



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1051 (as introduced 6-6-18)
Sponsor: Senator Dave Hildenbrand
Committee: Government Operations

Date Completed: 9-4-18

CONTENT

The bill would amend the Management and Budget Act to do the following:

- **Require the Governor's proposed budget to be for the upcoming and following fiscal years.**
- **Require the Governor to present a strategic plan each fiscal year starting with the upcoming fiscal year and covering the next five fiscal years.**
- **Require the Director of the Department of Technology, Management, and Budget (DTMB), within nine months after the end of the fiscal year to publish on the internet a financial report, and prescribe the information that would have to be contained in the report.**

Two-Year Budget & Budget Bills

Under the Act, within 30 days after the Legislature convenes in regular session, except in a year in which a newly-elected governor is inaugurated into office when 60 days is allowed, the Governor must transmit to each member of the Legislature and the House and Senate Fiscal Agencies the budget in detail, accompanied by any explanations and recommendations relative to the budget that he or she considers necessary.

The bill would require this budget to be for the upcoming fiscal year and the following fiscal year. At a minimum, it would have to consist of all of the following:

- Estimates of anticipated revenues by State funds.
- Line-item details of proposed expenditures unrolled to show specific spending categories.
- Estimates of the year-end unrestricted funds balances for State funds.
- Any additional budget details required by the Act.

Under the Act, the Governor is required to transmit to the Legislature and the fiscal agencies budget bills containing itemized statements of estimated State spending to local units of government, annual required employer contributions for unfunded retiree health care and pension legacy costs, individual line item amounts including full-time equated positions, and any necessary bills for additional revenue to provide financing for proposed expenditures. The bill would require the Governor to submit those bills for the upcoming fiscal year and the following fiscal year.

Strategic Plan

Each fiscal year, by the 30- or 60-day deadline, the bill also would require the Governor to present a strategic plan for the State. The plan would have to be published on the State's

website and could be a revised version of a previous plan or a new plan. The strategic plan would have to start with the upcoming fiscal year and would have to cover the next five fiscal years. The plan would have to include the mission, vision, goals, strategies, and performance measures for each State department, including measures of the department's inputs, outputs, and output measures. The department's balanced scorecard could serve as its output measures. At the Governor's discretion, the plan could include inputs, outputs, and output measures for State agencies, bureaus, and divisions within a State department.

Financial Report

Within nine months after the end of the fiscal year, the Director would have to publish on the internet a popular financial report that would have to "strive to communicate the state's current financial situation in an easy-to-understand report". At a minimum, the report would have to include information on the most recent five years of data for each of the following:

- Total State revenue and expenditures.
- Total General Fund/General Purpose and School Aid Fund revenue and expenditures.
- The unrestricted fund balance for the General Fund and School Aid Fund.
- Total outstanding State debt by major type.
- Total unfunded pension and other postemployment benefit obligations for each of the following retirement systems: the State Employees' Retirement Act, the Public School Employees Retirement Act, the Judges Retirement Act, the State Police Retirement Act, and the Michigan Legislative Retirement System Act.
- Total revenue by major source, including taxes and Federal grants.
- Total expenditures by major spending category.
- The number of State employees by department.
- Basic economic information for the State, including per-capital income, nonfarm payroll employment, and the unemployment rate.

MCL 18.1363 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have minimal operational and fiscal implications for the State Budget Office, and no fiscal impact on local units of government. The bill would formalize in statute a process that the Department of Technology, Management, and Budget (DTMB) has been using for its budget presentations since fiscal year 2011-12. According to the DTMB, the provisions related to strategic plans and a popular financial report would require the compilation and publication of information already available and would not result in additional costs.

It is important to note that pursuant to an Attorney General's letter opinion issued on February 9, 2011, the Governor is allowed to propose a two-year budget and the Legislature can enact a two-year budget but the second year would be only an expression of an "intent to appropriate", not binding or legally enforceable.

Fiscal Analyst: Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.