

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
TOTAL GENERAL GOVERNMENT**



Analyst: Ben Gielczyk and Paul Holland

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$692,338,500	\$738,737,400	\$46,398,900	6.7	\$722,648,400	(\$16,089,000)	(2.2)
Federal	722,234,100	700,910,000	(21,324,100)	(3.0)	702,108,000	1,198,000	0.2
Local	8,007,000	7,713,800	(293,200)	(3.7)	7,713,800	0	0.0
Private	5,989,000	6,086,100	97,100	1.6	6,135,200	49,100	0.8
Restricted	1,889,005,100	1,926,743,900	37,738,800	2.0	1,936,924,100	10,180,200	0.5
GF/GP	1,018,018,000	1,052,945,600	34,927,600	3.4	1,002,722,400	(50,223,200)	(4.8)
Gross	\$4,335,591,700	\$4,433,136,800	\$97,545,100	2.2	\$4,378,251,900	(\$54,884,900)	(1.2)
FTEs	7,766.7	7,675.7	(91.0)	(1.2)	7,675.7	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

GENERAL SECTIONS OF BOILERPLATE

Executive Boilerplate Deletions

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. These particular deleted sections are listed below:

Sec. 207. *Information Technology Work Project Accounts*

Sec. 209. *Purchase of Foreign Goods*

Sec. 210. *Businesses in Deprived and Depressed Communities*

Sec. 212. *Receipt and Retention of Required Reports*

Sec. 214. *Information Technology Services*

Sec. 215. *Disciplinary Action Against State Employees*

Sec. 221. *Reporting Requirement on Policy Changes*

Sec. 213. Purchase of Ownership Interest In a Casino - DELETED

Prohibits use of appropriations to purchase an ownership interest in a casino enterprise or gambling operation.

Sec. 217. General Fund Restrictions - DELETED

Prohibits using general fund appropriations where federal funds are available for the same purpose.

Sec. 220. Limitation on Administering a Committee - DELETED

Prohibits funds from being used to administer a committee or to solicit or obtain contributions for a committee. ("Committee" is defined as one which receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of voters.)

Major Boilerplate Changes From FY 2012-13

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports - DELETED

Requires state departments and agencies to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports.

Sec. 231. Full-Time Equated Position Report – DELETED

Requires departments and agencies to provide a detailed report on the number of actual full-time equated and part-time positions within each department; requires the report to include total compensation appropriated for each position.

Sec. 1201. Anticipated Appropriations – DELETED

States legislative intent to provide appropriations for FY 2013-14, adjusting FY 2012-13 amounts based on economic and other factors.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF ATTORNEY GENERAL**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$24,082,100	\$27,355,500	\$3,273,400	13.6	\$27,852,700	\$497,200	1.8
Federal	9,932,600	9,838,200	(94,400)	(1.0)	10,024,600	186,400	1.9
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	17,242,000	17,631,900	389,900	2.3	17,945,300	313,400	1.8
GF/GP	33,825,800	34,481,300	655,500	1.9	35,113,100	631,800	1.8
Gross	\$85,082,500	\$89,306,900	\$4,224,400	5.0	\$90,935,700	\$1,628,800	1.8
FTEs	514.0	517.0	3.0	0.6	517.0	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys. The department's mission is to protect the common legal rights of citizens, defend the Constitution and the laws of the state, and represent the legal interests of government. Its goals include making the state a safe place for its citizens, offering justice to victims of crime, defending common natural resources and monetary assets of the state, and delivering excellent legal services at a minimum cost to taxpayers.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Memoranda of Understanding - Legal Services Includes \$2.1 million Gross (\$0 GF/GP) as an IDG from Departments of Community Health, Human Services, and Licensing and Regulatory Affairs to cover the costs of legal services provided under new Memoranda of Understanding (MOUs) .	Gross	N/A	\$2,124,200	\$0
	IDG	N/A	2,124,200	0
	GF/GP	N/A	\$0	\$0
2. Department of Human Services Fraud Prevention Includes \$500,000 Gross (\$0 GF/GP) and 3.0 FTEs to partner with the Department of Human Services to increase fraud prevention, detection, prosecution, and recoupment.	FTE	N/A	3.0	0.0
	Gross	N/A	\$500,000	\$0
	IDG	N/A	500,000	0
	GF/GP	N/A	\$0	\$0
3. Information Technology Adjustments Includes \$53,100 Gross GF/GP to support information technology investments in wireless infrastructure and Internet bandwidth. Funds will also support Microsoft Enterprise Agreement and Center for Shared Solutions Framework.	Gross	\$1,371,300	\$53,100	\$0
	GF/GP	\$1,371,300	\$53,100	\$0

Executive Changes

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>FY 2012-13 to FY 2013-14</u>	<u>FY 2013-14 to FY 2014-15</u>	
4. Removal of One-Time Appropriations	Gross	\$1,025,900	(\$1,025,900)	\$0
Removes \$1.0 million (\$393,300 GF/GP) in FY 2012-13 one-time negotiated lump-sum payments to state employees.	IDG	297,300	(297,300)	0
	Federal	122,600	(122,600)	0
	Restricted	212,700	(212,700)	0
	GF/GP	\$393,300	(\$393,300)	\$0
5. Economic Adjustments	Gross	N/A	\$2,573,000	\$1,628,800
Reflects increased costs of \$2.6 million Gross (\$1.0 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$1.6 million Gross (\$631,800 GF/GP) projected for FY 2014-15.	IDG	N/A	946,500	497,200
	Federal	N/A	28,200	186,400
	Restricted	N/A	602,600	313,400
	GF/GP	N/A	\$995,700	\$631,800

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

There are no major boilerplate changes recommended for FY 2013-14.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF CIVIL RIGHTS**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	2,641,300	2,690,200	48,900	1.9	2,745,000	54,800	2.0
Local	0	0	0	--	0	0	--
Private	18,700	18,700	0	0.0	18,700	0	0.0
Restricted	151,900	151,900	0	0.0	151,900	0	0.0
GF/GP	11,953,600	12,337,500	383,900	3.2	12,576,100	238,600	1.9
Gross	\$14,765,500	\$15,198,300	\$432,800	2.9	\$15,491,700	\$293,400	1.9
FTEs	127.0	128.0	1.0	0.8	128.0	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2012-13 YTD Appropriations	Executive Changes		
	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Division on Deaf and Hard of Hearing	FTE	5.0	1.0
Includes \$100,000 GF/GP to provide increased educational support for persons taking the Sign Language Interpreters Examination. Funds will also support efforts to reduce time required to review and score examination.	Gross	\$654,700	\$100,000
	Private	18,700	0
	Restricted	93,400	0
	GF/GP	\$542,600	\$100,000
2. Hispanic and Latino Commission	Gross	\$196,500	\$54,000
Includes \$54,000 GF/GP to increase assistance services for new Hispanic and Latino residents in the State of Michigan. Services provided include translation, outreach, and partnerships with local organizations.	GF/GP	\$196,500	\$54,000
3. Information Technology	Gross	N/A	\$6,100
Includes \$6,100 GF/GP for various statewide Information Technology (IT) adjustments. Specifically, IT funding will support investments in wireless infrastructure, Internet bandwidth, Microsoft Enterprise Agreement, and Center for Shared Solutions Framework.	GF/GP	N/A	\$6,100

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations

4. Economic Adjustments

Reflects increased costs of \$401,600 Gross (\$328,100 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$293,400 Gross (\$238,600 GF/GP) projected for FY 2014-15.

	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
Gross	N/A	\$401,600	\$293,400
Federal	N/A	73,500	54,800
GF/GP	N/A	\$328,100	\$238,600

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

There are no major boilerplate changes recommended for FY 2013-14.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
EXECUTIVE OFFICE**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	0	0	0	--	0	0	--
GF/GP	4,887,900	4,970,000	82,100	1.7	4,970,000	0	--
Gross	\$4,887,900	\$4,970,000	\$82,100	1.7	\$4,970,000	\$0	0.0
FTEs	84.2	84.2	0.0	0.0	84.2	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Executive Office Operations	Gross	\$3,708,500	\$97,800	\$0
Includes \$97,800 GF/GP to increase investment in Executive Office operations.	GF/GP	\$3,708,500	\$97,800	\$0
2. Removal of One-Time Appropriations	Gross	\$58,700	(\$58,700)	\$0
Removes FY 2012-13 one-time funding of \$58,700 GF/GP for employee lump sum payments.	GF/GP	\$58,700	(\$58,700)	\$0
3. Economic Adjustments	Gross	N/A	\$43,000	\$0
Reflects increased costs of \$43,000 GF/GP for employee economics.	GF/GP	N/A	\$43,000	\$0

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

There are no major boilerplate changes recommended for FY 2013-14.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
LEGISLATURE**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	400,000	400,000	0	0.0	400,000	0	0.0
Restricted	1,109,800	1,109,800	0	0.0	1,109,800	0	0.0
GF/GP	113,705,000	122,309,500	8,604,500	7.6	122,309,500	0	0.0
Gross	\$115,214,800	\$123,819,300	\$8,604,500	7.5	\$123,819,300	\$0	0.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) FY 2012-13 year-to-date figures reflect mid-year budget adjustment for FY 2012-13 OPEB for legislative employees. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (5) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
		FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Economic Adjustments	Gross	N/A	\$8,604,500
Reflects increased costs of \$8.6 million Gross GF/GP for economic adjustments for legislative staff.	GF/GP	N/A	\$8,604,500
			\$0
			\$0

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2013-14 and FY 2014-15 Executive budget recommendations, but appears separate in this document.**

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

There are no major boilerplate changes recommended for FY 2013-14.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
LEGISLATIVE AUDITOR GENERAL**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$3,792,100	\$5,092,100	\$1,300,000	34.3	\$5,181,100	\$89,000	1.7
Federal	0	0	0	--	0	0	--
Local	0	0	0	--	0	0	--
Private	0	0	0	--	0	0	--
Restricted	1,890,700	1,951,000	60,300	3.2	1,985,100	34,100	1.7
GF/GP	13,004,900	13,511,300	506,400	3.9	13,791,400	280,100	2.1
Gross	\$18,687,700	\$20,554,400	\$1,866,700	10.0	\$20,957,600	\$403,200	2.0
FTEs	0.0	0.0	0.0	--	0.0	0.0	--

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Increased Audit Funding	Gross	N/A	\$250,000	\$0
Includes \$250,000 GF/GP to increase audit oversight and service delivery for mandated statewide audits, including the State of Michigan Comprehensive Financial Report (CAFR).	GF/GP	N/A	\$250,000	\$0
2. Technical Boilerplate Funding Shift	Gross	N/A	\$1,255,200	\$0
Includes \$1.3 million Gross (\$0 GF/GP) in increased appropriation authorization for operations. Reflects shift from boilerplate spending authorization to line-item spending authorization to reflect actual restricted revenues that OAG earns from its audit activities statewide.	IDG	N/A	982,800	0
	Restricted	N/A	272,400	0
	Gross	N/A	\$632,400	\$403,200
Reflects increased costs of \$632,400 Gross (\$441,200 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$403,200 Gross (\$280,100 GF/GP) projected for FY 2014-15.	IDG	N/A	127,900	89,000
	Restricted	N/A	63,300	34,100
	GF/GP	N/A	\$441,200	\$280,100

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2013-14 and FY 2014-15 Executive budget recommendations, but appears separate in this document.**

Major Boilerplate Changes From FY 2012-13

NOTE: *No boilerplate language proposed specific to FY 2014-15.*

There are no major boilerplate changes recommended for FY 2013-14.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF STATE**



Analyst: Paul Holland

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0	\$20,000,000	\$0	0.0
Federal	1,810,000	1,810,000	0	0.0	1,810,000	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	100	100	0	0.0	100	0	0.0
Restricted	183,971,100	182,485,400	(1,485,700)	(0.8)	185,733,200	3,247,800	1.8
GF/GP	14,888,100	15,253,400	365,300	2.5	15,428,800	175,400	1.1
Gross	\$220,669,300	\$219,548,900	(\$1,120,400)	(0.5)	\$222,972,100	\$3,423,200	1.6
FTEs	1,695.0	1,568.0	(127.0)	(7.5)	1,568.0	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time". (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. The mission of the Department is to provide the most efficient and effective services to the people of Michigan by licensing drivers; registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The Department serves citizens with programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Increase Record Look-Up Fees	Gross	N/A	\$4,700,000	\$0
Assumes an increase of the record look-up fee to \$8.00 per record to support DOS economics adjustments (including OPEB pre-funding). DOS currently charges a \$7.00 per record to individuals and entities requesting registration and driving records (e.g. insurance companies, reporting agencies, data aggregators.). The fee is established in boilerplate section 703 and generated \$34.0 million in FY 2011-12.	Restricted	N/A	4,700,000	0
2. Eliminate FY 2012-13 One-Time Appropriations	Gross	\$2,294,400	(\$2,294,400)	\$0
Eliminates FY 2012-13 one-time appropriations for state employee lump-sum payments, executive direction, and central operations.	Restricted	1,259,500	(1,259,500)	0
	GF/GP	\$1,034,900	(\$1,034,900)	\$0

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
3. Privatization of Michigan Assigned Claims Facility	FTE	7.0	(7.0)	0.0
Eliminates spending authorization, FTE positions, and fund source for the Michigan Assigned Claims Facility. 2012 PA 204 transferred the Michigan Assigned Claims Facility (which indemnified uninsured individuals injured by uninsured or unidentified drivers, supported by annual assessments on insurers writing auto insurance in Michigan) from DOS to the Michigan Automobile Insurance Placement Facility (a joint underwriting association established by the Insurance Code, supported by member insurers writing auto insurance in Michigan).	Gross	\$1,098,600	(\$1,098,600)	\$0
	Restricted	1,098,600	(1,098,600)	0
4. Increase in Document Handling Costs	FTE	150.0	0.0	0.0
Increases spending authorization for document handling costs due to increased postage rates. DOS services and sends approximately twenty million documents to its customers annually.	Gross	\$23,108,200	\$500,000	\$0
	Restricted	22,957,100	0	0
	GF/GP	\$151,100	\$500,000	\$0
5. Increase IT Services and Projects to DTMB	Gross	\$21,248,800	\$160,000	\$0
Increases spending authorization for IT services and projects to reflect DOS's share of DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	Restricted	19,713,200	148,400	0
	GF/GP	\$1,535,600	\$11,600	\$0
6. Eliminate Olympic Center License Plate Program	Gross	\$75,700	(\$75,700)	\$0
Eliminates spending authorization for the Olympic Center License Plate Program as it is now defunct.	Restricted	75,700	(75,700)	0
7. Increase for Anatomical Gift Donor Registry	Gross	\$79,100	\$50,000	\$0
Increases spending authorization for the Organ Donor Program pursuant to 2012 PAs 54 & 55 which amended the Michigan Vehicle Code to authorize DOS to issue a new fundraising license plate ("Donate Life") and deposit the proceeds into the Thomas Daley Gift of Life Fund for the administration of a state anatomical gift donor registry.	Restricted	0	50,000	0
	Private	100	0	0
	GF/GP	\$79,000	\$0	\$0
8. Decrease Excess Spending Authorization	Gross	\$77,138,500	(\$8,000,000)	\$0
Decreases spending authorization within several line items supported by the Transportation Administration Collection Fund (TACF) to more accurately reflect available revenue. The TACF (established by 2003 PA 152) is supported by revenues generated by various registration and service fees collected by the DOS and is utilized to support administrative expenses of enforcing Sections 801 thru 810 of the Michigan Vehicle Code.	Restricted	77,138,500	(8,000,000)	0
9. FTE Rebasng	FTE	694.5	(120.0)	0.0
Decreases FTE positions within several line items to more accurately reflect actual staffing levels.				
10. Offset for Michigan Transportation Fund Economics	Gross	\$20,000,000	\$606,300	\$0
Offsets the economics adjustments related to the Michigan Transportation Fund (MTF) appropriation with GF/GP. The DOS is appropriated \$20.0 million annually from the MTF to partially reimburse administrative expenses of collecting registration and title fees deposited into the MTF (\$905.0 million in FY 2011-12). The annual appropriation of MTF revenue for the DOS may not exceed \$20.0 million pursuant to Section 10(1) of 1951 PA 51.	IDG	20,000,000	0	0
	GF/GP	\$0	\$606,300	\$0

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		<u>Executive Changes</u>			
		<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>FY 2012-13 to FY 2013-14</u>	<u>FY 2013-14 to FY 2014-15</u>	
11. Economics Adjustments		Gross	N/A	\$4,938,300	\$3,423,200
Reflects increased costs for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other post-employment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments within DOS.		IDG	N/A	606,300	0
		Restricted	N/A	4,049,700	3,247,800
		GF/GP	N/A	\$282,300	\$175,400

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

Sec. 702. Assigned Claims Assessments – DELETED

Stipulates that funds made available by Sec. 3171 of the Insurance Code of 1956 are appropriated to be expended for the purposes of the Michigan Assigned Claims Facility as provided by Sec. 3171 to 3177 of the Insurance Code of 1956.

Sec. 714. Branch Office Closings or Consolidations – DELETED

Requires DOS to inform appropriations committees and legislators who represent affected areas of closing and/or consolidation of DOS branch offices at least 180 days prior to closing or consolidation or at least 60 days prior to relocation.

Sec. 716b. Business Application Modernization Project Report – DELETED

Requires DOS to report on funds expended, cost projections, and completion dates for the Business Application Modernization project since its inception.

Sec. 718. Buena Vista Township Branch Office – DELETED

Requires DOS to maintain a full-service branch office in Buena Vista Township.

Sec. 719. General Fund Expenditures – DELETED

Requires DOS to use available restricted funding for expenditures before using general fund dollars.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15**

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET



Analyst: Paul Holland

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$635,564,900	\$677,159,800	\$41,594,900	6.5	\$660,402,100	(\$16,757,700)	(2.5)
Federal	9,464,300	8,790,900	(673,400)	(7.1)	8,790,900	0	0.0
Local	1,320,800	1,320,800	0	0.0	1,320,800	0	0.0
Private	190,200	190,400	200	0.1	190,400	0	0.0
Restricted	90,517,200	92,625,900	2,108,700	2.3	93,218,100	592,200	0.6
GF/GP	405,916,200	405,887,400	(28,800)	0.0	415,140,800	9,253,400	2.3
Gross	\$1,142,973,600	\$1,185,975,200	\$43,001,600	3.8	\$1,179,063,100	(\$6,912,100)	(0.6)
FTEs	2,814.0	2,812.0	0.0	0.0	2,812.0	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time". (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

		Executive Changes		
		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
Major Budget Changes From FY 2012-13 YTD Appropriations				
1. Align and Increase IT Services and Projects for State Agencies	FTE	1,459.5	0.0	0.0
	Gross	\$457,192,100	\$8,437,000	\$0
Aligns and increases spending authorization for initial and existing IT services and projects affecting various state agencies to more accurately reflect DTMB's expenditures and fund sources.	IDG	457,192,100	8,437,000	0
2. Increase for Statewide IT Services and Projects	FTE	1,459.5	0.0	0.0
	Gross	\$457,192,100	\$5,117,700	\$0
Increases spending authorization for IT services and projects to reflect DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	IDG	457,192,100	5,117,700	0
3. Increase for DTMB IT Services and Projects	Gross	\$31,630,600	\$406,300	\$0
	IDG	881,900	51,000	0
	Federal	976,900	20,500	0
Increases spending authorization for IT services and projects to reflect DTMB's share of DTMB's statewide projects to replace Windows XP, recover economics for the Center for Shared Solutions, and expand wireless connectivity and internet bandwidth.	Restricted	16,443,900	128,800	0
	GF/GP	\$13,327,900	\$206,000	\$0

		Executive Changes			
Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15	
4. Increase State Building Authority Rent		Gross	\$68,305,800	\$1,700,000	\$22,900,000
Increases spending authorization for State Building Authority rent for state agencies to support rent payments for anticipated obligations (specifically, for the State Emergency Operations Center (SEOC) project in FY 2013-14).		GF/GP	\$68,305,800	\$1,700,000	\$22,900,000
5. Increase Motor Vehicle Fleet for MSP & DHS		FTE	35.0	0.0	0.0
Increases spending authorization for the motor vehicle fleet for the Michigan State Police (MSP) which is closing trooper stations and equipping patrol vehicles to operate as mobile offices and the Department of Human Services (DHS) which is hiring Child Welfare Services staff who conduct home visits and appear at court proceedings.		Gross	\$57,624,000	\$1,500,000	\$0
		IDG	57,624,000	1,500,000	0
6. Military Retirement System Prefunding		FTE	162.0	0.0	0.0
Increase spending authorization to begin prefunding the Military Retirement System, administered by the Office of Retirement Services, to reduce unfunded liabilities (totaling \$48.4 million) and future contributions.		Gross	\$23,992,300	\$826,100	\$0
		Restricted	19,940,600	0	0
		GF/GP	\$3,981,700	\$826,100	\$0
7. Transfer of CSC Staff to DHS		FTE	320.0	(4.0)	0.0
Transfers spending authorization and FTE positions from the Civil Service Commission (CSC) to the Department of Human Services (DHS) as the staff provide DHS-specific training.		Gross	\$34,394,200	(\$465,600)	\$0
		IDG	1,134,000	0	0
		Federal	0	(322,100)	0
		Local	662,700	0	0
		Restricted	15,706,900	0	0
		GF/GP	\$16,890,600	(\$143,500)	\$0
8. Hire ADA Staff with Offset GF/GP		FTE	134.5	2.0	0.0
Increases FTE positions for staff to assist with coordination with the Americans with Disabilities Act (ADA), supports staff with GF/GP offset with increased state restricted revenues.		Gross	\$16,376,300	\$300,000	\$0
		IDG	10,708,900	0	0
		Restricted	3,973,000	300,000	0
		GF/GP	\$1,694,400	\$0	\$0
9. Include Professional Development Funds		Gross	N/A	\$200,000	\$0
Includes spending authorization for professional development funds for non-exclusively represented employees (NERE), supported by employer contributions.		IDG	N/A	200,000	0
10. Decrease Accounting Service Center for MSP		FTE	134.5	0.0	0.0
Decreases spending authorization for the Accounting Service Center, which provides accounting services for the Michigan State Police (MSP), resultant from identified efficiencies.		Gross	\$16,376,300	(\$120,000)	\$0
		IDG	10,708,900	(120,000)	0
		Restricted	3,973,000	0	0
		GF/GP	\$1,694,400	\$0	\$0
11. Eliminate FY 2012-13 One-Time Appropriations		Gross	\$25,680,200	(\$25,680,200)	\$0
Eliminates FY 2012-13 one-time appropriations for state employee lump-sum payments, special maintenance for state facilities, Office Space Consolidation Project, and the Teacher Evaluation Pilot Program.		IDG	3,104,100	(3,104,100)	0
		Federal	426,700	(426,700)	0
		Restricted	357,200	(357,200)	0
		GF/GP	\$21,792,200	(\$21,792,200)	\$0
12. Include FY 2013-14 One-Time Appropriations		Gross	N/A	\$37,800,100	(\$37,800,100)
Includes new one-time appropriations for DCH and MCGP IT systems and projects, Delta County Bridge removal, Regional Prosperity Initiative, special maintenance for state facilities, and SBA-financed SEOC project placeholder.		IDG	N/A	21,300,000	(21,300,000)
		GF/GP	N/A	\$16,500,100	(\$16,500,100)
13. Various Fund Shifts		Gross	\$619,500	\$0	\$0
Includes various fund shifts within line items between fund sources which net out to zero gross, though they may alter the types of fund sources, which reflect changes in the availability and allocation of funds or reflect changes to more accurately reflect program administration.		IDG	125,400	49,400	0
		Restricted	5,000	431,600	0
		GF/GP	\$489,100	(\$481,000)	\$0

Executive Changes

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>	<u>FY 2012-13 YTD (as of 2/7/13)</u>	<u>FY 2012-13 to FY 2013-14</u>	<u>FY 2013-14 to FY 2014-15</u>
14. Include Economics Adjustments	Gross	\$12,980,200	\$7,988,000
Reflects increased costs for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other post-employment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments within DTMB.	IDG	8,163,900	4,542,300
	Federal	54,900	0
	Private	200	0
	Restricted	1,605,500	592,200
	GF/GP	\$3,155,700	\$2,853,500

Major Boilerplate Changes From FY 2012-13

Sec. 803. Statewide Administrative and Support Services – REVISED

Eliminates subsection (5) that prohibits DTMB from expending funds for the purchase of new office furniture without first examining the possibility of using existing inventory that can be reused or refurbished and language requiring department to develop a plan for a statewide state-owned inventory management system.

Sec. 809. Computer Contracts – DELETED

Requires DTMB to report revisions that increase or decrease, by more than \$500,000, current contracts for computer software development, hardware acquisition, or quality assurance, at least 14 days prior to revision finalization.

Sec. 813. Motor Vehicle Fleet Appropriation – REVISED

Eliminates subsection (3) reporting requirements pertaining to a motor vehicle fleet operation plan and subsection (5) prioritizing, when feasible, the utilization of remanufactured parts as the primary means of maintenance and repair.

Sec. 817. Call Center Vendor Disclosure – DELETED

Stipulates that DTMB may require a vendor or subcontractor who provides call or contact center services to the state to disclose the location from which the call or contact center services are being provided.

Sec. 821. Space Consolidation Fund - DELETED

Requires DTMB to provide a detailed plan for the funding appropriated for the Space Consolidation Fund and delineates reporting requirements.

Sec. 822. Unclassified Salaries Report – DELETED

Requires DTMB to prepare a report on all salaries of unclassified employees and gubernatorial appointees within state departments.

Sec. 823. Paid Advertising and Sponsorships on State Webpages – REVISED

Eliminates subsection (4) report requirements pertaining to revenue received from the sale of paid advertising on DTMB websites.

Sec. 824. Spatial Information and Technical Services – REVISED

Eliminates reporting requirements pertaining to sources of funding and expenditures relating to the supply of spatial information and technical services.

Sec. 826. Information Technology Services Definition – REVISED

Expands the definition of information technology services to include social media.

Sec. 827. Michigan Public Safety Communications System – REVISED

Eliminates subsection (4) reporting requirements pertaining to revenues and expenditures related to support and maintenance of the MPSCS and permitting carry-forward of such revenues.

Sec. 828. IT-Related Appropriations and Expenditures – DELETED

Requires DTMB to provide a report pertaining to total funding appropriated for IT services and projects, by funding source, for all state departments, including a list of expenditures made from amounts received by DTMB.

Sec. 829. Life-Cycle of Hardware and Software – DELETED

Requires DTMB to provide a report analyzing and making recommendations on life-cycle of IT hardware and software.

Sec. 830. Change Orders and Follow-On Contracts – DELETED

Requires DTMB to provide a report pertaining to change orders and contract extensions for contracts greater than \$25,000 entered into by DTMB.

Sec. 832. Child Support Enforcement System Report – DELETED

Requires DTMB to provide a report pertaining to amounts expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government.

Major Boilerplate Changes From FY 2012-13

Sec. 840. General Fund Advances to the SBA for Cash Flow Requirements – REVISED

Replaces references to "legislative concurrent resolution" with "legislative appropriations act" and eliminates Joint Capital Outlay Subcommittee (JCOS) approval of the repayment of general fund advances if a project is terminated.

Sec. 860. Capital Outlay Definitions – REVISED

Eliminates JCOS definition.

Sec. 862. Capital Outlay Reports – DELETED

Requires DTMB to provide various detailed reports to the Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies pertaining to the status and financing of each planning or construction project financed by the SBA.

Sec. 863. Lump-Sum Appropriations – DELETED

Requires DTMB to allocate lump-sum appropriations consistent with statutory provisions and purposes for which they were appropriated, addressing priority program or facility needs, and that lump-sum appropriations are available for up to three fiscal years before reverting to the fund from which it was appropriated.

Sec. 866. Public Purpose, Lease and Conveyance, and Annual Appropriation – NEW

Stipulates that the Legislature determines the leasing of SBA-financed facilities are for a public purpose under the State Building Authority Act of 1964, approves and authorizes the lease and conveyance of property to the SBA and from the SBA to state and educational institutions, as applicable, executed by the Governor and Secretary of State on behalf of the state, and agrees to annually appropriated sufficient amounts to pay rent obligations pursuant to the lease.

Sec. 870. Statement of Proposed Operating Costs – DELETED

Requires DTMB to include a statement of proposed operating costs with planning documents.

Sec. 871. Final Planning and Construction – DELETED

Stipulates administrative processes and agreements under DTMB to be completed before proceeding with final planning and construction for community college and university projects.

Sec. 872. Match Requirements – DELETED

Requires state agencies, community colleges, and universities to use available federal or other funds to satisfy matching requirements.

Sec. 901. Regional Prosperity Initiative (One-Time) – NEW

Stipulates prerequisites, provisos, and procedures for the Regional Prosperity Initiative though which DTMB will administer incentive-based grants to regional planning organizations that qualify as Regional Prosperity Collaborates, Councils, or Boards. The total cost of the Initiative is estimated at \$5.0 million and it is estimated to be completed by the end of fiscal year 2018.

Supplemental Recommendations for FY 2012-13 Appropriations **FY 2012-13 Recommendation**

1. Michigan Television Portal	FTE	1.5
Supplemental Request 2013-4 recommends spending authorization and FTE positions for the online Michigan Television (MiTV) portal, which will distribute live and archived content for each branch of the state government via the internet.	Gross	\$300,000
	GF/GP	\$300,000
2. LSSU School of Business Building	Gross	\$900,100
Supplemental Request 2013-4 recommends spending authorization for SBA rent payments and a placeholder for the Lake Superior State University's (LSSU) School of Business Building project (total construction costs of \$12.0 million, \$9.0 million from the state)	GF/GP	\$900,100
3. MSP Marshall Post	Gross	\$100,000
Supplemental Request 2013-4 recommends spending authorization for a planning grant to explore a new Michigan State Police (MSP) post in Marshall near the I-94 and I-96 corridors.	GF/GP	\$100,000

Sec. 2. Public Purpose, Lease and Conveyance, and Annual Appropriation

Proposes language that the Legislature determines the leasing of SBA-financed facilities are for a public purpose under the State Building Authority Act of 1964, approves and authorizes the lease and conveyance of property to the SBA and from the SBA to state and educational institutions, as applicable, executed by the Governor and Secretary of State on behalf of the state, and agrees to annually appropriated sufficient amounts to pay rent obligations pursuant to the lease.

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF TREASURY**



Analyst: Ben Gielczyk

	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$8,899,400	\$9,130,000	\$230,600	2.6	\$9,212,500	\$82,500	0.9
Federal	698,385,900	677,780,700	(20,605,200)	(3.0)	678,737,500	956,800	0.1
Local	6,686,200	6,393,000	(293,200)	(4.4)	6,393,000	0	0.0
Private	5,380,000	5,476,900	96,900	1.8	5,526,000	49,100	0.9
Restricted	1,594,122,400	1,630,788,000	36,665,600	2.3	1,636,780,700	5,992,700	0.4
GF/GP	419,836,500	444,195,200	24,358,700	5.8	383,392,700	(60,802,500)	(13.7)
Gross	\$2,733,310,400	\$2,773,763,800	\$40,453,400	1.5	\$2,720,042,400	(\$53,721,400)	(1.9)
FTEs	2,532.5	2,566.5	34.0	1.3	2,566.5	0.0	0.0

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund.

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Constitutional Revenue Sharing	Gross	\$725,496,300	\$17,053,900	\$25,900,200
Includes \$17.1 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments in FY 2013-14 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of \$25.9 million Gross (\$0 GF/GP) for FY 2014-15.	Restricted	725,496,300	17,053,900	25,900,200
2. Economic Vitality Incentive Program	Gross	\$225,000,000	\$0	(\$7,500,000)
Maintains FY 2012-13 appropriation for the Economic Vitality Incentive Program (EVIP) in both ongoing (\$217.5 million) and one-time (\$7.5 million) appropriations. One-time funding removed in FY 2014-15.	Restricted	225,000,000	0	(7,500,000)
3. Competitive Grant Assistance Program	Gross	\$15,000,000	\$0	(\$10,000,000)
Maintains FY 2012-13 appropriation for the Competitive Grant Assistance Program in both ongoing (\$5.0 million) and one-time (\$10.0 million) appropriations. One-time funding removed in FY 2014-15.	Restricted	15,000,000	0	(10,000,000)

		Executive Changes		
		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
Major Budget Changes From FY 2012-13 YTD Appropriations				
4. County Revenue Sharing/Incentive Program				
Increases county revenue sharing payments by \$8.0 million Gross (\$0 GF/GP) ongoing and county incentive payments by \$2.0 million Gross (\$0 GF/GP) one-time to maintain FY 2012-13 percentage of full funding (77.1%) to eligible counties. One-time funding removed in FY 2014-15.	Gross	\$130,600,000	\$10,000,000	(\$4,500,000)
	Restricted	130,600,000	10,000,000	(4,500,000)
5. Payments in Lieu of Taxes				
Increases Payments in Lieu of Taxes (PILT) by \$1.7 million Gross (\$1.0 million GF/GP) to fully fund PILT. Recommends increase of \$4.8 million Gross (\$4.4 million GF/GP) for FY 2014-15 due to required increases under PAs 603 and 604 of 2012.	Gross	\$15,612,600	\$1,734,500	\$4,846,600
	Restricted	3,288,800	695,400	398,300
	GF/GP	\$12,323,800	\$1,039,100	\$4,448,300
6. Debt Service				
Includes \$2.5 million GF/GP to replace corresponding amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include an increase of \$5.6 million GF/GP for scheduled FY 2013-14 adjustments and an increase of \$8.0 million GF/GP for debt service on proposed new Strategic Water Quality bond issues. Additional \$8.0 million GF/GP proposed for FY 2014-15 for new Strategic Water Quality bond issue and \$2.0 million GF/GP proposed for scheduled adjustments in FY 2014-15.	Gross	\$140,554,900	\$13,647,600	\$10,039,300
	Restricted	5,514,500	(2,500,000)	0
	GF/GP	\$135,040,400	\$16,147,600	\$10,039,300
7. Dual Enrollment				
Reduces dual enrollment payments for nonpublic school pupils by \$9.0 million GF/GP due to lower than anticipated participation.	Gross	\$10,000,000	(\$9,000,000)	\$0
	GF/GP	\$10,000,000	(\$9,000,000)	\$0
8. At-Risk Local Unit Administration				
Includes \$5.0 million GF/GP in one-time funding to assist at-risk/distressed local units of government facing financial emergencies and pay emergency manager salaries.	Gross	N/A	\$5,000,000	(\$5,000,000)
	GF/GP	N/A	\$5,000,000	(\$5,000,000)
9. Tax System Information Technology				
Includes \$942,600 GF/GP to support ongoing IT contracting and Department of Technology, Management, and Budget staffing expenses related to the corporate income tax and flow through withholding tax created under PA 38 of 2011. Includes \$1.8 million GF/GP in one-time funding for an upgrade of the sales, use, and withholding legacy system. One-time funding removed in FY 2014-15.	Gross	N/A	\$2,705,900	(\$1,763,300)
	GF/GP	N/A	\$2,705,900	(\$1,763,300)
10. Community College Renaissance Zone Reimbursement				
Removes \$3.5 million GF/GP for community college renaissance zone reimbursement and transfers funding to community college budget.	Gross	\$3,500,000	(\$3,500,000)	\$0
	GF/GP	\$3,500,000	(\$3,500,000)	\$0
11. Digital Tobacco Stamping				
Includes \$3.0 million GF/GP for new digital tobacco stamp costs required under PA 188 of 2012.	Gross	N/A	\$3,000,000	\$0
	Restricted	N/A	3,000,000	0
12. iLottery				
Includes \$3.4 million Gross (\$0 GF/GP) and 10.0 FTEs to support development and operation of a new internet-based lottery.	FTE	N/A	10.0	0.0
	Gross	N/A	\$3,350,000	\$0
	Restricted	N/A	3,350,000	0
13. Michigan Gaming Control Board System Upgrade				
Includes \$3.0 million Gross (\$0 GF/GP) in one-time funding for new Casino Gaming IT system replacement to improve licensing, regulation, audit, investigative, and administrative functions.	Gross	N/A	\$3,000,000	(\$3,000,000)
	Restricted	N/A	3,000,000	(3,000,000)

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
14. Removal of Other One-Time Appropriations	Gross	\$26,522,700	(\$26,522,700)	\$0
Removes various FY 2012-13 one-time appropriations:	IDG	112,800	(112,800)	0
• Agricultural Loan Origination Program: \$15.0 million GF/GP	Federal	171,700	(171,700)	0
• Treasury Legal Services: \$3.0 million GF/GP	Restricted	2,146,700	(2,146,700)	0
• Office of Fiscal Responsibility: \$5.8 million GF/GP	GF/GP	\$24,091,500	(\$24,091,500)	\$0
• State Employee Lump Sum Payments: \$2.7 million Gross (\$311,500 GF/GP)				
15. Treasury Economics	Gross	N/A	\$7,253,100	\$4,807,500
Reflects increased costs for Treasury of \$7.3 million Gross (\$1.3 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$4.8 million Gross (\$699,700 GF/GP) projected for FY 2014-15.	IDG	N/A	180,900	82,500
	Federal	N/A	458,400	257,000
	Restricted	N/A	5,305,900	3,768,300
	GF/GP	N/A	\$1,307,900	\$699,700
MICHIGAN STRATEGIC FUND	Gross	\$100,000,000	\$20,000,000	(\$27,500,000)
16. Business Attraction and Community Revitalization	Restricted	25,000,000	(7,500,000)	0
Reduces Business Attraction and Community Revitalization ongoing line item by \$7.5 million Gross (\$0 GF/GP) and includes \$27.5 million GF/GP in one-time funding. Funds will support business attraction and community revitalization (\$5.5 million), a debt financing program for underserved communities (\$20.0 million), and a Food and Agriculture Industry Growth Initiative (\$2.0 million).	GF/GP	\$75,000,000	\$27,500,000	(\$27,500,000)
17. Pure Michigan	Gross	\$25,000,000	\$4,000,000	\$0
Includes \$4.0 Gross (\$0 GF/GP) in additional funding for Pure Michigan tourism promotion. Funding is transferred from Business Attraction and Community Revitalization.	Restricted	25,000,000	4,000,000	0
18. Innovation and Entrepreneurship	Gross	\$25,000,000	\$3,500,000	\$0
Includes \$3.5 million GF/GP in additional funding for Innovation and Entrepreneurship. Funding is transferred from Business Attraction and Community Revitalization.	Restricted	25,000,000	3,500,000	0
19. Film Incentives	Gross	\$50,000,000	(\$25,000,000)	(\$25,000,000)
Includes \$25.0 million GF/GP for film incentive funding. One-time funding is a reduction of \$25.0 million from FY 2012-13 one-time funding of \$50.0 million GF/GP. One-time funding is removed in FY 2014-15.	GF/GP	\$50,000,000	(\$25,000,000)	(\$25,000,000)
20. Arts and Cultural Grants	FTE	0.0	2.0	0.0
Includes \$1.0 million GF/GP and 2.0 FTEs for increased funding for Arts and Cultural Grants. Appropriates \$500,000 of increase to Job Creation Services line-item for administration.	Gross	\$6,150,000	\$1,000,000	\$0
	GF/GP	\$6,150,000	\$1,000,000	\$0
21. Land Bank Fast Track Authority	FTE	6.0	16.0	0.0
Includes \$16.0 million GF/GP (\$7.0 million one-time) and 16.0 FTEs for the Land Bank Fast Track Authority to support Blight Elimination (\$9.5 million), Good Neighbor Property Management Program (\$4.0 million), and operations (\$2.5 million). Reduces restricted revenues from the Land Bank Fast Track Fund by \$1.9 million Gross (\$0 GF/GP) to align appropriation with actual revenues.	Gross	\$2,993,900	\$14,148,600	(\$7,000,000)
	Restricted	2,993,900	(1,851,400)	0
	GF/GP	\$0	\$16,000,000	(\$7,000,000)
22. Skilled Trades Training Program	Gross	N/A	\$10,000,000	(\$10,000,000)
Includes \$10.0 million GF/GP in one-time funding for a new Skilled Trades Training Program. Program would address job and talent mismatches and enable employers to design training programs for potential employees.	GF/GP	N/A	\$10,000,000	(\$10,000,000)

<u>Major Budget Changes From FY 2012-13 YTD Appropriations</u>		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
23. Facility for Rare Isotope Beams	Gross	\$2,339,900	\$4,960,100	\$0
Includes \$7.3 million GF/GP for debt service related to the State commitment for the Facility for Rare Isotope Beams (FRIB) at Michigan State University, an increase of \$5.0 million from FY 2012-13 (appropriated in Treasury). Appropriation would cover debt service for \$91.0 million bond issue for the Community Share portion of the project.	GF/GP	\$2,339,900	\$4,960,100	\$0
24. Federal Funds Adjustments	Gross	N/A	(\$20,163,400)	\$0
Reduces various federal fund authorizations by \$20.1 million (\$0 GF/GP) to align fund sources with anticipated revenues.	Federal	N/A	(20,163,400)	0
25. Economic Adjustments	Gross	N/A	\$2,686,800	\$1,948,300
Reflects increased costs for MSF of \$2.7 million Gross (\$475,500 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$1.9 million Gross (\$273,200 GF/GP) projected for FY 2014-15.	Federal	N/A	847,000	699,800
	Private	N/A	74,900	46,900
	Restricted	N/A	1,289,400	928,100
	GF/GP	N/A	\$475,500	\$273,500

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

Executive Boilerplate Deletions

In general, the Executive Budget deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted.

Sec. 907. Assessor Certification and Training Fund – REVISED

Requires Treasury to organize and operate Property Assess Certification and Training program with participant fees used for program expenses; requires collections to be credited to Assessor Certification and Training Fund. Revises language to eliminate references to specific fees to be charged and leaves to discretion of the State Tax Commission.

Sec. 924 (2). Principal Residence Tax Exemption Audit – REVISED

Authorizes using Principal Residence Tax Exemption Audit Fund revenue for principal residence audits; requires report. Revises reporting requirement to eliminate reporting on amount of revenue appropriated for principal residence audits and require reporting on the amount of exemptions denied and the revenue received under the program.

Sec. 925. Public Private Partnership Investment – REVISED

Creates Public Private Partnership Investment Fund to fund investments such as capital asset improvements, energy resource exploration, financial and investment incentives, infrastructure construction, and public-private sector joint ventures. Eliminates subsections (2), (5), and (6).

Sec. 925a. Public Private Partnership Appropriations – DELETED

Prohibits the funds appropriated for the public private partnership investment program from being used for activities related to the Detroit River international crossing.

Sec. 19-935. Dual Enrollment Payments – NEW

Requires dual enrollment payments to be distributed in a manner as determined by the Department of Treasury.

Sec. 945. Assessment and Certification Division Reviews – DELETED

Requires the department's assessment and certification division to conduct 14-point reviews in at least one assessment jurisdiction per county.

Major Boilerplate Changes From FY 2012-13

REVENUE SHARING

Sec. 951. *Competitive Grant Assistance Program* – REVISED

Includes direction for distribution of \$15.0 million appropriated for assistance grants to CVTs that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes school districts and ISDs; includes work project language; and continues to make available unclaimed EVIP funds. Revises to require \$7.5 million in grants for mergers, interlocal agreements, and cooperative efforts for government operations and \$7.5 million for mergers, interlocal agreements, and cooperative efforts for public safety.

Sec. 952. *Economic Vitality Incentive Program* – REVISED

This section outlines the eligibility (three incentive categories) and distribution of funds appropriated under the Economic Vitality Incentive Program that replaced statutory revenue sharing and the County Incentive Program. Revised to include counties in both sections of the bifurcated category requirements. Includes new requirement in Category One for a local unit to submit a debt service report. Revises Category Three to require a local unit to meet both the pension plan and health care benchmarks and compliance with PA 152 (including the opt-out provision).

LOTTERY

Sec. 963. *Department of Human Services Bridge Cards* – DELETED

Requires the Bureau of State Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets.

MICHIGAN STRATEGIC FUND

Sec. 1011 (2). *Disposition of Unexpended GF/GP Funds* – DELETED

Requires unexpended and unencumbered GF/GP at the end of the fiscal year to be disposed of in accordance with the Management and Budget Act unless carry forward authorization has otherwise been provided. Deletes subsection (2) which requires encumbered funds to be used for the same purposes for which funding was originally appropriated.

Sec. 1014. *Michigan Core Communities Fund* – DELETED

Outlines purposes and authorized uses of the fund; establishes policies and procedures for disseminating grants from the fund; requires notification before grant distribution.

Sec. 1023. *Tourism Promotion* – DELETED

Requires MSF to coordinate tourism promotion with the tourism industry. Requires annual report which lists places included in tourism promotion.

Sec. 1034. *Business Incubator Program* – DELETED

Stipulates funding be awarded competitively to business incubators in 10 counties or cities. Requires each of the 10 business incubators to receive awards from the Innovation and Entrepreneurship line item. Each incubator is required to submit a dashboard of indicators. Total Funding is not to exceed \$8.5 million.

Sec. 1034b. *Van Andel Institute Funding* – DELETED

Requires \$500,000 of the funding appropriated for Innovation and Entrepreneurship to be used to provide a grant to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advance medical research.

Sec. 19-1036. *General Fund Appropriation Transfers* – NEW

Requires GF/GP funds appropriated in part 1 to the Michigan Strategic Fund to be transferred to the specific funds designated by statute for those programs listed.

Sec. 19-1037. *Facility for Rare Isotope Beams Debt Service* – NEW

Stipulates that no long-term indebtedness shall be issued by the Michigan Strategic Fund until Michigan State University provides certification that all necessary approvals have been secured and federal funds are available to commence construction of the facility. Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

Sec. 1053. *Precollege Engineering Program* – DELETED

Requires the Michigan Strategic Fund to appropriate \$340,000 to Detroit precollege engineering program and Grand Rapids-area precollege engineering program.

Sec. 1060. *JET Program Guidelines* – REVISED

Establishes guidelines for administering the Jobs, Education, and Training (JET) program, including work participation requirement for welfare recipients enrolled in program by referencing applicable federal and state laws. Revises to reference new Partnership, Accountability, Training, Hope (PATH) program.

Supplemental Recommendations for FY 2012-13 Appropriations

**FY 2012-13
Recommendation**

1. Michigan State Housing Development Authority Unclassified Position	Gross	\$57,700
Includes \$57,700 Gross (\$0 GF/GP) for the costs associated with moving the Executive Director of the Michigan State Housing Development Authority to an unclassified position.	Restricted	57,700
2. Fuel Tracking Federal Grant	Gross	\$250,000
Includes \$250,000 Gross (\$0 GF/GP) to cover the costs related to upgrading the fuel tracking IT system for Michigan, Virginia, and Kentucky to detect fraud and evasion.	Federal	250,000
MICHIGAN STRATEGIC FUND	Gross	\$1,220,800
3. Land Bank Fast Track Authority	GF/GP	\$1,220,800
Includes \$1.2 million GF/GP to support Land Bank Fast Track Authority operations. The Land Bank Fast Track Fund has not realized sufficient revenues from real estate sales to support operations.		