

**FY 2015-16 GENERAL OMNIBUS BUDGET**  
**Summary: Conference Report**  
**Senate Bill 133 (S-1) CR-1**



Mary Ann Cleary, Director

**TOTAL APPROPRIATIONS BY BUDGET AREA**

Budget Area (Bill Page) [Summary Page]	FY 2015-16	
	Gross	GF/GP
Agriculture & Rural Development (1) [2]	\$86,594,000	\$43,073,600
Corrections (29) [8]	1,962,226,000	1,903,948,400
Education (82) [15] *	305,876,200	74,898,700
Environmental Quality (108) [22]	486,909,300	34,827,700
General Government (142) [27]		
Attorney General (143) [29]	92,107,600	37,013,400
Civil Rights (147) [31]	16,128,700	12,949,700
Executive Office (149) [33]	5,531,100	5,531,100
Legislature (150) [34]	136,464,300	131,872,300
Legislative Auditor General (152) [35]	22,840,500	15,460,100
State (154) [36]	225,256,700	17,161,500
Technology, Management, Budget (160) [38]	1,263,223,700	477,198,200
Treasury (167) [44]	1,945,052,200	280,379,300
Talent & Economic Development – MSF (176) [51]	1,153,023,500	198,457,000
Subtotal: General Government	4,859,628,300	1,176,022,600
Health and Human Services (318)		
Health Services (DCH) [57] *	19,562,369,000	3,200,596,700
Human Services (DHS) [72] *	5,514,814,700	942,202,500
Insurance & Financial Services (482) [82]	65,057,700	150,000
Judiciary (495) [85]	284,651,400	183,442,200
Licensing & Regulatory Affairs (514) [88]	407,649,000	38,481,500
Military & Veterans Affairs (550) [96] *	166,953,700	51,187,300
Natural Resources (589) [100]	404,001,200	39,597,800
State Police (623) [106] *	620,837,400	376,305,600
Transportation (661) [117]	3,896,201,400	400,000,000
<b>TOTAL</b>	<b>\$38,623,769,300</b>	<b>\$8,464,734,600</b>

Note: Appropriation figures include all proposed appropriation amounts, including amounts designated as one-time.

\* Includes FY 2014-15 supplemental appropriations.

**FY 2015-16: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**



**Summary: Conference Report  
Article I, Senate Bill 133 (S-1) CR-1**

**Analyst: William E. Hamilton**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$318,100	\$317,300	\$317,300	\$317,300	\$317,300	(\$800)	(0.3)
<b>Federal</b>	10,176,200	10,427,900	10,427,900	10,427,900	10,427,900	251,700	2.5
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	98,300	128,100	128,100	128,100	128,100	29,800	30.3
<b>Restricted</b>	28,143,400	30,897,100	32,047,100	27,641,300	32,647,100	4,503,700	16.0
<b>GF/GP</b>	45,316,200	42,373,600	42,373,600	42,573,600	43,073,600	(2,242,600)	(4.9)
<b>Gross</b>	<b>\$84,052,200</b>	<b>\$84,144,000</b>	<b>\$85,294,000</b>	<b>\$81,088,200</b>	<b>\$86,594,000</b>	<b>\$2,541,800</b>	<b>3.0</b>
<b>FTEs</b>	452.0	460.0	460.0	452.0	460.0	8.0	1.8

Notes: FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through May 26, 2015 (including Executive Order 2015-5 and House Bill 4112). Appropriation figures include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

Department of Agriculture and Rural Development's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

**Note:**

Conference Committee meeting on Wednesday, May 27, 2015, agreed on Conference report, **Senate Bill 115 (S-2) CR-1\***. **Senate Bill 115** was a stand-alone bill to provide appropriations for the Michigan Department of Agriculture and Rural Development (MDARD). However, the bill as passed the Senate on May 7, 2015 was essentially a shell bill – it shows Gross appropriations of only \$100. The bill was returned by the House on May 19, 2015 as a shell bill – the House-passed bill shows Gross appropriations of \$0.

The real differences between the House and Senate transportation budgets, as shown in the balance of this document, are between the two omnibus budget bills – **Article I of House Bill 4102 (H-1)** and **Article I of Senate Bill 133 (S-1)**. In effect, Conference report **Senate Bill 132 (S-2) CR-1\***, resolves the differences between the House and Senate omnibus budget bills with respect to the MDARD budget.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Food Safety and Quality Assurance</b>		
<u>Executive</u> recognized \$1.5 million related to proposed increases in the food licensing and inspection fees. These fees support department food safety programs. <u>Executive</u> had also authorized an additional 8.0 FTE positions.	FTEs 83.0	8.0
	<b>Gross \$12,378,200</b>	<b>\$1,159,600</b>
	Federal 1,255,000	(4,100)
	Restricted 3,432,000	1,188,500
	GF/GP \$7,691,200	(\$24,800)

House concurs with Executive. Increased fee revenue would be put into effect through House Bill 4470, a bill to amend the Food Law of 2000.

Senate did not recognize additional fee revenue.

Conference concurs with Executive/House.

[House, Senate, and Conference also reflect the following changes as compared to current year: Redirection of \$347,100 in Dairy and Food Safety Fund revenue to Operational Services; a \$31,300 increase in Consumer and

[continued on next page]

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Food Safety and Quality Assurance (continued)</b>		
Industry Food Safety Education fund support to reflect new allergen awareness requirements for food safety training programs under 2014 amendments to the Food Law of 2000 (Senate Bill 730 enacted as 2014 PA 516); economic adjustments which net to a \$39,000 Gross (\$24,800 GF/GP) decrease in anticipated program cost.]		
<b>2. Milk Safety and Quality Assurance</b>		
Executive reflects the redirection of \$37,900 in Dairy and Food Safety Fund revenue to Operational Services, and economic adjustments netting to a \$10,700 Gross (\$9,900 GF/GP) decrease in anticipated program cost.	FTEs 30.0 Gross \$4,219,200 Federal 55,000 Restricted 253,200 GF/GP \$3,911,000	0.0 (\$48,600) (100) (38,600) (\$9,900)
House/Senate and Conference concur with Executive.		
<b>3. Animal Industry - Disease Prevention and Response</b>		
Executive reflects the redirection of \$11,000 in Licensing and Inspection Fee revenue to Operational Services, \$69,400; increased restricted and federal revenue to better align budget to actual anticipated revenue; and economic adjustments netting to a \$14,000 Gross (\$12,500 GF/GP) decrease in anticipated program cost.	FTEs 60.0 Gross \$8,836,600 Federal 565,400 Restricted 257,800 GF/GP \$8,013,400	0.0 \$44,400 18,800 38,100 (\$12,500)
House/Senate and Conference concur with Executive.		
<b>4. Pesticide and Plant Pest Management (PPPM)</b>		
Executive included \$1.2 million in proposed increases in pesticide, fertilizer, and feed licensing and regulatory fees used to support department's PPPM programs.	FTEs 81.0 Gross \$12,181,800 Federal 1,901,100 Private 20,700 Restricted 4,666,200 GF/GP \$5,593,800	(1.0) \$1,089,300 (5,300) 100 1,110,600 (\$16,100)
House concurs with the Executive. Additional fee revenue would be provided through bills to amend the Commercial Feed Law (House Bill 4451), and parts 83 and 85 of the Michigan NREPA (House Bill 4391).		
Senate did not recognize revenue from proposed statutory fee increases.		
Conference concurs with Executive/House.		
[House, Senate, and Conference also reflect the following changes as compared to current year: Redirection of \$169,500 in Licensing and Inspection Fee revenue to Operational Services; \$72,900 increase in Commodity and Inspection Fee revenue to better align budget with anticipated revenue; economic adjustments netting to \$34,100 Gross (\$16,100 GF/GP) decrease in anticipated program cost. Reduction of one FTE is a technical adjustment.]		

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>5. Environmental Stewardship/ MAEAP / Local Conservation Districts</b>	FTEs	23.0	0.0
<u>House</u> and <u>Senate</u> concur with <u>Executive</u> in rolling up three current line items into a single line encompassing the department's conservation and freshwater protection programs, including MAEAP. These programs are supported by restricted Freshwater Protection Fund, federal grant funding, and state GF/GP revenue. The line is defined in boilerplate Section 601. [The FY 2014-15 YTD figure shows three current line items as if they were already rolled up in order to show changes in baseline funding.]	<b>Gross</b>	<b>\$7,844,000</b>	<b>\$1,284,500</b>
	Federal	1,343,200	294,800
	Restricted	5,153,000	989,800
	GF/GP	\$1,347,800	(\$100)
 <u>House</u> included \$1.0 million additional Freshwater Protection Fund revenue as compared to Executive. This reflects increases in certain water quality protection fees that would be provided through House Bill 4391, a bill to amend the Natural Resources and Environmental Protection Act. House Bill 4391 would also extend current sunset dates.			
 <u>Senate</u> concurs with the Executive; did not include \$1.0 million increase in water quality protection fees for MAEAP.			
 <u>Conference</u> concurs with House.			
 [House, Senate, and Conference also reflect \$300,000 federal Environmental Protection Agency (EPA) grant related to Western Lake Erie Basin projects, and \$140,000 state restricted related to a contract with Bayer CropScience LP.]			
<b>6. Qualified Forest Program</b>	FTE	9.0	0.0
<u>Executive</u> had recognized \$100,000 increase in restricted revenue from the Private Forestland Development Fund to offset reduction in GF/GP.	<b>Gross</b>	<b>\$2,535,000</b>	<b>\$147,500</b>
	Restricted	35,000	249,900
	GF/GP	\$2,500,000	(\$102,400)
 <u>House</u> recognizes \$250,000 increase in restricted revenue to offset decrease in GF/GP - \$150,000 more than Executive; redirects \$150,000 GF/GP to Commercial Forestry Audit.			
 <u>Senate</u> concurs with <u>Executive</u> and recognizes only \$100,000 fund shift.			
 <u>Conference</u> concurs with Executive/Senate with respect to GF/GP; also includes \$150,000 additional restricted revenue.			
 [House, Senate, and Conference also reflect economic adjustments which net to a \$2,500 Gross (\$2,400 GF/GP) decrease in anticipated program costs.]			
<b>7. Commercial Forestry Audit Program</b>	<b>Gross</b>	<b>\$150,000</b>	<b>\$150,000</b>
<u>Executive</u> budget would eliminates funding for this program.	GF/GP	\$150,000	\$150,000
 <u>House/Senate/Conference</u> include \$300,000 GF/GP to provide for the final two years of the three-year commercial forestry audit. (See related boilerplate Sec. 609.)			
<b>8. Agriculture Development</b>	FTEs	11.0	0.0
Program assists with local and regional economic development activities, including promotion of agricultural exports. <u>Executive</u> budget reflects economic adjustments. <u>House/Senate/Conference</u> concur with <u>Executive</u> .	<b>Gross</b>	<b>\$3,579,500</b>	<b>(\$2,800)</b>
	Federal	2,300,000	(1,800)
	Restricted	86,800	(200)
	GF/GP	\$1,192,700	(\$800)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>9. Rural Development Value-Added/Strategic Growth Initiative</b>	<b>Gross</b>	<b>\$2,050,000</b>	<b>(\$850,000)</b>
<u>Executive</u> budget would combine two current year grant programs, Rural Development Value-Added grants, and Food and Agriculture Industry Growth Initiative, into a single line-item grant program, Strategic growth initiative, funded at \$1.1 million GF/GP. This is \$950,000 less than the current total funding for the two combined programs. The FY 2014-15 Adjusted Year-To-Date figure to the right is the total for the two current year line items.	GF/GP	\$2,050,000	(\$850,000)
<u>House</u> concurs with <u>Executive</u> .			
<u>Senate</u> retains funding for both grant programs.			
<u>Conference</u> retains a single grant program line, <i>Rural development value-added</i> , funded at \$1.2 million GF/GP - \$650,000 in the <i>Agriculture development</i> appropriations unit, and \$550,000 in the <i>One-time basis only</i> appropriations unit.			
<b>10. Horse Racing Programs</b>	FTEs	3.0	(2.0)
These programs are supported through the Agriculture Equine Industry Development Fund (AEIDF).	<b>Gross</b>	<b>\$3,167,300</b>	<b>\$499,900</b>
	Restricted	3,167,300	499,900
<u>Executive</u> reduced AEIDF support and 2.0 FTE positions related to fairs and racing administration functions, but retained current year funding for horse racing awards and purse supplements.			
<u>House/Senate</u> concur with <u>Executive</u> .			
<u>Conference</u> provides an additional \$600,000 AEIDF for horse purse supplements. It is not clear if AEIDF revenue will support this increased appropriation.			
<b>11. County Fairs Capital Improvement Grants</b>	<b>Gross</b>	<b>\$320,000</b>	<b>(\$20,000)</b>
<u>House</u> concurs with <u>Executive</u> and reduces funding to \$170,000.	GF/GP	\$320,000	(\$20,000)
<u>Senate</u> includes \$300,000 for the program.			
<u>Conference</u> concurs with <u>Senate</u> .			
<b>12. Shows and Expositions</b>	<b>Gross</b>	<b>\$50,000</b>	<b>(\$30,000)</b>
<u>House</u> concurs with <u>Executive</u> and eliminates grant program.	GF/GP	\$50,000	(\$30,000)
<u>Senate</u> includes \$20,000 for the program.			
<u>Conference</u> concurs with <u>Senate</u> .			
<b>13. Food &amp; Agriculture Industry Strategic Growth Initiative (One-Time)</b>	<b>Gross</b>	<b>\$1,400,000</b>	<b>(\$1,400,000)</b>
<u>Executive</u> eliminates one-time GF/GP competitive grant program. [The original appropriation was \$2.0 million; funding was reduced by \$600,000 by Executive Order 2015-5.]	GF/GP	\$1,400,000	(\$1,400,000)
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
<b>14. Muskegon Farmers Market (One-Time)</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Eliminates one-time GF/GP authorization.	GF/GP	\$200,000	(\$200,000)
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
<b>15. Ottawa County Agriculture Incubator (One-Time)</b>	<b>Gross</b>	<b>\$500,000</b>	<b>(\$500,000)</b>
Eliminates one-time GF/GP authorization.	GF/GP	\$500,000	(\$500,000)
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>	
<b>16. One Item Capital Equipment for Geagley Laboratory – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$150,000</b>
<u>Executive</u> budget included \$500,000 one-time GF/GP funding for laboratory testing equipment.	GF/GP	\$0	\$150,000
<u>House</u> included \$350,000 - \$150,000 GF/GP less than the Governor's proposal.			
<u>Senate</u> did not include.			
<u>Conference</u> includes at \$150,000.			
<b>17. One-Time Tree Fruit Research Grants – NEW</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
New grant program added in <u>Conference</u> .	GF/GP	\$0	\$500,000
<b>18. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$167,400)</b>
Reflects net cost reduction of \$167,400 million Gross (\$92,600 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. These adjustments are reflected in a number of appropriation line items, including the items described above.	IDG	N/A	(800)
	Federal	N/A	(18,100)
	Private	N/A	(200)
	Restricted	N/A	(55,700)
	GF/GP	N/A	(\$92,600)

### Major Boilerplate Changes From FY 2014-15

#### **Sec. 303. On-Line Licensing Applications – NEW**

Conference includes language indicating Legislative intent that the department use revenue from licensing and inspection fees to increase the use of technology in licensing and inspection activities to make licensing and inspection functions, including reporting, more efficient. Directs the department to work to ensure that all license and registration applications can be completed on-line through a secure web portal.

#### **Sec. 401. Food Safety and Quality Assurance – NOT INCLUDED**

Executive budget included new section that directed that from the additional funds appropriated for food safety programs in Part 1, from proposed increases in food safety licensing and inspection fees, the department increase the number of inspections at licensed food establishments. The section further directs the department to identify specific outcomes and performance measures. Conference does not include.

#### **Sec. 402. Food Safety Report – MODIFIED**

Retains the current report on food-borne outbreaks and emergencies related to food safety, but as a part of the department's Food and Dairy annual report. Retains the April 1 reporting due date.

#### **Sec. 451. Bovine Tuberculosis Split State Status – MODIFIED**

Requires department to pay for all whole-herd and individual-animal testing costs to maintain split-state status, including indemnity. Makes minor wording change.

#### **Sec. 453. Indemnification Payments – RETAINED**

Authorizes department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; provides for report. Subsection (2) authorizes department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) provides for a report.

#### **Sec. 454. Bovine TB – MODIFIED**

Directs department to collaborate with USDA and work to eradicate Bovine TB; minor changes to wording.

#### **Sec. 456. Electronic Animal Identification (EID) – RETAINED**

Prohibits use of funds to enforce EID program for domestic animals other than cattle without specific authorization in statute.

#### **Sec. 457. Bovine TB Report – RETAINED**

Requires quarterly report on Bovine TB program.

#### **Sec. 458. Aquaculture and Viral Hemorrhagic Septicemia (VHS) Eradication Programs – RETAINED**

Requires department support for inspection and testing of aquaculture facilities; states legislative intent with regard to VHS surveillance program.

#### **Sec. 459. Bovine TB Testing, Legislative Intent – RETAINED**

Indicates that it is the intent of the Legislature that the department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 501. Pesticide and Plant Pest Management – NEW**

Executive budget included section that directs that from the additional funds appropriated for PPPM programs in Part 1, from proposed fee increases, the department improve its ability to perform proper surveillance of the fertilizer and pesticide industries. Conference does not include.

### **Sec. 601. Environmental Stewardship – MODIFIED**

Clarifies intent of line item funding: "*The funds appropriated in part 1 for environmental stewardship/MAEAP shall be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan natural resources and environmental protection act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal farm bill of 2014.*"

### **Sec. 603. Local Conservation Districts – DELETED**

Deletes current language that directs the use of money appropriated for local conservation districts in Part 1. The proposed budget would roll up the Local Conservation District line item into the MAEAP/Environmental Stewardship line item.

### **Sec. 604. Appropriation of Excess Federal Revenues – RETAINED**

Authorizes the department to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature.

### **Sec. 605. MAEAP Restrictions – DELETED**

Current language restricts funding for the Michigan Agriculture Environmental Assurance Program (MAEAP) to the specific MAEAP appropriation in Part 1. The proposed budget would roll up the MAEAP line item into a new MAEAP/Environmental Stewardship line item.

### **Sec. 607. Inter-County Drain Program – DELETED**

Indicates legislative intent that department continue its activities as provided under the Drain Code.

### **Sec. 608. Qualified Forest Program – RETAINED**

Defines purpose of program as increasing knowledge of nonindustrial private forestland owners' best management practices and increasing the amount of commercial timber production from those lands.

### **Sec. 609. Commercial Forestry Audit Program – MODIFIED**

Defines purpose and uses of commercial forestry audit appropriation in par 1; indicates appropriation is a work project; provides for a report.

### **Sec. 701. Rural Development Value Added Grant Program – DELETED**

Deletes current language that provided guidance for the program. The proposed budget would roll up this grant program into a new Strategic Growth Initiative grant program.

### **Sec. 706. Agricultural Development – MODIFIED**

Requires department to report on agricultural development and export market development activities; modifies to establish specific reporting requirement for grants.

### **Sec. 711. Strategic Growth Initiative Grant Program – MODIFIED**

Modifies current language that had applied to the "food and agriculture industry growth initiative" grant program and instead references a new Strategic Growth Initiative grant program; provides guidance for program grants.

### **Sec. 801. Ag Equine Industry Development Fund – RETAINED**

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes.

### **Sec. 802. Agriculture Equine Fund Reduction – RETAINED**

Requires that department make proportionate reductions in AEIDF appropriations, except for the racing commission and laboratory analysis, if AEIDF revenue falls below original appropriation amounts.

### **Sec. 803. Thoroughbred/Standardbred Program Escrow – RETAINED**

Provides for "escrowing" program funds.

### **Sec. 804. Michigan Gaming Control Board – RETAINED**

Requires MGCB to use actual expenditure data in determining regulatory costs.

### **Sec. 805. County Fair Capital Grant Program – RETAINED**

Provides for matching program for county fair capital grants appropriated in part 1.

### **Sec. 806. Shows and Expositions Grants – DELETED**

Established conditions for grant program that is not included in proposed budget.

### **Sec. 1101. Food and Agriculture Industry Value-Added Grant Program – DELETED**

Deletes language that provided criteria for One-time grant program; this program is not included in FY 2015-16 proposed budget.

**FY 2015-16: DEPARTMENT OF CORRECTIONS**  
**Summary: Conference Report**  
**Article V, Senate Bill 133 (S-1) CR-1**



**Analyst: Robin R. Risko**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$0	0.0
<b>Federal</b>	5,081,000	5,568,700	5,568,700	5,568,700	5,568,700	487,700	9.6
<b>Local</b>	8,547,700	8,533,200	8,533,200	8,533,200	8,533,200	(14,500)	(0.2)
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	48,769,600	42,950,700	42,950,700	42,950,700	43,950,700	(4,818,900)	(9.9)
<b>GF/GP</b>	1,960,098,400	1,918,948,400	1,908,948,400	1,904,448,500	1,903,948,400	(56,150,000)	(2.9)
<b>Gross</b>	<b>\$2,022,721,700</b>	<b>\$1,976,226,000</b>	<b>\$1,966,226,000</b>	<b>\$1,961,726,100</b>	<b>\$1,962,226,000</b>	<b>(\$60,495,700)</b>	<b>(3.0)</b>
<b>FTEs</b>	14,195.3	14,190.3	14,190.3	14,190.3	14,190.3	(5.0)	0.0

Note: FY 2014-15 year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and 2015 PA 6), and include appropriation amounts designated as "one-time."

**Overview**

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 32 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of May 1, 2015, the department was responsible for 109,604 Michigan offenders: 43,396 prisoners, 49,473 probationers, and 16,735 parolees.

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>1. Remove One-Time Funding</b>		<b>Gross</b>	<b>\$27,085,900</b>
<u>Executive</u> removes all one-time funding that was included in the FY 2014-15 budget:		GF/GP	(\$27,085,900)
<ul style="list-style-type: none"> <li>\$25.0 million for Neal, et al. Settlement Agreement</li> <li>\$1.0 million for Education Program one-time enhancement costs</li> <li>\$600,000 for 70 x 7 Life Recovery Muskegon Pilot program</li> <li>\$440,600 for Field Operations one-time mobilization costs.</li> </ul>			
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.			
<b>2. Continuation of FY 2014-15 Executive Order Reductions</b>		FTE	N/A
<u>Executive</u> reflects a savings from continuing, in the FY 2015-16 budget, various FY 2014-15 reductions that were included in Executive Order 2015-5:		<b>Gross</b>	<b>N/A</b>
<ul style="list-style-type: none"> <li>\$7.4 million and 5.0 FTE positions from correctional facility operating efficiencies and cost controls, and elimination of administrative vacancies</li> <li>\$4.0 million from the department purchasing electronic monitoring devices instead of leasing devices, and a reduced per day per device fee for the use of the associated technology</li> <li>\$1.8 million from recognizing typical year-end lapses in the County Jail Reimbursement Program line item (\$1.3 million) and the Prisoner Reentry Local Service Providers line item (\$500,000)</li> <li>\$1.0 million from a reduction in transportation costs resulting from increased use of tele-medicine, increased use of video-conferencing between prisoners and courts, and an increase in situations where friends and families pick up inmates upon their release from prison instead of the department having to transport them.</li> </ul>		GF/GP	(5.0)
<u>House</u> concurs. <u>Senate</u> concurs.			<b>(\$14,100,000)</b>
			<b>(\$14,100,000)</b>



<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>3. Utilize Special Equipment Fund Revenue to Offset GF/GP</b>	<b>Gross</b>	<b>\$45,929,900</b>	<b>(\$9,000,000)</b>
<u>Executive</u> replaces portions of GF/GP funding for the Education Program line item (\$7.0 million) and the Prisoner Reentry MDOC Programs line item (\$2.0 million) with state restricted Special Equipment Fund revenue that is currently used to cover capital outlay, equipment, and special maintenance costs. <u>House</u> concurs with the Executive and replaces an additional \$2.8 million of GF/GP funding for the Education Program line item with the balance of appropriated Special Equipment Fund revenue. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	Restricted	1,229,700	0
	GF/GP	\$44,700,200	(\$9,000,000)
<b>4. Goodwill Flip the Script</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$500,000)</b>
<u>Executive</u> eliminates funding appropriated in FY 2014-15 for Goodwill Flip the Script. Funding was granted to Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to roughly 800 troubled 16-29 year-olds, in an effort to keep them out of prison. <u>House</u> concurs. <u>Senate</u> retains current year funding. <u>Conference</u> reduces current year funding by \$500,000 for a total appropriation of \$2.0 million.	GF/GP	\$2,500,000	(\$500,000)
<b>5. IDG to DHS for Swift and Sure</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
<u>Executive</u> eliminates funding appropriated in FY 2014-15 to be granted by the department to DHS to be used for expansion of the Swift and Sure Sanctions Probation Program through the Michigan Rehabilitative Services program. <u>House</u> concurs. <u>Senate</u> retains current year funding. <u>Conference</u> eliminates funding.	GF/GP	\$1,000,000	(\$1,000,000)
<b>6. Closure of Kinross – Transfer Prisoners to Hiawatha</b>	<b>Gross</b>	<b>\$37,781,900</b>	<b>(\$2,000,000)</b>
<u>Executive</u> reflects partial year savings as a result of the decision to close the Kinross Correctional Facility and transfer prisoners to the former Hiawatha Correctional Facility. Due to the size and outdated physical plant, the department has determined it would be more cost effective to close the Kinross facility. The planned facility changes are currently scheduled for November 2015, yielding a partial year savings. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$37,781,900	(\$2,000,000)
<b>7. Transfer Jail Mental Health Transition Pilot Program to DHHS</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
<u>Executive</u> reflects the transfer of the Jail Mental Health Transition Pilot Program to DHHS in an effort to streamline mental health diversion services, programs, and projects. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$1,000,000	(\$1,000,000)
<b>8. Program and Fund Source Adjustments</b>	<b>Gross</b>	<b>\$81,318,900</b>	<b>(\$1,356,900)</b>
<u>Executive</u> makes the following program and fund source adjustments. The adjustments have no GF/GP impact on the budget:	Federal	1,229,700	495,500
• Eliminates the Public Works Program due to non-utilization (\$1.0 million)	Restricted	13,321,300	(1,852,400)
• Eliminates the Parole and Probation Oversight Fees Set-Aside fund source included in the budget for the Community Reentry Centers line item (\$421,300)	GF/GP	\$66,767,900	\$0
• Increases authorization to receive additional federal Title I funding to be used for prisoner education programs (\$495,500)			
• Includes state restricted fund source authorization for the Information Technology Services and Projects line item (\$866,300)			
• Reduces funding for Prison Industries Operations as a result of eliminating operations at three facilities, downsizing operations at one facility, and reducing administrative costs (\$2.3 million).			
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs with most all of the recommended adjustments, with the exception of eliminating the Public Works Program. Conference retains the program and current year funding.			
<b>9. Technical Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Executive</u> makes internal funding adjustments and transfers throughout the budget. The adjustments have no overall Gross or GF/GP impact and are made in order to more accurately reflect where expenditures occur and to reflect reorganization within the department. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	N/A	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>	
<b>10. Base Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$17,800,000</b>
Base adjustments are made throughout the budget in order to compare to original enacted appropriations for FY 2014-15. (Executive Order 2015-5 and 2015 PA 6.) <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	N/A	(2,900,000)
	GF/GP	N/A	\$20,700,000
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$5,252,900)</b>
<u>Executive</u> reflects a net cost reduction for increases in salary and wage costs, insurance rates, and private rent costs, and reductions in actuarially-determined retirement rates, building occupancy charges, and worker's compensation costs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	N/A	(7,800)
	Local	N/A	(14,500)
	Restricted	N/A	(66,500)
	GF/GP	N/A	(\$5,164,100)
<b>12. House Funding Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> eliminates or reduces funding for the following line items:	GF/GP	N/A	\$0
<ul style="list-style-type: none"> <li>• Eliminates funding for Public Safety Initiative (\$4.5 million)</li> <li>• Eliminates funding for Prisoner Reentry Legal Services (\$149,000)</li> <li>• Reduces funding for Field Operations (\$1.0 million)</li> <li>• Reduces funding for Northern Region Administration and Support (\$100,000)</li> <li>• Reduces funding for Southern Region Administration and Support (\$250,000)</li> <li>• Reduces funding for Administrative Hearings Officers (\$100,000)</li> <li>• Reduces funding for Housing Inmates in Federal Institutions (\$100,000)</li> <li>• Reduces funding for Leased Beds and Alternatives to Leased Beds (\$100,000)</li> <li>• Reduces funding for Clinical and Mental Health Services and Support (\$901,000)</li> </ul>			
<u>Senate</u> does not include all of the same House funding reductions. (See Senate funding reductions in item #13 below and Conference funding reductions in item #14 below.)			
<b>13. Senate Funding Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> reduces funding for the following line items:	GF/GP	N/A	\$0
<ul style="list-style-type: none"> <li>• Reduces funding for Prisoner Reentry Legal Services; retains \$100 placeholder (\$148,900)</li> <li>• Reduces funding for Prosecutorial and Detainer Expenses (\$500,000)</li> <li>• Reduces funding for Field Operations (\$500,000)</li> <li>• Reduces funding for Transportation (\$500,000)</li> <li>• Reduces funding for Clinical and Mental Health Services and Support (\$15.0 million)</li> <li>• Reduces funding for Carson City Correctional Facility (\$101,000)</li> <li>• Reduces funding for Charles E. Egeler Correctional Facility (\$250,000)</li> <li>• Reduces funding for Information Technology Services and Projects (\$1.5 million)</li> </ul>			
<u>House</u> does not include all of the same Senate funding reductions. (See House funding reductions in item #12 above and Conference funding reductions in item #14 below.)			
<b>14. Conference Funding Reductions</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$17,500,000)</b>
<u>Conference</u> eliminates or reduces funding for the following line items:	GF/GP	N/A	(\$17,500,000)
<ul style="list-style-type: none"> <li>• Eliminates funding for Prisoner Reentry Legal Services (\$149,000)</li> <li>• Reduces funding for Clinical and Mental Health Services and Support (\$15.0 million)</li> <li>• Reduces funding further for Workers Compensation (\$2.4 million)</li> </ul>			
<b>15. Parole Sanction Certainty Pilot Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
<u>Executive</u> does not include. <u>House</u> does not include. <u>Senate</u> includes funding to be distributed to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and/or Wayne Counties for operation and administration of a pilot program that is to be utilized as a condition of parole for technical parole violators. <u>Conference</u> concurs with the Senate.	GF/GP	N/A	\$500,000

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 204. Investment of Budgetary Savings – DELETED***

Expresses legislative intent that budgetary savings achieved are to be invested in early childhood education, K-12 education, higher education, local law enforcement entities through revenue sharing, and roads, in an effort to reduce high crime rates in the state. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 206. Disciplinary Action Against State Employees – REVISED***

Prohibits MDOC from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes. House retains and revises to include prohibition of disciplinary action against prisoners for communicating with legislators or their staff. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 207. State Employees and Competitive Bidding – DELETED***

Authorizes state employees to competitively bid on contracts for services that are or were provided by state employees; requires state employment to cease if bids are successful. Executive deletes. House deletes. Senate retains. Conference deletes.

### ***Sec. 219. Prisoner Telephone Calls and Special Equipment Fund – REVISED***

Requires prisoner telephone service contracts to contain a condition that prisoner telephone fees be the same as those applying outside of institutions, except for surcharges needed to meet special equipment costs; outlines conditions on Special Equipment Fund revenue; authorizes carry forward of unexpended revenue; requires a report on revenue and expenditures. Executive deletes \$2.0 million earmark of Special Equipment Fund revenue for prisoner programming, and changes the name of the fund to "Program and Special Equipment Fund". House revises to reflect use of the entire \$11.8 million in Special Equipment Fund revenue appropriated in the budget for prisoner programming, and concurs with the Executive on changing the name of the fund. Senate concurs with Executive revisions. Conference concurs with Executive revisions.

### ***Sec. 232. Security Levels of Prisoners Past Earliest Release Dates – DELETED***

Requires MDOC to report on the security levels of all prisoners who were classified as past their earliest release dates. Executive deletes. House deletes. Senate retains. Conference deletes (includes part of language in Sec. 419).

### ***Sec. 238. Repurposing of Closed Correctional Facilities – DELETED***

Expresses legislative intent that MDOC make additional efforts to sell, rent, or otherwise repurpose closed correctional facilities. Executive deletes. House deletes. Senate retains. Conference deletes.

### ***Sec. 304. Staff Suggestions – REVISED***

Requires MDOC to maintain a staff savings initiative program to invite staff to suggest cost savings for the department. Executive deletes. House deletes. Senate retains and revises to include requirement that MDOC either accept or reject the initiatives submitted within 30 days, report savings resulting from accepted proposals, and report reasons for rejected proposals. Conference concurs with Senate revisions, but changes 30 days to 60 days.

### ***Sec. 305. Report on Prisoner Suicides – DELETED***

Requires MDOC to report on prisoner suicides, including information on the circumstances of each suicide and MDOC's response to each. Executive deletes. House deletes. Senate retains. Conference deletes (includes part of language in Sec. 911).

### ***Sec. 402. Prisoner Reentry Expenditures – REVISED***

Expresses legislative intent that reentry appropriations are to be expended for reducing victimization by reducing offender recidivism through specified programs and services; requires MDOC to report on actual prior-year and planned current-year expenditures and allocations. Executive deletes. House deletes the intent language, but retains the reporting requirement. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 403. LEAN Process to Reduce Program Backlog – DELETED***

Requires MDOC to issue a request for proposal (RFP) to institute a LEAN process to determine ways to reduce the backlog for programming for prisoners who are within six months of their earliest release dates; requires a report on outcomes of the LEAN process. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 403. Effective Process Improvement and Communications (EPIC) Program – NEW***

Executive does not include. House does not include. Senate includes new language which requires MDOC to report on the scope and purpose of the EPIC program, the areas of MDOC receiving resources for EPIC, budgetary savings expected to result from EPIC, areas where MDOC policy has changed as a result of EPIC, and the number of employees assigned to EPIC. Conference includes the new language.

### ***Sec. 404. Staff Associated With LEAN Process – DELETED***

Authorizes MDOC to hire additional staff on a temporary basis to assist with instituting LEAN process principles and to provide programming to prisoners who are past their earliest release dates. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 406. Expansion of Swift and Sure Sanctions Program – DELETED***

Requires MDOC to provide \$1.0 million in IDG funding to DHS to expand the Swift and Sure Sanctions program through the Michigan Rehabilitative Services program. Executive deletes. House deletes. Senate retains. Conference deletes.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 409. Workforce Development – REVISED***

Requires MDOC to work with state agencies and local entities to coordinate reentry and vocational education programs for prisoners to encourage employment of prisoners upon release from prison. Executive deletes. House deletes. Senate retains. Conference revises to specify that MDOC work with the Talent Investment Agency within DTED.

### ***Sec. 414. County Jail Reimbursement Program – REVISED***

Requires MDOC to administer the County Jail Reimbursement Program, which offers counties specified per diem payments for housing certain offenders in jail. Executive retains. House retains. Senate retains and revises to include requirement that the program operate on a pre-pay basis (counties are to be paid on October 1 the same amount they were paid in the preceding fiscal year), and requirement that counties receiving funding submit reports on average jail capacity and annual average jail occupancy. Conference retains and revises to include the requirement that counties receiving funding submit reports on average jail capacity and annual average jail occupancy.

### ***Sec. 419. Offender Data Reports – REVISED***

Requires MDOC to provide weekly electronic mail reports on offender populations by location, facility capacities, prison intake and returns, and parole board activity; requires MDOC to provide monthly electronic mail reports on end-of-the-month prisoner populations in county jails, operating capacities, and data on community residential program populations, parole board activity, and prisoner intakes, returns, and exits. Executive retains. House retains and revises to include weekly reporting on security levels of prisoners and monthly reporting on the number of prisoners classified as past their earliest release dates. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 420. Report on Department Efficiencies – DELETED***

Requires MDOC to report on performance data and efforts to improve efficiencies relative to departmental staffing, health care services, food service, prisoner transportation, mental health care services, and pharmaceutical costs. Executive deletes. House deletes. Senate retains. Conference deletes.

### ***Sec. 421. Mental Health Diversion Council – DELETED***

Expresses legislative intent that the \$1.0 million appropriation for the Jail Mental Health Transition Pilot Program is to be used to address recommendations of the Mental Health Diversion Council. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 421. Parole Sanction Certainty Pilot Program – NEW***

Executive does not include. House does not include. Senate includes new language which requires MDOC to distribute funding to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and Wayne Counties for operation and administration of a pilot program that is to be utilized as a condition of parole for technical parole violators; requires reports from organizations on program performance measures, number of individuals participating in programs, number of individuals returning to prison after participating in programs, and outcomes of participants completing programs. Conference includes the new language.

### ***Sec. 431. Clothing for Exiting Prisoners – DELETED***

Requires MDOC to ensure each exiting prisoner has a set of clothing suitable for job interviews, if requested by the prisoner. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 435. Prisoner Reentry Legal Services – DELETED***

Requires MDOC to contract with Kent and Oakland Counties to establish pilot projects to provide outreach, education, and legal representation to former offenders in areas such as employment, housing, income stability, and child custody and other domestic matters; requires Oakland County to provide services to former offenders in Wayne County. Executive deletes. House deletes. Senate retains. Conference deletes.

### ***Sec. 436. Genesee County Jail Backlog – DELETED***

Requires MDOC to establish a workgroup with the Genesee County Sheriff's Department and the City of Flint Police Department to develop and implement a long-term strategic plan to ease county jail backlog and to reduce the need for department intervention. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 504. Consolidation of Transportation Services – DELETED***

Requires MDOC to work with DCH, MDOT, DHS, and MSF to determine if the state can maximize its services and funding for transportation for low-income, elderly, and disabled individuals through consolidation of transportation services. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 508. Analysis of Physical Structure of Facilities – REVISED***

Requires MDOC to analyze the structural integrity and overall quality of correctional facilities it owns or operates; requires a report on facility maintenance and utility costs, and plans for capital improvement costs. Executive deletes. House deletes requirement to analyze the structural integrity of facilities, but retains the reporting requirement. Senate deletes current year language. Conference concurs with House revisions.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 509. Study on Michigan State Industries Program – REVISED***

Requires MDOC to conduct a study on the Michigan State Industries program that focuses on determining which industries have the maximum benefit to prisoners in providing marketable skills and leading to employment; requires a report on production, operating budget, number of prisoners participating, and purchasers of products. Executive deletes. House deletes. Senate revises to require a study which focuses on determining which industries within the 10 identified prosperity regions in the state have the maximum benefit to prisoners; requires report to include data on the current labor force trends in the prosperity regions and how the Michigan State Industries operations can work in coordination with local communities to determine the industries that would produce the greatest number of employable prisoners upon release. Conference concurs with Senate revisions.

### ***Sec. 510. Administration of Healthy Michigan Plan – DELETED***

Requires MDOC to work with DCH to establish an accounting structure that will allow expenditures associated with administration of the Healthy Michigan Plan to be identified. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 608. Electronic Monitoring Report – DELETED***

Requires MDOC to report on the electronic monitoring program, particularly on the use of global positioning system (GPS) tethers. Executive deletes. House deletes. Senate retains. Conference deletes (includes reporting requirement in Sec. 611).

### ***Sec. 612. Violators of Parole and Probation – REVISED***

Requires MDOC to develop proposals for alternatives to prison for technical violators of parole and probation; authorizes MDOC to request appropriation transfers to fund alternatives; requires MDOC to utilize parole violator processing guidelines that require parole agents to utilize all community-based, nonincarcerative sanctions and services; requires a report on program impacts on probationers and parolees. Executive deletes. House deletes the requirement that the department develop proposals for alternatives to prison, deletes the authorization to request transfers, deletes the requirement to utilize parole violator processing guidelines, but retains the reporting requirement. Senate retains current year language. Conference retains the requirement that MDOC develop proposals for alternatives to prison for technical violators of parole and probation, and retains the reporting requirement.

### ***Sec. 616. Parole Board Reviews of Parolable Lifers – NEW***

Executive does not include. House does not include. Senate does not include. Conference includes new language which requires the Parole Board to review its policies related to the review and parole of offenders who are serving parolable life sentences, with consideration given to those who do not pose an ongoing risk to society.

### ***Sec. 802. Health Care Expenditures – REVISED***

Requires MDOC to report on expenditures, allocations, and projected expenditures from accounts for prisoner health care; requires MDOC to provide regular updates on the progress of health care requests for proposals. Executive deletes. House retains the reporting requirement, but deletes the requirement to provide updates on the progress of RFPs. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 803. Standard Medical Release Form – REVISED***

Requires MDOC to establish a standard medical release form for all prisoners, and to give all prisoners the opportunity to sign a release form, effective for one year, designating a family member or other individual to whom the department is authorized to release information. Executive deletes. House deletes the requirement to establish the release form, but retains the balance of the section. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 804. Health Care Utilization Reports – REVISED***

Requires MDOC to report on prisoner health care use, including emergency room visits, outpatient visits, and inpatient stays; requires MDOC to report on prisoners receiving off-site, in-patient medical care that would have been provided on-site if beds were available. Executive retains the requirement to report on prisoner health care use, but deletes the requirement to report on prisoners receiving off-site, in-patient medical care that would have been provided on-site if beds were available. House concurs with the Executive, but adds the number of prisoners receiving off-site, in-patient care to the report on prisoner health care use. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 911. Critical Incidents in Prisons – REVISED***

Requires MDOC to report on the number of critical incidents, assaults, and escape attempts at each prison facility by month. Executive deletes. House retains and revises to include the number of suicides and attempted suicides. Senate retains current year language. Conference concurs with House revisions.

### ***Sec. 915. Program to Allow Graduate Students to Teach Programming – DELETED***

Requires MDOC to explore opportunities to collaborate with Michigan universities to establish programs that will allow graduate students to work in correctional facilities teaching programming that is a condition of parole. Executive deletes. House deletes. Senate retains and revises to include community college and undergraduate students. Conference deletes.

### ***Sec. 938. Skilled Nursing Facility for Geriatric and Medically Fragile – DELETED***

Requires MDOC, in consultation with DTMB and DCH, to issue an RFI for a contract to provide beds in a skilled nursing facility for placement of geriatric and medically fragile prisoners, so that these prisoners are eligible for Medicaid reimbursement. Executive deletes. House deletes. Senate deletes. Conference deletes.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 945. Overcrowding in Central Michigan Correctional Facility Visiting Room – NEW***

Executive does not include. House does not include. Senate does not include. Conference includes new language which requires MDOC to investigate options for increasing visiting capacity at the Central Michigan Correctional Facility in order to ease visiting room overcrowding; requires a report on the progress being made to address visiting room overcrowding.

### ***Sec. 1011. Religious Cable Programming – REVISED***

Requires MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits costs to the state for adding channels. Executive deletes. House deletes. Senate retains. Conference revises language to allow MDOC to accept services and donations, instead of requiring them to.

### ***Sec. 1012. Faith-Based Reentry Programs – NEW***

Executive does not include. House does not include. Senate includes new language which requires priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, such as faith-based initiatives. Conference includes the new language, but revises it to allow priority to be given, instead of requiring priority to be given.

### ***Sec. 1051. Capital Outlay Appropriations – DELETED***

Authorizes carry forward of capital outlay appropriations. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 1201. Anticipated FY 2015-16 Appropriations – REVISED***

Expresses legislative intent that FY 2015-16 appropriations will be funded at the same level as FY 2014-15 appropriations, adjusting for caseloads, federal fund match rates, economic factors, and available revenue. Executive deletes. House deletes. Senate retains and updates fiscal years. Conference concurs with Senate revisions.

**FY 2015-16: DEPARTMENT OF EDUCATION**  
**Summary: Conference Report**  
**Article VI, Senate Bill 133 (S-1) CR-1**



**Analyst: Samuel Christensen**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	201,279,200	218,583,400	212,921,900	218,583,400	215,640,900	14,361,700	7.1
<b>Local</b>	5,633,700	5,633,700	5,633,700	5,633,700	5,633,700	0	0.0
<b>Private</b>	1,933,300	2,033,300	2,033,300	2,033,300	2,033,300	100,000	5.2
<b>Restricted</b>	7,972,600	7,669,600	7,669,600	7,669,600	7,669,600	(303,000)	(3.8)
<b>GF/GP</b>	73,679,900	79,292,200	75,291,300	75,680,400	74,898,700	1,218,800	1.7
<b>Gross</b>	<b>\$290,498,700</b>	<b>\$313,212,200</b>	<b>\$303,549,800</b>	<b>\$309,600,400</b>	<b>\$305,876,200</b>	<b>\$15,377,500</b>	<b>5.3</b>
<b>FTEs</b>	606.5	606.5	605.5	606.5	594.5	(12.0)	(2.0)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5, and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

**Major Budget Changes From FY 2014-15 YTD Appropriations**

**1. Child Development and Care (CDC) — Increase Exit Threshold**

Executive increases funding by \$763,700 federal Child Care Developmental Fund (CCDF) to raise the exit threshold for determining CDC eligibility from 121% to 250% of the federal poverty level to reflect full-year funding, in addition to the FY 2014-15 partial-year increase of \$764,000 federal CCDF in HB 4112, for a total increase of \$1.5 million federal CCDF compared to the original FY 2014-15 budget.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Gross</b>	<b>\$119,697,700</b>	<b>\$763,700</b>
Federal	83,108,900	763,700
GF/GP	\$36,588,800	\$0

**2. Child Development and Care (CDC) — 12-month Continuous Eligibility Model**

Executive increases funding by \$8.0 million federal CCDF to allow 12-month continuous child eligibility regardless of income after enrollment for CDC public assistance to reflect full-year funding, in addition to a FY 2014-15 partial-year increase of \$8.0 million federal CCDF in HB 4112, for a total increase of \$16.0 million federal CCDF compared to the original FY 2014-15 budget.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Gross</b>	<b>\$119,697,700</b>	<b>\$7,973,300</b>
Federal	83,108,900	7,973,300
GF/GP	\$36,588,800	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>3. Child Development and Care (CDC) — Increasing Provider Rates for Tiered Reimbursement</b>	<b>Gross</b>	<b>\$119,697,700</b>	<b>\$3,068,600</b>
<u>Executive</u> increases funding by \$3.1 million federal CCDF to increase provider reimbursement rates for the high quality licensed and registered programs as defined by the Great Start to Quality provider rating system to reflect full-year funding, in addition to a FY 2014-15 partial-year increase of \$3.1 million federal CCDF in HB 4112, for a total increase of \$6.1 million federal CCDF compared to the original FY 2014-15 budget.	Federal	83,108,900	3,068,600
<u>House</u> concurs with Executive.	GF/GP	\$36,588,800	\$0
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
<b>4. Child Development and Care (CDC) — FY 2015-16 Caseload Consensus</b>	<b>Gross</b>	<b>\$119,697,700</b>	<b>(\$7,303,300)</b>
<u>Conference</u> reduces gross appropriation by \$7.3 million (\$6.4 million federal CCDF and \$860,800 GF/GP) to align with consensus caseload estimates and consensus cost per case estimates. Also, includes FY 2015 supplemental to reduce the Child Development and Care subsidy by \$2.7 million GF/GP based on consensus caseload estimates.	Federal	83,108,900	(6,442,500)
	GF/GP	\$36,588,800	(\$860,800)
<b>5. Child Development and Care (CDC) — Additional Child Care Licensing Consultants</b>	<b>Gross</b>	<b>\$17,766,500</b>	<b>\$5,630,000</b>
<u>Executive</u> increases the interdepartmental grant to Licensing and Regulatory Affairs (LARA) by \$5.7 million in federal CCDF to increase the number of Child Care Licensing (CCL) consultants by 39.0 FTEs.	Federal	17,766,500	5,630,000
<u>House</u> does not include this increase.	GF/GP	\$0	\$0
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
<b>6. Child Development and Care (CDC) — IDG to LARA</b>	<b>Gross</b>	<b>\$17,766,500</b>	<b>\$3,500,000</b>
<u>Conference</u> adds an IDG of \$3.5 million in federal CCDF to LARA to offset an equivalent amount of GF/GP for Child Care Licensors that was originally in the DHS budget.	Federal	17,766,500	3,500,000
	GF/GP	\$0	\$0
<b>7. Educator Evaluations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,500,000</b>
<u>Executive</u> provides \$3.6 million GF/GP for educator evaluations. Funding would be used for staffing, compliance monitoring, and information technology systems modifications. This would restore a \$3.4 million GF/GP reduction to this line in Executive Order 2015-5 and add an additional \$200,000. This line item originally comprised \$2.5 million GF/GP in ongoing funds and \$900,000 GF/GP in one-time funds. However, for the FY 2015-16 line item, all \$3.6 million GF/GP would be ongoing funds.	GF/GP	N/A	\$2,500,000
<u>House</u> does not include this appropriation.			
<u>Senate</u> does not include this appropriation.			
<u>Conference</u> adds \$2.5 million GF/GP for educator evaluations.			
<b>8. State Aid to Libraries Increase</b>	<b>Gross</b>	<b>\$8,876,000</b>	<b>\$1,000,000</b>
<u>Executive</u> increases state aid to libraries by \$1.0 million GF/GP for a total of \$9.9 million.	GF/GP	\$8,876,000	\$1,000,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
<b>9. Renaissance Zone Reimbursements to Libraries</b>	<b>Gross</b>	<b>\$4,700,000</b>	<b>\$600,000</b>
<u>Executive</u> increases reimbursements to libraries for local revenue lost due to renaissance zones by \$600,000 GF/GP to reflect the amount necessary to fully fund the payments at \$5.3 million. In FY 2014-15 the renaissance zone reimbursements were prorated.	GF/GP	\$4,700,000	\$600,000
<u>House</u> concurs with the Executive.			
<u>Senate</u> concurs with the Executive.			
<u>Conference</u> concurs with Executive.			



<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>10. Financial Independence Team: State Aid and School Finance Services</b>	FTE	2.0	0.0
	<b>Gross</b>	<b>\$150,000</b>	<b>\$350,000</b>
	GF/GP	\$150,000	\$350,000
<p><u>Executive</u> restores the original FY 2015 authorization of \$500,000, which necessitates a \$350,000 restoration of funds which were reduced in the FY 2015 negative supplemental in HB 4112. The financial independence team, added in FY 2014-15, is tasked with implementing early warning systems for distressed schools in need of financial attention.</p>			
<p><u>House</u> does not include the increase of \$350,000 GF/GP and reduces this line by 1.0 FTE.</p>			
<p><u>Senate</u> concurs with Executive.</p>			
<p><u>Conference</u> concurs with Executive.</p>			
<b>11. Financial Independence Team: Educational Improvement and Innovation Services</b>	<b>Gross</b>	<b>\$9,343,400</b>	<b>\$39,000</b>
	Federal	6,514,500	0
	Restricted	558,100	0
	GF/GP	\$2,270,800	\$39,000
<p><u>Executive</u> restores the original FY 2015 authorization of \$278,100, which necessitates a \$39,100 restoration of funds which were reduced in the FY 2015 negative supplemental in HB 4112. The financial independence team, added in FY 2014-15, is tasked with implementing early warning systems for distressed schools in need of financial attention.</p>			
<p><u>House</u> does not include this increase.</p>			
<p><u>Senate</u> concurs with the Executive.</p>			
<p><u>Conference</u> concurs with the Executive.</p>			
<b>12. Shift of School Reform Office (SRO) to DTMB</b>	FTE	12.0	(12.0)
	<b>Gross</b>	<b>\$2,420,900</b>	<b>(\$2,420,900)</b>
	GF/GP	\$2,420,900	(\$2,420,900)
<p><u>Executive</u> N/A</p>			
<p><u>House</u> N/A</p>			
<p><u>Senate</u> N/A</p>			
<p><u>Conference</u> reflects Executive Order 2015-9 to shift SRO from MDE to DTMB.</p>			
<b>13. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$148,300)</b>
	Federal	N/A	(131,400)
	Restricted	N/A	(13,800)
	GF/GP	N/A	(\$3,100)
<p><u>Executive</u> reflects net cost reduction of \$148,300 Gross (\$3,100 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.</p>			
<p><u>House</u> concurs with Executive.</p>			
<p><u>Senate</u> concurs with Executive.</p>			
<p><u>Conference</u> concurs with Executive but revises to reflect conference adjustments to other line items.</p>			

**Major Boilerplate Changes From FY 2014-15**

**Sec. 203. Definitions – NEW**

Adds a new definition for "Fund-raising activity": "Fund-raising activity" means ongoing fund-raising activity that is scheduled to take place at more than 1 time during a school day, throughout the school day, or for more than 1 school day.

Executive does not include.

House does not include.

Senate adds a new definition to this section.

Conference concurs with Senate.

**Sec. 208. Personnel Records – RETAINED**

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 211. Adequate Yearly Progress (AYP) – REVISED**

Currently requires MDE to allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results and that MDE act within 30 days. Revises to remove MDE's 30 day timeline. Changes MDE's requirement to allow a school or district to appeal the school designation, and revises such that those appeals shall be "addressed" rather than "currently required considered and decided upon" before designations may be published.

Executive revises this section.

House maintains current law.

Senate concurs with Executive.

Conference concurs with Executive.

### **Sec. 216. Communication with the Legislature – RETAINED**

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### **Sec. 218. Records Retention – RETAINED**

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### **Sec. 220. Timely Data – RETAINED**

Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### **Sec. 233. Request for Proposals – REVISED**

Prohibits department from issuing a request for proposal for a contract exceeding \$5.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes this section.

House maintains this section and revises the amount of money before a request for proposal (RFP) contract can be put out from \$5.0 million to \$1.0 million.

Senate concurs with Executive.

Conference concurs with House.

### **Sec. 234. Performance Measures – REVISED**

Requires MDE to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment of each new program or program expansion for which funds appropriated in part 1 are greater than \$500,000. Requires the department to provide an update on program progress and expenditures as it relates to those benchmarks by November 1, 2014.

Executive deletes this section.

House maintains current law and updates year.

Senate revises subsection 1 (by adding references to section 447 of the Management and Budget Act) and deletes subsection 2.

Conference concurs with Senate.

### **Sec. 235. Contract Notification – RETAINED**

Requires MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million or seeking a federal waiver from, or amending the federal waiver from, the No Child Left Behind Act of 2001.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### **Sec. 236. Nonpublic School Mandates – REVISED**

Requires MDE to compile a report that identifies mandates required of nonpublic schools by April 1, 2015.

Executive deletes this section.

House and Senate maintain current law and update year.

Conference concurs with House and Senate.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 237. Fund-raising – NOT INCLUDED**

The Department shall identify fund-raisers that are exempt from federal nutrition standards and take any other action as may be necessary for public schools in this state to be able to allow fund-raising sales on school premises during school hours of foods and beverages that do not meet federal nutrition standards prescribed by the United States Department of Agriculture.

Executive did not include this section.

House adds this section.

Senate does not include this section.

Conference does not include this section.

### **Sec. 237. Fund-raising – NEW**

From the funds appropriated in part 1, the department shall take all necessary steps to ensure maximum state and local control over the implementation of school meal programs established under section 1272a of the revised school code, 1976 PA 451, MCL 380.1272a. This shall include, but is not limited to, establishing an upper limit on the number and frequency of fund-raising activities that may take place in a public school during school hours that allow the sale of food and beverage items that do not meet nutritional standards. The department shall ensure that this upper limit is not less than 2 fund-raising activities a week.

Executive did not include this section.

House does not include this section.

Senate adds this section.

Conference concurs with Senate, with modification.

### **Sec. 302. Travel Expenditures – RETAINED**

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Executive deletes this section.

House maintains current law.

Senate concurs with Executive.

Conference concurs with House.

### **Sec. 408. Carry Forward of Programmatic Service Funds – NEW**

Allows the Michigan schools for the deaf and blind to carry forward funds available for expenditure into the next succeeding year for the low incidence program; conferences, workshops, and training classes; and the use of specialized equipment, facilities, and software for required services.

Executive adds this section.

House and Senate concur with Executive.

Conference concurs with Executive.

### **Sec. 502. Student Teaching Credits – RETAINED**

Authorizes teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### **Sec. 507. Teacher Certification Test – NOT INCLUDED**

"From the funds appropriated in part 1, the department shall adopt a teacher certification test that ensures all newly certified elementary teachers have the skills to deliver evidence-based literacy instruction. The department may use teacher certification or teacher testing fee revenue to the extent allowable under law to implement this section or may pass along increased testing fees to teachers as allowable and appropriate."

Executive does not include this section.

House does not include this section.

Senate adds this section.

Conference does not include this section.

### **Sec. 702. Educator Evaluations – DELETED**

Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.

Executive deletes this section.

House and Senate concur with Executive.

Conference concurs with Executive.

### **Sec. 703. Educator Evaluation Guidelines – NOT INCLUDED**

States that the funds appropriated for educator evaluations (Section 115) be based on classroom observations and student growth metrics to identify target professional development opportunities for educators. Requires that the outcomes and performance measures be focused towards math and reading testing, as well as third grade reading proficiency.

Executive adds this section.

House and Senate do not include this section.

Conference does not include this section.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 803. Keep Library Functions Together – RETAINED***

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### ***Sec. 805. MPSERS Funds for District Libraries – DELETED***

States that funds appropriated in part 1 for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that received funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system.

Executive deletes this section, as this appropriation was shifted to the School Aid budget.

House and Senate concur with Executive.

Conference concurs with Executive.

### ***Sec. 806. State Aid to Libraries – Early Literacy Focus – NEW***

Provides intent that to the department to utilize the increased funding for state aid to public libraries in support to local library operations and programming for early literacy and third grade reading proficiency.

Executive adds this section.

House does not include this section.

Senate concurs with the Executive.

Conference concurs with Executive, with modification.

### ***Sec. 901. Federal and Private Grants – RETAINED***

Requires department to notify Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under federal and private grants line.

Executive deletes this section.

House and Senate maintain current law.

Conference maintains current law.

### ***Sec. 1001. Number of Childcare Providers – REVISED***

Requires a report by November 1, 2014 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2014.

Executive deletes this section.

House and Senate maintain current law and update the years.

Conference concurs with House and Senate.

### ***Sec. 1003. Early Childhood Investment Corporation Annual Report – REVISED***

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2013-14 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Executive deletes this section.

House and Senate maintain current law and update the fiscal year.

Conference concurs with House and Senate.

### ***Sec. 1004. Child Development and Care (CDC) Program Expansion – NEW***

Requires the department to expend increased funding for the Child Development and Care (CDC) program on increasing the number of low-income children in high quality early learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are reading at grade level by the end of third grade.

Executive adds this section.

House does not include this section.

Senate concurs with Executive.

Conference concurs with Executive.

### ***Sec. 1005. Kindergarten Entry Assessment – NEW***

"From the funds appropriated in part 1, the department shall ensure that the kindergarten entry assessment includes a method for information to be provided regarding a child's participation in the great start readiness program."

Executive does not include this section.

House does not include this section.

Senate adds this section.

Conference concurs with Executive.

**Major Boilerplate Changes From FY 2014-15**

**Sec. 1006. Early Literacy Best Practices Clearinghouse – NEW**

"The department shall post on its website a link to the federal Institute of Education Sciences' What Works Clearinghouse. The department also shall work to disseminate knowledge about the What Works Clearinghouse to districts and intermediate districts so that it may be used to improve reading proficiency for pupils in grades K to 3."

Executive does not include this section.

House does not include this section.

Senate adds this section.

Conference revises this section.

**Sec. 1007. Child Care and Development – NEW**

"(1)From the increased funds appropriated in part 1 for child development and care - external support, the department shall create progress reports that shall include, but are not limited to the following:

(a) Both the on-site and off-site activities and number of times the activities are performed by the licensing consultants that are intended to improve child care provider quality ratings.

(b) How many on-site visits a single licensing consultant has made since the start of the 2015-16 fiscal year.

(c) The types of on-site visits and the number of visits for each type that a single consultant has made since the start of the 2015-16 fiscal year.

(d) The number of providers that have improved their quality rating since the start of the 2015-16 fiscal year compared to the same time period in the 2014-15 fiscal year.

(e) The types of activities and number of times the activities are performed by the managers and administrators that are intended to improve licensing consultant performance and child care provider quality.

(2) The progress reports shall be sent to the state budget director, the house and senate subcommittees that oversee the department of education, and the house and senate fiscal agencies by April 1, 2016 and September 30, 2016."

Executive does not include this section.

House does not include this section.

Senate does not include this section.

Conference adds this section.

**Sec. 1201. FY 2015-16 Appropriation – RETAINED**

Expresses intent that FY 2015-16 appropriations are anticipated to be the same as FY 2014-15 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive deletes this section.

House and Senate maintain current law and update fiscal years.

Conference concurs with House and Senate.

**FY 2014-15 Supplemental Appropriations**

**1. Child Development and Care (CDC) — FY 2015-16 Caseload Consensus**

Conference reduces the Child Development and Care subsidy by \$2.7 million GF/GP based on consensus caseload estimates.

	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2014-15 Conference Supplemental</b>
<b>Gross</b>	<b>\$119,697,700</b>	<b>(\$2,703,500)</b>
Federal	83,108,900	0
GF/GP	\$36,588,800	(\$2,703,500)

**FY 2015-16: DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**Summary: Conference Report**  
**Article VII, Senate Bill 133 (S-1) CR-1**



**Analyst: Austin Scott**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$9,530,500	\$9,115,300	\$9,115,300	\$9,115,300	\$9,115,300	(\$415,200)	(4.4)
<b>Federal</b>	149,749,600	138,079,100	138,079,100	138,079,100	138,079,100	(11,670,500)	(7.8)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	546,900	546,000	546,000	546,000	546,000	(900)	(0.2)
<b>Restricted</b>	321,888,900	304,054,200	304,341,200	303,141,200	304,341,200	(17,547,700)	(5.5)
<b>GF/GP</b>	37,475,900	34,827,700	34,527,700	34,827,800	34,827,700	(2,648,200)	(7.1)
<b>Gross</b>	<b>\$519,191,800</b>	<b>\$486,622,300</b>	<b>\$486,609,300</b>	<b>\$485,709,400</b>	<b>\$486,909,300</b>	<b>(\$32,282,500)</b>	<b>(6.2)</b>
<b>FTEs</b>	1,291.5	1,224.0	1,224.0	1,224.0	1,224.0	(67.5)	(5.2)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive, House, Senate, and Conference figures include Executive Budget Revision 2016-4.

**Overview**

The Department of Environmental Quality is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

**NOTE:** Information on House budget action in this document is based on House Bill 4102 (H-1) as passed the House. Information on Senate budget action in this document is based on Senate Bill 133 (H-1) as passed the Senate.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Elimination of Fee Sunsets</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> proposes to eliminate the 15 fee sunsets that are scheduled to sunset prior to October 1, 2016. Collectively these fees provide \$27.1 million in annual revenue for DEQ. <u>House</u> amends Executive to extend groundwater discharge permit fee sunset by one year to 2016; the remaining 14 fee sunsets are extended by four years to 2019. <u>Senate</u> and <u>Conference</u> concur with Executive.	<b>GF/GP</b>	<b>N/A</b>
Fee	Annual revenue	
Air emissions fee	\$9,600,000	
Solid waste surcharge	5,300,000	
Electronic device manufacturer's registration	230,000	
Electronic device recycler registration	50,000	
Groundwater discharge permit	1,190,000	
Surface water discharge permit	2,816,800	
Stormwater discharge fee	1,625,100	
Land and water permit fees (6 fees)	2,100,000	
Sewer expedited permit	31,800	
Tire disposal charge	4,200,000	
<b>Total</b>	<b>\$27,143,700</b>	

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>2. Air Quality Program - Fee Increase</b>			
<u>Executive</u> proposes to raise the air emissions (air quality) fee from \$47.95 per ton to \$65.00 per ton. This proposed fee increase is expected to generate \$2.3 million in additional revenue, which would exceed a reduction of \$1.3 million in restricted funding to air quality from the environmental pollution prevention fund, resulting in a net increase of \$913,000 in restricted funding. Air emissions fee revenue allows the state to operate its own emissions regulation program rather than be subject to the EPA's program. This fee is paid by more than 800 facilities and currently generates \$9.6 million in annual revenue.	<b>Gross</b>	N/A	<b>\$2,537,000</b>
<u>House</u> amends <u>Executive</u> to reduce air emissions fee increase from \$65 per ton down to \$51.15 per ton. This reduction lowers the additional restricted revenue due to the fee increase from \$2.3 million down to \$1.2 million.	Restricted	N/A	2,537,000
<u>Senate</u> does not include an air emissions fee increase and maintains the current \$47.95 per ton rate. Consequently, the Senate does not include any new air emissions fee revenue.	GF/GP	N/A	\$0
<u>Conference</u> concurs with the House.			
<u>House</u> increases line item by \$1.3 million in restricted funding from the environmental pollution prevention fund at the request of DEQ in order to correct an omission in the executive recommended budget (referenced above). <u>Senate</u> and <u>Conference</u> concur with House.			
<u>House</u> reduces line item by \$150,000 GF/GP. <u>Senate</u> and <u>Conference</u> do not concur with House.			
<b>3. Drinking Water Revolving Fund Loan Program (DWRFL)</b>			
The FY 2014-15 budget as originally enacted included \$5.0 million GF/GP for DWRFL loans. A reduction of \$2.8 million GF/GP was included in EO 2015-5. The FY 2015-16 <u>executive</u> recommended budget includes an additional reduction of \$200,000 GF/GP. These funds are used for state match to a federal program that provides water suppliers with low interest loans to finance public drinking water system infrastructure projects.	<b>Gross</b>	<b>\$85,193,000</b>	<b>(\$200,000)</b>
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,250,000	(\$200,000)
<b>4. FTE Reductions</b>			
<u>Executive</u> reduces total FTEs from 1,291.5 to 1,224.0. All reduced FTEs are classified positions. The department does not have adequate funding to fill all of its currently allotted positions and this reduction will align FTEs with available resources. No current DEQ employees are expected to lose employment as a result of this reduction. Three FTEs are shifted to LARA specified by Executive Budget Revision 2016-4. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	FTE	1,291.5	(67.5)
	<b>Gross</b>	N/A	N/A
	GF/GP	N/A	N/A
<b>5. Refined Petroleum Product Cleanup Program</b>			
<u>Executive</u> reduces refined petroleum product cleanup program (RPPCP) by \$12.9 million in restricted funding. Responsibility for underground storage tank cleanups was transferred from RPPCP to the newly established Underground Storage Tank Cleanup Program (USTCP) under PA 416 of 2014. This new program receives the first \$20 million of the environmental protection regulatory fee which was first appropriated for FY 2014-15 in HB 4112 and continued in FY 2015-16. The reduction of restricted funding to RPPCP is intended to offset the increase in restricted funding to USTCP. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	<b>Gross</b>	<b>\$32,900,000</b>	<b>(\$12,900,000)</b>
	Restricted	32,900,000	(12,900,000)
	GF/GP	\$0	\$0
<b>6. Removal of FY 2014-15 One-time GF/GP for Electronic Document Management</b>			
The FY 2014-15 budget as originally enacted included \$2.5 million in one-time GF/GP for electronic document management. A reduction of \$650,000 GF/GP was included in EO 2015-5. The FY 2015-16 <u>executive</u> recommended budget removes the remaining \$1.9 million GF/GP for this one-time appropriation. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	<b>Gross</b>	<b>\$1,850,000</b>	<b>(\$1,850,000)</b>
	GF/GP	\$1,850,000	(\$1,850,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>7. Federal Authorization Adjustment</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$10,907,000)</b>
<u>Executive</u> reduces federal authorization by \$10.9 million to reflect a decrease in available federal funds. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal	N/A	(10,907,000)
	GF/GP	N/A	\$0
<b>8. Clean Michigan Initiative (CMI) and Environmental Protection Bond Fund</b>	<b>Gross</b>	<b>\$9,282,100</b>	<b>(\$1,473,200)</b>
<u>Executive</u> reduces restricted funding of the CMI by \$1.5 million. Increases to the environmental bond site reclamation program, nonpoint source pollution prevention and control program, and the contaminated sediment program totaling \$2.5 million in restricted funding are exceeded by a decrease of \$4.0 million in restricted funding for Brownfield grants.	Restricted	9,282,100	(1,473,200)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	GF/GP	\$0	\$0
<b>9. Contaminated Site Investigation, Cleanup, and Revitalization</b>	<b>Gross</b>	<b>\$29,385,200</b>	<b>(\$5,000,000)</b>
<u>Executive</u> reduces restricted funding by \$5.0 million to reflect available resources. This program supports remediation and cleanup efforts at contaminated sites in order to eliminate public health and safety hazards.	Private	187,200	0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Restricted	29,198,000	(5,000,000)
	GF/GP	\$0	\$0
<b>10. Drinking Water and Environmental Health</b>	<b>Gross</b>	<b>\$15,982,300</b>	<b>\$0</b>
<u>House</u> reduces line item by \$150,000 GF/GP. This program, which includes 106.5 FTE authorizations, regulates 12,500 public water supply systems, conducts groundwater contamination remediation, and protects public drinking water systems. <u>Senate</u> and <u>Conference</u> do not concur with <u>House</u> .	Federal	10,400,100	0
	Restricted	4,293,500	0
	GF/GP	\$1,288,700	\$0
<b>11. Emergency Water Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> adds a \$100 GF/GP placeholder for an emergency water fund. <u>House</u> and <u>Conference</u> do not concur with <u>Senate</u> .	GF/GP	N/A	\$0
<b>12. Office of Environmental Assistance – Budget Revision</b>	FTE	N/A	(2.0)
<u>Conference</u> reduces the Office of Environmental Assistance by 2.0 FTEs and \$1.1 million Gross in accordance with Executive Budget Revision 2016-4. Budget revision transfers appropriation to the Department of Licensing & Regulatory Affairs to help establish the new Michigan Agency for Energy and is included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	<b>Gross</b>	<b>N/A</b>	<b>(\$1,053,600)</b>
	Federal	N/A	(84,000)
	Restricted	N/A	(669,600)
	GF/GP	N/A	(\$300,000)
<b>13. Air Quality Program – Budget Revision</b>	FTE	N/A	(1.0)
<u>Conference</u> reduces the air quality program by 1.0 FTE and \$250,000 GF/GP in accordance with Executive Budget Revision 2016-4. Budget revision transfers appropriation to the Department of Licensing & Regulatory Affairs to help establish the new Michigan Agency for Energy and is included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	<b>Gross</b>	<b>N/A</b>	<b>(\$250,000)</b>
	GF/GP	N/A	(\$250,000)
<b>14. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$332,700)</b>
<u>Executive</u> reflects net cost reduction of \$332,700 Gross (\$48,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	IDG	N/A	(13,200)
	Private	N/A	(900)
	Federal	N/A	(93,700)
	Restricted	N/A	(176,700)
	GF/GP	N/A	(\$48,200)

#### **Major Boilerplate Changes From FY 2014-15**

##### **Sec. 204. Benchmark Requirements – RETAINED & REVISED**

Requires DEQ establish benchmarks and report performance of programs appropriated at \$500,000 or more. Executive deletes, House retains. Senate and Conference retain and revise.

##### **Sec. 207. Retention of Reports – RETAINED**

Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes, House and Senate retain.

##### **Sec. 212. Disciplinary Action Against State Employees – RETAINED**

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House, Senate, and Conference retain.



## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 213. Administrative Rule Promulgation – RETAINED***

Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 223. FTE Report by Line Item – RETAINED***

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive and Senate delete, House and Conference retain.

### ***Sec. 228. Customer Satisfaction Evaluation Program – DELETED***

Requires report on development of customer satisfaction evaluation program and public feedback received. Executive, Senate, and Conference delete, House retains.

### ***Sec. 229. Expedited Permitting Program – DELETED***

Requires report listing actions and program changes taken to implement the Expedited Permitting Program. Executive, Senate, and Conference delete, House retains.

### ***Sec. 305. Refined Petroleum Fund – RETAINED***

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive and House delete, Senate and Conference retain.

### ***Sec. 306. Refined Petroleum Fund Cleanup Site List – REVISED***

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes, House, Senate, and Conference retain but revise list of cleanup projects for FY 2015-16.

### ***Sec. 311. Enbridge Settlement Report – NEW***

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement. Conference adds new section.

### ***Sec. 401. Aquatic Nuisance Control (ANC) – DELETED***

Requires \$700,000 and 5.0 FTEs be allocated to the permit review program within the ANC program; requires report. Executive deletes, House, Senate, and Conference concur.

### ***Sec. 401. Statewide Septic Code Study – DELETED***

Requires DEQ to conduct a study on the establishment of a statewide septic code. House adds new section, Conference deletes.

### ***Sec. 402. Water Quality and Use Initiative Report – RETAINED***

Requires DEQ to report a plan detailing the use of the water quality use and initiative appropriation in part 1. The Department must also detail expenditures for specific programs made from the water quality and use/ general, real-time beach monitoring, and wetlands programs. Executive and House delete, Senate and Conference retains.

### ***Sec. 406. Groundwater Discharge Permit Fee Revision – NEW***

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016. House adds new section, Conference concurs.

### ***Sec. 501. Air Quality Program – NEW***

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act. Executive adds new section, Senate concurs. House concurs but revises to include 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula, Conference concurs with House.

### ***Sec. 502. Air Quality Penalties – RETAINED***

Prevents DEQ from assessing penalties under part 55 of NREPA (1994 PA 451) for violations that occurred under a previous owner unless legally required to do so. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 503. Air Quality Program 1.0 FTE in U.P. – DELETED***

Provides 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula. Senate adds new section (House includes in Sec. 501 above, Conference concurs with House).

### ***Sec. 603. Local Government Asset Management Plans – RETAINED***

Requires DEQ compile an annual report of completed asset management plans for stormwater, asset management, or wastewater grants awarded to local units of government. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 604. Environmental Pollution Prevention Fund Balance Stipulation (EPPF) – DELETED***

Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced. Executive, Senate, and Conference delete, House retains.

**Major Boilerplate Changes From FY 2014-15**

***Sec. 701. Underground Storage Tank Authority – NEW***

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 20, 2020. Executive adds new section, House, Senate, and Conference concur.

***Sec. 1202. Identification of Future Retirement Costs – DELETED***

States legislative intent that the DEQ identify the FY 2015-16 retirement costs for line items listed in part 1. Executive deletes, House, Senate, and Conference concur.

***Sec. 2001. FY 2015-16 Anticipated Appropriations – RETAINED***

States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments. Executive, House, and Senate delete; Conference retains and renumbers from 1201 to 2001.

**FY 2015-16: TOTAL GENERAL GOVERNMENT**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analysts: Ben Gielczyk**  
**Perry Zielak**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	<i>Difference: Conference From FY 2014-15 YTD</i> Amount	%
<b>IDG/IDT</b>	\$739,896,100	\$742,192,600	\$742,192,600	\$742,192,600	\$742,192,600	\$2,296,500	0.3
<b>Federal</b>	689,103,500	688,424,100	688,424,100	688,424,100	825,221,900	136,118,400	19.8
<b>Local</b>	9,969,700	17,050,900	17,050,900	17,050,900	17,050,900	7,081,200	71.0
<b>Private</b>	6,287,200	6,283,300	6,283,300	6,283,300	6,253,300	(33,900)	(0.5)
<b>Restricted</b>	2,055,023,600	2,054,823,800	2,073,445,800	2,096,823,800	2,092,887,000	37,863,400	1.8
<b>GF/GP</b>	1,160,232,700	1,202,374,200	1,123,814,100	1,163,921,300	1,176,022,600	15,789,900	1.4
<b>Gross</b>	<b>\$4,660,512,800</b>	<b>\$4,711,148,900</b>	<b>\$4,651,210,800</b>	<b>\$4,714,696,000</b>	<b>\$4,859,628,300</b>	<b>\$199,115,500</b>	<b>4.3</b>
<b>FTEs</b>	7,791.2	7,847.2	7,842.2	7,847.2	8,717.2	926.0	11.9

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Boilerplate Changes From FY 2014-15**

**Sec. 207. New Program Metrics – REVISED**

Requires benchmarks to be developed by the department of agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated by November 1 and requires update of benchmarks on March 1. Expresses legislative intent that beginning in FY 2015-16, any new program proposed by the Executive include a list of benchmarks intended to measure performance of the program. Executive deletes section. House retains current law. Senate revises to note that metrics are in addition to those metrics required under section 447 of the Management and Budget Act. Conference concurs with Senate.

**Sec. 211. Budget Stabilization Fund Pay-In – REVISED**

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive revises appropriated amount to \$95.0 million from \$94.0 million. Includes new subsection that dedicates 25 percent of FY 2015-16 GF/GP surplus revenues and 25 percent of FY 2015-16 GF/GP lapse funds to the BSF. House revises to appropriate \$95.0 million to BSF. House does not include surplus revenues or lapse funds in BSF pay-in. Senate revises to appropriate \$50.0 million to BSF and 10% of revenues in excess of the amount of GF/GP revenues forecast at the May 2016 revenue estimating conference. Conference concurs with House.

**Sec. 217. General Fund Restrictions – DELETED**

Prohibits use of General Fund appropriations where federal funds are available for the same purpose. Executive, Senate, and Conference delete. House retains.

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

Expresses intent of the Legislature that departments properly account for their spending and do not use FTE positions as placeholders for spending in other parts of their budgets; requires report. Executive, House, and Conference delete section.

**Sec. 235. Contract Request for Information and Qualification – DELETED**

Requires state departments and agencies to issue and receive a Request for Information (RFI) or Request for Quotation (RFQ) before a Request for Proposal (RFP) for any contract in excess of \$5.0 million. States that department may not issue RFP unless it first considers issuing an RFI or RFQ. Requires department to notify DTMB of evaluation process used to determine if an RFI or RFQ was not necessary. Executive, House, Senate, and Conference delete section.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 235. Federal Fund Contingency Plan – NEW***

Requires the appropriate department to notify the State Budget Director, appropriation committees, fiscal agencies within 14 days of receiving a formal notification from the federal government that a federal funding source of greater than \$10.0 million will be reduced by 10% or greater. Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. House and Conference include as new section.

### ***Sec. 239. State Building Energy Performance – DELETED***

Requires DTMB, with assistance from the Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts. Executive, House, Senate, and Conference delete section.

### ***Sec. 1301. Anticipated Appropriations – REVISED***

Expresses intent of the Legislature to provide the same appropriations for fiscal year 2016 as provided in fiscal year 2015, except for where adjustments are made for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. Executive deletes section. House, Senate, and Conference revise to reflect new fiscal year.

**FY 2015-16: DEPARTMENT OF ATTORNEY GENERAL**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Perry Zielak**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$27,783,800	\$28,533,900	\$28,533,900	\$28,533,900	\$28,533,900	\$750,100	2.7
<b>Federal</b>	9,857,200	9,278,600	9,278,600	9,278,600	9,278,600	(578,600)	(5.9)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	17,914,200	17,281,700	17,281,700	17,281,700	17,281,700	(632,500)	(3.5)
<b>GF/GP</b>	38,267,100	36,847,400	36,847,400	36,847,400	37,013,400	(1,253,700)	(3.3)
<b>Gross</b>	<b>\$93,822,300</b>	<b>\$91,941,600</b>	<b>\$91,941,600</b>	<b>\$91,941,600</b>	<b>\$92,107,600</b>	<b>(\$1,714,700)</b>	<b>(1.8)</b>
<b>FTEs</b>	519.5	524.5	524.5	524.5	524.5	5.0	1.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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.

		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>			
<b>1. Sexual Assault Law Enforcement</b>	FTE	0	5.0
<u>Executive</u> adds \$1.7 million GF/GP and 5.0 FTEs to test backlogged sexual assault kits in communities statewide with the exception of Wayne County, and to assist in investigations and prosecutions that may result. <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	<b>Gross</b>	<b>\$0</b>	<b>\$1,700,000</b>
	GF/GP	\$0	\$1,700,000
<b>2. Sexual Assault Prosecutions</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
<u>Executive</u> eliminates \$3.0 million GF/GP of one-time funding for prosecutions of sexual assault cases within Wayne County that resulted from the testing of rape kits discovered upon the closure of the Detroit crime laboratory. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$3,000,000	(\$3,000,000)
<b>3. Fund Source Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$239,200)</b>
<u>Executive</u> adjusts interdepartmental grant, federal, and restricted revenue fund sources to accurately reflect costs of providing legal services and memorandums of understanding with other state agencies and departments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	866,400
	Federal	N/A	(543,600)
	Restricted	N/A	(562,000)
<b>4. Prosecuting Attorneys Coordinating Council</b>	<b>Gross</b>	<b>\$2,106,100</b>	<b>\$166,000</b>
<u>Conference</u> adds \$166,000 GF/GP to fill an unexpected loss of training funds for local prosecutors.	IDG	162,900	0
	Federal	119,200	0
	Restricted	405,300	0
	GF/GP	\$1,418,700	\$166,000
<b>5. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$341,500)</b>
<u>Executive</u> includes net cost reduction of \$341,500 Gross (\$119,700 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	(116,300)
	Federal	N/A	(35,000)
	Restricted	N/A	(70,500)
	GF/GP	N/A	(\$119,700)

**Major Boilerplate Changes From FY 2014-15**

***Sec. 316. Sexual Assault Kit Testing – NEW***

Appropriates \$1.7 million to test sexual assault kits statewide in order to eliminate county backlogs by the end of FY 2015-16, assist with prosecutions that may result and provide victim services. Executive adds new section. House concurs but revises with adding work and spending plan requirement. Senate concurs but revises to prioritize funding as follows: testing of kits, assist local prosecutors, and provide victim services. Conference concurs but combines House and Senate language.

***Sec. 320. Sexual Assault Prosecutions – DELETED***

Requires a detailed work and spending plan for the sexual assault prosecution line item to be submitted to the state budget office and the legislature and approved by the state budget director prior to spending any of the \$3.0 million appropriation. Executive deletes. House retains section. Senate retains but adds language requiring plan to be submitted by November 1 or funds lapse to the General Fund. Conference deletes.

**FY 2015-16: DEPARTMENT OF CIVIL RIGHTS**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Perry Zielak**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$288,900	\$286,700	\$286,700	\$286,700	\$286,700	(\$2,200)	(0.8)
<b>Federal</b>	2,736,500	2,721,700	2,721,700	2,721,700	2,721,700	(14,800)	(0.5)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	18,700	18,700	18,700	18,700	18,700	0	0.0
<b>Restricted</b>	151,900	151,900	151,900	151,900	151,900	0	0.0
<b>GF/GP</b>	13,448,200	12,949,700	12,949,700	12,949,700	12,949,700	(498,500)	(3.7)
<b>Gross</b>	<b>\$16,644,200</b>	<b>\$16,128,700</b>	<b>\$16,128,700</b>	<b>\$16,128,700</b>	<b>\$16,128,700</b>	<b>(\$515,500)</b>	<b>(3.1)</b>
<b>FTEs</b>	138.0	135.0	135.0	135.0	135.0	(3.0)	(2.2)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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.

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>1. Unclassified Funding</b>	<b>Gross</b> \$724,700	<b>(\$90,000)</b>
<u>Executive</u> reduces funding by \$90,000 GF/GP that was not utilized by the department. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP \$724,700	(\$90,000)
<b>2. Vacant Public Affairs Position</b>	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$115,000 GF/GP through proposed elimination of a vacant Public Affairs position. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> \$14,091,800	<b>(\$115,000)</b>
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$115,000)
<b>3. Librarian Position</b>	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$105,000 GF/GP through proposed elimination of a librarian position. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> \$14,091,800	<b>(\$105,000)</b>
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$105,000)
<b>4. Executive Secretary Position</b>	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$90,000 GF/GP through proposed elimination of an executive secretary position. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> \$14,091,800	<b>(\$90,000)</b>
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$90,000)

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>	<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> implements net cost reduction of \$115,500 Gross (\$98,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	(2,200)
	Federal	(14,800)
	GF/GP	(\$98,500)

**Major Boilerplate Changes From FY 2014-15**

**Sec. 404. Operations Report – RETAINED**

Requires the department to report on various details of department operations. Executive deletes. House retains section. Senate concurs with House. Conference concurs with House.

**Sec. 405. Federal Complaint Report – RETAINED**

Required the department to notify the Legislature and State Budget Office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal department. Executive deletes. House retains section. Senate concurs with House. Conference concurs with House.



**FY 2015-16: EXECUTIVE OFFICE**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Ben Gielczyk**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	0	0	0	0	0	0	--
<b>GF/GP</b>	5,916,100	5,916,100	5,916,100	5,916,100	5,531,100	(385,000)	(6.5)
<b>Gross</b>	<b>\$5,916,100</b>	<b>\$5,916,100</b>	<b>\$5,916,100</b>	<b>\$5,916,100</b>	<b>\$5,531,100</b>	<b>(\$385,000)</b>	<b>(6.5)</b>
<b>FTEs</b>	88.2	88.2	88.2	88.2	84.2	(4.0)	(4.5)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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 2014-15 YTD Appropriations**

**1. Office of New Americans**

Conference removes \$385,000 GF/GP and 4.0 FTEs for the Office of New Americans to accommodate Executive Revision 2016-1. Executive Revision shifted funding and FTEs to Department of Licensing and Regulatory Affairs per Executive Order 2014-12.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
FTE	4.0	(4.0)
<b>Gross</b>	<b>\$385,000</b>	<b>(\$385,000)</b>
GF/GP	\$385,000	(\$385,000)

**Major Boilerplate Changes From FY 2014-15**

There are no major boilerplate changes for FY 2015-16.

**FY 2015-16: LEGISLATURE**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Ben Gielczyk**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	400,000	400,000	400,000	400,000	400,000	0	0.0
<b>Restricted</b>	4,109,800	4,192,000	4,192,000	4,192,000	4,192,000	82,200	2.0
<b>GF/GP</b>	127,420,700	131,872,300	131,236,400	131,872,300	131,872,300	4,451,600	3.5
<b>Gross</b>	<b>\$131,930,500</b>	<b>\$136,464,300</b>	<b>\$135,828,400</b>	<b>\$136,464,300</b>	<b>\$136,464,300</b>	<b>\$4,533,800</b>	<b>3.4</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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 House of Representatives Office Building, and Farnum Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Legislature Operations</b>	<b>Gross</b>	<b>\$131,930,500</b>
<u>Executive</u> includes \$4.5 million Gross (\$4.5 million GF/GP) related to increased costs for legislative staff and other operations.	Private	400,000
<u>House</u> includes \$3.9 million Gross (\$3.8 million GF/GP) related to increased costs for legislative staff and other operations.	Restricted	4,109,800
<u>Senate</u> and <u>Conference</u> concur with Executive.	GF/GP	\$127,420,700
		<b>\$4,533,800</b>

**Major Boilerplate Changes From FY 2014-15**

**Sec. 609. Capitol Historic Site Fund – DELETED**

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97<sup>th</sup> Legislature. Executive, House, Senate, and Conference delete section.

**Sec. 618. Legislative Retirement Administration – RETAINED**

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the DTMB before the end of FY 2014-15. Executive and House delete section. Senate and Conference retain section.

**FY 2015-16: LEGISLATIVE AUDITOR GENERAL**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Ben Gielczyk**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$5,220,700	\$5,392,800	\$5,392,800	\$5,392,800	\$5,392,800	\$172,100	3.3
<b>Federal</b>	0	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	2,000,800	1,987,600	1,987,600	1,987,600	1,987,600	(13,200)	(0.7)
<b>GF/GP</b>	14,937,300	15,460,100	15,385,400	15,460,100	15,460,100	522,800	3.5
<b>Gross</b>	<b>\$22,158,800</b>	<b>\$22,840,500</b>	<b>\$22,765,800</b>	<b>\$22,840,500</b>	<b>\$22,840,500</b>	<b>\$681,700</b>	<b>3.1</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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.

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>1. Auditor General Operations</b>	<b>Gross</b>	<b>\$22,158,800</b>
<u>Executive</u> includes \$681,700 Gross (\$522,800 GF/GP) related to increased costs for Auditor General staff and other operations. <u>House</u> includes \$607,000 Gross (\$448,100 GF/GP) related to increased costs for Auditor General staff and other operations. <u>Senate</u> and <u>Conference</u> concur with Executive.	IDG	5,220,700
	Restricted	2,000,800
	GF/GP	\$14,937,300
		\$681,700

**Major Boilerplate Changes From FY 2014-15**

**Sec. 625. Information Technology Audits – DELETED**

Specifies that not more than \$400,000 may be used to hire up to 10 additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to the General Fund. Executive, House, Senate, and Conference delete section.

**FY 2015-16: DEPARTMENT OF STATE**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Perry Zielak**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	100	100	100	100	100	0	0.0
<b>Restricted</b>	185,985,800	186,635,100	186,635,100	186,635,100	186,635,100	649,300	0.3
<b>GF/GP</b>	17,739,000	17,161,500	17,161,500	27,161,500	17,161,500	(577,500)	(3.3)
<b>Gross</b>	<b>\$225,184,900</b>	<b>\$225,256,700</b>	<b>\$225,256,700</b>	<b>\$235,256,700</b>	<b>\$225,256,700</b>	<b>\$71,800</b>	<b>0.0</b>
<b>FTEs</b>	1,593.0	1,593.0	1,593.0	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Credit and Debit Assessment Service Fees</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>
<u>Executive</u> increases funding authorization by \$1.0 million state restricted revenue as usage of credit and debit cards by customers increase at branch locations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	5,000,000	1,000,000
<b>2. Ignition Interlock Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
<u>Executive</u> continues funding authorization of \$1.0 million state restricted revenue to accommodate increasing workload with inspecting and regulating businesses related to the installation of ignition interlocks to motor vehicles. Initial increased authorization was added through HB 4112 (H-1) for FY 2014-15. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	1,000,000	0
<b>3. Departmental Identified Budgetary Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$500,000)</b>
<u>Executive</u> reduces funding by \$500,000 GF/GP through departmental identified budgetary savings in Branch Operations (\$241,800), Unclassified Positions (122,100), Department Service Operation (\$83,800), Central Operations (\$26,900), Election Administration and Services (\$25,000) and Legal Services (\$400). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	N/A	(\$500,000)
<b>4. Removal of FY 2014-15 One-Time Appropriations</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
<u>Executive</u> eliminates one-time funding (added through HB 4112 (H-1)) of \$200,000 GF/GP for IT system changes related to the May 2015 transportation ballot proposal. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$200,000	(\$200,000)
<b>5. Election Machine Upgrades</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> allocates \$100 for upgrades and replacement of election voting machines. <u>Senate</u> appropriated \$10.0 million. <u>Conference</u> does not include.	GF/GP	N/A	\$0

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>6. Economics</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> implements net cost reduction of \$228,200 Gross (increase of \$122,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	<b>(\$228,200)</b>
	GF/GP	(350,700)
		\$122,500

**Major Boilerplate Changes From FY 2014-15**

**Sec. 716b. Business Application Modernization (BAM) Project Report – RETAINED**

Requires the Department of State to report on funding expended for the BAM project since its inception. Executive deletes. House, Senate, and Conference retain section.

**Sec. 718. Buena Vista Township Branch Office – RETAINED**

Requires Department of State to maintain a full-service branch office in Buena Vista Township. Executive deletes. House, Senate, and Conference retain section.

**Sec. 722. Bridge Card Work Group – NEW**

Requires the department to form a work group with Department of Community Health and the Michigan State Police to investigate methods to deter Bridge Card fraud and report findings by February 1, 2016. House adds as new section. Senate does not include. Conference concurs with House.

**Sec. 730. Voting Systems Technology and Innovation Fund – NOT INCLUDED**

Creates a Voting Systems Technology and Innovation Fund within Department of Treasury with the intent for the fund to be a revolving, self-sustaining fund for financing voting systems technology and innovation. Senate adds as new section. Conference does not include.

**Sec. 731. Federal Rules Changes Affecting Michigan Statute – NOT INCLUDED**

Requires the department to give the Legislature a 10 day notice on any proposed federal rule changes impacting the department that would require amending Michigan statutes. Senate adds as new section. Conference does not include.

**FY 2015-16: DEPARTMENT OF TECHNOLOGY,  
MANAGEMENT, AND BUDGET**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Perry Zielak**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$677,193,600	\$678,478,500	\$678,478,500	\$678,478,500	\$678,478,500	\$1,284,900	0.2
<b>Federal</b>	7,974,100	7,997,300	7,997,300	7,997,300	7,997,300	23,200	0.3
<b>Local</b>	3,553,700	3,587,700	3,587,700	3,587,700	3,587,700	34,000	1.0
<b>Private</b>	190,400	190,100	190,100	190,100	190,100	(300)	(0.2)
<b>Restricted</b>	94,322,000	95,771,900	95,771,900	99,271,900	95,771,900	1,449,900	1.5
<b>GF/GP</b>	445,798,500	478,880,800	470,380,800	468,503,800	477,198,200	31,399,700	7.0
<b>Gross</b>	<b>\$1,229,032,300</b>	<b>\$1,264,906,300</b>	<b>\$1,256,406,300</b>	<b>\$1,258,029,300</b>	<b>\$1,263,223,700</b>	<b>\$34,191,400</b>	<b>2.8</b>
<b>FTEs</b>	2,823.0	2,839.0	2,834.0	2,839.0	2,850.0	27.0	1.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Removal of FY 2014-15 One-Time Appropriations</b>	<b>Gross</b>	<b>\$22,522,000</b>	<b>(\$22,522,000)</b>
<u>Executive</u> eliminates one-time funding of \$22.5 million Gross (\$14.7 million GF/GP) for various projects: Litigation Fund (\$2.0 million GF/GP, on top of EO 2015-5 reduction of \$2.0 million); Regional Prosperity Grants (\$500,000 GF/GP, on top of EO 2015-5 reduction of \$500,000); Technology Services funding (\$6.9 million IDG, \$300 GF/GP); Office of Urban Initiatives (\$4.0 million GF/GP, on top of EO 2015-5 reduction of \$1.0 million); Business One Stop – Depreciation (\$871,700 IDG); Special Projects (\$1.2 million GF/GP); and Enterprisewide Special Maintenance (\$7.0 million GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	7,771,700	(7,771,700)
	GF/GP	\$14,750,300	(\$14,750,300)
<b>2. State Building Authority (SBA) Rent Payments</b>	<b>Gross</b>	<b>\$236,770,600</b>	<b>\$17,800,000</b>
<u>Executive</u> restores \$17.8 million GF/GP to State Building Authority rent funding that was reduced in the FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$236,770,600	\$17,800,000
<b>3. Capital Outlay – Enterprisewide Special Maintenance at State Facilities</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>\$11,500,000</b>
<u>Executive</u> increases funding by \$13.0 million GF/GP for maintenance and upkeep projects at state-owned properties. The figure includes \$5.0 million in restored funding from reductions made in Executive Order 2015-5. <u>House</u> increases funding by \$10.0 million GF/GP. <u>Senate</u> concurs with Executive. <u>Conference</u> increases funding by \$11.5 million GF/GP.	GF/GP	\$20,000,000	\$11,500,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>4. Information Technology Investment Fund</b>	<b>Gross</b>	<b>\$60,500,000</b>	<b>\$4,500,000</b>
<u>Executive</u> increases funding by \$9.5 million GF/GP to continue upgrading various IT related projects and legacy systems. The figure includes \$2.5 million in restored funding from reductions made in Executive Order 2015-5. Total proposed funding is \$70.0 million. FY 2014-15 budget rolled out IT investment projects. <u>House</u> increases funding by \$7.5 million GF/GP and rolls out IT investment project lines. <u>Senate</u> concurs with Executive but reduces funding by \$5.0 million. <u>Conference</u> increases funding by \$4.5 million GF/GP and rolls out IT investment project lines.	GF/GP	\$60,500,000	\$4,500,000
<b>5. Motor Vehicle Fleet</b>	<b>Gross</b>	<b>\$67,669,300</b>	<b>\$6,515,500</b>
<u>Executive</u> increases spending authorization by \$6.5 million IDG to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	67,669,300	6,515,500
<b>6. General Services Technical Adjustments</b>	FTE	324.5	5.0
<u>Executive</u> aligns funding of the Information Technology IDGs with agency investment requests by \$3.8 million. Includes funding and FTE authorization for Treasury Business Portal (\$2.0 million IDG & 2.0 FTEs), Treasury City Income Tax Operations (\$1.2 million IDG & 2.0 FTEs), and Treasury Personal Property Tax Reform Operations (\$650,000 IDG & 1.0 FTE). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$90,562,100</b>	<b>\$3,850,000</b>
	IDG	90,562,100	3,850,000
<b>7. Office of Urban Initiatives</b>	FTE	N/A	5.0
<u>Executive</u> establishes ongoing funding of \$2.5 million GF/GP and 5.0 FTEs, partially restoring an Executive Order 2015-5 reduction to one-time funding, for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development. <u>House</u> does not include. <u>Senate</u> concurs with Executive but reduces funding by \$876,600. <u>Conference</u> concurs with Executive.	<b>Gross</b>	<b>N/A</b>	<b>\$2,500,000</b>
	GF/GP	N/A	\$2,500,000
<b>8. Information Technology Interdepartmental Grant (IDG) Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$2,018,800)</b>
<u>Executive</u> reduces funding by \$2.0 million IDG to align funding of the Information Technology IDGs with adjusted anticipated agency costs. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	(2,018,800)
<b>9. Legal Services</b>	<b>Gross</b>	<b>N/A</b>	<b>\$1,000,000</b>
<u>Executive</u> establishes one-time funding of \$2.0 million GF/GP, restoring an Executive Order 2015-5 reduction to one-time funding, for major litigation involving the Governor and Attorney General in their official capacity, and for securing outside legal advice on major statewide issues not unique to a single agency. <u>House</u> establishes funding at \$1.0 million GF/GP. <u>Senate</u> and <u>Conference</u> concur with House.	GF/GP	N/A	\$1,000,000
<b>10. Michigan Public Safety Communications System (MPSCS)</b>	<b>Gross</b>	<b>\$38,359,000</b>	<b>\$1,500,000</b>
<u>Executive</u> increases funding by \$1.5 million GF/GP for radio replacement cycle and system maintenance. Funding was decreased by \$3.5 million in Executive Order 2015-5 for FY 2014-15, proposal maintains \$2.0 million of that reduction resulting in \$1.5 million increase over prior fiscal year adjusted numbers. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Local	2,212,100	0
	GF/GP	\$36,146,900	\$1,500,000
<b>11. Office of Retirement Services - Deferred Compensation Fund</b>	<b>Gross</b>	<b>\$25,983,700</b>	<b>\$1,257,600</b>
<u>Executive</u> increases funding authorization by \$1.2 million state restricted revenue to Defined Contribution/Deferred Compensation Fund in the Office of Retirement Services to cover increased administrative expenses. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	20,738,900	1,257,600
	GF/GP	\$5,244,800	\$0
<b>12. Civil Service Commission</b>	<b>Gross</b>	<b>\$4,385,800</b>	<b>(\$1,085,800)</b>
<u>Executive</u> reduces funding of \$1.1 million GF/GP to the Civil Service Commission's Information Technology Services and Projects. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	1,025,400	0
	Restricted	1,407,800	0
	GF/GP	\$1,952,600	(\$1,085,800)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>13. Homeland Security/Cyber Security</b>	<b>Gross</b>	<b>\$8,068,200</b>	<b>\$1,000,000</b>
<u>Executive</u> restores \$1.0 million GF/GP of funding reductions made in Executive Order 2015-5: Homeland Security Initiative/Cyber Security. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$8,068,200	\$1,000,000
<b>14. Procurement Improvement Plan – Category Management Implementation</b>	FTE	91.0	6.0
<u>Executive</u> includes funding of \$825,000 Gross (\$479,100 GF/GP) and 6.0 FTEs to examine state purchasing from an enterprisewide perspective and reduce the number of contracts and suppliers utilized. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$10,476,400</b>	<b>\$825,000</b>
	IDG	452,900	16,900
	Federal	100	0
	Restricted	4,916,300	329,000
	GF/GP	\$5,107,100	\$479,100
<b>15. State Emergency Operations Center</b>	<b>Gross</b>	<b>\$91,352,000</b>	<b>\$631,700</b>
<u>Executive</u> increases authorization by \$631,700 IDG to the Building Operation Services line item to cover revenue, maintenance, utilities, security, and operations costs of the State Emergency Operations Center commencing October 1, 2015. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	91,352,000	631,700
<b>16. One-Time Technology Service Funding</b>	<b>Gross</b>	<b>N/A</b>	<b>\$600,000</b>
<u>Executive</u> increases funding by \$600,000 IDG to align agency IT funding costs for the Treasury Business Portal. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	600,000
<b>17. Offset of GF and Restricted Revenue</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Executive</u> reduces funding by \$45,000 GF/GP for the Office of State Employer to offset increase in restricted revenue authorization for the Health Management Fund. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	N/A	45,000
	GF/GP	N/A	(\$45,000)
<b>18. Professional Development Funds</b>	<b>Gross</b>	<b>\$1,095,000</b>	<b>\$7,600</b>
<u>Executive</u> increases funding by \$7,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	1,095,000	7,600
<b>19. Various Technical Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$478,100</b>
<u>Executive</u> makes fund source adjustments by replacing \$3,100 GF/GP with \$3,100 IDG and \$12,700 restricted revenue with \$12,700 IDG for various adjustments, including: funding authorization realignment, Statewide Cost Allocation Plan adjustment, and State Building Authority Rent adjustment. Finally restores \$478,100 in IDG user fee authorizations that were reduced based FY 2014-15 mid-year adjustment. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	493,900
	Restricted	N/A	(12,700)
	GF/GP	N/A	(\$3,100)
<b>20. Capital Outlay Planning Authorizations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Executive</u> includes \$500 GF/GP for three university and two community college capital outlay planning authorizations: Lake Superior State – Center for Freshwater Research and Education, University of Michigan – Dearborn – Engineering Laboratory Building Replacement, University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition, Delta College – Saginaw Center, and Mott Community College – Southern Lakes Branch Center Renovation. <u>House</u> does not include. <u>Senate</u> reduces funding by \$400. <u>Conference</u> concurs with House.	GF/GP	N/A	\$0
<b>21. Administrative Services Offsets</b>	<b>Gross</b>	<b>\$17,611,900</b>	<b>\$0</b>
<u>Executive</u> makes fund source adjustments that result in \$781,700 GF/GP increase. This includes a \$981,700 GF/GP increase to offset restricted revenues supporting departmental administrative services, in addition to a \$200,000 GF/GP decrease to offset an increase in procurement card revenue authorization. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	11,259,200	(694,700)
	Restricted	4,232,500	(87,000)
	GF/GP	\$2,120,200	\$781,700
<b>22. Executive Revision 2016-1, Office of New Americans</b>	<b>Gross</b>	<b>\$17,611,900</b>	<b>(\$208,000)</b>
<u>Conference</u> incorporated Executive Revision 2016-1, which reallocated funding from Administrative Services to the Department of Licensing and Regulatory Affairs (LARA) for the Office of New Americans.	IDG	11,259,200	0
	Restricted	4,232,500	0
	GF/GP	\$2,120,200	(\$208,000)



<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>23. Executive Revision 2016-3, School Reform Office</b>	FTE	N/A	11.0
<u>Conference</u> incorporated Executive Revision 2016-3, which moved the School Reform Office from the Department of Education to DTMB.	<b>Gross</b>	<b>N/A</b>	<b>\$2,420,900</b>
	GF/GP	N/A	\$2,420,900
<b>24. Additional One-Time Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,605,000</b>
<u>Conference</u> added one-time appropriations of \$500,000 GF/GP for the Cost Study of 2014 PA 555, \$3.0 million GF/GP for Treasury technology services, and \$105,000 GF/GP for Special Grants.	GF/GP	N/A	\$3,605,000
<b>25. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>\$34,600</b>
<u>Executive</u> reflects net cost increase of \$34,600 Gross (\$405,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-required retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	N/A	(345,500)
	Federal	N/A	23,200
	Local	N/A	34,000
	Private	N/A	(300)
	Restricted	N/A	(82,000)
	GF/GP	N/A	\$405,200

### Major Boilerplate Changes From FY 2014-15

#### **Sec. 808a. Building Occupancy; Vacated Space – DELETED**

Bars DTMB from charging for building occupancy for unoccupied space if the affected department or agency has given prior notice to vacate the space as specified by the section. Executive deletes. House retains section. Senate and Conference concur with Executive.

#### **Sec. 809. Computer Contracts – REVISED**

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000. Executive changes reporting to quarterly. House, Senate, and Conference concur.

#### **Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – RETAINED**

Requires DTMB to maintain Internet website with notice of all ITBs and RFPs over \$50,000; generally required ITBs and RFPs to be posted for at least 14 days prior to bid deadline. Executive deletes. House, Senate, and Conference retain section.

#### **Sec. 813.(5) Motor Vehicle Fleet – DELETED**

Promotes use of remanufactured parts. Executive deletes. House retains section. Senate and Conference concur with Executive.

#### **Sec. 814. Reporting on Information Technology Investment Projects – RETAINED**

Requires quarterly status reports and notice when transferring \$500,000 between projects. Executive changes to annual reports and eliminates notice. House retains section without change. Senate concurs with Executive. Conference concurs with House.

#### **Sec. 814a. Enterprisewide Information Technology Investment Projects – NEW**

Explains purpose of the enterprisewide IT investment projects. Executive adds new section. House did not include. Senate concurs with Executive. Conference concurs with Executive with revisions.

#### **Sec. 815. Energy Savings Performance Contracts – DELETED**

Requires DTMB to review capital improvement projects over \$500,000 for possible inclusion in an energy savings performance contract; required report on use of energy savings performance contracts. Executive deletes. House, Senate, and Conference concur.

#### **Sec. 816. Privatization RFPs – RETAINED**

Requires RFP issued for purpose of privatization to include all factors to be used in evaluating and determining price. Executive deletes. House, Senate, and Conference retain section.

#### **Sec. 817. Call Center Locations – DELETED**

Authorizes DTMB to require a contractor providing state call center services to disclose to callers the location from which services are being provided. Executive, Senate, and Conference delete. House retains section.

#### **Sec. 821. Space Consolidation Plan – RETAINED**

Requires DTMB to annually update the office space consolidation plan and provide a report on space consolidation by February 15. Executive deletes. House, Senate, and Conference retain section.

#### **Sec. 822. Report on Unclassified Salaries – REVISED**

Required a report on individual appointee and unclassified employee salaries by January 1. Executive deletes. House retains and revises to add electronic and online posting requirement. Senate retains. Conference retains and revises to add electronic requirement.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 822f. Fees and Rates Charged to State Agencies – RETAINED***

Required report on fees and rates charged to state agencies, along with justification for any increases from prior year. Executive deletes. House, Senate, and Conference retain section.

### ***Sec. 822g. Wayland Police Post – DELETED***

Required DTMB to assist state police as necessary in discussions with City of Wayland regarding a potential joint public safety building. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 822h. One Division Building – DELETED***

Required DTMB to evaluate the feasibility of repurposing the One Division Building in Grand Rapids for a new state police crime laboratory. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 822i. School Reform Office – NEW***

Requires report on the number of students within and the performance of schools within the state school reform district. Conference adds as new section.

### ***Sec. 822l. Office of Urban Initiatives – NEW***

Requires office to submit report on expenditures, economic impact and job growth initiatives for each urban and metropolitan area receiving funds. Senate adds as new section. Conference concurs.

### ***Sec. 824. Spatial Information and Technical Services – RETAINED***

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; requires report of fund sources and expenditures. Executive eliminated report requirement. House and Conference retain report requirement. Senate concurs with Executive.

### ***Sec. 827.(4) Michigan Public Safety Communications System (MPSCS) – REVISED***

Requires report of receipts and expenditures for each six-month period of the fiscal year. Executive deletes. House retains section. Senate and Conference retain but revises to annual report.

### ***Sec. 828. IT-Related Appropriations and Expenditures – RETAINED***

Requires detailed report on funding and expenditures for IT services and projects. Executive deletes. House, Senate, and Conference retain section.

### ***Sec. 829. Life-Cycle of Hardware and Software – RETAINED***

Requires report that analyzes and makes recommendations on life-cycle of IT hardware and software. Executive deletes. House and Conference retain section. Senate concurs with Executive.

### ***Sec. 830. IT Contract Change Orders – RETAINED***

Requires report on IT change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB. Executive deletes. House and Conference retain section. Senate concurs with Executive.

### ***Sec. 831. Information, Communications and Technology (ICT) Innovation Fund – RETAINED***

Provides for administration and expenditure of ICT innovation fund created under prior-year budget acts. Executive deletes. House and Conference retain section. Senate concurs with Executive.

### ***Sec. 832. Child Support Enforcement System – RETAINED***

Required DTMB to notify legislature of potential or actual penalties for failure of Michigan Child Support Enforcement System to achieve federal certification; required additional reporting in the event of penalties being imposed. Executive deletes. House, Senate, and Conference retains section.

### ***Sec. 836. Cloud Computing – DELETED***

Requires DTMB to conduct analyses on use of public or private cloud computing technologies for new projects and for migration of existing projects or system platforms. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 840. Online Citizens Guide – DELETED***

Required DTMB to issue RFP for publicly accessible statewide online citizens guide. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 862. Required Reports – RETAINED***

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by the SBA. Executive deletes. House, Senate, and Conference retain section.

### ***Sec. 866. State Building Authority (SBA) Leases – DELETED***

Expressed legislative approval for execution of SBA leases for SBA-financed construction. Executive deletes. House retains section. Senate and Conference concur with Executive.

### ***Sec. 867. Farnum Building – NEW***

Allocates proceeds from the sale of the Farnum Building to DTMB. If net proceeds are less than \$7.0 million, the shortfall would be appropriated to the department. Executive adds as new section. House, Senate, and Conference concur.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 890. Regional Prosperity Initiative – REVISED***

Provides guidelines for the Regional Prosperity Initiative. Executive changed to Sec. 822d., makes various minor changes. House concurs. Senate concurs with Executive with revisions. Conference concurs with Senate and changes to 822f.

### ***Sec. 891. Litigation Fund – REVISED***

Requires itemized report on litigation fund expenditures. Executive deletes. House retains and revises to legal services fund. Senate retains and revises. Conference concurs with House as changes to 822g.

### ***Sec. 895. Michigan Business One-Stop (MBOS) – DELETED***

Prohibits DTMB from charging other departments and agencies for continued MBOS operation, and allowed DTMB to spend up to \$1.5 million of its own funds on MBOS maintenance and operation to the extent necessary to minimize disruptions while transitioning to elimination of MBOS. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 896. Farnum Building – DELETED***

Requires DTMB to make up to \$7.0 million available to the Senate for future costs associated with the relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB. Executive deletes. House, Senate, and Conference concur.

### ***Sec. 897. Special Projects – DELETED***

From the \$1.25 million appropriated for special projects, allocated \$500,000 for 120 payments to National Guard retirees and \$250,000 to the Catholic Charities Center for Hope in Genesee, leaving \$500,000 unallocated. Executive deletes. House, Senate, and Conference concur.

**FY 2015-16: DEPARTMENT OF TREASURY**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Ben Gielczyk**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$9,409,100	\$9,500,700	\$9,500,700	\$9,500,700	\$9,500,700	\$91,600	1.0
<b>Federal</b>	39,705,400	39,661,500	39,661,500	39,661,500	39,661,500	(43,900)	(0.1)
<b>Local</b>	1,982,500	9,029,700	9,029,700	9,029,700	9,029,700	7,047,200	355.5
<b>Private</b>	23,100	25,400	25,400	25,400	25,400	2,300	10.0
<b>Restricted</b>	1,607,860,400	1,606,215,600	1,624,837,600	1,606,215,600	1,606,455,600	(1,404,800)	(0.1)
<b>GF/GP</b>	274,063,300	276,679,300	275,229,700	277,103,400	280,379,300	6,316,000	2.3
<b>Gross</b>	<b>\$1,933,043,800</b>	<b>\$1,941,112,200</b>	<b>\$1,958,284,600</b>	<b>\$1,941,536,300</b>	<b>\$1,945,052,200</b>	<b>\$12,008,400</b>	<b>0.6</b>
<b>FTEs</b>	1,873.5	1,911.5	1,911.5	1,911.5	1,911.5	38.0	2.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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), and State Building Authority (SBA) are autonomous agencies housed within the Department of Treasury.

**Major Budget Changes From FY 2014-15 YTD Appropriations**

**1. Constitutional Revenue Sharing**

Executive provides \$30.2 million in restricted sales tax revenues to adjust constitutional revenue sharing payments upward 4.0% from the FY 2014-15 budget act appropriated amount (3.1% above the January 2014 Consensus Revenue Estimating Conference (CREC) estimate for FY 2014-15). FY 2015-16 Executive Recommended amount is based on January 2015 CREC estimates plus \$6.0 million in revenues associated with the Main Street Fairness Act which were not included in the CREC estimate. House and Senate concur. Conference includes \$25.6 million to adjust constitutional revenue sharing payments according to May 2015 CREC estimates.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Gross</b>	<b>\$758,272,400</b>	<b>\$25,593,700</b>
Restricted	758,272,400	25,593,700

**2. City, Village, and Township Revenue Sharing**

Executive removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component (See Sec. 952 of boilerplate). By removing the one-time funding per capita distribution component, 101 townships that were added in FY 2014-15 would not receive a payment in FY 2015-16. Maintains FY 2014-15 CVT Revenue Sharing ongoing funding level of \$243.0 million. House concurs with funding level but revises distribution method by reducing CVT revenue sharing to the city of Detroit by \$5.8 million and shifting funding to all other CVTs that received CVT revenue sharing in FY 2014-15 and maintaining FY 2014-15 funding levels for those CVTs (See Sec. 952 of boilerplate). Senate added \$424,100 for alternate payments which would prevent a CVT that received per capita payment in FY 2014-15 from declining

<b>Gross</b>	<b>\$248,840,000</b>	<b>\$0</b>
Restricted	248,840,000	0

[continued on next page]

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>2. City, Village, and Township Revenue Sharing (continued)</b>		
in total revenue sharing (constitutional and statutory) from FY 2014-15 to FY 2015-16. The Senate estimates that 103 CVTs would receive alternate payments. The Senate caps alternate payments at \$424,100 and payments would be prorated as necessary if amounts needed exceeded that amount. <u>Conference</u> maintains FY 2014-15 funding level and provides all CVTs eligible for a payment in FY 2014-15 with 100% of their FY 2014-15 payment if required conditions under Section 952 are met.		
<b>3. County Revenue Sharing/County Incentive Program</b>	<b>Gross</b>	<b>\$211,200,000</b>
<u>Executive</u> increases county payments by \$3.5 million in restricted sales tax revenue to accommodate two new counties coming online for state payments in FY 2015-16. Maintains full-funding levels for county revenue sharing. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	211,200,000
		<b>\$3,500,000</b>
		3,500,000
<b>4. Financially Distressed Cities, Villages, and Townships</b>		
<u>Executive</u> removes \$3.0 million in one-time restricted sales tax revenues for Financially Distressed CVT grant program. Maintains \$5.0 million in ongoing funding for Financially Distressed CVT grant program. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$8,000,000</b>
	Restricted	8,000,000
		<b>(\$3,000,000)</b>
		(3,000,000)
<b>5. Payments in Lieu of Taxes</b>		
<u>Executive</u> increases by \$4.9 million Gross (\$4.5 million GF/GP) to support scheduled and statutory-required increases in payments in lieu of taxes (PILT). Swamp and tax reverted lands PILT would increase from \$3 to \$4 per acre in FY 2015-16 per statute. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$21,174,900</b>
	Private	23,100
	Restricted	4,482,500
	GF/GP	\$16,669,300
		<b>\$4,919,200</b>
		2,300
		448,400
		\$4,468,500
<b>6. Debt Service</b>		
<u>Executive</u> increases by \$4.1 million GF/GP to support scheduled and statutory-required debt service payments. Funding increase allows for \$5.0 million in new bond issues related to the Strategic Water Quality Initiative. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$152,395,000</b>
	GF/GP	\$152,395,000
		<b>\$4,054,000</b>
		\$4,054,000
<b>7. City Income Tax Administration Program</b>		
<u>Executive</u> includes \$7.1 million in local funds and 24.0 FTEs to support the City Income Tax Administration Program. Under the program, the Department of Treasury would collect the City of Detroit's individual income tax. A portion of the funding would support expansion of the system to include collection of the City of Detroit's business tax in the future. Transfers additional 26.0 FTEs from Tax Processing to support program. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	N/A
	<b>Gross</b>	<b>N/A</b>
	Local	N/A
		24.0
		<b>\$7,050,000</b>
		7,050,000
<b>8. Personal Property Tax Reform Administration</b>		
<u>Executive</u> includes \$3.3 million GF/GP and 9.0 FTEs to support administration of the personal property tax reform changes including collection and distribution of the essential services assessment. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	N/A
	<b>Gross</b>	<b>N/A</b>
	GF/GP	N/A
		9.0
		<b>\$3,345,000</b>
		\$3,345,000
<b>9. Financial Review Commission</b>		
<u>Executive</u> includes \$2.0 million GF/GP and 8.0 FTEs to support new Financial Review Commission created under the Michigan Financial Review Commission Act. The commission will ensure that the City of Detroit is meeting statutory requirements under the city's debt-cutting plan, review and approve the city's four-year financial plan, and ensure fiscal management, among other roles and responsibilities. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	N/A
	<b>Gross</b>	<b>N/A</b>
	GF/GP	N/A
		8.0
		<b>\$2,000,000</b>
		\$2,000,000
<b>10. Financial Independence Teams</b>		
<u>Executive</u> increases by \$1.8 million GF/GP to restore a portion of the FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) reduction of \$2.3 million GF/GP to the program. <u>House</u> does not include. Senate concurs with Executive. <u>Conference</u> includes \$1.5 million GF/GP.	<b>Gross</b>	<b>\$2,250,000</b>
	GF/GP	\$2,250,000
		<b>\$1,450,000</b>
		\$1,450,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>11. Treasury Online Business Portal</b>	<b>Gross</b>	<b>N/A</b>	<b>\$2,600,000</b>
<u>Executive</u> includes \$2.6 million GF/GP (\$600,000 GF/GP considered one-time) for the Department of Treasury's Business Portal. The portal allows businesses to conduct online business tax registration, tax returns, and tax payments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	N/A	\$2,600,000
<b>12. Urban Search and Rescue Task Force</b>	<b>Gross</b>	<b>N/A</b>	<b>\$300,000</b>
<u>House</u> includes \$300,000 GF/GP to support an Urban Search and Rescue Task Force, which provides technical rescue operations and equipment in the event of a disaster or emergency that causes widespread structural damage to buildings, entrapping people inside those collapsed structures. <u>Conference</u> concurs.	GF/GP	N/A	\$300,000
<b>13. Supervision of General Property Tax Law</b>	<b>Gross</b>	<b>\$16,817,500</b>	<b>(\$250,000)</b>
<u>Conference</u> reduces by \$250,000 GF/GP.	Local	140,000	0
	Restricted	6,798,800	0
	GF/GP	\$9,878,700	(\$250,000)
<b>14. Chaldean Community Foundation Grant</b>	<b>Gross</b>	<b>N/A</b>	<b>\$250,000</b>
<u>Conference</u> includes \$250,000 GF/GP to support grant to the Chaldean Community Foundation.	GF/GP	N/A	\$250,000
<b>15. Dual Enrollment Payments</b>	<b>Gross</b>	<b>\$1,005,200</b>	<b>\$500,000</b>
<u>Conference</u> includes additional \$500,000 GF/GP to accommodate growth in dual enrollment payments.	GF/GP	\$1,005,200	\$500,000
<b>16. Senior Citizen Cooperative Housing Tax Exemption Program</b>	<b>Gross</b>	<b>\$10,020,000</b>	<b>\$500,000</b>
<u>Conference</u> includes \$500,000 GF/GP to accommodate increased payments under the program.	GF/GP	\$10,020,000	\$500,000
<b>17. Grants Placeholders</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> includes \$400 GF/GP for four grants placeholders:	GF/GP	N/A	\$0
<ul style="list-style-type: none"> <li>• Charles H. Wright Museum of African American History</li> <li>• City of Wayne recreation grant</li> <li>• Dexter Elmhurst Community Center</li> <li>• Wayne County Community College career technical education program</li> </ul>			
<u>Conference</u> does not include.			
<b>18. Presidential Primary Payments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$10,000,000</b>
<u>Conference</u> includes \$10.0 million GF/GP in one-time funds to support grants to local for costs associated with the 2016 Presidential Primary.	GF/GP	N/A	\$10,000,000
<b>19. Facility for Rare Isotope Beams Debt Service</b>	<b>Gross</b>	<b>\$7,300,000</b>	<b>(\$7,300,000)</b>
<u>Conference</u> shifts \$7.3 million GF/GP funding for Facility for Rare Isotope Beams debt service to the Department of Talent and Economic Development per Executive Revision 2016-1.	GF/GP	\$7,300,000	(\$7,300,000)
<b>20. Casino Gaming Legal Affairs and Gaming Regulation</b>	FTE	N/A	12.0
<u>Executive</u> includes \$514,100 in restricted funds and 12.0 FTEs to support licensing and regulation with live horse races, verify electronic gaming devices, and enhance the agency's communication strategies. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>N/A</b>	<b>\$514,100</b>
	Restricted	N/A	514,100
<b>21. Casino Gaming Control Operations</b>	<b>Gross</b>	<b>\$25,269,400</b>	<b>\$0</b>
<u>Senate</u> shifts \$10.0 million Gross to Casino Gaming Control Operations Reserve Fund (See #14). <u>Conference</u> does not include.	Restricted	25,269,400	0
<b>22. Casino Gaming Control Operations Reserve Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> includes \$10.0 million Gross shifted from Casino Gaming Control Operations for a new reserve fund that would be subject to legislative approval before expenditure by the Casino Gaming Control Board. <u>Conference</u> does not include.	Restricted	N/A	0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>23. Office of Racing Commissioner Adjustment</b>			
<u>Conference</u> reduces Office of Racing Commissioner by \$670,100 Gross due to an adjustment to the Equine Development Fund fund source. Fund source is adjusted to more accurately reflect revenues in fund.	<b>Gross</b> Restricted	<b>\$2,352,400</b> 2,352,400	<b>(\$670,100)</b> (670,100)
<b>24. Lottery Promotion and Advertising</b>			
<u>Executive</u> removes \$18.6 million in State Lottery Fund for promotion and advertising. Recommends elimination of line item and inclusion of boilerplate that would authorize the Bureau of State Lottery to collect 1% of the prior fiscal year's gross sales for promotion and advertising. <u>House</u> does not include. Retains FY 2014-15 funding level appropriated in line item. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>Executive</u> in eliminating line item appropriation, includes boilerplate that would authorize the Bureau of State Lottery to collect 1% of the prior fiscal year's gross sales or \$23.0 million, whichever is less, for promotion and advertising.	<b>Gross</b> Restricted	<b>\$18,622,000</b> 18,622,000	<b>(\$18,622,000)</b> (18,622,000)
<b>25. Contractual Services, Supplies, and Materials Reductions</b>			
<u>Executive</u> reduces various tax programs line items by \$300,000 GF/GP. Reflects budget savings from reductions in contracted services, supplies, and materials (CSS&M). Executive Order 2015-5 and HB 4112 (H-1) implemented \$1.1 million in CSS&M reductions to Tax and Economic Policy (\$600,000 GF/GP) and Tax Compliance (\$500,000 GF/GP). The Executive Recommendation carries forward those reductions reducing both by an additional \$50,000 GF/GP and reduces Tax Processing and Office of Collections by \$100,000 GF/GP. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> GF/GP	<b>N/A</b> N/A	<b>(\$300,000)</b> (300,000)
<b>26. Fund Source Revenue Adjustments</b>			
<u>Executive</u> includes net reduction of \$3.3 million Gross (\$0 GF/GP) to align appropriation with actual available revenues in fund source. Adjusts IDG for Data Collection Services Fee up by \$40,000 and Land Reutilization Fund restricted funds down by \$3.3 million. Makes technical adjustment in fund sourcing by shifting \$62,300 in restricted funding to IDG funding. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> IDG Restricted	<b>N/A</b> N/A N/A	<b>(\$3,264,500)</b> 102,300 (3,366,800)
<b>27. One-Time Appropriations</b>			
<u>Executive</u> provides a net reduction of \$20.4 million Gross (\$15.2 million GF/GP) and 15.0 FTEs in one-time appropriations. Personal property tax payments to reimburse local units for lost debt service millages under the personal property tax reforms are retained at \$19.3 million GF/GP. Funding for the following items is removed: credit card payment services (\$500,000 GF/GP and 6.0 FTEs), personal property tax reform implementation (\$1.5 million GF/GP and 9.0 FTEs), City of Flint police and fire safety grant (\$1.1 million GF/GP), MBT adjustments under PA 282 of 2014 (\$1.0 million GF/GP), Financial Review Commission from PA 182 of 2014 (\$100,000 GF/GP), May Election Administration included in HB 4112 (H-1) (\$10.0 million GF/GP), Driver Responsibility Fee Phase Out Administrative Costs included in HB 4112 (H-1) (\$550,000 Restricted), Transportation Ballot Proposal IT included in HB 4112 (H-1) (\$1.0 million GF/GP), Gaming Control Board IT Replacement included in HB 4112 (H-1) (\$3.0 million Restricted), and Fraud Prevention Services included in HB 4112 (H-1) (\$1.6 million Restricted). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE <b>Gross</b> Restricted GF/GP	15.0 <b>\$39,650,000</b> 5,150,000 \$34,500,000	(15.0) <b>(\$20,350,000)</b> (5,150,000) (15,200,000)
<b>28. MSHDA Executive Director Transfer Out</b>			
<u>Conference</u> reduces by \$259,000 Gross to reflect Executive Revision 2016-1 which transferred the MSHDA Executive Director to the new Department of Talent and Economic Development.	<b>Gross</b> Restricted	<b>\$259,000</b> 259,000	<b>(\$259,000)</b> (259,000)
<b>29. Economic Adjustments</b>			
<u>Executive</u> includes net cost reduction of \$552,000 Gross (\$101,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> IDG Federal Local Restricted GF/GP	<b>N/A</b> N/A N/A N/A N/A N/A	<b>(\$552,000)</b> (10,700) (43,900) (2,800) (393,100) (101,500)

## **Major Boilerplate Changes From FY 2014-15**

### ***Boilerplate Deletions and Revisions***

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

#### ***Sec. 906. Audit Charges – REVISED***

Requires Treasury to charge for audits and report on audits performed and audit charges; appropriation for state compliance audits to be for cost of audits performed by independent CPAs or Treasury auditors; creates Audit Charges Fund revolving fund to collect contract charges and carry forward for future appropriation. Executive and House retain current law. Senate revises to include statement that charge shall not be more than the actual cost for performing the audit. Conference concurs with Senate.

#### ***Sec. 919. Contracted Audit and Collection Services – REVISED***

Appropriates funds to contract with private auditing firms to audit for and collect unclaimed property due the state; requires report on firms employed, amounts collected, and costs of collection. House revises to include language stating legislative intent that contingency fee unclaimed property audits be eliminated for Michigan-based businesses. Senate revised to prohibit contingency fee audits. Conference revised to include new subsection that requires a review of current practices and report to a joint subcommittee of the House and Senate subcommittees on General Government.

#### ***Sec. 944. Pension Plan Consultant Report – REVISED***

Requires Treasury to forward any report received from a pension plan consultant within 30 days of receipt. Executive and House retain current law. Senate revises section to require the department to retain a copy of the report and make available upon request. Conference concurs with Senate.

#### ***Sec. 945. Assessment and Certification Division Reviews – REVISED***

Requires assessment and certification division to conduct 14-point reviews in at least one assessment jurisdiction per county. Executive revises to require the Department of Treasury to conduct an audit of minimum assessing requirements reviews for each county. House revises reference to 14-point review to Audit of Minimal Assessing Requirements. Senate concurred with Executive. Conference concurs with House.

#### ***Sec. 949. Fraud Prevention Appropriation – NEW***

Specifies that the Department of Treasury may contract with private agencies from the funds appropriated in part 1 to prevent the disbursement of fraudulent tax refunds. Appropriates a total amount not to exceed \$1.6 million from the fund or account to which the revenues being collected are recorded or dedicated to pay contract costs or fund operations designed to reduce fraudulent income tax refund payments. Requires report. Executive includes as new section. House, Senate, and Conference concur.

#### ***Sec. 949a. City of Flint Police and Fire Grant – DELETED***

Requires appropriation of \$1.1 million to be expended on police and fire services in the city of Flint. Authorizes emergency manager or receivership transition advisory board to determine distribution of funds. Executive, House, Senate, and Conference delete section.

#### ***Sec. 949a. Personal Property Tax Reimbursements Performance Measures – NEW***

Specifies that the department shall identify specific outcomes and performance measures for the personal property tax reimbursements to local units of government. Provides example of performance metric/outcome stating that the department's role in reimbursing the local units will provide the department the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely. Executive includes as new section (Sec. 20-949). House, Senate, and Conference concur.

#### ***Sec. 949b. City Income Tax Administration Performance Measures – NEW***

Specifies that the department shall identify specific outcomes and performance measures for the administration of the city income tax program. Provides example of performance metric/outcome stating that the department shall track and reduce fraudulent returns by expanding compliance and enforcement services which will benefit Michigan cities by allowing the taxpayer to e-file the city return as part of the state return. Executive includes as new section (Sec. 20-949a). House, Senate, and Conference concur.

#### ***Sec. 949c. Operations Information Technology Services and Projects Performance Measures – NEW***

Specifies that the department shall identify specific outcomes and performance measures for the operations information technology services and projects. Provides example of performance metric/outcome stating that the funding will provide businesses with the opportunity for electronic business tax registration, authentication of taxpayers, and tax filing for more than 325,000 Michigan businesses. Executive includes as new section (Sec. 20-949b). House, Senate, and Conference concur.

#### ***Sec. 949d. Financial Review Commission Performance Measures – NEW***

Specifies that the department shall expand financial review commission efforts in FY 2015-16. The funds shall cover ongoing costs associated with the operation of the commission. Provides example of performance metric/outcome stating that the funding will allow the department to perform critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy. Executive includes as new section (Sec. 20-949c). House, Senate, and Conference concur.



## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 949e. State Essential Services Assessment Program – NEW***

Specifies the purpose of the new program is to provide the department with the ability to collect the new state essential services assessment which is a phased-in replacement of locally collected personal property taxes on eligible manufacturing personal property. Executive includes as new section (Sec. 20-949d). House, Senate, and Conference concur.

### ***Sec. 949f. Tobacco Tax Revenue Distribution Appropriation Authorization – NEW***

Requires revenue received under the tobacco products act related to Wayne County to be appropriated and distributed as required under the act. Executive includes as new section (Sec. 20-949e). House, Senate, and Conference concur.

### ***Sec. 949g. Urban Search and Rescue Task Force – NEW***

Allocates \$300,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2014-15 revenues and expenditures, proposed FY 2015-16 grant expenditures, and a final report on FY 2015-16 grant expenditures. House includes as new section. Conference concurs.

## **REVENUE SHARING**

### ***Sec. 952. City, Village, and Township Revenue Sharing – REVISED***

Specifies distribution of \$248.8 million to all cities, villages, and townships (CVTs) with a population of 7,500 or more by providing the greater of a 3.05% increase over its FY 2013-14 payment or a per capita payment of \$2.65. CVTs with a population below 7,500 that were eligible for an Economic Vitality Incentive Program (EVIP) payment in FY 2013-14 would be eligible to receive a 3.05% increase from their FY 2013-14 EVIP payment. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956. Executive revised to eliminate per capita distribution option, thereby eliminating 101 townships that were added as new recipients in FY 2014-15. Includes new subparagraph that would allow payments to counties to be withheld if a county is more than three months delinquent in maintaining county child care fund or state ward board and care chargeback obligations pursuant to Section 5 of the Youth Rehabilitation Services Act. House revises by reducing the eligible payment for the city of Detroit by \$5.8 million. CVTs that were eligible for a CVT Revenue Sharing payment in FY 2014-15 would be eligible to receive 100% of their FY 2014-15 eligible payment. House revises Executive language on new subparagraph allowing payments to counties to be withheld if a county is more than three months delinquent in maintaining county child care fund or state ward board and care chargeback obligations by specifying that the amount that the county was in arrears would be the maximum amount withheld. House also included language specifying that a county would be deemed delinquent upon notification from the state. Conference revised to provide an eligible payment equal to 100% of the FY 2014-15 payment to all CVTs that were eligible for a payment in FY 2014-15 provided accountability and transparency requirements are met. Conference does not include language regarding withholding payments for delinquent child care fund or state ward board and care chargeback obligations.

### ***Sec. 956. Financially Distressed Cities, Villages, and Townships – REVISED***

Specifies distribution of \$8.0 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Executive revises language to accommodate program practices; revises amount to \$5.0 million to match appropriation. House concurs with Executive revisions. Senate includes a limited set of Executive revisions; changes report date to March 30. Conference adopts Executive revisions; changes report date to March 30.

### ***Sec. 957. County Revenue Sharing Increased Funding Statement of Purpose – NOT INCLUDED***

Specifies that the increased funds for county revenue sharing are to provide the maximum amount of funding to eligible counties. Executive included as new section. House, Senate, and Conference did not include.

### ***Sec. 957. CVT Revenue Sharing Workgroup – NEW***

States legislative intent that a workgroup be formed, to include members of the Executive Branch, to explore a new nonconstitutional revenue sharing distribution formula. Conference includes as new section.

### ***Sec. 958. Statewide Online Financial Accountability Reporting System – DELETED***

Requires department to work with DTMB to issue an RFP for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data. Executive, House, Senate, and Conference delete section.

## **LOTTERY**

### ***Sec. 963. Department of Human Services Bridge Cards – RETAINED***

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets. Executive deleted section. House and Conference retain. Senate concurred with Executive.

### ***Sec. 964. Promotion and Advertising Appropriation – NEW***

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising. Executive included as new section. House did not include. Senate concurs with Executive. Conference includes new section appropriating 1% of prior fiscal year's gross sales or \$23.0 million, whichever is less, for promotion and advertising.

**Major Boilerplate Changes From FY 2014-15**

**CASINO GAMING**

***Sec. 972. Casino Gaming Control Operation Reserve Fund – NOT INCLUDED***

Establishes the Casino Gaming Control Operation Reserve Fund. The Michigan Gaming Control Board could only expend the appropriations after the Executive Director provided sufficient evidence to the General Government subcommittees on the need for the funds. Authorizes State Services Fee Fund to be used to cover administrative costs for casino gaming control operations if reserve fund is not sufficient. Funds in the reserve fund at the close of the fiscal year would revert to the State Services Fee Fund. Senate includes as new section. Conference did not include.

**FY 2015-16: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT**  
**Summary: Conference Report**  
**Article VIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Ben Gielczyk**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	627,370,300	627,305,000	627,305,000	627,305,000	764,102,800	136,732,500	21.8
<b>Local</b>	4,433,500	4,433,500	4,433,500	4,433,500	4,433,500	0	0.0
<b>Private</b>	5,654,900	5,649,000	5,649,000	5,649,000	5,619,000	(35,900)	(0.6)
<b>Restricted</b>	142,678,700	142,588,000	142,588,000	181,088,000	180,411,200	37,732,500	26.4
<b>GF/GP</b>	222,642,500	226,607,000	158,707,100	188,107,000	198,457,000	(24,185,500)	(10.9)
<b>Gross</b>	<b>\$1,002,779,900</b>	<b>\$1,006,582,500</b>	<b>\$938,682,600</b>	<b>\$1,006,582,500</b>	<b>\$1,153,023,500</b>	<b>\$150,243,600</b>	<b>15.0</b>
<b>FTEs</b>	756.0	756.0	756.0	756.0	1,619.0	863.0	114.2

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Conference incorporated Executive Revisions 2016-1 and 2016-4 which created the Department of Talent and Economic Development. Executive, House, and Senate versions only included Michigan Strategic Fund.

**Overview**

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund, Talent investment Agency, Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority. Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, and economic development in the State of Michigan.

**Major Budget Changes From FY 2014-15 YTD Appropriations**

**1. Business Attraction and Community Revitalization**

Executive increases by \$1.2 million Gross (\$10.0 million GF/GP) to support Business Attraction and Community Revitalization. FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) removed \$10.0 million GF/GP and shifted \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund from Entrepreneurship Eco-System to this line item for a net reduction of \$2.2 million GF/GP to the line item. FY 2015-16 Executive Recommendation shifts \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund back to Entrepreneurship Eco-System and restores \$10.0 million GF/GP. Shifts \$1.0 million 21<sup>st</sup> Century Jobs Trust Fund to Pure Michigan. \$17.9 million of total funding is considered one-time appropriations. House reduces by \$16.7 million Gross (\$8.9 million GF/GP). House does not include one-time funding. Senate reduces by \$3.8 million Gross (\$28.5 million GF/GP). Senate shifts \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund back to Entrepreneurship Eco-System and transfers \$6.0 million 21<sup>st</sup> Century Jobs Trust Fund to Pure Michigan (See #3). Replaces \$10.6 million GF/GP and restores \$10.0 million 21<sup>st</sup> Century Jobs Trust Fund with 21<sup>st</sup> Century Permanent Fund revenue. Replaces \$17.9 million GF/GP in one-time funds with MEDC corporate revenues and shifts \$100 to placeholder for Wright Museum. Conference reduces by \$13.8 million Gross (\$5.6 million GF/GP).

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Gross</b>	<b>\$127,800,000</b>	<b>(\$13,800,000)</b>
Restricted	28,800,000	(8,200,000)
GF/GP	\$99,000,000	(\$5,600,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>2. Entrepreneurship Eco-System</b>	<b>Gross</b>	<b>\$17,200,000</b>	<b>\$4,200,000</b>
<u>Executive</u> increases by \$7.8 million Gross (21 <sup>st</sup> Century Jobs Trust Fund). FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) shifted \$7.8 million 21 <sup>st</sup> Century Jobs Trust Fund to the Business Attraction and Community Revitalization to mitigate GF/GP reductions in that line item. FY 2015-16 <u>Executive Recommendation</u> shifts \$7.8 million back to Entrepreneurship Eco-System. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> increases by \$4.2 million Gross (21 <sup>st</sup> Century Jobst Trust Fund).	Restricted	17,200,000	4,200,000
<b>3. Pure Michigan</b>	<b>Gross</b>	<b>\$29,000,000</b>	<b>\$4,000,000</b>
<u>Executive</u> shifts \$1.0 million Gross (21 <sup>st</sup> Century Jobs Trust Fund) from Business Attraction and Community Revitalization to increase support Pure Michigan. Funding would support enhanced international marketing, update Pure Michigan commercials, and upgrade the Pure Michigan website. <u>House</u> maintains FY 2014-15 funding level. <u>Senate</u> shifts \$6.0 million 21 <sup>st</sup> Century Jobs Trust Fund from Business Attraction and Community Revitalization to increase support for Pure Michigan. <u>Conference</u> increases by \$4.0 million Gross (21 <sup>st</sup> Century Jobs Trust Fund).	Restricted	29,000,000	4,000,000
<b>4. Film Incentives</b>	<b>Gross</b>	<b>\$38,000,000</b>	<b>(\$13,000,000)</b>
<u>Executive</u> increases by \$12.0 million GF/GP for a total of \$50.0 million GF/GP. FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) reduced film incentives by \$12.0 million. FY 2015-16 <u>Executive Recommendation</u> restores the reduction. \$25.0 million of total funding is considered one-time appropriations. <u>House</u> eliminates film incentives. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> includes \$25.0 million GF/GP in one-time funds, of which \$19.1 million is dedicated to compensate Michigan retirement systems for guarantee on debt associated with film studio.	GF/GP	\$38,000,000	(\$13,000,000)
<b>5. Special Programs</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> includes \$1.0 million GF/GP to support special programs. <u>Conference</u> does not include.	GF/GP	N/A	\$0
<b>6. One-Time Appropriations</b>	<b>Gross</b>	<b>\$17,750,000</b>	<b>(\$12,600,000)</b>
<u>Executive</u> removes \$17.8 million GF/GP in one-time appropriations for various special projects (\$15.8 million GF/GP) and the Automotive, Engineering, and Manufacturing Technology Fund (\$2.0 million GF/GP). <u>House</u> concurs. <u>Senate</u> concurs but includes \$100 placeholder for capital improvements to the Charles H. Wright Museum. <u>Conference</u> includes \$5.2 million GF/GP for one-time special grants.	GF/GP	\$17,750,000	(\$12,600,000)
<b>7. Michigan Film Office</b>	<b>Gross</b>	<b>\$891,900</b>	<b>(\$237,100)</b>
<u>Executive</u> removes \$237,100 GF/GP from Michigan Film Office operations. Statute allows for the capture of 4.0% of film incentive appropriations to support administration thereby eliminating the need for appropriated GF/GP for Michigan Film Office operations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	654,800	0
	GF/GP	\$237,100	(\$237,100)
<b>8. GED-to-School Program</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> includes \$100 GF/GP placeholder for GED-to-School Program which would cover the costs of the GED test free of charge to individuals meeting certain requirements. The FY 2014-15 budget bill included \$500,000 GF/GP in one-time Special Grants (See #6). <u>Conference</u> does not include.	GF/GP	N/A	\$0
<b>9. City of Springfield Blight Elimination Placeholder</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Senate</u> includes \$100 GF/GP as a placeholder for a grant to the City of Springfield for blight elimination. <u>Conference</u> does not include.	GF/GP	\$0	\$0
<b>10. Land Bank Fast Track Authority</b>	<b>Gross</b>	<b>\$5,250,000</b>	<b>\$0</b>
<u>Senate</u> shifts \$100 to new line item supporting blight removal in the City of Springfield (see item #8). <u>Conference</u> does not include.	Federal	1,000,000	0
	Restricted	300,000	0
	GF/GP	\$3,950,000	\$0
<b>11. Facility for Rare Isotope Beams Debt Service</b>	<b>Gross</b>	<b>N/A</b>	<b>\$7,300,000</b>
<u>Conference</u> includes \$7.3 million GF/GP for Facility for Rare Isotope Beams debt service to accommodate Executive Revision 2016-1. The funding was previously located in the Department of Treasury.	GF/GP	N/A	\$7,300,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>12. Skilled Trades Training Program</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>\$15,600,000</b>
<u>Conference</u> includes additional \$15.6 million Gross for the Skilled Trades Training Program. Funding is shifted in under Executive Revision 2016-1 from the Department of Licensing and Regulatory Affairs.	Restricted	0	15,600,000
	GF/GP	\$10,000,000	\$0
<b>13. Unemployment Insurance Agency Transfer In</b>	FTE	N/A	864.0
<u>Conference</u> includes \$163.4 million Gross to reflect transfer in of Unemployment Insurance Agency activities under Executive Revision 2016-1.	<b>Gross</b>	<b>N/A</b>	<b>\$163,428,400</b>
	Federal	N/A	140,592,300
	Restricted	N/A	22,836,100
<b>14. Michigan Energy Office Transfer Out</b>	FTE	7.0	(7.0)
<u>Conference</u> removes \$4.7 million Gross to reflect transfer out of the Michigan Energy Office under Executive Revision 2016-4.	<b>Gross</b>	<b>\$4,696,400</b>	<b>(\$4,696,400)</b>
	Federal	3,794,500	(3,794,500)
	Private	30,000	(30,000)
	Restricted	871,900	(871,900)
<b>15. MSHDA Executive Director Transfer In</b>	<b>Gross</b>	<b>N/A</b>	<b>\$259,000</b>
<u>Conference</u> includes \$259,000 Gross to reflect transfer in of MSHDA Executive Director under Executive Revision 2016-1.	Restricted	N/A	259,000
<b>16. Economic Adjustments</b>	FTE (uncl)	N/A	6.0
<u>Executive</u> includes net cost reduction of \$210,300 Gross (\$48,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. <u>Conference</u> included 6.0 FTE (unclassified) positions to reflect Executive Revision 2016-1 and the creation of the Department of Talent and Economic Development.	<b>Gross</b>	<b>N/A</b>	<b>(\$210,300)</b>
	Federal	N/A	(65,300)
	Private	N/A	(5,900)
	Restricted	N/A	(90,700)
	GF/GP	N/A	(\$48,400)

### **Major Boilerplate Changes From FY 2014-15**

#### **Boilerplate Section Renumbering**

Conference renumbers the following sections due to Executive Revisions 2016-1 and 2016-4 and the creation of the Department of Talent and Economic Development:

- Sec. 980 (New – Sec. 990)
- Sec. 981 (New – Sec. 991)
- Sec. 984 (New – Sec. 994)
- Sec. 985 (New – Sec. 995)
- Sec. 1001 (New – Sec. 980)
- Sec. 1039 (New – Sec. 1065)
- Sec. 1039b (New – Sec. 1066)
- Sec. 1045 (New – Sec. 981)
- Sec. 1052 (New – Sec. 1053)
- Sec. 1054 (New – Sec. 1061)
- Sec. 1071 (New – Sec. 1055)

#### **DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT (GENERAL SECTIONS)**

##### **Sec. 980. Contingency Funds – REVISED**

Appropriates \$20.0 million in federal, \$2.0 million in state restricted, \$2.0 million in private contingency funds, and \$100,000 in local contingency funds; authorizes expenditure after legislative transfer to specific line items. Conference revises to \$30.0 million federal, \$10.0 million in state restricted, \$2.0 million in private, and \$2.0 million in local contingency funds to reflect Executive Revision 2016-1. (Formerly Section 1001 in MSF).

#### **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

##### **Sec. 990. Michigan State Housing Development Authority Annual Report – RETAINED**

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs. Executive deletes section. House, Senate, and Conference retain. Renumbers to Sec. 990 (formerly 980) to reflect Executive Revision 2016-1 and the creation of the Department of Talent and Economic Development.

##### **Sec. 991. Michigan Broadband Development Authority Report – RETAINED**

Requires the department and MSHDA to report on the status of loans entered into by the Michigan Broadband Development Authority. Executive deletes section. House, Senate, and Conference retain. Renumbers to Sec. 991 (formerly 981) to reflect Executive Revision 2016-1 and the creation of the Department of Talent and Economic Development.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 986. Land Bank Fast Track Authority Operations Report – DELETED***

Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities. Executive, House, and Conference delete section. Senate retained.

### ***Sec. 990. Housing Rehabilitation Task Force – DELETED***

Requires Michigan State Housing Development Authority to work with the Department of Community Health and the Department of Human Services to appoint members to a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies and to make recommendations for integrating and coordinating project delivery. Executive, House, Senate, and Conference delete section.

## **MICHIGAN STRATEGIC FUND**

### ***Sec. 1002. Corporate Revenue and Permanent Fund Revenue – NOT INCLUDED***

States legislative intent that funds from the MEDC corporate revenue and 21<sup>st</sup> Century Permanent Fund may be used to fund appropriations for business attraction and community revitalization. Senate includes as new section. Conference does not include.

### ***Sec. 1033. Film Incentives Status Report – REVISED***

Requires quarterly reports on the status of the film incentives approved under section 29h of the MSF Act. Executive, Senate, and Conference revise to remove indirect economic impact, indirect jobs, and indirect investment from the reporting requirement. House retains current law.

### ***Sec. 1034. Business Incubator Program – REVISED***

Requires each of the 10 business incubators that received awards in FY 2012-13 from the Innovation and Entrepreneurship line item to submit a dashboard of indicators to gauge performance. Indicates intent of the legislature that any additional funding be based on performance of the business incubator. Executive, House, Senate, and Conference strike intent language.

### ***Sec. 1037. Facility for Rare Isotope Beams Debt Service – REVISED***

Stipulates that no long-term indebtedness shall be issued by the Michigan Strategic Fund until Michigan State University provides certification that all necessary approvals have been secured and federal funds are available to commence construction of the facility. Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive and House delete section. Senate and Conference strike subsection (1) only.

### ***Sec. 1039b. Skilled Trades Training Program Administration – REVISED***

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Executive revises to include subsection allowing up to \$5.0 million to be used for matching funds when a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government. House, Senate, and Conference concur. Conference renumbers to Sec. 1065 to reflect Executive Revision 2016-1 and the creation of the Department of Talent and Economic Development.

### ***Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – RETAINED***

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1, 2015. Executive and Senate delete section. House and Conference retain.

### ***Sec. 1043. West Michigan Film Office – DELETED***

Requires \$250,000 of the funds appropriated in part 1 for film incentives to be dedicated to the West Michigan Film Office. Executive, House, Senate, and Conference delete section.

### ***Sec. 1044. Michigan Heritage Restoration Program – DELETED***

Directs distribution of \$600,000 GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed \$250,000. Executive, House, Senate, and Conference delete section.

### ***Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund – DELETED***

Directs funds appropriated in part 1 for the Michigan Law Enforcement Officers Memorial Monument Fund to be used as match funds. For every \$1.00 raised in private money, \$2.00 is to be distributed from state funds up to a maximum of \$2.0 million. Executive, House, Senate, and Conference delete section.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – DELETED***

Stipulates that no long-term indebtedness may be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million is to be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. States that plans demonstrating collaboration between postsecondary and school districts and ISDs should get additional consideration. Awards to be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides for the State Budget Director to retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive, House, Senate, and Conference delete section.

### ***Sec. 1053. Status of Projects Report – NEW***

Requires MSF to provide a report on the status of projects by award recipient in an annual report to the legislature as required in the MSF Act. Executive includes as new section. House, Senate, and Conference concur. Conference changes section to Section 1053.

### ***Sec. 1056. Film Incentive Funds Transfer – NEW***

Requires the Department of Talent and Economic Development to make a total payment of \$19.1 million to the Michigan retirement systems for obligations purchased or guaranteed for the financing, construction, or operation of a film production studio. Conference includes as new section.

### ***Sec. 1057. Aerospace Supplier Development Program – DELETED***

Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-System for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted. Executive, Senate, and Conference delete section. House retains.

### ***Sec. 1058. Transportation Workgroup – DELETED***

Requires MSF to conduct a workgroup with MDOT, MDOC, MDHS, and members of the Senate and House of Representatives to determine how the state can maximize services and funding for transportation for low-income individuals. Executive, House, Senate, and Conference delete section.

### ***Sec. 1059. Pre-College Engineering – DELETED***

Provides for distribution of funds appropriated to a pre-college engineering program in southeast Michigan. Executive, House, Senate, and Conference delete section.

## **TALENT INVESTMENT AGENCY**

### ***Sec. 1064. Workforce Development Programs Reporting – NEW***

Requires MSF to provide a status report on each discrete workforce development agency program supported by funds appropriated in part 1. House includes as new section. Conference concurs with House.

### ***Sec. 1069. Michigan GED-to-School Program – REVISED***

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report. Executive deletes section. House revises section to eliminate requirement that individuals enroll in a postsecondary institution within 2 years of taking test. House includes new requirement that individuals score "likely to pass" on the official GED practice test. Includes language designating FY 2014-15 and FY 2015-16 funds as work project. Conference concurs with House on language; revises to eliminate reference to funding in part 1 and replace with reference to FY 2014-15 appropriations.

### ***Sec. 1070. Welfare-to-Work Workgroup – REVISED***

Requires Workforce Development Agency to conduct a workgroup with DHS and members of the Senate and House of Representatives to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report. Executive and House delete section. Senate retains current law. Conference revised language to maintain FY 2014-15 requirement unless the information was already provided by the workgroup in FY 2014-15.

### ***Sec. 1071. Business Attraction and Community Revitalization Performance Measures – NEW***

Requires MSF to identify specific outcomes and performance metrics for the one-time funds associated with the program that shall include, but not be limited to, monthly total jobs and private investment for community projects. Executive includes as new section. House concurs but eliminates reference to "one-time" funds. Senate and Conference concur with Executive. Conference rennumbers to Sec. 1055 to reflect Executive Revision 2016-1 and the creation of the Department of Talent and Economic Development.

### ***Sec. 1076. Unemployment Insurance Agency Integrated Systems – NEW***

Requires the UIA to report on the implementation and improvements to the agency's integrated system project. Conference includes a new section to reflect Executive Revision 2016-1.

**Major Boilerplate Changes From FY 2014-15**

***Sec. 1077. Internet Michigan Web Account Manager System – NEW***

Requires the Department of Talent and Economic Development to report quarterly on the percentage of unemployment claimants that meet the certification requirements for receiving benefits by using the Internet Michigan web account manager system or any application developed for that purpose. Requires the department to implement improvements to the web account system that promote greater ease of access and security with a goal of reaching 75% of users certifying by using the system. Conference includes as new section to reflect Executive Revision 2016-1.

***Sec. 1078. Internet Michigan Web Account Manager System Performance Metrics – NEW***

Requires the Department of Talent and Economic Development to maintain customer service standards for employers and claimants making use of the various means by which they can access the system. Conference includes as new section to reflect Executive Revision 2016-1.

***Sec. 1079. Career Technology and Skilled Trades Training Programs Performance Metrics – NEW***

Requires the Department of Talent and Economic Development to expand workforce training and re-employment services to better connect workers to in-demand jobs. Conference includes as new section to reflect Executive Revision 2016-1.



**FY 2015-16: DEPARTMENT OF HEALTH AND HUMAN SERVICES – HEALTH SERVICES PORTION**  
**Summary: Conference Report**  
**Article X, Senate Bill 133 (S-1) CR-1**



**Analysts: Susan Frey, Kevin Koorstra, and Kyle I. Jen**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	<i>Difference: Conference From FY 2014-15 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$9,425,900	\$9,678,100	\$9,678,100	\$9,678,100	\$9,678,100	\$252,200	2.7
<b>Federal</b>	12,455,907,600	13,465,957,200	13,457,655,100	13,488,611,200	14,035,917,900	1,580,010,300	12.7
<b>Local</b>	227,120,400	85,984,600	85,961,700	85,974,700	85,951,800	(141,168,600)	(62.2)
<b>Private</b>	127,856,600	127,698,700	127,698,700	127,698,700	129,698,700	1,842,100	1.4
<b>Restricted</b>	2,135,694,400	2,289,035,100	2,130,566,200	2,173,385,400	2,100,525,800	(35,168,600)	(1.6)
<b>GF/GP</b>	3,088,706,800	2,993,251,300	3,121,097,300	3,128,354,300	3,200,596,700	111,889,900	3.6
<b>Gross</b>	<b>\$18,044,711,700</b>	<b>\$18,971,605,000</b>	<b>\$18,932,657,100</b>	<b>\$19,013,702,400</b>	<b>\$19,562,369,000</b>	<b>\$1,517,657,300</b>	<b>8.4</b>
<b>FTEs</b>	3,659.1	3,683.1	3,683.1	3,695.1	3,693.1	34.0	0.9

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Health and Human Services (DHHS) was created through the merger of the Department of Community Health and the Department of Human Services under Executive Order (EO) 2015-4. The Health Services portion of the DHHS budget provides funding for a wide range of behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid and the Healthy Michigan Plan. Funding is also provided for the Aging and Adult Services Agency, the Crime Victim Services Commission, and health policy programs.

**NOTE:** Information on House action in this document is based on House Bill 4102 (H-1) as passed by the House. Information on Senate action is based on Senate Bill 133 (S-1) as passed by the Senate. Information on Conference action is based on Senate Bill 118 (S-2) CR-1, the contents of which have been merged into a single article of Senate Bill 133 (S-1) CR-1 for the DHHS budget in a manner largely consistent with executive revisions submitted to implement EO 2015-4.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
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**1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Adjustments**

The Executive includes an increase of \$104.5 million Gross (\$20.2 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, Federal Medicare Pharmaceutical Program, and Family Support Subsidy. Amount also includes the Federal Medical Assistance Percentage (FMAP) adjustment from 65.54% to 65.60% and the Enhanced FMAP adjustment from 75.88% to 98.92%, offsetting \$22.9 million GF/GP. The House and Senate concur, with a technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments. The Conference includes revised adjustments of \$190.2 million Gross (\$46.6 million GF/GP) based on estimates agreed to at the May Consensus Revenue Estimating Conference with the technical adjustment to offset an additional \$805,000 GF/GP with federal funds based on Enhanced FMAP adjustments and also includes FY 2014-15 supplemental adjustments agreed to at the May Consensus Revenue Estimating Conference in the bill (see final page of analysis).

<b>Gross</b>	<b>\$12,915,340,200</b>	<b>\$190,188,200</b>
IDG	2,999,900	(11,000)
Federal	8,448,405,800	145,159,600
Local	45,465,200	0
Private	2,100,000	0
Restricted	1,900,374,300	(1,536,100)
GF/GP	\$2,515,995,000	\$46,575,700

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>	
<b>2. Healthy Michigan Plan (HMP) Cost Adjustments</b>			
The <u>Executive</u> includes an increase in FY 2014-15 HMP costs of \$361.1 million and an increase in FY 2015-16 HMP costs of \$454.6 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. The <u>House</u> concurs and also includes FY 2014-15 supplemental adjustments for HMP in the FY 2015-16 budget bill. The <u>Senate</u> concurs with the Executive and does not include FY 2014-15 supplemental adjustments in the bill. The <u>Conference</u> includes revised adjustments of \$485.9 million for FY 2014-15 and \$474.6 million for FY 2015-16 based on estimates agreed to at the May Consensus Revenue Estimating Conference and also includes FY 2014-15 supplemental adjustments for HMP in the FY 2015-16 budget bill (see final page of analysis).	<b>Gross</b>	<b>\$2,651,022,800</b>	<b>\$960,427,100</b>
	Federal	2,651,022,800	960,427,100
	GF/GP	\$0	\$0
<b>3. Healthy Michigan Plan (HMP) MACI Payments</b>			
The <u>Conference</u> includes \$318.2 million in federal funding for Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. Conference also includes FY 2014-15 supplemental adjustments for HMP MACI payments in the FY 2015-16 budget bill (see final page of analysis). FY 2015-16 funding is the same amount that will be appropriated for FY 2014-15 HMP MACI payments.	<b>Gross</b>	<b>\$0</b>	<b>\$318,200,000</b>
	Federal	0	318,200,000
	GF/GP	\$0	\$0
<b>4. Actuarially Sound Capitation Payment Rates Adjustments</b>			
The <u>Executive</u> provides \$170.0 million Gross (\$38.0 million GF/GP) to increase capitation payment rates for Medicaid Health Plans 2.0% and Prepaid Inpatient Health Plans (PIHPs) 1.5% to comply with federal requirement that rates for managed care entities are actuarially sound. Line items increased include Medicaid mental health services, Medicaid substance use disorder services, Healthy Michigan Plan – behavioral health, health plan services, and Healthy Michigan Plan. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$9,820,800,900</b>	<b>\$170,040,500</b>
	IDG	2,999,900	0
	Federal	7,402,104,700	132,035,300
	Local	38,846,400	0
	Restricted	1,235,226,000	0
	GF/GP	\$1,141,623,900	\$38,005,200
<b>DEPARTMENTWIDE ADMINISTRATION</b>			
<b>5. Administrative Hearing System Costs</b>			
The <u>Executive</u> increases funding for administrative hearing costs related to DCH programs by \$1.0 million gross (\$519,700 GF/GP): \$139,400 for new charges for related rent and information technology costs, and \$900,000 transferred from Department of Licensing and Regulatory Affairs (LARA) for Healthy Michigan Plan related hearings costs. LARA administers the hearings system for all departments through interdepartmental grants. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	<b>Gross</b>	<b>\$1,424,600</b>	<b>\$1,039,400</b>
	Federal	704,000	519,700
	GF/GP	\$720,600	\$519,700
<b>6. Economic Adjustments</b>			
The <u>Executive</u> includes a net reduction of \$607,500 Gross (\$232,100 GF/GP) for the following economics adjustments: salary/wage 2.0% base increase, insurance rate increase, reductions in actuarially-determined retirement rates, and increases for worker's compensation, building occupancy, and rent. There are no economic adjustments recommended for food, gas, fuel, or utility costs for state hospitals and centers. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	<b>Gross</b>	<b>N/A</b>	<b>(\$607,500)</b>
	IDG	N/A	(5,500)
	Federal	N/A	(250,400)
	Local	N/A	(42,800)
	Private	N/A	(400)
	Restricted	N/A	(76,300)
	GF/GP	N/A	(\$232,100)
<b>7. Administrative Savings from Merger of DCH and DHS</b>			
The <u>House</u> assumes savings totaling \$2.2 million GF/GP from the merger of the Department with the Department of Human Services, effective April 10, 2015 under Executive Order 2015-4, including: \$350,000 Director and Other Unclassified line item, \$1,650,000 Departmental Administration and Management line item, and \$243,000 Information Technology line item. YTD shown includes all three line items. The <u>Senate</u> does not include. The <u>Conference</u> concurs with the Senate.	<b>Gross</b>	<b>\$64,816,200</b>	<b>\$0</b>
	Federal	32,920,500	0
	Restricted	2,657,700	0
	GF/GP	\$29,238,000	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>8. Administrative Lapse Savings</b>			
The <u>Senate</u> includes savings of \$340,000 GF/GP from 7 administrative line items throughout the budget, based on FY 2013-14 year-end lapsed amounts. The <u>Conference</u> does not concur.	<b>Gross</b>	N/A	<b>\$0</b>
	GF/GP	N/A	\$0
<b>BEHAVIORAL HEALTH SERVICES</b>			
<b>9. Mental Health and Wellness Commission</b>			
The <u>Executive</u> provides \$5.0 million Gross (\$1.9 million GF/GP) and 1.0 FTE for a 12-bed psychiatric residential treatment facility and a children's behavioral action team with an emphasis on children residing at Hawthorn Center; provides \$1.5 million GF/GP designated as one-time basis only to coordinate child trauma response and to partially offset reductions from Executive Order 2015-5; and removes \$6.1 million Gross (\$2.1 million GF/GP) designated as one-time basis funding appropriated in FY 2014-15. The <u>House</u> concurs and reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$2.7 million Gross (\$1.0 million GF/GP), requiring a roughly 6-month delay in implementation. The <u>Senate</u> reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$1.25 million Gross (\$469,000 GF/GP), requiring a 9-month delay in implementation, and reduces one-time funding to a \$100 GF/GP placeholder. Finally, the <u>Senate</u> removes \$13.8 million Gross (\$4.7 million GF/GP), equal to 50% of remaining funding, based on the assumption those initiatives could be funded by the Michigan Health Endowment Fund, which is funded by statutorily-required contributions from Blue Cross Blue Shield of Michigan. The <u>Conference</u> concurs with the Executive and reduces funding for 12-bed psychiatric residential treatment facility and children's behavioral action team to \$1.25 million Gross (\$469,000 GF/GP), requiring a 9-month delay in implementation.	FTE	0.0	1.0
	<b>Gross</b>	<b>\$33,625,000</b>	<b>(\$3,312,500)</b>
	Federal	22,205,000	(3,181,500)
	GF/GP	\$11,420,000	(\$131,000)
<b>10. Mental Health Jail Diversion and Transition</b>			
The <u>Executive</u> restores an Executive Order 2015-5 reduction of \$300,000 GF/GP and transfers in \$1.0 million GF/GP from Department of Corrections for jail diversion and transition programming. The <u>House</u> concurs. The <u>Senate</u> concurs with restoration of the Executive Order reduction but does not include the \$1.0 million GF/GP transfer from Department of Corrections. The <u>Conference</u> concurs with House.	FTE	1.0	0.0
	<b>Gross</b>	<b>\$3,050,000</b>	<b>\$1,300,000</b>
	GF/GP	\$3,050,000	\$1,300,000
<b>11. Community Mental Health (CMH) Non-Medicaid Services</b>			
The <u>Executive</u> replaces \$20.0 million in one-time Roads and Risks Reserve funds with an equal amount of GF/GP to maintain annual CMH Non-Medicaid funding at \$117.1 million. The \$20.0 million in one-time Roads and Risks Reserve funds was included in the current year supplemental, HB 4112. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$117,050,400</b>	<b>\$0</b>
	Restricted	20,000,000	(20,000,000)
	GF/GP	\$97,050,400	\$20,000,000
<b>12. Community Mental Health (CMH) Purchase of State Services</b>			
The <u>Executive</u> eliminates the transfer of GF/GP to local Community Mental Health Services Programs (CMHSP) for the purchase of state services, reducing the corresponding \$139.5 million in local revenue appropriated for state psychiatric hospitals. The GF/GP currently appropriated for CMHSP purchase of state services is instead directly appropriated to support the state psychiatric hospitals. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$278,931,200</b>	<b>(\$139,465,600)</b>
	Local	139,465,600	(139,465,600)
	GF/GP	\$139,465,600	\$0
<b>13. Liquor License Fee Increases</b>			
The <u>Executive</u> authorizes \$913,200 in restricted funds to support fetal alcohol syndrome disorders. Restricted funds would be available through Executive proposal for increased liquor fees, which have a statutory requirement for 3.5% of license fees to be used for prevention, rehabilitation, care, and treatment of alcoholics and 15% of the fee charged for the issuance of licenses to sell spirits or mixed spirit drinks on Sunday to be used for the treatment of alcoholics. Remaining liquor license fee revenue appropriated in Licensing and Regulatory Affairs (LARA) budget. The <u>House</u> includes the additional restricted fund authorization. The <u>Senate</u> and <u>Conference</u> do not include the additional restricted fund authorization.	<b>Gross</b>	<b>\$1,784,200</b>	<b>\$0</b>
	Restricted	1,784,200	0
	GF/GP	\$0	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>14. One-Time Drug Policy Initiatives</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
The <u>Executive</u> provides \$1.5 million GF/GP on a one-time basis to support a new initiative for prescription drug abuse prevention and treatment. Funding targeted to reduce prescription drug abuse and to support those seeking recovery. The <u>House</u> includes a \$100 placeholder for this item. The <u>Senate</u> does not include funding for this item. The <u>Conference</u> concurs with the Executive.	GF/GP	\$0	\$1,500,000
<b>15. Children's Waiver Home Care Program</b>	<b>Gross</b>	<b>\$21,544,900</b>	<b>(\$1,544,900)</b>
The <u>Executive</u> revises fund sourcing for the children's waiver home care program by offsetting \$1.4 million in federal funds that are not available with GF/GP. The <u>House</u> concurs and also reduces program funding by \$1.5 million Gross (\$531,400 GF/GP) to reflect anticipated program expenditure levels based on historic expenditure trends. The <u>Senate</u> concurs with the Executive. The <u>Conference</u> concurs with the House.	Federal	15,488,700	(2,368,700)
	GF/GP	\$6,056,200	\$823,800
<b>STATE PSYCHIATRIC HOSPITALS &amp; FORENSIC MENTAL HEALTH SERVICES</b>			
<b>16. State Psychiatric Hospitals – Pharmacy Costs</b>	<b>Gross</b>	<b>N/A</b>	<b>\$425,700</b>
The <u>Executive</u> provides \$567,600 Gross (\$449,100 GF/GP) for a 5% inflationary increase for pharmacy costs at the state's 4 psychiatric hospitals and the Forensic Center. The <u>House</u> concurs. The <u>Senate</u> provides a lower increase of \$425,700 Gross (\$336,800 GF/GP) based on an estimate of 3.75% in inflationary growth. The <u>Conference</u> concurs with the Senate.	Federal	N/A	28,700
	Local	N/A	29,500
	Restricted	N/A	30,700
	GF/GP	N/A	\$336,800
<b>PUBLIC HEALTH ADMINISTRATION</b>			
<b>17. Essential Local Public Health Services</b>	<b>Gross</b>	<b>\$39,386,100</b>	<b>\$1,500,000</b>
The <u>Executive</u> reinstates \$1.5 million GF/GP for essential local public health services, a reduction in the current fiscal year under Executive Order 2015-5. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Local	5,150,000	0
	GF/GP	\$34,236,100	\$1,500,000
<b>18. Health and Wellness Initiatives</b>	<b>Gross</b>	<b>\$7,450,000</b>	<b>\$1,500,000</b>
The <u>Executive</u> reinstates \$1.5 million GF/GP for health and wellness initiatives including cancer prevention funding, a reduction in the current fiscal year under Executive Order 2015-5. The <u>House</u> concurs. The <u>Senate</u> does not concur with the Executive, and reduces the line item by \$3.2 million, (\$2.2 million GF/GP), eliminating allocations for certain projects and assuming funding for the discontinued projects may be granted by the non-state Michigan Health Endowment Fund foundation; shifts \$947,900 of Healthy Michigan Fund savings to Medicaid, for GF/GP savings. (YTD amounts shown are Health and Wellness Initiatives only, and do not include Medicaid). The <u>Conference</u> concurs with the House.	Restricted	5,210,700	0
	GF/GP	\$2,239,300	\$1,500,000
<b>HEALTH POLICY</b>			
<b>19. Federal Grant for Blueprint for Health Innovation</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>\$5,000,000</b>
The <u>Executive</u> recognizes a \$30.0 million increase in federal grant funds to test and implement Michigan's Blueprint for Health Innovation, supporting major innovations in health care service delivery and payment systems. The grant totals \$70.0 million over 4 years. (Current year authorization for the initial \$20.0 million was in HB 4112). Also adds new related boilerplate Sec. 718, including outcomes and performance measures. The <u>House</u> concurs, and includes revised Sec. 718. The <u>Senate</u> recognizes authorization of \$15.0 million for the grant and includes Sec. 718 with revisions. The <u>Conference</u> provides \$25.0 million of federal authorization for the grant and includes Sec. 718 (renumbered to Sec. 1144) with revisions including standards for aggregated claims data systems created with funds from the grant.	Federal	20,000,000	5,000,000
	GF/GP	\$0	\$0
<b>20. Health Innovation Grants</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>\$0</b>
The <u>House</u> reduces state GF/GP funding for Health Innovations Grants, leaving a \$100 placeholder for the line item. The <u>Senate</u> makes no funding changes. The <u>House</u> and <u>Senate</u> concur with <u>Executive</u> revisions to related boilerplate Sec. 717. The <u>Conference</u> concurs with the Senate (Sec. 717 is renumbered to Sec. 1143).	GF/GP	\$1,500,000	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>21. Newborn Screening</b>		<b>Gross</b>	<b>\$14,070,500</b>
The <u>Executive</u> increases funding for newborn screening and treatment program, and related laboratory and vital records services by \$2.1 million from state restricted newborn screening fees. Additional revenues are from fee increases for inflation and for new tests as recommended by the Quality Assurance Advisory Committee, pursuant to the Public Health Code. YTD amount shown includes funding for all newborn screening services. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Restricted	14,070,500	<b>\$2,060,900</b>
	GF/GP	\$0	2,060,900
			\$0
<b>EPIDEMIOLOGY AND INFECTIOUS DISEASE</b>			
<b>22. Immunization Vaccine Education</b>		<b>Gross</b>	<b>\$15,022,300</b>
The <u>Senate</u> increases funding for immunization programs by \$500,000 GF/GP with new related boilerplate Sec. 853, to provide and promote education about the value of vaccines. The funding is to be expended only upon commitment of matching funds from private sector sources, at a match rate of \$1.00 state for \$4.00 private. The <u>Conference</u> concurs with the Senate and adds \$2.0 million private funds authorization for the private match, and establishes the focus of the project on vaccines for infants and toddlers (Sec. 853 is renumbered to Sec. 1182).	Federal	12,112,400	<b>\$2,500,000</b>
	Private	0	0
	Restricted	850,000	2,000,000
	GF/GP	\$2,059,900	0
			\$500,000
<b>CHRONIC DISEASE, INJURY PREVENTION, &amp; HEALTH PROMOTION</b>			
<b>23. Public Health Federal Grants</b>		FTE	N/A
The <u>Executive</u> recognizes federal grant adjustments for public health and family, maternal, and child health programs totaling \$5.9 million, including: a new chronic disease prevention grant of \$3.5 million, five other new grants totaling \$2.9 million, removal of one completed grant of \$850,000, and an increase of \$286,000 to one ongoing grant. Other new grants address immunization, lead poisoning prevention, environmental public health tracking, and school readiness for children with high health needs. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	<b>Gross</b>	N/A	4.0
	Federal	N/A	<b>\$5,868,200</b>
	GF/GP	N/A	5,868,200
			\$0
<b>24. Trauma Hospital Traumatic Brain Injury Treatment Support</b>		<b>Gross</b>	<b>\$1,000,000</b>
The <u>Executive</u> eliminates \$1.0 million GF/GP supporting evidence-based traumatic brain injury intensive care treatment management system, training, and interactive software at Level I trauma hospitals, first funded in FY 2011-12. This program was reduced by \$350,000 GF/GP in the current fiscal year by Executive Order 2015-5. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	GF/GP	\$1,000,000	<b>(\$1,000,000)</b>
			(\$1,000,000)
<b>25. Alzheimer's Disease In-Home Care Pilot</b>		<b>Gross</b>	<b>\$150,000</b>
The <u>Executive</u> eliminates \$150,000 GF/GP funding for an Alzheimer's Disease in-home care and support pilot program, first funded in FY 2014-15, and related Sec. 1001. The <u>House</u> concurs. The <u>Senate</u> does not concur. The <u>Conference</u> concurs with the Senate (Sec. 1001 is renumbered to Sec. 1260).	GF/GP	\$150,000	<b>\$0</b>
			\$0
<b>FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES</b>			
<b>26. Real Alternatives Pilot Program</b>		<b>Gross</b>	<b>\$800,000</b>
The <u>Executive</u> eliminates funding of \$800,000 GF/GP for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, first funded in FY 2013-14, and eliminates related Sec. 1136. The <u>House</u> , <u>Senate</u> and <u>Conference</u> reduce program funding to \$50,000, and revise Sec. 1136 (renumbered to Sec. 1307).	GF/GP	\$800,000	<b>(\$750,000)</b>
			(\$750,000)
<b>27. Rural Maternal, Infant and Early Childhood Home Visit Program</b>		<b>Gross</b>	<b>\$2,250,000</b>
The <u>Senate</u> reduces funding from \$2.25 million GF/GP to a \$100 placeholder for a home visit program of prenatal, infant, and early childhood support services in rural areas in the northern Lower Peninsula and the Upper Peninsula, first funded in FY 2014-15, and adds related new Sec. 1141 directing the Department to spend available work project funds for this program. The <u>Conference</u> reduces funding to \$1.7 million GF/GP, and provides a work project in the proposed FY 2014-15 supplemental for anticipated \$550,000 lapse that would be available for expenditure during FY 2015-16; also concurs with Senate Sec. 1141 (renumbered to Sec. 1312).	GF/GP	\$2,250,000	<b>(\$550,000)</b>
			(\$550,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>28. Rollup Public Health Dental Program Line Items</b>	<b>Gross</b>	<b>\$1,798,600</b>	<b>\$0</b>
The <u>Conference</u> rolls up the Dental Program for Persons with Developmental Disabilities line item and funding of \$151,000 GF/GP into the Dental Programs line item, as requested in a revised Executive recommendation.	Federal	1,247,600	0
	Private	250,000	0
	GF/GP	\$301,000	\$0
<b>29. Pay for Success Maternal and Child Health Pilot Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
The <u>Executive</u> reinstates \$1.5 million GF/GP for one-time funding for pay for success contracts for maternal and child services programs that was eliminated in the current fiscal year by Executive Order 2015-5. The <u>House</u> and <u>Senate</u> provide a \$100 placeholder. The <u>Executive</u> and <u>House</u> revise related Sec. 1906; the <u>Senate</u> eliminates Sec. 1906. The <u>Conference</u> concurs with the Executive and revises related Sec. 1906 to require copies of contracts executed for this program be provided to the Legislature.	GF/GP	\$0	\$1,500,000
<b>30. Autism University and Family Assistance Programs</b>	<b>Gross</b>	<b>\$9,000,000</b>	<b>(\$6,500,000)</b>
The <u>Executive</u> provides one-time funding of \$2.5 million GF/GP for university autism provider education programs, a reduction from \$7.5 million Gross (\$7.0 million one-time and \$500,000 ongoing). (In the current year HB 4112 shifted \$3.0 million for this program from GF/GP to Autism Coverage Fund). The <u>House</u> eliminates the ongoing funding, and reduces the one-time funding to a \$100 GF/GP placeholder. The <u>Senate</u> concurs with the Executive. All include revisions to related Sec. 1902. The <u>Conference</u> concurs with the Senate, and moves the appropriation line item from the one-time appropriation unit to the Behavioral Health Services unit; related boilerplate is revised and moved to Sec. 460 (renumbered to Sec. 960).	Restricted	8,500,000	(8,500,000)
	GF/GP	\$500,000	\$2,000,000
The <u>Executive</u> also eliminates one-time funding of \$1.5 million for autism family assistance services from the Autism Coverage Fund, and related Sec. 1902(2). The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.			
<b>OFFICE OF SERVICES TO THE AGING</b>			
<b>Renamed to AGING AND ADULT SERVICES AGENCY per Executive Order 2015-4</b>			
<b>31. Seniors – Ombudsman Fund Shift and Nursing Home Improvement</b>	<b>Gross</b>	<b>\$357,500</b>	<b>\$200,000</b>
The <u>Executive</u> includes a net \$0 gross (\$357,500 GF/GP) shift from civil monetary penalty fund revenues to GF/GP to fund state and local long-term care ombudsman programs, to comply with revised federal guidelines that disallow use of penalty fund revenue for this purpose, and retains \$200,000 of the civil monetary penalty fund revenue as a budget increase for a new voluntary nursing home culture and quality improvement project emphasizing person-centered services. The <u>House</u> , <u>Senate</u> and <u>Conference</u> concur.	Private	357,500	(157,500)
	GF/GP	\$0	\$357,500
<b>32. Rollup Senior Volunteer Program Appropriation Lines</b>	<b>Gross</b>	<b>\$4,465,300</b>	<b>\$0</b>
The <u>Conference</u> rolls up three appropriation line items into one Senior Volunteer Service Programs line item, including foster grandparent volunteer program \$2.23 million, retired and senior volunteer program \$627,300, and senior companion volunteer program \$1.6 million, as requested in a revised Executive recommendation.	GF/GP	\$4,465,300	\$0
<b>MEDICAL SERVICES ADMINISTRATION</b>			
<b>33. Transparency Database</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
The <u>Senate</u> provides \$300,000 GF/GP to develop a transparency database. The funding is contingent upon enactment of enabling legislation. The <u>Conference</u> does not concur.	GF/GP	\$0	\$0
<b>34. Medicaid Inspector General and Third Party Liability Efforts</b>	FTE	N/A	10.0
The <u>Senate</u> provides \$2.4 million Gross (\$1.2 million GF/GP) and 10.0 FTEs for the Medicaid Inspector General and additional third party liability efforts, and assumes these increased administrative activities will result in savings of \$36.6 million Gross (\$12.8 million GF/GP) in Medical Services costs; net assumed savings of \$34.2 million Gross (\$11.6 million GF/GP). The <u>Conference</u> concurs with the Senate with a technical federal funding adjustment. The Conference also includes reporting language in Sec. 1505 on the actual savings in expenditures from these efforts.	<b>Gross</b>	<b>N/A</b>	<b>(\$34,809,300)</b>
	Federal	N/A	(23,209,300)
	GF/GP	N/A	(\$11,600,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>35. Commercial Insurance Third Party Liability Efforts</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$2,907,000)</b>
The <u>Conference</u> assumes an additional savings of \$2.9 million Gross (\$1.0 million GF/GP) from commercial insurance third party liability efforts. Savings would require enabling legislation.	Federal	N/A	(1,907,000)
	GF/GP	N/A	(\$1,000,000)
<b>MEDICAL SERVICES</b>			
<b>36. Health Insurance Claims Assessment (HICA)</b>	<b>Gross</b>	<b>\$237,178,400</b>	<b>\$0</b>
The <u>Executive</u> increases HICA revenue \$180.1 million to offset an equal amount of GF/GP. The additional HICA revenues are from a proposed rate increase from 0.75% to 1.30% (\$162.8 million) and a proposed removal of the statutory cap on annual HICA collections (\$17.3 million). The <u>House</u> and <u>Senate</u> do not concur, retaining current GF/GP funding. The <u>Conference</u> concurs with the House and Senate and also increases GF/GP \$27.1 million to offset a net reduction of available HICA revenue based on updated revenue and statutory cap projections.	Restricted	237,178,400	(27,100,000)
	GF/GP	\$0	\$27,100,000
<b>37. Replacement of Medicaid Restricted Revenue with GF/GP</b>	<b>Gross</b>	<b>\$90,037,300</b>	<b>\$0</b>
The <u>Executive</u> includes an increase of \$90.0 million GF/GP to replace the following: one-time Roads and Risks Reserve funds (\$62.9 million), a decline in Medicaid Benefits Trust Fund revenue (\$19.5 million), one-time Certified Public Expenditures (\$5.9 million federal), and a decline in Healthy Michigan Fund revenue (\$1.7 million) that are currently used to support Medicaid medical services. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	5,900,000	(5,900,000)
	Restricted	84,137,300	(84,137,300)
	GF/GP	\$0	\$90,037,300
<b>38. Merit Award Trust Fund Offset</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
The <u>House</u> offsets \$37.5 million in GF/GP funding for Long-Term Care Services with an equal amount of available restricted Merit Award Trust fund revenue. The <u>Senate</u> offsets \$40.0 million in GF/GP funding in the same manner. The <u>Conference</u> does not increase Merit Award Trust funds to offset GF/GP.	Merit Awd	N/A	0
	GF/GP	N/A	\$0
<b>39. Graduate Medical Education (GME)</b>	<b>Gross</b>	<b>\$148,378,700</b>	<b>\$14,509,600</b>
The <u>Executive</u> restores a \$14.5 million Gross (\$5.0 million GF/GP) Executive Order 2015-5 reduction and finances GME with \$63.5 million in increased hospital quality assurance assessment program (QAAP) revenue to offset \$63.5 million GF/GP. Amount includes \$7.4 million in GF/GP retainer savings. The <u>House</u> concurs but includes technical adjustments to GF/GP retainer savings (additional GF/GP savings of \$8.0 million). The <u>Senate</u> and <u>Conference</u> restore the Executive Order 2015-5 reduction and do not concur with the use of QAAP revenue for GME.	Federal	97,278,700	9,509,600
	Restricted	0	0
	GF/GP	\$51,100,000	\$5,000,000
<b>40. Special Rural Hospital Payments</b>	<b>Gross</b>	<b>\$29,019,200</b>	<b>\$5,803,800</b>
The <u>Executive</u> restores a \$5.8 million Gross (\$2.0 million GF/GP) Executive Order 2015-5 reduction and finances special rural hospital payments with \$13.6 million in increased hospital QAAP revenue to offset \$13.6 million GF/GP. Amount includes \$1.6 million in GF/GP retainer savings. The <u>House</u> does not concur with use of QAAP revenue and instead retains the same level of reduction from the original FY 2014-15 level. Reduction would, however, be spread over four quarterly payments, rather than two payments, effectively restoring 50% of the Executive Order 2015-5 reduction. The <u>Senate</u> and <u>Conference</u> restore the Executive Order 2015-5 reduction and do not concur with the use of QAAP revenue for these payments.	Federal	19,019,200	3,803,800
	Restricted	0	0
	GF/GP	\$10,000,000	\$2,000,000
<b>41. Hospital QAAP Increase</b>	<b>Gross</b>	<b>N/A</b>	<b>\$92,856,100</b>
The <u>Senate</u> provides a net increase in Medicaid hospital payments of \$85.2 million Gross through a combination of: increased hospital quality assurance assessment program (QAAP) (\$85.2 million), a reduction in GF/GP funding for hospitals (\$38.8 million), and the net increase to federal matching funds (\$55.9 million). Including state retainer savings of \$17.1 million, this results in a total GF/GP savings of \$55.9 million. The <u>Conference</u> does not concur with providing a net increase in Base Medicaid hospital payments, instead the Conference offsets \$92.9 million hospital QAAP increase used to offset GF/GP with a \$92.9 million increase to the Healthy Michigan Plan Hospital Rate Adjustment (HRA) which is 100% federally funded.	Federal	N/A	92,856,100
	Restricted	N/A	92,856,100
	GF/GP	N/A	(\$92,856,100)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>42. Hospital Capital Cost Reimbursements</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$34,806,800)</b>
The <u>Executive</u> assumes savings of \$34.8 million Gross (\$12.0 million GF/GP) from incorporating managed care hospital capital cost expenditure data into the hospital capital cost reimbursement formula. The <u>House</u> concurs. The <u>Senate</u> does not concur, retaining the current funding level. The <u>Conference</u> concurs with the House.	Federal	N/A	(22,833,300)
	GF/GP	N/A	(\$11,973,500)
<b>43. OB/GYN Hospital Lump Sum Payment Elimination</b>	<b>Gross</b>	<b>\$11,027,300</b>	<b>\$0</b>
The <u>Executive</u> eliminates \$11.0 million Gross (\$3.8 million GF/GP) allocated as lump sum payments based on amount of obstetrical care and newborn care provided through hospitals that qualify for special rural hospital payments. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> do not concur with elimination, retaining current funding for the payments.	Federal	7,233,900	0
	GF/GP	\$3,793,400	\$0
<b>44. Wayne State Psychiatric DSH Payment</b>	<b>Gross</b>	<b>\$5,605,900</b>	<b>\$0</b>
The <u>Senate</u> reduces the Wayne State Psychiatric Disproportionate Share Hospital (DSH) payment by \$605,900 GF/GP. Current funding level is \$5.6 million GF/GP. The <u>Conference</u> does not concur.	GF/GP	\$5,605,900	\$0
<b>45. Value-Added DSH Pool</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
The <u>Senate</u> creates a value-added Disproportionate Share Hospital (DSH) pool of \$2.9 million Gross (\$1.0 million GF/GP) to reward and incentivize hospitals that provide low-cost and high-quality Medicaid services. The <u>Conference</u> does not concur.	Federal	0	0
	GF/GP	\$0	\$0
<b>46. Primary Care Rate Annualization</b>	<b>Gross</b>	<b>\$72,547,900</b>	<b>\$24,182,600</b>
The <u>Executive</u> annualizes the partial continuation of the primary care rate increase that was provided through the Affordable Care Act with 100% federal funds through calendar year 2014. After calendar year 2014, states have the option to continue the higher rates at regular FMAP. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	47,547,900	15,863,800
	GF/GP	\$25,000,000	\$8,318,800
<b>47. Hospice Room and Board</b>	<b>Gross</b>	<b>\$111,982,500</b>	<b>\$2,500,000</b>
The <u>House</u> includes a \$100 GF/GP placeholder for room and board costs under Hospice Services on a one-time basis. The <u>Senate</u> provides \$3.4 million in ongoing GF/GP for these costs. The <u>Conference</u> provides \$2.5 million GF/GP on a one-time basis.	Federal	73,393,200	0
	GF/GP	\$38,589,300	\$2,500,000
<b>48. Healthy Kids Dental Services</b>	<b>Gross</b>	<b>N/A</b>	<b>\$37,042,200</b>
The <u>Executive</u> provides \$21.8 million Gross (\$7.5 million GF/GP) to expand Healthy Kids Dental for an estimated 210,000 additional children ages 0-8 in Kent, Oakland, and Wayne Counties. The <u>House</u> concurs. The <u>Senate</u> includes a lower funding increase of \$16.25 million Gross (\$5.6 million GF/GP) based on assumptions of (1) expansion to include all children in those counties at an annual cost of \$65.0 million Gross (\$22.4 million GF/GP) and (2) delaying implementation until the final 4 months of FY 2015-16 savings \$48.75 million Gross (\$16.8 million GF/GP). The <u>Conference</u> provides \$37.0 million Gross (\$12.7 million GF/GP) to expand Healthy Kids Dental to children ages 0-12 in Kent, Oakland, and Wayne Counties.	Federal	N/A	24,299,800
	GF/GP	N/A	\$12,742,400
<b>49. Adult Dental Services</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
The <u>Executive</u> provides \$23.0 million Gross (\$7.9 million GF/GP) to convert the current Medicaid fee-for-service adult dental program to a managed care contract statewide. Adult dental increase would be effective for only the last 3 months of FY 2015-16; full year cost would be \$92.1 million Gross (\$31.7 million GF/GP). The <u>House</u> includes a \$100 GF/GP placeholder for this item. The <u>Senate</u> provides a lower increase of \$7.7 million Gross (\$2.6 million GF/GP) based on delayed implementation until final month of FY 2015-16. The <u>Conference</u> does not concur.	Federal	N/A	0
	GF/GP	N/A	\$0



<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>50. Ambulance QAAP</b>	<b>Gross</b>	<b>N/A</b>	<b>\$8,641,000</b>
The <u>Senate</u> increases ambulance provider rates \$40.0 million Gross through a new ambulance quality assurance assessment program (QAAP). State retainer results in a GF/GP savings of \$3.5 million. The <u>Conference</u> revises the increase to ambulance provider rates to \$8.6 million Gross, and revises the state retainer savings to \$1.0 million GF/GP.	Federal	N/A	5,668,500
	Restricted	N/A	3,972,500
	GF/GP	N/A	(\$1,000,000)
<b>51. Dual Integrated Care Demonstration</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
The <u>House</u> includes various shifts requested by the State Budget Office as technical adjustments, with no net change in appropriations, to reflect anticipated expenditure levels under ongoing dual integrated care demonstration projects, known as MI Health Link. Net adjustments include Gross increases of \$56.2 million for Long-Term Care Services and \$38.5 million for Federal Medicare Pharmaceutical Program and Gross reductions of \$37.3 million for Adult Home Help Services and \$23.8 million for Integrated Care Organization Services, among other smaller line item reductions. The <u>Senate</u> does not incorporate these adjustments. The <u>Conference</u> incorporates these adjustments within the Base Medicaid cost adjustments within item #1.	Federal	N/A	0
	GF/GP	N/A	\$0
<b>52. Adult Home Help Administrative Reimbursement Policy Savings</b>	<b>Gross</b>	<b>\$302,440,800</b>	<b>(\$2,300,000)</b>
The <u>House</u> , <u>Senate</u> , and <u>Conference</u> assume savings of \$2.3 million Gross (\$791,200 GF/GP) to Adult Home Help Services line item to reflect DCH's proposed administrative Home Help agency provider reimbursement policy change (#1512).	Federal	198,669,500	(1,508,800)
	GF/GP	\$103,771,300	(\$791,200)
<b>53. Program of All-Inclusive Care for the Elderly (PACE) Expansion</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
The <u>Executive</u> provides \$8.3 million Gross (\$2.8 million GF/GP) to expand PACE into Jackson County and Traverse City. Assumes expansion of PACE will offset an equal amount of funding within the long-term care services line item. The <u>House</u> concurs with a technical adjustment requested by the State Budget Office to reflect the full projected expansion of \$9.1 million Gross (\$3.1 million GF/GP). The <u>Senate</u> concurs without the technical adjustment. The <u>Conference</u> concurs with the technical adjustment and transfers the line item from Medical Services to the Aging and Adult Services Agency Unit.	Federal	N/A	0
	GF/GP	N/A	\$0
<b>54. Medicaid Managed Care Pharmacy Coverage</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$54,585,800)</b>
The <u>Executive</u> assumes savings of \$48.8 million Gross (\$16.8 million GF/GP) from moving current funding of \$450.0 million Gross (\$154.8 million GF/GP) for pharmacy coverage from managed care contracts to fee-for-service effective January 1, 2016. The <u>House</u> retains funding in managed care contracts and assumes higher savings amount, \$54.6 million Gross (\$18.8 million GF/GP), from anticipated pharmacy formulary savings. The <u>Senate</u> retains funding in managed care contracts and assumes same savings amount as Executive from anticipated pharmacy formulary savings. The <u>Conference</u> concurs with the House.	Federal	N/A	(35,808,300)
	GF/GP	N/A	(\$18,777,500)
<b>55. Medicaid Managed Care Laboratory Reimbursement Annualization</b>	<b>Gross</b>	<b>(\$4,352,900)</b>	<b>(\$27,437,100)</b>
The <u>Executive</u> annualizes laboratory reimbursement savings effective August 1, 2015 under Executive Order 2015-5. Savings are from a policy change that reduces laboratory service payments benchmark from Medicare payment rates to Medicaid fee-for-service rates. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur. The Conference also includes reporting language in Sec. 1770 on the actual reduction in expenditures from this policy change.	Federal	(2,852,900)	(18,001,300)
	GF/GP	(\$1,500,000)	(\$9,435,800)
<b>56. Medicaid Managed Care Integration Savings</b>	<b>Gross</b>	<b>\$4,886,273,000</b>	<b>(\$15,375,000)</b>
The <u>Executive</u> assumes savings of \$15.4 million Gross (\$5.3 million GF/GP) from Medicaid managed care coordination and other contractual changes effective January 1, 2016. The <u>House</u> concurs. The <u>Senate</u> assumes a higher savings of \$19.4 million Gross (\$6.7 million GF/GP). The <u>Conference</u> concurs with the House.	Federal	3,259,591,300	(10,086,000)
	Local	13,617,500	0
	Restricted	1,217,104,000	0
	GF/GP	\$395,960,200	(\$5,289,000)

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>57. Medicaid Managed Care Use Tax Actuarial Soundness</b>	<b>Gross</b>	<b>N/A</b>	<b>\$16,818,900</b>
The <u>Executive</u> includes \$8.1 million Gross (\$2.8 million GF/GP) to reflect federally-required actuarially sound payments for costs to Medicaid managed care organizations of the 6% use tax currently applied to such organizations. The <u>House</u> concurs. The <u>Senate</u> does not include this funding increase. The <u>Conference</u> provides \$16.8 million Gross (\$5.8 million GF/GP).	Federal	N/A	11,033,200
	GF/GP	N/A	\$5,785,700
<b>58. Medicaid Autism Services through Age 21</b>	<b>Gross</b>	<b>\$25,171,800</b>	<b>\$7,350,100</b>
The <u>Executive</u> provides \$7.4 million Gross (\$2.5 million GF/GP) to expand Medicaid autism benefit through age 21. Current benefit is offered to individuals from ages 18 months to 5 years. Also transfers line item from Medical Services to Behavioral Health Services. The <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	16,497,500	4,821,700
	GF/GP	\$8,674,300	\$2,528,400
<b>ONE-TIME BASIS ONLY APPROPRIATIONS</b>			
<b>59. Eliminate Other One-Time Basis Appropriations</b>	<b>Gross</b>	<b>\$10,742,300</b>	<b>(\$9,492,300)</b>
The <u>Executive</u> removes the following one-time funding items that were included in the FY 2014-15 budget: \$250,000 GF/GP for bone marrow registry, \$2.0 million GF/GP for child and adolescent health services pilot, \$4.1 million GF/GP for University of Detroit dental program, \$3.0 million Gross (\$300,000 GF/GP) for Healthy Kids Dental computer project, \$1.3 million for statewide trauma system (HB 4112 shifted in current year from GF/GP to state restricted Crime Victim's Rights Fund), and \$100,000 GF/GP for Senior Olympics. The <u>House</u> concurs except that it retains \$100 GF/GP placeholders for the child and adolescent health services pilot and the University of Detroit dental program. The <u>Senate</u> concurs with the Executive except that it retains \$250,000 GF/GP for the bone marrow registry and includes a \$100 GF/GP placeholder for the child and adolescent health services pilot. The <u>Conference</u> concurs with the Executive except that it retains \$1.0 million GF/GP for University of Detroit Dental and transfers the funding into the Medical Services appropriation unit, and retains \$250,000 GF/GP for the bone marrow registry and transfers the funding into the Health Policy appropriation unit (related boilerplate is moved to Sec. 720 (renumbered to Sec. 1146)).	Federal	2,700,000	(2,700,000)
	Restricted	1,300,000	(1,300,000)
	GF/GP	\$6,742,300	(\$5,492,300)

### **Major Boilerplate Changes From FY 2014-15**

#### **GENERAL SECTIONS**

##### ***Sec. 204. Benchmarks for New Programs or Program Increases – REVISED***

Requires DCH to identify performance measurement benchmarks for new programs or program expansions for which funds of \$500,000 or greater are appropriated, and provide a report; also expresses Legislative intent for FY 2015-16 budget. Executive deletes. House revises current law to \$1.0 million or more and deletes report. Senate revises current law to program-specific metrics in addition to metrics required under the Management and Budget Act. Conference concurs with the Senate, but revises to new programs or enhancements in excess of \$1.0 million.

##### ***Sec. 218. Basic Health Services – CURRENT LAW***

Lists eight basic health services as required in Part 23 of the Public Health Code, 1978 PA 368, that are to be available and accessible throughout the state. Executive deletes. House, Senate and Conference retain current law.

##### ***Sec. 282. Performance Metrics for Contracts – DELETED***

Requires establishment of an automated annual metric collection and reporting system for contracts via the state's e-procurement system, and deadlines for generation of report under the system for state-funded contracts of \$1.0 million or more. Executive deletes. House revises, removing deadlines and reference to e-procurement. Senate retains current law. Conference concurs with the Executive.

##### ***Sec. 285. Workgroup to Investigate Bridge Card Fraud Minimization – NOT INCLUDED***

House requires participation of department in a multi-department workgroup to investigate means of minimizing fraud in the MIBridges benefits programs, including improper use or sale of bridge cards, possible replacement of bridge cards with a state driver's license or identification card, and federal policies that may inhibit or enhance adoption of fraud minimization actions. Senate does not include. Conference concurs with the Senate.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 233. (former Sec. 290) Department Merger Status Report – NEW***

House includes new boilerplate to require a monthly status report on the merger of the Department of Community Health and Department of Human Services. Senate does not include. Conference concurs with the House, but requires quarterly reporting.

## **BEHAVIORAL HEALTH SERVICES**

### ***Sec. 912. (former Sec. 412) Non-Medicaid Substance Use Disorder Services – CURRENT LAW***

Requires the Department to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services. Executive and House delete. Senate and Conference retain current law.

### ***Sec. 924. (former Sec. 424) Timely Claims Process for PIHPs – CURRENT LAW***

Requires that PIHPs contracting with the Department to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in Section 111i of the Social Welfare Act, 1939 PA 280, MCL 400.111i. Executive deletes. House, Senate, and Conference retain current law.

### ***Sec. 436. Detroit Wayne County Community Mental Health Authority – NOT INCLUDED***

House requires Detroit Wayne County Community Mental Health Authority to provide \$8.9 million for mental health services at the Wayne County adult and juvenile detention facilities. Senate and Conference do not include.

### ***Sec. 998. (former Sec. 498) State General Fund Distribution to CMHSPs – NEW***

House requires the Department, if the Department decides to use census data, to use the most recent federal decennial census data available for distribution of state general funds to CMHSPs. Senate does not include. Conference concurs with the House.

### ***Sec. 1003. (former Sec. 503) Policies and Procedures for PIHPs or CMHSPs – CURRENT LAW***

Requires the Department to notify the Michigan Association of CMH Boards when developing policies and procedures that will impact PIHPs or CMHSPs. Executive deletes. House, Senate, and Conference retain current law.

### ***Sec. 507. Distribution of Non-Medicaid funds to CMHSPs – NOT INCLUDED***

Senate requires the distribution of non-Medicaid funding to CMHSPs as follows: \$97.1 million in the same manner as the original FY 2014-15 allocation, \$10.0 million in proportion to the original FY 2014-15 allocation, and \$10.0 million in proportion to the \$40.0 million FY 2009-10 reduction, with the exception that no CMHSP receive more than \$3.3 million of this \$10.0 million. Conference does not include.

### ***Sec. 1009. (former Sec. 509) Workgroup on Staff Recruitment and Retention – NEW***

Senate requires the Department to establish a workgroup to analyze the workforce challenges of recruitment and retention of staff who provide Medicaid-funded services and supports and to develop a plan to enhance recruitment and retention efforts accounting for the mandated increases in the state minimum wage; identifies who must be included in the workgroup; requires a report. Conference revises Senate language by striking the specific reference to the state minimum wage and requires the report to note when the participants of the workgroup had points of difference.

### ***Sec. 1010. (former Sec. 510) Medicaid Mental Health Services Lapse Redistribution – NEW***

If allowed by the federal government, Conference requires the redistribution of federal fund lapses in the Medicaid mental health services line to the PIHPs based on the current fiscal year funding formula; states legislative intent that any lapses from the Medicaid mental health services line be redistributed to CMHSPs based on the current fiscal year funding formula; and requires a report on PIHP lapses from the previous fiscal year and projected PIHP lapses in the current fiscal year.

## **PUBLIC HEALTH ADMINISTRATION**

### ***Sec. 1101. (former Sec. 651) Michigan Health Endowment Fund – REVISED***

Requires the Department to work with the Michigan Health Endowment Fund Corporation established to explore ways to expand health and wellness programs. Senate revises to direct the Department to work with the Corporation to fund health and wellness programs and recommendations of the Mental Health and Wellness Commission that potentially qualify under the Fund. Conference revises current law to require the Department to work with the Health Endowment Fund Corporation to explore ways to fund and evaluate current and future policies and programs.

### ***Sec. 1102. (former Sec. 654) School Children's Healthy Exercise Program – CURRENT LAW***

Allocates \$1.0 million for the school children's healthy exercise program for children in kindergarten through grade 8, using evidence-based best practice models; no less than one half of the funds shall be granted for before- and after-school programs. Executive deletes. House retains current law. Senate deletes. Conference concurs with the House.

### ***Sec. 1103. (former Sec. 655) Health and Wellness Initiatives Criteria – NEW***

Conference adds new language to require the Department to establish criteria for Health and Wellness Initiatives line item project allocations, including evidence-based and supported by research, include interventions that demonstrate outcomes that lower cost and improve quality, and be designed for statewide impact. Preference is given to programs that use the funding to match additional resources.

## **HEALTH POLICY**

### ***Sec. 1140. (former Sec. 712) Free Health Clinic Funding – CURRENT LAW***

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic; defines free health clinic. Executive deletes. House, Senate and Conference retain current law.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 1145. (former Sec. 719) Supplemental Payments to Indian or Tribal Facilities for Certain Medicaid Managed Care Services – NEW***

Senate includes new boilerplate to require supplemental prospective quarterly payments by Medicaid managed care entities that provide services to clients through a contract with Indian Health Service, Tribal or Urban Indian Health Program facilities, of the estimated difference between managed care payments and Medicaid fee for service payments for services rendered. Conference revises to direct the Department to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services.

### **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

#### ***Sec. 1300. (former Sec. 1103) Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – REVISED***

Requires annual report of estimate of public funds expended for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and client demographics as voluntarily provided to DCH; and to report data by marital status. Executive deletes. House retains and updates state application form references. Senate deletes. Conference concurs with the House.

#### ***Sec. 1303. (former Sec. 1107) Contract and Subcontract Restrictions for Family Planning Local Agreements State Funds – NEW***

House language prohibits the department from contracting with an organization which provides elective abortions, abortion counseling, or abortion referrals, for services funded with state restricted or GF/GP funds appropriated for family planning local agreements. Also prohibits an organization under contract with the department from subcontracting with an organization that provides elective abortions, abortion counseling, or abortion referrals, for services that are to be funded with state restricted or GF/GP funds appropriated for family planning local agreements. Senate does not include. Conference concurs with the House.

#### ***Sec. 1310. (former Sec. 1139) Housing Rehabilitation and Hazard Abatement Program Task Force and Report – REVISED***

Requires DCH to establish a joint task force with Department of Human Services and Michigan State Housing Development Authority to review housing rehabilitation, energy, weatherization, and hazard abatement policies, and report recommendations. Executive deletes. House retains and revises to require Department to continue to work with the joint task force. Senate deletes. Conference concurs with the House, and deletes reference to Department of Human Services (due to merger).

### **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

#### ***Sec. 1340. (former Sec. 1151) Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement - REVISED***

Requires the Department to report on complaints received regarding access to and savings gained related to recent generic peanut butter purchasing requirement modifications by the Department to the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC). Executive deletes. House revises to require Department to make national brand products available if price is more cost effective and satisfies program nutritional requirements. Senate retains current law. Conference revises to require the Department to encourage participants in the WIC program to choose the lowest price product available, that all products must satisfy the federal program nutritional requirements, and that the biannual food authorization guidelines will be updated to reflect such.

### **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

#### ***Sec. 1361. (former Sec. 1205) Expansion of Telemedicine Capacity – REVISED***

Authorizes the Department to use up to \$500,000 for continued development and expansion of telemedicine capacity to allow CSHCS children better access to specialty providers. Executive deletes. House strikes the specific dollar amount of \$500,000. Senate retains current law. Conference concurs with the House.

### **CRIME VICTIM SERVICES COMMISSION**

#### ***Sec. 1380. (former Sec. 1302) Allocation of Funds for Forensic Nurse Examiner Programs – REVISED***

Allocates up to \$200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Executive deletes. House revises to require the Department to continue to support the program, and removes amount. Senate retains current law. Conference concurs with the House.

### **MEDICAL SERVICES**

#### ***Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Copayments – REVISED***

Establishes the pharmacy dispensing fee at \$2.75 for recipients not in nursing homes and \$3.00 for nursing home residents, or the pharmacy's usual and customary charge, whichever is less. Specifies prescription copayments for Medicaid recipients of \$1.00 for generic drugs and \$3.00 for brand-name drugs except as prohibited by federal or state law or regulation. Senate and Conference add prescription copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level of \$4.00 for generic drugs and \$8.00 for brand-name drugs except as prohibited by federal or state law or regulation.

#### ***Sec. 1625. Pharmaceutical Formulary Savings – NOT INCLUDED***

House requires the Department and contracted Medicaid health plans to work together to achieve pharmaceutical formulary savings through a mutually agreed upon developmental and implementation process; requires report on implementation progress. Senate and Conference include Sec. 1806 instead of this section.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 1631. Medical Services Copayments – REVISED***

Requires copayments on dental, podiatric, and vision services unless prohibited by law or regulation. Specifies copayments of \$2 for a physician office visit, \$3 for a hospital emergency room visit, \$50 for the first day of an inpatient hospital stay, and \$1 for an out-patient hospital visit. Executive retains. House revises to requires recipients to pay "not less than" the copayments listed in this section. Senate adds copayments for Healthy Michigan Plan enrollees with an income above 100% of the federal poverty level copayments of \$4 for a physician office visit, \$8 for a hospital emergency room visit, \$100 for the first day of an inpatient hospital stay, and \$4 for an out-patient hospital visit or any other medical provider visit except as prohibited by federal or state law or regulation. Conference concurs with both House and Senate revisions.

### ***Sec. 1730. Maternal Infant Health Literacy Assessment – NEW***

House requires the Department to work with the Department of Education to evaluate the feasibility of including an assessment tool to promote literacy development of pregnant women and new mothers in the maternal infant health program; requires a report on the findings of the feasibility study. Senate does not include. Conference concurs with the House.

### ***Sec. 1764. Actuarial Soundness Certification of Medicaid Health Plan Rates – REVISED***

Requires the Department to annually certify that rates paid to Medicaid health plans and specialty prepaid inpatient health plans are actuarially sound and to notify the legislature upon rate certification and approval. Executive deletes. House strikes the annual certification requirement. Senate adds requirements to include an economic analysis demonstrating that the approved rates will not be compromised for new Medicaid policy bulletins affecting Medicaid health plans and to annually reimburse Medicaid health plans the full cost of all taxes imposed by this state and the federal government, including the health insurer fee. Conference adds requirement that actuarial soundness take into account any Medicaid policy bulletins affecting Medicaid health plans and PIHPs.

### ***Sec. 1770. Medicaid Managed Care Laboratory Reimbursement Report – NEW***

Conference requires the Department to submit a report on the actual gross reduction in expenditures by Medicaid health plans that result from the reduction in the laboratory service fees.

### ***Sec. 1800. Outpatient DSH payments – REVISED***

Requires the Department to explore establishment of a Medicaid value pool within the \$85.0 million outpatient DSH pool that rewards and incentivizes hospitals providing low cost and high quality services, to establish a workgroup to assist in the development of metrics used to determine value, and requires a report. Executive and House delete the workgroup and report and requires the \$85.0 million in Medicaid value disproportionate share hospital payment pool be based on metrics utilized to determine value. Senate retains current law. Conference deletes the workgroup and requires each pool within the \$85.0 million outpatient DSH pool to be distributed based on quality of care, cost, and traditional DSH factors.

### ***Sec. 1805. Graduate Medical Education (GME) Data Reporting – NEW***

Senate requires hospitals that receive GME funding to provide data to a national nonprofit organization on a public website. Conference concurs with the Senate and adds the requirement that the Department withhold the hospital's fourth quarter payment if the hospital fails to submit the required data.

### ***Sec. 1806. Pharmaceutical Common Formulary Savings – NEW***

Senate requires contracts for Medicaid health plans include cooperation and participation in development of a consensus formulary to be used by all contracting Medicaid health plans; permits the Department to establish performance standards; requires ongoing implementation to include consultation with the Department's preferred drug list; permits Medicaid health plans to use evidence-based management techniques to achieve low net cost objective; and requires the Department and the Medicaid health plans to continue emphasis on use of e-prescribing and electronic medical records. Conference concurs with the Senate with technical revisions.

### ***Sec. 1808. Third Party Collections – NOT INCLUDED***

Senate requires contracting Medicaid health plans to be considered an "agent of the Department" for purposes of Medicaid third party collections in order to access other carrier data that are otherwise provided to the Department. Conference does not include.

### ***Sec. 1809. Medicaid Health Plan Performance Standards – NEW***

House and Senate require the Department to establish contract performance standards for Medicaid health plans by July 1, 2016 and requires those performance standards be recognized concepts such as 1-year continuous enrollment and Healthcare Effectiveness Data and Information Set (HEDIS) audited data. Conference requires separate contract performance standards for the 0.75% and 0.25% capitation withholds with the 0.75% capitation withhold to include 1-year continuous enrollment and HEDIS audited and the 0.25% capitation withhold to include encouraging high-value services and discouraging low-value services.

### ***Sec. 1811. Maternal Infant Health Program Integration – NOT INCLUDED***

Senate requires the Department to integrate the Maternal Infant Health Program into the Medicaid health plan benefit beginning January 1, 2016 and refer all pregnant women to service providers that use evidence-based models; defines "evidence-based". Conference does not include.

**Major Boilerplate Changes From FY 2014-15**

**Sec. 1812. Graduate Medical Education (GME) Cost and Retention Reporting – NEW**

Senate requires hospitals that receive GME funding to submit direct and indirect costs of the GME program; requires GME hospitals to report the marginal cost to add 1 residency program slot and number of additional slots that would result in significant increased administrative costs; requires the Department to report on postresidency retention rates for GME over the past 10 years; requires the Department to convene a workgroup based on the reports provided in this section; requires the Department to seek a federal waiver if needed to fulfill the requirements of this section. Conference concurs with the Senate, adds the requirement that the Department withhold the hospital's fourth quarter payment if the hospital fails to submit the required data, and includes technical revisions.

**Sec. 1815. Cap on Health Plan Capitation Withhold – DELETED**

Prohibits the Department from implementing a capitation withhold as part of overall health plan capitation rate schedule that exceeds the 0.19% withhold administered during FY 2008-09. Executive, House, Senate, and Conference delete.

**Sec. 1861. Nonemergency Medical Transportation Pilot Program – REVISED**

Requires the Department to review the efficiency and effectiveness of the current nonemergency transportation system and report the results to the Legislature, directs the Department to create a pilot in at least two counties, with priority given to Berrien and Muskegon counties, to provide nonemergency transportation services encouraging use of nonprofit entities. Executive deletes. House strikes current law and requires department to encourage cooperation between the Medicaid managed care health plans and nonprofit entities providing nonemergency transportation to create a pilot in at least 2 counties, with priority given to Berrien and Muskegon Counties. Senate retains current law. Conference strikes current law and requires the Department to encourage cooperation between Medicaid managed care plans, other health providers, and nonprofit entities to facilitate a pilot nonemergency transportation system.

**Sec. 1870. MIDocs Consortium – REVISED**

Directs the Department to establish the MIDocs consortium, consisting of Michigan-based medical schools. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties. Directs the Department to require an annual report from the consortium detailing per resident costs for medical training and clinical quality measures. Allocates \$500,000 to prepare the report, legally create the consortium, prepare to obtain ACGME accreditation, and develop new residency programs. Executive deletes. House removes the \$500,000 allocation and encourages, rather than requires, the department to work with MIDocs. Senate replaces \$500,000 with \$100. Conference replaces \$500,000 with "the work project allocation from the fiscal year ending September 30, 2015".

<b><u>FY 2014-15 Supplemental Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2014-15 Conference Supplemental</u></b>
<b>1. Base Medicaid, MICHild, and Federal Medicare Pharmaceutical Program Cost Adjustments</b>	<b>Gross</b>	<b>\$12,915,340,200</b>	<b>\$65,397,000</b>
	IDG	2,999,900	0
	Federal	8,448,405,800	40,915,000
	Local	45,465,200	0
	Private	2,100,000	0
	Restricted	1,900,374,300	13,010,100
	GF/GP	\$2,515,995,000	\$11,471,900
The <u>Conference</u> includes increase of \$65.4 million Gross (\$14.7 million GF/GP) for caseload, utilization, and inflation adjustments for Medical Services, Behavioral Health Services, Children's Special Health Care Services, and Federal Medicare Pharmaceutical Program based on estimates agreed to at the May Consensus Revenue Estimating Conference. <u>Conference</u> also includes a fund sourcing adjustment based on increased restricted funding for the base Medicaid Access to Care Initiative (MACI) that offsets \$3.3 million GF/GP.			
<b>2. Healthy Michigan Plan (HMP) Cost Adjustments</b>	<b>Gross</b>	<b>\$2,651,022,800</b>	<b>\$485,865,600</b>
	Federal	2,651,022,800	485,865,600
	GF/GP	\$0	\$0
The <u>House</u> includes FY 2014-15 supplemental adjustments in Part 1B of the bill for a projected increase in HMP costs of \$361.1 million, reflecting increased federal funding for caseload, utilization, and inflation adjustments in Medical Services and Behavioral Health Services for Healthy Michigan Plan/Medicaid expansion. HMP costs are funded with 100% federal revenue through the end of calendar year 2016. These adjustments were requested by the Executive in State Budget Office supplemental request 2015-3. The <u>Senate</u> does not include this FY 2014-15 supplemental adjustment. The <u>Conference</u> includes revised supplemental adjustment of \$485.9 million, based on estimate agreed to at the May Consensus Revenue Estimating Conference.			

<b><u>FY 2014-15 Supplemental Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2014-15 Conference Supplemental</u></b>
<b>3. FY 2013-14 Healthy Michigan Plan (HMP) MACI Payments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$148,700,000</b>
The <u>Conference</u> includes \$148.7 million in federal funding for FY 2013-14 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated. Funds will be appropriated in FY 2014-15 to make payments associated with FY 2013-14 services.	Federal	0	148,700,000
	GF/GP	\$0	\$0
<b>4. FY 2014-15 Healthy Michigan Plan (HMP) MACI Payments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$318,200,000</b>
The <u>Conference</u> includes \$318.2 million in federal funding for FY 2014-15 Medicaid Access to Care Initiative (MACI) payments to hospitals under Healthy Michigan Plan; these payments had not previously been appropriated.	Federal	0	318,200,000
	GF/GP	\$0	\$0
<b>5. Psychiatric Residency Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,500,000</b>
The <u>Conference</u> provides \$1.5 million GF/GP to support a new psychiatry residency program. Conference also includes boilerplate section 3003 that requires these funds to be considered work project appropriations.	GF/GP	\$0	\$1,500,000

**FY 2014-15 Supplemental Boilerplate Changes**

**GENERAL SECTIONS**

***Sec. 3003. Psychiatric Residency Program Work Project Authorization – NEW***

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in the FY 2014-15 supplemental to support a new psychiatry residency program to be considered a work project appropriation; specifies an estimated cost of \$1.5 million; and specifies a tentative completion date of September 30, 2016.

***Sec. 3004. MIDocs Consortium Work Project Authorization – NEW***

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in section 1870 of Article IV of 2014 PA 252 to support the MIDocs consortium to be considered a work project appropriation; specifies an estimated cost of \$500,000; and specifies a tentative completion date of September 30, 2016.

***Sec. 3005. Prenatal and Early Childhood Home Visiting Work Project Authorization – NEW***

Conference requires any unexpended, unencumbered, or unallotted funds appropriated in Article IV of 2014 PA 252 for prenatal care outreach and services delivery support to support evidence-based prenatal and early childhood home visiting programs in rural areas to be considered a work project appropriation; specifies an estimated cost of \$550,000; and specifies a tentative completion date of September 30, 2016.

**FY 2015-16: DEPARTMENT OF HEALTH AND HUMAN SERVICES – HUMAN SERVICES PORTION**  
**Summary: Conference Report**  
**Article X, Senate Bill 133 (S-1) CR-1**



**Analyst: Viola Bay Wild**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$21,545,900	\$24,260,300	\$24,260,300	\$24,260,300	\$11,420,100	(\$10,125,800)	(47.0)
<b>Federal</b>	4,540,108,400	4,542,043,600	4,539,536,800	4,538,537,600	4,383,349,900	(156,758,500)	(3.5)
<b>Local</b>	41,937,700	45,441,300	45,441,300	40,409,400	37,388,000	(4,549,700)	(10.8)
<b>Private</b>	19,469,900	26,356,900	26,356,900	26,356,900	26,710,400	7,240,500	37.2%
<b>Restricted</b>	117,624,300	117,333,400	117,333,400	117,333,400	113,743,800	(3,880,500)	(3.3)
<b>GF/GP</b>	981,155,500	978,891,000	968,456,400	973,835,900	942,202,500	(38,953,000)	(4.0)
<b>Gross</b>	<b>\$5,721,841,700</b>	<b>\$5,734,326,500</b>	<b>\$5,721,385,100</b>	<b>\$5,720,733,500</b>	<b>\$5,514,814,700</b>	<b>(\$207,027,000)</b>	<b>(3.6)</b>
<b>FTEs</b>	12,208.5	12,043.9	12,040.9	11,974.9	11,752.9	(455.6)	(3.7)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5, House Bill 4110, and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food and emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services, for Michigan Rehabilitation Services, and for licensing day care, adult foster care, and child welfare agencies in the state.

**NOTE:** Information on House action in this document is based on House Bill 4102 (H-1) as passed by the House. Information on Senate action is based on Senate Bill 133 (S-1) as passed by the Senate. Information on Conference action is based on Senate Bill 124 (S-2) CR-1\*, the contents of which have been merged into a single article of Senate Bill 133 (S-1) CR-1 for the DHHS budget in a manner largely consistent with executive revisions submitted to implement EO 2015-4.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
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**1. Public Assistance Caseload Adjustments**

Executive increases funding for public assistance programs by \$11.8 million Gross (reduction of \$2.4 million GF/GP) as follows:

- Food Assistance Program (FAP) is increased \$13.7 million Gross (\$0 GF/GP) adjusting the monthly caseload estimate to 847,700 cases at \$252 per month.
- Family Independence Program (FIP) is reduced \$1.7 million Gross (\$1.7 million GF/GP) from 32,300 cases at \$363 per month to 31,400 cases at \$361 per month.
- State Disability Assistance (SDA) program is reduced \$770,400 Gross (GF/GP reduced \$1.3 million) from 6,450 cases at \$212 per month to 5,800 cases at \$214 per month.
- State Supplementation program is increased \$601,300 GF/GP from 279,100 cases at \$18.75 per month to 280,600 cases at \$18.75 per month.

	<b>Gross</b>	<b>N/A</b>	<b>(\$156,355,500)</b>
Federal		N/A	(140,025,500)
Restricted		N/A	(3,080,900)
GF/GP		N/A	(\$13,249,100)

House and Senate concur. Conference reduces Executive caseload projection \$26.2 million Gross (\$10.8 million GF/GP) based on the May caseload consensus agreement and decreases FAP by \$141.9 million overall: decreases FAP \$192.9 million Gross (\$0 GF/GP) based on revised caseload projections and increases FAP by \$50.1 million for estimated costs concerning the recent *Barry, et al.* vs. *Lyons* lawsuit.



<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
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**2. Child Welfare Caseload Adjustments**

Increases funding for child welfare programs \$2.7 million Gross (\$1.3 million GF/GP) as follows:

- Increases foster care caseload costs by \$2.7 million Gross (\$1.1 million GF/GP), in addition to FY 2014-15 supplemental reduction of \$4.2 million Gross (\$4.3 million GF/GP), for a total net reduction of \$1.4 million Gross (increase of \$5.4 million GF/GP) compared to the original FY 2014-15 budget. Because of the data system conversion, caseload forecast retains the consensus estimate for FY 2016 of 6,500 cases and annual cost per case estimate of \$27,085.
- Adoption subsidies are reduced \$938,600 Gross (reduction of 370,700 GF/GP); caseload forecast retains the consensus estimate of 26,600 cases at \$730 per month.
- Guardianship assistance payments are increased \$961,000 Gross (\$577,700 GF/GP) for an estimate of 900 cases at \$780 per month.

<b>Gross</b>	<b>N/A</b>	<b>(\$13,766,300)</b>
Federal	N/A	(11,232,000)
Local	N/A	(2,767,300)
Private	N/A	391,200
GF/GP	N/A	(\$158,200)

House and Senate concur.

Conference decreases Executive caseload projection \$16.5 million Gross (\$1.5 million GF/GP) based on the May caseload consensus agreement.

**3. Foster Care Rate Reductions**

Executive reduces funding by a total of \$8.8 million Gross (\$7.1 million GF/GP) through two changes: (1) \$3.7 million Gross (\$3.3 million GF/GP) reduction from rescinding the FY 2014-15 increase for private residential rate foster care payments. DHS was required by statute to pay 100% of increase; this provision sunsets at the end of FY 2014-15. (2) \$5.1 million Gross (\$3.8 million GF/GP) reduction from rescinding a \$3 per day administrative rate increase for foster care services provided by child placing agencies; private agency daily administrative rates reduced from \$40 to \$37. Conference does not include reductions and retains current-year funding levels for both programs.

<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
Federal	N/A	0
GF/GP	N/A	\$0

**4. Adoption Subsidies Re-Determination of Care Program**

Executive continues a FY 2014-15 reduction of \$6.9 million Gross (\$6.5 million GF/GP) contained in EO 2015-5 to reduce the funding for the Adoption Re-Determination of Care Program; program allows eligible adoptive parents to request a redetermination of payments for certain children with special needs after an agreement has been finalized; reduces program funding to \$1.0 million. House eliminates remaining \$1.0 million GF/GP funding for program; Senate reduces program funding to \$600,000 GF/GP. Conference concurs with the House.

<b>Gross</b>	<b>\$1,000,000</b>	<b>(\$1,000,000)</b>
Federal	0	0
GF/GP	\$1,000,000	(\$1,000,000)

**5. Child Care Fund Administrative Rates – County Hold Harmless Provision**

Executive reduces funding by \$3.4 million GF/GP by rescinding the county hold harmless provision requiring DHS to pay 100% of the foster care administrative rate to private agencies for all new cases referred to service providers beginning October 1, 2013; Executive retains \$1.6 million to fund cases transferred back to public sector. House does not include reduction and funds the county hold harmless policy at current-year level; Senate reduces funding by \$3.4 million and directs the \$1.6 million to partially fund hold harmless policy, includes a \$100 placeholder for further adjustments. Conference concurs with the House.

<b>Gross</b>	<b>\$5,000,000</b>	<b>\$0</b>
GF/GP	\$5,000,000	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>6. Increase Child Licensure Consultants - Transfer AFC, Children's Day Care Licensure to LARA</b>	FTE 219.0	(219.0)
<b>Executive</b> provides \$5.7 million Gross and 39.0 FTEs to increase the number of CCL consultants and management staff to align the state's consultant-to-caseload ratio with the national average (1 consultant: 98 programs). Current caseload ratio is estimated to be 1:150; program funded through a federally funded IDG from Michigan Department of Education. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	<b>Gross \$28,955,300</b>	<b>(\$28,955,300)</b>
	IDG 12,840,200	(12,840,200)
	GF/GP \$16,115,100	(\$16,115,100)
<u>Conference</u> transfers 219.0 FTEs and \$29.0 million Gross (\$16.1 million GF/GP) to the Department of Licensing and Regulatory Affairs (LARA) based on the Executive Order 2015-4.		
<b>7. TANF Offset of GF/GP</b>	<b>Gross N/A</b>	<b>\$0</b>
<u>Conference</u> appropriates an additional \$10.0 million TANF funding to offset a GF/GP reduction of \$10.0 million in the adoption subsidies line item.	TANF N/A	10,000,000
	GF/GP N/A	(\$10,000,000)
<b>8. Family Independence Program</b>	<b>Gross N/A</b>	<b>(\$1,742,900)</b>
<u>Executive</u> reduces funding by a total of \$1.7 million Gross (\$1.7 million GF/GP) through the following three changes: (1) the elimination of the Extended Family Independence Program (EFIP), which provided \$10 per month benefit for six months as clients exited FIP program (\$116.4 GF/GP savings); (2) elimination of the Short Term Family Support Program, a short-term diversion program for families that could become eligible for ongoing FIP benefits (\$726,200 GF/GP savings); (3) new requirement of pre-assistance cooperation with child support before clients can receive public assistance benefits (\$900,300 Gross/ \$889,200 GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal N/A	(11,100)
	GF/GP N/A	(\$1,731,800)
<b>9. Centers for Independent Living</b>	<b>Gross \$6,488,600</b>	<b>\$5,543,000</b>
<u>Executive</u> reduces funding by \$1.5 million GF/GP for Centers for Independent Living which provide core independent living services for persons with disabilities. <u>House</u> concurs with Executive and includes an additional \$200,000 GF/GP reduction. <u>Senate</u> does not include reduction and funds the program at current-year ongoing funding level. <u>Conference</u> does not include reduction and transfers \$5.5 million federal authorization to program from Michigan Rehabilitation Services program.	Federal 2,818,600	5,543,000
	Private 100,000	0
	GF/GP \$3,570,000	\$0
<b>10. School Success Partnership for NEMSCA</b>	<b>Gross \$300,000</b>	<b>\$150,000</b>
<u>Executive</u> eliminated the \$300,000 GF/GP program funding. <u>House</u> concurs with Executive; <u>Senate</u> funds program at current-year ongoing funding level. <u>Conference</u> increased funding by \$150,000.	GF/GP \$300,000	\$150,000
<b>11. Parent-to-Parent Program</b>	<b>Gross \$500,000</b>	<b>(\$150,000)</b>
<u>Executive</u> eliminated the \$500,000 GF/GP program funding. <u>House</u> concurs with Executive; <u>Senate</u> reduces program by \$150,000 GF/GP. <u>Conference</u> concurs with the Senate.	GF/GP \$500,000	(\$150,000)
<b>12. Drug Testing Program for FIP Recipients</b>	<b>Gross N/A</b>	<b>\$300,000</b>
<u>Senate</u> includes \$275,000 GF/GP for a pilot program to implement a suspicion-based drug testing pilot program for FIP recipients in 3 counties (PA 394 of 2014 and PA 395 of 2014). <u>Conference</u> appropriated \$300,000 TANF funding for program.	Federal N/A	300,000
<b>13. One-Time Funding: Eliminate FY 2014-15 Appropriations</b>	<b>Gross \$5,150,000</b>	<b>(\$5,150,000)</b>
<u>Executive</u> discontinues FY 2014-15 one-time appropriations of \$5.2 million GF/GP for Child Support Enforcement Operations, Legal Support Contracts, MRS, Flint Catholic Charities, Performance Based Funding Implementation, Private Child Welfare IT Services, Fostering Futures Endowment, JJ In-Home Community Care Grants, Food Banks, Michigan Reading Corps, and Parent-to-Parent Adoption Support Services. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP \$5,150,000	(\$5,150,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>14. Eliminate IDG Funding for Swift and Sure Program</b>	FTE 526.0	0.0
<u>Executive</u> reduces IDG funding by \$3.0 million to reflect the elimination of funding from the Corrections budget for the Swift and Sure Punishment program within the Michigan Rehabilitation Services Program for re-entry services for former prisoners. <u>House</u> concurs with <u>Executive</u> ; <u>Senate</u> eliminates \$3.0 million IDG funding and \$11.1 million federal funding. <u>Conference</u> concurs with the Senate.	<b>Gross \$149,289,700</b>	<b>(\$14,084,500)</b>
	IDG 3,000,000	(3,000,000)
	Federal 123,368,000	(11,084,500)
	Local 6,539,100	0
	Private 1,846,000	0
	Restricted 1,592,300	0
	GF/GP \$12,944,300	\$0
<b>15. Office Closures and Consolidations</b>	<b>Gross N/A</b>	<b>(\$2,439,000)</b>
<u>Executive</u> reduces funding by \$5.3 million Gross (\$2.2 million GF/GP) through the closure and consolidation of targeted DHS facilities and use of the community partner network facilities for certain county offices. <u>House</u> concurs with <u>Executive</u> ; <u>Senate</u> assumed \$6.1 million Gross (\$2.5 million GF/GP) savings from closures and consolidations. <u>Conference</u> reduces funding \$2.4 million Gross (\$1.0 million GF/GP).	Federal N/A	(1,439,000)
	GF/GP N/A	(\$1,000,000)
<b>16. Other Program Reductions</b>	<b>Gross N/A</b>	<b>(\$2,865,000)</b>
<u>Executive</u> reduces funding by \$2.9 million Gross (\$1.3 million GF/GP) from changing to electronic notifications for MiBridges and Child Support billing coupons by offering clients option of electronic correspondence. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Federal N/A	(1,550,100)
	GF/GP N/A	(\$1,314,900)
<b>17. Budgetary Savings: Staffing Reductions</b>	FTE 0.0	(332.0)
<u>Executive</u> rolls out the \$7.5 million GF/GP staffing reductions line item in FY 2014-15 to various line items within the DHS budget. Savings are annualized through reductions in multiple line items in budget; \$3.0 million TANF federal block grant funding is used to offset \$3.0 million GF/GP. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	<b>Gross (\$7,500,000)</b>	<b>(\$6,296,800)</b>
	Federal 0	(6,291,700)
	Local 0	(5,100)
	GF/GP (\$7,500,000)	\$0
<b>18. Adjustments to Current Services Baseline</b>	FTE N/A	(81.7)
<u>Executive</u> adjusts funding by decreasing federal funding by \$8.7 million and increasing GF/GP spending by \$8.7 million to align line item appropriations with projected spending and available revenues; also adjusts FTE allocations to align with supportable positions (81.7); discontinues \$7.0 million one-time fund source shift from GF/GP to TANF federal funding. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Senate</u> includes additional fund source shifts from federal to GF/GP for a gross reduction of \$1.4 million (\$4.4 million GF/GP). <u>Conference</u> agrees with <u>Executive</u> but revises federal and GF/GP fund source shifts to various programs.	<b>Gross N/A</b>	<b>\$0</b>
	Federal N/A	(15,650,400)
	Private N/A	(90,000)
	GF/GP N/A	\$15,740,400
<b>19. Michigan Rehabilitation Services (MRS)</b>	FTE 526.0	0.0
<u>Executive</u> includes \$1.3 million GF/GP funding to replace the \$1.3 million GF/GP reduction in EO 2015-5 and replaces \$2.3 million federal with \$2.3 million GF/GP. <u>House</u> reduces GF/GP by \$1.7 million and concurs with the fund source shift; <u>Senate</u> keeps gross funding same as current-year and does not include fund source shift. <u>Conference</u> concurs with the Senate.	<b>Gross \$149,289,700</b>	<b>\$0</b>
	IDG 3,000,000	0
	Federal 123,368,000	0
	Local 6,539,100	0
	Private 1,846,000	0
	Restricted 1,592,300	0
	GF/GP \$12,944,300	\$0
<b>20. Donated Funds Positions</b>	FTE 338.0	200.0
<u>Executive</u> provides \$20.6 million Gross (\$0 GF/GP) to expand donated funds positions by 200 FTEs. These caseworkers would be located based on the requests of adult placement and independent living settings, federally qualified health clinics, hospitals with high uncompensated costs, and employer-based sites; the entities would expend their own funds to draw down federal funding to cover the personnel costs of caseworkers. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	<b>Gross \$39,690,800</b>	<b>\$20,551,200</b>
	IDG 236,400	0
	Federal 20,551,800	10,275,600
	Local 7,644,300	4,110,200
	Private 11,258,300	6,165,400
	GF/GP \$0	\$0
<b>21. Indigent Burial</b>	<b>Gross \$4,300,000</b>	<b>\$0</b>
<u>House</u> increases funding by \$100,000 GF/GP. <u>Conference</u> does not include increase.	Federal 300,000	0
	GF/GP \$4,000,000	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>22. Juvenile Justice Vision 20/20</b>	<b>Gross</b>	<b>\$0</b>
<u>House</u> includes \$100 GF/GP placeholder for the Juvenile Justice Vision 20/20 program that was originally funded in FY 2014-15; funding was eliminated by E.O. 2015-5. <u>Senate</u> concurs with the House. <u>Conference</u> does not include funding.	GF/GP	\$0
<b>23. Family Services Programs</b>	<b>Gross</b>	<b>N/A</b>
<u>House</u> reduces federal Temporary Assistance for Needy Families (TANF) funding by \$2.8 million total in the following programs: Family Preservation and Prevention Services by \$1.5 million, Families First by \$500,000, Child Protection and Permanency by \$500,000, and Family Reunification by \$250,000. The \$2.8 million TANF funding was then appropriated in the Family Independence Program line item to offset GF/GP.	Federal	N/A
	GF/GP	N/A
<b>24. Departments of Human Service and Community Health Merger Savings</b>	FTE	6.0
<u>House</u> eliminates 3.0 unclassified FTE positions and \$284,500 Gross (\$189,500 GF/GP) funding due to the merger between the two departments; also includes \$1.9 million Gross (\$1.0 million GF/GP) reduction for anticipated administrative savings as a result of the merger. <u>Conference</u> reduces 3.0 unclassified FTEs and \$379,000 Gross and GF/GP.	<b>Gross</b>	<b>\$18,194,300</b>
	IDG	1,519,300
	Federal	10,013,500
	GF/GP	\$6,661,500
		(3.0)
		<b>(\$379,000)</b>
<b>25. Program Reductions</b>	<b>Gross</b>	<b>N/A</b>
<u>House</u> reduces \$8.1 million GF/GP funding from the following programs: State Disability Assistance program by \$5.0 million, Homeless Programs by \$1.0 million, Children's Trust Fund Administration by \$179,700, Emergency Services Local Office Allocations by \$500,000, Multicultural Integration by \$250,000, Centers for Independent Living by \$200,000, FIP clothing allowance by \$200,000, W.J. Maxey Training School by \$400,000, Juvenile Justice Administration and Maintenance by \$300,000, and Youth In Transition by \$100,000.	Federal	N/A
<u>Senate</u> reduces \$3.0 million GF/GP funding in the following programs: Juvenile Justice Administration and Maintenance by \$400,000, Homeless Programs by \$300,000, Electronic Benefit Transfer by \$1.4 million (increase federal funding by \$1.0 million), Youth in Transition by \$130,900 Gross (\$395,900 GF/GP), and Emergency Services Local Office Allocations by \$1.2 million Gross (\$559,300 GF/GP).	GF/GP	N/A
<u>Conference</u> reduces \$1.6 million GF/GP funding from the following programs: Emergency Services Local Office Allocations by \$1.2 million and Juvenile Justice Administration and Maintenance by \$400,000.		
		<b>(\$1,551,000)</b>
<b>26. Closure of W.J. Maxey Training School</b>	FTE	69.0
<u>Senate</u> includes the elimination of 69.0 unclassified FTE positions and \$7.5 million Gross (\$2.5 million GF/GP) reduction due to the proposed closure of the W.J. Maxey Training School; retains \$1.0 million for closing costs and \$1.8 million to transfer 40 youths to other comparable residential facilities for one year. <u>Conference</u> concurs with the Senate.	<b>Gross</b>	<b>\$10,324,500</b>
	Federal	166,100
	Local	5,744,000
	GF/GP	\$4,414,400
		(69.0)
		<b>(\$7,543,300)</b>
<b>27. Healthy Michigan Plan Call Center</b>	<b>Gross</b>	<b>\$11,976,300</b>
<u>Executive</u> restores \$7.6 million Gross (\$2.2 million GF/GP) funding for the Healthy Michigan Plan Call Center to replace the funding reduced in E.O. 2015-5; includes additional \$2.1 million GF/GP for a fund source shift to replace federal funding. <u>House</u> restores \$2.0 million Gross (\$1.4 million GF/GP); <u>Senate</u> restores \$7.6 million (736,900 GF/GP) and includes additional \$1.4 million federal for a fund source shift to replace GF/GP funding. <u>Conference</u> concurs with the Senate.	Federal	8,510,700
	GF/GP	\$3,465,600
		<b>\$7,560,000</b>
		6,823,100
		\$736,900
<b>28. Specialized Employment and Training Services Pilot</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> includes \$800,000 Gross (\$400,000 GF/GP) one-time funding for an expanded pilot for specialized employment and training services in partnership with Michigan Works! Agencies to provide training for DHS clients with significant employment barriers. <u>House</u> and <u>Senate</u> do not include funding. <u>Conference</u> concurs with the Executive.	Federal	N/A
	GF/GP	N/A
		<b>\$800,000</b>
		400,000
		\$400,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>29. Disability Determination Program Positions</b>	FTE	545.9	16.0
<u>Executive</u> authorizes 16.0 additional FTE positions for Disability Determination Program to reflect supportable FTE positions authorized by the federal Social Security Administration; current federal funding authorization in line item is sufficient to support new positions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	<b>Gross</b>	<b>\$107,284,100</b>	<b>\$0</b>
	IDG	173,300	0
	Federal	105,097,400	0
	GF/GP	\$2,013,400	\$0
<b>30. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$2,450,100)</b>
<u>Executive</u> reflects net cost reduction of \$2.5 million Gross (\$740,800 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> concurs with Executive; <u>Senate</u> includes a cost reduction of \$2.4 million and removed some funding adjustments due to the closure of the W.J. Maxey Training School. <u>Conference</u> concurs with the Senate.	IDG	N/A	(33,000)
	Federal	N/A	(1,618,500)
	Local	N/A	(37,800)
	Private	N/A	(30,000)
	Restricted	N/A	(3,800)
	GF/GP	N/A	(\$727,000)
<b>31. DHS Budget Restructure</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Executive</u> restructures budget to better align with the organizational structure of the DHS; includes consolidation of budget units and certain line items, as well as recombining program areas differently than current-year. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive with most of the restructuring of the budget, but keep certain individual line items in current-year form; <u>House</u> includes additional staff line items throughout the budget to identify costs of salary, wages, and benefits associated with programs.	GF/GP	N/A	\$0

### **Major Boilerplate Changes From FY 2014-15**

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2014-15 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

#### **GENERAL SECTIONS**

##### **Sec. 226. Request for Information or Qualification – DELETED**

Requires DHS to issue a Request for Information or Qualification before any contract for new services, programs, or concepts in excess of \$1.0 million is approved, also requires DHS to provide the results of the Request for Information or Qualification before approval. Executive deletes language; House, Senate, and Conference concur with Executive.

##### **Sec. 229. Job Readiness Work Group – REVISED**

Requires DHS to conduct a work group with Treasury and the Legislature to align spending on Michigan Works job readiness programs with the declining family independence program caseload; requires report on work group findings. Executive deletes language; House revises language to ask for the report if not received in previous year; Senate concurs with Executive. Conference concurs with House but revises language to require report in December.

##### **Sec. 231 (former 218). Local County Travel Costs – NEW**

Requires DHS to allocate up to \$100,000 towards reimbursing counties for out-of-pocket travel costs of the local county department board members and county department directors to attend one Michigan County Social Services Association meeting each year; House includes new language; Conference concurs with House.

##### **Sec. 232. Payroll Taxes and Fringe Benefits Costs Report – NOT INCLUDED**

Requires periodic reports by October 31, January 31, April 30, July 31, and September 30 concerning the payroll taxes and fringe benefits costs that were consolidated with salary and wages line items. Senate includes language.

##### **Sec. 233. DHHS Merger Report – NEW**

Requires report by November 1 concerning the merger of DCH and DHS on the impact on client service delivery or access to services, any cost increases or reductions from rent or building occupancy changes, and the number of FTE positions eliminated or added. Senate includes language; Conference includes revised language that requires information on any office closures or consolidations and other costs or savings from the merger.

##### **Sec. 264. DHS Employee Communication With Legislature – RETAINED**

Prohibits disciplinary action by DHS against employees for communicating with a legislator or legislative staff. Executive deletes language; House, Senate, and Conference retain language.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 280. Personnel-Related Costs Report – NEW***

Requires report by the fifth business day of each month concerning the specific individual amounts for salaries and wages, payroll taxes, and fringe benefits and a plan for addressing any projected shortfalls. Conference includes new language.

### ***Sec. 291. E-Verify – RETAINED***

Requires DHS to use E-Verify to verify that new employees and new contractors are legally present in the United States; requires report on number of employees found to not be legally present in the United States. Executive deletes language; House concurs with Executive; Senate retains language; Conference concurs with Senate.

### ***Sec. 294. County Child Care Fund Late Payments Notification to Treasury – NOT INCLUDED***

Requires DHS director to provide notification to the County Court Administrator and the County Board of Commissioners' Chairman if the county's Child Care Fund payments or state ward board and care chargeback obligations are 3 months delinquent and that revenue sharing payments may be withheld if county is at least 6 months delinquent. Senate includes language.

### ***Sec. 295. Late Boilerplate Reporting Penalty – DELETED***

Reduces appropriations by \$150,000 if DHS fails to provide boilerplate reports and other required data within 30 days after due date. Executive deletes language; House, Senate, and Conference concur with Executive.

### ***Sec. 298. Supervisor-to-Staff Ratio Report – RETAINED***

Requires DHS to report the supervisor-to-staff ratios by department divisions and subdivisions. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 315. Licensing Adult Assisted Living Services Work Group – REVISED***

Requires DHS to conduct a work group in conjunction with Community Health, organizations representing disabled and elderly adults, representatives of assisted living facilities, and the Legislature that explores licensing standards, practices, and performance measures for facilities providing assisted living services. Executive deletes language; House retains language; Senate revises language by including report requirement on the findings of the workgroup; Conference concurs with Senate.

### ***Sec. 316. Terminal Leave Payouts – NEW***

Prohibits DHS from spending amounts in excess of the annual terminal leave pay outs gross appropriation unless it identifies and requests a legislative transfer from another budgetary line item from the Legislature. Executive includes language; House, Senate, and Conference concur with Executive.

### ***Sec. 317. Child Care Licensure Funding – NOT INCLUDED***

Requires DHS to use the additional funds appropriated in part 1 for child care licensing to increase the number of licensing consultants and staff in order to increase the number of monitoring visits to child care license applicants and to already licensed individuals. Executive includes language; House revises new language to require report; Senate concurs with Executive; Conference does not include language (program transferred to LARA).

### ***Sec. 407. Swift and Sure Probation Program – DELETED***

Requires DHS to use IDG funding from Corrections to expand Swift and Sure Probation Program through Michigan Rehabilitation Services. Executive deletes language; House, Senate, and Conference concur with Executive.

## **CHILD WELFARE SERVICES**

### ***Sec. 506. Medicaid Coverage for Foster Children Report – DELETED***

Requires DHS to report on the number of foster children that experience a break in Medicaid coverage and the number that did not receive Medicaid coverage. Executive deletes language; House, Senate, and Conference concur with Executive.

### ***Sec. 511. Physical and Mental Health Assessment Report – RETAINED***

Requires DHS to track and report quarterly the number and percentage of foster children who received physical and mental health assessments. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 525. On-Site Evaluations – RETAINED***

Requires DHS to use same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 532. Licensing and Contract Compliance Review – RETAINED***

Requires collaboration between DHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes, requires report; restricts licensing reviews to no more than once every two years for nationally-accredited organizations with no outstanding violations. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 533. Child Welfare Payment Promptness – RETAINED***

Directs DHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services; requires report. Executive deletes language; House, Senate, and Conference retain language.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – RETAINED***

Requires DHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 546. Foster Care Agency Administrative Rates – RETAINED***

Current-year language establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; reinstates specialized independent living administrative rates provided in FY 2010-11; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Executive deletes language that requires a \$3 increase to the foster care administrative rate and deletes the language that increases funding to each private provider of residential services. House, Senate, and Conference retain language.

### ***Sec. 559. Parent to Parent – REVISED***

Allocates \$700,000, including one-time funding, to parent to parent program for adoptive parents; requires report. Executive deletes language; House concurs with Executive; Senate revises language by allocating \$350,000 to program and requires DHS to make payment by December 1; Conference concurs with Senate.

### ***Sec. 563. Performance Evaluation Report – DELETED***

Requires report on the number and percentage of department employees who had a satisfactory and unsatisfactory performance evaluation. Executive deletes language; House retains language; Senate and Conference concur with Senate.

### ***Sec. 585. Private Agency Staff Training – RETAINED***

Requires DHS to make available at least 1 pre-service training class each month for caseworkers of private agencies. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 587. In-Home Community Programs Expansion – REVISED***

Provides \$650,000 to expand and create new in-home and community-based programs for juvenile justice services in rural counties by September 1, requires report. Executive deletes language; House retains language; Senate revises language by including \$400,000 and changing allocation deadline to December 1; Conference concurs with Senate but revises deadline to January 15.

### ***Sec. 589. Payment of Foster Care Administrative Rate – RETAINED***

Requires DHS to pay 100% of the administrative rate for all new cases referred to providers of foster care services beginning October 1, 2013; requires monthly report on the number of foster care cases supervised by private agencies and by DHS. Executive deletes language; House, Senate, and Conference retain language.

### ***Sec. 593. Private Residential Service Providers Staff Ratios – NEW***

Allows residential service providers for abuse and neglect cases to implement a staff ratio of 1 staff to 5 children during waking hours. Senate includes language; Conference concurs with Senate.

## **PUBLIC ASSISTANCE**

### ***Sec. 612. Refugee Medical Benefits Asset Test – NOT INCLUDED***

Requires DHS to implement an asset test for applicants and recipients of refugee assistance program medical benefits. Executive deletes language; House and Conference concur with Executive; Senate retains language.

### ***Sec. 613. Indigent Burial – REVISED***

Provides reimbursements for the final disposition of indigent persons, establishes maximum allowable reimbursements; House revises language to require that the adult burial with services allowance for reimbursement shall be \$720, the adult burial without services allowance shall be \$485, and the infant burial allowance shall be \$165. Also includes legislative intent language that a total increase of \$20 per case be allocated for increases to funeral directors for funeral goods and services. Executive retains current-year language; House includes revised language; Senate concurs with Executive; Conference concurs with House.

### ***Sec. 614. State Disability Assistance (SDA) Recipient Report – NEW***

Requires report on the number and percentage of SDA recipients who were determined to be eligible for federal Supplemental Security Income benefits in previous fiscal year. Senate includes language; Conference concurs with Senate.

### ***Sec. 620. Medicaid Eligibility Determination Standards of Promptness – REVISED***

Requires DHS to determine Medicaid eligibility in 60 days when disability is an eligibility factor and 45 days for other Medicaid applicants, including patients in nursing homes; requires quarterly reports on Medicaid standards of promptness. Executive revises language by changing the 60 day limit to 90 days and eliminating the quarterly report requirement; House revises language to include the 90 day limit and a semiannual report; Senate retains current-year language; Conference concurs with House.

### ***Sec. 654. Food Assistance Program (FAP) – NEW***

Requires DHS to notify FAP recipients that their benefits can be spent with their bridge cards at many farmers' markets and that the Double Up Food Bucks program can provide them with an additional \$20 to buy produce at participating farmers' markets. House includes new language; Conference concurs with House.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 657. Extended Family Independence Program (EFIP) Notifications – DELETED***

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits. Executive deletes language; House, Senate, and Conference concur with Executive.

### ***Sec. 673. MiBridges Fraud Workgroup – NEW***

Requires DHS to conduct a work group with the Departments of State and State Police to investigate minimizing fraud in the MiBridges benefits programs; requires report. House includes new language; Conference concurs with House.

### ***Sec. 686. Caseworker Policy – RETAINED***

Requires DHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires caseworkers to confirm resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$200,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH. Executive deletes language; House, Senate, and Conference retain language.

## **JUVENILE JUSTICE**

### ***Sec. 703. Juvenile Justice Vision 20/20 – NOT INCLUDED***

Provide \$1.0 million to Juvenile Justice Vision 20/20, allows unexpended or unencumbered funding to be available in succeeding fiscal years; allow funds to be expended after successful implementation and operation of existing pilot database; requires DHS member to serve as executive team member; requires report. Executive deletes language; House and Conference concur with Executive; Senate retains language but eliminates the \$1.0 million allocation and states that DHS shall provide funding.

### ***Sec. 709. W.J. Maxey Training School Closure – NEW***

Requires DHS to close the W.J. Maxey Training School by October 15, 2015 and that staff be given priority for new staff positions for which they are qualified. Youth currently at the school shall be transferred to another juvenile residential facility and not an adult prison or county jail; requires report. Senate includes language; Conference concurs with Senate.

### ***Sec. 721. Residential Facility of Last Resort – RETAINED***

If demand exceeds capacity at state-operated facilities, requires DHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities. Executive deletes language; House, Senate, and Conference retain language.

## **FIELD OPERATIONS AND SUPPORT SERVICES**

### ***Sec. 801 (former 401). Centers for Independent Living (CILs) – REVISED***

Requires that all funds appropriated within the independent living line item be used to support CILs in underserved areas and to build capacity; requires report. Executive retains language, House and Senate concur with Executive; Conference revises language to allow funds to be used to leverage federal vocational rehabilitation innovation and expansion funds up to \$5.5 million.

### ***Sec. 805 (former 405). Order of Selection – REVISED***

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services. Executive deletes language; House retains language; Senate revises language by requiring that if DHS is at risk of entering into an order of selection, the House and Senate shall be notified within two weeks; Conference concurs with Senate.

### ***Sec. 850 (former 750). Donated Funds Positions – REVISED***

Requires DHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the out-stationed location requests the program discontinued. Provides that DHS enter into a contract with any agency that places a request for a donated funds position and is eligible under federal law, DHS must provide agency with applicable federal law or rule if denied; requires performance metrics. Executive revises language to eliminate requirement that DHS provide federal statute or regulation for any request denial; House retains current-year language; Senate includes additional language provided in new Section 752; Conference concurs with Senate.



**FY 2014-15 Supplemental Appropriations**

**1. Child Welfare Caseload Adjustments**

Conference reduces funding for child welfare programs by \$8.7 million Gross (GF/GP increased by \$3.1 million) as follows:

- Child Care Fund is reduced \$4.4 million Gross (GF/GP reduced \$2.2 million).
- Adoption Subsidies program is reduced \$10.1 million Gross (GF/GP reduced \$3.7 million) from 26,725 cases at \$730.25 per month to 25,105 cases at \$745.00 per month.
- Guardianship program is increased \$881,800 Gross (\$447,700 GF/GP) from 800 cases at \$780.00 per month to 850 cases at \$825.94 per month.
- Foster Care program is increased \$4.9 million Gross (\$8.6 million GF/GP) from 6,500 cases at annual cost of \$27,085 to 6,446 cases at an annual cost of \$27,645.00.

**2. Public Assistance Caseload Adjustments**

Conference reduces funding for public assistance programs by \$14.0 million Gross (reduction of \$4.3 million GF/GP) as follows:

- Family Independence Program (FIP) is reduced \$12.9 million Gross (reduction of \$3.6 million GF/GP) from 31,800 cases at \$361.13 per month to 28,730 cases at \$362.75 per month.
- State Disability Assistance (SDA) program is reduced \$1.1 million Gross (reduction of \$756,000 GF/GP) from 6,100 cases at \$214 per month to 5,755 cases at \$210.39 per month.
- State Supplementation program is increased \$66,000 GF/GP from 276,600 cases at \$19.10 per month to 273,696 cases at \$19.06 per month.

Conference increases public assistance caseload costs by \$3.6 million Gross (\$2.7 million GF/GP) for increased costs due to the recent Barry, et al. vs. Lyons ruling.

**FY 2014-15  
Year-to-Date  
(as of 3/12/15)**

**FY 2014-15  
Conference  
Supplemental  
Change**

<b>Gross</b>	<b>N/A</b>	<b>(\$8,738,400)</b>
Federal	N/A	(10,023,700)
Local	N/A	(2,288,800)
Private	N/A	485,300
GF/GP	N/A	\$3,088,800

<b>Gross</b>	<b>N/A</b>	<b>(\$10,316,800)</b>
Federal	N/A	(5,002,200)
Restricted	N/A	(3,676,200)
GF/GP	N/A	(\$1,638,400)

**FY 2015-16: DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES  
Summary: Conference Report  
Article XI, Senate Bill 133 (S-1) CR-1**



**Analyst: Paul B.A. Holland**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$707,600	\$707,600	\$707,600	\$707,600	\$707,600	\$0	0.0
<b>Federal</b>	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	0	0.0
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	62,427,100	62,200,100	62,200,100	62,200,100	62,200,100	(227,000)	(0.4)
<b>GF/GP</b>	55,000	150,000	150,000	55,000	150,000	95,000	172.7
<b>Gross</b>	<b>\$65,189,700</b>	<b>\$65,057,700</b>	<b>\$65,057,700</b>	<b>\$64,962,700</b>	<b>\$65,057,700</b>	<b>(\$132,000)</b>	<b>(0.2)</b>
<b>FTEs</b>	343.0	343.0	343.0	343.0	343.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Insurance and Financial Services (DIFS) is responsible for regulating, licensing, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; all insurance companies and agents, and health maintenance organizations. DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

**NOTE:** Information on House budget actions in this document is based on House Bill 4102 (H-1) as amended and passed by the House and information on Senate budget actions in this document is based on Senate Bill 133 (S-1) as amended and passed by the Senate.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Report on Healthy Michigan Plan Impact on Insurance Rates</b>	<b>Gross</b>	<b>\$55,000</b>	<b>\$95,000</b>
<u>Executive</u> increases GF/GP spending authorization to support departmental expenses to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform) on the cost of uncompensated care as it relates to changes in health insurance rates, pursuant to Section 105d of The Social Welfare Act (as amended by 2013 PA 107). 2014 PA 252 appropriated \$55,000 for the initial baseline report, included as ongoing for FY 2015-16, resulting in a recommended total of \$150,000 for the aforementioned evaluation and report. <u>House</u> concurs. <u>Senate</u> rejects. <u>Conference</u> concurs with Executive.	GF/GP	\$55,000	\$95,000
<b>2. Michigan Business One Stop Charges</b>	<b>Gross</b>	<b>\$78,500</b>	<b>(\$78,500)</b>
<u>Executive</u> decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	78,500	(78,500)

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>3. Technical Adjustments</b>	FTE	42.0	0.0
<u>Executive</u> includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$11,879,300</b>	<b>\$0</b>
	Restricted	11,879,300	0
<b>4. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$148,500)</b>
<u>Executive</u> includes adjustments to reflect net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	N/A	(148,500)

### Major Boilerplate Changes From FY 2014-15

#### **Sec. 205. Benchmarks for New Programs or Program Expansions – REVISED**

Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget. Executive eliminates. House retains. Senate includes reference to a statutory scorecard requirement, changes benchmarks into program-specific metrics, and removes intent language. Conference concurs with Senate.

#### **Sec. 223. Contingency Appropriations – REVISED**

Permits appropriation of federal, state restricted, local, and private contingency funds up to specified amounts, subject to the legislative transfer process. Conference removes contingency appropriations for local and private funds and streamlines reference to Management and Budget Act.

#### **Sec. 229. Department Scorecard Website – REVISED**

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance. Senate adds requirement that scorecard include metrics on annual rate filings by health insurers. Conference concurs with Senate in part, but includes as a separate reporting requirement.

#### **Sec. 231. Transparency Website – RETAINED**

Requires DIFS, working with DTMB, to maintain a searchable website accessible by the public at no cost, which includes various appropriation, expenditure, procurement, and staffing information. Senate adds requirements pertaining to revenue sources and fund balances. Conference rejects.

#### **Sec. 240. Filled FTE Report – DELETED**

Stipulates that the Legislature intends that DIFS does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled FTE positions by line item and indicating FTEs allocated to economic development activities during the preceding fiscal year. Executive eliminates. House concurs. Senate retains. Conference concurs with House.

#### **Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED**

Requires DIFS in conjunction with the Department of Health and Human Services to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to provide the Legislature with relevant accounting scripts and reports. Executive eliminates. House retains, but removes requirement to provide Legislature with relevant scripts and reports. Senate revises reporting dates. Conference concurs with Senate.

#### **Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – REVISED**

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939 and requires DIFS to acquire at least two bids prior to expending the appropriation. Executive eliminates. House, Senate, and Conference retain, but remove requirement to obtain at least two bids.

#### **Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – REVISED**

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and the average age of patients for reimbursed claims under the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates. House retains. Senate removes average age of patients from report and adds requirement to report on detailed claims statistics. Conference concurs with Senate in part, but modifies detailed claim statistics reporting requirements.

**Major Boilerplate Changes From FY 2014-15**

***Sec. 1201. FY 2016-17 Appropriation – NEW***

States intent that FY 2016-17 appropriations are anticipated to be the same as FY 2015-16 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue. Senate creates. Conference concurs.

***Sec. 1202. Normal Retirement Costs and Legacy Retirement Costs – NEW***

States intent that DIFS identifies the amounts for normal retirement costs and legacy retirement costs for FY 2016-17. Senate creates. Conference concurs.

***Various Sections Deleted by Executive, Retained by House, Senate, and Conference***

Executive eliminates Secs. 212, 215, 219, 232, 310; House, Senate, and Conference retain.

**FY 2015-16: JUDICIARY**  
**Summary: Conference Report**  
**Article XII, Senate Bill 133 (S-1) CR-1**



**Analyst: Robin R. Risko**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$2,364,400	\$2,362,900	\$2,362,900	\$2,362,900	\$2,362,900	(\$1,500)	(0.1)
<b>Federal</b>	6,437,400	6,428,600	6,428,600	6,428,600	6,428,600	(8,800)	(0.1)
<b>Local</b>	7,241,100	7,229,000	7,229,000	7,229,000	7,229,000	(12,100)	(0.2)
<b>Private</b>	944,800	942,900	942,900	942,900	942,900	(1,900)	(0.2)
<b>Restricted</b>	84,252,500	84,245,700	84,245,700	84,245,800	84,245,800	(6,700)	0.0
<b>GF/GP</b>	186,527,400	182,692,200	182,192,200	184,192,200	183,442,200	(3,085,200)	(1.7)
<b>Gross</b>	<b>\$287,767,600</b>	<b>\$283,901,300</b>	<b>\$283,401,300</b>	<b>\$285,401,400</b>	<b>\$284,651,400</b>	<b>(\$3,116,200)</b>	<b>(1.1)</b>
<b>FTEs</b>	490.0	487.0	489.0	489.0	489.0	(1.0)	(0.2)

Note: FY 2014-15 year-to-date figures include mid-year budget adjustments through March 12, 2015 (including 2015 PA 6), and include appropriation amounts designated as "one-time."

**Overview**

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

**Major Budget Changes From FY 2014-15 YTD Appropriations**

**1. Budgetary Savings**

Executive reflects a savings from recognizing year-end lapses that typically occur in various line items and from administrative efficiencies, such as delaying hiring for vacant positions. The largest amounts of savings are taken from the Swift and Sure Sanctions Program line item (\$2.5 million) and from the Mental Health Courts and Diversion Services line item (\$500,000). The remaining savings of \$150,000 is taken from various operation/administration line items throughout the budget. House concurs with the Executive on all savings reflected in the Executive recommendation, plus reduces the Swift and Sure Sanctions Program line item by another \$500,000. Senate concurs with the Executive on most all of the savings reflected in the Executive recommendation, with the exception of savings for the Swift and Sure Sanctions Program. Senate reduces the line item by \$1.0 million from the current year appropriated level. Conference concurs with the Executive on most all of the savings reflected in the Executive recommendation, with the exception of savings for the Swift and Sure Sanctions Program. Conference reduces the line item by \$1.8 million from the current year appropriated level.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>Gross</b>	<b>\$140,215,300</b>	<b>(\$2,400,000)</b>
IDG	738,600	0
Federal	3,987,300	0
Private	944,800	0
Restricted	54,059,800	0
GF/GP	\$80,484,800	(\$2,400,000)

**2. Remove One-Time Funding**

Executive removes one-time funding included in the FY 2014-15 budget for the Trial Court Innovations Fund. Funding was used to create incentives to encourage positive change, adoption of best practices, and high performance in the state's trial courts. House concurs. Senate concurs. Conference concurs.

FTE	1.0	(1.0)
<b>Gross</b>	<b>\$375,000</b>	<b>(\$375,000)</b>
GF/GP	\$375,000	(\$375,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>3. Savings for Eliminated Judgeships</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> reflects a savings from elimination of one Court of Appeals judgeship under Public Act 40 of 2012; elimination of four district court judgeships under Public Acts 16, 20, and 34 of 2012 and 58 of 2014; and elimination of five circuit court judgeships under Public Acts 228 of 2009, 18 and 35 of 2012, and 59 of 2014. The amount of savings is a result of retirements effective on January 1, 2015. Seventy-five percent of the savings was recognized in the FY 2014-15 budget; the remaining twenty-five percent will be recognized in FY 2015-16. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	<b>(\$351,800)</b>
		(\$351,800)
<b>4. Eliminate Community Court Pilot Program</b>	<b>Gross</b>	<b>\$20,000</b>
<u>Executive</u> eliminates funding appropriated for the Community Court Pilot Program. Funding was used to assist the 36th District Court with their community court. Community courts are neighborhood-focused courts that harness the power of the justice system to address local problems. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	<b>(\$20,000)</b>
		(\$20,000)
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> reflects a net cost increase for increases in salary and wage costs, insurance rates, and private rent costs, and reductions in actuarially-determined retirement rates, building occupancy charges, and worker's compensation costs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	<b>\$30,500</b>
	Federal	(1,500)
	Local	(8,800)
	Private	(12,100)
	Restricted	(1,900)
	GF/GP	(6,800)
		\$61,600
<b>6. Statewide E-Filing System</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> did not make a recommendation. <u>House</u> did not make a recommendation. <u>Senate</u> includes a \$100 placeholder to allow for further discussion on a statewide e-filing system for the trial courts. <u>Conference</u> concurs with the Senate.	Restricted	<b>\$100</b>
		100

### **Major Boilerplate Changes From FY 2014-15**

#### **Sec. 211. Linking Swift and Sure Sanctions Program to Michigan Rehabilitative Services – REVISED**

Requires the judicial branch to establish an interagency agreement with DHS and MDOC linking the Swift and Sure Sanctions program with the Michigan Rehabilitative Services program for the purpose of providing job placement and other support services to eligible probationers; authorizes participation in the Swift and Sure Sanctions program by parolees pending enactment of proposed legislation. Executive deletes. House deletes. Senate retains. Conference revises the language to require SCAO to evaluate programs within DHHS and DTED to establish programmatic connections with participants in the Swift and Sure Sanctions program, the purpose being to leverage collaborations and to determine avenues of success for offenders who are eligible for state-provided programs. Also, the language requires SCAO to deliver guidance to courts participating in the Swift and Sure Sanctions program, detailing evaluations and directing participants into available programming.

#### **Sec. 306. Court Collections – DELETED**

Requires Supreme Court and SCAO to maintain efforts to assist local trial courts in improving judgment collections. Executive deletes. House retains. Senate deletes. Conference deletes.

#### **Sec. 306. Report Court Collections – NEW**

Executive does not include. House does not include. Senate includes new language which requires SCAO to report, by county, the amounts of collected and uncollected restitution payments, court fees, and other judgments, placed on people within the county, for fiscal years 2009 through 2014. Conference includes the new language.

#### **Sec. 308. Judges' Salaries – REVISED**

Authorizes appropriation of GF/GP to meet the cost of judges' compensation should funds from the Court Fee Fund be insufficient. Executive retains. House retains. Senate retains, but adds that SCAO is required to notify within 14 days if GF/GP appropriations are made. Conference concurs with the Senate language.

#### **Sec. 309. Mental Health Courts – DELETED**

Requires SCAO to provide an annual update on the status of the mental health courts. Executive deletes. House deletes. Senate deletes. Conference deletes.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 309. Report on Specialty Courts – NEW***

Executive does not include. House includes new language which requires SCAO to report information on drug treatment courts, mental health courts, and veterans courts, such as the number of each type of program that has been established, the number of program participants in each jurisdiction, and the impact of the programs on offender criminal involvement and recidivism. Senate does not include. Conference includes the new language.

### ***Sec. 310. Drug Treatment Court Evaluation – DELETED***

Requires SCAO to evaluate and collect data on the performance of drug treatment court programs and to provide an annual review. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 318. Community Court Pilot Project – DELETED***

Requires funding appropriated for the community court pilot project to be used for administering a pilot program of neighborhood-focused community courts. Executive deletes. House deletes. Senate deletes. Conference deletes.

### ***Sec. 320. Swift and Sure Sanctions Program – REVISED***

Specifies that the \$6.0 million appropriation is to be expended for the Swift and Sure Sanctions program; requires SCAO to report on offenders participating and on recidivism rates. Executive deletes. House retains language, but adjusts the appropriation amount to reflect the \$3.0 million appropriation included in the House bill. Senate retains language, but adjusts the appropriation amount to reflect the \$5.0 million appropriation included in the Senate bill. Conference retains language, but adjusts the appropriation amount to reflect the \$4.3 million appropriation included in the Conference Report.

### ***Sec. 322a. Federal Funding Authorization for the Michigan Indigent Defense Commission – NEW***

Executive does not include. House includes new language which authorizes the Michigan Indigent Defense Commission to receive and expend up to \$250,000 in federal Byrne grant funding, and up to \$300,000 in other federal grant funding, if the funding is made available from the United States Department of Justice. Senate adds Michigan Indigent Defense Commission to existing language for SADO (Sec. 322). Conference includes the new language.

**FY 2015-16: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**  
**Summary: Conference Report**  
**Article XIII, Senate Bill 133 (S-1) CR-1**



**Analyst: Paul B.A. Holland**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	<i>Difference: Conference From FY 2014-15 YTD</i>	
						<i>Amount</i>	<i>%</i>
<b>IDG/IDT</b>	\$14,509,800	\$42,568,700	\$16,279,900	\$15,754,900	\$46,068,700	\$31,558,900	217.5
<b>Federal</b>	200,624,800	63,674,900	200,388,700	200,388,700	63,674,900	(136,949,900)	(68.3)
<b>Local</b>	656,500	679,000	679,000	679,000	679,000	22,500	3.4
<b>Private</b>	311,800	341,300	311,300	311,300	341,300	29,500	9.5
<b>Restricted</b>	286,464,000	265,213,400	298,742,500	298,214,000	258,403,600	(28,060,400)	(9.8)
<b>GF/GP</b>	39,821,300	41,481,500	22,894,800	24,223,500	38,481,500	(1,339,800)	(3.4)
<b>Gross</b>	<b>\$542,388,200</b>	<b>\$413,958,800</b>	<b>\$539,296,200</b>	<b>\$539,571,400</b>	<b>\$407,649,000</b>	<b>(\$134,739,200)</b>	<b>(24.8)</b>
<b>FTEs</b>	2,877.8	2,235.8	2,862.8	2,871.8	2,220.8	(657.0)	(22.8)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Licensing and Regulatory Affairs (LARA) is primarily responsible for business regulatory and employment services programs and is organized according to its four principal functions: 1) Licensing and Regulation, which implements and enforces statutory laws and administrative rules pertaining to commercial and occupational, construction and fire safety, healthcare professional and facility, adult and child care home, energy and public utility, and alcoholic beverage regulations; 2) Employment Security and Workplace Safety, which oversees workers' compensation insurance, occupational safety and health standards, labor and wage laws, and vocational rehabilitation services for the blind; 3) the Michigan Administrative Hearing System, a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; and 4) the Office of Regulatory Reinvention, which manages administrative rule-making and evaluates the state's regulatory infrastructure, and the Office of Reinventing Performance in Michigan, which implements statewide regulatory process improvement and paperwork efficiency measures.

**NOTE:** Information on House budget actions in this document is based on House Bill 4102 (H-1) as amended and passed by the House and information on Senate budget actions in this document is based on Senate Bill 133 (S-1) as amended and passed by the Senate.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Career &amp; Technology Education &amp; Skilled Trades Initiative</b>	<b>Gross</b>	<b>N/A</b>	<b>\$15,600,000</b>
<u>Executive</u> includes spending authorization for various programs intended to enhance career and technology education and skilled trades training; consisting of \$10.0 million for the Skilled Trades Training Program (in addition to an existing \$10.0 million appropriation within the MSF budget), \$2.1 million for an At-Risk Youth Initiative, \$1.8 million for a Michigan Advanced Technical Training Initiative, \$1.5 million to enhance re-employment opportunities for unemployed workers, and \$200,000 to support the re-tooling of credentials received by persons immigrating to Michigan. The Initiative is primarily supported with revenue from the Penalty and Interest Account of the Unemployment Insurance Agency's Contingent Fund and partially with federal unemployment insurance administration grants. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	N/A	1,500,000
	Restricted	N/A	14,100,000



<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>2. Unemployment Insurance Customer Service</b>			
<u>Executive</u> transfers spending authorization from one-time to include as ongoing for the maintenance of customer services at the Unemployment Insurance Agency (UIA), supported with revenue from the Penalty and Interest Account of the Contingent Fund (Fund) in which penalties, damages, and interest collected from employers and claimants are deposited. In August of 2012, due to the decline in the state's Insured Unemployment Rate, the federal government reduced the amount of administration grants to the UIA by \$37.2 million, resulting in 402 FTEs being laid-off, and there continues to be uncertainty concerning the amounts of quarterly grant awards. The Legislature approved a contingency transfer authorizing \$5.0 million from the Fund to support the maintenance of UIA operations during both FY 2012-13 and FY 2013-14 and included a one-time appropriation of \$18.0 million for FY 2014-15 (see #6 below). In July 2014, the U.S. Department of Labor has notified the UIA that it is "at risk" of decertification, resulting in loss of federal employer tax credits and administration grants, for failing to satisfy timeliness standards for first benefit payments and determination of appeals. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> Restricted	<b>\$18,000,000</b> 18,000,000	<b>\$0</b> 0
<b>3. Statutory Fee Sunsets</b>			
<u>Executive</u> assumes revenues generated by the elimination of sunsets on numerous past statutory fee increases, set to expire on September 30, 2015, for various business and nonprofit filing and securities registration fees collected by the Corporations, Securities, and Commercial Licensing Bureau (CSCLB) and numerous occupational registration and licensure fees collected by the CSCLB and the Bureau of Construction Codes. LARA estimates that the elimination of these fee sunsets will preserve an annualized average of \$15.5 million in restricted revenue. The Legislature increased these fees in either 2003 or 2008 and most recently extended the sunsets in 2012. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur in part, but assume the extension rather than the elimination of the sunsets.	<b>Gross</b> Restricted	<b>\$67,173,200</b> 67,173,200	<b>\$0</b> 0
<b>4. Health Facilities Fees</b>			
<u>Executive</u> assumes revenues generated by implementation of increases in application, base rate, and per bed licensure fees levied on acute and psychiatric hospitals, hospice agencies and residences, long term care and freestanding surgical outpatient facilities, and substance use disorder programs, and collected by the Bureau of Health Care Services (BHCS). LARA estimates these fee increases would generated an additional \$1.3 million per year. These fees were last adjusted between 20 and 35 years ago and the increases are substantially similar to those proposed by the BHCS in the annual report required by boilerplate Sec. 509 of 2014 PA 252. It is further assumed that fees would be levied annually while inspections of facilities would be triennial. No increase in spending authorization is required as the Health Systems Fees fund, into which these fees are deposited, is currently over-appropriated. <u>House</u> concurs in part, but anticipates passage of implementation bills amended such that fee would generated additional revenue of \$1.1 million annually. <u>Senate</u> rejects and reduces authorization by an amount equivalent to that which would be generated under the Executive assumption. <u>Conference</u> concurs with House.	<b>Gross</b> Restricted	<b>\$3,702,900</b> 3,702,900	<b>\$0</b> 0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>5. Retail Liquor License Fees</b>			
<u>Executive</u> assumes and increases spending authorization for revenues generated by implementation of increases in annual licensure and ancillary fees levied on various on- and off-premise retailers of beer, wine, and liquor products and collected by the Liquor Control Commission (LCC). These fees would be increased by 50.0% for FY 2015-16 through FY 2018-19; thereafter the increase would be reduced to 25.0% above current levels. LARA estimates these fee increases would generated an additional \$6.3 million per year through FY 2018-19 and \$3.1 million thereafter. Annual licensure fees were last adjusted in 1976. Generally, 55.0% of licensure fee revenue is distributed to local law enforcement agencies for the enforcement of state liquor laws, 41.5% of licensure fee revenue and all ancillary fee revenue is retained by the LCC for implementation and enforcement of state liquor laws, and 3.5% of annual licensure fee revenue and all of the 15.0% surcharge for Sunday P.M. sales is deposited with the Department of Community Health for programs pertaining to alcohol-related illnesses. <u>House</u> , <u>Senate</u> , and <u>Conference</u> reject (see #15 below).	<b>Gross</b> Restricted	<b>\$15,280,000</b> 15,280,000	<b>\$0</b> 0
<b>6. FY 2014-15 One-Time Appropriations</b>			
<u>Executive</u> removes spending authorization for FY 2014-15 one-time appropriations for Delphi Corporation workers' compensation payments (\$15.0 million GF/GP), Liquor Control Commission IT upgrades (\$500,000 Gross), and a disability access pilot project implemented by the Disability Advocates of Kent County (\$100,000 Gross). Also, eliminates \$100,000 GF/GP appropriated by 2014 PA 414 for costs incurred by the Bureau of Employment Relations to receive and upload specified collective bargaining documents. One-time spending authorization for customer services at the Unemployment Insurance Agency customer service is transferred to ongoing authorization (see #2 above). <u>House</u> concurs in part, but also includes reduction of remaining \$99,700 GF/GP for implementation of a health professional disciplinary actions website pursuant to Sec. 512 of Article XIII of 2014 PA 252. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House.	<b>Gross</b> Restricted GF/GP	<b>\$15,700,000</b> 600,000 \$15,100,000	<b>(\$15,799,700)</b> (600,000) (\$15,199,700)
<b>7. Michigan Business One Stop Charges</b>			
<u>Executive</u> decreases spending authorization for information technology charges by the Department of Technology, Management, and Budget, resultant from the elimination of the Michigan Business One Stop web portal and call center pursuant to 2014 PA 252. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> Federal Restricted GF/GP	<b>\$41,795,200</b> 23,446,600 18,283,400 \$65,200	<b>(\$2,147,900)</b> (76,900) (2,071,000) \$0
<b>8. Corporate &amp; Commercial Licensing Databases</b>			
<u>Executive</u> increases spending authorization for information technology costs associated with upgrades to the databases utilized by the Corporation, Securities, and Commercial Licensing Bureau for regulatory, examination, registration, and licensure activities pursuant to state laws applicable to business and nonprofit entities or various professional occupations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> Federal Restricted GF/GP	<b>\$41,795,200</b> 23,446,600 18,283,400 \$65,200	<b>\$1,820,000</b> 0 1,820,000 \$0
<b>9. METRO Authority</b>			
<u>Executive</u> eliminates spending and staff authorization for the Metropolitan Extension Telecommunication Rights-of-Way Oversight (METRO) Authority abolished via 2014 PA 88. This authorization also included LARA's expenses related to compliance with and coordination of and Freedom of Information Act (FOIA) requests. The METRO Authority and LARA's FOIA costs were supported with Public Utility Assessments levied pursuant to 1972 PA 299. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE <b>Gross</b> Restricted	3.0 <b>\$383,600</b> 383,600	(3.0) <b>(\$383,600)</b> (383,600)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>10. FOIA Coordination &amp; Local Community Stabilization Authority</b>	FTE	N/A
<u>Executive</u> increases spending and staff authorization for the expenses related to the powers, duties, functions, and responsibilities of the former METRO Authority transferred to the Local Community Stabilization Authority (LCSA) via 2014 PAs 86 and 88. LARA is currently negotiating a contract with the LCSA which is intended to establish a funding mechanism to support these expenses. This authorization also includes LARA's expenses related to compliance with and coordination of and Freedom of Information Act (FOIA) requests, supported with statutory filing fees levied on business on nonprofit entities. <u>House</u> concurs in part, but includes the spending and staff authorization in two distinct line items. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House.	<b>Gross</b>	N/A
	Local	150,000
	Restricted	302,900
	FTE	3.0
<b>11. Michigan Administrative Hearing System Overhead Costs</b>	FTE	215.0
<u>Executive</u> increases spending authorization to support the overhead costs (e.g., property management, information technology, and departmental administration) of the Michigan Administrative Hearing System associated with administrative hearings on decisions made under programs administered by other state departments and agencies. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b>	<b>\$38,425,800</b>
	IDG/IDT	14,259,800
	Federal	9,842,600
	Restricted	12,834,300
	GF/GP	\$1,489,100
	FTE	0.0
<b>12. Technical Adjustments and Major Fund Shifts</b>	FTE	20.0
<u>Executive</u> includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>House</u> concurs in part, but rejects partial roll-up of federal and restricted fund sources, includes replacement of \$525,000 GF/GP with IDG revenue for the Office of Reinventing Performance in Michigan pursuant to Sec. 243 of Article XIII of 2014 PA 252, replaces \$174,000 GF/GP for MIOSHA and the Wage & Hour Program with revenue generated by corporate filing fees, reduces staff for the PSC and LCC to reflect actual staffing levels, and shifts authorization from the nonexistent Special Fraud Control Fund. <u>Senate</u> concurs in part, but rejects partial roll-up of federal and restricted fund sources, includes reduction of staff for the PSC to reflect actual staffing levels, and shifts authorization from the nonexistent Special Fraud Control Fund. <u>Conference</u> concurs with House in part, but replaces GF/GP for the Office of Reinventing Performance in Michigan with revenue generated by corporate filing fees rather than IDG revenue, includes replacement of revenue from the Liquor Purchase Revolving Fund with GF/GP for Fire Protection Grants (\$773,900) and the Bureau of Fire Services (\$1,054,800), and modifies federal fund sources to more accurately reflect actual federal grant awards.	<b>Gross</b>	<b>\$11,509,900</b>
	IDG/IDT	707,000
	Federal	3,545,500
	Local	127,500
	Restricted	5,980,900
	GF/GP	\$1,149,000
	FTE	(15.0)
<b>13. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>
<u>Executive</u> includes adjustment to reflect net cost reduction for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG/IDT	N/A
	Federal	(977,900)
	Private	(500)
	Restricted	(805,400)
	GF/GP	(\$47,900)
<b>14. Freestanding Surgical Outpatient Facility Inspections</b>	FTE	200.4
<u>House</u> decreases spending authorization, specified in Sec. 510 of Article XIII of 2014 PA 252, for the inspection of freestanding surgical outpatient facilities by the Bureau of Health Care Services, which has been included since FY 2012-13 to supplement insufficient revenue generated by statutory licensure fees, because the House concurs with the Executive to assume additional revenues generated by the increase of statutory licensure fees (see #4 above). <u>Senate</u> does not concur. <u>Conference</u> concurs with House.	<b>Gross</b>	<b>\$28,845,400</b>
	Federal	19,575,400
	Private	200,000
	Restricted	3,317,400
	GF/GP	\$5,752,600
	FTE	0.0
	<b>Gross</b>	<b>(\$530,000)</b>
	Federal	0
	Private	0
	Restricted	0
	GF/GP	(\$530,000)

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>15. Liquor Licensing &amp; Enforcement Fund Shifts</b>	FTE	124.0	0.0
<u>House</u> shifts \$1.5 million in spending authorization for the liquor licensing and enforcement activities of the Liquor Control Commission (LCC) from revenue generated by statutory licensure fees levied on liquor retailers to revenue generated from the statutory mark-up on the wholesale sale of liquor products to licensed retailers by the LCC and deposited into the Liquor Purchase Revolving Fund (LPRF). <u>Senate</u> does not concur, but instead increases \$900,000 spending authorization from the LPRF for the liquor licensing and enforcement activities of the LCC, while shifting an equivalent amount of authorization for information technology services and projects from the LPRF to restricted revenue generated from corporate filing fees. <u>Conference</u> concurs with House in part, but reduces the amount of spending authorization shifted from retail liquor license revenue to the LPRF for the liquor licensing and enforcement activities of the LCC to \$500,000.	<b>Gross</b>	<b>\$15,122,600</b>	<b>\$0</b>
	Restricted	15,122,600	0
<b>16. Video Franchise Assessment</b>	<b>Gross</b>	<b>\$417,200</b>	<b>(\$417,200)</b>
<u>House</u> , <u>Senate</u> , and <u>Conference</u> eliminate spending authorization associated with revenue generated by the video franchise assessment levied on video service providers to support the Public Service Commission's (PSC) costs of carrying out its duties under 2006 PA 480. The PSC's statutory authority to levy the assessment is set to expire on 12/31/15 and the Executive did not include an extension or elimination of the sunset in its recommendation for the FY 15-16 budget. Over the previous five fiscal years, actual revenue generated from the assessment has averaged \$246,965 per annum and associated regulatory expenditures have averaged \$254,159 per annum; subsequently, a fund balance of \$117,303 carried-forward into FY 2014-15.	Restricted	417,200	(417,200)
<b>17. First Responder Presumed Coverage Fund</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>House</u> includes a placeholder for the First Responder Presumed Coverage Fund created by 2014 PA 515. The Fund would provide workers' compensation benefits to eligible firefighters diagnosed with statutorily-specified cancers who are ineligible for or denied other disability pension benefits, if the Legislature appropriates money for the Fund. <u>Senate</u> concurs. <u>Conference</u> rejects.	GF/GP	N/A	\$0
<b>18. Removal of Unemployment Insurance Agency and Career &amp; Technology Education &amp; Skilled Trades Initiative</b>	FTE	864.0	(864.0)
<u>Executive</u> removes spending and staff authorization and includes fund shifts to IDG revenue related to the Unemployment Insurance Agency and the Career and Technology Education and Skilled Trades Initiative transferred from LARA to the Department of Talent and Economic Development pursuant to E.O. 2014-12. <u>Conference</u> concurs.	<b>Gross</b>	<b>\$179,028,400</b>	<b>(\$165,054,800)</b>
	IDG/IDT	0	13,973,600
	Federal	140,592,300	(140,592,300)
	Restricted	38,436,100	(38,436,100)
<b>19. Office of New Americans</b>	FTE	N/A	4.0
<u>Executive</u> increases spending and staff authorization for the Office of New Americans transferred to LARA from the Governor's Executive Office pursuant to E.O. 2014-12. <u>Conference</u> concurs.	<b>Gross</b>	<b>N/A</b>	<b>\$593,000</b>
	GF/GP	N/A	\$593,000
<b>20. Bureau of Children and Adult Licensing</b>	FTE	N/A	219.0
<u>Executive</u> increases spending and staff authorization related to the Bureau of Children and Adult Licensing transferred to LARA from the former Department of Humans Services pursuant to E.O. 2015-4. <u>Conference</u> concurs in part, but includes fund shift of \$3.5 million from GF/GP to an IDG from the Department of Education.	<b>Gross</b>	<b>N/A</b>	<b>\$28,955,300</b>
	IDG/IDT	N/A	16,340,200
	GF/GP	N/A	\$12,615,100
<b>21. Michigan Agency for Energy</b>	FTE	N/A	10.0
<u>Executive</u> increases and transfers spending and staff authorization related to the Michigan Agency for Energy created within LARA (from the transfer of the former Michigan Energy Office within the Michigan Economic Development Corporation, the Retired Engineers Technical Assistance and Air Policy Programs within the Department of Environmental Quality, and the Public Service Commission within LARA) pursuant to E.O. 2015-10. <u>Conference</u> concurs.	<b>Gross</b>	<b>N/A</b>	<b>\$6,833,700</b>
	Federal	N/A	3,878,500
	Private	N/A	30,000
	Restricted	N/A	2,375,200
	GF/GP	N/A	\$550,000

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>22. Motor Carrier Regulation</b>	FTE	11.0	(11.0)
<u>Executive</u> eliminates spending and staff authorization related to motor carrier regulation by the Motor Carrier Division of the Public Service Commission transferred to the Department of State Police pursuant to E.O. 2015-10. <u>Conference</u> concurs.	<b>Gross</b>	<b>\$2,974,300</b>	<b>(\$2,974,300)</b>
	Restricted	2,974,300	(2,974,300)

### Major Boilerplate Changes From FY 2014-15

#### **Sec. 205. Benchmarks for New Programs or Program Expansions – REVISED**

Requires LARA to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 2015-16 budget. Executive eliminates. House retains. Senate includes reference to a statutory scorecard requirement, changes benchmarks into program-specific metrics, and removes intent language. Conference concurs with Senate.

#### **Sec. 211. LCC IT Upgrades Work Project – DELETED**

Designates the appropriation for Liquor Control Commission (LCC) IT upgrades as a work project, stipulates that the appropriation remain available and shall not lapse, and indicates that the estimated completion date is February 1, 2016. Executive eliminates. House, Senate, and Conference concur.

#### **Sec. 223. Contingency Appropriations – REVISED**

Permits appropriation of federal, state restricted, local, and private contingency funds up to specified amounts, subject to the legislative transfer process. Conference streamlines reference to Management and Budget Act.

#### **Sec. 240. Filled FTE Report – DELETED**

Stipulates that the Legislature intends that LARA does not use FTE positions as spending placeholders and requires LARA to provide a report specifying the quarterly number of filled FTE positions by line item and indicating FTEs allocated to economic development activities during the preceding fiscal year. Executive eliminates. House concurs. Senate retains. Conference concurs with House.

#### **Sec. 243. Reinventing Performance in Michigan MOUs – REVISED**

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative, requires an annual report, and stipulates the Legislature's intent that the RPM shall be funded by participating state departments. Executive eliminates. House retains, but removes intent language. Senate retains current language. Conference concurs with House.

#### **Sec. 245. Healthy Michigan Plan Accounting Structure – REVISED**

Requires LARA in conjunction with the Department of Health and Human Services to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to provide the Legislature with relevant accounting scripts and reports. Executive eliminates. House retains, but removes requirement to provide Legislature with relevant scripts and reports. Senate revises reporting dates. Conference concurs with Senate.

#### **Sec. 248. Regulatory Statistical Report – REVISED**

Requires LARA to submit an annual report that includes statistical information pertaining to revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by regulatory agencies within LARA. Senate adds reporting requirements pertaining to types and amounts of fees and statistical summaries by agency. Conference concurs with Senate.

#### **Sec. 250. OPEB Prefunding – DELETED**

Stipulates that the Legislature intends that LARA continues the prefunding of other postemployment benefits (OPEB) pursuant to 2011 PA 264. Executive eliminates. House, Senate, and Conference concur.

#### **Sec. XXX. Departmental Revenue, Expenditure, and Staff Reporting Requirement**

Requires LARA to submit a report pertaining to departmental revenue, expenditure, and staffing information for the preceding two fiscal years. Senate creates as Sec. 251. Conference rejects.

#### **Sec. 252. Departmental Employee Performance Monitoring Process – NEW**

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Senate creates. Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 503. *Veteran Fee Exemption Report* – REVISED**

Requires LARA to submit a report providing information about the number of veteran fee exemptions from licensure, registration, filing, and other fees, the amount of revenue lost due to veteran fee exemptions during the preceding fiscal year, the costs of providing licensing and regulatory services to veterans exempted from the fees, and estimate the amount of revenue lost due to the veteran fee exemptions in future fiscal years. Executive eliminates reporting requirement concerning future fiscal years. House clarifies current language. Senate concurs with Executive. Conference concurs with House.

### **Sec. 506. *Nursing Facility Complaint Investigations Report* – DELETED**

Requires LARA to report the timeliness of nursing facility complaint investigations, the number of allegations that are substantiated on an annual basis, the most frequently cited complaint deficiencies for the prior three years, the causes of the changes in the number of citations, and whether education and training are needed; also requires LARA to make every effort to contact complainants during the investigations. Executive eliminates. House concurs. Senate retains. Conference concurs with House.

### **Sec. 507. *Medical Marijuana Program Report and Fees* – REVISED**

Requires LARA to submit a report pertaining to the revenue, expenditures, application determinations, and timeliness of the Medical Marijuana Program and other specified information; permits LARA to raise application and renewal fees if revenue is insufficient to offset expenses of the Program. Executive eliminates delineated reporting requirements and authorization to increase fees. House concurs in part, but retains delineated reporting requirements. Senate retains current language. Conference concurs with House.

### **Sec. 509. *Bureau of Health Care Services Regulatory Costs and Fee Report* – DELETED**

Requires the Bureau of Health Care Services (BHCS) to submit to the Legislature a proposed updated fee schedule to offset BHCS' regulatory costs, including recommended statutory and rule changes. Executive eliminates. House concurs. Senate retains current language. Conference concurs with House.

### **Sec. 510. *Support for BHCS Inspections of FSOFs* – DELETED**

Requires that the Bureau of Health Care Services (BHCS) expend at least \$530,000 of the amount appropriated within the Health Systems Regulation line item in Part 1 for the inspection of Freestanding Surgical Outpatient Facilities (FSOFs). Executive eliminates. House concurs. Senate retains current language. Conference concurs with House.

### **Sec. 512. *Public Availability of BHCS Disciplinary Actions* – REVISED**

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website and includes language pertaining to one-time appropriation for website development. Executive eliminates. House, Senate, and Conference concur in part, but retain website requirement.

### **Sec. 514. *Number of Child Care Licensing Consultants and Staff* – NEW**

Requires the Bureau of Children and Adult Licensing (BCAL) to expend the IDG from the Department of Education to increase the number of child care licensing consultants and staff who perform monitoring visits to licensees and applicants for licensure and requires a report to the Legislature detailing improvements achieved due to increased consultants and staff. Conference creates.

### **Sec. 701. *Expenditure of Additional Federal Unemployment Insurance Funding* – DELETED**

Permits expenditure of federal funds for the unemployment Insurance Agency (UIA) in excess of amount appropriated upon notification of appropriation subcommittees and State Budget Office of the purpose and amount of grant awards. Executive eliminates. Conference concurs.

### **Sec. 702. *UI Computer System Report* – DELETED**

Requires quarterly reports on the status of the implementation of and improvements to the Unemployment Insurance Agency's (UIA) integrated IT system project. Executive eliminates. House concurs. Senate retains current language. Conference concurs with House.

### **Sec. 703. *UI Internet Claims Report* – DELETED**

Requires LARA to submit quarterly reports pertaining to the percentage of claimants using the internet MiWAM system, or any application developed for that purpose, to certify and receive unemployment insurance benefits and implement improvement to the system to reach a goal of 75.0% of claimants certifying on systems that reduces staff face time and MARVIN telephone system usage. Executive eliminates. House concurs. Senate retains current language. Conference concurs with House.

### **Sec. 706. *Youth Low-Vision Program Report* – NEW (FY 2014-15 Sec. 706 renumbered as Sec. 904 for FY 2015-16)**

Requires LARA to submit an annual report to the Legislature pertaining to the operations and expenditures of the Youth Low-Vision Program administered by the Bureau of Services for Blind People (BSBP). House creates as Sec. 706. Senate does not concur. Conference concurs with House.

### **Sec. XXX. *First Responder Presumed Coverage Fund***

Stipulates that the money appropriated for the First Responder Presumed Coverage Fund shall only be expended to pay authorized claims and administer the Fund pursuant to state law. House creates as Sec. 708. Senate concurs in part, but with differing language. Conference rejects.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 801. Tax Tribunal Caseload Report – DELETED***

Requires the Michigan Tax Tribunal to submit a report containing specified information pertaining to the caseload, timeliness, dispositions, and backlog of Tax Tribunal cases. Executive eliminates. House concurs. Senate retains current language. Conference concurs with House.

### ***Sec. 901. Fire Protection Grants – REVISED***

Requires LARA to expend funds in accordance with 1977 PA 289 to local units of government with state-owned facilities within their jurisdictions and stipulates that local units of government are eligible for funds if they provide a specified report to LARA. Executive eliminates reporting requirements for local units of government and LARA. House concurs. Senate retains current language. Conference concurs with House.

### ***Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – REVISED***

Requires LARA to submit a report pertaining to the number of medical marihuana registry identification cards issued or renewed in each county; stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement offices; requires reports submitted by both county law enforcement offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county law enforcement offices to distribute discretionary grants to municipal law enforcement agencies. House alters various dates and deadlines. Senate retains current language. Conference concurs with House.

### ***Sec. 903. Firefighter Training Grants – RETAINED***

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, and stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. Executive eliminates intent language that stipulates that each county receives at least a \$5,000 payment and that future appropriations are adjusted to reallocate prior lapses. House retains current language. Senate substantially retains current language with stylistic revisions. Conference concurs with House.

### ***Sec. XXX. UIA Customer Service Metrics***

Requires LARA to maintain customer service standards within the Unemployment Insurance Agency and identify specific outcomes and performance metrics, including the Unemployment Benefit Fund balance, fiscal integrity, and the timeliness and quality of determinations concerning unemployment insurance. Executive creates as Sec. 904, but subsequently eliminates. House and Senate concur. Conference concurs with Executive.

### ***Sec. XXX. Career Tech & Skilled Trades Initiative Metrics***

Requires LARA to expand workforce training and re-employment services and identify specific outcomes and performance metrics, including new apprenticeships, jobs created and retained, training completion, employment retention, and hourly wages. Executive creates as Sec. 905, but subsequently eliminates. House and Senate concur. Conference concurs with Executive.

### ***Sec. 1001. Delphi Corp Workers' Compensation Claims – DELETED***

Stipulates how LARA is to expend the \$15.0 million appropriation (\$8.0 million immediately, \$7.0 million over five years) and specifying under what conditions future expenditures may occur, stipulates that unexpended funds shall lapse to the General Fund, requires LARA to annually notify the Legislature of any expenditures, and designates the appropriation as a work project available for expenditure until September 30, 2019. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 1002. Disability Accessibility Pilot Project – DELETED***

Requires LARA to work with a nonprofit group with expertise in disability accessibility evaluations on a pilot project to provide services to municipalities and business to improve accessibility for persons with disabilities and create universal design blueprints that are electronically-available through the Bureau of Construction Codes (BCC). Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 1201. FY 2016-17 Appropriation – NEW***

States intent that FY 2016-17 appropriations are anticipated to be the same as FY 2015-16 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue. Senate creates. Conference concurs.

### ***Sec. 1202. Normal Retirement Costs and Legacy Retirement Costs – NEW***

States intent that LARA identifies the amounts for normal retirement costs and legacy retirement costs for FY 2016-17. Senate creates. Conference concurs.

### ***Various Sections Deleted by Executive, Retained by House, Senate, and Conference***

Executive eliminates Secs. 212, 215, 219, 232, 241(5), 505(2), 705; House, Senate, and Conference retain.

**FY 2015-16: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**



**Summary: Conference Report  
Article XIV, Senate Bill 133 (S-1) CR-1**

**Analyst: Perry Zielak**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$100,000	\$99,300	\$99,300	\$99,300	\$99,300	(\$700)	(0.7)
<b>Federal</b>	90,362,800	90,208,600	90,208,600	90,208,600	90,208,600	(154,200)	(0.2)
<b>Local</b>	1,500,000	1,497,400	1,497,400	1,497,400	1,497,400	(2,600)	(0.2)
<b>Private</b>	740,000	739,600	739,600	739,600	739,600	(400)	(0.1)
<b>Restricted</b>	23,286,400	23,221,500	23,221,500	23,221,500	23,221,500	(64,900)	(0.3)
<b>GF/GP</b>	52,454,500	48,187,300	48,616,300	48,187,300	51,187,300	(1,267,200)	(2.4)
<b>Gross</b>	<b>\$168,443,700</b>	<b>\$163,953,700</b>	<b>\$164,382,700</b>	<b>\$163,953,700</b>	<b>\$166,953,700</b>	<b>(\$1,490,000)</b>	<b>(0.9)</b>
<b>FTEs</b>	898.5	897.5	897.5	897.5	897.5	(1.0)	(0.1)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5, House Bill 4110, and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

**Major Budget Changes From FY 2014-15 YTD Appropriations**

		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 Conference Change
<b>1. Removal of FY 2014-15 One-Time Appropriations</b>	<b>Gross</b>	<b>\$3,400,000</b>	<b>(\$3,400,000)</b>
<u>Executive</u> eliminates one-time funding of \$3.4 million GF/GP: \$3.0 million GF/GP for Special Maintenance – Veterans' Homes; and \$400,000 GF/GP for National Guard Tuition Assistance Program Reserve. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$3,400,000	(\$3,400,000)
<b>2. Income and Assessment Revenue Offsets</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<u>Executive</u> continues increase of ongoing funding of \$3.3 million GF/GP to offset income and assessment restricted revenue shortfalls at the Grand Rapids and D.J. Jacobetti Veterans' Homes due to declining member census and the inability of veterans to pay the maximum assessment. Offsets were originally made for FY 2014-15 in HB 4112 (H-1). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	(3,300,000)	0
	GF/GP	\$3,300,000	\$0
<b>3. Chargeable Transient Quarters Program and Billeting Fund</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>\$0</b>
<u>Executive</u> continues establishment of ongoing funding of \$1.5 million state restricted revenue to reinstate the Chargeable Transient Quarters program and Billeting Fund for ongoing operations in National Guard lodging facilities at Fort Custer and Camp Grayling. Change was originally made for FY 2014-15 in HB 4112 (H-1). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	1,500,000	0
<b>4. Veteran Service Grants</b>	<b>Gross</b>	<b>\$3,762,500</b>	<b>(\$29,000)</b>
<u>Executive</u> reduces funding by \$429,000 GF/GP for grants made to veteran service organizations (VSOs) to support veterans outreach services statewide. <u>House</u> restores funding by \$429,000 GF/GP. <u>Senate</u> restores funding by \$350,000 GF/GP and shifts \$100 to targeted outreach line item. <u>Conference</u> restores funding by \$400,000 GF/GP.	GF/GP	\$3,762,500	(\$29,000)



<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>5. National Guard Tuition Assistance Program</b>	<b>Gross</b>	<b>\$4,341,600</b>	<b>(\$600,000)</b>
<u>Senate</u> reduces funding by \$600,000 to shift funds to Veteran Service Grants and Armory Maintenance. <u>Conference</u> concurs but shifts funds to Veteran Service Grants and Targeted Grants.	GF/GP	\$4,341,600	(\$600,000)
<b>6. Special Maintenance- National Guard</b>	<b>Gross</b>	<b>\$15,000,000</b>	<b>\$0</b>
<u>Senate</u> adds \$250,000 for armory maintenance projects. <u>Conference</u> does not include.	Federal	15,000,000	0
	GF/GP	\$0	\$0
<b>7. Vacant Partnership Development Analyst Position</b>	FTE	40.0	(1.0)
<u>Executive</u> reduces funding by \$117,300 GF/GP through proposed elimination of a vacant Partnership Development Analyst position. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	<b>Gross</b>	<b>\$6,045,100</b>	<b>(\$117,300)</b>
	GF/GP	\$6,045,100	(\$117,300)
<b>8. Military Training Sites</b>	<b>Gross</b>	<b>\$33,450,600</b>	<b>(\$100,000)</b>
<u>Executive</u> reduces funding by \$100,000 GF/GP by eliminating Air National Guard Fire Protection Activities at the Battle Creek Air National Guard Base and Alpena Combat Readiness Training Center. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	30,295,600	0
	Restricted	1,500,000	0
	GF/GP	\$1,655,000	(\$100,000)
<b>9. Departmentwide Service</b>	<b>Gross</b>	<b>\$1,909,400</b>	<b>(\$100,000)</b>
<u>Executive</u> reduces funding by \$100,000 GF/GP through savings gained by increased departmentwide efficiencies within contractual services, supplies, and materials. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	1,546,300	0
	GF/GP	\$363,100	(\$100,000)
<b>10. Counterdrug Program</b>	<b>Gross</b>	<b>\$50,000</b>	<b>\$50,000</b>
<u>Executive</u> increases authorization by \$50,000 Federal for Counterdrug Program (formerly Counter Narcotic Operations) to collect more revenue that may be used for investigations, law enforcement training, equipment and operations, asset accounting and tracking, awards and memorials. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	50,000	50,000
<b>11. Targeted Grants</b>	<b>Gross</b>	<b>N/A</b>	<b>\$200,000</b>
<u>Senate</u> adds placeholder line item of \$100 GF/GP for targeted outreach to veterans, shifted from Veteran Service Grant funding. <u>Conference</u> adds \$200,000 GF/GP.	GF/GP	N/A	\$200,000
<b>12. One-Time Appropriations</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,000,000</b>
<u>Conference</u> adds a one-time appropriation of \$3.0 million GF/GP to Special Maintenance – National Guard for armory maintenance.	GF/GP	N/A	\$3,000,000
<b>13. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$393,700)</b>
<u>Executive</u> implements net cost reductions of \$393,700 Gross (\$120,900 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reduction in actuarially-required retirement rates, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	N/A	(700)
	Federal	N/A	(204,200)
	Local	N/A	(2,600)
	Private	N/A	(400)
	Restricted	N/A	(64,900)
	GF/GP	N/A	(\$120,900)

### **Major Boilerplate Changes From FY 2014-15**

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted. The following is a list of current year boilerplate sections recommended for deletion: 204, 205a, 205b, 205c, 205d, 212, 215, 216, 217, 227, 233, 234, 300, 301, 309, 311, 400(6), 701, 702, 1201, 1202, and 1203. House concurs on: 204, 212, 215, 217, 227, 234, 300, 301, 701, and 702. Senate concurs on: 205a, 205b, 205c, 205d, 212, 216, 217, 227, 301, 309, 701, 702, 1202, and 1203. Conference concurs on: 204, 205a, 205b, 205c, 205d, 212, 217, 227, 301, 701, and 702.

#### **Sec. 300. Unclassified Positions – RETAINED**

Lists titles of unclassified positions currently in the department; requires the department to notify the subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of existing unclassified positions. Executive deletes section. House concurs. Senate retains. Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 301. Support Services – DELETED**

Requires DMVA to provide effective and efficient administrative leadership and administrative support for its operations, including ensuring proper accountability of state funds, adherence to state financial and administrative guidelines, and proper fiscal controls in the procurement of goods and services. Executive deletes section. House concurs. Senate concurs. Conference concurs.

### **Sec. 302. Armories and Joint Force Readiness – REVISED**

Requires DMVA to provide for the executive-level administration of the department, the operations of Michigan military establishment, and the maintenance of operation of National Guard armories as provided under listed laws and regulations, requires reporting requirements on the current state of the armories, a development strategy for physical improvements, consolidations, and establishing new armories. Executive deletes reporting requirements and revises subsections. House concurs with revisions but retains reporting requirements. Senate retains language concerning creating a culture free from sexual assault. Conference concurs by retaining House and Senate revisions.

### **Sec. 305. Billeting Fund Account – NEW**

Authorizes the creating of the billeting fund account for funds received from the operation of the Chargeable Transient Quarter Program, requires annual report of operations and expenditures. Executive adds new Section 312. House concurs. Senate concurs but changes to Section 305. Conference concurs with Senate.

### **Sec. 309. Starbase Grant – REVISED**

Requires DMVA to maintain a Starbase program, providing programs in mathematics, science, and technology to K-12 students, at Air National Guard facilities. Executive deletes section. House retains section with revision clarifying program is for fourth and fifth grade students. Senate concurs with Executive. Conference concurs with House.

### **Sec. 310. National Guard Tuition Assistance Program – REVISED**

Language on establishing and maintaining a tuition assistance program for members of the Michigan National Guard. Executive deletes program's performance metrics. House retains program's performance metrics. Senate concurs with Executive. Conference concurs with Senate.

### **Sec. 400(6). Veterans Advisory Board – DELETED**

Establishes a five-member advisory board representing small, medium, and large veterans service organizations to assist the MVAA in developing plans and service delivery initiatives that assist it in meeting its performance goals and objectives. Executive deletes section. House concurs. Senate concurs. Conference concurs.

### **Sec. 407. Veterans' Trust Fund Administration – REVISED**

Requires DMVA to provide emergency grants from the MVTF as provided by listed legal authorities; requires an annual report on MVTF financial and grant activities. House adds a new subsection limiting administrative costs to \$550,000; directs \$400,000 towards creation of online application and \$450,000 towards a regional office model. Senate does not include. Conference concurs with House but revised to intent language.

### **Sec. 501. Veterans' Home Service and Care Requirements – REVISED**

Language around performance standards in the veterans' home. Executive merges Grand Rapids Veterans' Home and D.J. Jacobetti Veterans' Home boilerplate, deletes several subsections. House concurs with merged boilerplate and majority of deletions. Senate deletes several subsections but does not merge sections. Conference concurs with Senate.

### **Sec. 501(9)-(13). Veterans' Home Competency Evaluated Nursing Assistants (CENAs) – RETAINED**

Requires that contractors that provide nursing assistants (CENAs) at the home meet certain performance standards regarding pre-service and in-service training and experience. Executive deletes subsections. House concurs with deletion of subsection 9 but retains 10-13. Senate retains 9-13. Conference concurs with Senate.

### **Sec. 502. Board of Managers – RETAINED**

Provides that the Board of Managers shall exercise certain regulatory and governance authority over the veterans' homes. Executive merges Grand Rapids and D.J. Jacobetti board of managers boilerplate. House concurs. Senate retains current law. Conference concurs with Senate.

### **Sec. 503(1)-(18). D.J. Jacobetti Veterans' Home – REVISED**

Language around performance standards in the D.J. Jacobetti Veterans' Home. Executive merges with Sec. 501. House concurs. Senate deletes several subsections but does not merge sections. Conference concurs with Senate.

### **Sec. 504. Board of Managers – RETAINED**

Provides that the Board of Managers shall exercise certain regulatory and governance authority over the veterans' homes. Executive merges with Sec. 502. House concurs. Senate retains current law. Conference concurs with Senate.

### **Sec. 701. One-Time Appropriation – Special Maintenance - National Guard – NEW**

Authorizes the one-time appropriation for armory maintenance to be carried forward at the end of the fiscal year, directs for the maintenance and repair of military facilities, and requires quarterly report. Conference adds a new section.

<u>FY 2014-15 Supplemental Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2014-15 Conference Change</u>
<b>1. Michigan Youth ChalleNGe Academy</b>		<b>Gross</b>	<b>\$4,995,700</b>
<u>Conference</u> increases federal and private spending authorizations for anticipated funding increases.		Federal	3,995,700
		Local	0
		Private	1,000,000
		GF/GP	\$0

**FY 2015-16: DEPARTMENT OF NATURAL RESOURCES**  
**Summary: Conference Report**  
**Article XV, Senate Bill 133 (S-1) CR-1**



Analyst: Austin Scott

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$1,355,100	\$1,352,700	\$1,352,700	\$1,352,700	\$1,352,700	(\$2,400)	(0.2)
<b>Federal</b>	71,104,500	77,128,000	77,128,000	77,128,000	77,128,000	6,023,500	8.5
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	10,286,300	8,157,700	8,157,700	8,157,700	8,157,700	(2,128,600)	(20.7)
<b>Restricted</b>	262,148,000	276,615,000	277,115,000	277,015,100	277,765,000	15,617,000	6.0
<b>GF/GP</b>	47,591,500	39,772,800	37,775,800	39,522,800	39,597,800	(7,993,700)	(16.8)
<b>Gross</b>	<b>\$392,485,400</b>	<b>\$403,026,200</b>	<b>\$401,529,200</b>	<b>\$403,176,300</b>	<b>\$404,001,200</b>	<b>\$11,515,800</b>	<b>2.9</b>
<b>FTEs</b>	2,228.3	2,235.8	2,235.8	2,235.8	2,235.8	7.5	0.3

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive, House, Senate, and Conference figures include DNR-requested Executive Budget Revision for Forest Resources and One-time Appropriations.

**Overview**

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

**NOTE:** Information on House budget action in this document is based on House Bill 4102 (H-1) as passed the House. Information on Senate budget action in this document is based on Senate Bill 133 (H-1) as passed the Senate.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Shooting Range Enhancement Projects – One-time</b>	<b>Gross \$1,000,000</b>	<b>\$3,000,000</b>
<u>Executive</u> continues a \$1.0 million federal funding increase appropriated for FY 2014-15 in HB 4112 with an additional \$3.0 million Gross (\$750,000 private, \$2.0 million federal, and \$250,000 GF/GP) to support recreational shooting opportunities through range projects in the following 12 priority counties: Alger, Allegan, Alpena/Presque Isle, Barry, Crawford, Jackson, Livingston, Marquette, Oakland, Ontonagon, Roscommon, and St. Clair. Private and GF/GP funding will be used as required non-federal match. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Private 0	750,000
	Federal 1,000,000	2,000,000
	GF/GP \$0	\$250,000
<b>2. Forestry Investment – One-time</b>	<b>Gross \$4,000,000</b>	<b>\$0</b>
<u>Executive</u> continues a \$4.0 million restricted funding increase appropriated for FY 2014-15 in HB 4112; it is designated as a one-time appropriation for FY 2015-16. Funds will be used for timber cultivation equipment and the vegetative management system. This system will assist the DNR's Forest Resources Division in maintaining timber inventory and interacting with industry. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted 4,000,000	0
	GF/GP \$0	\$0
<b>3. Wildlife Restoration</b>	<b>Gross \$2,150,000</b>	<b>\$5,000</b>
<u>Executive</u> continues a \$2.2 million federal funding increase appropriated for FY 2014-15 in HB 4112 with an additional \$5,000 in federal funding to manage wildlife habitats across the state. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal 2,150,000	5,000
	GF/GP \$0	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>	
<b>4. Non-Motorized Trail Initiative</b>	<b>Gross</b>	<b>N/A</b>	<b>\$100,000</b>
<u>Executive</u> restores \$100,000 GF/GP to the non-motorized trail initiative. This initiative was reduced by \$1.25 million GF/GP for FY 2014-15 in EO 2015-5. The non-motorized trail initiative includes appropriations for forest recreation and trails, Mackinac Island state park operations, the Michigan Historical Center, and non-motorized trail development & maintenance grants. <u>House</u> reduces Michigan Historical Center by \$147,000 GF/GP and non-motorized trail development & maintenance grants by \$100,000 GF/GP. These House reductions of \$247,000 GF/GP exceed the <u>Executive</u> increase of \$100,000 GF/GP for a net change of a \$147,000 GF/GP reduction. <u>Senate</u> and <u>Conference</u> concur with Executive and does not include the House reductions.	GF/GP	N/A	\$100,000
<b>5. Recreation Passport Grants – One-time</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$500,000</b>
<u>Executive</u> increases the recreation passport grants program by \$500,000 in restricted funding. This program provides grants to local units of government for the construction, maintenance, and enhancement of public recreation facilities; it is funded by the sale of Recreation Passports. This one-time appropriation is intended to provide DNR the authority to expend an available fund balance. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	1,000,000	500,000
	GF/GP	\$0	\$0
<b>6. State Parks Repair and Maintenance</b>	<b>Gross</b>	<b>\$12,200,000</b>	<b>\$200,000</b>
<u>Executive</u> continues a \$250,000 GF/GP reduction to state parks repair and maintenance for FY 2014-15 in EO 2015-5 with additional reductions of \$1.25 million GF/GP and \$2.5 million in private funding. These FY 2015-16 reductions are exceeded by an increase of \$4.0 million in restricted funding from the state parks endowment and Recreation Passport fees for a net increase of \$200,000 to the line item. This appropriation addresses capital projects in state parks including trail improvements, road maintenance, and recreation structure repairs. <u>House</u> concurs with Executive and adds a \$500,000 reduction in GF/GP matched by a \$500,000 increase in restricted funding from the Michigan State Parks Endowment Fund. <u>Senate</u> concurs with Executive but do not concur with the House funding shift. <u>Conference</u> concurs with House and adds an additional \$500,000 reduction in GF/GP matched by a \$500,000 increase in restricted funding from the Michigan State Parks Endowment Fund. Total fund shift is a decrease of \$1.0 million GF/GP and an increase of \$1.0 million in restricted funding.	Private	2,500,000	(2,500,000)
	Restricted	6,000,000	4,950,000
	GF/GP	\$3,500,000	(\$2,250,000)
<b>7. State Game and Wildlife Area Infrastructure</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,600,000</b>
<u>Executive</u> increases federal funding for state game and wildlife area infrastructure by \$3.6 million. Federal Pittman-Robertson funds will be used to support maintenance, renovations, repairs, and some construction of facilities in state game and wildlife management areas. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	N/A	3,600,000
	GF/GP	N/A	\$0
<b>8. Wetland restoration, enhancement, and acquisition</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
<u>Executive</u> reduces restricted funding for wetland restoration, enhancement, and acquisition by \$3.0 million. The waterfowl hunt stamp program (game and fish protection fund) was used to fund expand water recreation opportunities through projects focused in southern Michigan. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	3,000,000	(3,000,000)
	GF/GP	\$0	\$0
<b>9. Removal of FY 2014-15 One-time GF/GP</b>	<b>Gross</b>	<b>\$4,750,000</b>	<b>(\$4,750,000)</b>
<u>Executive</u> removes one-time GF/GP for River Raisin national battlepark foundation (\$2.0 million), Saginaw River feasibility study (\$280,000), Flint River dike repair (\$1.0 million), Hart-Montague Trail (\$470,000), and City of Alma/Alma College public safety land improvements (\$1.0 million). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP	\$4,750,000	(\$4,750,000)
<b>10. Cormorant Population Mitigation Program</b>	<b>Gross</b>	<b>\$150,000</b>	<b>\$0</b>
<u>Executive</u> removes funding for the cormorant population mitigation program resulting in a reduction of \$150,000 GF/GP. Program was intended to control the cormorant population statewide. <u>House</u> concurs with Executive, <u>Senate</u> and <u>Conference</u> do not concur and maintain funding.	GF/GP	\$150,000	\$0

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>11. Hart-Montague Trail</b>	<b>Gross</b>	<b>\$530,000</b>	<b>(\$530,000)</b>
<u>Executive</u> removes on-going funding for the Hart-Montague trail in west Michigan by reducing \$530,000 GF/GP. The removal of this on-going funding in addition to the removal of one-time funding eliminates support for the trail. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	GF/GP	\$530,000	(\$530,000)
<b>12. Great Lakes Research Vessel</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>
<u>Executive</u> removes \$2.0 million Gross funding (\$500,000 private, \$500,000 restricted, and \$1.0 million GF/GP) for the Great Lakes research vessel. This new vessel was purchased to replace an outdated vessel and is used to conduct research on Lake Huron. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Private	500,000	(500,000)
	Restricted	500,000	(500,000)
	GF/GP	\$1,000,000	(\$1,000,000)
<b>13. Dam Management Grant Program</b>	<b>Gross</b>	<b>\$350,000</b>	<b>\$0</b>
<u>House</u> reduces dam management grant program by \$50,000 GF/GP. This program provides grants for the repair or removal of failing dams from public and private lands. <u>Senate</u> and <u>Conference</u> do not concur with <u>House</u> .	GF/GP	\$350,000	\$0
<b>14. Michigan Conservation Corps</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
<u>House</u> removes \$1.0 million GF/GP for the Michigan Conservation Corps which eliminates program funding. This program provides DNR-supervised summer employment opportunities for at-risk youth and returning veterans up to 27 years of age. <u>Senate</u> and <u>Conference</u> do not concur with <u>House</u> .	GF/GP	\$1,000,000	\$0
<b>15. State Parks</b>	FTE	661.4	0.0
<u>House</u> reduces state parks line item by \$200,000 GF/GP. This line item includes 661.4 FTE authorizations and funds the maintenance & operation of Michigan's 102 state parks. It also funds the campground reservation system for state parks and state forest campgrounds. <u>Senate</u> and <u>Conference</u> do not concur with <u>House</u> .	<b>Gross</b>	<b>\$64,232,800</b>	<b>\$0</b>
	Private	421,200	0
	Federal	139,300	0
	Restricted	61,934,700	0
	GF/GP	\$1,737,600	\$0
<b>16. Wildfire Protection – Fund Shift</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> increases wildfire protection by \$400,100 in restricted funding from the forest development fund and decreases wildfire protection by \$400,100 GF/GP. <u>Conference</u> concurs with <u>Senate</u> but reduces fund shift down to a \$150,000 increase in restricted funding from the forest development fund and a \$150,000 decrease in GF/GP.	Restricted	N/A	150,000
	GF/GP	N/A	(\$150,000)
<b>17. Marquette Breakwall Repair</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> provides \$100 in GF/GP for repairs to a breakwall in the City of Marquette. <u>Conference</u> does not include funding.	GF/GP	N/A	\$0
<b>18. Cooperative Resource Programs – Budget Revision</b>	<b>Gross</b>	<b>N/A</b>	<b>\$200,000</b>
<u>Conference</u> provides \$200,000 in federal funding for a USDA grant program. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	Federal	N/A	200,000
<b>19. Forest Management &amp; Timber Market Development – Budget Revision</b>	FTE	N/A	4.0
<u>Conference</u> provides 4.0 FTEs and \$1.9 million Gross for forest management and timber market development. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	<b>Gross</b>	<b>N/A</b>	<b>\$1,900,000</b>
	Federal	N/A	900,000
	Restricted	N/A	1,000,000
<b>20. Wildfire Protection – Budget Revision</b>	FTE	N/A	6.0
<u>Conference</u> provides 6.0 FTEs and \$220,000 in restricted funding for wildfire protection. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	<b>Gross</b>	<b>N/A</b>	<b>\$220,000</b>
	Restricted	N/A	220,000
<b>21. Forestry Investment (One-time) – Budget Revision</b>	<b>Gross</b>	<b>N/A</b>	<b>\$3,992,000</b>
<u>Conference</u> provides \$4.0 in one-time restricted funding for timber cultivation equipment and the vegetative management system. This system will assist the DNR's Forest Resources Division in maintaining timber inventory and interacting with industry. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.	Restricted	N/A	3,992,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>22. Forest Development Infrastructure (Capital Outlay, One-time) – Budget Revision</b>		<b>Gross</b>	<b>N/A</b>
<u>Conference</u> provides \$2.1 million in one-time restricted funding for forest development infrastructure projects. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.		Restricted	N/A
			<b>\$2,120,000</b>
			2,120,000
<b>23. Fish Production (One-time) – Budget Revision</b>		<b>Gross</b>	<b>N/A</b>
<u>Conference</u> provides \$100,000 in one-time restricted funding for fish production. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.		Restricted	N/A
			<b>\$100,000</b>
			100,000
<b>24. Kalamazoo River Watershed Improvements (Capital Outlay, One-time) – Budget Revision</b>		<b>Gross</b>	<b>N/A</b>
<u>Conference</u> provides \$5.0 million in one-time restricted funding for watershed improvements in the Kalamazoo River watershed. Budget revision made at the request of DNR and included in <u>Executive</u> , <u>House</u> , and <u>Senate</u> totals.		Restricted	N/A
			<b>\$5,000,000</b>
			5,000,000
<b>25. Special Grant Programs – One-time</b>		<b>Gross</b>	<b>N/A</b>
<u>Conference</u> provides \$825,000 in one-time GF/GP for special grant programs.		GF/GP	N/A
			<b>\$825,000</b>
			\$825,000
<b>26. Revenue Adjustments</b>		<b>Gross</b>	<b>N/A</b>
<u>Executive</u> increases \$797,000 Gross funding to reflect necessary adjustments in anticipated revenue and expenditures for FY 2015-16. Reductions of \$375,000 in private funding and \$343,800 in federal funding are exceeded by an increase of \$1.5 million in restricted funding. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.		Private	N/A
		Federal	N/A
		Restricted	N/A
		GF/GP	N/A
			<b>\$797,000</b>
			(375,000)
			(343,800)
			1,515,800
			\$0
<b>27. Economic Adjustments</b>		<b>Gross</b>	<b>N/A</b>
<u>Executive</u> reflects net cost reduction of \$333,700 Gross (\$11,300 GF/GP increase) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.		IDG	N/A
		Private	N/A
		Federal	N/A
		Restricted	N/A
		GF/GP	N/A
			<b>(\$333,700)</b>
			(2,400)
			(3,600)
			(58,200)
			(280,800)
			\$11,300

### **Major Boilerplate Changes From FY 2014-15**

#### **Sec. 203. Acronyms Definitions – RETAINED**

Specifies acronym definitions contained in this article. Executive deletes, House, Senate, and Conference retain.

#### **Sec. 204. Performance Benchmarks – RETAINED & REVISED**

Requires report of benchmarks to measure performance or return for each new program or program increase of \$500,000 or more; includes intent language that any new program include list of benchmarks in future. Executive deletes, House retains. Senate and Conference retain and revise.

#### **Sec. 212. Disciplinary Action Against State Employees – RETAINED**

Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House, Senate, and Conference retain.

#### **Sec. 217. Retention of Reports – RETAINED**

Requires DNR to retain copies of all reports funded from appropriations. Executive deletes, House, Senate, and Conference retain.

#### **Sec. 223. Waterways Fund Projects – RETAINED**

Requires report on activities of Waterways Commission during the previous fiscal year; list of completed waterways fund projects to be provided to Legislature. Executive deletes, House, Senate, and Conference retain.

#### **Sec. 238. Attorney General Spending on Wolf Hunt Litigation – DELETED**

Limits the Attorney General to spending no more than \$100,000 on litigation related to the 2014 decision of the US District Court for the District of Columbia that added gray wolves to the endangered & threatened species list. House adds new section, Conference deletes.

#### **Sec. 238. Pittman-Robertson Fund Grant Report – DELETED**

Requires DNR to report on the receipt and expenditure of Federal Pittman-Robertson Funds. Senate adds new section, Conference deletes.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 239. DNR Spending on Wolf Hunt Litigation – DELETED***

Prevents DNR from spending federal or state appropriations on enforcing the federal wolf hunt decision of 2014. House adds new section, Conference deletes.

### ***Sec. 250. Michigan Civilian Conservation Corps (MCCC) – DELETED***

Requires DNR to work with MCCC steering committee to plan for a nonprofit MCCC outside of state government. Executive deletes, House, Senate, and Conference concur.

### ***Sec. 408. Land Transactions – RETAINED***

Requires detailed report to Legislature on land purchases, sales and exchanges. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 501. Wildlife Management – NEW***

Requires DNR to use increased federal funding available from increased firearm and ammunition sales for the purpose of wildlife management which includes habitat restoration, conservation, and enhancement. Executive adds new section, House, Senate, and Conference concur.

### ***Sec. 503. Invasive Species Order Enforcement – RETAINED***

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan. Executive and House delete, Senate and Conference retain.

### ***Sec. 504. Cervid Operation Fees – RETAINED***

Requires report on the use of registration fees from privately owned cervid operations. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 602. Water Control Structure Certification – RETAINED***

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 603. Cormorant Management – RETAINED***

Requires quarterly report on the use of cormorant management funding; provides that the Department must submit funding to the USDA to pay for increased taking of cormorants and their nests. Executive and House delete, Senate and Conference retain.

### ***Sec. 702. State Park Campground Closures – DELETED***

Requires DNR to notify Legislature if Department intends to reduce operations or recreation opportunities at any state park or recreation area. Executive, House, and Conference delete, Senate retains.

### ***Sec. 704. Pure Michigan Trails – DELETED***

Allocates \$200,000 from appropriations in part 1 for Pure Michigan Trails if Senate Bills 873 through 877 are enacted. (Note: Four of these bills were enacted: Senate Bill 873 - PA 210, Senate Bill 875 - PA 211, Senate Bill 876 – PA 212, Senate Bill 877 – PA 213). Executive deletes, House, Senate, and Conference concur.

### ***Sec. 705. State Parks Capital Outlay and Maintenance Report – NEW (SENATE)***

Requires DNR to produce a report detailing its five year plan for capital outlay and maintenance in state parks. Senate adds new section, Conference concurs.

### ***Sec. 706. Grand River Waterway Study – NEW***

Directs DNR to work with the State Budget Office to ensure that the Grand River Waterway Study carryforward as a work project appropriation. This study was originally appropriated in 2013. Senate adds new section, Conference revises and renumbers from 1506 to 706.

### ***Sec. 801. Forest Management and Timber Market Development – NEW***

Requires DNR to use increased restricted funding available from the increased timber harvest for the purpose of forest management and timber market development which includes investments in technology and equipment aimed at growing the timber economy. Executive adds new section, House, Senate, and Conference concur.

### ***Sec. 802. Timber Marking – RETAINED***

Directs Department to mark and prescribe treatment on 79,000 acres, prepare for harvest 67,500 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report. Executive deletes, House, Senate, and Conference retain.

### ***Sec. 804. Horseback Riding Opportunities – DELETED***

Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities. Executive, House, and Conference delete; Senate retains.

### ***Sec. 805. Contract Foresters – RETAINED***

Allows Department to hire sufficient contract foresters to mark timber. Executive deletes, House, Senate, and Conference retain.



**Major Boilerplate Changes From FY 2014-15**

**Sec. 808. Gas and Oil Lease Development – RETAINED**

Requires DNR to develop a plan to motivate state-land oil and gas lessees to undertake warranted new operations. Executive and Senate delete, House and Conference retain.

**Sec. 901. Snowmobile Law Enforcement Grants – RETAINED**

Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails. Executive deletes, House, Senate, and Conference retain.

**Sec. 902. Marine Safety Grants – RETAINED**

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. Executive deletes; House, Senate, and Conference retain.

**Sec. 1002. Off Road Vehicle (ORV) Trail Improvement Grants – DELETED**

Requires expenditure of not less than \$980,000 for the development of new ORV trails. Executive, House, and Conference delete; Senate retains.

**Sec. 1201. Saginaw River Study – DELETED**

Requires DNR to conduct a study concerning the deepening of the Saginaw River. Executive deletes, House, Senate, and Conference concur.

**Sec. 1302. Identification of Future Retirement Costs – DELETED**

States legislative intent that the DNR identify the FY 2015-16 retirement costs for line items listed in part 1. Executive, House, and Conference delete; Senate retains.

**Sec. 2001. FY 2015-16 Anticipated Appropriations – RETAINED**

States legislative intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments. Executive and House delete; Senate retains, Conference retains and renumbers from 1301 to 2001.

<b><u>FY 2014-15 Supplemental Appropriations</u></b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2014-15 Conference Change</b>
<b>1. Grand River Waterway Study</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
<u>Senate</u> includes FY 2014-15 supplemental adjustment in Part 1B of the bill to conduct a study on the depth of the Grand River in Grand Rapids to assess the cost of dredging to a depth sufficient for recreational boat traffic. <u>Conference</u> does not include supplemental appropriation.	GF/GP	N/A	\$0

**FY 2014-15 Supplemental Boilerplate Changes**

**Sec. 1401. Total State Spending and Grants to Local Governments – DELETED**

Specifies total state spending and expected grants to locals from state revenue sources for FY 2014-15 supplemental appropriation included in Part 1B. Senate adds new section, Conference deletes.

**Sec. 1402. Appropriations Subject to Management and Budget Act – DELETED**

Expends appropriations under the limitations and requirements of Management and Budget Act for FY 2014-15 supplemental appropriation included in Part 1B. Senate adds new section, Conference deletes.

**FY 2015-16: DEPARTMENT OF STATE POLICE**  
**Summary: Conference Report**  
**Article XVI, Senate Bill 133 (S-1) CR-1**



**Analyst: Paul B.A. Holland**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$26,233,200	\$26,224,300	\$26,224,300	\$26,224,300	\$26,224,300	(\$8,900)	(0.0)
<b>Federal</b>	99,429,900	87,945,900	87,945,900	87,945,900	87,945,900	(11,484,000)	(11.5)
<b>Local</b>	4,861,700	5,456,700	5,456,700	5,456,700	5,456,700	595,000	12.2
<b>Private</b>	77,200	76,700	76,700	76,700	76,700	(500)	(0.6)
<b>Restricted</b>	127,300,000	123,328,200	120,353,900	121,853,900	124,828,200	(2,471,800)	(1.9)
<b>GF/GP</b>	390,839,900	373,473,700	372,923,700	377,305,700	376,305,600	(14,534,300)	(3.7)
<b>Gross</b>	<b>\$648,741,900</b>	<b>\$616,505,500</b>	<b>\$612,981,200</b>	<b>\$618,863,200</b>	<b>\$620,837,400</b>	<b>(\$27,904,500)</b>	<b>(4.3)</b>
<b>FTEs</b>	3,073.0	3,108.0	3,084.0	3,113.0	3,121.0	48.0	1.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

**Budget Structure**

The Legislature significantly and continually altered and rearranged the MSP budget over recent years: condensing appropriation units, combining line items, coalescing fund sources, and generally extending funding flexibility while greatly expanding performance metrics via reporting requirements. Beginning in FY 2011-12, the line items within the budget were variously combined and the quantity was ultimately reduced from nearly 60 ongoing line items to merely five within the FY 2014-15 budget; these five ongoing line items, arranged under four appropriation units, encompassed 20 informational and nonbinding schedules of programs. Furthermore, the budget indicated a schedule of revenues which provided nonbinding budget-wide estimated amounts of specific fund sources, however only fund types (e.g., federal, restricted, GF/GP) were appropriated from and designated to support line items. House restructures the MSP budget by converting the schedules of programs into line items and appropriating from specific fund sources. Senate retains the current schedule of programs and schedule of revenues structure. Conference includes eight line items within eight appropriation units and continues to appropriate from fund types, while incorporating the schedules of programs and revenues within boilerplate.

**NOTE:** Information on House budget actions in this document is based on House Bill 4102 (H-1) as amended and passed by the House and information on Senate budget actions in this document is based on Senate Bill 133 (S-1) as amended and passed by the Senate.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Statutory Fee Sunsets</b>	<b>Gross</b>	<b>\$48,292,400</b>
<u>Executive</u> assumes revenues generated by the elimination of sunsets on statutory fees charged and collected by the MSP for taking and processing fingerprints (\$30) and processing and completing name-based criminal history searches (\$10) and on the \$2.25 regulatory fee levied on various vehicles specified by the Michigan Vehicle Code (1949 PA 300) and expended to enhance traffic law enforcement and safety. These fees are which are set to expire on September 30, 2015. MSP estimates that the elimination of these fee sunsets will preserve approximately <b>\$30.6 million</b> in restricted revenue during FY 2015-16. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur in part, but assumes the extension rather than the elimination of the sunsets.	Restricted	48,292,200
		<b>\$0</b>
		<b>0</b>

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>2. 129<sup>th</sup> Trooper Recruit School (One-Time &amp; Ongoing)</b>			
<u>Executive</u> increases spending and staff authorization for the 129 <sup>th</sup> Trooper Recruit School, which is anticipated to commence on 04/24/16 and graduate 75 new troopers. Ongoing spending authorization (\$4.5 million) supports personnel, fleet, and ancillary costs incurred throughout and subsequent to the school, while one-time authorization (\$3.2 million) supports the costs of recruiting, boarding, training, and equipping recruits admitted to the school. The Executive recommends a concomitant increase of \$6.2 million GF/GP in ongoing spending authorization for FY 2016-17 which would annualize the ongoing personnel, fleet, and ancillary costs to account for the portion of FY 2015-16 that preceded commencement of the school. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> concurs in part, but with an understanding that the school will commence on 06/05/16 and graduate 88 new troopers; as a result, the amount estimated necessary to annualize the personnel, fleet, and ancillary costs associated with the 129 <sup>th</sup> Trooper Recruit School during FY 2016-17 is increased by \$1.8 million, from \$6.3 million to \$8.1 million.	FTE	N/A	75.0
	<b>Gross</b>	<b>N/A</b>	<b>\$7,700,000</b>
	GF/GP	N/A	\$7,700,000
<b>3. 20<sup>th</sup> Motor Carrier Recruit School (Ongoing)</b>			
<u>Executive</u> increases spending authorization by \$1.1 million GF/GP for the ongoing personnel and ancillary costs and adjusts staff authorization associated with the 20 <sup>th</sup> Motor Carrier Recruit School, which is anticipated to commence on 10/01/15 and graduate ten new motor carrier officers. Spending authorization for the one-time costs of recruiting, boarding, training, and equipping recruits admitted to the school is expected to be supported with a forthcoming work project designation of the FY 2014-15 appropriation for one-time costs associated with the school, which was originally planned to occur during FY 2014-15 and graduate 31 new officers, but was subsequently cancelled by MSP resultant from the elimination, via E.O. 2015-5, of the FY 2014-15 ongoing spending authorization associated with the school. <u>House</u> rejects spending and staff authorization for ten new officers, but includes a FTE reduction due to cancellation of the FY 2014-15 school. Additionally, House assumes that the \$1.2 million GF/GP appropriated in FY 2014-15 for the one-time costs associated with the school lapse to the GF/GP at the close of FY 2014-15. <u>Senate</u> concurs in part with <u>Executive</u> , but includes spending and staff authorization to graduate a total of 16 new motor carrier officers. <u>Conference</u> concurs with Executive.	FTE	31.0	(21.0)
	<b>Gross</b>	<b>N/A</b>	<b>\$1,050,000</b>
	GF/GP	N/A	\$1,050,000
<b>4. Annualize 128<sup>th</sup> Trooper Recruit School Costs (Ongoing)</b>			
<u>Executive</u> increases spending authorization to annualize the personnel, fleet, and ancillary costs and decreases staff authorization associated with the 128 <sup>th</sup> Trooper Recruit School, which is anticipated to commence on 03/01/15 and graduate 60 new troopers on 07/24/15. Personnel, fleet, and ancillary costs incurred throughout and subsequent to the school were appropriated for FY 2014-15 and incorporated into ongoing spending authorization for FY 2015-16. This additional ongoing spending authorization annualizes these costs for FY 2015-16 to account for the portion of FY 2014-15 that preceded commencement of the school. MSP initially estimated annualized costs of \$5.4 million; however E.O. 2015-5 reduced the number of anticipated graduates from 100 to 60 troopers, resulting in a reduction of \$2.4 million in annualized costs for FY 2015-16. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	100.0	(40.0)
	<b>Gross</b>	<b>\$5,464,400</b>	<b>\$3,005,700</b>
	GF/GP	\$5,464,400	\$3,005,700

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>5. FY 2014-15 One-Time Appropriations</b>			
<u>Executive</u> removes spending authorization for various FY 2014-15 one-time appropriations under Sec. 106 of \$18.7 million Gross (\$17.5 million GF/GP), subsequent to the \$500,000 GF/GP reduction to the Local Public Safety Initiative under E.O. 2015-5. Also, removes \$16.5 million Gross (\$14.0 million GF/GP) in spending authorization appropriated by 2014 PA 356 for disaster assistance (\$3.0 million GF/GP of which was subsequently transferred to the Disaster and Emergency Contingency Fund by HB 4112), subsequent to the \$16.0 million GF/GP lapse recognized by E.O. 2015-5. <u>House</u> concurs in part, but retains \$500,000 of authorized GF/GP for MSP-provided traffic control at the Michigan International Speedway (MIS). <u>Senate</u> concurs with <u>Executive</u> in part, but retains the full \$831,900 GF/GP appropriation for traffic control at the MIS. <u>Conference</u> concurs with <u>Senate</u> in part, but transfers MIS appropriation as ongoing authorization within the Field Services line item.	<b>Gross</b> Restricted GF/GP	<b>\$35,229,300</b> 3,750,000 \$31,479,300	<b>(\$34,397,400)</b> (3,750,000) (\$30,647,400)
<b>6. Analysis of Sexual Assault Kit Evidence</b>			
<u>Executive</u> increases spending and staff authorization for additional positions within the Forensic Science and Biometrics and Identification Divisions, assigned to the laboratories located in Northville and Stealing Heights, pursuant to 2014 PA 227, which requires law enforcement agencies to submit sexual assault kit evidence to the MSP (or another accredited laboratory) for analysis within 14 days of taking possession and the MSP to analyze the evidence and upload extracted DNA profiles onto MSP-specified databases within 90 days of receiving all necessary evidence. MSP is currently analyzing sexual assault kit evidence within the 90 day standard, excluding time spent creating and uploading DNA profiles, yet anticipates the number of sexual assault kits submitted for analysis to increase consequent to the enactment of 2014 PA 227. <u>House</u> concurs. <u>Senate</u> concurs in part, but allocates staff and spending authorization to existing line items. <u>Conference</u> concurs with <u>Senate</u> .	FTE <b>Gross</b> Federal Restricted GF/GP	292.0 <b>\$48,155,800</b> 5,126,700 13,950,200 \$29,078,900	11.0 <b>\$1,649,600</b> 0 0 \$1,649,600
<b>7. State Records Management System Fees</b>			
<u>Executive</u> increases spending authorization for the MSP to expend the fees collected from local law enforcement agencies (\$200/officer, \$150/jail bed) utilizing the State Records Management System (SRMS), which facilitates the sharing of certain information between law enforcement agencies and sworn officers. The SRMS was created via a \$3.6 million grant awarded in 2013 by the Department of Treasury under the Competitive Grant Assistance Program to transfer the Area Records Management System (ARMS), then operated by the Saginaw County Sheriff's Office, to the MSP and expand the ARMS (renamed the SRMS) to interested law enforcement agencies statewide. As of 10/24/2014 there were 994 users within 35 agencies utilizing the SRMS and MSP anticipates that there will be 3,000 users by the close of FY 2015-16. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross</b> Local	<b>N/A</b> N/A	<b>\$600,000</b> 600,000
<b>8. Sexual Assault Prevention and Education Initiative (One-Time)</b>			
<u>Executive</u> increases one-time spending authorization for the new Sexual Assault Prevention and Education Initiative proposed by the Governor. <u>House</u> concurs. <u>Senate</u> concurs in part, but includes an additional \$100. <u>Conference</u> concurs with <u>House</u> .	<b>Gross</b> GF/GP	<b>N/A</b> N/A	<b>\$500,000</b> \$500,000
<b>9. State Emergency Operations Center IT Costs</b>			
<u>Executive</u> increases spending authorization for information technology (IT) charges incurred by the MSP and collected by the Department of Technology, Management, and Budget for the State Emergency Operations Center (SEOC), overseen by the Emergency Management and Homeland Security Division and responsible for coordinating response and recovery efforts by state agencies and local governmental units. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE <b>Gross</b> Federal GF/GP	32.0 <b>\$6,438,600</b> 3,820,500 \$2,618,100	0.0 <b>\$152,000</b> 0 \$152,000

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>	<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>10. Technical Adjustments</b>	FTE 29.0	(4.0)
<u>Executive</u> includes multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	<b>Gross \$18,068,100</b>	<b>(\$15,168,800)</b>
	IDG/IDT 0	6,000
	Federal 11,438,500	(11,431,100)
	Restricted 4,152,600	(3,211,800)
	GF/GP \$2,477,000	(\$531,900)
<b>11. Economic Adjustments</b>	<b>Gross N/A</b>	<b>\$530,100</b>
<u>Executive</u> includes adjustment to reflect net cost increase for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG/IDT N/A	(14,900)
	Federal N/A	(52,900)
	Local N/A	(5,000)
	Private N/A	(500)
	Restricted N/A	15,700
	GF/GP N/A	\$587,700
<b>12. Concealed Pistol Licensing</b>	FTE 102.0	13.0
<u>Senate</u> increases spending and staff authorization for implementation and administration of the MSP's revised responsibilities concerning the verification and investigation of concealed pistol license applications pursuant to 2015 PA 3; supported with revenue generated by statutory fees collected from individuals applying for concealed pistol licenses. <u>Conference</u> concurs.	<b>Gross \$12,714,600</b>	<b>\$1,500,000</b>
	Restricted 9,637,700	1,500,000
	GF/GP \$3,076,900	\$0
<b>13. Forensic Science IT Interface with Judiciary</b>	<b>Gross N/A</b>	<b>\$0</b>
<u>Senate</u> includes placeholder, supported with \$100 GF/GP transferred from the Laboratory operations line item, for the design and deployment of an information technology interface between the Forensic Science Division of the MSP and the judiciary. <u>Conference</u> rejects.	GF/GP N/A	\$0
<b>14. Monthly Retirement Allowance Enhancement (One-Time)</b>	<b>Gross N/A</b>	<b>\$0</b>
<u>Senate</u> includes \$2.4 million GF/GP in one-time spending authorization for the first year costs associated with the enhancement of the monthly retirement allowance pursuant to SBs 21 and 22 for the approximately 520 state police officers, or their beneficiaries, whose effective date of retirement, or retirement allowance, was prior to 10/01/86. MSP may expend the funds only if SBs 21 and 22 are enacted. <u>Conference</u> rejects.	GF/GP N/A	\$0
<b>15. Motor Carrier Regulation</b>	FTE N/A	14.0
<u>Executive</u> increases spending and staff authorization related to motor carrier regulation transferred from the Public Service Commission within the Department of Licensing and Regulatory Affairs to the MSP pursuant to E.O. 2015-10. <u>Conference</u> concurs.	<b>Gross N/A</b>	<b>\$2,974,300</b>
	Restricted N/A	2,974,300
<b>16. Salary and Wage Raise for Troopers and Sergeants</b>	<b>Gross N/A</b>	<b>\$2,000,000</b>
<u>Conference</u> increases spending authorization for negotiated salary and wage raises for troopers and sergeants represented by the Michigan State Police Officer's Association pursuant to a collective bargaining agreement between the Association and the State and equivalent to an increase of 2.0% of base pay with a 1.0% lump sum payment for FY 2015-16. The Executive included, and the House and Senate concurred with, authorization to support a raise of 1.5% of base pay with a 0.5% lump sum payment within the FY 2015-16 budget; thus this authorization supports the residual base and lump sum raises.	GF/GP N/A	\$2,000,000

## **Major Boilerplate Changes From FY 2014-15**

*Note: Beginning in FY 2013-14, the numerous boilerplate sections of the MSP budget were combined into unified sections intended to correspond with "core services" of the MSP and were substantially extended and expanded to stipulate departmental duties and statutory authorities and necessitate detailed performance metrics and reporting. House generally concurs with the Executive in eliminating much of this language, but frequently eliminates further language pertaining to schedules of programs and funding flexibility, quarterly performance metric reporting, or ostensibly redundant stipulations. Senate also generally concurs with the Executive, but retains much of the language eliminated by the House. Conference reflects compromises between the House and Senate; eliminating more language than the Senate, but less than the House, specifically retaining language pertaining to schedules of programs and funding flexibility, quarterly performance metric reporting.*

### **Sec. 204. IDG Funding Received by the Department – REVISED**

Lists specific amounts and sources of interdepartmental grant funding received by the MSP. Executive eliminates. House concurs. Senate retains and revises amounts. Conference concurs with Senate.

### **Sec. 204a. (renumbered as Sec. 205.) IDG Funding Made Available to Other State Departments – REVISED**

Lists specific amounts and sources of interdepartmental grant funding made available by the MSP to other state departments and stipulates that the MSP shall provide \$1.5 million in federal Byrne grants to the state Judiciary. Executive eliminates list of IDGs to other state departments. House concurs. Senate retains and revises amounts. Conference concurs with Senate.

### **Sec. 205a. Department of Homeland Security Funding – DELETED**

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which the MSP receives federal Department of Homeland Security funds. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 205b. Department of Justice Funding – DELETED**

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which the MSP receives federal Department of Justice funds. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 205c. Department of Transportation Funding – DELETED**

Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which the MSP receives federal Department of Transportation funds. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 209. Buy American and Buy Michigan – REVISED**

Prohibits the purchase of foreign goods or services if competitively priced and of comparable quality American goods or services are available; requires preference be given to goods and services manufactured by Michigan businesses and Michigan businesses owned and operated by veterans; requires preference to goods and services provided by small business where veterans comprise at least 35% of the total workforce. Executive eliminates preference for small businesses owned by veterans. House, Senate, and Conference concur.

### **Sec. 212. Records Retention – DELETED**

Requires the MSP to retain all records in accordance with state and federal guidelines. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 215. Communications with the Legislature – RETAINED**

Prohibits the MSP from taking disciplinary action against an employee for communicating with a member of the Legislature or their staff. Executive eliminates. House, Senate, and Conference retain.

### **Sec. 216. Schedule of Programs Disclaimer – REVISED**

Specifies that the schedule of programs is a list of programs which may be, but is not required to be, funded; specifies that the schedule of revenue sources may or may not be received from the entities listed; specifies that Secondary Road Patrol funding is not subject to funding flexibility and the program will be funded in accordance with law; specifies that funding required by statute is not subject to funding flexibility. Executive revises to eliminate stipulations pertaining to revenues received from entities and the Secondary Road Patrol Program. House eliminates. Senate concurs with Executive. Conference substantially revises to incorporate the schedule of programs for each line item and the schedule of revenues for the entire budget.

### **Sec. 217. Budgetary Efficiency – DELETED**

Requires the MSP to improve its budgetary efficiency by prioritizing personnel over buildings, pursuing consolidation of support services, seeking expenditure reductions, and identifying efficiencies that can be gained via the reduction or elimination of programs. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 219. Quarterly Reporting on Achieving Requirements – REVISED**

Requires the MSP to provide quarterly reports on the its performance against the metrics cited in the article, status of work projects, financial status, information which validates that all requirements in the article have been achieved, corrective action plans for requirements not achieved, and summary of fund shifts. Executive revises to eliminate requirement that the MSP provide information to validate that the requirements of Part 2 have been achieved. House eliminates. Senate concurs with Executive in part, but also eliminates requirement to provide correct action plans. Conference concurs with Senate.

### **Sec. 221. Department Core Services – RETAINED**

Lists core services of the MSP and requires appropriations to be used for core services. House eliminates. Senate retains. Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 222. Post Closure or Consolidation – RETAINED***

Requires the MSP to notify subcommittees not less than 90 days before recommending closure or consolidation of any state police posts. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 223. Privatization Project Plans – RETAINED***

Requires submission of a project plan to the appropriations subcommittees and the fiscal agencies 90 days before beginning any effort to privatize. Executive eliminates. House retains. Senate concurs with Executive. Conference concurs with House.

### ***Sec. 232. Michigan Public Safety Communications System – REVISED***

Requires the MSP to act as a liaison between DTMB and local public safety agencies to facilitate the use of MPSCS towers and to establish interoperability standards among communications systems. Executive eliminates. House concurs. Senate retains. Conference removes requirement to establish interoperability standards and facilitate the use of towers.

### ***Sec. 235. Wayland Post and Report – REVISED***

Requires the MSP to begin discussions with the City of Wayland on moving the current MSP post in Wayland into a new joint public safety building in Wayland. MSP would have to report on the feasibility of moving the post. Executive eliminates. House concurs. Senate retains. Conference removes requirement to examine the feasibility and provide report.

### ***Sec. 238. Authorization To Expend Private Donations – NEW***

Appropriates money privately donated to the MSP for the purposes designated by the donor. House creates by transferring language from Sec. 601(3). Senate does not concur. Conference concurs with House.

### ***Sec. XXX. MAIN Accounting Structure To Reflect Enacted Budget Structure***

Requires the accounting structures utilized by the MSP to accurately reflect the budget structures. House creates as Sec. 240. Senate does not concur. Conference concurs with Senate.

### ***Sec. 240. Benchmarks for New Programs or Program Enhancements – NEW***

Requires MSP to submit reports to the Legislature identifying program-specific metrics intended to measure the performance based on a return on taxpayer investment of new programs or program enhancements and updating the Legislature on the progress in tracking metrics and the status of program success. Senate creates. Conference concurs.

### ***Sec. XXX. Lapse of FY 2014-15 Appropriation for One-Time Costs Associated with Motor Carrier Recruit School***

Stipulates that the amount appropriated in FY 2014-15 for the one-time costs associated with the 20<sup>th</sup> Motor Carrier Recruit School, which was cancelled subsequent to the issuance of E.O. 2015-5, shall lapse to the GF/GP at the close of FY 2014-15 and shall not be subject to a work project designation. House creates as Sec. 245. Senate does not concur. Conference concurs with Senate.

### ***Sec. 250. Participation in MIBridges Fraud Work Group – NEW***

Requires the MSP to participate in a multidepartment work group charged with investigating and making recommendations pertaining to methods of minimizing fraud within the MIBridges program administered by the Department of Health and Human Services. House creates. Senate does not concur. Conference concurs with House.

### ***Sec. 300. Unclassified Positions – DELETED***

Lists titles of unclassified positions currently in the MSP; requires the MSP to notify the subcommittees prior to submitting requests for additional unclassified positions or requests for substantive changes to the duties of existing unclassified positions. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 301. Executive Direction – DELETED***

Requires the MSP to provide executive administration of the department as provided under 1935 PA 59 and Chapter 7 of the Executive Organization Act, 1965 PA 380. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 302. State Executive Security – DELETED***

Requires the MSP to provide effective protection for the governor and visiting dignitaries. Executive eliminates. House concurs. Senate retains. Conference concurs with House.

### ***Sec. 303. Capitol Complex Security – REVISED***

Requires the MSP to maintain proper levels of staffing and resources for providing security services at the state Capitol Building and surrounding building, as provided under 1935 PA 59; requires the MSP to pursue federal grants to improve security services; requires at least 35,000 patrol hours. Executive eliminates statutory cite and includes State Secondary Complex to areas to be secured. House concurs. Senate concurs in part, but retains statutory cite. Conference concurs with House in part, but reduces goal to 27,000 patrol hours.

### ***Sec. 304. Departmental Services – REVISED***

Requires the MSP to provide administrative support for MSP operations, ensure proper accountability of funds, and adhere to financial and administrative guides; requires the MSP to provide grant and community service support functions; requires MSP to provide for the statewide administration of 911 service; states the purpose of funding for information technology services and projects. Executive eliminates. House concurs. Senate concurs in part, but retains various requirements sans statutory cites. Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 401. Training – REVISED**

Requires the MSP to maintain proper levels of staffing and resources for providing training and educational opportunities that support enforcement and public safety efforts of the criminal justice community; specifies training program metrics; requires post-recruit school report on recruiting efforts and assignments of recent graduates. Lists the specific authority under which the Training Division, Traffic Services Section operates. Executive revises to eliminate statutory cites, requirement to recruit MCOLES-certified police officers for recruit schools, reduces performance data and recruit school reporting requirement criteria, and eliminates requirement to provide specialized traffic safety support services. House eliminates. Senate concurs with Executive in part, but with minor variances. Conference concurs with Senate in part, but makes minor revisions.

### **Sec. 404. (remembered as Sec. 501.) Commission on Law Enforcement Standards – REVISED**

Requires MCOLES to provide standards for law enforcement officers and to maintain staffing and resources to provide basic law enforcement training for regional academies; lists the specific authority under which MCOLES operates; requires annual licensure data; requires semi-annual data on Justice Training Fund allocations. Executive revises to eliminate statutory cites and MCOLES licensure and justice training fund grant reporting requirements. House eliminates. Senate concurs with Executive in part, but with minor variances. Conference concurs with Senate.

### **Sec. 405. (remembered as Sec. 402.) Criminal Justice Information Systems – REVISED**

Requires the MSP to maintain criminal justice information systems in support of the public safety and law enforcement community under listed legal authorities. Requires MSP to conduct at least 30 outreach services to improve submission of criminal history information; requires report on reducing the Law Enforcement Information Network budget. Lists the specific legal authority for the reporting or crime information and the compilation of crime statistics; requires annual report on Michigan crime statistics. Requires the MSP to comply with the Freedom of Information Act; requires submission of an annual report on the number of requests for public records received, fulfilled, or denied, and the total amount of fees received. Requires traffic crash reports to be provided at a reasonable cost; lists the legal authority for the reporting and compilation of traffic crash records; requires quarterly reports on the number of copies of traffic crash reports provided to the public via the Traffic Crash Purchasing System. Lists the specific legal authority for maintains criminal history records; requires the MSP to provide fingerprint and criminal history records check services to law enforcement agencies, with a capacity equal to the FY 2010-11 level; requires quarterly information on the number of fingerprint and name-based criminal records checks. Lists the specific legal authorities under which MSP maintains firearms records. Requires a report on CPL fee revenues and expenditures, the cost of administering selected sections of 1927 PA 372 (itemized per section), and revenues and expenditures from the Concealed Weapons Enforcement Fund. Lists the specific legal authority under which the MSP maintains the sex offender registry; requires MSP to follow-up on tips assigned to law enforcement agencies within 10 working days; requires quarterly information on the number of individuals in the law enforcement and public sex offender databases. Executive eliminates statutory cites, LEIN budget reduction reporting requirement, requirement concerning compilation of crime statistics and reporting, requirement to process FOIA requests and associated reporting requirements, traffic crash reports reporting requirement, fingerprinting and ICHAT reporting requirements, CPL revenue and expenditures reporting requirement, and sex offender registry reporting requirements. House concurs in part, but also eliminates general stipulations about the MSP's information system databases, criminal history records duties, firearms licensure, and sex offender registry duties. Senate concurs with Executive in part, but retains ICHAT and CPL reporting requirements and adds carryforward authorization for fee revenue collected for the Statewide Records Management System. Conference concurs with Senate in part, but includes carryforward authorization for revenues deposited within the Criminal Justice Information Center Service Fees fund.

### **Sec. 412. (remembered as Sec. 403.) Laboratory Operations – REVISED**

Requires the MSP to provide forensic testing services and to maintain third-party accreditation; lists legal authorities under which MSP provides forensic testing services. Requires the MSP to maintain an average 55-day turnaround time for processing evidence, to develop a plan to reach an average 30-day turnaround time, and to provide quarterly information on the backlog of cases and staffing information. Establishes goal of reducing firearms backlog by 20% and the toxicology backlog by 15%. Executive eliminates statutory cites. House concurs in part, but also eliminates general stipulation about the MSP's forensic science duties and firearms and toxicology backlog goals and alters the reporting requirement to annually. Senate concurs with Executive in part, but adds stipulations pertaining to funding for the design and deployment of an information technology interface between the Forensic Science Division and the judiciary. Conference concurs with Senate in part, but removes specification of forensic disciplines, eliminates reference to funding for information technology interface, and incorporates subsections transferred from Sec. 413.

### **Sec. 413. (transferred to Sec. 403) DNA Analysis Program – REVISED**

Requires the MSP to post a copy of changes to its DNA sampling and records retention protocol; lists specific legal authority under which the MSP provide DNA analysis services; establishes a goal of reducing the DNA analysis backlog by 15% annually. Executive revises to eliminate statutory cites. House eliminates. Senate concurs with Executive in part, but adds language pertaining to the Sexual Assault Kit Initiative included by Executive as Sec. 415. Conference concurs with Senate in part, but includes revised reporting requires pertaining to the Sexual Assault Kit Initiative similar to House-passed Sec. 415 and transfers all subsections to Sec. 403.



## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 404. (remembered as Sec. 403.) Biometrics and Identification – REVISED***

Lists the specific legal authority under which the MSP operates the automated fingerprint identification system (AFIS), the statewide agency of network photographs (SNAP), the Combined DNA Index System (CODIS), and other biometric databases. Requires quarterly reports on the number of 10-print and palm-print submissions (with a 97% electronic submission goal), requires the MSP to maintain a 28-day average wait time for scheduling polygraph examinations, with a goal of achieving a 15-day average. Executive eliminates statutory cites, requirement to maintain biometrics and identification databases and technologies, and requirement to achieve a 28-day average wait time for scheduling polygraph examinations, and includes fingerprinting and ICHAT reporting requirement. House concurs in part, but also eliminates general stipulation about the MSP's biometrics and identification duties and reporting requirement for 10-print and palm-print submissions to AFIS, and requires annual fingerprint and ICHAT report. Senate concurs with Executive in part, but includes reporting requirement pertaining to processed fingerprint checks. Conference concurs with Senate in part, but removes language specifying division purposes.

### ***Sec. XXX. Sexual Assault Kit Initiative***

Requires the MSP to establish the Sexual Assault Kit Initiative and stipulates that the purpose of the Initiative is to improve case clearance rates and turnaround times for the collection, submission, and testing of criminal sexual conduct kits. Executive creates as Sec. 415. House revises to include annual reporting requirement with specified metrics. Senate concurs with Executive in part, but includes language within Sec. 413. Conference concurs with House in part, but revises reporting requirements and transfers to Sec. 403.

### ***Sec. 501. (remembered as Sec. 601.) General Law Enforcement and Traffic Safety – REVISED***

Requires the MSP to provide general law enforcement and traffic safety, including service as the law enforcement agency of last resort in communities unable to provide law enforcement; requires enlisted personnel enforcing traffic laws to respond to crimes in process and other emergency situations. Requires report on activities under the Secure Cities Initiative; requires at least 93% compliance rate for reporting by sex offenders, and requires the MSP to provide 315,000 statewide patrol hours, including 24,000 patrol hours in distressed cities and 4,000 patrols hours. Executive eliminates statutory cites and Secure Cities Initiative reporting requirement specifications. House concurs in part, but also eliminates general stipulation about the MSP's law enforcement duties and standards for traffic contacts per hour and degradation of road patrol. Senate concurs with Executive. Conference concurs with House in part, but removes language pertain to MSP as the law enforcement agency of last resort in communities unable to provide law enforcement and increases goal to 30,000 patrol hours in distressed cities.

### ***Sec. 502. Security at Events – DELETED***

Requires the MSP to respond to potential and imminent threats to the state's facilities, systems, and property, and to large scale recreational and public events. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. 503. (remembered as Sec. 602.) Criminal Investigations – REVISED***

Requires the MSP to provide criminal investigative services, providing the number or investigation hours comparable to the number of hours in FY 2012-13 and maintains a clearance rate of 56% (with a goal of achieving a 60% rate by the end of FY 2015-16. Also requires the MSP to provide at least 4 training sessions to local law enforcement agencies on gambling issues. Executive eliminates statutory cites and FY 2014-15 clearance rate goal. House concurs in part, but also eliminates general stipulation about the MSP's criminal investigations and requirement to provide four training opportunities to local law enforcement and adds the enforcement standard and reporting requirement for tobacco tax investigations from Sec. 504 and the readiness requirement for fire investigations from Sec. 505. Senate concurs with Executive. Conference concurs with Senate.

### ***Sec. 504. (remembered as Sec. 603.) Tobacco Tax Fraud Investigations – RETAINED***

Requires the MSP to enforce the Tobacco Products Tax Act (1993 PA 327) and other criminal laws, dedicating at least 16,600 investigative hours, and to submit an annual report on tobacco tax enforcement activities. House eliminates. Senate does not concur. Conference concurs with Senate.

### ***Sec. 505. (remembered as Sec. 604.) Fire Investigations – REVISED***

Requires the MSP to provide fire investigation services, maintaining services at a level equal to the FY 2010-11 performance level and be available for service 100% of the time. Executive revises to eliminate statutory cite. House eliminates. Senate concurs with Executive. Conference concurs with Senate.

### ***Sec. 601. (remembered as Sec. 701.) Special Operations – REVISED***

Requires the MSP to maintain proper levels of staffing and resources for providing specialized law enforcement services, such as canine unit, bomb squad, emergency support teams, underwater recovery, and aviation services; requires MSP to operate the Michigan Intelligence Operations Center for Homeland Security (MIOC) as the state's primary federally-recognized fusion center, requiring MIOC to increase the number of contacts that receive homeland security and intelligence information. Executive eliminates requirement to seek to increase contact receiving homeland security information and includes suspicious activity monthly reporting requirement. House concurs in part, but also eliminates general stipulation about the MSP's special operations duties and transfers appropriation of private donations to new Sec. 238. Senate eliminates requirement to seek to increase contact receiving homeland security information and adds stipulation for MSP to maintain support for the Cyber Section. Conference concurs with Senate in part, but concurs with House in transferring language pertaining to private donations to Sec. 238.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 602. (remembered as Sec. 702.) Commercial Vehicle Enforcement – REVISED***

Requires the MSP to enforce state and federal motor carrier regulations, as provided under listed legal authorities, including size/weight requirements, fuel tax requirements, safety requirements, vehicle registration/certificate of authority requirements, and pupil transportation safety requirements; requires quarterly reports on commercial vehicle size and weight enforcement efforts, border enforcement grant activities, and new entrant audits; requires the MSP to maintain resources to annually inspect 57,000 commercial motor vehicles; and requires the MSP to submit annual report on school bus inspections. Requires MSP to enforce motor carrier safety regulations, maintain the staffing to annually inspect 57,000 commercial motor vehicles, and provide quarterly reports on border enforcement grant activities and new entrant safety audits. Requires the MSP to annually inspect public and private school buses, as provided under listed legal authorities, and to submit an annual report on the result of school bus inspections. Executive eliminates statutory cites, commercial vehicle enforcement reporting requirements, requirements concerning federal commercial vehicle safety inspections, safety inspection reporting requirements, requirements concerning school bus inspections, and school bus inspections reporting requirements. House concurs in part, but reduces the annual inspection goal to 50,000 commercial vehicles. Senate eliminates several statutory cites and commercial vehicle enforcement reporting requirements and adds requirement to train at least 16 new motor carrier officers. Conference concurs with Senate in part, but includes reference to commercial vehicle regulation, reduces annual inspection goal to 50,000 commercial vehicles, and reduces requirement to train at least 10, rather than 16, new motor carrier officers.

### ***Sec. 606. (remembered as Sec. 703.) Emergency Management and Homeland Security – REVISED***

Requires the MSP to coordinate emergency management efforts within the state under listed statutory/regulatory authorities; authorizes the MSP to expend appropriated funds to call upon any agency or department to protect life or property or to protect the health or safety of any area under a state of emergency or state of disaster; provides authority to expend funds received above the amounts appropriated in Part 1 for any federal, private, local, or state resource to provide emergency management training or emergency preparedness, response, recovery, or mitigation. Requires the MSP to respond to civil disorders and natural disasters; to maintain readiness, including training and equipment; requires the MSP to foster partnerships to protect against hazards and emergencies, maintain local emergency management preparedness programs, operate the State Emergency Operations Center (SEOC); and provide training in responding to civil disorders, natural disasters, hazardous materials, and other emergencies, disasters, and incidents. Authorizes expenditure of up to \$800,000 from the Disaster and Emergency Contingency Fund upon approval of the State Budget Director and notification to the legislature; requires annual report on fund activities. Allocates up to \$500,000 to the urban search and rescue task force, requires the task force to provide reports on FY 2013-14 revenues and expenditures, proposed FY 2014-15 grant expenditures, and a final report on FY 2014-15 grant expenditures. Executive eliminates statutory cites and \$500,000 earmark and reporting requirements for the Urban Search and Rescue Task Force. House concurs in part, but also eliminates stipulations that the MSP shall coordinate with various law enforcement agencies and maintain partnerships. Senate concurs with Executive. Conference concurs with Senate in part, but replaces \$800,000 appropriation from the Disaster and Emergency Contingency Fund to an amount necessary to cover costs.

### ***Sec. 608. (remembered as Sec. 704.) Highway Safety Planning – REVISED***

Requires the MSP to maintain staffing and resources to carry out highway safety programs under listed statutory/regulatory authorities; requires the MSP to publish annual traffic crash data. Executive eliminates statutory cites and annual traffic crash reports reporting requirement. House, Senate, and Conference concur.

### ***Sec. 610. (remembered as Sec. 801.) Secondary Road Patrol program – REVISED***

Describes the purpose of the secondary road patrol (SRP) program and sheriff's department responsibilities; requires quarterly data (reported biannually) on the number of full-time equivalent SRP deputies and number of patrol hours, with a goal of at least 178,000 hours. Executive eliminates statutory cites. House concurs in part, but also eliminates reiteration of sheriff's duties. Senate concurs with Executive in part, but adds reporting requirement pertaining to total county patrol budgets. Conference concurs with Senate in part, but stipulates that MSP request, rather than include in its report, total county patrol budgets.

### ***Sec. 701. Trooper Recruit School – DELETED***

Requires the MSP to maintain staffing and resources to train at least 100 trooper recruits. Executive eliminates. House, Senate, and Conference concur.

### ***Sec. XXX. MIS Traffic Control***

Stipulates that the MSP expend not more than \$500,000 for traffic control services during events at the Michigan International Speedway. House creates as Sec. 701. Senate does not concur. Conference concurs with Senate.

### ***Sec. XXX. State Trooper Retirement Fund***

Stipulates that the MSP shall not expend the amount appropriated for the state trooper retirement fund unless Senate Bills 21 and 22 are enacted. Senate creates as Sec. 701. Conference rejects.

### ***Sec. XXX. 129th Trooper Recruit School***

Requires the MSP to train at least 75 new troopers. Senate creates as Sec. 702. Conference rejects.

### ***Sec. 702. Emergency Support Team (EST) Vehicle – DELETED***

Requires the MSP to use the one-time funds to purchase one EST vehicle. Executive eliminates. House, Senate, and Conference concur.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 703. Motor Carrier Recruit School – DELETED**

Requires the MSP to maintain staffing and resources to train at least 31 motor carrier officer recruits. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 704. Aviation Support – DELETED**

Specifies the helicopter purchased with one-time funds would be used to provide patrols over Detroit, allowing the two existing helicopters to be used in other areas of the state, and to reduce the number of times when the MSP has to deny requests for service for air support. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 705. LEIN Language Conversion – DELETED**

Requires the one-time funds to be expended on updating the programming language that supports the Law Enforcement Information Network (LEIN). Executive eliminates. House, Senate, and Conference concur.

### **Sec. 706. Electronic Warrant System – DELETED**

Requires the one-time funds to be expended in support of the development of an electronic warrant reporting system. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 707. MIS Traffic Control – DELETED**

Requires the MSP to provide traffic control for events at Michigan International Speedway. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 708. Local Public Safety Initiative – DELETED**

Requires the one-time funds to be expended in support of a grant program, in collaboration with the Council on Law Enforcement and Reinvention (CLEAR), in support of school security needs, directing that 80% of the funds be allocated to public and private schools (K-12) for safety-related improvements and 20% be allocated to county sheriff's departments for equipment, technologies, or officer training that enhances school safety and the departments' ability to respond to incidents at schools. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 709. Marshall Post Lease Costs – DELETED**

Specifies that funds be expended to buy down a portion of the MSP's share of construction and operating costs for the Marshall regional law enforcement center. Lease terms shall be subject to a market analysis performed by the Department of Technology, Management and Budget to substantiate the rental amount. Executive eliminates. House, Senate, and Conference concur.

### **Sec. 901. One-Time Appropriations Spending Restrictions – NEW**

Requires that MSP shall only expend the funds appropriated for the One-Time Appropriations line item as follows: \$3.2 million to train at least 88 new troopers and \$500,000 to implement the Sexual Assault Prevention and Education Initiative. Conference creates.

### **Sec. 1201. Anticipated FY 2015-16 Appropriations – REVISED**

States legislative intent that FY 2015-16 appropriations will be the same as in FY 2014-15, except as adjusted for caseload changes, federal fund match rates, economic factors, and available revenue. Executive eliminates. House concurs. Senate retains with revised dates. Conference concurs with Senate.

### **Sec. 1202. FY 2015-16 Performance Metrics – DELETED**

States legislative intent that, with the funds appropriated in FYs 2014-15 and 2015-16:

- Trooper patrol hours should increase by at least 9% from FY 2014-15 to FY 2015-16.
- Aviation patrol hours should increase by 30%, the helicopter should patrol over Detroit 5 days/week, allowing patrols over other areas of the state (including the distressed cities), and the number of times MSP is unable to provide air support declines to less than 50 (from 72 in FY 2013).
- Commercial vehicle inspections should increase by 12%.
- LEIN services should improve.
- Warrant entry and processing should improve throughout the criminal justice community.

Executive eliminates. House and Senate concur.

**FY 2014-15 Supplemental Appropriations**

***1. Salary and Wage Raise for Troopers and Sergeants***

Conference increases spending authorization for negotiated salary and wage raises for troopers and sergeants represented by the Michigan State Police Officer's Association pursuant to a collective bargaining agreement between the Association and the State and equivalent to an increase of 2.0% of base pay with a 1.0% lump sum payment for FY 2014-15. The FY 2014-15 YTD budget includes authorization to support a raise of 2.0% of base pay with a 0.5% lump sum payment; thus this authorization supports the residual lump sum raise.

**FY 2014-15  
Year-to-Date  
(as of 3/12/15)**

**FY 2014-15  
Conference  
Supplemental**

**Gross  
GF/GP**

**N/A  
N/A**

**\$1,000,000  
\$1,000,000**

**FY 2015-16: DEPARTMENT OF TRANSPORTATION**  
**Summary: Conference Report**  
**Article XVII, Senate Bill 133 (S-1) CR-1**



**Analyst: William E. Hamilton**

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: Conference From FY 2014-15 YTD	
						Amount	%
	\$3,786,900	\$3,928,500	\$3,928,500	\$3,928,500	\$3,928,500	\$141,600	3.7
<b>Federal</b>	1,223,599,500	1,257,488,000	1,257,488,000	1,257,488,000	1,257,488,000	33,888,500	2.8
<b>Local</b>	50,177,100	50,293,500	50,293,500	50,293,500	50,293,500	116,400	0.2
<b>Private</b>	7,866,000	100,000	100,000	100,000	100,000	(7,766,000)	(98.7)
<b>Restricted</b>	2,154,985,200	2,184,391,400	2,184,391,400	2,184,391,400	2,184,391,400	29,406,200	1.4
<b>GF/GP</b>	284,647,900	139,521,100	159,521,100	139,521,100	400,000,000	115,352,100	40.5
<b>Gross</b>	<b>\$3,725,062,600</b>	<b>\$3,635,722,500</b>	<b>\$3,655,722,500</b>	<b>\$3,635,722,500</b>	<b>\$3,896,201,400</b>	<b>\$171,138,800</b>	<b>4.6</b>
<b>FTEs</b>	2,918.3	2,918.3	2,918.3	2,918.3	2,918.3	0.0	0.0

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through March 24, 2015 including Executive Order 2015-5 and House Bill 4112. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

The Conference Committee met on Tuesday, May 26, 2015, to consider Conference report for **Senate Bill 132 (S-2) CR-1**. **Senate Bill 132** was a stand-alone Transportation appropriations bill. However, the bill as passed the Senate on May 7, 2015 was essentially a shell bill – it shows Gross appropriations of only \$100. The bill was returned by the House on May 19, 2015 as a shell bill – the House-passed bill shows Gross appropriations of \$0.

The real differences between the House and Senate transportation budgets, as shown in the balance of this document, are between the two omnibus budget bills – **Article XVII of House Bill 4102 (H-1)** and **Article XVII of Senate Bill 133 (S-1)**. In effect, Conference report, CR-1, for **Senate Bill 132 (S-2)** resolves the differences between the House and Senate omnibus budget bills with respect to Transportation.

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>1. Debt Service</b>	<b>Gross</b>	<b>\$242,318,300</b>	<b>(\$3,457,500)</b>
Debit service of \$238.9 million in the Executive budget reflects anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2015, was \$1,960.4 million.]	Federal	45,726,400	40,500
	Restricted	196,591,900	(3,498,000)

House/Senate and Conference concur with Executive.

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>		<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>2. Support Services by Other State Departments</b>			
Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds.	<b>Gross</b>	<b>\$46,932,800</b>	<b>(\$414,800)</b>
	Restricted	46,932,800	(414,800)
 <u>Executive</u> included \$20.0 million MTF for Department of State vehicle registration tax collection program, and \$2.7 million MTF for Department of Treasury motor fuel tax collection program – both the same as current year funding. Budget reflects a reduction of \$414,800 to reflect agency cost allocation adjustments.			
 <u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
<b>3. State Trunkline Maintenance</b>			
<u>Executive</u> budget increased baseline support by \$10.0 million STF to reflect increased prices of maintenance materials, slope restoration/erosion control needed on urban freeways, and cost of ongoing problem of copper theft from electrical fixtures.	FTEs	747.7	(4.0)
	<b>Gross</b>	<b>\$310,440,500</b>	<b>\$251,500</b>
	Restricted	310,440,500	251,500
 <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> did not include \$10.0 million increase. <u>Conference</u> concurs with <u>Senate</u> .			
 [The remaining increase in the line in the Conference report reflects economic adjustments only. The change in FTE positions reflect position transfers; FTE position changes net to zero across the department.]			
<b>4. State Trunkline Road and Bridge Construction</b>			
<u>Executive</u> recommends \$839.7 million – \$15.0 million less than the current year – for the capital road and bridge construction/preservation program. This reflects a \$14.1 million decrease in restricted Blue Water Bridge Fund revenue, [additional Blue Water Bridge Fund revenue appropriated in FYs 2013-14 and 2014-15 to reflect the Blue Water Bridge Plaza project]. Reduced Blue Water Bridge Fund support is offset by a net increase of \$28.8 million in available STF revenue.	<b>Gross</b>	<b>\$824,646,200</b>	<b>\$15,017,200</b>
	Federal	742,277,800	0
	Local	30,000,000	0
	Restricted	52,368,400	15,017,200
 <u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
 [Budget also includes a separate one-time appropriation of \$113.0 million GF/GP to match federal aid for state trunkline road and bridge construction. See item #13 below.]			
<b>5. Local Bridge Program</b>			
Reflects Act 51 earmarks to this program, including dedication of one-half cent of revenue raised by the motor fuel tax on gasoline.	<b>Gross</b>	<b>\$26,477,400</b>	<b>\$351,200</b>
	Restricted	26,477,400	351,200
 <u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			
<b>6. MTF to Local Road Agencies</b>			
MTF distribution to local road agencies, \$615.7 million to county road commissions, and \$343.3 million to cities/villages reflects estimated MTF revenue and Act 51 statutory distribution.	<b>Gross</b>	<b>\$930,801,500</b>	<b>\$28,231,800</b>
	Restricted	930,801,500	28,231,800
 <u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			

<b><u>Major Budget Changes From FY 2014-15 YTD Appropriations</u></b>	<b><u>FY 2014-15 Year-to-Date (as of 3/12/15)</u></b>	<b><u>FY 2015-16 Conference Change</u></b>
<b>7. <i>Transportation Economic Development Fund (TEDF)</i></b>	<b>Gross</b>	<b>\$41,515,800</b>
<u>Executive</u> recommends \$30.8 million, a decrease of \$10.7 million from the current year. This reflects the proposed redirection of \$12.0 million to the STF, offset in part by an anticipated \$1.3 million increase in interest earnings on the TEDF fund balance. The \$12.0 million TEDF redirection, all of which would come from Category "A," would be made in House Bill 4440, a bill to amend Public Act 231 of 1987.	Restricted	41,515,800
		<b>(\$2,745,300)</b> (2,745,300)
<u>House</u> concurs with <u>Executive</u> .		
<u>Senate</u> includes \$38.8 million - \$8.0 million more in Category "A" than <u>Executive/House</u> .		
<u>Conference</u> concurs with <u>Senate</u> .		
[The Conference agreement appears to assume that Bill 4440 would be amended to allow the transfer of \$2.0 million to the STF, and \$2.0 million to the State Aeronautics Fund.]		
<b>8. <i>Aeronautics Services</i></b>	FTEs	54.0
<u>Executive</u> reduces support for Office of Aeronautics to better reflect estimated SAF revenue; eliminates <i>Air service</i> grant program, funded in the current year at \$289,300.	<b>Gross</b>	<b>\$7,720,300</b>
	Restricted	7,720,300
		<b>(\$663,300)</b> (663,300)
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .		
<b>9. <i>Bus Transit - Local Bus Operating Assistance</i></b>	<b>Gross</b>	<b>\$167,400,000</b>
Maintains CTF support for local bus operating assistance at current year funding levels.	Restricted	167,400,000
		<b>\$0</b> 0
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .		
<b>10. <i>Rail Operations and Infrastructure</i></b>	<b>Gross</b>	<b>\$57,022,400</b>
Supports rail freight economic development programs, as well as rail passenger service, including capital assistance for the Detroit-Chicago high speed rail corridor.	Federal	10,100,000
	Local	100,000
	Private	100,000
	Restricted	46,722,400
		<b>\$46,068,000</b> 50,000,000 0 0 (3,932,000)
<u>Executive</u> recognizes \$50.0 million in anticipated additional Federal Railroad Administration grant for capital improvement along the Detroit-Chicago Accelerated Rail Corridor. Budget reduces baseline CTF support to balance to anticipated CTF revenue.		
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .		
[Budget also includes a separate GF/GP appropriation of \$25.0 million transit capital and rail infrastructure; see item #15 below.]		
<b>11. <i>Bus Capital/Transit Capital</i></b>	<b>Gross</b>	<b>\$57,689,300</b>
<u>Executive</u> reflects anticipated federal pass-through grants to local transit agencies and related state and local matching funds. Budget reduces baseline CTF support to balance to anticipated CTF revenue.	Federal	22,778,000
	Local	1,250,000
	Private	7,766,000
	Restricted	25,895,300
		<b>(\$26,528,500)</b> (17,478,000) 0 (7,766,000) (1,284,500)
The large reduction in FY 2015-16 funding as compared to the current year budget is primarily due to the inclusion in the current year-to-date figure of \$25.5 million related to the M-1 rail project in Detroit – \$17.8 million federal, and \$7.7 million in associated private funds – added to the current year budget in supplemental appropriation bill, House Bill 4112. These additional funds are not carried into FY 2015-16.		
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .		
[The proposed FY 2015-16 budget also includes a separate one-time appropriation of \$25.0 million GF/GP for transit capital and rail infrastructure. See item #15 below.]		

<b>Major Budget Changes From FY 2014-15 YTD Appropriations</b>		<b>FY 2014-15 Year-to-Date (as of 3/12/15)</b>	<b>FY 2015-16 Conference Change</b>
<b>12. Airport Improvement Program</b>	<b>Gross</b>	<b>\$91,978,000</b>	<b>\$3,065,200</b>
<u>Executive</u> reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.	Federal	78,578,000	422,000
	Local	12,392,100	116,400
	Restricted	1,007,900	2,526,800
<u>House/Senate</u> concur with <u>Executive</u> .			
<u>Conference</u> includes an additional \$2.0 million in SAF anticipating the redirection of TEDF revenue to the SAF in House Bill 4440.			
<b>13. State Trunkline Road and Bridge Construction [General Fund/General Purpose]</b>	<b>Gross</b>	<b>\$127,000,000</b>	<b>(\$14,000,000)</b>
<u>Executive</u> budget includes \$113.0 million in <i>one-time</i> GF/GP funding to ensure that the state match all available federal-aid highway funds.	GF/GP	\$127,000,000	(\$14,000,000)
<u>House/Senate</u> concur with <u>Executive</u> .			
<u>Conference</u> agrees in total but re-designates the appropriation as "Ongoing general fund appropriations."			
<b>14. State and Local Road and Bridge Programs [General Fund/General Purpose]</b>	<b>Gross</b>	<b>\$144,500,000</b>	<b>\$115,978,900</b>
<u>Executive</u> eliminated GF/GP line item that provided funding to the STF and to local road agencies according to the Act 51 distribution formula.	GF/GP	\$144,500,000	\$115,978,900
<u>Senate</u> concurs with <u>Executive</u> .			
<u>House</u> retains this line, funded at \$20.0 million.			
<u>Conference</u> provides \$260.5 million GF/GP for distribution to MDOT, county road commissions, and cities/villages according the Act 51 formula – \$2.5 million designated as "Ongoing general fund appropriations;" and \$258.0 million designated as "One-time basis only."			
Of this distribution, the STF would receive \$101.8 million, county road commissions, \$101.8 million; cities and villages, \$56.8 million.			
<b>15. Transit Capital and Rail Infrastructure [General Fund/General Purpose]</b>	<b>Gross</b>	<b>\$10,000,000</b>	<b>\$15,000,000</b>
<u>Executive</u> included provide \$25.0 million one-time GF/GP support to match federal transit and rail infrastructure grants.	GF/GP	\$10,000,000	\$15,000,000
<u>House/Senate</u> concur with <u>Executive</u> .			
<u>Conference</u> agrees in total but re-designates the appropriation as "Ongoing general fund appropriations."			
<b>16. Airport Safety, Security, and Improvement Program [General Fund/General Purpose]</b>	<b>Gross</b>	<b>\$2,047,900</b>	<b>(\$526,800)</b>
<u>Executive</u> would provide \$1.5 million one-time GF/GP support to match federal Airport Improvement Program funds.	GF/GP	\$2,047,900	(\$526,800)
<u>House</u> concurs with <u>Executive</u> .			
<u>Senate</u> appropriates \$3.5 million; includes \$2.0 million from the TEDF.			
<u>Conference</u> agrees with <u>Executive/House</u> in total and appropriates \$1.5 million, but re-designates the appropriation as "Ongoing general fund appropriations."			
<b>17. Regional Transit Authority (One-time)</b>	<b>Gross</b>	<b>\$1,100,000</b>	<b>(\$1,100,000)</b>
<u>Executive</u> eliminates current GF/GP line item that provided start-up funding for the Southeast Michigan Regional Transit Authority	GF/GP	\$1,100,000	(\$1,100,000)
<u>House/Senate</u> and <u>Conference</u> concur with <u>Executive</u> .			



<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>		<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 Conference Change</u>
<b>18. Dort Highway Expansion</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<b>[General Fund/General Purpose]</b>	GF/GP	\$0	\$0
<u>Senate</u> included \$100 placeholder for this project.			
<u>Conference</u> does not include.			
<b>19. Economics</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$1,548,700)</b>
Budget reflects net cost reduction of \$1.5 million Gross (\$0 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	N/A	(8,400)
	Restricted	N/A	(1,540,300)

### Major Boilerplate Changes From FY 2014-15

#### **Sec. 204. Report on Program-Specific Metrics – MODIFIED**

Conference includes new standard language regarding metrics for new or expanded programs.

#### **Sec. 205. Notification of Changes in Federal Rules – NEW**

Conference report includes new language requiring notification of changes in federal rules that impact the department or require amendment of state laws.

#### **Sec. 303. Report on Money Received by County Road Commissions/Cities & Villages – DELETED**

Conference report deletes current reporting requirement – information is available on department website.

#### **Sec. 308. Report on Prequalification Program – RETAINED**

Conference retains report requiring report on the department's prequalification process, including unsatisfactory contractor performance rating.

#### **Sec. 312. Workgroup on Transportation Coordination between Departments – DELETED**

This section had required the department and the departments of Community Health, Human Services, Corrections, Treasury/Michigan Strategic Fund, along with one member of both the House and Senate to form a work group to study consolidation of transportation services. The one-time report, due March 1, 2015, is currently on the department website.

#### **Sec. 315. Priority Roads Project Report – NOT INCLUDED**

House bill had required a report, due November 1, 2015, on projects funded in full or in part through the priority roads investment program. Not included in Conference report.

#### **Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – NEW**

Senate had included a prohibition on the department from studying the association between highway signs and motorist behavior. Conference report concurs with the Senate.

#### **Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED**

Requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement.

#### **Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED**

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. In his signing letter dated June 13, 2013, the Governor indicates that this boilerplate section "is considered enforceable to the extent that it does not alter or amend Act 51 of 1951 requiring local cost sharing."

#### **Sec. 383. Report on Use of State Airfleet – MODIFIED**

Requires quarterly report on use of MDOT-owned aircraft; recovery of department costs. No change from current year other than date reference and deletion of "purpose of travel" requirement – department does not have access to purpose of travel information for other state agencies.

#### **Sec. 384. Detroit River International Crossing (DRIC) – RETAINED**

Restricts the department's ability to obligate the state to expend state transportation revenue on the project, referenced by the Executive as the *New International Trade Crossing* (NITC). The current year budget states that "an expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources." Conference retains without change.

#### **Sec. 385. Detroit River International Crossing (DRIC) – RETAINED**

Provides reporting requirements. Conference retains without change.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 394. Priority of Preservation – RETAINED**

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

### **Sec. 401. Federal Aid Distribution Report – DELETED**

Requires department to notify local agencies, Legislature, and state budget director on proposed distribution of federal funds between state and local units. Department indicates there is no longer a single announcement of federal aid.

### **Sec. 601. Road Construction Warranties – MODIFIED**

Conference adopts new directives and reporting requirements with respect to warranty program.

### **Sec. 605. Outcomes and Performance Measures for Maintenance – NOT INCLUDED**

Executive budget included section which requires the department to identify outcomes and performance measures for proposed \$10.0 million increase in baseline funding for state trunkline maintenance. The Conference report does not include increase in maintenance funding or related boilerplate section.

### **Sec. 660. Use of Alternative Materials – RETAINED**

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires.

### **Sec. 712. Rail Passenger Feasibility Study – DELETED**

Current year language directed the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides for report due date of May 1, 2015. This appears to be a one-time report.

### **Sec. 713. Commuter Rail Report – NEW**

House bill included a directive that the department to report on status of commuter rail demonstration projects on or before November 1, 2015, including on the disposition of rail cars leased by the department. Conference concurs with House.

### **Sec. 741. Transit Buses - Safety Standard Report – DELETED**

Current Year budget directs the department to study need, feasibility, and costs of increasing safety standard of transit buses; rollover test standard; provides for report due date of December 1, 2014. This is a one-time report and is currently on the department's website.

### **Sec. 902. Report on Airport Improvement Projects – DELETED**

Conference deletes a current reporting requirement. Information is available from the department website.

### **Sec. 1001. Matching Federal-Aid Highway Funds – MODIFIED**

Indicates that the GF/GP appropriation for state trunkline road and bridge construction shall be used to ensure that the state is able to match all available federal-aid highway funds.

### **Sec. 1002. State and Local Road and Bridge Programs – MODIFIED**

Includes language directing use of GF/GP appropriation to STF, County road commissions, and cities/villages in accordance with Act 51 formula.

### **Sec. 1003. Bus Capital/Rail Infrastructure – RETAINED**

Retains reporting requirement on use of GF/GP appropriation for transit capital and rail infrastructure.

### **Sec. 1005. Regional Transit Authority – DELETED**

Current year budget includes section description of \$1.1 million appropriation to the RTA. [The proposed FY 2015-16 budget does not include this one-time line item.]

### **Sec. 1006. Detroit/Windsor Rail Tunnel – MODIFIED**

Current year boilerplate included appropriation of \$10.0 million to the department to help facilitate the construction of a new rail tunnel under the Detroit River between Detroit and Windsor Ontario. Conference retains reporting requirement.

### **Sec. 1007. Detroit Greenways Coalition Grant – NOT INCLUDED**

Senate had included boilerplate appropriation for this project. Conference does not include.

### **Sec. 1009. Dort Highway Expansion – NOT INCLUDED**

Senate had included boilerplate appropriation for this project. Conference does not include.