

FY 2017-18 GENERAL OMNIBUS BUDGET
Summary: Conference Report
House Bill 4323 (H-1) CR-1



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2016-17	
	Gross	GF/GP
Capital Outlay (33) [2]	\$2,400	\$2,400
Supplemental (767) [9]	110,385,700	(\$7,326,900)
TOTAL	\$110,388,100	(\$7,324,500)

Budget Area (Bill Page) [Summary Page]	FY 2017-18	
	Gross	GF/GP
Agriculture and Rural Development (1) [17]	\$114,698,600	\$66,251,800
Corrections (40) [22]	2,001,919,200	1,946,633,600
Education (100) [30]	351,181,200	80,677,400
Environmental Quality (133) [36]	509,267,700	47,744,000
General Government (166) [41]		
<i>Attorney General</i> (167) [43]	101,198,800	40,248,600
<i>Civil Rights</i> (171) [46]	16,249,600	13,006,600
<i>Executive Office</i> (173) [48]	6,848,500	6,848,500
<i>Legislature</i> (174) [49]	155,274,800	150,597,100
<i>Legislative Auditor General</i> (176) [51]	24,286,200	16,607,600
<i>State</i> (178) [52]	249,358,500	19,139,000
<i>Technology, Management, and Budget</i> (183) [54]	1,412,543,200	579,755,200
<i>Treasury</i> (189) [61]	1,898,224,800	214,327,600
<i>Talent and Economic Development</i> (198) [67]	1,179,421,800	205,099,400
Subtotal: General Government	5,043,406,200	1,245,629,600
Health and Human Services (361) [74]	25,447,631,600	4,367,381,900
Insurance and Financial Services (560) [91]	66,741,400	150,000
Judiciary (571) [93]	300,043,000	192,574,400
Licensing and Regulatory Affairs (591) [97]	434,672,000	44,416,600
Military and Veterans Affairs (631) [102]	179,504,400	62,567,500
Natural Resources (665) [106]	410,469,700	58,447,300
State Police (694) [111]	694,763,900	439,442,800
Transportation (727) [117]	4,347,443,000	0
TOTAL	\$39,901,741,900	\$8,551,916,900

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

FY 2016-17: CAPITAL OUTLAY
Summary: Conference Report
Article II, House Bill 4323 (H-1) CR-1



Capital Outlay Analyst: Ben Gielczyk

Budget Area	Gross	GF/GP
Capital Outlay – Planning Authorizations	\$1,100	\$1,100
Capital Outlay – Construction Authorizations	1,300	1,300
TOTAL	\$2,400	\$2,400

Overview

House Bill 4323, Article II contains \$1,100 GF/GP for 11 planning authorizations and \$1,300 GF/GP for 13 construction authorizations. Traditionally, universities finance 25% of a project's costs and the state finances 75%; community colleges finance 50% of a project's costs and the state finances 50%. State agency projects are covered 100% from state resources. In recent years, the state share has been capped at \$30.0 million for university and community college capital outlay projects.

The total cost of the 11 planning authorizations (3 universities, 7 community colleges, and 1 state agency) contained within House Bill 4323, Article II is \$187.6 million, with a state share of \$88.5 million and an institution share of \$99.2 million (See Table 1). The current available capacity below the statutory bond cap is approximately \$630.5 million as of March 2017. Annual rental rates are typically between 6.5% and 8.5% of the total state share per year. With the total state share being \$88.5 million, the annual debt service payments for these projects is estimated to be between \$5.8 million and \$7.5 million GF/GP over 15 to 17 years. To proceed with state financing, the projects would need to receive construction authorization in a subsequent appropriation act. Institutions have 2 years following the fiscal year in which the project received planning authorization to receive construction authorization.

The total cost of the 13 construction authorizations (6 universities, 5 community colleges, and 2 state agencies) contained within House Bill 4323, Article II is \$642.3 million, with a state share of \$376.8 million and an institution share of \$265.4 million (See Table 2). Annual debt service payments for these projects are estimated to be between \$24.5 million and \$32.0 million GF/GP over 15 to 17 years.

FY 2016-17 Supplemental Appropriation Items

**Appropriation
Change**

CAPITAL OUTLAY – PLANNING AUTHORIZATIONS

1. Michigan State University – STEM Teaching and Learning Facility

The STEM Teaching and Learning Facility project at Michigan State University has a total project cost of \$72.5 million; a total state share of \$29.9 million; and a total university share of \$42.6 million. The project would involve the construction of a new 120,000 sq. ft. facility that would primarily provide laboratory-based instruction associated with undergraduate courses in science, technology, engineering, and mathematics. The labs would be modular and flexible in design and include modern building systems and technology. In addition to the wet labs, the new building will contain computer labs, informal study areas, breakout spaces, and potentially a campus-wide computerized testing center. The new facility would centralize dispersed teaching labs and provide the necessary space and technology for changing curriculum and teaching methods associated with STEM.

Gross \$100
GF/GP \$100

2. Saginaw Valley State University – College of Business and Management Expansion

The College of Business and Management expansion project at Saginaw Valley State University has a total project cost of \$17.5 million; a total state share of \$9.8 million; and a total university share of \$7.7 million. The project would involve a 40,000 sq. ft. addition to the Business and Professional Development Center to provide various academic, experiential, and active learning lab enhancements; academic centers (Dow Entrepreneurship Institute, Stevens Center for Family Business, and Business Resource Development Center); gathering spaces; and department offices. The addition of a finance laboratory/Bloomberg Trading Room, innovation laboratory, and consumer behavior lab would provide the necessary state-of-the-art labs to support integrative learning and team project environments. The university has requested a 56% state share which is below the eligible state share of 75%.

Gross \$100
GF/GP \$100

FY 2016-17 Supplemental Appropriation Items

3. Wayne State University – STEM Innovation Learning Center

The STEM Innovation Learning Center project at Wayne State University has a total project cost of \$29.5 million; a total state share of \$14.8 million; and a total university share of \$14.8 million. The project would involve the renovation and repurposing of approximately 100,000 sq. ft. of the existing Science and Engineering Library into a new STEM Innovation Learning Center. The Science and Engineering Laboratory was closed in January 2014. Planned uses of the space include general purpose classrooms and instructional laboratories, living room spaces for student congregation, maker hacker labs for interdisciplinary exposure not possible in most instructional settings, and dedicated classroom and office space to a specific department to oversee building maintenance and operation. The renovations would allow for advanced technology and new teaching capabilities, in addition to advancing STEM course offerings that are currently offered in old buildings lacking newer technology. The university has requested 50% state share which is below the eligible state share of 75%.

Gross \$100
GF/GP \$100

4. Alpena Community College – Center for Health Sciences and Student Success

The Center for Health Sciences and Student Success project at Alpena Community College has a total project cost of \$6.7 million; a total state share of \$3.4 million; and a total community college share of \$3.4 million. The project would include the renovation of the 37,000 sq. ft. Van Lare Hall which was built in 1952 and the addition of a second floor totaling approximately 10,000 sq. ft. The renovation will include replacement of HVAC, installation of ADA-compliant elevator for access to new 2nd floor, redesign of main entrance and outdoor courtyard, renovation of restrooms throughout the building, installation of smart rooms and technology throughout building, furnishing and equipping of new Center for Student Success, removal of non-functioning chimney, and update of signage. Increase in classrooms, labs, technology, and office space will allow for a doubling of the nursing program currently housed in Van Lare Hall. Lastly, the project will include space for an Alumni Center and Foundation.

Gross \$100
GF/GP \$100

5. Grand Rapids Community College – Applied Technology Center Renovation and Expansion

The Applied Technology Center Renovation and Expansion at Grand Rapids Community College has a total project cost of \$12.7 million; a total state share of \$6.4 million; and a total community college share of \$6.4 million. The project would involve the renovation of approximately 20,000 sq. ft. of the 25 year-old Applied Technology Center and addition of approximately 20,000 sq. ft. solely devoted to instructional spaces. Recent upgrades have been made to the existing Applied Technology Center that addressed life-safety issues, replaced the atrium skylight, and replaced the elevators. Upgrades would involve enhancing the space devoted to manufacturing and information technology disciplines. The addition of new lab space and upgraded equipment will expand capacity for the tooling and manufacturing technology program, thereby increasing the number of students obtaining credentials. Classrooms and labs would be reconfigured to address needs of new technology and teaching methodologies in manufacturing and IT.

Gross \$100
GF/GP \$100

6. Mott Community College – Southern Lakes Branch Center Rehabilitation/Renovation

The Southern Lakes Branch Center Rehabilitation and Renovation project at Mott Community College has a total cost of \$8.1 million; a total state share of \$4.1 million; and a total community college share of \$4.1 million. The project would involve the overall renovation, replacement, and repurposing of 57,725 sq. ft. of the Southern Lakes facility. Specifically, the renovation would include replacement of the fire suppression system and all controls including a new fire suppression water well, replacement of the fire alarms system, replacement of domestic water well and water treatment system, replacement of emergency power generators, replacement of all HVAC systems in the north wing, and boiler and chiller replacements in the east and west wings and site safety lighting replacements. Exterior walls, doors, and windows also need to be replaced. The facility houses general education academic classrooms, occupational therapy and physical therapy programs, fire technology, continuing education programs, and police training through the Law Enforcement Regional Training Academy (LERTA). LERTA-specific upgrades would include upgrades to toilet rooms, addition of shower and locker facilities for both men and women, the addition of a muster room/entrance lobby, repaving the driver training area, and construction of a shooting range and obstacle course. With the renovation, Mott has indicated that they would seek a Fire Training Academy.

Gross \$100
GF/GP \$100

FY 2016-17 Supplemental Appropriation Items

**Appropriation
Change**

7. North Central Michigan College – AD/CL Classroom Renovation and Expanded Learning Space

Gross \$100
GF/GP \$100

The AD/CL Classroom Renovation and Expanded Learning Space project at North Central Michigan College has a total cost of \$6.8 million; a total state share of \$3.4 million; and a total college share of \$3.4 million. The project would involve the renovation of approximately 15,000 sq. ft. and the additional of approximately 3,000 sq. ft. The useful life of the AD/CL building would be extended through renovation and upgrades to instructional space, overall technology improvements, and the addition of collaborative space for students and faculty. The addition will be an extension of the classroom and is designed for faculty to tutor small groups of students. With the extended classroom learning space, the current faculty workroom would be repurposed and upgraded to create a new, state-of-the-art classroom. The building would also receive overall technology upgrades throughout and the inclusion of a one-stop shop for all student services and cashier functions. The project would also address significant maintenance and repair through new mechanical and plumbing upgrades.

8. Schoolcraft College – Applied Science Renovation and Expansion

Gross \$100
GF/GP \$100

The Applied Science Renovation and Expansion at Schoolcraft College has a total cost of \$20.0 million; a total state share of \$10.0 million; and a total college share of \$10.0 million. The project would involve the renovation of the Applied Science Building (74,109 sq. ft.) originally constructed in 1965 and the addition of 34,200 sq. ft. new space. The Applied Science Building currently houses STEM disciplines and has outgrown the space. The building would be renovated, repurposed, and expanded to transition to the allied health fields. The STEM curriculum would move to a new building to be determined by the college. The renovated space would include the addition of two biology/anatomy/physiology labs, new lecture space, and social spaces for students to lounge and study.

9. St. Clair County Community College – Health Sciences – AJT Building Renovation

Gross \$100
GF/GP \$100

The Health Sciences – AJ Theisen Building Renovation project at St. Clair County Community College has a total cost of \$9.8 million; a total state share of \$4.9 million; and a total community college share of \$4.9 million. The project would involve the renovation and remodeling of 41,750 sq. ft. of existing space in the AJ Theisen Building. Originally constructed as an industrial technology learning center in 1969, the building currently has low utilization. The renovation project would convert the building into a state-of-the-art instructional space with simulation labs that replicate clinical environments for training medical professionals in nursing and health science-related programs. These simulation spaces would include examination rooms, ambulance staging and scenario space, and a medical records office. In addition, the renovation would include skills labs adjacent to the simulation labs, a new computer lab, modern lecture halls, and a multi-purpose student hall for group learning or training events. Mechanical systems and energy efficiency upgrades would also be included.

10. Washtenaw Community College – Advanced Transportation Center Addition and Remodeling

Gross \$100
GF/GP \$100

The Advanced Transportation Center Addition and Remodeling project at Washtenaw Community College has a total cost of \$4.0 million; a total state share of \$2.0 million; and a total community college share of \$2.0 million. The project would involve the construction of a 12,000 sq. ft. addition to the existing Larry L. Whitworth Occupational Education Building coupled with minor renovations to the existing building. The new addition would be dedicated to STEM, additive manufacturing, genetics, robotics, information technology, advanced manufacturing, advanced transportation, and nano-technology courses in a laboratory setting. Specifically, the project would include 1 testing and development lab; 2 convening, meeting rooms and event space; 1 large flexible multi-discipline clean vehicle laboratory; 3 large active-learning classrooms; and an interactive display and lobby space.

11. Department of Health and Human Services – Northern Satellite Psychiatric Facility

Gross \$100
GF/GP \$100

The DHHS – Northern Satellite Psychiatric Facility is a newly proposed facility that would serve as a satellite psychiatric facility in northern Michigan. At this time, no location or schematic design plan exists. The department and DTMB would be authorized to begin the search for a location and to begin creating design plans.

<u>FY 2016-17 Supplemental Appropriation Items</u>	<u>Appropriation Change</u>
CAPITAL OUTLAY – CONSTRUCTION AUTHORIZATIONS	Gross \$100
1. Central Michigan University – Center for Integrated Health Studies	GF/GP \$100
<p>Total project cost is \$26.0 million. University share is \$6.5 million; state share is \$19.5 million. The project will provide approximately 57,500 sq. ft. of new facilities as an addition to the existing Health Professions building. The focus of the addition will be on increasing health care industry graduates and enhance their educational opportunities. The new space will allow for enhanced simulation teaching, flexible and adaptable space to allow for future changes in the industry, increase technology offerings, provide interdisciplinary opportunities through the efficient use of the new space. In addition, the new facility will maximize common and collaborative space, utilize sustainable design principles, include simple systems that are easy to maintain, and achieve a cohesive aesthetic so that it blends with existing building.</p>	
2. Eastern Michigan University – Strong Hall Renovation	Gross \$100
<p>Total project cost is \$39.5 million. University share is \$9.9 million; state share is \$29.7 million. The project would replace outdated building systems (building envelope, mechanical, plumbing, electrical, interior systems, fire suppression, ADA accessibility, equipment, and other issues) in Strong Hall which was constructed in 1957. The 80,713 sq. ft. renovation would also provide additional instruction and research laboratories, modernized classrooms and lecture halls, and informal learning areas for physics, astronomy, geography, geology, global mapping/GIS, and geo-tourism disciplines. The project would also include the addition of approximately 10,000 sq. ft. of space to augment the existing structure.</p>	
3. Grand Valley State University – Health and Medical Sciences Laboratory and Classroom Building	Gross \$100
<p>Total project cost is \$70.0 million. University share is \$41.0 million; state share is \$29.0 million. The project would consist of the construction of a 160,960 sq. ft. laboratory, classroom, and faculty office building on the GVSU Pew Grant Rapids campus. The facility would allow the university to grow current health care-related disciplines and bring online new academic programs in clinical dietetics, genetic counseling, aquatic therapy, and gross anatomy. The project would include active learning labs and classrooms, faculty and staff offices, equipment storage and support space, conference and meeting rooms, small project rooms, research areas, and student study and support spaces. The new facility will have multi-floor connections to the existing CHS building to provide convenient access.</p>	
4. University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition	Gross \$100
<p>Total project cost is \$140.0 million. University share is \$110.0 million; state share is \$30.0 million. The project would include the renovation of 159,559 sq. ft. and the addition of 43,265 sq. ft. to accommodate the school's programmatic needs. The project would upgrade outdated lab space, provide adaptable and flexible space for clinical education, and expand and improve accessibility to patient care services. The project would also include a new special needs/interprofessional care clinic with specialized facilities to treat patients with disabilities and complex medical conditions. In addition to the teaching/educational side, the project would provide upgrades to the HVAC, electrical, existing structure, insulation, and energy efficiency.</p>	
5. University of Michigan – Dearborn – Engineering Laboratory Building Replacement	Gross \$100
<p>Total project cost is \$90.0 million. University share is \$60.0 million; state share is \$30.0 million. The project would replace the existing 92,125 sq. ft. structure constructed in 1959. The structure would house electrical and computer engineering, industrial and manufacturing systems engineering, and mechanical engineering. A new facility would provide active learning studios, teaching laboratories, universal lecture capture, flipped classrooms, and spaces for student collaboration, among other state of the art upgrades. The new facility would more than double the number of classroom seats, increase the number of teaching lab seats by 38%, and more than double the number of office workstations.</p>	
6. University of Michigan – Flint – Murchie Science Building Expansion	Gross \$100
<p>Total project cost is \$39.0 million. University share is \$9.8 million; state share is \$29.3 million. The project includes the design and construction of a 61,345 sq. ft. expansion to the Murchie Science Building. The design will ensure the creation of a flexible learning platform that supports high-impact pedagogical practices and interdisciplinary collaboration for all of our STEM disciplines, as well as ensure optimal learning spaces for the engineering program. The project will feature flexible spaces designed to support interactive learning. The expansion will allow for new technology upgrades, interactive facilities, and interdisciplinary collaboration. This will be accomplished through the creation of new teaching labs, research labs, lab support space, classrooms, student spaces, and faculty spaces.</p>	

FY 2016-17 Supplemental Appropriation Items

**Appropriation
Change**

7. Delta College – Saginaw Center

Total project cost is \$12.7 million. College share is \$6.4 million; state share is \$6.4 million. The project would include the construction of a new 37,520 sq. ft. facility to provide educational programming to the City of Saginaw and southeastern Saginaw County. The college currently leases a 21,500 sq. ft., 1950s era elementary school in Buena Vista. Programmatically, the facility would support general education classes, skilled trades, health care, and classes offering an entry point career options through certification. The building would provide improved technology, special use training rooms, 8-10 classrooms, science labs, and computer labs. The building would also include multipurpose rooms/labs, student services, and administrative support space.

Gross \$100
GF/GP \$100

8. Kirtland Community College – Michigan Forest Products Institute Building

The Michigan Forest Products Institute Building project at Kirtland Community College has a total cost of \$6.1 million; a total state share of \$3.1 million; and a total community college share of \$3.1 million. The project would involve the construction of a new 37,800 sq. ft. facility in Grayling located on 188 acres of land. The new building would include new labs, classrooms, office space, and a new shop with equipment to train heavy equipment/diesel mechanic technicians. The project will focus on training individuals for careers in the forest and wood products industries of Michigan. Additionally, the project would provide the space needed to train a workforce and build an industry that will support the furniture construction industry. Kirtland also indicates that the project would provide training for the 250 or more employees needed by ARAUCO/North America located adjacent to Kirtland's Grayling campus. This project is advanced directly to construction authorization.

Gross \$100
GF/GP \$100

9. Muskegon Community College – Health and Wellness Center

Total project cost is \$14.1 million. Community college share is \$8.5 million; state share is \$5.6 million. The project has changed since receiving planning authorization from a renovation/addition to the construction of a new 52,498 sq. ft. standalone facility. There was no cost change to the project as a result of this design change. The new facility will function as the primary location for the college's health, physical education, and recreation department, which focuses on health and wellness of all students and is a component of the core curriculum. Structurally, the facility will contain collaborative learning spaces; large and small classrooms; a state-of-the-art health simulation lab for students in nursing, respiratory therapy, and medical assistance programs; and the Mercy Health Partners Primary Care Center (collaboration between the college, Mercy Health, and GVSU) to provide nursing students will clinical hours. The design of the building would be one contiguous floor.

Gross \$100
GF/GP \$100

10. Northwestern Michigan College – West Hall Innovation Center Renovation and Expansion

Total project cost is \$14.4 million. College share is \$7.2 million; state share is \$7.2 million. The project would include the renovation of 13,000 sq. ft. of an existing 50 year-old building and the addition of 25,000 sq. ft. of new space. The project includes additional learning lab classrooms, large simulation/adaptable learning labs, adaptable learning/simulation labs, a technology enhanced lab, a team based learning classroom, a tech help desk, and office space. Specifically, the project includes 11 additional learning spaces and 18 informal small group learning spaces in a variety of configuration levels. The renovation includes upgrades to the emergency management notification system, additional barrier free restrooms, HVAC heating and cooling upgrades, and window replacements.

Gross \$100
GF/GP \$100

11. West Shore Community College – Technical Center Renovation and Addition

Total project cost is \$5.4 million. College share is \$3.2 million; state share is \$2.2 million. The project increase by \$1.1 million from original planning authorization estimates and will be entirely covered by the college. Overall, the project includes the renovation of approximately 72,434 sq. ft. of space and the addition of 2,811 sq. ft. The project includes a general updating of the entire Technical Center (restrooms, electrical, mechanical, technology, and general building upgrades). A focus of the project is the addition of more high-bay welding space as it is currently at capacity much of the year. Included in the project is simulation lab space for nursing and a new nursing lab.

Gross \$100
GF/GP \$100

12. Michigan State Capitol Commission – Capitol Renovation and Restoration

The Capitol Renovation and Restoration project has a total project cost of \$70.0 million. The scope of the project includes the renovation, replacement, or upgrade of the following systems: mechanical, electrical, plumbing, sanitary, fire protection, and water. As a way to reduce overall energy consumption, the project also includes the installation of a geothermal field on the west side of the Capitol Square. In addition, the parking lot on the west side of the Capitol Square will be replaced. The estimated duration of the project is between 24 and 30 months.

Gross \$100
GF/GP \$100

**Appropriation
Change**

FY 2016-17 Supplemental Appropriation Items

13. Department of Health and Human Services – Caro Center Modernization

The Caro Center Replacement project has a total estimated cost of \$115.0 million. As proposed, the new facility would be approximately 250,000 sq. ft. and include space for 200 beds, which is a 50-bed capacity increase over the current facility. The capacity increase would require an additional 130 staff and operational cost increases of \$15 to \$18 million per year to cover operational and staffing needs. The current facility has experienced deterioration and has created an increasingly hazardous environment for patients and staff. Maintaining physical infrastructure is key to retaining accreditation from the Joint Commission and Centers for Medicare and Medicaid and the Caro Center's disproportionate share of hospital federal funding.

Gross	\$100
GF/GP	\$100

FY 2016-17 Supplemental Boilerplate Items

GENERAL SECTIONS

1. Total State Spending

Specifies total state spending and state spending from state resources to be paid to local units of government.

2. Appropriations Subject to PA 431

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

CAPITAL OUTLAY

3. Public Purpose, Lease and Conveyance, and Annual Appropriation

States that the Legislature determines the leasing of SBA-financed facilities are for a public purpose under the State Building Authority Act of 1964, approves and authorizes the lease and conveyance of property to the SBA and from the SBA to state and educational institutions, as applicable, executed by the Governor and Secretary of State on behalf of the state, and specifies intent of the Legislature to annually appropriate sufficient amounts to pay rent obligations pursuant to the lease.

Table 1: FY 2017-18 Conference Report - FY 2016-17 Planning Authorizations

	TOTAL	State Share	Inst. Share	Estimated Debt Service
<u>Universities</u>				
Michigan State - STEM Teaching and Learning Facility	\$72,500,000	\$29,870,000	\$42,630,000	\$2,240,300
Saginaw Valley State - College of Business & Management Expansion	17,500,000	9,800,000	7,700,000	735,000
Wayne State - STEM Innovation Learning Center	29,500,000	14,750,000	14,750,000	1,106,300
University Total	\$119,500,000	\$54,420,000	\$65,080,000	\$4,081,600
<u>Community Colleges</u>				
Alpena - Center for Health Sciences and Student Success	\$6,700,000	\$3,350,000	\$3,350,000	\$251,300
Grand Rapids - Applied Technology Center Renovation and Expansion	12,734,500	6,367,200	6,367,300	477,500
Mott - Southern Lakes Branch Center Rehab/Renovation	8,112,200	4,056,100	4,056,100	304,200
North Central - AD/CL Classroom Renovation and Expanded Learning Space	6,800,000	3,400,000	3,400,000	255,000
Schoolcraft - Applied Science Renovation and Expansion	20,000,000	10,000,000	10,000,000	750,000
St. Clair County - Health Sciences - AJT Building Renovation	9,800,000	4,900,000	4,900,000	367,500
Washtenaw - Advanced Transportation Center Addition and Remodeling	4,000,000	2,000,000	2,000,000	150,000
Community College Total	\$68,146,700	\$34,073,300	\$34,073,400	\$2,555,500
<u>State Agencies</u>				
DHHS - Northern Satellite Psychiatric Facility	TBD	TBD	NA	TBD
State Agency Total	TBD	TBD	NA	TBD
TOTAL PLANNING AUTHORIZATIONS	\$187,646,700	\$88,493,300	\$99,153,400	\$6,637,100

Table 2: FY 2017-18 Conference Report - FY 2016-17 Construction Authorizations

	TOTAL	State Share	Inst. Share	Estimated Debt Service
<u>Universities</u>				
Central Michigan - Center for Integrated Health Studies	\$26,000,000	\$19,500,000	\$6,500,000	\$1,462,500
Eastern Michigan - Strong Hall Renovation	39,536,000	29,652,000	9,884,000	2,223,900
Grand Valley State - Health and Medical Sciences Lab/Classroom	70,000,000	29,000,000	41,000,000	2,175,000
UM - Ann Arbor - School of Dentistry Renovation and Addition	139,998,000	30,000,000	109,998,000	2,250,000
UM - Dearborn - Engineering Lab Building Replacement	90,000,000	30,000,000	60,000,000	2,250,000
UM - Flint - Murchie Science Building Expansion	39,000,000	29,250,000	9,750,000	2,193,800
University Total	\$378,534,000	\$147,902,000	\$230,632,000	\$11,092,700
<u>Community Colleges</u>				
Delta - Saginaw Center	\$12,739,000	\$6,369,500	\$6,369,500	\$477,700
Kirtland - Michigan Forest Products Institute Building	6,100,000	3,050,000	3,050,000	228,800
Muskegon Community College - Health and Wellness Center	14,100,000	5,640,000	8,460,000	423,000
Northwestern MI - West Hall Innovation Center Renovation/Addition	14,398,000	7,199,000	7,199,000	539,900
West Shore - Technical Center Renovation and Upgrades	5,378,800	2,151,300	3,227,500	161,300
Community College Total	\$52,715,800	\$24,409,800	\$28,306,000	\$1,830,700
<u>State Agencies</u>				
DHHS - Caro Center Replacement - New Psychiatric Hospital	115,000,000	115,000,000	NA	8,625,000
MSSC - Capitol Restoration/Infrastructure Upgrade	70,009,400	70,009,400	NA	5,250,700
State Agency Total	\$185,009,400	\$185,009,400	NA	\$13,875,700
TOTAL CONSTRUCTION AUTHORIZATIONS	\$616,259,200	\$357,321,200	\$258,938,000	\$26,799,100

FY 2016-17: SUPPLEMENTAL APPROPRIATIONS
Summary: Conference Report
Article XX, House Bill 4323 (H-1) CR-1



HFA Director: Mary Ann Cleary
 Supplemental Coordinator: Robin R. Risko

FY 2016-17 APPROPRIATION SUMMARY

Budget Area		FY 2016-17 Year-to-Date Appropriations	FY 2016-17 Supplemental Change	% Change
Attorney General	Gross	\$101,635,800	\$3,726,300	3.7
	GF/GP	\$42,840,500	\$0	0.0
Corrections	Gross	\$2,002,729,000	\$10,750,000	0.5
	GF/GP	\$1,951,957,900	\$10,750,000	0.6
Education	Gross	\$331,975,200	\$14,526,200	4.4
	GF/GP	\$76,181,200	\$2,100,000	2.8
Environmental Quality	Gross	\$617,036,400	\$3,300,000	0.5
	GF/GP	\$49,273,400	\$0	0.0
Health and Human Services	Gross	\$24,945,958,500	\$16,923,200	0.1
	GF/GP	\$4,392,732,800	(\$49,843,900)	(1.1)
Judiciary	Gross	\$298,234,000	\$534,600	0.2
	GF/GP	\$189,157,400	\$500,000	0.3
Licensing and Regulatory Affairs	Gross	\$422,577,100	\$13,682,300	3.2
	GF/GP	\$43,721,100	\$5,000,000	11.4
Military and Veterans Affairs	Gross	\$177,150,200	\$800,000	0.5
	GF/GP	\$58,243,600	\$800,000	1.4
Natural Resources	Gross	\$409,454,100	\$8,158,000	2.0
	GF/GP	\$43,410,000	\$3,850,000	8.9
State	Gross	\$248,315,600	\$0	0.0
	GF/GP	\$22,109,600	\$0	0.0
State Police	Gross	\$660,502,300	\$8,058,100	1.2
	GF/GP	\$405,162,800	\$4,150,000	1.0
Technology, Mgmt, & Budget	Gross	\$1,385,225,700	\$5,531,000	0.4
	GF/GP	\$569,552,600	\$3,031,000	0.5
Transportation	Gross	\$4,115,753,600	\$4,310,000	0.1
	GF/GP	\$9,750,000	\$0	0.0
Treasury	Gross	\$1,808,624,500	\$12,750,000	0.7
	GF/GP	\$421,004,700	\$5,000,000	1.2
Talent and Economic Development	Gross	\$1,149,114,300	\$7,336,000	0.6
	GF/GP	\$182,508,900	\$7,336,000	4.0
TOTAL	Gross	\$38,674,286,300	\$110,385,700	0.3
	GF/GP	\$8,457,606,500	(\$7,326,900)	(0.1)

Overview

House Bill 4323 (H-1) CR-1, Article XX, contains supplemental appropriation adjustments to multiple budget areas for FY 2016-17. In sum, these adjustments would increase Gross appropriations in the state budget by a net \$110.4 million, and reduce GF/GP appropriations by \$7.3 million. The two largest adjustments are as follows:

- 1) A Gross increase of \$16.9 million and a GF/GP decrease of (\$49.8) million in Health and Human Services caseload adjustments agreed to at the May Consensus Revenue Estimating Conference.
- 2) An increase of \$10.0 million GF/GP to fund Hepatitis C treatment for prisoners.

Other appropriation and boilerplate priorities initiated by the State Budget Office (SBO), and/or Legislature, and included in Article XX are identified below.

<u>FY 2016-17 Supplemental Appropriation Items</u>	Appropriation Change	
ATTORNEY GENERAL		
1. <i>Unlicensed Activity Law Enforcement</i>	Gross	\$719,300
Includes \$719,300 IDG for investigations of unlicensed activities of builders, accountants, and real estate brokers and salespersons.	IDG	719,300
	GF/GP	\$0
2. <i>PACC NextGen Case Management System</i>	Gross	\$1,207,000
Includes \$1.2 million Gross (\$0 GF/GP) for software development, installation, and maintenance for the Prosecuting Attorneys Coordinating Council's NextGen Case Management System. Funds would be considered work project appropriations. The tentative completion date of the project is September 30, 2021.	Federal	677,000
	Local	530,000
	GF/GP	\$0
3. <i>Wrongful Convictions Administration</i>	FTE	3.0
Provides \$1.8 million in restricted Lawsuit Settlement Proceeds and 3.0 FTE positions to support costs associated with the review of wrongful imprisonment claims against the state and duties prescribed to the department in 2016 PA 343. Lawsuit Settlement Proceeds are considered unobligated general funds until they are captured by the department. Unexpended funds would be considered work project appropriations with a tentative completion date of September 30, 2021.	Gross	\$1,800,000
	Restricted	1,800,000
	GF/GP	\$0
CORRECTIONS		
4. <i>Expanded Treatment for Prisoners with Hepatitis C</i>	Gross	\$10,000,000
Includes \$10.0 million GF/GP to cover increased costs of the expanded drug treatment protocol for treatment of prisoners with Hepatitis C to align with the community standard of care set by Medicaid. The new treatment protocol is to treat prisoners that have Hepatitis C with metavir scores of F2, F3, and F4. This funding will enable the department to eliminate the backlog of prisoners with metavir scores of F3 and F4 and to treat prisoners with metavir scores of F2. The total number of prisoners that can be treated is determined based on individual treatment plans and costs to provide the treatment. A corresponding negative supplemental in the DHHS budget will support this supplemental request. Sufficient funding is available in the Pharmaceutical Services line item in the DHHS budget.	GF/GP	\$10,000,000
5. <i>Residential Services</i>	Gross	\$750,000
Includes \$750,000 GF/GP to cover costs of community residential and support services provided to eligible felony probationers and parole and probation violators. The state contracts with private providers for these services, which are also accessed by local community corrections programs.	GF/GP	\$750,000
6. <i>Supervising Region Incentive Program</i>	Gross	\$0
Includes a net \$0 re-appropriation of line item funding in order to include boilerplate that authorizes work project status (Sec. 351).	GF/GP	\$0
EDUCATION		
7. <i>Child Development and Care (CDC) – Provider Reimbursement Rate Increase</i>	Gross	\$4,900,000
Provides \$4.9 million Gross (\$2.8 million federal CCDF and \$2.1 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to closer match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.	Federal	2,800,000
	GF/GP	\$2,100,000

<u>FY 2016-17 Supplemental Appropriation Items</u>		Appropriation Change
8. Child Development and Care – Childcare Monitoring and Technology Improvements/System Maintenance		Gross \$8,592,300
Provides \$8.6 million federal CCDF to Michigan Office of Great Start for the CDC External Support line item, which brings the total appropriation to \$36.0 million federal CCDF. Funding will be used for the following activities:		Federal 8,592,300
<ul style="list-style-type: none"> • \$7.1 million federal CCDF to LARA for comprehensive fingerprinting (\$5.5 million) and background checks (\$1.6 million) of all childcare providers, staff, and individuals with unsupervised access to children in Michigan childcare settings. This funding directive would bring the MDE into compliance with federal regulations and would cover an estimated 85,000 people employed in childcare settings. • \$1.5 million federal CCDF to DHHS for technology improvements to implement the provider rate increase and to perform other needed system maintenance on Bridges. 		GF/GP \$0
9. Child Development and Care – Caseload Adjustment		Gross \$1,033,900
Increases the CDC subsidy by \$1.0 million federal CCDF based on consensus caseload estimates.		Federal 1,033,900
		GF/GP \$0
ENVIRONMENTAL QUALITY		
10. Drinking Water Declaration of Emergency		Gross \$3,300,000
Provides \$3.3 million from the Drinking Water Declaration of Emergency Reserve Fund to install a water main to connect treated water from the Great Lakes Water Authority (GLWA) to Genesee County Drain Commission (GCDC) customers and the City of Flint. This water main will enable GCDC customers to receive treated water from the Genesee County water treatment plant and allow the City of Flint to continue receiving treated water from GLWA.		Restricted 3,300,000
		GF/GP \$0
HEALTH AND HUMAN SERVICES		
11. Traditional Medicaid Cost Adjustments		Gross (\$254,959,300)
Includes a reduction of \$255.0 million Gross (\$122.7 million GF/GP) for traditional Medicaid program caseload/utilization/inflation and financing adjustments based on adjustments agreed to at the May Consensus Revenue Estimating Conference. Total includes a \$15.4 million GF/GP increase to offset the decline in disproportionate share hospital (DSH) payment savings.		Federal (119,172,400)
		Restricted (13,087,400)
		GF/GP (\$122,699,500)
12. Healthy Michigan Plan Cost Adjustments		Gross \$315,621,000
Provides an increase of \$315.6 million Gross (\$11.3 million GF/GP) for Healthy Michigan Plan caseload/utilization/inflation adjustments based on adjustments agreed to at the May Consensus Revenue Estimating Conference. Gross increase is due to the caseload increasing from approximately 600,000 beneficiaries to approximately 650,000 beneficiaries.		Federal 304,331,800
		GF/GP \$11,289,200
13. Public Assistance Caseload Adjustments		Gross (\$9,942,500)
Reduces public assistance programs by \$9.9 million Gross (\$2.0 million GF/GP) for caseload adjustments to the Family Independence Program, State Disability Assistance Payments, and state supplemental payments for the federal Supplemental Security Income (SSI) program.		Federal (7,461,500)
		Restricted (511,300)
		GF/GP (\$1,969,700)
14. Child Welfare Caseload Adjustments		Gross \$7,342,100
Increases child welfare programs by \$7.3 million Gross (\$20.0 million GF/GP) for caseload adjustments to Foster Care, Adoption Subsidy, the Guardianship Assistance Program, and the Child Care Fund. Also includes a fund source shift of TANF and GF/GP for an increase of \$9.6 million GF/GP.		Federal (12,967,300)
		Local 299,700
		Private 51,100
		GF/GP \$19,958,600
15. Special Hospital Payments		Gross (\$52,554,900)
Reduces special hospital payments by \$52.6 million Gross (increases \$15.2 million GF/GP) based on the Hospital Rate Adjustment (HRA) increasing by \$145.9 million Gross (reducing \$7.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$198.5 million Gross (increasing \$23.0 million GF/GP).		Federal (23,905,700)
		Restricted (43,805,500)
		GF/GP \$15,156,300
16. Ambulance Quality Assurance Assessment Program (QAAP) Implementation Delay		Gross (\$26,376,500)
Reduces QAAP-funded supplemental ambulance payments by \$26.4 million Gross (\$0 GF/GP) assuming the ambulance QAAP will not be implemented during FY 2016-17. The state retainer savings are also adjusted, requiring an additional \$2.4 million GF/GP.		Federal (17,184,300)
		Restricted (11,618,300)
		GF/GP \$2,426,100
17. Healthy Michigan Plan Health Initiatives		Gross \$0
Increases GF/GP by \$462,500 to replace a reduction of \$462,500 in federal matching funds from 96.25% to 50% for a legislative boilerplate initiative relating to Healthy Michigan Plan health initiative outreach.		Federal (462,500)
		GF/GP \$462,500

<u>FY 2016-17 Supplemental Appropriation Items</u>		Appropriation Change
18. Medicaid Cloud-Based Analytics Platform		
Increases GF/GP by \$383,900 to replace a reduction of \$383,900 in federal matching funds from 96.25% to 50% for a legislative boilerplate initiative relating to a Medicaid cloud-based analytics platform. Also provides an additional \$170,000 Gross (\$85,000 GF/GP) for the cloud-based analytics platform for a total program allocation of \$1.0 million Gross (\$500,000 GF/GP).		Gross \$170,000
	Federal	(298,900)
	GF/GP	\$468,900
19. Healthy Michigan Plan Nursing Facility QAAP		
Creates a \$5.0 million Gross (\$0 GF/GP) QAAP-funded nursing facility supplemental payment within Healthy Michigan Plan.		Gross \$5,000,000
	Federal	4,812,500
	Restricted	187,500
	GF/GP	\$0
20. Special Medicaid Reimbursements		
Increases special Medicaid reimbursements by \$23.2 million Gross (\$0 GF/GP) for Specialty Network Access Fee (SNAF), physician adjustor payments, dental adjustor payments, and the state psychiatric DSH payment based on projected costs. Amount reflects adjustments for both traditional Medicaid and Healthy Michigan Plan. GF/GP is not used as state matching funds for these special Medicaid reimbursements.		Gross \$23,162,500
	Federal	40,947,400
	Local	(2,419,300)
	Restricted	(15,365,600)
	GF/GP	\$0
21. FY 2015-16 Federal Medicaid Overpayment		
Includes \$18.0 million GF/GP to offset a reduction in federal reimbursement due to claiming duplicate federal reimbursements during FY 2015-16. These duplicate reimbursement requests, and the receipt of duplicate federal reimbursements, meant the state received too much in federal Medicaid matching funds during the previous fiscal year. Available accrued restricted revenues are also used to offset the federal funding reduction.		Gross \$0
	Federal	(34,000,000)
	Restricted	16,000,000
	GF/GP	\$18,000,000
22. Double-Up Food Bucks		
Includes \$750,000 GF/GP to match a three-year federal USDA Food Insecurity Nutrition Incentives grant to provide additional funding for the Double-Up Food Bucks program. Funding will be used to enhance the program in targeted areas throughout the state and fund the program year-round.		Gross \$750,000
	GF/GP	\$750,000
23. Prepaid Inpatient Health Plans		
Provides \$5.0 million GF/GP to Macomb County Community Mental Health Services to address changes in the capitated per-member-per-month that occurred October 1 and April 1, 2017.		Gross \$5,000,000
	GF/GP	\$5,000,000
24. Program of All-Inclusive Care for the Elderly (PACE)		
Provides \$900,000 Gross (\$313,700 GF/GP) to increase the number of available PACE enrollment slots.		Gross \$900,000
	Federal	586,300
	GF/GP	\$313,700
25. Behavioral Health Integration Implementation Costs		
Includes \$2.8 million Gross (\$1.0 million GF/GP) to support administrative costs of implementing and evaluating pilot projects included in FY 2017-18 boilerplate section 298.		FTE 3.0
	Gross	\$2,810,800
	Federal	1,810,800
	GF/GP	\$1,000,000
JUDICIARY		
26. Michigan Justice Training Fund Grant Revenue		
Includes authorization to receive \$34,600 in MCOLES grant funding that is available from the Department of State Police. Funding will be used to support the Judicial Institute (\$7,100) and the Appellate Public Defender program (\$27,500).		Gross \$34,600
	IDG	34,600
	GF/GP	\$0
27. Community Dispute Resolution		
Includes \$500,000 GF/GP to provide additional grant funding to organizations that operate local dispute resolution centers. The centers provide conciliation, mediation, and other forms and techniques of voluntary dispute resolution to people as an alternative to the judicial process.		Gross \$500,000
	GF/GP	\$500,000
LICENSING AND REGULATORY AFFAIRS		
28. Childcare Background Checks		
Provides \$7.1 million in interdepartmental grants from the Michigan Department of Education to the Bureau of Community and Health Systems to add an additional 8.0 FTE positions to conduct childcare provider background checks. An estimated 85,000 background checks need to be conducted on all currently licensed childcare providers, staff, and individuals with unsupervised access to children in childcare settings. The background checks are necessary due to new federal requirements associated with the Federal Child Care and Development Block Grant, which is received by the Michigan Department of Education.		FTE 8.0
	Gross	\$7,092,300
	IDG	7,092,300
	GF/GP	\$0

<u>FY 2016-17 Supplemental Appropriation Items</u>		<u>Appropriation Change</u>
29. <i>Unlicensed Regulatory Activities</i>		Gross \$439,300
Provides \$439,300 to the Bureau of Professional Licensing to support enforcement activities that the Attorney General undertakes in pursuing unlicensed regulatory activities. The Attorney General now conducts unlicensed activity cases for builders, accountants, and real estate brokers and salespersons. The Attorney General's office also handles criminal investigations for all three of the aforementioned areas of unlicensed activity.	Restricted GF/GP	439,300 \$0
30. <i>Refined Petroleum Implementation</i>		Gross \$0
Includes a net \$0 fund shift in order to implement 2016 PA 467. Authorizes \$2.4 million from the Refined Petroleum Fund, while simultaneously eliminating the appropriation from Underground Storage Tank Fees and decreasing the appropriation from Aboveground Storage Tank Fees.	GF/GP	\$0
31. <i>Prescription Drug Monitoring</i>		Gross \$975,700
Provides authorization for the Bureau of Professional Licensing to receive two separate federal grants totaling \$975,700 for the Michigan Automated Prescription System (MAPS). One grant will be used to fund a pilot project that will allow electronic medical records and pharmacy systems to interface with MAPS. The other grant will be used to implement practitioner scorecards, which will allow for the identification of MAPS users who exhibit unusual prescribing patterns of schedule II-V substances.	Federal GF/GP	975,700 \$0
32. <i>Liquor Enforcement and License Wholesale Revolving Fund</i>		Gross \$175,000
Provides \$175,000 from the Liquor Control Enforcement and License Investigation Revolving Fund, created by 2016 PA 434, to the Michigan Liquor Control Commission for license investigations and enforcement of 2016 PA 434.	Restricted GF/GP	175,000 \$0
33. <i>Indigent Defense County Plan Development Costs</i>		Gross \$5,000,000
Includes \$5.0 million GF/GP for the Michigan Indigent Defense Commission. The money will be distributed to counties through grants, so that the counties can implement their plans to comply with LARA-approved standards for indigent defense.	GF/GP	\$5,000,000
MILITARY AND VETERANS AFFAIRS		
34. <i>National Guard Tuition Assistance Program</i>		Gross \$800,000
Includes \$800,000 GF/GP to support the National Guard Tuition Assistance Program. Funds available in the National Guard Tuition Assistance Fund did not support program demand in FY 2016-17.	GF/GP	\$800,000
NATURAL RESOURCES		
35. <i>Wildlife Management</i>		Gross \$4,308,000
Increases federal funding by \$4.3 million to align spending authority with available federal revenue from the United States Fish and Wildlife Service. Funding will be used to address White Nose Syndrome in cave-dwelling bats, implement wildlife habitat improvements, provide technological improvements for DNR field offices, and offset reductions in restricted funding.	Federal GF/GP	4,308,000 \$0
36. <i>Wetland Mitigation Bank Grants</i>		Gross \$3,850,000
Provides \$3.9 million GF/GP funding for the initial development and construction of wetland mitigation banks to be used by the Michigan Municipal Wetland Alliance, agricultural producers, and blueberry farmers. Wetland mitigation banking is the creation or restoration of wetlands to compensate for unavoidable impacts to wetlands at another location.	GF/GP	\$3,850,000
37. <i>Swimmer's Itch Pilot Program</i>		Gross \$0
Includes a net \$0 re-appropriation of line item funding in order to include boilerplate that authorizes work project status (Sec. 602).	GF/GP	\$0
STATE		
38. <i>Help America Vote Act</i>		Gross \$0
Includes a net \$0 re-appropriation of line item funding in order to include boilerplate that authorizes work project status (Sec. 651).	GF/GP	\$0
STATE POLICE		
39. <i>Disaster and Emergency Contingency Fund - Deposit</i>		Gross \$4,000,000
Includes \$4.0 million GF/GP to replenish the Disaster and Emergency Contingency Fund. As of May 19, 2017, the State Budget Office reports that the Disaster and Emergency Contingency Fund balance is approximately \$1.0 million.	GF/GP	\$4,000,000

<u>FY 2016-17 Supplemental Appropriation Items</u>		Appropriation Change
40. Flint Operational Costs	Gross	\$3,908,100
Includes \$3.9 million from the Drinking Water Declaration of Emergency Reserve Fund to support warehouse costs (\$365,900), FEMA matching funds (\$1.4 million), logistical and IT support from DTMB (\$2.9 million), and printing costs related to fliers and mailers (\$250,000). The department will utilize existing appropriations to cover the difference between these costs and the requested \$3.9 million.	Restricted	3,908,100
	GF/GP	\$0
41. Roadside Drug Testing Pilot	Gross	\$150,000
Includes \$150,000 GF/GP to support a pilot project, administered by the Department of State Police, to assess the efficacy of roadside saliva testing for THC, pursuant to 2016 PA 243.	GF/GP	\$150,000
TECHNOLOGY, MANAGEMENT, AND BUDGET		
42. Citizen Centric Government IT Project	Gross	\$3,031,000
Includes \$3.0 million GF/GP to initiate the citizen centric government IT project. Project includes mobile applications, individual login portals, and system-wide integrations.	GF/GP	\$3,031,000
43. Regional Infrastructure Asset Management Pilot	Gross	\$2,000,000
Includes \$2.0 million from Michigan Infrastructure Fund revenue for a regional infrastructure asset management pilot for developing a replicable model for the statewide asset management system.	Restricted	2,000,000
	GF/GP	\$0
44. Flint Integrity Monitoring	Gross	\$500,000
Provides \$500,000 from the Drinking Water Declaration of Emergency Reserve Fund for monitoring expenditures related to water pipe replacement.	Restricted	500,000
	GF/GP	\$0
TRANSPORTATION		
45. Priority Roads Investment Program	Gross	\$3,000,000
Restores \$3.0 million of funding from Michigan Infrastructure Fund revenue that had been allocated for work associated with the Macomb sinkhole.	Restricted	3,000,000
	GF/GP	\$0
46. Installation of I-96 Cable Barrier	Gross	\$350,000
Adds \$350,000 in private funds to the State Trunkline Road and Bridge Construction line item for installation of a median cable barrier on I-96 near Webberville.	Private	350,000
	GF/GP	\$0
47. Intercity Passenger and Freight/Intercity Services	Gross	\$960,000
Includes \$960,000 in private funds for the Detroit-Port Huron intercity bus service demonstration project. Private funds will be used to match federal funds.	Private	960,000
	GF/GP	\$0
TREASURY		
48. Wrongful Imprisonment Compensation Fund	Gross	\$5,000,000
Provides \$5.0 million GF/GP for deposit in the Wrongful Imprisonment Compensation Fund created in 2016 PA 343. Funds are considered appropriated and available for expenditure to support wrongful imprisonment compensation payments.	GF/GP	\$5,000,000
49. City Income Tax Administration	FTE	7.0
Includes \$2.1 million in local funds and 7.0 FTE positions to allow the department to begin implementation of corporate and flow-through withholding tax program development for the City of Detroit and expansion of the city income tax program.	Gross	\$2,050,000
	Local	2,050,000
	GF/GP	\$0
50. Lien Filing Fee Increases	Gross	\$1,300,000
Includes \$1.3 million IDG to cover recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state. The department is reimbursed by the entity requesting the lien once the debt is satisfied.	IDG	1,300,000
	GF/GP	\$0
51. Drinking Water Declaration of Emergency – Bottled Water Purchases	Gross	\$4,000,000
Includes \$4.0 million from the Drinking Water Declaration of Emergency Reserve Fund to support continued bottled water purchases by the Michigan State Police for the final quarter of FY 2016-17. Under the terms of the recently announced settlement, distribution of bottled water will continue through September 1, 2017.	Restricted	4,000,000
	GF/GP	\$0
52. University of Michigan – Flint – Flint Water Emergency Costs Reimbursement	Gross	\$400,000
Provides \$400,000 from the Drinking Water Declaration of Emergency Reserve Fund to cover approximately 50% of direct costs incurred by the University to address impacts related to the Drinking Water Declaration of Emergency. Costs incurred by the University include the purchase of filters, faucets, water fountains, and bottled water; water quality monitoring, inspections and analysis; meetings and communication; and labor costs.	Restricted	400,000
	GF/GP	\$0

FY 2016-17 Supplemental Appropriation Items

TALENT AND ECONOMIC DEVELOPMENT

53. *Special Grants*

Provides \$7.3 million GF/GP to support grants (see Sec. 801).

Gross	\$7,336,000
GF/GP	\$7,336,000

FY 2016-17 Supplemental Boilerplate Items

ATTORNEY GENERAL

Sec. 301. Wrongful Convictions Administration

Establishes the appropriation for wrongful convictions administration as a work project account.

Sec. 302. PACC NextGen Case Management System

Establishes the appropriation for the Prosecuting Attorneys Coordinating Council's NextGen Case Management System as a work project account.

CORRECTIONS

Sec. 351. Supervising Region Incentive Program

Establishes the appropriation for the Supervising Region Incentive program as a work project account.

EDUCATION

Sec. 401. Child Development and Care External Support

Establishes the appropriation for Child Development and Care External Support as a work project account.

ENVIRONMENTAL QUALITY

Sec. 451. Drinking Water Declaration of Emergency

Establishes the appropriation for Drinking Water Declaration of Emergency as a work project account.

HEALTH AND HUMAN SERVICES

Sec. 501. Cloud-Based Analytics Platform

Requires DHHS to allocate \$500,000 of GF/GP and any associated federal match for the use of a cloud-based analytics platform to identify areas of best practice, cost reduction, opportunities for quality improvement, and comparative cost analysis.

Sec. 502. Prepaid Inpatient Health Plans

Allocates \$5.0 million to the prepaid inpatient health plan in Macomb County.

Sec. 503. Section 298 Implementation Costs

Requires DHHS to develop financially integrated and behavioral health pilot projects and demonstration models to alter behavioral health financial and services delivery systems; requires a report on the time frame for implementation, barriers to implementation, remedies to address barriers, and policy changes necessary for implementation; requires DHHS to enter into an agreement with a project facilitator, with at least 5 years of experience, to establish performance metrics and comprehensive project plans.

Sec. 504. Program of All-Inclusive Care for the Elderly

Expresses legislative intent that \$900,000 be used to provide additional slots for two operating PACE programs.

LICENSING AND REGULATORY AFFAIRS

Sec. 551. Bureau of Community and Health Systems

Establishes the appropriation for the Bureau of Community and Health Systems for childcare background checks as a work project account.

NATURAL RESOURCES

Sec. 601. Wetland Mitigation Bank Grants

Establishes the appropriation for Wetland Mitigation Bank Grants as a work project account.

Sec. 602. Swimmer's Itch Pilot Program

Establishes the appropriation for the Swimmer's Itch Pilot program as a work project account.

STATE

Sec. 651. Help America Vote Act

Establishes the appropriation for the Help America Vote Act as a work project account.

FY 2016-17 Supplemental Boilerplate Items

TECHNOLOGY, MANAGEMENT, AND BUDGET

Sec. 701. Flint Integrity Monitoring

Requires appropriated funds to be used to contract with an integrity oversight monitor to oversee legal compliance, detect misconduct, and to promote best practices in regards to expenditures for replacing water pipes.

Sec. 702. BSF Deposit

Specifies that the BSF deposit is \$75.0 million for FY 2016-17. This is consistent with current year language. Current year language that requires 25% of the FY 2016-17 unassigned fund balance to be deposited is deleted with the repeal of current year language. The repealer is included in Enacting Section 1.

TREASURY

Sec. 751. Wrongful Imprisonment Compensation Fund

Requires appropriated funding to be deposited into the state restricted Wrongful Imprisonment Compensation Fund.

Sec. 752. University of Michigan – Flint – Flint Water Emergency Costs Reimbursements

Requires \$400,000 to be allocated to the University of Michigan – Flint for costs related to the Drinking Water Declaration of Emergency.

TALENT AND ECONOMIC DEVELOPMENT

Sec. 801. Special Grants

Specifies that of the \$7.3 million appropriated in part 1 for special grants, \$3.3 million is allocated for the Dort Highway infrastructure project in Genesee County; \$200,000 is allocated for a river dredging project in Kent County; \$386,000 is allocated for a highway project in Ottawa County; \$750,000 is allocated for road projects in Oakland County; \$1.0 million is allocated for infrastructure repair projects in Gogebic County; and \$1.7 million for water and sewer system improvements for the City of Standish.

ENACTING SECTION

Enacting Section 1. Repealer

Repeals section 1801 of Public Act 340 of 2016.

FY 2017-18: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: Conference Report Article I, House Bill 4323 (H-1) CR-1

Analyst: William E. Hamilton

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$323,200	\$310,300	\$310,300	\$310,300	\$310,300	(\$12,900)	(4.0)
Federal	10,471,200	11,273,900	11,273,900	11,273,900	11,373,900	902,700	8.6
Local	0	0	0	0	0	0	--
Private	130,700	101,600	101,600	101,600	101,600	(29,100)	(22.3)
Restricted	35,054,900	36,661,000	36,661,000	36,660,900	36,661,000	1,606,100	4.6
GF/GP	49,926,900	56,582,000	57,682,000	61,397,900	66,251,800	16,324,900	32.7
Gross	\$95,906,900	\$104,928,800	\$106,028,800	\$109,744,600	\$114,698,600	\$18,791,700	19.6
FTEs	482.0	499.5	497.5	499.5	499.5	17.5	3.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Agriculture and Rural Development's (MDARD) 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.

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Emergency Management	FTE	3.0	1.0
Executive recommended \$359,700 GF/GP increase with 1.0 additional FTE position for program that coordinates preparation for and response to emergencies that affect the state's food and agriculture industries. House and Senate concurred with Executive. Conference recognizes additional \$100,000 in federal Department of Health and Human Services/Food and Drug Administration grant funds.	Gross	\$614,600	\$459,700
	Federal	331,900	100,000
	GF/GP	\$282,700	\$359,700
2. Operational Services/Central Licensing	FTE	19.0	1.0
House and Senate concurred with Executive to provide \$2.0 million (\$1.2 million GF/GP) for Operations services/ Central licensing, an increase of \$107,700 GF/GP and 1.0 additional FTE position over current year. Also shifted funding within budget to reflect department reorganization: the current line item is eliminated, \$1.2 million (\$422,300 GF/GP) is used in a new Central Licensing/Call Center line item in the Laboratory Program appropriation unit, and \$780,000 GF/GP is reallocated to Executive direction. Conference concurs with House and Senate.	Gross	\$1,882,700	\$107,700
	Restricted	792,600	0
	GF/GP	\$1,090,100	\$107,700
3. Statistical Reporting Service	FTE	1.0	0.0
House and Senate concurred with Executive to increase baseline support by \$80,000 GF/GP to offset decline in private revenue. Also moved this line item to the Agriculture Development appropriation unit to recognize a department reorganization. Conference concurs with House and Senate.	Gross	\$153,600	\$50,700
	Private	79,100	(29,300)
	GF/GP	\$74,500	\$80,000
4. Food and Dairy – Food Safety Quality Assurance	FTE	93.0	1.0
House and Senate concurred with Executive and provided \$671,300 GF/GP increase with 1.0 additional FTE position for program to assist producers in implementing federal Food Safety Modernization Act (FSMA) requirements. Conference concurs with House and Senate.	Gross	\$14,006,400	\$671,300
	Federal	1,274,100	0
	Restricted	4,690,600	0
	GF/GP	\$8,041,700	\$671,300

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Food and Dairy – Milk Safety Quality Assurance			
<u>House</u> and <u>Senate</u> concurred with Executive and increased support by \$166,600 GF/GP with 1.0 additional FTE position to reflect increased workload due to changes in federal re-inspection requirements; this program is necessary to ensure compliance with the Pasteurized Milk Ordinance.	FTE	30.0	1.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$4,260,100	\$166,600
	Federal	56,000	0
	Restricted	219,300	0
	GF/GP	\$3,984,800	\$166,600
6. Animal Industry – Animal Health and Disease Response			
<u>Executive</u> recommended \$164,700 GF/GP increase with 1.0 additional FTE position. <u>House</u> concurred with Executive. <u>Senate</u> provided additional \$97,000 GF/GP above the Executive recommendation.	FTE	60.0	1.0
<u>Conference</u> concurs with <u>House/Executive</u> .	Gross	\$9,054,500	\$164,700
	Federal	625,300	0
	Private	30,500	0
	Restricted	252,600	0
	GF/GP	\$8,146,100	\$164,700
	Gross	\$899,000	\$1,601,000
	GF/GP	\$899,000	\$1,601,000
7. Animal Agriculture Initiative			
This line, new in the FY 2016-17 budget, supports the Michigan Alliance for Animal Agriculture, a consortium of animal industry organizations, the Michigan Farm Bureau, Michigan State University AgBioResearch, and MDARD. Funding is to be used for applied research and Ag. Extension projects related to animal agriculture. <u>Executive</u> had recommended \$399,000 shown as ongoing. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> includes \$2.5 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line.			
	Gross	\$0	\$1,000,000
	GF/GP	\$0	\$1,000,000
8. Bovine Tuberculosis (TB) – Wildlife Risk Mitigation			
<u>Executive</u> had recommended \$1.0 million GF/GP, identified as one-time, for a cost share program, carried out through local conservation districts, to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB.			
<u>House</u> included \$500,000 GF/GP, \$500,000 less than the Executive.			
<u>Senate</u> concurred with Executive.			
<u>Conference</u> concurs with <u>Senate/Executive</u> .			
9. Pesticide and Plant Pest Management (PPPM)			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and provided additional GF/GP and restricted Commodity inspection fee support with 2.0 additional FTE positions to assist producers in implementing FSMA requirements and Good Agricultural Practices (GAP) and Good Handling Practices (GHP) audits.	FTE	92.0	2.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$13,672,000	\$284,400
	Federal	1,803,600	0
	Private	21,100	0
	Restricted	6,224,500	142,200
	GF/GP	\$5,622,800	\$142,200
10. Environmental Stewardship/MAEAP			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to reduce GF/GP support by \$259,000 and also recognize 2.0 additional FTE positions. [The current year baseline includes \$1.5 million in restricted Freshwater Protection fund revenue included in supplemental appropriation act, Public Act 340 of 2016.]	FTE	23.0	2.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$10,646,800	(\$259,000)
	Federal	1,651,900	0
	Restricted	7,679,800	0
	GF/GP	\$1,315,100	(\$259,000)
11. Farmland and Open Space Preservation			
This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights. <u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and reduced GF/GP support by \$120,000; also retained 3.0 FTE positions and \$305,600 in restricted Agriculture Preservation Fund revenue added to current year in supplemental appropriation act, Public Act 340 of 2016.	FTE	10.0	0.0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	\$1,727,700	(\$120,000)
	Restricted	1,400,000	0
	GF/GP	\$327,700	(\$120,000)
12. Intercounty Drain			
<u>Executive</u> recommended increase of \$315,100 GF/GP with 2.0 additional FTE positions for ongoing intercounty drain program. <u>House</u> provided \$185,100 GF/GP increase – \$130,000 less than Executive with 1.0 additional FTE. <u>Senate</u> concurred with Executive.	FTE	4.0	1.0
<u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross	\$484,400	\$315,100
	GF/GP	\$484,400	\$315,100

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
13. Intercounty Drain Mapping Project (One-Time)			
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and provided \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross GF/GP	\$0 \$0	\$250,000 \$250,000
14. Qualified Forest Program	FTE	9.0	0.0
<u>Executive</u> recommended increase of \$100,000 Gross; a \$90,000 GF/GP reduction would be offset by recognition of \$190,000 in additional revenue from the Private Forestland Enhancement Fund. <u>House</u> reduced GF/GP support by \$436,100 – \$346,100 GF/GP less than <u>Executive</u> . <u>Senate</u> concurred with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross Restricted GF/GP	\$2,582,700 288,200 \$2,294,500	\$100,000 190,000 (\$90,000)
15. Right to Farm	FTE	3.0	2.5
<u>Executive</u> recommended \$384,000 GF/GP increase with 3.5 additional FTE positions in anticipation of increased workload related to siting of new or expanded livestock operations. <u>House</u> increased GF/GP support by \$254,000 – \$130,000 GF/GP less than <u>Executive</u> – with 2.5 additional FTE positions. <u>Senate</u> concurred with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate/Executive</u> .	Gross IDG GF/GP	\$577,600 103,100 \$474,500	\$384,000 0 \$384,000
16. Agriculture Development	FTE	11.0	1.0
<u>House</u> and <u>Senate</u> concur with <u>Executive</u> and increase GF/GP support by \$408,500 with 1.0 additional FTE position. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Federal Restricted GF/GP	\$3,604,300 2,316,000 87,200 \$1,201,100	\$408,500 0 0 \$408,500
17. Grape and Wine Council	FTE	3.0	0.0
The FY 2016-17 budget had included \$921,000 in ongoing restricted funding and \$170,000 GF/GP shown as one-time. <u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and eliminated this one-time GF/GP funding. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Restricted GF/GP	\$1,091,000 921,000 \$170,000	(\$170,000) 0 (\$170,000)
18. Value-Added Grants/Food and Agriculture Investment Program	Gross GF/GP	\$1,500,000 \$1,500,000	\$3,243,900 \$3,243,900
<u>Executive</u> had recommended \$2.7 million GF/GP for the Food and Agriculture Investment Program, defined and governed by boilerplate, Section 701. <u>House</u> included \$2.5 million GF/GP, \$243,900 less than <u>Executive</u> . <u>Senate</u> included \$4.7 million GF/GP; \$2.0 million more than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> .			
19. Rural Development Fund Grant Program	FTE	1.0	0.0
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> and retained this statutory grant program which was new in the FY 2016-17 budget. The program is supported with restricted revenue from a non-ferrous metals extraction tax established in Public Act 410 of 2012. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Restricted GF/GP	\$2,000,000 2,000,000 \$0	\$0 0 \$0
20a. County Fairs, Shows, Expositions Grants	Gross GF/GP	\$470,000 \$470,000	\$178,800 \$178,800
<u>Executive</u> had recommended \$300,500 GF/GP, a reduction of \$170,000 for program that provides matching capital grants to eligible county fairs, shows, and expositions. <u>House</u> makes an additional \$100 GF/GP reduction as compared to the <u>Executive</u> in order to establish a separate Festivals and events line item. <u>Senate</u> includes \$649,300 GF/GP, \$348,800 more than <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> .			
20b. Festivals and Events	Gross GF/GP	\$0 \$0	\$0 \$0
<u>House</u> included \$100 placeholder for new line item. <u>Senate</u> did not include. <u>Conference</u> does not include.			
21. Advanced Deposit Wagering	Gross GF/GP	\$0 \$0	\$0 \$0
<u>Senate</u> included \$100 placeholder for new line item. <u>House</u> did not include. <u>Conference</u> does not include.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
22. Tree Fruit Research/Commission	Gross	\$500,000	\$1,000,000
FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. <u>Executive</u> recommended \$1.5 million GF/GP granted to the Michigan Tree Fruit Commission for capital improvements to Michigan State University tree fruit research facilities. <u>House</u> included \$1.25 million, \$250,000 less than Executive. <u>Senate</u> concurred with Executive. <u>Conference</u> includes \$1.5 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line.	GF/GP	\$500,000	\$1,000,000
23. Vital Agriculture Infrastructure Grant (One-Time)	Gross	\$220,000	(\$220,000)
<u>House</u> and <u>Senate</u> concurred with <u>Executive</u> to eliminate one-time earmark for local capital construction project. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	GF/GP	\$220,000	(\$220,000)
24. Double-Up Food Bucks (One-Time)	Gross	\$0	\$100
<u>Executive</u> had requested a total of \$1.4 million GF/GP for expansion of "Double-up Food Bucks" nutrition incentive program. <u>House</u> concurred with Executive. <u>Senate</u> did not include. <u>Conference</u> includes \$100 placeholder from restricted funds.	Restricted GF/GP	0 \$0	100 \$0
[Funding for Double-Up Food Bucks program is included in DHHS supplemental appropriation.]			
25. MSU Mobile Fruit and Vegetable Processing Units (One-Time)	Gross	\$0	\$4,400,000
<u>House</u> and <u>Senate</u> had included include one-time funding for purchase of mobile fruit and vegetable processing units to be used by MSU, in coordination with participating community colleges, to help train students in food processing industry. The House had also included funding for capital improvements to MSU's on-campus food processing laboratory. <u>Conference</u> includes \$4.4 million, earmarked in boilerplate Sec. 901, as part of the new \$8.4 million Agriculture industry research and development line. Of the \$4.4 million, \$3.2 million is identified as for campus and mobile labs; \$1.2 million is earmarked for a related workforce development initiative.	GF/GP	\$0	\$4,400,000
26. Albion Equestrian Center	Gross	\$0	\$100,000
<u>Senate</u> included \$100,000 for new line item. <u>House</u> does not include. <u>Conference</u> concurs with <u>Senate</u> .	GF/GP	\$0	\$100,000
27. Food Bank Council of Michigan	Gross	\$0	\$2,000,000
<u>Senate</u> included \$2.5 million GF/GP for new line item. <u>House</u> does not include. <u>Conference</u> includes \$2.0 million GF/GP.	GF/GP	\$0	\$2,000,000
28. Technical and Revenue Adjustments	Gross	NA	\$1,848,000
<u>Executive</u> budget includes various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> concurs with <u>House/Senate</u> .	Federal IDG Restricted GF/GP	NA NA NA NA	775,000 (15,000) 1,101,400 (13,400)
29. Economics	Gross	NA	\$676,200
<u>Executive</u> reflects increased costs of \$676,200 Gross (\$473,800 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> concurs with <u>House/Senate</u> .	IDG Federal Private Restricted GF/GP	NA NA NA NA NA	2,100 27,700 200 172,400 \$473,800

Major Boilerplate Changes From FY 2016-17

Sec. 215. Communication with the Legislature – RETAINED

Prohibits department from taking disciplinary action against an employee for communicating with the Legislature
Executive deletes. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 234. Record Retention – RETAINED

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines. Executive deletes. Conference retains.

Sec. 402. Education and Training for Beer Delivery Systems – NEW

Conference adds new section earmarking \$150,000 from the Food safety and quality assurance line for new program related to proper management of beer delivery systems authorized under Public Act 514 of 2016.

Sec. 403. FSMA Program – RETAINED

Indicates legislative intent that the department establish a FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1. Conference retains.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury. Conference retains.

Sec. 453. Indemnification/Depredation Payments – REVISED

Requires specific appropriation for indemnification payments that exceed \$100,000; provides reporting requirements; eliminates requirement that report identify persons to whom indemnification is paid, and allows depredation report as part of annual Animal Industry Division report. Conference revises to require report on a calendar year basis, rather than fiscal year.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section establishes specific Bovine TB reporting requirement. Executive deletes. Conference retains.

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

Section indicated legislative intent that 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. Conference retains.

Sec. 461. Bovine TB Risk Mitigation – NEW

House includes new section, which was not included in the Senate bill, describing the Bovine TB risk mitigation program and establishing an earmark for apiary protection program. Conference concurs with House.

Sec. 701. Value Added Grant Program – REVISED

Current language of Sec. 701 defines Valued-added grant program. Executive includes new language in Sec. 711 which directs department to establish new *Food and Agriculture Investment Program* as a competitive grant program intended to expand Michigan's food and agriculture sector, grow Michigan exports, and increase food processing activities; establishes grant criteria and reporting requirements. Conference generally follows Executive with some language modifications.

Sec. 702. Rural Development Fund/Program – RETAINED

Section directs department to work with Rural Development Fund Board. Executive deletes. Conference retains; corrects statutory reference.

Sec. 706. Agriculture Development Report – RETAINED

Executive includes new metrics on increased trade show and export business visit attendance. Conference retains current year language.

Sec. 709. Grape and Wine Industry Council Report – RETAINED

Executive deletes a current reporting requirement. Conference retains.

Sec. 801. Ag Equine Industry Development Fund (AEIDF) – RETAINED

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

Sec. 804. Michigan Gaming Control Board (MGCB) – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs. Executive deletes. Conference retains.

Sec. 805. County Fair Capital Grant Program – REVISED

Provides for matching program for county fair capital grants appropriated in part 1. Executive revises to delete special project earmarks. Conference concurs with Executive with minor language changes.

Sec. 901. Agriculture Industry Research and Development (AIRD) – NEW

Conference includes new section which earmarks specific uses of the \$8.4 million AIRD appropriation.

FY 2017-18: DEPARTMENT OF CORRECTIONS
Summary: Conference Report
Article V, House Bill 4323 (H-1) CR-1



Analyst: Robin R. Risko

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	5,523,700	5,293,800	5,293,800	5,293,800	5,293,800	(229,900)	(4.2)
Local	8,692,800	8,842,400	8,842,400	8,842,400	8,842,400	149,600	1.7
Private	0	0	0	0	0	0	--
Restricted	36,554,600	36,149,400	39,649,400	36,149,400	41,149,400	4,594,800	12.6
GF/GP	1,951,957,900	1,964,133,600	1,954,133,600	1,924,133,600	1,946,633,600	(5,324,300)	(0.3)
Gross	\$2,002,729,000	\$2,014,419,200	\$2,007,919,200	\$1,974,419,200	\$2,001,919,200	(\$809,800)	(0.0)
FTEs	13,819.9	13,819.9	13,819.9	13,819.9	13,819.9	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 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 June 1, 2017, the department was responsible for 100,341 Michigan offenders: 40,553 prisoners, 44,044 probationers, and 15,744 parolees.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. One-Time Funding for Training New Custody Staff

Executive includes \$4.4 million in one-time funding to train 177 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. With the additional funding added to the FY 2016-17 base of \$9.2 million, the department will be able to train roughly 550 new officers in FY 2017-18. House concurs. Senate does not include the funding. Conference includes the funding.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$9,216,500	\$4,359,000
GF/GP	\$9,216,500	\$4,359,000

2. Trinity Food Service Contract Adjustment

Executive includes \$4.0 million to cover the required contract rate adjustment and an increase in the projected cost of food service utilizing a census-based billing model with prices per meal based on prisoner population levels. House concurs. Senate includes \$2.4 million, reflecting a savings in contract costs based on a reduced prison population. Conference includes \$2.7 million.

Gross	\$54,455,900	\$2,707,600
GF/GP	\$54,455,900	\$2,707,600

3. Corizon Health Care Contract Adjustment

Executive includes \$3.5 million to cover required inflationary adjustments. The health care contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals. House concurs. Senate includes \$1.8 million, reflecting a savings in contract costs based on a reduced prison population. Conference reduces funding by \$1.2 million.

Gross	NA	(\$1,159,100)
GF/GP	NA	(\$1,159,100)

4. Increased Oncology Costs

Executive includes \$2.3 million to cover increased cancer treatment-related costs (e.g. costs for chemo/radiation, surgeries, observation, and office visits). House concurs. Senate concurs. Conference concurs.

Gross	NA	\$2,328,300
GF/GP	NA	\$2,328,300

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Westside Residential Alternative to Prison Program	Gross	NA	\$1,500,000
<u>Executive</u> includes \$1.5 million to expand the current Wayne Residential Alternative to Prison program to thirteen counties on the west side of the state. The program provides new and additional sentencing options for probation violators who may otherwise be sentenced to prison, including vocational, educational, and cognitive programming in a secure, highly structured setting. <u>House</u> concurs. <u>Senate</u> does not include funding for expansion of the program. Further, <u>Senate</u> eliminates the \$500,000 that is appropriated in the current year budget for the program serving Wayne County. <u>Conference</u> includes \$1.5 million for expansion of the program.	GF/GP	NA	\$1,500,000
6. Removal of One-Time Funding	Gross	\$9,468,700	(\$9,468,700)
<u>Executive</u> eliminates \$9.5 million in one-time funding that was included in the FY 2016-17 budget. One-time funding was appropriated for training new custody staff (\$8.5 million), ballistic vests (\$481,300), and the Supervising Region Incentive Program (\$481,300). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	481,300	(481,300)
	GF/GP	\$8,987,400	(\$8,987,400)
7. Hepatitis C Funding Adjustment	Gross	\$14,935,000	(\$8,199,500)
<u>Executive</u> reflects a savings of \$3.2 million GF/GP to align FY 2017-18 base funding for Hepatitis C treatment with anticipated caseload needs. The Executive budget recommendation includes a supplemental request for \$13.9 million in the FY 2016-17 budget to address treatment needs of prisoners that have Hepatitis C with metavir scores of F2. If the supplemental request is granted, the FY 2017-18 base funding level should be reduced to reflect the amount of funding needed in FY 2017-18 for the projected number of prisoners still requiring treatment. <u>House</u> reduces funding by \$8.2 million GF/GP based on lower than anticipated costs for treatment drugs. <u>Senate</u> reduces funding by \$10.0 million based on lower than anticipated costs for treatment drugs and a reduced prison population. <u>Conference</u> reduces funding by \$8.2 million.	GF/GP	\$14,935,000	(\$8,199,500)
8. Program Eliminations	Gross	\$4,018,600	(\$1,518,600)
<u>Executive</u> eliminates \$4.0 million and the following programs from the budget:	GF/GP	\$4,018,600	(\$1,518,600)
<ul style="list-style-type: none"> • Goodwill Flip the Script (\$1.5 million) - Funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison. <u>House</u> retains the program and current year funding. <u>Senate</u> retains the program and includes an additional \$1.5 million over current year for a total appropriation of \$3.0 million. <u>Conference</u> retains current year funding. • Supervising Region Incentive Program (\$2.5 million) - Funding was first included in the FY 2016-17 budget and was authorized to be expended in accordance with provisions contained in the Supervising Region Incentive Act, which had not been enacted until just recently (SB 17, Public Act 11 of 2017). The idea was to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. <u>House</u> concurs. <u>Senate</u> retains current year funding and includes an additional \$2.5 million for a total appropriation of \$5.0 million. <u>Conference</u> reduces current year funding by \$1.5 million, leaving a \$1.0 million appropriation. 			
9. DTMB Rate Adjustments	Gross	NA	\$1,500,000
<u>Executive</u> includes \$1.5 million to cover costs of service rate changes that DTMB will make in FY 2017-18. DTMB will be making statewide changes in the billing methodology for desktop services from a bundled rate per desktop to a rate based on the number of users and devices. This change will result in increased billings to the department. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$1,500,000

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
10. Pugsley Facility Closure			
<u>Executive</u> eliminates \$800,000 that was included in the FY 2016-17 budget to assist with closure costs of the Pugsley Correctional Facility. The facility closed in September 2016. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross GF/GP	\$800,000 \$800,000	(\$800,000) (\$800,000)
11. Funding Adjustment for Administrative Hearings Officers			
<u>Executive</u> reduces funding for the Administrative Hearings Officers line item by \$200,000 based on projected caseloads. Due to the declining prison population, the level of services provided to the department by LARA, through the Michigan Administrative Hearings Services unit, has also declined. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross GF/GP	\$3,407,100 \$3,407,100	(\$200,000) (\$200,000)
12. Funding Adjustment for Inmate Legal Services			
<u>Executive</u> reduces funding for the Inmate Legal Services line item by \$200,000 due to lower contract costs. Pursuant to a 1996 court order, the department contracts out to provide eligible prisoners with legal assistance in matters relating to their criminal conviction and/or conditions of confinement. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross GF/GP	\$790,900 \$790,900	(\$200,000) (\$200,000)
13. Program and Fund Source Adjustments			
<u>Executive</u> makes the following program and fund source adjustments:	Gross	NA	(\$165,300)
• Reduces federal education fund source authorization to reflect the amount of federal revenue the department expects to receive (\$237,100)	Federal	NA	(237,100)
• Increases local community tether reimbursement fund source authorization to reflect increased participation in the program by local entities (\$69,600)	Local	NA	69,600
• Increases the appropriation for DHHS eligibility specialists to cover increased payroll costs charged to MDOC by DHHS (\$16,000)	Restricted	NA	(14,300)
• Reduces state restricted reentry center offender reimbursement fund source authorization to reflect the amount of revenue the department anticipates collecting (\$14,300)	GF/GP	NA	\$16,500
• Increases the appropriation for judicial data warehouse user fees to cover costs charged to MDOC by the Judicial branch for the department's access to the data warehouse (\$600)			
• Eliminates the \$100 placeholders for the Future Facility and the Cost-Effective Housing Initiative line items (\$200).			
<u>House</u> concurs with all adjustments made by Executive.			
<u>Senate</u> concurs with all adjustments but the elimination of the \$100 placeholder for the Future Facility line item (see item #28).			
<u>Conference</u> concurs with all adjustments but the elimination of the \$100 placeholder for the Future Facility line item (see item #28).			
14. Technical Adjustments			
<u>Executive</u> makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross GF/GP	NA NA	\$0 \$0
15. Economic Adjustments			
<u>Executive</u> reflects a net increase of \$12.5 million Gross (\$12.3 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, private rent, and food and utilities. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross Federal Local Restricted GF/GP	NA NA NA NA NA	\$12,507,200 7,200 80,000 90,400 \$12,329,600

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
16. Medication-Assisted Treatment Reentry Pilot Program	Gross	\$500,000	\$0
<u>Executive</u> retains current year funding of \$500,000 for the medication-assisted treatment reentry pilot program, which provides prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted offenders. Offenders receive one injection prior to being released from custody and are connected with an aftercare plan. <u>House</u> includes \$500,000 in additional funding for expansion of the program. <u>Senate</u> retains current year funding. <u>Conference</u> retains current year funding.	GF/GP	\$500,000	\$0
17. Public Safety Initiative	Gross	\$4,500,000	(\$500,000)
<u>Executive</u> retains current year funding of \$4.5 million for the Public Safety Initiative. <u>House</u> reduces funding by \$3.5 million. <u>Senate</u> retains current year funding. <u>Conference</u> reduces funding by \$500,000.	GF/GP	\$4,500,000	(\$500,000)
18. Program and Special Equipment Fund Source Adjustment	Gross	\$6,134,600	\$0
<u>Executive</u> does not make a recommendation. <u>House</u> reduces GF/GP funding used for prisoner education and for reentry programs by \$3.5 million and replaces the GF/GP with state restricted Program and Special Equipment Fund (SEF) revenue. <u>Senate</u> does not include additional SEF revenue. <u>Conference</u> reduces GF/GP by \$5.0 million and replaces it with a like amount of SEF revenue.	Restricted	6,134,600	5,000,000
	GF/GP	\$0	(\$5,000,000)
19. County Jail Reimbursement Program	Gross	\$15,064,600	\$0
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes an additional \$3.5 million for the County Jail Reimbursement program. <u>Conference</u> does not include the additional funding.	Restricted	5,900,000	0
	GF/GP	\$9,164,600	\$0
20. Online Career High School Education Pilot Program	Gross	NA	\$1,000,000
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes \$3.0 million for a new online career high school education pilot program to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas. <u>Conference</u> includes \$1.0 million.	GF/GP	NA	\$1,000,000
21. Federally Qualified Health Center Pilot Program	Gross	NA	\$75,000
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes \$75,000 for the department to work with the organization that represents federally qualified health centers to implement a pilot project to ensure that behavioral and physical health needs of parolees and probationers are met. <u>Conference</u> includes the \$75,000.	GF/GP	NA	\$75,000
22. Criminal Justice Reinvestment	Gross	\$4,573,300	\$925,100
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes an additional \$2.9 million for criminal justice reinvestment. Current year funding is used to pay for contracts with providers of reentry services, including specialized reentry services for parolees who are medically frail or who have mental health needs, and for substance abuse and sex offender treatment programming. <u>Conference</u> includes an additional \$925,100.	GF/GP	\$4,573,300	\$925,100
23. Parole Sanction Certainty Program	Gross	\$1,440,000	\$0
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> changes the name of the current year "Parole Sanction Certainty Pilot Program" to "Substance Abuse Parole Certain Sanction Program". The recently enacted Public Act 1 of 2017, (SB 16), creates the new parole sanction certainty program in statute. The program currently in the MDOC budget, with the same title, is not the same as the program recently created in statute. A name change is necessary in order for there not to be an unconstitutional amendment by reference of the new law. <u>Conference</u> concurs.	GF/GP	\$1,440,000	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
24. Leased Beds and Alternatives to Leased Beds	Gross	\$100	\$0
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes \$3.5 million to reinstate the leased beds program, which was discontinued in the current year budget. In the FY 2016 budget, the program was funded at \$5.3 million. The funding was used to reimburse counties for housing MDOC prisoners who were low risk, nonviolent offenders, serving flat, two-year sentences. <u>Conference</u> does not include funding to reinstate the program.	GF/GP	\$100	\$0
25. Work for Restitution Program	Gross	NA	\$0
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes \$1.0 million for a new work for restitution program. <u>Conference</u> does not include the funding.	GF/GP	NA	\$0
26. Prisoner Health Care	Gross	\$69,880,400	\$0
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> reduces funding for prisoner health care services by \$8.3 million based on a reduced prison population. <u>Conference</u> does not reduce funding.	GF/GP	\$69,880,400	\$0
27. Correctional Facilities Operations	Gross	\$1,057,288,700	(\$6,500,700)
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> reduces funding by \$41.6 million to be achieved by reducing 29 correctional facility line items by 3.9%, or an average of \$1,434,976. This equates to the loss of a total of 388.6 FTE positions, or 13.4 FTE positions at each of the facilities. <u>Conference</u> reduces funding by \$6.5 million to be achieved by permanently closing housing units at the Carson City, Gus Harrison, G. Robert Cotton, Marquette, and Michigan Reformatory correctional facilities.	Federal	1,034,800	0
	Restricted	102,100	0
	GF/GP	\$1,056,151,800	(\$6,500,700)
28. Future Correctional Facility	Gross	\$100	\$999,900
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes an additional \$4.4 million for the Future Facility line item, which is a \$100 placeholder line item in the current year budget. <u>Conference</u> includes an additional \$999,900, for a total appropriation of \$1.0 million, and changes the name of the line item to "Future Facility and Staff Transition Costs".	GF/GP	\$100	\$999,900

Major Boilerplate Changes From FY 2016-17

Sec. 247. Compilation of Data for Swift and Sure Sanctions Program – NEW

Requires MDOC to assist the State Court Administrative Office with data compilation for the Swift and Sure Sanctions program. Executive includes new language. House includes new language. Senate includes new language. Conference includes new language.

Sec. 248. Consensus Revenue Estimating Conference – NEW

Requires the Senate and House Fiscal Agencies and the State Budget Director, or State Treasurer, to establish a projected prisoner population and a projected number of available beds based on the population projection. Executive does not include new language. House does not include new language. Senate does not include new language. Conference includes new language.

Sec. 307. Vendor Contracts – REVISED

Requires MDOC to issue biannual reports on all vendor contracts, including start and expiration dates, site visits completed by department, and number and amount of fines for service-level agreement noncompliance, broken down by area of noncompliance. Executive revises language to require reports annually, restrict reports to covering only contracts with a value of \$5.0 million or more, and specify that site visits are "contract compliance monitoring" site visits. House concurs. Senate revises language to require reports on contracts with a value of \$500,000 or more and to specify that "site visits" are "contract compliance monitoring site visits". Conference concurs with Senate revisions.

Major Boilerplate Changes From FY 2016-17

Sec. 311. Michigan State Industries Program – NEW

Requires MDOC to conduct a study on the Michigan State Industries program, focusing on determining which industries within the 10 identified prosperity regions have the maximum benefit to prisoners in providing marketable skills and leading to employable outcomes after release from prison; requires MDOC to report on results of the study and recommendations. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to require a report on MSI, to include the locations of the programs, number of participants at each location, description of job duties and work schedules, products produced, and how the programs provide marketable skills that lead to employable outcomes.

Sec. 403. Partnering for Providing Reentry Services – NEW

Requires MDOC to partner with nonprofit faith-based, business and professional, civic and community organizations for the purpose of providing prisoner reentry services. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language.

Sec. 404. Matching Parolees with Potential Employers – NEW

Requires MDOC to ensure that all prisoners have a potential employer match in the communities to which they will return, prior to each prisoner's initial parole hearing. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to add "when reasonably possible" for the department.

Sec. 406. Federally Qualified Health Centers (FQHCs) – NEW

Requires MDOC to work with the organization that represents federally qualified health centers to implement a pilot project to ensure that behavioral and physical health needs of parolees and probationers are met; requires pilot project to position FQHCs to ensure that parolees and probationers are enrolled in and maintain access to benefits that they qualify for, are linked to health care services they need, follow up with providers, stay on their medications, are engaged in services, and have barriers to care addressed; requires MDOC to make necessary accommodations to perform the transition planning to allow for a direct referral to the FQHC organization to patients in relevant areas; authorizes FQHCs to submit annual reports. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language.

Sec. 409. Workforce Development Program – REVISED

Requires MDOC to work with the Talent Investment Agency within DTED and local entities to design services and to coordinate reentry and vocational education programs for prisoners in an effort to encourage employment of prisoners upon release from prison; requires report on results of workforce development program. Executive revises language to eliminate legislative intent, and, instead, authorize MDOC to continue to offer workforce development programming through the entire duration of the prisoner's incarceration. House concurs. Senate requires MDOC to continue to offer workforce development programming through the entire duration of the prisoner's incarceration. Conference concurs with Senate revisions.

Sec. 425. Medication-Assisted Treatment Reentry Pilot Program – REVISED

Requires MDOC to establish a medication-assisted treatment reentry pilot program to provide prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted offenders; requires MDOC to collaborate with residential and non-residential substance abuse treatment providers and with community-based clinics to provide post-release treatment; authorizes manufacturer to provide MDOC with samples of medication at no cost to department; requires MDOC to provide participating offenders with one injection prior to release from custody and to connect offenders with aftercare plan; requires MDOC to report follow-up information on offenders who receive injections. Executive retains current language. House revises language to specify coordination of direct and indirect services through federally qualified health centers in Wayne, Washtenaw, Genesee, Berrien, Van Buren, and Allegan counties. Senate retains current language. Conference concurs with House revisions.

Sec. 426. Mental Health Services for Prisoners Upon Release – NEW

Requires MDOC to ensure that prisoners with diagnosed mental illness are referred to local mental health care providers for treatment upon release from prison; requires MDOC to ensure that local providers are able and willing to treat prisoners and that providers are informed of prisoners' treatment plans, to include medications. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to not require the department to ensure that local providers are able and willing, but to refer inmates to providers who are able and willing.

Sec. 604.(2) Programming for County Jail Inmates – NEW

Requires MDOC to allocate \$600,000 of the appropriation for Criminal Justice Reinvestment to an organization that provides county jail inmates with programming and services to prepare them for obtaining and retaining employment. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language.

Sec. 616. Parole Board Reviews of Parolable Lifers – DELETED

Requires the Parole Board to review its policies related to review and parole of offenders serving parolable life sentences, with consideration given to those that do not pose an ongoing risk to society. Executive deletes. House deletes. Senate retains. Conference deletes.

Major Boilerplate Changes From FY 2016-17

Sec. 617. Residential Alternative to Prison Program – NEW

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for the West Michigan probation violator population. Executive includes new language. House includes new language. Senate does not include new language. Conference includes new language.

Sec. 806. Mental Health and Sex Offender Programming – DELETED

Requires funding appropriated for expanded mental health and sex offender programming to be used to address increased caseloads, reduce the number of prisoners on waiting lists who are past their earliest release dates, and reduce the percentage of prisoners readmitted to mental health programs at their previous level of care. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 901. Leasing of Facilities, Purchasing Private Facilities, and Reopening Closed Facilities – DELETED

Requires MDOC to work with DTMB on determining the costs of entering into an agreement to lease or purchase a private facility to be operated by the department, as well as costs of reopening closed facilities already owned by the department, to determine if it would be in the best interests of citizens to house prisoners in one of those settings, rather than in a facility currently operated by the department; requires an annual report on acquisition, lease, reopening, and modernization costs, taxes, utilities, and expected future capital repair and upgrades at facilities. Executive deletes. House retains. Senate deletes. Conference deletes.

Sec. 902. Vocational Village – DELETED

Requires MDOC to expend \$2.0 million of the appropriation for education programs on expansion of the vocational village program. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 902. Future Facility Staff Transition – NEW

Requires at least \$1.0 million of the \$4.4 million appropriated for a future facility to be used for staff transition costs. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to reflect the appropriation that is included in the conference report.

Sec. 905. Leased Beds and Alternatives to Leased Beds – NEW

Authorizes MDOC to implement a county jail bed program to house eligible prisoners in county jails rather than in state correctional facilities; authorizes counties to volunteer to participate in the program; specifies criteria that prisoners must meet in order to be eligible to participate in the program. Executive does not include new language. House does not include new language. Senate does not include new language. Conference includes new language.

Sec. 908. High School Diploma in Lieu of High School Equivalency – DELETED

Requires MDOC to explore the feasibility of establishing an online career high school education pilot program, or other alternatives for providing prisoners with a high school diploma instead of a high school equivalency; requires MDOC to explore establishing outside partnerships to assist with providing high school diplomas; requires MDOC to report on steps the department would have to take, resources needed, and organizational changes required to provide prisoners with a high school diploma instead of a high school equivalency. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 908. Online Career High School Education Program – NEW

Requires MDOC to establish an online career high school education pilot program to serve up to 400 prisoners through a regionally accredited public or private school district that offers career-based online high school diplomas; requires the school district chosen for the pilot program to be paid a specified amount per prisoner per course successfully completed; authorizes MDOC to use federal funds to expand the program beyond 400 prisoners; requires MDOC to report on the progress of prisoners in the program. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language.

Sec. 909. Educational Programming – DELETED

Requires MDOC to focus on providing career-based educational programming for prisoners, to include vocational trade programs and employment readiness programs. Executive deletes. House deletes. Senate retains. Conference deletes.

Sec. 912. Institutional Staffing – REVISED

Requires MDOC to report annually on ratios of corrections officers to prisoners, shift command staff to line custody staff, and noncustody institutional staff to prisoners for each correctional institution. Executive deletes. House deletes. Senate retains. Conference revises language to require monthly reports instead of an annual report.

Sec. 930. Youth in Prison – NEW

Requires the department to submit quarterly reports on the number of youth in prison, including the number of prisoners under age 18 not on HYTA status, number of prisoners under age 18 on HYTA status, and number of prisoners aged 18-23 on HYTA status. Executive does not include new language. House includes new language. Senate does not include new language. Conference includes new language.

Sec. 943. Savings from Prison Closures – NEW

Requires the department to submit a report on actual and projected savings achieved by closing correctional facilities. Executive does not include new language. House includes new language. Senate does not include new language. Conference includes new language.

Major Boilerplate Changes From FY 2016-17

Sec. 944. Economic Impact of Prison Closures – NEW

Requires the department to consider the potential economic impact of a prison closure on the community where the facility is located. Executive does not include new language. House includes new language. Senate does not include new language. Conference includes new language.

Sec. 945. Notice on Intent to Renew or Rebid Food Service Contract – NEW

Requires the department to provide notice to the legislature and to the fiscal agencies of its intent to renew or rebid the prisoner food service contract. Executive does not include new language. House includes new language. Senate does not include new language. Conference includes new language.

Sec. 1000. Increased Information Technology Bandwidth – DELETED

Requires one-time funding appropriated for increasing information technology bandwidth to be used to support critical information technology systems that provide platforms for several mandated programs and department cost savings efforts. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 1013. Faith-Based Reentry Programs – NEW

Authorizes priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, including faith-based initiatives. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language.

Sec. 1100. New Custody Staff Training – REVISED

Requires MDOC to use funding appropriated for new custody staff to increase the training capacity to address higher than normal attrition of officers and to decrease overtime costs. Executive revises number of correction officers from "350" to "177". House concurs. Senate does not include language. Conference includes Executive revisions.

FY 2017-18: DEPARTMENT OF EDUCATION
Summary: Conference Report
Article VI, House Bill 4323 (H-1) CR-1



Analyst: Samuel Christensen

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	0	\$0	--
Federal	239,821,900	251,854,700	251,854,700	255,554,700	254,084,700	14,262,800	5.9
Local	5,557,200	5,817,200	5,817,200	5,817,200	5,817,200	260,000	4.7
Private	2,034,200	2,034,300	2,034,300	2,034,300	2,034,300	100	0.0
Restricted	8,380,700	8,567,600	8,567,600	8,567,600	8,567,600	186,900	2.2
GF/GP	76,181,200	81,035,700	79,118,900	81,035,700	80,677,400	4,496,200	5.9
Gross	\$331,975,200	\$349,309,500	\$347,392,700	\$353,009,500	\$351,181,200	\$19,206,000	5.8
FTEs	603.5	609.5	605.5	609.5	609.5	6.0	1.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 YTD Appropriations

1. Child Development and Care (CDC) – Provider Reimbursement Rate Increase

Executive provides \$27.2 million Gross (\$18.8 million federal Child Care Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to more closely match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.

House concurs with Executive.

Senate provides \$23.8 million Gross (\$16.7 million federal CCDF and \$7.1 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. This is an alternative rate increase than as offered by the Executive and concurred with by the House. *Boilerplate section 1004* provides more detail on the Senate rate increase. Of the total increase, \$1.0 federal CCDF is for the TEACH scholarship program.

Conference provides \$19.4 million Gross (\$11.0 million federal CCDF and \$8.4 million GF/GP) to increase the reimbursement and is an alternative rate schedule than as offered by the Executive or Senate. *Boilerplate section 1002* provides more detail on this increase. The TEACH scholarship was shifted to the office of great start operations, which is described in *point 4 below*.

2. Child Development and Care (CDC) – Increase Entrance Threshold

Executive and House do not include.

Senate provides \$5.8 million federal CCDF to increase the CDC program's entrance threshold from 125% of the federal poverty guidelines to 130% of the federal poverty guidelines.

Conference provides \$5.5 million federal CCDF to increase the CDC program's entrance threshold from 125% of the federal poverty guidelines to 130% of the federal poverty guidelines.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$133,966,100	\$19,430,000
Federal	108,185,400	11,030,000
GF/GP	\$25,780,700	\$8,400,000
Gross	\$133,966,100	\$5,500,000
Federal	108,185,400	5,500,000
GF/GP	\$25,780,700	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
3. CDC – Licenses-Exempt Monitoring	Gross	\$23,177,400	\$1,365,500
<u>Executive</u> provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child’s own home—are offering care that meets health and safety requirements.	Federal	15,814,900	1,365,500
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$7,047,900	\$0
4. CDC – TEACH Scholarship	Gross	\$23,177,400	\$1,000,000
<u>Executive</u> and <u>House</u> do not include.	Federal	15,814,900	1,000,000
<u>Senate</u> provided \$1.0 million federal CCDF for the CDC public assistance line item and attached to <i>point number 1 above</i> .	Private	250,000	0
<u>Conference</u> provides \$1.0 million federal CCDF for the office of great start operations for the TEACH scholarship to increase credit-based educational opportunities for child care providers that are trying to increase their great start to quality star rating.	Restricted	64,600	0
	GF/GP	\$7,047,900	\$0
5. CDC – Background Check Staffing in Licensing and Regulatory Affairs (LARA)	Gross	\$27,374,500	\$800,000
<u>Executive</u> provides \$800,000 federal CCDF for staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings.	Federal	27,374,500	800,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP	\$0	\$0
6. State Aid to Libraries Increase	Gross	\$9,876,000	\$1,191,700
<u>Executive</u> and <u>House</u> do not include.	GF/GP	\$9,876,000	\$1,191,700
<u>Senate</u> increases state aid to libraries by \$2.9 million GF/GP for a total of \$12.7 million GF/GP.			
<u>Conference</u> increases state aid to libraries by \$1.2 million GF/GP for a total of \$11.1 million GF/GP.			
7. State Assessments Staffing	Gross	\$14,619,400	\$1,000,000
<u>Executive</u> provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Federal funding for state assessments have decreased in recent years, thus reducing funding for FTE positions.	Federal	13,476,200	0
<u>House</u> revises to provide \$1.3 million GF/GP with the intent to fund 5.0 of the 10.0 Executive Recommendation FTEs.	GF/GP	\$1,143,200	\$1,000,000
<u>Senate</u> provides \$1.0 million GF/GP with the intent to cover the federal funds adjustment noted in <i>point 8 below, Federal Funds Adjustment</i> .			
<u>Conference</u> concurs with Senate.			
8. Federal Funds Adjustment	Gross	\$14,619,400	(\$1,000,000)
<u>Executive</u> recognizes a \$1.0 million net reduction in federal Title VI funds to the Accountability Services Unit related to assessment support funding. The net change includes a \$2.0 million reduction in the "State Assessments and Related Activities" grant and a new \$1.0 million "Enhanced Assessment Instruments" grant.	Federal	13,476,200	(1,000,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP	\$1,143,200	\$0
9. Partnership Model with Districts	FTE	NA	4.0
<u>Executive</u> creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs (along with \$3.0 million for eligible districts in the School Aid budget) for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance. Interventions would be provided to districts not yet under the authority of the School Reform Office (SRO).	Gross	NA	\$641,800
<u>House</u> does not include this Executive Recommendation.	GF/GP	NA	\$641,800
<u>Senate</u> includes 4.0 FTEs and a \$100 GF/GP placeholder with the remaining funds withheld in academic early warning and intervention until a legislative transfer is requested.			
<u>Conference</u> concurs Executive.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
10. Academic Early Warning and Intervention	FTE	NA	0.0
<u>Executive and Senate</u> does not include this line item.	Gross	NA	\$0
<u>Senate</u> provides \$641,700 GF/GP which is intended to fund the partnership model with districts but is currently held in the academic early warning and intervention line item until the legislature passes a legislative transfer.	GF/GP	NA	\$0
<u>Conference</u> does not include.			
11. Field Services – Every Student Succeeds Act (ESSA) Required Staffing	FTE	45.0	2.0
<u>Executive</u> provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements: 1) 1.0 FTE for a nonpublic schools ombudsman to ensure equity of Title I and Title VIII funds of ESSA for private school children, teachers, and other educational personnel; 2) 1.0 FTE for a foster care liaison to act as a point of contact for child welfare agencies and to oversee the stability of children in foster care as dictated in section 1111(1)(E) of ESSA and the Fostering Connections Act.	Gross	\$9,349,200	\$0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	8,599,200	0
	Restricted	37,300	0
	GF/GP	\$712,700	\$0
12. Transfer of FTEs and Funds from the Office of Education Improvement and Innovation (OEII) to the Michigan Schools for the Deaf and Blind	FTE	NA	0.0
<u>Executive</u> shifts 5.0 FTEs and \$712,900 federal funding from OEII and provides the Michigan Schools for the Deaf and Blind with 5.0 FTES and \$712,900 Gross (\$365,900 federal and \$347,000 Local cost sharing, Schools for the Deaf and Blind). The funding and FTEs do not indicate increases to the overall budget, but instead are interunit transfers. This funding and FTE shift is necessitated by the increased Enrollment at the Michigan School for the Deaf from 122.7 FTEs in the 2012 school year to 171.2 FTEs in the 2017 school year.	Gross	NA	\$0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	NA	(347,000)
	Local	NA	347,000
	Restricted	NA	0
	GF/GP	NA	\$0
13. Michigan Schools for the Deaf and Blind Operations	Gross	\$12,812,700	(\$150,000)
<u>Executive</u> there is a reduction of \$312,500 in local school district service fees, which is partially offset by an increase of \$162,500 in local cost sharing for the Schools for the Deaf and Blind.	Federal	7,048,600	0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Local	5,545,500	(150,000)
	Restricted	218,600	0
	GF/GP	\$0	\$0
14. Low Incidence Outreach Program	Gross	\$300,000	\$150,000
<u>Executive</u> provides \$150,000 restricted fund to the Low Incidence Outreach program. A majority of the increased appropriations authority for the Low Incidence program comes from the specialized Braille books they produce. The authority will also allow for increasing the amount of professional development for staff, parents, and students and the ability to upgrade equipment.	Restricted	300,000	150,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP	\$0	\$0
15. Renaissance Zones Adjustment	Gross	\$5,300,000	(\$2,000,000)
<u>Executive</u> reduces reimbursements to libraries for local revenue lost due to renaissance zones by \$2.0 million GF/GP to reflect the expiration of existing zones.	GF/GP	\$5,300,000	(\$2,000,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.			
16. One-Time Appropriation – Drinking Water Declaration of Emergency	Gross	NA	\$100
<u>Executive</u> provides a \$100 restricted fund placeholder for the Drinking Water Declaration of Emergency.	Restricted	NA	100
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	GF/GP	NA	\$0
17. CDC – FY 2017-18 Caseload Consensus	Gross	\$133,966,100	\$3,500,000
<u>Conference</u> increases gross appropriation by \$3.5 million federal CCDF to align with consensus caseload estimates and consensus cost per case estimates.	Federal	108,185,400	3,500,000
	GF/GP	\$25,780,700	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change	
18. Economic Adjustments	Gross	NA	\$827,000
<u>Executive</u> reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for negotiated salary and wage increase (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	516,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Local	NA	63,000
	Private	NA	100
	Restricted	NA	41,900
	GF/GP	NA	\$206,000

Major Boilerplate Changes From FY 2016-17

The Executive deleted a number of boilerplate sections that the House, Senate, and Conference retained which include the following sections:

Sec. 219 Kindergarten Entry Assessment Participation – Requires the department to 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.

Sec. 221 Personnel Records – Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Sec. 222 Communication with the Legislature – Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Sec. 223 Records Retention – Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 227 Timely Data – 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.

Sec. 229 Contract Notification – Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form.

Sec. 302 Travel Expenditures – Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Sec. 325 Federal and Private Grants – Requires the department to notify the Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under the federal and private grants line.

Sec. 502 Student Teaching Credits – Authorize teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Sec. 803. Keep Library Functions Together – Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Sec. 216. Adequate Yearly Progress (AYP) – DELETED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results. Executive and House delete this section. Senate maintains current law. Conference deletes this section.

Sec. 225. Grant Application Penalty – NEW

Creates a new section requiring the department to send and post grant applications available in the FY 2017-18 School Aid Budget by October 1, 2017, and open the grant application process for grant funds appropriated in the FY 2017-18 School Aid Budget by December 1, 2017. If the department fails to comply, there would be a 1% reduction in state money for state board/superintendent operations.

Executive, House, and Senate do not include this section. Conference adds this section.

Sec. 228. Requests for Proposals – DELETED

Prohibits department from issuing a request for proposal for a contract exceeding \$1.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes this section. House maintains current law. Senate deletes this section. Conference deletes this section.

Sec. 230. Nonpublic School Mandates – RETAINED

Requires MDE to compile a report that identifies any new, or lack thereof, mandates required of nonpublic schools by April 1, 2017.

Executive deletes this section. House maintains current law. Senate concurs with Executive. Conference maintains current law.

Sec. 350. Special Education Reform Task Force Guidelines – REVISED

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities.

Executive revises the recipients of this boilerplate from "all parents" with an Individualized Education Plans (IEP) to "all parents of a newly identified student with a disability" concerning the rights and protections of students with disabilities. House maintains current law to distribute parent-friendly information for all IEPs. Senate concurs with Executive. Conference concurs with House.

Major Boilerplate Changes From FY 2016-17

Sec. 503. Professional Development Coordination – REVISED

Currently, requires the department to coordinate professional development with the Michigan Virtual Learning Research Institute (MVU) and external stakeholders.

Executive removes the specification of which unit and line item within MDE is responsible for coordination of professional development coordination with Michigan Virtual University (MVU) and modifies it to coordinate between the entire department and MVU. House maintains current law. Senate revises the section so that MVU will coordinate with the MDE upon request rather than unconditionally. Conference concurs with Senate.

Sec. 701. MTSS K-3 At-Risk Funding Report – REVISED

Currently, requires the department to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the state school aid act in implementing Multi-Tiered Systems of Supports (MTSS) in the prior school fiscal year.

Executive revises to expand the grade range and clarifies the grade range for districts that do not have certain grades. Revises the grade range from "K to 3" to "K to 8" or "all of the grades a district operates if the district operates less than grades K to 8."

House concurs with Executive. Senate revises report to detail the following: progress made by districts with grades K to 3 receiving at-risk funding under section 31a of the state school aid act; progress made in implementing MTSS for grades 4 to 8; and progress made in providing reading intervention services required in section 1280f of the revised school code, for pupils in grades K to 3. Conference concurs with Senate.

Sec. 1001. Number of Childcare Providers – REVISED

Requires a report by November 1, 2016 on the number of childcare providers (by type) receiving a payment for childcare services on October 1, 2016.

Executive deletes this section. House revises the report to be the average number of eligible child care providers by type receiving payment for child care services from the department during the previous fiscal year rather than the number for a specific date during the previous fiscal year. Senate concurs with Executive. Conference concurs with House.

Sec. 1002. CDC Provider Reimbursement Rate Increase – NEW

Requires the department to increase the provider reimbursement rates for child care centers, group homes, and registered family homes under the following guidelines: by \$0.25 per hour for each child for empty star, 1-star, and 2-star; by \$0.50 per hour for each child for 3-star and 4-star; and by \$0.75 for 5-star. For unlicensed providers, the provider reimbursement rate would increase by \$0.25 per hour for each child for tier 1 and \$0.75 per hour for each child for tier 2. The department is also required to publish the new final reimbursement rates on its and the great start to quality webpages by the date that the new rates take effect.

Executive, House, and Senate do not include this section. Conference adds this section.

Sec. 1003. Early Childhood Investment Corporation Annual Report – RETAINED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2015-16 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 revises to remove the specific reference of the early childhood investment corporation. Also, revises to require there be at least three bids submitted for the early childhood comprehensive systems planning contract, and if there are not three bids submitted, the process must start over until there are at least three bids submitted. Senate maintains current law. Conference concurs with Senate.

Sec. 1004. CDC Program Expansion – REVISED

Requires the department to expend the funding for the 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 at grade level by the end of third grade.

Executive revises to make a technical change. House concurs with Executive. Senate revises the intent of the section to the following: 1) provide \$1.0 million to the TEACH scholarship program and to give preference to providers with a great start to quality star rating or in the process of receiving a star rating and providers that are seeking a star rating and lack the number of employees with the proper credentials to obtain an increase in star rating; 2) revises to increase the provider reimbursement rate for child care centers at a rate of \$0.50 for empty star, \$1.00 for 1 or 2 star, \$1.25 for 3 or 4 star, and \$1.50 for 5 star; 3) increase the reimbursement rate for unlicensed infant or toddler providers not more than \$0.25; 4) if there are remaining funds, to increase the reimbursement rate for group homes and registered family homes to the seventy fifth percentile of the market rate, while ensuring that increases to empty star ratings are not greater than increases to the higher star ratings; 5) and, finally, the department would be required to ensure that the final provider reimbursement rates determined under this section are published on the department and great start to quality webpages by the date that the new rates take effect. Conference revise to replace Sec. 1004 with the Senate's language concerning the TEACH Scholarship that will provide \$1.0 million federal CCDF for the preference for funding providers trying to increase their great start to quality star rating.

Sec. 1005. CDC Childcare Monitoring – NEW

Executive provides a new section that requires the MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant. House and Senate and Conference concur with Executive.

Major Boilerplate Changes From FY 2016-17

Sec. 1007. CDC Progress Reports – REVISED

Executive revises the biannual CDC progress reports to a single report and makes the following changes to the report: clarifies and identifies the types of onsite visits that are to be reported (initial licensure visits, annual monitoring inspections, complaint investigations, follow-up visits, and other visits required); rather than reporting on the number of visits for each type of onsite visit, the report would require the average number of onsite visits per consultant by licensing type; and revises to remove the requirement to track the number of times consultants and managers participate in professional development and instead requires them to list the activities of professional development that improve performance and quality. House concurs with Executive. Senate revises to report the number of providers that have improved their quality rating by prosperity zone. Conference concurs with Senate.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED

Requires the Department to use \$7.7 million federal CCDF to increase the eligibility entrance threshold of the CDC program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

Executive deletes this section. House revises to sets the eligibility entrance threshold at 125% of the federal poverty guidelines and removes the specific amount necessary to increase the CDC program eligibility entrance threshold from 121% to 125% of the federal poverty guidelines, which was achieved in the FY 2016-17 MDE budget. Senate revises to allocate \$5.8 million to increase the CDC entrance threshold from 125% of the federal poverty guidelines to \$130% of the federal poverty guidelines. Conference concurs with Senate but allocates \$5.5 million rather than \$5.8 million.

Sec. 1010. Drinking Water Declaration of Emergency Work Project – DELETED

Provides that funding for the drinking water declaration of emergency, if not fully expended by September 30, 2017, is a work project and may be spent in the following fiscal year.

Executive, House, Senate, and Conference delete this section.

Sec. 1030. Partnership District Model Support – NEW

Requires a legislative transfer from the line item academic early warning and intervention to make available the funds appropriated in part 1 for partnership district support operations.

Executive and House do not include this section. Senate adds this section. Conference does not include.

Sec. 1101. Drinking Water Declaration of Emergency CDC Pilot – REVISED

Requires that from the funds for the drinking water declaration of emergency, the MDE must perform the following activities: pilot the expansion of CDC eligibility to children ages 0 to 3 for half-day childcare services for household income up to 300% of the federal poverty guidelines; provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead; and provide a report on various metrics associated with the pilot's outcomes.

Executive deletes this section. House maintains current law. Senate deletes this section. Conference revises the report to continue until all of the funding for the Flint CDC pilot has been spent rather than until the drinking water declaration of emergency has been lifted.

Sec. 1102. Lead Water Testing – DELETED

Requires a reimbursement of \$4.5 million and up to \$950 per school building for the costs for water testing, fixture replacement, filter purchases, plumbing assessments, and/or technical assistance incurred from July 1, 2016 to September 30, 2017.

Executive, House, Senate, and Conference delete this section.

Sec. 1201. FY 2017-18 – DELETED

Expresses intent that FY 2017-18 appropriations are anticipated to be the same as FY 2016-17 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive, House, Senate, and Conference delete this section.

FY 2017-18: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: Conference Report
Article VII, House Bill 4323 (H-1) CR-1



Analyst: Austin Scott

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$9,225,700	\$3,100,500	\$3,100,500	\$3,100,500	\$3,100,500	(\$6,125,200)	(66.4)
Federal	139,022,800	170,042,600	170,042,600	170,042,600	170,042,600	31,019,800	22.3
Local	0	0	0	0	0	0	--
Private	555,300	555,300	555,300	555,300	555,300	0	0.0
Restricted	318,959,200	285,825,300	285,825,300	269,802,400	287,825,300	(31,133,900)	(9.8)
GF/GP	49,273,400	51,318,300	43,976,600	46,502,400	47,744,000	(1,529,400)	(3.1)
Gross	\$517,036,400	\$510,842,000	\$503,500,300	\$490,003,200	\$509,267,700	(\$7,768,700)	(1.5)
FTEs	1,243.0	1,260.0	1,233.0	1,236.0	1,245.0	2.0	0.2

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) 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.

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Elimination of Fee Sunsets	Gross	NA
<u>Executive</u> proposes to eliminate the sunsets on eight DEQ fees scheduled to sunset October 1, 2017. These eight fees provide \$1.6 million in revenue for DEQ annually. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	GF/GP	NA
Fee	Annual Revenue	
Liquid industrial by-product transporter site identification number		
Liquid industrial by-product facility site identification number	\$3,900	
Hazardous waste manifest		
Hazardous waste handler user charge	1,052,300	
Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge	43,800	
Wastewater operator training and certification fees	242,000	
Drinking water operator training and certification fees	220,000	
Sewage operator training and certification fees	0	
Total	\$1,562,000	
2. Drinking Water Declaration of Emergency One-Time Funding	Gross	NA
<u>Executive</u> provides \$1.0 million Gross (\$1.0 million GF/GP) for engineering support and technical assistance in response to the drinking water declaration of emergency.	Restricted	NA
<u>House</u> concurs with <u>Executive</u> .	GF/GP	NA
<u>Senate</u> does not include this increase		\$100
<u>Conference</u> includes \$100 restricted funding placeholder.		100
		\$0

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
3. Environmental Cleanup and Redevelopment Program Fund Shift	Gross	\$29,900,000	(\$14,900,000)
<u>Executive</u> provides \$14.9 million in one-time funding from the refined petroleum fund to offset the loss of Clean Michigan Initiative (CMI) – response activities funding, which has been fully expended from CMI bond revenue.	Restricted	29,900,000	(14,900,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> do not include fund shift.	GF/GP	\$0	\$0
4. Contaminated Site Investigations, Cleanup, and Revitalization – Vapor Intrusion	FTE	131.0	1.0
<u>Executive</u> increases by 4.0 FTEs and \$1.3 million GF/GP funding for the vapor intrusion program, bringing the total program funding to 8.0 FTEs and \$2.6 million Gross. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites.	Gross	\$15,171,200	\$300,000
<u>House</u> and <u>Senate</u> do not include this increase.	Private	191,100	0
<u>Conference</u> increases by 1.0 FTE and \$300,000 GF/GP funding.	Restricted	13,668,100	0
	GF/GP	\$1,312,000	\$300,000
5. Laboratory Services – Vapor Intrusion	FTE	39.0	0.0
<u>Executive</u> provides \$122,800 from laboratory services fee to support the vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used for site sampling costs.	Gross	\$6,175,300	\$122,800
<u>House</u> and <u>Conference</u> concur with Executive.	IDG	3,858,800	0
<u>Senate</u> does not include this increase.	Restricted	2,316,500	122,800
	GF/GP	\$0	\$0
6. Drinking Water and Environmental Health – Lead and Copper Rule Program	FTE	106.0	9.0
<u>Executive</u> provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program which regulates these elements in public drinking water.	Gross	\$14,901,900	\$1,300,000
<u>House</u> and <u>Senate</u> do not include this increase.	Federal	9,237,600	0
<u>Conference</u> provides 9.0 FTEs and \$1.3 million GF/GP funding.	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$1,300,000
7. Drinking Water and Environmental Health – Manufactured Housing Community Drinking Water Monitoring	FTE	106.0	0.0
<u>Executive</u> provides 3.0 FTEs and \$500,000 GF/GP funding to support drinking water programs in manufactured housing communities.	Gross	\$14,901,900	\$0
<u>House</u> concurs with Executive.	Federal	9,237,600	0
<u>Senate</u> and <u>Conference</u> do not include this funding.	Restricted	4,356,900	0
	GF/GP	\$1,307,400	\$0
8. Communications and Community Outreach – Communications and Public Affairs Staff	FTE	NA	4.0
<u>Executive</u> provides 5.0 FTEs and \$1.0 million GF/GP funding to help create a communications and public affairs office for the department.	Gross	NA	\$655,400
<u>House</u> does not include this appropriation.	GF/GP	NA	\$655,400
<u>Senate</u> concurs with Executive.			
<u>Conference</u> provides 4.0 FTEs and \$655,400 GF/GP funding.			
9. Office of the Great Lakes – Communications and Public Affairs Staff	FTE	12.0	(1.0)
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.	Gross	\$2,170,700	(\$152,700)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	787,900	0
	Restricted	483,100	0
	GF/GP	\$899,700	(\$152,700)
10. Office of Environmental Assistance – Communications and Public Affairs Staff	FTE	38.0	(1.0)
<u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department.	Gross	\$6,257,700	(\$152,700)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Private	364,200	0
	Federal	704,800	0
	Restricted	2,321,200	0
	GF/GP	\$2,867,500	(\$152,700)

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
11. Oil, Gas, and Mineral Services Ongoing GF/GP	FTE	59.0	0.0
<u>Executive</u> transfers \$4.0 million GF/GP funding that was included in the FY 2016-17 DEQ budget on a one-time basis to ongoing funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding.	Gross	\$10,794,800	\$0
<u>House</u> reduces this appropriation by \$1.0 million GF/GP and moves remaining \$3.0 million GF/GP to one-time funding.	Restricted	6,794,800	0
<u>Senate</u> concurs with Executive.	GF/GP	\$4,000,000	\$0
<u>Conference</u> continues funding at \$4.0 million GF/GP but makes one-time.			
12. Air Quality Programs Fund Shift	FTE	188.0	0.0
<u>Executive</u> replaces \$1.4 million funding from the environmental pollution prevention fund with \$1.4 million GF/GP funding to help offset a loss of fee revenue that supports air quality monitoring and regulation.	Gross	\$27,231,500	\$0
<u>House</u> does not provide GF/GP.	Federal	7,450,200	0
<u>Senate</u> and <u>Conference</u> concur with Executive.	Restricted	15,377,000	(1,362,000)
	GF/GP	\$4,404,300	\$1,362,000
13. Water State Revolving Funds One-Time GF/GP	Gross	\$84,993,000	\$2,950,000
<u>Executive</u> provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants.	Federal	71,543,000	0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
14. Refined Petroleum Product Cleanup Program (One-Time)	Gross	NA	\$14,900,000
<u>House</u> provides \$14.9 million in one-time funding from the refined petroleum fund to the refined petroleum product cleanup program.	Restricted	NA	14,900,000
<u>Senate</u> does not include this funding.	GF/GP	NA	\$0
<u>Conference</u> concurs with House.			
15. Recycling Initiative	FTE	3.0	0.0
<u>House</u> reduces the recycling initiative by 1.0 FTE and \$150,000 GF/GP,	Gross	\$1,008,700	\$0
<u>Senate</u> and <u>Conference</u> do not reduce funding.	GF/GP	\$1,008,700	\$0
16. Drill Core Storage Facility	Gross	NA	\$500,000
<u>Senate</u> provides \$500,000 GF/GP to replace a drill core sample storage facility in northern Michigan. <u>Conference</u> concurs with Senate.	GF/GP	NA	\$500,000
17. Emergency Cleanup Actions	Gross	\$4,000,000	(\$1,000,000)
<u>Senate</u> reduces funding by \$1.0 million in restricted funding to remove refined petroleum fund support from the program. <u>Conference</u> concurs with Senate.	Restricted	4,000,000	(1,000,000)
	GF/GP	\$0	\$0
18. Central Support Services – Legal Costs	FTE	34.0	0.0
<u>Conference</u> adds \$3.0 million from the lawsuit settlement proceeds fund to help fund departmental legal costs.	Gross	\$4,147,800	\$3,000,000
	IDG/IDT	169,000	0
	Restricted	3,582,800	3,000,000
	GF/GP	\$396,000	\$0
19. Removal of FY 2016-17 Supplemental Funding	FTE	1.0	(1.0)
<u>Executive</u> removes \$3.5 million Gross (\$1.5 million GF/GP) for FY 2016-17 supplemental appropriations included Public Acts 340 and 341 of 2016. Appropriations included support for the drinking water declaration of emergency and dredging in the Saginaw River (PA 340) as well as funding to implement public utility reforms (PA 341).	Gross	\$2,175,000	(\$2,175,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	335,600	(335,600)
	Restricted	1,614,400	(1,614,400)
	GF/GP	\$225,000	(\$225,000)
20. Removal of FY 2016-17 One-Time Funding	FTE	10.0	(10.0)
<u>Executive</u> removes \$9.1 million Gross (\$8.4 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included contaminated lake and river sediment cleanups, support for the drinking water declaration of emergency, dredging in the Saginaw River, and drinking water revolving fund GF/GP match.	Gross	\$9,100,100	(\$9,100,100)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	700,100	(700,100)
	GF/GP	\$8,400,000	(\$8,400,000)

<u>Major Budget Changes From FY 2016-17 YTD Appropriations</u>	<u>FY 2016-17 Year-to-Date (as of 2/8/17)</u>	<u>FY 2017-18 Conference Change</u>
21. Technical Adjustments	FTE	NA 1.0
<u>Executive</u> reduces IDG/IDT and restricted authorization while increasing federal and GF/GP authorization for a net decrease of \$20.5 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds, fund shifts to reflect expenditures, and the reclassification of interdepartmental grants as restricted funding where necessary.	Gross	NA (\$20,511,400)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	IDG/IDT	NA (6,168,500)
	Federal	NA 31,048,300
	Restricted	NA (45,411,800)
	GF/GP	NA \$20,600
22. Economic Adjustments	Gross	NA \$1,594,900
<u>Executive</u> reflects increased costs of \$1.6 million Gross (\$313,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA 43,300
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	NA 307,100
	Restricted	NA 931,500
	GF/GP	NA \$313,000

Major Boilerplate Changes From FY 2016-17

Sec. 220. Disciplinary Action Against State Employees – RETAINED

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

Sec. 221. Rule Promulgation – RETAINED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed 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. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. Executive deletes, House and Conference revise to include total debt obligation on all CMI bonds and a January 1, 2018 report deadline, Senate retains.

Sec. 237. Employee Legal Costs related to Drinking Water Declaration of Emergency – NEW

Requires DEQ to be responsible for payment of current and former department employees' legal costs from legal actions taken related to the drinking water declaration of emergency. Senate and Conference add new section.

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 deletes, House, 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, House, and Senate delete, Conference revises to require cleanup site list for the new fiscal year and closed sites from the preceding fiscal year by November 1.

Sec. 312. Perfluorinated Compounds Study and Workgroup – DELETED

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the Natural Resources and Environmental Protection Act. Executive deletes, House, Senate, and Conference concur.

Sec. 313. Vapor Intrusion – NEW

Requires DEQ to use the funds appropriated in part 1 for vapor intrusion to investigate potential vapor intrusion sites. Executive adds new section, House and Senate delete, Conference adds new section but revises Executive to remove site number.

Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – NEW

Requires DEQ to expend not more than \$36.0 million of the funds appropriated in part 1 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014. House and Conference add new section.

Sec. 402. Water Quality and Use Initiative – DELETED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program. Executive, Senate, and Conference delete, House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 410. Lake Erie Report – REVISED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Executive deletes, House concurs with Executive, Senate and Conference revise to include additional reporting requirements.

Sec. 411. Kalamazoo River Superfund Site Study – NEW

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm. House and Conference add new section.

Sec. 604. Lead and Copper Rule – NEW

Requires DEQ to use the funds appropriated in part 1 for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule. Executive adds new section, House and Senate delete, Conference adds new section but revises Executive to remove training session number.

Sec. 801. Drinking Water Declaration of Emergency – DELETED

Allows the funds appropriated for the drinking water declaration of emergency to be expended for water treatment plant operation training expenses and water system needs. Executive revises, House concurs, Senate and Conference delete.

Sec. 803. Flint Supplemental Funding Report – REVISED

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. Executive deletes, House, Senate, and Conference revise to include funds appropriated in FY 2016-17 and renumber to Sec 237.

**FY 2017-18: TOTAL GENERAL GOVERNMENT
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1**



**Analysts: Ben Gielczyk
Michael Crossen**

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	<i>Difference: Conference From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$760,158,300	\$782,493,800	\$782,493,800	\$782,493,800	\$782,493,800	\$22,335,500	2.9
Federal	826,723,500	807,906,500	807,906,500	870,895,900	807,906,500	(18,817,000)	(2.3)
Local	12,021,000	17,332,700	17,332,700	17,332,700	17,332,700	5,311,700	44.2
Private	6,064,500	6,244,900	6,244,900	6,244,100	6,244,900	180,400	3.0
Restricted	2,127,740,600	2,131,575,000	2,156,587,300	2,157,256,600	2,183,798,700	56,058,100	2.6
GF/GP	1,233,516,700	1,221,654,200	1,125,616,000	1,146,654,200	1,245,629,600	12,112,900	1.0
Gross	\$4,966,224,600	\$4,967,207,100	\$4,896,181,200	\$4,980,877,300	\$5,043,406,200	\$77,181,600	1.6
FTEs	8,760.7	8,895.7	8,898.7	8,090.7	8,591.7	(169.0)	(1.9)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.**

Summary pages for individual department/agency budgets contained within the current FY 2016-17 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2016-17

Sec. 210. Budget Stabilization Fund Pay-In – REVISED

The FY 2016-17 pay-in was \$75.0 million, which was appropriated in supplemental appropriations act 2016 PA 340. Executive includes a pay-in of \$175.0 million. In addition, 25% of the unassigned fund balance for FY 2016-17 is required to be deposited in the Budget Stabilization Fund, currently calculated at \$91.5 million. Executive pay-in totals \$266.5 million. House includes \$266.5 million pay-in to BSF. Senate does not include a pay-in. Conference includes a pay-in of \$150.0 million.

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

Requires departments to receive and retain copies of all reports required in Article VIII; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes section. House, Senate, and Conference retain.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes section. House, Senate, and Conference retain.

Sec. 217. Fund Sourcing Priorities – RETAINED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure. Executive deletes section. House, Senate, and Conference retain.

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement enacted legislation. Executive deletes section. House, Senate, and Conference retain.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – REVISED

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Executive deletes section. House retains. Senate revises to include subsection authorizing the Auditor General to charge for a subsequent audit if the executive branch department or agency failed to report regarding initiatives related to savings and efficiencies within the 6-month time frame after the initial audit. Conference concurs with Senate.

Major Boilerplate Changes From FY 2016-17

Sec. 233. Federal and State Restricted Revenue for Special Maintenance For State Facilities – DELETED

Appropriates additional federal and state restricted revenue for Special Maintenance, Remodeling, and Addition – State Facilities line item up to the amounts earned based on the initiatives undertaken with the General Fund appropriation. Executive and House retain. Senate and Conference delete.

Sec. 234. Federal and State Restricted Revenue for Enterprisewide IT Investments – DELETED

Appropriates additional federal and state restricted revenue for Enterprisewide Information Technology Investments line item up to the amounts earned based on the initiatives undertaken with the General Fund appropriation. Executive and House retain. Senate and Conference delete.

Sec. 235. Federal Funding Contingency Plan – RETAINED

Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1. Executive deletes section. House, Senate, and Conference retain.

FY 2017-18: DEPARTMENT OF ATTORNEY GENERAL
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Michael Crossen

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$28,989,700	\$29,915,300	\$29,915,300	\$29,915,300	\$29,915,300	\$925,600	3.2
Federal	9,476,700	9,518,000	9,518,000	72,507,400	9,518,000	41,300	0.4
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	20,328,900	21,336,900	21,336,900	36,673,900	21,516,900	1,188,000	5.8
GF/GP	42,840,500	40,298,600	40,298,600	40,248,600	40,248,600	(2,591,900)	(6.1)
Gross	\$101,635,800	\$101,068,800	\$101,068,800	\$179,345,200	\$101,198,800	(\$437,000)	(0.4)
FTEs	534.0	539.0	542.0	513.0	536.0	2.0	0.4

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 YTD Appropriations

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Lawsuit Settlements Proceeds Fund			
<u>House</u> reduces \$2.6 million restricted fund authorization for expenses associated with the drinking water Declaration of Emergency by \$450,000.	Gross	\$2,600,000	(\$600,000)
<u>Senate</u> reduces restricted fund authorization by \$600,000. <u>Conference</u> concurs with Senate.	Restricted	2,600,000	(600,000)
	GF/GP	\$0	\$0
2. PACC NextGen IT System Replacement			
<u>House</u> provides \$450,000 of state restricted funds and 3.0 FTEs for support with costs associated with wrongful imprisonment convictions and duties prescribed to the department in 2016 PA 343. <u>Senate</u> adds \$600,000 in restricted funding one-time funding from the Lawsuit Settlement Proceeds Fund to be used by Prosecuting Attorneys Coordination Council to upgrade their legacy case management IT system. <u>Conference</u> concurs with Senate.	Gross	\$0	\$600,000
	Restricted	0	600,000
	GF/GP	\$0	\$0
3. Prescription Drug Abuse Program			
<u>Executive</u> provides \$700,000 GF/GP to continue support of the statewide drug enforcement strategy targeting opioid abuse and addiction. This recommendation would shift the one-time \$700,000 GF/GP appropriation included in FY 2016-17 to ongoing for a \$0 net change and a reduction of 4.5 FTEs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	FTE	4.5	(4.5)
	Gross	\$700,000	\$0
	GF/GP	\$700,000	\$0
4. Student Safety – OK2SAY			
<u>Executive</u> includes \$470,000 state restricted to continue funding the student safety program call center operations. Funding will require a legislative repeal or extension of a sunset placed on the Student Safety Fund on October 1, 2017. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$0	\$470,000
	Restricted	0	470,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases	Gross	\$700,000	\$0
<u>Executive</u> provides \$750,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences. Represents \$50,000 increase over current-year one-time funding. <u>House</u> concurs. <u>Senate</u> does not include the \$50,000 increase. <u>Conference</u> concurs with Senate.	GF/GP	\$700,000	\$0
6. Implementation of Energy Package PA 341 of 2016	FTE	1.0	0.0
<u>Executive</u> includes increase of \$67,000 state restricted for additional utility consumer rate advocacy case services and representation. A total of \$150,000 in state restricted funding and 1.0 FTE were included in 2016 PA 341. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$150,000	\$67,000
	Restricted	150,000	67,000
	GF/GP	\$0	\$0
7. Implementation of Medical Marihuana Package PA 281-283 of 2016	FTE	0.0	4.0
<u>Executive</u> provides \$375,000 state restricted and 4.0 FTEs for investigations and enforcement activities related to oversight of medical marihuana facilities. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$0	\$375,000
	Restricted	0	375,000
	GF/GP	\$0	\$0
8. Unlicensed Activity Law Enforcement	FTE	0.0	5.5
<u>Executive</u> appropriates \$732,300 IDG from LARA for 5.5 FTEs and for the investigation and prosecution of unlicensed activities among realtors and accountants in addition to builders. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$334,700	\$732,300
	IDG	334,700	732,300
	GF/GP	\$0	\$0
9. State Defense Costs	Gross	\$3,000,000	(\$3,000,000)
<u>Executive</u> removes \$3.0 million GF/GP and 4.5 FTEs for the elimination of one-time funding associated with state defense costs for the Flint Drinking Water Declaration of Emergency. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$3,000,000	(\$3,000,000)
10. Crime Victim's Rights	FTE	0.0	0.0
<u>Senate</u> transfers a total of \$78.3 million Gross (\$0.0 GF/GP) and 13.0 FTE positions from the Department of Health and Human Services to the Department of Attorney General. This funding provides services to victims of crime, including compensation, sexual assault forensic exams, and victim rights services through direct payments to victims or survivors as well as grants to service organizations and local governments to provide these services. <u>Conference</u> does not include.	Gross	\$0	\$0
	Federal	0	0
	Restricted	0	0
	GF/GP	\$0	\$0
11. Bad-faith Patent Infringement Claims	Gross	\$0	\$180,000
<u>Conference</u> appropriates \$180,000 restricted from Lawsuit Settlement Proceeds Fund to support costs associated with responsibilities prescribed to the department under 2016 PA 550 related to bad-faith patent infringement claims.	Restricted	0	180,000
	GF/GP	\$0	\$0
12. Economic Adjustments	Gross	NA	\$745,800
<u>Executive</u> includes \$738,700 Gross (\$408,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs.	IDG	NA	193,300
	Federal	NA	41,300
	Restricted	NA	96,000
	GF/GP	NA	\$415,200
13. Technical Baseline Adjustments	Gross	NA	(\$7,100)
<u>Executive</u> included one negative GF/GP adjustment of \$7,100 to the IT line item. <u>House</u> concurs. <u>Senate</u> concurs.	GF/GP	NA	(\$7,100)
14. FTE Adjustment	FTE	528.0	(3.0)
<u>Senate</u> Reduced total number of FTEs throughout the budget by 39.0 to better reflect the number of filled FTE positions based on FTE data from 12/31/16. <u>Conference</u> reduced the number of FTEs from Operations by 3.0, bringing total classified FTEs to 530.0, to better reflect the number of filled FTE positions based on data on filled positions from 12/31/16 and input from the department.	Gross	\$0	\$0
	GF/GP	\$0	\$0

Major Boilerplate Changes From FY 2016-17

Note: In general, Conference includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

Sec. 301. Drug Investigation and Prosecution Unit – NEW

Executive requires the Attorney General to maintain a minimum of 24 drug investigations and to prosecute upon sufficient evidence. The purpose of this investment is to establish a drug investigation and prosecution unit. Executive adds. House concurs and renumbers as Sec. 301a. Senate concurs and renumbers as Sec. 301a. Conference concurs with House and Senate.

Sec. 313. Mortgage Fraud Prosecutions – DELETED

Specifies that \$600,000 be allocated for the investigation and prosecution of mortgage fraud. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED

Allows the department to use lawsuit settlement proceeds for associated expenses with the Declaration of Emergency due to drinking water contamination up to a maximum authorization of \$2.6 million. Executive maintains. House reduces the maximum authorization by \$450,000 and requires a quarterly report of how funds authorized in this section and all other currently and previously budgeted funds associated with legal costs pertaining to the flint water declaration of emergency were expended. Senate reduces the authorization for costs and expenses related to the Flint water emergency by \$600,000 and added new language allowing up to \$600,000 to be used for the Prosecuting Attorneys Coordinating Council to upgrade their NextGen IT case management system. Conference appropriates an additional \$180,000 for patent infringement investigations, concurs with Senate's reduction of funds authorized for Flint, its redistribution for PACC NextGen IT software, and concurs with House's reporting requirement.

Sec. 314a. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases – RETAINED

Specifies funding to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. Executive increases funding from \$700,000 GF/GP to \$750,000 GF/GP. House concurs. Senate maintains funding at \$700,000. Conference concurs with Senate.

Sec. 316. Sexual Assault Kit Testing – REVISED

Specifies that the department test the backlog of sexual assault kits outside of Wayne County, assist local prosecutions and investigations and provide victim services. Executive deletes. House retains. Senate deletes subsections (2) and (3) eliminating requirements for a spending plan to be submitted in order to receive funds and adds new language to require a report on the number of untested kits and a work plan for eliminating remaining untested kits. Conference concurs with Senate and requires the completion of all testing by February 2018 before appropriated funds are authorized for any other sexual assault kit spending priority provided in the boilerplate.

FY 2017-18: DEPARTMENT OF CIVIL RIGHTS
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Michael Crossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$293,600	\$296,600	\$296,600	\$296,600	\$296,600	\$3,000	1.0
Federal	2,763,000	2,775,800	2,775,800	2,775,800	2,775,800	12,800	0.5
Local	0	0	0	0	0	0	--
Private	18,700	18,700	18,700	18,700	18,700	0	0.0
Restricted	151,900	151,900	151,900	151,900	151,900	0	0.0
GF/GP	13,021,300	12,856,600	12,856,600	13,006,600	13,006,600	(14,700)	(0.1)
Gross	\$16,248,500	\$16,099,600	\$16,099,600	\$16,249,600	\$16,249,600	\$1,100	0.0
FTEs	135.0	133.0	133.0	95.0	116.0	(19.0)	(14.1)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Removal of Current Year One-Time Funding	FTE	2.0	(2.0)
<u>Executive</u> removes \$250,000 GF/GP one-time funding and 2.0 FTEs for the Division on Deaf, Deaf/Blind, and Hard of Hearing. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$250,000	(\$250,000)
	GF/GP	\$250,000	(\$250,000)
2. Deaf, Deaf/blind, and Hard of Hearing Needs Assessment	Gross	\$0	\$150,000
<u>Senate</u> adds \$150,000 GF/GP in one-time funding to allow the Department to perform an assessment of the needs of the deaf, deafblind, and hard-of-hearing community across the state. <u>Conference</u> concurs with Senate.	GF/GP	\$0	\$150,000
3. Economic Adjustments	Gross	NA	\$101,100
<u>Executive</u> includes \$101,100 Gross (\$85,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	3,000
	Federal	NA	12,800
	GF/GP	NA	\$85,300
4. FTE Adjustment	FTE	127.0	(17.0)
<u>Senate</u> reduces total number of FTEs throughout the budget by 40.0 to better reflect the number of filled FTE positions based on FTE data from 12/31/16. <u>Conference</u> reduces total number of FTEs by 17.0 to better reflect the number of filled FTE positions based on FTE data from 12/31/16 and input from the department.	Gross	\$0	\$0
	GF/GP	\$0	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 404. Operations Report – REVISED

Requires the department to report on various details of department operations. Executive deletes. House retains and revises reporting requirements. Senate retains. Conference concurs with House.

Sec. 405. Federal Complaint Report – RETAINED

Requires 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 departments. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 406. Deaf, Deaf/blind, and Hard of Hearing Needs Assessment – NEW

Appropriates \$150,000 GF/GP to be used by the Department to survey the deaf, deafblind, and hard-of-hearing community in the state to determine its size in order to provide adequate education, employment, and healthcare services to the community. Senate adds. Conference concurs with Senate.

FY 2017-18: EXECUTIVE OFFICE
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	0	0	0	0	0	0	--
GF/GP	5,636,300	6,848,500	6,848,500	6,848,500	6,848,500	1,212,200	21.5
Gross	\$5,636,300	\$6,848,500	\$6,848,500	\$6,848,500	\$6,848,500	\$1,212,200	21.5
FTEs	84.2	89.2	89.2	89.2	89.2	5.0	5.9

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Executive Office Operations		
<u>Executive</u> includes funding to support increased costs of \$200,000 GF/GP related to Executive Office staff and other operations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross \$5,636,300	\$200,000
	GF/GP \$5,636,300	\$200,000
2. Office of Urban Initiatives		
<u>Executive</u> includes \$1.0 million GF/GP and 5.0 FTEs to reflect move of Office of Urban Initiatives from the Department of Technology, Management, and Budget to the Executive Office. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE 0.0	5.0
	Gross \$0	\$1,012,200
	GF/GP \$0	\$1,012,200

Major Boilerplate Changes From FY 2016-17

Sec. 501. Office of Urban Initiatives – NOT INCLUDED

Requires Executive Office to submit a report on expenditures for the office and on the economic impact and job growth initiatives for each urban and metropolitan area receiving funds; specifies any unencumbered and unexpended funds lapse to the general fund. House includes as new section. Executive, Senate, and Conference do not include.

FY 2017-18: LEGISLATURE
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	4,275,800	4,277,700	4,277,700	4,277,700	4,277,700	1,900	0.0
GF/GP	143,227,800	150,297,100	148,897,100	150,597,100	150,597,100	7,369,300	5.1
Gross	\$147,903,600	\$154,974,800	\$153,574,800	\$155,274,800	\$155,274,800	\$7,371,200	5.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Legislature Operations

Executive includes \$10.6 million Gross (\$10.6 million GF/GP) to reflect increased costs related to legislative staff and other operations. House, Senate, and Conference concur.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$147,903,600	\$10,571,200
Private	400,000	0
Restricted	4,275,800	1,900
GF/GP	\$143,227,800	\$10,569,300

2. Legislative Information Technology Systems Design Project

Executive includes \$3.0 million GF/GP in one-time funding to support the design, development, and implementation of a legislative-wide integrated computer system. This represents a decrease of \$3.0 million GF/GP from current year funding. The funds would supplement a total of \$9.0 million GF/GP appropriated in FYs 2015-16 and 2016-17. House includes \$1.5 million GF/GP in one-time funding. This represents a decrease of \$4.5 million from current year funding. Senate and Conference concur with Executive.

Gross	\$6,000,000	(\$3,000,000)
GF/GP	\$6,000,000	(\$3,000,000)

3. Criminal Justice Policy Commission Study

Executive removes \$500,000 GF/GP in FY 2016-17 one-time appropriations associated with the Criminal Justice Policy Commission study on the costs and savings of redirecting 17-year-olds from the adult court to the family court and juvenile justice systems. House, Senate, and Conference concur.

Gross	\$500,000	(\$500,000)
GF/GP	\$500,000	(\$500,000)

4. Legislative Corrections Ombudsman

House includes \$100,000 GF/GP in one-time funds to support increase in Legislative Corrections Ombudsman operations. Senate includes \$200,000 GF/GP in ongoing funding to support Ombudsman operations. Conference concurs with Senate.

Gross	\$729,200	\$200,000
GF/GP	\$729,200	\$200,000

5. Michigan Veterans Facility Ombudsman

Senate includes \$100,000 GF/GP to augment Michigan Veterans Facility Ombudsman operations. Conference concurs with Senate.

Gross	\$150,000	\$100,000
GF/GP	\$150,000	\$100,000

Major Boilerplate Changes From FY 2016-17

Sec. 603. National Association Dues – REVISED

Requires Legislative Council to distribute funds appropriated for payment of national association dues. Requires first \$34,800 to be paid to the National Conference of Commissioners on Uniform State Laws with the remaining funds distributed accordingly by the Legislative Council. Senate revises to include new subsection state that if funds remain after all required dues payments have been made, the Legislative Council may approve the use of up to \$10,000 to pay for the registration fees of any state employees who serve as board members to any of the national associations receiving state funds for annual dues to attend that national association's annual conference. If any of the \$10,000 remains after board member's dues are paid, funds may be used for other state employees to attend annual conferences. Conference concurs with Senate.

Sec. 610. Criminal Justice Policy Commission Study – DELETED

States that \$500,000 included in part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018. Executive, House, Senate, and Conference delete section.

Sec. 616. Legislative Information Technology Systems Design Project – NEW

Prohibits the funds appropriated in part 1 for the Legislative IT Systems Design Project from being expended without written approval of the Senate Majority Leader, Speaker of the House, and the Legislative Council Administrator. Designates funds as work project appropriations. Total cost is estimated at \$12.0 million. The tentative completion date is September 30, 2020. Executive, House, Senate, and Conference include as new section.

Sec. 618. Legislative Retirement Administration – DELETED

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 2016-17. Executive, Senate, and Conference delete. House retains.

Sec. 619. Michigan Veterans Facility Ombudsman – DELETED

Requires funds appropriated in part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state. Executive, Senate, and Conference delete. House revises to say funds appropriated in part 1 shall be used to maintain the office.

FY 2017-18: LEGISLATIVE AUDITOR GENERAL
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$5,558,600	\$5,709,200	\$5,709,200	\$5,709,200	\$5,709,200	\$150,600	2.7
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	1,969,400	1,969,400	1,969,400	1,969,400	1,969,400	0	0.0
GF/GP	16,123,900	16,607,600	16,607,600	16,607,600	16,607,600	483,700	3.0
Gross	\$23,651,900	\$24,286,200	\$24,286,200	\$24,286,200	\$24,286,200	\$634,300	2.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Auditor General Operations	Gross	\$23,651,900	\$634,300
Reflects increased costs of \$634,300 Gross (\$483,700 GF/GP) related to Auditor General staff and other operations. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include.	IDG	5,558,600	150,600
	Restricted	1,969,400	0
	GF/GP	\$16,123,900	\$483,700

Major Boilerplate Changes From FY 2016-17

Sec. 624. Authorization to Charge and Collect Fees for Subsequent Audit – NEW

Authorizes the Auditor general to charge and collect fees for a subsequent audit conducted pursuant to Section 229. States that fees and charges may not exceed cost of audit. Provides for expenditure of funds. Conference includes as new section.

FY 2017-18: DEPARTMENT OF STATE
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Michael Crossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000	0	0.0
Local	0	0	0	0	0	0	--
Private	100	50,100	50,100	50,100	50,100	50,000	50,000.0
Restricted	204,745,900	205,709,400	205,915,000	205,709,400	208,709,400	3,963,500	1.9
GF/GP	22,109,600	22,139,000	21,229,000	21,082,900	19,139,000	(2,970,600)	(13.4)
Gross	\$248,315,600	\$249,358,500	\$248,654,100	\$248,302,400	\$249,358,500	\$1,042,900	0.4
FTEs	1,593.0	1,614.0	1,614.0	1,464.0	1,592.0	(1.0)	(0.1)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Office of Investigative Services Expansion

Executive provides \$1.4 million GF/GP and 11.0 FTEs to increase investigations and regulatory enforcement of vehicle repair facilities and mechanics. This increase also includes funding for the Breath Alcohol Ignition Interlock Device (BAIID) program to comply with 2016 PA 33. House includes \$710,400 GF/GP and 11.0 FTEs. Senate concurs with Executive. Conference concurs with Executive.

FTE	NA	11.0
Gross	NA	\$1,420,400
GF/GP	NA	\$1,420,400

2. GF/GP Replacement of Driver Fees

Executive authorizes \$3.0 million GF/GP to replace anticipated restricted driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in 2016 PA 348. House replaces \$2.8 million restricted with corresponding GF/GP amount. Senate reduces GF/GP replacement by \$1,056,100. Conference does not include.

Gross	NA	\$0
Restricted	NA	0
GF/GP	NA	\$0

3. Lottery Assistance in Northern Michigan

Executive increases by \$715,800 state restricted and 10.0 FTEs to cover administration costs associated with the redemption of winning lottery tickets in the Upper Peninsula and northern lower peninsula for tickets valued between \$600 and \$50,000. The Department of State would be authorized to retain one percent of the redeemed winnings (up to \$1.0 million) for costs incurred administering the service. \$300,000 in restricted funds was included in 2016 PA 340. House concurs. Senate concurs. Conference concurs.

FTE	0.0	10.0
Gross	\$300,000	\$715,800
Restricted	300,000	715,800
GF/GP	\$0	\$0

4. Mi-Time Line Expansion

Executive provides \$400,000 GF/GP for the expansion of the branch office reservation and cell phone texting notification service which allows customers to minimize their waiting time at the branch office. The appropriation would allow the service to expand to 20 additional offices from the current 30. House concurs. Senate concurs. Conference concurs.

Gross	\$470,000	\$400,000
Restricted	470,000	0
GF/GP	\$0	\$400,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Increase in Credit Card Service Fees	Gross	\$6,000,000	\$2,000,000
<u>Executive</u> increases credit and debit assessment services fees restricted fund authorization by \$2.0 million to provide for the fees associated with the increase in credit card payments in branch offices and self-service terminals. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	6,000,000	2,000,000
	GF/GP	\$0	\$0
6. IT Budget Increase to Support Current Operations	Gross	\$36,376,200	\$1,000,000
<u>Executive</u> appropriates \$1.0 million state restricted to the department's IT service line to adjust for costs related to online support. Current level of services will be maintained. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	34,788,100	1,000,000
	GF/GP	\$1,588,100	\$0
7. Position Transfer Fund Sourcing Adjustment	Gross	\$124,600	\$0
<u>Executive</u> transfers 1.0 FTE from Department Services to Central Operations. Transfer of position results in fund sourcing realignment that replaces \$2,700 GF/GP with restricted revenues. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs. <u>Conference</u> concurs.	Restricted	121,900	2,700
	GF/GP	\$2,700	(\$2,700)
8. Removal of Current Year One-Time Funding	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes \$5.0 million GF/GP in FY 2016-17 one-time funding for voting machine replacement. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
9. Align Fund Sourcing with Revenues	Gross	NA	(\$1,000,000)
<u>Executive</u> reduces \$1.0 million restricted fund sourcing to align fund sources with actual revenues. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(1,000,000)
	GF/GP	NA	\$0
10. Economic Adjustments	Gross	NA	\$1,506,700
<u>Executive</u> recognizes increased costs of \$1.5 million Gross (\$211,700 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	0
	Private	NA	50,000
	Restricted	NA	1,245,000
	GF/GP	NA	\$211,700

Major Boilerplate Changes From FY 2016-17

Note: In general, Conference includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

Sec. 710. Commemorative and Specialty License Plate Programs – DELETED

Provides for expenditure and carry-forward of revenue deriving from commemorative and specialty license plates; limits administrative expenditures to revenue or amount appropriated, whichever is less. Executive deletes. House retains. Senate concurs with Executive. Conference concurs with Executive.

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

Requires the department to report on funding expended for the BAM project since its inception. Executive deletes. House retains. Senate retains. Conference retains.

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 retains. Senate retains. Conference retains.

Sec. 719. Election Oversight – NEW

States that of the funds appropriated in part 1, the Office of Investigative may use available funds to conduct investigations of any reported irregularities in a local, state, or national election. Senate adds. Conference concurs with Senate.

Sec. 721. ATM Commission Fees – DELETED

Allows the Department of State to collect ATM commission fees from companies that have ATMs located in Secretary of State branch offices; requires the revenue to be deposited in the Transportation Administration Collection Fund. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 723. Voting Machines Replacement Program – DELETED

Explains the purpose of the voting machines replacement program. Executive deletes. House concurs. Senate concurs. Conference concurs.

**FY 2017-18: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND BUDGET**
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Michael Cnossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	<i>Difference: Conference From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$694,054,100	\$713,959,000	\$713,959,000	\$713,959,000	\$713,959,000	\$19,904,900	2.9
Federal	4,958,200	4,985,300	4,985,300	4,985,300	4,985,300	27,100	0.5
Local	2,320,000	2,316,700	2,316,700	2,316,700	2,316,700	(3,300)	(0.1)
Private	0	127,700	127,700	127,700	127,700	127,700	--
Restricted	114,340,800	111,399,300	111,399,300	111,399,300	111,399,300	(2,941,500)	(2.6)
GF/GP	569,552,600	572,755,900	536,522,000	495,217,200	579,755,200	10,202,600	1.8
Gross	\$1,385,225,700	\$1,405,543,900	\$1,369,310,000	\$1,328,005,200	\$1,412,543,200	\$27,317,500	2.0
FTEs	2,883.0	2,943.0	2,943.0	2,906.0	2,943.0	60.0	2.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Drinking Water Declaration of Emergency Reserve Fund

Executive provides \$25.0 million GF/GP in one-time funding to support services and programs for Flint residents related to the Flint Water Declaration of Emergency. Use of these funds are subject to subsequent appropriations. These funds would be used as additional needs are identified in addition to augmenting existing appropriations. \$10.0 million GF/GP was included in 2016 PA 340. House concurs. Senate does not include. Conference concurs with Executive.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$10,000,000	\$15,000,000
GF/GP	\$10,000,000	\$15,000,000

2. Michigan Infrastructure Fund

Executive provides \$20.0 million GF/GP in one-time funding for deposit into the Michigan Infrastructure Fund, created in 2016, PA 223 in support of anticipated infrastructure projects. Use of these funds would be subject to appropriation. House includes \$5.0 million GF/GP for deposit. Senate does not include. Conference provides \$35.0 million GF/GP.

Gross	\$0	\$35,000,000
GF/GP	\$0	\$35,000,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
3. SIGMA – Permanent Organizational Structure Appropriations	FTE	0.0	36.0
<u>Executive</u> provides a total of \$21.7 million (\$13.1 million GF/GP) and 36.0 FTEs to transition the state's new enterprise resource planning tool (SIGMA) into permanent and ongoing administration of the system. \$4.5 million and 10.0 limited term FTEs are included in this total as a one-time appropriation. Represents a net increase of \$13.1 million GF/GP from FY 2016-17. A total of \$8.6 million Gross ongoing (\$3.8 million GF/GP) is transferred from other line items. <u>House</u> includes \$10.0 million GF/GP for deposit. <u>Senate</u> reduces the \$8.6 million ongoing transfer authorization amount by \$40,400 GF/GP, does not include new funding of \$13.1 GF/GP (\$4.5 million GF/GP one-time), and 21.0 FTEs. <u>Conference</u> concurs with Executive.	Gross	\$0	\$13,060,400
	GF/GP	\$0	\$13,060,400
4. Michigan.gov Content Management System Rewrite	Gross	NA	\$6,171,300
<u>Executive</u> provides \$9.1 million GF/GP in one-time funding to support the establishment and modernization of a new content management system to support 130 State of Michigan websites. Funding will be used for the procurement and set-up of the system and migration of the websites. <u>House</u> includes \$4.0 million GF/GP. <u>Senate</u> does not include. <u>Conference</u> includes \$6.2 million GF/GP.	GF/GP	NA	\$6,171,300
5. Cyber Security Appropriations	FTE	13.0	12.0
<u>Executive</u> provides \$7.0 million GF/GP (\$4.0 million one-time) and 12.0 FTEs to support the Cybersecurity Continuous Improvement Program. Supports centralized coordination for enterprisewide cybersecurity activities. <u>House</u> concurs. <u>Senate</u> reduces one-time funding by \$2.0 million and ongoing by \$1.5 million and removes 6.0 FTEs. <u>Conference</u> includes \$6.7 million GF/GP.	Gross	\$13,118,200	\$6,744,600
	GF/GP	\$13,118,200	\$6,744,600
6. Citizen Centric IT Initiatives	Gross	NA	\$3,000,000
<u>Executive</u> provides \$6.5 million GF/GP (\$5.5 million in one-time funding) for projects designed for mobile phone use by Michigan citizens interacting with State government. Project services include mobile applications, individualized log-in portals, and system integrations. Integrations are planned across at least 10 systems. <u>House</u> includes \$1.0 million GF/GP in ongoing appropriations for Citizen Centric IT Initiatives. <u>Senate</u> includes \$1.0 million GF/GP in ongoing appropriations for Citizen Centric IT Initiatives. <u>Conference</u> includes \$3.0 million GF/GP (\$2.0 million one-time).	GF/GP	NA	\$3,000,000
7. Information Technology Investment Fund (ITIF)	Gross	\$69,500,000	\$3,000,000
<u>Executive</u> provides a net increase of \$3.0 million GF/GP in one-time funding to ITIF for enterprise-wide IT upgrade projects. This one-time funding augments \$65.0 million in ongoing ITIF appropriations. <u>House</u> maintains FY 2016-17 appropriation level with \$65.0 million GF/GP ongoing and \$4.5 million GF/GP in one-time appropriations. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	GF/GP	\$69,500,000	\$3,000,000
8. Technology Services IT IDG Alignment Adjustments	Gross	\$501,961,500	\$23,296,300
<u>Executive</u> adjusts the DTMB IT Inter-departmental Grant line by \$23.3 million IDG to reflect projects and service adjustments in other agency budgets. Technology Service appropriation lines are prorated by department based on their total IT budget. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	501,961,500	23,296,300
	GF/GP	\$0	\$0
9. Office of Performance and Transformation Enhancements	Gross	\$0	\$500,000
<u>Executive</u> provides \$500,000 GF/GP to support Socrata transparency website to increase government data accessibility, dashboards, and enhance the Operational Excellence Program focused on continuous improvement. <u>House</u> concurs. <u>Senate</u> does not include. <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$500,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
10. School Reform Office Investments	FTE	11.0	2.0
<u>Executive</u> includes a total of \$782,000 GF/GP and 2.0 FTEs for new School Reform Office initiatives. Includes \$280,000 to assist families' transition to new schools through a partnership with a third-party vendor; \$252,000 and 2.0 FTEs to support a pilot program for measuring deferred maintenance costs to replacement value of priority schools by utilizing a Facility Condition Index (FCI) Process for chronically failing schools; and \$250,000 for student and parent satisfaction surveys for accountability measurement to comply with 2016 PA 192. <u>House</u> includes 2.0 FTEs and reduces funding by \$1.9 million. <u>Senate</u> includes 2.0 FTEs, \$250,000 for the accountability survey, \$2,000 for FCI process pilot program, and \$30,000 for new school transition support. <u>Conference</u> concurs with Executive.	Gross	\$2,318,300	\$782,000
	GF/GP	\$2,318,300	\$782,000
11. School Reform Office Performance Information System (PERIS) Upgrade	Gross	\$0	\$353,000
<u>Executive</u> adds \$353,000 GF/GP for the automation of Priority School District student data for real-time performance review and analysis. <u>House</u> does not include. <u>Senate</u> does not include. <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$353,000
12. MiPage-Mobile Center of Excellence Permanent Operating Support	Gross	NA	\$0
<u>Executive</u> provides \$1.6 million GF/GP to support continued operations of the MiPage, Mobile Center of Excellence (MCOLE) and the State's mobility efforts. Staff costs currently paid out of ITIF. <u>House</u> does not include. <u>Senate</u> concurs. <u>Conference</u> does not include.	GF/GP	NA	\$0
13. Michigan Public Safety Communications Lifecycle Replacement Funding	Gross	\$0	\$5,000,000
<u>Executive</u> appropriates \$5.0 million GF/GP in one-time funding to help replace the mobile radios among users of the Michigan Public Safety Communication System (MPSCS). <u>House</u> includes \$4.0 million GF/GP for replacement of mobile radios. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$5,000,000
14. Labor Market Information Population and Labor Force Projections	FTE	42.0	2.0
<u>Executive</u> provides \$268,300 GF/GP and 2.0 FTEs to produce population projections for the state and all counties for use by other State offices. It will provide a more detailed projection than currently available. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$5,475,100	\$268,300
	Federal	4,840,100	0
	Local	35,000	0
	GF/GP	\$600,000	\$268,300
15. Michigan Master Computing Contract (MMCC)	FTE	NA	3.0
<u>Executive</u> provides \$373,500 in state restricted funds and 3.0 FTEs to support the MMCC to improve IT procurement processes for the State of Michigan. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$373,500
	Restricted	NA	373,500
	GF/GP	NA	\$0
16. Additional Accounting Service Center Staffing, DMVA Grand Rapids Home	FTE	NA	8.0
<u>Executive</u> authorizes \$1.2 million IDG increase and 8.0 FTEs to reflect DTMB Accounting Service Center services to the Grand Rapids Veterans Home. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$1,206,300
	IDG	NA	1,206,300
	GF/GP	NA	\$0
17. Michigan Military Retirement System (MMRS) Administration	Gross	NA	\$380,000
<u>Executive</u> provides \$380,000 in state restricted funds for administrative support for the Office of Retirement Services management of Military Retirement Services. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	380,000
	GF/GP	NA	\$0
18. MSP Cyber Crimes Unit	FTE	NA	1.0
<u>Executive</u> adds \$137,900 IDG and 1.0 FTE for IT support for the Michigan Intelligence Operations Center, specifically the Computer Crimes Unit. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$137,900
	IDG	NA	137,900
	GF/GP	NA	\$0
19. Office of Financial Management MEDC Payroll Position	FTE	0.0	1.0
<u>Executive</u> authorizes \$127,700 in private funds and 1.0 FTE to administer MEDC corporate payroll in the Human Resources Management Network (HRMN) per a Memorandum of Understanding between the agencies. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$0	\$127,700
	Private	0	127,700
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
20. Michigan State Police Retirement Supplemental Funding	Gross	\$0	\$27,000
<u>Executive</u> adds \$27,000 GF/GP for supplemental payments for two individuals that were inadvertently excluded in FY 2015-16 and FY 2016-17 payouts. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$0	\$27,000
21. Civil Service Financing Source Adjustment	Gross	NA	\$0
<u>Executive</u> authorizes the replacement of \$1.8 million restricted with GF/GP as a fund source realignment related to the Civil Service 1% charge on aggregate payroll to cover administration costs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(1,800,000)
	GF/GP	NA	\$1,800,000
22. Office of Urban Initiatives Transfer	FTE	5.0	(5.0)
<u>Executive</u> removes \$1.0 million GF/GP (entire appropriation) and 5.0 FTEs to reflect the transfer of the Office of Urban Initiatives to the Executive Office. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$1,012,200	(\$1,012,200)
	GF/GP	\$1,012,200	(\$1,012,200)
23. State Vendor Data Tracking Pilot Program	Gross	\$0	\$300,000
<u>House</u> includes \$300,000 GF/GP to be used to contract with a company to provide and track various data and metrics on state vendors and for the state to review this information throughout the contracting process. <u>Senate</u> includes a \$100 GF/GP placeholder for a contract with a company to provide and track various data and metrics on state vendors and for the state to review this information throughout the contracting process. <u>Conference</u> concurs with House.	GF/GP	\$0	\$300,000
24. Removal of Current Year One-Time Funding	Gross	\$82,234,900	(\$82,234,900)
<u>Executive</u> removes \$83.7 million Gross (\$80.9 million GF/GP) of one-time funding from five items. These items include \$1.6 million GF/GP for special state facilities maintenance, \$2.9 million restricted for the Office of Retirement Services, \$5.0 GF/GP million for the Legal Services Fund, \$250,000 for special projects, \$500,000 GF/GP for Public Safety Officer Survivor Benefits, \$72.0 million GF/GP for Venture Michigan I pay-off. <u>House</u> concurs and includes \$1.5 million GF/GP in FY17 YTD total and removal. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with Executive.	Restricted	2,850,000	(2,850,000)
	GF/GP	\$79,384,900	(\$79,384,900)
25. Capital Outlay Planning Authorizations	Gross	NA	\$0
<u>Executive</u> includes \$700 GF/GP for three university, two community college, and two state agency capital outlay planning authorizations: Michigan Technological University – H-STEM engineering and health technologies complex, phase 1; Saginaw Valley State University – College of Business and Management expansion; Wayne State University – STEM Innovation Learning Center; St. Clair County Community College – AJ Theisen building renovation; Henry Ford College – entrepreneur and Innovation institute/technology building renovation and addition; Caro Center Replacement – new state psychiatric hospital; DTMB – Secondary Complex for Secretary of State building addition. <u>House</u> does not include. <u>Senate</u> does not include. <u>Conference</u> does not include.	GF/GP	NA	\$0
26. CSB Technical Fund Source Realignment	Gross	NA	\$0
<u>Executive</u> replaces \$203,200 IDG with \$155,400 restricted and \$47,800 GF/GP to properly account for fund sourcing associated with DTMB indirect charges and the Statewide Cost Allocation Plan. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	(203,200)
	Restricted	NA	155,400
	GF/GP	NA	\$47,800
27. SIGMA Technical Reduction	Gross	NA	(\$6,321,000)
<u>Executive</u> includes a \$6.3 million IDG reduction in an IT line item to reallocate to the Budget and Financial Management line item to offset increased costs of the SIGMA Permanent Organizational Structure program. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	(6,321,000)
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
28. Economic Adjustments	Gross	\$8,891,800
<u>Executive</u> recognizes increased costs of \$3.7 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	\$3,657,300
	Federal	1,788,600
	Local	27,100
	Restricted	(3,300)
	GF/GP	799,600
		\$1,045,300

Major Boilerplate Changes From FY 2016-17

NOTE: In general, Senate includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

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

Requires DTMB to maintain 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 retains. Senate retains and revises by adding a requirement that all invitations to bid and requests for proposals must appear on the first page of each state department and agency dashboard. Conference concurs with Senate.

Sec. 810a. Pilot Project to Provide Comprehensive Vendor Information – NEW

Adds new language to require a pilot project with a third-party vendor that will provide comprehensive information on all vendor with whom the State conducts business transactions. Senate adds. Conference concurs with Senate.

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 retains. Senate retains. Conference retains.

Sec. 821. Space Consolidation Plan – DELETED

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

Sec. 822. Report on Unclassified Salaries – RETAINED

Requires a report on individual appointee and unclassified salaries by January 1st. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 822d. Report on Fees and Rates Charged to State Agencies – RETAINED

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

Sec. 822g. Legal Services Fund – REVISED

Requires annual itemized report on Legal Services Fund expenditures from the prior fiscal year. Executive deletes. House retains and revises to require the report to be released quarterly and specifies all current and previous appropriated funds to be reported. Senate retains. Conference concurs with House.

Sec. 822h. Office of Urban Initiatives – DELETED

Requires the DTMB to submit a report on the expenditures for the office and on the economic impact and job growth initiatives for each urban and metropolitan area receiving funds; specifies any unencumbered and unexpended funds lapse to the general fund. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 822j. Office of Good Government – DELETED

Explains the purpose of the Office of Good Government. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 822k. Hawthorn Center Appraisal – DELETED

Requires DTMB to work with the Department of Health and Human Services in an evaluation of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents and to develop a recommendation on the future use of the facility. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 822m. Vendor Performance Tracking – RETAINED

Requires the DTMB to establish a vendor performance tracking system that collaborates with other departments that will be used as a factor in determining future contracts in the procurement process. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 822n. Request for Proposals Website – RETAINED

Requires the DTMB to establish a request for proposals website that is searchable by department and agency. Executive deletes. House retains. Senate retains. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 827. Michigan Public Safety Communications System (MPSCS) – RETAINED

Provides for the assessment of fees and expenditures of revenues pertaining to the MPSCS; requires a report on revenue collected and expenditures made in support of the system; specifies unencumbered funds are to be carried forward. Executive eliminates the reporting requirement. House retains reporting requirement. Senate concurs with Executive. Conference concurs with House.

Sec. 828. Information Technology Related Appropriations and Expenditures – RETAINED

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

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 retains. House retains. Senate retains. Conference retains.

Sec. 830. IT Contract Change Orders – RETAINED

Requires report of IT change orders and contract extensions for contracts greater than \$50,000 entered to by DTMB. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 831. Information, Communications and Technology (ICT Innovation Fund) – DELETED

Provides for administration and expenditure of ICT Innovation Fund created under prior-year budget acts. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 832. Child Support Enforcement System – RETAINED

Requires 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 retains. Senate retains. Conference retains.

Sec. 836. Information Technology Investment Fund – RETAINED

Explains that the purpose of the increased funds for the IT Investment Fund is to modernize state IT systems and improve system interfaces for greater customer service. The revision eliminates the explanation of the one-time funding and adds guidance for the cyber security staff increase. Executive deletes. House deletes. Senate retains. Conference retains.

Sec. 836a. Cybersecurity Use of Funding – NEW

Adds language specifying metrics to be developed and used for cybersecurity activities. Executive adds. House includes and adds a reporting requirement. Senate concurs. Conference concurs with House.

Sec. 837. Cyber Security Investment Projects – REVISED

Explains the purpose of cyber security investment projects. Executive deletes. House retains and adds a reporting requirement. Senate concurs with Executive. Conference concurs with House.

Sec. 837. Citizen Centric Government – NEW

Requires the development and use of metrics for activities related to MiLogin and MiPage. Executive adds. House renumbers the section as Sec. 839 and adds a reporting requirement. Senate concurs. Conference concurs with House.

Sec. 838. Enterprise Identity Management Program – DELETED

Explains the purpose of the Enterprise Identity Management Program. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 838. MiPage Mobile Center for Excellence Performance Metrics – NOT INCLUDED

Requires the department to identify specific performance measures for funds related to MiPage Mobile Center for Excellence. Executive adds. House does not include. Senate concurs. Conference concurs with House.

Sec. 839. Office of Retirement Services (ORS) Information Technology Upgrade – DELETED

Explains the purpose of the Office of Retirement Services' upgrades in information technology. Executive deletes. House concurs. Senate retains. Conference concurs with Executive.

Sec. 862. Required Reports – RETAINED

Requires the 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 retains. Senate retains. Conference retains.

Sec. 868. Revised Planning Scope Authorization of Caro Center – NOT INCLUDED

Authorizes the scope of planning for facility modernization of the Caro Center to facility replacement with a total estimated cost of \$115,000,000. Executive adds. House does not include. Senate does not include. Conference does not include.

Major Boilerplate Changes From FY 2016-17

Sec. 900. Drinking Water Declaration of Emergency Reserve Fund – NEW

Provides information on the Drinking water declaration of emergency reserve fund. Requires funds to only be expended upon appropriation and authorizes the end of year balance to be carried forward. Executive adds. House revises \$20.0 million deposit to \$25.0 million, which matches the Executive recommended appropriation, and renumbers as Sec. 880. Senate does not include. Conference concurs with House.

FY 2017-18: DEPARTMENT OF TREASURY
Summary: Conference Report
Article VIII, House Bill 4323 (H-1) CR-1



Analyst: Ben Gielczyk

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	<i>Difference: Conference From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$11,262,300	\$12,613,700	\$12,613,700	\$12,613,700	\$12,613,700	\$1,351,400	12.0
Federal	39,920,800	27,022,600	27,022,600	27,022,600	27,022,600	(12,898,200)	(32.3)
Local	9,201,000	14,516,000	14,516,000	14,516,000	14,516,000	5,315,000	57.8
Private	26,700	27,500	27,500	26,700	27,500	800	3.0
Restricted	1,589,586,300	1,605,173,700	1,605,173,700	1,610,018,300	1,629,717,400	40,131,100	2.5
GF/GP	238,495,800	206,348,500	214,748,500	205,919,600	214,327,600	(24,168,200)	(10.1)
Gross	\$1,888,492,900	\$1,865,702,000	\$1,874,102,000	\$1,870,116,900	\$1,898,224,800	\$9,731,900	0.5
FTEs	1,916.5	1,962.5	1,962.5	1,750.5	1,862.5	(54.0)	(2.8)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 2016-17 YTD Appropriations

1. Constitutional Revenue Sharing

Executive increases Constitutional revenue sharing by \$15.7 million in restricted sales tax revenue relative to the FY 2016-17 budget act appropriated amount (2.3% increase from the January CREC estimate for FY 2016-17). House and Senate concur. Conference updates to reflect May CREC estimates. Increases Constitutional revenue sharing by \$40.2 million in restricted sales tax revenue relative to the FY 2016-17 budget act appropriated amount (1.2% increase from the May CREC estimate for FY 2016-17).

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$757,875,200	\$40,212,600
Restricted	757,875,200	40,212,600
GF/GP	\$0	\$0

2. City, Village, and Township Revenue Sharing

Executive maintains City, Village, and Township Revenue Sharing at \$248.8 million in restricted sales tax revenue which reflects no change from FY 2016-17. \$5.8 million is considered one-time appropriations. House concurs. Senate includes 1% increase, or \$2.5 million GF/GP. Conference concurs with Executive and House.

Gross	\$248,850,000	\$0
Restricted	248,850,000	0
GF/GP	\$0	\$0

3. Supplemental City, Village, and Township Revenue Sharing

House includes \$12.4 million GF/GP in one-time appropriations to support supplemental revenue sharing payments. Payments would be distributed to all cities, villages, and townships eligible to receive a City, Village, and Township Revenue Sharing payment under Section 952. Payments would be distributed on a per capita basis equal \$1.62396 per person. Senate does not include. Conference includes \$6.2 million GF/GP in one-time appropriations. Payments would be distributed to all cities, villages, and townships eligible to receive a City, Village, and Township Revenue Sharing payment under Section 952. Payments would be distributed on a per capita basis equal \$0.81198 per person.

Gross	\$0	\$6,200,000
GF/GP	\$0	\$6,200,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
4. County Revenue Sharing/County Incentive Program	Gross	\$217,267,500	\$2,819,700
<u>Executive</u> increases county revenue sharing by \$640,600 in restricted sales tax revenue to accommodate full payments for the two counties (Alcona and Charlevoix) that came online mid-year FY 2016-17. Maintains 1.0% increase above full-funding. A total of \$513,700 is included in County Revenue Sharing and \$126,900 is included in the County Incentive Program. Of the total for FY 2017-18, 80.2% would be distributed through County Revenue Sharing and 19.8% would be distributed through the County Incentive Program. <u>House</u> concurs. <u>Senate</u> includes concurs with Executive and House; includes additional 1% increase for all counties, or an additional \$2.2 million GF/GP. Entire amount is placed in County Revenue Sharing and is not subject to incentive requirements. <u>Conference</u> concurs with Senate.	Restricted	217,267,500	640,600
	GF/GP	\$0	\$2,179,100
5. Debt Service	Gross	\$137,037,000	(\$29,457,000)
<u>Executive</u> reduces debt service by \$29.5 million GF/GP to reflect lower debt service costs due to refundings and refinancing. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$137,037,000	(\$29,457,000)
6. Dual Enrollment Payments	Gross	\$1,507,600	\$500,000
<u>Executive</u> increases by \$500,000 GF/GP to accommodate increased participation in the dual enrollment program. Grants cover tuition costs of eligible nonpublic school students enrolled in postsecondary institutions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$1,507,600	\$500,000
7. Payments in Lieu of Taxes (PILT)	Gross	\$27,398,800	(\$47,200)
<u>Executive</u> increases by \$252,800 Gross (\$96,600 GF/GP) to accommodate PILT payments. <u>House</u> concurs. <u>Senate</u> did not include increases. <u>Conference</u> concurs with Executive increase and then reduces Swamp and Tax Reverted PILT by \$300,000 GF/GP.	Private	26,700	0
	Restricted	5,177,500	156,200
	GF/GP	\$22,194,600	(\$203,400)
8. Senior Citizen Cooperative Housing Tax Exemption	Gross	\$10,520,000	\$200,000
<u>Executive</u> increases by \$200,000 GF/GP to accommodate 2016 PA 78. The act authorized an exemption, effective December 31, 2011, for property that would have qualified for the exemption if an application had been timely filed in 2011. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$10,520,000	\$200,000
9. Align Appropriation Authorizations with Actual Revenues	Gross	NA	(\$20,455,700)
<u>Executive</u> provides the following adjustments to align appropriation authorizations with actual revenues:	Federal	NA	(12,955,700)
• Decreases Federal Department of Education Resources that support administration of outstanding federal and state postsecondary education loans by \$13.0 million in federal funds to align with receipt of revenues.	Restricted	NA	(7,500,000)
• Decreases Health and Safety Fund grants line item by \$7.5 million Gross (\$0 GF/GP) to align with actual expenditures.	GF/GP	NA	\$0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			
10. Medical Marijuana Regulatory and Licensing Framework	FTE	0.0	4.0
<u>Executive</u> includes \$4.6 million (\$0 GF/GP) and 4.0 FTEs for medical marijuana regulatory activities. Of this amount, \$4.0 million supports grants to municipalities, counties, and county sheriffs. The remainder, \$675,000 and 4.0 FTEs, would support staff funding for administration of payments to local by the department. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$0	\$4,635,000
	Restricted	0	4,635,000
	GF/GP	\$0	\$0
11. Grant Removal	Gross	\$521,600	(\$521,600)
<u>Executive</u> removes \$521,600 GF/GP that supported the following FY 2016-17 grants:	GF/GP	\$521,600	(\$521,600)
• Lenawee Intermediate School District Plasma Cutting Machine Matching Grant (\$76,000 GF/GP)			
• Gianna House Grant (\$100,000 GF/GP)			
• Student Loan Delinquency Pilot Program (\$345,600 GF/GP)			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
12. Tax Processing Bureau			
<u>Executive</u> includes \$992,200 GF/GP and 9.0 FTEs to decrease telephone wait times and reduce processing time of individual income tax returns. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	331.0	9.0
	Gross	\$37,376,900	\$992,200
	IDG	2,356,300	0
	Restricted	25,072,200	0
	GF/GP	\$9,948,400	\$992,200
13. Office of Collections Lien Fee Increase			
<u>Executive</u> includes \$1.3 million IDG to accommodate recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state and is reimbursed for costs associated with filing the liens. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	202.0	0.0
	Gross	\$26,255,100	\$1,300,000
	IDG	5,890,400	1,300,000
	Restricted	19,851,200	0
	GF/GP	\$513,500	\$0
14. City Income Tax Administration			
<u>Executive</u> provides \$5.3 million local funds to support expansion of Treasury city income tax collection program for Detroit (corporate and flow-through withholding) and the potential expansion into an additional city. \$1.5 million is considered one-time appropriations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTE	49.0	23.0
	Gross	\$5,879,100	\$5,282,100
	Local	5,879,100	5,282,100
	GF/GP	\$0	\$0
15. Information Technology for Systems, Applications, and Products (SAP)			
<u>Executive</u> provides \$2.0 million GF/GP to support implementation of SAP, an enterprise resource planning software. Funds would allow contract staff to continue through FY 2017-18 to support operations and allow permanent state staff to obtain self-sufficiency in the software. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$0	\$2,000,000
	GF/GP	\$0	\$2,000,000
16. Supervision of General Property Tax Law			
<u>House</u> removes \$4.5 million GF/GP which equals the amount of funding included to support the Office of Fiscal Responsibility. <u>Senate</u> did not include funding reduction. <u>Conference</u> reduces by \$500,000 GF/GP.	Gross	\$17,590,200	(\$500,000)
	Local	140,000	0
	Restricted	3,558,700	0
	GF/GP	\$13,891,500	(\$500,000)
17. Financial Independence Teams			
<u>Conference</u> reduces by \$1.0 million GF/GP.	Gross	\$3,729,500	(\$1,000,000)
	GF/GP	\$3,729,500	(\$1,000,000)
18. Removal of One-Time Appropriations			
<u>Executive</u> removes \$6.4 million Gross (\$6.4 million GF/GP) in one-time funds appropriated for Free individual E-File (\$2.8 million GF/GP), Supervision of the General Property Tax Law (\$3.0 million GF/GP), School District Millage Renewal Election Reimbursements (\$50,000 GF/GP), Drinking Water Declaration of Emergency (\$300,100 Restricted), and Urban Search and Rescue (\$500,000 GF/GP). <u>House</u> concurs with the removal of all but Urban Search and Rescue. <u>House</u> retains \$500,000 GF/GP in one-time funding to support Urban Search and Rescue. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> and retains Urban Search and Rescue; increases Urban Search and Rescue to \$900,000 GF/GP.	Gross	\$6,692,600	(\$5,792,600)
	Restricted	300,100	(300,100)
	GF/GP	\$6,392,500	(\$5,492,500)
19. Grant Placeholders			
<u>Senate</u> includes two \$100 GF/GP placeholders. One placeholder is for reimbursements to local units of government for the costs of financial data analytical tools. The other placeholder is for NextGen 911 improvements. <u>Conference</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
20. Financial Data Analytic Tool Reimbursement Program			
<u>Conference</u> includes \$500,000 GF/GP to support new reimbursement program for local units of government that elect to implement a financial data analytic tool authorized by DTMB.	Gross	\$0	\$500,000
	GF/GP	\$0	\$500,000
21. GF/GP Fund Shift Offset with Delinquent Tax Collection Revenue			
<u>Senate</u> replaces \$5.0 million GF/GP with corresponding amount of delinquent tax collection revenue for a net \$0 Gross change to realize GF/GP savings. <u>Conference</u> does not include.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
22. FTE Removal	FTE	1,916.5	(54.0)
<u>Senate</u> removes a total of 166.0 authorized FTEs from various line items. A total of 212.0 FTEs were removed relative to the <u>Executive</u> and <u>House</u> . <u>Conference</u> removes a total of 54.0 FTEs from various line items relative to FY 2016-17 FTE levels.	Gross	NA	\$0
	GF/GP	NA	\$0
23. Casino Gaming Information Technology System Review Enhancement	FTE	132.0	1.0
<u>Executive</u> includes \$149,900 in State Services Fee Fund and 1.0 FTE to support IT system review enhancement to help ensure security and accuracy of revenue reporting through increased internal controls. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$26,196,700	\$149,900
	Restricted	26,196,700	149,900
	GF/GP	\$0	\$0
24. Bureau of State Lottery iLottery Staffing	FTE	183.0	8.0
<u>Executive</u> includes \$716,300 State Lottery Fund and 8.0 FTEs to support iLottery oversight and continued expansion. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$24,760,300	\$716,300
	Restricted	24,760,300	716,300
	GF/GP	\$0	\$0
25. Economic Adjustments	Gross	NA	\$1,998,200
Reflects increased costs of \$2.0 million Gross (\$435,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	51,400
	Federal	NA	57,500
	Local	NA	32,900
	Restricted	NA	1,421,400
	GF/GP	NA	\$435,000

Major Boilerplate Changes From FY 2016-17

Sec. 902a. Notification of Bond Refinancing and Restructuring – RETAINED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over the duration of the debt, and the projected change in present value of the debt service due to the refinancing. Executive deletes. House, Senate, and Conference retain.

Sec. 903. Tax Collection Contracts – REVISED

Authorizes Treasury to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Executive and Senate retain. House includes new subsection requiring the department to issue an RFP for a secondary placement collections program. Conference concurs with House but revises dates and structure of RFP to accommodate and allow for a multiple contract approach and for a bidder to bid on the entire contract for primary and secondary collections.

Sec. 920. Personal Property Tax Reimbursement Reporting – NEW

Requires the Department of Treasury to produce a listing of all personal property tax reimbursement payments to be distributed by the Local Community Stabilization Authority related to property taxes levied in the current calendar year. Requires listing to be posted on the department website by September 30. Requires notice describing adjustments in personal property tax reimbursements that will affect the subsequent payment. Provides that the notice shall be distributed to all municipalities. Senate includes as new section. Conference concurs with Senate.

Sec. 927. Personal Property Tax Audits – RETAINED

Requires the Department of Treasury to submit annual progress reports regarding personal property tax audits. Executive and Senate delete. House and Conference retain.

Sec. 934. Expenditure of Authority Revenues – RETAINED

Authorizes Treasury to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Executive revises by striking reporting requirement. House, Senate, and Conference retain.

Sec. 936. Student Loan Delinquency Counseling Pilot Program – DELETED

Specifies requirements of competitive proposal for the student loan delinquency counseling pilot program. Includes requirements for RFP and provides direction on how the Department of Treasury shall review proposals. Requires status report. Executive, House, Senate, and Conference delete.

Major Boilerplate Changes From FY 2016-17

Sec. 936. Financial Data Analytical Tool Guidance – NEW

Requires funds appropriated in part 1 to be for reimbursement to counties, cities, villages, and townships for the cost of a data analytical tool that provides financial data analysis and early warning analysis. Requires DTMB to provide between 2 and 4 approved vendors by October 15, 2017. Senate includes as new section. Conference concurs with Senate and updates to reflect funding level and program requirements regarding reimbursements.

Sec. 938. State Capitol Historic Site Payments – DELETED

Requires the Department of Treasury to ensure that the State Capitol Historic Site receives any amounts remaining in the Restoration, Renewal, and Maintenance line item. States that in the event that the Detroit CPI results in decreased statutory payments to the State Capitol Historic Fund, the Department of Treasury shall not take punitive measures or decrease payments to the fund and shall ensure full payment from the amounts available in the Restoration, Renewal, and Maintenance line item. Executive, House, Senate, and Conference delete.

Sec. 938. NextGen 911 System Funding Guidance – NOT INCLUDED

Requires funds appropriated in part 1 for NextGen 911 to be used for funding NextGen 911 projects that are approved by the public service commission. Senate includes as new section. Conference does not include.

Sec. 942. Maintenance of Existing Contracts – NEW

Requires Department of Treasury to prioritize maintaining existing contracts associated with the property services division as a condition of receiving funds for Supervision of General Property Tax Law. Conference includes as new.

Sec. 943. Medical Marihuana Closed-Loop Payment System – NEW

Authorizes the Department of Treasury to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only by registered participants. Conference includes as new section.

Sec. 944. Pension Plan Consultant Report – REVISED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. Executive deletes. House revises to include a notification when a pension plan consultant was used and a rationale for the retention of a pension plan consultant. Senate retains current law. Conference concurs with House.

Sec. 945. Audit of Minimal Assessing Requirements – REVISED

Requires the appraisal quality assurance project manager to conduct an Audit of Minimal Assessing Requirements in at least one assessment jurisdiction per county. Executive revises to require a review of local unit assessment administration practices, procedures, and records in each assessment district a minimum of once every five years. House, Senate, and Conference concur.

Sec. 949. Fraud Prevention Appropriation – RETAINED

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 returns. 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. House revises fraud prevention appropriation down to \$1.2 million to align with actual reported expenditures. Executive, Senate, and Conference retain current law.

Sec. 949g. Urban Search and Rescue Task Force – REVISED

Allocates \$500,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2015-16 revenues and expenditures, proposed FY 2016-17 grant expenditures, and a final report on FY 2016-17 grant expenditures. Executive and Senate delete due to removal of funds. House retains. Conference retains; updates amount to match line item appropriation of \$900,000 GF/GP.

Sec. 949h. Medical Marihuana Facilities Licensing Act – NEW

Provides that revenue from the Medical Marihuana Facilities Licensing Act is appropriated and shall be distributed in accordance with the provisions of the act. Executive, House, Senate, and Conference include as new section.

Sec. 949i. City Income Tax Expansion – NEW

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city. Executive and Senate include as new Section 949i. House and Conference include as new Section 949a.

Sec. 949j. Wrongful Imprisonment Compensation Fund – NEW

Provides that all funds in the Wrongful Imprisonment Compensation Fund are appropriated and available for expenditure for support of wrongful imprisonment compensation payments pursuant to provisions of the act. Executive, House, Senate, and Conference include as new section.

Major Boilerplate Changes From FY 2016-17

REVENUE SHARING

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2015-16 payment to all CVTs that were eligible for a payment in FY 2015-16. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956. Executive revises to allow include new language allowing an entity that does not comply with the accountability and transparency by December 1 to comply by April 1 and still receive full payments. Payments that were ultimately qualified for after December 1 would be deferred and paid in the August revenue sharing payment. Executive also allows CVTs to use Treasury's online Citizen's Guide to satisfy reporting requirement. House retains current law, including due dates, but revises to allow use of Treasury's online Citizen's Guide to fulfill Citizen's Guide reporting requirement. Senate revises to authorize a 1% increase in funding for FY 2017-18. Distribution language is retained. Revises to allow use of Treasury's online Citizen's Guide to fulfill Citizen's Guide reporting requirement. Conference concurs with House.

Sec. 955. County Revenue Sharing – REVISED

Requires the county revenue sharing to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 100.976% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Senate revises payment to 101.986% to reflect 1% increase. Conference concurs with Senate.

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

Specifies distribution of \$5.0 million to CVTs that have one or more conditions of 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. House revises to require funds to be used exclusively to reduce unfunded liabilities, repair/replace critical infrastructure/equipment, reduce debt obligations, or for costs associated with a transition to shared services. Executive and Senate retain current law. Conference concurs with House language revision; funding remains at \$5.0 million.

Sec. 957. Supplemental City, Village, and Township Revenue Sharing – NEW

Specifies distribution of \$12.4 million GF/GP appropriated in part 1 to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$1.62396 per person. House includes as new section. Senate does not include. Conference concurs with House but revises amount to \$6.2 million and \$0.81198 per person to the 587 local units eligible to receive CVT Revenue Sharing.

LOTTERY

Sec. 963. Department of Health and Human Services Bridge Cards – DELETED

Requires Lottery to notify lottery retailers that DHHS bridge cards are not to be used to purchase lottery tickets. Executive, Senate, and Conference delete. House retains.

Sec. 964. Promotion and Advertising Appropriation – REVISED

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales or \$25.0 million, whichever is less, for promotion and advertising. Executive and House retain current law. Senate revises to authorize 1% of the prior fiscal year's gross sales and eliminates cap at \$25.0 million. Conference revises to authorize 1% of the prior fiscal year's gross sales or \$30.0 million, whichever is less, for promotion and advertising.

CASINO GAMING

Sec. 977. Michigan Agriculture Equine Industry Development Fund – REVISED

Requires proration of all appropriations from the MAEIDF if revenues to the fund decline during the fiscal year. The language exempts the racing commission and laboratory analysis program appropriations. Executive strikes laboratory analysis program as exempt from proration. House retains current law. Senate and Conference concur with Executive.

Sec. 978. Racing Commission Regulatory Changes – RETAINED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Executive revises to eliminate language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. House, Senate, and Conference retain current-year language.

Sec. 979. Millionaire Party Regulation – REVISED

Appropriates amount not to exceed \$4.0 million to the Michigan Gaming Control Board from the State Lottery Fund to support regulation and licensing of millionaire parties pursuant to Executive Order 2012-4; requires report. House revises amount available for expenditure to \$3.0 million to align with actual reported expenditures. Executive and Senate retain. Conference concurs with House.

FY 2017-18: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT



Summary: Conference Report

Article VIII, House Bill 4323 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	768,144,800	762,144,800	762,144,800	762,144,800	762,144,800	(6,000,000)	(0.8)
Local	500,000	500,000	500,000	500,000	500,000	0	0.0
Private	5,619,000	5,620,900	5,620,900	5,620,900	5,620,900	1,900	0.0
Restricted	192,341,600	181,556,700	206,363,400	187,056,700	206,056,700	13,715,100	7.1
GF/GP	182,508,900	193,502,400	127,608,100	197,126,100	205,099,400	22,590,500	12.4
Gross	\$1,149,114,300	\$1,143,324,800	\$1,102,237,200	\$1,152,448,500	\$1,179,421,800	\$30,307,500	2.6
FTEs	1,615.0	1,615.0	1,615.0	1,273.0	1,453.0	(162.0)	(10.0)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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, economic development, and create and preserve safe and affordable housing in the State of Michigan.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Business Attraction and Community Revitalization

Executive includes \$10.0 million GF/GP in one-time appropriations for Michigan Business Development Program grants and loans and Community Revitalization Program grants and loans. Shifts \$14.0 million GF/GP that was considered one-time in FY 2016-17 to ongoing appropriations. House reduces by \$15.5 million for a total of \$100.0 million Gross (\$67.2 million GF/GP). Of that amount, \$10.8 million GF/GP is considered one-time appropriations. Senate includes \$7.3 million GF/GP in one-time appropriations. Concurs with Executive in shift of \$14.0 million GF/GP that was considered one-time in FY 2016-17 to ongoing appropriations. Conference effectively maintains current-year funding level of \$115.5 million Gross (\$93.9 million GF/GP).

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$115,499,900	\$100
Restricted	21,600,000	0
GF/GP	\$93,899,900	\$100

2. Going Pro (Formerly Skilled Trades Training Program)

Executive provides \$10.0 million GF/GP in one-time appropriations to expand Going Pro program. Program funding supports grants to employers to assist in training, developing, and retaining current employees and individuals to be hired. House concurs with Executive appropriation of \$40.9 million. However, House funds entire appropriation with Contingent Fund, Penalty and Interest to realize GF/GP savings. Senate concurs with Executive Gross appropriation of \$40.9 million. However, Senate replaces \$5.0 million GF/GP with Contingent Fund, Penalty and Interest to realize GF/GP savings. Conference concurs with House offset and increases by \$1.0 million GF/GP to support enhanced programming. (See also #16 and #17 below.)

	Gross	\$30,900,000	\$11,000,000
Restricted	25,900,000	15,000,000	
GF/GP	\$5,000,000	(\$4,000,000)	

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
3. Talent Marketing	Gross	\$0	\$5,000,000
<u>Executive</u> includes \$5.0 million GF/GP in one-time appropriations for a marketing program to attract individuals to live and work in Michigan. <u>House</u> does not include. <u>Senate</u> does not include separate line item; includes \$5.0 million in Pure Michigan and designates up to \$5.0 million to support Talent Marketing in boilerplate (see item #8 below). <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$5,000,000
4. Project Rising Tide	Gross	\$0	\$2,000,000
<u>Executive</u> includes \$2.0 million GF/GP in one-time appropriations for Project Rising Tide. The funds would support program expansion beyond the initial 10 communities. Project Rising Tide provides technical assistance to communities regarding planning, zoning, and economic development to attract new business and help existing businesses. Current year funding comes from MSHDA and MEDC Corporate revenues. <u>House</u> and <u>Senate</u> do not include. <u>Conference</u> concurs with Executive.	GF/GP	\$0	\$2,000,000
5. Arts and Cultural Grants	Gross	\$10,150,000	\$1,000,000
<u>Executive</u> increases Arts and Cultural Grants by \$1.0 million GF/GP in one-time appropriations. Funding would provide additional grant opportunities to local arts and cultural organizations. Removes boilerplate prohibiting administration as an authorized use of funds. <u>House</u> does not include. <u>House</u> maintains current-year funding, but includes boilerplate prohibition on use of funds for administration. <u>Senate</u> concurs with Executive inclusion of additional \$1.0 million GF/GP; retains boilerplate prohibiting administration as an authorized use of funds. <u>Conference</u> concurs with Senate.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$9,000,000	\$1,000,000
6. Protect and Grow	Gross	\$3,000,000	(\$2,000,000)
<u>Executive</u> includes \$1.0 million GF/GP in one-time appropriations for Protect and Grow. The program focuses on retaining and growing the defense industry strategic investments in Michigan. The FY 2016-17 budget act included \$3.0 million GF/GP in one-time appropriations to support this program. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$3,000,000	(\$2,000,000)
7. Entrepreneurship Eco-System	Gross	\$19,400,000	\$1,000,000
<u>House</u> reduces funding by \$2.7 million in 21 st Century Jobs Trust Fund. Shifts funding to Business Attraction and Community Revitalization to realize GF/GP savings. <u>Senate</u> reduces funding by \$1.0 million and shifts funding to Pure Michigan. <u>Conference</u> concurs with Senate transfer of \$1.0 million 21 st Century Jobs Trust Fund to Pure Michigan, but replaces with \$1.0 million GF/GP for net change of \$0. Includes additional \$1.0 million GF/GP to support Van Andel Institute grant for a net change of \$0 Gross (funding is directed to Van Andel in boilerplate Section 1048).	Restricted	19,400,000	(1,000,000)
	GF/GP	\$0	\$2,000,000
8. Pure Michigan	Gross	\$34,000,000	\$1,000,000
<u>Executive</u> and <u>House</u> maintain FY 2016-17 funding levels for Pure Michigan. <u>Senate</u> increases by \$6.0 million Gross (\$5.0 million GF/GP). Shifted \$1.0 million restricted from Entrepreneurship Eco-System and includes additional \$5.0 million GF/GP dedicated to talent marketing. <u>Conference</u> includes \$1.0 million 21 st Century Jobs Trust Fund increase.	Restricted	34,000,000	1,000,000
	GF/GP	\$0	\$0
9. Job Creation Services	Gross	\$22,198,400	\$0
<u>House</u> reduces line item by \$4.9 million GF/GP for a reduction in administration appropriations. <u>Executive</u> , <u>Senate</u> , and <u>Conference</u> does not reduce; includes economic adjustments (included in #16 below).	Federal	2,773,300	0
	Private	250,000	0
	Restricted	4,961,300	0
	GF/GP	\$14,213,800	0
10. Community Ventures	Gross	\$9,800,000	\$0
<u>House</u> replaces entire \$9.8 million in GF/GP appropriation for Community Ventures with Contingent Fund, Penalty and Interest to realize GF/GP savings. <u>Executive</u> and <u>Senate</u> retains funding level with GF/GP. <u>Conference</u> replaces \$9.5 million GF/GP with equivalent amount of Contingent Fund, Penalty and Interest.	Restricted	0	9,500,000
	GF/GP	\$9,800,000	(\$9,500,000)

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
11. TANF Funding	Gross	\$64,898,800	(\$1,200,000)
<u>Executive</u> and <u>House</u> remove \$1.2 million TANF authorization for workforce development programs. <u>Senate</u> concurs with Governor and includes additional transfer for \$2.0 million to MSF to support Michigan Enhancement Grants. Reduces by a total of \$3.2 million Federal. <u>Conference</u> concurs with <u>House</u> .	Federal	64,898,800	(1,200,000)
	GF/GP	\$0	\$0
12. DTED – Grants	Gross	\$0	\$2,700,000
<u>Conference</u> includes the following grant awards in the DTED – grants line item:	GF/GP	\$0	\$2,700,000
<ul style="list-style-type: none"> \$2.0 million GF/GP for grant to Focus: Hope (See also Sec. 1069). \$500,000 GF/GP to support a grant to Riverbend Park (Rochester Hills) for infrastructure improvements (See also Sec. 1055). \$200,000 GF/GP to support grant for Helmets to Hardhats program (See also Sec. 1067). 			
13. Michigan State Housing Development Authority Revenue Adjustments	FTE	316.0	0.0
<u>Executive</u> reduces MSHDA restricted funds by \$7.1 million to align fund source with actual revenues. Downward adjustment does not affect programming. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$54,833,700	(\$7,111,500)
	Restricted	54,833,700	(7,111,500)
	GF/GP	\$0	\$0
14. Removal of Other One-Time Appropriations	Gross	\$23,898,600	(\$23,898,600)
<u>Executive</u> removes \$21.8 million Gross (\$12.0 million GF/GP) in FY 2016-17 one-time appropriations. Appropriations include Special Grants (\$12.0 million), Statewide Data System Integration (\$8.8 million Gross), Kalamazoo Valley Community College – Healthy Living Campus (\$2.0 million GF/GP), Grant to St. Louis Center (\$120,000 GF/GP), and Sustainable Employment Pilot Program (\$1.0 million GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	4,800,000	(4,800,000)
	Restricted	3,978,500	(3,978,500)
	GF/GP	\$15,120,100	(\$15,120,100)
15. UIA Information Technology	Gross	\$0	\$0
<u>Senate</u> includes \$100 placeholder to support an electronic ID system in the UIA. Includes boilerplate that outlines requirements for an electronic ID system in the UIA (Sec. 1047). <u>Conference</u> does not include.	GF/GP	\$0	\$0
16. Michigan Enhancement Grants	Gross	\$0	\$35,897,000
<u>Senate</u> includes \$15.7 million Gross (\$13.3 million GF/GP) to support 20 enhancement grants to programs and projects throughout the state of Michigan. <u>Conference</u> includes \$35.9 million for enhancement grants (See. Section 1047 below).	Federal	0	0
	Restricted	0	0
	GF/GP	\$0	\$35,897,000
17. Jobs for Michigan's Graduates Program	Gross	\$0	\$3,000,000
<u>Conference</u> includes \$3.0 million GF/GP to support program. Funding is included in Skilled Trades Training Program (Going Pro).	GF/GP	\$0	\$3,000,000
18. Dropout Prevention Program	Gross	\$0	\$1,500,000
<u>Conference</u> includes \$1.5 million GF/GP to support dropout prevention program for individuals 23 and older. Funding is included in Skilled Trades Training Program (Going Pro).	GF/GP	\$0	\$1,500,000
19. FTE Removal	FTE	1,615.0	(162.0)
<u>Senate</u> reduces total FTEs across department by 342.0 FTEs relative to FY 2016-17 and <u>Executive</u> and <u>House</u> proposed FY 2017-18. <u>Conference</u> removes 162.0 FTE positions relative to the current FY 2016-17 amount.	Gross	\$0	\$0
	GF/GP	\$0	\$0
20. Economics Adjustments	Gross	NA	\$420,500
<u>Executive</u> includes funding to support increased costs of \$420,500 Gross (\$113,500 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs with Gross amount, but replaces \$6,700 GF/GP associated with Community Ventures and Going Pro economics with restricted Contingent Fund, Penalty and Interest to realize GF/GP savings in that line item. <u>Senate</u> and <u>Conference</u> concurs with <u>Executive</u> .	Federal	NA	0
	Private	NA	1,900
	Restricted	NA	305,100
	GF/GP	NA	\$113,500

Major Boilerplate Changes From FY 2016-17

NOTE: In general, House includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing. Conference concurred with most reporting requirement changes.

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. House, Senate, and Conference retain.

Sec. 1007. Program Reporting Requirements – REVISED

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program. Authorizes requirements to be met if the report under Section 9 of the MSF Act is provided by March 15. Executive deletes. House revises to strike language saying reporting requirements are met if report under Section 9 of the MSF Act is provided by March 15. Senate revises to require the activities report to include the budget of the MSF and MEDC for the previous fiscal year, including a list of all corporate revenue received by source, all expenditures by core focus for the year, number of FTE positions at the MEDC, the corporate fund balance remaining at the end of the fiscal year, total amount of work project funding spent during the previous fiscal year, all work projected funding that is being carried forward, and the different between the enacted budget and final expenditures for the previous fiscal year. Conference concurs with House in part (removal of phrase allowing for statutory report to count for boilerplate report if submitted by March 15) and Senate in part (adding reporting requirement to allow for more comprehensive look at corporate budget).

Sec. 1009. Land Purchase Provisions – REVISED

Prohibits MEDC from purchasing land or land options unless the land is in an economically distressed area or purchase is at invitation of local unit of government and economic development agency; authorizes consideration of purchases where proposed use is consistent with a regional land use plan, will result in redeveloping an economically distressed area, can be supported with existing infrastructure, and will not cause population to shift from population centers. House includes new subsection requiring report on land purchased, all options on land purchased, the location of the purchase, and the purchase price. Executive and Senate retain current law. Conference concurs with House but revised to say report must be provided "if" there are land purchases or options on land purchased.

Sec. 1010. Jobs for Michigan Investment Fund Report – RETAINED

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund. Executive deletes. House, Senate, and Conference retain.

Sec. 1033. Film and Digital Media Office Status Report – RETAINED

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged. Executive deletes. House, Senate, and Conference retain.

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

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Executive revises by striking subsection prohibiting funds appropriated for expenses necessary to administer the program. House retains subsection prohibiting funds appropriated for expenses necessary to administer the program. Includes new reporting required regarding number of applications and total dollar amount of grants requested. Senate retains current law. Conference concurs with House.

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. Executive deletes. House revises to prohibit more than 50% of the funds appropriated from being requested. Senate and Conference retain current law.

Sec. 1044. Prohibition on Awarding or Transferring Tax Credits – NOT INCLUDED

Prohibits the MSF and MEDC from awarding or transferring existing tax credits to the owner of an existing facility in Dearborn prior to legislative approval. House includes as new section. Senate and Conference do not include.

Sec. 1044. Previously Authorized Tax Credit Transfer Notification – NEW

Requires notification to the legislature, fiscal agencies, and state budget office 30 days prior to authorizing the transfer of any previously authorized tax credit that would increase the liability to the state. Conference includes as new section.

Major Boilerplate Changes From FY 2016-17

Sec. 1046. Special Grants Award Listing – DELETED

Specifies distribution of funds appropriated in part 1 for 21 Special Grants: Covenant Care (\$275,000); Grandmont Rosedale Development Corporation (\$50,000); Kennedy High School (Taylor) - Greenhouse Renovation (\$30,000); Heritage Park (Taylor) Repairs (\$95,000); Redford Union Chrome Books (\$100,000); City of Westland Recreation Complex (\$100,000); City of Wayne Recreation Complex (\$100,000); Southwest Detroit Community Justice Center (\$100,000); Mom's Place Women's Shelter (\$75,000); Maggie Lee's Community Center (\$25,000); Detroit Collaborative Design Center (\$100,000); Charles H. Wright African American Museum (\$500,000); Kent County Youth Fair (\$2,500,000); Lowell Township Park (\$2,500,000); Van Andel Institute (\$1,000,000); Unmanned Aerial Drone Development (\$250,000); Muskegon Farmer's Market Incubator (\$200,000); Kalamazoo Valley Community College – Healthy Living Campus (\$2,000,000); City of Athens Water Tower (\$250,000); City of Albion High Priority Capital Project (\$950,000); Grand Haven State Park Access Redevelopment (\$800,000). Executive, House, Senate, and Conference delete.

Sec. 1047. Michigan Enhancement Grants – NEW

Specifies individual grants included in the Michigan Enhancement Grant line item. Includes 20 projects. Senate includes as new section. Conference includes section and identifying the following grants totaling \$35.9 million GF/GP: playground project in Commerce Township (\$100,000); Sanilac FFA "miracle of life" barn (\$35,000); St. Clair River seawall (\$500,000); St. Clair highway bridge (\$2,700,000); Oakland Hope (\$100,000); Michigan Works! retirement shortfall (\$800,000); Sault Sainte Marie Carbide Docks (\$1,000,000); Hillsdale Veteran Affairs Scholarship Program (\$12,000); Plymouth Township intersection upgrade (\$1,000,000); Albion Water Tower Upgrade (\$500,000); Holy Cross Services (\$1,500,000); Gianna House (\$100,000); Livonia Rotary Park accessible playground (\$300,000); Botsford Park upgrade to outdoor pool (\$70,000); Child Restraint Safety Program Awareness Campaign (\$300,000); Former Detroit House of Corrections demolition and cleanup (\$1,500,000); No Wrong Door Program – Wayne County (\$250,000); South Michigan Center for Science and Industry (\$800,000); Voss Park – baseball diamonds upgrades (\$300,000); Salem Township Urban Services District (\$10.0 million); Harvey Street woonerf project (\$1,000,000); Grand Rapids Civic Theatre (\$1,000,000); Lowell Showboat Replacement (\$1,000,000); Dixie Highway Federal Match (\$1,000,000); KVCC Healthy Living Campus (\$2,000,000); White Lake Township Road Infrastructure Improvement (\$750,000); Muskegon County/Coopersville Wastewater Treatment Improvement (\$2,500,000); Monroe County ISD Career Tech Equipment (\$40,000); Ida School District CAD equipment (\$70,000); Whites Bridge Rebuild – Ionia County (\$350,000); Village of Lexington Master Plan Study (\$120,000); Grand Rapids Dam Removal (\$1,500,000); Mackinaw Cutter Repainting (\$300,000); LSSU power grid improvements (\$300,000); Zeeland Interchange Upgrade (\$2,000,000); National Sportsman Caucus National Meeting – Traverse City (\$100,000).

Sec. 1048. Van Andel Institute Grant – NEW

Appropriates \$1.0 million of funding appropriated for Entrepreneurship Eco-System in part 1 to the Van Andel Institute. Conference includes as new section.

Sec. 1050. Business Attraction and Community Revitalization Performance Measures – NEW

Requires department to identify specific performance measures for the Business Attraction and Community Revitalization appropriations; provides two performance measures. Executive includes as new section. House concurs with Executive and adds reporting requirement. Senate concurs with Executive. Conference concurs with House.

Sec. 1051. Talent Marketing Performance Measures – NEW

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures. Executive includes as new section. House does not include. Senate concurs with Executive, but references Pure Michigan line item since funds were rolled into existing Pure Michigan line item. Conference concurs with Executive.

Sec. 1052. Project Rising Tide Performance Measures – NEW

Requires department to identify specific performance measures for the Project Rising appropriations; provides two performance measures. Executive includes as new section. House and Senate do not include. Conference concurs with Executive.

Sec. 1053. Arts and Cultural Grants Performance Measures – NEW

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures. Executive includes as new section. House does not include. Senate and Conference concur with Executive.

Sec. 1054. Protect and Grow Performance Measures – NEW

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures. Executive includes as new section. House concurs with Executive and adds reporting requirement. Senate concurs with Executive. Conference concurs with House.

Sec. 1055. City Park Development Project – NEW

Requires \$500,000 GF/GP appropriated in part 1 for DTED – grants to be awarded as a matching grant to a park development project at Riverbend Park in Rochester Hills. Conference includes as new section.

Sec. 1061. Workforce Investment Act (WIA) Youth Grant Program – REVISED

Allows Talent Investment Agency (TIA) to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy. Executive revises to include apprenticeship readiness programs. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2016-17

Sec. 1066. Skilled Trades Training Program Administration – REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Skilled Trades Training Program to be used for matching funds when federal funds requiring a match become available. The intent of the funds is increasing the skill level of employees in skilled trades in the automotive industry and the manufacturing processes within the changing manufacturing environment. Revises to reference new program name Going Pro. Executive revises to broaden the use of grants to addressing in-demand needs in Michigan rather than for employees of Michigan businesses. Strikes language prohibiting funds from being distributed to program and process-centered training organization employers. House, Senate, and Conference concur.

Sec. 1067. Helmets to Hardhats Program Grant – NEW

Requires \$200,000 GF/GP appropriated in part 1 for DTED - grants to be awarded to a national, nonprofit organization that connects National Guard, Reserve, retired, and transitioning active-duty military service members with skilled training and quality career opportunities in the construction industry. Funds must be used to recruit and assist military veterans transition into apprenticeship programs in the state of Michigan. Conference includes as new section.

Sec. 1069. Career and Professional Development in Culinary Arts – NOT INCLUDED

Requires \$79,000 of the funds appropriated for Going Pro to be awarded to a Michigan 501(c)(3) organization for the purposes of teaching or training restaurant management and culinary arts for career and professional development. House includes as new section. Senate and Conference do not include.

Sec. 1069. Focus: Hope Grant – NEW

Requires \$2.0 million GF/GP appropriated in part 1 for DTED - grants to be awarded to Focus: Hope for programming needs. Conference includes as new section.

Sec. 1070. Dropout Support and Career Training Grant – NEW

Requires \$1.0 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures. House includes as new section. Senate does not include. Conference concurs with House but revises amount to \$1.5 million.

Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – NEW

Requires \$2.5 million from the funds appropriated for Going Pro to be awarded to an existing dropout prevention and recover program for Michigan youth. House includes as new section. Senate does not include. Conference concurs with House but revises amount to \$3.0 million.

Sec. 1075. UIA Electronic ID System – NOT INCLUDED

Requires TIA and UIA to issue RFP to provide an electronic identification system for the UIA's internet Michigan Web Account System. Requires system to allow mobile authentication, login, and navigation of the web account system; credential and authentication for transactions connected to the online system; and that the provider must be a member in full compliance with the identity ecosystem framework registry. Senate includes as new section. Conference does not include.

Sec. 1076. UIA 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, Senate, and Conference delete. House retains.

Sec. 1076. UIA Fraudulent Cases Report – NEW

Requires DTED to provide a quarterly report that provides the following: number of new fraudulent cases; total amount of penalties and interest issued on fraudulent cases; total amount of penalties and interest dollars received during quarter; total penalties and interest still owed to the state; and number of fraudulent cases that have been appealed by an employer of claimant. Senate includes as new section. Conference concurs with Senate.

Sec. 1077. UIA Internet Claims Report – DELETED

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. Executive, Senate, and Conference delete. House retains.

Sec. 1081. Statewide Data System Integration Performance Metrics – REVISED

Requires the Department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Executive and Senate delete. House revises to require status report update. Conference concurs with House; revises reporting date to March 15.

Major Boilerplate Changes From FY 2016-17

Sec. 1083. Sustainable Employment Pilot Program – REVISED

Requires the Department to develop or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs and measuring the corresponding savings to the state of Michigan. Requires the pilot program to work with local community and workforce development agencies and focus on long-term results. Executive and Senate delete. House revises language to require a status update on the usage of the funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics; House includes as Sec. 1082. Conference concurs with House.

Sec. 1084. Going Pro Performance Measures – NEW

Requires department to identify specific performance measures for the Going Pro appropriations; provides three performance measures. Executive includes as new section. House concurs and requires report. Senate and Conference concur with Executive.

FY 2017-18: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Summary: Conference Report Article X, House Bill 4323 (H-1) CR-1



Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$13,513,700	\$13,640,900	\$13,640,900	\$13,640,900	\$13,640,900	\$127,200	0.9
Federal	17,905,772,200	18,351,244,100	18,105,315,100	18,346,518,000	18,365,748,000	459,975,800	2.6
Local	124,445,800	118,751,000	117,033,600	113,270,900	116,545,300	(7,900,500)	(6.3)
Private	154,259,300	149,873,300	149,873,300	149,873,300	149,875,700	(4,383,600)	(2.8)
Restricted	2,294,167,500	2,442,169,800	2,442,169,800	2,426,832,800	2,434,439,800	140,272,300	6.1
GF/GP	4,392,732,800	4,461,735,400	4,343,714,300	4,351,065,600	4,367,381,900	(25,350,900)	(0.6)
Gross	\$24,884,891,300	\$25,537,414,500	\$25,171,747,000	\$25,401,201,500	\$25,447,631,600	\$562,740,300	2.3
FTEs	15,600.5	15,620.5	15,472.0	15,345.4	15,617.5	17.0	0.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 in 2015 through the merger of the Department of Community Health and the Department of Human Services under Executive Order 2015-4. The DHHS budget includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2016-17 YTD Appropriations

MEDICAID AND BEHAVIORAL HEALTH - GENERAL

1. Traditional Medicaid Cost Adjustments

Executive provides increase of \$168.2 million Gross (\$120.1 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments of approximately 1.25% Gross. Total includes \$43.1 million GF/GP to offset decline in federal match rate from 65.15% to 64.78% due to relative growth in state's personal income. Also includes cost adjustment for the federal Medicare pharmaceutical clawback. House revises Executive cost adjustments down by \$100.4 million Gross (\$35.4 million GF/GP). Senate revises Executive cost adjustments down by \$68.0 million Gross (\$35.3 million GF/GP). Conference revises cost estimates based on the May caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$13,420,787,900	\$86,655,500
Federal	8,713,156,200	48,342,900
Local	47,005,700	241,400
Private	2,100,000	0
Restricted	1,884,179,700	(7,245,300)
GF/GP	\$2,774,346,300	\$45,316,500

2. Healthy Michigan Plan Cost Adjustments

Executive provides increase of \$434.5 million Gross (\$80.2 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments of approximately 12% Gross. Total includes \$55.2 million GF/GP to offset the decline in the federal match rate from 96.25% to 94.25%. House concurs with the Executive. Senate revises Executive cost adjustments up by \$134.5 million Gross (\$7.7 million GF/GP). Conference revises cost estimates based on the May caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Gross	\$3,519,320,900	\$519,587,400
Federal	3,388,487,600	422,304,500
Local	633,100	0
Restricted	119,599,800	12,191,200
GF/GP	\$10,600,400	\$85,091,700

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
3. Actuarial Soundness Adjustments	Gross \$11,107,957,000	\$86,600,800
<u>Executive</u> includes \$253.6 million Gross (\$63.0 million GF/GP) to provide two actuarial soundness adjustments. First, \$86.6 million Gross (\$23.5 million GF/GP) to support a 1% actuarial soundness adjustment for Medicaid health plans, prepaid inpatient health plans (PIHPs), and Healthy Kids Dental. Second, \$167.0 million Gross (\$39.5 million GF/GP) to keep the Medicaid health plans actuarially sound for reinstatement of the federal Affordable Care Act (ACA) Insurer Fee. <u>House</u> includes funding for a 1% actuarial soundness adjustment but assumes the ACA Insurer Fee is not reinstated. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the House.	Federal 8,441,473,400	63,131,900
	Local 40,773,100	0
	Restricted 1,352,921,900	0
	GF/GP \$1,272,788,600	\$23,468,900
4. Medicaid Managed Care Use Tax Adjustments	Gross NA	(\$157,891,000)
<u>Executive</u> reduces \$157.9 million Gross (\$62.2 million GF/GP) to reflect, beginning January 1, 2017, discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs), associated actuarial soundness reimbursement payments to MCOs, and the Health Insurance Claims Assessment (HICA) increasing from 0.75% to 1.0%. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal NA	(116,240,400)
	HICA NA	20,572,500
	GF/GP NA	(\$62,223,100)
5. Health Insurance Claims Assessment Adjustments	Gross \$249,541,300	\$0
<u>Executive</u> offsets \$129.9 million GF/GP with available HICA, of which \$59.0 million is from forecasted annual revenues, including not having a HICA rebate to be paid out during FY 2017-18. The other \$70.9 million utilizes available year-end fund balance to offset GF/GP. Revenues are in addition to the \$20.6 million in HICA revenue from increasing the rate from 0.75% to 1.0% related to the discontinuation of the MCO Use Tax described in item #4. Total forecasted FY 2017-18 annual HICA revenue is \$331.3 million. <u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> utilizes \$61.0 million in year-end balance instead of \$70.9 million.	HICA 249,541,300	120,030,100
	GF/GP \$0	(\$120,030,100)
DEPARTMENTWIDE ADMINISTRATION		
6. Integrated Service Delivery Project	FTEs 15.0	27.0
<u>Executive</u> provides net increase of 27.0 FTEs and \$8.2 million Gross (reduces \$177,700 GF/GP) to support Phase 2 of the Integrated Service Delivery project, including an additional \$45.1 million Gross (\$3.5 million GF/GP) in ongoing funding and removal of \$36.9 million Gross (\$3.7 million GF/GP) in one-time FY 2016-17 funding. <u>House</u> provides increase of \$22.5 million Gross (\$1.8 million GF/GP) and concurs with removal of one-time funding for a net reduction of \$14.4 million Gross (\$1.9 million GF/GP). <u>Senate</u> provides \$100 GF/GP placeholder for ongoing funding and concurs with removal of one-time funding. <u>Conference</u> concurs with the Executive.	Gross \$43,230,500	\$8,167,300
	Federal 38,907,500	8,345,000
	GF/GP \$4,323,000	(\$177,700)
7. Financial Operations Administration Staffing	FTEs 494.0	19.0
<u>Executive</u> includes increase of \$1.8 million Gross (\$912,500 GF/GP) to add 19.0 FTEs to the Department's financial operations administration, including 9.0 FTEs for finance, accounting, budget, and grants, and 10.0 FTEs for SIGMA coordination and support. SIGMA is the Statewide Integrated Governmental Management Applications project underway to replace and improve the state's financial data system. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Gross \$57,728,700	\$1,824,900
	TANF 9,090,400	0
	Federal 24,527,200	912,400
	Restricted 1,129,000	0
	GF/GP \$22,982,100	\$912,500
8. Economic Adjustments	Gross NA	\$16,186,500
<u>Executive</u> reflects increased costs of \$16.2 million Gross (\$9.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, building occupancy charges, food, fuel and utilities for facilities, other economic adjustments, and reduced costs for worker's compensation. Total includes economics increases of \$27.9 million Gross (\$13.8 million GF/GP) and removal of lump sum payment totaling \$11.7 million Gross (\$4.8 million GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	IDG NA	112,400
	TANF NA	1,852,700
	Federal NA	4,696,800
	Local NA	204,500
	Private NA	21,400
	Restricted NA	312,900
	GF/GP NA	\$8,985,800

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
9. Information Technology - MiSACWIS One-Time Funding	Gross	\$11,538,600	(\$11,538,600)
<u>Executive</u> eliminates one-time funding of \$11.5 million Gross (\$5.8 million GF/GP) for improvements to the Statewide Automated Child Welfare Information System (MiSACWIS). Ongoing funding is maintained for the system and for continued implementation of court-ordered improvements for child welfare case monitoring. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	5,769,300	(5,769,300)
	GF/GP	\$5,769,300	(\$5,769,300)
10. Merger Savings	Gross	\$7,956,500	\$0
<u>House</u> assumes savings resulting from the 2015 merger creating the Department with a reduction to the Departmental Administration and Management line item of \$3.0 million GF/GP. <u>Senate</u> assumes savings of \$3.1 million GF/GP, included as a negative line item in the Departmentwide Administration appropriation unit, and reduces FTEs by 27.8. <u>Conference</u> includes \$1.0 million GF/GP savings in Worker's Compensation program, offset by a federal funding increase of the same amount. YTD shown reflects Worker's Compensation program.	TANF	467,700	0
	Federal	1,116,900	1,000,000
	GF/GP	\$6,371,900	(\$1,000,000)
11. Employment First	Gross	\$0	\$500,000
<u>Conference</u> includes \$500,000 to provide technical assistance related to the objectives of Executive Order 2015-15 for community rehabilitation and employment and transition from education to employment for individuals with disabilities. Sec. 315 is related new boilerplate	GF/GP	\$0	\$500,000
HUMAN SERVICES			
12. Public Assistance Caseload Adjustments	Gross	\$171,482,200	(\$19,032,200)
<u>Executive</u> reduces funding for public assistance programs by \$22.4 million Gross (\$4.6 million GF/GP) as follows:	Federal	54,285,100	(11,183,600)
<ul style="list-style-type: none"> Family Independence Program (FIP) is reduced \$21.7 million Gross (\$4.0 million GF/GP) adjusting the monthly caseload estimate from 21,600 cases at \$376.81 per month to 17,000 cases at \$372.61 per month. State Disability Assistance (SDA) is reduced by \$131,400 Gross (\$73,100 GF/GP) adjusting the monthly caseload estimate from 4,500 cases at \$213.96 per month to 4,350 cases at \$218.82 per month. State Supplementation is reduced by \$562,600 GF/GP adjusting the monthly caseload estimate from 274,077 cases at \$18.93 per month to 271,600 cases at the same monthly rate. 	Restricted	16,269,600	(857,900)
<u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> revises funding estimates based on the May caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency.	GF/GP	\$100,927,500	(\$6,990,700)
13. Child Welfare Caseload Adjustments	Gross	\$619,918,000	(\$8,010,500)
<u>Executive</u> decreases funding for child welfare programs by \$9.8 million Gross (\$1.8 million GF/GP) as follows:	Federal	312,887,400	(9,274,800)
<ul style="list-style-type: none"> Foster care payments are increased by \$178,300 Gross (\$2.2 million GF/GP) from 5,907 cases at \$28,351 per year to 5,653 cases at \$30,655 per year. Adoption subsidies are reduced \$11.5 million Gross (\$5.3 million GF/GP) from 24,637 cases at \$735.83 per month to 23,457 cases at \$732.07 per month. The Child Care Fund is increased by \$993,000 GF/GP. Guardianship assistance payments are increased by \$851,100 Gross (\$305,500 GF/GP) from 1,162 cases at \$778.15 per month to 1,280 cases at \$761.82 per month. Family Support Subsidies remain funded at same level as FY 2016-17 with 6,360 cases at the same monthly rate of \$222.11. 	Private	2,424,000	505,800
<u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> revises funding estimates based on the May caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency.	Local	14,194,000	50,900
	GF/GP	\$290,412,600	\$707,600

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
14. Homeless Emergency Shelter Per Diem Rate	Gross	\$15,721,900	\$3,744,800
<u>Executive</u> increases funding by \$3.7 million GF/GP to fund an increase to the per diem rate provided to emergency shelters from \$12 to \$16 per bed night. Adds boilerplate Sec. 453 directing that additional funding support the increase in the capacity of shelters to assist clients in applying for permanent housing and other social services. <u>House</u> concurs with the Executive but funds increase with both GF/GP and TANF funding. <u>Senate</u> includes \$100 placeholder. <u>Conference</u> concurs with the House.	TANF	7,102,600	1,497,900
	GF/GP	\$8,619,300	\$2,246,900
15. Transfer Crime Victim Rights to Attorney General	FTE	13.0	0.0
<u>Senate</u> transfers the 3 crime victim rights and services administration and grants line items and the associated 13.0 FTEs and \$78.3 million Gross (\$15.3 million GF/GP) funding to the Attorney General budget. This transfer would require a statutory change. <u>Conference</u> does not transfer these programs.	Gross	\$78,314,400	\$0
	Federal	62,987,200	0
	Restricted	15,327,200	0
	GF/GP	\$0	\$0
16. Pathways to Potential Expansion	FTE	NA	45.0
<u>Executive</u> includes additional 51.0 FTEs and \$5.6 million Gross (\$3.3 million GF/GP) to expand the Pathways to Potential program to additional school districts. The program places caseworkers in certain schools to help reduce absenteeism and help families obtain community resources. <u>House</u> does not concur with the Executive. <u>Senate</u> includes \$100 placeholder. <u>Conference</u> includes additional 45.0 FTEs and \$4.9 million Gross (\$2.9 million GF/GP).	Gross	NA	\$4,919,100
	Federal	NA	2,022,500
	GF/GP	NA	\$2,896,600
17. Nutrition Education	FTE	2.0	0.0
<u>Executive</u> includes additional \$10.0 million federal funding authorization for nutrition education programs that provide educational services to help persons eligible to receive food assistance improve their eating and lifestyle behaviors. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Gross	\$23,042,700	\$10,000,000
	Federal	23,042,700	10,000,000
	GF/GP	\$0	\$0
18. Adult Services Staffing Increase	FTE	425.0	95.0
<u>Executive</u> includes additional 95.0 FTE positions and \$11.3 million Gross (\$8.1 million GF/GP) in response to rising adult services caseloads. Adds boilerplate Sec. 851 directing that staffing ratios of adult protective services programs be improved to increase response times to help reduce risks for elderly and disabled adults. <u>House</u> includes 47.0 FTE new positions and \$5.6 million Gross (\$4.0 million GF/GP). <u>Senate</u> includes 71.2 FTE new positions and \$1.9 million Gross (\$1.3 million GF/GP); also includes language in Sec. 851 requiring that additional staff funding shall not be released until April 1, 2018. <u>Conference</u> concurs with the Executive.	Gross	\$44,864,400	\$11,286,700
	Federal	30,579,700	3,189,500
	GF/GP	\$14,284,700	\$8,097,200
19. Family Independence Program (FIP) Clothing Allowance Increase	Gross	\$6,270,000	\$0
<u>Executive</u> includes additional \$2.7 million federal TANF funding to increase the annual clothing allowance for children who are FIP recipients from \$140 per child to \$200. <u>House</u> increases funding by \$895,700 Gross to increase benefit to \$160 and uses remaining \$1.8 million TANF to offset GF/GP. <u>Senate</u> does not increase funding and uses \$2.7 million TANF to offset GF/GP. <u>Conference</u> concurs with the Senate.	TANF	6,270,000	2,687,100
	GF/GP	\$0	(\$2,687,100)
20. Centers for Independent Living Reduction	Gross	\$12,031,600	\$0
<u>Executive</u> reduces funding by \$2.0 million GF/GP for Centers for Independent Living, which provide services to persons with disabilities. <u>House</u> concurs with the Executive and makes a technical adjustment by removing \$5.5 million federal matching funds associated with the reduced GF/GP. <u>Senate</u> retains current-year funding. <u>Conference</u> concurs with the Senate.	Federal	8,451,600	0
	Private	10,000	0
	GF/GP	\$3,570,000	\$0
21. Heat and Eat Program Continuance	Gross	\$6,766,800	(\$4,266,800)
<u>Executive</u> maintains \$6.8 million GF/GP appropriated in FY 2016-17 in PA 340 of 2016 to fund the Heat and Eat program, which provides energy assistance payments of \$20.01 to an estimated 338,173 Food Assistance Program (FAP) cases making them potentially eligible for additional FAP benefits. <u>House</u> concurs with the Executive. <u>Senate</u> retains current-year funding but uses \$6.8 million federal funding to offset GF/GP. <u>Conference</u> reduces GF/GP funding by \$4.3 million with the intention of using a similar amount of FY 2016-17 GF/GP carry-forward funding for the program.	GF/GP	\$6,766,800	(\$4,266,800)

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22. Multicultural Integration Funding	Gross	\$13,303,800	\$2,000,000
<u>Executive</u> increases funding by \$2.0 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	1,115,500	0
	GF/GP	\$12,188,300	\$2,000,000
23. Foster Care Administrative and Residential Rates Increase	Gross	NA	\$14,200,000
<u>Executive</u> increases funding by \$14.2 million Gross (\$6.8 million GF/GP) to increase administrative per diem rates paid to private foster care placing agencies and rates to residential service providers. The current general foster care rate would increase from \$45.00 to \$46.20. Independent living, trial reunification, and residential services rates would also be increased. <u>House</u> increases funding by \$6.0 million Gross (\$3.0 million GF/GP) to increase rates: general foster care and trial reunification administration rates would increase to \$45.60 and general independent living administration rates would increase to \$37.10. Residential services rates would also increase. <u>Senate</u> concurs with the Executive, but replaces the local funding in the Executive's increased appropriation with GF/GP in the Child Care Fund line item. <u>Conference</u> concurs with the Senate.	Federal	NA	5,290,000
	Local	NA	0
	GF/GP	NA	\$8,910,000
24. Foster Care Administrative Rates – Elimination of County Hold-Harmless Provision	Gross	NA	\$0
<u>Executive</u> reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provision that requires DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Restores 50/50 cost sharing model and requires counties to pay 50% of all administrative rates for private foster care placing agencies and residential service providers beginning in FY 2017-18. <u>House</u> concurs with the Executive but includes a \$100 placeholder. <u>Senate</u> retains current-year level of funding. <u>Conference</u> concurs with the Senate.	GF/GP	NA	\$0
25. Foster Parent Support and Michigan Youth Opportunities Initiative (MYOI) Expansion	FTE	NA	11.0
	Gross	NA	\$3,591,400
<u>Executive</u> includes 11.0 additional FTE positions and \$3.6 million Gross (\$2.8 million GF/GP) to fund the expansion of programs to support foster care parents and the MYOI program. Funding would support 10 additional MYOI coordinators and expand the program, which provides services to youth aging out of foster care, to all 83 counties; includes support for one statewide foster care recruitment supervisor. Adds boilerplate Sec. 594 directing that funding support five Regional Resource Teams to help recruit and retain qualified foster parents. <u>House</u> concurs with the Executive. <u>Senate</u> includes \$100 placeholder. <u>Conference</u> concurs with the Executive.	Federal	NA	783,500
	GF/GP	NA	\$2,807,900
26. Foster Care Relative Caregiver Licensure Payments	Gross	NA	\$1,000,000
<u>Conference</u> includes \$1.0 million GF/GP funding for increased payments for completed relative caregiver licensure. Payments for completed licensure before 180 days is increased from \$2,300 to \$4,500; after 180 days, the payment is increased from \$2,300 to \$3,500. Modifies Sec. 574 boilerplate.	GF/GP	NA	\$1,000,000
27. Juvenile Justice Facilities Staffing Increase	FTE	84.0	10.0
	Gross	\$9,954,700	\$924,000
<u>Executive</u> includes additional 10.0 FTEs and \$924,000 Gross (\$462,000 GF/GP) to comply with new minimum staffing requirements mandated by the federal Prison Rape Elimination Act (PREA). In order to comply, both state juvenile facilities, Shawono and Bay Pines, require 5.0 additional FTEs. <u>House</u> concurs with the Executive. <u>Senate</u> does not concur with the Executive. <u>Conference</u> concurs with the Executive.	Federal	220,300	462,000
	Local	5,377,900	0
	GF/GP	\$4,356,500	\$462,000
28. Family Preservation Programs – One-Time Funding	FTE	1.0	(1.0)
	Gross	\$6,098,200	(\$6,098,200)
<u>Executive</u> eliminates one-time funding of \$6.1 million federal TANF and the related 1.0 FTE for family preservation programs; ongoing funding for family preservation programs is maintained at current-year funding and staffing levels. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	6,098,200	(6,098,200)
	GF/GP	\$0	\$0

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29. GF/GP-Funded Refugee Assistance – One-Time Funding	Gross	\$1,000,000	(\$850,000)
<u>Executive</u> transfers \$1.0 million GF/GP added in FY 2016-17 in PA 340 of 2016 for refugee assistance services to the one-time basis unit. <u>House</u> and <u>Senate</u> eliminate the one-time GF/GP funding. <u>Conference</u> eliminates \$850,000 of the current-year one-time funding, but includes \$150,000 GF/GP for a one-time Refugee Assistance Grant.	GF/GP	\$1,000,000	(\$850,000)
30. Other House Program Reductions	Gross	NA	(\$1,250,000)
<u>House</u> reduces \$750,000 GF/GP funding for Fostering Futures Scholarship Grants, \$1.0 million Gross (\$600,000 GF/GP) funding for Emergency Services Local Office Allocations (ESLOA), and \$250,000 TANF for FIP Suspicion-Based Drug Testing Pilot. <u>Senate</u> retains current-year funding for these programs. <u>Conference</u> retains funding for Fostering Futures Scholarship Grants, but concurs with the House on ESLOA and the FIP drug testing pilot reductions.	Federal	NA	(650,000)
	GF/GP	NA	(\$600,000)
31. Michigan Corner Store Initiative	Gross	NA	\$100
<u>House</u> includes \$100 placeholder for the Michigan Corner Store Initiative; adds Sec. 651 of boilerplate directing funding to be used for grants to small food retailers to increase availability of fresh and nutritious foods in low and moderate income areas. <u>Senate</u> does not include. <u>Conference</u> concurs with the House.	GF/GP	NA	\$100
32. Farmers Markets Wireless Equipment – One-Time Funding	Gross	NA	\$500,000
<u>Conference</u> includes \$500,000 Gross (\$250,000 GF/GP) one-time funding for the purchase of wireless equipment to be used in farmers markets to enable individuals to use Bridge cards for payment.	Federal	NA	250,000
	GF/GP	NA	\$250,000
33. FTE Adjustments	FTE	NA	(31.0)
<u>Executive</u> eliminates 60.0 FTE authorizations in the following two line items to align FTE authorizations with the amount of funding available to support the positions: Child Welfare Field Staff – Caseload Compliance (50.0), Family Preservation Programs (10.0); adds 29.0 FTEs to Public Assistance Field Staff. <u>House</u> concurs with the Executive and dedicates the 29.0 new FTEs to the Pathways to Potential Program in boilerplate Sec. 852. <u>Senate</u> and <u>Conference</u> concur with the Executive.	Gross	NA	\$0
	GF/GP	NA	\$0
34. Donated Funds Positions FTE Reduction	FTE	538.0	(250.0)
<u>Executive</u> eliminates 250.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$28.3 million Gross (\$0 GF/GP). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Gross	\$60,878,700	(\$28,300,000)
	IDG	238,900	0
	Federal	31,152,400	(14,152,400)
	Private	18,420,200	(5,309,900)
	Local	11,067,200	(8,837,700)
	GF/GP	\$0	\$0
35. TANF Offset of GF/GP Funding	Gross	NA	\$0
<u>House</u> appropriates \$5.0 million TANF reserve funding to the Family Independence Program (FIP) line item to offset \$5.0 million GF/GP. <u>Senate</u> appropriates \$39.2 million TANF reserve funding between two line items to offset \$39.2 million GF/GP. <u>Conference</u> appropriates \$7.9 million TANF reserve funding to the FIP line item to offset \$7.9 million GF/GP.	Federal	NA	7,852,100
	GF/GP	NA	(\$7,852,100)
36. Capped Federal Revenues Fund Source	Gross	NA	\$0
<u>Executive</u> rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source. <u>House</u> , <u>Senate</u> , and <u>Conference</u> retain current-year fund source structure.	Federal	NA	0
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
BEHAVIORAL HEALTH		
37. Direct Care Wage Increase	Gross	NA
<u>Executive</u> increases Medicaid mental health funding \$45.0 million Gross (\$14.2 million GF/GP) to provide a \$0.50 per hour increase for direct care workers. A FY 2015-16 legislative boilerplate report directed DHHS to review current challenges of recruiting and retaining direct care staff, and one of the findings was uncompetitive wages compared to other available entry-level wages. <u>House</u> adds \$22.5 million Gross (\$7.1 million GF/GP) to provide a \$0.25 per hour increase and requires in boilerplate Sec. 1009 that DHHS contractually mandate these funds be fully passed through to agencies for paying direct care worker's wages. <u>Senate</u> adds \$22.5 million Gross (\$7.1 million GF/GP) to provide a \$0.50 per hour increase beginning April 1, 2018 and requires in boilerplate Sec. 944 that PIHPs apply to receive the funds and to report on actual expenditures. <u>Conference</u> concurs with the Executive and includes reporting provisions in boilerplate Sec. 1009.	Federal	NA
	GF/GP	NA
		\$45,000,000
		30,838,500
		\$14,161,500
38. State Psychiatric Hospital Staffing Enhancement	FTEs	72.0
<u>Executive</u> provides \$7.2 million Gross (\$4.9 million GF/GP) to increase state psychiatric hospital staffing by 72.0 FTEs. Amount reflects a 3.4% increase in Gross appropriations. <u>House</u> provides half of the Executive request. <u>Senate</u> includes \$100 placeholder. <u>Conference</u> concurs with the Executive.	Gross	\$7,173,200
	Federal	2,308,900
	Local	0
	Restricted	0
	GF/GP	\$4,864,300
	\$208,960,000	
	34,738,400	
	14,685,300	
	17,633,000	
	\$141,903,300	
39. Behavioral Health Integration Pilot Project Implementation	FTEs	3.0
<u>Conference</u> includes \$3.1 million Gross (\$1.0 million GF/GP) to support implementation costs related to the pilot projects and demonstration models within boilerplate Sec. 298. Funding would support an independent project facilitator, evaluation costs, modifications to state contracts, and 3.0 FTEs.	Gross	\$3,088,200
	Federal	2,088,200
	GF/GP	\$1,000,000
	0.0	
	\$0	
	0	
	\$0	
40. Mental Health and Wellness Commission	Gross	\$1,545,000
<u>Executive</u> increases Mental Health and Wellness Commission allocation by \$3.8 million Gross (\$1.3 million GF/GP) for a psychiatric transition unit for children residing at the Hawthorn Center state psychiatric hospital for children. <u>House</u> concurs with the Executive. <u>Senate</u> eliminates Mental Health and Wellness Commission funding except for a \$100 placeholder. <u>Conference</u> provides funding for the psychiatric transition unit and reduces funding by \$2.2 million Gross (\$745,600 GF/GP).	Federal	998,600
	GF/GP	\$546,400
	\$17,350,000	
	9,425,000	
	\$7,925,000	
41. Medical Marijuana Regulatory Revenue	Gross	\$3,263,200
<u>Executive</u> recognizes \$1.4 million in restricted medical marijuana regulatory revenue to increase access to substance use disorder prevention, treatment, and education programming. Assumes some programs would be eligible for federal matching funds. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	1,839,300
	Restricted	1,423,900
	GF/GP	\$0
	\$0	
	0	
	\$0	
42. Pediatric and Adult Opioid Abuse Pilot Project	Gross	\$305,000
<u>Conference</u> provides \$305,000 GF/GP for a pilot project to create early detection of pediatric opioid abuse and to reduce opioid dependency and addiction in adult patients.	GF/GP	\$305,000
	NA	
	NA	
43. Behavioral Health Administration Grants – One-Time Funding	Gross	\$200,000
<u>Senate</u> provides, on an ongoing basis, \$700,100 GF/GP in grant funding for Special Olympics Michigan Healthy Athletes Initiative (\$600,000 GF/GP), Oakland Hope Food Pantry (\$100,000 GF/GP), and telepsychiatry placeholder to perform competency exams (\$100 GF/GP). On a one-time basis, <u>Conference</u> provides \$100,000 GF/GP for Special Olympics Michigan and \$100,000 GF/GP for Oakland Hope Food Pantry.	GF/GP	\$200,000
	NA	
	NA	
44. Autism Services	Gross	\$0
<u>House</u> reduces Medicaid autism services funding \$5.0 million Gross (\$1.8 million GF/GP) to support a fee schedule increase of 5% rather than 12%. <u>Senate</u> and <u>Conference</u> do not include House reduction.	Federal	0
	GF/GP	\$0
	\$61,168,400	
	40,223,500	
	\$20,944,900	

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45. Civil Service Charges	Gross	\$1,499,300	(\$1,100,000)
<u>Executive</u> reduces civil services charges line within behavioral health services unit \$1.1 million GF/GP, funding is transferred into Civil Services unit within Department of Technology, Management, and Budget. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the <u>Executive</u> .	GF/GP	\$1,499,300	(\$1,100,000)
46. University Autism Programs – One-Time Funding	Gross	\$1,000,000	(\$500,000)
<u>Executive</u> transfers university autism program funding to the one-time basis unit. <u>House</u> concurs with <u>Executive</u> transfer and reduces \$500,000 GF/GP. <u>Senate</u> concurs with the <u>Executive</u> . <u>Conference</u> concurs with the <u>House</u> .	GF/GP	\$1,000,000	(\$500,000)
POPULATION HEALTH			
47. Flint Drinking Water/Lead Exposure Emergency–One-Time Funding	FTE	0.0	4.5
<u>Executive</u> reduces funding for assistance to residents exposed to lead in the City of Flint by \$1.8 million Gross (\$8.1 million GF/GP). One-time funding of \$13.4 million Gross (\$1.0 million GF/GP) and 4.5 FTEs are provided for food and nutrition services, health services at child and adolescent health centers and schools, water filter cartridges and filter replacements, and additional supports and services. Restricted funding provided is primarily Healthy Michigan Fund and includes \$100 of the Drinking Water Declaration of Emergency Reserve Fund. Sec. 1905 is related boilerplate. <u>House</u> concurs with the <u>Executive</u> . <u>Senate</u> concurs with the <u>Executive</u> and provides \$680,000 GF/GP of increased funding including \$380,000 for nutrition services through the Double Up Food Bucks program, and \$300,000 for lead testing of drinking water at local food service establishments (originally proposed by the <u>Executive</u> in the Department of Agriculture and Rural Development budget). <u>Conference</u> concurs with the <u>Senate</u> .	Gross	\$15,138,100	(\$1,096,400)
	TANF	3,520,000	(20,000)
	Federal	2,050,000	(2,050,000)
	Restricted	473,900	8,387,800
	GF/GP	\$9,094,200	(\$7,414,200)
48. Public Health – Reductions	Gross	\$1,000,000	(\$1,000,000)
<u>House</u> makes the following reductions: eliminates health innovations grant funding of \$1.0 million GF/GP and Sec. 1143, eliminates \$250,000 GF/GP for bone marrow transplant registry support and Sec. 1146, and reduces GF/GP funding for health and wellness initiatives by \$1.9 million. <u>Senate</u> eliminates health innovations grants leaving a \$100 GF/GP placeholder. <u>Conference</u> eliminates the health innovations grant funding and related Sec. 1143.	GF/GP	\$1,000,000	(\$1,000,000)
49. Early Primary Care Pilot Program	Gross	\$0	\$1,000,000
<u>House</u> provides \$1.0 million GF/GP for a new early primary care pilot program to place interested and qualified physicians in medically underserved areas for 2 years following the first year of the physician's residency. The physician will receive a salary and financial assistance with repayment of medical education loans. Sec. 1147 is related boilerplate. <u>Senate</u> does not include. <u>Conference</u> concurs with the <u>House</u> .	GF/GP	\$0	\$1,000,000
50. Island Hospital/Clinic Funding	Gross	\$325,000	\$200,000
<u>Conference</u> provides \$200,000 GF/GP in the Primary Care Services line item for increased funding for island hospitals, clinics, and health care access including \$100,000 for Beaver Island and \$100,000 for Mackinac Island.	GF/GP	\$325,000	\$200,000
51. Lead Poisoning Elimination Recommendations – One-Time Funding	Gross	\$0	\$1,250,000
<u>Executive</u> includes \$2.0 million GF/GP as one-time funding toward implementation of over 80 recommendations of the Childhood Lead Poisoning Elimination Board, created as a two-year advisory commission under Executive Order 2016-9. <u>House</u> provides one-time funding of \$500,000, and adds Sec. 1907 related boilerplate. <u>Senate</u> provides a \$100 GF/GP placeholder. <u>Conference</u> provides one-time funding of \$1,250,000 GF/GP and Sec. 1907.	GF/GP	\$0	\$1,250,000

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52. Vapor Intrusion Response	FTEs	8.5	6.5
<u>Executive</u> provides increase of \$815,000 GF/GP and 6.5 FTEs to annualize and continue the new vapor intrusion response program, initiated in the FY 2016-17 supplemental Act 340 of 2016, and adds boilerplate Sec. 1180. <u>House</u> provides increase of \$400,000 GF/GP, and revises Sec. 1180. <u>Senate</u> removes current year funding of \$1.4 million GF/GP, leaves \$100 placeholder and retains Sec. 1180. <u>Conference</u> concurs with the Executive funding and House Sec. 1180.	Gross	\$1,368,800	\$815,000
	GF/GP	\$1,368,800	\$815,000
53. Drinking Water, Lead Testing, Toxicology, and Response	FTEs	11.5	7.0
<u>Executive</u> provides increase of \$1.1 million Gross (reduction of \$2.1 million GF/GP) and 7.0 FTEs to annualize new drinking water office, and enhancements to childhood lead testing, toxicology and response programs, initiated in the FY 2016-17 supplemental Act 340 of 2016, and adds new boilerplate Sec. 1181. <u>House</u> concurs with the Executive and revises Sec. 1181. <u>Senate</u> removes current year funding of \$2.1 million GF/GP, provides a \$100 placeholder, and includes Sec. 1181. <u>Conference</u> concurs with the House.	Gross	\$2,148,900	\$1,067,800
	Restricted	0	3,216,700
	GF/GP	\$2,148,900	(\$2,148,900)
54. Public Health Administration for New Initiatives	FTEs	0.0	6.0
<u>Executive</u> provides \$961,800 from the Healthy Michigan Fund and 6.0 FTEs to provide new administration support for new and enhanced public health initiatives: vapor intrusion response program drinking water, childhood lead testing, toxicology and response, first funded in the FY 2016-17 supplemental Act 340 of 2016. <u>House</u> concurs with the Executive. <u>Senate</u> does not concur. <u>Conference</u> concurs with the House.	Gross	\$0	\$961,800
	Restricted	0	961,800
	GF/GP	\$0	\$0
55. Lead Abatement Expansion	FTEs	4.0	0.0
<u>Executive</u> recognizes increase of \$10,000 of available federal funding for lead abatement of homes, initially focusing on Flint. Funding was initiated in the FY 2016-17 supplemental Act 340 of 2016. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Gross	\$23,470,000	\$10,000
	Federal	23,470,000	10,000
	GF/GP	\$0	\$0
56. Public Health Dental Clinics	Gross	\$1,550,000	\$0
<u>Executive</u> removes \$1.6 million GF/GP for local health departments partnering with nonprofit dental providers for dental services, and removes related Sec. 1229 boilerplate. Funding was new in FY 2016-17. <u>House</u> concurs with the Executive. <u>Senate</u> retains current year funding. <u>Conference</u> concurs with the Senate.	GF/GP	\$1,550,000	\$0
57. Indigent Primary Care and Dental Care Clinics – One-Time Funding	Gross	\$0	\$300,000
<u>House</u> provides one-time funding of \$300,000 GF/GP to support primary care clinic and dental health clinic services for indigent individuals. Sec. 1914 is related boilerplate. <u>Senate</u> does not include. <u>Conference</u> concurs with the House.	GF/GP	\$0	\$300,000
58. Traumatic Brain Injury Treatment	Gross	\$0	\$1,000,000
<u>House</u> provides \$1.0 million GF/GP to support use of pediatric traumatic brain injury assessment and treatment interactive software in hospitals. Sec. 1228 is related boilerplate. <u>Senate</u> provides a \$100 GF/GP placeholder for traumatic brain injury treatment and Sec. 1341 related boilerplate. <u>Conference</u> concurs with the House.	GF/GP	\$0	\$1,000,000
59. Diabetes Program	Gross	\$3,049,100	\$200,000
<u>Senate</u> provides \$200,000 GF/GP of increased funding for diabetes programs, to be allocated to the Michigan Kidney Foundation. <u>Conference</u> concurs with the Senate.	Federal	2,851,600	0
	Restricted	197,500	0
	GF/GP	\$0	\$200,000
60. Emergency Medical Services	Gross	\$6,563,600	\$182,000
<u>Senate</u> provides \$182,000 GF/GP for emergency medical services in the Upper Peninsula, and Sec. 1350 related boilerplate. <u>Conference</u> concurs with the Senate.	Federal	1,124,600	0
	Restricted	4,004,900	0
	GF/GP	\$1,434,100	\$182,000

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61. Prenatal Diagnosis Clearinghouse Website – One-Time Funding	Gross	\$0	\$150,000
<u>Senate</u> provides one-time funding of \$150,000 GF/GP to develop a website providing information regarding prenatally diagnosed conditions related to the public health code, and includes related boilerplate. <u>Conference</u> concurs with the Senate. Sec. 1908 is related boilerplate.	GF/GP	\$0	\$150,000
62. Population Health Federal Grant Adjustments	Gross	NA	\$8,400,000
<u>Executive</u> recognizes \$8.4 million of additional public health federal funds including new violence prevention grants of \$1.0 million, increase in local reimbursements for Medicaid outreach totaling \$3.5 million, local health services increase of \$1.5 million, and chronic disease prevention increase of \$2.4 million. The last two are from increased Preventive Health and Health Services Block Grant funds. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	NA	8,400,000
	GF/GP	NA	\$0
63. Alternative Pregnancy and Parenting Support Program	Gross	\$400,000	\$250,000
<u>Executive</u> reduces funding by \$350,000 Gross (\$50,000 GF/GP increase) for an alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, returning the program to \$50,000 GF/GP funding level of FY 2015-16. <u>House</u> provides increase of \$300,000 TANF funds for total program funding of \$700,000 TANF. Sec. 1307 is related boilerplate. <u>Senate</u> retains current year funding but shifts source of funds from TANF to GF/GP. <u>Conference</u> provides increase of \$250,000 TANF funds for total program funding of \$650,000 TANF.	TANF	400,000	250,000
	GF/GP	\$0	\$0
AGING AND ADULT SERVICES AGENCY			
64. Senior In-Home Services	Gross	\$8,024,300	\$2,053,400
<u>Executive</u> provides increase of \$2.1 million GF/GP for senior in-home services. Together with a FY 2016-17 increase, the program funding will meet demand as of September 30, 2016, including waiting lists. YTD shown is for in-home services only in the Community Services line item. <u>House</u> provides increase of \$1.0 million GF/GP. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the Senate.	GF/GP	\$8,024,300	\$2,053,400
65. Senior Meals and Nutrition Services	Gross	\$39,044,000	\$3,210,200
<u>Executive</u> provides increase of \$1.5 million GF/GP for senior home-delivered meals to bring the program funding to a level that will meet demand as of September 30, 2016, including waiting lists. Federal grant increases totaling \$1.7 million for senior meals services are also recognized. <u>House</u> provides increase of \$750,000 GF/GP, and concurs with the federal increase. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the Senate.	Federal	27,657,000	1,700,000
	Private	300,000	0
	GF/GP	\$11,087,000	\$1,510,200
66. Alzheimer's In-Home Care Pilot	Gross	\$150,000	(\$150,000)
<u>Executive</u> removes boilerplate Sec. 1424 related to a \$150,000 GF/GP 3-year pilot program of in-home support and care for persons with Alzheimer's Disease, but retains funding to redirect to another dementia care pilot program. <u>House</u> retains boilerplate and a \$100 placeholder to continue the pilot program, currently scheduled for completion as of September 30, 2017. <u>Senate</u> concurs with the Executive. <u>Conference</u> removes the funding and related Sec. 1424.	GF/GP	\$150,000	(\$150,000)
MEDICAL SERVICES			
67. Special Hospital Payments	Gross	NA	(\$168,055,000)
<u>Executive</u> reduces quality assurance assessment program (QAAP)-funded special hospital payments a total of \$217.6 million Gross (\$20.3 million GF/GP) based on Hospital Rate Adjustment (HRA) reducing by \$47.9 million Gross (\$42.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.4 million GF/GP). <u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> revises cost estimates based on the May caseload consensus between the State Budget Office, Senate Fiscal Agency, and House Fiscal Agency.	Federal	NA	(104,412,700)
	Restricted	NA	(43,620,100)
	GF/GP	NA	(\$20,022,200)

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
68. GF/GP-Funded Disproportionate Share Hospital (DSH) Payments	Gross	\$45,000,000	\$0
<u>House</u> reduces \$4.5 million Gross (\$1.6 million GF/GP) in GF/GP-funded DSH payments (or 10%) based on recent studies indicating hospital uncompensated care declining by 50%. Revises boilerplate Sec. 1699 indicating this reduction is in compliance with section 105d(8) of the social welfare act. <u>Senate</u> and <u>Conference</u> retain current-year funding.	Federal	29,317,500	0
	Restricted	6,114,900	0
	GF/GP	\$9,567,600	\$0
69. Oaklawn Hospital Grant – One-Time Funding	Gross	NA	\$850,000
<u>Senate</u> includes, on an ongoing basis, \$1.0 million Gross (\$352,200 GF/GP) to a hospital that qualifies for rural hospital access payments and is located in a county with a population between 130,000 and 140,000. <u>Conference</u> provides \$850,000 GF/GP on a one-time basis. Sec. 1915 is related new boilerplate.	Federal	NA	0
	GF/GP	NA	\$850,000
70. Hospice Room and Board	Gross	\$2,500,000	\$500,000
<u>House</u> adds \$500,000 GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement. <u>House</u> also revises boilerplate Sec. 1899 to require these funds be distributed quarterly on a per bed basis. <u>Senate</u> retains current-year funding. <u>Conference</u> adds \$500,000 GF/GP and revises boilerplate Sec. 1856 to request reporting information.	GF/GP	\$2,500,000	\$500,000
71. Medicaid Non-Emergency Medical Transportation Expansion	Gross	NA	\$1,419,600
<u>Executive</u> includes \$12.0 million Gross (\$3.4 million GF/GP) to expand the Medicaid non-emergency medical transportation broker program into additional counties. Program is currently available in Macomb, Oakland, and Wayne counties. Counties without a broker program rely on local DHHS field staff workers to coordinate non-emergency medical transportation. <u>House</u> does not concur with the Executive expansion of a broker program, and instead includes \$1.4 million Gross (\$500,000 GF/GP) to expand the use of local public transportation entities to coordinate non-emergency medical transportation. <u>Senate</u> includes \$100 placeholder. <u>Conference</u> concurs with the House.	Federal	NA	919,600
	GF/GP	NA	\$500,000
72. Ambulance QAAP	Gross	\$44,112,000	\$10,290,000
<u>Executive</u> includes \$10.3 million Gross (\$0 GF/GP) to add QAAP-funded supplemental Healthy Michigan Plan ambulance payments. Current year only included traditional Medicaid in the supplemental payment calculation. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with the Executive.	Federal	32,312,400	9,698,400
	Restricted	15,665,200	591,600
	GF/GP	(\$3,865,600)	\$0
73. New Nursing Facility Quality Pool	Gross	\$1,658,317,700	\$73,000,000
<u>Executive</u> creates a new QAAP-funded nursing facility quality pool totaling \$73.0 million Gross (reduces \$8.2 million GF/GP in state retainer savings). Adds boilerplate Sec. 1646 directing these new payments to support and reward improvements in outcomes for nursing facility patients and residents. <u>House</u> concurs with the Executive. <u>Senate</u> concurs with the Executive and includes \$100 point of difference. <u>Conference</u> concurs with the Executive and adds boilerplate Sec. 1646 directing payments to be based on CMS star quality ratings, licensed beds, and Medicaid utilization.	Federal	1,069,171,700	47,289,400
	Local	6,618,800	0
	Private	2,100,000	0
	Restricted	271,352,900	33,954,300
	GF/GP	\$309,074,300	(\$8,243,700)
74. Adult Home Help Mobile Biometric Verification System	Gross	NA	\$1,500,000
<u>Senate</u> includes \$1.5 million Gross (\$150,000 GF/GP) to develop a mobile electronic visit verification solution for the Medicaid adult home help program. <u>Conference</u> concurs with the Senate.	Federal	NA	1,350,000
	GF/GP	NA	\$150,000
75. Program of All-inclusive Care for the Elderly (PACE) Expansion	Gross	\$87,874,800	\$18,414,300
<u>Executive</u> adds \$20.0 million Gross (\$7.0 million GF/GP) to support enrollment increases within existing programs and for two new PACE sites in Newaygo County and in central Michigan. Increase is offset with assumed long-term care savings for a net \$0 budget adjustment. <u>House</u> reduces addition by \$1.6 million Gross (\$546,700 GF/GP) to support an annual per member per month increase of 1.0% rather than 2.5%. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the House.	Federal	57,250,400	11,928,800
	GF/GP	\$30,624,400	\$6,485,500

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
76. Medicaid Direct Primary Care Pilot – One-Time Funding	Gross	\$0	\$5,724,000
<u>House</u> includes \$5.7 million Gross (\$2.0 million GF/GP) on a one-time basis for a Medicaid direct primary care pilot program. Adds boilerplate Sec. 1913 outlining the pilot program. <u>Senate</u> includes \$2.5 million Gross (\$864,000 GF/GP) on an ongoing basis and revises boilerplate Sec. 1701. <u>Conference</u> concurs with the House.	Federal	0	3,708,000
	GF/GP	\$0	\$2,016,000
77. Neonatology Rate Increase	Gross	NA	\$4,215,100
<u>House</u> and <u>Senate</u> include \$100 placeholder for a reimbursement rate increase for neonatal services. <u>Conference</u> provides \$4.2 million Gross (\$1.5 million GF/GP) to increase Medicaid neonatology rates up to 75% of Medicare rates.	Federal	NA	2,730,500
	GF/GP	NA	\$1,484,600
78. Court-Appointed Guardianship Rate Increase	Gross	NA	\$1,419,600
<u>House</u> includes \$100 placeholder for a reimbursement rate increase for court-appointed guardianship services. <u>Senate</u> retains current-year funding. <u>Conference</u> provides \$1.4 million Gross (\$500,000 GF/GP) to increase monthly court-appointed guardianship reimbursement rate from \$83 to \$95.	Federal	NA	919,600
	GF/GP	NA	\$500,000
79. Michigan Dental Registry	Gross	NA	\$500,000
<u>Senate</u> includes \$100 placeholder for a Dental Registry in support of enhanced dental benefits for the Healthy Kids Dental program and to explore enhanced dental benefits for pregnant women Medicaid beneficiaries. <u>Conference</u> provides \$500,000 GF/GP.	GF/GP	NA	\$500,000
80. Medical Services Program Reductions	Gross	NA	(\$2,588,700)
<u>Executive</u> reduces a total of \$10.4 million Gross (\$6.3 million GF/GP) by eliminating Authority Health GME (\$2.8 million Gross), Dental rate increase for pregnant Medicaid beneficiaries (\$2.7 million Gross), University of Detroit dental clinic (\$2.0 million Gross), Medicaid health plan immunization grant (\$1.5 million Gross), and by reducing Wayne State Psychiatric (\$1.4 million Gross). <u>House</u> does not concur with the University of Detroit dental clinic elimination and Wayne State Psychiatric reduction. <u>Senate</u> does not concur with eliminating the pregnant women dental rate increase and immunization grant elimination. <u>Conference</u> only eliminates Authority Health GME (\$2.8 million Gross) and adds \$240,000 GF/GP to immunization grant.	Federal	NA	(1,428,700)
	GF/GP	NA	(\$1,160,000)
81. Population Health Healthy Michigan Fund Transfer	Gross	NA	\$0
<u>Senate</u> reduces \$4.2 million in restricted Healthy Michigan Fund revenue allocated for population health programming and allocates those funds to offset GF/GP within Medical Services unit. <u>Conference</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
82. Other State Restricted Revenue Adjustments	Gross	NA	\$0
<u>Executive</u> revises the following three restricted funds based on projected available revenues for a net increase of \$3.5 million, which is used to offset a like amount of GF/GP:	Restricted	NA	4,729,000
<ul style="list-style-type: none"> Increases Merit Award Trust Fund \$25.3 million. Increases Healthy Michigan Fund \$9.6 million. Reduces Medicaid Benefits Trust Fund \$31.4 million. <u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> increase Merit Award Trust Fund \$26.5 million.	GF/GP	NA	(\$4,729,000)

Major Boilerplate Changes From FY 2016-17

GENERAL SECTIONS

Sec. 232. Line Item Spending Plans – NEW

Senate requires approved spending plans to be provided by DHHS to the Legislature for each appropriation line item; and prohibits DHHS from appropriating GF/GP, federal or state restricted funds for special maintenance, remodeling, addition – state facilities, or enterprise-wide information technology investments without providing a written 30-day notice to the Legislature. Conference includes and revises language: reduces required spending plan reporting, and eliminates reference to maintenance, remodeling, additions and enterprise-wide investments, but retains 30-day notice.

Major Boilerplate Changes From FY 2016-17

Sec. 234. Behavioral Health Integration Pilots and Demonstration Models – NOT INCLUDED

Senate requires DHHS to advance pilots and demonstration models to integrate the Medicaid behavioral and physical health benefit, consult with stakeholders and others, and oversee a third party evaluation after pilot completion. Requires managing Medicaid health plan to reinvest savings back into services for the pilot population, and report on efficiencies and savings. States goal is to achieve full integration by September 30, 2020 using a single contracting model with licensed health plans. See also related Sec. 298. Conference does not include.

Sec. 274. Capped Federal Funds and Maintenance of Effort – REVISED

Executive deletes subsection (2) which directs that capped federal funds shall not be used for economics adjustments in the Governor's proposed budget, and subsection (3) which requires report on funding that meets TANF maintenance of effort funding requirement. House revises subsection (2) to allow for the use of capped federal funds for economics if increased federal funding from capped sources is expected. Senate retains current language. Conference concurs with the House, and retains (3) current law. *NOTE: Governor indicated subsection (2) considered unenforceable in his signing letter for enacted FY 2016-17 budget.*

Sec. 288. Services and Administrative Limitations for New Contracts – RETAINED

Requires that after the first year of a contract no less than 90% of a contract supported solely from state restricted or GF/GP funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services; allows for exceptions, and requires a report. Executive deletes. House retains current language. Senate revises to 95%. Conference concurs with the House.

Sec. 293. Analytics Platform for Medicaid Claims – DELETED

Requires DHHS to explore a project to implement a cloud-based, interactive analytics platform for Medicaid claims. Executive and House delete. Senate moves to Health Policy unit as Sec. 1152 and revises to appropriate \$500,000 of Health Policy Administration line item federal funds to implement the analytics platform for Medicaid claims, and a methodology to identify and measure related savings. Conference deletes.

Sec. 298. Behavioral Health Integration – REVISED

Requires DHHS to work with a workgroup to make recommendations on policy and financing to improve coordination of Medicaid behavioral health and physical health services, including goals, a detailed plan, annual benchmarks, and requiring legislative authorization for certain funding changes. Executive replaces current language and directs DHHS to continue working with stakeholders to improve coordination of publicly funded behavioral health and physical health services, which must be built upon the published core values previously agreed upon by the Sec. 298 workgroup, including person-centered planning. House replaces current language with requirement to implement a statewide behavioral health managed care organization; to work with a willing CMHSP in Kent County to pilot a full physical and behavioral health integrated service model; to pilot 3 total physical and behavioral health services using single contracts with Medicaid health plans in a manner that allows the CMHSP in the pilot area to be a provider of behavioral health services; requires evaluation of successes and weaknesses of each model performed by a state research university; requires report. Senate concurs with the Executive and adds legislative intent language that DHHS consider the outcomes of pilots when making recommendations regarding the most effective financing and service delivery models and requires pilot evaluations to be performed by an independent third party; adds related new Sec. 234.

Conference replaces current language with (1) requirement to enter into an agreement with a project facilitator to establish performance outcome metrics, finalize implementation milestones, provide guidance and conflict resolution, and other necessary oversight; (2) requirement to work with a willing CMHSP in Kent County to pilot a full physical and behavioral health integrated service model; (3) requirement to pilot up to 3 fully financially integrated physical and behavioral health services using single contracts with Medicaid health plans in a manner that allows the CMHSP in the pilot area to be a provider of behavioral health services; (4) requirement for DHHS to begin implementation by October 1 and to work toward implementation by March 1; (5) requirement for any and all realized benefits and cost savings from integrating physical and behavioral health services, for the duration of the pilots and demonstrations, be reinvested into behavioral health services and supports in the county where the savings occurred; (6) states intent that the primary purpose of the pilots and demonstrations to test how the state can improve health outcomes and maximize efficiencies; (7) requirement to contract with a state research university to evaluate the pilots and demonstrations and evaluate their replicability; (8) allocation of \$3.1 million and requirement to provide a spending plan of these funds; (9) requirement for DHHS to report on time frame for implementation, barriers, and remedies to the barriers to implementation; (10) requirement for managing entities of the pilots and demonstrations to report on outcomes.

CHILDREN SERVICES – CHILD WELFARE

Sec. 512. Foster Care Services by Relatives – NEW

House requires DHHS to conduct a study on the cost and feasibility of extending services and financial resources to foster care children placed with a relative outside of the foster care system; requires report. Senate does not include. Conference includes new language requiring a detailed report on relative foster care placements and licensure waivers granted.

Sec. 522. Fostering Futures Scholarship Program – RETAINED

Allocates \$750,000 to the Fostering Futures Scholarship program for youth transitioning from foster care who are attending college; requires report. Executive retains current language. House deletes. Senate and Conference retain current language.

Major Boilerplate Changes From FY 2016-17

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at statewide per diem; increases administrative rate for foster care services by \$8, provided county match rate is eliminated; requires increase to private providers of residential services, provided that county match rate is eliminated. Executive revises language to set the general foster care rate, independent living rate, and trial reunification services rate all at \$46.20. House revises language to set the general foster care rate and trial reunification services rate at \$45.60 and independent living rate at \$37.10. Senate revises language to set the general foster care rate, independent living rate, and trial reunification services rate all at \$46.20 and includes language that counties with populations over 1.7 million not receive payments unless reporting requirements under section 505 be satisfied. Conference revises language to set the general foster care rate, independent living rate, and trial reunification services rate all at \$46.20.

Sec. 548. Relative Foster Care Licensure – NOT INCLUDED

Senate requires DHHS to reimburse counties for court-ordered relative foster care and for relative foster care under a licensure waiver; requires DHHS to request a waiver of licensure in certain cases. Conference does not include subsection (1) concerning relative foster care reimbursements and moves subsection (2) on granting waivers to Sec. 512.

Sec. 549/1904. Child Care Fund (CCF) County Partial Reimbursements Requirement – NEW

Senate, in Sec. 549, requires DHHS to make partial CCF reimbursements to counties for undisputed charges within 15 business days of received receipts. Conference revises language and moves to Sec. 1904.

Sec. 550. CCF –County Reimbursement Restrictions – NEW

Senate prohibits DHHS to offset against reimbursements payments to counties and shall not seek reimbursement for charges DHHS received over 12 months prior. Conference revises language to include that counties shall not seek reimbursement for charges that are more than 12 months after date of service.

Sec. 551. CCF County Clarification Requests Response Deadline – NEW

Senate requires DHHS to respond within 10 business days to a county email clarification request. Conference revises language to require a response within 30 days.

Sec. 552. County CCF Review Results – NEW

Senate requires DHHS to provide a county's CCF review's results to the county within 15 business days. Conference revises language to require results be provided within 60 days.

Sec. 558. Child Welfare Training Institute (CWTI) Report – REVISED

Requires DHHS to maximize use of training programs or courses provided through the CWTI and requires courses be made available to employees of private service providers; requires DHHS to conduct a workgroup on reducing required amount of centralized CWTI training class time; requires report on workgroup findings; requires report on number of programs and courses provided and annual cost for each. Executive and House delete. Senate retains current language. Conference revises language to require a report that identifies the policies and procedures related to modernizing the child welfare training programs.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – REVISED

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control; requires report. Executive and House delete. Senate revises language to require a 70% success rate for parent-caseworker meetings. Conference requires an 85% success rate for both parent-caseworker meetings and parent-child visitations.

Sec. 567. Medical Passports – REVISED

Requires foster care caseworkers to complete medical passports and requires medical passports to be transferred within 2 weeks from date of placement or return home; requires report. Executive deletes language that requires medical passports be transferred within 2 weeks of placement or return home. House concurs with the Executive. Senate retains current language. Conference concurs with the Executive.

Sec. 568. Adoption Subsidy Negotiations – DELETED

Requires DHHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate. Executive and House delete. Senate retains current language. Conference deletes.

Sec. 569. Private Agency Adoption Completion Payment Rate – RETAINED

Requires DHHS reimburse private child placing agencies that complete adoptions at the rate according to the date in which the petition for adoption and required support documentation was accepted by the court and not according to the date the court's order placing for adoption was entered. Executive and House delete. Senate and Conference retain current language.

Major Boilerplate Changes From FY 2016-17

Sec. 589. Payment of Foster Care Administrative Rate- County Hold Harmless – RETAINED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive deletes language requiring DHHS to pay 100% of the administrative rates. House concurs with the Executive. Senate retains language requiring DHHS pay 100% of the administrative rates for new cases and includes language that requires reimbursements be collected from counties with populations over 1.7 million unless reporting requirements under section 505 be satisfied. Conference retains current language.

PUBLIC ASSISTANCE

Sec. 625. Legal Services Association of Michigan (LSAM) – REVISED

Requires DHHS to contract with LSAM to provide assistance to individuals who have applied or wish to apply for federal disability benefits and allocates \$500,000. Executive, House, and Senate delete. Conference reduces allocation to \$250,000.

Sec. 630. Family Independence Program (FIP) Suspicion-Based Drug Testing Pilot Program – DELETED

Requires DHHS to implement a suspicion-based drug testing pilot program for FIP recipients. Executive and House delete. Senate retains current language. Conference deletes.

Sec. 650. Food Assistance Program Able-Bodied Adults Without Dependents Waiver – NEW

House requires DHHS to apply the food assistance eligibility requirements as prescribed in 7 CFR 273.24(a)-(d) on a statewide basis for the fiscal year beginning October 1, 2017. Senate does not include. Conference revises language to require that the eligibility requirements apply beginning May 1, 2018.

Sec. 669. Annual FIP Clothing Allowance – RETAINED

Allocates \$6.3 million for children's annual clothing allowance for all eligible children in FIP groups. Executive revises language to allocate \$9.0 million funding. House revises language to appropriate \$7.2 million. Senate and Conference retain current language.

CHILDREN SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – RETAINED

Unless required by changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility. Executive and House delete. Senate and Conference retain current language.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 809. Pathways to Potential – NEW

Executive, in Sec. 689, requires that the Pathways to Potential program expansion shall be used for specific purposes. Senate, in Sec. 809, revises language to say the program may be expanded. House does not include language. Conference, in Sec. 809, states that the purposes of the Program is to improve certain student metrics by specified percentages. Also allocates \$75,000 to the School Success Partnership Program and \$60,000 to an Early Learning Neighborhood Collaborative.

Sec. 850. Out-Stationed Eligibility Specialists – RETAINED

Requires DHHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the location requests the program discontinued. Executive deletes language that requires that if a request for donated funds positions is denied, DHHS must provide the federal statute or regulation supporting a denial, if requested, as well as language that states if there is no federal statute or regulation supporting the denial, DHHS shall grant the position request. House concurs with the Executive. Senate and Conference retain current language.

Sec. 852. Public Assistance Field Staff Additional FTEs – NOT INCLUDED

House requires the 29 additional FTE authorizations in the Public Assistance Field Staff line item to be allocated to support the Pathways to Potential Program to provide additional DHHS staff in schools. Senate and Conference do not include.

BEHAVIORAL HEALTH SERVICES

Sec. 941. Medicaid Spenddown Allocation – DELETED

Allocates no less than \$3.0 million to CMHSPs for costs related to Medicaid spenddown beneficiaries having to satisfy monthly deductible requirements. Executive and House delete. Senate retains current language. Conference deletes.

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – REVISED

Requires DHHS to consider a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements, contingent upon federal approval; requires a report; requires DHHS to continue to comply with state and federal law and not initiate an action that negatively impacts beneficiary safety; defines "national accrediting entity." Executive deletes. House requires DHHS to request federal approval by January 1 and requires any savings from this action be reinvested back into services. Senate makes similar revisions as the House. Conference requires DHHS to request, if necessary, federal approval by January 1 and requires any savings from this action be reinvested back into services.

Major Boilerplate Changes From FY 2016-17

Sec. 997. Distribution of Substance Use Disorder Block Grant Funds – RETAINED

Requires population data from the most recent federal census be used in determining the distribution of substance use disorder block grant funds. Executive and House delete. Senate and Conference retain current language.

Sec. 1011. Kalamazoo Community Mental Health and Substance Abuse Services Opioid Genomics Pilot – NEW

House, in Sec. 1011, requires that DHHS provides \$850,000 to Kalamazoo Community Mental Health and Substance Abuse Services to develop a genomic based demonstration program to predict opioid response and abuse and to analyze cost savings to Medicaid. Senate, in Sec. 913, requires that DHHS explore developing a genomic based demonstration program to predict opioid response and abuse and to analyze cost savings to Medicaid operated by Kalamazoo Community Mental Health and Substance Abuse Services. Conference, in Sec. 1011, concurs with the House, with technical revisions.

Sec. 1057. Hawthorn Center and Caro Center Evaluation – REVISED

Requires DHHS to evaluate the condition of the Hawthorn Center and Caro Center, to evaluate the cost effectiveness of improvements, and to recommend improvements. Executive deletes. House strikes requirement to evaluate Caro Center. Senate deletes. Conference concurs with the House.

Sec. 1060. State Psychiatric Hospital Staffing Workgroup – NEW

House requires DHHS to convene a workgroup to address mandatory overtime, staff turnover, and staff retention at the state psychiatric hospitals; requires report. Senate does not include. Conference concurs with the House and adds the chairs of the appropriations subcommittees to the list of workgroup participants.

Sec. 1061. Caro Regional Mental Health Center – NEW

Conference requires DHHS to only use the funds appropriated for the Caro Regional Mental Health Center to support a psychiatric hospital at its current location, includes legislative intent that the Caro Regional Mental Health Center remain open and operational at its current location and that any capital outlay funding be used for planning and construction at the current location instead of a new location.

HEALTH POLICY

Sec. 1150. Opioid Fraud Collaboration – RETAINED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other prescription drug and opioid abuse issues; requires a report. Executive deletes. House concurs with the Executive. Senate retains current language. Conference concurs with the Senate.

Sec. 1151. Opioid Addiction Treatment Education Collaboration – RETAINED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other drug abuse issues; requires a report. Executive deletes. House concurs with the Executive. Senate retains current language. Conference concurs with the Senate.

LOCAL HEALTH AND ADMINISTRATIVE SERVICES

Sec. 1230. School-Based Children's Dental Health Pilot – NEW

House requires DHHS to develop and implement a school-based pilot program for children up to grade 7 for oral health assessments, primary dental services, and referrals, collaborating with the Department of Education, and local and nonprofit entities. Program goals include improving oral and physical health, and reducing rates of childhood tooth decay. Senate includes boilerplate and \$100 placeholder for a school-based nursing clinic pilot dental program. Conference concurs with the House, but revises to require that DHHS consider development of the pilot.

FAMILY, MATERNAL, AND CHILD HEALTH

Sec. 1314. Promotion of Early and Regular Prenatal Care – NEW

House requires DHHS to enhance outreach efforts to encourage early, continuous, and routine prenatal care upon confirmation of pregnancy. DHHS is to ensure that programs, policies and practices promote care by supporting access, eliminating barriers, promoting best practices, and encouraging optimal prenatal habits. DHHS is to track birth and maternal outcomes of these efforts. Senate does not include. Conference concurs with the House, adding "seek to" before enhance and ensure.

Sec. 1340. National Brand Peanut Butter as Approved WIC Food Item – RETAINED

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand peanut butter on the list of approved food basket items for WIC participant purchase. Executive deletes. House concurs with the Executive. Senate retains current language. Conference concurs with the Senate.

Major Boilerplate Changes From FY 2016-17

MEDICAL SERVICES

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

Requires DHHS to annually certify that rates paid to Medicaid health plans and specialty prepaid inpatient health plans are actuarially sound, to notify the legislature upon rate certification and approval, and to take into account for Medicaid policy bulletins issued after the most recent actuarial soundness process concluded. Executive and House retain current language. Senate revises to require DHHS to ensure any new or revised state policy bulletins are not promulgated to negatively impact certified rates. Conference revises to require DHHS to ensure any new or revised state policy bulletins are not promulgated to materially impact certified rates in a negative manner.

Sec. 1790. Ambulance QAAP Revenue – NEW

House, in Sec. 1790, requires any restricted funding used for ambulance provider reimbursements come from an ambulance QAAP with a base narrowly tailored to ambulance services and shall not include other municipal services. Senate, in Sec. 1854, includes legislative intent language that DHHS not establish or collect an ambulance QAAP. Conference, in Sec. 1790, includes legislative intent language that any restricted funding used for ambulance provider reimbursements come from an ambulance QAAP with a base narrowly tailored to ambulance services and shall not include other municipal services.

Sec. 1801. Primary Care Rates – REVISED

Requires DHHS to continue the increase in Medicaid rates to primary care service providers and establish policies to limit the rate increase to practitioners that solely practice primary care; requires a report. House adds physicians who are licensed by the state and working as a primary care provider in general practice to the list of eligible primary care providers who are eligible for the Medicaid rate increase. Senate retains current language. Conference concurs with the House.

Sec. 1805. Graduate Medical Education (GME) Quality Data – REVISED

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, and requires hospitals to also post quality data on the hospital's website. Executive adds requirement to withhold 25% of a hospital's GME payment if the hospital does not submit the required data by January 1, 2018. House concurs with Executive but changes withhold date to July 1, 2018. Senate and Conference concur with the Executive.

Sec. 1806. Common Formulary for Medicaid Health Plans – REVISED

Allows DHHS to establish performance standards to measure implementation progress of a common formulary; requires that ongoing implementation of the common formulary consider DHHS's preferred drug list; allows health plans to use evidence-based utilization management techniques in the implementation of the common formulary; requires health plans and DHHS to continue to emphasize the value of increased e-prescribing and electronic medical records. Executive deletes. House revises to require DHHS to monitor progress in implementing the common formulary; requires report. Senate deletes. Conference concurs with the House and adds requirement for DHHS to develop policies to operate the common formulary to ensure fair and full public participation.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation – REVISED

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements; requires DHHS continue to comply with federal and state laws and not initiate any action that negatively impacts beneficiary safety; defines term "national accrediting entity"; requires progress report on implementation of section. Executive and House delete. Senate retains current language. Conference deletes reporting requirement.

Sec. 1852. Long-Term Service and Support Pilot – NOT INCLUDED

Senate requires DHHS to implement a pilot in Wayne, Macomb, Barry, Berrien, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren counties, and the Upper Peninsula to transition home- and community-based services waiver recipients into a long-term services and support program administered by an integrated care organization, lists program requirements. Conference does not include.

Sec. 1855. Unused PACE Slots – NEW

Senate requires DHHS, if funds are available, to allow PACE programs to increase then number of program slots if the local PACE program provides documentation of its ability to expand capacity, and to allow PACE programs to enroll more than 10 new members per month to address unmet demand. Conference concurs with the Senate.

Sec. 1859. Medicaid Research Activities – NEW

Senate requires DHHS to partner with Medicaid health plans to develop and implement strategies for the use of information technology research activities, without charge, for the purpose of improving health, increasing quality of care, and reducing cost of care. Conference concurs with the Senate, but strikes "without charge".

Sec. 1867. Psychotropic Medicine Best Practices Workgroup – NEW

House requires DHHS to convene a workgroup to identify best practices and to develop protocols for prescribing psychotropic medications; requires report. Senate does not include. Conference concurs with the House.

**FY 2017-18: DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES
Summary: Conference Report
Article XI, House Bill 4323 (H-1) CR-1**



Analyst: Marcus Coffin

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$707,600	\$707,600	\$707,600	\$707,600	\$707,600	\$0	0.0
Federal	2,000,000	2,014,700	2,014,700	2,014,700	2,014,700	14,700	0.7
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	63,399,600	63,869,100	63,869,100	63,869,100	63,869,100	469,500	0.7
GF/GP	150,000	150,000	150,000	150,000	150,000	0	0.0
Gross	\$66,257,200	\$66,741,400	\$66,741,400	\$66,741,400	\$66,741,400	\$484,200	0.7
FTEs	342.5	342.5	342.5	342.5	342.5	0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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, examining, evaluating, and promoting the insurance and financial service industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change	
1. Economic Adjustments	Gross	NA	\$484,200
<u>Executive</u> reflects an increase in costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, and rent increases. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	NA	14,700
	Restricted	NA	469,500
	GF/GP	NA	\$0
2. Technical Adjustments	Gross	NA	\$0
<u>Executive</u> includes internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include the consolidation of the Regulatory Compliance, Market Conduct and Licensing and the Insurance Rates and Forms line items into the Insurance evaluation line item. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 207. Out-of-State Travel Requirements and Report – REVISED

Stipulates limitations regarding the conditions when DIFS may send employees on out-of-state travel, limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed annual report on out-of-state travel. Executive revises to include a less detailed report. House retains the more detailed report but makes a revision to include a provision that out-of-state travel must be approved by a departmental employee's immediate supervisor. Senate retains the report without revision. Conference concurs with the House.

Sec. 217. Record Retention – DELETED

Requires DIFS to retain all records in accordance with state and federal guidelines. Executive deletes. House retains. Senate concurs with the Executive. Conference concurs with the Senate.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff. Executive deletes. House retains. Senate retains. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 219. Television and Radio Productions – RETAINED

Prohibits DIFS from developing or producing television or radio productions. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – REVISED

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system that allow for the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains, but revises to eliminate the requirement that the department provide relevant accounting structures and business objects codes. Senate retains without revision. Conference concurs with the House.

Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED

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. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 301. Health Insurance Rate Filings Report – RETAINED

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. Executive deletes this section. House revises to eliminate the requirement for the department to report on estimated percentage of state population that is uninsured for more than 6 months in a calendar year. Senate also revises to eliminate the requirement for the department to report on estimated percentage of state population that is uninsured for more than 6 months in a calendar year. Conference retains current year language, including the uninsured reporting requirement.

FY 2017-18: JUDICIARY
Summary: Conference Report
Article XII, House Bill 4323 (H-1) CR-1



Analyst: Robin R. Risko

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$1,550,000	\$1,550,600	\$1,550,600	\$1,550,600	\$1,550,600	\$600	0.0
Federal	6,433,500	6,464,100	6,464,100	6,464,100	6,464,100	30,600	0.5
Local	7,349,300	5,955,300	5,955,300	5,955,300	5,955,300	(1,394,000)	(19.0)
Private	957,800	969,600	969,600	969,600	969,600	11,800	1.2
Restricted	92,786,000	92,529,000	92,529,000	92,529,000	92,529,000	(257,000)	(0.3)
GF/GP	189,157,400	191,968,700	191,905,100	191,968,700	192,574,400	3,417,000	1.8
Gross	\$298,234,000	\$299,437,300	\$299,373,700	\$299,437,300	\$300,043,000	\$1,809,000	0.6
FTEs	510.0	501.0	501.0	499.0	501.0	(9.0)	(1.8)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including 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 2016-17 YTD Appropriations

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Transfer MIDC to LARA	FTE	16.0	(16.0)
<u>Executive</u> eliminates \$2.3 million and 16.0 FTE positions associated with the Michigan Indigent Defense Commission to reflect the transfer of the Commission to LARA, pursuant to Public Act 442 of 2016. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$2,345,600	(\$2,345,600)
	GF/GP	\$2,345,600	(\$2,345,600)
2. Trial Court Videoconferencing	Gross	NA	\$815,000
<u>Executive</u> includes \$687,300 to support continued maintenance, upgrades, and replacement of trial court videoconferencing equipment in courtrooms across the state, and \$127,700 for a contract to provide help desk services and troubleshooting assistance to trial courts. <u>House</u> concurs. <u>Senate</u> does not include the additional funding. <u>Conference</u> includes the funding.	GF/GP	NA	\$815,000
3. Medication-Assisted Treatment Program	Gross	NA	\$750,000
<u>Executive</u> includes \$750,000 in ongoing funding to continue the medication-assisted treatment program, which targets new court admissions having heroin or other opiate drug disorders. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$750,000
4. One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers	FTE	NA	11.0
<u>Executive</u> includes \$750,000 in one-time funding and authorization for 11.0 FTE positions for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case. <u>House</u> concurs. <u>Senate</u> includes the FTE positions and \$700,000. <u>Conference</u> includes the FTE positions and \$700,000.	Gross	NA	\$700,000
	GF/GP	NA	\$700,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. One-Time and Ongoing Funding for Pretrial Risk Assessment	FTE	NA	2.0
<u>Executive</u> includes \$300,000 GF/GP (one-time) and \$305,700 GF/GP (ongoing) to support the development of a pretrial risk assessment tool in an effort to increase the number of offenders who are released on personal recognizance while awaiting trial, instead of being remanded to jail until their hearings are scheduled. <u>House</u> concurs. <u>Senate</u> does not include the additional funding. <u>Conference</u> includes the additional funding.	Gross	NA	\$605,700
	GF/GP	NA	\$605,700
6. Pre-Funding Judges' Retiree Healthcare	Gross	NA	\$0
<u>Executive</u> replaces Court Fee Fund revenue with GF/GP due to the pre-funding of judges' retiree healthcare. Court Fee Fund revenue supports judges' retiree healthcare costs pursuant to statute, MCL 38.2217(3). With the start of pre-funding retiree healthcare, the amount of Court Fee Fund revenue available for judicial salaries will be reduced, so GF/GP is increased to offset the reduction. Pre-funding will be done over 21 years. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(286,000)
	GF/GP	NA	\$286,000
7. Judgeship Changes	Gross	NA	(\$483,300)
<u>Executive</u> reflects a net savings of \$483,300 from the following changes in judgeships: replacement of 1.0 Court of Appeals judge; elimination of 1.0 district court judge (2014 PA 60); retirement of 3.0 district and 1.0 circuit court judges (2012 PAs 16, 20, 22, and 35); restoration of 1.0 circuit court judge (2009 PA 228); and election of 2.0 circuit court judges (2014 PAs 56 and 58). The amount of savings is a result of the effective dates of the replacement, elimination, retirements, restoration, and elections. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	(\$483,300)
8. Security Costs for Hall of Justice	Gross	NA	\$363,000
<u>Executive</u> includes \$363,000 to cover costs for contracting with a private provider for security services at the Hall of Justice. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$363,000
9. Annualize Funding for Legal Help Program	Gross	\$300,000	\$100,000
<u>Executive</u> includes \$100,000, which is three months of funding, for the Michigan Legal Help program. The program provides free around-the-clock legal information and assistance to individuals who represent themselves in civil legal matters. Ongoing funding for nine months, which replaced expired work project funding, was included in the FY 2016-17 budget. <u>House</u> concurs. <u>Senate</u> does not include the additional \$100,000 and eliminates the \$300,000 that is appropriated in the current year budget for the program. <u>Conference</u> includes the additional \$100,000 and retains the current year funding.	GF/GP	\$300,000	\$100,000
10. Funding Adjustments	Gross	\$7,349,300	(\$1,455,900)
<u>Executive</u> reduces funding authorization for the Direct Trial Court Automation Support line item and the associated local user fees fund source by \$1.5 million in order to accurately reflect available revenue, which is based on usage. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Local	7,349,300	(1,455,900)
	GF/GP	\$0	\$0
11. FTE Authorization for Statewide E-File System	FTE	0.0	5.0
<u>Executive</u> includes authorization for 5.0 FTE positions for administration of the statewide electronic filing system. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$8,500,000	\$0
	Restricted	8,500,000	0
	GF/GP	\$0	\$0
12. Removal of One-Time Funding	FTE	11.0	(11.0)
<u>Executive</u> eliminates \$1.7 million in one-time funding and 11.0 FTE positions that were included in the FY 2016-17 budget. One-time funding was appropriated for SADO for compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case (\$700,000 and 11.0 FTEs), expansion of problem solving courts (\$250,000), and a medication-assisted treatment pilot program (\$750,000). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$1,700,000	(\$1,700,000)
	GF/GP	\$1,700,000	(\$1,700,000)

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
13. Economic Adjustments	Gross	NA	\$4,321,700
<u>Executive</u> reflects a net increase of \$4.3 million Gross (\$4.1 million GF/GP) for negotiated salary and wage increases (3.0%), actuarially required retirement contributions, worker's compensation, building occupancy charges, and private rent. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	600
	Federal	NA	55,400
	Local	NA	106,600
	Private	NA	13,200
	Restricted	NA	39,000
	GF/GP	NA	\$4,106,900
14. Swift and Sure Sanctions Program	Gross	\$4,000,000	\$0
<u>Executive</u> retains current year funding levels for the Swift and Sure Sanctions program. <u>House</u> reduces funding by \$500,000 based on historical lapse amounts at fiscal year-end. <u>Senate</u> includes an additional \$300,000. <u>Conference</u> retains current year funding levels.	Restricted	1,729,400	0
	GF/GP	\$2,270,600	\$0
15. Increased Funding for Veterans Courts	Gross	\$517,300	(\$80,900)
Revised <u>Executive</u> eliminates \$517,300 in one-time funding included in the current year budget for the negotiated 1.5% one-time lump sum payment for employees. <u>House</u> eliminates \$80,900 of the \$517,300 and transfers \$436,400 from the various employee-related line items to the Veterans Courts line item. <u>Senate</u> eliminates all of the funding. <u>Conference</u> eliminates the \$80,900 and includes the \$436,400 for veterans courts.	Federal	24,800	(24,800)
	Local	44,700	(44,700)
	Private	1,400	(1,400)
	Restricted	10,000	(10,000)
	GF/GP	\$436,400	\$0
16. One-Time Funding for Expansion of Problem Solving Courts	Gross	NA	\$219,300
<u>Executive</u> makes no recommendation. <u>House</u> makes no recommendation. <u>Senate</u> includes a one-time appropriation of \$1.6 million for the expansion of problem solving courts. <u>Conference</u> includes \$219,300 for this purpose.	GF/GP	NA	\$219,300

Major Boilerplate Changes From FY 2016-17

Sec. 304. Judicial Technology Improvement Fund – NEW

Allocates \$815,000 of the Judicial Technology Improvement Fund to updating and maintaining trial court videoconferencing equipment; allocates \$400,000 of the Judicial Technology Improvement Fund to the Michigan Legal Self-Help program; requires SCAO to ensure that all judicial data warehouse data is submitted to the Legislative Council; authorizes members of the legislature to request reports from data collected; subjects reports created to FOIA requirements. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to authorize members of the legislature to request reports or data from the data collected in the judicial data warehouse; require data to be made available to the public, unless disclosure is prohibited; require the data provided to be public and non-identifying information.

Sec. 316. Pretrial Risk Assessment – NEW

Requires SCAO to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on plans for piloting the tool; requires SCAO to report on costs associated with piloting the tool. Executive does not include new language. House includes new language. Senate does not include new language. Conference includes new language.

Sec. 322a. Michigan Indigent Defense Commission Receipt of Federal Funding – DELETED

Authorizes the MIDC 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 U.S. Department of Justice. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 323. Report on Juvenile Out-of-State Placements – DELETED

Requires SCAO to provide courts with a quarterly listing of out-of-state placements of juveniles made by each court, an annual listing of per diem costs of public and private residential care facilities located or doing business in the state, and recidivism data for each facility, if available from DHHS. Executive deletes. House deletes. Senate retains current law. Conference deletes.

Sec. 324. Additional Funding for Michigan Indigent Defense Commission – DELETED

Requires additional funding appropriated for the MIDC to be used for bringing the criminal defense system into compliance with right to counsel requirements of the U.S. and Michigan constitutions; requires specific outcomes and performance measures to be identified. Executive deletes. House deletes. Senate deletes. Conference deletes.

Sec. 325. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires the MIDC to submit an annual report on incremental costs associated with the standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense. Executive deletes. House deletes. Senate deletes. Conference deletes.

Major Boilerplate Changes From FY 2016-17

Sec. 401. Expansion of Problem Solving Courts – NEW

Requires judiciary to use one-time funding to establish new problem-solving courts; requires \$68,000 to be used to establish a new veterans court in Kalamazoo. Executive does not include new language. House does not include new language. Senate includes new language. Conference includes new language, but revises it to require allocation of \$68,000 to the existing veterans court in Kalamazoo.

**FY 2017-18: DEPARTMENT OF LICENSING
AND REGULATORY AFFAIRS**
Summary: Conference Report
Article XIII, House Bill 4323 (H-1) CR-1



Analyst: Marcus Coffin

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$46,923,800	\$47,835,100	\$47,835,100	\$47,835,100	\$47,835,100	\$911,300	1.9
Federal	64,441,800	65,020,900	65,020,900	65,020,900	65,020,900	579,100	0.9
Local	251,600	250,000	250,000	250,000	250,000	(1,600)	(0.6)
Private	111,800	111,800	111,800	111,800	111,800	0	0.0
Restricted	266,872,300	285,341,900	283,230,600	276,862,500	277,037,600	10,165,300	3.8
GF/GP	43,721,100	43,016,600	44,016,600	43,016,600	44,416,600	695,500	1.6
Gross	\$422,322,400	\$441,576,300	\$440,465,000	\$433,096,900	\$434,672,000	\$12,349,600	2.9
FTEs	2,251.8	2,379.8	2,359.8	2,379.8	2,379.8	128.0	5.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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 the primary regulatory agency for this state. The department oversees regulation in a variety of areas, including: commercial and occupational activities; construction and fire safety; health care and human service; energy and public utilities; and liquor. Agencies within LARA are also responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws. The department also provides vocational rehabilitation services for the blind and coordinates employment services for immigrants. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Energy Package

Executive includes increased funding for the Michigan Administrative Hearing System, the Michigan Agency for Energy, and the Michigan Public Service Commission to support the expanded scope of the department's responsibilities under Public Acts 341 and 342 of 2016. House concurs. Senate concurs. Conference concurs.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
FTE	19.0	0.0
Gross	\$2,810,000	\$300,500
Restricted	2,810,000	300,500
GF/GP	\$0	\$0

2. Medical Marihuana Facilities, Licensing, and Tracking Program

Executive includes funding to support the Department's responsibilities for the implementation of the Medical Marihuana Facilities Licensing Act (Public Act 281 of 2016). Funding for the appropriation comes from the Marihuana Regulatory Fund, which receives revenues from license application fees and an annual assessment levied on licensed growers, processors, provisioning centers, and secure transporters of marihuana. The appropriation is prorated to reflect that the Department and the Medical Marihuana Licensing Board can begin accepting license applications on December 15, 2017. House reduces funding by \$2.1 million and reduces FTE authorization by 20.0 FTEs. Senate reduces funding by \$8.7 million. Conference concurs with Senate.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
FTE	NA	108.0
Gross	NA	\$10,000,000
Restricted	NA	10,000,000
GF/GP	NA	\$0

3. Michigan Indigent Defense Commission Transfer

Executive includes funding and authorization for FTE positions to reflect the transfer of the Michigan Indigent Defense Commission to LARA from the Judiciary, pursuant to Public Act 439 of 2016. The appropriation will primarily be used to cover staffing costs associated with the commission. Positions within the commission include administrative assistants, a grant manager, and regional administrators, among others. House concurs. Senate concurs. Conference concurs.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
FTE	NA	16.0
Gross	NA	\$2,386,800
GF/GP	NA	\$2,386,800

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
4. First Responder Presumed Coverage Fund Administration	Gross	NA	\$200,000
<u>Executive</u> includes funding to support the administration of first responder claims pursuant to Public Act 515 of 2014. The authorization is supported by a portion of the revenue that is anticipated to be generated from the Medical Marihuana Excise Fund in FY 2017-18. The Medical Marihuana Excise Fund will receive revenues from the 3% excise tax that is levied upon marihuana provisioning centers. The funding will be used for payroll for one FTE and for contractual services. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	200,000
	GF/GP	NA	\$0
5. Increased Attorney General Costs for Unlicensed Activity Enforcement	Gross	NA	\$439,300
<u>Executive</u> increases funding to the Bureau of Professional Licensing in order to properly fund the activities conducted by the Attorney General (AG) for enforcement against unlicensed regulatory activity. The AG's office previously handled unlicensed activity cases only for unlicensed builders. Under a new Memorandum of Understanding, the AG's office is now handling unlicensed activity cases for Accountancy and Real Estate Brokers and Salespersons. The AG's office is also handling the criminal investigations for all three of the aforementioned areas of unlicensed activity. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	439,300
	GF/GP	NA	\$0
6. Michigan Administrative Hearing Authorization Decrease	Gross	NA	(\$200,000)
<u>Executive</u> reduces funding to reflect decreased costs for the services that MAHS provides to the Department of Corrections. There has been a decrease in the amount of services required due to a declining population of prisoners in Michigan. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	(200,000)
	GF/GP	NA	\$0
7. Video Franchise Services Funding Restoration	Gross	NA	\$300,000
<u>Executive</u> includes funding to support the Video Franchise Services program using revenues from Public Utility Assessments, pursuant to Public Act 438 of 2016. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	300,000
	GF/GP	NA	\$0
8. First Responder Presumed Coverage Claims	Gross	NA	\$1,780,000
<u>Executive</u> includes funding to cover payments of first responder presumed coverage claims pursuant to Public Act 515 of 2014. The appropriation is supported by revenues anticipated to be generated from the marihuana excise tax. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	1,780,000
	GF/GP	NA	\$0
9. Public Service Commission Natural Gas Pipelines – Federal Compliance	FTE	5.0	0.0
<u>Executive</u> includes funding for the Public Service Commission to cover the costs of 5.0 FTEs in order to meet the mandated level of required inspection days for natural gas pipelines, which is determined by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The additional 5.0 FTEs and \$770,000 in funds were appropriated in FY 2016-17 by Public Act 340 of 2016. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$770,000	\$144,300
	Federal	623,700	115,100
	Restricted	146,300	29,200
	GF/GP	\$0	\$0
10. Ethnic Commission Service Expansion	Gross	\$473,000	\$75,000
<u>Executive</u> includes increased funding of \$25,000 (GF/GP) each to the Hispanic/Latino commission of Michigan, the Asian Pacific American affairs commission, and the Commission on Middle Eastern American affairs. <u>House</u> revises, so that the total increase remains \$75,000 (GF/GP) but the Hispanic/Latino commission of Michigan and the Asian Pacific American affairs commission would each receive \$20,000 in additional funding, while the Commission on Middle Eastern American affairs would receive a \$35,000 increase. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with the Senate.	GF/GP	\$473,000	\$75,000
11. Childcare Licensing Background Checks	FTE	NA	4.0
<u>Executive</u> includes funding to conduct expanded background checks on childcare providers, as required by new federal rules associated with the Federal Child Care and Development Block Grant received by the Michigan Department of Education (MDE). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$800,000
	IDG	NA	800,000
	GF/GP	NA	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
12. Increase Direct Shipper Enforcement Fund Appropriation	Gross	NA	\$172,200
The <u>Senate</u> included additional appropriations from the Direct Shipper Enforcement Fund to increase enforcement actions against unlicensed sellers of wine. The increased appropriation would bring total appropriations from the fund to \$300,000. <u>Conference</u> concurs with the Senate.	Restricted	NA	172,200
	GF/GP	NA	\$0
13. Removal of One-Time Funding	Gross	\$4,960,000	(\$3,560,000)
<u>Executive</u> eliminates \$4.96 million (\$3.4 million GF/GP) in one-time funding that was included in the FY 2016-17 budget. FY 2016-17 one-time appropriations were made for Fire Protection Grant Enhancement and for the Michigan Liquor Control Commission IT project. <u>House</u> concurs with the elimination of one-time funding for the IT project, but retains \$1,000,000 (GF/GP) for Fire Protection Grant Enhancement. <u>Senate</u> concurs with the Executive. <u>Conference</u> retains \$1.4 million (GF/GP) for Fire Protection Grant Enhancement.	Restricted	1,560,000	(1,560,000)
	GF/GP	\$3,400,000	(\$2,000,000)
14. Revenue Alignment and Reduction of Overstated Deducts	Gross	NA	(\$2,983,300)
<u>Executive</u> reduces federal, local, and restricted authorizations for a net decrease of \$3.0 million in order to accurately reflect available funds and to align with revenue estimates. Adjustments include:	Federal	NA	(83,700)
	Local	NA	(2,400)
	Restricted	NA	(2,897,200)
<ul style="list-style-type: none"> Removal of the EPA Pollution Prevention Grant deduct due to the elimination of the award (\$83,700). A shift of \$1.0 million in authorization from the Tax Tribunal Fund to Corporation Fees in order to support MAHS due to declining revenues from the fees deposited to the Tax Tribunal Fund. Multiple reductions in overstated deducts of state restricted funds and the local stabilization authority contract. 	GF/GP	NA	\$0
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.			
15. Economics Adjustment	Gross	NA	\$2,319,700
<u>Executive</u> reflects a net increase in costs for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, and building occupancy changes. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	311,300
	Federal	NA	393,700
	Local	NA	800
	Restricted	NA	1,380,200
	GF/GP	NA	\$233,700
16. Drinking Water Declaration of Emergency Placeholder	Gross	NA	\$100
<u>Conference</u> included a \$100 placeholder in case the need should arise for funds to be appropriated to support the Flint declaration of emergency. The placeholder is from the Drinking Water Declaration of Emergency Reserve Fund.	Restricted	NA	100
	GF/GP	NA	\$0
17. Liquor Control Enforcement and License Investigation Revolving Fund	Gross	NA	\$175,000
<u>Conference</u> included a \$175,000 appropriation from the Liquor Control Enforcement and License Investigation Revolving Fund. The funds will be used to conduct license investigations and enforcement activities pursuant to PA 434 of 2016.	Restricted	NA	175,000
	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 207. Out-of-State Travel Requirements and Report Title – REVISED

Stipulates a set of conditions under which out-of-state travel is permissible and requires LARA to submit a report pertaining to out-of-state travel for state employees, including the dates of each travel occurrence and the related expenses and fund sourcing. Executive deletes. House retains, but revises to include a requirement that out-of-state travel be approved by a departmental employee's immediate supervisor. Senate retains without revision. Conference concurs with House.

Sec. 217. Records Retention – DELETED

Requires LARA to retain all records in accordance with state and federal guidelines. Executive deletes. House retains. Senate deletes. Conference concurs with Senate.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff. Executive deletes. House retains. Senate retains. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 219. Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – REVISED

Requires LARA, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system that allow for the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains, but revises to eliminate the requirement that the department provide relevant accounting structures and business objects codes. Senate retains without revision. Conference concurs with House.

Sec. 226. Regulatory Statistical Report – RETAINED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by agencies within LARA. Executive deletes. House retains. Senate retains. Conference retains. Conference retains.

Sec. 227. Departmental Employee Performance Monitoring Process – RETAINED

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. Executive deletes. House concurs. Senate retains. Conference concurs with Senate.

Sec. 301. Exploration of Carbon Dioxide Capture – DELETED

Tasks the Michigan Agency for Energy and the Michigan Public Service Commission with exploring sources of captured carbon dioxide and its use in enhanced oil recovery; the Michigan Agency for Energy is required to report its findings. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 301. Low-Income Energy Assistance Grants – NEW

Stipulates that funds supporting the grant program administered by the Michigan Agency for Energy on behalf of DHHS for low-income energy assistance are appropriated upon awarding of the grants, and may be expended for grant payments or administrative expenses for the operation of the program. Executive includes new language. House concurs. Senate concurs. Conference concurs.

Sec. 401. IT Upgrades to Mitigate Licensure Delays – RETAINED

Stipulates that funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available. Executive deletes. House concurs. Senate retains. Conference concurs with Senate.

Sec. 402. Investigation of Direct Shipments of Wine and Report – REVISED

Requires that the LCC should use funds as required under Section 203 of the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal shipments of wine, and to report on these activities to the legislature. Executive deletes. House retains. Senate revises to include requirements that the MLCC include in a report information regarding activities and resources dedicated to investigating illegal shipments of wine, and the results of these investigations. Conference concurs with Senate.

Sec. 516. Sawmill Inspection Method and Report – DELETED

Requires LARA to submit a report to the subcommittees and fiscal agencies detailing several findings from the department's inspections of wood products manufacturing facilities. Executive deletes. House concurs. Senate concurs. Conference concurs.

Sec. 517. Opioid Overprescribing Report – DELETED

Requires LARA to submit a report to the House and Senate Appropriations Committees detailing departmental action taken for overprescribing, it also requires LARA to provide information to prescribers on where they can obtain the most current federal guidelines on prescribing of opioids. Executive deletes. House deletes, but includes requirements from this report in a new boilerplate section. Senate retains. Conference concurs with House.

Sec. 517. MAPS and Opioid Report – NEW

House adds new language requiring LARA to submit a report detailing usage statistics for the MAPS system and the number of cases related to opioid overprescribing and dispensing. Senate does not include. Conference concurs with House.

Sec. 519. Performance Metrics for MAPS IT Upgrades and Staffing Enforcement – DELETED

Requires that LARA improve the functionality of the Michigan Automated Prescription System, to consider releasing data that does not contain patient protected information, and that the department should report on progress made. Executive deletes. House concurs. Senate retains. Conference concurs with House.

Sec. 519. Medical Marijuana Facilities Licensing and Tracking Report – NEW

House includes new language requiring LARA to submit a report regarding application determinations, timeliness, revenues, and expenses associated with the administration of the Medical Marijuana Facilities Licensing and Tracking program. Senate does not include. Conference concurs with House.

Major Boilerplate Changes From FY 2016-17

Sec. 705. Vocational Rehabilitation Matching Funds – RETAINED

Requires the Bureau of Services for Blind Persons (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds. Executive deletes. House retains. Senate retains. Conference concurs.

Sec. 708. First Responder Presumed Coverage Fund Receive and Expend Authorization – NEW

Stipulates that funds received in excess of the appropriation in part 1 for first responder presumed coverage claims from the first responder presumed coverage fund are appropriated in an amount sufficient to pay approved claims due in the current fiscal year. Executive includes new language. House concurs. Senate concurs. Conference concurs.

Sec. 800. Michigan Indigent Defense Commission Receipt of Federal Funding – NEW

Authorizes the Michigan Indigent Defense Commission (MIDC) to receive and expend up to \$250,000 as an interdepartmental grant from the Department of State Police if Byrne formula grant funding is awarded to the MIDC; the commission may receive and expend federal grant funding from the United States Department of Justice in an amount not to exceed \$300,000. Executive includes new language. House concurs. Senate concurs. Conference concurs.

Sec. 801. Michigan Indigent Defense Commission Report on Incremental Costs – NEW

Requires the Michigan Indigent Defense Commission to submit a report on the incremental costs associated with the standard development process, the compliance plan process, and the collection of data from all indigent defense systems and attorneys providing indigent defense. Executive includes new language. House concurs. Senate concurs. Conference concurs.

Sec. 802. Ethnic Affairs Commissions Report – NEW

House includes new language requiring the Michigan Office for New Americans to coordinate with the ethnic affairs commissions to produce a report pertaining to the activities that the ethnic affairs commissions undertake. Senate does not include. Conference concurs with House.

Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – RETAINED

Stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement, requires LARA to post a listing of available grant funds, requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive revises to include language indicating that Fiscal Year 2017-18 will be the final year for the distribution of medical marihuana enforcement grants, due to the new regulatory structure created by 2016 PA 281. House concurs. Senate retains current year language. Conference concurs with Senate.

Sec. 1001. Performance Metrics for LCC IT Upgrades – DELETED

Requires the Liquor Control Commission to maintain customer service standards and to identify outcomes and performance metrics. Executive deletes. House concurs. Senate concurs. Conference concurs.

FY 2017-18: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary: Conference Report

Article XIV, House Bill 4323 (H-1) CR-1



Analyst: Kent Dell

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$101,800	\$101,800	\$101,800	\$101,800	\$101,800	\$0	0.0
Federal	91,793,600	92,334,100	92,334,100	92,334,100	92,334,100	540,500	0.6
Local	1,522,400	1,528,400	1,528,400	1,528,400	1,528,400	6,000	0.4
Private	742,800	640,000	640,000	640,000	640,000	(102,800)	(13.8)
Restricted	24,696,000	22,332,600	22,332,600	22,332,600	22,332,600	(2,363,400)	(9.6)
GF/GP	58,243,600	63,067,500	62,067,500	63,067,500	62,567,500	4,323,900	7.4
Gross	\$177,100,200	\$180,004,400	\$179,004,400	\$180,004,400	\$179,504,400	\$2,404,200	1.4
FTEs	907.5	913.5	913.5	913.5	913.5	6.0	0.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Removal of FY 2016-17 One-Time Appropriations and Placeholders	Gross	\$4,100,100	(\$4,100,100)
<u>Executive</u> removes all FY 2016-17 one-time appropriations as well as a \$100 GF/GP place holder for veterans' homes planning and \$300,000 GF/GP for housing construction at Camp Grayling. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	\$4,100,100	(\$4,100,100)
2. National Guard Armory Maintenance (One-Time)	Gross	NA	\$2,500,000
<u>Executive</u> includes a one-time appropriation of \$2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> shifts funding to ongoing appropriations. <u>Conference</u> concurs with <u>House</u> .	GF/GP	NA	\$2,500,000
3. National Guard Tuition Assistance Fund	Gross	\$60,000	\$3,947,000
<u>Executive</u> includes \$3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support of the National Guard Tuition Assistance Program. <u>House</u> includes \$3.4 million ongoing GF/GP. <u>Senate</u> concurs with <u>Executive</u> . <u>Conference</u> concurs with <u>Senate</u> .	GF/GP	\$60,000	\$3,947,000
4. National Guard Tuition Assistance Program – Program Restructure	FTE	1.0	(1.0)
<u>Executive</u> includes a technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$3,505,000	(\$3,505,000)
	Restricted	3,505,000	(3,505,000)
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Armory and Land Sales		Gross	\$1,000,000
<u>Executive</u> increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	1,000,000	1,000,000
	GF/GP	\$0	\$0
6. National Guard Operations – State Active Duty		Gross	\$338,200
<u>Executive</u> includes \$30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	101,800	0
	Federal	100,000	0
	Restricted	70,000	30,000
	GF/GP	\$66,400	\$0
7. Grand Rapids Home for Veterans – Staff and Training		Gross	\$49,229,000
<u>Executive</u> includes \$820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of \$2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$820,000
8. Grand Rapids Home for Veterans – Accounting Service Staff	FTE	355.0	(8.0)
<u>Executive</u> transfers the accounting service staff FTEs to the Department of Technology, Management and Budget. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$49,229,000	\$0
	Federal	20,999,900	0
	Restricted	6,532,500	0
	GF/GP	\$21,696,600	\$0
9. D.J. Jacobetti Home for Veterans – Staffing Increase	FTE	164.5	15.0
<u>Executive</u> includes 15.0 FTEs and \$800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$21,250,600	\$800,000
	Federal	8,305,600	0
	Restricted	5,000,400	0
	GF/GP	\$7,944,600	\$800,000
10. Michigan Veterans' Facility Authority		Gross	\$1,000,000
<u>Executive</u> includes \$500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans' Facility Authority, 2016 PA 560. <u>House</u> removes. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House.	GF/GP	\$1,000,000	\$0
11. Veterans Service Organization Grants		Gross	NA
<u>Senate</u> shifts \$72,000 GF/GP from the Michigan Veterans Affairs Agency administration line item to the Veterans Service Organization grants line item. <u>Conference</u> concurs.	GF/GP	NA	\$0
12. Michigan Veterans Affairs Agency – Veterans License Plate Fund		Gross	\$7,057,300
<u>Executive</u> includes \$50,000 from the recently established Michigan Veterans Engagement Fund, pursuant to 2014 PA 490 MCL 257.811b, to support the ongoing operations of the Michigan Veterans Affairs Agency. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	0	50,000
	GF/GP	\$7,057,300	\$0
13. Technical Adjustments	FTE	NA	0.0
<u>Executive</u> aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including:	Gross	NA	(\$212,600)
• Reduction in private revenue authorization for the Michigan Youth ChalleNge Academy.	Federal	NA	(4,900)
• Reduction in rental fee revenue authorization for Headquarters and Armories.	Private	NA	(102,800)
• Removes authorizations associated with IT payroll and accounting services center personnel across the budget.	Restricted	NA	(101,800)
• Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring.	GF/GP	NA	(\$3,100)
• Net zero adjustments in authorizations and FTEs between line items.			
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.			

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change	
14. Economic Adjustments	Gross	NA	\$1,074,900
<u>Executive</u> includes economic adjustments, which reflect increased costs of \$1.1 million Gross (\$360,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	NA	545,400
	Local	NA	6,000
	Restricted GF/GP	NA	163,400
		NA	\$360,100

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Executive updated to reflect FY 2017-18 appropriations. House concurs. Senate concurs. Conference concurs.

Sec. 210. Contingency Funds – REVISED

Provides for contingency fund authorization, which can be appropriated via legislative transfer when the department receives higher than expected federal, state restricted, local, or private revenues. Senate revises to increase state restricted contingency funds to \$3.0 million and local contingency funds to \$500,000. Conference concurs.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Executive updated to reflect FY 2017-18 costs. House concurs. Senate retains original amounts. Conference concurs with Executive.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 219. Intention to Sell Department Property – RETAINED

Requires the department to notify the Legislature sixty days prior to publicly announcing the intention to sell department property. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 234. One-Time Special Maintenance Carry Forward – DELETED

Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year. Executive deleted. House concurs. Senate concurs. Conference concurs.

Sec. 301. Unclassified Positions – RETAINED

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 303. Michigan Youth ChalleNGe Academy – REVISED

Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth ChalleNGe Academy. Executive revised to allow unexpended private donations to be carried forward into the subsequent fiscal year. House concurs. Senate concurs. Conference concurs.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Executive revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of \$4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program. House concurs, but establishes the participation goal of 1,100 members by the end of the fourth year, and removes the appropriation cap. Senate concurs with the Executive. Conference concurs with House.

Sec. 311. Information Technology Services and Projects – DELETED

Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget. Executive deleted. House concurs. Senate concurs. Conference concurs.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Executive revised to include the Michigan Veterans' Facility Authority. House concurs. Senate concurs. Conference concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 402. Veterans' Homes Service and Care Requirements – REVISED

Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Executive revised to include the Michigan Veterans' Facility Authority. House concurs. Senate concurs. Conference concurs.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Executive revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18. House revises to state that the purpose is to obtain CMS certification by January 1st of fiscal year 2017-18. Senate concurs with the Executive. Conference revises to state that the purpose is to obtain CMS certification by June 1st of fiscal year 2017-18.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Executive revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates. House concurs and establishes the MVAA paid fixed hourly service rate at \$34 per hour. Senate concurs with the Executive. Conference concurs with House.

Sec. 501. Land and Acquisitions – RETAINED

Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Executive revised to remove sale and acquisition reporting requirements. House retains original language. Senate concurs with House. Conference concurs with House and Senate.

Sec. 601. Armory Maintenance – RETAINED

Senate moves the language that allows for the carry-forward of appropriations for armory maintenance at the end of the fiscal year from the one-time appropriations boilerplate section to the ongoing capital outlay boilerplate. Conference retains as one-time appropriations.

Sec. 605. Veterans' Homes Planning – DELETED

Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans' homes. Executive deleted. House concurs. Senate concurs. Conference concurs.

Sec. 701. Anticipated Appropriations – RETAINED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 702. MVAA Outreach – RETAINED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 703. MVAA Claims Services – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs. Executive deleted. House retains. Senate retains. Conference retains.

FY 2017-18: DEPARTMENT OF NATURAL RESOURCES
Summary: Conference Report
Article XV, House Bill 4323 (H-1) CR-1



Analyst: Austin Scott

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	Difference: Conference From FY 2016-17 YTD	
						Amount	%
	\$1,375,900	\$232,200	\$232,200	\$232,200	232,200	(\$1,143,700)	(83.1)
Federal	72,765,400	70,095,700	70,095,700	70,095,700	70,095,700	(2,669,700)	(3.7)
Local	0	0	0	0	0	0	--
Private	7,446,400	7,446,000	7,446,000	7,446,000	7,446,000	(400)	(0.0)
Restricted	283,956,400	274,553,100	274,553,100	289,248,500	274,248,500	(9,707,900)	(3.4)
GF/GP	43,410,000	64,047,300	48,984,000	45,197,300	58,447,300	15,037,300	34.6
Gross	\$408,954,100	\$416,374,300	\$401,311,000	\$412,219,700	\$410,469,700	\$1,515,600	0.4
FTEs	2,243.8	2,270.8	2,261.8	2,268.8	2,267.8	24.0	1.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
1. Wetland Mitigation Bank Grants One-Time Funding	Gross	\$500,000	(\$500,000)
Executive increases by \$3.4 million in one-time GF/GP funding for the initial development and construction of wetland mitigation banks to be used by the Michigan Municipal Wetland Alliance, agricultural producers, and blueberry farmers. Wetland mitigation banking is the creation or restoration of wetlands to compensate for unavoidable impacts to wetlands at another location.	GF/GP	\$500,000	(\$500,000)
House increases by \$1.7 million in one-time GF/GP funding.			
Senate and Conference do not include this one-time funding.			
2. Wildlife Management – Wetland Mitigation Banking Program	Gross	\$400,000	\$3,500
Executive increases by \$3,500 in federal funding to administer the Wetland Mitigation Banking Program.	Federal	400,000	3,500
House, Senate, and Conference concur with Executive.	GF/GP	\$0	\$0
3. Land Ownership Tracking System One-Time Funding	Gross	\$4,000,000	(\$1,100,000)
Executive decreases by \$1.1 million Gross for the second year of funding for a project to convert an outdated land management IT system to a web-based system that can interact with current databases.	Federal	100,000	(100,000)
House decreases by \$2.0 million Gross.	Restricted	3,900,000	(2,900,000)
Senate and Conference concur with Executive.	GF/GP	\$0	\$1,900,000
4. Abandoned Mines One-Time Funding	FTE	NA	0.0
Executive adds 1.0 FTE and \$2.0 million GF/GP funding to close abandoned mine shafts on DNR-managed lands. There are about 100 sites total, the majority of which are located in the western Upper Peninsula. This funding would provide for the closure of about 50% of these sites.	Gross	NA	\$0
House does not fund this program.	GF/GP	NA	\$0
Senate funds this program with 1.0 FTE and \$1.5 million GF/GP.			
Conference concurs with the House.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. General Law Enforcement – Conservation Officers			
<u>Executive</u> increases by 11.0 FTEs and \$1.7 million GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units.	FTE	273.0	11.0
<u>House</u> increases by 7.0 FTEs and \$1.1 million GF/GP.	Gross	\$40,506,000	\$1,718,600
<u>Senate</u> and <u>Conference</u> concur with Executive.	Federal	6,477,500	0
	Restricted	24,630,500	0
	GF/GP	\$9,398,000	\$1,718,600
6. Fisheries Resource Management – Conservation Officers			
<u>Executive</u> increases by 1.0 FTE and \$108,900 GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units.	FTE	156.5	1.0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	\$20,378,600	\$108,900
	Federal	4,205,800	0
	Private	136,200	0
	Restricted	15,777,400	0
	GF/GP	\$259,200	\$108,900
7. Recreation Improvements – Road Funding Revenue			
<u>Executive</u> adds 9.0 FTEs and \$2.8 million in restricted funding for recreational improvements made possible by increased road funding revenue as a result of Public Act 176 of 2015. This funding would be divided among forest recreation and trails, recreational boating, recreation improvement fund grants, and the snowmobile local grants program.	FTE	NA	9.0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross	NA	\$2,817,500
	Restricted	NA	2,817,500
	GF/GP	NA	\$0
8. Forest Fire Equipment – Fire Equipment Replacement			
<u>Executive</u> provides an additional \$350,000 in GF/GP funding to replace outdated forest fire equipment. Replacement will be determined by age and condition of equipment.	Gross	\$581,500	\$350,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	581,500	0
	GF/GP	\$0	\$350,000
9. Minerals Management – Environmental Compliance			
<u>Executive</u> provides an additional 2.0 FTEs and \$304,600 from the Michigan state parks endowment fund to provide environmental compliance with oil, gas, and mineral leases, on DNR-managed lands.	FTE	17.0	0.0
<u>House</u> , <u>Senate</u> , and <u>Conference</u> do not provide increase.	Gross	\$2,828,600	\$0
	Restricted	2,828,600	0
	GF/GP	\$0	\$0
10. Michigan Historical Center – Public Infrastructure Records			
<u>Executive</u> provides an additional 3.0 FTEs and \$565,100 GF/GP funding to provide long-term access to public infrastructure records at the Michigan Historical Center.	FTE	51.5	3.0
<u>House</u> provides an additional 1.0 FTE and 188,400 GF/GP funding.	Gross	\$5,576,300	\$565,100
<u>Senate</u> and <u>Conference</u> concur with Executive.	Federal	327,600	0
	Private	411,200	0
	Restricted	758,200	0
	GF/GP	\$4,079,300	\$565,100
11. Michigan Wildlife Council – Promotion of Wildlife Conservation			
<u>Executive</u> provides an additional \$500,000 from the wildlife management public education fund to the Michigan Wildlife Council to promote the importance of wildlife conservation in Michigan.	Gross	\$1,600,000	\$500,000
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Restricted	1,600,000	500,000
	GF/GP	\$0	\$0
12. State Parks Repair and Maintenance			
<u>House</u> reduces by \$195,400 Gross funding. An increase of \$304,600 in Michigan State Parks Endowment Fund support is exceeded by a \$500,000 decrease in GF/GP funding.	Gross	\$13,500,000	\$0
<u>Senate</u> does not include reduction.	Restricted	12,000,000	0
	GF/GP	\$1,500,000	\$0
13. Michigan Conservation Corps			
<u>House</u> reduces by \$1.0 million GF/GP to eliminate program funding.	Gross	\$1,000,000	\$0
<u>Senate</u> and <u>Conference</u> do not include reduction.	GF/GP	\$1,000,000	\$0
14. Wildlife Management (One-Time)			
<u>House</u> provides \$1.0 million in one-time GF/GP funding for chronic wasting disease mitigation.	Gross	NA	\$1,000,000
<u>Senate</u> does not include increase.	GF/GP	NA	\$1,000,000
<u>Conference</u> concurs with House.			

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
15. Bay City State Recreation Area Playscape Reconstruction (One-Time) <u>Conference</u> provides \$500,000 GF/GP for the reconstruction of a playscape at Bay City State Recreation Area.	Gross GF/GP	NA NA	\$500,000 \$500,000
16. Invasive Species (One-Time) <u>Conference</u> provides \$200,000 GF/GP for the invasive species control, mitigation, and prevention.	Gross GF/GP	NA NA	\$200,000 \$200,000
17. Mineral Extraction Summit (One-Time) <u>Conference</u> provides \$50,000 GF/GP to help fund the Michigan Extractive Industry Summit event.	Gross GF/GP	NA NA	\$50,000 \$50,000
18. Off-road Vehicle Trail Improvement Grants (One-Time) <u>Conference</u> provides \$176,200 GF/GP to maintain existing ORV facilities, develop new facilities, and restore natural resources damaged by ORV use.	Gross GF/GP	NA NA	\$176,200 \$176,200
19. Onaway State Park, Pavilion Reconstruction (One-Time) <u>Conference</u> provides \$500,000 GF/GP for the reconstruction of a pavilion at Onaway State Park.	Gross GF/GP	NA NA	\$500,000 \$500,000
20. Shooting Range Construction, Repair, and Maintenance (One-Time) <u>Conference</u> provides \$250,000 GF/GP for the construction, repair, and maintenance of shooting ranges.	Gross GF/GP	NA NA	\$250,000 \$250,000
21. Snowmobile Law Enforcement Grants (One-Time) <u>Conference</u> provides \$100,000 GF/GP for grants to local enforcement agencies for patrols along highway rights-of-way and/or groomed snowmobile trails.	Gross GF/GP	NA NA	\$100,000 \$100,000
22. Snowmobile Local Grants Program (One-Time) <u>Conference</u> provides \$226,200 GF/GP for grants to local units of government, nonprofit incorporated snowmobile clubs, and other organizations to maintain existing snowmobile trails and expand trail system when possible.	Gross GF/GP	NA NA	\$226,200 \$226,200
23. Removal of FY 2016-17 Supplemental Funding <u>Executive</u> removes \$9.8 million Gross (\$1.7 million GF/GP) for FY 2016-17 supplemental appropriations included in Public Acts 340 and 382 of 2016. Appropriations included support for local and state boating infrastructure maintenance, recreational boating and improvement fund grants, snowmobile local grants, chronic wasting disease mitigation, and special maintenance on Mackinac Island (PA 340) as well as funding to address aquatic invasive species (PA 382). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with <u>Executive</u> .	Gross Restricted GF/GP	\$9,800,000 6,800,000 \$3,000,000	(\$9,800,000) (6,800,000) (\$3,000,000)
24. Removal of FY 2016-17 One-Time Funding <u>Executive</u> removes \$5.1 million Gross (\$1.7 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included fisheries resource management, forest fire equipment, forestry investment (vegetative management system), invasive species funding, swimmer's itch pilot program, and water trail development. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> concurs with <u>Executive</u> but retains the swimmer's itch pilot program and doubles funding to \$500,000 GF/GP in FY 2017-18. <u>Conference</u> concurs with <u>Executive</u> but retains the swimmer's itch pilot program and funds it at \$250,000 GF/GP in FY 2017-18.	Gross Restricted GF/GP	\$5,050,000 3,400,000 \$1,650,000	(\$4,800,000) (3,400,000) (\$1,400,000)

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change	
25. Capital Outlay Project Adjustments	Gross	NA	\$7,399,900
<u>Executive</u> makes current services baseline adjustments to capital outlay projects by reducing federal and restricted funding and increasing GF/GP funding for a net increase of \$10.4 million Gross. Funding is increased for the following: state parks repair and maintenance, wetlands restoration, enhancement, and acquisition, East Tawas state harbor, local boating infrastructure maintenance, state boating infrastructure and maintenance, and trail development.	Federal	NA	(2,700,000)
<u>House</u> increases funding for state parks repair and maintenance by \$4.0 million GF/GP (rather than the recommended \$10.0 million GF/GP) and for trail development by \$2.0 million GF/GP (rather than the recommended \$5.0 million GF/GP) for a Gross increase of \$1.4 million.	Restricted	NA	(1,900,100)
<u>Senate</u> concurs with Executive but changes GF/GP funding to restricted funding.	GF/GP	NA	\$12,000,000
<u>Conference</u> increases funding for state parks repair and maintenance by \$7.0 million GF/GP (rather than the recommended \$10.0 million GF/GP) and for trail development by \$5.0 million GF/GP for a Gross increase of \$7.4 million.			
26. Technical Adjustments	Gross	NA	(\$1,171,500)
<u>Executive</u> reduces IDG/IDT and federal authorization and increases restricted authorization for a net decrease of \$1.2 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds and the reclassification of interdepartmental grants as restricted funding where necessary.	IDG/IDT	NA	(1,156,000)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	NA	(139,900)
	Restricted	NA	124,400
	GF/GP	NA	\$0
27. Economic Adjustments	Gross	NA	\$2,421,200
<u>Executive</u> reflects increased costs of \$2.4 million Gross (\$292,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG/IDT	NA	12,300
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Federal	NA	266,700
	Private	NA	(400)
	Restricted	NA	1,850,300
	GF/GP	NA	\$292,300

Major Boilerplate Changes From FY 2016-17

Sec. 218. Retention of Reports – RETAINED

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

Sec. 219. Waterways Fund Projects – DELETED

Requires DNR to report on activities of Waterways Commission during the previous fiscal year; list of completed Waterways Fund projects to be provided to Legislature and State Budget Director by January 31. Executive, Senate, and Conference delete, House retains.

Sec. 220. Disciplinary Action Against State Employees – RETAINED

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

Sec. 251. Invasive Species Initiative – RETAINED

Requires \$3.6 million of funding for the Invasive Species Initiative be allocated for grants for prevention, detection, eradication, and control of invasive species. Executive and Senate delete, House and Conference retain.

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 deletes, House, 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. 505. Urban Deer Management – DELETED

Requires the department to develop a plan for urban deer management. Executive deletes, House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2016-17

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. 706. Grand River Waterway Study – DELETED

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. Executive deletes, House, Senate, and Conference concur.

Sec. 808. Forest Management and Timber Market Development – RETAINED

Requires DNR to use increased funding available from the increased timber harvest for the purpose of forest management and timber market development, including investments in technology and equipment aimed at growing the timber economy. Renumbered section to 808 and revised to exclude technology and equipment enhancements and include a departmental requirement to develop corresponding metrics to assess performance. Executive and Senate delete, House and Conference retain.

Sec. 809. Forest Fire Equipment Replacement – DELETED

Requires DNR to use increased funding available for forest fire equipment and forestry investment for the replacement of aging forest fire equipment. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House, Senate, and Conference concur.

Sec. 901. Snowmobile Law Enforcement Grants – RETAINED

Provides snowmobile law enforcement grant funds 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. 903. Conservation Officers – NEW

Directs the use of the increased appropriation in part 1 for conservation officers to hire, train, and equip ten detectives and two support staff. Executive adds new section numbered 701, House revises to six detectives and renumbers 903, Senate and Conference adds new section numbered 903.

Sec. 1201. Forest Management and Timber Market Development Technology – DELETED

Requires DNR to use increased funding available for the increased timber harvest for the purpose of forest management and timber market development which includes investments in technology aimed at growing the timber economy. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House, Senate, and Conference concur.

Sec. 1202. Land Ownership Tracking System – DELETED

Requires DNR to use increased funding available for the land ownership tracking system to implement a new electronic system to facilitate state land records management for the purpose of increasing access to public land records and updating systems. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House, Senate, and Conference concur.

Sec. 1203. Invasive Species – DELETED

Requires DNR to use increased funding available for invasive species and control to prevent, detect, eradicate, and control invasive species. Executive deletes, House, Senate, and Conference concur.

Sec. 1201. Swimmer's Itch Pilot Program – REVISED

Designates \$250,000 GF/GP in part 1 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research. Executive and House deletes, Senate renumbers to 1201 and designates appropriation as a work project, Conference concurs with Senate and adds progress reporting requirement.

Sec. 1201. Wetland Mitigation Banking – DELETED

Requires DNR to use the funds appropriated in part 1 for the wetland mitigation banking program to increase available wetland mitigation bank credits to 1,800 total. Executive and House add new section, Senate and Conference delete.

Sec. 1202. Abandoned Mine Shafts – DELETED

Requires DNR to use the funds appropriated in part 1 for abandoned mine shafts to close 50 mine shafts on DNR-managed lands. Executive adds new section, House and Conference delete, Senate adds new section and revises to 30 mine shafts.

FY 2017-18: DEPARTMENT OF STATE POLICE
Summary: Conference Report
Article XVI, House Bill 4323 (H-1) CR-1



Analyst: Kent Dell

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	<i>Difference: Conference From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$26,580,400	\$26,221,600	\$26,221,600	\$26,221,600	\$26,221,600	(\$358,800)	(1.3)
Federal	94,186,800	83,662,500	83,662,500	83,662,500	83,662,500	(10,524,300)	(11.2)
Local	5,828,500	5,835,200	5,835,200	5,835,200	5,835,200	6,700	0.1
Private	78,100	178,100	178,100	178,100	178,100	100,000	128.0
Restricted	127,635,500	135,423,700	139,423,700	135,423,700	139,423,700	11,788,200	9.2
GF/GP	405,162,800	442,267,800	437,268,000	435,918,000	439,442,800	34,280,000	8.5
Gross	\$659,472,100	\$693,588,900	\$692,589,100	\$687,239,100	\$694,763,900	\$35,291,800	5.4
FTEs	3,229.0	3,440.0	3,434.0	3,440.0	3,440.0	211.0	6.5

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Removal of FY 2016-17 One-Time and Emergency Appropriations	Gross	NA	(\$18,696,000)
<u>Executive</u> removes FY 2016-17 one-time appropriations as well as \$3.8 million from the Disaster and Emergency Contingency Fund and \$6.2 million from the Department of Homeland Security for disaster-related expenditures.	Federal	NA	(6,219,000)
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(3,777,000)
	GF/GP	NA	(\$8,700,000)
2. Disaster and Emergency Contingency Fund – Deposit (One-Time)	Gross	NA	\$5,000,000
<u>Executive</u> includes \$10.0 million one-time GF/GP to replenish the Disaster and Emergency Contingency Fund (DECF). The remaining \$3.7 million DECF balance has already been appropriated via administrative transfer and is expected to be depleted by the end of FY 2016-17. <u>House</u> includes \$7.0 million GF/GP. <u>Senate</u> does not include. <u>Conference</u> includes \$5.0 million GF/GP.	GF/GP	NA	\$5,000,000
3. Trooper Recruit School – Training Costs (One-Time)	Gross	NA	\$9,286,200
<u>Executive</u> includes \$6.2 million one-time GF/GP to cover the training-related costs of graduating 100 new State Police Troopers. The recruit school is expected to begin in June 2018 and end in November 2018. <u>House</u> concurs with Executive. <u>Senate</u> includes \$9.3 million one-time GF/GP to graduate 150 new State Police Troopers. <u>Conference</u> concurs with Senate and moves the recruit school start date to July.	GF/GP	NA	\$9,286,200
4. Trooper Recruit School – Annualize FY 2017-18	FTE	1,908.5	100.0
<u>Executive</u> includes \$3.5 million ongoing GF/GP to support the first year equipment, salary, and benefits costs of the 100 new State Police Troopers expected to graduate in November 2018. <u>House</u> concurs. <u>Senate</u> concurs, but includes a technical adjustment to account for 150 new State Police Troopers (retains 100.0 FTE increase). <u>Conference</u> concurs with Senate.	Gross	\$279,967,400	\$3,421,800
	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$3,421,800

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
5. Trooper Recruit School – Annualize FY 2016-17	Gross	\$279,967,400	\$5,237,700
<u>Executive</u> includes \$5.2 million ongoing GF/GP to support the equipment, salary, and benefits costs of the State Police Troopers who have graduated from the FY 2016-17 recruit schools. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$5,237,700
6. Trooper Recruit School Administrative – FY 2016-17	Gross	\$279,967,400	\$1,145,200
<u>Executive</u> includes \$1.1 million ongoing GF/GP to support the department-wide costs, such as fleet leasing and workers' compensation costs, of the State Police Troopers who have graduated from the FY 2016-17 recruit schools. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$1,145,200
7. Secure Cities Partnership – Equipment Replacement (One-Time)	Gross	NA	\$1,000,000
<u>Executive</u> includes \$1.0 million one-time GF/GP appropriated to the Secure Cities Partnership in order to replace end-of-lifecycle equipment used in support of the program, including body armor, Tasers, and in-car cameras. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$1,000,000
8. Fair and Impartial Policing – Training Grants (One-Time)	Gross	NA	\$980,000
<u>Executive</u> includes \$1.0 million one-time GF/GP for grants to law enforcement agencies used for U.S. Department of Justice fair and impartial policing training. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> includes \$980,000 GF/GP.	GF/GP	NA	\$980,000
9. Forensic Science Biology Casework Support (One-Time)	Gross	NA	\$730,000
<u>Executive</u> includes \$730,000 one-time GF/GP to replace an anticipated reduction in federal funding for biology casework. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$730,000
10. Sexual Assault Prevention and Education Initiative (One-Time)	Gross	NA	\$600,000
<u>Executive</u> provides \$600,000 one-time GF/GP for grants to higher education institutions to support on-campus sexual assault prevention and education initiatives. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$600,000
11. Law Enforcement Job Task Analysis (One-Time)	Gross	NA	\$200,000
<u>Executive</u> provides \$200,000 one-time GF/GP to conduct a job task analysis to identify essential skills and abilities for core law enforcement positions. Lead by the Michigan Commission on Law Enforcement Standards, these analyses are typically conducted every ten years. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$200,000
12. Medical Marihuana Regulation and Licensing	FTE	NA	48.0
<u>Executive</u> includes 48.0 additional FTEs and \$8.8 million from the Marihuana Regulatory Fund, pursuant to 2016 PA 281, to support medical marihuana regulatory and licensing functions. This includes department-wide administrative costs (\$2.6 million), forensic science services (\$874,500 and 8.0 FTEs), investigative services (\$4.3 million and 30.0 FTEs), commercial vehicle enforcement (\$709,200 and 7.0 FTEs), and intelligence operations (\$309,200 and 3.0 FTEs). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$8,775,700
	Restricted	NA	8,775,700
	GF/GP	NA	\$0
13. Medical Marihuana Excise Tax Authorization – MCOLES	Gross	\$9,094,500	\$330,000
<u>Executive</u> includes \$330,000 in support of standards and training/justice training grants. Pursuant to 2016 PA 281 Sec. 602(3)(e), the Michigan Commission on Law Enforcement Standards receives 5% of the Medical Marihuana Excise Fund. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	175,700	0
	Restricted	8,176,600	330,000
	GF/GP	\$742,200	\$0
14. Medical Marihuana Excise Tax Authorization – Investigative Services	Gross	\$28,626,500	\$330,000
<u>Executive</u> includes \$330,000 in support of investigative services. Pursuant to 2016 PA 281 Sec. 602(3)(f), the Department of State Police receives 5% of the Medical Marihuana Excise Fund. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG/IDT	6,776,800	0
	Federal	6,206,300	0
	Local	2,079,000	0
	Restricted	6,100,800	330,000
	GF/GP	\$7,463,600	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
15. Forensic Science Expansion	FTE	248.0	14.0
<u>Executive</u> includes \$1.8 million GF/GP to support 14.0 additional FTEs, including 4.0 for firearms casework and 10.0 for controlled substances casework. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	\$41,556,700	\$1,840,000
	Federal	4,900,000	0
	Restricted	9,884,000	0
	GF/GP	\$26,772,700	\$1,840,000
16. Forensic Science – Supplies	Gross	\$41,556,700	\$444,000
<u>Executive</u> includes \$444,000 GF/GP to support inflation adjustments in supply and consumables costs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	4,900,000	0
	Restricted	9,884,000	0
	GF/GP	\$26,772,700	\$444,000
17. Combined DNA Index System – Testing Costs and Supplies	Gross	\$8,145,400	\$400,700
<u>Executive</u> includes \$400,700 GF/GP to support inflation adjustments in supply and testing costs associated with expanded DNA testing pursuant to 2014 PA 457. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	4,158,600	0
	GF/GP	\$3,986,800	\$400,700
18. Computer Crimes Unit Expansion	FTE	NA	7.0
<u>Executive</u> includes \$1.3 million GF/GP to support 7.0 additional FTEs within the Intelligence Operation Division to prevent, detect, and investigate cyber-crimes. <u>House</u> includes \$761,900 GF/GP and 4.0 FTEs. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with Senate.	Gross	NA	\$1,342,400
	GF/GP	NA	\$1,342,400
19. Emergency Management and Homeland Security Division Expansion	FTE	60.0	7.0
<u>Executive</u> includes \$978,900 GF/GP to support 7.0 additional FTEs to increase training and planning capabilities for disasters and emergencies. <u>House</u> includes \$559,400 GF/GP and 4.0 FTEs. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with Senate.	Gross	\$14,933,800	\$978,900
	Federal	11,898,900	0
	GF/GP	\$3,034,900	\$978,900
20. OK2SAY Student Safety Hotline	FTE	NA	6.0
<u>Executive</u> includes \$608,300 GF/GP to replace funding from the depleted Student Safety Fund and 6.0 FTEs to support the continuation of the student safety hotline. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$608,300
	GF/GP	NA	\$608,300
21. MCOLES Administration	Gross	NA	\$368,000
<u>Executive</u> includes \$521,200 GF/GP to support Michigan Commission on Law Enforcement Standards administrative and operational costs, and cover a reduction in Secondary Road Patrol and Training Funds pursuant to 2016 PA 289. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(153,200)
	GF/GP	NA	\$521,200
22. DTMB FTE for MIOC	Gross	NA	\$137,900
<u>Executive</u> includes \$137,900 GF/GP to support one information technology-related FTE from the Department of Technology, Management and Budget tasked with supporting the Michigan Intelligence Operations Center. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	GF/GP	NA	\$137,900
23. Phase out State Services Fee Fund – Forensic Science	Gross	\$41,556,700	\$0
<u>Executive</u> includes \$4.0 million GF/GP in support of laboratory operations to replace a \$4.0 million reduction in appropriations from the state services fee fund. This is the second year of a planned three-year phase out. <u>House</u> retains SSFF funding for forensic science. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with House.	Federal	4,900,000	0
	Restricted	9,884,000	0
	GF/GP	\$26,772,700	\$0
24. Michigan International Speedway Traffic Control (One-Time)	Gross	NA	\$725,000
<u>House</u> includes \$800,000 GF/GP to support the one-time costs of MSP traffic control services provided for the Michigan International Speedway. <u>Senate</u> includes \$650,000 GF/GP. <u>Conference</u> includes \$725,000 GF/GP.	GF/GP	NA	\$725,000
25. Civil Air Patrol	Gross	NA	\$20,000
<u>Senate</u> includes a placeholder for possible future funding to ensure the Civil Air Patrol volunteer organization has adequate resources for training regarding its support of state emergency and disaster response operations. <u>Conference</u> includes \$20,000 GF/GP.	GF/GP	NA	\$20,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
26. Roadside Saliva Testing Pilot	Gross	\$100	(\$100)
<u>Executive</u> removes placeholder for a roadside saliva testing pilot project. <u>House</u> includes the placeholder for possible future funding pursuant to 2016 PA 243. <u>Senate</u> concurs with the Executive. <u>Conference</u> concurs with Senate.	GF/GP	\$100	(\$100)
27. Advanced 9-1-1 (One-Time)	Gross	NA	\$2,200,000
<u>House</u> includes \$2.2 million one-time GF/GP to maintain a statewide advanced 9-1-1 system administered by the Michigan State Police, which allows for voluntarily-provided supplemental health and safety information to be accessed by first responders in the event of an emergency. <u>Senate</u> includes a placeholder. <u>Conference</u> concurs with House.	GF/GP	NA	\$2,200,000
28. Impaired Driving Safety Commission Fund	Gross	NA	\$250,000
<u>House</u> includes a placeholder for possible future funding of the Impaired Driving Safety Commission and a university-led study of the effects THC has on the ability to drive a motor vehicle, pursuant to 2016 PA 350. <u>Conference</u> includes \$250,000 GF/GP.	GF/GP	NA	\$250,000
29. Post Operations - Equipment Replacement	Gross	\$279,967,400	\$484,000
<u>Executive</u> includes \$484,000 ongoing GF/GP in order to replace end-of-lifecycle equipment used in support of general policing operations, including body armor, Tasers, and in-car cameras. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Federal	383,700	0
	Restricted	38,456,100	0
	GF/GP	\$241,127,600	\$484,000
30. Transfers and Reorganization	FTE	NA	0.0
<u>Executive</u> includes multiple, net-zero shifts in FTEs and appropriations across the budget for the purpose of administrative reorganization. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Gross	NA	\$0
	GF/GP	NA	\$0
31. Technical Adjustments	FTE	NA	29.0
<u>Executive</u> includes technical adjustments across the budget to align FTEs and fund sources with expected revenues and adjust for cost allocations, including:	Gross	NA	(\$3,239,300)
• Adjust allocations of costs by fund source for administration, information technology services, phone services, and rent and building occupancy charges.	IDG/IDT	NA	(551,200)
• Align authorizations with expected revenues by fund source.	Federal	NA	(4,528,100)
<u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Local	NA	(4,600)
	Private	NA	100,000
	Restricted	NA	4,448,400
	GF/GP	NA	(\$2,703,800)
32. Economic Adjustments	Gross	NA	\$10,875,400
<u>Executive</u> includes economic adjustments, which reflect increased costs of \$10.9 million Gross (\$8.6 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG/IDT	NA	192,400
	Federal	NA	222,800
	Local	NA	11,300
	Restricted	NA	1,834,300
	GF/GP	NA	\$8,614,600

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Executive revised to reflect FY 2017-18 appropriations. House concurs. Senate concurs. Conference concurs.

Sec. 204. IDG Funding Received by the Department – DELETED

Details each interdepartmental grant received by the Department of State Police. Executive deleted. House concurs. Senate concurs. Conference concurs.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Executive revised to update for FY 2017-18 costs. House concurs. Senate concurs. Conference concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 215. IDG Funding Made Available to Other State Departments – REVISED

Details each interdepartmental grant transferred by the Department of State Police to other departments. Executive revised to eliminate the interdepartmental grant details and retaining the language regarding the federal Byrne Justice Assistance Grant program. House concurs. Senate concurs. Conference concurs.

Sec. 216. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 219. Post Closure or Consolidation – RETAINED

Requires the department to notify the Legislature ninety days prior to recommending the closure or consolidation of a post, and requires a local and state impact study to accompany a notification. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 220. Privatization Project Plans – RETAINED

Requires the department to develop a project plan and present it to the Legislature ninety days prior to beginning any effort to privatize any department services. Executive deleted. House retains. Senate retains. Conference retains.

Sec. 221. Contractual Services Reimbursement – REVISED

Requires the department to be reimbursed for services provided to local units of government, defines service cost models for reimbursement, and defines restrictions on reimbursable services provided to non-governmental entities. Executive revised to include sections that appropriate funds in excess of authorized amounts for reimbursed services, and requires any additional expenditure authorization approved under this section to be reported to Legislature within ten days after approval by the State Budget Office. House concurs. Senate concurs. Conference concurs.

Sec. 224. Receive and Expend Authorization for Federal Funds – REVISED

Authorizes the department to expend federal funds that it receives in excess of the federal authorizations in Part 1. Executive revised to standardize reporting language; does not substantively change the intent of the section. House concurs. Senate concurs, but retains section requiring the department to notify the Legislature prior to expenditure. Conference concurs with Senate.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Executive revised to remove the concealed weapon enforcement fund revenue reporting requirement and the requirement that fees for FOIA requests be deposited into the Criminal Justice Information Center Service Fee fund. House concurs and also removes duplicate language regarding the sex offender registry – 1994 PA 295 – as well as the quarterly reporting requirement for the number of Internet Criminal History Access Tool (ICHAT) background checks processed. Senate retains original language. Conference revises to specify costs for the processing of traffic crash reports; retains the concealed weapon enforcement fund revenue reporting requirement; removes the language regarding the sex offender registry; retains ICHAT background check reporting requirement; and retains the requirement that fees for FOIA requests be deposited into the Criminal Justice Information Center Service Fee fund.

Sec. 403. Forensic Science – REVISED

Specifies the department's forensic science service requirements. Executive revised to remove reference to the American Society of Crime Laboratory Directors/Laboratory Accreditation Board; remove deadline of December 31, 2017 for obtaining thirty-day average turnaround time across forensic science disciplines; remove subject specific subsections requiring the department to maintain thirty-day average turnaround times for each discipline; and move reporting requirements regarding DNA analysis retention protocol to Sec. 404. House concurs. Senate concurs. Conference concurs.

Sec. 404. Biometrics and Identification – REVISED

Specifies the department's biometric and identification service requirements. Executive revised to include reporting requirements regarding DNA analysis retention protocol previously included in Sec. 403. House concurs. Senate concurs. Conference concurs.

Sec. 405. Sexual Assault Kit Analysis – REVISED

Requires the department to annually report on sexual assault kits processed during the previous fiscal year and the remaining backlog. Executive revised to change the reporting date from October 31 to December 1. House concurs. Senate concurs. Conference concurs.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

Specifies the general law enforcement and traffic safety service requirements of the department. Executive revised to increase required statewide patrol hours from 400,000 to 455,200 hours. House concurs. Senate concurs. Conference concurs and changes patrol hour requirements for Belle Isle from 4,000 patrol hours to a minimum of 2,000 patrol hours.

Major Boilerplate Changes From FY 2016-17

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Executive revised to remove language regarding specialized units in order to separate special operations boilerplate into two sections to include one for the Michigan Intelligence Operation Center for Homeland Security and another for specialized units; increase the computer crimes unit caseload completion percentage from 20% to 40%, based on 2014-15 case completion numbers; and include a sixty-day average turnaround time requirement for digital forensic analysis cases. House concurs, but retains the 20% caseload completion percentage. Senate concurs with the Executive. Conference concurs with Senate.

Sec. 702. Specialized Support Services – NEW

Executive includes special operations unit service and availability requirements moved from Sec. 701. House concurs. Senate concurs and includes additional subsection requiring the department to issue a report to the Legislature by April 2, 2018 regarding the best practices related to unmanned aerial vehicle (drones) enforcement. Conference concurs with Senate.

Sec. 704. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparation and response efforts. Executive revised to increase required minimum annual training sessions for disaster and emergency response from three to six. House concurs. Senate retains original minimum annual training session requirement, and includes an additional subsection requiring the department to report quarterly on the status of infrastructure vulnerabilities in the state. Conference concurs with Senate.

Sec. 901 (Former). School Safety Initiative – DELETED

Requirements of the FY 2016-17 one-time appropriations for the School Safety Initiative. Executive deleted. House concurs. Senate concurs. Conference concurs.

Sec. 901. Sexual Assault Prevention and Education Initiative – REVISED

The intent and restrictions of the Sexual Assault Prevention and Education Initiative one-time appropriation, to include awarding grants to institutions of higher education with a physical presence in this state for the purpose of preventing sexual assault on campuses, and establishes the initiative as a work project. Executive revised to reflect increased appropriations. House concurs. Senate retains original amount. Conference concurs with House.

Sec. 902. Advanced 9-1-1 – RETAINED

Requirements of the one-time appropriations for Advanced 9-1-1 funding. Executive deleted. House retains and revises to remove FY 2016-17 implementation language. Senate retains. Conference concurs with Senate.

Sec. 1001. Anticipated Appropriations – REVISED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains and revises to update date references. Senate concurs with the House. Conference concurs with House and Senate.

FY 2017-18: DEPARTMENT OF TRANSPORTATION
Summary: Conference Report
Article XVII, House Bill 4323 (H-1) CR-1



Analyst: William E. Hamilton

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Conference	<i>Difference: Conference From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$4,013,400	\$4,039,300	\$4,039,300	\$4,039,300	\$4,039,300	\$25,900	0.6
Federal	1,314,744,000	1,340,301,200	1,340,301,200	1,340,301,200	1,340,301,200	25,557,200	1.9
Local	50,418,500	50,532,000	50,532,000	50,532,000	50,532,000	113,500	0.2
Private	100,000	100,000	100,000	100,000	100,000	0	0.0
Restricted	2,736,727,700	2,952,470,500	2,952,470,500	2,952,470,500	2,952,470,500	215,742,800	7.9
GF/GP	9,750,000	0	0	0	0	(9,750,000)	(100.0)
Gross	\$4,115,753,600	\$4,347,443,000	\$4,347,443,000	\$4,347,443,000	\$4,347,443,000	\$231,689,400	5.6
FTEs	2,918.3	2,918.3	2,727.3	2,918.3	2,826.3	(92.0)	(3.2)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The state 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 Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change	
1. Debt Service		Gross	\$237,925,300	(\$8,985,900)
<u>Executive</u> budget reduces debt service by \$9.0 million reflecting anticipated debt service schedules. The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation notes. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.] <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .		Federal	45,767,900	(7,984,600)
		Restricted	192,157,400	(1,001,300)
		GF/GP	\$0	\$0
2. Asset Management Council		Gross	\$1,626,400	\$250,000
<u>Executive</u> includes \$250,000 MTF increase for increased costs of data collection and education efforts. This line has not been increased since first established in 2002. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .		Restricted	1,626,400	250,000
		GF/GP	\$0	\$0
3. Information Technology		Gross	\$32,364,500	\$1,000,000
<u>Executive</u> recommends \$1.0 million STF increase to reflect increasing IT costs and increased use of e-construction technology. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> shifts \$100 STF for one-time only project. <u>Conference</u> concurs with <u>Executive</u> / <u>House</u> .		Federal	520,500	0
		Restricted	31,844,000	1,000,000
		GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
4. MDOT FTE Reductions		
<u>House</u> eliminates 191.0 authorized FTE positions and reduces related funding in various department operating lines, redirecting \$19.3 million STF to the State trunkline road and bridge construction program (Item #6, below) and \$735,000 SAF to the Airport Improvement Program, (Item #19 below). <u>Senate</u> does not include these FTE reductions or funding shifts.	FTE Gross Restricted GF/GP	NA NA NA NA
		(92.0) (\$9,135,000) (9,135,000) \$0
<u>Conference</u> reduces FTE authorization by 92.0 and shifts \$9.135 million to State trunkline road and bridge construction. <u>Conference</u> does not include any shift of SAF to the Airport Improvement Program.		
5. State Trunkline Maintenance		
<u>Executive</u> increases baseline funding by \$8.5 million STF targeted for improved drainage and flooding mitigation in Metropolitan Detroit. Also rolls up Welcome center operations, \$4.5 million STF and 50.0 FTEs positions, into this line from Design and engineering services. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	FTE Gross Restricted GF/GP	743.7 \$303,948,000 303,948,000 \$0
		50.0 \$13,032,800 13,032,800 \$0
6. State Trunkline Road and Bridge Construction		
<u>Executive</u> reflects \$68.9 million net increase in state trunkline road and bridge capital construction/preservation program; the anticipated increase in federal aid of \$25.7 million and \$62.5 million in available state restricted STF revenue would be partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project. <u>Senate</u> concurs with Executive.	Gross Federal Local Restricted GF/GP	\$1,062,702,900 757,714,800 30,000,000 274,988,100 \$0
		\$78,053,900 25,652,500 3,500 52,397,900 \$0
<u>House</u> is \$88.2 million more than current year, \$19.3 million STF higher than Executive reflecting the redirection of STF revenue from MDOT operating lines described in Item #4, above.		
<u>Conference</u> is \$78.1 million more than current year; \$9.1 million STF more than Executive as a result of the shift of STF associated with FTE reductions.		
7. Local Federal Aid Road and Bridge Program		
Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue. <u>Conference</u> concurs with Executive/House/Senate in recognizing Act 51 mandates and anticipated increase in federal aid.	Gross Restricted GF/GP	\$272,511,000 272,511,000 \$0
		\$5,889,300 5,889,300 \$0
8. Local Agency Wetland Mitigation Fund Program		
Act 51 earmarks \$2.0 million MTF for this program. [The current year funding of \$4.0 million is double the normal earmark amount because it effectively includes both FY 2015-16 and FY 2016-17 funding].	Gross Restricted GF/GP	\$4,000,000 4,000,000 \$0
		(\$2,000,000) (2,000,000) \$0
<u>Executive</u> includes \$2.0 million MTF per provisions of Act 51. <u>House</u> includes as a \$100 placeholder and redirects \$2.0 million MTF for distribution to local road agencies, (Item #10, below). <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with <u>Executive</u> and <u>Senate</u> ; includes \$2.0 million MTF.		
9. Local Bridge Program		
<u>Executive</u> budget reflects Act 51 earmarks of MTF revenue to this program, including the dedication of one-half cent of the motor fuel tax on gasoline. <u>House</u> and <u>Senate</u> concur with Executive. <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross Restricted GF/GP	\$27,468,600 27,468,600 \$0
		\$814,300 814,300 \$0

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
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Major Budget Changes From FY 2016-17 YTD Appropriations

10. MTF to Local Road Agencies

Executive recognizes a total of \$1,372.1 million as the MTF distribution to local road agencies, an increase of \$138.5 million. County road commissions would receive \$880.9 million, an increase of \$88.9 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas.

	Gross	\$1,233,570,100	\$138,530,600
	Restricted	1,233,570,100	138,530,600
	GF/GP	\$0	\$0

House includes an additional \$12.0 million MTF as compared to the Executive, reflecting the \$10.0 million shift of TEDF Category A funds (Item #11 below) and \$2.0 million shift from the Local Agency Wetland Mitigation Fund (Item #8, above). Senate concurred with Executive.

Conference concurs with Executive/Senate.

11. Transportation Economic Development Fund (TEDF)

The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. Executive budget proposal is \$17.6 million more than the current year reflecting the end of these TEDF revenue shifts, as well as a reduction in estimated TEDF interest revenue.

	Gross	\$24,447,500	\$17,671,600
	Restricted	24,447,500	17,671,600
	GF/GP	\$0	\$0

House redirects \$10.0 million from TEDF, Category A, to the MTF distribution to county road commission and cities and villages, (Item #10 above).

Senate concurs with Executive.

Conference concurs with Executive/Senate.

12. Local Bus Transit

Executive recognizes anticipated increase in federal transit grant to non-urban transit agencies. House redirects \$3.5 million CTF to local bus operating from Rail operations and infrastructure. Senate includes additional \$1.0 million CTF from Rail operations and infrastructure. (Item #15, below). Conference includes an additional \$2.0 million CTF as compared to the Executive through redirection from Rail operations and infrastructure.

	Gross	\$212,277,900	\$4,000,000
	Federal	24,027,900	2,000,000
	Local	2,000,000	0
	Restricted	186,250,000	2,000,000
	GF/GP	\$0	\$0

13. Intercity Services

Executive increases baseline support by \$1.6 million CTF and recognizes anticipated increase in local matching funds.

House and Senate concur with Executive.

Conference concurs with Executive/House.

	Gross	\$6,250,000	\$1,610,000
	Federal	4,500,000	0
	Local	50,000	110,000
	Restricted	1,700,000	1,500,000
	GF/GP	\$0	\$0

14. Detroit Wayne County Port Authority

Executive recommends same funding as current year. Senate concurs with Executive. House includes as \$100 placeholder, redirects \$468,100 CTF to Rail operations and infrastructure, below.

	Gross	\$468,200	(\$268,200)
	Restricted	468,200	(268,200)
	GF/GP	\$0	\$0

Conference includes \$200,000; redirects \$268,200 to Rail freight economic development.

15. Rail Operations and Infrastructure/Rail Freight Economic Dev.

Current year line item includes operating support for three Amtrak service routes in Michigan, capital assistance for the Detroit-Chicago high speed rail corridor, and a rail economic development program. Executive recommends \$7.5 million CTF increase identified as for capital improvements along the high-speed rail corridor. Senate provides \$6.5 million CTF increase, shifts \$1.0 million CTF to Local bus operating.

	Gross	\$118,894,800	\$5,864,700
	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	58,594,800	5,864,700
	GF/GP	\$0	\$0

House redirects \$3.5 million CTF to local bus operating; includes \$468,100 CTF from redirection of Detroit/Wayne County Port Authority; unrolls \$8.5 million into new Rail freight economic development line item.

Conference provides \$5.9 million CTF increase; \$2.0 million less than Executive with the \$2.0 million redirected to Local bus operating. Conference also unrolls \$8.8 million into a new Rail freight economic development line item, supported with \$6.0 million from the Rail Freight Fund and \$2.8 million CTF.

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference Change
16. Transit Capital	Gross	\$53,907,100	\$5,496,400
<u>Executive</u> recommends increase in CTF support of \$5.5 million to match available federal transit grants to local transit agencies. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Federal	15,300,000	0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Local	1,250,000	0
	Restricted	37,357,100	5,496,400
	GF/GP	\$0	\$0
17. Service Initiatives	Gross	\$2,889,200	\$500,000
<u>Executive</u> increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors.	Federal	1,650,000	0
<u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Local	325,000	0
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Restricted	914,200	500,000
	GF/GP	\$0	\$0
18. Capital Outlay – State Facilities/Salt Buildings	Gross	\$3,001,500	\$2,500,000
<u>Executive</u> recommends \$2.5 million STF increase for salt buildings and containment systems at counties that perform state trunkline maintenance work for MDOT under contract. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Restricted	3,001,500	2,500,000
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	GF/GP	\$0	\$0
19. Airport Improvement Program	Gross	\$97,824,000	(\$3,881,000)
<u>Executive</u> budget is \$3.9 million SAF less than current year, reflecting revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated. <u>Senate</u> concurs with <u>Executive</u> .	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	6,315,500	(3,881,000)
	GF/GP	\$0	\$0
<u>House</u> includes an additional \$735,000 SAF by redirecting funding from Aeronautics services (Item #4, above).			
<u>Conference</u> concurs with <u>Senate/Executive</u> .			
20. Detroit Metropolitan Wayne County Airport	Gross	\$8,775,000	(\$2,275,000)
<u>Executive</u> includes \$6.5 million for the Detroit Metro Airport, a reduction of \$2.3 million from the current year. This is an earmark established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The reduction reflects revenue estimates. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	Restricted	8,775,000	(2,275,000)
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	GF/GP	\$0	\$0
21. End of One-Time GF/GP Special Projects/Grants	Gross	\$9,750,000	(\$9,750,000)
Current year budget includes \$8.5 million in one-time earmarks for projects in Berrien, Lenawee, and Macomb counties and \$1.2 million for erosion control grants to local road agencies. <u>Executive</u> budget reflects the end of these one-time appropriations. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	GF/GP	\$9,750,000	(\$9,750,000)
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .			
22. One-time Gogebic County Repair Project	Gross	NA	\$0
<u>Senate</u> includes \$100 STF placeholder for one-time project. <u>House</u> did not include. <u>Conference</u> does not include.	Restricted	NA	0
	GF/GP	NA	\$0
23. Technical and Revenue Adjustments	Gross	NA	(\$1,092,400)
<u>Executive</u> budget reflects other technical and revenue adjustments to appropriated state restricted revenue. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> . <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Restricted	NA	(1,092,400)
	GF/GP	NA	\$0
24. Economic Adjustments	Gross	NA	\$3,255,900
<u>Executive</u> budget reflects increased costs of \$3.3 million Gross (\$0.0 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> and <u>Senate</u> concur with <u>Executive</u> .	IDG	NA	25,900
<u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Federal	NA	603,100
	Local	NA	3,500
	Restricted	NA	2,623,400
	GF/GP	NA	\$0

Major Boilerplate Changes From FY 2016-17

Sec. 215. *Communication with the Legislature* – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive deletes. Conference retains.

Sec. 217. *Report on Proposed Federal Rule Changes* – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive deletes. Conference retains.

Sec. 270. *Remanufactured Parts* – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive deletes. Conference retains.

Sec. 302. *Pilot Concrete Pavement Test* – NOT INCLUDED

Senate includes new language to require the department to conduct a pilot program to test specific concrete pavement design. Not included in Conference report.

Sec. 305. *Rental of Public Transportation Properties* – RETAINED

Authorizes department to rent space to public or private tenants at market rates; requires the department charge transit agencies and intercity bus tenants equal rates; requires the department to use rental revenue to maintain and improve the property. Executive deletes. Conference retains.

Sec. 313(3). *State Infrastructure Bank Report* – RETAINED

Section 313 provides guidance to department regarding the State Infrastructure Bank. Executive retains guidance language but deletes subsection that requires report. Conference retains reporting requirement.

Sec. 319. *Rest Areas Maintenance Signage* – RETAINED

Require the department to identify agency or contractor responsible for rest area maintenance; post phone number to report unsafe or unclean conditions. Executive deletes. Conference retains.

Sec. 353. *Prompt Payment* – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive deletes. Conference retains.

Sec. 357. *Local Federal Aid Project Review* – RETAINED

Directs MDOT to complete local federal aid project reviews within 120 days. Executive deletes. Conference retains.

Sec. 375. *MDOT Open Houses and Groundbreaking Ceremonies* – RETAINED

Prohibits department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive deletes. House and Senate retain.

Sec. 376. *Prohibition on Studies of Highway Signs and Motorist Behavior* – RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior. Executive deletes. Conference retains.

Sec. 381. *E-Verify for Legal Status of Contractor/Subcontractor New Employees* – RETAINED

Requires department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Executive deletes. Conference retains.

Sec. 382. *Finalize Local Agency Cost Sharing Agreements* – RETAINED

Requires department to submit final bill to the local agency within two years of final payment to construction contractor. Executive deletes. Conference retains.

Sec. 383(5). *Report on Use of State Airfleet* – DELETED

Subsection states legislative intent that department work with Michigan State Police on employing fixed winged aircraft. Executive deletes subsection. House and Senate concur with Executive and delete subsection. Conference deletes subsection.

Sec. 386. *Toll Credits* – NOT INCLUDED

House includes new section directing the department to use all available toll credits, sets priority order for use of toll credits. Senate includes alternative section directing the use of available toll credits. Conference not included.

Sec. 393. *Best Practices for Public Transportation* – RETAINED

Requires MDOT to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes. Conference retains.

Major Boilerplate Changes From FY 2016-17

Sec. 394. Priority of Preservation – RETAINED

Directs department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes. Conference retains.

Sec. 395. Contingent Use of Capital Trunkline Funds for Maintenance – RETAINED

Allows the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system. Executive and House retain. Senate revises to earmark \$3.1 million STF for small village resurfacing grant program. Conference concurs with House/Executive.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – RETAINED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive and House delete. Senate retains. Conference retains.

Sec. 397. Report on Work Project Balances/Federal Earmarks – NEW

Senate includes new reporting requirement. Not included in House bill. Conference concurs with Senate.

Sec. 398. Towards Zero Deaths – NEW

Senate includes new section directing the department to continue to work to eliminate road fatalities and serious injuries; direct department to prioritize use of median cable guardrail. Not included in House bill. Conference concurs with Senate.

Sec. 403. Priority of Federal Transit Grants – NEW

Senate includes new section establishing priority for federal Section 5310 transit grants. Not included in House bill. Conference includes modified Senate language.

Sec. 505. Road Innovation Fund Report – DELETED

Required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Plan had not been released on or before October 1, 2016. Road Innovation Fund funds were released in 2016. Conference deletes.

Sec. 601. Road Construction Warranties – RETAINED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements. Executive deletes. House retains subsection 5 only which requires department to maintain documentation; review and evaluate consultant evaluation requirements. Senate retains entire current section. Conference concurs with House and includes current subsection 5 only.

Sec. 605. Flood Mitigation – NEW

Executive includes new section that establishes performance measures related to additional maintenance funding provided for flood mitigation. Conference concurs.

Sec. 606. Earmark for Project on I-94/between M60 and Sargent Road in Jackson County – NEW

Senate includes \$5.0 million project earmark. Not included in House bill. Conference includes modified Senate language.

Sec. 610. Dead Deer – RETAINED

Section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains. Executive and House delete. Senate retains.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement. Executive deletes. House and Senate retain. Conference retains.

Sec. 613. Report on Engineering Costs – NEW

House includes new reporting requirement on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs. Not included in Senate bill. Conference concurs with House.

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. Executive deletes. House retains. Senate concurs with Executive and deletes. Conference concurs with House and retains.

Major Boilerplate Changes From FY 2016-17

Sec. 670. Rehabilitation of Winter Maintenance Trucks – NEW

Senate includes new section which directs the department to investigate costs of refurbishing winter maintenance trucks. Not included in House bill.

Conference concurs with Senate.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notice to Legislature when railroad companies file for abandonment of lines.

Executive deletes. House and Senate retain. Conference retains.

Sec. 704. Rail Operations and Infrastructure Report – REVISED

Requires report on anticipated expenditures from the rail operations and infrastructure line item.

Executive changes "expenditures" to "obligations". House and Senate concur with Executive.

Conference concurs.

Sec. 705. City of Woodhaven Grade Separation – DELETED

Indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation.

Executive deletes. House and Senate concur with Executive and delete.

Conference deletes.

Sec. 711. Rail Passenger Service (Amtrak) – REVISED

Provides for reporting requirement.

Executive retains. Senate concurs with Executive.

House includes additional report element – fare revenue and fare revenue as a percentage of operating cost.

Conference concurs with House.

Sec. 712. Rail Economic Development – NEW

House includes guidance language regarding new rail freight economic development line item.

Not included in Senate bill. Conference concurs with Senate.

Sec. 750. Rail Economic Development – NEW

Senate directs department to spend not less than \$2.5 million from Rail operations and infrastructure appropriation for rail freight economic development. Not included in House bill.

Conference directs the department to expend at least \$2.5 million CTF from the new Rail freight economic development line item.

Sec. 802. MDOT-Owned Airports – RETAINED

Section encourages department to find private entities or local public agencies to assume ownership of state owned airports.

Executive deletes. Senate concurs with Executive and deletes. House retains.

Conference concurs with House and retains.

Sec. 803. MDOT-Owned Airplanes – REVISED

Section requires the department to request proposals for management of the state airfleet.

Executive deletes. House revises to require the sale of two state-owned planes.

Senate retains current year language.

Conference modifies, requires sale of one airplane.

Sec. 1001. One-time Special Projects – DELETED

Executive deletes one-time earmarks for projects in Berrien, Lenawee, and Macomb counties.

House and Senate concur with Executive and delete.