

# GENERAL GOVERNMENT

Analysts: Robin R. Risko, Viola Bay Wild

	FY 2004-05 YTD	FY 2005-06		Difference: House from Year-to-Date	
		Executive	House	Amount	
<b>IDG/IDT</b>	\$547,333,300	\$581,480,000	\$572,170,600	\$24,837,300	4.5%
<b>Federal</b>	52,088,500	52,367,000	51,590,600	(497,900)	-1.0%
<b>Local</b>	20,532,800	2,725,400	2,664,300	(17,868,500)	-87.0%
<b>Private</b>	550,100	550,100	550,100	0	
<b>Restricted</b>	1,646,383,800	1,674,687,700	1,647,366,500	982,700	0.1%
<b>GF/GP</b>	318,032,900	336,265,600	327,072,000	9,039,100	2.8%
<b>Gross</b>	<b>\$2,584,921,400</b>	<b>\$2,648,075,800</b>	<b>\$2,601,414,100</b>	<b>\$16,492,700</b>	<b>0.6%</b>
<b>FTEs</b>	7,043.4	7,054.4	7,039.4	(4.0)	-0.1%

## Overview

Budget totals \$2.6 billion gross and \$327.1 million GF/GP.

The budget is \$32.1 million gross (1.2%) and \$9.0 million GF/GP (2.8%) over current-year appropriated levels.

# ATTORNEY GENERAL

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$12,545,500	\$13,359,300	\$12,619,700	\$74,200	0.6%
<b>Federal</b>	8,394,300	8,799,400	8,394,300	0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	10,485,000	11,011,400	10,485,000	0	
<b>GF/GP</b>	31,052,900	32,710,200	31,000,300	(52,600)	-0.2%
<b>Gross</b>	<b>\$62,477,700</b>	<b>\$65,880,300</b>	<b>\$62,499,300</b>	<b>\$21,600</b>	<b>0.0%</b>
<b>FTEs</b>	564.0	566.0	566.0	2.0	0.4%

## Overview

The Attorney General 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. The Department's goals are to make the state a safe place for its citizens, offer justice to the victims of crime, defend common natural resources and monetary assets of the state, and deliver excellent legal services at a minimum cost to tax payers.

## Major Budget Changes from FY 2004-05

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Legal Representation for Tax Reverted Land</b>	FTEs	N/A	2.0
Includes 2.0 FTEs and associated funding for legal representation for cases involving tax reverted land; Department of Treasury will pay Attorney General for these services from Land Reutilization Fund.	<b>Gross</b>	N/A	<b>\$240,000</b>
	IDG	N/A	240,000
<b>2. IDG Funding Adjustments</b>	<b>Gross</b>	<b>\$5,740,200</b>	<b>(\$165,800)</b>
Reduces IDG from Department of Transportation by \$214,900 and increases IDG from Department of Human Services by \$49,100 to more accurately reflect appropriations in the respective bills.	IDG	5,740,200	(165,800)
<b>3. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$58,543,500</b>	<b>(\$52,600)</b>
Reduces GF/GP available for Attorney General Operations line by \$47,900 and for Prosecuting Attorneys Coordinating Council line by \$4,700.	GF/GP	\$28,918,400	(\$52,600)

## Major Boilerplate Changes from FY 2004-05

### **Sec. 307. Carry Forward of Recovery Revenues – MODIFIED**

Authorizes unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by Department, up to \$1,000,000 to be carried forward and available for appropriation in the next fiscal year.

### **Sec. 309. Prisoner Reimbursement Revenue – MODIFIED**

Authorizes Department to spend up to \$421,800 of prisoner reimbursement revenue on activities related to the State Correctional Facilities Reimbursement Act; authorizes Department to spend up to \$1,000,000 of prisoner reimbursement revenue, if Department collects more than \$1,131,000, on representation of Department of Corrections and defense litigation against the state in civil actions filed by prisoners; authorizes up to \$500,000 of unexpended funds to be carried forward for expenditure in the next fiscal year.

# CIVIL RIGHTS

Analyst: Robin R. Risko

IDG/IDT	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
				\$0	
<b>Federal</b>	1,247,700	1,049,800	1,049,800	(197,900)	-15.9%
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>				0	
<b>GF/GP</b>	11,567,500	12,285,300	11,431,200	(136,300)	-1.2%
<b>Gross</b>	<b>\$12,815,200</b>	<b>\$13,335,100</b>	<b>\$12,481,000</b>	<b>(\$334,200)</b>	<b>-2.6%</b>
<b>FTEs</b>	141.0	141.0	141.0	0.0	

## 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, and provides information and services to businesses on equal employment laws and other civil rights areas.

## Major Budget Changes from FY 2004-05

### **1. Federal Funding Adjustment**

Reduces federal Equal Employment Opportunity Commission grant funds by \$73,700 and United States Department of Housing and Urban Development funds by \$124,200 based on revenue projections.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$1,247,700</b>	<b>(\$197,900)</b>
Federal	1,247,700	(197,900)

### **2. Unclassified Positions**

Adjusts base appropriation to reflect funding expended on unclassified positions.

<b>Gross</b>	<b>\$254,100</b>	<b>\$10,000</b>
GF/GP	\$254,100	\$10,000

### **3. GF/GP Funding Reductions**

Reduces GF/GP available for Civil Rights Operations line.

<b>Gross</b>	<b>\$11,745,400</b>	<b>(\$136,300)</b>
GF/GP	\$10,497,700	(\$136,300)

## Major Boilerplate Changes from FY 2004-05

None

**CIVIL SERVICE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$5,370,900	\$5,670,900	\$5,670,900	\$300,000	5.6%
<b>Federal</b>	4,779,100	4,779,100	4,779,100	0	
<b>Local</b>	1,700,000	1,700,000	1,700,000	0	
<b>Private</b>	150,000	150,000	150,000	0	
<b>Restricted</b>	15,474,600	16,539,200	15,474,600	0	
<b>GF/GP</b>	7,442,800	7,449,300	7,349,300	(93,500)	-1.3%
<b>Gross</b>	<b>\$34,917,400</b>	<b>\$36,288,500</b>	<b>\$35,123,900</b>	<b>\$206,500</b>	<b>0.6%</b>
<b>FTEs</b>	240.5	240.5	240.5	0.0	

**Overview**

The Department of Civil Service is responsible for implementing policies established by the Civil Service Commission. The Department administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering the Civil Service Commission's Employment Relations Policy. The Department also maintains ongoing statewide recruitment.

**Major Budget Changes from FY 2004-05**

**1. Increased Funding for Training**

Includes \$300,000 IDG for training programs provided by Department to state employees. There has been an increase in training sessions and costs due to a large demand for training certified project managers in Department of Transportation, and an overall increase in training activity for communication and writing classes. State departments with employees participating in these training programs will reimburse the Department.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$1,000,000</b>	<b>\$300,000</b>
<b>IDG</b>	1,000,000	300,000

**2. GF/GP Funding Reductions**

Reduces GF/GP funding available for Agency Services line by \$38,100, for Human Resources/Administrative Support line by \$38,500, and for Audit and Compliance line by \$16,900.

<b>Gross</b>	<b>\$22,517,700</b>	<b>(\$93,500)</b>
<b>GF/GP</b>	\$6,712,800	(\$93,500)

**Major Boilerplate Changes from FY 2004-05**

**Sec. 502. Funding for Civil Service Operations – MODIFIED**

Requires all restricted funds to be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing Civil Service operations and authorizes Department to adjust funding sources for civil service 1% charges based on actual payroll expenditures.

**EXECUTIVE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference: <u>House from Year-to-Date</u></i>
<b>IDG/IDT</b>				\$0
<b>Federal</b>				0
<b>Local</b>				0
<b>Private</b>				0
<b>Restricted</b>				0
<b>GF/GP</b>	5,205,500	5,205,500	5,205,500	0
<b>Gross</b>	<b>\$5,205,500</b>	<b>\$5,205,500</b>	<b>\$5,205,500</b>	<b>\$0</b>
<b>FTEs</b>	84.2	84.2	84.2	0.0

**Overview**

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. 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. Office, Southeastern Michigan Office, and Upper Peninsula Office.

**Major Budget Changes from FY 2004-05**

**FY 2004-05**                      **House**  
**Year-to-Date**                      **Change**

No change from current-year appropriations.

**Major Boilerplate Changes from FY 2004-05**

There is no boilerplate for the Executive Office.

**INFORMATION TECHNOLOGY**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<i>Difference:</i>	
				<u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$351,165,900	\$373,405,100	\$367,505,200	\$16,339,300	4.7%
<b>Federal</b>				0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>				0	
<b>GF/GP</b>				0	
<b>Gross</b>	<b>\$351,165,900</b>	<b>\$373,405,100</b>	<b>\$367,505,200</b>	<b>\$16,339,300</b>	<b>4.7%</b>
<b>FTEs</b>	1,762.4	1,766.4	1,766.4	4.0	0.2%

**Overview**

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include 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 Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund information technology-related activities and pays for technology services rendered by the Department of Information Technology through an interdepartmental grant. Administration of fund sources remains with each agency.

**Major Budget Changes from FY 2004-05**

		<u>FY 2004-05</u>	<u>House</u>
		<u>Year-to-Date</u>	<u>Change</u>
<b>Information Technology Funding</b>	<b>Gross</b>	<b>\$351,165,900</b>	<b>\$16,339,300</b>
Adds \$16.3 million to reflect funding included in various state department budgets for information technology services and projects.	<b>IDG</b>	351,165,900	16,339,300

Note: Refer to each department's budget summary for specific information relative to funding adjustments made for information technology services and projects.

**Major Boilerplate Changes from FY 2004-05**

**Sec. 582. Master Computing Contract – NEW**

Requires Department to reduce Michigan Master Computing Contract general fund expenditures by \$2,060,000.

**Sec. 583. Child Support Enforcement System Appropriation – NEW**

Specifies that \$17.8 million included in DIT budget for Child Support Enforcement System improvements is contingent on funding being included in Department of Human Services budget for the same purpose.

**Sec. 584. Child Support Enforcement System – NEW**

Requires Department to provide a report on total funding expended for Child Support Enforcement System; requires the report to include information on original start and completion dates for the project, original cost to complete the project, a listing of all revisions to project completion dates and costs, and the total funds paid to the federal government for penalties.

**LEGISLATURE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$1,801,500	\$1,801,500	\$1,801,500	\$0	
<b>Federal</b>				0	
<b>Local</b>				0	
<b>Private</b>	400,000	400,000	400,000	0	
<b>Restricted</b>	2,356,500	2,356,500	2,356,500	0	
<b>GF/GP</b>	122,173,900	122,173,900	121,351,900	(822,000)	-0.7%
<b>Gross</b>	<b>\$126,731,900</b>	<b>\$126,731,900</b>	<b>\$125,909,900</b>	<b>(\$822,000)</b>	<b>-0.6%</b>
<b>FTEs</b>				0.0	

**Overview**

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Office of the Auditor General, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature; the Office of the Auditor General is responsible for conducting financial and performance audits of state government operations; 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; and Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

**Major Budget Changes from FY 2004-05**

***GF/GP Funding Reductions***

Reduces GF/GP available for the House of Representatives line by \$500,000 and the Senate line by \$322,000.

	<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>Gross</b>	<b>\$73,810,100</b>	<b>(\$822,000)</b>
<b>GF/GP</b>	<b>\$73,810,100</b>	<b>(\$822,000)</b>

**Major Boilerplate Changes from FY 2004-05**

None

# MANAGEMENT AND BUDGET

Analyst: Robin R. Risko

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$143,276,700	\$153,786,800	\$152,490,700	\$9,214,000	6.4%
<b>Federal</b>	444,600		444,600	0	
<b>Local</b>				0	
<b>Private</b>				0	
<b>Restricted</b>	33,206,100	42,909,400	40,484,900	7,278,800	21.9%
<b>GF/GP</b>	35,740,600	36,450,600	34,279,600	(1,461,000)	-4.1%
<b>Gross</b>	<b>\$212,668,000</b>	<b>\$233,146,800</b>	<b>\$227,699,800</b>	<b>\$15,031,800</b>	<b>7.1%</b>
<b>FTEs</b>	731.0	751.0	751.0	20.0	2.7%

## 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, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, and Office of Regulatory Reform.

## Major Budget Changes from FY 2004-05

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Cadillac Place Lease</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,140,000</b>
Restores \$10.1 million for lease payments for the Cadillac Place building in Detroit. Funding was reduced from prior two fiscal year budgets as a result of restructuring lease payments; funding is required to be restored in FY 2005-06 budget so lease obligations can be met.	IDG	N/A	10,140,000
<b>2. Transfer of the State Fair</b>	FTEs	N/A	9.0
Reflects transfer of the State Fair, 9.0 FTEs and \$5.5 million gross, from Department of Agriculture to DMB, pursuant to 2004 PA 468.	<b>Gross</b>	<b>N/A</b>	<b>\$5,486,100</b>
	Restricted	N/A	5,486,100
<b>3. Property Tax Reduction for Constitution Hall</b>	FTEs	0.0	4.0
Reflects \$1.5 million savings from state's purchase of Constitution Hall and not paying property taxes on the building because of state ownership. Additional FTE authorization reflects DMB management and operation of the building.	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$1,500,000)</b>
	IDG	1,500,000	(1,500,000)
<b>4. One Division Building (Grand Rapids)</b>	<b>Gross</b>	<b>N/A</b>	<b>\$604,500</b>
Provides funding for additional lease costs when the Court moves to the One Division building, a private-leased facility managed by DMB for use by multiple state agencies. Two floors of the building are being renovated for the federal Bankruptcy Court, which will be moving into the building.	Restricted	N/A	604,500
<b>5. Private Rent Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$349,300</b>
Adds funding for annual rent adjustments specified in private leases for buildings leased by DMB and occupied by other state departments. Adjustments are made for annual CPI increases in base rent, utility costs, property tax adjustments, and operation/maintenance costs.	Restricted	N/A	349,300
<b>6. e-Procurement System</b>	FTEs	N/A	3.0
Includes 3.0 FTEs and \$1.5 million to develop and administer the new e-Procurement system, which will provide an online, statewide, "one-stop-shop" marketplace for purchasers and allow the state to gather purchasing information for reporting purposes, collect and review government spending patterns for leveraging better pricing, increase vendor competition in the bidding process, and consolidate workloads.	<b>Gross</b>	<b>N/A</b>	<b>\$1,450,000</b>
	Restricted	N/A	1,450,000

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>7. Retirement Disaster Recovery Plan</b>	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
Includes \$500,000 to develop and implement the new Retirement Business Continuity/Disaster Recovery Plan, which will help Office of Retirement Services to maintain core functional activities, ensuring that the call center is functional and operating within 48 hours of a disaster, and that pension payments are made to members within one week of a disaster.	Restricted	N/A	500,000
<b>8. Reductions in Operating Costs</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$582,800)</b>
Reflects savings from the following reductions in operating costs: eliminating ID mail routes and reducing ID mail runs (\$337,800 GF/GP); installing high-speed gates on parking ramps in Lansing, reducing the need for security guard services (\$180,000 IDG); in-sourcing a portion of Honeywell contract for maintaining building energy controls and central monitoring systems (\$65,000 IDG).	IDG	N/A	(245,000)
	GF/GP	N/A	(\$337,800)
<b>9. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$28,812,000</b>	<b>(\$388,200)</b>
Reduces GF/GP available for the following lines: Executive Operations by \$27,500; Administrative Services by \$23,000; Budget and Financial Management by \$185,100; Office of the State Employer by \$18,100; Business Support Services by \$102,900; Office of Children's Ombudsman by \$31,600.	GF/GP	\$15,679,300	(\$388,200)

**Major Boilerplate Changes from FY 2004-05**

**DEPARTMENT OF MANAGEMENT AND BUDGET**

**Sec. 715. Motor Vehicle Fleet – MODIFIED**

Requires the motor vehicle fleet appropriation to be used for administration and acquisition, lease, operation, maintenance, repair, replacement, and disposal of state motor vehicles; requires appropriation to be funded by revenue from rates charged to state departments for utilizing vehicle travel services provided by DMB; authorizes carry-forward of excess revenue to the Motor Transport Fund; expresses legislative intent that DMB have the authority to determine appropriateness of vehicle assignment, gives DMB authority to assign motor vehicles, either permanently or temporarily, to state agencies and to institutions of higher education; expresses legislative intent that DMB complete a project plan which results in reducing expenditures related to vehicle travel services, to include reducing the number of state vehicles; requires a quarterly report on the status of the project plan; and expresses legislative intent that DMB determine the feasibility of using driver record information upon issuing state cars to state employees to ensure responsibility and safety. Adds that DMB develop a project plan which includes reducing the number of miles driven by fleet vehicles, the number of gallons of fuel consumed by fleet vehicles, and a calculation of the amount of state motor fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. Adds a new subsection (6) which requires DMB to report on fleet garage operations, goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage.

**Sec. 715a. Motor Vehicle Fleet – NEW**

Requires DMB to develop a plan regarding the number of vehicles assigned to, or authorized for use by, state departments and agencies; authorizes the plan to be adjusted during the fiscal year based on needs and cost savings, in an effort to achieve the maximum value and efficiency from the state motor fleet; and requires a report which details the plan and changes made to the plan during the fiscal year.

**Sec. 722. Ronald Wilson Reagan Memorial Monument Fund – NEW**

Authorizes DMB to receive and expend funding from the Ronald Wilson Reagan Memorial Monument Fund for the design and construction of a memorial monument.

**Sec. 723. State Property – NEW**

Requires DMB to make available to the public on the Internet a listing of all parcels of real estate that are available for purchase from the state.

**GENERAL SECTIONS**

**Sec. 210. Deprived and Depressed Communities – DELETED**

Requires directors of departments to take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts.

**Sec. 219. Reduction in Statewide Contractual Expenditures – NEW**

Requires DMB to reduce statewide contractual general fund expenditures by \$30.0 million.

**STATE**

**Analyst: Robin R. Risko**

	<u>FY 2004-05 YTD</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$20,000,000	\$20,000,000	\$20,000,000	\$0	
<b>Federal</b>	2,541,000	2,333,300	2,241,000	(300,000)	-11.8%
<b>Local</b>				0	
<b>Private</b>	100	100	100	0	
<b>Restricted</b>	151,878,500	160,287,200	151,877,500	(1,000)	0.0%
<b>GF/GP</b>	13,300,500	14,265,100	13,169,700	(130,800)	-1.0%
<b>Gross</b>	<b>\$187,720,100</b>	<b>\$196,885,700</b>	<b>\$187,288,300</b>	<b>(\$431,800)</b>	<b>-0.2%</b>
<b>FTEs</b>	1,857.8	1,857.8	1,857.8	0.0	

**Overview**

The Department of State administers programs in four major areas: motor vehicle transactions (includes titling and registering vehicles), traffic safety (includes driver testing); consumer protection (includes inspecting and licensing automotive repair facilities); and regulation and administration of the state's electoral process (includes training local election officials and monitoring campaign finance).

**Major Budget Changes from FY 2004-05**

		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>1. Motorcycle Safety Education Grants</b>	<b>Gross</b>	<b>\$1,000,800</b>	<b>\$199,200</b>
Reflects increase in funding available for Motorcycle Safety Education grants from the Motorcycle Safety Fund.	Restricted	1,000,800	199,200
<b>2. GF/GP Funding Reductions</b>	<b>Gross</b>	<b>\$144,113,100</b>	<b>(\$130,800)</b>
Reduces GF/GP available for the following lines: Department Services-Operations by \$600; Regulatory Services-Operations by \$7,800; Branch Operations by \$53,300; Central Operations by \$3,100; Election Administration and Services by \$66,000	GF/GP	\$6,338,700	(\$130,800)

**Major Boilerplate Changes from FY 2004-05**

**Sec. 812.(4) Organ and Tissue Donation Education Fund – NEW**

Authorizes Department to receive and expend funding from the Organ and Tissue Donation Education Fund for administrative expenses.

**Sec. 815a. Strategies for Increasing Online Transactions – NEW**

Requires Department to develop a project plan which includes new strategies for increasing the number of transactions completed online.

# TREASURY

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	<u>FY 2004-05 YTD*</u>	<u>FY 2005-06 Executive</u>	<u>FY 2005-06 House</u>	<u>Difference:</u> <u>House from Year-to-Date</u>	
<b>IDG/IDT</b>	\$13,172,800	\$13,456,400	\$12,082,600	(\$1,090,200)	-8.3%
<b>Federal</b>	34,681,800	35,405,400	34,681,800	0	
<b>Local</b>	18,832,800	1,025,400	964,300	(17,868,500)	-94.9%
<b>Private</b>				0	
<b>Restricted</b>	1,432,983,100	1,441,584,000	1,426,688,000	(6,295,100)	-0.4%
<b>GF/GP</b>	91,549,200	105,725,700	103,284,500	11,735,300	12.8%
<b>Gross</b>	<b>\$1,591,219,700</b>	<b>\$1,597,196,900</b>	<b>\$1,577,701,200</b>	<b>(\$13,518,500)</b>	<b>-0.8%</b>
<b>FTEs</b>	1,662.5	1,647.5	1,632.5	(30.0)	-1.8%

\*Current year does not include May consensus revenue estimating conference appropriation for revenue sharing payments.

## 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, and lends funds to local units of government in fiscal distress through the Emergency Loan Board.

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05</u> <u>Year-to-Date</u>	<u>House</u> <u>Change</u>
<b>TREASURY OPERATIONS</b>			
<b>1. Legal Representation Costs</b>			
Adds funding for Attorney General to cover legal representation for cases involving tax reverted land.	<b>Gross</b> Restricted	<b>\$0</b> 0	<b>\$240,000</b> 240,000
<b>2. State Compliance Audits</b>			
Eliminates audit program for county compliance with auditing standards.	<b>Gross</b> GF/GP	<b>\$60,000</b> \$60,000	<b>(\$60,000)</b> (\$60,000)
<b>3. Program Reductions</b>			
Eliminates state collection of SET for some local units, \$50,000; consolidates oversight of programs, \$200,000; reduces funding for certain tax exemption reviews, \$250,000.	<b>Gross</b> GF/GP	<b>N/A</b> N/A	<b>(\$500,000)</b> (\$500,000)
<b>REVENUE SHARING</b>			
<b>4. Constitutional Revenue Sharing</b>			
Increases funding for constitutional revenue sharing payments to cities, villages, and townships. The current year total does not include the May consensus revenue estimating conference appropriation for revenue sharing. (If the May estimates were incorporated, the FY 2004-05 YTD would be \$667,400,000 and the House change would be \$26,100,000.)	<b>Gross</b> Restricted	<b>\$681,000,000</b> 681,000,000	<b>\$21,300,000</b> 21,300,000
<b>5. Statutory Revenue Sharing</b>			
Reduces funding for statutory revenue sharing payments to cities, villages, and townships. The current year total does not include the May consensus revenue estimating conference appropriation for revenue sharing. (If the May estimates were incorporated, the FY 2004-05 YTD would be \$443,300,000 and the House change would be a decrease of \$21,900,000.)	<b>Gross</b> Restricted	<b>\$445,300,000</b> 445,300,000	<b>(\$26,500,000)</b> (26,500,000)
<b>6. County Revenue Sharing</b>			
Eliminates one-time county revenue sharing payments for those counties whose fiscal year ended September 30. Payments helped implement county tax shift and were to be repaid to the state.	<b>Gross</b> Local	<b>\$17,868,500</b> 17,868,500	<b>(\$17,868,500)</b> (17,868,500)

<u>Major Budget Changes from FY 2004-05</u>		<u>FY 2004-05 Year-to-Date</u>	<u>House Change</u>
<b>7. Special Census Revenue Sharing Payments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$759,700</b>
Funds special census revenue sharing payments to be prorated among qualifying local units of government.	GF/GP	\$0	\$759,700
<b>DEBT SERVICE</b>			
<b>8. Debt Service</b>	<b>Gross</b>	<b>\$81,450,400</b>	<b>\$7,551,000</b>
Adds \$6.7 million GF/GP for required debt service payments on Quality of Life bond; reflects \$2.9 million fund source shift from restricted Cleanup and Redevelopment Funds to GF/GP. Adds \$3.8 million gross and GF/GP for required debt service payments on Clean Michigan Initiative bond. Reduces funding \$58,000 gross and GF/GP for payments on Water Pollution Control bond.	Restricted	39,001,800	(2,887,300)
	GF/GP	\$42,448,600	\$10,438,300
<b>GRANTS</b>			
<b>9. Grants</b>	<b>Gross</b>	<b>\$127,110,300</b>	<b>\$10,639,700</b>
Eliminates \$10,000 reimbursement to counties for lost tax revenue for lands transferred to the federal government. Based on revenue collections, provides \$5.4 million gross for Convention Facility Development Distribution and \$1.5 million gross for Health and Safety Fund Grants. Adds \$2.3 million gross for Commercial Mobile Radio Service Payments for local wireless 911 emergency response services, \$210,000 GF/GP for Qualified Agricultural Loan payment program, and \$1.2 million GF/GP for Senior Citizen Cooperative Housing Tax Exemption Program. Includes \$300,000 GF/GP for Renaissance Zone Reimbursement payments made to libraries for lost property tax revenue associated with renaissance zones. Reduces Special Grants line item to cities that have an emergency financial manager appointed by \$230,300.	Restricted	106,000,000	9,170,000
	GF/GP	\$21,110,300	\$1,469,700
<b>10. Transportation Funding Reduction</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$783,000)</b>
Reduces funding from transportation funds based on reduction included in the Department of Transportation budget.	Restricted	N/A	(783,000)
<b>11. Other Changes</b>	FTE	N/A	8.0
Adds \$500,000 and 3.0 FTEs to assist state fund investment program; 2.0 FTEs to unclaimed property program to help conduct additional in-state enforcement audits (funding included in FY 2004-05 Supplemental); and 3.0 FTEs for collections program for seasonal hiring.	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
	Restricted	N/A	500,000
<b>12. House GF/GP Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$423,500)</b>
Includes additional reductions in GF/GP in various line items from FY 2004-05 appropriation.	GF/GP	N/A	(\$423,500)

### Major Boilerplate Changes from FY 2004-05

#### **Sec. 920. Sleeping Bear Dunes National Lakeshore – DELETED**

Eliminates payments to counties in lieu of taxes for lands transferred to the Federal government.

#### **Sec. 923. Handbook for Taxpayers – DELETED**

Prohibits Department from expending funds on new taxpayer audits until the required taxpayer and tax preparers handbook on audit and collection procedures is published and available to taxpayers and tax preparers.

#### **Sec. 927. Qualified Agricultural Loan Payments - DELETED**

Specifies that any unexpended balance from authorized funds for qualified agricultural loan payments are appropriated and may be used as payments.

#### **Sec. 929. Agreements to Supply Data or Collection Services – MODIFIED**

Allows Department to charge for supplying tax data and collection services; stipulates that unobligated fund balance reverts to the general fund.

#### **Sec. 931. Fees Charged Against Restricted Funds – MODIFIED**

Allows Department to assess fees against all current and new restricted funds that receive common cash earnings.

#### **Sec. 940. Personal Property Tax Auditors – DELETED**

### **Major Boilerplate Changes from FY 2004-05**

Authorizes state classified civil service employees or contractors under Department's supervision to be hired to perform personal property tax audits.

#### ***Sec. 943. Social Security Numbers on Mailings – NEW***

Prohibits Department from printing complete social security numbers on 1099 mailings.

#### ***Sec. 944. Homestead Property and Home Heating Credit e-filing – NEW***

Requires Department to develop a pilot application for an online credit only filing system for homestead property exemption and home heating credit filers.

#### ***Sec. 945. Electronic Income Tax Filing – NEW***

Requires Department to develop a strategic plan to for electronic filing of income and business tax returns free-of-charge.

#### ***Sec. 951. County Treasurer Compliance with State School Aid Act - DELETED***

Requires county treasurers to comply with provisions of the state school aid act in order to receive statutory state general revenue sharing grant payments.

#### ***Sec. 953. County Restricted Reserve Accounts – DELETED***

Requires county revenue sharing payments be distributed on a one-time basis to counties with a fiscal year ending September 30. The state was to be reimbursed from the counties' revenue sharing reserve funds.

#### ***Sec. 956. Special Census Revenue Sharing – NEW***

Includes funding for special census revenue sharing payments to eligible cities, villages, and townships that are certified to be eligible by November 1, 2005.

#### ***Sec. 970. Casino Wagering Tax – DELETED***

Requires wagering tax revenue from licensed gaming under the Michigan gaming control and revenue act at the rate of 8.15% to be appropriated to the state school aid fund; distribution is provided for by statute.