. **Limitations on Settlements.** The House included language to prohibit the expenditure or any settlement proceeds except by appropriation, to prohibit settlements that include payments to third parties in lieu of obligations due to the State (except for judicially-authorized settlements of class action lawsuits); and to require a quarterly report of itemized settlements, civil penalties, recoveries for attorney fees, and reimbursement of investigation costs. The Senate did not include. The Conference did not include. (Sec. 313)

3. **Collections under Medicaid False Claim Act.** The Senate added language that appropriates funds collected by the Attorney General under the Medicaid False Claim Act to the Department for the purpose for which they were received and permits funds to carry-forward. The Conference concurred with the Senate. (Sec. 314)

The Governor vetoed this section.

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FY 2009-10 Year-to-Date Gross Appropriation	**$13,763,700**

Changes from FY 2009-10 Year-to-Date:

Items Included by the House and Senate

1. **Accounting Consolidation.** The Governor, House, and Senate consolidated the Department's accounting functions in the Department of Management and Budget. This would result in a reduction of (2.0) FTEs.	(88,600)
2. **Federal Funds.** The Governor, House, and Senate reduced Federal spending authority to reflect funds available.	(307,300)
3. **Economic Adjustments.** The Governor, House, and Senate funded standard economic increases.	629,700
4. **Other Changes.** The Governor made additional adjustments: DIT economics, $27,500, DIT/DMB consolidation savings of ($60,200); building occupancy charges reduction of ($37,600); workers compensation adjustment of $31,900. The House and Senate concurred.	(39,100)

Conference Agreement on Items of Difference

5. **Operations.** The Governor, House, and Senate reduced the operations funding for the Department by ($876,300) and eliminated (10.0) FTE unfunded positions. The Conference made an additional reduction of ($172,900).	(1,049,200)
6. **Budgetary Savings.** The House included budgetary savings of 3.1% plus the estimated amount of the 3% raise for union employees and related retirement and FICA expenses. The Senate did not include. The Conference did not include.	0
7. **Budget Reduction.** The Senate targets reduced all lines with FTEs by ($291,000) GF/GP, an amount estimated at 3% of wages for both union and non-union employees and related FICA and retirement expenses. The Conference included the Governor's revised recommendation to include the NERE 3% salary savings of ($130,500) Gross and GF/GP.	(130,500)
Total Changes	($985,000)
FY 2010-11 Enacted Gross Appropriation	**$12,778,700**

Changes from FY 2009-10 Year to Date:

1. **Boilerplate Changes.** The Governor, House, and Senate did not recommend any changes to the boilerplate for this budget.

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FY 2009-10 Year-to-Date Gross Appropriation	**$4,784,700**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **State Officers Compensation Commission (SOCC) Adjustment.** The salaries and expense allowances for the Governor and the Lt. Governor are reduced 10% based on March 2009 SOCC determinations. The Senate and House concurred.	(18,600)
2. **Y-T-D Adjustment.** FY 2009-10 adjustment to reflect P.A. 142 of 2010 for employee concessions.	39,000
Conference Agreement of Items of Difference	
3. **Non-SOCC Reduction.** The Conference reduced the appropriation for the Executive Office by $174,300 to save additional GF/GP dollars. The combination of the SOCC and non-SOCC reductions total 4% of the total Executive Office budget.	(174,300)
Total Changes	($153,900)
FY 2010-11 Enacted Gross Appropriation	**$4,630,800**

Changes from FY 2009-10 Year to Date:

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

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FY 2009-10 Year-to-Date Gross Appropriation	**$106,274,700**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **State Officers Compensation Commission (SOCC) Adjustment.** The Governor reduced the salaries and expense allowances for Legislators by 10% based on March 2009 SOCC determinations. The Senate and House concurred.	(1,249,500)
Conference Agreement on Items of Difference	
2. **Non-SOCC Reduction.** The Governor reduced the appropriation for the Legislature to save additional GF/GP dollars with a non-specific negative line. The combination of the SOCC and non-SOCC reductions total 4% of the total Legislature budget. The Senate concurred. The House further reduced funding an additional 2.2% or $2,251,000. The Conference concurred with the Governor but spread the non-specified reduction among several line items.	(2,941,100)
3. **Legislative Corrections Ombudsman.** The Conference increased funding for the position with additional IDG funding from the Department of Corrections.	250,000
Total Changes	($3,940,600)
FY 2010-11 Enacted Gross Appropriation	**$102,334,100**

Changes from FY 2009-10 Year to Date:

Conference Agreement on Items of Difference

1. **National Association Dues.** Requires that funding for national association dues be distributed by the Legislative Council. Also required that $51,000 be paid to the National Conference of Commissioners on Uniform State Laws. The House removed this section. The Senate retained it. The Conference modified the language to state that disbursement is dependent on availability of funds. (Sec. 603)

2. **Health Benefits.** The Governor deleted language prohibiting the use of funds for paying health insurance benefits for unmarried domestic partners of legislators or legislative employees. The House concurred with the Governor. The Senate retained the section. The Conference did not include this section. (Sec. 610)

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FY 2009-10 Year-to-Date Gross Appropriation	**$14,818,400**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **Y-T-D Adjustment.** FY 2009-10 adjustment to reflect P.A. 142 of 2010 for employee concessions.	142,800
Conference Agreement on Items of Difference	
2. **Field Operations.** The Governor attained total savings of $464,800 which achieves an overall 4% reduction in the Legislative Auditor General budget, consistent with the 4% overall reductions in the Executive and Legislature budgets. All savings are GF/GP dollars. The Senate concurred. The House further reduced funding by an additional 3.1% or $346,200. The Conference concurred with the Governor.	(464,800)
3. **Corrections Ombudsman.** The Conference added funding to the field operations line for oversight activities related to the Corrections Ombudsman. Funding is provided via an IDG from the Department of Corrections.	500,000
Total Changes	$178,000
FY 2010-11 Enacted Gross Appropriation	**$14,996,400**

Changes from FY 2009-10 Year to Date:

1. The Governor, House, and Senate made no changes to boilerplate language for the Legislative Auditor General.

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FY 2009-10 Year-to-Date Gross Appropriation	**$209,594,100**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **Credit Card Service Assessment.** This line item was formerly off-budget with boilerplate language providing spending authorization for the revenue generated by the assessment of a fee for customers that use credit cards. The Governor created a new line item. The Senate and House concurred.	1,000,000
2. **Business Application Modernization (BAM) Project.** Due to the end of the funding cycle for the BAM project, the Governor removed all funding. The House and Senate concurred.	(4,550,000)
3. **State Officers Compensation Commission (SOCC) Adjustment.** Secretary of State's salary is reduced 10% based on March 2009 SOCC determination. The Senate and House concurred.	(9,100)
4. **Administrative Savings.** The Governor realized savings from efficiencies in operations in several line items, including: Regulatory Services ($287,600); Branch Operations ($277,900); Central Operations ($277,500); Dept. Services ($272,300); Executive Direction ($7,000); and Organ Donor Program ($25,000). The House and Senate concurred.	(1,147,300)
5. **Information Technology (IT) Reduction.** This represents the Department's share of an IT State-wide administrative reduction.	(60,000)
6. **Consolidation Savings.** Department's share of savings realized from the consolidation of the former DMB and the former DIT.	(22,500)
7. **Economic Adjustments.** The Department's economic adjustments totaled $7,733,700 while the economic adjustment for IT totaled $492,300. The House and Senate concurred.	8,226,000
8. **Y-T-D Adjustment.** FY 2009-10 adjustment to reflect P.A. 142 of 2010 for employee concessions and additional Federal contingency funding.	(463,900)
Conference Agreement on Items of Difference	
9. **3% Reduction.** The Senate reduced funding in several line items equivalent to the 3% increase in base wages. The Conference did not include.	0
10. **Budgetary Savings.** House included a budgetary savings unit of a negative $585,400. The Conference did not include.	0
11. **Revised Governor's Rec.** Adjustments resulting from revised Governor's Rec.	(1,395,500)
12. **Conference GF Reductions.** The Conference reduced several line items to achieve target.	(151,400)
13. **New Restricted Funding.** The Conference added funding for two new restricted funds; $1.0 million for new Recreation Passport fee and $1.5 million for Basic Driver Improvement Course fee.	2,500,000
Total Changes	$3,926,300
FY 2010-11 Enacted Gross Appropriation	**$213,520,400**

Changes from FY 2009-10 Year to Date:

ems Included by the House and Senate

1. **HAVA Report.** Language requires the Department to report annually on its success of the enforcement and compliance with the Help America Vote Act. The Governor eliminated this section. The House and Senate restored. (Sec. 706)
2. **Branch Office Closings.** At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, 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 Governor eliminated this section. The House and Senate restored. (Sec. 714)
3. **Motorcycle Safety Education Program.** Language continuing the Motorcycle Safety Education Program in the same manner as was provided by the Department of Education and the listing of revenue sources for the program are removed by the Governor. The House and Senate restored. (Sec. 716)
4. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor removed this section. The House and Senate restored. (Sec. 718)
5. **General Fund Expenditures.** Requires the Department to use Restricted Funds before using General Fund dollars. The Governor removed this section. The House and Senate restored. (Sec. 719)
6. **Guidelines for Branch Office Placement**. Provides guidelines for the placement of future branch offices. The Governor removed this section. The House and Senate restored. (Sec. 720)
7. **Performance Audit Requirements.** Requires a report on the improvements made to address the concerns identified by the Auditor General in 2009. The Governor, House, and Senate removed this section.
8. **ATM Commission Fees.** The Governor adds new language allowing the Department to collect a commission fee from companies providing ATM machines in branch offices. The fees received shall be deposited in the TACF. The House and Senate concurred. (Sec. 721)
9. **Section Number Changes.** Due to the consolidation of the former DMB and DIT, all section numbers regarding the Department of State are changed from the 800s to the 700s.

Conference Agreement on Items of Difference

10. **Department of State Business Application Modernization (BAM) Project.** Due to the end of the funding cycle for this project, the Governor and House removed all language allowing for the expenditure and carry forward of funds. The Senate retains modified language allowing all but $6.0 million to lapse as a work project. The Conference did not include this section. (Sec. 716a)
11. **BAM Report.** The Senate added language requiring the Department to report, by January 1, progress on the BAM project. The Conference concurred with the Senate. (Sec. 716b)
12. **Network Connectivity.** The Senate added language requiring the Department to report on branch office optimal network connectivity and to assess needs. The Conference concurred with the Senate. (Sec. 716c)

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FY 2009-10 Year-to-Date Gross Appropriation	**$952,704,900**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **DIT/DMB Merger.** Gov. merged funding for the former DIT and the former DMB per E.O. 2009-55.	0
2. **Public School Audits.** Governor provided funding for external audits of public school employer units. The House and Senate concurred.	180,500
3. **Gubernatorial Transition.** Governor provided funding for transition costs associated with election of new Gov. The House and Senate concurred.	1,500,000
4. **Building Operations.** Gov., House, & Senate increased funding due to increased utility and maintenance costs.	785,200
5. **Federal Funds Placeholder**. Gov., House & Senate added place holder for anticipated Federal funds for Records Center.	100
6. **State Building Authority Rent Adjustments.** Gov. made adjustments to the "rent" the State pays for State financed building projects based on projected payments. House and Senate concurred.	10,000,000
7. **Accounting Consolidation.** Gov., House, & Senate increased funding to finalize consolidation of accounting services related to E.O. 2007-32 and merger of Civil Service & DMB resulting in elimination of 8.0 FTEs.	859,600
8. **Fund Shift.** Department replaced $2.3 million in GF/GP funding with restricted funds due to change in the accounting of Federal indirect funds.	0
9. **Administrative Savings.** Governor, House and Senate realized savings due to attrition, retirements, and layoffs resulting in the elimination of 21.0 FTEs.	(8,257,700)
10. **IT Savings Due to Consolidation.** Savings resulted from the consolidation of the DIT and the DMB.	(997,100)
11. **IT Miscellaneous Adjustments.** Positive IT adjustments by Governor total $14.5 million while negative adjustments total $4.95 million. The House and Senate concurred.	9,584,800
12. **IT - Alignment of IDG Funding.** The IT portion of the budget aligned its IDG funding with enacted FY 2010 appropriations for all departments.	(8,810,500)
13. **IT - Program Transfers.** The departments of Corrections, Community Health, and Treasury transferred IT functions to non-IT lines resulting in the reduction of 2.0 FTEs.	(771,200)
14. **Economic Adjustments.** The Department's economic adjustments totaled $7,165,000 while the economic adjustment for IT totaled $10,270,700. The House and Senate concurred.	17,435,700
15. **DIT Auto-Alignment.** IT appropriations for current year were aligned to match actual appropriations.	8,244,500
16. **Other Changes.** Governor made a positive adjustment totaling $76,400 and negative adjustments totaling $2,205,100. The House and Senate concurred	(2,128,700)
17. **Y-T-D Adjustment.** FY 2009-10 adjustment to reflect P.A. 142 of 2010 for employee concessions.	2,734,100
Conference Agreement on Items of Difference	
18. **Budgetary Savings.** House included a budgetary savings unit of a negative $2,074,800. Conference did not include.	0
19. **3% Reduction.** The Senate reduced funding in several line items equivalent to the 3% wage increase for employees. The Conference did not include.	0
20. **Revised Gov. Recs.** Adjustments resulting from revised Gov. Recs.	(5,098,800)
21. **SBA Rent.** Conference reduced funding per renegotiated contracts.	(3,500,000)
22. **Target Reductions.** Conference reduced two line items to attain target.	(103,200)
Total Changes	$21,657,300
FY 2010-11 Enacted Gross Appropriation	**$974,362,200**

Changes from FY 2009-10 Year to Date:

Items Included by the House and Senate

1. **Contingency Funds.** The Governor combined the contingency fund language for both Management and Budget and the Civil Service Commission. Dollar amounts in total remain the same. House and Senate concurred. (Sec. 801)
2. **Donated Annual Leave.** Language allowed donated annual leave be received & expended by other State depts. & agencies according to joint labor/management agreements. Gov. revised this section, House and Senate concurred. (Sec. 806)
3. **Computer Contract Adjustments.** Required 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, House & Sen. retained. (Sec. 809)
4. **Motor Vehicle Fleet.**
   - Subsection states legislative intent that the DMB has the authority to determine the appropriateness of vehicle assignments. (Sec. 812(3))
   - Subsection requires Dept. 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. (Sec. 814(4))

   The Governor removed Subsections 3 and 4. The House and Senate retained.
5. **Contracting.** Governor removed current year language (Secs. 716, 717, 718, & 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 the best interests of State when dealing with vendors outside of Michigan; language requiring obtaining certain information from vendors; and language requiring disclosure of location of call/contact centers. The House and Senate retained. (Secs. 814, 815, 816, & 817)
6. **Unclassified Salaries.** Language required Dept. to compile report by January 1 pertaining to salaries of unclassified employees and gubernatorial appointees. The Governor removed this section. House & Sen. retained. (Sec. 822)
7. **Contracting Expenditures.** Required the Department to take measures to reduce existing contractual expenditures by $20 million. The Governor removed this section. The House and Senate concurred.
8. **Reporting Requirement for Expenditures for Spatial Information and Technical Services.** The Governor eliminated a reporting requirement for funds received under this section. The House and Senate retained. (Sec. 824)
9. **Reporting Requirement for Michigan Public Safety Communications System.** Gov. eliminated reporting requirement for revenue collected for support & maintenance of Mich. Public Safety Communications System. House & Sen. retained. (Sec. 827)
10. **Annual Report.** The Governor removed a section that 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 House and Senate retained. (Sec. 828)
11. **Reporting Requirements.** The Governor removed several sections requiring reports for life-cycle of information technology, BAM, Michigan.gov, and change orders greater than $25,000. The House and Senate deleted BAM and Michigan.gov only. (Secs. 579, 580, 582, and 583)
12. **MiCSES.** The Governor removed a section that requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The House and Senate retained. (Sec. 832)
13. **University and Community College Matching Revenues.** Gov. added a new language stating that any reductions in matching shall result in equal reduction of State funds for capital projects. House & Senate concurred. (Sec. 874)
14. **Supporting Documentation.** Governor added new language allowing Director to require community colleges and universities to submit supporting documentation regarding project match and governing board approval of authorized projects. The House and Senate concurred. (Sec. 875)
15. **Department Name Change.** Several sections were updated to reference the new name of the department as the Department of Technology, Management, and Budget. The House and Senate concurred.

Conference Agreement on Items of Difference

16. **2-1-1 Study.** Gov. and Senate removed a section requiring Department to coordinate a study of information & referral services, identifying costs savings for certain departments that would result from 2-1-1 service. House retained. Conference did not contain section. (Sec. 831)
17. **Office of Great Workplace Development.** Language prohibits use of any other funds for this office. The Gov removed section. The House concurred. The Senate retained the section. Conference retained section. (Sec. 853)
18. **Data Imaging.** Language allows for the expenditure of necessary funds for document and data imaging services. Governor removed this section. House and Senate retained. Conference concurred with Governor. (Sec. 821)

Date Completed: 10-4-10 Fiscal Analyst: Joe Carrasco

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

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P. O. Box 30036
Lansing, Michigan 48909-7536

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Telephone: (517) 373-2768
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FY 2009-10 Year-to-Date Gross Appropriation	**$1,617,977,944**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **Revenue Enhancements.** Governor, House, and Senate added 9.0 FTE's and $1.0 million to do MBT audits for Unitary Business Groups and $400,000 and 4.0 FTE's to eliminate the backlog in income tax return errors. Proposals are estimated to generate $15.0 million.	1,400,000
2. **Economic Adjustments.**	9,832,200
3. **Other Changes.** The bill includes various technical and fund source adjustments	2,146,756
Conference Agreement on Items of Difference	
4. **Debt Service.** The Conference included savings from refinancing and restructuring debt.	(22,544,700)
5. **Revenue Sharing.** Governor increased payments to counties by $59.4 million per formula and maintained current year combined total of constitutional and statutory payments. The House concurred in the county increase and increased statutory payments by 1%. The Senate set the total constitutional and statutory revenue sharing at 5% below current year and cut the county revenue sharing formula amount by 5%. The Conference concurred with the Governor.	61,088,100
6. **Program Transfers.** The Senate includes the transfer of the Racing Commission and Racing Manager to the Gaming Control Board per E.O. 2009-45 and 2009-54, and the transfer of MSHDA and Land Bank per E.O. 2010-2. Includes $200,000 restricted for Housing & Community Development Fund (HCDF) and Federal funds adjustments. The Conference did not fund the HCDF.	226,339,500
7. **Business Property Tax Appeal.** Governor and House added 9.0 FTE's to review business property tax assessments. Senate did not include. Conference concurred with the House.	900,000
8. **Racing Commission.** The Senate added $358,100 in restricted funds to permit 217 horse racing dates. The Conference concurred.	358,100
9. **Lottery Advertising.** Governor and House moved this appropriation to boilerplate. The Senate retained line item and reduced by 10%. The Conference retained line item at a 5% cut.	(931,100)
10. **Supervision of the General Property Tax Law.** Senate added $2.0 million to audit personal property taxes. The Conference included $1.0 million for audits and reduced by ($100,000) GF/GP.	900,000
11. **Department and Budget Services.** The Conference reduced by ($95,500) GF/GP.	(95,500)
12. **Public Private Partnership.** The Senate eliminated funding and 2.0 FTEs. Conference retained.	0
13. **Michigan Finance Authority.** Senate added funding and 18.0 FTEs previously appropriated in boilerplate for several finance authorities combined by E.O. 2010-2. Conference concurred.	2,971,500
14. **Budgetary Savings.** House included budgetary savings. Senate & Conference did not include.	0
15. **Budget Reduction.** The Senate reduced line items with FTEs by ($525,700) GF/GP and ($4,207,100) Gross, amounts estimated at 3% of State employees wages and related expenses. Conference reduced by NERE 3% savings.	(3,810,200)
16. **Renaissance Zone Reimbursement.** Conference eliminated these public library reimbursements.	(2,992,000)
17. **Michigan Strategic Fund.** See separate analysis.	32,083,800
Total Changes	$307,646,456
FY 2010-11 Enacted Gross Appropriation	**$1,925,624,400**

Changes from FY 2009-10 Year to Date:

Items Included by the House and Senate

1. **Deleted Sections.** The Governor deleted the following sections which the House and Senate retained:

   Sale of tax manuals and local government assistance manuals (Sec. 905); Fee for audits performed with local government or other State agencies (Sec. 906); Receive and expend authorization for tax orientation workshops and seminars (Sec. 918); Intent language to invest retirement funds in Early Stage Life Science or Venture Capital Funds (Sec. 939); Report on efficacy of additional personnel for field collections (Sec. 942); Requirement to conduct 14-point review in one assessment jurisdiction per county (Sec. 945); Report on number of tax returns filed in previous fiscal year (Sec. 948); State Lottery - requirement to inform retailers of prohibition for using DHS bridge cards for tickets (Sec. 963)

2. **Principal Residence Audit Fund Revenue.** Governor, House, and Senate changed content of report from amount of revenue received under the program to amount of exemptions denied and the revenue received. (Sec. 924)

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3. **Tax Amnesty Program.** The Senate included language such that if S.B. 884 is enacted, the Department shall implement the tax amnesty program through a competitive bidding process. Conference did not include. (Sec. 920)

4. **Public Private Partnership.** Governor and House added language allowing for the carry-forward of any unencumbered balance in the fund at the end of the fiscal year for appropriation in future fiscal years. The Senate did not include the program. The Conference included with a prohibition on activities related to the Detroit River International Crossing. (Sec. 925 & Sec. 925a)

5. **Personal Property Tax Audits.** The Governor deleted quarterly reports and the House retained. The Senate changed to an annual report. The Conference concurred with the Senate. (Sec. 927)

6. **Revenue Sharing.** Governor and House eliminated distribution language reflecting reduced funding to counties in FY 2009-10 due to the recommendation providing full funding for payments to counties. The House revised statutory revenue sharing language to ensure that cities, villages, and townships receive 101% of the combined statutory and constitutional payments received in FY 2009-10. The Senate funded statutory and constitutional revenue sharing at 95% of the prior year payment and county revenue sharing at 95% of the formula amount. The Conference funded the county formula and continued the current year total of constitutional and statutory payments. (Secs. 950, 955)

7. **Lottery Advertising.** Governor and House moved appropriation for advertising to boilerplate and increased from .8% to 1% of prior year's sales. The Senate retained the line item and cut 10%. The Conference retained line item and cut 5%. (Sec. 962)

8. **State Services Fee Fund.** The Governor deleted a $1.6 million transfer from State Services Fee Fund to GF for FY 2008-09. The House retained for FY 2009-10. The Senate transferred $5,000,000 in GF in FY 2009-10. The Conference did not include. (Sec. 975)

9. **Racing Commission.** The Senate included language that would prorate appropriations from the Agriculture Equine Industry Development Fund (except for the line items for Racing Commission and Laboratory Analysis) if revenues are lower than amounts appropriated. The Conference concurred with the Senate. (Sec. 977)

10. **Racing Commission - Regulatory Charges.** The Senate included language from P.A. 66 of 2010 that requires the Gaming Control Board to determine the actual regulatory cost of conducting race dates, limits reimbursement to actual expenses, and specifies that in the case of low revenue, race dates can be reduced, after consultation with certified horsemen's organizations. The Conference concurred with the Senate. (Sec. 978)

11. **Racing Commission - Purses.** The Senate added language that specifies use of purse funds in the event that no live thoroughbred race meet is held in 2010 or 2011. Provides for funds to be escrowed and specifies purse pool distribution order. The Conference concurred with the Senate. (Sec. 979)

12. **Michigan State Housing Development Authority.** The Senate included boilerplate formerly in the Department of Energy, Labor, and Economic Growth. The Conference included. (Secs. 980-984)

13. **Michigan Housing and Community Development Fund.** The Senate included $200,000 in restricted funding for this program. The Conference permitted a MSHDA allocation to the fund. (Sec. 985)

14. **Renaissance Zone Reimbursement.** Conference eliminated payments and deleted language on payment procedures. (Sec. 921)

Date Completed: 10-4-10 Fiscal Analyst: Elizabeth Pratt

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

BILL ANALYSIS

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

FY 2009-10 Year-to-Date Gross Appropriation	**$123,762,400**
Changes from FY 2009-10 Year-to-Date:	
Items Included by the House and Senate	
1. **Economic Development Job Training Grants.** The Governor and House eliminated this grant program for training new or incumbent workers. The Senate concurred.	(4,705,800)
2. **Economic Adjustments.**	812,800
3. **Other.** Removed supplemental funding of $9,500,000 appropriated in P.A. 36 of 2010 for tourism promotion.	(9,500,000)
Conference Agreement on Items of Difference	
4. **21ST Century Jobs Trust Fund.** The Governor restored this program to $75.0 million, per the statute. The House reduced by 3.1% or ($2,328,000) from Governor. The Senate set at $26.5 million. The Conference concurred with the Governor.	46,500,000
5. **Michigan Promotion Program.** The Governor and House included anticipated revenue from proposed tax on rental cars included on H.B. 5017. The Senate and Conference did not include.	0
6. **Arts and Cultural Grants.** The Governor and House included anticipated revenue from income tax check off included on 2009 income tax return forms and transferred in 3.0 FTEs from the Job Creations Services line. The Senate concurred in the estimated State revenue, left the 3.0 FTEs in the Job Creation Services line, and included $200,000 in additional anticipated Federal revenue. The Conference concurred with the Senate.	300,000
7. **Business Incubator Program.** The Governor eliminated funding for the business incubator program. Eligible incubators were those located in Detroit, Houghton, Ingham, Kalamazoo, Kent, Macomb, Muskegon, and Washtenaw counties. The House increased this line by $350,000 to $1.3 million funded from Investment Fund-Returns to Fund, and replaced Ingham with the City of Lansing. The Senate funded the program at $900,000 GF/GP. The Conference funded as a $1.3 million allocation from the 21st Century Program.	(950,000)
8. **Budgetary Savings.** The House included budgetary savings of 3.1% plus the estimated amount of the 3% raise for union employees and related retirement and FICA expenses. The Senate and Conference did not include.	0
9. **Budget Reduction.** The Senate targets reduced all lines with FTEs by a total of ($306,700) GF/GP and ($378,500) Gross, amounts estimated at 3% of wages for both union and non-union employees and related FICA and retirement expenses. The Conference included the Governor's recommended savings from the NERE 3% reduction of ($365,100) Gross and ($298,600) GF/GP.	(365,100)
10. **Job Creation Services.** The Conference reduced the line by ($8,100) GF/GP.	(8,100)
Total Changes	$32,083,800
FY 2010-11 Enacted Gross Appropriation	**$155,846,200**

Changes from FY 2009-10 Year to Date:

Items Included by the House and Senate

1. **Deleted Sections.** The Governor deleted the following sections:
   a. Economic Development Job Training Grant Language. Consistent with elimination of appropriation for program. The House and Senate concurred. (Sec. 1002)
   b. Report on Grants and Investments Funded with Indian Gaming Revenue. The House & Senate retained. (Sec. 1007)
2. **Private Economic Development Agency.** Language requiring the Agency to work with all private Economic Development Agencies that were already working with Local Governments. The House & Senate retained. (Sec. 1008)

Conference Agreement on Items of Difference

3. **Deleted Sections.** The Governor deleted the following sections:
   a. Michigan Growth Capital Fund. The House retained. The Senate deleted. The Conference concurred with the House. (Sec. 1003)
   b. Promotion for Mackinac Island, Historic or State Parks, and other types of Industry Specific Travel. The House retained. The Senate replaced with language that requires MSF to coordinate tourism promotion with the tourism industry. The Conference included Senate language and required a report of the areas promoted. (Sec. 1023)
4. **Small Business Innovation Research or Small Business Technology Transfer Program.** Governor and House deleted $1.4 million set aside from Part 1 appropriation to the 21st Century Jobs Program and requirement that funding be allocated to the Small Business and Technology Development Centers (SBTDC). Added permissive language regarding this allocation. The Senate retained current $1.4 million allocation to SBTDCs. The Conference set at a minimum allocation of $1.4 million. (Sec. 1024)
5. **Michigan Aeronautics Manufacturing Association (MAMA).** The Senate allocated $250,000 from the 21st Century funding to MAMA to advance and promote the aerospace manufacturing community. The Conference concurred. (Sec. 1025)
6. **Lakeshore Advantage.** The Governor and House deleted and the Senate retained language that permits $3.0 million to be allocated to Lakeshore Advantage. The Conference concurred with the Senate. (Sec. 1027)
7. **21st Century Programs.** Conference limited the amount of the 21st Century appropriations that can be committed in the first quarter of the fiscal year to $25.0 million. (Sec. 1028)
8. **21st Century Carryforward.** The Conference re-appropriated $6,450,000 in FY 2009-10. These funds remaining from the original appropriations in P.A. 225 of 2005 would otherwise lapse to the General Fund. (Sec. 1029)
9. **Appropriation of FY 2009-10 General Fund Balance.** Conference appropriated up to $10.0 million from the unreserved FY 2009-10 general fund/general purpose balance for a grant to the Detroit Institute of Arts. If the balance is less than $10.0 million, the grant would be reduced to the actual balance. (Sec. 1030)
10. **Business Incubators.** The Governor deleted language. The House restored with revisions: changed Ingham County to City of Lansing; and changed set aside of $250,000 for City of Detroit to set aside for Macomb County. The Senate allocated $250,000 each to an incubator in Oakland and Macomb Counties, $200,000 to an incubator in Washtenaw County and $200,000 to an incubator in the City of Detroit, and required a report. The Conference funded at $1.3 million as an allocation from the 21st Century programs and included House language. (Sec. 1034)
11. **Arts and Cultural Grants.** Governor and House deleted one time language requiring the department to design a new program consistent with reduced revenues and the reporting requirement. New language outlined the application process and to allow for the charging of non-refundable application fees. The Senate revised language to maintain current program guidelines, require program application criteria to be available by October 1, allow application fees, and limit administrative charges to the jobs creation services line to $100,000. The Conference included Senate language except limited administrative funding from the grant line to $100,000. (Sec. 1035)
12. **Arts and Cultural Institutions Project Program.** Governor and House added language to create a Capital Outlay program for local units of government, community foundations or non-profit organizations operating arts and cultural institutions. Eligible applicants would receive awards funded with bond proceeds. Debt service on bonds would be included in annual appropriation. The Senate and Conference did not include. (Sec. 1036)