

**ALL GENERAL GOVERNMENT
Summary: Conference Report
Senate Bill 245 (S-2) CR-1**

Analysts: Robin R. Risko and Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	Difference: Conference	
		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$656,022,900	\$643,426,300	\$620,696,000	\$638,339,900	\$638,721,400	(\$17,301,500)	(2.6)
Federal	118,833,200	116,844,500	116,094,500	115,994,600	116,944,500	(1,888,700)	(1.6)
Local	3,098,000	3,554,000	3,554,000	3,554,000	3,554,000	456,000	14.7
Private	1,265,700	1,275,700	1,275,700	1,275,700	1,275,700	10,000	0.8
Restricted	1,706,587,700	1,730,713,400	1,596,847,000	1,672,032,100	1,618,811,900	(87,775,800)	(5.1)
GF/GP	665,008,600	684,863,600	637,609,600	650,398,000	626,894,200	(38,114,400)	(5.7)
Gross	\$3,150,816,100	\$3,180,677,500	\$2,976,076,800	\$3,081,594,300	\$3,006,201,700	(\$144,614,400)	(4.6)
FTEs	7,511.7	7,484.7	7,469.7	7,485.7	7,440.7	(23.0)	(0.3)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview of All General Government Departments

The following departmental and agency budgets are included in this budget bill: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, Information Technology, Management and Budget (including Civil Service), State, and Treasury (including Lottery, Gaming Control Board, and Michigan Strategic Fund). The Department of Treasury budget also includes revenue sharing payments to local units of government and general obligation debt service. A summary of major budget issues are listed by department on the following pages.

Major Boilerplate Changes From FY 2008-09

GENERAL SECTIONS OF BOILERPLATE

Sec. 205. Hiring Freeze – RETAINED

Imposes a hiring freeze on the state classified civil service; authorizes the Attorney General, Secretary of State, and State Budget Director to grant exceptions; and requires a quarterly report on number of exceptions approved.

Sec. 212. Receipt and Retention of Copies of Required Reports – RETAINED

Requires departments to receive and retain copies of all reports required in the bill, and requires federal and state guidelines for short-term and long-term retention of records be followed.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with members of the Legislature and their staffs.

Sec. 216 (2). Out-of-State Travel Restrictions – DELETED

Authorizes State Budget Director to grant exceptions to allow out-of-state travel and requires a monthly report on exceptions made.

Sec. 217. General Fund Restrictions – RETAINED

Prohibits use of general fund appropriations where federal funding is available for the same purpose.

Sec. 221. Report on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement public acts and prohibits funding from being used for adopting rules that apply to small businesses and have disproportionate economic impact on small businesses.

Major Boilerplate Changes From FY 2008-09

GENERAL SECTIONS OF BOILERPLATE (Continued)

Sec. 224. Travel Restrictions – DELETED

Prohibits departments from approving travel by more than one employee to professional development conferences or training seminars located outside of the state unless funded with federal or private funds.

Sec. 227. No-Bid Contracts – NEW

Prohibits departments from entering into no-bid contracts for greater than \$500,000 unless there are no other bidders; for bundled contracts the \$500,000 limit applies to the individual contracts within the bundle.

Sec. 228. General Fund Lapses – NEW

Requires departments to report on estimates of general fund lapses at the close of the fiscal year.

ATTORNEY GENERAL
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	Difference: Conference	
		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$24,301,000	\$24,744,100	\$21,289,800	\$21,289,800	\$21,289,800	(\$3,011,200)	(12.4)
Federal	8,050,800	8,177,800	8,277,800	8,177,800	8,277,800	227,000	2.8
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	11,927,600	11,916,700	15,521,000	15,371,000	15,521,000	3,593,400	30.1
GF/GP	31,648,000	31,983,300	28,785,000	28,818,300	28,785,000	(2,863,000)	(9.0)
Gross	\$75,927,400	\$76,821,900	\$73,873,600	\$73,656,900	\$73,873,600	(\$2,053,800)	(2.7)
FTEs	543.0	543.0	543.0	543.0	543.0	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Attorney General (AG) serves as legal counsel for state departments, agencies, boards, 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 offering justice to victims of crime and delivering excellent legal services at a minimum cost to taxpayers.

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
<p>1. Executive Order 2008-21 Reductions The Executive reduces funding for Attorney General Operations by \$160,700 Gross to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21 into FY 2010. The Senate, House and Conference Committee concur with the Executive.</p>	<p>Gross N/A GF/GP N/A</p>	<p>(\$160,700) (\$160,700)</p>
<p>2. Microsoft Upgrade / DIT Reduction The Executive increases funding by \$80,800 GF/GP for software upgrade of Microsoft Office Professional 2007 and reduces funding by \$12,100 GF/GP for virtual storage savings and DIT 2.0% administrative reduction. The Senate, House and Conference Committee concur with the Executive.</p>	<p>Gross N/A GF/GP N/A</p>	<p>\$68,700 \$68,700</p>
<p>3. Private Rent Adjustments The Executive includes funding increase of \$32,000 GF/GP due to increased rent costs of privately owned buildings leased by the Department in East Lansing, Lansing, and Petoskey. The Senate, House and Conference Committee concur with the Executive.</p>	<p>Gross N/A GF/GP N/A</p>	<p>\$32,000 \$32,000</p>
<p>4. Internal Audit Consolidation The Executive reduces funding by \$47,900 GF/GP to reflect the transfer of internal audit functions to DMB pursuant to E.O. 2007-31. The Senate, House and Conference Committee concur with the Executive.</p>	<p>Gross \$47,900 GF/GP \$47,900</p>	<p>(\$47,900) (\$47,900)</p>

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-2009 YTD</u>		<u>Conference Change From YTD</u>
5. Economic Adjustments	Gross	N/A	\$1,152,400
The Executive increases funding by \$1.14 million Gross and \$426.0 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurances costs. An additional \$17,200 GF/GP is appropriated for DIT economics. The Senate, House and Conference Committee concur with the Executive.	IDG	N/A	433,100
	Federal	N/A	127,000
	Restricted	N/A	149,100
	GF/GP	N/A	\$443,200
6. Prosecuting Attorney Coordinating Council (PACC)	Gross	N/A	\$100,000
The Senate increases Federal authorization for the PACC in anticipation of additional federal revenue. The Conference Committee concurs with the Senate.	Federal	N/A	\$100,000
7. Funding Reductions	Gross	N/A	(\$3,048,300)
The Senate reduces funding in the following lines: Operations by \$2.9 million, Child Support Enforcement by \$64,000, and PACC by \$95,900. The House reduces funding in the following lines: Operations by \$3.0 million, Child Support Enforcement by \$67,500, and IT by \$85,800. The Conference Committee concurs with the Senate.	GF/GP	N/A	(\$3,048,300)

Major Boilerplate Changes From FY 2008-09

Sec. 307. Antitrust Revenue – REVISED

Appropriates additional antitrust, securities fraud, consumer protection or class action enforcement revenue, or attorney fees recovered by the AG, up to \$250,000 to Department. The **Executive, Senate, House, and Conference Committee** include new language that allows carryforward of unexpended funds, up to \$250,000.

Sec. 311. Medicaid False Claims - NOT INCLUDED

The **Senate** included language that allowed for the expenditure of money received by the Department under the Medicaid False Claims Act. The **Executive, House, and Conference Committee** do not include language.

Sec. 312. Legal Services Costs – RETAINED

The **Executive** includes new language that states the Department may not receive or expend funds in addition to amounts authorized in part 1 for legal services provided specifically to other agencies except for costs for expert witnesses, court costs, or other litigation expenses unless authorized by a supplemental appropriation or transfer. The **House** concurred with the Executive; the **Senate** deletes current-year language. **Conference Committee** retains current-year language.

Sec. 313. Settlement and Penalty Revenue – NOT INCLUDED

The **House** includes new language that requires any proceeds received for debts, penalties, or lawsuit settlements may not be expended until appropriated; prohibits Department from accepting payment or benefits to a third party as part of a settlement; requires report. **Conference Committee** did not include.

Sec. 314. Special Attorney Generals – NOT INCLUDED

The **House** includes new language that requires Department to report the names, addresses and compensation of special attorneys general. **Conference Committee** did not include.

Sec. 315. Complaint Report – NOT INCLUDED

The **House** includes new language that requires annual report on the number of complaints investigated and violations prosecuted concerning the Michigan Occupational Safety and Health Act. **Conference Committee** did not include.

Sec. 316. Legal Services Costs – NOT INCLUDED

The **House** includes new language that requires a report on the complaints received, complaints investigated, and number of court actions concerning the pricing and advertising of consumer items. **Conference Committee** did not include.

CIVIL RIGHTS
Summary: Conference Report
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Analyst: Robin R. Risko

	FY 2008-09 YTD	FY 2009-10 Rev. Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	2,057,300	2,057,300	2,057,300	2,057,300	2,057,300	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	12,231,700	12,320,100	11,088,100	11,097,100	11,706,400	(525,300)	(4.3)
Gross	\$14,289,000	\$14,377,400	\$13,145,400	\$13,154,400	\$13,763,700	(\$525,300)	(3.7)
FTEs	130.0	130.0	130.0	130.0	130.0	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin, and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides 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 2008-09 YTD Appropriations		FY 2008-2009 YTD	Conference Change From YTD
1. Internal Auditor Transfer	Gross	\$68,700	(\$68,700)
Reflects a savings due to the transfer of internal audit services to the Department of Management and Budget.	GF/GP	\$68,700	(\$68,700)
2. Administrative Efficiencies	Gross	N/A	(\$62,100)
Reflects a savings to be achieved by not filling vacant FTE positions and by reducing expenditures for contractual services, supplies, and materials and information technology.	GF/GP	N/A	(\$62,100)
3. Microsoft Upgrade	Gross	N/A	\$22,600
Includes additional funding for software upgrade to Microsoft Office Professional 2007 from Microsoft Office 2002.	GF/GP	N/A	\$22,600
4. Economic Adjustments	Gross	N/A	\$196,600
Includes additional funding for salary and wage, insurance, retirement, and workers' compensation premium costs (\$222,700 GF/GP); reduces funding for building occupancy and rent charges (\$26,100 GF/GP).	GF/GP	N/A	\$196,600
5. GF/GP Reductions	Gross	\$11,239,400	(\$613,700)
Reduces general fund support for department operations.	GF/GP	\$11,239,400	(\$613,700)

Major Boilerplate Changes From FY 2008-09

None

EXECUTIVE OFFICE
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Robin R. Risko

	FY 2008-09 YTD	FY 2009-10 Rev. Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	5,317,300	5,317,300	4,823,700	4,824,300	4,823,700	(493,600)	(9.3)
Gross	\$5,317,300	\$5,317,300	\$4,823,700	\$4,824,300	\$4,823,700	(\$493,600)	(9.3)
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

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. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C., Southeastern Michigan, and Upper Peninsula Offices.

Major Budget Changes From FY 2008-09 YTD Appropriations

1. GF/GP Reductions

Reduces general fund support for Executive Office operations.

	FY 2008-2009 YTD	Conference Change From YTD
Gross	\$4,166,600	(\$493,600)
GF/GP	\$4,166,600	(\$493,600)

Major Boilerplate Changes From FY 2008-09

There is no boilerplate for the Executive Office.

INFORMATION TECHNOLOGY
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	Difference: Conference	
		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$431,421,900	\$423,323,100	\$404,134,800	\$421,778,700	\$423,323,100	(\$8,098,800)	(1.9)
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	0	0	0	0	0	0	0.0
GF/GP	0	0	0	0	0	0	0.0
Gross	\$431,421,900	\$423,323,100	\$404,134,800	\$421,778,700	\$423,323,100	(\$8,098,800)	(1.9)
FTEs	1,660.0	1,635.0	1,633.0	1,644.0	1,635.0	(25.0)	(1.5)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology (IT) users and private sector providers of IT products and services: application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The DIT uses existing technology funds and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund IT-related activities and pays for technology services rendered by DIT through an interdepartmental grant; administration of fund sources remains with each state department/agency.

Major Budget Changes From FY 2008-09 YTD Appropriations

		FY 2008-2009 YTD	Conference Change From YTD
1. Statewide Microsoft Office Upgrade			
The Executive includes additional funding of \$6.9 million Gross for software upgrade; current Microsoft software will be out of warrantee in 2010 and will no longer have support and updates for users. Funding will be used to purchase Microsoft Office Professional 2007 and license applications to provide statewide software standardization, reduce security risks, and allow DIT remote desktop service management. Senate, House and Conference Committee concur with Executive.	Gross	N/A	\$6,900,000
	IDG	N/A	6,900,000
2. Michigan Business Portal			
The Executive includes 5.0 FTEs and \$963,200 Gross funding for the Michigan Business One Stop Portal. Website to be available in spring of 2009 to help centralize and streamline all aspects of doing business in Michigan. Senate, House and Conference Committee concur with Executive.	FTEs	N/A	5.0
	Gross	N/A	\$963,200
	IDG	N/A	963,200
3. Electronic Files Archives			
The Executive reduces funding by \$1.2 million Gross for savings in the way electronic files are archived; new program moves files to a virtual environment. Senate, House and Conference Committee concur with Executive.	Gross	N/A	(\$1,200,000)
	IDG	N/A	(1,200,000)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-2009 YTD</u>		<u>Conference Change From YTD</u>
4. Executive Order 2008-21 Reductions The Executive reduces funding by \$288,500 Gross to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21 into FY 2010. Senate, House and Conference Committee concur with Executive.	Gross IDG	N/A N/A	(\$288,500) (288,500)
5. Department of History, Arts and Libraries (DHAL) Transfer The Executive increases funding by \$216,000 Gross and adds 2.0 FTE positions to reflect transfer of Demographics and Census Data program to DIT. Conference Committee concurs with Executive.	FTEs Gross IDG	N/A N/A N/A	2.0 \$216,000 216,000
6. Economic Adjustments The Executive increases funding by \$3.7 million IDG for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. Senate, House and Conference Committee concur with Executive.	Gross IDG	N/A N/A	\$3,722,100 3,722,100
7. Current Services Base Adjustments The Executive adjusts funding to more accurately reflect IT services/projects appropriations in other state department budgets. Includes the following adjustments:	FTEs Gross IDG	N/A N/A N/A	(32.0) (\$17,381,100) (17,381,100)
<ul style="list-style-type: none"> • Additional \$1.6 million for the Department of Corrections: increase funding for OMNI system, desktop maintenance, and new medical record system called NextGen • Additional \$23,200 for the Department of Energy, Labor, and Economic Growth to transfer pollution/energy functions from DEQ per E.O. 2008-20 • Additional \$1.7 million for the Department of State Police to align IT expenditures • Reduction of \$500,000 for the Department of Treasury to remove secondary collections program funding • Reduction of \$60,700 for the Department of History, Arts, and Libraries to remove one-time funding in FY 09 for equipment purchase costs • Reduction of \$238,800 for the Department of Management and Budget to remove one-time funding in FY 09 for upgrades to Interactive Voice Response software for the Retirement Call Center and to remove State Fair IT appropriation • Reduction of \$17.6 million for the Department of Human Services for Bridges project funding because project will be completed; transfers out 32.0 associated FTEs to DHS; includes additional costs for Children's Rights settlement implementation; reflects \$1.0 million savings from Juvenile Justice system contract transfer to DHS • Reduction of \$900 for the Department of Agriculture for removal of UP State Fair authorization • Increase of \$900 for the Civil Service Commission to align DIT IDG with appropriation. 			

Major Budget Changes From FY 2008-09 YTD Appropriations

FY 2008-2009 YTD

8. Program Reductions and Adjustments

- Additional net increase of \$704,000 for the Department of Corrections for savings from facility closures, investment of data warehouse for healthcare claims, and IT costs associated with Maxey Mental Health Unit staff.
- Reduction of \$54,600 for the Department of Environmental Quality for savings from transferring Wetlands program back to federal government
- Reduction of \$3.0 million for the Department of Human Services for insourcing project control functions of the Michigan Child Support Enforcement System and contract savings associated with system.

Major Boilerplate Changes From FY 2008-09

Sec. 574. Report on Expenditures for Spatial Information and Technical Services – RETAINED

Authorizes Department to supply spatial information and technical services to other departments, and local units of government; requires report. **Executive** deletes report requirement; **Senate, House, and Conference Committee** retain current-year language.

Sec. 578. Report on Amounts Appropriated by Fund Source – RETAINED

Requires report requirement on the amounts appropriated by fund source for each department and a listing of expenditures made from those appropriations. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 579. Report on Life-Cycle of IT Hardware and Software – RETAINED

Requires report on the life-cycle of information technology-related hardware and software. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 580. Business Application Modernization Project – RETAINED

Specifies amount of funding for BAM project, lists what funding can be used for, designates project as a work project, and allows carryforward. **Executive** deletes language which designates funds as work project appropriations and allows carryforward of funding. **Senate, House, and Conference Committee** retain current-year language.

Sec. 581. Report on Technology Assets of the State – DELETED

Requires DIT to conduct a study of the state's information technology assets to determine any benefits and economies that can be achieved; requires report. **Executive, Senate, House, and Conference Committee** delete language.

Sec. 582. Report on Michigan.gov Improvements – RETAINED

Requires DIT to provide legislature an annual report which details improvements made to Michigan.gov. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 583. Contract Report – RETAINED

Requires DIT to produce an annual report which lists all follow-on contracts and change orders greater than \$25,000. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 584. Report on Information and Referral Services Using 2-1-1 – RETAINED

Requires DIT to produce a report identifying all information/referral services and potential cost savings through shared use of 2-1-1 system. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 585. Report on Child Support Enforcement (CSES) System – RETAINED

Requires report on amount expended for CSES, revisions made to spending plans, and amount of penalties paid to federal government. **Executive** deletes language; **Senate, House, and Conference Committee** retain current-year language.

Sec. 588. Census-related Services – NEW

Appropriates funds collected by DIT for census-related information and technical services, statistical studies, and population projections; allows carryforward of funds. **Executive, House, and Conference Committee** include language.

LEGISLATURE
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		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	0.0
GF/GP	112,994,200	112,994,200	103,787,500	104,699,700	104,764,900	(8,229,300)	(7.3)
Gross	\$114,504,000	\$114,504,000	\$105,297,300	\$106,209,500	\$106,274,700	(\$8,229,300)	(7.2)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

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 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.

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-2009 YTD	Conference Change From YTD
1. GF/GP Reductions - Legislature	Gross	\$85,655,100	(\$6,735,700)
Reduces general fund support for the following line items:	GF/GP	\$85,655,100	(\$6,735,700)
<ul style="list-style-type: none"> House of Representatives - reduction of \$3,206,100 House Automated Data Processing - reduction of \$202,500 House Fiscal Agency - reduction of \$321,900 Senate - reduction of \$2,428,300 Senate Automated Data Processing - reduction of \$255,000 Senate Fiscal Agency - reduction of \$321,900 			
2. GF/GP Reductions - Legislative Council	Gross	\$11,736,600	(\$1,108,500)
Reduces general fund support for the following line items:	GF/GP	\$11,736,600	(\$1,108,500)
<ul style="list-style-type: none"> Legislative Council - reduction of \$971,000 LSB Automated Data Processing - reduction of \$137,500 			
3. GF/GP Reductions - Property Management	Gross	\$12,178,400	(\$385,100)
Reduces general fund support for the following line items:	GF/GP	\$12,178,400	(\$385,100)
<ul style="list-style-type: none"> Cora Anderson Building - reduction of \$309,400 Farnum Building - reduction of \$75,700 			

Major Boilerplate Changes From FY 2008-09

Sec. 610. Health Insurance Benefits – RETAINED

Prohibits funding from being used to pay for health insurance benefits for unmarried domestic partners of legislators or legislative employees.

LEGISLATIVE AUDITOR GENERAL
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Analyst: Robin R. Risko

IDG/IDT	FY 2008-09 YTD	FY 2009-10 Rev. Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$1,801,500	\$0	0.0
Federal	0	0	0	0	0	0	0.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	1,539,900	1,539,900	1,539,900	1,528,300	1,539,900	0	0.0
GF/GP	12,549,800	12,486,800	11,238,100	11,571,600	11,619,800	(930,000)	(7.4)
Gross	\$15,891,200	\$15,828,200	\$14,579,500	\$14,901,400	\$14,961,200	(\$930,000)	(5.9)
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Office of 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 Office of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government; its 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 2008-09 YTD Appropriations		FY 2008-2009 YTD	Conference Change From YTD
1. Remove One-Time Funding	Gross	\$63,000	(\$63,000)
Reflects elimination of one-time funding included in the current-year budget for network migration costs.	GF/GP	\$63,000	(\$63,000)
2. GF/GP Reductions	Gross	\$12,236,300	(\$1,248,700)
Reduces general fund support for field operations.	GF/GP	\$12,236,300	(\$1,248,700)
3. Economic Adjustments	Gross	N/A	\$381,700
Includes additional funding for salary and wage, insurance, retirement, and rent costs.	GF/GP	N/A	\$381,700

Major Boilerplate Changes From FY 2008-09

Sec. 624. Information Technology – DELETED

Appropriates \$63,000 as one-time funding for transition of the information technology network from the Executive branch network to the Legislative branch network.

MANAGEMENT AND BUDGET
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	Difference: Conference	
		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	%
						Amount	
IDG/IDT	\$167,603,800	\$162,436,800	\$162,349,100	\$162,349,100	\$161,186,300	(\$6,417,500)	(3.8)
Federal	10,743,700	11,219,800	11,219,800	11,219,800	11,219,800	476,100	4.4
Local	1,992,900	2,027,600	2,027,600	2,027,600	2,027,600	34,700	1.7
Private	150,000	151,900	151,900	151,900	151,900	1,900	1.3
Restricted	77,665,100	74,373,900	73,738,000	80,693,200	78,805,800	1,140,700	1.5
GF/GP	291,888,900	315,264,500	307,248,000	307,656,300	295,274,300	3,385,400	1.2
Gross	\$550,044,400	\$565,474,500	\$556,734,400	\$564,097,900	\$548,665,700	(\$1,378,700)	(0.3)
FTEs	1,431.0	1,416.0	1,400.0	1,405.0	1,413.0	(18.0)	(1.3)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, prepares, presents, and executes the state budget on behalf of the Governor. The DMB has several autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, Michigan State Fair, State Building Authority, and Civil Service.

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
DEPARTMENT OF MANAGEMENT AND BUDGET	FTEs	N/A	(1.0)
1. Internal Audit Consolidation	Gross	N/A	(\$1,102,300)
The Executive reduces appropriation by \$1.1 million Gross and eliminates 1.0 FTE to reflect transfer of funding for statewide internal auditors to DMB as a result of Executive Order 2007-31. The Senate , House , and Conference Committee concur with the Executive.	IDG	N/A	(5,983,200)
	Federal	N/A	706,700
	Restricted	N/A	1,773,800
	GF/GP	N/A	\$2,400,400
2. Executive Order 2008-21 Reductions	FTEs	N/A	(2.0)
The Executive reduces funding by \$217,800 Gross and \$100,600 GF/GP to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21 into FY 2010; eliminates 2.0 FTEs. The Senate , House , and Conference Committee concur with the Executive.	Gross	N/A	(\$217,800)
	IDG	N/A	(100,000)
	Restricted	N/A	(17,200)
	GF/GP	N/A	(\$100,600)
3. State Building Authority Rent	Gross	\$231,822,100	\$3,548,500
The Executive includes \$20.0 million GF/GP to make adjustments for projected rent payments for previously-constructed projects. The Senate and House concur with the Executive. The Conference Committee increases funding by \$5.1 million.	Restricted	1,520,000	(1,520,000)
	GF/GP	\$230,302,100	\$5,068,500
4. Microsoft Upgrade / DIT Reduction	Gross	N/A	\$42,000
The Executive increases funding by \$193,600 Gross and \$97,600 GF/GP for software upgrade to Microsoft Office Professional 2007; reduces funding by \$151,600 Gross and \$76,200 GF/GP for virtual storage savings and DIT 2.0% administrative reduction. The Senate , House , and Conference Committee concur with the Executive.	IDG	N/A	43,500
	Restricted	N/A	(22,900)
	GF/GP	N/A	\$21,400

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
5. Michigan State Fair	FTEs 10.0	0.0
The Executive eliminates \$6.6 million Gross funding and 10.0 FTEs for State Fair in Detroit. The Senate includes a \$100 placeholder; House funds fair at FY 2008-09 funding level. The Conference Committee eliminates line item and includes \$7.1 million in budget and financial management line.	Gross \$6,605,300	500,000
	Restricted 6,605,300	0
	GF/GP \$0	\$500,000
6. State Police FTE Transfer	FTEs N/A	3.0
The Executive reflects transfer of 3.0 FTEs and \$282,700 Gross funding for carpenter positions from Michigan State Police to DMB. The Senate , House , and Conference Committee concur with the Executive.	Gross N/A	\$282,700
	IDG N/A	282,700
7. Department of History, Arts and Libraries (DHAL) Transfer	FTEs N/A	13.0
The Executive includes 13.0 FTEs and \$1.7 million Gross and \$1.3 million GF/GP funding to reflect transfer of the State Records Center and IT costs from DHAL. The Governor recommends the elimination of DHAL in FY 2010. The Conference Committee concurs with the Executive.	Gross N/A	\$1,674,000
	IDG N/A	87,700
	Restricted N/A	285,900
	GF/GP N/A	\$1,300,400
8. Census Tracking/Reapportionment	FTEs N/A	0.0
The House includes \$100 placeholder for census tracking and reapportionment. The Conference Committee includes \$1.2 million.	Gross N/A	\$1,200,000
	GF/GP N/A	\$1,200,000
9. Funding Reductions	FTEs N/A	0.0
The Senate reduces GF/GP funding by \$3.5 million throughout various line items. House reduces GF/GP funding by \$4.3 million. The Conference Committee concurs with the Senate.	Gross N/A	(\$3,541,700)
	GF/GP N/A	(\$3,541,700)
10. Economic Adjustments	Gross N/A	\$1,966,500
The Executive increases funding by \$1.7 million Gross and \$693,100 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$289,200 Gross and \$223,600 GF/GP is appropriated for DIT economics. The Senate , House , and Conference Committee concur with the Executive.	IDG N/A	612,100
	Restricted N/A	437,700
	GF/GP N/A	\$916,700
CIVIL SERVICE Commission (CSC)		
11. Civil Service Executive Order 2008-21 Reductions	FTES N/A	(12.0)
The Executive reduces funding by \$264,500 GF/GP and eliminates 6.0 FTEs to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21. Includes reduction of 6.0 FTEs and \$169,500 GF/GP for elimination of HR staff for MDOC facility closures in Deerfield and Camp Branch. The Senate , House , and Conference Committee concur with the Executive.	Gross N/A	(\$434,000)
	GF/GP N/A	(\$434,000)
12. MDOC Facility Closures	FTEs N/A	(10.0)
The Executive reduces funding by \$1.1 million GF/GP and eliminates 10.0 FTEs for reduction of HR staff in additional MDOC facilities. The Senate , House , and Conference Committee concur with the Executive.	Gross N/A	(\$1,065,400)
	GF/GP N/A	(\$1,065,400)
13. MDCH Facility Closure	FTEs N/A	(4.0)
The Executive reduces funding by \$373,900 Gross and \$193,200 GF/GP and eliminates 4.0 FTEs for reduction of HR staff from closure of Mt. Pleasant hospital. The Senate , House , and Conference Committee concur with the Executive.	Gross N/A	(\$373,900)
	IDG N/A	(2,300)
	Federal N/A	(68,100)
	Local N/A	(12,000)
	Private N/A	(1,500)
	Restricted N/A	(96,800)
	GF/GP N/A	(\$193,200)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
14. Microsoft Upgrade	Gross	N/A	\$85,800
The Executive includes funding increase of \$85,800 Gross and \$18,300 GF/GP for the costs of Microsoft Office Professional software upgrade. The Senate, House, and Conference Committee concur with the Executive.	Federal	N/A	36,800
	Restricted	N/A	30,700
	GF/GP	N/A	\$18,300
15. Office of Great Workplace Development	FTEs	N/A	(5.0)
The Senate eliminates the \$700,000 funding for this office and 5.0 FTE positions. The Conference Committee concurs with the Executive.	Gross	N/A	(\$700,000)
	Restricted	N/A	(350,000)
	GF/GP	N/A	(\$350,000)
16. CSC Funding Reductions	FTEs	N/A	0.0
The Senate reduces GF/GP funding throughout various line items by \$2.8 million. The House reduces GF/GP funding by \$3.1 million. The Conference Committee concurs with the Senate.	Gross	N/A	(\$2,824,500)
	GF/GP	N/A	(\$2,824,500)
17. Economic Adjustments	Gross	N/A	\$1,317,100
The Executive increases funding by \$1.3 million Gross and \$548,100 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$33,900 Gross and \$16,900 GF/GP is appropriated for DIT economics. The Senate, House, and Conference Committee concur with the Executive.	IDG	N/A	28,700
	Federal	N/A	242,900
	Local	N/A	46,700
	Private	N/A	3,400
	Restricted	N/A	430,400
	GF/GP	N/A	\$565,000

Major Boilerplate Changes From FY 2008-09

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 710. Revisions to Computer Contracts – RETAINED

Requires DMB to report revisions that increase or decrease current computer contracts by more than \$500,000 at least 14 days prior to finalization of revisions. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 715(3). Motor Vehicle Fleet Assignment – RETAINED

Expresses legislative intent that DMB have the authority to determine appropriateness of vehicle assignment. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 715(4). Motor Vehicle Fleet Plan – RETAINED

Requires DMB to maintain a plan for the state's motor vehicle fleet and lists specific information to be included in plan. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 716. Purchasing From Michigan-Based Firms – RETAINED

Requires DMB to adopt policies and procedures to provide a purchasing preference for products manufactured or services offered by Michigan-based firms. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 716a. Supplier Diversity Program – DELETED

Appropriates \$400,000 for Supplier Diversity Program to fund up to 4.0 FTEs or contract with private companies to implement program. **Executive, Senate, House, and Conference Committee** delete language.

Sec. 717. Purchasing Decisions – RETAINED

Establishes guidelines for DMB to follow when determining whether a purchase, contract, or provision of supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items needed by state departments is in the best interests of the state. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 718. Vendor Disclosure Information to Collect – RETAINED

Lists information DMB is authorized to collect from vendors to ensure compliance with procurement of goods and services from Michigan-based providers. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 719. Vendor Disclosure Call Centers – RETAINED

Authorizes DMB to require any 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 to the inbound caller. **Executive** deletes language, **Senate, House, and Conference Committee** retain language.

Sec. 720. Census Tracking/Reapportionment – NEW

Requires appropriation in part 1 for census tracking/reapportionment be equally distributed to the Senate and House of Representatives and used for equipment, supplies, and services needed for tracking census and reapportionment information for the State. **House** includes new language. **Conference Committee** includes language with \$1.2 million appropriation.

Sec. 724. DHAL Language - Document and Data imaging – NEW

Requires funding for expenses associated with document and data imaging services, copies, media, and storage. **Executive, House** and **Conference Committee** include new language.

Sec. 724a. Existing 2-1-1 Capacities – DELETED

Requires DMB to assist DIT in determining how existing 2-1-1 capacities will be utilized by each department with community resource information and referral service. **Executive, Senate, House** and **Conference Committee** delete language.

Sec. 724a. State Fairgrounds Maintenance – NOT INCLUDED

Appropriates up to \$150,000 from the state exposition and fairgrounds fund to maintain the State Fairgrounds. **Senate** includes new language.

Sec. 725. Report on Unclassified Salaries – NEW

Requires that DMB prepare report on salaries of unclassified employees and gubernatorial appointees within all state departments and agencies. **Senate** and **Conference Committee** includes new language.

Sec. 726. State Fair Funding – NEW

Appropriates \$7.1 million funding for State Fair to be conducted in 2010. **Conference Committee** includes new language.

Sec. 726a. State Fair Maintenance Employees – NEW

Directs the State Fair to cooperate with a non-profit company to employ parolees for maintenance. **Conference Committee** includes new language.

Sec. 727. Contract Savings – NEW

Requires Department to reduce existing contract expenditure by \$20 million. **Conference Committee** includes new language.

Sec. 754. Office of Great Workplace Development – NEW

Prohibits funding in part 1 to be used to fund the Office of Great Workplace Development. **Senate** and **Conference Committee** include new language.

STATE
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	Difference: Conference	
		Rev. Executive	Senate	House	Conference	From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	5,673,700	1,810,000	1,810,000	1,810,000	1,810,000	(3,863,700)	(68.1)
Local	0	0	0	0	0	0	0.0
Private	100	100	100	100	100	0	0.0
Restricted	162,573,800	163,614,700	169,364,700	163,614,700	169,364,700	6,790,900	4.2
GF/GP	26,130,800	28,214,200	17,892,800	25,600,400	17,955,400	(8,175,400)	(31.3)
Gross	\$214,378,400	\$213,639,000	\$209,067,600	\$211,025,200	\$209,130,200	(\$5,248,200)	(2.4)
FTEs	1,815.0	1,815.0	1,815.0	1,815.0	1,815.0	0.0	0.0

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

Major Budget Changes From FY 2008-09 YTD Appropriations

1. Executive Order 2008-21 Reductions

The **Executive** reduces funding by \$132,600 GF/GP to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21 into FY 2010. The **Senate, House, and Conference Committee** concur with the Executive.

Gross	N/A	(\$132,600)
GF/GP	N/A	(\$132,600)

2. Help America Vote Act (HAVA) Funding

The **Executive** removes \$3.9 million one-time federal funding for HAVA program appropriated in previous year. The **Senate, House, and Conference Committee** concur with the Executive.

Gross	N/A	(\$3,863,700)
Federal	N/A	(3,863,700)

3. Internal Audit Consolidation

The **Executive** reduces funding by \$148,600 GF/GP to reflect transfer of internal audit functions to DMB pursuant to E.O. 2007-31. The **Senate, House, and Conference Committee** concur with the Executive.

Gross	\$148,600	(\$148,600)
Restricted	\$148,600	(148,600)

4. Microsoft Upgrade / Business Portal

The **Executive** includes funding increase of \$266,700 Gross and \$47,200 GF/GP for costs of software upgrade to purchase Microsoft Office Professional 2007 and license applications; additional \$54,000 Gross funding for Michigan Business One Stop Portal. The **Senate, House, and Conference Committee** concur with the Executive.

Gross	N/A	\$320,700
Restricted	N/A	273,500
GF/GP	N/A	\$47,200

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
5. Department of Information Technology (DIT) Reduction	Gross	N/A	(\$35,400)
The Executive includes reduction of \$35,400 Gross and \$3,200 GF/GP to reflect DIT 2.0% administrative reduction and virtual storage savings. The Senate, House, and Conference Committee concur with the Executive.	Restricted	N/A	(32,200)
	GF/GP	N/A	(\$3,200)
6. Branch Services Fee	Gross	N/A	\$5,750,000
The Senate includes funding from a proposed new fee, the Branch Services Fee; new fee has not been enacted. The Conference Committee does not include branch services fee, but includes funding from an expected new restricted fund.	Restricted	N/A	5,750,000
	GF/GP	N/A	\$0
7. Funding Reductions	Gross	N/A	(\$10,321,400)
The Senate includes \$10.3 million GF/GP reductions throughout various line items. The House included \$2.6 million GF/GP reduction. The Conference Committee concurs with the Senate.	GF/GP	N/A	(\$10,321,400)
8. Economic Adjustments	Gross	N/A	\$3,120,200
The Executive increases funding by \$2.9 million Gross and \$2.0 million GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs. An additional \$201,100 Gross and \$167,500 GF/GP is appropriated for DIT economics. The Senate, House, and Conference Committee concur with the Executive.	Restricted	N/A	948,200
	GF/GP	N/A	\$2,172,000

Major Boilerplate Changes From FY 2008-09

Sec. 805a. Help America Vote Act (HAVA) Report – NEW

Requires Department to report on the activities and success of enforcement and compliance with the Help America Vote Act of 2002. **Senate, House and Conference Committee** include language.

Sec. 815. Branch Office Closings or Consolidations – RETAINED

Requires 180 days advance notice of branch office closures and consolidations and 60 days advance notice for relocations. **Executive** deletes language; **Senate, House and Conference Committee** retain language.

Sec. 815a. Report on Branch Office Transactions – DELETED

Requires the Department to report on the number of branch office transactions completed online. **Executive, Senate, House and Conference Committee** delete language.

Sec. 818(1) and (2). Motorcycle Safety Education Program – RETAINED

Requires funds appropriated for Motorcycle Safety Education Grants and Administration to be used for program operation; requires funding to come from license endorsements and registration and testing fees. **Executive** deletes this language in subsections 1 and 2; **Senate, House and Conference Committee** retain language.

Sec. 819. Business Application Modernization (BAM) Project – RETAINED

Appropriates \$4.6 million funding for the BAM Project to be used for development, implementation, and maintenance of BAM; Executive deletes language that designates unexpended funding as a work project; **Senate, House and Conference Committee** retain language.

Sec. 824. Buena Vista Township Branch Office – RETAINED

Requires Department to maintain a full service branch office in the Buena Vista Township. **Executive** deletes language; **Senate, House and Conference Committee** retain language.

Sec. 825. General Fund Expenditures – NEW

Requires Department to use available restricted funds first for expenditures before using general fund dollars. **House and Conference Committee** includes new language.

Sec. 827. Branch Office Locations in Urban Areas – RETAINED

Encourages branch offices to be located in downtown areas, town centers, central business districts, and brownfield sites rather than greenfield and open space sites. **Executive** deletes language; **Senate, House and Conference Committee** retain language.

Sec. 828. Performance Audit Report – NEW

Requires Department to submit report on improvements and changes taken by the department concerning issues identified by the Auditor General in the 2009 cash receipts and branch office customer service audit. **House and Conference Committee** include new language.

TREASURY
Summary: Conference Report
Senate Bill 245 (S-2) CR-1

Analyst: Viola Bay Wild

	FY 2008-09 YTD	FY 2009-10 Rev. Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$10,894,700	\$11,120,800	\$11,120,800	\$11,120,800	\$11,120,700	\$226,000	2.1
Federal	92,307,700	93,579,600	92,729,600	92,729,700	93,579,600	1,271,900	1.4
Local	1,105,100	1,526,400	1,526,400	1,526,400	1,526,400	421,300	38.1
Private	715,600	723,700	723,700	723,700	723,700	8,100	1.1
Restricted	1,451,771,500	1,478,158,400	1,335,573,600	1,409,715,100	1,352,470,700	(99,300,800)	(6.8)
GF/GP	172,247,900	166,283,200	152,746,400	156,130,300	151,964,700	(20,283,200)	(11.8)
Gross	\$1,729,042,500	\$1,751,392,100	\$1,594,420,500	\$1,671,946,000	\$1,611,385,800	(\$117,656,700)	(6.8)
FTEs	1,846.5	1,869.5	1,864.5	1,864.5	1,866.5	20.0	1.1

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through January 31, 2009.

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, advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), 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 2008-09 YTD Appropriations		FY 2008-2009 YTD	Conference Change From YTD
1. Tax Compliance Enforcement Program	FTEs	N/A	10.0
The Executive includes additional 10.0 FTEs and increases funding by \$895,000 GF/GP for expanded tax enforcement on business accounts. The Senate, House, and Conference Committee concur with the Executive.	Gross	N/A	\$895,000
	GF/GP	N/A	\$895,000
2. Income Tax Automation	FTEs	N/A	2.0
The Executive includes 2.0 additional FTEs and increases funding by \$150,000 GF/GP for implementation of automated tax processing program using software that helps auto-correct errors on tax returns. The Senate, House, and Conference Committee concur with the Executive.	Gross	N/A	\$150,000
	GF/GP	N/A	\$150,000
3. Michigan Business Tax (MBT) Implementation	Gross	\$11,813,800	(\$6,500,000)
The Executive reduces funding for MBT implementation by \$6.5 million GF/GP. The Senate, House, and Conference Committee concur with the Executive.	GF/GP	\$11,813,800	(\$6,500,000)
4. Secondary Collections Program	FTEs	17.0	(8.0)
The Executive eliminates \$1.1 million Gross funding and 8.0 FTEs associated with secondary tax collection contract that was not implemented. The Senate, House, and Conference Committee concur with the Executive.	Gross	N/A	(\$1,100,000)
	Restricted	N/A	(1,100,000)
5. Commercial Mobile Radio Service (CMRS)	Gross	\$11,100,000	\$15,900,000
The Executive eliminates line item and appropriates funding by boilerplate. The Senate retains line item and increases funding by \$9.1 million. The House concurs with the Executive. The Conference Committee includes \$27.0 million funding.	Restricted	11,100,000	15,900,000

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
6. Telephone / Telegraph Reappraisals	Gross	N/A	\$0
The Executive adds \$500,000 GF/GP for on-going telephone / telegraph reappraisal program. The Senate concurs with the Executive. The House and Conference Committee do not include funding.	GF/GP	N/A	\$0
7. Michigan Education Savings Program (MESP)	Gross	\$800,000	\$0
The Executive eliminates \$800,000 funding from Merit Award Trust Fund and language providing state match for contributions to the MESP. The Senate retains current year funding; House and Conference Committee concur with the Executive .	Restricted	800,000	0
8. Microsoft Upgrade / Business Portal / DIT Reduction	Gross	N/A	\$161,100
The Executive includes funding increase of \$255,300 Gross and \$46,300 GF/GP for Microsoft Office Professional software upgrade and business website portal. Appropriation also includes \$94,200 Gross and \$12,500 GF/GP reduction to reflect DIT 2.0% administrative reduction and virtual storage savings. The Senate , House , and Conference Committee concur with the Executive.	IDG	N/A	(800)
	Federal	N/A	(900)
	Restricted	N/A	129,000
	GF/GP	N/A	\$33,800
9. Principal Residence Exemption (PRE) Program / Investments Staff	FTEs	N/A	3.0
	Gross	N/A	\$460,000
The Executive includes \$160,000 Gross for PRE for tax appeal hearing referee; includes \$300,000 Gross funding and 2.0 FTEs for STARR investment oversight. Senate , House , and Conference Committee concur with the Executive.	Restricted	N/A	460,000
REVENUE SHARING			
10. Constitutional Revenue Sharing	Gross	\$654,445,000	(\$32,307,100)
The current-year estimated payments, based on the May 2009 Consensus Revenue Estimating Conference (CREC), are \$654.4 million. The Executive recommendation was based on the January 2009 (CREC) and funded payments at \$661.2 million - this is a \$6.8 million increase. Senate , House , and Conference Committee reduce funding by \$32.3 million based on the May CREC agreements.	Restricted	654,445,000	(32,307,100)
11. Statutory Revenue Sharing	Gross	\$388,003,000	(\$73,830,000)
The current-year estimated payments, based on the May 2009 CREC, are \$388.0 million. The Executive recommendation was based on the January 2009 (CREC) and funded payments at \$423.1 million for payments to cities, villages, and townships- this is a \$35.1 million increase from 2008-09 estimated payments. Senate funds payments at \$309.7 million which is a \$78.3 million reduction; House funds payments at \$383.0 million which is a \$5.0 million reduction. The Conference Committee funds payments at \$314.2 million which is a \$73.8 million reduction.	Restricted	388,003,000	(73,830,000)
12. County Revenue Sharing	Gross	\$2,394,500	\$52,897,200
The Executive funds County Revenue Sharing payments at \$49.1 million which represents an increase of \$46.8 million to fund the additional counties anticipated to be eligible again for payments. Counties become eligible when they exhaust their revenue sharing reserve funds. The Senate includes \$52.2 million additional funding; House includes an additional \$62.1 million; Conference Committee funds payments at \$55.3 million.	Restricted	2,394,500	52,897,200
13. Payment in Lieu of Taxes (PILT)	Gross	\$14,189,200	(\$1,232,800)
The Executive increases funding by \$200,000 Gross and \$100,000 GF/GP to for increased purchased lands payment. House concurs with the Executive. Senate reduces funding by \$2.62 million GF/GP. The Conference Committee reduces funding by \$1.2 million (12.0% reduction).	IDG	100	0
	Restricted	2,350,000	0
	GF/GP	\$11,839,100	(\$1,232,800)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
DEBT SERVICE			
14. Debt Service Payments	Gross	\$83,123,000	(\$2,945,500)
The Executive reduces funding by \$945,500 based upon principal and interest requirements of general obligation bond issues. The Senate and House concur with the Executive. The Conference Committee reduces funding by \$2.9 million.	Restricted	15,514,500	0
	GF/GP	\$67,608,500	(\$2,945,500)
15. Economic Adjustments	Gross	N/A	\$4,070,600
The Executive increases funding by \$3.7 million Gross and \$668,700 GF/GP for economics which includes salaries and wages, retirement, building occupancy charges, and insurance costs; includes Lottery and MGCB. An additional \$324,000 Gross and \$71,000 GF/GP is included for DIT economics. The Senate, House, and Conference Committee concur with the Executive.	IDG	N/A	97,800
	Federal	N/A	319,800
	Local	N/A	21,300
	Restricted	N/A	2,892,000
	GF/GP	N/A	\$739,700
MICHIGAN GAMING CONTROL BOARD			
16. Michigan Gaming Control Board (MGCB)	FTEs	N/A	1.0
The Executive increases funding for MGCB by \$88,500 Gross for additional auditor needed to fulfill Board's responsibilities for new Nottawaseppi Tribe casino. The Senate, House, and Conference Committee concur with the Executive.	Gross	N/A	\$88,500
	Restricted	N/A	88,500
LOTTERY			
17. Lottery Sales Staff	FTEs	N/A	10.0
The Executive increases funding for Lottery by \$835,000 Gross for 10.0 additional FTEs for sales representatives to help monitor lottery sites at retailers. The Senate, House, and Conference Committee concur with the Executive.	Gross	N/A	\$835,000
	Restricted	N/A	835,000
18. Funding Reductions	Gross	N/A	(\$4,731,000)
The Senate includes \$6.5 million GF.GP funding reductions throughout line items. House includes \$5.0 million GF/GP reductions. The Conference Committee reduced various line items for a total of \$4.7 million. Major reductions include: \$2.9 million for Supervision of General Property Tax, \$500,000 by elimination of Property Tax Appeal Program, \$2.0 million for Senior Citizens Cooperative Housing, and \$687,000 for IT.	GF/GP	N/A	(\$4,731,000)
MICHIGAN STRATEGIC FUND (MSF)			
19. Michigan Strategic Fund	Gross	\$148,030,500	(\$33,418,100)
Executive provides funding of \$163.7 million Gross and \$31.0 million GF/GP. Senate provides funding of \$118.5 million Gross and \$26.3 million GF/GP. House provides funding of \$137.7 million Gross and \$26.2 million GF/GP. Conference Committee provides funding of \$114.6 million and \$27.1 million GF/GP.	IDG	80,300	900
	Federal	55,438,800	877,700
	Private	715,600	8,100
	Restricted	63,805,200	(33,449,900)
	GF/GP	\$27,990,600	(\$854,900)
20. 21st Century Jobs Program Funding	Gross	\$52,950,000	(\$24,450,000)
Executive funds program at \$75.0 million, which is \$22.0 million above current year. Senate decreases funding from current-year by \$20.5 million; House increases funding by \$9.0 million. The Conference Committee reduces funding by \$24.2 million which includes reduction for \$9.0 million appropriation by PA 61 of 2009.	Restricted	52,950,000	(24,450,000)
21. MSF Executive Order 2008-21 Reductions	Gross	N/A	(\$149,000)
The Executive reduces funding for Economic Development Job Training administration by \$149,000 Gross and GF/GP to annualize the 2.0% GF/GP reduction taken by E.O. 2008-21 into FY 2010. The Senate, House, and Conference Committee concur with the Executive.	GF/GP	N/A	(\$149,000)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-2009 YTD</u>	<u>Conference Change From YTD</u>
22. MSF Funding Reductions	Gross	N/A	(\$1,466,600)
The Senate reduced all administrative line items and Michigan promotion by \$2.9 million which is 10.0% below executive recommendation. House reduced line items by \$2.9 million. The Conference Committee reduced GF/GP funding in these line items by \$1.5 million.	GF/GP	N/A	(\$1,466,600)
23. Michigan Council of the Arts and Cultural Affairs Transfer	FTEs	N/A	2.0
The Executive includes 5.0 FTEs and \$2.3 million Gross and \$1.5 million GF/GP for transfer of Council for Arts and Cultural Affairs from DHAL. The Conference Committee includes 2.0 FTEs and \$2.3 million Gross and \$1.4 million GF/GP funding.	Gross	N/A	\$2,267,400
	Federal	N/A	850,000
	GF/GP	N/A	\$1,417,400
24. Business Incubator Program	Gross	\$1,250,000	\$50,000
The Executive eliminates \$1.25 million Gross one-time funding for business incubator program in five counties. The Senate includes \$100 placeholder; House includes \$350,000 additional funding for eight incubator programs. The Conference Committee provides \$1.3 million for 10 incubators.	Restricted	1,250,000	50,000
	GF/GP	\$0	\$0
25. Defense Contract Coordination Center	Gross	N/A	\$0
The Senate includes \$3.0 million for new line item funded by 21st Century Jobs Trust Fund. The Conference Committee does not include funding.	Restricted	N/A	0
26. MSF Economic Adjustments	Gross	N/A	\$232,600
The Executive includes \$232,600 Gross and \$195,800 GF/GP funding for economics which include increased funding for salaries and wages, retirement, worker's compensation, building occupancy charges and insurance costs. The Senate, House, and Conference Committee concur with the Executive.	IDG	N/A	900
	Federal	N/A	27,700
	Private	N/A	8,100
	Restricted	N/A	100
	GF/GP	N/A	\$195,800

Major Boilerplate Changes From FY 2008-09

DEPARTMENT OF TREASURY

Sec. 905. Sale of Tax Manuals – RETAINED

Requires Department to provide copies of state tax manual via website or provide for sale copies of the tax manuals on CD or other electronic media. **Executive** deletes language; **Senate, House and Conference Committee** retain language.

Sec. 920. Grants to Counties in Lieu of Taxes – DELETED

Authorizes grants to counties in lieu of taxes for lands transferred to the federal government. **Executive** and **Senate** retain current language; **House and Conference Committee** delete language.

Sec. 927. Telephone / Telegraph Reappraisals – DELETED

States legislative intent that telephone / telegraph reappraisals be funded at \$1.5 million by supplemental appropriations. **Executive, Senate, House and Conference Committee** delete language.

Sec. 930a. Secondary Collections Activities – DELETED

Requires Department to select a private collection agency for secondary collection activities in order to benchmark primary agency performance for individual tax, discontinued business tax, state agency accounts, and active business tax accounts older than 36 months; requires quarterly report. **Executive, Senate, House and Conference Committee** delete language.

Sec. 933. Michigan Education Savings Program – DELETED

Requires Michigan Education Savings Program funds be used as state match for funds invested on behalf of children; state to provide \$1 for each \$3 contributed with \$200 maximum match; state match only for first year of enrollment. **Executive, House** , and **Conference Committee** delete language; **Senate** retains language.

Sec. 938. PILT Payments – REVISED

Requires Department to pay PILT payments to local units of government by February 14 for bills received by January 15. **Executive** deletes language; **Senate and House** revise language to provide legislative intent that Department work with local units to improve PILT system on purchased lands; requires report.

Major Boilerplate Changes From FY 2008-09

Sec. 941. Medical Pension Liability – DELETED

Directs Department to analyze new insurance products to address medical pension liability for state retirees. **Executive, House, and Conference Committee** delete language; **Senate** retains language and eliminates reporting requirement.

Sec. 942. Field Collection Report – NEW

Requires Department to report on additional revenue collection related to increased field staff. The **Senate** and **Conference Committee** included language.

Sec. 944. Pension Plan Consultant Report – REVISED

Requires Department to forward any report from a pension plan consultant to Legislature and state budget director. **Executive** deletes language; **Senate, House, and Conference Committee** revise language to require report be forwarded within 30 days.

Sec. 944a. Commercial Mobile Radio Service Payments (CMRS) – NOT INCLUDED

Appropriates revenue from the emergency 9-1-1 surcharge program and authorizes distribution under the Emergency 9-1-1 Service Enabling Act, 1986 PA 32 replaces a line item appropriation. **Executive** includes language in Section 944; **House** includes language as Section 944a. **Senate** and **Conference Committee** do not include language.

Sec. 948. Electronic Income Tax Filing – RETAINED

Directs Department to report the number of tax returns, including state income and single business tax returns, filed on-line in the preceding fiscal year. **Executive** deletes language; **Senate, House, and Conference Committee** retain language.

Sec. 949. Tobacco Stamp Program – INCLUDED

Directs Department to explore the possibility of a public-private partnership for new tobacco stamp technology; requires report. **Senate, House, and Conference Committee** include new language.

Sec. 950. Revenue Sharing – REVISED

Directs distribution of constitutional and statutory revenue sharing payments to cities, villages and townships; includes 2% additional statutory payments to local units that received statutory payments in FY 2006-07. **Executive** eliminates requirement that local units receive an equal distribution to FY 2008-09 payments and allows cities, villages and townships to receive less than 100% of their FY 2008-09 total revenue sharing payment if constitutional revenue sharing funding is reduced. **Senate** revises language so that payments shall be 88% or less of previous year's combined payment; **House** revises language to require payments be 96.2% or less than previous year. **Conference Committee** requires payments be at 88.94% of previous year.

Sec. 952. Grants to Cities with Emergency Financial Managers – DELETED

Requires appropriations for special grants to cities to be used to restore past revenue sharing reductions to cities which had an emergency financial manager appointed to them. **Senate, House, and Conference Committee** delete language.

Sec. 955. County Revenue Sharing – REVISED

Requires payments to counties be at 88.94% of the sum of the previous year payments and reserve fund expenditures. **Senate** and **Conference Committee** include language.

LOTTERY

Sec. 963. Department of Human Services (DHS) Bridge Cards – RETAINED

Directs Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets. **Executive** deletes language; **Senate, House, and Conference Committee** retain language.

Sec. 963. Lottery Promotion and Advertising Appropriation – NOT INCLUDED

Appropriates 1.0% of prior fiscal year's lottery ticket sales for promotion and advertising. **Executive** includes new language as Section 963; **House** includes language as Section 964. **Senate** and **Conference Committee** do not include language.

MICHIGAN STRATEGIC FUND (MSF)

Sec. 1001(1). Federal Contingency Funds – RETAINED

Senate deletes appropriation of up to \$10.0 million for federal contingency funds. **Executive, House** and **Conference Committee** include language.

Sec. 1002. Economic Development Job Training (EDJT) Grants – REVISED

Executive renames the EDJT program the "Economic Diversification Skills Training Program"; deletes requirement that EDJT participants be 16 years old and not enrolled in state funded educational programs; deletes employer maximum match rate of 50% requirement for incumbent worker training grants. **Senate** modifies language and reduces allocation for aerospace funding; **House** agrees with Executive changes. **Conference Committee** retains current name for program, deletes 16 year old requirement and employer 50% match language, and reduces allocation for aerospace funding to \$250,000.

Sec. 1014. Michigan Core Communities Fund – REVISED

Outlines purposes and uses of fund and procedures for grant distribution. **Executive** and **House** delete language; **Conference Committee** modifies language.

Major Boilerplate Changes From FY 2008-09

Sec. 1020. Federal Pass Through Funds – RETAINED

Appropriates federal pass-through funds received by local units that do not require additional state matching funds. **Senate** deletes language; **Executive, House** and **Conference Committee** retain language.

Sec. 1024. Small Business Technology and Development Centers (SBTDC) – RETAINED

Allocates \$1.4 million from 21st Century Jobs Trust Fund to Small Business Technology and Development Centers for Small Business Innovation Research/Small Business Technology Transfer Research grant or matching loan programs. **Executive** deletes language; **Senate, House** and **Conference Committee** retain current-year language.

Sec. 1032 Film Office Report – REVISED

Requires report from Film Office on film tax credit program. **Executive** and **House** retain current-year language; **Senate** and **Conference Committee** revise language to require more detailed report.

Sec. 1034. Business Incubator Program – REVISED

Stipulates funding be awarded competitively to operational business incubators in five counties. **Executive** deletes language; **Senate** retains current-year language; **House** revises language to include 8 business incubators; **Conference Committee** includes 10 incubators.

Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Arts and Cultural Grants – NEW

Executive included language that authorizes new planning grant program and specifies awards to help complete planning documents for remodeling, repair, renovation, or construction of arts and cultural institutions. **Conference Committee** includes revised language that requires the MCACA to develop an arts and cultural grant program; requires report.