

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
TOTAL GENERAL GOVERNMENT**



Analysts: Robin R. Risko and Ben Gielczyk

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$689,218,400	\$692,338,500	\$3,120,100	0.5	\$693,650,700	\$1,312,200	0.2
Federal	769,753,400	722,234,100	(47,519,300)	(6.2)	723,894,900	1,660,800	0.2
Local	8,109,500	8,007,000	(102,500)	(1.3)	8,058,600	51,600	0.6
Private	985,600	5,989,000	5,003,400	507.7	5,989,000	0	0.0
Restricted	1,773,984,000	1,868,956,100	94,972,100	5.4	1,883,865,300	14,909,200	0.8
GF/GP	875,464,100	943,746,200	68,282,100	7.8	924,882,900	(18,863,300)	(2.0)
Gross	\$4,117,515,000	\$4,241,270,900	\$123,755,900	3.0	\$4,240,341,400	(\$929,500)	0.0
FTEs	8,159.2	7,783.7	(375.5)	(4.6)	7,783.7	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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 appropriations bill: 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). The FY 2012-13 and 2013-14 Executive budget recommendations include each of the departments/agencies in individual articles. **Budget issues are listed by department on the following pages.**

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

GENERAL SECTIONS OF BOILERPLATE

Executive Boilerplate Deletions

In general, the Executive budget deletes a large majority of boilerplate language included in the FY 2011-12 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. 216. *Out-of-State Travel Restrictions*

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 2011-12

Sec. 226. Use of Funding for Legal Services - DELETED

Prohibits using appropriations to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes. (NOTE: This section is deleted from general sections of boilerplate but is contained within each individual department's boilerplate sections.)

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.

FY 2011-12 ONE-TIME ONLY APPROPRIATIONS

Sec. 1201. One-time Basis Only Appropriations – DELETED

Appropriates \$136.3 million in GF/GP revenue and \$30.0 million in sales tax revenue on a one-time basis only in FY 2011-12.

FY 2012-2013 ANTICIPATED APPROPRIATIONS

Sec. 1301. Anticipated Appropriations – DELETED

Specifies legislative intent that FY 2012-13 appropriations are anticipated to be the same as those for FY 2011-12, except where line items need to be adjusted for changes in caseloads, federal fund matching rates, economic factors, and/or available revenues.

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF ATTORNEY GENERAL**



Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$23,007,400	\$24,082,100	\$1,074,700	4.7	\$24,400,100	\$318,000	1.3
Federal	9,299,900	9,932,600	632,700	6.8	10,070,400	137,800	1.4
Local	0	0	0	0.0	0	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	16,282,700	17,242,000	959,300	5.9	17,430,900	188,900	1.1
GF/GP	29,836,300	33,690,500	3,854,200	12.9	34,042,500	352,000	1.0
Gross	\$78,426,300	\$84,947,200	\$6,520,900	8.3	\$85,943,900	\$996,700	1.2
FTEs	520.0	513.0	(7.0)	(1.3)	513.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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.

		Executive Changes		
		FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
Major Budget Changes From FY 2011-12 YTD Appropriations				
1. Public Safety Initiative - Cities in Distress	Gross	N/A	\$900,000	\$0
Includes funding for additional prosecutorial services to reduce the backlog of outstanding warrants in high crime areas of the state and to increase prosecutions and incarceration of offenders.	GF/GP	N/A	\$900,000	\$0
2. Tobacco Tax Enforcement	FTE	N/A	5.0	0.0
Includes additional FTE positions and funding to support enforcement of tobacco tax laws and enforcement of the multi-state tobacco settlement agreement.	Gross	N/A	\$500,000	\$0
	GF/GP	N/A	\$500,000	\$0
3. Information Technology	Gross	\$781,600	\$500,000	\$0
Includes additional funding to cover deficits in information technology appropriations which have existed for the past six fiscal years.	GF/GP	\$781,600	\$500,000	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
4. Full-Year Savings from Announced Contingency Plan	FTE	N/A	(12.0)	0.0
Reflects full-year savings anticipated from the contingency plan issued in September 2011. The plan was introduced to achieve savings in lieu of state employee concessions that did not materialize. Funded vacant FTE positions are eliminated as part of the plan.	Gross	N/A	(\$1,298,000)	\$0
	IDG	N/A	(729,000)	0
	Federal	N/A	(120,000)	\$0
	Restricted	N/A	(409,000)	
	GF/GP	N/A	(\$40,000)	
5. Additional Attorney for Casino Regulation	Gross	N/A	\$164,800	\$0
Includes additional State Casino Gaming Fund revenue to support an attorney position which will assist the illegal gambling task force with legal matters relating to the identification and investigation of illegal gambling operations.	Restricted	N/A	164,800	0
6. Eliminate Funding for Redistricting	Gross	\$250,000	(\$250,000)	\$0
Eliminates one-time funding included in the FY 2011-12 budget for legal activities associated with defending Michigan's redistricting plan.	GF/GP	\$250,000	(\$250,000)	\$0
7. Transfer Funding to Unclassified Positions	Gross	N/A	\$0	\$0
Transfers \$88,400 from the Attorney General Operations line item to the Unclassified Positions line item to cover costs of salary increases (\$68,400 for Solicitor General and \$20,000 for the other four unclassified positions).	GF/GP	N/A	\$0	\$0
8. Economic Adjustments	Gross	N/A	\$6,004,100	\$996,700
Includes \$5.0 million Gross and \$1.9 million GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$1.0 million Gross and \$393,300 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$2.0 million Gross and \$745,300 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	IDG	N/A	1,754,600	318,000
	Federal	N/A	754,900	137,800
	Restricted	N/A	1,250,400	188,900
	GF/GP	N/A	\$2,244,200	\$352,000

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 2-301. One-time Basis Only Appropriations – NEW

Appropriates funding in FY 2012-13 on a one-time basis only (see #8 under Major Budget Changes for details).

<u>Supplemental Recommendations for FY 2011-12 Appropriations</u>		<u>FY 2011-12 Recommendation</u>
1. Public Safety Initiative - Cities in Distress	Gross	\$900,000
Includes funding for additional prosecutorial services to reduce the backlog of outstanding warrants in high crime areas of the state and to increase prosecutions and incarceration of offenders.	GF/GP	\$900,000
2. Health Insurance Claims Assessment	Gross	\$100,000
Includes funding for legal activities associated with defending the state in a federal lawsuit which claims the state's Health Insurance Claims Act is preempted by the federal Employee Retirement Income Security Act.	Restricted	100,000
3. Redistricting	Gross	\$350,000
Includes funding for legal activities associated with defending Michigan's redistricting plan.	GF/GP	\$350,000

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF CIVIL RIGHTS**



Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$144,500	\$0	(\$144,500)	(100.0)	\$0	\$0	0.0
Federal	2,880,600	2,641,300	(239,300)	(8.3)	2,678,400	37,100	1.4
Local	0	0	0	0.0	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	11,187,100	11,520,700	333,600	3.0	11,675,000	154,300	1.3
Gross	\$14,382,800	\$14,332,600	(\$50,200)	(0.3)	\$14,524,000	\$191,400	1.3
FTEs	126.0	121.0	(5.0)	(4.0)	121.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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.

	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
Major Budget Changes From FY 2011-12 YTD Appropriations			
1. Reduce Federal Funding/Offset with GF/GP	Gross	\$1,186,100	(\$547,400)
Reduces federal funding authorization for the Division on Deaf and Hard of Hearing by \$667,400 in order to reflect the amount of federal funding actually available. Increases GF/GP by \$120,000 to partially offset the loss of federal revenue. This funding will be used to meet the statutory obligation of testing and certifying sign language interpreters.	Federal	667,400	(667,400)
	Private	18,700	0
	Restricted	93,400	0
	GF/GP	\$406,600	\$120,000
	FTE	N/A	(3.0)
2. Full-Year Savings from Announced Contingency Plan	Gross	N/A	(\$260,900)
Reflects full-year savings anticipated from the contingency plan issued in September 2011. The plan was introduced to achieve savings in lieu of state employee concessions that did not materialize. Funded vacant FTE positions are eliminated as part of the plan.	GF/GP	N/A	(\$260,900)

Executive Changes

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
3. Asian Pacific American Affairs Commission	FTE	0.0	1.0	0.0
Includes an FTE position and funding for the Asian Pacific American Affairs Commission which was transferred in the FY 2011-12 budget from DLARA, but without FTE authorization or funding. The Commission's objectives are to study the status of, serve the needs of, recognize the accomplishments of, devise methods to overcome discrimination against, ensure equal access to state services for, initiate programs for the betterment of, and promote public awareness of Asian Pacific Americans.	Gross	\$0	\$100,000	\$0
	GF/GP	\$0	\$100,000	\$0
4. Increased Enforcement	FTE	N/A	5.0	0.0
Includes additional FTE positions and funding for increased enforcement activities which will help to reduce the average processing time for discrimination complaints.	Gross	N/A	\$287,800	\$0
	Federal	N/A	172,800	0
	GF/GP	N/A	\$115,000	\$0
5. Economic Adjustments	Gross	N/A	\$370,300	\$191,400
Includes \$241,400 Gross and \$155,200 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$128,900 Gross and \$104,300 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$320,300 Gross and \$258,600 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	Federal	N/A	110,800	37,100
	GF/GP	N/A	\$259,500	\$154,300

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 3-401. One-time Basis Only Appropriations – NEW

Appropriates funding in FY 2012-13 on a one-time basis only (see #5 under Major Budget Changes for details).

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
EXECUTIVE OFFICE**



Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	0.0	\$0	\$0	0.0
Federal	0	0	0	0.0	0	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	0	0	0	0.0	0	0	0.0
GF/GP	4,599,200	4,887,900	288,700	6.3	4,829,200	(58,700)	(1.2)
Gross	\$4,599,200	\$4,887,900	\$288,700	6.3	\$4,829,200	(\$58,700)	(1.2)
FTEs	84.2	84.2	0.0	0.0	84.2	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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.

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
		FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Economic Adjustments	Gross	N/A	\$288,700
Includes \$230,000 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$58,700 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, removes the appropriation for the one-time lump sum payments.	GF/GP	N/A	(\$58,700)

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 8-301. One-time Basis Only Appropriations – NEW

Appropriates funding in FY 2012-13 on a one-time basis only (see #1 under Major Budget Changes for details).

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
LEGISLATURE**



Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$250,000	\$0	(\$250,000)	(100.0)	\$0	\$0	0.0
Federal	0	0	0	0.0	0	0	0.0
Local	0	0	0	0.0	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	102,884,800	108,012,700	5,127,900	5.0	108,012,700	0	0.0
Gross	\$104,644,600	\$109,522,500	\$4,877,900	4.7	\$109,522,500	\$0	0.0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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

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 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Economic Adjustments	Gross	N/A	\$4,877,900	\$0
Includes additional funding to cover costs of economic adjustments.	GF/GP	N/A	\$4,877,900	\$0
2. Legislative Corrections Ombudsman	Gross	\$606,200	\$0	\$0
Includes additional GF/GP for the Legislative Corrections Ombudsman. The general fund will replace IDG funding which previously came from the Department of Corrections.	IDG	250,000	(250,000)	0
	GF/GP	\$356,200	\$250,000	\$0

***Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2012-13 and FY 2013-14 Executive budget recommendations, but appears separate in this document.**

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

None

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
LEGISLATIVE AUDITOR GENERAL**



Analyst: Robin R. Risko

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$3,767,500	\$3,792,100	\$24,600	0.7	\$3,842,500	\$50,400	1.3
Federal	0	0	0	0.0	0	0	0.0
Local	0	0	0	0.0	0	0	0.0
Private	0	0	0	0.0	0	0	0.0
Restricted	1,574,800	1,890,700	315,900	20.1	1,918,300	27,600	1.5
GF/GP	11,624,100	13,004,900	1,380,800	11.9	13,157,100	152,200	1.2
Gross	\$16,966,400	\$18,687,700	\$1,721,300	10.1	\$18,917,900	\$230,200	1.2
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. FY 2011-12 Base Adjustment Includes additional funding to correct understated appropriations in the FY 2011-12 budget for employee-related economics.	Gross	N/A	\$511,000	\$0
	IDG	N/A	202,400	0
	Restricted	N/A	89,200	0
	GF/GP	N/A	\$219,400	\$0
2. Fund Source Shifts as a Result of the Statewide Single Audit Reduces IDG revenue and increases state restricted and GF/GP in order to accurately reflect where expenditures will occur as a result of converting to a statewide single audit.	Gross	N/A	\$0	\$0
	IDG	N/A	(500,000)	0
	Restricted	N/A	160,000	0
	GF/GP	N/A	\$340,000	\$0
3. Economic Adjustments Includes \$939,400 Gross and \$636,600 GF/GP for negotiated salary and wage increases, the actuarially-required retirement rate increase, reduced employer health insurance costs due to the 20% employee contribution, and other economic adjustments in FY 2012-13. Includes a boilerplate appropriation of \$270,900 Gross and \$184,800 GF/GP for the negotiated one-time lump sum payments to state employees in FY 2012-13. In FY 2013-14, includes \$501,100 Gross and \$337,000 GF/GP for the projected cost of economic increases and removes the appropriation for the one-time lump sum payments.	Gross	N/A	\$1,210,300	\$230,200
	IDG	N/A	269,100	50,400
	Restricted	N/A	119,800	27,600
	GF/GP	N/A	\$821,400	\$152,200

Executive Changes

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
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**Please note: The Legislative Auditor General budget is rolled in with the Legislature budget in the FY 2012-13 and FY 2013-14 Executive budget recommendations, but appears separate in this document.*

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 624. Statewide Single Audit – DELETED

Requires a report regarding the feasibility of converting to a statewide single audit; report to include costs involved, required statutory changes, impact on legislative oversight, organizational changes necessary to provide centralized coordination, billing and funding structure changes, corrective action for known internal control weaknesses and prior single audit findings, and a recommendation on implementation.

Sec. 625. Appropriation of Unexpended FY 2010-11 GF/GP – DELETED

Appropriates up to \$905,000 of unexpended FY 2010-11 GF/GP funding to be used to pay costs of economic increases; of the \$905,000, requires funding that is not used to pay costs of economic increases to lapse to the general fund.

Sec. 11-501. One-time Basis Only Appropriations – NEW

Appropriates funding in FY 2012-13 on a one-time basis only (see #3 under Major Budget Changes for details).

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF STATE**



Analyst: Ben Gielczyk

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$26,312,700	\$20,000,000	(\$6,312,700)	(24.0)	\$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	179,884,700	184,971,100	5,086,400	2.8	187,481,100	2,510,000	1.4
GF/GP	11,750,600	14,041,300	2,290,700	19.5	13,841,200	(200,100)	(1.4)
Gross	\$219,758,100	\$220,822,500	\$1,064,400	0.5	\$223,132,400	\$2,309,900	1.0
FTEs	1,815.0	1,698.0	(117.0)	(6.4)	1,698.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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 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 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Credit and Debit Card Assessment Fees	Gross	\$1,000,000	\$4,000,000	\$0
Reflects appropriation authorization increase of \$4.0 million Gross to accommodate the increase in credit and debit card fee collections due to the increase in online transactions associated with ExpressSOS. No changes recommended for FY 2013-14.	Restricted	1,000,000	4,000,000	0
2. Contingency Plan Adjustment	FTE	N/A	(11.0)	0.0
Reduction of \$965,800 Gross (\$103,900 GF/GP) due to the elimination of 11.0 FTE positions (funded, vacant) provided as part of the FY 2011-12 employee concession contingency plan. No changes recommended for FY 2013-14.	Gross	N/A	(\$965,800)	\$0
	Restricted	N/A	(861,900)	0
	GF/GP	N/A	(\$103,900)	\$0
3. Transportation Administration Collection (TAC) Fund Adjustments	FTE	N/A	(113.0)	0.0
Reduction of \$8.0 million Gross to adjust TAC Fund appropriation authorization to actual revenues. Eliminates 113.0 FTE positions (unfilled and unfunded) associated with TAC Fund appropriation. No changes recommended in FY 2013-14.	Gross	N/A	(\$8,000,000)	\$0
	Restricted	N/A	(8,000,000)	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
4. Commercial Driver License Medical Certificate Program	Gross	N/A	\$1,000,000	\$0
Reflects increase of \$1.0 million Gross in appropriation authorization for Commercial Driver License Medical Certificate Program administration costs. Funding would be supported by a fee increase of \$10 (from \$25 to \$35) on CDL original and renewal group fees. Requires statutory change. No changes recommended for FY 2013-14.	Restricted	N/A	1,000,000	0
5. Economic Adjustments	Gross	N/A	\$3,335,900	\$4,004,300
Reflects increased costs of \$3.3 million Gross (\$291,200 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs, and other economic adjustments. Additional increase of \$4.0 million Gross (\$234,800 GF/GP) projected for FY 2013-14.	IDG	N/A	701,600	0
	Restricted	N/A	2,343,100	3,769,500
	GF/GP	N/A	\$291,200	\$234,800
6. Boilerplate Appropriations	Gross	N/A	\$1,694,400	(\$1,694,400)
Includes FY 2012-13 boilerplate appropriations designated as one-time:	Restricted	N/A	1,259,500	(1,259,500)
	GF/GP	N/A	\$434,900	(\$434,900)
<ul style="list-style-type: none"> \$1.5 million Gross (\$284,900 GF/GP) for negotiated one-time lump sum payments to state employees. \$150,000 GF/GP for marketing costs associated with ExpressSOS. 				

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 15-203. Legal Services – NEW

Forbids department from using appropriated funds for legal services that are the responsibility of the attorney general unless authorized by the attorney general.

Sec. 705 (5). Department Publications Report – DELETED

Requires report on gifts, donations, contributions, and grants used to underwrite departmental publications along with information on the total revenue received from paid advertising in those publications.

Sec. 711 (2). Olympic Education Training Plates Revenue – DELETED

Appropriates funds in the Olympic Education Training Center Fund to the Olympic Education Training Center at Northern Michigan University.

Sec. 714. Branch Office Closings or Consolidations – REVISED (Executive Sec. 15-312)

Directs Department of State (at least 180 days prior to closing or consolidation, and at least 60 days prior to relocation) to inform appropriations committees and legislators who represent affected areas of closing and/or consolidation. Eliminates language that requires announcement to be in written form and to include analyses on criteria used for changes in branch location, including branch transactions, revenue, impact on citizens affected, and costs and savings that would result. Also eliminates language that requires report on savings from closing, consolidating, relocating offices, and costs of new leased facilities and expanded current space.

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

Requires the DOS to report on funding expended for the BAM 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.

ONE-TIME BASIS ONLY

Sec. 15-401. One-Time Appropriation - NEW

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #6 above).

Supplemental Recommendations for FY 2011-12 Appropriations

**FY 2011-12
Recommendation**

1. Commercial Driver License Medical Certificate Program

Appropriates \$1.0 million GF/GP to implement the Commercial Driver License Medical Certificate Program that began on January 1, 2012. The program is a federal mandate, requiring commercial drivers to provide certain medical documents required by law. Medical information would be integrated within commercial driver license. States that do not meet the federal mandate may lose up to five percent of their U.S. Department of Transportation funding.

Gross	\$1,000,000
GF/GP	\$1,000,000

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET**



Analyst: Ben Gielczyk

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$620,917,600	\$635,564,900	\$14,647,300	2.4	\$636,402,800	\$837,900	0.1
Federal	10,653,700	9,464,300	(1,189,400)	(11.2)	10,409,700	945,400	10.0
Local	1,520,800	1,320,800	(200,000)	(13.2)	1,320,800	0	0.0
Private	186,800	190,200	3,400	1.8	190,200	0	0.0
Restricted	89,828,500	90,517,200	688,700	0.8	90,838,900	321,700	0.4
GF/GP	374,553,100	401,914,400	27,361,300	7.3	387,504,100	(14,410,300)	(3.6)
Gross	\$1,097,660,500	\$1,138,971,800	\$41,311,300	3.8	\$1,126,666,500	(\$12,305,300)	(1.1)
FTEs	3,038.5	2,814.0	(224.5)	(7.4)	2,814.0	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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 is an interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state buildings, state purchasing programs, and the state's retirement systems; supervising the state's motor vehicle fleet; providing office and building support services to state agencies; and acting as a general contractor between the state's information technology users and private sector providers of information technology products and services. The Department houses the Office of the State Budget, which prepares, presents, and executes the state budget on behalf of the Governor, and several other autonomous units: Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, State Building Authority, and Civil Service Commission.

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Information Technology Development Projects	Gross	N/A	\$50,000,000	\$0
Includes \$50.0 million GF/GP for statewide IT initiatives targeting technology upgrades and automation opportunities. No changes recommended for FY 2013-14.	GF/GP	N/A	\$50,000,000	\$0
2. Building Maintenance Fund	Gross	N/A	\$25,000,000	(\$10,000,000)
Includes \$25.0 million GF/GP (\$10.0 million designated as a one-time boilerplate appropriation) to address deterioration and maintenance issues at state-owned buildings. For FY 2013-14, the boilerplate appropriation of \$10.0 million is projected to be eliminated.	GF/GP	N/A	\$25,000,000	(\$10,000,000)
3. Contingency Plan Adjustment	FTE	N/A	(9.0)	0.0
Reflects reduction of \$806,300 Gross (\$567,100 GF/GP) due to the elimination of 9.0 FTE positions (funded, vacant positions). These positions were offered as part of the FY 2011-12 employee concession contingency plan. No changes recommended for FY 2013-14.	Gross	N/A	(\$806,300)	\$0
	IDG	N/A	(9,400)	0
	Restricted	N/A	(229,800)	0
	GF/GP	N/A	(\$567,100)	\$0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>	<u>Executive Changes</u>			
		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
4. Military Retirement Program Transfer Transfers \$4.0 million GF/GP from the Department of Military of Veterans Affairs (DMVA) to the Office of Retirement Services for the costs associated with the Military Retirement Program. No changes recommended for FY 2013-14.	Gross	N/A	\$3,981,700	\$0
	GF/GP	N/A	\$3,981,700	\$0
5. Information Technology Adjustments Includes \$4.3 million Gross for various department and agency technology services adjustments. Eliminates 100.0 FTE positions to accurately reflect funded positions. No changes recommended for FY 2013-14.	FTE	1559.5	(100.0)	0.0
	Gross	\$444,146,200	\$4,270,800	\$0
	IDG	444,146,200	4,270,800	0
6. Statewide Single Audit Implementation Includes \$90,000 Gross and 1.0 FTE to allow the Office of Financial Management to establish and fill a new position to assume the additional workload that will result from the implementation of a statewide single audit.	FTE	N/A	1.0	0.0
	Gross	N/A	\$90,000	\$0
	Restricted	N/A	90,000	0
7. Economic Adjustments Reflects increased costs of \$15.0 million Gross (\$2.4 million GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments. Additional increase of \$9.4 million Gross (\$3.4 million GF/GP) projected for FY 2013-14.	Gross	N/A	\$15,048,500	\$9,374,900
	IDG	N/A	10,381,800	3,942,000
	Federal	N/A	658,900	1,372,100
	Private	N/A	3,400	0
	Restricted	N/A	1,590,300	678,900
	GF/GP	N/A	\$2,414,100	\$3,381,900
8. Other One-Time Boilerplate Appropriations Includes FY 2012-13 boilerplate appropriations designated as one-time: <ul style="list-style-type: none"> \$4.7 million Gross (\$792,200 GF/GP) for negotiated one-time lump sum payments to state employees. \$7.0 million GF/GP for a statewide Office Consolidation Fund. 	Gross	N/A	\$11,680,200	(\$11,680,200)
	IDG	N/A	3,104,100	(3,104,100)
	Federal	N/A	426,700	(426,700)
	Restricted	N/A	357,200	(357,200)
	GF/GP	N/A	\$7,792,200	(\$7,792,200)
9. Elimination of FY 2011-12 One-Time Boilerplate Appropriations Discontinues FY 2011-12 one-time boilerplate appropriations of \$61.3 million GF/GP for other postemployment benefits and asbestos abatement at the former state police headquarters.	Gross	\$61,250,000	(\$61,250,000)	\$0
	GF/GP	\$61,250,000	(\$61,250,000)	\$0

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Sec. 803 (5). Statewide Administrative and Support Services – REVISED (Executive Section 17-303)

Eliminates subsection 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.

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 (MVF) – REVISED (Executive Section 17-312)

Deletes subsection (3) requiring MVF operation plan; specifies data required; authorizes plan adjustment to achieve maximum value and efficiency; and requires plan and changes to be reported within 60 days after year end. Revises subsection (4) by changing when the department may charge for fuel costs increases. Changes amount from \$2.27 per gallon to "\$3.04 net of tax." Deletes subsection (5) stating legislative intent requiring DTMB, when feasible, to prioritize the utilization of remanufactured parts as the primary means of maintenance and repair.

Sec. 817. Vendor Disclosure (Call Centers) – DELETED

Authorizes DTMB to 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.

Major Boilerplate Changes From FY 2011-12

Sec. 822. Report on Unclassified Salaries – DELETED

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

Sec. 822a. Report on Privatizing State Lottery - DELETED

Requires DTMB to submit a report by April 1 regarding the feasibility of privatizing the state lottery.

TECHNOLOGY SERVICES

Sec. 823.(4) Sale of Paid Advertising – DELETED

Requires report on DTMB website of revenue received and number of advertising transactions.

Sec. 824. Spatial Information and Technical Services – REVISED Executive Sec. 17-317

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; deletes requirement to report fund sources and expenditures.

Sec. 827.(4) Michigan Public Safety Communications (MPSC) System – REVISED Executive Sec. 17-320

Requires approval by state budget director for expending MPSC System appropriation; requires DTMB to assess reasonable access and maintenance fees to system subscribers and use revenue for system support and maintenance; deletes requirement to report on receipts and expenditures for each six-month period of the fiscal year.

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

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

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

Requires report which analyzes and makes recommendations on life-cycle of IT hardware and software.

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

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

Sec. 832. Child Support Enforcement System – DELETED

Requires report on amount expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government.

STATE BUILDING AUTHORITY

Sec. 840. State Building Authority General Fund Rent Payments - REVISED (Executive Sec. 17-501)

Authorizes use of General Fund (GF) to meet cash flow requirements of State Building Authority (SBA) projects for lease and for which bonds or notes have not been issued; requires advances bear an interest cost to SBA; requires SBA to credit GF with amount of expenditure plus interest on sale of bonds or notes; requires Treasurer to make advances without interest for projects for which bonds or notes have been issued. Replaces "legislative concurrent resolution" to state "legislative appropriations" and year to "2013". Deletes "an approved by JCOS".

Sec. 843. Status of Construction Projects – DELETED

Requires DTMB to provide annual report on status of construction projects associated with SBA bonds.

CAPITAL OUTLAY

Sec. 862. Required Reports – DELETED

Requires DTMB to provide various detailed reports to JCOS and fiscal agencies with status of each planning or construction project financed by the SBA.

Sec. 17-707. University and Community College Capital Outlay Project Authorization - NEW

Authorizes appropriation and financing for 18 university and community college capital outlay projects. Provides project descriptions and costs.

ONE-TIME BASIS ONLY

Sec. 17-801. One-Time Appropriation - NEW

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #2 and #8 above).

Sec. 17-802. Special Maintenance Federal and State Restricted Fund Spending Authorization - NEW

Authorizes appropriation of related federal and state restricted funds up to the amounts that will be earned based upon the initiatives undertaken with funds appropriated in part 1 for Special maintenance, Remodeling and Addition - State Facilities.

Sec. 17-803. Enterprisewide Information Technology Investments Federal and State Restricted Fund Spending Authorization - NEW

Authorizes appropriation of related federal and state restricted funds up to the amounts that will be earned based upon the initiatives undertaken with funds appropriated in part 1 for Enterprisewide Information Technology Investments.

Supplemental Recommendations for FY 2011-12 Appropriations

**FY 2011-12
Recommendation**

1. State Emergency Operations Center Planning Grant

Provides \$80,000 GF/GP for a planning grant that would allow the department to contract for professional design services to plan for a facility that ensures the state of Michigan has the necessary capabilities to prevent, respond to, and recover from any type of emergency or disaster. The planning would also explore the consolidation of the State Emergency Operations Center, impending Michigan Cyber Command Center, and the Network Communications Center component of the Michigan Public Safety Communications System in a new facility along with associated support space at the state's Secondary Complex site.

Gross	\$80,000
GF/GP	\$80,000

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF TREASURY**



Analyst: Ben Gielczyk

	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$14,818,700	\$8,899,400	(\$5,919,300)	(39.9)	\$9,005,300	\$105,900	1.2
Federal	745,109,200	698,385,900	(46,723,300)	(6.3)	698,926,400	540,500	0.1
Local	6,588,700	6,686,200	97,500	1.5	6,737,800	51,600	0.8
Private	380,000	5,380,000	5,000,000	1,315.8	5,380,000	0	0.0
Restricted	1,485,151,600	1,573,073,400	87,921,800	5.9	1,584,934,400	11,861,000	0.8
GF/GP	329,028,900	356,673,800	27,644,900	8.4	351,821,100	(4,852,700)	(1.4)
Gross	\$2,581,077,100	\$2,649,098,700	\$68,021,600	2.6	\$2,656,805,000	\$7,706,300	0.3
FTEs	2,575.5	2,553.5	(22.0)	(0.9)	2,553.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 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 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Presidential Primary	Gross	\$10,000,000	(\$10,000,000)	\$0
Removes \$10.0 million GF/GP appropriated in FY 2011-12 for costs associated with the Presidential Primary.	GF/GP	\$10,000,000	(\$10,000,000)	\$0
2. Constitutional Revenue Sharing	Gross	\$697,500,500	\$13,619,200	\$19,496,300
Increases constitutional revenue sharing payments by \$13.6 million Gross to adjust for January Consensus Revenue Estimating Conference (CREC). Projected increase of \$19.5 million Gross for FY 2013-14.	Restricted	697,500,500	13,619,200	19,496,300
3. Economic Vitality Incentive Program	Gross	\$210,000,000	\$0	\$0
Includes FY 2011-12 one-time boilerplate appropriations (\$15.0 million Gross) in line-item as ongoing appropriations. Amounts to no gross funding change.	Restricted	210,000,000	0	0

		Executive Changes			
Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/9/12)	FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14	
4. County Incentive Program		Gross	\$115,000,000	\$10,600,000	\$9,500,000
Restructures county revenue sharing as an incentive program. Increases county payments by \$10.6 million Gross (75.0% of full funding). Projected increase of \$9.5 million Gross for FY 2013-14. FY 2011-12 one-time boilerplate funding (\$15.0 million Gross) is shifted to line-item as ongoing appropriations (no Gross funding change).		Restricted	115,000,000	10,600,000	9,500,000
5. Competitive Grant Assistance Program		Gross	\$5,000,000	\$20,000,000	(\$20,000,000)
Increases Competitive Grant Assistance Program by \$20.0 million Gross. Funding increase is provided in boilerplate and designated as one-time appropriations. The one-time appropriations are projected to be eliminated in FY 2013-14.		Restricted	5,000,000	20,000,000	(20,000,000)
6. Payments in Lieu of Taxes		Gross	\$10,577,000	\$1,805,700	\$0
Increases payments in lieu of taxes (PILT) by \$1.8 million Gross (reduction of \$349,400 GF/GP) to reflect legislative change requiring the Michigan Natural Resource Trust Fund (MNRTF) to make MNRTF Purchased Land PILT payments in full. No changes recommended for FY 2013-14.		Restricted	1,646,600	2,155,100	0
		GF/GP	\$8,930,400	(\$349,400)	\$0
7. Contingency Plan Adjustment		FTE	N/A	(43.0)	0.0
Reflects reduction of \$3.1 million Gross (\$993,700 GF/GP) due to the elimination of 43.0 FTEs (funded, vacant positions). These positions were offered as part of the FY 2011-12 employee concession contingency plan. Includes fund shift to replace restricted funds associated with contingency plan. No changes recommended for FY 2013-14.		Gross	N/A	(\$3,088,300)	\$0
		Restricted	N/A	0	0
		GF/GP	N/A	(\$3,088,300)	\$0
8. FY 2011-12 Supplemental Appropriations Removal		Gross	\$2,000,000	(\$2,000,000)	\$0
Removes \$2.0 million GF/GP in FY 2011-12 one-time supplemental appropriations for Michigan Finance Authority (\$1.0 million) and Tax Plan Implementation. No changes recommended in FY 2013-14.		GF/GP	\$2,000,000	(\$2,000,000)	\$0
9. Tobacco Tax Enforcement		FTE	0.0	13.0	0.0
Includes \$1.5 million GF/GP and 13.0 FTE positions to support tobacco tax enforcement. Replaces \$3.0 million Gross authorization included in FY 2011-12. No changes recommended for FY 2013-14.		Gross	\$3,000,000	(\$1,500,000)	\$0
		Restricted	3,000,000	(3,000,000)	0
		GF/GP	\$0	\$1,500,000	\$0
10. General Fund Replacement Revenue		Gross	\$23,893,500	\$0	\$0
Includes \$16.4 million GF/GP as replacement revenue for restricted and IDG funds. Replaces \$10.0 million Refined Petroleum Fund that supports debt service payments. Replaces \$6.4 million of IDG from Michigan Transportation Fund. No changes recommended for FY 2013-14.		IDG	8,379,000	(6,421,600)	0
		Restricted	15,514,500	(10,000,000)	0
		GF/GP	\$0	\$16,421,600	\$0
11. Office of Fiscal Responsibility		FTE	N/A	10.0	0.0
Includes \$4.5 million GF/GP and 10.0 FTE positions for assistance to local units of government facing financial emergencies. No changes recommended for FY 2013-14.		Gross	N/A	\$4,500,000	\$0
		GF/GP	N/A	\$4,500,000	\$0
12. Health Insurance Claims Assessment Program		FTE	N/A	15.0	0.0
Includes \$1.9 million Gross and 15.0 FTE positions for the administration of the Health Insurance Claims Assessment Program. No changes recommended for FY 2013-14.		Gross	N/A	\$1,948,400	\$0
		Restricted	N/A	1,948,400	0
13. Other One-Time Boilerplate Appropriations		Gross	N/A	\$2,742,700	(\$2,742,700)
Includes FY 2012-13 boilerplate appropriations of \$2.7 million Gross (\$311,500 GF/GP) designated as one-time for negotiated one-time lump sum payments to state employees.		IDG	N/A	112,800	(112,800)
		Federal	N/A	171,700	(171,700)
		Restricted	N/A	2,146,700	(2,146,700)
		GF/GP	N/A	\$311,500	(\$311,500)

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
MICHIGAN STRATEGIC FUND				
14. Business Attraction and Economic Gardening	Gross	\$100,000,000	\$0	\$0
Includes FY 2011-12 one-time boilerplate appropriations (\$50.0 million GF/GP) in line-item as ongoing appropriations. Amounts to no gross funding change.	Restricted	25,000,000	0	0
	GF/GP	\$75,000,000	\$0	\$0
15. Talent Fund for Job Training and Skills Development	Gross	N/A	\$15,000,000	\$0
Includes \$15.0 million GF/GP for a new program that targets the structurally unemployed in distressed cities. Funding would support educational access, training, and employment opportunities. No changes recommended for FY 2013-14.	GF/GP	N/A	\$15,000,000	\$0
16. Arts and Cultural Grants	Gross	\$2,567,400	\$3,582,600	\$0
Includes \$3.6 million GF/GP to support arts and cultural programs and events. No changes recommended for FY 2013-14.	Federal	1,050,000	0	0
	Private	100,000	0	0
	GF/GP	\$1,417,400	\$3,582,600	\$0
17. Workforce Development Private Fund Authorization	Gross	N/A	\$5,000,000	\$0
Includes \$5.0 million Gross private fund appropriation authorization in anticipation of foundation grants awarded to the Workforce Development Agency. No changes recommended for FY 2013-14	Private	N/A	5,000,000	0
18. Federal Fund Authorization Adjustment	Gross	\$233,328,300	(\$50,000,000)	\$0
Reduces federal fund authorization for Workforce Investment Act by \$50.0 million to reflect available federal funds. No changes recommended for FY 2013-14.	Federal	233,328,300	(50,000,000)	0
19. Other One-Time Boilerplate Appropriations (MSF/MSHDA)	Gross	N/A	\$1,135,700	(\$1,135,700)
Includes FY 2012-13 boilerplate appropriations of \$1.1 million Gross (\$140,900 GF/GP) designated as one-time for negotiated one-time lump sum payments to state employees.	Federal	N/A	408,500	(408,500)
	Restricted	N/A	586,300	(586,300)
	GF/GP	N/A	\$140,900	(\$140,900)
20. Economic Adjustments (Treasury Operations and MSF)	Gross	N/A	\$15,213,600	\$8,179,300
Reflects increased costs of \$15.2 million Gross (\$2.0 million GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increase, reduced employer health insurance costs due to 20% employee contribution, and other economic adjustments. Additional increase of \$8.2 million Gross (\$1.2 million GF/GP) projected for FY 2013-14.	IDG	N/A	389,500	218,700
	Local	N/A	97,500	51,600
	Federal	N/A	2,266,400	1,120,700
	Restricted	N/A	10,411,000	5,597,700
	GF/GP	N/A	\$2,049,200	\$1,190,600

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections 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 deleted.

Sec. 906. Charge For Audits Conducted – REVISED (Executive Sec. 19-306)

Authorizes Department of Treasury to charge for audits as permitted by state or federal law under contractual arrangements with local units of government, other principal executive departments, or state agencies. Deletes (2) which requires appropriation for state compliance audits to be used to cover costs of audits performed by independent CPAs or Department of Treasury auditors. Deletes (3) which requires audit to be performed for the most current county fiscal year in conjunction with the financial single audit. Includes new (2) which creates a revolving fund known as the Audit Charges Fund to collect contractual charges and carry forward for future appropriation.

Sec. 19-308. Municipal Finance Fee Fund Carry Forward - NEW

Creates the Municipal Finance Fee Fund in the Department of Treasury. Fees are established under the Municipal Finance Act, PA 34 of 2001. The section would allow the Department of Treasury to carry forward the municipal finance fees for future appropriation rather than have the fees lapse to the General Fund.

Major Boilerplate Changes From FY 2011-12

Sec. 925. Public Private Partnerships – REVISED (Executive Sec. 19-322)

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 reporting requirement. Eliminates language barring public private investment activities related to the Detroit River international crossing or any successor project.

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. 943. Tobacco Tax Enforcement – DELETED

Authorizes the department to use tobacco tax enforcement funding for certain costs associated with tobacco tax enforcement; requires a report.

Sec. 945. Local Unit Assessment Review - DELETED

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

REVENUE SHARING

Sec. 19-402 - Competitive Grant Assistance Program - NEW

Includes new section to provide \$25.0 million (\$5.0 million in FY 2011-12) for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$20.0 million of total available funding considered one-time boilerplate appropriation (19-1001).

Sec. 951. Economic Vitality Incentive Program - REVISED (Executive Sec. 19-403)

Specifies distribution of \$210.0 million under incentive program (revises program from FY 2011-12). Cities, villages, and townships that received a statutory revenue sharing payment in FY 2009-10 greater than \$4,500 will be eligible for 67.837363% of their FY 2009-10 statutory revenue sharing payment if certain criteria are met. Provides for redistribution of funds not distributed due to a failure to qualify. Adds County Incentive Program and specifies distribution of \$125.6 million for counties eligible.

Sec. 19-404. Publicly Funded Health Care Contribution Act Compliance - NEW

Requires each CVT and county that is eligible to receive incentive funding for best practices, to certify to the department that they are in compliance with the Publicly Funded Health Care Contribution Act. Failure to submit required certification would result in a 10 percent reduction to all payments issued under the incentive funding for best practices.

Sec. 19-405. County Reserve Fund Certification - NEW

Requires the department to annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

LOTTERY

Sec. 963. Department of Human Services Bridge Cards - DELETED

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

MICHIGAN STRATEGIC FUND

Sec. 1007. Program Activities Report - DELETED

Requires a report on activities of each program administered by the Michigan Strategic Fund or Michigan Economic Development Corporation, including spending and FTEs.

Sec. 1009. Land and Land Options Purchasing - DELETED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development corporation; establishes guidelines.

Sec. 1013. Fundraising Conflict of Interest - DELETED

Prohibits MEDC staff involved in fundraising from being party to grant award or tax abatement decisions.

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. 1021. 21st Century Jobs Funds Spending Reauthorization - DELETED

Provides for a continuation of authorization for 21st Century Jobs Trust funds authorized by PA 127 of 2007. Funds are made available until September 30, 2016 and work project will not exceed \$5.5 million.

Sec. 1023. Tourism Promotion - DELETED

Requires Michigan Strategic Fund (MSF) to coordinate tourism promotion with the tourism industry. Requires annual report which lists places included in tourism promotion.

Sec. 1024. Business Attraction and Economic Gardening - DELETED

Requires that not less than \$20.0 million of the funds appropriated in part 1 and Sec. 1201(1) be used for brownfield redevelopment incentives and historic preservation incentives.

Major Boilerplate Changes From FY 2011-12

Sec. 1031. Spending Plan Report - DELETED

Requires MSF to report by April 15, 2012 on the spending plan for the line items for innovation and entrepreneurship and business attraction and economic gardening.

Sec. 1034. Business Incubator Program - DELETED

Stipulates funding be awarded competitively to business incubators in ten counties or cities. Requires that \$1.3 million in 21st Century Jobs Trust Fund funding be used to fund business incubators.

Sec. 1035. Michigan Council for the Arts and Cultural Affairs (MCACA) Arts and Cultural Grants - REVISED (Executive Sec. 19-803)

Allows MCACA to charge nonrefundable application fee for arts and cultural grant applications. Application fees shall be deposited in the council for the arts fund and are appropriated for expenses necessary to administer the arts and cultural grant programs; allows for funds to be carried forward.

Sec. 1054. WIA Youth Grant Program - DELETED

Allows MSF to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy.

Sec. 1061. Workforce Development Boards - DELETED

Requires local workforce development boards to maintain partnerships with governmental agencies, schools, and colleges located within their service delivery areas; specifies membership of education advisory groups.

Sec. 1062. Disabled Veterans Outreach Program - DELETED

Stipulates staffing levels for disabled veterans outreach program specialists and local veterans employment representatives to assist veterans with Michigan Works! Employment service centers. States that placement of veterans and disabled veterans a priority.

Sec. 1064. Workforce Training Funds Allocation - DELETED

Allocates \$100,000 to an existing employee-led public/private workforce development program meeting certain criteria and \$100,000 to an existing workforce development program operated collaboratively with local businesses and educational institutions meeting certain criteria.

Sec. 1065. Workforce Funds for Libraries - DELETED

Provides that funds distributed to local Michigan Works! Agencies may be used by the MWAs for services provided at local libraries that serve as access points, service centers, or local partners serving high demand or underserved areas.

Sec. 1066. Gang Diversion Program - DELETED

Indicates intent that a portion of the WIA, statewide activities funds be allocated to support coordinated efforts between local Michigan Works! agencies and police and sheriff departments to create programs that offer gang diversion activities.

Sec. 1068. No Worker Left Behind Report - DELETED

Requires MEDC to submit a report on the status of the No Worker Left Behind program.

ONE-TIME BASIS ONLY

Sec. 19-1001. One-Time Appropriations - NEW

Appropriates certain one-time appropriations (discussion in Major Budget Changes Item #5, #12, and #18 above). Also includes a one-time appropriation, \$25.0 million GF/GP, for film incentives which was also appropriated in FY 2011-12 as a one-time appropriation.

		FY 2011-12 Recommendation
<u>Supplemental Recommendations for FY 2011-12 Appropriations</u>		
1. Office of Fiscal Responsibility		
Appropriates \$10.0 million GF/GP and 10.0 FTE positions for assistance to local units of government facing financial emergencies. Appropriation will support oversight and guidance through contracted services related to legal, accounting, and auditing services that will be available to local units of government.	FTE	10.0
	Gross	\$10,000,000
	GF/GP	\$10,000,000
2. Health Insurance Claims Assessment Program		
Includes \$1.3 million Gross and 15.0 FTE positions for the administration of the Health Insurance Claims Assessment (HICA) Program. Administration includes collection, auditing, and other tax administration responsibilities. Funding supports partial-year operation of program.	FTE	15.0
	Gross	\$1,257,600
	Restricted	1,257,600
3. Payments in Lieu of Taxes		
Increases payments in lieu of taxes (PILT) by \$3.7 million Gross (\$1.2 million GF/GP) to restore payments in lieu of taxes (PILT) funding to FY 2010-11 levels and reflect legislative change requiring the Michigan Natural Resource Trust Fund (MNRTF) to make MNRTF Purchased Land PILT payments in full.	Gross	\$3,679,900
	Restricted	2,453,900
	GF/GP	\$1,226,000

Supplemental Recommendations for FY 2011-12 Appropriations

**FY 2011-12
Recommendation**

MICHIGAN STRATEGIC FUND

4. Pre-College Engineering

Includes \$680,100 GF/GP to support the Detroit and Grand Rapids Pre-College Engineering programs. The programs help under-represented high school students prepare for careers in engineering, science, and technology related fields.

**Gross
GF/GP**

**\$680,100
\$680,100**