

For Fiscal Year
Ending Sept. 30,
2005

Court of appeals.

Sec. 103. COURT OF APPEALS

Full-time equated exempted positions.....	228.5		
Court of appeals operations—228.5 FTE positions		\$	17,911,800
GROSS APPROPRIATION		\$	17,911,800
Appropriated from:			
Special revenue funds:			
Court filing/motion fees			1,746,000
Miscellaneous revenue			77,800
State general fund/general purpose		\$	16,088,000

Branchwide appropriations.

Sec. 104. BRANCHWIDE APPROPRIATIONS

Full-time equated exempted positions.....	4.0		
Branchwide appropriations—4.0 FTE positions		\$	7,077,900
GROSS APPROPRIATION		\$	7,077,900
Appropriated from:			
State general fund/general purpose		\$	7,077,900

Justices' and judges' compensation.

Sec. 105. JUSTICES' AND JUDGES' COMPENSATION

Full-time judges positions.....	613.0		
Supreme court justices' salaries—7.0 judges		\$	1,152,300
Court of appeals judges' salaries—28.0 judges			4,240,300
District court judges' state base salaries—258.0 judges			23,877,200
District court judicial salary standardization			11,796,800
Probate court judges' state base salaries—103.0 judges.....			9,030,800
Probate court judicial salary standardization.....			4,344,200
Circuit court judges' state base salaries—217.0 judges			20,416,900
Circuit court judicial salary standardization			9,910,700
Judges' retirement system defined contributions			2,704,100
OASI, social security.....			4,689,700
GROSS APPROPRIATION		\$	92,163,000
Appropriated from:			
Special revenue funds:			
Court fee fund			7,090,200
State general fund/general purpose		\$	85,072,800

Judicial agencies.

Sec. 106. JUDICIAL AGENCIES

Full-time equated exempted positions.....	10.0		
Judicial tenure commission—10.0 FTE positions		\$	989,000
GROSS APPROPRIATION		\$	989,000
Appropriated from:			
State general fund/general purpose		\$	989,000

Indigent defense-criminal.

Sec. 107. INDIGENT DEFENSE - CRIMINAL

Full-time equated exempted positions.....	55.0		
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	For Fiscal Year Ending Sept. 30, 2005
Appellate public defender program—47.0 FTE positions.....	\$ 4,586,500
Appellate assigned counsel administration—8.0 FTE positions.....	843,500
GROSS APPROPRIATION.....	\$ 5,430,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from state police - Michigan justice training fund.....	423,500
Special revenue funds:	
Private - interest on lawyers trust accounts.....	70,000
Miscellaneous revenue.....	113,100
State general fund/general purpose.....	\$ 4,823,400

Indigent civil legal assistance.

Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE

Indigent civil legal assistance.....	\$ 7,337,000
GROSS APPROPRIATION.....	\$ 7,337,000
Appropriated from:	
Special revenue funds:	
State court fund.....	7,337,000
State general fund/general purpose.....	\$ 0

Trial court operations.

Sec. 109. TRIAL COURT OPERATIONS

Court equity fund reimbursements.....	\$ 68,906,000
Judicial technology improvement.....	4,465,000
GROSS APPROPRIATION.....	\$ 73,371,000
Appropriated from:	
Special revenue funds:	
Court equity fund.....	46,788,800
Judicial technology improvement fund.....	4,465,000
State general fund/general purpose.....	\$ 22,117,200

Grants and reimbursements to local government.

Sec. 110. GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drug case-flow program.....	\$ 250,000
Drunk driving case-flow program.....	2,300,000
Juror compensation reimbursement.....	6,600,000
Transcript fee reimbursement.....	100
GROSS APPROPRIATION.....	\$ 9,150,100
Appropriated from:	
Special revenue funds:	
Drug fund.....	250,000
Drunk driving fund.....	2,300,000
Juror compensation fund.....	6,600,000
Transcript fee fund.....	100
State general fund/general purpose.....	\$ 0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS**Total state spending; payments to local units of government.**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$240,427,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is estimated at \$123,214,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

JUDICIARY

SUPREME COURT

State court administrative office	\$	511,900
Drug treatment courts.....		4,335,000

TRIAL COURT OPERATIONS

Court equity fund reimbursements.....	\$	68,906,000
Judicial technology improvement fund		4,465,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization	\$	11,796,800
Probate court judges' state base salaries.....		9,030,800
Probate court judicial salary standardization.....		4,344,200
Circuit court judicial salary standardization		9,910,700
Grant to OASI contribution fund, employers share, social security.		763,900

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program.....	\$	2,300,000
Drug case-flow program.....		250,000
Juror compensation reimbursement.....		6,600,000
Transcript fee reimbursement		100
TOTAL	\$	<u>123,214,400</u>

Appropriations subject to MCL 18.1101 to 18.1594; authorization of expenditure or transfer.

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds appropriated in part 1 to an entity within the judicial branch shall not be expended or transferred to another account without written approval of the authorized agent of the judicial entity. If the authorized agent of the judicial entity notifies the state budget director of its approval of an expenditure or transfer, the state budget director shall immediately make the expenditure or transfer. The authorized judicial entity agent shall be designated by the chief justice of the supreme court.

Definitions.

Sec. 203. As used in this act:

(a) "DOJ" means the United States department of justice.

- (b) “DOT” means the United States department of transportation.
- (c) “FTE” means full-time equated.
- (d) “HHS” means the United States department of health and human services.
- (e) “IDG” means interdepartmental grant.
- (f) “OASI” means old age survivor’s insurance.
- (g) “TANF” means temporary assistance for needy families.

Privatization; project plan.

Sec. 207. At least 90 days before beginning any effort to privatize, the judicial branch shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

Sec. 208. The reporting requirements of this act shall be completed with the approval of, and at the direction of, the supreme court. Unless otherwise specified, the judicial branch shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Personal service contracts awarded without bidding, pricing, or rate setting; report.

Sec. 211. (1) The judicial branch shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts awarded without competitive bidding, pricing, or rate setting. The notification shall include all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

(2) For personal service contracts of \$100,000.00 or more, the judicial branch shall provide a monthly report on all of the following:

- (a) The total dollar amount of the contract.
- (b) The duration of the contract.
- (c) The name of the vendor.
- (d) The type of service to be provided.

Retention of reports and records.

Sec. 212. The judicial branch shall receive and retain copies of all reports funded from appropriations in part 1 and shall follow federal and state guidelines for short-term and long-term retention of these reports and records.

Preference for Michigan goods and services.

Sec. 214. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and comparable quality American goods

or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable quality.

Limitation on out-of-state travel.

Sec. 215. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
- (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
- (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
- (d) The travel is necessary to comply with federal requirements.
- (e) The travel is necessary to secure specialized training for staff that is not available within this state.
- (f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the chief justice or his or her designee may grant an exception to allow the travel. Any exceptions granted by the chief justice or his or her designee shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, the state court administrative office shall prepare a travel report listing all travel by judicial branch employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the budget for the judicial branch. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

- (a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.
- (b) The destination of each travel occurrence.
- (c) The dates of each travel occurrence.
- (d) A brief statement of the reason for each travel occurrence.
- (e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.
- (f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

JUDICIAL BRANCH

Direct trial court automation support program.

Sec. 301. (1) The direct trial court automation support program of the state court administrative office shall recover direct and overhead costs from trial courts by charging for services rendered. The fee shall cover the actual costs incurred to the direct trial court automation support program in providing the service. A report of amounts collected in

excess of funds identified as user service charges in part 1 shall be submitted to the state budget director and to the house and senate appropriations subcommittees on judiciary 30 days before expenditure by the direct trial court automation support program.

(2) From funds appropriated in part 1, the direct trial court automation support program of the state court administrative office shall provide to the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies before January 1 of each year, a detailed list of user service charges collected during the immediately preceding state fiscal year.

Expenditures; approval of supreme court.

Sec. 302. Funds appropriated within the judicial branch shall not be expended by any component within the judicial branch without the approval of the supreme court.

Circuit court and court of claims reimbursements.

Sec. 303. Of the amount appropriated in part 1 for the judicial branch, \$325,000.00 is allocated for circuit court reimbursement under section 3 of 1978 PA 16, MCL 800.453, and \$186,900.00 is allocated for court of claims reimbursement under section 6413 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6413.

Audits.

Sec. 304. The judicial branch shall cooperate with the auditor general regarding audits of the judicial branch conducted pursuant to section 53 of article IV of the state constitution of 1963.

Status of accounts; reports.

Sec. 305. To avoid the overexpenditure of funds appropriated under this act, the supreme court shall report quarterly to the state budget director and to the judiciary subcommittees of the house and senate appropriations committees regarding the status of the accounts set forth in part 1.

Collection of judgments; assistance to local trial courts.

Sec. 306. The supreme court and the state court administrative office shall continue to maintain, as a priority, the assisting of local trial courts in improving the collection of judgments.

Court of appeals operations; delay reductions.

Sec. 307. It is the intent of the legislature that from the funds appropriated in part 1 for court of appeals operations, the judiciary shall use the following revenue amounts for the purpose of delay reduction:

(a) \$225,000.00 of additional filing fee revenue raised from the increase from \$250.00 to \$375.00 in court of appeals filing fees under section 321(1)(a) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

(b) \$87,500.00 of additional fee revenue raised from the increase in court of appeals motion fees from \$75.00 to \$100.00 and from the increase from \$150.00 to \$200.00 in fees for motions for immediate consideration or expedited appeal, under section 321(1)(b) and (c) of the revised judicature act of 1961, 1961 PA 236, MCL 600.321.

Judges' compensation.

Sec. 308. If sufficient funds are not available from the court fee fund to pay judges' compensation, the difference between the appropriated amount from that fund for judges' compensation and the actual amount available after the amount appropriated for trial court reimbursement is made shall be appropriated from the state general fund for judges' compensation.

Drug court programs; evaluation.

Sec. 310. From the funds appropriated in part 1 for drug treatment court programs, under the direction of the supreme court, the state court administrative office shall contract with 1 or more independent third parties for evaluation and monitoring of drug court programs funded by the judiciary. The evaluation shall include measures of the impact of drug court programs in changing offender criminal involvement (recidivism) and substance abuse and in reducing prison admissions. The evaluation of a program funded with federal Byrne funds shall be consistent with any requirements contained in the federal Byrne grant for that program. Evaluations required by this section shall to the extent feasible compare offenders treated under the programs with other offenders of similar characteristics. Not later than June 1, 2005, the state court administrative office shall provide a progress report regarding the status and findings of the evaluation to the senate and house appropriations subcommittees on the judiciary, the senate and house fiscal agencies, and the state budget director.

Drug treatment court programs.

Sec. 311. (1) The funds appropriated in part 1 for drug treatment courts shall be administered by the state court administrative office to operate drug treatment court programs. A drug treatment court program shall not receive funds for more than 5 years. A drug treatment court shall be responsible for handling cases involving substance abusing nonviolent offenders through comprehensive supervision, testing, treatment services, and immediate sanctions and incentives. A drug treatment court shall use all available county and state personnel involved in the disposition of cases including, but not limited to, parole and probation agents, prosecuting attorneys, defense attorneys, and community corrections providers. The funds may be used in connection with other federal, state, and local funding sources.

(2) Local units of government are encouraged to refer to federal drug treatment court guidelines to prepare proposals. However, federal agency approvals are not required for funding under this section.

(3) From the funds appropriated in part 1, the chief justice shall allocate sufficient funds for the judicial institute to provide in-state training for those identified in subsection (1), including training for new drug treatment court judges.

(4) For drug treatment court grants, consideration for priority may be given to those courts where higher instances of substance abuse cases are filed.

(5) The judiciary shall receive \$1,800,000.00 in Byrne formula grant funding as an interdepartmental grant from the department of community health to be used for expansion of drug treatment courts, to assist in avoiding prison bed space growth for nonviolent offenders in collaboration with the department of corrections.

Waiver of parental consent; statistical report.

Sec. 312. From the funds appropriated in part 1, the state court administrator shall produce a statistical report regarding the implementation of the parental rights restoration act, 1990 PA 211, MCL 722.901 to 722.908, as it pertains to minors seeking a court-issued waiver of parental consent. The state court administrative office shall report the total number of petitions filed and the total number of petitions granted in accordance with section 208.

Statewide judicial information system.

Sec. 313. (1) The appropriation in part 1 for the judicial technology improvement fund shall be allocated for the development of a statewide judicial information system. The supreme court, working with the department of state police, department of corrections,

secretary of state, prosecuting attorneys association of Michigan, and the department of information technology, will develop a statewide telecommunications infrastructure to integrate criminal justice information systems. The judicial technology improvement fund shall also provide grants to local trial court funding units to encourage technology innovations by local trial courts that will result in enhanced public service. These innovations will include, but not be limited to, electronic filing, on-line payments of fines and fees, and web-based instructions for completion of court documents.

(2) Funds in part 1 may be used to develop, operate, and maintain the cyber court created in chapter 80 of the revised judicature act of 1961, 1961 PA 236, MCL 600.8001 to 600.8029.

Mental health court.

Sec. 314. If funds become available from the federal government for mental health courts, the state court administrative office shall assist those local trial courts who are interested in starting a mental health court in writing grants and any other assistance that may help them receive such funds.

Information technology activities.

Sec. 315. The judicial branch shall communicate regarding information technology activities with the department of information technology.

Transcript fees; reimbursement.

Sec. 317. From the funds appropriated in part 1 for transcript fee reimbursement, the judiciary shall reimburse counties for additional costs incurred in the event of a statutory increase in transcript fees under section 2543 of the revised judicature act of 1961, 1961 PA 236, MCL 600.2543.

This act is ordered to take immediate effect.

Approved September 28, 2004.

Filed with Secretary of State September 28, 2004.

[No. 340]

(HB 5519)

AN ACT to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to create funds; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of history, arts, and libraries.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year

ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	232.0	
GROSS APPROPRIATION		\$ 57,093,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		139,000
ADJUSTED GROSS APPROPRIATION.....		\$ 56,954,600
Federal revenues:		
Total federal revenues		8,151,300
Special revenue funds:		
Total local revenues		0
Total private revenues.....		577,400
Total other state restricted revenues		2,412,400
State general fund/general purpose		\$ 45,813,500

Department operations.

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	29.0	
Unclassified salaries		\$ 219,300
Management services—28.0 FTE positions.....		1,868,900
Building occupancy charges and rent		2,678,600
Worker's compensation.....		17,000
Film office—1.0 FTE positions		135,800
Human resources optimization user charges.....		29,500
GROSS APPROPRIATION		\$ 4,949,100
Appropriated from:		
State general fund/general purpose		\$ 4,949,100

Information technology.

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects.....		\$ 998,600
GROSS APPROPRIATION.....		\$ 998,600
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDOT, comprehensive transportation fund.....		200
IDG-MDOT, state aeronautics fund		100
IDG-MDOT, state trunkline fund		3,300
Special revenue funds:		
Game and fish protection fund		100
Mackinac Island state park fund.....		42,500
Special revenue, internal service and pension trust		2,900
State lottery fund		900
State general fund/general purpose		\$ 948,600

For Fiscal Year
Ending Sept. 30,
2005

Michigan council for arts and cultural affairs.

Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Full-time equated classified positions.....	9.0		
Administration—9.0 FTE positions		\$	702,800
Arts and cultural grants.....			11,771,300
GROSS APPROPRIATION.....		\$	<u>12,474,100</u>
Appropriated from:			
Federal revenues:			
NFAH-NEA, promotion of the arts, partnership agreements			700,000
Special revenue funds:			
State general fund/general purpose		\$	11,774,100

Mackinac Island state park commission.

Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION

Full-time equated classified positions.....	39.0		
Mackinac Island park operation—24.3 FTE positions		\$	1,344,500
Historical facilities system—14.7 FTE positions			1,633,800
GROSS APPROPRIATION.....		\$	<u>2,978,300</u>
Appropriated from:			
Special revenue funds:			
Mackinac Island state park operation fees			150,000
Mackinac Island state park fund.....			1,329,200
State general fund/general purpose		\$	1,499,100

Michigan historical program.

Sec. 106. MICHIGAN HISTORICAL PROGRAM

Full-time equated classified positions.....	83.0		
Federal programs—12.0 FTE positions		\$	1,893,900
Heritage publications.....			700,000
Historical administration and services—71.0 FTE positions			5,216,600
Private grants and gifts			502,400
Thunder Bay national marine sanctuary and underwater preserve.			189,600
Historical grants			35,000
GROSS APPROPRIATION.....		\$	<u>8,537,500</u>
Appropriated from:			
Interdepartmental grant revenues:			
IDG-MDOT, comprehensive transportation fund.....			5,700
IDG-MDOT, state aeronautics fund			3,400
IDG-MDOT, state trunkline fund			126,300
Federal revenues:			
DOI-NPS, historic preservation grants-in-aid			1,348,000
Federal funds			545,900
Special revenue funds:			
Private - grants and gifts.....			400,000
Private - Mann house trust fund			102,400
Game and fish protection fund			3,600
Heritage publication fund			700,000
Marine safety fund			500

	For Fiscal Year Ending Sept. 30, 2005
Special revenue, internal service and pension trust	\$ 70,700
State lottery fund	24,300
Waterways fund	800
State general fund/general purpose	\$ 5,205,900

Library of Michigan.

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions.....72.0	
Book distribution centers.....	\$ 327,500
Collected gifts and fees.....	161,900
Library of Michigan operations—72.0 FTE positions.....	6,267,300
Library services and technology act	5,557,400
Preservation and access for Michigan project.....	965,000
State aid to libraries	13,327,100
Subregional state aid	505,000
Wayne County library for the blind and physically handicapped	44,800
GROSS APPROPRIATION	\$ 27,156,000
Appropriated from:	
Federal revenues:	
Library services and technology act	5,557,400
Special revenue funds:	
Private - gifts and bequests revenues	75,000
User fees	86,900
State general fund/general purpose	\$ 21,436,700

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$48,225,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$17,563,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$ 3,686,500
State aid to libraries	13,327,100
Subregional state aid	505,000
Wayne County library for the blind and physically handicapped	44,800
Total department of history, arts, and libraries	\$ 17,563,400

Appropriations subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this appropriation act:

- (a) “Department” means the department of history, arts, and libraries.
- (b) “Director” means the director of the department of history, arts, and libraries.
- (c) “DOI-NPS” means the United States department of interior, national park service.
- (d) “Fiscal agencies” means the house fiscal agency and the senate fiscal agency.
- (e) “FTE” means full-time equated.
- (f) “IDG” means interdepartmental grant.
- (g) “MDOT” means the Michigan department of transportation.
- (h) “NEA” means the national endowment for the arts.
- (i) “NFAH” means the national foundation of the arts and the humanities.
- (j) “Subcommittees” means all members of the appropriate subcommittees of the house and senate appropriations committees.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill the departments at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the department receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This may include

transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Affirmative action programs.

Sec. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Technology related services and projects; user fees.

Sec. 213. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. The user fees shall be subject to provisions of an inter-agency agreement between the departments and agencies and the department of information technology.

Technology projects; designation as work project.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Service agreements; fees.

Sec. 215. The department may provide and enter into agreements to provide general services, training, meetings, information, special equipment, software, and facility use, and technical consulting services to other principal executive departments, state agencies, local units of government, the judicial branch of government, other organizations, and patrons of department facilities. Fees for services shall be reasonably related to the cost of providing the services and shall be used to offset the costs of the services. The department may receive and expend funds in addition to those authorized in part 1 for the following:

- (a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.
- (b) Microfilming and other document and data imaging services, media, storage, and copies.

(c) Patron copier and document reproduction services and copies.

(d) Conferences, training classes, and workshops conducted as part of the department's mission.

(e) Use of specialized equipment, facilities, and software that permit distance learning and meetings, and group decision making. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received.

(f) Special services including the rental of department exhibits and collections. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received. The funds received under this section may be deposited and expended from the history, arts, and libraries service fund created in section 216.

History, arts, and libraries service fund; creation; use.

Sec. 216. A fund known as the history, arts, and libraries service fund is created in the department. The fund may be used to receive and expend funds in addition to those authorized in part 1. The fund balance may be carried forward by the department for expenditure in subsequent fiscal years.

Out-of-state travel; report.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Supplemental fund sourcing options.

Sec. 218. It is the intent of the legislature to explore supplemental fund sourcing options for the department of history, arts, and libraries.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Arts and cultural grants.

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage significant additional public and private investment. Counties, cities, villages, townships, community foundations, and organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve regional and statewide audiences. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in residence for education program.

(e) Arts organization development program.

(f) Capital improvement program.

(g) Local arts agencies services program.

(h) Regional regranting program.

(i) Partnership program.

(j) Discretionary grants program.

(k) Rural arts and cultural program.

(l) Cultural projects program.

(m) Historical projects program.

(2) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable

contributions subject also to the preapproval of the match by the Michigan council for arts and cultural affairs. The council shall receive proof of the entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(3) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(4) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

(i) Project revenues and expenditures indicating grant matching fund amounts.

(ii) Number of patrons attracted or benefiting during the grant period.

(iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(5) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$300.00 or 3% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(6) It is the intent of the legislature that the Michigan council for arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (8), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(7) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professionally directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regrantsing programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue for the fiscal year ending September 30, 2004 shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2004. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(9) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regrantsing program. The council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regrantsing agencies and review the methodology employed.

(10) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 70% of the total amount appropriated for arts and cultural grants.

(11) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

- (i) A listing of each applicant.
- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.
- (v) The grant category under which an applicant applied.
- (vi) A summary of projects funded for each awardee.
- (vii) The expected number of patrons for an applicant during the grant period.
- (viii) The amount of matching funds proposed by an applicant.
- (ix) The review score for each application.

(x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.

(b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:

- (i) The guidelines by which the council awards grants.
- (ii) A summary of any changes in the program guidelines from the previous fiscal year.
- (iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

(12) Within 1 business day following the final council vote, the department shall notify each legislator electronically regarding the website location of the list of grant awardees by county receiving a grant from arts and cultural grant funds appropriated in part 1.

(13) From the state funds appropriated in part 1 for arts and cultural grants, no 1 organization may receive more than 18% of this funding. It is the intent of the legislature that this percentage be reduced to 17% in fiscal year 2006, 16% in fiscal year 2007, and 15% in fiscal year 2008.

(14) The council shall report to the chairpersons of the house and senate appropriations subcommittees on history, arts, and libraries by August 1 all unexpended or unencumbered discretionary grant funding that is available. The council shall not redistribute any unexpended or unencumbered grant funds during the fiscal year without a 10-day notice to the chairpersons of the house and senate appropriations subcommittees on history, arts, and libraries.

MICHIGAN HISTORICAL PROGRAM

Historic site preservation grants.

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were

reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2006.

Funds collected under MCL 399.6, 399.7, and 399.7a.

Sec. 502. Funds collected by the department under sections 6, 7, and 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and may be carried forward for expenditure in subsequent fiscal years.

Museum store.

Sec. 503. For the purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Michigan lighthouses; grants.

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$91,500.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

(2) The department shall allocate grant funds under this section pursuant to eligibility and scoring requirements established by the department. The method used will be to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts.

(3) Grants under this section may be awarded for purposes of stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but shall not be awarded for operational purposes. The department shall not allocate a grant under this section that exceeds \$40,000.00.

(4) The funds appropriated in part 1 and allocated by this section are for work projects. The funds shall not lapse to the general fund at the end of the fiscal year but shall remain available in subsequent fiscal years, until funds have been expended, the projects for which the funds were reserved have been completed, or the projects are terminated, whichever occurs first.

Michigan freedom trail commission.

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$49,700.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Auctions, sales, or transfers of artifacts.

Sec. 506. Proceeds in excess of costs incurred in the conduct of auctions, sales, or transfers of artifacts no longer considered suitable for the collections of the state historical museum are appropriated to the department and may be expended upon receipt for additional material for the collection. The department shall notify the chairpersons, vice

chairpersons, and minority vice chairpersons of the senate and house appropriations subcommittees on history, arts, and libraries 1 week prior to any auctions or sales.

Michigan history magazine subscriber list; availability.

Sec. 507. Unless prohibited by law, the department shall make available to the historical society of Michigan the use of the Michigan history magazine subscriber list, or a portion of the Michigan history magazine subscriber list, at a cost not to exceed the actual expense incurred for providing a single mailing.

Competitive historical grant program.

Sec. 508. From the funds appropriated in part 1 in the historical administration and services line item, \$100,000.00 shall be used to fund a competitive historical grant program. Eligible applicants include all state and local historical societies and the state historical preservation network. Awards shall be made for projects that can leverage additional public and private investment and may involve, but are not limited to, capital improvements projects, restorations, research, educational programs, and publications.

Michigan History Day.

Sec. 509. Of the funds appropriated in part 1 for the historical grants, \$25,000.00 shall be allocated to support Michigan History Day, and \$10,000.00 shall be allocated to the Arenac County Historical Society for the Charity Island lighthouse preservation project.

LIBRARY OF MICHIGAN

Subregional state aid; local funding support.

Sec. 601. In order to receive subregional state aid as appropriated in part 1 to the library of Michigan, a subregional library's fiscal agency must agree to maintain local funding support at the same level in the current fiscal year as in the fiscal agency's preceding fiscal year. If a reduction in expenditures equally affects all agencies in a local unit of government that is the subregional library's fiscal agency, that reduction shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1. If a reduction in income affects a library cooperative or district library that is a subregional library's fiscal agency or a reduction in expenditures for the subregional library's fiscal agency, a reduction in expenditures for the subregional library shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1.

Subregional state aid; use for services to the blind and persons with disabilities.

Sec. 602. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Statewide database access.

Sec. 603. Of the funds appropriated in part 1 for the operation of the library of Michigan, a portion may be used for statewide database access such as making

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Public enrichment foundation; Michigan friends of education; funds.

Sec. 607. Of the funds appropriated in part 1 for book distribution centers, the public enrichment foundation shall receive \$163,750.00 and the Michigan friends of education shall receive \$163,750.00.

Digitized materials; access.

Sec. 609. The appropriation in part 1 for the preservation and access for Michigan project shall be used to digitize materials currently in the possession of libraries in the state and to preserve, store, and make these digitized images accessible via the Michigan electronic library. The subject materials are to be significant in the state's history, the only existing copies of unique items, or of broad interest to the citizens of Michigan. To the extent possible, the department shall seek to award these funds on an equitable geographic basis given the quality of proposals received. No single recipient shall receive funding in excess of 30% of the total appropriation.

This act is ordered to take immediate effect.
Approved September 28, 2004.
Filed with Secretary of State September 28, 2004.

[No. 341]
(HB 5522)

AN ACT to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of military affairs.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
APPROPRIATION SUMMARY:

Full-time equated unclassified positions	7.0
Full-time equated classified positions	1,016.0

	For Fiscal Year Ending Sept. 30, 2005
GROSS APPROPRIATION	\$ 110,713,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	1,042,500
ADJUSTED GROSS APPROPRIATION.....	\$ 109,670,900
Federal revenues:	
Total federal revenues	45,418,100
Special revenue funds:	
Total local revenues	0
Total private revenues.....	1,282,300
Total other state restricted revenues.....	25,599,800
State general fund/general purpose	\$ 37,370,700

Headquarters and armories.

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions	7.0
Full-time equated classified positions	124.0
Headquarters and armories—83.5 FTE positions	\$ 9,562,200
Human resources optimization user charge.....	29,500
Unclassified military personnel.....	660,300
Military appeals tribunal.....	900
Michigan emergency volunteers	5,000
State active duty.....	70,100
Challenge program—40.5 FTE positions	3,901,200
Homeland security.....	400,000
GROSS APPROPRIATION.....	\$ 14,629,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG, community health	100,000
IDG, challenge grant.....	242,500
IDG, state police	300,000
IDG, family independence agency	400,000
Federal revenues:	
DOD-DOA-NGB.....	3,985,100
Special revenue funds:	
Rental fees	350,000
Mackinac Bridge authority	40,000
Private donations.....	857,300
State general fund/general purpose	\$ 8,354,300

Military training sites and support facilities.

Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES

Full-time equated classified positions	200.0
Military training sites and support facilities—200.0 FTE positions...	\$ 17,478,200
Military training sites and support facilities test projects	100,000
GROSS APPROPRIATION.....	\$ 17,578,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	14,693,600

For Fiscal Year
Ending Sept. 30,
2005

Special revenue funds:		
Test project fees	\$	100,000
State general fund/general purpose	\$	2,784,600

Departmentwide appropriations.

Sec. 104. DEPARTMENTWIDE APPROPRIATIONS

Departmentwide accounts	\$	1,735,000
Special maintenance - state		151,200
Special maintenance - federal		5,300,000
Military retirement		2,676,000
Counternarcotic operations		50,000
Starbase grant		600,000
GROSS APPROPRIATION	\$	<u>10,512,200</u>

Appropriated from:

Federal revenues:		
DOD-DOA-NGB		7,166,100
Federal counternarcotic revenues		50,000
State general fund/general purpose	\$	3,296,100

Veterans service organizations.

Sec. 105. VETERANS SERVICE ORGANIZATIONS

American legion	\$	886,000
Disabled American veterans		732,400
Marine corps league		336,300
American veterans of World War II and Korea		464,800
Veterans of foreign wars		886,000
Michigan paralyzed veterans of America		165,700
Purple heart		157,900
Veterans of World War I		100
Polish legion of American veterans		41,200
Jewish veterans of America		41,200
State of Michigan council - Vietnam veterans of America		159,500
Catholic war veterans		41,200
GROSS APPROPRIATION	\$	<u>3,912,300</u>

Appropriated from:

State general fund/general purpose	\$	3,912,300
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Grand Rapids veterans' home.

Sec. 106. GRAND RAPIDS VETERANS' HOME

Full-time equated classified positions	517.0	
Grand Rapids veterans' home—517.0 FTE positions	\$	43,753,300
Board of managers		300,000
GROSS APPROPRIATION	\$	<u>44,053,300</u>

Appropriated from:

Federal revenues:		
DVA-VHA		13,626,400
HHS, Medicaid		365,300
HHS, Medicare		718,000

For Fiscal Year
Ending Sept. 30,
2005

Special revenue funds:		
Private - veterans' home post and posthumous funds	\$	300,000
Income and assessments		15,337,500
Lease revenue		34,100
State general fund/general purpose	\$	13,672,000

D. J. Jacobetti veterans' home.

Sec. 107. D.J. JACOBETTI VETERANS' HOME

Full-time equated classified positions	159.0	
D.J. Jacobetti veterans' home—159.0 FTE positions	\$	13,600,000
Board of managers		125,000
GROSS APPROPRIATION	\$	13,725,000
Appropriated from:		
Federal revenues:		
DVA-VHA		4,062,800
HHS, Medicare.....		272,600
HHS, Medicaid		34,600
Special revenue funds:		
Private - veterans' home post and posthumous funds		125,000
Income and assessments		4,595,000
State general fund/general purpose	\$	4,635,000

Veterans' affairs directorate.

Sec. 108. VETERANS' AFFAIRS DIRECTORATE

Full-time equated classified positions	16.0	
Veterans' affairs directorate administration—3.0 FTE positions	\$	302,900
Veterans' trust fund administration—13.0 FTE positions.....		1,081,800
Veterans' trust fund grants		3,746,500
GROSS APPROPRIATION	\$	5,131,200
Appropriated from:		
Special revenue funds:		
Michigan veterans' trust fund		4,828,300
State general fund/general purpose	\$	302,900

Information technology.

Sec. 109. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	1,172,000
GROSS APPROPRIATION	\$	1,172,000
Appropriated from:		
Federal revenues:		
DOD-DOA-NGB.....		157,800
DVA-VHA		277,600
HHS, Medicare.....		8,200
Special revenue funds:		
Income and assessments		314,900
State general fund/general purpose	\$	413,500

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$62,970,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
MILITARY TRAINING SITES AND SUPPORT FACILITIES

Payments in lieu of taxes	\$	70,000
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MICHIGAN VETERANS' TRUST FUND

County counselor travel expenses	\$	50,000
TOTAL	\$	120,000

Appropriations subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DVA" means the United States department of veterans' affairs.
- (f) "DVA-VHA" means the DVA veterans' health administration.
- (g) "FTE" means full-time equated.
- (h) "HHS" means the United States department of health and human services.
- (i) "IDG" means interdepartmental grant.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill the department at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the last business day of each month to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the justification for the exception.

Privatization; project plan.

Sec. 207. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable value.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Records retention.

Sec. 211. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

National guard assistance program.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$1,300,000.00 without legislative approval. Under the program, a member of the national

guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

(2) As used in this section, an eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

(3) The department of military and veterans affairs, office of the adjutant general shall administer the education assistance program and prescribe forms and procedures to effectively carry out the education assistance program.

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

(5) The education assistance program applies to any course of instruction that is included in an associate, undergraduate, or postgraduate degree program offered by a college or university of this state.

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

(7) An eligible person who successfully completes the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent, shall be eligible for reimbursement.

(8) The department of military and veterans affairs may use funds from the appropriated funds to administer the education assistance program.

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

(10) A portion of the funds for the Michigan national guard education assistance program may be used by the department for the purpose of promoting the program and for encouraging those persons the department wishes to have enlist or reenlist in the Michigan national guard.

National guard armories; closure or consolidation.

Sec. 213. The department shall consult with the house and senate appropriations subcommittees on military and veterans affairs regarding the projected closing or consolidation of any national guard armories.

Military cemeteries in Crawford and Dickinson counties.

Sec. 214. It is the intent of the legislature that, should the necessary legislation be enacted and funding become available, funds be appropriated for state military cemeteries in Crawford and Dickinson Counties.

Technology-related services and projects; user fees.

Sec. 221. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. These user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology as work project.

Sec. 223. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Out-of-state travel.

Sec. 225. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

HEADQUARTERS AND ARMORIES**Rental and equipment usage fees.**

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Challenge program; revenue.

Sec. 302. (1) The funds appropriated in this act for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds remaining at the close of the fiscal year shall not lapse to the general fund but shall be carried forward to the subsequent fiscal year.

(2) The department shall make every effort to identify alternative sources of revenue to replace the general fund/general purpose funding provided in this act for the challenge program.

(3) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

Challenge program; eligible youth.

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. These eligible youth shall be given priority for enrollment in the program.

VETERANS SERVICE ORGANIZATIONS**Grants.**

Sec. 501. (1) Money appropriated in section 105 for grants to veterans service organizations shall be used only for salaries, wages, related personnel costs, training, and equipment for accredited veteran service advocacy officers and necessary support and managerial staff. Training shall be provided for service advocacy officers and shall be conducted by accredited advocacy officers.

(2) To receive a grant from the money appropriated in section 105, a veterans service organization shall meet the following eligibility requirements:

- (a) Be congressionally chartered by the United States Congress.
- (b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.
- (c) Demonstrate the receipt of monetary or service support from its own organization.
- (d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

(e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office on forms as prescribed by the department.

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2006, to the department by November 15, 2004, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2006. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2004, to the department by January 31, 2005. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2004. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

VETERANS' HOMES

Grand Rapids and D.J. Jacobetti veterans' homes.

Sec. 601. Appropriations in this act for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home shall not be used for any purpose other than for veterans and veterans' families.

Annual report.

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcommittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2005.

Purchases.

Sec. 603. The money appropriated in this act for the boards of managers may be expended for facility improvements, the purchase and repair of equipment and

furnishings, member services, and other purposes that benefit the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home.

VETERANS' TRUST FUND

Michigan veterans' trust fund; annual report.

Sec. 703. (1) By April 1, 2005, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2003-2004. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2003-2004.

County veterans counselors; training.

Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

Michigan veterans' trust fund; annual interest earnings.

Sec. 705. (1) It is the intent of the legislature that prior to the enactment of the fiscal year 2005-2006 appropriations bill for the Michigan veterans' trust fund, there shall be legislation enacted which shall provide a dedicated funding source for the cost of the veterans' survivors tuition program which is a fund source other than from revenue from the Michigan veterans' trust fund so that annual interest earnings from the trust fund can be used solely for its original intent of providing temporary emergency financial assistance to wartime veterans in the state.

(2) Should the provisions of subsection (1) be enacted, it is the intent of the legislature that the veterans' trust fund board only expend interest earned by the Michigan veterans' trust fund as provided in 1946 (1st Ex Sess) PA 9, MCL 35.601 to 35.610, and that the board earmark funds each year from the interest earnings to pay into the corpus of the fund until the corpus of the fund reaches its original amount of \$50,000,000.00.

This act is ordered to take immediate effect.

Approved September 28, 2004.

Filed with Secretary of State September 28, 2004.

[No. 342]

(SB 1349)

AN ACT to amend 1855 PA 105, entitled "An act to regulate the disposition of the surplus funds in the state treasury; to provide for the deposit of surplus funds in certain

financial institutions; to lend surplus funds pursuant to loan agreements secured by certain commercial, agricultural, or industrial real and personal property; to authorize the loan of surplus funds to certain municipalities; to authorize the participation in certain loan programs; to authorize an appropriation; and to prescribe the duties of certain state agencies,” by amending section 2e (MCL 21.142e), as added by 2001 PA 123.

The People of the State of Michigan enact:

21.142e Loan of surplus funds to sugar beet growers’ cooperative.

Sec. 2e. (1) The state treasurer may loan not more than \$5,000,000.00 in surplus funds, without interest, to sugar beet growers’ cooperatives for the purpose of purchasing the assets of 1 or more agricultural processors if all of the following conditions are met:

(a) The agricultural processor employs at least 300 full-time employees and 1,000 seasonal employees and is in bankruptcy proceedings or was in bankruptcy proceedings at any time during the 1-year period preceding the date of the loan.

(b) The loan amount does not exceed 10% of the total purchase price of the agricultural processor’s assets.

(c) The loan is for a period not to exceed 5 years.

(2) In addition to the conditions provided in subsection (1), the state treasurer may prescribe additional terms of a loan issued under this section.

(3) In the case of a loan executed under subsection (1), the state treasurer, as part of the modification of the loan, shall subordinate the loan to the primary loan of the sugar beet growers’ cooperative and shall relinquish any enforcement powers or authority that may exist under the current contract or agreement. The modification shall be for not more than a \$5,000,000.00 loan to a sugar beet growers’ cooperative for the purpose of purchasing the assets of 1 or more agricultural processors that employ at least 300 full-time employees and 1,000 seasonal employees.

(4) As used in this section, “sugar beet growers’ cooperative” means a farmer owned cooperative comprised of sugar beet growers who own the assets of the cooperative and use the cooperative’s services or processing equipment.

This act is ordered to take immediate effect.

Approved September 28, 2004.

Filed with Secretary of State September 28, 2004.

[No. 343]

(SB 1244)

AN ACT to amend 1998 PA 386, entitled “An act to codify, revise, consolidate, and classify aspects of the law relating to wills and intestacy, relating to the administration and distribution of estates of certain individuals, relating to trusts, and relating to the affairs of certain individuals under legal incapacity; to provide for the powers and procedures of the court that has jurisdiction over these matters; to provide for the validity and effect of certain transfers, contracts, and deposits that relate to death; to provide procedures to facilitate enforcement of certain trusts; and to repeal acts and parts of acts,” by amending section 3614 (MCL 700.3614).

The People of the State of Michigan enact:

700.3614 Special personal representative; appointment.

Sec. 3614. A special personal representative may be appointed in any of the following circumstances:

(a) Informally by the register on the application of an interested person if necessary to protect the estate of a decedent before the appointment of a general personal representative or if a prior appointment is terminated as provided in section 3609.

(b) By the court on its own motion or in a formal proceeding by court order on the petition of an interested person if in either case, after notice and hearing, the court finds that the appointment is necessary to preserve the estate or to secure its proper administration, including its administration in circumstances in which a general personal representative cannot or should not act. If it appears to the court that an emergency exists, the court may order the appointment without notice.

(c) By the court on its own motion or on petition by an interested person to supervise the disposition of the body of a decedent who died intestate, without heirs, and with insufficient assets to pay for a funeral or burial. The duties of a special personal representative appointed under this subdivision shall be specified in the order of appointment and may include making arrangements with a funeral home, securing a burial plot if needed, obtaining veteran's or pauper's funding where appropriate, and determining the disposition of the body by burial or cremation. The court may waive the bond requirement under section 3603(1)(a). The court may appoint the county public administrator if the county public administrator is willing to serve.

This act is ordered to take immediate effect.

Approved September 29, 2004.

Filed with Secretary of State September 29, 2004.

[No. 344]

(HB 5516)

AN ACT to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 2005; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; family independence agency.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the family independence agency for the fiscal year ending September 30, 2005,

from the funds indicated in this part. The following is a summary of the appropriations in this part:

FAMILY INDEPENDENCE AGENCY

APPROPRIATION SUMMARY:

Full-time equated classified positions	10,297.0	
Unclassified positions.....	5.0	
Total full-time equated positions	10,302.0	
GROSS APPROPRIATION.....		\$ 4,291,526,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		1,084,400
ADJUSTED GROSS APPROPRIATION.....		\$ 4,290,442,300
Federal revenues:		
Total federal revenues.....		3,028,126,600
Special revenue funds:		
Total private revenues.....		9,757,600
Total local revenues		73,326,100
Total other state restricted revenues.....		69,549,200
State general fund/general purpose		\$ 1,109,682,800

Executive operations.

Sec. 102. EXECUTIVE OPERATIONS

Total full-time equated positions	387.1	
Full-time equated unclassified positions	5.0	
Full-time equated classified positions	382.1	
Unclassified salaries—5.0 FTE positions		\$ 537,200
Salaries and wages—291.3 FTE positions		13,915,900
Contractual services, supplies, and materials		6,700,300
Demonstration projects—4.8 FTE positions		6,852,000
Inspector general salaries and wages—86.0 FTE positions		4,361,600
GROSS APPROPRIATION.....		\$ 32,367,000
Appropriated from:		
Federal revenues:		
Total federal revenues.....		20,549,600
Special revenue funds:		
Total private revenues.....		1,219,300
Total local revenues		200,000
State general fund/general purpose		\$ 10,398,100

Family independence services administration.

Sec. 103. FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Full-time equated classified positions.....	111.8	
Salaries and wages—56.2 FTE positions		\$ 2,721,800
Contractual services, supplies, and materials		10,746,600
Employment and training support services.....		17,279,100
Wage employment verification reporting		1,387,500
Urban and rural empowerment/enterprise zones.....		100
Training and staff development—50.1 FTE positions		8,645,500
Community services block grant—5.5 FTE positions		28,082,700

	For Fiscal Year Ending Sept. 30, 2005
Nutrition education	\$ 7,669,800
Michigan housing and community development fund	2,000,000
Homeless prevention and food for the elderly	150,000
GROSS APPROPRIATION	\$ 78,683,100
Appropriated from:	
Federal revenues:	
Total federal revenues	68,709,200
Special revenue funds:	
State general fund/general purpose	\$ 9,973,900

Child support enforcement.

Sec. 104. CHILD SUPPORT ENFORCEMENT

Full-time equated classified positions	174.7
Child support enforcement operations—168.7 FTE positions	\$ 24,359,000
Legal support contracts	139,819,500
Child support incentive payments	32,409,600
Child support distribution computer system—6.0 FTE positions	26,035,900
GROSS APPROPRIATION	\$ 222,624,000
Appropriated from:	
Federal revenues:	
Total federal revenues	204,107,700
Special revenue funds:	
Total local revenues	340,000
State general fund/general purpose	\$ 18,176,300

Child and family services.

Sec. 105. CHILD AND FAMILY SERVICES

Full-time equated classified positions	99.5
Salaries and wages—38.7 FTE positions	\$ 2,019,800
Contractual services, supplies, and materials	1,295,500
Refugee assistance program—2.9 FTE positions	12,661,100
Foster care payments	149,186,800
Wayne County foster care payments	76,177,300
Adoption subsidies	219,061,500
Adoption support services—7.7 FTE positions	14,488,300
Youth in transition—2.0 FTE positions	12,482,700
Interstate compact	300,000
Children’s benefit fund donations	21,000
Domestic violence prevention and treatment—3.5 FTE positions	13,770,600
Teenage parent counseling—2.3 FTE positions	3,793,500
Families first	17,448,100
Child safety and permanency plan	16,900,700
Strong families/safe children	14,095,300
Child protection/community partners—18.3 FTE positions	5,713,400
Zero to three	4,000,000
Family group decision making	2,454,700
Family reunification program	4,062,700
Family preservation and prevention services—12.0 FTE positions ..	1,871,000
Black child and family institute	100,000
Rape prevention and services	2,600,000

	For Fiscal Year Ending Sept. 30, 2005
Children's trust fund administration—4.3 FTE positions.....	\$ 473,800
Children's trust fund grants	3,615,000
Attorney general contracts.....	2,742,400
Guardian contract.....	600,000
Prosecuting attorney contracts.....	1,061,700
Child care fund.....	171,337,900
Child care fund administration—5.8 FTE positions.....	883,800
County juvenile offices	3,754,000
Community support services—2.0 FTE positions.....	1,328,700
GROSS APPROPRIATION.....	\$ 760,301,300
Appropriated from:	
Federal revenues:	
Total federal revenues.....	428,197,900
Special revenue funds:	
Private - children's benefit fund donations.....	21,000
Private - collections.....	5,033,900
Local funds - county payback.....	45,385,900
Children's trust fund.....	3,294,100
State general fund/general purpose	\$ 278,368,500

Juvenile justice services.

Sec. 106. JUVENILE JUSTICE SERVICES

Full-time equated classified positions.....	750.4
W.J. Maxey training school—301.0 FTE positions	\$ 22,212,800
Adrian training school—138.0 FTE positions.....	9,552,000
Bay pines center—44.0 FTE positions	3,045,000
Nokomis challenge center—43.0 FTE positions	2,875,000
Shawono center—39.0 FTE positions	2,775,000
Arbor heights—34.0 FTE positions	2,875,000
Community juvenile justice centers—37.0 FTE positions.....	3,011,400
Juvenile justice field staff, administration and maintenance— 93.7 FTE positions.....	19,446,000
Federally funded activities—13.7 FTE positions	1,734,100
W.J. Maxey memorial fund	45,000
Juvenile accountability incentive block grant—3.0 FTE positions ...	8,397,900
Committee on juvenile justice administration—4.0 FTE positions...	460,600
Committee on juvenile justice grants.....	5,000,000
GROSS APPROPRIATION.....	\$ 81,429,800
Appropriated from:	
Federal revenues:	
Total federal revenues.....	18,352,400
Special revenue funds:	
Total private revenues.....	645,000
Local funds - county payback.....	26,900,100
State general fund/general purpose	\$ 35,532,300

Local office staff and operations.

Sec. 107. LOCAL OFFICE STAFF AND OPERATIONS

Full-time equated classified positions.....7,991.1

	For Fiscal Year Ending Sept. 30, 2005
Field staff, salaries and wages—7,876.4 FTE positions	\$ 335,754,800
Contractual services, supplies, and materials	24,264,300
Outstationed eligibility workers—29.0 FTE positions	5,476,800
County donated funds positions—6.9 FTE positions	517,100
Food stamp reinvestment—78.8 FTE positions	17,040,400
Wayne County gifts and bequests.....	100,000
Volunteer services and reimbursement.....	1,294,900
GROSS APPROPRIATION	\$ 384,448,300
Appropriated from:	
Federal revenues:	
Total federal revenues	236,279,200
Special revenue funds:	
Local funds - donated funds.....	195,700
Private funds - hospital contributions.....	2,738,400
Private funds - Wayne County gifts	100,000
State general fund/general purpose	\$ 145,135,000

Disability determination services.

Sec. 108. DISABILITY DETERMINATION SERVICES

Full-time equated classified positions	568.4
Disability determination operations—544.9 FTE positions	\$ 73,050,700
Medical consultation program—18.4 FTE positions	2,756,900
Retirement disability determination—5.1 FTE positions	857,400
GROSS APPROPRIATION	\$ 76,665,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from DMB-office of retirement systems.....	1,084,400
ADJUSTED GROSS APPROPRIATION.....	\$ 75,580,600
Appropriated from:	
Federal revenues:	
Total federal revenues	72,800,000
State general fund/general purpose	\$ 2,780,600

Central support accounts.

Sec. 109. CENTRAL SUPPORT ACCOUNTS

Rent.....	\$ 43,923,800
Occupancy charge	10,046,200
Travel.....	5,593,600
Equipment	145,300
Worker’s compensation.....	5,714,000
Advisory commissions.....	17,900
Human resources optimization user charges.....	561,000
Payroll taxes and fringe benefits.....	195,707,500
GROSS APPROPRIATION	\$ 261,709,300
Appropriated from:	
Federal revenues:	
Total federal revenues	169,058,800

For Fiscal Year
Ending Sept. 30,
2005

Special revenue funds:		
Local funds - county payback	\$	304,400
State general fund/general purpose	\$	92,346,100

Office of children and adult licensing.

Sec. 110. OFFICE OF CHILDREN AND ADULT

LICENSING

Full-time equated classified positions	219.0	
AFC, children's welfare and day care licensure—219.0 FTE positions.....		\$ 23,047,800
GROSS APPROPRIATION		\$ 23,047,800
Appropriated from:		
Federal revenues:		
Total federal revenues		11,258,600
Special revenue funds:		
Restricted - licensing fees		585,400
Restricted - health fees and collections		94,200
State general fund/general purpose		\$ 11,109,600

Public assistance.

Sec. 111. PUBLIC ASSISTANCE

Family independence program	\$	386,642,100
State disability assistance payments		34,748,700
Food assistance program benefits		1,099,429,300
State supplementation		58,868,400
State supplementation administration		2,493,200
Low-income home energy assistance program		116,467,700
Food bank funding		525,000
Homeless shelter contracts		11,646,700
Multicultural assimilation funding		1,715,500
Indigent burial		6,155,500
Emergency services local office allocations		21,865,500
Weatherization assistance		15,940,800
Day care services		491,672,000
GROSS APPROPRIATION	\$	2,248,170,400
Appropriated from:		
Federal revenues:		
Total federal revenues		1,721,193,300
Special revenue funds:		
Child support collections		47,710,700
Supplemental security income recoveries		5,104,800
Public assistance recoupment revenue		2,500,000
State general fund/general purpose	\$	471,661,600

Information technology.

Sec. 112. INFORMATION TECHNOLOGY

Information technology services and projects	\$	42,849,900
Child support automation		52,205,700

	For Fiscal Year Ending Sept. 30, 2005
Client services system.....	\$ 11,512,100
Data system enhancement	15,513,000
GROSS APPROPRIATION.....	\$ 122,080,700
Appropriated from:	
Federal revenues:	
Total federal revenues.....	77,619,900
Special revenue funds:	
Total other state restricted revenue.....	10,260,000
State general fund/general purpose	\$ 34,200,800

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$1,179,232,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$188,458,500.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

FAMILY INDEPENDENCE AGENCY
CHILD AND FAMILY SERVICES

Adoption subsidies.....	\$ 81,052,800
Child care fund.....	102,200,000
County juvenile officers.....	3,266,000

PUBLIC ASSISTANCE

State disability program.....	1,939,700
TOTAL	\$ 188,458,500

Appropriations subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this act:

- (a) "AFC" means adult foster care.
- (b) "Department" means the family independence agency.
- (c) "FTE" means full-time equated.
- (d) "GED" means general educational development.
- (e) "Temporary assistance for needy families" or "TANF" or "title IV-A" means part A of title IV of the social security act, 42 USC 601 to 604, 605 to 608, and 609 to 619.
- (f) "Title IV-D" means part D of title IV of the social security act, 42 USC 651 to 655, and 656 to 669b.

(g) “Title IV-E” means part E of title IV of the social security act, 42 USC 670 to 673, 673b to 679, and 679b.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill the department at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report monthly to the chairpersons of the senate and house appropriations committees and the senate and house fiscal agencies and policy offices on the number of exceptions to the hiring freeze approved during the previous month and the reasons to justify the exception.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 9 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This shall include transmission of reports via electronic mail, including a link to the Internet site, to the recipients identified for each reporting requirement, or it may include placement of reports on the Internet or Intranet site. On an annual basis, the department shall provide a cumulative listing of the reports to the house and senate appropriations subcommittees and the house and senate fiscal agencies and policy offices.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete

for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Individual and family grant disaster assistance program.

Sec. 211. The department may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the department for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

Write-offs and prior year obligations.

Sec. 212. In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues or current year revenues that are in excess of the authorized amount.

Food assistance overissuance collections; report.

Sec. 213. (1) The department may retain all of the state's share of food assistance overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food assistance overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

(2) The department shall report to the legislature during the senate and house budget hearings on the status of the food stamp error rate. The report shall include at least all of the following:

(a) An update on federal sanctions and federal requirements for reinvestment due to the food stamp error rate.

(b) Review of the status of training for employees who administer the food assistance program.

(c) An outline of the past year's monthly status of worker to food stamp cases and monthly status of worker to food stamp applications.

(d) Information detailing the effect and change in staffing due to the early retirement option.

(e) Corrective action through policy, rules, and programming being taken to reduce the food stamp error rate.

(f) Any other information regarding the food stamp error rate, including information pertaining to technology and computer applications used for the food assistance program.

Salaries and wages; FTEs; report.

Sec. 214. (1) The department shall submit a report to the chairpersons of the senate and house appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies and policy offices, and the state budget director on the details of allocations within program budgeting line items and within the salaries and wages line items in all appropriation units. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 2005.

(2) On a bimonthly basis, the department shall report on the number of FTEs in pay status by type of staff.

Implementation of legislative objective; loss of federal financial participation; notification.

Sec. 215. If a legislative objective of this act or the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department shall notify the state budget director, the house and senate appropriations committees, and the house and senate fiscal agencies and policy offices of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency may be appointed to meet with the director of the department to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Out-of-state travel; report.

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel for the fiscal year ending September 30, 2005 shall be limited to situations in which 1 or more of the following conditions apply:

(a) The travel is required by legal mandate or court order or for law enforcement purposes.

(b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.

(c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.

(d) The travel is necessary to comply with federal requirements.

(e) The travel is necessary to secure specialized training for staff that is not available within this state.

(f) The travel is financed entirely by federal or nonstate funds.

(2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the house and senate appropriations committees.

(3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

TANF federal block grant.

Sec. 218. (1) The department shall prepare a semiannual report on the TANF federal block grant. The report shall include projected expenditures for the current fiscal year, an accounting of any previous year funds carried forward, and a summary of all interdepartmental or interagency agreements relating to the use of TANF funds. The report shall be forwarded to the state budget director and the house and senate appropriations subcommittees on the family independence agency budget and the house and senate fiscal agencies and policy offices within 10 days after presentation of the executive budget and within 10 days after the May consensus revenue estimating conference.

(2) The state budget director shall give prior written notice to the members of the house and senate appropriations subcommittees for the family independence agency and to the house and senate fiscal agencies and policy offices of any proposed changes in utilization or distribution of TANF funding or the distribution of TANF maintenance of effort spending relative to the amounts reflected in the annual appropriations acts of all state agencies where TANF funding is appropriated.

Contracts with faith-based organizations.

Sec. 220. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the department shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.

(2) If an individual requests the service and has an objection to the religious character of the institution or organization from which the individual receives or would receive services or assistance, the department shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.

(3) The department shall ensure that faith-based organizations are able to apply and compete for services, programs, or contracts that they are qualified and suitable to fulfill. The department shall not disqualify faith-based organizations solely on the basis of the religious nature of their organization or their guiding principles or statements of faith.

(4) The department shall follow guidelines related to faith-based involvement established in section 104 of title I of the personal responsibility and work opportunity reconciliation act of 1996, 42 USC 604a.

Private and local sources of revenue.

Sec. 221. If the revenue collected by the department from private and local sources exceeds the amount spent from amounts appropriated in part 1, the revenue may be carried forward, with approval from the state budget director, into the subsequent fiscal year.

Determination of Medicaid eligibility.

Sec. 223. The department shall make a determination of Medicaid eligibility not later than 60 days after all information to make the determination is received from the applicant when disability is an eligibility factor. For all other Medicaid applicants, the department shall make a determination of Medicaid eligibility not later than 45 days after all information to make the determination is received from the applicant.

Realignment of financing sources; notice.

Sec. 227. The department, with the approval of the state budget director, is authorized to realign sources of financing authorizations in order to maximize temporary assistance for needy families' maintenance of effort countable expenditures. This realignment of financing shall not be made until 15 days after notifying the chairs of the house and senate appropriations subcommittees on the family independence agency and house and senate fiscal agencies, and shall not produce an increase or decrease in any line-item expenditure authorization.

Technology-related services and projects; payment of user fees to department of information technology; report.

Sec. 259. (1) From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

(2) During the annual budget presentation, the department shall report on the interagency agreement with the department of information technology to the house and senate appropriations subcommittees for the family independence agency budget, house and senate fiscal agencies, and policy offices. The report shall include the base service priorities in the agreement including, but not limited to, the following:

- (a) Name and description of base service.
- (b) Detail goals and objectives related to each base service.
- (c) Cost of each base service.
- (d) Time frame for implementation or completion of base service.

Information technology funds; designation as work project.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Plan to restructure local offices.

Sec. 261. (1) The department, with the county family independence agency boards of directors and the department of management and budget, shall develop a 5-year plan in every county to restructure local offices. This plan is to be presented to the house and senate appropriations subcommittees for the family independence agency budget by February 1, 2005. Issues to be covered shall include service delivery structure, facility needs, caseload size, and administrative support. Any plan presented shall ensure that the department provides a presence and services in every county. Up to 25% of any savings resulting from this plan may be appropriated to the counties generating the savings to fund additional prevention services.

(2) The department shall meet with the Michigan department of labor and economic growth and its Michigan works! agencies by September 30, 2005 to examine possible colocation of offices and caseworkers. The department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on the results of this meeting no later than October 15, 2005.

Communication of employees with legislators.

Sec. 264. Provided that an employee does not violate federal or state laws, breach confidentiality, violate civil service rules, or represent a formal department position without prior written authorization, the department shall ensure that all department employees, while on their personal time, are permitted to have appropriate communications with legislators and their staff.

Child support collections; escheated amounts.

Sec. 269. If title IV-D-related child support collections are escheated, the state budget director is authorized to adjust the sources of financing for the funds appropriated in part 1 for legal support contracts to reduce federal authorization by 66% of the escheated amount and increase general fund/general purpose authorization by the same amount. This budget adjustment is required to offset the loss of federal revenue due to the escheated amount being counted as title IV-D program income in accordance with federal regulations at 45 CFR 304.50.

Report; program information.

Sec. 270. (1) A report required to be provided to the legislature and the state budget director, no later than January 15, 2005, shall include all of the following information for the programs listed in subsection (2):

(a) The average cost per recipient served by the program.

(b) Information on program goals, as well as outcome measures and results used to monitor progress toward these goals.

(2) The programs for which the report in subsection (1) is to be prepared are the following:

(a) Day care assistance.

(b) Family independence program.

(c) Adoption subsidy.

(d) Foster care.

Child and family services reviews; report.

Sec. 271. (1) The department shall report to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the progress of child and family services reviews (CFSR). The reviews, conducted in the state by the children's bureau of the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, with the ultimate goal of improving the state child welfare system and the safety, permanency, and child and family service outcomes to children and families. The report shall be submitted October 1, January 1, April 1, and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

(a) Changes made by the courts with respect to court forms and court rules to meet the statutory requirement.

(b) Department policy changes within the areas of foster care, juvenile justice, and adoption to meet the statutory requirements.

(c) Recommendations made by a workgroup composed of department and other agency stakeholders.

(d) A summary of the 7 systemic factors that determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115.

(e) A summary of the 7 data outcome indicators used to determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, including the length of time required to achieve family reunification for foster care cases.

(f) Federal recommendations made to the state, including recommendations to the courts.

(g) Federal penalties assessed against the state for noncompliance.

(h) Status of the performance improvement plan submitted to the federal government.

Foster care eligibility reviews; report.

Sec. 272. (1) The department shall report to the senate and house appropriations subcommittees on the family independence agency, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the result of the title IV-E foster care eligibility reviews. The reviews, conducted in the state by the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, ensuring the department's case files and payments records meet federal regulations, including standards on eligibility for placement reimbursement and the allowable payment rate. The report shall be submitted October 1, January 1, April 1, and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

(a) Training programs conducted by the department and the Michigan judicial institute.

(b) Changes made by the courts on court forms and rules used in meeting the statutory requirements.

(c) Department policy changes that impact meeting the statutory requirements for foster care and adoption, including juvenile justice programs.

(d) Recommendations made by a department workgroup composed of representatives from the department and other departments and agencies.

(e) Federal recommendations submitted to the state, including recommendations to the courts.

(f) Federal penalties assessed against the state.

Policy changes; report.

Sec. 273. (1) The department shall report no later than October 1, 2004 on each specific policy change made to implement enacted legislation to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees on human services, and the senate and house fiscal agencies and policy offices.

(2) On an annual basis, the department shall provide a cumulative list of all policy changes in the following areas: child welfare services, child support, work first, work requirements, adult and child safety, local staff program responsibilities, and day care. The list shall be distributed to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house standing committees dealing with human services, and the senate and house fiscal agencies and policy offices.

(3) Not later than July 1, 2005, the department shall report to the senate and house appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies, and the senate and house policy offices the annual regulatory plan

submitted to the office of regulatory reform pursuant to section 53 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.253.

Grants; report.

Sec. 274. The department shall report to the house and senate appropriations subcommittees on the family independence agency budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director as part of the annual budget presentation on each federal grant this state was eligible to apply for, listing both grants applied for and not applied for. This report will cover grants exceeding \$100,000.00, related to fatherhood and marriage initiatives, teen pregnancy prevention, kinship care, before- and after-school programs, family preservation and prevention, homeless prevention, and youth in transition.

Receipt and retention of reports.

Sec. 276. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. The department shall follow all federal guidelines and state laws regarding short-term and long-term retention of records.

Report of noncompliance; corrective action plan.

Sec. 277. Not more than 30 days after receiving a published report from the office of auditor general that states that the department has not complied with state or federal law, rule, or regulation, the department shall provide a report to the house and senate committees having jurisdiction over the family independence agency. The report shall state the reason for the noncompliance, a corrective action plan to bring the department into compliance, and the time frame for implementing and executing the plan.

Contract with private consulting firms; corrective action plan.

Sec. 278. (1) The department shall contract with a private consulting firm or firms to evaluate the following:

- (a) Maximization of federal funds.
- (b) Child day care program efficiency.
- (c) Local and central office management efficiency savings.
- (d) Fraud collection.

(2) A contractor shall not charge the department a fee for services provided under subsection (1). However, a contractor shall receive a negotiated percentage of the savings achieved from recommendation implementation.

(3) As part of the annual budget presentation, the department shall report to the house and senate appropriations subcommittees for the family independence agency budget, the house and senate fiscal agencies and policy offices, and the state budget director on the recommendations and plans for implementation.

(4) The department shall implement a corrective action plan to address procedural and internal control weaknesses identified by the office of the auditor general in the single audit of the department dated July 2004.

(5) The department shall provide a copy of the detailed corrective action plan referred to in subsection (4) to the house and senate appropriations subcommittees on the family independence agency budget, house and senate standing committees on human services matters, house and senate fiscal agencies and policy offices, and state budget director by December 31, 2004. By April 1, 2005, the department shall provide a progress report

including the specific corrective action plan changes implemented to that date and the timetable for implementation of the remaining corrective action plan changes.

EXECUTIVE OPERATIONS

Inspector general agents; salaries and wages; contract with private organization.

Sec. 303. (1) From the funds appropriated in part 1 for inspector general salaries and wages and payroll taxes and fringe benefits, the department shall expend up to \$136,700.00 to add 2 FTEs as inspector general agents dedicated to fraud detection in day care services.

(2) The department may also contract with a private organization for fraud detection services and recovery of funds. The contracted organization shall not charge the department a fee for services, but shall receive a negotiated percentage of the savings achieved or funds that are recovered.

School-based crisis intervention demonstration project in Pontiac.

Sec. 304. From funds appropriated in part 1 for demonstration projects, the department shall expend up to \$78,500.00 in TANF to fund a school-based crisis intervention demonstration project in Pontiac.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Community services block grant.

Sec. 403. Not later than September 30 of each year, the department shall submit for public hearing to the chairpersons of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency the proposed use and distribution plan for community services block grant funds appropriated in part 1 for the succeeding fiscal year.

Distribution of community services block grant funds.

Sec. 404. The department shall develop a plan based on recommendations from the department of civil rights and from Native American organizations to assure that the community services block grant funds are equitably distributed. The plan must be developed by October 31, 2004, and the plan shall be delivered to the appropriations subcommittees on the family independence agency in the house and senate, the senate and house fiscal agencies, and the state budget director.

TANF; allocation of funds.

Sec. 414. (1) Of the funds appropriated in part 1 for community services block grants, \$2,350,000.00 represents TANF funding earmarked for community action agencies.

(2) From the funds appropriated in part 1 for community services block grants, the department is authorized to make allocations of TANF funds only to the community action agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(3) In addition to the money referred to in subsection (1), from the funds appropriated in part 1 for community services block grant, the department may award up to \$500,000.00 to organizations based on the number of clients educated, with an emphasis on clients who have never filed for the earned income tax credit (EITC), clients with children, and clients for whom the receipt of the EITC will make it easier for them to move off public assistance.

Fatherhood initiative program.

Sec. 415. (1) From the funds appropriated in part 1 for employment and training support services, the department shall expend \$200,000.00 in TANF to fund a fatherhood initiative program. The department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for the fatherhood program.

(2) The department may choose providers that will work with counties to help eligible fathers under TANF guidelines to acquire skills that will enable them to increase their responsible behavior toward their children and the mothers of their children. An increase of financial support for their children should be a very high priority as well as emotional support.

(3) A fatherhood initiative program established under this section shall minimally include at least 3 of the following components: promoting responsible, caring, and effective parenting through counseling; mentoring and parental education; enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take advantage of job search programs, job training, and education to improve their work habits and work skills; improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in household matters; infant care; effective communication and respect; anger management; children's financial support; and drug-free lifestyle.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(5) Upon receipt of the promotion of responsible fatherhood funds from the United States department of health and human services, the agency shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Marriage initiative program.

Sec. 416. (1) From the funds appropriated in part 1 for employment and training support services, the department may expend up to \$250,000.00 in TANF to fund a marriage initiative program. The department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. The independent contractors shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. An independent contractor that cannot secure matching funds shall not be excluded from consideration for a marriage initiative program.

(2) The department may choose providers to work with counties that will work to support and strengthen marriages of those eligible under the TANF guidelines. The areas of work

may include, but are not limited to, marital counseling, domestic violence counseling, family counseling, effective communication, and anger management as well as parenting skills to improve the family structure.

(3) A marriage initiative program established under this section may include, but is not limited to, 1 or more of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the value of marriage, relationship skills, and budgeting; premarital, marital, family, and domestic violence counseling; effective communication; marriage mentoring programs which use married couples as role models and mentors in at-risk communities; anger management; and parenting skills to improve the family structure.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

(5) Upon receipt of the healthy marriage promotion grant from the United States department of health and human services, the agency shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Bureau of community action and economic opportunity and commission on community action and social opportunity; report.

Sec. 417. The department shall report to the senate and house appropriations subcommittees for the family independence agency budget, the senate and house standing committees on human services matters, the senate and house fiscal agencies and policy offices, and the state budget office on the implementation of the bureau of community action and economic opportunity and the commission on community action and social opportunity. The report is due November 15, 2004 and shall include all of the following:

- (a) Number of full-time equated employees funded.
- (b) Administrative duties performed.
- (c) The relationship between duties and the bureau of community action and economic opportunity and the commission on community action and social opportunity.

Individual development accounts.

Sec. 418. From the funds appropriated in part 1 for employment and training support services, the department may expand the availability of individual development accounts (IDAs) with \$200,000.00 for allocation to qualified IDA programs established through the Michigan IDA partnership to serve TANF eligible households in Michigan. The Michigan IDA partnership shall encourage each TANF eligible household served to claim the federal earned income tax credit (EITC) and to incorporate all or part of any tax credit received in the household's IDA savings plan, and shall provide the household with information concerning available free tax assistance resources. In addition, the Michigan IDA partnership and its program sites shall participate in community EITC coalitions established under the plan to increase the EITC participation of TANF families referenced in section 666. It is the intent of the legislature that the same amount be appropriated annually to further expand IDA opportunities to low-income families to become more financially self-sufficient through financial education, saving, wise investment in home ownership, postsecondary education, small business development, or a combination of those programs.

CDCUs serving low-income populations.

Sec. 419. The department in collaboration with the Michigan state university center for urban affairs and its partner organizations, the Michigan credit union league and the

national federation of community development credit unions, shall further the work begun in fiscal year 1999-2000 that implemented the individual development accounts programs in the growing number of low-income designated credit unions, i.e., community development credit unions (CDCUs) located in this state's poorest communities. This further work will extend capacity-building and technical assistance services to existing and emerging CDCUs serving low-income populations and will include:

(a) Creation of a Michigan-based support system for the capacity-building of existing and emerging CDCUs serving low-income individuals and families, including development and testing of training, technical assistance, and professional development initiatives and related materials, and other capacity-building services to Michigan CDCUs.

(b) Other related support to assist existing and emerging CDCUs in becoming self-supporting institutions to assist impoverished Michigan residents in becoming economically independent.

(c) Training and technical assistance to CDCUs in the development of support services, such as economic literacy, credit counseling, budget counseling, and asset management programs for low-income individuals and families.

Career innovation grants.

Sec. 420. From the funds appropriated in part 1 for employment and training support services, the department may allocate \$40,000.00 in TANF for welfare to career innovation grants to replicate the Kent County model with Cascade engineering in 4 other counties.

Private foster care and adoption agencies; staff training.

Sec. 421. The department shall allow private nationally accredited foster care and adoption agencies to conduct their own staff training, based on current department policies and procedures. The department shall provide any training materials requested by the private agencies to facilitate this training. The intent of the legislature is to reduce training and travel costs for both the department and the private agencies.

Food assistance program; assistance to state's elderly population.

Sec. 423. (1) From the money appropriated in section 103 for food for the elderly, the department shall allocate money to assist the state's elderly population to participate in the state food assistance program. The money may be used as state matching funds to acquire available United States department of agriculture funding to provide outreach program activities, such as eligibility screening and information services, as part of a statewide food stamp helpline.

(2) From the money appropriated in section 107 for food stamp reinvestment, the department shall make available \$20,000.00 to contract with the center for civil justice to support a food stamp error reduction project. The funding is conditional upon the United States department of agriculture approval of an amendment to the food stamp reinvestment plan of this state for the use of these funds for screening activities covered under the project contract.

CHILD AND FAMILY SERVICES

Children remaining in foster care; MCI preliminary consent denial review process.

Sec. 501. (1) The following goal is established by state law. During the fiscal year ending September 30, 2005, not more than 3,000 children supervised by the department