FY 2014-15 GENERAL OMNIBUS BUDGET
Summary: Conference Report
House Bill 5313 (H-1) CR-1

Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area [Summary Page]	FY 2014-15	
	Gross	GF/GP
Agriculture & Rural Development [2]	$84,462,200	$45,916,200
Community Health [8]	18,215,375,900	3,239,701,400
Corrections [17]	2,040,521,700	1,980,798,400
Education [25]	287,096,100	82,083,000
Environmental Quality [31]	502,591,800	40,875,900
General Government [36]		
Attorney General [38]	*93,822,300*	*38,267,100*
Civil Rights [40]	*16,644,200*	*13,448,200*
Executive Office [42]	*5,916,100*	*5,916,100*
Legislature [43]	*131,930,500*	*127,420,700*
Legislative Auditor General [45]	*22,158,800*	*14,937,300*
State [46]	*223,984,900*	*17,539,000*
Technology, Management, Budget [48]	*1,262,810,400*	*479,098,500*
Treasury [54]	*1,923,243,800*	*269,413,300*
Treasury – MSF [60]	*1,024,779,900*	*244,642,500*
Subtotal: General Government	4,705,290,900	1,210,682,700
Human Services [65]	5,755,174,700	995,452,600
Insurance & Financial Services [75]	65,189,700	55,000
Judiciary [77]	287,767,600	186,527,400
Licensing & Regulatory Affairs [80]	542,488,200	40,033,800
Military & Veterans Affairs [87]	166,943,700	49,154,500
Natural Resources [95]	384,685,400	48,591,500
State Police [100]	639,573,000	384,171,000
Transportation [109]	3,701,098,600	286,147,900
TOTAL	**$37,378,259,500**	**$8,590,191,300**

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

FY 2014-15: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT
Summary: Conference Report
Article I, House Bill 5313 (H-1) CR-1

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$524,300	$318,100	$318,100	$318,100	$318,100	*($206,200)*	*(39.3)*
Federal	9,960,900	9,198,300	9,212,900	9,212,900	10,126,200	*165,300*	*1.7*
Local	0	0	0	0	0	*0*	*--*
Private	96,900	98,300	98,300	98,300	98,300	*1,400*	*1.4*
Restricted	29,020,900	28,003,400	29,893,200	24,091,400	28,003,400	*(1,017,500)*	*(3.5)*
GF/GP	40,580,300	44,876,200	42,876,100	48,876,200	45,916,200	*5,335,900*	*13.1*
Gross	**$80,183,300**	**$82,494,300**	**$82,398,600**	**$82,596,900**	**$84,462,200**	***$4,278,900***	***5.3***
FTEs	440.0	452.0	446.0	453.0	452.0	*12.0*	*2.7*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Agriculture and Rural Development (DARD) is responsible for regulating and promoting Michigan's agriculture and food industries in collaboration with the Michigan Commission of Agriculture and Rural Development, industry stakeholders, and citizens. DARD is organized into the following programmatic divisions: Animal Industry, which mitigates and eradicates infectious and contagious diseases, toxic substance contamination, and inhumane treatment affecting livestock and pets; Environmental Stewardship, which promotes resource sustainability and protects the natural environment in collaboration with conservation districts, drain commissioners, and landowners; Food and Dairy, which ensures the safety and sanitation of food and dairy products through inspection and licensure of suppliers and investigations of foodborne illness incidents; Pesticide and Plant Pest Management, which manages plant pest and disease prevention and regulates seed, plant, grain, and feed products and storage and the manufacture and use of pesticides and fertilizers; and Laboratory, which tests and analyzes groundwater, plant seeds, livestock, food and dairy products, and motor fuels and verifies nutritional labeling and weighting and measuring devices. Additionally, the Office of Agriculture Development promotes international marketing; endeavors to attract, expand, and retain jobs and investment; and administers various grant programs.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Food Safety and Inspections	FTE	75.0	8.0
Executive increases spending and staff authorization to enhance inspections of and safety programs for food establishments. According to DARD, 55.0% of food establishments inspected in December of 2013 were in substantial compliance with the Michigan Food Law of 2012 and current staff is unable to complete 48.0% of required routine and follow-up food inspections. During FY 2012-13, GF/GP supported 61.0% of food safety and inspection expenditures. House partly concurs, but reduces spending and staff authorization increases. Senate concurs. Conference concurs.	**Gross**	**$10,881,200**	**$1,160,000**
	Federal	1,039,600	0
	Restricted	3,390,000	0
	GF/GP	$6,451,600	$1,160,000
2. Dairy Safety and Inspections	FTE	26.0	4.0
Executive increases spending and staff authorization to enhance inspections of and safety programs dairy producers. According to DARD, the increased funding would enable the staff to meet inspection and sampling schedules and reduce wait times for licensing assistance and compliance requirements as the dairy industry expands. During FY 2012-13, GF/GP supported 94.1% of dairy/milk safety expenditures. House rejects. Senate concurs. Conference concurs.	**Gross**	**$3,821,300**	**$600,000**
	Federal	240,600	0
	Restricted	254,400	0
	GF/GP	$3,326,300	$600,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Strategic Growth Initiative (One-Time)	**Gross**	**NA**	**$2,000,000**
Executive includes one-time spending authorization for the Strategic Growth Initiative (SGI) grant program which is intended to increase the economic impact of the food and agriculture industry by removing barriers and leveraging opportunities. The FY 2013-14 DARD budget included $1.0 million in ongoing GF/GP for the SGI within the DARD budget. Additionally, boilerplate Sec. 711(2) authorized DARD to receive and expend funds from the Michigan Economic Development Corporation (MEDC) which committed $2.0 million for the SGI during FY 2013-14. MEDC funds are not anticipated for FY 2014-15. House partly concurs, but reduces spending authorization. Senate concurs. Conference concurs.	GF/GP	NA	$2,000,000
4. Qualified Forest Program	FTE	5.0	0.0
Executive transfers spending authorization for the Qualified Forestry Program (QFP, modified by 2013 PAs 42 through 50) included in 2013 PA 59 as a one-time appropriation to the ongoing baseline. The 5.0 FTEs added by the FY 2013-14 DARD budget for the QFP were filled and work with landowners, local units of government, and conservation districts to verify affidavits, monitor Forestry Management Plans, provide training and outreach, audit property tax receipts, and develop and oversee forestry grants. (See #8 below.) House partly concurs, but subsequently reduces transferred amount. Senate concurs. Conference concurs.	**Gross**	**$200,000**	**$2,300,000**
	IDG/IDT	200,000	0
	GF/GP	$0	$2,300,000
5. Pesticide and Plant Pest Management	FTE	81.0	0.0
Executive transfers spending authorization for the Pesticide and Plant Pest Management Division (PPPM) included in the FY 2013-14 DARD budget as a one-time appropriation, due to insufficient restricted revenue generated by statutory fees and past reductions in General Fund appropriations, to the ongoing baseline. For example, PPPM staff inspects and certifies horticultural and agricultural products for export; during FY 2012-13, PPPM expended $1.0 million to issue 3,822 export certificates while related inspection fees generated $231,750 in revenue. (See #8 below.) House concurs. Senate concurs. Conference concurs.	**Gross**	**$10,996,300**	**$800,000**
	Federal	1,778,500	0
	Private	20,400	0
	Restricted	4,460,800	0
	GF/GP	$4,736,600	$800,000
6. Capital Outlay	**Gross**	**$300,000**	**($300,000)**
Executive eliminates appropriation for DARD acquisition of development rights for unique or critical farmland and open space pursuant to Parts 361 and 362 of 1994 PA 451 because of lack of available revenue from the Agricultural Preservation Fund which is supported with repayment of tax credits at the expiration of development rights agreements. House concurs. Senate concurs. Conference concurs.	Restricted	300,000	(300,000)
7. Align with Available and Appropriate Revenues (Multiple Line Items)	**Gross**	**$2,588,000**	**($269,000)**
Executive increases and decrease spending authorizations, for numerous funds affecting various line items to more accurately reflect available and appropriate revenues; results in a net decrease overall, but a net increase of GF/GP. House partly concurs, but reduces federal spending authorization reduction for Milk Safety and Quality Assurance line item. Senate partly concurs, but reduces federal spending authorization reduction for Milk Safety and Quality Assurance line item. Conference partly concurs, but reduces federal spending authorization reduction for Milk Safety and Quality Assurance and increases federal spending authorization for Emergency Management, Agriculture Development, and Grape and Wine Program line items.	IDG/IDT	210,200	(210,200)
	Federal	1,333,400	79,900
	Private	20,000	0
	Restricted	1,024,400	(758,100)
	GF/GP	$0	$619,400
8. FY 2013-14 One-Time Appropriations (Multiple Line Items)	**Gross**	**$3,400,000**	**($3,400,000)**
Executive eliminates FY 2013-14 one-time appropriations for qualified forest affidavit program ($2.3 million, see #4 above), pesticide and plant pest management ($800,000, see #5 above), and the Ottawa County water resources study ($300,000 GF/GP). House concurs. Senate concurs. Conference concurs.	GF/GP	$3,400,000	($3,400,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. Economic Adjustments (Multiple Line Items)	**Gross**	**NA**	**$347,900**
Executive increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments. House concurs. Senate concurs. Conference concurs.	IDG/IDT	NA	4,000
	Federal	NA	85,400
	Private	NA	1,400
	Restricted	NA	40,600
	GF/GP	NA	$216,500
10. Michigan Agriculture Environmental Assurance Program	FTE	7.0	0.0
House decreases GF/GP spending authorization for the Michigan Agriculture Environmental Assurance Program (MAEAP) in order to achieve the House GF/GP spending target. Senate does not concur. Conference rejects.	**Gross**	**$1,668,800**	**$0**
	Restricted	333,200	0
	GF/GP	$1,335,600	$0
11. Michigan Agriculture Environmental Assurance Program	FTE	NA	0.0
House transfers spending authorization ($2,600,000 from the Freshwater Protection Fund) and staff (8.0 FTEs) from the Environmental Stewardship line item to the Michigan Agriculture Environmental Assurance Program (MAEAP) line item in order to clarify the amount of spending authorization available for the MAEAP. (See boilerplate Sec. 605.) Senate does not concur. Conference concurs.	**Gross**	**NA**	**$0**
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	$0
12. Local Conservation Districts	FTE	NA	0.0
House transfers spending authorization ($2,173,800 in federal and restricted revenues) from the Environmental Stewardship line item to the Local Conservation Districts line item in order to clarify the amount of spending authorization available for local conservation districts. (See boilerplate Sec. 603.) Senate does not concur. Conference concurs.	**Gross**	**NA**	**$0**
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	$0
13. Local Conservation Districts	**Gross**	**$100**	**($100)**
House eliminates the placeholder for the Local Conservation Districts line item. Senate does not concur. Conference concurs.	GF/GP	$100	($100)
14. Shows and Expositions	**Gross**	**NA**	**$50,000**
House includes spending authorization for competitive matching grants for equine, livestock, and other agricultural commodity shows and expositions. (See new boilerplate Sec. 804.) Senate does not concur. Conference concurs.	GF/GP	NA	$50,000
15. Increase Funding for Horse Racing Programs (Multiple Line Items)	**Gross**	**$2,810,600**	**$0**
House increases spending authorization ($1.9 million) for various line items for horse racing purses, supplements, awards, and stakes; increased spending authorization is supported with revenue from the Agriculture Equine Industry Development Fund (AEIDF) and is available because AEIDF spending authorization has been eliminated within the budget for the Michigan Gaming Control Board (MGCB) which regulates the horse racing industry. (See boilerplate Sec. 802.) Senate does not concur. Conference rejects.	Restricted	2,810,600	0
16. Offset Refine Petroleum Fund with GF/GP (Multiple Line Items)	FTE	92.0	0.0
Senate eliminates spending authorization ($3,912,000) from the Refined Petroleum Fund (RPF) throughout the DARD budget and offsets the reduction with equivalent spending authorization from the GF/GP. The RPF is codified within 1994 PA 451 and is supported with revenue generated by the environmental protection regulatory fee imposed on the wholesale transactions of refined petroleum products at 7/8 of a cent per gallon. The Department of Environmental Quality (DEQ) also expends money from the RPF for corrective actions necessary to address releases of refined petroleum products under the Leaking Underground Storage Tank Program and departmental administration. House does not concur. Conference rejects.	**Gross**	**$13,690,700**	**$0**
	IGT/IDT	211,000	0
	Federal	1,471,900	0
	Restricted	8,785,700	0
	GF/GP	$3,222,100	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
17. Engine Oil Inspection and Enforcement Senate transfers spending authorization from the Consumer Protection Program line item ($190,000 GF/GP supported by the offset described in #16) and includes one staff person for a new engine oil inspection program. House does not concur. Conference rejects.	FTE	NA	0.0
	Gross	**NA**	**$0**
	GF/GP	NA	$0
18. Commercial Forestry Audit Program Senate transfers spending authorization from the Consumer Protection Program line item ($62,000 GF/GP supported by the offset described in #16) and increases GF/GP spending authorization ($88,000) for a new commercial forestry audit program which would be implemented via grant funding to a nonprofit organization. (See boilerplate Sec. 609.) House does not concur. Conference concurs in part, but includes increases in GF/GP spending authorization for the entire amount.	**Gross**	**NA**	**$150,000**
	GF/GP	NA	$150,000
19. Farmland and Open Space Preservation Conference transfers excess GF/GP spending authorization ($200,000) from the Unclassified Salaries line item to the Farmland and Open Space Preservation line item and include increases in GF/GP spending authorization for the Farmland and Open Space Preservation line item to provide support for the Farmland Preservation Program in response to declining restricted revenue generated by repayment of certain tax credits under 1974 PA 116 (reduction of $724,500 in restricted spending authorization for FY 2014-15 within #7 above).	FTE	9.0	0.0
	Gross	**$1,300,000**	**$121,700**
	Restricted	1,300,000	0
	GF/GP	$0	$121,700
20. County Fairs Capital Improvement Grants Conference increases spending authorization for capital improvement grants to county fairs administered by DARD under boilerplate Sec. 805.	**Gross**	**$301,600**	**$18,400**
	GF/GP	$301,600	$18,400
21. Muskegon Farmers Market (One-Time) Conference includes one-time spending authorization for a grant to the Muskegon Farmers Market.	**Gross**	**NA**	**$200,000**
	GF/GP	NA	$200,000
22. Ottawa County Agriculture Incubator (One-Time) Conference includes one-time spending authorization for a grant to operate an agriculture incubator in Ottawa County.	**Gross**	**NA**	**$500,000**
	GF/GP	NA	$500,000

Major Boilerplate Changes From FY 2013-14

***Sec. 205. Benchmarks for New Programs or Program Expansions* – NEW**
Requires DARD to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 15-16 budget. House creates. Senate does not concur. Conference concurs with House.

***Sec. 232. Annual Legacy Costs* – NEW**
Identifies annual pension-related and retiree health care legacy costs for DARD pursuant to boilerplate Section 1202 of 2013 PA 59. Executive creates. House concurs. Senate concurs. Conference concurs.

***Sec. 459. Bovine TB (Re)Testing Limitations* – NEW**
Stipulates that the Legislature intends that DARD shall conduct whole herd Bovine TB testing on any one herd within the TB-Free Zone more often than once every four years or retest a herd before all other herds in the same county are tested, subject to specified epidemiological occurrences. House creates. Senate does not concur. Conference concurs with House.

***Sec. 603. Local Conservation Districts Appropriation* – NEW**
Stipulates the allocation of funds to local conservation districts for environmental conservation and protection programs and training and limitations on the use of those funds. House creates. Senate does not concur. Conference concurs with House.

***Sec. 604. Appropriation of Excess Federal Revenues* – NEW**
Authorizes DARD to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature. Conference creates.

Major Boilerplate Changes From FY 2013-14

***Sec. 605. MAEAP Expenditure Limitation* – NEW**
Prohibits expenditures for administration or implementation of the Michigan Agriculture Environmental Assurance Program (MAEAP) in amounts other than the amount appropriated. House creates. Senate does not concur. Conference concurs with House.

***Sec. 609. Commercial Forestry Audit Program* – NEW**
Stipulates legislative intent that DARD provides grant funding to the "Qualified Nonprofit Sustainable Forestry Initiative" to work with public and private forestland owners to conduct site visits and prepare an analysis and audit statewide best management practices for a variety of environmental concerns in collaboration with state departments, universities, and conservation groups. Senate creates. House does not concur. Conference concurs with Senate.

***Sec. 701. Rural Development Value-Added Grant Program* – REVISED**
Requires DARD to establish and administer the Rural Development Value-Added Grant Program and, in collaboration with a joint evaluation committee, award competitive grants to grantees proving a cash match; designates unexpended appropriation as work project and requires semiannual reports to the Legislature. Executive eliminates work project designation for unexpended appropriation and semiannual reporting requirement. House revises to remove interim reporting requirement. Senate revises to specify a $200,000 grant award for the eastern Michigan Food Bank for completion of its "Food Hub" Facility. Conference concurs with Senate.

Sec. 711. Food and Agriculture Industry Growth Initiative
Requires DARD to establish and administer the Food and Agriculture Industry Growth Initiative which shall use a grant process to support efforts to remove barriers and leverage opportunities critical to business development and growth within the state; stipulates that DARD may receive and expend funds received from the Michigan Strategic Fund (MSF) or the Michigan Economic development Corporation (MEDC); requires the Director to establish a consortium of interested parties to develop priorities; requires grantees to identify measurable outcomes; stipulates that a joint evaluation committee selected by the Director shall evaluate grant applications and provide recommendations; and permits DARD to expend appropriation to administer the Initiative. Executive revises to replace reference to the MSF and MEDC with reference to "outside sources". House does not concur. Senate concurs and specifies grant award of $390,000 for a public-private partnership between Michigan Technological University and at least one pulp and paper manufacturer pertaining to combined heat and power co-located with sustainable agricultural food processing operations. Conference concurs with Senate, but reduces specified grant award to $250,000.

***Sec. 802. Agriculture Equine Fund Reduction* – REVISED**
Stipulates that appropriations from the Agriculture Equine Industry Development Fund (AEIDF), with specified exceptions, shall be proportionally reduced if revenues deposited into the AEIDF during the previous fiscal year are lower than the amounts appropriated. House eliminates exception for the racing commission which was eliminated by E.O. 2009-45 and includes exception for DARD administrative expenses. Senate does not concur. Conference revises language to reflect actual DARD practices.

***Sec. 803. Thoroughbred and Standardbred Escrow* – REVISED**
Stipulates that if there is no live thoroughbred race meet during the fiscal year, the thoroughbred purse and program money shall be held in escrow for up to 18 months and that if there is no live thoroughbred race meet in the subsequent year, the purse pool distribution shall be the same as the distribution in the previous year. Executive eliminates. House retains but eliminates language pertaining to purse pool distributions by the Michigan Gaming Control Board (MGCB). Senate eliminates. Conference concurs with House, but expands language to include stipulations for escrowing purse and program money for Standardbred horse racing.

***Sec. 804. Michigan Gaming Control Board Costs* – DELETED**
Requires the Michigan Gaming Control Board (MGCB) to utilize actual expenditure data in determining the actual regulatory costs of conducting horse racing and shall provide that data to the Legislature and stipulates procedures to rectify regulatory costs with a certified horseman's organization funds and future race meets. Executive eliminates. House concurs. Senate retains. Conference concurs with Senate, but adds stipulation that the section is legislative intent.

***Sec. 806. Shows and Expositions Grants* – NEW**
Stipulates that amounts appropriation for shows and expositions are to financially support equine, livestock, and other agricultural commodity expositions in Michigan, specifies procedures for a competitive matching grant program for such financial support, and requires annual report pertaining to grants for shows and expositions. House creates. Senate does not concur. Conference concurs with House.

***Sec. 1002. Capital Outlay Lump-Sum Payments* – DELETED**
Requires DARD to allocate lump-sum payments consistent with statutory provisions and the purposes for which funds are appropriated, addressing priority program and facility needs, and stipulates that the State Budget Director may authorize lump-sum appropriations to be available for no more than three subsequent fiscal years, with remaining appropriations lapsing into the originating funds. Executive eliminates. House concurs. Senate concurs. Conference concurs.

***Sec. 1003. Capital Outlay Carryforward* – DELETED**
Stipulates that the appropriations for capital outlay may be carried forward pursuant to Section 248 of the Management and Budget Act of 1984. Executive eliminates. House concurs. Senate concurs. Conference concurs.

Major Boilerplate Changes From FY 2013-14

Sec. 1101. Food and Agriculture Industry Growth Initiative One-Time Appropriation
Stipulates that the one-time appropriation for the Food and Agriculture Industry Growth Initiative shall be expended in accordance with Section 711. Senate creates. House does not concur. Conference concurs with Senate.

***Sec. 1104. Ottawa County Water Resources Study* – DELETED**
Stipulates that the appropriation for the Ottawa County Water Resources Study shall utilize local partnership with stakeholder groups representing groundwater and public water supplies, delimitates the scope of the study, and requires the findings to be made available to DARD and DEQ. Executive eliminates. House concurs. Senate concurs. Conference concurs.

Various Sections Deleted by Executive, Retained by Conference
Executive eliminates Sections 212, 215, 302, 402, 453, 454, 456, 457, 458, 607, 706, 709, and 801. House retains. Senate retains. Conference retains.

FY 2014-15: DEPARTMENT OF COMMUNITY HEALTH
Summary: Conference Report
Article IV, House Bill 5313 (H-1) CR-1

Analysts: Margaret Alston, Matthew Ellsworth, Susan Frey
Associate Director: Steve Stauff

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$10,056,100	$9,425,900	$9,425,900	$9,425,900	$9,425,900	*($630,200)*	*(6.3)*
Federal	11,620,170,500	11,941,802,500	12,026,645,400	12,046,130,700	12,557,686,100	*937,515,600*	*8.1*
Local	251,820,200	216,656,400	216,656,400	216,656,400	220,102,400	*(31,717,800)*	*(12.6)*
Private	126,342,400	127,056,600	127,056,600	127,056,600	127,056,600	*714,200*	*0.6*
Restricted	2,178,580,800	2,140,657,600	2,048,623,700	2,034,663,400	2,061,403,500	*(117,177,300)*	*(5.4)*
GF/GP	2,747,583,600	2,938,968,800	3,036,792,800	3,058,969,100	3,239,701,400	*492,117,800*	*17.9*
Gross	**$16,934,553,600**	**$17,374,567,800**	**$17,465,200,800**	**$17,492,902,100**	**$18,215,375,900**	***$1,280,822,300***	***7.6***
FTEs	3,591.6	3,654.1	3,654.1	3,651.1	3,654.1	*62.5*	*1.7*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) FY 2013-14 Year-to-date figures include appropriation adjustments in 2013, PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

Overview

The Department of Community Health budget provides funding for a wide range of programs and services which includes behavioral health (mental health and substance use disorder), public health, and medical services programs, including Medicaid. Established in 1996, the Department also includes the Office of Services to the Aging, the Crime Victim Services Commission, and health policy.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Medicaid Cost Increases	**Gross**	**$12,525,311,200**	**$83,158,400**
The Executive's Medicaid program cost adjustments include a FY 2014-15 increase of $83.2 million Gross ($103.0 million GF/GP) for caseload, utilization, and inflation adjustments in Medical Services, Behavioral Health Services, Children's Special Health Care Services, and the Federal Medicare Pharmaceutical program. It includes a FY 2014-15 FMAP adjustment of $249,000 Gross ($79.7 million GF/GP; reduction of $83.5 million Federal). The House and Senate concur, and Conference reflects the adjustments.	IDG	6,194,900	143,700
	Federal	8,502,877,500	(24,014,300)
	Local	45,970,200	501,600
	Restricted	1,892,460,100	3,484,800
	Private	2,100,000	0
	Merit Awd	81,766,000	0
	GF/GP	$1,993,942,500	$103,042,600
2. Healthy Michigan Plan	FTE	0.0	36.0
The Executive recommendation includes an increase of $625.3 million Gross (reduction of $79.6 million GF/GP) for a full-year of Healthy Michigan Plan implementation. The adjustments reflect changes in Behavioral Health Services, Medical Services Administration, and Medical Services. In Medical Services, the Plan First Family Planning Waiver and Medicaid Adult Benefits Waiver lines are zeroed out and removed. The Medicaid Adult Benefits Waiver line is also zeroed out and removed in Behavioral Health Services. Includes an increase of 36.0 FTEs for administration of the expanded program. The House and Senate concur, and Conference reflects the same.	**Gross**	**$1,549,115,700**	**$625,348,100**
	Federal	1,704,523,500	697,883,600
	Restricted	13,145,000	7,058,700
	GF/GP	($168,552,800)	($79,594,200)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Family Support Subsidy Program	**Gross**	**$19,364,900**	**($1,215,000)**
The Executive proposes a $1.2 million reduction in TANF revenue supporting the Family Support Subsidy Program anticipating a projected decrease of (0.3%) over the FY 2013-14 appropriated level and an average caseload of 6,809. The program provides $222.11 monthly payment to income-eligible families with a child under 18 living at home who is severely mentally impaired, severely multiply impaired, or autistic. The House, Senate, and Conference concur.	TANF	19,364,900	(1,215,000)
	GF/GP	$0	$0
4. Mental Health Jail Diversion Council	FTE	1.0	0.0
The Executive adds $3.4 million GF/GP to support recommendations of the Mental Health Diversion Council. In accordance with Executive Order 2013-7, the Council was charged with the responsibility of implementing an action plan that improves upon efforts to divert individuals with mental illness and developmental disabilities from the criminal justice system to appropriate treatment. Additional funding of $2.7 million GF/GP is included in the Department of Corrections and Judiciary budgets. The House concurs. Section 495 is related boilerplate language. The Senate does not concur and adds a $100 GF/GP placeholder. The Conference concurs with the House.	**Gross**	**$1,630,000**	**$3,350,000**
	GF/GP	$1,630,000	$3,350,000
5. Mental Health and Wellness Commission	**Gross**	**NA**	**$36,525,000**
The Executive adds new ongoing funds of $10.6 million GF/GP and one-time funds of $5.0 million GF/GP for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 Report. In accordance with Executive Order 2013-6, the Commission was required to make recommendations addressing gaps in the delivery of mental health services and propose new models to strengthen the delivery system in the state. The House concurs and, as a technical adjustment, adds an additional $22.2 million in federal funds. The Senate does not concur and adds a $200 GF/GP placeholder for ongoing and one-time funding. For ongoing funds, the Conference does not concur with the House or Senate and reduces funds by $1.3 million GF/GP. For one-time funds, the Conference concurs with the House.	Federal	NA	22,205,000
	GF/GP	NA	$14,320,000
6. Actuarially Sound Capitation Payment Rates Adjustment	**Gross**	**$6,945,303,500**	**$121,901,200**
The Executive proposes a capitation payment rate increase of 2.5% for Health Plans and 1.5% for Prepaid Inpatient Health Plans (PIHPs) to comply with federal requirements that rates for these managed care entities are actuarially sound in FY 2014-15. This adjustment results in an additional $121.9 million Gross ($42.0 million GF/GP) for the Medicaid Mental Health Services, Medicaid Substance Use Disorder Services, and Health Plan Services line items. The House concurs. The Senate concurs and also adds a $200 GF/GP placeholder. The Conference concurs with the House.	IDG	2,925,900	0
	Federal	4,732,604,900	79,894,100
	Restricted	1,318,458,800	0
	Local	39,086,400	0
	GF/GP	$852,227,500	$42,007,100
7. Community Mental Health (CMH) Non-Medicaid Services	**Gross**	**$130,757,600**	**$16,036,000**
The Executive increases the funding for the CMH Non-Medicaid Services line item by $8.0 million GF/GP to reflect a revision in the savings that will be achieved in FY 2013-14 due to implementation of the Healthy Michigan Plan on April 1, 2014 and annualizes those savings in FY 2014-15. The House concurs. The Senate concurs and also adds an additional $4,821,300 GF/GP. The Conference concurs with the House. Section 506 is related boilerplate language.	GF/GP	$130,757,600	$16,036,000
8. Healthy Michigan Plan – Behavioral Health	**Gross**	**$288,646,900**	**$38,813,700**
As technical adjustments to the Executive, the House does not reduce funding for the Healthy Michigan Plan – Behavioral Health line item by $16.0 million (all federal Medicaid revenue), in conjunction with, recognizing an annualized FY2013-14 revised savings estimate of $16.0 million for the CMH Non-Medicaid Services line Item. In addition, the House, Senate and Conference increase the federal Medicaid revenue supporting this line item by $38.8 million to reflect estimated expenditures consistent with an actuarial analysis.	Federal	288,646,900	38,813,700
	GF/GP	$0	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. Fetal Alcohol Syndrome Services	**Gross**	**NA**	**$0**
The Senate adds a $100 GF/GP placeholder for fetal alcohol syndrome services. The House and Conference do not concur.	GF/GP	NA	$0
10. Mental Health Services for Special Populations	**Gross**	**NA**	**$0**
The Senate adds a $100 GF/GP placeholder for an additional increase in funding for mental health services for special populations. The House and Conference do not concur.	GF/GP	NA	$0
11. Anti-Human Trafficking Efforts	**Gross**	**NA**	**$200,000**
As part of the Leadership Target Agreement, the Conference includes $200,000 GF/GP for a new line item to support efforts to combat human trafficking in Michigan.	GF/GP	NA	$200,000
12. Healthy Kids Dental Computer Program	**Gross**	**NA**	**$3,000,000**
As part of the Leadership Target Agreement, the Conference includes one-time only funds of $3,000,000 Gross ($300,000 GF/GP) to enable the DCH to update the Medicaid computer system so that the Healthy Kids Dental program could be expanded by zip code rather than by only county.	Federal	NA	2,700,000
	GF/GP	NA	$300,000
13. Diabetes Prevention	**Gross**	**$650,000**	**$150,000**
The House provides an increase of $150,000 GF/GP for diabetes prevention projects, as supported by Health and Wellness Initiatives line item funding. The Senate provides a $150,100 GF/GP increase. The Conference concurs with the House. Diabetes prevention is also funded at $1.9 million in the Diabetes and Kidney Program line item.	GF/GP	$650,000	$150,000
14. Breast Cancer Screening and Services	**Gross**	**$0**	**$500,000**
The Senate provides funding of $1.0 million GF/GP for breast cancer screening and services, as supported by Health and Wellness Initiatives line item funding. The House does not include. The Conference provides funding of $500,000 GF/GP. Cancer prevention is also funded at $15.0 million in the Cancer Prevention and Control Program line item.	GF/GP	$0	$500,000
15. Children's Before- and After-School Healthy Exercise Program	**Gross**	**$1,000,000**	**$0**
The Senate reduces funding by $500,000 GF/GP for the children's before- and after-school healthy exercise program in the Health and Wellness Initiatives line item. The House maintains current year spending. The Conference concurs with the House. The program has been funded since FY 2012-13. See also related Section 654 below.	GF/GP	$1,000,000	$0
16. Immunization Registry	**Gross**	**$2,098,800**	**$0**
The Executive includes an $89,300 GF/GP increase in funding for the Michigan Care Improvement immunization Registry (MCIR). The increase is reflected in the FY 2013-14 YTD amount shown, as appropriated in supplemental Act 102 of 2013. This restores the ongoing budget for MCIR to the FY 2012-13 funding level. The House, Senate, and Conference concur.	GF/GP	$2,098,800	$0
17. Emergency Medical Services (EMS) Program	FTE	23.0	0.0
The Executive provides $1.0 million GF/GP to replace unrealized state restricted fee revenue from EMS licensure fee increases budgeted in FY 2013-14 that were not subsequently enacted in statute. The House, Senate, and Conference concur.	**Gross**	**$6,187,400**	**$0**
	Federal	908,900	0
	Restricted	4,887,800	(1,006,100)
	GF/GP	$390,700	$1,006,100
18. Statewide Trauma System – One-Time Funding	**Gross**	**$3,500,000**	**$1,300,000**
The Senate includes a $100 placeholder for increased funding for the statewide trauma system, and adds Section 720 to direct funding to statewide systems for trauma, stroke, ST segment elevation myocardial infarction, perinatal, and other time-dependent systems of care. The House does not include. As part of the Leadership Target Agreement, the Conference provides $1.3 million GF/GP as one-time funding and moves related boilerplate to Section 1904.	Restricted	3,500,000	0
	GF/GP	$0	$1,300,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
19. Michigan Essential Health Provider Loan Repayment Program The Senate provides an increase of $500,000 GF/GP for the State Loan Repayment Program. Primary care providers practice in health resource shortage areas in exchange for assistance with repayment of medical education loans. The House does not include. The Senate and House concur with the Executive recognizing increased private matching funds revenue of $600,000 for the program. The Conference concurs with the Senate.	**Gross** Federal Private GF/GP	**$2,491,300** 1,236,300 255,000 $1,000,000	**$1,100,000** 0 600,000 $500,000
20. Island Health Clinics The Executive transfers $325,000 GF/GP for primary care services at island health clinics from a one-time appropriation line item into the existing Primary Care Services line item to establish the funding as ongoing. The House, Senate, and Conference concur.	**Gross** GF/GP	**$325,000** $325,000	**$0** $0
21. Rural Health Care The Senate and House provide increased funding of $24,000 GF/GP for rural health services, as contracted through Michigan Center for Rural Health. The Conference concurs.	**Gross** Federal GF/GP	**$1,531,500** 1,380,500 $151,000	**$24,000** 0 $24,000
22. Essential Local Public Health Services The House provides a $1.5 million GF/GP funding increase for essential local public health services provided pursuant to the Public Health Code, including immunization, infectious disease control, sexually transmitted disease control, hearing and vision screening for children, food protection, public water and private groundwater supplies, and on-site sewage management. The Senate includes a $100 placeholder for increased funding for this program. The Conference concurs with the House.	**Gross** Local GF/GP	**$39,386,100** 5,150,000 $34,236,100	**$1,500,000** 0 $1,500,000
23. Alzheimer's Disease Pilot Programs The House provides $150,000 GF/GP for a pilot program in 3 counties of in-home support and care services for persons with Alzheimer's Disease, to extend the period that a person can remain at home delaying residential long term care services, and includes evaluation. The Senate provides $150,100 for this pilot, and new related Section 1001 boilerplate. The Conference provides funding of $150,000 GF/GP and includes Section 1001. The Senate also provides a $100 placeholder for a new pilot program in Branch County for Alzheimer's Disease services which the Conference does not concur with.	**Gross** GF/GP	**$0** $0	**$150,000** $150,000
24. Lead Hazard Remediation and Abatement The Senate provides a $100 placeholder for a funding increase for lead abatement in the Healthy Homes line item. The House does not include. The Conference provides $500,000 GF/GP of additional funding for the program and directs it to be used for abatement of homes, revising related Section 851.	**Gross** Federal Private Restricted GF/GP	**$4,212,400** 2,175,900 76,400 710,100 $1,250,000	**$500,000** 0 0 0 $500,000
25. Smoking Prevention, and Pain Syndrome Education/Workgroup The Senate provides $100 placeholders for a funding increase for smoking prevention programs for pregnant women, and for new funding for a pain syndrome education and workgroup (PA 678 of 2006). The House does not include. The Conference concurs with the House.	**Gross** GF/GP	**NA** NA	**$0** $0
26. Bone Marrow Donor Registry Tissue Typing – One-Time Funding The Senate provides $250,000 GF/GP for tissue typing expenses associated with a bone marrow donor registry "Be the Match" program, and new related Section 1141 boilerplate. The House does not include. As part of the Leadership Target Agreement, the Conference concurs with the Senate, but includes as one-time funding and moves related boilerplate to Section 1905.	**Gross** GF/GP	**$0** $0	**$250,000** $250,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
27. Maternal, Infant, and Child Home Visiting Care Programs The Executive increases FTEs and funding to expand home visiting programs for at-risk families including: a) 7.0 FTEs and $6.0 million of increased funds from federal maternal, infant, and early childhood home visiting program grants, and b) 2.0 FTEs and $2.5 million GF/GP to expand home visit programs in rural northern Michigan and the Upper Peninsula for families with children, during pregnancy to age 5. The House and Senate concur, but use federal TANF funds rather than GF/GP for the $2.5 million expansion for which the Senate also adds related new Section 1140. The Conference concurs with the Executive, but at $2.25 million GF/GP for item b), and includes Section 1140 with revisions. The Senate also provides a $100 placeholder for a funding increase for evidence-based home visiting program support outlined in Section 1137, which the Conference does not concur with.	FTE	0.0	9.0
	Gross	**$8,601,400**	**$8,276,300**
	Federal	6,601,400	6,026,300
	TANF	0	0
	GF/GP	$2,000,000	$2,250,000
28. Alternative Pregnancy and Parenting Support Program The Senate provides an increase of $1.5 million GF/GP for the alternative pregnancy and parenting support services program outlined in Section 1136. The House provides an increase of $800,000 GF/GP for the program and modifies related Section 1136. The Conference provides increased funding of $100,000 GF/GP for the program and modifies related Section 1136.	**Gross**	**$700,000**	**$100,000**
	GF/GP	$700,000	$100,000
29. Autism - University and Assistance Programs – One-Time Funding The Executive increases one-time funding for university autism centers and services by $1.0 million GF/GP and revises grants from 4 universities to 3 universities. Ongoing funding of $500,000 to Eastern Michigan University is retained and moved from maternal and child health special projects to behavioral health administration in the budget. The House reduces one-time funding by $500,000, revises grants to 3 universities, updates related boilerplate Section 1902; and concurs with the move of the ongoing funds. The Senate concurs with the Executive, and also restores one-time grants of $500,000 GF/GP each to 2 universities, adds $1.5 million GF/GP of one-time funding to the Autism Alliance for assistance to families in choosing treatment and services, and modifies Section 1902 related boilerplate for the one-time funding. The Conference, as part of the Leadership Target Agreement, concurs with the Senate and also provides an additional $3.0 million to Western Michigan University; funding for the two $500,000 university grants, the Autism Alliance assistance to families, and the WMU increase is from the Autism Coverage Fund; one-time funding is in two line items. Related Section 1902 is modified.	**Gross**	**$2,000,000**	**$8,500,000**
	Autism CF	0	5,500,000
	GF/GP	$2,000,000	$3,000,000
30. Child and Adolescent Health Care Pilot – One-Time Funding The Executive provides new one-time funds of $2.0 million GF/GP for a child and adolescent health services pilot, for nursing and behavioral health care in schools provided by mobile health professional teams. The House and Senate concur, but use federal TANF funds rather than GF/GP. The Conference concurs with the Executive.	**Gross**	**$0**	**$2,000,000**
	TANF	0	0
	GF/GP	$0	$2,000,000
31. Pay for Success for Maternal & Child Programs – One-Time Funding As part of the Leadership Target Agreement, the Conference provides $1.5 million GF/GP for a new Pay for Success Contracts pilot program, with related boilerplate Section 1906, intended to provide services, improve outcomes and lower service costs using vendor payment following demonstrated performance and savings. The pilot will focus on home visit programs for mothers and infants, and wraparound/multi-partner community and school-based services in high risk neighborhoods.	**Gross**	**$0**	**$1,500,000**
	GF/GP	$0	$1,500,000
32. Crime Victim Services The Executive increases funding by $1.0 million for grants to county prosecutors for training and services for crime victims, with state restricted Crime Victim's Rights Fund monies. Also recognizes federal Victims of Crime Act (VOCA) grant reductions of $4.1 million for services to crime victims, and $700,000 for victim compensation. The House, Senate, and Conference concur.	FTE	13.0	0.0
	Gross	**$37,775,200**	**($3,806,100)**
	Federal	23,494,800	(4,806,100)
	Restricted	14,280,400	1,000,000
	GF/GP	$0	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
33. Senior Services Expansion and Fund Shift	FTE	40.0	0.0
The Executive provides an additional $6.0 million GF/GP to increase services for Michigan seniors and eliminate waiting lists, including: $1.0 million to address elder abuse prevention supporting legislation enacted in 2012, $3.2 million for in-home services, and $1.8 million for home-delivered meals. Also provides $400,000 GF/GP for respite care program to replace a $400,000 shortfall of state restricted funds from the Senior Care Respite Fund. Net reduction of $661,500 for federal grants is also shown. The House, Senate, and Conference concur.	**Gross**	**$94,081,600**	**$5,338,500**
	Federal	58,154,600	(661,500)
	Private	677,500	0
	Merit Awd	4,068,700	0
	Restricted	1,800,000	(400,000)
	GF/GP	$29,380,800	$6,400,000
34. Senior Olympics – One-Time Funding	**Gross**	**$0**	**$100,000**
As part of the Leadership Target Agreement, the Conference provides new funding of $100,000 GF/GP for the Senior Olympics. This program has been funded occasionally in past fiscal years.	GF/GP	$0	$100,000
35. Health Insurance Claims Assessment (HICA)	**Gross**	**$420,203,700**	**$580,095,500**
The Executive maintains $420.2 million in state restricted HICA revenue, and assumes that the $110.0 million shortfall will be resolved through an unspecified legislative action. The Senate and House reduce state restricted HICA revenue by $110.0 million and replace it with a like amount of GF/GP to address the shortfall. Conference addresses the shortfall by incorporating budgetary adjustments stemming from SBs 893 and 913 of 2014, which (a) reinstate the 6% Use Tax on services provided by Medicaid managed care entities and (b) reduce the HICA rate by 0.25% to 0.75%.	Federal	0	429,558,300
	Restricted	420,203,700	(187,550,900)
	GF/GP	$0	$338,088,100
36. Special Rural Hospital Payments	**Gross**	**$35,629,500**	**$0**
The Executive includes a reduction of $35.6 million Gross ($12.0 million GF/GP) for full elimination of rural hospital payments. The House replaces GF/GP with hospital QAAP revenue to allow the payments to continue in the same gross amount. The Senate continues rural hospital payments in the current year amounts. Conference concurs with the Senate.	Federal	23,629,500	0
	Restricted	0	0
	GF/GP	$12,000,000	$0
37. Primary Care Rate Increase – Partial Continuation	**Gross**	**$156,333,300**	**($83,785,400)**
The Executive partially continues a rate increase for primary care providers that was initially introduced in 2013. The rate increase was included temporarily with 100% federal funds from the Affordable Care Act. Full federal payment of the increased rate continues through calendar year 2014, after which states have the option to continue the higher rate at the regular FMAP. The Executive continues the higher rate with $75.4 million Gross ($26.0 million GF/GP) on an ongoing basis. The Senate concurs with the Executive. The House continues the increase with $62.1 million Gross ($21.4 million GF/GP). Conference continues the rate with $72.5 million Gross ($25.0 million GF/GP).	Federal	156,333,300	(108,785,400)
	GF/GP	$0	$25,000,000
38. Other Provider Rate Increases	**Gross**	**NA**	**$15,192,800**
The Senate proposes rate increases in the amount of $21.7 million Gross ($7.5 million GF/GP) for the following services: OB/GYN, personal care, ambulance, dialysis, and hospice. The House does not concur. Conference includes increases in the amount of $15.2 million Gross ($5.2 million GF/GP) for OB/GYN, personal care, and dialysis services.	Federal	NA	9,957,300
	GF/GP	NA	$5,235,500
39. Graduate Medical Education (GME)	**Gross**	**$4,314,200**	**$0**
The Executive removes $4.3 million Gross ($1.4 GF/GP) in one-time GME funding. The House continues one-time funding for GME at $2,901,900 Gross ($1,000,000 GF/GP), contingent on meeting the conditions in boilerplate section 1903. The Senate continues one-time GME funding at current year levels. Conference continues funding at current year levels, and moves the full amount from one-time to ongoing in the Hospital Services and Therapy line. (Conference removes related boilerplate section 1740 and 1903, and modifies sections 1846 and 1870).	Federal	2,864,200	0
	GF/GP	$1,450,000	$0
40. Roads and Risks Reserve Funds	**Gross**	**NA**	**$0**
Conference includes a fund shift of $60.9 million from GF/GP to the Roads and Risks Reserve (RRR) fund in the Health Plan Services line.	RRR	NA	60,900,000
	GF/GP	NA	($60,900,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
41. Affordable Care Act Insurance Fee Reserve	**Gross**	**NA**	**$87,057,500**
Conference provides $87.1 million Gross ($30.0 million GF/GP) to hold Medicaid health plans harmless for the insurance provider's fee included in the Affordable Care Act. The amount of the federal fee is not yet finalized, so the funds are appropriated in a new Health Insurer Fee Reserve Fund line that is available only as outlined in boilerplate Sec.1765.	Federal	NA	57,057,500
	GF/GP	NA	$30,000,000
42. Economic Adjustments	**Gross**	**NA**	**$8,789,500**
The Executive proposes a net increase of $8.8 million Gross ($3.2 million GF/GP) for negotiated salary and wage increase (2.0% ongoing increase plus 0.5% lump sum increase), actuarially-required retirement rate increases, and economic adjustments for worker's compensation, building occupancy, and rent. The House, Senate, and Conference concur.	IDG	NA	27,900
	Federal	NA	2,042,100
	Restricted	NA	452,700
	Local	NA	3,018,400
	Private	NA	4,200
	GF/GP	NA	$3,244,200

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

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

House adds new section that requires the following of DCH: report on a list of specific benchmarks intended to measure the performance or return on taxpayer investment of funds appropriated for a new program or program increase and its associated expenditures by November 1, 2014; and provide an update on the progress of the program and the status of expenditures for the program as measured by those benchmarks by March 1, 2015. Also, expresses Legislature's intent that, beginning with the FY 2015-16 budget, any proposal for a new program or spending increase on existing programs initiated by the Executive or Legislature include a specific list of benchmarks intended to measure the performance or return on taxpayer investment of the program or spending increase. Senate does not include new section. Conference revises the House language in which the DCH is required to identify specific benchmarks intended to measure the performance or return on taxpayer investment for each new program or program exceeding a Part 1 appropriation of $500,000.

***Sec. 252. Appropriations for Healthy Michigan Plan* – NEW**

Senate adds new language specifying that Part 1 appropriations for the Healthy Michigan Plan (HMP) are contingent upon 2013 PA 107 not being amended, repealed, or otherwise altered to eliminate the HMP. Also specifies that if those actions occur, the remaining funds in the HMP are to be used only to pay previously incurred costs. House does not include new section. Conference concurs with the Senate.

***Sec. 282. Uniform Definitions for Administrative Costs/Performance Metrics for Contracts* – REVISED**

Requires DCH to establish, among other things, uniform definitions for the reporting of administrative costs by coordinating agencies on substance abuse, Salvation Army Harbor Light, and area agencies on aging and local providers. Executive deletes current law. House revises language in which the Department is required to work with the Department of Technology, Management, and Budget to establish an automated annual metric collection, validation, and reporting process for contracts via the state's e-procurement system. Requires DCH to report the status of this work and a project plan by October 1, 2014. Also, requires the Department to provide a June 30, 2015 report that presents performance metrics on all new or existing contracts at renewal of $1.0 million or more funded with state general fund/general purpose or state restricted resources. The performance metrics must include, at a minimum, service delivery volumes and provider or beneficiary outcomes. Senate does not revise section as proposed by the House and modifies current law. Conference revises the House language in which DCH is required to report the status of project by November 1, 2014 and May 1, 2015. Also, the automated system must generate a report by June 30, 2016.

***Sec. 288. Limits Administrative Component of New Contracts* – NEW**

House adds new section requiring that no less than 90% of a new department contract supported solely from state restricted or general funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services. Senate does not include new section. Conference revises the House language in which the limitation applies to services after the first year of the contract and DCH is allowed to make exceptions to the limitation.

***Sec. 297. Legacy Costs* – NEW**

Executive adds new section specifying that the total authorized appropriations for FY 2014-15 legacy costs are $89,124,600 in which the pension-related legacy costs are estimated at $49,676,000 and the retiree health care legacy costs are estimated at $39,448,600. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

BEHAVIORAL HEALTH SERVICES

***Sec. 403. Mental Health Services for Special Populations* – REVISED**

Requires DCH to ensure CMHSPs or PIHPs meet with multicultural service providers to develop a workable framework for contracting, service delivery, and reimbursement. Executive revises language in which the Department is required to competitively award grants for mental health services for special populations and ensure each contractor comply with performance-related metrics to maintain their eligibility for funding. Also, specifies that the state will not be held liable for any spending above the contract amount. House concurs. Senate maintains current law. Conference revises the House language in which DCH is permitted to require each contractor to provide data and information on performance-related metrics.

***Sec. 502. Fetal Alcohol Syndrome Services* – REVISED**

Requires the Department to explore developing an outreach program on fetal alcohol syndrome services and report on efforts to prevent, combat, and reduce the incidence of fetal alcohol syndrome. Executive deletes current law. House adds new subsection requiring the DCH to explore federal grant funding to address prevention services for fetal alcohol syndrome and reduce alcohol consumption among pregnant women. Also, requires the DCH to submit a progress report by April 1, 2015. Senate revises current law in which DCH is required to continue developing an outreach program on fetal alcohol syndrome services. Conference concurs with the House and also requires DCH to continue developing an outreach program.

***Sec. 506. Report on CMH Non-Medicaid Services Expenditures* – NEW**

Conference adds a new provision that requires the DCH to provide the most recent cost data information submitted by the CMHSPs on how CMH non-Medicaid services funding were expended by each CMHSP. Requires the information to include general fund/general purpose costs for administration, prevention, jail diversion and treatment services, MIChild program, children's waiver home care program, children with serious emotional disturbance waiver program, services provided to individuals with mental illness and developmental disabilities who are not eligible for Medicaid, and the Medicaid spend down population.

PUBLIC HEALTH ADMINISTRATION

***Sec. 654. Before- and After-School Healthy Exercise Program* – REVISED**

Allocates $1.0 million for a pilot before- and after-school healthy exercise program for children kindergarten through grade 6. Department shall incorporate evidence-based best practices for program model and guidelines. Program goals for participating children are indicated and a 20% match is required of grantees. Department shall seek third party financial support for program. The House revises to a school children's healthy exercise program through grade 8, and no less than ½ of the funds shall be granted for before- and after-school programs. The Senate revises $1.0 million to $500,000 related to a Part 1 change. The Conference concurs with the House.

HEALTH POLICY

***Sec. 712. Free Health Clinic Funding* – CURRENT LAW**

Allocates $250,000 to free health clinics from the funds appropriated for primary care services, to be distributed equally to each free health clinic. Defines free health clinic. Executive deletes. House, Senate, and Conference do not concur.

EPIDEMIOLOGY AND INFECTIOUS DISEASE

***Sec. 852. Childhood and Adolescent Immunization Rates* - NEW**

Senate adds new Section 251 requiring the Department to develop a plan designed to improve Michigan's childhood and adolescent immunization rates. House does not include. Conference concurs with the Senate, but includes as Section 852.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

***Sec. 1103. Sexual and Maternal Health Expenditure and Demographics Report* – CURRENT LAW**

Requires DCH to annually report an estimate of public funds administered by the department for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births, and to report demographics collected by DCH that are voluntarily self-reported by individuals utilizing those services. Executive deletes. House concurs. Senate does not concur. Conference concurs with the Senate and includes Section 1103.

***Sec. 1108. Prohibit Use of Pregnancy Prevention Funds for Abortion Counseling, Referrals, Services* – REVISED**
***and Sec. 1119. No Use of Funds to Encourage or Support Abortion Services* – DELETED**

Executive revises section 1108 to add family planning agreements, and deletes section 1119. House combines sections 1108 and 1119 as a revised section 1108, and deletes section 1119. The revised House language states that DCH shall not use state restricted or GF/GP funds appropriated in the family planning local agreements or pregnancy prevention program line items for abortion counseling, referrals, or services. Senate makes no changes to current law for Sections 1108 and 1119. Conference concurs with the House.

***Sec. 1135. School Health Education Curriculum* – DELETED**

Establishes that if funds become available, provision of a school health education curriculum shall be in accordance with goals of the Michigan Model for Comprehensive School Health Education State Steering Committee; establishes steering committee membership; and requires curriculum materials be made available upon request. Executive deletes. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

***Sec. 1139. Housing Rehabilitation and Hazard Abatement Program Task Force* – NEW**
Senate adds new section requiring DCH to establish a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies, in collaboration with Department of Human Services and the Michigan State Housing Development Authority; establishes task force membership; and requires a report by March 1, 2015 of recommendations for integrating and coordinating projects to maximize resources while serving more families and achieving better outcomes. House does not include. Conference concurs with the Senate.

WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM
***Sec. 1151. Report on Access and Savings Regarding Generic Peanut Butter Purchasing Requirement* – NEW**
Senate adds new Section 253 provision requiring the Department to provide a cost-benefit analysis of implementing the generic peanut butter purchasing requirement within the Women, Infants, and Children Supplemental Food and Nutrition (WIC) program. House does not include. Conference revises to require a report to the Legislature by January 1, 2015 on the number of complaints received regarding access to generic peanut butter by county, and the savings gained, from recent implementation of the WIC generic peanut butter purchasing requirement modifications.

CRIME VICTIM SERVICES COMMISSION
***Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs* – CURRENT LAW**
Allocates up to $200,000 of justice assistance grants line item funds for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for prosecution of sexual assault. Funds to be used for program coordination and training. Executive deletes. House, Senate, and Conference do not concur.

MEDICAL SERVICES
***Sec. 1503. Healthy Michigan Plan Administration* – NEW**
The House proposal adds a new section requiring the department to establish an accounting structure in the state system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan. The Senate concurs. Conference includes Sec. 1503.

***Sec. 1765. Health Insurer Fee Reserve Fund* - NEW**
Conference creates the Health Insurer Fee Reserve fund, consisting of GF/GP and associated federal match appropriated to the new Health Insurer Fee Reserve Fund line. The funding is intended to hold Medicaid health plans harmless for the impact of the federal insurance provider's fee created by the Affordable Care Act. Funds will be available after (1) the Internal Revenue Service finalizes the 2015 percent assessment fee rate and (2) the state budget director approves the amount of reimbursement from the fund.

***Sec. 1815. Capitation Withhold Limitation* – CURRENT LAW**
This section limits capitation withholds for managed care plans at 0.19%. The Executive recommends removing the cap. The House concurs. The Senate does not concur. Conference retains the language.

***Sec. 1846 and 1870. Graduate Medical Education* – REVISED**
Conference modifies these sections, which (1) emphasize disciplines that are necessary to meet the needs of the state, (b) establish the MIDocs consortium. The purpose of MIDocs is to develop freestanding residency training programs in primary care and other ambulatory care-based specialties.

***Sec. 1861. Nonemergency Medical Transportation* – REVISED**
This section requires the department to report on the pilot program for non-emergency medical transportation in southeast Michigan. The Executive recommends deletion. The House proposal continues the reporting requirement, but broadens the scope of review to include the efficiency and effectiveness of the nonemergency transportation system, with acknowledgement that the review may be limited based on available data for services provided outside of DCH or its contractor. Accompanying language is proposed for the Department of Human Services (DHS), requiring DHS to provide DCH with data on methods of travel, number of people served, travel distances, number of trips, and trip costs. Adds a subsection requiring a new nonemergency pilot in at least two counties, with priority given to Berrien and Muskegon counties. The Senate concurs with the House. Conference includes the House and Senate version.

***Sec. 1866. Rural Hospital Payments* – CURRENT LAW**
This section earmarks an amount of the Part 1 appropriation for special rural hospital payments, and establishes parameters for eligibility, disbursement, and reporting. The Executive recommends deletion. The House proposal changes the source of the state share from GF/GP to hospital quality assurance assessment program (QAAP) revenue to continue rural hospital payments in the same gross amount, and retains language regarding eligibility, disbursement, and reporting. The Senate retains current language, as does Conference.

FY 2014-15: DEPARTMENT OF CORRECTIONS
Summary: Conference Report
Article V, House Bill 5313 (H-1) CR-1

Analyst: Robin R. Risko

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* Amount	%
IDG/IDT	$1,109,600	$225,000	$225,000	$225,000	$225,000	($884,600)	(79.7)
Federal	8,852,500	5,081,000	5,081,000	4,832,200	5,081,000	(3,771,500)	(42.6)
Local	8,392,800	8,547,700	8,547,700	8,547,700	8,547,700	154,900	1.8
Private	0	0	0	0	0	0	--
Restricted	56,026,100	45,869,600	45,869,600	39,720,900	45,869,600	(10,156,500)	(18.1)
GF/GP	1,958,053,600	1,990,198,400	1,975,198,400	1,972,575,800	1,980,798,400	22,744,800	1.2
Gross	**$2,032,434,600**	**$2,049,921,700**	**$2,034,921,700**	**$2,025,901,600**	**$2,040,521,700**	**$8,087,100**	**0.4**
FTEs	14,559.6	14,195.3	14,195.3	14,086.8	14,195.3	(364.3)	(2.5)

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2013-14 year-to-date figures include appropriation adjustments in 2013 PA 102, and 2013 PA 107 for Medicaid Reform/Healthy Michigan Plan effective March 14, 2014, but based on the waiver, implemented on April 1, 2014.

Overview

The Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of April 30, 2014, the department was responsible for 108,340 Michigan offenders: 43,438 prisoners, 47,006 probationers, and 17,896 parolees.

NOTE: Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Healthy Michigan Plan Savings	**Gross**	**NA**	**$5,131,400**
Executive reflects a net positive adjustment of $5.1 million GF/GP related to implementation of the Healthy Michigan Plan under the Affordable Care Act. A three-quarter year savings of $24.2 million GF/GP was built into the FY 2013-14 budget through Public Act 107 of 2013. It has since been determined that certain costs relative to treatment of sex offender and substance abuse disorders will not be eligible for Medicaid reimbursement, which requires a portion of the savings originally taken to be restored. Full-year savings in FY 2014-15 are estimated to be $19.1 million GF/GP. House concurs. Senate concurs. Conference concurs.	GF/GP	NA	$5,131,400
2. Healthy Michigan Plan Administrative Costs	FTE	NA	6.0
Executive includes FTE authorization and $1.1 million Gross, $830,900 GF/GP, to cover the administrative costs of implementing the Healthy Michigan Plan. Administrative costs are currently paid for from the DCH budget. The Department of Corrections will pay DHS via an IDG for staff who handle eligibility determination and enrollment ($497,600), and will pay for MDOC staff who handle discharge planning ($475,000) and oversight functions ($107,100). House concurs. Senate does not include. Conference concurs with Executive/House.	**Gross**	**NA**	**$1,079,700**
	Federal	NA	248,800
	GF/GP	NA	$830,900
3. Food Service Legacy Costs	**Gross**	**NA**	**($8,167,100)**
Executive reflects a reduction of $8.2 million GF/GP as a result of privatizing food service operations and removing legacy payroll costs associated with former MDOC food service employees. House concurs. Senate concurs. Conference concurs.	GF/GP	NA	($8,167,100)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. Neal Settlement	**Gross**	**$20,000,000**	**$5,000,000**
Executive includes an additional $5.0 million GF/GP, to be added to the $20.0 million appropriated in the base, to make the final year of Neal et. al. Settlement Agreement payments. (The $20.0 million in FY 2013-14 is eliminated from on-going funding and the $25.0 million in FY 2014-15 will be counted as one-time funding.) House concurs. Senate concurs. Conference concurs.	GF/GP	$20,000,000	$5,000,000
5. Prisoner Education	FTE	244.0	20.0
Executive includes authorization for 20.0 FTE positions and $4.3 million GF/GP for enhancement of prisoner education programs. Funding will be used to hire 5.0 trade instructors and 15.0 employment counselors. The trade instructors will work to provide critical job skills for prisoners who are reentering the community. The goal is to reduce the waiting list for vocational programming and improve employment opportunities. The employment counselors will work with employers to determine specific employment training desired for employees. They will work to implement specific curricula and training to meet local job requirements, and to connect trained offenders with employers prior to release from prison. Also, the counselors will work with local colleges to provide instruction inside the prisons to eligible prisoners. ($1.0 million of the funding is one-time and $3.3 million is on-going.) House concurs. Senate does not include. Conference concurs with Executive/House.	**Gross**	**$33,492,000**	**$4,295,300**
	Federal	3,437,600	0
	GF/GP	$30,054,400	$4,295,300
6. Transfer of Mentally or Physically Disabled Prisoners	**Gross**	**NA**	**$0**
House reflects a savings of $5.0 million GF/GP anticipated to result from requiring the department to release a request for proposal for competitive bids for a non-state-run, nonsecure, nursing home facility to house mentally or physically disabled prisoners. Senate does not include. Conference does not include.	GF/GP	NA	$0
7. Hepatitis C	**Gross**	**NA**	**$4,400,000**
Executive includes $4.9 million GF/GP to implement the new treatment protocol for Hepatitis C that has been promulgated by the Centers for Disease Control and Prevention. Current treatment for the disease is long in duration, with many side effects, and is not guaranteed to cure the disease. The new treatment protocol is shorter in duration, has fewer side effects, and has shown a higher success rate. House does not include. Senate includes a $100 placeholder. Conference includes $4.4 million.	GF/GP	NA	$4,400,000
8. Leased Beds	**Gross**	**$1,000,000**	**$4,000,000**
Executive includes an additional $4.0 million GF/GP to pay counties for bed space at county jail facilities to be used to house convicted felons. Prisoners who are classified as Level I prisoners, who are not serving time for sex offenses, and who are serving flat sentences are eligible to be housed in county jail facilities at a lower cost to the department. House does not include. Senate concurs with Executive. Conference concurs with Executive/Senate.	GF/GP	$1,000,000	$4,000,000
9. Mobilize Parole and Probation Staff	**Gross**	**NA**	**$1,023,000**
Executive includes $1.0 million GF/GP to deploy and maintain devices such as smart phones, tablets, and laptops to mobilize parole and probation staff in Detroit, Pontiac, Saginaw, and Flint. This will allow 380 parole and probation agents and 53 supervisors to spend more time in the field with parolees and probationers. ($440,600 of the funding is one-time and $582,400 is on-going.) House concurs. Senate concurs. Conference concurs.	GF/GP	NA	$1,023,000
10. Mental Health Diversion – Local Jail Pilot Project	**Gross**	**NA**	**$1,000,000**
Executive includes $1.0 million GF/GP for MDOC's role in a multi-agency statewide mental health diversion program. Funding will be used by the department to contract with a local jail for a post-release transition project that will offer comprehensive in-reach and post-release mental health services to inmates who are returning to the community. House concurs. Senate concurs. Conference concurs.	GF/GP	NA	$1,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
11. Prisoner Re-Entry Legal Services	**Gross**	**NA**	**$149,000**
House includes an additional $449,000 GF/GP to establish two pilot projects, one in Kent County and one in Oakland County, to provide outreach, education, and legal representation to former offenders in areas such as employment, housing, income stability, and child custody and other domestic matters. Senate does not include. Conference includes an additional $149,000.	GF/GP	NA	$149,000
12. Central Records Maintenance	**Gross**	**$5,506,700**	**$0**
Executive includes $600,000 GF/GP to cover costs associated with the conversion of the Corrections Management Information System (CMIS) to the Offender Management Network Information system (OMNI). CMIS holds information about all current and past prisoners and parolees. OMNI will replace CMIS and several other databases within the department, and will also include information about probationers who are supervised by the department. House does not include. Senate does not include. Conference does not include.	GF/GP	$5,506,700	$0
13. Facility Maintenance	**Gross**	**NA**	**$0**
Executive includes $500,000 GF/GP to cover costs of smaller maintenance projects needed at a number of facilities, such as patching of holes in parking lots, meeting ADA compliance, and installing energy efficient lighting. House does not include. Senate does not include. Conference does not include.	GF/GP	NA	$0
14. Prosecutorial and Detainer Expenses	**Gross**	**$4,551,000**	**$300,000**
Executive includes $449,000 GF/GP to cover increased prosecutorial and detainer expenses. As local budgets have been reduced, prosecutors have shifted the costs of prosecuting offenses which occur on MDOC property to the department. Also, local sheriffs charge the department for detaining offenders who have outstanding MDOC warrants. House does not include. Senate concurs with Executive. Conference includes $300,000.	GF/GP	$4,551,000	$300,000
15. Health Care Staff Training	FTE	NA	2.0
Executive includes authorization for 2.0 FTE positions and $402,600 GF/GP to enhance professional development and training for all Bureau of Health Care Services staff. A Registered Nurse will work to develop training curriculums and computer based training sessions, provide classroom staff training, develop a mentor program to be offered in each clinic, and assist in recruiting activities. A Human Resource Developer will work on grant writing, community partnerships, assisting with developing training materials, and assisting in recruiting activities. House concurs. Senate does not include. Conference concurs with Executive/House.	**Gross**	**NA**	**$402,600**
	GF/GP	NA	$402,600
16. Economic Adjustments	**Gross**	**NA**	**$21,847,000**
Executive includes $21.8 million Gross, $21.2 million GF/GP, for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, rent, building occupancy, and worker's compensation. Insurance costs are held flat due to recent revisions to the state employee health plan. House concurs. Senate concurs. Conference concurs.	Federal	NA	37,900
	Local	NA	221,100
	Restricted	NA	375,800
	GF/GP	NA	$21,212,200
17. Restricted Fund Adjustments	**Gross**	**NA**	**($15,541,300)**
Executive adjusts a number of IDG, federal, local, and state restricted fund sources within the budget in order to reflect the actual amount of revenue that is collected/awarded. There is no GF/GP impact resulting from these adjustments. House concurs. Senate concurs. Conference concurs.	IDG	NA	(884,600)
	Federal	NA	(4,058,200)
	Local	NA	(66,200)
	Restricted	NA	(10,532,300)
18. Technical Adjustments	**Gross**	**NA**	**$0**
Executive makes internal funding adjustments and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect where expenditures occur and to reflect reorganization within the department. House concurs. Senate concurs. Conference concurs.	GF/GP	NA	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
19. Eliminate FTE Position Authorization	FTE	NA	(392.3)
Executive eliminates authorization for unfunded FTE positions to more accurately reflect department resources. House concurs. Senate concurs. Conference concurs.	**Gross**	**NA**	**$0**
	GF/GP	NA	$0
20. Eliminate One-Time New Employee School Funding	**Gross**	**$9,032,500**	**($9,032,500)**
Executive eliminates $9.0 million GF/GP in one-time funding that was included in the FY 2013-14 budget for a new employee school. Funding of $9.0 million remains in the base appropriation for new custody staff training. House concurs. Senate concurs. Conference concurs.	GF/GP	$9,032,500	($9,032,500)
21. Remove Lapsed Funding	**Gross**	**NA**	**$0**
Senate reflects a savings of $12.5 million GF/GP due to removing funding that lapsed in the FY 2012-13 budget from base appropriations. Conference does not include these savings.	GF/GP	NA	$0
22. Michigan State Industries	FTE	NA	0.0
Senate reflects a reduction of 65.1 FTE positions and a savings of $6.1 million GF/GP (50% reduction from current year) to be achieved by phasing out operation of the Michigan State Industries program. Conference does not include this reduction.	**Gross**	**NA**	**$0**
	Restricted	NA	0
23. Management to Staff Ratios	FTE	NA	0.0
Senate reflects an FTE reduction and a savings of $1.1 million GF/GP to be achieved by changing management to staff ratios from 1:5 to 1:8 in the central administrative office and in the Northern and Southern region administrative offices. Conference does not include these savings.	**Gross**	**NA**	**$0**
	GF/GP	NA	$0
24. Swift and Sure Sanctions Program	**Gross**	**NA**	**$1,000,000**
Senate includes $3.0 million GF/GP to be transferred to DHS and used to expand the Swift and Sure Sanctions program through Michigan Rehabilitative Services. Conference includes $1.0 million.	GF/GP	NA	$1,000,000
25. Goodwill - Flip the Script	**Gross**	**NA**	**$2,500,000**
Senate includes $4.5 million for the Flip the Script program administered by Goodwill Industries of Greater Detroit. The program provides troubled 16-29 year-olds with education and employment skills in an effort to keep them out of prison. Conference includes $2.5 million.	GF/GP	NA	$2,500,000
26. Savings from Department Efficiencies	**Gross**	**NA**	**($11,900,000)**
Conference reduces a number of line items throughout the budget for a total savings of $11.9 million to be achieved through more efficient department operations.	GF/GP	NA	($11,900,000)
27. 70 x 7 Life Recovery - Muskegon Pilot	**Gross**	**NA**	**$600,000**
Conference includes funding for the 70 x 7 Life Recovery program to be piloted in Muskegon. The program provides mentorship, employment, job skills/life skills training, and recovery support for men and women who have previously been incarcerated.	GF/GP	NA	$600,000

Major Boilerplate Changes From FY 2013-14

Boilerplate Deletions

Executive deletes the majority of boilerplate language included in the FY 2013-14 appropriations bill (52 sections and 2 subsections). Deletions include legislative reporting requirements, sections providing guidance and placing conditions on appropriations, earmarks of funding for specific purposes, sections which express legislative intent, and sections which served a one-time purpose and are no longer applicable. Following are current year sections and subsections of boilerplate recommended for deletion by the Executive: 206, 207, 212, 214, 219, 238, 239, 245, 304, 305, 402, 405, 407, 410(1), 410(2), 411, 412, 413, 417, 418, 419, 420, 431, 434, 506, 601, 608, 611, 612, 615, 802, 804, 806, 807, 809, 814, 816, 904, 907, 910, 911, 912, 913, 916, 925, 937, 939, 940, 942, 947, 1009, 1011, 1201, and 1202.

House concurs on deletion of 11 of those sections. Following are current year sections of boilerplate recommended for deletion by the House: 245, 405, 411, 412, 816, 916, 939, 940, 947, 1201, and 1202.

Senate concurs on deletion of six of those sections and four subsections. Following are current year sections of boilerplate recommended for deletion by the Senate: 219(1), 219(2), 245, 405(1), 405(2), 506, 806, 807, 809, and 916.

Conference concurs on deletion of nine of those sections and 2 subsections. Following are current year sections of boilerplate recommended for deletion by the Conference committee: 245, 405(1), 405(2), 506, 806, 807, 809, 916, 939, 947, and 1201.

Below are new sections of language and current year sections which are modified by the House/Senate/Conference committee.

***Sec. 204. Investment of Budgetary Savings* – NEW**

Expresses intent that any budgetary savings achieved be invested in early childhood education, K-12 education, higher education, local law enforcement entities through revenue sharing, and roads. Senate adds new language. Conference adds new language.

***Sec. 232. Security Levels of Prisoners Past ERD* – NEW**

Requires the department to report on security levels of all prisoners who were classified as past their earliest release date. Senate adds new language. Conference adds new language.

***Sec. 238. Repurposing of Closed Correctional Facilities* – MODIFIED**

Current language expresses legislative intent that MDOC make additional efforts to sell, rent, or otherwise repurpose closed correctional facilities. Executive deletes. House modifies current language by deleting intent and adding requirement. Senate retains current language. Conference concurs with Senate.

***Sec. 239. Management-to-Staff Ratio* – MODIFIED**

Current language expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 5 employees at the Lansing central office and at the regional administration offices. Executive deletes. House modifies current language by deleting intended ratio, adding required ratio, and changing the ratio to 1 and 7. Senate modifies current language by changing the ratio to 1 and 8. Conference concurs with Senate.

***Sec. 246. Legacy Costs* – NEW**

States that the total amount of funding estimated to be expended on legacy costs in FY 2014-15 is $351.6 million. Of that, $196.5 million is estimated to be expended on pension-related legacy costs, and $155.1 million is estimated to be expended on health care-related legacy costs. Executive adds new language. House concurs. Senate concurs. Conference concurs.

***Sec. 247. Performance Measures* – NEW**

Requires the department to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment for each new program for which funds in excess of $500,000 are appropriated, and to report on the progress of the program and the status of expenditures as measured by the benchmarks. House adds new language. Senate does not add new language. Conference adds new language.

***Sec. 303. Legislative Corrections Ombudsman* – NOT INCLUDED**

Prohibits department from implementing policies that would delay or otherwise affect the ability of the Ombudsman to perform his duties. Senate adds new language. Conference does not add new language.

***Sec. 403. LEAN Process to Reduce Program Backlog* – NEW**

Requires the department to issue a RFP to institute a LEAN process to determine ways to reduce the backlog for programming for prisoners who are within 6 months of their earliest release date. Senate adds new language. Conference adds new language.

***Sec. 404. Staff Associated With LEAN Process* – NEW**

Authorizes the department to hire additional staff on a temporary basis to assist with instituting LEAN process principles and to provide programming to prisoners who are past their earliest release dates. Senate adds new language. Conference adds new language.

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

Requires the department to provide $3.0 million in IDG funding to DHS to expand the Swift and Sure Sanctions program through Michigan Rehabilitative Services. Senate adds new language. Conference adds new language, but adjusts the IDG amount to $1.0 million based on the appropriation included in the Conference Report.

Major Boilerplate Changes From FY 2013-14

***Sec. 409. Workforce Development* – NEW**
Requires the department to work with the Michigan Works! Association to coordinate re-entry and vocational education programs for prisoners to encourage employment of the prisoners upon release. Senate adds new language. Conference adds new language, but modifies by striking the reference to Michigan Works! Association and replacing it with "state agencies and local entities".

***Sec. 421. Mental Health Diversion Council* – NEW**
Expresses intent that the appropriation for the Jail Mental Health Transition Pilot Program be used to address recommendations of the Mental Health Diversion Council. Executive adds new language. House concurs. Senate concurs. Conference concurs.

***Sec. 435. Prisoner Re-Entry Legal Services* – NEW**
Requires the department to contract with Kent County and Oakland County to establish pilot projects to provide outreach, education, and legal representation to former offenders in areas such as employment, housing, income stability, and child custody and other domestic matters. Requires Oakland County to provide services to former offenders in Wayne County. House adds new language. Senate does not include. Conference adds new language.

***Sec. 436. Genesee County Jail Backlog* – NEW**
Requires the department to establish a workgroup with the Genesee County Sheriff's Department and the City of Flint Police Department to develop and implement a long-term strategic plan to ease the county jail backlog and to reduce the need for department intervention. House adds new language. Senate does not include. Conference adds new language.

***Sec. 437. Goodwill Flip the Script* – NEW**
Requires the department to contract with a nonprofit entity to provide persons aged 16-29 with education and employment skills in an effort to keep them out of prison. Conference adds new language.

***Sec. 503. Michigan State Industries Program* – NOT INCLUDED**
States that if the department changes the procurement process for items produced and manufactured by the department or by prisoners, as a result of appropriations, then the department is required to report on the items which will no longer be procured or produced. Senate adds new language. Conference does not add new language.

***Sec. 504. Consolidation of Transportation Services* – NEW**
Requires the department to work with DCH, MDOT, DHS, and MSF to determine how the state can maximize its services and funding for transportation for low-income, elderly, and disabled individuals through consolidation of transportation services. Senate adds new language. Conference adds new language, but modifies to require determining "if" services can be maximized instead of "how" services can be maximized.

***Sec. 507. Administration of Healthy Michigan Plan* – NEW (Sec. 510. In Conference Report)**
Requires the department to work with the Department of Community Health to establish an accounting structure that will allow expenditures associated with the administration of the Healthy Michigan Plan to be identified. House adds new language. Senate does not add new language. Conference adds new language.

***Sec. 507. Employee Misconducts and Stop Orders* – NOT INCLUDED**
Requires the department to report on all misconduct and stop orders issued to employees of the department and to those employed through contracts. Senate adds new language. Conference does not add new language.

***Sec. 508. Analysis of Physical Structure of Facilities* – NEW**
Requires the department to analyze the condition of correctional facilities, including the strengths and weaknesses in relation to safety and security, and to report findings. Senate adds new language. Conference adds new language, but modifies to require a report on structural integrity and overall facility quality.

***Sec. 509. Study on Michigan State Industries Program* – NEW**
Requires the department to conduct a study on the Michigan State Industries program, which focuses on determining which industries have the maximum benefit to prisoners in providing marketable skills and leading to employment. Senate adds new language. Conference adds new language, but modifies to include reporting information on production, operating budget, prisoners participating, and purchasers of products.

***Sec. 511. Strategic Plan Reporting* – NEW**
Requires the department to report on strategies to decrease recidivism rates, increase rehabilitative function of facilities, and ensure prisoner readiness to re-enter society after incarceration. Conference adds new language.

***Sec. 615. Requirements of Parole Board* – MODIFIED**
Current language requires the Parole Board to provide specific reasons for why inmates scoring "high probability of release" are not being paroled. House retains current language. Senate deletes current language and includes language which requires the department to report on the number of prisoners who have life sentences with the possibility of parole and who are eligible for parole. Conference concurs with Senate language.

Major Boilerplate Changes From FY 2013-14

***Sec. 801. Pilot Nursing Care Project* – NOT INCLUDED**
Requires the department to identify prisoners who could be eligible for executive commutation for medically fragile or disability reasons and to issue a RFP for competitive bids for a pilot nursing care project. Senate adds new language. Conference does not add new language.

***Sec. 803. Standard Medical Release Form* – NEW**
Requires the department to establish a standard medical release form for all prisoners, and to give incoming prisoners the opportunity to sign a release form designating family members or other individuals to whom the department is authorized to release medical or other incarceration records information to. Senate adds new language. Conference adds new language, but modifies to include length of time the release form is in effect for.

***Sec. 805. Health Care Coverage for Dependents* – NEW**
Requires the department to determine eligibility of prisoners for dependent health care coverage. Conference adds new language.

***Sec. 911(2). Report on Prisoner Escapes* – NOT INCLUDED**
Requires the department to report on attempted and actual escapes, including all details about security measures in place and operating at the time, results, and corrective measures taken by the department in response. House adds new language. Senate does not add new language. Conference does not add new language.

***Sec. 914. Funding for Programming* – NOT INCLUDED**
Requires $1.0 million of the new prisoner education appropriation to be used for programming that is a condition of parole, with particular emphasis placed on individuals who are past their earliest release dates. House adds new language. Senate does not add new language. Conference does not add new language.

***Sec. 915. Program to Allow Graduate Students to Teach Programming* – NEW**
Requires the department to explore opportunities to collaborate with Michigan universities to establish programs that will allow graduate students to work in correctional facilities teaching programming that is a condition of parole; the intent is that student teachers will result in a cost savings for the department and will reduce the number of individuals who are past their earliest release dates. House adds new language. Senate does not add new language. Conference adds new language.

***Sec. 924. Evaluation and Placement of Prisoners With Mental Illness* – MODIFIED**
Current language requires prisoners to be evaluated at intake for substance abuse disorders, developmental disorders, serious mental illness, and other mental health disorders; requires prisoners with these disorders to be placed in secure specialized housing programs; and authorizes confinement of these prisoners in administrative segregation with evaluation by a medical professional every 12 hours. Executive retains current language. House modifies current language by deleting the requirement for placement in secure specialized housing and adding that these prisoners may be secluded in a therapeutic environment under the supervision of a mental health professional, and changing evaluation by a medical professional from every 12 hours to every 8 hours, or at least every 12 hours, whichever would require more frequent visits. Senate retains current language, but modifies it to include mental illness or developmental disorders. Conference retains current language, but modifies it to limit removal from general population as a punitive measure against those with "serious mental illness or serious developmental disorders".

***Sec. 929. Guidelines for Treatment of Youthful Offenders with Mental Health Needs* – MODIFIED**
Current language requires the department to ensure adequate staff training for staff who are in contact with prisoners less than 18 years of age; to provide appropriate placement for prisoners less than 18 who have serious mental illness, serious emotional disturbance, or developmental disorders and need to be housed separate from the general population; authorizes these youth to be placed in secure specialized housing programs; and authorizes confinement in administrative segregation with evaluation by a medical professional every 12 hours. Executive retains current language. House modifies current language by changing age requirement to less than 19 years of age, deleting requirement for placement in secure specialized housing, and adding that these youth may be secluded in a therapeutic environment under the supervision of a mental health professional. Senate retains current language. Conference retains current language, but modifies it to restrict movement from general population as a punitive measure for those 18 years of age or younger.

***Sec. 937. Competitive Bidding* – MODIFIED**
Current language prohibits the department from issuing a request for proposal for a contract in excess of $5.0 million unless they have first considered a request for information or a request for qualification relative to the contract. Executive deletes. House modifies current language by changing the dollar amount to $1.0 million. Senate retains current language. Conference concurs with Senate.

***Sec. 938. Transfer of Mentally or Physically Disabled Prisoners* – NEW**
Requires the department to release a request for proposal for competitive bids for a non-state-run, nonsecure, nursing home facility to house mentally or physically disabled prisoners; refers to the negative appropriation in part 1 of $5.0 million as savings to be achieved from transferring these prisoners. House adds new language. Senate does not add new language. Conference adds new language, but modifies to require issuance of an RFI in consultation with DTMB and DCH for a geriatric care facility.

Major Boilerplate Changes From FY 2013-14

***Sec. 943. Legislative Ombudsman Access* – NOT INCLUDED**
Requires the department to provide all of the following to the Legislative Corrections Ombudsman: direct access to all information, records, and documents in possession of the department; entry to inspect at any time any premises under the control of the department; and direct access to employees of the department and to employees who are under contract with the department; and prohibits the department from implementing any formal or informal policies that would delay or affect the ability of the ombudsman to conduct investigations, access records, facilities, or people, or carry out ombudsman's responsibilities. House adds new language. Senate does not add new language. Conference does not add new language.

***Sec. 944. Classification of Prisoner Security Levels* – NOT INCLUDED**
Requires the department to report on security classification and prisoner placement processes. The report is to include all factors considered in making the initial placement determination, number of prisoners initially classified, number classified and placed in the true security level indicated on the evaluation compared to number of prisoners departed and waived to security level other than the prisoner's true security level, security classification review process used to determine prisoner's appropriate custody level and placement, number of prisoner classification reviews, number of prisoners classified and placed in true security level compared to number departed and waived to other security level. House adds new language. Senate does not add new language. Conference does not add new language.

FY 2014-15: DEPARTMENT OF EDUCATION
Summary: Conference Report
Article VI, House Bill 5313 (H-1) CR-1

Analyst: Karen Shapiro

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0	$0	$0	*$0*	*--*
Federal	211,873,000	226,097,500	224,097,500	226,097,500	189,473,500	*(22,399,500)*	*(10.6)*
Local	5,633,700	5,633,700	5,633,700	5,633,700	5,633,700	*0*	*0*
Private	1,933,300	1,933,300	1,933,300	1,933,300	1,933,300	*0*	*0*
Restricted	8,032,100	7,972,600	7,972,600	7,972,600	7,972,600	*(59,500)*	*(0.7)*
GF/GP	70,893,900	84,939,000	81,847,200	85,025,000	82,083,000	*11,189,100*	*15.8*
Gross	**$298,366,000**	**$326,576,100**	**$321,484,300**	**$326,662,100**	**$287,096,100**	***($11,269,900)***	***(3.8)***
FTEs	593.5	627.5	598.5	606.5	606.5	*13.0*	*2.2*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Child Development and Care (CDC) – Hours Increase	**Gross**	**$136,344,000**	**$6,900,000**
Executive includes a $6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of $3.5 million in partial year funding for the same purpose.	Federal	97,355,200	6,900,000
	GF/GP	$38,988,800	$0
House concurs with Executive.			
Senate concurs with Executive.			
Conference concurs with Executive.			
2. Child Development and Care (CDC) – Tiered Reimbursement	**Gross**	**$136,344,000**	**$3,672,000**
Executive includes $3.7 million to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of $1.8 million in partial year funding for the same purpose.	Federal	97,355,200	3,672,000
	GF/GP	$38,988,800	$0
House concurs with Executive.			
Senate concurs with Executive.			
Conference concurs with Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Educator Evaluations and Student Assessments	FTE	NA	0.0
Executive provides $5.0 million of ongoing funds for the phase-in of educator evaluations and new student assessments. This includes 21.0 FTEs. Funding is split between the following units: Accountability Services ($4.1 million), Professional Preparation Services ($167,000), and Educational Improvement and Innovation Services ($738,200). There is an additional $900,000 one-time GF/GP to implement educator evaluations for teachers and administrators throughout the state. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications.	**Gross**	**NA**	**$3,414,000**
	Federal	NA	0
	GF/GP	NA	$3,414,000
House eliminates FTEs and funding for Educator Evaluations and Assessments proposed in the Executive budget, leaving $100 in the Accountability Services unit as a placeholder.			
Senate eliminates all FTEs and funding.			
Conference shifts $3.4 million ($2.5 million in ongoing funds and $900,000 in one-time funding) to a reserve fund pending the enactment of HB 5223 and HB 5224.			
4. Accountability Services – Transfer from School Aid	**Gross**	NA	**$2,000,000**
Executive Includes a $2.0 million transfer of federal assessment funding from the School Aid Budget.	Federal	NA	2,000,000
House does not include.			
Senate concurs with Executive.			
Conference concurs with Executive.			
5. Professional Preparation Services – Teacher Certification Tests	**Gross**	**NA**	**$0**
Executive does not include.	GF/GP	NA	$0
House provides $3.6 million GF/GP to update the full set of teacher certification tests, including content-specific and subject-relevant tests, to reflect current education standards.			
Senate does not include.			
Conference does not include in Department of Education budget. $1.8 million included in School Aid budget.			
6. Financial Independence Team (FIT)	FTE	NA	4.0
Executive includes $778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with $6.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.	**Gross**	**NA**	**$778,100**
	GF/GP	NA	$778,100
House eliminates FTEs and funding for FIT, leaving $100 as a placeholder within each of the two units the program is housed.			
Senate concurs with Executive.			
Conference concurs with Executive.			
7. Low Achieving Schools – School Reform	FTE	NA	6.0
Executive provides $918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs. Funding is split between the School Reform unit ($306,200) and the Educational Improvement and Innovation Services unit ($612,400)	**Gross**	**NA**	**$918,600**
	GF/GP	NA	$918,600
House cuts funding and FTEs by 2/3 to total $306,200 GF/GP and 2.0 FTEs.			
Senate concurs with Executive.			
Conference concurs with Executive.			
8. Office of Great Start	FTE	61.0	3.0
Executive increases the Office of Great Start Operations line by 3.0 FTEs and $404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program, which under the Executive proposal in the School Aid budget would increase by another $65.0 million, more than doubling the program since FY 2012-13.	**Gross**	**$22,192,900**	**$404,000**
	Federal	20,732,300	0
	Private	250,000	0
	Restricted	63,500	0
	GF/GP	$1,147,100	$404,000
House concurs with Executive.			
Senate concurs with Executive.			
Conference concurs with Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. State Aid to Libraries	**Gross**	**$8,876,000**	**$0**
Executive – no change	GF/GP	$8,876,000	$0
House increases State Aid to Libraries by $612,400.			
Senate increases State Aid to Libraries by $356,000			
Conference does not include.			
10. Library Funding – Renaissance Zone Reimbursements	**Gross**	**$1,500,000**	**$3,200,000**
Executive transfers $3.2 million in Renaissance Zone Reimbursements from the School Aid budget, which when combined with existing MDE funds totals $4.7 million for FY 2014-15.	GF/GP	$1,500,000	$3,200,000
House concurs with Executive.			
Senate concurs with Executive.			
Conference concurs with Executive.			
11. Library Funding – MPSERS Payments	**Gross**	**NA**	**$2,200,000**
Executive transfers $1.3 million state share for MPSERS payments to Libraries from the School Aid budget. Also provides $900,000 for the required increase in the state share for MPSERS payments and $356,000 GF/GP to cover the proposed employer unfunded liability rate cap reduction to 19.76%.	GF/GP	NA	$2,200,000
House concurs with Executive.			
Senate concurs with $1.3 million transfer from School Aid and $900,000 GF/GP for increased actuarial assessments, but does not include the GF/GP increase of $356,000 to lower the MPSERS rate.			
Conference concurs with Senate.			
12. Economic Adjustments	**Gross**	**NA**	**$1,867,400**
Executive reflects increased costs of $1.9 million Gross ($274,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	NA	1,472,500
	Restricted	NA	120,500
	GF/GP	NA	$274,400
House concurs with Executive.			
Senate concurs with Executive.			
Conference concurs with Executive.			

Major Boilerplate Changes From FY 2013-14

***Sec. 208. Personnel Records* – RETAINED**
Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 211. Adequate Yearly Progress (AYP)* – RETAINED**
Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 216. Communication with the Legislature* – RETAINED**
Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her Staff.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

Major Boilerplate Changes From FY 2013-14

***Sec. 218. Records Retention* – RETAINED**
Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 220. Timely Data* – RETAINED**
Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 after it is due.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 231. Common Core Standards and Smarter Balanced Assessments* – DELETED**
Prohibits expenditures of funds on common core standards and smarter balanced assessments unless authorized by an affirmative action of the Legislature.
Executive deletes.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

***Sec. 231. Legacy Costs* – NEW**
Identifies total appropriations in part 1 for legacy costs for FY 2014-15 equal to $15,367,500. Pension-related costs are estimated at $8,739,900. Retiree health care costs are estimated at $6,897,600.
Executive adds this section.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

***Sec. 232. Subrecipient Monitoring Services* – DELETED**
In addition to funds appropriated in part 1, appropriates up to $180,000 from payments for subrecipient monitoring expenses provided to other departments.
Executive deletes.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

***Sec. 233. Requests for Proposals* – RETAINED**
Prohibits department from issuing a request for proposal for a contract exceeding $5.0 million unless it first considers issuing a request for information or request for qualification.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 235. Contract Notification* – NEW**
Requires that the department notify the House and Senate before entering into a contract that exceeds $1 million or seek a federal waiver from, or amend the federal waiver from the No Child Left Behind Act of 2001.
Executive does not include.
House adds section.
Senate does not include.
Conference concurs with House.

***Sec. 236. Nonpublic School Mandates* – NEW**
Requires the department to compile a report that identifies mandates required of nonpublic schools.
Executive does not include.
House does not include.
Senate adds section.
Conference concurs with Senate.

Major Boilerplate Changes From FY 2013-14

***Sec. 302. Travel Expenditures* – RETAINED**
Prohibits spending over $35,000 for in-state and out-of-state travel for Board of Education members.
Executive deletes.
House maintains current law but updates dollar amount annually using CPI inflation rates.
Senate maintains current law.
Conference concurs with Senate.

***Sec. 401. Michigan School for the Deaf and Blind Employees* – NEW**
States that employees at the Michigan School for the Deaf and Blind who work on a school-year basis be considered annual employees for the purposes of service credits, retirement, and insurance benefits.
Executive adds this section.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

***Sec. 507. Teacher Certification Tests* – NOT INCLUDED**
Uses funds from Part 1 for the department to update the full set of teacher certification tests including content-specific and subject relevant tests to reflect current education standards by September 30, 2015.
Executive does not include.
House creates section.
Senate does not include.
Conference does not include in MDE budget. $1.8 million included in School Aid budget.

***Sec. 601. Financial Independence Team (FIT)* – NEW**
Conference adds this section to explain the purpose of the Financial Independence Team – to develop a financial early warning system and provide assistance to distressed districts.

***Sec. 701. Educational Improvement and Innovation Services - MVU* – NOT INCLUDED**
Requires the department to maintain and promote a statewide catalogue of virtual learning that will be maintained on the department's website.
Executive does not include.
House does not include.
Senate creates this section.
Conference does not include.

***Sec. 702. Educational Improvement and Innovation Services – Educator Evaluations* – NEW**
Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.
Executive does not include.
House does not include.
Senate does not include.
Conference creates section.

***Sec. 803. Keep Library Functions Together* – RETAINED**
Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

***Sec. 805. MPSERS Funds for District Libraries* – NEW**
States that Part 1 funds for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that receive funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system.
Executive adds this section.
House concurs with Executive.
Senate concurs to fund MPSERS for payments to district libraries, but modifies to the 20.96% rate.
Conference concurs with Senate.

***Sec. 901. Federal and Private Grants* – RETAINED**
Requires department to notify the Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under the federal and private grants line.
Executive deletes.
House maintains current law.
Senate maintains current law.
Conference maintains current law.

Major Boilerplate Changes From FY 2013-14

***Sec. 1001. Number of Childcare Providers* – REVISED**
Requires a report by November 1, 2013 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2013.
Executive deletes.
House maintains current law and revises dates.
Senate maintains current law and revises dates.
Conference concurs with House and Senate.

***Sec. 1003. (1) Early Childhood Investment Corporation Annual Report* – REVISED**
Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2012-13 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.
Executive deletes.
House maintains current law and revises dates.
Senate maintains current law and revises dates.
Conference concurs with House and Senate.

***Sec. 1003. (2) Early Childhood Systems Planning RFP Process* – NEW**
States that all new and expiring department contracts for early childhood comprehensive systems planning shall be bid out through a statewide RFP process.
Executive adds this section.
House maintains current law.
Senate maintains current law.
Conference concurs with Executive.

***Sec. 1004. Head Start Programs* – DELETED**
Requires Head Start providers to ensure that regulations related to Head Start programs be at least as rigorous as those for Great Start Readiness Programs by FY 2014-15. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.
Executive deletes.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

***Sec. 1101. School Reform Office* – NEW**
Ensures that students who are in an Individualized Education Program remain in that program, even if the school is separated from its residential district.
Executive does not include.
House does not include.
Senate creates this section.
Conference concurs with Senate.

***Sec. 1201. FY 2014-15 Appropriation* – REVISED**
Expresses intent that the FY 2014-15 appropriations are anticipated to be the same as FY 2013-14 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.
Executive deletes.
House maintains current law and revises dates.
Senate maintains current law and revises dates.
Conference concurs with House and Senate.

***Sec. 1202. Retirement Costs* – DELETED**
Expresses intent that for FY 2014-15, the department identify the amount of normal and legacy retirement costs in part 1.
Executive deletes. Becomes new **Sec. 231** with amended language.
House concurs with Executive.
Senate concurs with Executive.
Conference concurs with Executive.

FY 2014-15: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: Conference Report
Article VII, House Bill 5313 (H-1) CR-1

Analyst: Viola Bay Wild

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$9,401,900	$9,530,500	$9,530,500	$9,530,500	$9,530,500	*$128,600*	*1.4*
Federal	150,779,700	150,367,600	150,367,600	150,367,600	149,867,600	*(912,100)*	*(0.6)*
Local	0	0	0	0	0	*0*	*--*
Private	541,800	546,900	546,900	546,900	546,900	*5,100*	*0.9*
Restricted	327,340,900	302,770,900	301,270,900	301,271,000	301,770,900	*(25,570,000)*	*(7.8)*
GF/GP	29,104,500	40,875,900	38,875,900	40,875,900	40,875,900	*11,771,400*	*40.4*
Gross	**$517,168,800**	**$504,091,800**	**$500,591,800**	**$502,591,900**	**$502,591,800**	***($14,577,000)***	***(2.8)***
FTEs	1,287.5	1,290.5	1,290.5	1,290.5	1,290.5	*3.0*	*0.2*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Funding and FTE Authorization Adjustments	FTE	NA	(5.0)
Executive eliminates authorization for 5.0 unfunded FTEs in the Water Division; removes $600,000 one-time GF/GP for wetlands program; reduces IDG and restricted funding by $970,000 to align with anticipated revenues; reduces funding to reflect various technical funding adjustments.	**Gross**	**NA**	**($2,388,600)**
	IDG	NA	(240,600)
	Restricted	NA	(1,555,100)
	GF/GP	NA	($592,900)
House, Senate, and Conference concur with the Executive.			
2. Water Quality and Use Initiative	FTE	NA	5.0
Executive provides $4.0 million GF/GP funding for development of a comprehensive state water strategy, including water quality, use, permit issuance, and water monitoring efforts. Funding will also be used for DEQ's Water Access Tool, additional beach monitoring equipment and programs, and the wetlands program.	**Gross**	**NA**	**$3,977,200**
	GF/GP	NA	$3,977,200
House, Senate, and Conference concur with the Executive.			
3. Aquatic Nuisance Control (ANC) Program	FTE	NA	0.0
House includes a new Aquatic Nuisance Control Program line item funded with $700,000 restricted funding from the Land and Water Permit Fees and authorizes 5.0 FTE positions for program. House reduces the Surface Water line item by $700,000 and 5.0 FTE positions to reflect this structural change. ANC Program remains funded at current-year levels.	**Gross**	**NA**	**$0**
	Restricted	NA	0
Conference concurs with the Executive and does not fund ANC program in separate line item.			
4. Recycling Initiative	FTE	NA	3.0
Executive includes $1.0 million GF/GP funding and 3.0 additional FTE authorizations to support a recycling initiative in the state to help increase the number of counties with convenient access to recycling.	**Gross**	**NA**	**$1,000,000**
	GF/GP	NA	$1,000,000
House, Senate, and Conference concur with the Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
5. Cost Allocation Adjustment	**Gross**	**NA**	**$0**
Executive adjusts funding to reflect cost allocation changes from FY 2013-14.	IDG	NA	281,700
	Federal	NA	(312,700)
House, Senate, and Conference concur with the Executive.	Restricted	NA	31,000
6. Office of Environmental Assistance	FTE	40.0	0.0
Executive provides additional $1.0 million GF/GP funding for the Office of Environmental Assistance; use of funding would include increasing expenditures for the Retired Engineers Technical Assistance Program (RETAP) that provides pollution prevention technical assistance to businesses.	**Gross**	**$6,187,200**	**$1,000,000**
	Federal	773,200	0
	Private	356,600	0
	Restricted	5,057,400	(1,900,000)
	GF/GP	$0	$2,900,000
House provides $250,000 new GF/GP funding and replaces $1.9 million restricted funding from the Environmental Pollution Prevention Fund (EPPF) with $1.9 million GF/GP funding.			
Senate concurs with the Executive.			
Conference includes $1.0 million additional GF/GP and concurs with the House action of replacing $1.9 million EPPF funding with $1.9 million GF/GP.			
7. Hazardous Waste Management Program	FTE	51.0	0.0
Executive provides $1.9 million GF/GP support for the Hazardous Waste Management Program. Funding would replace $400,000 one-time GF/GP funding and would increase program funding by $1.5 million GF/GP.	**Gross**	**$6,331,600**	**$0**
	Federal	3,255,000	0
	Restricted	3,076,600	400,000
	GF/GP	$0	($400,000)
House appropriates an additional $1.9 million restricted funding from the Environmental Pollution Protection Fund (EPPF) to line item. New funding replaces $1.5 million current-year restricted funding that was a one-time appropriation for FY 2013-14 and increases line item by $400,000 to replace GF/GP funding appropriated in a separate line item in FY 2013-14; program funded at current-year Gross funding level.			
Senate concurs with Executive in providing $1.9 million GF/GP support, but reduces restricted funding by $1.5 million and funds program at its current-year level.			
Conference concurs with the House.			
8. Federal Cleanup Project Management Program	FTE	60.0	(5.0)
Executive eliminates 5.0 FTE positions and reduces federal funding by $700,000 to better align expenditures with anticipated revenue.	**Gross**	**$9,546,900**	**($700,000)**
	Federal	5,965,100	(700,000)
House, Senate, and Conference concur with the Executive.	Restricted	3,581,800	0
9. Drinking Water Revolving Fund Program	**Gross**	**NA**	**$2,500,000**
Executive provides $2.5 million GF/GP funding to be as used as matching funds to qualify for additional federal grant money for the Drinking Water Revolving Fund Program which provides low-interest loans to local governments for drinking water infrastructure projects.	GF/GP	NA	$2,500,000
House, Senate, and Conference concur with the Executive.			
10. Electronic Document Management System	**Gross**	**NA**	**$2,500,000**
Executive includes $2.5 million one-time GF/GP funding for the implementation of an electronic document management system which would enable the Department to make available to the public a greater amount of requested information and documents on the Department's website.	GF/GP	NA	$2,500,000
House includes $1.25 million GF/GP funding for system and includes boilerplate language stating intent that an additional $1.25 million be appropriated in FY 2015-16.			
Senate and Conference concur with the Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
11. Strategic Water Quality Initiative Fund (SWQIF)	**Gross**	**NA**	**($24,600,000)**
Executive reduces SWQIF support by $15.0 million for the Environmental Cleanup and Redevelopment Program to reflect actual projected needs; removes $9.6 million SWQIF funding for SWQIF loans no longer needed pursuant to PA 562 of 2012 which redirected funding for loans to new SWQIF Grants and Loans Program which remains funded at $97.0 million in FY 2014-15.	Restricted	NA	(24,600,000)
House, Senate, and Conference concur with the Executive.			
12. Leaking Underground Storage Tanks (LUST) Cleanups	**Gross**	**$32,500,000**	**$400,000**
Executive reduces funding for the LUST Cleanup line item by $100,000 restricted funding from the Refined Petroleum Fund (RPF); reduction is the net result of two funding changes:	Restricted	32,500,000	400,000
- an increase of $1.9 million RPF to this line item transferred from debt service payments in the Treasury budget			
- a $2.0 million transfer from this LUST Cleanup line item to the Contaminated Site Investigation, Cleanup, & Revitalization line item which supports staff.			
House increases funding for the LUST Cleanup line item by $400,000 restricted RPF funding; increase is the net result of two funding changes:			
- an increase of $1.9 million RPF transferred from Treasury budget			
- a $1.5 million transfer from this LUST Cleanup line item to the cleanup line item that supports staff.			
Senate concurs with the Executive.			
Conference concurs with the House.			
13. Contaminated Site Investigation, Cleanup, & Revitalization	FTE	204.0	5.0
Executive includes 5.0 additional FTE positions and a net increase of $1.8 million additional restricted funding from the Refined Petroleum Fund; increase is a net result of two funding changes:	**Gross**	**$27,754,700**	**$1,314,500**
	Private	185,200	0
	Restricted	27,569,500	1,314,500
- an increase of $1.1 million RPF to this line item transferred from debt service payments in the Treasury budget			
- a transfer of $2.0 million RPF funding to this line item from the LUST Cleanup line item			
- $1.3 million new RPF funding replaces $1.3 restricted funding from the Cleanup and Redevelopment Fund			
House concurs with the Executive, but only transfers $1.5 million RPF funding from the LUST cleanup line item to this staffing line item.			
Senate concurs with the Executive.			
Conference concurs with the House.			
14. Land and Water Interface Permit Programs Fund Source Shift	**Gross**	**NA**	**$0**
Conference includes additional $500,000 restricted funding from Land and Water Permit Fee Fund and reduces federal funding by $500,000 to better align expenditures with available funding.	Federal	NA	(500,000)
	Restricted	NA	500,000
15. Mancelona TCE Plume Cleanup	**Gross**	**NA**	**$0**
Senate includes $100 restricted funding placeholder for the cleanup project near Mancelona for the TCE Plume. Conference does not include funding.	Restricted	NA	0
16. Economic Adjustments	**Gross**	**NA**	**$419,900**
Executive reflects increased costs of $419,900 Gross ($112,900 GF/GP reduction) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur with the Executive.	IDG	NA	87,500
	Private	NA	5,100
	Federal	NA	600,600
	Restricted	NA	(160,400)
	GF/GP	NA	($112,900)

Major Boilerplate Changes From FY 2013-14

***Sec. 204. Performance Benchmarks* – NEW**
Requires report of benchmarks to measure performance or return for each new program or program increase over $500,000; includes intent language that any new program include a list of benchmarks in future; House and Conference include language.

***Sec. 207. Retention of Reports* – RETAINED**
Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 212. Disciplinary Action Against State Employees* – RETAINED**
Prohibits Department from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 213. Administrative Rule Promulgation* – RETAINED**
Prohibits DEQ to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 224. Quarterly FTE Report* – DELETED**
Requires quarterly report on number of FTE positions in pay status. Executive deletes language; House retains language; Senate and Conference concur with the Executive.

***Sec. 232. Publication Revenue Fund Transfer* – DELETED**
Transfers surplus funds of up to $72,600 from the Publication Revenue Fund to the Oil and Gas Regulatory Fund on October 1, 2013. Executive deletes language; House, Senate, and Conference concur with the Executive.

***Sec. 233. Request for Proposal (RFP) Language* – DELETED**
Prohibits DEQ from issuing an RFP for a contract greater than $5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ) has been considered. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 234. Identification of Legacy Costs* – NEW**
States that appropriations for legacy costs in part 1 for FY 2014-15 equal $34.0 million. Of this amount, pension-related legacy costs are estimated to be $19.0 million and retiree health care legacy costs are estimated to be $15.0 million. Executive includes new language; House, Senate, and Conference concur with the Executive.

***Sec. 305. Refined Petroleum Fund* – RETAINED**
States legislative intent to restore $70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 306. Refined Petroleum Fund Cleanup Site List* – REVISED**
Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes language; House, Senate, and Conference include revised list of projects.

***Sec. 401. Aquatic Nuisance Control (ANC)* – RETAINED**
Requires $700,000 and 5.0 FTEs be allocated to the permit review program within ANC program; requires report. Executive deletes current-year language; House revises language to reflect new ANC line item; Senate and Conference retain current-year language.

***Sec. 402. Water Quality and Use Initiative* – NEW**
Requires that of the funding in part 1 for the Water Quality and Use Initiative, funding must also be used to enhance the water use assessment tool. Requires report on comprehensive plan for use of funding and identify amount of expenditures made for specific programs. House includes new language. Senate does not include language; Conference revises language to only require report.

***Sec. 407. Groundwater Discharge Sodium Levels* – DELETED**
Prohibits Department from establishing or enforcing an effluent limitation for amount of sodium in groundwater discharge. Executive deletes language; House, Senate, and Conference concur with the Executive.

***Sec. 408. Beach Monitoring* – DELETED**
Provides that $100,000 of funding appropriated in part 1 for surface water be allocated for water quality beach monitoring equipment for Lake St. Clair Metropark Beach. Executive deletes language; House, Senate, and Conference concur with the Executive.

***Sec. 501. Air Quality Penalties* – NEW**
Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. House includes new language; Conference concurs with House.

***Sec. 601. Statewide Septic Code* – NOT INCLUDED**
Requires DEQ conduct a study on a statewide septic code. House includes new language; Senate and Conference do not include language.

Major Boilerplate Changes From FY 2013-14

***Sec. 602. Clean Sweep Program* – DELETED**
Directs DEQ to work with local health departments, Department of Agriculture and Rural Development, and USDA to maintain and expand the program for disposal of hazardous household chemicals and drugs; requires report. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 603. Environmental Pollution Prevention Fund (EPPF)* – DELETED**
Provides that if statutory changes are made to combine the Waste Reduction Fund and Hazardous Material Transportation Permit Fund into the EPPF, appropriations in part 1 from these funds shall be appropriated from the EPPF. Executive deletes language; House, Senate, and Conference concur with the Executive.

***Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report* – NEW**
Requires the Department to compile and post on public website a report containing the asset management plans for all previously awarded SAW grants; requires locals obtaining SAW grants to submit asset management plans to DEQ and allow plan to be placed on public website. House and Senate include new language; Conference revises language and requires a report containing a summary document of each completed plan and that local governments retain copies of their plan for 15 years.

***Sec. 604. EPPF Balance Stipulation* – RETAINED**
Provides that if the EPPF balance declines below spending levels, appropriations other than those for the Hazardous Waste Management Program shall be reduced. Executive deletes language; House retains language; Senate concurs with Executive; Conference concurs with House.

***Sec. 701. Electronic Document Management Program* – NOT INCLUDED**
States legislative intent that an additional $1.25 million GF/GP funding would be appropriated in FY 2015-16 for the Electronic Document Management Program. House includes new language; Senate and Conference do not include language.

***Sec. 1201. FY 2013-14 Anticipated Appropriations* – RETAINED**
States intent that FY 2013-14 line item appropriations will be the same as those for FY 2012-13 with certain economic adjustments. Executive deletes language; House retains language and updates fiscal years; Senate concurs with Executive; Conference concurs with House.

***Sec. 1202. Identification of Future Retirement Costs* – RETAINED**
States legislative intent that the DEQ identify the FY 2015 retirement costs for line items listed in part 1. Executive deletes language; House, Senate, and Conference retain language and update fiscal year.

FY 2014-15: TOTAL GENERAL GOVERNMENT
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analysts: Ben Gielczyk
Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$738,570,400	$743,018,000	$740,374,200	$743,018,000	$740,374,200	*$1,803,800*	*0.2*
Federal	700,910,000	699,103,300	689,103,500	689,103,500	689,103,500	*(11,806,500)*	*(1.7)*
Local	7,713,800	9,969,700	9,969,700	9,969,700	9,969,700	*2,255,900*	*29.2*
Private	6,086,100	6,287,200	6,287,200	6,287,200	6,287,200	*201,100*	*3.3*
Restricted	1,934,087,700	2,074,934,200	2,071,934,000	2,075,256,200	2,048,873,600	*114,785,900*	*5.9*
GF/GP	1,072,036,000	1,208,809,500	1,146,751,200	1,194,207,600	1,210,682,700	*138,646,700*	*12.9*
Gross	**$4,459,404,000**	**$4,742,121,900**	**$4,664,419,800**	**$4,717,842,200**	**$4,705,290,900**	***$245,886,900***	***5.5***
FTEs	7,659.7	7,756.2	7,728.2	7,756.2	7,791.2	*131.5*	*1.7*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages. NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Boilerplate Changes From FY 2013-14

The Executive deleted and the House and Senate retained the following sections:
Sec. 212. Receipt and Retention of Required Reports
Sec. 215. Disciplinary Action Against State Employees
Sec. 217. General Fund Restrictions
Sec. 221. Reporting Requirements on Policy Changes
Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports
Sec. 231. Full-Time Equated Position Report

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

Requires benchmarks to be developed by the department or agency receiving funding for a new program by November 1 and requires update of benchmarks on March 1. House includes as new section. Senate does not include. Conference concurs with House; revises language.

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

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive includes $120.0 million deposit; dedicates 25% of FY 2014-15 GF/GP surplus revenues and 25% of FY 2014-15 GF/GP lapse funds to the BSF; appropriates $122.0 million GF/GP into the public health sub fund of the BSF. House revises appropriated amount to $100.0 million and does not include new Executive deposits. Senate does not make deposit into BSF. Deposits $100.0 million into the public health sub-fund. Conference deposits $94.0 million into BSF.

***Sec. 211b. Roads and Risk Reserve Fund* – DELETED**

Requires $230.0 million GF/GP to be deposited in the Roads and Risk Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date. Executive, House, Senate, and Conference delete section.

***Sec. 214. Department and Agency Salary Increases* – NOT INCLUDED**

Requires departments and agencies to provide notification 14 days prior to the finalization of a salary increase exceeding 5.0%. House and Senate include as new section. Conference does not include.

Major Boilerplate Changes From FY 2013-14

***Sec. 226a. Detroit River International Crossing* – REVISED**
Prohibits funds appropriated in part 1 to support staff effort, projects, consultant expenses, or any other activity related to the development, financing, construction, operation, or implementation of the Detroit River International Crossing or a successor project until the project is approved by the Legislature and signed into law. Senate includes as new language. Conference includes current year language in DTMB as Sec. 822e.

***Sec. 233. Federal and State Restricted Revenue for Special Maintenance for State Facilities* – REVISED**
Appropriates additional federal and state restricted revenue for Special Maintenance, Remodeling, and Addition – State Facilities line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Senate revises to include language in general sections of boilerplate. Conference concurs with Senate.

***Sec. 234. Federal and State Restricted Revenue for Enterprisewide IT Investments* – REVISED**
Appropriates additional federal and state restricted revenue for Enterprisewide Information Technology Investments line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Senate revises to include language in general sections of boilerplate. Conference concurs with Senate.

***Sec. 239. State Building Energy Performance* – NEW**
Requires DTMB, with assistance of Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts. House includes as new section. Senate does not include. Conference concurs with House.

***Sec. 1202. Retirement Costs* – REVISED**
Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items in part 1. Included section in each budget identifying legacy costs for FY 2014-15. Executive and Senate include section in each budget identifying legacy costs for FY 2014-15. House revises current year language by updating year. Moves to Section 1302. Conference concurs with Executive and Senate and includes legacy costs in individual budgets.

***Sec. 1301. Anticipated Appropriations* – REVISED**
States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. Executive deletes and includes line items for FY 2015-16. House and Senate revise section to update fiscal year. Moves to Section 1301. Conference concurs with House and Senate.

FY 2014-15: DEPARTMENT OF ATTORNEY GENERAL
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* Amount	%
IDG/IDT	$27,188,500	$27,783,800	$27,783,800	$27,783,800	$27,783,800	*$595,300*	*2.2*
Federal	9,838,200	9,857,200	9,857,200	9,857,200	9,857,200	*19,000*	*0.2*
Local	0	0	0	0	0	*0*	*--*
Private	0	0	0	0	0	*0*	*--*
Restricted	17,631,900	17,914,200	17,914,200	17,914,200	17,914,200	*282,300*	*1.6*
GF/GP	34,481,300	35,467,100	35,267,100	35,467,200	38,267,100	*3,785,800*	*11.0*
Gross	**$89,139,900**	**$91,022,300**	**$90,822,300**	**$91,022,400**	**$93,822,300**	***$4,682,400***	***5.3***
FTEs	517.0	519.5	519.5	519.5	519.5	*2.5*	*0.5*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.
NOTE: Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Human Trafficking	FTE	0.5	2.5
Executive adds $400,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts. Conference and House reduce amount to $200,000. Senate concurs with Executive.	**Gross**	**$95,000**	**$200,000**
	GF/GP	$95,000	$200,000
2. Sexual Assault Prosecutions	**Gross**	$0	**$3,000,000**
Conference adds one-time funding of $3.0 million GF/GP to assist with prosecutions arising from test results from sexual assault evidence kits discovered by Michigan state police upon the closing of the Detroit crime laboratory. Senate includes analogous placeholder of $100.	GF/GP	$0	$3,000,000
3. Michigan Gaming Control Board	FTE	1.0	1.0
Executive increases restricted revenue from the Casino Gaming Fund by $113,600, to add one illegal gambling investigator to the one that is already funded. House, Senate, and Conference concur.	**Gross**	**$107,000**	**$113,600**
	Restricted	107,000	113,600
	GF/GP	$0	$0
4. Assigned Claims Assessments	FTE	1.0	(1.0)
Executive removes funding for assistance to Department of State for assigned claims facility, which has been privatized. House, Senate, and Conference concur.	**Gross**	**$158,600**	**($158,600)**
	Restricted	158,600	(158,600)
	GF/GP	$0	$0
5. Economics	**Gross**	**NA**	**$1,527,400**
Executive reflects increased costs of $1.5 million Gross ($585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur.	IDG	NA	595,300
	Federal	NA	19,000
	Restricted	NA	327,300
	GF/GP	NA	$585,800

Major Boilerplate Changes From FY 2013-14

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

Conference requires a detailed work and spending plan for the sexual assault prosecution line item to be submitted to the state budget office and the legislature and approved by the state budget director prior to spending any of the $3.0 million appropriation.

FY 2014-15: DEPARTMENT OF CIVIL RIGHTS
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$288,900	$288,900	$288,900	$288,900	*$288,900*	*--*
Federal	2,690,200	2,736,500	2,736,500	2,736,500	2,736,500	*46,300*	*1.7*
Local	0	0	0	0	0	*0*	*--*
Private	18,700	18,700	18,700	18,700	18,700	*0*	*0.0*
Restricted	151,900	151,900	151,900	151,900	151,900	*0*	*0.0*
GF/GP	12,337,500	13,573,200	12,985,700	13,573,200	13,448,200	*1,110,700*	*9.0*
Gross	**$15,198,300**	**$16,769,200**	**$16,181,700**	**$16,769,200**	**$16,644,200**	***$1,445,900***	***9.5***
FTEs	128.0	138.0	133.0	138.0	138.0	*10.0*	*7.8*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Civil Rights Outreach and Education	FTE	NA	4.0
Executive adds $500,000 GF/GP and 4.0 FTEs for ongoing outreach and education programs: Advocates and Leaders for Police and Community Trust ($250,000, 2.0 FTEs), Michigan Alliance Against Hate Crimes ($125,000 and 1.0 FTE), and anti-bullying ($125,000 and 1.0 FTE). House does not include, Senate concurs with Executive, Conference reduces Executive by $125,000.	**Gross**	**NA**	**$375,000**
	GF/GP	NA	$375,000
2. Civil Rights Complaints	FTE	NA	2.0
Executive provides additional $175,000 and 2.0 FTEs for expansion of the intake unit that handles all initial customer contacts. House provides half the amount and 1.0 FTE, Senate and Conference concur with Executive.	**Gross**	**NA**	**$175,000**
	GF/GP	NA	$175,000
3. Transfer of ADA Program from DTMB	FTE	0.0	4.0
Executive transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from Department of Technology, Management, and Budget (DTMB) to Department of Civil Rights ($583,500 Gross, $300,000 GF/GP, 4.0 FTEs). An Executive Order to effect the administrative change is expected. House, Senate, and Conference concur.	**Gross**	**$0**	**$583,500**
	IDG	0	283,500
	GF/GP	$0	$300,000
4. Economics	**Gross**	**NA**	**$273,600**
Executive reflects increased costs of $312,400 Gross ($260,700 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur.	IDG	NA	5,400
	Federal	NA	46,300
	GF/GP	NA	$221,900

Major Boilerplate Changes From FY 2013-14

***Sec. 404. Department Operations Report* – REVISED**
Requires detailed annual report on Department operations, including data on complaints received and investigated. Executive deletes. House, Senate, and Conference add requirements to provide information on complaint evaluation and productivity projections, including investigations closed per FTE, complaint evaluations completed per FTE, and average time expended investigating complaints. House, Senate, and Conference also explicitly require report to be posted online.

***Sec. 405. Reports and Complaints to Federal Authorities* – RETAINED**
Requires Department to notify legislature and state budget office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal department. Executive deletes; House, Senate, and Conference retain.

FY 2014-15: EXECUTIVE OFFICE
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0	$0	$0	*$0*	--
Federal	0	0	0	0	0	*0*	--
Local	0	0	0	0	0	*0*	--
Private	0	0	0	0	0	*0*	--
Restricted	0	0	0	0	0	*0*	--
GF/GP	5,370,000	5,916,100	5,916,100	5,916,100	5,916,100	*546,100*	*10.2*
Gross	**$5,370,000**	**$5,916,100**	**$5,916,100**	**$5,916,100**	**$5,916,100**	***$546,100***	***10.2***
FTEs	84.2	88.2	88.2	88.2	88.2	*4.0*	*4.8*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		**FY 2013-14 Year-to-Date (as of 2/5/14)**	**FY 2014-15 Conference Change**
1. Office for New Americans	FTE	NA	4.0
Executive includes $385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan. House, Senate, and Conference concur.	**Gross**	**NA**	**$385,000**
	GF/GP	NA	$385,000
2. Executive Office Operations	FTE	74.2	0.0
Provides $161,100 GF/GP funding increase for Executive Office operations (3.0%). Executive, House, Senate, and Conference include.	**Gross**	**$3,841,800**	**$161,000**
	GF/GP	$3,841,800	$161,000

Major Boilerplate Changes From FY 2013-14

There are no major boilerplate changes recommended for FY 2014-15.

FY 2014-15: LEGISLATURE
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0	$0	$0	*$0*	--
Federal	0	0	0	0	0	*0*	--
Local	0	0	0	0	0	*0*	--
Private	400,000	400,000	400,000	400,000	400,000	*0*	*0.0*
Restricted	1,109,800	4,109,800	1,109,800	4,109,800	4,109,800	*3,000,000*	*270.3*
GF/GP	122,309,500	127,060,700	130,420,700	127,420,700	127,420,700	*5,111,200*	*4.2*
Gross	**$123,819,300**	**$131,570,500**	**$131,930,500**	**$131,930,500**	**$131,930,500**	***$8,111,200***	***6.6***
FTEs	0.0	0.0	0.0	0.0	0.0	*0.0*	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.
NOTE: Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. State Capitol Historic Site	**Gross**	**$3,078,700**	**$3,360,000**
Executive includes $3.0 million Gross ($0 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678. FY 2013-14 appropriations included $3.1 million for Capitol Building Operations which were shifted under new Capitol Historic Site unit. House includes $3.0 million GF/GP to support restoration, renewal, and maintenance for the State Capitol Historic Site and includes additional $360,000 GF/GP for operational shortfall. Senate concurs with Executive and includes additional $360,000 GF/GP to account for operational shortfall. Conference concurs with Senate.	Restricted	0	3,000,000
	GF/GP	$3,078,700	$360,000
2. Economic Adjustments	**Gross**	**NA**	**$4,751,200**
Reflects increased costs of $4.8 million GF/GP for economic adjustments related to legislative staff and operations. Executive, House, Senate, and Conference include.	GF/GP	NA	$4,751,200

Major Boilerplate Changes From FY 2013-14

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

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97th Legislature. Executive and Senate include as new section. House does not include. Conference concurs with Executive and Senate.

Major Boilerplate Changes From FY 2013-14

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

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the department of technology, management, and budget before the end of FY 2014-15. Senate includes as new language. Conference concurs with Senate.

FY 2014-15: LEGISLATIVE AUDITOR GENERAL
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$5,092,100	$5,220,700	$5,220,700	$5,220,700	$5,220,700	*$128,600*	*2.5*
Federal	0	0	0	0	0	*0*	*--*
Local	0	0	0	0	0	*0*	*--*
Private	0	0	0	0	0	*0*	*--*
Restricted	1,951,000	2,000,800	2,000,800	2,000,800	2,000,800	*49,800*	*2.6*
GF/GP	13,911,300	14,537,300	14,537,300	15,337,300	14,937,300	*1,026,000*	*7.4*
Gross	**$20,954,400**	**$21,758,800**	**$21,758,800**	**$22,558,800**	**$22,158,800**	***$1,204,400***	***5.7***
FTEs	0.0	0.0	0.0	0.0	0.0	*0.0*	*--*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.
NOTE: Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Operations Increase	**Gross**	**NA**	**$276,500**
Executive includes $276,500 GF/GP to support Auditor General operations. House, Senate, and Conference concur.	GF/GP	NA	$276,500
2. Information Technology Auditors	**Gross**	**$400,000**	**$400,000**
Senate includes additional $800,000 GF/GP to support increased audit oversight and service delivery for audits related to information technology systems. Conference includes $400,000 GF/GP.	GF/GP	$400,000	$400,000
3. Economic Adjustments	**Gross**	**NA**	**$527,900**
Reflects increased costs of $527,900 Gross ($349,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. Executive, House, Senate, and Conference include.	IDG	NA	128,600
	Restricted	NA	49,800
	GF/GP	NA	$349,500

Major Boilerplate Changes From FY 2013-14

***Sec. 625. Information Technology Auditors* – NEW**

Directs that not more than $800,000 may be used to hire up to ten additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to General Fund. Senate includes as new section. Conference concurs with Senate language, but reduces funding to $400,000.

FY 2014-15: DEPARTMENT OF STATE
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	*$0*	*0.0*
Federal	1,810,000	1,460,000	1,460,000	1,460,000	1,460,000	*(350,000)*	*(19.3)*
Local	0	0	0	0	0	*0*	*--*
Private	100	100	100	100	100	*0*	*0.0*
Restricted	182,485,400	184,713,200	184,713,200	184,713,200	184,985,800	*2,500,400*	*1.4*
GF/GP	15,253,400	17,939,000	17,108,200	17,939,000	17,539,000	*2,285,600*	*15.0*
Gross	**$219,548,900**	**$224,112,300**	**$223,281,500**	**$224,112,300**	**$223,984,900**	***$4,436,000***	***2.0***
FTEs	1,568.0	1,599.0	1,585.0	1,599.0	1,593.0	*25.0*	*1.6*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Fraud Prevention	FTE	NA	25.0
Executive provides $1.8 million to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes $1.2 million and 27.0 FTEs for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and $627,400 and 4.0 FTEs for development of data analytics and prosecutorial assistance. House reduces overall amount to $1.0 million, Senate concurs with Executive, and Conference reduces Executive by $400,000 and 6.0 FTEs.	**Gross**	**NA**	**$1,430,800**
	GF/GP	NA	$1,430,800
2. Campaign Finance and Lobbyist Registration	**Gross**	**NA**	**$500,000**
Executive provides additional $500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems. House, Senate, and Conference concur.	GF/GP	NA	$500,000
3. Offset for Michigan Transportation Fund Economics	**Gross**	**$20,000,000**	**$0**
Executive provides GF/GP to offset economic adjustments that would otherwise be applied to funding from the Michigan Transportation Fund (MTF). MTF funds are received as IDG revenues from MDOT and partially reimburse the Department of State for the costs of collecting registration and title fee revenue that is deposited into the MTF. MTF support is statutorily capped at $20.0 million (MCL 247.660). GF/GP and IDG changes are offsets against total economics, below. House, Senate, and Conference concur.	IDG	20,000,000	(300,700)
	GF/GP	$0	$300,700

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. Federal HAVA Grant Funds	**Gross**	**$350,000**	**($350,000)**
Executive aligns budget with status of grant program under federal Help America Vote Act (HAVA) by eliminating the federal fund source. HAVA projects are going forward under work project funding. House, Senate, and Conference concur.	Federal	350,000	(350,000)
	GF/GP	$0	$0
5. Transfer of Child Protection Registry	**Gross**	**NA**	**$272,600**
Revised Executive and Conference add $272,600 in restricted funds to recognize Executive Order 2014-5, which transferred the Children's Protection Registry from the Department of Licensing and Regulatory Affairs to the Department of State. The Children's Protection Registry enables parents and guardians to register minors' cell phone numbers, e-mail addresses, and other electronic points of contact potentially accessible by spammers and others. The registry is supported by fees paid by electronic senders.	Restricted	NA	272,600
	GF/GP	NA	$272,600
6. Economics	**Gross**	**NA**	**$2,582,600**
Executive reflects increased costs of $2.6 million Gross ($54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur.	IDG	NA	300,700
	Restricted	NA	2,227,800
	GF/GP	NA	$54,100

Major Boilerplate Changes From FY 2013-14

Sec. 714. Branch Office Closings or Consolidations **– RETAINED**
Requires DOS to notify legislature in advance of closing or relocating a branch office to another local unit of government. Executive deletes, House, Senate, and Conference retain.

Sec. 716b. Business Application Modernization (BAM) Report **– RETAINED**
Requires DOS to report on funding expended for the BAM project since its inception. Executive deletes, House, Senate, and Conference retain.

Sec. 718. Buena Vista Branch **– RETAINED**
Requires DOS to maintain a full-service branch office in Buena Vista Township. Executive deletes, House, Senate, and Conference retain.

FY 2014-15: DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$677,159,800	$680,315,500	$677,671,700	$680,315,500	$677,671,700	*$511,900*	*0.1*
Federal	8,790,900	7,974,100	7,974,100	7,974,100	7,974,100	*(816,800)*	*(9.3)*
Local	1,320,800	3,553,700	3,553,700	3,553,700	3,553,700	*2,232,900*	*169.1*
Private	190,400	190,400	190,400	190,400	190,400	*0*	*0.0*
Restricted	94,125,900	94,322,000	94,322,000	94,322,000	94,322,000	*196,100*	*0.2*
GF/GP	409,217,800	495,848,500	476,348,200	478,348,300	479,098,500	*69,880,700*	*17.1*
Gross	**$1,190,805,600**	**$1,282,204,200**	**$1,260,060,100**	**$1,264,704,000**	**$1,262,810,400**	***$72,004,800***	***6.0***
FTEs	2,822.0	2,823.0	2,823.0	2,823.0	2,823.0	*1.0*	*0.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Administrative Board, and the Office of Children's Ombudsman. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
MANAGEMENT AND BUDGET			
1. Motor Vehicle Fleet	FTEs	35.0	0.0
Executive increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional $8.3 million authorization brings total to $67.7 million IDG. House, Senate, and Conference concur.	**Gross**	**$59,221,400**	**$8,300,000**
	IDG	59,221,400	8,300,000
2. Office of Urban and Metropolitan Initiatives	FTE	0.0	0.0
Executive provides one-time funding for the Office of Urban and Metropolitan Initiatives, which has been housed in the Executive Office. The Office works with foundations, community partners, and the Michigan Economic Development Corporation to establish policies and create a strategic framework for urban economic development. House and Senate concur. Conference reduces Executive by $500,000.	**Gross**	**$0**	**$5,000,000**
	GF/GP	$0	$5,000,000
3. Legal Services/Litigation Funding	**Gross**	**$2,000,000**	**$2,000,000**
Executive renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by $3.0 million. House and Senate concur. Conference reduces Executive by $1.0 million.	GF/GP	$2,000,000	$2,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. Regional Prosperity Grants	**Gross**	**$2,500,000**	**$1,000,000**
Executive adds $2.5 million in ongoing funding for Regional Prosperity Initiative and retains $2.5 million as one-time funding. Funding supports economic and workforce development grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. House provides $2.5 million in one-time funding, does not add $2.5 million in ongoing funding. Senate retains $2.5 million in one-time funding, but does not add $2.5 million in ongoing funding. Conference concurs with Executive's addition of $2.5 million in ongoing funding, and reduces Executive's one-time funding by $1.5 million.	GF/GP	$2,500,000	$1,000,000
5. Juvenile Justice 20/20 Project	**Gross**	**$0**	**$0**
Senate adds $1.35 million GF/GP for development of juvenile justice database to track statistical and demographic data on adjudicated juveniles. Executive, House, and Conference do not include.	GF/GP	$0	$0
6. Special Projects	**Gross**	**$0**	**$1,250,000**
Conference adds a total of $1.25 million in one-time appropriations for special projects: • $500,000 for $120 bonus payments to National Guard retirees. If SB 906 is enacted, funds would be used for the increased payments under that legislation. • $250,000 for Catholic Charities Center for Hope in Genesee County. • $500,000 unspecified.	GF/GP	$0	$1,250,000
7. Office of Children's Ombudsman	FTE	10.0	4.0
Executive funds 4.0 additional positions for the Children's Ombudsman's office. Addition of two intake staff and two investigators aimed speeding investigations by reducing investigator caseloads and reducing intake tasks. House, Senate, and Conference concur.	**Gross**	**$1,235,100**	**$510,200**
	GF/GP	$1,235,100	$510,200
8. Add Lansing Township Annex to Building Occupancy	**Gross**	**$0**	**$644,200**
Executive increases IDG authorization for state building occupancy to recognize addition of Lansing Township property to DTMB responsibility. House, Senate, and Conference concur.	IDG	0	644,200
9. Adjutant General and Assistant Adjutant Retirement	**Gross**	**$0**	**$437,000**
Executive provides funding for the costs of PA 99 of 2013, which returned the Adjutant General and Assistant Adjutant General to the defined benefit retirement system and reversed PA 255 of 2010, which had placed those appointees hired after January 1, 2011 into the state's defined contribution plan. House, Senate, and Conference concur.	GF/GP	$0	$437,000
10. Professional Development Program	**Gross**	**$0**	**$720,000**
Executive provides $720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW. House, Senate, and Conference concur.	IDG	0	720,000
11. MiResults Maintenance	**Gross**	**NA**	**$225,000**
Executive adds funding for maintenance of MiResults system that enables development and tracking of standardized scorecards and dashboard reports for all state agencies. System was rolled out in April 2012 and is currently in development with completion expected in September 2014. House, Senate, and Conference concur.	GF/GP	NA	$225,000
12. Delta County Bridge	**Gross**	**$1,500,000**	**($1,500,000)**
Executive removes one-time funding in FY 2013-14 budget for removal of a deteriorated bridge over the Escanaba River. House, Senate, and Conference concur.	GF/GP	$1,500,000	($1,500,000)
13. U.S. Department of Labor Funding	**Gross**	**NA**	**($1,000,000)**
Executive includes technical adjustment to align federal funding authorization with amounts being received for collection and transmittal of labor statistics to federal authorities. House, Senate, and Conference concur.	Federal	NA	(1,000,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
14. MSU Combined Sewer Overflow Project	**Gross**	**$430,500**	**($430,500)**
Executive removes one-time funding provided under boilerplate appropriation in FY 2013-14 budget pertaining to work at the site of the former Michigan State Police headquarters. The budget act appropriated up to $430,000 for combined sewer overflow connections to the municipal sewer system at the old headquarters site. Funding was appropriated following return of asbestos abatement funds by Michigan State University. House, Senate, and Conference concur.	GF/GP	$430,500	($430,500)
15. Transfer ADA Staff to Civil Rights	FTE	4.0	**(4.0)**
Executive transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from DTMB to Department of Civil Rights. Of the $583,400 total cost, only $300,000 of GF/GP is being transferred to Civil Rights. The balance of the program's cost will be funded with an IDG from DTMB. An Executive Order to effect the administrative change is expected in March 2014. House, Senate, and Conference concur.	**Gross**	**$583,500**	**($300,000)**
	GF/GP	$583,500	($300,000)
16. Recognize Additional Accounting Savings	**Gross**	**NA**	**($42,500)**
Executive includes technical adjustment to recognize additional savings under consolidation of accounting services. House, Senate, and Conference concur.	IDG	NA	(42,500)
17. Statewide Cost Allocation Plan Adjustments	**Gross**	**NA**	**$0**
Executive incorporates technical adjustments pertaining to statewide cost allocation plan. House, Senate, and Conference concur.	IDG	NA	110,000
	Restricted	NA	(75,700)
	GF/GP	NA	($34,300)
18. Law Enforcement Memorial	**Gross**	**$0**	**$0**
Senate includes $100 placeholder for funding for law enforcement officers memorial monument. Executive, House, and Conference do not include.	GF/GP	$0	$0
INFORMATION TECHNOLOGY			
19. Enterprisewide Information Technology (IT) Investments	**Gross**	**$47,000,000**	**$16,000,000**
Executive adds $28.0 million GF/GP for continuation of efforts targeting technology upgrades and replacing legacy systems, bringing total funding to $75.0 million. House halves the Executive-proposed increase, bringing the total funding to $61.0 million, and divides the funding between four line items (Health and Human Services, Enterprisewide Projects, General Government and Public Safety, and MAIN). Senate reduces Executive by $16.35 million and maintains as one line item. Conference reduces Executive by $12.0 million and splits between four line items.	GF/GP	$47,000,000	$16,000,000
20. One-Time Technology Services Funding	**Gross**	**$21,300,000**	**($14,399,700)**
Executive replaces current year's one-time technology services authorization of $21.3 million IDG with $6.9 million IDG to align authorization with agency funding requests. Consists of: • $2.5 million for DEQ electronic document management project (DEQ funds with GF/GP). • $2.0 million for the third and final year of a rewrite of an IT application for the Liquor Control Commission (LCC/LARA funds with restricted revenues). • $2.4 million for development of a mobile application for LARA's Unemployment Insurance Agency (LARA funds with restricted revenues). House, Senate, and Conference concur, and Conference adds $300 to balance to GF/GP target figure, due to elimination of Executive's $300 in capital outlay authorizations.	IDG	21,300,000	(14,400,000)
	GF/GP	$0	$300

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
21. Michigan Public Safety Communications System (MPSCS)	FTE	100.0	0.0
Executive transfers MPSCS from State Police to DTMB and adds funds for equipment replacement. Program currently funded in DTMB with IDG from State Police, which uses GF/GP and about $2.2 million in local subscriber and maintenance funds to support the program. Executive also recommends additional $20.0 million for commencement of equipment lifecycle replacement schedule and $5.3 million for statewide radio replacement cycle. Shift from State Police to DTMB also includes transfer of $53,200 in local revenue currently retained by State Police for administrative costs. House, Senate, and Conference concur.	**Gross**	**$16,287,700**	**$25,353,200**
	IDG	16,287,700	(16,287,700)
	Local	0	2,183,000
	GF/GP	$0	$39,457,900
22. Cyber Security	FTE	10.0	3.0
Executive adds 3.0 FTEs and $6.8 million for new cyber security initiatives; coupled with $240,000 increase for full-year funding of positions partially funded in current year, total increase is $7.0 million. House, Senate, and Conference concur.	**Gross**	**$2,000,000**	**$7,025,000**
	GF/GP	$2,000,000	$7,025,000
23. Technology Innovation Fund	**Gross**	**$2,500,000**	**($2,500,000)**
Executive eliminates spending authorization for the revolving Technology Innovation Fund, established under the FY 2011-12 budget and retained in subsequent budget acts, as a means of financing loans to other state agencies and local governmental units for high-priority, low-cost projects that offer a significant return on investment. Executive seeks legislation to continue program under statute. House, Senate, and Conference concur with elimination of line item.	GF/GP	$2,500,000	($2,500,000)
24. Align DTMB IT Funding with Agency Appropriations	**Gross**	**$477,153,800**	**$15,437,600**
Executive includes technical IDG authorization increase to align DTMB's budget with state agencies' FY 2013-14 enacted appropriations for information technology services and projects. House, Senate, and Conference concur.	IDG	477,153,800	15,437,600
25. Align DTMB IT Funding with Agency Executive Recommendations for FY 2014-15	FTE	1,469.5	2.0
	Gross	**NA**	**$6,099,200**
Executive includes technical IDG authorization adjustments to align DTMB's budget with changes proposed to agency budgets under Executive Recommendation for FY 2014-15. Reflects changes proposed in budgets for Corrections, Human Services, LARA, Strategic Fund, State Police, and Treasury. (Figures do not include IDG adjustment associated with transfer of MPSCS, explained in No. 18, above). House, Senate, and Conference concur.	IDG	NA	6,099,200
26. De-fund Michigan Business One-Stop	**Gross**	**NA**	**($2,643,800)**
Conference and House eliminate funding from technology user fees associated with operational costs of the Michigan Business One-Stop, an online resource intended to assist individuals with starting businesses in Michigan, but which has come under scrutiny from the auditor general and the legislature. Funding to meet the remaining cost of capitalization of the project, also funded with technology user fees, would be retained as a new line item under one-time appropriations.	IDG	NA	(2,643,800)
CAPITAL OUTLAY			
27. Special Maintenance	**Gross**	**$28,000,000**	**$2,000,000**
Executive increases ongoing funding for maintenance and upkeep projects at state-owned properties from current $18.0 million to $23.0 million, and retains $10.0 million in one-time funding for the third year. House, and Senate concur. Conference reduces Executive's one-time funding by $3.0 million.	GF/GP	$28,000,000	$2,000,000
28. State Building Authority (SBA) Rent Payments	**Gross**	**$258,570,600**	**($4,000,000)**
Executive includes a net reduction in funding for SBA rent payments to better align funding with debt obligations. Decreases of $2.5 million for MDOC projects and $11.6 million for other state agency projects are partially offset by increases of $7.6 million for university projects and $2.5 million for community college projects. House, Senate, and Conference concur.	GF/GP	$258,570,600	($4,000,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
29. University and Community College Capital Outlay Projects	**Gross**	**NA**	**$0**
Executive provides total of $300 in one-time planning authorization for three new capital outlay projects, one each at Ferris State University ($30.0 million, state share $22.5 million), West Shore Community College ($4.1 million, state share $2.05 million), and Lake Michigan Community College ($16.6 million, state share $8.3 million). House, Senate, and Conference exclude. Conference adds this $300 to one-time funding for information technology projects.	GF/GP	NA	$0
30. Transfer State Building Authority (SBA) to Treasury	FTE	4.0	(4.0)
Executive transfers funding and FTEs for State Building Authority to Treasury, as provided under Executive Order 2013-8. Funding for SBA rent payments would continue to be appropriated in DTMB budget. House, Senate, and Conference concur.	**Gross**	**$699,100**	**($699,100)**
	Restricted	699,100	(699,100)
	GF/GP	$0	$0
ECONOMICS			
31. Economic Adjustments	**Gross**	**NA**	**$7,519,000**
Executive reflects increased costs of $7.5 million Gross ($3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur.	IDG	NA	2,574,900
	Federal	NA	183,200
	Local	NA	49,900
	Private	NA	0
	Restricted	NA	970,900
	GF/GP	NA	$3,740,100

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions
In general, the Executive deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted. House retains reporting requirements and other provisions of current law deleted by Executive.

***Sec. 816. Requests for Proposals (RFPs)* – RETAINED**
Requires privatization RFPs to include all factors to be used in evaluating and determining price. Executive deletes, House, Senate, and Conference retain.

***Sec. 821. Office Space Consolidation* – RETAINED**
Requires DTMB to provide a detailed plan regarding the office space consolidation project, and specifies details to be included. Executive deletes, House, Senate, and Conference retain.

***Sec. 822e. Detroit River International Crossing* – RETAINED**
Prohibits DTMB appropriations from being used for the Detroit River International Crossing or any successor project. Executive deletes, House, Senate, and Conference retain. Senate moves to General Sections (Sec. 226a). Conference concurs with House placement in DTMB.

***Sec. 822f. DTMB Fees and Rates* – NEW**
House adds requirement for DTMB to report on fee and rate schedules to be used by state departments and agencies for DTMB services, identifying changes from prior year, as well as factors driving any changes. Executive and Senate do not include, Conference modifies to limit to fee and rate increases.

***Sec. 822g. Wayland Police Post* – NEW**
House adds requirement for DTMB to assist Department of State Police as necessary in discussions with City of Wayland regarding a potential joint public safety building. Executive and Senate do not include; Conference includes.

***Sec. 822h. One Division Building* – NEW**
House adds requirement for DTMB evaluate feasibility of repurposing the One Division building in Grand Rapids for a new state police crime laboratory. Executive and Senate do not include; Conference includes.

***Sec. 831. Innovation Technology Innovation Revolving Fund* – REVISED**
In conjunction with elimination of funding, Executive deletes language providing for IT Innovation Revolving Fund. Pending enactment of associated legislation, House retains language, but adds provision stating that it is of no effect upon enactment of legislation that provides for the administration and use of the fund. Senate concurs with Executive, Conference concurs with House.

Major Boilerplate Changes From FY 2013-14

***Sec. 836. Cloud Computing* – NEW**
House adds requirement for DTMB to conduct an analysis of public or private cloud computing technologies for new projects. Requires DTMB to conduct analysis of migrating existing projects or system upgrades to a cloud-based platform. Senate and Conference concur with House.

***Sec. 890. Regional Prosperity Grants* – REVISED**
Executive allocates $1.0 million of proposed increase to DTMB, to be used to assist state agencies with providing services along prosperity region boundaries. House does not include, but concurs with Executive's addition of reporting requirements and new language allowing two or more regional planning organizations to submit a joint application. Senate and Conference concur with House.

***Sec. 891. Litigation Fund Report* – NEW**
In conjunction with Executive's increase for litigation costs and renaming of line item to "Litigation Fund", House, Senate, and Conference add requirement for itemized report on fund expenditures.

***Sec. 895. Michigan Business One-Stop* – NEW**
In conjunction with defunding of Michigan Business One-Stop, House and Conference include language to prohibit use of state resources on continued operation of the Michigan Business One-Stop. Senate does not include.

***Sec. 896. Farnum Building* – NEW**
Conference requires DTMB to make up to $7.0 million available to the Senate for future costs associated with relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB. Executive, House, and Senate do not include.

***Sec. 897. Special Projects* – NEW**
Of the $1.25 million appropriated for one-time special projects, Conference allocates $500,000 for $120 payments to National Guard retirees and $250,000 to the Catholic Charities Center for Hope in Genesee County, leaving $500,000 unallocated. Executive, House, and Senate do not include.

FY 2014-15: DEPARTMENT OF TREASURY
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$9,130,000	$9,409,100	$9,409,100	$9,409,100	$9,409,100	*$279,100*	*3.1*
Federal	39,410,400	39,705,200	39,705,400	39,705,400	39,705,400	*295,000*	*0.7*
Local	1,959,500	1,982,500	1,982,500	1,982,500	1,982,500	*23,000*	*1.2*
Private	22,000	23,100	23,100	23,100	23,100	*1,100*	*5.0*
Restricted	1,494,780,500	1,629,043,600	1,629,043,400	1,629,365,600	1,602,710,400	*107,929,900*	*7.2*
GF/GP	240,991,300	269,175,100	261,175,400	268,313,300	269,413,300	*28,422,000*	*11.8*
Gross	**$1,786,293,700**	**$1,949,338,600**	**$1,941,338,900**	**$1,948,799,000**	**$1,923,243,800**	***$136,950,100***	***7.7***
FTEs	1,784.5	1,832.5	1,823.5	1,832.5	1,873.5	*89.0*	*5.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. MSF changes are summarized separately. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Constitutional Revenue Sharing	**Gross**	**$737,257,700**	**$21,014,700**
Executive provides $27.7 million Gross ($0 GF/GP) to adjust constitutional revenue sharing payments upward 3.8% in FY 2014-15 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of $28.2 million Gross ($0 GF/GP) for FY 2015-16. House and Senate concur. Conference revises to account for May Consensus Revenue Estimating Conference revenue revision. Includes $21.0 million Gross ($0 GF/GP), which is an upward adjustment of 2.9% from the FY 2013-14 act appropriated amount (2.4% above the actual estimated May 2014 CREC estimate for FY 2013-14).	Restricted	737,257,700	21,014,700
2. Economic Vitality Incentive Program (EVIP)/CVT Revenue Sharing	**Gross**	**$235,840,000**	**$13,000,000**
Executive includes by $7.2 million Gross ($0 GF/GP). Executive uses funding increase for 3.1% increase for 486 local units eligible to receive payment in FY 2013-14. House includes 1.0% increase for 486 local units eligible to receive payments in FY 2013-14 and uses remainder for per capita distribution to all units. House uses supplemental one-time EVIP funding (see #3) as part of per capita distribution to all local units of government. Senate includes $2.2 million Gross ($0 GF/GP). Allows for 1.0% increase for 486 local units and distributes $28.6 million through old statutory formulas. Increases for local units are capped at 8% from FY 2014. Senate uses supplemental funding (see #3) as part of the old statutory formula distributions. Senate shifts $5.0 million Gross ($0 GF/GP) to support new Financially distressed CVT line item. Conference includes $13.0 million	Restricted	235,840,000	13,000,000

[continued on next page]

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
***2. Economic Vitality Incentive Program (EVIP)/CVT Revenue Sharing* (continued)** Gross ($0 GF/GP) of which $5.8 million is one-time and distributes to CVTs by providing greater of 3.0% increase over FY 2013-14 payment or per capita payment of $2.65 for CVTs with a population of 7,500 or more. CVTs with a population below 7,500 would receive 3.0% increase over FY 2013-14 EVIP payment.			
3. Supplemental Economic Vitality Incentive Program Executive includes $28.8 million Gross ($0 GF/GP) one-time funding for an adjusted population per capita supplemental distribution to EVIP-eligible local units. Local unit population would be adjusted upward by 10% for each of the four criteria (See Boilerplate Sec. 952) a CVT qualified under. Only those 486 local units that currently qualify under EVIP would be eligible for Supplemental EVIP. Of the total amount, $300,000 would support administration. One-time funding removed in FY 2015-16. House concurs with funding but uses to include all additional CVTs not eligible in FY 2013-14 (subject to $5,000 minimum) in EVIP. Eligible payment would be based on per capita distribution for those newly eligible CVTs. A CVT eligible for a payment in FY 2013-14 eligible to receive more under per capita distribution would qualify for per capita distribution. Senate distributes $28.6 million through old statutory formulas to all CVTs subject to a $3,500 floor and an 8% max increase when factoring in Constitutional Revenue Sharing. Senate includes additional 243 CVTs for a total of 729. Conference distributes one-time funding through new CVT Revenue Sharing formula (See Item #2 and Sec. 952).	**Gross** Restricted	**NA** NA	**$0** 0
4. County Revenue Sharing Executive increases county payments by $65.4 million Gross ($0 GF/GP) to achieve full funding for eligible counties in FY 2014-15. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program. House concurs. Senate concurs with full funding but changes funding distributed through county revenue sharing to 90% and funding distributed through County Incentive Program to 10%. Conference concurs with Executive and House.	**Gross** Restricted	**$145,760,000** 145,760,000	**$65,440,000** 65,440,000
5. Competitive Grant Assistance Program Executive reduces Competitive Grant Assistance Program by $10.0 million Gross ($0 GF/GP) from FY 2013-14. House concurs. Senate eliminates funding for program and shifts to new Financially Distressed CVT line item (See Item #6). Conference eliminates funding for program and shifts to new Financially Distressed CVT line item (See Item #6).	**Gross** Restricted	**$15,000,000** 15,000,000	**($15,000,000)** (15,000,000)
6. Financially Distressed CVTs Senate includes new line item addressing financial distressed cities, villages, and townships. Funding would be administered competitively by the Department of Treasury. Funding shifted from Competitive Grant Assistance Program and EVIP/Revenue Sharing for CVTs. Conference includes $8.0 million Gross ($0 GF/GP).	**Gross** Restricted	**NA** NA	**$8,000,000** 8,000,000
7. Debt Service Executive provides $3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of $1.8 million GF/GP for scheduled FY 2014-15 adjustments. House, Senate, and Conference concur.	**Gross** Restricted GF/GP	**$154,202,500** 3,014,500 $151,188,000	**($1,807,500)** (3,014,500) $1,207,000
8. Financial Independence Team Executive includes $6.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts. House includes $100 placeholder. Senate funds at $4.5 million GF/GP and 9.0 FTEs. Conference concurs with Senate.	FTE **Gross** GF/GP	NA **NA** NA	9.0 **$4,500,000** $4,500,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. Office of Tax Implementation	FTE	NA	9.0
Executive includes $1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested. House, Senate, and Conference concur.	**Gross**	**NA**	**$1,550,000**
	GF/GP	NA	$1,550,000
10. Convention Facility Development Fund	**Gross**	**$74,850,000**	**$16,100,000**
Executive provides $16.1 million Gross ($0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units. House, Senate, and Conference concur.	Restricted	74,850,000	16,100,000
11. Payments in Lieu of Taxes	**Gross**	**$17,347,100**	**$3,827,800**
Executive provides $867,400 Gross ($668,200 GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs. House concurs with Executive. Senate includes $3.8 million Gross ($3.3 million GF/GP). Conference concurs with Senate.	Private	22,000	1,100
	Restricted	3,962,200	520,300
	GF/GP	$13,362,900	$3,306,400
12. Personal Property Tax Reform	FTE	NA	9.0
Executive includes $19.3 million GF/GP in one-time funding for two years for distribution of payments from the proceeds of the metropolitan area component tax. Additional $1.5 million GF/GP and 9.0 FTEs in one-time funding included to support implementation of the personal property tax reform. One-time implementation funding removed in FY 2015-16 due to pending August 2014 ballot initiative. House, Senate, and Conference concur.	**Gross**	**NA**	**$20,800,000**
	GF/GP	NA	$20,800,000
13. Credit Card Payment Services	FTE	NA	6.0
Executive includes $2.0 million GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers. One-time funding and FTEs removed in FY 2015-16. Executive revision removes $1.5 million GF/GP due to inclusion in SB 608. House includes $500,000 GF/GP and 6.0 FTEs. House included $1.5 million in one-time start up in FY 2013-14 supplemental (PA 34 of 2014) which negated the need for $1.5 million GF/GP in FY 2014-15 for startup costs. Senate concurs with House. Conference concurs with House and Senate.	**Gross**	**NA**	**$500,000**
	GF/GP	NA	$500,000
14. Treasury Systems Upgrades	FTE	NA	8.0
Executive includes various data and system upgrades: • Tax System Technical Issues Resolution Unit: $600,000 GF/GP and 6.0 FTEs • Data Governance and Storage System Upgrade: $401,000 GF/GP and 2.0 FTEs • Student Scholarships and Grants System Upgrade and Maintenance: $400,000 GF/GP • International Fuel Tax Agreement Tax Return Processing Center: $200,000 Gross ($0 GF/GP) House, Senate, and Conference concur.	**Gross**	**NA**	**$1,601,000**
	IDG	NA	200,000
	GF/GP	NA	$1,401,000
15. Fund Shifts	FTE	NA	4.0
Executive includes various fund shifts and adjustments totaling $706,100 Gross ($41,900 GF/GP). House concurs: • Transfers State Building Authority from DTMB: $699,100 Gross ($0 GF/GP) and 4.0 FTEs • MSHDA Director fringe benefit adjustment: $7,000 Gross ($0 GF/GP) • Michigan Transportation Fund Adjustment: $0 Gross ($41,900 GF/GP) House, Senate, and Conference concur.	**Gross**	**NA**	**$706,100**
	IDG	NA	(41,900)
	Restricted	NA	706,100
	GF/GP	NA	$41,900

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
16. Casino Gaming Adjustments	FTE	NA	3.0
Executive includes various new positions and funding totaling $412,300 Gross ($0 GF/GP) and 3.0 FTEs to support operations:	**Gross**	**NA**	**$412,300**
	Restricted	NA	412,300
• $113,600 Gross ($0 GF/GP) to support Attorney General position to help with review of illegal gaming.			
• $76,600 Gross ($0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit.			
• $76,600 Gross ($0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff.			
• $129,500 Gross ($0 GF/GP) to fund programmer that would support new IT systems.			
• $16,000 Gross ($0 GF/GP) to adjust costs to actual changes for Attorney General Review of Indian Gaming Activities			
House concurs with Executive changes and includes the following as an additional change:			
• Fund source Transfer for Racing Commissioner: Replaces $2.5 million in Equine Development Fund with State Services Fee Fund revenues to support regulation of horse racing – net change of $0.			
Senate concurs with Executive.			
Conference concurs with Executive and Senate.			
17. Removal of Other One-Time Appropriations	**Gross**	**$9,763,300**	**($9,763,300)**
Executive removes various FY 2013-14 one-time appropriations:	Restricted	3,000,000	(3,000,000)
• Treasury Sales, Use, and Withholding Replacement: $1.8 million GF/GP	GF/GP	$6,763,300	($6,763,300)
• Michigan Gaming Control Board System Replacement: $3.0 million Gross ($0 GF/GP)			
• Office of Fiscal Responsibility: $5.0 million GF/GP			
House, Senate, and Conference concur.			
18. City of Flint Police and Fire Safety Grant	**Gross**	**NA**	**$1,100,000**
House includes $100 GF/GP (one-time) placeholder for grant to support the City of Flint police and fire departments. Executive and Senate do not include. Conference includes $1.1 million GF/GP as one-time appropriation.	GF/GP	NA	$1,100,000
19. Waterford Regional Fire Department Grant	**Gross**	**NA**	**$0**
House includes $100 GF/GP (one-time) placeholder for grant to support the Waterford regional fire department. Executive and Senate do not include. Conference includes $175,000 but shifts to MSF – Special Grants (See Item #12 in Michigan Strategic Fund).	GF/GP	NA	$0
20. Economic Adjustments	**Gross**	**NA**	**$4,969,000**
Reflects increased costs of $5.0 million Gross ($779,000 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. Executive, House, Senate, and Conference include.	IDG	NA	121,000
	Federal	NA	294,900
	Local	NA	23,000
	Restricted	NA	3,751,100
	GF/GP	NA	$779,000

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

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

***Sec. 946. Convention Facility Development Fund Distribution* – NEW**

Specifies that revenue collected in the Convention Facility Development Fund is appropriated and distributed according to the Convention Facility Development Act. Executive includes as new section. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

***Sec. 947. Financial Independence Teams* – NEW**
Stipulates that the financial independence teams shall cooperate with the office of fiscal responsibility to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts. House, Senate, and Conference include as new section.

***Sec. 949a. City of Flint Police and Fire Grant* – NEW**
Requires appropriation of $1.1 million to be expended on police and fire services in the city of Flint. Authorizes emergency manager or receivership transition advisory board to determine distribution of funds. Conference includes as new.

***Sec. 951. Competitive Grant Assistance Program* – DELETED**
Includes direction for distribution of $15.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; $10.0 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language; and continues to make available unclaimed EVIP funds. Executive revises language to state that consideration may be given for projects that result in more efficient government services through increased cooperation and/or collaboration; amount appropriated revised to $5.0 million. House concurs. Senate and Conference delete section.

***Sec. 952. Economic Vitality Incentive Program/City, Village, and Township Revenue Sharing and County Incentive Program* – REVISED**
Specifies three category requirements for cities, villages, townships, and counties to meet to receive funding under the Economic Vitality Incentive Program and County Incentive Program. Creates bifurcated system whereby CVTs and counties that did not previously participate in the program would retain the FY 2012-13 requirements, while those CVTs that participated in FY 2012-13 would be required to meet new benchmarks. Distribution method allows for partial payments and ties each bi-monthly payment to a specific category. Executive revises to create Ongoing and Supplemental (One-Time) EVIP Programs (Sec. 20-953); Ongoing EVIP keeps three category requirements but offers alternative method of qualifying for eligible payment by meeting 4 standards outlined in boilerplate. New Supplemental EVIP provides for adjusted population per capita distribution of $28.5 million appropriated as one-time. Population would be adjusted upward by 10% for each of the four criteria a CVT qualified under. House does not concur with Executive changes. House revises language to include all CVTs and provide that they receive a 1% increase if the CVT was eligible for a payment in FY 2013-14 or $7.14609 per capita, whichever is greater, subject to a $5,000 floor. House revises three category requirement to two category requirement. Retains accountability and transparency and includes new category 2 requiring 5.0% of eligible payment be committed to unfunded liabilities. House also revises category language to state that a CVT receiving less than $50,000 does not have to comply with the categories to qualify for its eligible payment. Senate revises program to include a new CVT revenue sharing program. CVTs receiving an EVIP payment in FY 2014 would receive a base 1% increase upon meeting the accountability and transparency requirements (Categories 2 and 3 are eliminated). Additionally, $28.6 million would be distributed through statutory revenue sharing formulas (unit type population, taxable value, and tax yield equalization). Parameters include a $3,500 payment floor (savings redistributed) and a growth cap of 8% on the total of constitutional and CVT revenue sharing. Savings due to the growth cap would be redistributed to increase payments to CVTs with lower payment growth. When computing unit type population, townships with population over 20,000 and townships with population over 10,000 that offer 24-hour police and fire services, offering water to 50% of residents, and sewer services to 50% of residents would receive the same weight as cities. A total of 756 CVTs are eligible for a payment. Conference revised EVIP into newly named CVT Revenue Sharing that would provide 486 CVTs eligible for an EVIP payment in FY 2013-14 with the greater of a 3.05% increase or $2.65 per person. All other CVTs with a population over 7,500 would receive $2.65 per person. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Section 956.

***Sec. 953. County Incentive/Transparency Program* – NOT INCLUDED**
Senate includes County Incentive Program under new section. Funding for County Incentive Program is revised to equal 10% of total County payments. Payments are subject to requirements under Section 954. (See Sec. 952)

***Sec. 954. Accountability and Transparency Requirement* – NOT INCLUDED**
Senate includes accountability and transparency requirement in separate section and revises category requirements by retaining only the transparency and accountability requirement and includes as new Section 954. All eligible CVTs and counties must comply with accountability and transparency requirement to receive eligible payment. Executive included requirement that dashboard include cost per resident of unfunded accrued liabilities. House, Senate, and Conference did not include recommended adjustment to accountability and transparency. Senate revised date for compliance moved from October 1 to December 1. (See also Section 952 where Executive, House and Conference included language)

***Sec. 954a. Cities, Village, and Townships Revenue Sharing Payment Distribution* – NOT INCLUDED**
Senate includes existing payment distribution in new section. Revised language to account for changes to program requirement. Revises language distributing unexpended funds from Competitive Grant Assistance Program to new Financially Distressed CVTs line item (subject to legislative transfer). Included in Section 952 in the current year. (See Sec. 952)

Major Boilerplate Changes From FY 2013-14

***Sec. 956. Financially Distressed Cities, Villages, and Townships* – NEW**
Senate includes new language allowing for $10.0 million appropriated to be distributed as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding. Grants are capped at $2.0 million. Funds are designated as work project. Requires report. Conference concurs with Senate (revises amount to $8.0 million).

***Sec. 958. Statewide Online Financial Accountability Reporting System* – NEW**
Senate includes new section requiring department to contract for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data. Conference concurs with inclusion but revises language and requires Department of Treasury to work with DTMB in issuing a RFP.

***Sec. 959. Local Reporting on Costs of Insurance for Medicare-Eligible Retirees* – NOT INCLUDED**
Senate includes intent language that would require local units receiving revenue sharing payments and offering health insurance to retired employees or retired elected officials to report to the department on the potential cost savings from bidding health insurance for retirees who are eligible for Medicare as a separate contract than health insurance for current employees. Requires department to summarize information submitted and provide a report. Conference does not include.

BUREAU OF STATE LOTTERY
***Sec. 963. Department of Human Services Bridge Cards* – RETAINED**
Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets. Executive deletes. House, Senate, and Conference retain.

CASINO GAMING
***Sec. 976. Tribal Casino Local Revenue Sharing* – REVISED**
Authorizes funding for local government programs to be used to assist local revenue sharing boards, requires local revenue sharing boards to comply with the Open Meetings Act and Freedom of Information Act, authorizes county treasurers to receive and administer revenues on behalf of local revenue sharing boards, authorizes the Directors of State Police and the Michigan Gaming Control Board to assist local revenue sharing boards with allocating funds to local public safety organizations, and requires the Department to provide a report on the receipt and distribution of revenues. Executive revises (6) to require report from MGCB instead of Department of Treasury. House does not include revision. Senate and Conference include revision.

STATE BUILDING AUTHORITY
Executive transfers the following State Building Authority (SBA) boilerplate sections from DTMB to the Department of Treasury:

- Sec. 840. General Fund Advances (Sec. 1101)
- Sec. 841. Excess Facility Revenue (Sec. 1102)
- Sec. 843. Status of Construction Projects (Sec. 1103)

House, Senate, and Conference concur.

FY 2014-15: DEPARTMENT OF TREASURY – MICHIGAN STRATEGIC FUND
Summary: Conference Report
Article VIII, House Bill 5313 (H-1) CR-1

Analyst: Ben Gielczyk

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0	$0	$0	*$0*	*--*
Federal	638,370,300	637,370,300	627,370,300	627,370,300	627,370,300	*(11,000,000)*	*(1.7)*
Local	4,433,500	4,433,500	4,433,500	4,433,500	4,433,500	*0*	*0.0*
Private	5,454,900	5,654,900	5,654,900	5,654,900	5,654,900	*200,000*	*3.7*
Restricted	141,851,300	142,678,700	142,678,700	142,678,700	142,678,700	*827,400*	*0.6*
GF/GP	218,163,900	229,292,500	192,992,500	231,892,500	244,642,500	*26,478,600*	*12.1*
Gross	**$1,008,273,900**	**$1,019,429,900**	**$973,129,900**	**$1,012,029,900**	**$1,024,779,900**	***$16,506,000***	***1.6***
FTEs	756.0	756.0	756.0	756.0	756.0	*0.0*	*0.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Strategic Fund (MSF) contains programs that work with existing Michigan businesses and communities to retain and expand jobs through coordination of business assistance services through interdisciplinary account management teams and other economic development services. These programs build partnerships with local, state, and federal economic development agencies and the business community to coordinate and leverage resources and improve the State's business climate. The MSF has administrative responsibilities over Workforce Investment Act activities, Community Development Block Grants, GEAR-UP grants, Carl D. Perkins grants, adult education, Bureau of Energy Systems, postsecondary education services, and welfare-to-work programs. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund. Michigan State Housing Development Authority (MSDHA) is an autonomous agency within the MSF. Under Executive Order 2011-4, the MSF supervises and directs the budgeting, procurement, and related management functions of the MSHDA. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. University Engineering Talent Investment Program	**Gross**	**NA**	**$0**
Executive includes $7.9 million GF/GP for annual debt service on $100.0 million in bonds associated with the new Engineering Talent Investment Program. The Michigan Strategic Fund (MSF) would distribute the funds on a competitive basis for capital improvements to facilities providing instructional, laboratory, or research support to engineering programs. Universities would be required to provide a minimum 25% match of the total project cost. House, Senate, and Conference do not include.	GF/GP	NA	$0
2. Community College Skilled Trades Equipment Program	**Gross**	**NA**	**$4,600,000**
Executive includes $4.6 million GF/GP for annual debt service on $50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF would distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges would be required to provide a minimum 25% match of the total project cost. House, Senate, and Conference concur.	GF/GP	NA	$4,600,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Business Attraction and Community Revitalization	**Gross**	**$120,000,000**	**$10,000,000**
Executive includes additional $18.5 million Gross ($15.0 million GF/GP) to support Business Attraction and Community Revitalization projects. Provides additional $15.0 million GF/GP ($10.0 million GF/GP considered one-time) to support community revitalization projects. Moves $24.8 million GF/GP that was considered one-time appropriations in FY 2013-14 to the ongoing line item. Shifts $3.5 million Gross ($0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. One-time funding totaling $10.0 million GF/GP removed in FY 2015-16. House includes net reduction of $2.5 million Gross ($6.0 million GF/GP) from FY 2013-14. Concurs with shift of $3.5 million Gross ($0 GF/GP) from Entrepreneurship Eco-system line. A total of $10.0 million GF/GP considered one-time. Senate includes net reduction of $3.0 million ($6.5 million GF/GP) from FY 2013-14. Concurs with shift of $3.5 million Gross ($0 GF/GP) from Entrepreneurship Eco-system line. Conference includes additional $10.0 million ($6.5 million GF/GP). Of total funding, $17.9 million GF/GP is considered one-time.	Restricted	17,500,000	3,500,000
	GF/GP	$102,500,000	$6,500,000
4. Entrepreneurship Eco-System	**Gross**	**$28,500,000**	**($3,500,000)**
Executive shifts $3.5 million Gross ($0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. See #3. House, Senate, and Conference concur.	Restricted	28,500,000	(3,500,000)
5. Van Andel Institute Advanced Medical Research	**Gross**	**NA**	**$4,500,000**
Senate includes $4.5 million GF/GP in Entrepreneurship Eco-System line item to support matching Federal and private funds to perform advanced medical research. Conference concurs with Senate (included in MSF – Special Grants line item – Item #12).	GF/GP	NA	$4,500,000
6. Film Incentives	**Gross**	**$50,000,000**	**$0**
Executive includes $25.0 million GF/GP film incentives which is a reduction of $25.0 million GF/GP from FY 2013-14. Funding is reclassified from one-time to ongoing. House concurs with funding level, but keeps funding classified as one-time. Senate includes $60.0 million and reclassifies as ongoing. Conference includes total of $50.0 million GF/GP ($25.0 million considered one-time).	GF/GP	$50,000,000	$0
7. Pure Michigan	**Gross**	**$29,000,000**	**$0**
Executive provides $2.0 million GF/GP to increase support for Pure Michigan marketing campaign. Funds would be used to expand current advertising campaign for spring/summer and enhance international marketing in Canada, Europe, and Asia. House and Senate concur. Conference retains current year amount.	Restricted	29,000,000	0
	GF/GP	$0	$0
8. Arts and Cultural Grants	**Gross**	**$8,150,000**	**$2,000,000**
Executive provides $2.0 million GF/GP to increase support for arts and cultural grants to local communities. House concurs. Senate includes additional $3.5 million GF/GP. Conference concurs with Executive and House.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	$7,000,000	$2,000,000
9. Automotive, Engineering, and Manufacturing Technology Fund	**Gross**	**NA**	**$2,000,000**
Executive includes $5.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan's automotive sector and public-private partner engagement and collaborations within the auto industry. Funding removed in FY 2015-16. House and Senate do not include. Conference includes $2.0 million GF/GP in one-time funding.	GF/GP	NA	$2,000,000
10. Land Bank Fast Track Authority – MSHDA	FTE	6.0	0.0
Executive includes $4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program ($2.0 million GF/GP) and operations ($2.0 million GF/GP). Land Bank shifted to MSHDA. House, Senate, and Conference concur.	**Gross**	**$1,300,000**	**$3,950,000**
	Federal	1,000,000	0
	Restricted	300,000	0
	GF/GP	$0	$3,950,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
11. Removal of Special Projects	**Gross**	**$4,650,000**	**($4,625,000)**
Executive eliminates $4.6 million GF/GP in projects included in the Job Creation Services line item. Projects included grants to Kalamazoo Valley Community College ($2.0 million GF/GP); Grand Rapids Public Museum ($2.0 million GF/GP); Holland Windmill Restoration ($375,000 GF/GP); and Chaldean Association ($200,000). House, Senate, and Conference concur.	GF/GP	$4,650,000	($4,625,000)
12. MSF Special Grants	**Gross**	**NA**	**$10,150,000**
Conference includes $10.2 million GF/GP in one-time special grants. Projects include grants to Yankee Air Museum ($1.5 million GF/GP), Saginaw Art Museum ($1.0 million GF/GP), West Michigan Airport ($1.25 million GF/GP), Downtown Grand Rapids Market ($1.5 million GF/GP), First Merit Bank Park ($700,000 GF/GP), Capac Senior Center ($225,000 GF/GP), Waterford Fire Department ($175,000 GF/GP), Detroit Pre-college Engineering ($300,000 GF/GP), Year-round school pilot project ($1.5 million GF/GP), and Michigan Law Enforcement Officers Memorial Monument Fund ($2.0 million GF/GP).	GF/GP	NA	$10,150,000
13. Technical Adjustments	**Gross**	**NA**	**($1,291,900)**
Executive adjusts various line items by $1.3 million Gross ($0 GF/GP) to align funding with anticipated revenues and expenditures. House, Senate, and Conference concur.	Federal	NA	(1,448,800)
	Private	NA	156,900
14. Welfare-to-Work	**Gross**	**$89,357,200**	**($14,000,000)**
House includes downward adjustment of $4.0 million GF/GP due to downward trend in caseloads. Eliminates $10.0 million Gross ($0 GF/GP) in Federal Workforce Investment Act authorization due to non-receipt. Senate and Conference concur.	Federal	74,132,400	(10,000,000)
	GF/GP	$15,224,800	($4,000,000)
15. Detroit Farwell Recreation Center Improvements	**Gross**	**NA**	**$0**
House includes $100 GF/GP placeholder for grant to support the Detroit Farwell Recreation Center Improvements. Senate does not include. Conference does not include.	GF/GP	NA	$0
16. Michigan Heritage Restoration Program	**Gross**	**NA**	**$600,000**
House includes $1.0 million GF/GP to support grants to neighborhood organizations designated 501(c)(3) for restoration of historic neighborhoods throughout the State of Michigan. Senate does not include. Conference includes $600,000 GF/GP funding in MSF – Special Projects (See Item #12).	GF/GP	NA	$600,000
17. Michigan GED-to-School Program	**Gross**	**NA**	**$500,000**
House includes $600,000 GF/GP to fund GED test costs for individuals meeting certain requirements; program to be administered by workforce development agency. Senate does not include. Conference includes $500,000 GF/GP funding in MSF – Special Projects (See Item #12).	GF/GP	NA	$500,000
18. Economic Adjustments	**Gross**	**NA**	**$1,622,900**
Reflects increased costs of $1.6 million Gross ($303,600 GF/GP) for MSF and $818,300 Gross ($0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. Executive, House, Senate, and Conference concur.	Federal	NA	448,800
	Private	NA	43,100
	Restricted	NA	827,400
	GF/GP	NA	$303,600

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

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

Major Boilerplate Changes From FY 2013-14

***Sec. 986. Land Bank Fast Track Authority Operations Report* – NEW**
Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities. House includes as new section. Senate and Conference concur with House.

***Sec. 990. Housing Rehabilitation Task Force* – NEW**
Requires Michigan State Housing Development Authority to work with the Department of Community Health and the Department of Human Services to appoint members to a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies and to make recommendations for integrating and coordinating project delivery. Senate includes as new section. Conference concurs with Senate.

***Sec. 1007. Program Reporting Requirements* – REVISED**
Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. House revises to include subsection requiring performance metrics report with regards to the Michigan Business Development Program, the Community Revitalization Program, and film incentives. Senate and Conference concur with House.

***Sec. 1010. Jobs For Michigan Investment Fund Report* – NEW**
Requires report on revenues and expenditures, including year-end balance of the Jobs For Michigan Investment Fund. House includes as new section. Senate and Conference concur with House.

***Sec. 1016. Pure Michigan Private Investment* – NOT INCLUDED**
Requires MEDC and Travel Michigan to propose a plan for how Pure Michigan will be funded with incrementally increasing private source matching funds when General Fund expenditures is proposed. The first increment shall be 50/50 non-restricted and private. Directs that the private sector match shall increase 5.0% annually until private funding represents 75.0% of non-restricted funding. House includes as new section. Senate does not include. Conference does not include.

***Sec. 1034b. Van Andel Institute Funding* – DELETED**
Requires $500,000 of the funding appropriated for Innovation and Entrepreneurship be used to provide a grant to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research. Executive deletes. House and Senate retain. Conference deletes.

***Sec. 1034c. Macomb-Oakland University INCubator* – NOT INCLUDED**
Requires not less than $500,000 of the funds appropriated for Entrepreneurship Eco-System to be allocated to the Macomb-Oakland University INCubator. House includes as new section. Senate and Conference do not include.

***Sec. 1034c. Van Andel Institute Advanced Medical Research* – NOT INCLUDED**
Requires not more than $4.5 million to be allocated over two fiscal years in two equal installments to the Van Andel Institute to be used as Federal and private match funds for advanced medical research. Senate includes as new section. Conference does not include.

***Sec. 1035a. Yankee Air Museum* – NOT INCLUDED**
Requires an unidentified portion of the arts and cultural grants funding to support a grant to the Michigan Aerospace Foundation for the purchase and restoration of the Willow Run Bomber Plant to house the Yankee Air Museum. Senate includes as new section. Conference does not include.

***Sec. 1039. Skilled Trades Training Program Report* – REVISED**
Requires MSF to provide report on Skilled Trades Training Program. House revised to include requirement that the fund report on the number of applications received and approved for each region. Senate did not include revision and retained current-year law. Conference concurs with House.

***Sec. 1039b. Skilled Trades Training Program Administration* – NEW**
Requires the fund to be administered according to specific guidelines outlined in boilerplate. House includes as new section. Senate does not include. Conference concurs with House.

***Sec. 1040. MAIN System Reporting* – RETAINED**
Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures. Executive deletes. House, Senate, and Conference retain.

***Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds* – RETAINED**
Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1, 2014. Executive deletes. House, Senate, and Conference retain.

***Sec. 1042. Business Attraction and Community Revitalization Funds Reporting* – NEW**
Requires the fund to report quarterly on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended. Report shall include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason. House includes as new section. Senate and Conference concur with House.

Major Boilerplate Changes From FY 2013-14

***Sec. 1043. West Michigan Film Office* – NEW**
Requires not less than 10.0% of the funds for film incentives to be dedicated to the West Michigan Film Office. House includes as new section. Senate does not include. Conference revises language to require $250,000 to be dedicated to the West Michigan Film Office.

***Sec. 1044. Michigan Heritage Restoration Program* – NEW**
Directs distribution of $1.0 million GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed $250,000. House includes as new section. Senate does not include. Conference concurs with House; revises to distribute $600,000.

***Sec. 1045. Michigan International Speedway Funding* – NOT INCLUDED**
Requires up to $2.0 million of the funds appropriated to Pure Michigan to be allocated to sponsorship or marketing of a Michigan International Speedway race. House includes as new section. Senate does not include. Conference does not include.

***Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund* – NEW**
Directs that funds appropriated in part 1 are match funds. For every $1.00 raised in private money, $2.00 shall be distributed from state funds up to a maximum of $2.0 million. Conference includes as new section.

***Sec. 1051. Engineering Talent Investment Program Debt Service* – NOT INCLUDED**
Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Engineering Talent Investment Program. Specifies that up to $100.0 million shall be made available for capital improvements at public universities that are necessary to enhance talent critical to Michigan's economic growth. Program awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for universities. Provides guidelines for program and requirements for universities participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive includes as new section. House, Senate, and Conference do not include.

***Sec. 1052. Community College Skilled Trades Equipment Program Debt Service* – NEW**
Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to $50.0 million shall be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified be regional labor market conditions. Awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive includes as new section. House revises (2)(b) to state that plan demonstrating collaboration between postsecondary and school districts and ISDs should get additional considering. Senate concurs with Executive. Conference concurs with House revision.

***Sec. 1057. Aerospace Supplier Development Program* – NEW**
Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-system for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted. Senate includes as new section. Conference concurs with Senate.

***Sec. 1058. Transportation Workgroup* – NEW**
Requires MSF to conduct a workgroup with MDOT, MDOC, MDHS, and members of the Senate and House of Representatives to determine how the state can maximize services and funding for transportation for low-income individuals. Conference includes as new.

***Sec. 1059. Pre-College Engineering* – NEW**
Require distribution of funds appropriated to a pre-college engineering program in southeast Michigan. Conference includes as new section.

***Sec. 1069. Michigan GED-to-School Program* – NEW**
Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report. House includes as new section. Senate does not include. Conference concurs with House; revises to distribute $500,000.

***Sec. 1070. Welfare-to-Work Workgroup* – NEW**
Requires Workforce Development Agency to conduct a workgroup with DHS and members of the Senate and House of Representatives to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report. Senate includes as new section. Conference concurs with Senate.

FY 2014-15: DEPARTMENT OF HUMAN SERVICES
Summary: Conference Report
Article X, House Bill 5313 (H-1) CR-1

Analyst: Kevin Koorstra

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$18,127,100	$18,545,900	$18,545,900	$21,545,900	$21,545,900	*$3,418,800*	*18.9*
Federal	4,814,517,900	4,397,966,500	4,384,596,300	4,384,205,400	4,551,275,200	*(263,242,700)*	*(5.5)*
Local	35,685,600	38,876,800	33,762,000	38,839,400	40,364,300	*4,678,700*	*13.1*
Private	11,582,800	18,050,700	18,050,900	18,050,900	20,299,300	*8,716,500*	*75.3*
Restricted	135,470,000	136,237,400	126,237,400	136,237,400	126,237,400	*(9,232,600)*	*(6.8)*
GF/GP	1,003,000,000	1,011,636,400	1,001,623,400	1,002,000,000	995,452,600	*(7,547,400)*	*(0.8)*
Gross	**$6,018,383,400**	**$5,621,313,700**	**$5,582,815,900**	**$5,600,879,000**	**$5,755,174,700**	***($263,208,700)***	***(4.4)***
FTEs	12,150.5	12,191.5	11,948.5	12,010.0	12,227.5	*77.0*	*0.6*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) Information on House budget action in this document based on House Bill 5313 as passed by the House.

Overview

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

Major Budget Changes From FY 2013-14 YTD Appropriations

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Public Assistance Caseload Adjustments **Gross**	**$3,131,610,200**	**($358,603,500)**
Federal	2,901,593,400	(316,829,300)
Restricted	64,985,400	0
GF/GP	$165,031,400	($41,774,200)

Executive reduces funding for public assistance programs $509.5 million Gross ($36.0 million GF/GP) as follows:

- Food Assistance Program (FAP) is reduced $445.5 million Gross ($0 GF/GP) from 894,750 cases at $264 per month to 890,000 cases at $224 per month.
- Family Independence Program (FIP) is reduced $62.8 million Gross ($34.7 million GF/GP) from 44,400 cases at $395 per month to 33,200 cases at $372 per month.
- State Disability Assistance (SDA) program is reduced $2.9 million GF/GP from 7,777 cases at $223 per month to 6,693 cases at $223 per month.
- State Supplementation program is increased $1.6 million GF/GP from 275,000 cases at $18.95 per month to 281,600 cases at $18.98 per month.

House and Senate concur. Conference reduces Executive caseload projection $7.9 million Gross ($5.8 million GF/GP) based on the May caseload consensus agreement and increases FAP $158.8 million Gross ($0 GF/GP) based on Executive revision 2015-2.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
2. Energy Assistance	FTE	**1.0**	0.0
House revises restricted low-income energy assistance funding based on statutory cap and unrolls low-income home energy assistance program line by service type as follows:	**Gross**	**$234,951,600**	**($10,000,000)**
	Federal	174,951,600	0
	Restricted	60,000,000	(10,000,000)
• Home Heating Credit at $84.7 million	GF/GP	$0	$0
• Crisis Assistance at $80.2 million			
• Michigan Energy Assistance Program at $60.0 million			
Senate does not concur. Conference revises restricted low-income energy assistance funding and does not unroll the line item.			
3. Child Welfare Caseload Adjustments	**Gross**	**$608,677,500**	**$4,783,000**
Executive increases funding for child welfare programs $2.8 million Gross ($5.8 million GF/GP) as follows:	Federal	340,844,300	2,708,100
	Local	14,494,000	195,700
• Foster care payments are reduced $2.4 million Gross ($1.0 million GF/GP) from 6,250 cases at $27,655 per year to 6,075 cases at $28,061 per year.	Private	3,200,900	43,200
	GF/GP	$250,138,300	$1,836,000
• Adoption subsidies are reduced $2.9 million Gross and are increased $3.0 million GF/GP from 27,150 cases at $732 per month to 26,800 cases at $732 per month.			
• The Child Care Fund is increased $7.0 million Gross ($3.6 million GF/GP).			
• Guardianship assistance payments are increased $1.2 million Gross ($278,500 GF/GP).			
House concurs. Senate reduces $3.0 million GF/GP from an additional $3.0 million federal TANF offset. Conference increases Executive caseload projection $2.0 million Gross and reduces $1.0 million GF/GP based on the May caseload consensus agreement and reduces $3.0 million GF/GP from an additional $3.0 million federal TANF offset.			
4. Adoption Subsidies	**Gross**	**$244,074,500**	**$7,900,000**
Senate provides $18.8 million Gross ($14.1 million GF/GP) to allow adoptive parents ability to request supplemental determination of care payments for children with special needs after an adoption assistance agreement has been finalized. Conference provides $7.9 million Gross ($7.5 million GF/GP).	Federal	149,959,100	352,600
	GF/GP	$94,115,400	$7,547,400
5. Child Care Fund/Foster Care Payments	**Gross**	**$171,036,600**	**$5,000,000**
Executive provides $5.0 million GF/GP for the state to pay 100% of the private child placing agency administrative rates for new cases entering care, rather than the state and counties sharing the costs for these rates under certain circumstances through the Child Care Fund. House, Senate, and Conference concur with funding increase and make a technical adjustment by appropriating the funds within the Child Care Fund.	Federal	85,916,600	0
	GF/GP	$85,120,000	$5,000,000
6. Private Residential Rates	**Gross**	**NA**	**$3,655,300**
House provides $3.7 million Gross ($3.3 million GF/GP) to increase private residential rates by 2.14% based on 2011-12 Michigan GDP increase to health care and social assistance industry. Sufficient GF/GP is provided to hold counties harmless. Senate does not concur. Conference concurs with increase, but does not specify a specific percentage increase.	Federal	NA	355,300
	GF/GP	NA	$3,300,000
7. Child Welfare Performance-Base Funding Implementation	FTE	0.0	3.0
Executive provides $1.4 million Gross ($1.0 million GF/GP) for a Project Team, actuarial study for setting rates, MiTEAM contract, and project evaluation to implement the recommendations from the Child Welfare Performance-Based Funding Task Force. House concurs with funding and also requires amount to support a technical assistance contract for Kent County private steering consortia on a one-time basis. Senate concurs with Executive. Conference concurs with House.	**Gross**	**$0**	**$1,372,100**
	Federal	0	372,100
	GF/GP	$0	$1,000,000
8. Community Support Services	FTE	2.0	1.0
Executive provides $800,000 Gross ($200,000 GF/GP) for juvenile justice re-entry programming expansion that would provide services six months prior to re-entry. House concurs. Senate and Conference revise fund sourcing based on federal match rate.	**Gross**	**$1,295,200**	**$800,000**
	Federal	0	630,000
	GF/GP	$1,295,200	$170,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. W.J. Maxey Training School	FTE	69.0	0.0
House reduces $8.1 million Gross ($3.0 million GF/GP) by closing W.J. Maxey Training School. Net reduction includes $1.0 million GF/GP for closed site costs and $1.6 million Gross ($814,400 GF/GP) to transfer youth to other facilities. Senate and Conference do not concur.	**Gross**	**$10,592,400**	**$0**
	Federal	164,100	0
	Local	5,673,300	0
	GF/GP	$4,755,000	$0
10. Disability Determination Operations	FTE	546.9	0.0
Executive provides $20.6 million Gross ($0 GF/GP) to hire 71.0 disability examiners and 9.0 clerical support staff. Funding based on final federal Social Security Administration appropriations and hiring allocations. There is sufficient FTE authorization in the line item that a FTE increase is not needed. House concurs. Senate and Conference concur and assume additional staff will result in $2.2 million in GF/GP savings from lower State Disability Assistance caseloads.	**Gross**	**$85,975,200**	**$18,398,700**
	IDG	112,200	0
	Federal	84,257,900	20,639,700
	GF/GP	$1,605,100	($2,241,000)
11. Healthy Michigan Plan Call Center	**Gross**	**$0**	**$19,536,300**
Executive provides $20.3 million Gross ($6.4 million GF/GP) to implement a contract to provide call center services for applicants and recipients of the Healthy Michigan Plan/Medicaid Expansion. FY 2013-14 funding for this call center is within the Department of Community Health budget. House concurs with funding and unrolls Healthy Michigan Plan funding into separate line item. Senate concurs with Executive. Conference unrolls Healthy Michigan Plan funding into separate line item and reduces $713,700 GF/GP.	Federal	0	13,888,800
	GF/GP	$0	$5,647,500
12. Donated Funds Positions	FTE	208.0	200.0
Executive expands donated funds positions by 150.0 FTEs, $19.3 million Gross ($0 GF/GP). These caseworkers would be located based on the requests of hospitals, nursing homes, school-based centers, and workplaces where the entity expends its own funds to draw down federal funding to cover the personnel costs of that caseworker. House concurs with donated funds positions increase but transfers FTEs and funding from local fields staff line items instead of increasing gross funding and FTEs authorizations. Senate concurs with Executive. Conference provides funding for 200.0 FTEs.	**Gross**	**$13,757,600**	**$25,720,000**
	IDG	234,300	0
	Federal	7,573,100	12,860,000
	Local	3,349,100	4,243,300
	Private	2,601,100	8,616,700
	GF/GP	$0	$0
13. Field Staff, Salaries and Wages	FTE	5,548.0	0.0
Senate reduces $16.6 million Gross ($6.9 million GF/GP) from eliminating 150.5 field staff positions based on public assistance caseload reductions and assumed efficiencies from automated asset test verifications. Amount also includes corresponding funding reductions in the fringe benefit and information technology line items. Conference does not concur.	**Gross**	**$295,152,500**	**$0**
	IDG	4,294,400	0
	Federal	167,327,100	0
	GF/GP	$123,531,000	$0
14. Budgetary Savings: Staffing Reductions	FTE	0.0	(51.0)
Executive rolls out the $3.5 million GF/GP staffing reductions line item to various line items within the DHS budget. The roll out is achieved through the following steps. First, 51.0 FTE positions are removed or held vacant saving $7.7 million Gross ($2.8 million GF/GP). Second, $741,100 in available federal block grant funding from the 51.0 FTE reduction is used to offset GF/GP. House concurs with roll out and includes staffing reductions of $2.5 million GF/GP for 30.0 fewer non-child welfare field staff supervisor FTEs to achieve a worker to supervisor ratio of 7:1. Senate concurs with Executive. Conference concurs with roll out and includes staffing reductions of $7.5 million GF/GP.	**Gross**	**($3,500,000)**	**($11,718,500)**
	Federal	0	(4,218,500)
	GF/GP	($3,500,000)	($7,500,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
15. Information Technology	**Gross**	**$156,676,900**	**$5,832,500**
Executive provides $5.0 million Gross ($2.8 million GF/GP) to automate asset verifications and $3.0 million Gross ($1.0 million GF/GP) to develop a child support web-based employer portal an information data base. The child support program is designated as one-time funding. House concurs with asset test automation and provides $300,000 GF/GP to assist private child welfare service providers implement the statewide automated child welfare information system on a one-time basis. Senate concurs with Executive, provides $2.9 million GF/GP for Juvenile Justice Vision 20/20, reduces $935,000 Gross ($336,600 GF/GP) by reducing 1,000 computers, and unrolls the information technology line item into 6 separate line items. Conference provides $5.0 million Gross ($2.8 million GF/GP) to automate asset verifications, $1.0 million GF/GP for Juvenile Justice Vision 20/20, $300,000 GF/GP to assist private child welfare service providers implement the statewide automated child welfare information system on a one-time basis, reduces $467,500 Gross ($168,300 GF/GP) by reducing 500 computers, and concurs with the Senate to unroll the information technology line item into 6 separate line items.	IDG	1,134,800	0
	Federal	105,325,600	1,950,800
	GF/GP	$50,216,500	$3,881,700
16. Michigan Rehabilitation Services (MRS)	FTE	550.0	0.0
Executive provides $4.4 million GF/GP for MRS to draw down sufficient federal funds that will allow MRS to maintain current services and to prevent the implementation of an Order of Selection (i.e. a wait- list for services). There is sufficient federal authorization in the line item that a federal increase is not needed. $2.4 million GF/GP is designated as one-time funding. House concurs with ongoing authorization and provides $100 designated as one-time funding. Senate concurs with Executive and provides $14.1 million Gross ($0 GF/GP) to expand the Swift and Sure Probation Program through an interagency agreement with the Department of Corrections and the Judicial Branch. Conference provides $3.4 million GF/GP, designates $2.6 million GF/GP as one-time funding, and concurs to expand Swift and Sure Probation Program.	**Gross**	**$138,275,900**	**$17,484,500**
	IDG	0	3,000,000
	Federal	114,263,900	11,084,500
	Local	6,500,000	0
	Private	1,835,000	0
	Restricted	1,582,700	0
	GF/GP	$14,094,300	$3,400,000
17. Centers for Independent Living	**Gross**	**$5,988,600**	**$500,000**
House provides $1.0 million GF/GP to Centers for Independent Living. Senate provides $1.0 million GF/GP to expand pilot guide services. Conference provides $500,000 GF/GP.	Federal	2,818,600	0
	Private	100,000	0
	GF/GP	$3,070,000	$500,000
18. Contractual Services, Supplies, and Materials	**Gross**	**$35,583,600**	**$1,974,600**
Executive increases $2.5 million Gross ($1.5 million GF/GP) to support single audit costs, increased TALX income verification costs, to pilot iPads for child welfare workers in 3 counties, and for the public assistance cost allocation plan. House reduces $232,900 GF/GP for iPad pilot and does not concur with funding for public assistance cost allocation plan. Senate offsets iPad cost with reduction to the information technology line item. Conference does not provide funding for iPad pilot.	IDG	531,200	0
	Federal	21,103,900	944,100
	Restricted	5,400	0
	GF/GP	$13,943,100	$1,030,500
19. Office of Inspector General	FTE	132.0	0.0
Executive increases funding to support 20.0 new inspector general field agents. Amount also includes payroll taxes and fringe benefit line item costs for new staff. House designates half of the increase as one-time funding. Senate provides funding for 8.0 new inspector general field agents. Conference does not increase funding.	**Gross**	**$7,495,100**	**$0**
	Federal	5,751,900	0
	GF/GP	$1,743,200	$0
20. Child Support Enforcement	FTE	185.7	0.0
Executive provides $2.0 million GF/GP to replace lost revenue due to IRS negative offset. When IRS intercepts federal tax returns for child support in error, the state must return the money to the IRS even if it has already been sent to the custodial parent. This issue is nationwide as the IRS has experienced an increase in fraudulent income tax returns. $1.0 million GF/GP is designated as one-time funding. House provides $1.0 million GF/GP on an ongoing basis. Senate provides $500,000 GF/GP on an ongoing basis and $700,000 GF/GP on a one-time basis. Conference provides $500,000 GF/GP on an ongoing basis and $500,000 GF/GP on a one-time basis.	**Gross**	**$134,950,800**	**$1,000,000**
	Federal	125,096,000	0
	GF/GP	$9,854,800	$1,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
21. Other Executive Program Increases or New Programs	**Gross**	**NA**	**$1,374,200**
Executive provides $1.8 million Gross ($1.6 million GF/GP) to increase various line items and programs including: domestic violence prevention treatment, Catholic Charities Center for Hope project on a one time basis, Attorney General contract, Michigan Community Services Commission, and Children's Trust Fund administration. House provides $100 placeholder for Catholic Charities Center for Hope Project. Senate provides less of an increase for Attorney General contract, Michigan Community Services Commission, and Children's Trust Fund administration; also provides $100 placeholder for Catholic Charities Center for Hope Project. Conference provides less of an increase for Attorney General contract, Michigan Community Services Commission, and Children's Trust Fund administration; also provides $250,000 for Center for Hope project on a one-time basis.	Federal	NA	189,400
	GF/GP	NA	$1,184,800
22. Other House Program Increases or New Programs	**Gross**	**NA**	**$1,425,000**
House provides $5.1 million Gross ($5.1 million GF/GP) to increase various programs including: before- or after-school, parent to parent, school success partnership, Michigan reading corps, child welfare assessments, 2-1-1, and replaces $75,000 federal funds with $75,000 GF/GP for MiCAFE. Senate provides $2.7 million Gross ($2.1 million GF/GP) for child welfare assessments, Michigan reading corps, and school success partnership. Conference provides $1.4 million GF/GP for parent to parent, school success partnership, Michigan reading corps, and replaces $75,000 federal funds with $75,000 GF/GP for MiCAFE. Conference designates $200,000 of the $700,000 for parent to parent and Michigan reading corps funding as one-time funding.	Federal	NA	0
	GF/GP	NA	$1,425,000
23. Other Senate Program Increases or New Programs	**Gross**	**NA**	**$350,000**
Senate provides $1.2 million Gross ($1.1 million GF/GP) to increase various programs including: juvenile justice in-home grants, foster care visitation, food bank funding, and elder abuse prosecuting attorney. Conference provides $350,000 GF/GP for juvenile justice in-home grants and food bank funding on a one-time basis.	Federal	NA	0
	GF/GP	NA	$350,000
24 Temporary Assistance for Needy Families (TANF) Fund Source	**Gross**	**$4,814,517,900**	**$0**
Executive rolls the federal TANF block grant fund source into the general "total federal revenues" fund source. House, Senate, and Conference do not concur.	Federal	4,268,278,700	0
	TANF	546,239,200	0
	GF/GP	$0	$0
25. TANF Offset of GF/GP and Other Federal Revenues	**Gross**	**NA**	**$0**
Executive $7.9 million in federal TANF is appropriated in the adoption subsidies line item to offset GF/GP. That offset GF/GP is then redirected to the payroll taxes and fringes benefits, local office salaries and wages, and child welfare field staff line items to offset excess other federal revenues in those line items. House concurs with Executive. Senate increases TANF $6.0 million to offset GF/GP. Conference concurs with Executive.	Federal	NA	(7,893,000)
	TANF	NA	7,893,000
	GF/GP	NA	$0
26. Youth in Transition	FTE	5.5	0.0
Executive adjusts the youth in transition line item in two ways. First, the line is increased by $608,000 with federal TANF funds to support the Homeless Youth and Runaway contracts. The TANF is from a reduction in TANF funds for family preservation programs. Second, $600,000 in TANF is used to offset $600,000 in other federal revenues that cannot be claimed for the fostering futures college scholarship program. House and Senate concur. Conference also provides $500,000 GF/GP to the fostering futures trust fund on a one-time basis.	**Gross**	**$14,443,600**	**$1,108,000**
	Federal	7,893,100	(600,000)
	TANF	3,548,500	1,208,000
	GF/GP	$3,002,000	$500,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
27. FY 2013-14 IDG from Michigan Department of Education (MDE) Offset Adjustment	**Gross**	**NA**	**$0**
	IDG	NA	0
FY 2013-14 budget increased federal TANF by $12.5 million to offset a reduction of $12.5 million in IDG funding from MDE for Child Development and Care program administration. Executive adjusts that offset through the following steps. Frist, reduces $4.1 million in TANF from payroll taxes and fringes benefits and local office salaries and wages line items and transfers those TANF funds to the Bureau of Child and Adult Licensing (BCAL) line item. Second, BCAL activities are not TANF eligible, so the $4.1 million in TANF funds are then offset with other federal revenues. The other federal revenues that have historically supported BCAL are Title IV-E matching funds and the capped Social Services Block Grant. House transfers $4.1 million in federal Social Service Block Grant funding from payroll taxes and fringes benefits and local office salaries and wages line items to BCAL. Senate concurs with Executive. Conference concurs with House.	Federal	NA	0
	TANF	NA	0
	GF/GP	NA	$0
28. Low-income Home Energy Assistance Program (LIHEAP) Fund Source	**Gross**	**$4,268,278,700**	**$0**
	Federal	4,268,278,700	0
House rolls out the federal LIHEAP block grant from the general "total federal revenues" fund source into its own federal fund source. Senate and Conference do not concur.	LIHEAP	0	0
	GF/GP	$0	$0
29. Social Services Block Grant (SSBG) Fund Source	**Gross**	**$4,268,278,700**	**$0**
House rolls out the federal SSBG block grant from the general "total federal revenues" fund source into its own federal fund source. Senate and Conference do not concur.	Federal	4,268,278,700	0
	SSBG	0	0
	GF/GP	$0	$0
30. Capped Federal Fund Source	**Gross**	**$4,268,278,700**	**$0**
Conference rolls out capped federal funding from the general "total federal revenues" fund source into its own federal fund source.	Federal	4,268,278,700	(611,479,900)
	Capped	0	611,479,900
	GF/GP	$0	$0
31. Supervisor and Policy Staff Reductions	FTE	NA	0.0
Senate reduces $3.6 million Gross ($1.5 million GF/GP) from eliminating 25.0 supervisor and policy staff positions based on achieving a worker to supervisor ratio of 6 to 1 and eliminating executive direction staff and funding instead of transferring those funds to the office or program policy line item. Amount also includes corresponding funding reductions in the fringe benefit and information technology line items. Conference does not concur.	**Gross**	**NA**	**$0**
	Federal	NA	0
	Local	NA	0
	GF/GP	NA	$0
32. Other House Reductions	**Gross**	**NA**	**$0**
House reduces $150,000 GF/GP for legislative reporting delays and removes $100,000 GF/GP for gentle teaching pilot. Senate increases $400,000 GF/GP to expand the gentle teaching pilot. Conference does not concur.	GF/GP	NA	$0
33. Adjustments to Current Services Baseline	FTE	NA	(72.0)
Executive increases $6.3 million Gross ($4.5 million GF/GP) to align line item appropriations with projected spending and available revenues. Line items adjusted are adoption support services ($3.1 million Gross), child welfare medical/psychiatric evaluations ($2.1 million Gross), and travel ($993,600 Gross). Also adjusts FTE allocations to align with supportable positions in the donated funds (70.0 FTEs) and SSI advocacy (2.0 FTEs) line items. House does not concur with travel increase. Senate adjusts Executive proposal and adjusts an additional 24 line items based on historic expenditure trends; also offsets travel increase with a reduction to the rent line item. Conference adjusts Executive proposal and adjusts an additional 12 line items based on historic expenditure trends; also offsets travel increase with a reduction to the rent line item.	**Gross**	**NA**	**($20,036,200)**
	Federal	NA	(19,272,300)
	GF/GP	NA	($763,900)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
34. Employee Economics	**Gross**	**NA**	**$23,880,300**
Executive reflects increased costs of $23.9 million Gross ($8.1 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. House, Senate, and Conference concur.	IDG	NA	282,200
	Federal	NA	15,184,400
	Local	NA	239,700
	Private	NA	56,400
	Restricted	NA	29,200
	GF/GP	NA	$8,088,400
35. Federal Medical Assistance Percentage (FMAP) Adjustments	**Gross**	**NA**	**$143,700**
Executive increases GF/GP by $1.7 million from the FMAP federal match rate adjustment from 66.32% to 65.54%. This rate is used to determine federal cost sharing for foster care payments, adoption subsidies and retained child support collections. House, Senate, and Conference concur and include $200 technical revision.	Federal	NA	(2,287,500)
	Private	NA	200
	Restricted	NA	738,200
	GF/GP	NA	$1,692,800
36. One-Time Funding: Eliminate FY 2013-14 Appropriations	FTE	4.0	(4.0)
Executive discontinues FY 2013-14 one-time appropriations of $4.6 million Gross ($2.8 million GF/GP) for information technology investments, fraud prevention demonstration project, medical consultation, and the juvenile justice behavioral health study. House, Senate, and Conference concur.	**Gross**	**$4,557,300**	**($4,557,300)**
	Federal	1,734,900	(1,734,900)
	GF/GP	$2,822,400	($2,822,400)

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

***Sec. 205. Time-limited Addendum to Social Welfare Act* – NEW**

House requires DHS to treat this bill as a time-limited addendum to the Social Welfare Act, pursuant to section 1b of the Social Welfare Act. Senate does not concur. Conference concurs with House.

***Sec. 206. New Programs or Program Increases* – NEW**

House requires DHS to list specific benchmarks and status updates on each new program or program increases; states legislative intent that all proposed new programs or spending increases for FY 2015-16 include benchmarks and performance measures. Senate does not concur. Conference concurs with House for new programs or increases in excess of $500,000.

***Sec. 228. Requests for Information (RFI) and Requests for Proposal (RFP)* – NEW**

Senate requires DHS to finalize RFI process by October 1 and RFP process by January 1; requires RFPs to remain open for 30 days. Conference requires DHS to submit all required information for RFI process to DTMB by October 1 and RFP process to DTMB by January 1.

***Sec. 230. Requests for Proposal for Income Verification Contract* – NEW**

Senate requires DHS to issue a RFP for the income verification contract by January 1. Conference requires RFP by February 1.

***Sec. 234. Michigan Strategic Fund Interagency Agreement* – NEW**

Conference requires DHS to include specific outcome and performance reporting requirements in the interagency agreement with the Michigan Strategic Fund for TANF funded job readiness and welfare-to-work programming; lists required reporting requirements.

CHILD AND FAMILY SERVICES

***Sec. 501. Foster Care Age and Time Limit Goals* – REVISED**

Establishes a goal to limit the number of children in foster care longer than 24 months, requires annual report. Executive retains. House revises goal from 31% to 25%. Senate revises goal from 31% to 30% and revises reporting requirement. Conference revises goal from 31% to 27% and revises reporting requirement.

***Sec. 503. Child Welfare Performance-Based Funding* – NEW**

Conference requires DHS, in accordance with the final report of the child welfare performance-based funding task force, to issue an RFP for an independent actuary designated as a fellow of the society of actuaries to recommend prospective case rates for out-of-home child welfare services by DHS and private providers; requires prospective case rates for private providers to include adoption incentive payments and to cover full cost of contractual costs; requires DHS to complete full cost analysis by September 30; requires DHS to contract for a 5-year independent third party evaluation; requires DHS to create a readiness model; requires phase II implementation to only include additional counties where DHS, private agencies, the county, and the court to agree to implement the performance-based funding model; requires DHS to implement the recommendations and provide quarterly reports.

Major Boilerplate Changes From FY 2013-14

***Sec. 508. Children Trust Fund (CTF) Revenues and Joint Projects* – REVISED**
Appropriates gifts and donations to CTF; requires collaboration between DHS and Child Abuse and Neglect Prevention Board on policy matters to seek to avoid administrative delays to distribute grants. Executive revises administrative delays to "within 31 days of project start date". House concurs with revision and mandates distribution "within 31 days of project start date". Senate retains current law. Conference concurs with House.

***Sec. 509. Gentle Teaching Pilot* – REVISED**
Appropriates $100,000 to implement a pilot program for gentle teaching methods; requires report on the results of the pilot and a cost estimate to implement pilot statewide. Executive and House delete. Senate revises language to expand program statewide. Conference revises language to allocate $100,000 to implement a pilot program for secondary trauma training.

***Sec. 515. Kent County Privatization Implementation* – REVISED**
Requires DHS to privatize all foster care and adoption services within Kent County, based on work group findings. Executive deletes. House deletes and moves portions to new Sec. 561. Senate adds report on implementation. Conference adds notification requirement to legislature when all foster care cases and pending foster family licensing applications have been transferred, requires private agencies to be paid through the rates established in Sec. 546 until an actuary has recommended and DHS has amended contracts for performance-based funding, prohibits delay of implementation, reduces state funds $25,000 for each week of noncompliance; states intent that case transfer shall not require placement of foster children in new foster homes but that DHS will allow the private agencies to borrow foster homes certified through DHS; concurs with Senate report.

***Sec. 522. Fostering Futures Scholarship Program* – REVISED**
Allocates $750,000 to the campus coach program for youth transition from foster care who are attending college, requires 100% of funding be used for scholarships. Executive strikes "for the campus coach program". House concurs with Executive and adds "through the fostering futures scholarship program"; requires report. Senate concurs with House and revises report. Conference concurs with House.

***Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements* – REVISED**
Requires DHS to determine within 30 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, or to seek parental consent within 7 business days for a temporary court ward. Executive and House delete. Senate retains. Conference revises to 7 business days for state wards, and requires court petition on the eighth business day if parental consent is not provided by the seventh business day.

***Sec. 546. Foster Care Agency Administrative Rates* – REVISED**
Establishes foster care administrative rate of $37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of $28; reinstates specialized independent living administrative rates provided in FY 2010-11; increases administrative rate for foster care services by $3, provided that the county match rate is eliminated for this increase; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Executive deletes. House requires at least monthly payment of $3 rate and increases residential provider rates 2.14%, provided that the county match rate is eliminated for this increase. Senate deletes $3 increase and quarterly expenditure reporting. Conference revises specialized independent living rate to independent living plus based on statewide per diem rates and concurs with House but does not specify a specific rate increase for residential providers.

***Sec. 556. Special Needs Adoption Subsidy Report* – REVISED**
Requires report on number of complaints filed by adoptive parents for not being notified that their adoptive child has special needs. Executive deletes. House retains. Senate adds language allowing adoptive parents to claim a new or revised determination of care rate caused by a condition that existed but was not identified prior to the final adoption assistance agreement; defines determination of care rate. Conference adds language to allow adoptive parents to request a redetermination of their adoption assistance when extraordinary care or expense is required for a condition that existed or the cause of which existed before the adoption was finalized, allows current adoptive parents to request redetermination between January 1, 2015 and March 31, 2015, allows new adoptive parents one request for redetermination; allows adoptive parent to request administrative hearing; requires DHS to notify in writing current adoptive parents of right to request redetermination; states that state statute amended subsequent to this act shall control; defines “certification”.

***Sec. 559. Parent to Parent* – NEW**
House allocates $1.0 million to parent to parent program for adoptive parents. Senate does not include. Conference allocates $700,000, including one-time funding, to parent to parent program for adoptive parents; requires report.

***Sec. 562. Time and Travel Reimbursements for Foster Parents* – NEW**
Senate requires DHS to provide time and travel reimbursements for foster parents who transport foster children to parent-child visitation, requires DHS to provide written notification of right to request reimbursements to foster parents, requires reimbursement within 60 days. Conference concurs.

***Sec. 565. Treatment Service Plans* – NEW**
Senate requires DHS and private agencies to provide signed copies of the parent agency treatment plan agreement that includes parent-child visitation plan, requires DHS and private agencies to document if parent does not sign agreement, requires information in this section to be made available to Foster Care Review Board upon request. Conference concurs.

Major Boilerplate Changes From FY 2013-14

***Sec. 566. MiTEAM Meetings* – NEW**
Senate requires MiTEAM meetings to include a review of any psychotropic medication currently prescribed, prescribed in the past, or recommended. Conference concurs.

***Sec. 567. Medical Passports* – NEW**
Senate requires foster care caseworks to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home; requires report. Conference concurs.

***Sec. 568. Adoption Subsidy Negotiations* – NEW**
In Sec. 558, House prohibits using income of adoptive parent to determine eligibility of adoption subsidy. Senate requires DHS to pay a minimum adoption assistance rate that is not less than the family foster care rate, including the determination of care rate; defines determination of care rate. Conference requires DHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate; defines determination of care rate; allows adoptive parents to reject support subsidy; states that state statute amended subsequent to this act shall control.

***Sec. 569. Private Agency Adoption Completion Payment Rate* – NEW**
Conference requires DHS reimburse private child placing agencies that complete adoptions at the rate according to the date in which the petition for adoption and required support documentation was accepted by the court and not according to the date the court's order placing for adoption was entered.

***Sec. 574. Contracts to License Relative Caregivers* – REVISED**
Allocates $2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides $375,000 for family incentive grants to help with home improvements needed by foster families. Executive strikes 50% private agency retention and adds requirement that agencies license within 180 days or have an approved waiver to receive full reimbursement. House concurs with new Executive language but keeps 50% private agency retention. Senate retains current law. Conference concurs with House and states that agencies completing licensure after 180 days shall receive up to $2,300.

***Sec. 587. Juvenile Justice In-Home and Community-Based Programs* – REVISED**
Provides $1.0 million to expand and create new in-home and community-based programs for juvenile justice services in rural counties, requires report. Executive deletes. House retains. Senate provides $1.5 million and prohibits counties that received funds in the previous fiscal year from receiving funds appropriates in the current fiscal year. Conference concurs with Senate but provides $1.0 million ongoing and $250,000 on a one-time basis.

***Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision* – REVISED**
Prohibits DHS from transferring foster care cases to private agencies where the case requires a county contribution for the private agency administrative rate, unless agreed to by the county; requires monthly report on the number of foster care cases supervised by private agencies and by DHS. Executive deletes. House replaces transfer prohibition with requirement that DHS pay for 100% of the administrative rate for new foster care cases beginning October 1, 2013. Senate deletes. Conference concurs with House.

PUBLIC ASSISTANCE

***Sec. 602. Multiple Disability Applications* – NEW**
Senate requires DHS to conduct a full evaluation of an individual's assistance needs if the individual has applied for disability 2 times within a 1-year period, and subject to federal approval, prohibits an individual from applying for disability more than 2 times within a 1-year period. Conference concurs.

***Sec. 621. Energy Self-Sufficiency Program* – DELETED**
Establishes requirements and guidelines for the energy self-sufficiency program. Executive, House, Senate, and Conference delete.

***Sec. 657. Extended Family Independence Program (EFIP) Notifications* – REVISED**
Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits. Executive deletes. House adds that notification be included on both the public assistance application and the form that notifies the person of eligibility of EFIP. Senate retains current law. Conference concurs with House.

***Sec. 695. Jewish Federation of Metropolitan Detroit* – DELETED**
Appropriates $500,000 to the Jewish Federation of Metropolitan Detroit to assist low-income individuals achieve self-sufficiency. Executive deletes. House retains. Senate and Conference delete.

***Sec. 695. Multicultural Integration Funding* – NEW**
Executive requires grants for services for special population to be competitively awarded; establishes contractor requirements and metrics; requires annual report. House does not include. Senate concurs with Executive with technical adjustments. Conference permits requirement of each provider to provide data and information on performance related metrics; requires report; requires workgroup on including accreditation and moving toward competitive bidding.

***Sec. 696. Chaldean Community Foundation* – DELETED**
Appropriates $1.0 million to the Chaldean Community Foundation to provide translation services, health care, and youth services. Executive deletes. House retains. Senate and Conference delete.

Major Boilerplate Changes From FY 2013-14

JUVENILE JUSTICE SERVICES

***Sec. 701. Residential Facility Contracts* – NEW**

Senate prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility. Conference concurs with Senate and adds "unless required from changes to federal or state law or at the request of a provider".

***Sec. 702. Medicaid Waiver for Secure Residential Treatment* – NEW**

Senate requires DHS, in conjunction with the DCH, to submit a waiver request to expand Medicaid coverage to child in need of secure residential treatment; requires DHS to submit copy of waiver request to Legislature; requires report on status of waiver request. Conference concurs.

***Sec. 703. Juvenile Justice Vision 20/20* – NEW**

Senate provide $2.9 million to Juvenile Justice Vision 20/20, allows unexpended or unencumbered funding to be available in succeeding fiscal years; requires report. Conference provide $1.0 million to Juvenile Justice Vision 20/20, allows unexpended or unencumbered funding to be available in succeeding fiscal years; allow funds to be expended after successful implementation and operation of existing pilot database; requires DHS member to serve as executive team member; requires report.

LOCAL OFFICE SERVICES

***Sec. 750. Donated Funds Positions* – REVISED**

Requires DHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the out-stationed location requests the program discontinued. Executive deletes. House retains. Senate deletes current language, requires DHS to enter into a contract with any agency that places a request for a donated funds position, allows DHS to require performance objectives. Conference retains and requires DHS to enter into a contract with any agency that places a request for a donated funds position and is eligible under federal law, requires DHS to provide agency with applicable federal law or rule if denied; requires performance metrics; requires DHS to only fill additional positions after a new contract has been signed and requires position to be abolished when contract expires or is terminated.

***Sec. 751. Healthy Michigan Plan Administration* – NEW**

In Sec. 233, House requires DHS, in conjunction with the Department of Community Health, to establish an accounting structure in the state accounting system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan. Senate requires quarterly report. Conference concurs with both House and Senate.

INFORMATION TECHNOLOGY

***Sec. 1001. DHS Computer Reduction* – REVISED**

Requires DHS to reduce number of computers by 3,000. Executive deletes. House replaces section with requirement that the number of computers shall not exceed the number of authorized FTEs, requires report. Senate requires 1,000 computer reduction, Conference requires 500 computer reduction.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

***Sec. 1107. Weatherization Services Priority* – NEW**

Senate requires DHS and community action agencies to give priority for weatherization services to clients who have a child with a documented blood lead level above 5 micrograms per deciliter. Conference concurs, subject to federal approval.

***Sec. 1108. School Success Partnership* – NEW**

In Sec. 1106, House allocates $500,000 to the Northeast Michigan Community Services Agency for the school success partnership program; requires report. Senate allocates $300,000. Conference allocates $300,000; requires report.

ONE-TIME BASIS ONLY

***Sec. 1201. Kent County Private Steering Consortia* – NEW**

House allocates $100,000 to the Kent County private steering consortia for technical assistance for implementing performance-based funding. Senate does not concur. Conference concurs with House.

***Sec. 1202. Catholic Charities Center for Hope* – NEW**

In Sec. 1201, Senate allocates, if funding becomes available, funding to center for hope to restore and renovate the building where the center for hope is located. Conference. Conference allocates $250,000 to restore and renovate the building where the center for hope is located; requires report; requires reimbursement of state funds if funds are misspent.

***Sec. 1203. Private Agency Information Technology* – NEW**

In Sec. 1202, House allocates $300,000 to assist private child welfare service providers meet the implementation requirements of the statewide automated child welfare information system. Senate does not concur. Conference concurs with House.

***Sec. 1204. Fostering Futures Trust Fund* – NEW**

Conference allocates $500,000 to the Fostering Futures Trust Fund, if 2008 PA 525 is amended to create the trust fund.

***Sec. 1205. Michigan Reading Corps* – NEW**

In Sec. 231, House allocates $350,000 to the Michigan Reading Corps; requires report. In Sec. 231, Senate allocates $125,000. Conference allocates $350,000; requires report; requires reimbursement of state funds if funds are misspent.

FY 2014-15: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Summary: Conference Report
Article XI, House Bill 5313 (H-1) CR-1

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$707,600	$707,600	$707,600	$707,600	$707,600	*$0*	*0.0*
Federal	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	*0*	*0.0*
Local	0	0	0	0	0	*0*	*--*
Private	0	0	0	0	0	*0*	*--*
Restricted	61,627,900	62,427,100	62,427,100	62,427,100	62,427,100	*799,200*	*1.3*
GF/GP	11,000,000	150,000	0	100	55,000	*(10,945,000)*	*(99.5)*
Gross	**$75,335,500**	**$65,284,700**	**$65,134,700**	**$65,134,800**	**$65,189,700**	***($10,145,800)***	***(13.5)***
FTEs	343.0	343.0	343.0	343.0	343.0	*0.0*	*0.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Insurance and Financial Services (DIFS) is responsible for licensing, evaluating, regulating, and promoting the insurance and financial industries operating within the state and providing consumer protection for Michigan residents by managing consumer information and inquiries and investigating consumer complaints. DIFS administers, implements, and enforces state statutes pertaining to state-chartered banks, credits unions, mortgage lenders, consumer finance entities, insurance companies and agents, health maintenance organizations, and various consumer finance entities. DIFS is organized into the offices of Banking, Consumer Finance, Credit Unions, Insurance Evaluation, Insurance Rates and Forms, Insurance Licensing and Market Conduct, Consumer Services, General Counsel, Finance and Administrative Services, and Policy. Additionally, DIFS administers the Autism Coverage Reimbursement Program created by Public Act 101 of 2012.

DIFS was created by Executive Order 2013-1 through the transfer of the authority, powers, duties, functions, and responsibilities of the former Office of Financial and Insurance Regulation and functions of the Autism Coverage Reimbursement Program from the Department of Licensing and Regulatory Affairs.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Autism Coverage Fund	**Gross**	**$11,000,000**	**($11,000,000)**
Executive eliminates appropriation for the Autism Coverage Fund which supports the Autism Coverage Reimbursement Program established by 2012 PA 101. Of the $26.0 million GF/GP appropriated for the non-lapsing Autism Coverage Fund over the past two years, $1.1 million has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders, as of 04/29/14. DIFS anticipates that claims for reimbursement will substantially increase during FY 2014-15 but estimates that there is currently sufficient money in the Autism Coverage Fund to cover these claims. House concurs. Senate concurs. Conference concurs.	GF/GP	$11,000,000	($11,000,000)
2. Healthy Michigan Plan Analysis and Reports	FTE	4.0	0.0
Executive increases spending authorization ($150,000 GF/GP) for Executive Director Programs line item pursuant to 2013 PA 107 which directs DIFS to evaluate and issue an annual report on the impact of expanding medical coverage via the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform) on the cost of uncompensated care relating to health insurance rates and to staff the Michigan Health Care Cost and Quality Advisory Committee which is charged with analyzing various facets of the health care and health insurance industries and issuing a report with recommendations on the creation of a database on health care cost and quality in Michigan. House rejects. Senate rejects, but includes placeholder. Conference concurs, but reduces amount.	**Gross**	**$615,700**	**$55,000**
	Restricted	615,700	0
	GF/GP	$0	$55,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Economic Adjustments (Multiple Line Items)	**Gross**	**NA**	**$799,200**
Executive increases and decrease spending authorizations, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments. House concurs. Senate concurs. Conference concurs.	Restricted	NA	799,200

Major Boilerplate Changes From FY 2013-14

***Sec. 205. Benchmarks for New Programs or Program Expansions* – NEW**
Requires DIFS to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 15-16 budget. House creates. Senate does not concur. Conference concurs with House.

***Sec. 235. Annual Legacy Costs* – NEW**
Identifies annual pension-related and retiree health care legacy costs for DIFS pursuant to boilerplate Section 1202 of 2013 PA 59. Executive creates. House concurs. Senate concurs. Conference concurs.

***Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs* – DELETED**
Prohibits DIFS from issuing requests for proposals (RFP) for contracts in excess of $50.0 million without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and requires that DIFS notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary. Executive eliminates. House concurs. Senate concurs. Conference concurs.

***Sec. 240. Filled FTE Report* – REVISED**
Stipulates that the Legislature intends that DIFS does not use FTE positions as spending placeholders and requires DIFS to provide a report specifying the quarterly number of filled FTE positions by line item during the preceding fiscal year. Executive eliminates. House retains. Senate adds language requiring DIFS to indicate FTEs allocated to economic development activities. Conference concurs with Senate.

***Sec. 245. Healthy Michigan Plan Accounting Structure* – NEW**
Requires DIFS in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires DIFS to annually provide the Legislature with relevant accounting scripts and reports. House creates. Senate does not concur. Conference concurs with House.

***Sec. 246. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement* – NEW**
Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939 and requires DIFS to acquire at least two bids prior to expending the appropriation. Conference creates.

***Sec. 310. Economic Development Report* – REVISED**
Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed plan for ongoing and future DIFS activities to support the economic development of the insurance or financial industries. Executive eliminates. House retains. Senate specifies requirement for a 2-year plan. Conference concurs with Senate.

***Sec. 341. Administrative Rules Restriction* – DELETED**
Prohibits DIFS from promulgating any rule more stringent than an applicable federal standard unless authorized by statute. Executive eliminates. House retains. Senate eliminates. Conference concurs with Senate.

***Sec. 801. Autism Coverage Reimbursement Program Appropriation* – DELETED**
Appropriates the money in the Autism Coverage Fund to be expended on the Autism Coverage Reimbursement Program as authorized by 2012 PA 101. Executive eliminates. House concurs. Senate concurs. Conference concurs.

***Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements* – REVISED**
Requires DIFS to submit a report pertaining to the number of reimbursements for and the average costs of diagnosis and treatment under the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates. House revises to retain annual reporting requirement. Senate revises to retain annual reporting requirement. Conference revises to retain and alter substance of annual reporting requirement.

Various Sections Deleted by Executive, Retained by House and Senate
Executive eliminates Sections 212, 215, 219, and 232. House retains. Senate retains.

FY 2014-15: JUDICIARY
Summary: Conference Report
Article XII, House Bill 5313 (H-1) CR-1

Analyst: Robin R. Risko

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$2,350,500	$2,364,400	$2,364,400	$2,364,400	$2,364,400	*$13,900*	*0.6*
Federal	5,343,900	6,437,400	6,437,400	6,437,400	6,437,400	*1,093,500*	*20.5*
Local	7,133,100	7,241,100	7,241,100	7,241,100	7,241,100	*108,000*	*1.5*
Private	931,500	944,800	944,800	944,800	944,800	*13,300*	*1.4*
Restricted	84,213,800	84,252,500	84,252,500	84,252,500	84,252,500	*38,700*	*0.0*
GF/GP	183,441,300	187,277,400	188,242,900	185,742,900	186,527,400	*3,086,100*	*1.7*
Gross	**$283,414,100**	**$288,517,600**	**$289,483,100**	**$286,983,100**	**$287,767,600**	***$4,353,500***	***1.5***
FTEs	483.0	489.0	489.0	486.0	488.0	*5.0*	*1.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

NOTE: Information on House budget action in this document is based on House Bill 5313 as reported by the House Appropriations Committee.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Mental Health Diversion Program	**Gross**	**NA**	**$1,730,000**
Executive includes an additional $1.7 million for judiciary's role in a multi-agency statewide mental health diversion program. Assisted Outpatient Treatment is a court-ordered program of community-based mental health services designed to improve outcomes for people with serious mental illness who have a history of repeated incarcerations. Funding will be used for reinforcement of existing mental health courts through court coordination, mental health services, substance abuse treatment, housing, and transportation services ($1.0 million) and for court evaluations, attorney services, and training ($730,000). House concurs. Senate includes $1.1 million. Conference concurs with Executive/House.	GF/GP	NA	$1,730,000
2. Regionalization and Expansion of Specialty Courts	**Gross**	**$9,583,000**	**$1,375,000**
Executive includes additional federal funding made available for drug treatment courts, for regionalization and expansion of driving while intoxicated/sobriety courts, and for evaluation of the ignition interlock program. The goal is to make the courts available to more citizens in the state by regionalizing courts to serve multiple jurisdictions and expanding the number of courts available. House concurs. Senate concurs. Conference concurs.	IDG	1,500,000	0
	Federal	800,000	1,375,000
	Restricted	1,920,500	0
	GF/GP	$5,362,500	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Michigan Indigent Defense Commission	FTE	NA	4.0
Executive includes additional funding for implementation of the Michigan Indigent Defense Commission (MIDC), which was established under Public Act 93 of 2013. The MIDC was created as an autonomous entity in the judicial branch to develop and oversee the implementation, enforcement, and modification of minimum standards, rules, and procedures to ensure that indigent criminal defense services are consistently delivered to all indigent adults throughout the state. The MIDC is charged with hiring an executive director and the appropriate number of staff needed to accomplish the purpose of the MIDC. The appropriation will support hiring administrative staff for the commission and staff-related costs. House concurs. Senate concurs. Conference concurs.	**Gross**	**NA**	**$1,000,000**
	GF/GP	NA	$1,000,000
4. Next Gen/MiCS	**Gross**	**$3,490,700**	**$634,300**
Executive includes an additional $634,300 to assist with implementation of a unified case management information system, called the Next Generation Michigan Court System (Next Gen/MiCS). A one-time appropriation of $3.5 million GF/GP is included in the FY 2013-14 budget. That funding, along with the additional $634,300, will be considered an on-going appropriation in the FY 2014-15 budget. The new system will combine the four current legacy case management systems in at least 264 trial court locations that are built on technology that is almost 30 years old. Funding will also be used to train the more than 4,000 users of the system. House concurs. Senate includes an additional $9,300 and maintains the appropriation as a one-time appropriation. Conference concurs with Executive/House.	GF/GP	$3,490,700	$634,300
5. Savings for Eliminated Judgeships	**Gross**	**NA**	**($1,528,500)**
Executive reflects a savings from elimination of 5.0 judgeships under Public Act 300 of 2011 and elimination of 7.0 judgeships under Public Acts 35 of 2012 and 58, 59, and 60 of 2014. The amount of savings is a result of the effective dates of the retirements of the judges. House concurs. Senate concurs. Conference concurs.	GF/GP	NA	($1,528,500)
6. State Appellate Defender Office (SADO) Staff Support	**Gross**	**$6,646,900**	**$0**
Executive includes funding to pay for staff who are currently funded with federal grant funding which is set to expire on October 1, 2014. These staff assist the office with meeting the statutory requirement of managing 25% of the state's criminal defense appellate cases for indigents, and supporting the criminal defense bar. The office met 16% in FY 2011-12, 19% in FY 2012-13, and is expected to meet 26% in FY 2013-14. House concurs. Senate concurs. Conference concurs.	IDG	342,900	0
	Federal	408,300	(350,000)
	Private	81,300	0
	Restricted	117,600	0
	GF/GP	$5,696,800	$350,000
7. Foreign Language Proficiency	FTE	NA	1.0
Executive includes an additional $245,000 to support 2.0 FTE positions and the associated costs. These staff will oversee Limited English Proficiency programs at the local trial courts and the testing and certification of interpreters. They will also assist the Foreign Language Board of Review. These positions are necessary to ensure the state's compliance with federal directives that interpreters be provided to individuals with limited English proficiency. House concurs. Senate does not include the funding. Conference includes one FTE position and an additional $120,000.	**Gross**	**NA**	**$120,000**
	GF/GP	NA	$120,000
8. Economic Adjustments	**Gross**	**NA**	**$1,647,700**
Executive includes funding for justices' and judges' retirement, salary and wage increases (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, rent, building occupancy, and worker's compensation. Insurance costs are held flat due to recent revisions to the state employee health plan. House concurs. Senate concurs. Conference concurs.	IDG	NA	13,900
	Federal	NA	68,500
	Local	NA	108,000
	Private	NA	13,300
	Restricted	NA	38,700
	GF/GP	NA	$1,405,300
9. Trial Court Performance Innovation Fund	FTE	1.0	0.0
Executive maintains the current year appropriation of $1.0 million. House concurs. Senate eliminates the funding. Conference reduces funding by $625,000.	**Gross**	**$1,000,000**	**($625,000)**
	GF/GP	$1,000,000	($625,000)

Major Boilerplate Changes From FY 2013-14

***Sec. 205. Input on Foster Care Cases* – NEW**
Senate adds a new section which expresses that it is the intent of the legislature that judges who preside over hearings on foster care cases shall publicly acknowledge and request input from the foster parent(s) during the hearings. Conference includes the new language.

***Sec. 206. Training Program on Foster Care Cases for Court Personnel* – NOT INCLUDED**
Senate adds a new section which requires SCAO to coordinate a comprehensive training program in conjunction with DHS and the Foster Care Review Board for court personnel on the importance of parent-child visitations in foster care cases; requires SCAO to report on the training programs. Conference does not include the new language.

***Sec. 207. Changes to Foster Care Family Service Plans* – NEW**
Senate adds a new section which requires judges who preside over foster care cases to provide explanations for any changes made to foster care family service plans. Conference includes the new language, but modifies it to express that it is the intent of the legislature that judges provide explanations for changes instead of requiring the judges to do so.

***Sec. 209. Juvenile Justice Vision 20/20* – NEW**
Senate adds a new section which requires SCAO to allocate $450,000 to implement a database which tracks statistical and demographic data on adjudicated juveniles for use by DHS, circuit and probate courts, private juvenile justice agencies, and SCAO. Conference includes the new language, but strikes the allocation requirement and modifies the language to express it is the intent of the legislature to implement the database only if funding becomes available.

***Sec. 210. Task Force on the Prevention of Sexual Abuse of Children* – NOT INCLUDED**
Senate adds a new section which requires SCAO to provide $30,000 for the task force on the prevention of sexual abuse of children, and limits the funding to be used for mileage reimbursements and other travel expenses for task force operations. Conference does not include the new language.

***Sec. 211. Linking Swift and Sure Sanctions Program to Michigan Rehabilitative Services* – NEW**
Senate adds a new section which requires the judicial branch to establish an interagency agreement with DHS and MDOC linking the Swift and Sure Sanctions Program with the Michigan Rehabilitative Services Program. The purpose is to determine eligibility of offenders in the Swift and Sure Sanctions Program for services rendered by the Michigan Rehabilitative Services Program. Conference includes the new language, but modifies it to allow participation in the Swift and Sure Sanctions program by parolees pending enactment of proposed legislation.

***Sec. 224. Legacy Costs* – NEW**
States that the total amount of funding estimated to be expended on legacy costs in FY 2014-15 is $14.3 million. Of that, $8.0 million is estimated to be expended on pension-related legacy costs, and $6.3 million is estimated to be expended on health care-related legacy costs. Executive adds new section. House concurs. Senate concurs. Conference concurs.

***Sec. 225. Performance Measures* – NEW**
House adds a new section which requires the judiciary to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment for each new program for which funds in excess of $500,000 are appropriated, and to report on the progress of the program and the status of expenditures as measured by the benchmarks. Conference includes the new language.

***Sec. 307. Mental Health Diversion Council* – NEW**
Expresses intent that the appropriation of $1.7 million for Mental Health and Diversion Services is to be used to address the recommendations of the Mental Health Diversion Council. Executive adds new section. House concurs. Senate concurs but revises specified dollar amount to $1.1 million based on the appropriation included in the Senate bill. Conference concurs but revises specified dollar amount to $1.7 million based on the appropriation included in the Conference Report.

***Sec. 321. Legal Self-Help Website* – MODIFIED**
Expresses intent of the legislature that the judicial branch support a statewide legal self-help website and local nonprofit self-help centers that provide assistance to persons representing themselves in civil legal proceedings; requires SCAO to evaluate the effectiveness of the website, and to summarize costs and estimate savings. Executive deletes. House modifies to require SCAO to summarize costs of maintaining the website, provide statistics on the number of people visiting the website, and provide information on content usage, form completion, and user feedback. Senate retains current law. Conference concurs with the House language.

FY 2014-15: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary: Conference Report
Article XIII, House Bill 5313 (H-1) CR-1

Analyst: Paul Holland

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$14,228,200	$14,509,800	$14,509,800	$14,509,800	$14,509,800	*$281,600*	*2.0*
Federal	195,559,900	199,124,800	200,624,800	199,124,800	200,624,800	*5,064,900*	*2.6*
Local	656,500	656,500	656,500	656,500	656,500	*0*	*0.0*
Private	2,011,800	2,311,800	1,811,800	2,311,800	311,800	*(1,700,000)*	*(84.5)*
Restricted	265,457,400	290,224,100	288,168,200	289,124,300	286,351,500	*20,894,100*	*7.9*
GF/GP	25,004,900	25,033,800	22,217,200	25,033,800	40,033,800	*15,028,900*	*60.1*
Gross	**$502,918,700**	**$531,860,800**	**$527,988,300**	**$530,761,000**	**$542,488,200**	***$39,569,500***	***7.9***
FTEs	2,970.5	2,978.5	2,978.5	2,877.8	2,877.8	*(92.7)*	*(3.1)*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is primarily responsible for business regulatory and employment services programs and is organized according to its four principal functions: 1) Licensing and Regulation, which implements and enforces statutory laws and administrative rules pertaining to commercial and occupational, construction and fire safety, healthcare provider and facility, public utility, and liquor regulation; 2) Employment Security and Workplace Safety, which administers unemployment insurance, workers' compensation insurance, occupational safety and health standards, labor and wage laws, and vocational rehabilitation services for the blind; 3) the Michigan Administrative Hearing System (MAHS), a quasi-judicial agency which centralizes and conducts administrative hearings for agencies throughout state government; and 4) the Office of Regulatory Reinvention (ORR), which oversees administrative rule-making and evaluates the state's regulatory infrastructure. The agencies within LARA are primarily supported by various federal grants and revenue generated through numerous fees collected from regulated entities.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Unemployment Insurance Agency - Customer Service (One-Time)	**Gross**	**NA**	**$18,000,000**
Executive includes one-time spending authorization to maintain customer services at the Unemployment Insurance Agency (UIA), supported with revenue from the Penalty and Interest Account of the Contingent Fund in which penalties, damages, and interest collected from employers and claimants are deposited. The UIA anticipates that process improvement efforts will enable it to operate within existing federal grant funding by the end of FY 2014-15. In August of 2012, due to the decline in the state's Insured Unemployment Rate during 2012, the federal government reduced the amount of administration grants to the UIA by $37.2 million, resulting in 402 FTEs being laid-off. The Legislature approved a contingency transfer authorizing $5.0 million from the Fund to support the maintenance of UIA operations during FY 2012-13. LARA anticipates a similar transfer request for FY 2013-14 dependent upon the level of quarterly supplemental federal grants allocated to the UIA during the year. House concurs. Senate concurs. Conference concurs.	Restricted	NA	18,000,000
2. Unemployment Insurance Agency - Mobile Application (One-Time)	**Gross**	**NA**	**$0**
Executive includes one-time spending authorization ($2.4 million) to develop a mobile device application which will facilitate the remote filing of unemployment insurance claims, supported with revenue from the Penalty and Interest Account of the Contingent Fund. House rejects based on request from LARA. Senate concurs in part, but reduces recommended amount by half. Conference concurs with House.	Restricted	NA	0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Bureau of Construction Codes	FTE	104.7	0.0
Executive increases spending authorization for the Bureau of Construction Code (BCC), supported with revenue from the Construction Code Fund, subsequent to a $5.8 million decrease in spending authorization in the FY 2013-14 budget; approximately $350,000 to maintain current operations which includes expanded permitting activities as part of the effort to remediate blight in Detroit, and approximately $650,000 to support annual costs of replacing BCC's online permitting/licensing system. House concurs. Senate concurs in part, but includes $800,000 of the amount in separate Detroit Demolition Permit Assistance line item. Conference concurs with Senate.	**Gross**	**$8,933,700**	**$1,066,300**
	Restricted	8,933,700	1,066,300
4. Elevator Inspection Program	FTE	30.0	2.0
Executive increases spending authorization and staff, supported with revenue from the Elevator Safety Fund, to hire an additional two elevator inspectors to address elevator inspection backlog resulting in approximately 30% of annual elevator inspections overdue in FY 2012-13 (approximately $224,000) and fund the Elevator Division's portion of the replacement of the BCC's online permitting/licensing system (approximately $476,000). House concurs. Senate concurs. Conference concurs.	**Gross**	**$3,645,700**	**$700,000**
	Restricted	3,645,700	700,000
5. Health Systems Regulation	FTE	211.4	0.0
Executive increases spending authorization, supported with federal Title XIX reimbursements, for the Bureau of Health Care Services (BHCS) to perform surveys (i.e. inspections) of long-term care facilities (e.g. nursing homes) in order to issue certifications required for eligibility to provide medical and custodial care of Medicaid-enrollees. House concurs. Senate concurs. Conference concurs.	**Gross**	**$27,825,600**	**$700,000**
	Federal	18,519,900	700,000
	Private	200,000	0
	Restricted	3,300,200	0
	GF/GP	$5,805,500	$0
6. Property Management	**Gross**	**$10,007,300**	**$1,275,000**
Executive increases spending authorization, supported with federal unemployment insurance administration grants, for DTMB property management charges for the "One Division" facility in Grand Rapids, resultant from a FY 2013-14 reduction for UIA property management which was not realized. House concurs. Senate concurs, but transfers $1.0 million of the increase to the Unemployment insurance Agency line item. Conference concurs with Senate.	Federal	4,328,200	1,275,000
	Restricted	5,374,900	0
	GF/GP	$304,200	$0
7. Administrative Services	FTE	87.0	0.0
Executive increases GF/GP spending authorization to offset expenditures made by the Financial and Administrative Services Team within LARA since FY 2011-12 for the Reinventing Performance in Michigan (RPM) initiative; statewide regulatory process improvement efforts designed to improve customer satisfaction, shorten customer response time, reduce redundant forms, and ensure customer-facing materials are utilized. House rejects. Senate concurs. Conference concurs in part, but funds 25.0% of the increase with revenue generated by statutory filing and other fees paid by corporate entities. (See boilerplate Sec. 243.)	**Gross**	**$8,725,000**	**$700,000**
	Federal	1,659,000	0
	Restricted	7,066,000	175,000
	GF/GP	$0	$525,000
8. Special Project Advances	**Gross**	**$200,000**	**$0**
Executive increases spending authorization enabling LARA to expend registration fees collected from attendees of the LARA-sponsored biennial "Joint Provided and Surveyor Training" events for long-term care staff and regulators pursuant to the Public Health Code. House rejects; see #17. Senate concurs. Conference concurs with House.	Private	200,000	0
9. Administrative Services	FTE	87.0	0.0
Executive increases spending authorization, supported with an IDG from the Department of Insurance and Financial Services (DIFS), for accounting services provided to DIFS by the Financial and Administrative Services Team within LARA. House concurs. Senate concurs. Conference concurs.	**Gross**	**$8,725,000**	**$150,000**
	IDG/IDT	0	150,000
	Federal	1,659,000	0
	Restricted	7,066,000	0
	GF/GP	$0	$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
10. Compensation Supplement Fund	**Gross**	**$820,000**	**$1,000,000**
Executive increases in GF/GP spending authorization for the Compensation Supplement Fund administered under the Workers' Compensation Agency (WCA) to support reimbursements to self-insured entities that no longer receive a MBT tax credit which was repealed by 2011 PA 39. Equivalent FY 2012-13 supplemental appropriation was enacted by 2013 PA 102 and equivalent supplemental request for FY 2013-14 has been issued by SBO. House concurs. Senate concurs. Conference concurs.	Restricted	820,000	0
	GF/GP	$0	$1,000,000
11. Michigan Administrative Hearing System	FTE	209.0	0.0
Executive decreases spending authorization, supported with an IDG from the Department of Environmental Quality (DEQ), to more accurately reflect anticipated administrative hearing caseload from DEQ for the Michigan Administrative Hearing System (MAHS). House concurs. Senate concurs. Conference concurs.	**Gross**	**$38,803,900**	**($236,300)**
	IDG/IDT	14,128,200	(236,300)
	Federal	9,154,300	0
	Restricted	12,508,700	0
	GF/GP	$1,012,700	$0
12. Michigan Administrative Hearing System	FTE	209.0	6.0
Executive increases spending authorization and staff, supported by 50/50 state/federal match, for the Michigan Administrative Hearing System (MAHS) to support an anticipated escalation in administrative hearings engender by an estimated 35% increase in the Medicaid caseload under the Healthy Michigan Plan (i.e. Medicaid Expansion/Reform). To illustrate context, during FY 2012-13, MAHS opened 23,539, heard 6,213, and closed 24,031 administrative hearings pertaining to Medicaid eligibility and benefits. House concurs. Senate concurs. Conference concurs.	**Gross**	**$36,803,900**	**$900,000**
	IDG/IDT	14,128,200	0
	Federal	9,154,300	450,000
	Restricted	12,508,700	0
	GF/GP	$1,012,700	$450,000
13. Liquor Control Commission IT Upgrades (One-Time)	**Gross**	**$2,000,000**	**($1,500,000)**
Executive transfers spending authorization ($2.0 million) for replacement of the Liquor Control Commission's (LCC) COBOL-based information technology system, supported with revenue from state wholesale liquor sales, from ongoing baseline to a one-time appropriation, eliminating funding in subsequent fiscal years. House concurs in part, but subsequently reduces amount transferred based on amount stipulated in DTMB project budget. Senate concurs. Conference concurs with House.	Restricted	2,000,000	(1,500,000)
14. Nursing Home Survey IT System	**Gross**	**$2,140,300**	**($2,140,300)**
Executive eliminates one-time GF/GP spending authorization for upgrades to the information technology system utilized by nursing home surveyors within the Bureau of Health Care Services (BHCS). House concurs. Senate concurs. Conference concurs.	GF/GP	$2,140,300	($2,140,300)
15. Fund Shifts (Multiple Line Items)	**Gross**	**$6,069,100**	**$0**
Executive incorporates numerous fund shifts within various line items between fund sources that net out to zero gross, though they may alter the types of fund sources, reflecting changes in the availability and allocation of funds to more accurately reflect program administration. House concurs in part, but includes additional fund shifts to reverse portions ($2.1 million) of GF/GP offsets for veteran fee exemptions included in the FY 2013-14 budget to bring the amounts offset in-line with actual revenue loss. Senate concurs. Conference concurs in part, but includes additional fund shifts to reverse portions ($2.0 million) GF/GP offsets for veteran fee exemptions included in the FY 2013-14 budget to bring the amounts offset more in-line with actual revenue loss and includes GF/GP offset ($2.0 million) of revenue from the Liquor Purchase Revolving Fund within the Bureau of Fire Services line item.	Federal	555,000	(293,000)
	Restricted	3,517,400	318,000
	GF/GP	$1,996,700	($25,000)
16. Economic Adjustments (Multiple Line Items)	**Gross**	**NA**	**$4,127,400**
Executive increases and decreases spending authorization, resulting in a net increase, for negotiated salary and wage increases, insurance rates, actuarially-required retirement benefit rates, other postemployment benefits prefunding, workers' compensation costs, building occupancy costs and rent, and other incidental economic adjustments. House concurs. Senate concurs. Conference concurs.	IDG/IDT	NA	367,900
	Federal	NA	1,432,900
	Restricted	NA	2,307,400
	GF/GP	NA	$19,200

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
17. Special Project Advances	**Gross**	**$200,000**	**($200,000)**
House eliminates spending authorization and line item for Special Project Advances and transfers pass-through spending authorization to boilerplate Sec. 241, subject to a $500,000 limitation. Senate does not concur. Conference concurs with House. (See boilerplate Sec. 241.)	Private	200,000	(200,000)
18. Public Service Commission	FTE	193.0	0.0
House eliminates the appropriation from the Children's Protection Registry Fund which is transferred from the Public Service Commission (PSC) to the Department of State by Executive Order 2014-5. The Fund is created by the Children's Protection Registry Act of 2004, enacted to prevent minors from receiving messages about products or services which are prohibited for minors to purchase or view, and is supported by fees paid by entities sending messages pertaining to products or services prohibited for minors. Senate does not concur. Conference concurs with House.	**Gross**	**$30,597,100**	**($272,600)**
	Federal	1,245,400	0
	Restricted	29,351,700	(272,600)
19. Bureau of Services for Blind Persons	FTE	113.0	0.0
House increases federal spending authorization for the Bureau of Services for Blind Persons (BSBP), subsequent to a $3.4 million decrease in spending authorization in the FY 2013-14 budget, to enable the BSBP to expend grants awarded by the U.S. Department of Education for BSBP operations. Senate does not concur. Conference concurs with House.	**Gross**	**$23,725,200**	**$1,500,000**
	Federal	17,133,400	1,500,000
	Local	529,000	0
	Private	111,800	0
	Restricted	562,000	0
	GF/GP	$5,389,000	$0
20. Fireworks Safety Grants	**Gross**	**$1,000,000**	**($1,000,000)**
House eliminates spending authorization and line item for Fireworks Safety Grants due to amendments made by 2013 PA 65 to the Michigan Fireworks Safety Act of 2011 which altered the statutory restrictions on revenues collected under the Act thereby redirecting the funding (to firefighter training) which would have supported the fireworks safety grants. (See boilerplate Sec. 305.) Senate does not concur. Conference concurs with House.	Restricted	1,000,000	(1,000,000)
21. Firefighter Training Grants	**Gross**	**NA**	**$1,000,000**
House includes spending authorization and a new line item for Firefighter Training Grants administered by the Firefighters Training Council to local fire departments for the training of firefighters (i.e. supports compensation for training instructors, purchase of training equipment, and examination of firefighters). Pursuant to 2013 PA 65, revenue generated by fireworks safety fees (approximately 6.0% of gross income generated by the retail sale of all fireworks) is restricted for expenditure on firefighter training under the direction and approval of the Council. Senate does not concur. Conference concurs with House. (See boilerplate Sec. 903.)	Restricted	NA	1,000,000
22. Fireworks Safety Inspection Grants	**Gross**	**NA**	**$0**
House transfers spending authorization ($165,200) from the Bureau of Fire Services line item to a new Fireworks Safety Inspection Grants line item for grants, administered by the BFS, to reimburse local fire departments for statutorily-required inspections of fireworks retailers. Amount transferred was based on the anticipated reimbursements for FY 13-14, at a rate required by 2013 PA 65, supported with revenue generated by consumer fireworks certificate safety fees and fines. Senate does not concur. Conference concurs with Senate.	Restricted	NA	0
23. Delphi Corp. Workers' Compensation Payment Fund (One-Time)	**Gross**	**NA**	**$15,000,000**
House includes placeholder for supplemental appropriation if sufficient resources are not provided within the Self-Insurers Security Fund to cover the workers' compensation claims of approximately 350 former employees of Delphi Corporation which was reorganized under bankruptcy protection from 2005 to 2009. Senate does not concur. Conference includes spending authorization anticipated to be sufficient (in conjunction with revenue generated by the temporarily increased SISF assessment pursuant to HB 5487) to cover the workers' compensation claims of approximately 350 former employees of Delphi Corporation. (See boilerplate Sec. 1001.)	GF/GP	NA	$15,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
24. Disability Accessibility Pilot Project (One-Time) Senate includes new line item and spending authorization for a pilot program under which LARA will collaborate with a nonprofit organization to provide services to improve accessibility for persons with disabilities and create electronically-available universal design blueprints. Supported with revenue generated by fees paid pursuant to elevator regulations. House does not concur. Conference concurs with Senate, but includes spending authorization as one-time. (See boilerplate Sec. 1002.)	**Gross**	**NA**	**$100,000**
	Restricted	NA	100,000
25. Motor Carrier Database Rewrite Project (One-Time) Senate includes one-time placeholder for a rewrite of the IT system utilized by the Motor Carrier Division within the Public Service Commission (PSC). House does not concur. Conference concurs with House.	**Gross**	**NA**	**$0**
	Restricted	NA	0
26. Corporations Database Rewrite Project (One-Time) Senate includes one-time placeholder for a rewrite of the IT system utilized by the Corporations Division within the Corporations, Securities, and Commercial Licensing Bureau (CSCLB). House does not concur. Conference concurs with House.	**Gross**	**NA**	**$0**
	Restricted	NA	0
27. True-Up Authorized FTEs (Multiple Line Items) Senate reduces authorized, yet unfunded, FTEs (111.7) throughout several line items and adds 11.0 FTEs to the Medical Marihuana Program line item to more accurately reflect current LARA staffing levels. House does not concur. Conference concurs with Senate.	FTE	2,029.8	(100.7)
28. Health Professions Regulations Conference includes spending authorization for upgrades to the Bureau of Health Care Services (BHCS) website to allow users to search health professionals' disciplinary actions. Intended as one-time funding. (See boilerplate Sec. 512.)	FTE	151.0	0.0
	Gross	**$27,472,300**	**$200,000**
	Federal	413,400	0
	Restricted	27,058,900	0
	GF/GP	$0	$200,000
29. Private Grant Programs Conference eliminates spending authorization and line item for Private Grant Programs and transfers pass-through spending authorization to boilerplate Sec. 225, subject to a $1.5 million limitation. (See boilerplate Sec. 225.)	**Gross**	**$1,500,000**	**($1,500,000)**
	Private	1,500,000	(1,500,000)

Major Boilerplate Changes From FY 2013-14

Note: House and Senate renumber several sections, section numbers below are referenced as they appear in SB 772 (S-1) CR-1 with the current law section numbers in parenthesis.

***Sec. 205. Benchmarks for New Programs or Program Expansions* – NEW**
Requires LARA to submit reports to the Legislature identifying specific benchmarks intended to measure the performance or return on taxpayer investment of new programs or program expansions and updating the Legislature on the progress of the programs as measured by those benchmarks; stipulates that the Legislature intends that benchmarks be included with executive budget requests beginning with the FY 15-16 budget. House creates. Senate does not concur. Conference concurs with House in part, but revises language.

***Sec. 211. LCC IT Work Project* – REVISED**
Designates the appropriation for LCC IT upgrades as a work project, stipulates that the appropriation remain available and shall not lapse, and anticipates future appropriations until the project is completed. Executive eliminates language pertaining to additional appropriations and anticipated completion date. House concurs. Senate concurs in part, but adds language indicating that the estimated completion date is 11/1/14. Conference concurs with Senate.

***Sec. 225. Private Grant Appropriation and Notice* – REVISED**
Requires LARA to provide notice to the Legislature within ten days of receipt of grants under the private grant programs line item. Executive eliminates. House retains. Senate retains. Conference revises to include appropriation of private grant revenues, subject to a limitation of $1.5 million.

***Sec. 235. Annual Legacy Costs* – NEW**
Identifies annual pension-related and retiree health care legacy costs for LARA pursuant to boilerplate Section 1202 of 2013 PA 59. Executive creates. House concurs. Senate concurs. Conference concurs.

Major Boilerplate Changes From FY 2013-14

***Sec. 238. Require RFIs and RFQs Prior to Issuing RFPs* – DELETED**
Prohibits LARA from issuing requests for proposals (RFP) for contracts in excess of $50.0 million without first considering issuing requests for information (RFI) or requests for qualifications (RFQ) and requires that LARA notify DTMB of the evaluation process used to determine that a RFI or RFQ was not necessary. Executive eliminates. House concurs. Senate concurs. Conference concurs.

***Sec. 241. Informational, Training, and Special Events Revenues and Expenditures* – NEW**
Stipulates that LARA may charge registration fees for events sponsored by LARA, that fees shall reflect costs of sponsoring events, that revenue generated by fees is appropriated for sponsorship costs, that excess revenue shall carry-forward, and requires annual report pertaining to revenues and expenditures related to events. House creates. Senate does not concur. Conference concurs with House in part, but adds appropriation limitation of $500,000.

***Sec. 243. Reinvention Performance in Michigan MOUs* – NEW**
Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative, requires an annual report, and stipulate the Legislature's intent that the RPM shall be funded by participating state departments. Conference creates.

***Sec. 245. Healthy Michigan Plan Accounting Structure* – NEW**
Requires LARA in conjunction with the Department of Community Health (DCH) to establish accounting structures within MAIN which will facilitate the identification of expenditures associated with the Healthy Michigan Plan and requires LARA to annually provide the Legislature with relevant accounting scripts and reports. House creates. Senate does not concur. Conference concurs with House.

***Sec. 511. (305) Fireworks Safety Grants* – REVISED**
Stipulates that the Legislature intends that LARA expends $1.0 million in fireworks safety grants to local units of government, requires local units of government to submit a report to LARA indicating the annual costs of inspections and enforcement activities associated with the Fireworks Safety Act of 2011, and requires LARA to submit a report providing information pertaining to the amounts of fireworks safety grants awarded to local units of government. Executive eliminates. House concurs. Senate concurs in part, but retains intent language and reporting requirement. Conference concurs with Senate in part, but revises references and cites.

***Sec. 512. Public Availability of BHCS Disciplinary Actions* – NEW**
Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website. Senate creates. House does not concur. Conference concurs with Senate in part, but adds language pertaining to one-time appropriation for website development.

***Sec. 513. Fees for False Final Inspections by the BFS* – NEW**
Authorizes LARA to assess a fee not to exceed $200 if the Bureau of Fire Services (BFS) responds to confirmed false inspection appointment, requires LARA to explicitly identify revenue generated by the fee in MAIN, and requires a report pertaining to the fee, its effects on the BFS' costs, and recommendations to the Legislature. Conference creates.

***Sec. 702. (332) UI Computer System Report* – REVISED**
Requires quarterly reports on the status of the UIA's integrated IT system re-write project until project completion. Executive eliminates. House revises to require quarterly reports on the implementation or and improvements to the integrated system project. Senate retains.

***Sec. 703. (333) UI Internet Claims Report* – REVISED**
Requires LARA to submit quarterly reports pertaining to the percentage of claimants using the internet MARVIN system, or any application developed for that purpose, to certify and receive UI benefits and implement improvement to the system to reach a goal of 80.0% of claimants certifying on systems that reduces staff face time and MARVIN telephone system usage. Executive eliminates. House revises to include accurate terminology and increases goal to 85.0%. Senate retains. Conference concurs with House in part, but reduces goal to 75.0%.

***Sec. 341 Administrative Rules Restriction* – DELETED**
Prohibits LARA from promulgating administrative rules that are more stringent than applicable federal standards unless specifically authorized by statute. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable. Executive eliminates. House retains. Senate eliminates. Conference concurs with Senate.

***Sec. 248. (368) Regulatory Statistical Report* – REVISED**
Requires LARA to submit an annual report including statistical information pertaining to revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, and enforcement actions for each regulatory product administered by regulatory agencies within LARA. Executive eliminates. House adds reporting requirements pertaining to administrative hearings and adjudications. Senate retains. Conference concurs with House.

Major Boilerplate Changes From FY 2013-14

***Sec. 375. Securities Fees Carryforward* – DELETED**
Permits LARA to carryforward unexpended securities fees collected by the Corporations, Securities, and Commercial Licensing Bureau into future fiscal years. In a signing letter dated June 13, 2013, the Governor asserts that this boilerplate section is unenforceable. Executive retains. House concurs. Senate eliminates. Conference concurs with Senate.

***Sec. 505. (380) Homeowner Construction Lien Recovery Fund* – REVISED**
Appropriates unexpended funds in the Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to the repeal of the Fund on August 23, 2010. Executive retains. House concurs. Senate revises to include a financial reporting requirement. Conference concurs with Senate.

***Sec. 509. (731) Bureau of Health Care Services Regulatory Costs and Fee Reports* – REVISED**
Requires the Bureau of Health Care Services (BHCS) to submit to the Legislature an updated report pertaining to the costs to regulate each of the several types of health facilities and a proposed updated fee schedule to offset BHCS' regulatory costs, including recommended statutory and rule changes. Executive eliminates regulatory cost reporting requirement. House concurs. Senate concurs. Conference concurs.

***Sec. 510. (732) Support for BHCS Inspections of FSOFs* – RETAINED**
Requires that the Bureau of Health Care Services (BHCS) expend at least $530,000 of the amount appropriated in Part 1 for the inspection of Freestanding Surgical Outpatient Facilities (FSOFs). Executive eliminates. House retains. Senate eliminates. Conference concurs with House.

***Sec. 801. Nursing Home Survey IT System Project* – DELETED**
Stipulates that the appropriation for nursing home survey IT system is for costs associated with complying with 2012 PA 322 and is one-time, sufficient to cover expenditures, and that no future appropriations are anticipated. Executive eliminates. House concurs. Senate concurs. Conference concurs.

***Sec. 902. (728) Medical Marihuana Registry Cards Report and Grants to County Law Enforcement* – REVISED**
Requires LARA to submit a report pertaining to the number of medical marihuana registry identification cards issued or renewed in each county. Stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement agencies. Requires reports submitted by both county law enforcement agencies and LARA pertaining to the amounts, recipients, and uses of the grants. Permits county law enforcement agencies to distribute discretionary grants to municipal law enforcement agencies. Executive includes new subsection further delineating the granting process and alters grant application and reporting dates. House partly concurs, but nominally differs in revisions. Senate partly concurs, but nominally differs in revisions. Conference concurs with House.

***Sec. 903. Firefighter Training Grants* – NEW**
Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. Conference creates.

***Sec. 1001. Delphi Corp Workers' Compensation Claims* – NEW**
Stipulates that if sufficient funds are not appropriated in FY 2013-14 to cover the workers' compensation claims of former employees of Delphi Corp, it is the Legislature's intent to appropriate sufficient funds in FY 2014-15. House creates. Senate does not concur. Conference substantially revises to stipulate how LARA is to expend the $15.0 million appropriation ($8.0 million immediately, $7.0 million over five years) and specifying under what conditions future expenditures may occur, stipulates that unexpended funds shall lapse to the General Fund, requires LARA to annually notify the Legislature of any expenditures, and designates the appropriation as a work project available for expenditure until 09/30/19.

***Sec. 1002. Disability Accessibility Pilot Project* – NEW**
Requires LARA to work with a nonprofit group with expertise in disability accessibility evaluations on a pilot project to provide services to municipalities and business to improve accessibility for persons with disabilities and create universal design blueprints that are electronically-available through the Bureau of Construction Codes (BCC). Senate creates. House does not concur. Conference concurs with Senate.

Various Sections Deleted by Executive, Retained by Conference
Executive eliminates Sections 212, 215, 219, 232, 240, 250, 801 (390), 705 (611), 506 (714), and 507(1) (726(1)). House retains. Senate retains. Conference retains.

FY 2014-15: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary: Conference Report
Article XIV, House Bill 5313 (H-1) CR-1

Analyst: Mark Wolf

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$650,000	$100,000	$100,000	$100,000	$100,000	*($550,000)*	*(84.6)*
Federal	89,782,700	90,362,800	90,362,800	90,362,800	90,362,800	*580,100*	*0.6*
Local	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	*0*	*0.0*
Private	740,000	740,000	740,000	740,000	740,000	*0*	*0.0*
Restricted	27,554,000	25,086,400	25,086,400	25,086,400	25,086,400	*(2,467,600)*	*(9.0)*
GF/GP	46,503,300	55,805,700	48,805,700	49,412,400	49,154,500	*2,651,200*	*5.7*
Gross	**$166,730,000**	**$173,594,900**	**$166,594,900**	**$167,201,600**	**$166,943,700**	***$213,700***	***0.1***
FTEs	898.5	898.5	898.5	898.5	898.5	*0.0*	*0.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans' Trust Fund.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Veterans Service Grants	**Gross**	**$2,904,600**	**$857,900**
Executive: Makes no change.	GF/GP	$2,904,600	$857,900
House: Increases the base grant to veterans' service organizations by $500,000 GF/GP ongoing, and adds boilerplate language providing a few basic parameters to be specified by the MVAA in structuring the VSO grant agreement.			
Senate: Increases by $857,900 GF/GP.			
Conference: Increases by $857,900 GF/GP			
2. Veterans' Homes – Special Maintenance	**Gross**	**$500,000**	**$3,000,000**
Executive, Senate and Conference: Appropriates $3.0 million GF/GP as a "one-time" appropriation for various maintenance projects at the state's two veterans' homes. This one-time appropriation would be separate from an ongoing $500,000 GF/GP appropriation for maintenance at the homes. The ongoing appropriation is unchanged.	GF/GP	$500,000	$3,000,000
House: Reduces the one-time appropriation by $500,000 GF/GP.			
3. National Guard Facilities – Special Maintenance	**Gross**	**$20,351,200**	**($5,351,200)**
Revised Executive, Senate, and Conference: Eliminates the $3.0 million GF/GP ongoing appropriation for armories maintenance and reduces by $2.3 million Federal to align spending authorization with actual available revenues.	Federal	17,300,000	(2,300,000)
	GF/GP	$3,051,200	($3,051,200)
House: Concurs with the reduction of excess federal authorization but continues the ongoing GF/GP appropriation for armory maintenance.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. National Guard Tuition Assistance Program	FTE	NA	1.0
Executive and Senate: Adds $5.0 million GF/GP (1.0 transferred FTE) to reestablish a state tuition assistance (TA) program for National Guard members in active drilling status (1 weekend/month and 2 weeks/year). The program would cover 100% of tuition and fees, up to $4,500 per year, for programs leading to a certificate, associate's degree, baccalaureate degree, or master's degree. Guard members could not pursue a lateral or lower degree, must remain in good standing, and must maintain a 2.0/4.0 GPA. The aim is to aid recruiting and retention efforts, as most other states provide this type of benefit, supplementing available federal education benefits. The state previously provided a TA program from FY 2000 to FY 2009, but ended the program amid state budget reductions and declining utilization rates largely due to the expanded availability of federal education benefits following Post-9/11 active duty service. However, federal active duty deployments are becoming less frequent, and recent changes to the Army's TA program now provide benefits to service members (including National Guard members in active drilling status) after one year of service (rather than making TA available upon completion of their initial training, and cap assistance at 16 semester hours per year.	**Gross**	**NA**	**$4,742,100**
	GF/GP	NA	$4,742,100
House: Concurs on the establishment of the program, but reduces the appropriation to $2.0 million, with the expectation being that the first year costs of the program would not reach $5.0 million. Unexpended funds would lapse to the General Fund.			
Conference: Reduces the ongoing appropriation by $657,900 GF/GP, but creates a one-time appropriation of $400,000 for a net reduction from the Executive of $257,900. The one-time appropriation would be expended after the ongoing appropriation is exhausted.			
5. Annualize MVAA Staffing Costs	**Gross**	**$5,017,000**	**$950,000**
Executive and House: Adds $1.2 million GF/GP to annualize the full-year, full-staffing costs for the Michigan Veterans Affairs Agency. Ostensibly, the FY 2013-14 budget did not support the full-year costs for the full-staffing compliment of the MVAA, recognizing that while the agency was being established, some positions would remain vacant after the start of the fiscal year, as the agency continued to define its work plan and operations.	GF/GP	$5,017,000	$950,000
Senate: Concurs with the Executive, but reduces the increase by $250,000 GF/GP, with $50,000 of that reduction moved to a separate scheduled program for Legal Services/Federal Claims Representation.			
Conference: Concurs with the Senate, but keeps the $50,000 for legal services/federal claims representation within the MVAA administration line.			
6. Legal Services/Federal Claims Representation	**Gross**	**NA**	**$50,000**
Senate: Transfers $50,000 from the MVAA Administration program line to a separate program line for legal services/federal claims representation. This funding would be expended by the department to support its legal costs incurred in representing veterans' claims for VA benefits before the Board of Veterans Appeals, the Court of Appeals for Veterans Claims, and beyond. Legal services are a necessary part of the MVAA's accreditation by the VA to assist veterans in filing claims for VA benefits.	GF/GP	NA	$50,000
Conference: Concurs with the Senate, but allocates via boilerplate the $50,000 from the appropriation for MVAA administration, rather than establishing a separate program line.			

Items Agreed to by the Executive, House, and Senate

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
7. Veterans Service Regional Coordinators	**Gross**	**NA**	**$750,000**
Adds $750,000 GF/GP for veterans service organizations (or others) to hire 10 regional coordinators who would be responsible for managing the workload of VSO service officers, monitoring service officer performance, and ensuring compliance with grant and boilerplate performance requirements. These coordinators would also serve as a liaison to other public and private agencies serving veterans.	GF/GP	NA	$750,000
8. County Veterans Counselors (CVCs)	**Gross**	**NA**	**$250,000**
Adds $250,000 to counties to expand the veterans claims processing capabilities of their county veterans service departments. These funds would be used to support technology improvements, such as the acquisition of an electronic claims management system, to hire additional VA-accredited counselors, or to establish a veterans service department either directly through county employees or through service agreements with neighboring counties. The department provided a similar grant program in FY 2012-13 through the availability of a one-time appropriation.	GF/GP	NA	$250,000
9. Grand Rapids Veteran' Home (GRVH) Fund Sourcing	**Gross**	**$47,869,900**	**($2,275,000)**
Adjusts the fund sourcing for the GRVH to better align spending authority with actual revenues and expenditures. These adjustments include a reduction in excess authorization from Income and Assessment revenue (paid by resident members) by $2.5 million, as continuing renovations to members' rooms (from 4/room to 2/room or 1/room) have reduced the home's member census, thus generating less Income and Assessment revenue. Over the years the home has also seen an increase in members with a disability rating of 70%-100% for whom the home receives a higher per diem payment from the VA, which represents the full cost of care, thereby no longer requiring any additional assessments paid by the member. Because Income and Assessment revenue has been over-appropriated, annual economics adjustments (for salaries, benefits, etc.) charged to Income and Assessment revenues have actually been paid from available GF/GP funds. The Executive adds $225,000 GF/GP to account for that shift in costs.	Federal	21,650,300	0
	Restricted	13,951,900	(2,500,000)
	GF/GP	$12,267,700	$225,000
10. National Guard Armories – Operations	**Gross**	**$13,705,300**	**$2,000,000**
Adds $2.0 million from funds received through the National Guard Bureau to reflect the availability of additional federal NGB funds for the cost of utilities and related services (snow/trash removal, etc.) at the state's armories. A similar adjustment was made in FY 2013 through a September 2013 Legislative Transfer.	Federal	5,780,700	2,000,000
	Restricted	346,400	0
	GF/GP	$7,578,200	$0
11. Economics Adjustments	**Gross**	**NA**	**$1,289,800**
Reflects increased costs of $1.3 million Gross ($377,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	Federal	NA	730,000
	Restricted	NA	182,400
	GF/GP	NA	$377,400
12. Homeland Security – Align Authorization	**Gross**	**$650,000**	**($550,000)**
Reduces appropriations by $550,000 IDG-State Police to eliminate excess authorization for this program line. This program line has not been used to any great degree in recent years. The remaining $100,000 authorization would provide the department with sufficient spending authority should the need arise.	IDG	650,000	(550,000)
13. D.J. Jacobetti Veterans' Home – Align Authorization	**Gross**	**$19,385,000**	**$0**
Adjusts authorization between VA per diem payments and Income and Assessment Revenue.	Federal	7,781,200	150,000
	Restricted	5,491,000	(150,000)
	GF/GP	$6,112,800	$0

Major Boilerplate Changes From FY 2013-14

DEPARTMENT AND NATIONAL GUARD OPERATIONS

***Sec. 300. Unclassified Positions* – REVISED**

Lists titles of unclassified positions; requires the department to notify the subcommittees prior to submitting requests for additional unclassified positions or requests for changes to the duties of existing unclassified positions. Executive – deletes. House, Senate, and Conference – update position titles.

Support Services

***Sec. 301. Support Services* – REVISED**

Requires the department to provide effective and efficient administrative leadership and administrative support for the department's operations, including ensuring proper accountability of state funds, adherence to state financial and administrative guidelines, and proper fiscal controls related to purchasing operations. Executive – deletes. House – revises to list the specific legal authority for administrative support functions of the department. Senate and Conference – retain.

Armories and Joint Force Readiness

***Sec. 302. Headquarters and Armories* – REVISED**

Requires the department to provide effective and efficient executive-level administration of the department; requires DMVA to operate and maintain national guard armories, to evaluate the status of armories for potential consolidation and other efficiency improvements, and to measure the condition and adequacy of armories. Executive – deletes language regarding executive leadership; specifies that operations and maintenance of the armories would be within the constraints of available funding. House – lists the specific legal and regulatory authorities under which the department provides Executive-level administration of the department and the National Guard; requires the Michigan National Guard to provide a culture that is free of sexual assault through prevention, education and training, response, reporting and accountability; specifies that operations and maintenance of the armories would be within the constraints of the available funding; requires a report due December 1 providing an assessment of current armory conditions, short-term and long-term armory maintenance and construction needs, and recommendations for new armories and consolidations. Senate – retains. Conference – includes program authority citations; does not condition maintenance and operation of the armories "within the constraints of available funding"; includes requirement that the Michigan National Guard maintain an environment that is free of sexual assault; requires a report by December 1 providing an assessment of current armory conditions, short-term and long-term armory maintenance and construction needs, and recommendations for new armories and consolidations; incorporates Sec. 219 quarterly reporting requirement on armory closings and projected closings.

Maintenance and Operations of National Guard Training Facilities and Air Bases

***Sec. 304. National Guard Forces and Facilities* – RETAINED**

Requires the department to provide Army National Guard (ARNG) and Air National Guard (ANG) forces, when directed, in support of state and local emergencies, and in support of federal military requirements; requires the department to operate and maintain ARNG facilities (including Fort Custer and Camp Grayling) and ANG facilities, including Selfridge ANG Base, Battle Creek ANG Base, and the Alpena Combat Readiness Training Center. Executive and Senate – retain. House and Conference – retain and require quarterly reports on apportioned and assigned strength and recruiting, retention, and attrition data for the National Guard.

ChalleNGe Program

***Sec. 307. Michigan Youth ChalleNGe Academy (MYCA) Program Authority* – REVISED**

Requires the DMVA to maintain proper staffing levels to operate the MYCA; establishes performance goals of training 144 cadets at the MYCA and having MYCA cadets improve two grade levels on the test of adult basic education (TABE). Executive and Senate – retain and add language requiring DMVA to recruit disadvantaged youth for the MYCA and to work with the Department of Human Services to identify youth potentially eligible for the MYCA. House – retains and requires the department to operate the MYCA as provided under 32 USC 509; does not include Executive-added language. Conference – adds reference to operating the MYCA under 32 USC 509; adds language requiring DMVA to recruit disadvantaged youth for the MYCA and to work with the Department of Human Services to identify youth potentially eligible for the MYCA.

Military Family Relief Fund

***Sec. 308. Military Family Relief Fund (MFRF) Program Authority* – REVISED**

Requires DMVA to outreach services to military families of members of the reserve component called into active duty; requires capacity to process 60 applications for assistance from the MFRF; requires quarterly reports on the fund's finances. Executive and Senate – updates the fiscal year. House and Conference – requires DMVA to provide grant funding from the Military Family Relief Fund, as provided under the Military Family Relief Fund Act, 2004 PA 363 and related administrative rules; revises the quarterly reporting requirement to include expenditures on advertising, which is permitted under 2014 PA 62 (HB 4811).

Starbase Grant

***Sec. 309. Air National Guard Starbase Program* – NEW**

House – requires the department to maintain a Starbase program as provided under 10 USC 2193b. Senate and Conference – requires DMVA to maintain a Starbase program at Air National Guard facilities (Alpena, Battle Creek, and Selfridge) as provided under 10 USC 2193b; specifies that the purpose of the program is to improve K-12 students' knowledge, skills, and interest in mathematics, science, and technology.

Major Boilerplate Changes From FY 2013-14

National Guard Tuition Assistance Program

***Sec. 310. National Guard Tuition Assistance Program* – NEW**

Senate – requires DMVA to establish and maintain a tuition assistance (TA) program to members of the Michigan National Guard; specifies that the objective of the program is to bolster readiness by increasing recruitment and retention and improve the MNG's competitiveness among other military enlistment options; establishes basic program parameters, noting the program would cover 100% of authorized tuition and fees for academic program's up to a master's degree, with guard members required to remain in active drilling status and in good standing, and meet other requirements; establishes a third-year goal of reaching 1,000 members; requires DMVA to monitor recruitment and enlistment data. Conference – concurs with the Senate, but does not include language establishing the basic parameters of the program, deferring to HB 5451.

INFORMATION TECHNOLOGY SERVICES AND PROJECTS

***Sec. 311. IT Services and Projects* – NEW**

Senate and Conference – specify the basic purpose of the funds appropriated in part 1 for IT services and projects.

MICHIGAN VETERANS AFFAIRS AGENCY

Michigan Veterans Affairs Agency Administration

***Sec. 400(1). MVAA Program Authority* – REVISED**

Requires the MVAA to provide outreach services to Michigan veterans in order to advise them on the availability of benefits available to veterans. Executive and Senate – retain. House – requires MVAA to provide assistance to veterans as provided under ERO 2013-2, MCL 32.92. Conference – retains the existing language (providing "outreach services"), but adds a reference to ERO 2013-2.

***Sec. 400(1). MVAA Performance Measures* – REVISED**

Requires the department to provide outreach services to veterans, communicate information on available VA benefits to 35% of the veterans population, process 5,295 requests for military discharge documents (DD-214s), and digitize military medical and discharge documents. Executive – keeps the requirement that the department process DD-214s, but deletes the specific performance goal. House – retains the performance requirements, but increases the metric for DD-214s to 5,660 and states the goal is to provide outreach services reaching 100% of the veterans population; requires quarterly reports on document digitization. Senate – increases the outreach metric from 35% to 50% of 680,417 Michigan veterans, and establishes a goal of 100%; deletes the specific metric of processing 5,295 DD-214 requests; requires quarterly reports on document digitization. Conference – increases the outreach metric from 35% to 50% of 680,417 Michigan veterans, and establishes a goal of 100%; deletes the specific metric of processing 5,295 DD-214 requests; requires quarterly reports on document digitization; moves from Sec. 219 the quarterly report on performance measures, outcomes and initiatives developed as part of the MVAA strategic plan, but modifies that to be a report on the MVAA's performance on its strategic plan; requires a report by April 1 providing estimates for the state's homeless veterans population and a summary of the activities developed as part of the Kent and Wayne community assessment pilot projects that are specifically aimed at improving access to, and the utilization of, community-based services among homeless veterans and aimed at preventing the incidence of, and minimizing the risk factors for, homelessness among veterans.

***Sec. 400(2). Regional Service Coordination* – NEW**

Requires MVAA to establish regional coordinators, selected by the MVAA through a grant agreement with veterans service organizations or by other means; requires regional coordinators to coordinate benefit counseling and the delivery of services to veterans within specified regions, in coordination with DHS, DCH, DOC, regional workforce and economic development agencies, and among local foundations, non-profits and other community groups; permits the MVAA to work with service officers and other organizations regarding referrals to mental health services, for mental health issues resulting from military service, including issues concerning military sexual trauma, post-traumatic stress disorder, depression, anxiety and substance abuse; requires the MVAA to work with DHS/DCH in participating in the federal Public Assistance Reporting Information System (PARIS) to identify Medicaid recipients who may be eligible for VA benefits; requires the MVAA to work with DOC in assisting incarcerated veterans in obtaining their DD-214 form; requires the MVAA to ensure that MVAA and VSO service officers, CVCs, and regional coordinators receive appropriate training in processing claims due to military sexual trauma, post-traumatic stress disorder, depression, anxiety, substance abuse, and other mental health issues. House and Conference – add.

***Sec. 400(3). MVAA Veterans Service Officers* – REVISED**

Requires the MVAA to assist veterans in filing claims for federal benefits to the VA; establishes a capacity metric of 500 MVAA-filed claims per year, with goal of 20% of claims considered to be "fully developed" by the VA. Executive – retains. House – retains, but deletes the specific requirement of 500 MVAA-filed claims per year; requires quarterly report on MVAA-filed claims (number, type, approval status, percentage considered to be fully developed); establish goal that 50% of MVAA-filed claims be considered fully developed by the VA. Senate – retains, but increases the fully-developed claims metric to 40%. Conference – increases the fully-developed claims metric to 40% and requires quarterly reports on MVAA-filed claims (number and type).

Major Boilerplate Changes From FY 2013-14

***Sec. 400(4). County Veterans Counselors Program Authority* – REVISED**
Requires the MVAA to provide training to county veterans counselors; allocates $50,000 in training support; Requires MVAA quarterly report on the training provided to CVCs, and requires that at least 20% of CVC-filed claims be considered fully-developed by the VA. Executive – retains. House – – continues the quarterly report on training to CVCs, but establishes an overall goal of training 100% of CVCs; establishes a goal that 50% of CVC-filed claims be considered fully-developed by the VA. Senate – adds that the MVAA shall develop and implement a process to ensure that all CVCs receive the training and accreditation necessary to provide quality services to veterans; retains quarterly report on training provided to CVCs, and increases the fully-developed claim metric to 40%. Conference – revises to require the MVAA to develop and implement a process to ensure all CVCs receive the training and accreditation necessary to provide quality services to veterans; deletes $50,000 allocation; continues the quarterly report on training to CVCs, but establishes an overall goal of training 100% of CVCs; increases fully-developed claims metric to 40%, requires quarterly report on CVC-filed claims (number and type) to the extent that data is known.

***Sec. 400(5). County Veterans Counselor Enhancement Grants* – NEW**
Specifies that the funds appropriated in part 1 be used, in part, to enhance the capacity and capabilities of CVCs, by providing grant funding to implement an Internet-based data system, to increase the number of CVCs, and to increase the number of counties that provide benefit counseling services; requires a quarterly report on how CVC enhancement grants are expended. House and Conference – add.

***Sec. 400(6). Veterans Advisory Board* – RETAINED**
Establishes a five-member advisory board representing small, medium, and large veterans service organizations to assist the department in developing plans and service delivery initiatives that assist the MVAA in meeting its performance goals and objectives. Executive, House, Senate, and Conference – retain.

***Sec. 400(7). MVAA Legal Services and Claims Representation* – NEW**
Specifies the MVAA may hire legal services to represent veterans cases before federal courts in order to maintain accreditation by the VA. Senate and Conference – add.

Veterans Service Grants
***Sec. 406. Grants to Veterans Service Organizations Program Authority* – REVISED**
Requires the MVAA to manage the disbursement of veterans service grants in a manner that is consistent with MVAA performance goals and objectives; requires grant recipients to meet performance metrics, including a goal that 20% of claims be considered "fully developed" by the VA. Executive – retains. House – specifies the basic parameters of the grant program, which would be specified by the MVAA as part of the grant agreement. These include, service under a regional service delivery model, at specified times/locations, including state correctional facilities; the payment of a fixed hourly rate; and a specified number of service hours, with a statewide goal of at least 106,750 hours including 6,240 hours at state correctional facilities. Requires quarterly report on the claims submissions by the VSOs to the VA, including the number of claims submitted, by type, as well as the status of submitted claims – approved/denied/pending. Also requires data on the number of fully developed claims submitted by the VSOs, with a goal of 50% of all claims considered to be fully developed by the VA; requires quarterly report summarizing veterans service grant activities, including expenditures, service hours, and claims submission by service delivery region. Senate – requires the MVAA to ensure each VSO uses funds for veterans outreach and advocacy; requires the MVAA to monitor VSO performance; increases the fully-developed claims metric to 40%. Conference – specifies the basic parameters of the grant program, which would be specified by the MVAA as part of the grant agreement. These include, service under a regional service delivery model, at specified times/locations, including state correctional facilities; the payment of a fixed hourly rate; and a specified number of service hours, with a statewide goal of at least 116,500 hours including at least 6,240 hours at state correctional facilities; requires the MVAA to ensure each VSO uses funds for veterans outreach and advocacy; requires the MVAA to monitor VSO performance; increases the fully developed claims metric to 40%; requires quarterly reports on the VSO-filed claims (type and number); requires quarterly report summarizing veterans service grant activities, including expenditures, service hours, and claims submission by service delivery region.

Veterans' Trust Fund Administration
***Sec. 407. MVTF Program Authority and Annual Report* – REVISED**
Requires an annual report on MVTF administration, grant activities, and finances. Executive and Senate – retain. House and Conference – list specific statutes and constitutional provisions that establish and direct the operations of the MVTF; establishes a reporting deadline for the annual report (for prior fiscal year activities) of December 1.

Veterans' Trust Fund Grants
***Sec. 408. MVTF Grants* – REVISED**
Requires the department to maintain the staffing and resources to process at least 2,000 applications for grant assistance from the MVTF. Executive and Senate – retain. House – Eliminates the 2,000 application capacity metric. Conference – Retains the 2,000 application capacity metric; requires quarterly report on MVTF financial status and application activities.

Grand Rapids Veterans' Home (GRVH)
***Sec. 501(1)-(8). Basic Service and Standards of Care* – REVISED**
Requires the GRVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home; requires the home to meet applicable standards of care established by the VA. Executive and Senate – retain. House and Conference – eliminate general language requiring adherence to federal standards, and, instead, lists specific federal and state laws and regulations applicable to the operations of the home.

Major Boilerplate Changes From FY 2013-14

***Sec. 501(9)-(13). GRVH Competency Evaluated Nursing Assistants (CENAs)* – RETAINED**
Requires that contractors that provide nursing assistants (CENAs) at the home meet certain performance standards regarding pre-service and in-service training and experience. Executive, House, Senate and Conference – retain.

***Sec. 501(14). GRVH Report on Abuse and Neglect* – REVISED**
Requires that complaints of alleged abuse or neglect received by a supervisor at the home be reported to the director of nursing within 10 days, and requires that the director of nursing provide information on the nature and final disposition of complaints received at least monthly to the home administrator, Board of Managers, Michigan Veterans Affairs Agency, subcommittees, and legislative fiscal agencies. Also requires a report by November 30, 2013 – required under FY 2014 Sec. 501(25) – on the complaint management process utilized by the home. Executive and Senate – deletes the one-time complaints management process report. House and Conference – delete the one-time complaints management process report; requires reports of abusive or neglectful care to be reported by a supervisor to the director of nursing upon receipt of a complaint; adds the State Budget Office as a recipient of the monthly report on abusive or neglectful care.

***Sec. 501(15)-(24). GRVH Specific Performance Requirements* – REVISED**
Requires the GRVH to meet certain specific requirements concerning psychiatric care, the monitoring of comprehensive care plans, supply inventory, pharmaceutical inventory, controls over donated goods and monies, personal funds of residents, and direct care nursing staff levels. The GRVH must also provide quarterly reports on the performance standards established in the section. Executive – retains. House – retains the performance requirements that are specific to GRVH; requires that the policies adopted by the home and the board of managers be posted on the MVAA's website. Senate – retains the performance requirements that are specific to GRVH; requires that information on how complaints may be filed to be conspicuously posted at the home. Conference – retains the performance requirements that are specific to GRVH; requires that the policies adopted by the home and the board of managers be posted on the MVAA website; requires that information on how complaints may be filed to be conspicuously posted at the home.

***Sec. 501(25) and (26). GRVH Performance Information* – REVISED**
Requires quarterly reports on the specific performance requirements for GRVH; requires GRVH to report findings of annual VHA surveys and any corrective action plans. Executive and Senate – retains. House – expands the reporting requirements and moves a portion of those to Sec. 219; also requires GRVH to report the findings (and corrective action plans) from any for-cause VHA survey. Conference – expands the quarterly reporting requirements to items that generally are already required to be reported quarterly under sections 219 and 501 or annually under section 220, including an accounting of resident member populations, by gender, care setting, period of service; available bed space; financial status of the GRVH, including an accounting of post and posthumous funds, donations, and state-appropriated funds.; information regarding assessments, reassessments, and admissions; and the number of volunteer hours; requires GRVH to report the findings (and corrective action plans) from any for-cause VHA survey.

Board of Managers (Grand Rapids)
***Sec. 502. Board of Managers* – NEW**
Provides that the Board of Managers shall exercise certain regulatory and governance authority regarding admission and member affairs at GRVH; requires the BOM to work to represent the interest of the veterans' community in advocacy and advisory roles. Senate and Conference – add.

D.J. Jacobetti Veterans' Home (DJJVH)
***Sec. 503. DJJVH Service/Care and Performance Information* – REVISED**
Requires the DJJVH to meet certain performance standards related to medical services, transportation, laundry service, and nutrition services provided to resident members of the home, the training and experience of CENAs; requires the home to meet applicable standards of care established by the VA; establishes a reporting protocol on complaints of alleged abuse and neglect. Executive – retains. House – includes a specific listing of the federal and state laws and regulations applicable to the operations of the home; requires reports of abusive or neglectful care to be reported by a supervisor to the director of nursing upon receipt of a complaint; adds the State Budget Office as a recipient of the monthly report on abusive or neglectful care; adds a requirement that the policies adopted by the home and the board of managers be posted on the MVAA's website. Senate – deletes the one-time abuse and neglect report; requires that information on how complaints may be filed to be posted conspicuously at the home. Conference – includes a specific listing of federal and state laws and regulations application to the operation of the home; requires reports of abusive or neglectful care to reported by a supervisor to the director of nursing upon receipt of a complaint; adds the SBO as a recipient of the monthly abuse/neglect reports; deletes the one-time abuse/neglect report; requires home and board policies to be posted on the MVAA's website; requires information on how complaints may be filed to be conspicuously posted at the home. Also incorporates from Sec. 219 (as modified by the House), a requirement that the MVAA provide copies of any annual or for-cause VHA survey, including any corresponding corrective action plans. Also incorporates from House Sec. 219, a requirements for quarterly reports on DJJVH services and operations, including resident member populations, by period of service, care setting, gender; bed space available; the financial status of the home, including an accounting of post and posthumous funds, donations, and state-appropriated funds; information regarding assessments, reassessments, and admissions at the home; number of volunteer hours.

Major Boilerplate Changes From FY 2013-14

Board of Managers (Jacobetti)

***Sec. 504. Board of Managers* – NEW**

Provides that the Board of Managers shall exercise certain regulatory and governance authority regarding admission and member affairs at DJJVH; requires the BOM to work to represent the interest of the veterans' community in advocacy and advisory roles. Senate and Conference – add.

CAPITAL OUTLAY

***Sec. 601. Special Maintenance – National Guard* – REVISED**

Authorizes capital outlay appropriations to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act. (FY2014 Sec. 601) Executive and House – retain. Senate – retains and specificies that the appropriations of Special Maintenance – Military Training Sites and Support Facilities shall be expended in accordance with the requirements of Section 304, according to the maintenance priorities of DMVA. Conference – specifies that the appropriation for Special Maintenance – National Guard shall be expended in accordance with the requirements of sections 302 (Armories and Joint Force Readiness) and 304 (National Guard Training Facilities and Air Bases); requires quarterly reports on the status, projected costs, and projected completion data of current and planned special maintenance projects at armories and other National Guard facilities funded from capital outlay appropriations made in part 1 and prior appropriation years.

***Sec. 603. Special Maintenance – Veterans' Homes* – NEW**

Authorizes capital outlay appropriations to be carried forward at the end of the fiscal year, consistent with provisions outline in the Management and Budget Act. (FY2014 Sec. 601). Executive and House – retain. Senate – retains and specifies that the appropriations for Special Maintenance – Veterans' Homes shall be expended in accordance with the requirements of sections 219 (Quarterly Reports), 501 (GRVH), and 503 (DJJVH), according to the maintenance priorities of DMVA. Conference – retains and specifies that the appropriations for Special Maintenance – Veterans' Homes shall be expended in accordance with the requirements of sections 501 (GRVH) and 503 (DJJVH), according to the maintenance priorities of DMVA; requires quarterly reports on the status, projected costs, and projected completion date of current and planned special maintenance projects at the state's veterans' homes funded from capital outlay appropriations made in part 1 and in prior appropriation years.

***Sec. 604. Land and Acquisitions* – REVISED**

Requires quarterly report on property sales (Sec. 219). Executive, House, and Senate – retain. Conference – retains and requires the quarterly report to include information on property acquisitions.

ONE-TIME APPROPRIATIONS

***Sec. 701. Special Maintenance – Veterans' Homes (One-Time)* – NEW**

House – authorizes the one-time appropriations for special maintenance (capital outlay) to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act. Senate – specifies that the one-time appropriation for Special Maintenance – Veterans' Homes shall be expended in accordance with the requirements of sections 219 (Quarterly Reports), 501 (GRVH), and 503 (DJJVH) and shall be expended according to the maintenance priorities of DMVA Conference authorizes the one-time appropriations for special maintenance (capital outlay) to be carried forward at the end of the fiscal year, consistent with provisions outlined in the Management and Budget Act; specifies that the one-time appropriation for Special Maintenance – Veterans' Homes shall be expended in accordance with the requirements of sections 501 (GRVH) and 503 (DJJVH), according to the maintenance priorities of DMVA; requires quarterly reports on the status, projected costs, and projected completion data of current and planned special maintenance projects at the state's veterans homes funded from one-time special maintenance (capital outlay) appropriations made in part 1 and in prior appropriation years.

PART 2A: ANTICIPATED FISCAL YEAR 2015-16 APPROPRIATIONS

***Sec. 1201. Fiscal Year 2015-16 Appropriations* – NEW**

Senate – states legislative intent that appropriations be continued in FY 2015-2016, adjusted for economic factors and available revenues. Conference – states legislative intent that appropriations be continued in FY 2015-2016, adjusted for one-time appropriations, caseloads changes, federal match rates, economic factors, and available revenue.

***Sec. 1202. Veterans Outreach* – NEW**

Senate and Conference – requires the MVAA to report the percentage of veterans contacted, with a goal of 100%, at quarterly meetings of the subcommittees.

***Sec. 1203. MVAA Claims Services* – NEW**

Senate and Conference – requires that 50% of MVAA-filed claims for VA benefits be "fully-developed".

FY 2014-15: DEPARTMENT OF NATURAL RESOURCES
Summary: Conference Report
Article XV, House Bill 5313 (H-1) CR-1

Analyst: Viola Bay Wild

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$1,412,300	$1,355,100	$1,355,100	$1,355,100	$1,355,100	*($57,200)*	*(4.1)*
Federal	67,127,300	67,954,500	67,954,500	67,954,500	67,954,500	*827,200*	*1.2*
Local	0	0	0	0	0	*0*	*--*
Private	7,237,200	10,286,300	10,286,300	10,286,300	10,286,300	*3,049,100*	*42.1*
Restricted	241,925,500	256,498,000	256,498,000	256,498,000	256,498,000	*14,572,500*	*6.0*
GF/GP	25,436,600	47,091,500	36,091,500	46,841,500	48,591,500	*23,154,900*	*91.0*
Gross	**$343,138,900**	**$383,185,400**	**$372,185,400**	**$382,935,400**	**$384,685,400**	***$41,546,500***	***12.1***
FTEs	2,141.3	2,229.3	2,296.3	2,228.3	2,228.3	*87.0*	*4.1*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Program areas include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, state parks and forest campgrounds, and Michigan's historical programs.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Funding Adjustments	**Gross**	**NA**	**($689,300)**
Executive removes $600,000 one-time GF/GP funding for conservation officer academy in FY 2013-14; reduces gross funding by $1.5 million to align with anticipated revenues; replaces $1.5 million federal funding with restricted funding for recreational boating; increases restricted funding by $674,000 for various programs due to available revenue – including $350,000 for forest fire equipment and $228,700 for recreation passport local grants. House, Senate, and Conference concur with Executive.	IDG	NA	(85,000)
	Federal	NA	(783,700)
	Restricted	NA	779,400
	GF/GP	NA	($600,000)
2. Conservation Officers	FTE	NA	25.0
Executive provides $3.5 million GF/GP to fund 25 additional conservation officers and a conservation officer academy in FY 2014-15. In current year, FY 2013-14, it is projected there will be 202 officers after current academy is completed. FTE increases for FY 2014-15 would bring total to 227. House, Senate, and Conference concur with Executive.	**Gross**	**NA**	**$3,500,000**
	GF/GP	NA	$3,500,000
3. Annualize Increased Hunting and Fishing License Fees Revenues	FTE	NA	26.0
Executive includes $8.1 million additional restricted funding and 26.0 FTEs to reflect full-year implementation of hunting and fishing license fee increase enacted in PA 108 of 2013; increased fees go into effect March 1, 2014. House, Senate, and Conference concur with Executive.	**Gross**	**NA**	**$8,057,500**
	Restricted	NA	8,057,500
4. Great Lakes Research Vessel	**Gross**	**NA**	**$2,000,000**
Executive includes $2.0 million ($1.0 million GF/GP) one-time funding to replace the *Chinook*, DNR's 67-year-old Lake Huron research vessel. House, Senate, and Conference concur with Executive.	Private	NA	500,000
	Restricted	NA	500,000
	GF/GP	NA	$1,000,000
5. Cormorant Population Mitigation Program	**Gross**	**$100,000**	**$50,000**
Senate includes $50,000 additional GF/GP funding for the Cormorant Population Mitigation Program. Conference concurs with Senate.	GF/GP	$100,000	$50,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
6. State Park Funding	**Gross**	**$58,883,100**	**$2,000,000**
Executive includes additional $2.0 million restricted funding from the State Park Improvement Fund to maintain and operate state parks.	Federal	136,300	0
	Private	411,900	0
House, Senate, and Conference concur with Executive.	Restricted	56,634,900	2,000,000
	GF/GP	$1,700,000	$0
7. Invasive Species Initiative	FTE	0.0	16.0
Executive provides $4.0 million ongoing GF/GP funding and 16.0 FTEs to develop a comprehensive response program for invasive species. Funding and FTEs would be dedicated to DNR, DEQ, MDARD, and MDOT; DNR would be the lead agency. Program would also fund local grants. One-time funding in FY 2014-15 provides additional $2.0 million GF/GP for local grants and one-time funding in FY 2015-16 would provide $4.0 million for grants.	**Gross**	**$0**	**$5,000,000**
	GF/GP	$0	$5,000,000
House appropriates $3.0 million ongoing GF/GP funding and 4.0 FTEs for program and an additional $2.0 million GF/GP for local grants in FY 2014-15. Senate concurs with Executive, but includes an additional $170,000 funding. Conference appropriates $5.0 million ongoing GF/GP and 4.0 FTES.			
8. Michigan Conservation Corps	FTE	0.0	0.0
Executive merges the Summer Youth Initiative Program with the Michigan Conservation Corps, increases funding by $1.0 million GF/GP, and adds 1.0 FTE position. Program would be expanded statewide and year-long to employ individuals up to 27 years old and include returning veterans.	**Gross**	**$2,500,000**	**($1,500,000)**
	GF/GP	$2,500,000	($1,500,000)
House does not include additional $1.0 million funding and FTE position and funds program at current-year levels. Senate eliminates program funding. Conference reduces current-year funding by $1.5 million GF/GP.			
9. Forestry Program	FTE	NA	10.0
Executive provides $4.0 million GF/GP funding to wildfire protection program to replace $4.0 million forest development fund revenue that would be transferred to forest management, increasing funding for that program by $4.0 million (wildfire program funding would not increase). The use of new forestry funding would include enhanced technology, increased contracts and agreements with forestry partners, increased wood fiber extraction, and the hiring of 10 additional foresters.	**Gross**	**NA**	**$3,920,000**
	GF/GP	NA	$3,920,000
House does not include additional GF/GP funding or FTEs and funds the forestry management and wildfire protection programs at current-year levels. Senate concurs with Executive. Conference concurs with Executive, but provides $3.92 million funding.			
10. Forestry – Best Management Practices Audit	**Gross**	**$0**	**$0**
House includes $125,000 GF/GP funding in a new line item to be used to work with public and private forestland owners to conduct site visits and prepare an analysis and audit of state wide best management practices for water quality and forestry.	GF/GP	$0	$0
Senate does not include funding. Conference does not include funding because program is funded in MDARD Conference Report for FY 2014-15.			
11. Non-Motorized Trail Initiative	FTE	NA	10.0
Executive includes additional 10.0 FTE positions and $2.5 million GF/GP funding to increase funding for non-motorized trail programs. New funding would be distributed to DNR forest recreation and trails program, Mackinac Island State Park, Michigan Historical Center, and trail grants. Funding would also support the development of a 1,000 mile showcase trail stretching from Belle Isle in Detroit to the Wisconsin border.	**Gross**	**NA**	**$2,500,000**
	GF/GP	NA	$2,500,000
House does not include additional GF/GP funding or FTEs. Senate and Conference concurs with Executive.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
12. Capital Outlay Projects – State Parks	**Gross**	**$9,500,000**	**$2,750,000**
Executive increases funding for state parks repair and maintenance by $3.0 million Gross overall ($4.0 million GF/GP and $2.5 million private funding are added, restricted funding is reduced by $3.5 million).	Private	0	2,500,000
	Restricted	9,500,000	(3,500,000)
	GF/GP	$0	$3,750,000
House increases funding by $375,000 Gross overall ($1.4 million GF/GP and $2.5 million private funding are added, restricted funding is reduced by $3.5 million). Senate increases funding by $2.75 million Gross ($3.75 million GF/GP and $2.5 million private; restricted funding reduced by $3.5 million). Conference concurs with Senate.			
13. Capital Outlay Projects – Wetlands	**Gross**	**$0**	**$3,000,000**
Executive includes $3.0 million restricted funding from the waterfowl hunting stamp in a new line item for wetlands restoration and acquisition.	Restricted	0	3,000,000
House, Senate, and Conference concur with Executive.			
14. Capital Outlay Projects – Waterways Boating Program	**Gross**	**$6,915,600**	**$84,400**
Executive includes additional $84,400 Gross funding for waterways boating projects. Restricted funding is appropriated from the State Waterways Fund.	Federal	1,638,000	787,000
	Restricted	5,277,600	(702,600)
House, Senate, and Conference concur with Executive.			
15. River Raisin National Battlefield Foundation Grant	**Gross**	**$0**	**$2,000,000**
Senate includes $2.0 million one-time GF/GP funding in a new line item for the preservation of the battlefield, building a museum, and other improvements.	GF/GP	$0	$2,000,000
Conference concurs with Senate.			
16. Saginaw River Feasibility Study	**Gross**	**$0**	**$280,000**
Senate includes $280,000 one-time GF/GP funding in a new line item to fund a study concerning the feasibility of deepening the Saginaw River between the City of Saginaw and the Saginaw Bay.	GF/GP	$0	$280,000
Conference concurs with Senate.			
17. Flint River Dike Repair	**Gross**	**$0**	**$1,000,000**
Senate includes $1.0 million one-time GF/GP funding for repair of Flint River dike.	GF/GP	$0	$1,000,000
Conference concurs with Senate.			
18. Hart-Montague Trail	**Gross**	**$0**	**$1,000,000**
Conference includes $1.0 million GF/GP funding for Hart-Montague Trail.	GF/GP	$0	$1,000,000
19. City of Alma/Alma College Public Safety Land Improvements	**Gross**	**$0**	**$1,000,000**
Conference includes $1.0 million one-time GF/GP funding in a new line item to fund Alma College public safety land improvements.	GF/GP	$0	$1,000,000
20. Economic Adjustments	**Gross**	**NA**	**$5,593,900**
Executive increases funding for increased costs of $5.6 million Gross ($254,900 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.	IDG	NA	27,800
	Private	NA	49,100
	Federal	NA	823,900
	Restricted	NA	4,438,200
	GF/GP	NA	$254,900
House, Senate, and Conference concur with Executive.			

Major Boilerplate Changes From FY 2013-14

Sec. 204. Performance Benchmarks **– NEW**

Requires report of benchmarks to measure performance or return for each new program or program increase; includes intent language that any new program include list of benchmarks in future. House includes language; Conference revises language to apply to increases of $500,000 or more.

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

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

Major Boilerplate Changes From FY 2013-14

***Sec. 217. Retention of Reports* – RETAINED**
Requires DNR to retain copies of all reports funded from appropriations. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 223. Waterways Fund Projects* – RETAINED**
Requires report on activities of Waterways Commission during the previous fiscal year; list of completed waterways fund projects to be provided to Legislature. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 233. FTE Report* – DELETED**
Requires report on the number of FTEs in pay status; report required quarterly. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 236. Request for Proposal (RFP) Language* – DELETED**
Prohibits DNR from issuing an RFP for a contract greater than $5.0 million unless issuing a request for information (RFI) or a request for qualification (RFQ). Executive deletes language; House, Senate, and Conference concur with Executive.

***Sec. 237. FY 2014-15 Retirement Costs* – NEW**
States that appropriations for legacy costs in part 1 for FY 2014-15 equal $46.7 million. Of this amount, pension-related legacy costs are estimated to be $26.1 million and retiree health care legacy costs are estimated to be $20.6 million. Executive includes new language; House, Senate, and Conference concur with Executive.

***Sec. 250. Michigan Civilian Conservation Corps (MCCC)* – NEW**
Requires DNR to work with MCCC steering committee to plan for a nonprofit MCCC outside of state government. Senate and Conference include new language.

***Sec. 251. Invasive Species Initiative* – NEW**
Requires $3.77 million of funding for the Invasive Species Initiative be allocated for grants for prevention, detection, eradication, and control of invasive species. Senate includes new language; House revises language to require that $4.4 million be allocated for grants; Conference revises language to require $3.6 million be allocated for grants.

***Sec. 408. Land Transactions* – RETAINED**
Requires detailed report to Legislature on land purchases, sales and exchanges. Executive deletes language; House, Senate, and Conference retain language.

***Dec. 409. Oil and Gas Lease Report* – DELETED**
Requires DNR to report on active oil and gas leases entered into before July of 1995 on parcels larger than 160 acres where the producing unit is less than or equal to 1/4 of the total lease acreage. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 503. Invasive Species Order Enforcement* – RETAINED**
Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 504. Cervid Operation Fees* – RETAINED**
Requires report on the use of registration fees from privately owned cervid operations. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 602. Water Control Structure Certification* – RETAINED**
Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 603. Cormorant Management* – REVISED**
Requires quarterly report on use of cormorant management funding; provides that Department submit funding to USDA to pay for increased taking of cormorants and their nests. Executive deletes language; House concurs with Executive; Senate and Conference revise language to require any retained or additional funds for cormorant control be used for program.

***Sec. 702. State Park Campground Closures* – RETAINED**
Requires DNR to notify Legislature if Department intends to reduce operations or recreation opportunities at any state park or recreation area. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 703. Soo-Raco Trail* – DELETED**
Requires DNR to work with MDOT, local officials, and local landowners to investigate traffic routing and flow on the Soo-Raco trail through Brimley. Executive deletes language; House, Senate, and Conference concur with Executive.

***Sec. 704. Pure Michigan Trails* – NEW**
Allocates $200,000 from appropriations in part 1 for Pure Michigan Trails if Senate Bills 873 through 877 are enacted. Senate and Conference include new language.

Major Boilerplate Changes From FY 2013-14

***Sec. 705. Burt Lake Connector Trail* – NOT INCLUDED**
Allocates $100,000 from appropriations in part 1 for the completion of the Burt Lake connector trail. Senate includes new language; Conference does not include new language.

***Sec. 802. Timber Marking* – RETAINED**
Directs DNR to mark and prescribe treatment on 79,000 acres, prepare for harvest 67,500 acres at an average rate of 12.5 to 15.0 cords per acre; requires quarterly report. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 804. Horseback Riding Opportunities* – RETAINED**
Directs Department to work cooperatively with horseback riding interests to increase horseback riding opportunities. Executive deletes language; House concurs with Executive; Senate and Conference retain language.

***Sec. 805. Contract Foresters* – RETAINED**
Allows DNR to hire sufficient contract foresters to mark timber. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 808. Forestry – Best Management Practices Audit* – NOT INCLUDED**
Requires Department to use funding in part 1 for forestry best management practices audit to work with public and private forestland owners to conduct site visits and prepare an analysis and audit of state wide best management practices for water quality and forestry. House includes new language; Senate and Conference do not include language.

***Sec. 808. Gas and Oil Lease Development* – NEW**
Requires DNR to develop a plan to motivate state-land oil and gas lessees to undertake warranted new operations. Senate and Conference include new language.

***Sec. 901. Snowmobile Law Enforcement Grants* – RETAINED**
Provides snowmobile law enforcement grants to county law enforcement agencies in counties with state snowmobile trails. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 902. Marine Safety Grants* – RETAINED**
Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 1002. Off Road Vehicle (ORV) Trail Improvement Grants* – RETAINED**
Requires expenditure of not less than $980,000 for the development of new ORV trails. Executive deletes language; House, Senate, and Conference retain language.

***Sec. 1101. Capital Outlay Appropriations for the Harbors and Docks Grants in Aid* – DELETED**
Provides for disbursement of Waterways Fund appropriation to the federal government and local governmental units. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 1102. Capital Outlay Lump Sum Appropriations* – DELETED**
Provides for state budget director approval of disbursements of lump sum appropriations for DNR program or facility needs. Funds are available for three years after appropriation. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 1104. Federal Reimbursement For Harbor Dredging* – DELETED**
Requires DNR to seek reimbursement from the United States Army Corps of Engineers (ACOE) for emergency dredging of harbors under the ACOE's jurisdiction. Any reimbursement received shall be deposited into the Michigan State Waterways Fund. Executive deletes language; House retains language; Senate and Conference concur with Executive.

***Sec. 1201. FY 2014-15 Anticipated Appropriations* – RETAINED**
States legislative intent that the FY 2014-15 line item appropriations will be the same as those for FY 2013-14 with certain economic adjustments. Executive deletes language; House retains language, updates fiscal year; Senate concurs with Executive; Conference concurs with House.

***Sec. 1201. Saginaw River Study* – NEW**
Requires Department to conduct a study concerning the deepening of the Saginaw River. Senate includes new language; Conference concurs with Senate.

***Sec. 1202. Identification of Future Retirement Costs* – RETAINED**
States legislative intent that the DNR identify the FY 2014-15 retirement costs for line items listed in Part 1. Executive deletes language; House, Senate, and Conference retain language, updates fiscal year.

FY 2014-15: DEPARTMENT OF STATE POLICE
Summary: Conference Report
Article XVI, House Bill 5313 (H-1) CR-1

Analyst: Mark Wolf

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$25,219,700	$26,233,200	$26,233,200	$26,233,200	$26,233,200	*$1,013,500*	*4.0*
Federal	98,846,100	99,429,900	99,429,900	99,429,900	99,429,900	*583,800*	*0.6*
Local	6,967,500	4,861,700	4,861,700	4,861,700	4,861,700	*(2,105,800)*	*(30.2)*
Private	239,700	77,200	77,200	77,200	77,200	*(162,500)*	*(67.8)*
Restricted	122,071,700	124,800,000	124,800,000	124,800,000	124,800,000	*2,728,300*	*2.2*
GF/GP	353,474,300	383,921,000	378,921,000	383,161,400	384,171,000	*30,696,700*	*8.7*
Gross	**$606,819,000**	**$639,323,000**	**$634,323,000**	**$638,563,400**	**$639,573,000**	***$32,754,000***	***5.4***
FTEs	2,934.0	3,073.0	3,073.0	3,073.0	3,073.0	*139.0*	*4.7*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) FY 2015-16 figures are projected budget amounts only and would not be legally binding appropriations.

Overview

The Michigan Department of State Police (MSP) provides general law enforcement services throughout the state and provides for the development and coordination of state programs, technologies, and specialized services that enhance enforcement and emergency response capabilities for the entire public safety community.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
Items Added by the Conference Committee			
1. Detroit Forensics Laboratory Building Costs	**Gross**	**NA**	**$1,100,000**
Conference adds $1.1 million GF/GP to the costs of the new MSP Forensic Science Division laboratory opening in Detroit in June 2014. The laboratory is located at the Detroit Public Safety Headquarters (DPSH) building, the site of the old MGM Grand Casino. Under a condominium agreement, the state owns 18.56% of the facility. The state's share acquisition and renovations costs were supported by $15 million in spending authorization under the FY 2010-11 Capital Outlay bill (2010 PA 329). As a co-owner of the facility, MSP is responsible for its proportionate share of maintenance, repair, utility, building management and other operating costs. These costs were not originally included by the Executive, House, or Senate. MSP will likely have sufficient spending authorization to pay for these part-year costs in FY 2014.	GF/GP	NA	$1,100,000
2. Motor Carrier Recruit School	FTE	NA	31.0
Executive, House, and Senate: Add $5.2 million GF/GP for a motor carrier recruit school expected to graduate 31 new motor carrier officers. This includes $3.2 million in ongoing costs and $2.0 million in one-time costs. Motor Carrier Officers are civilian (non-enlisted) peace officers tasked with enforcing laws of the state applicable to commercial motor vehicles (CMVs), ensuring compliance applicable federal and state motor carrier safety regulations, size and weight limits, vehicle registration and certificate of authority requirements, and driver requirements. Motor carrier officers have limited arrest authority for other non-CMV offenses. The motor carrier recruit school is similar to the traditional trooper recruit school, although much of the academic training focuses on CMV issues.	**Gross**	**NA**	**$4,391,900**
	GF/GP	NA	$4,391,900
Conference: Concurs with the Executive on holding a motor carrier recruit school, but delays the start of the school from October to April, resulting in a savings of $840,000 GF/GP.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Marshall Post Building Costs	**Gross**	**NA**	**$2,000,000**
Conference adds $2.0 million GF/GP to support the state's share of lease costs related to the construction and operations of the Marshall Regional Law Enforcement Center in Calhoun County. The facility will include the police department for the City of Marshall and the Calhoun County Sheriff's Office, with MSP sub-leasing a portion of the facility from Calhoun County to serve as a new post. (Overall, the number of full-service MSP posts will remain at 29, as operations at the Coldwater post will be reduced. MSP currently does not have a post in Calhoun or Kalamazoo counties.) The Marshall Building Authority (MBA) will issue bonds to cover the city's share of construction costs, and will lease the facility to the city of Marshall. The city will, in turn, lease to the county, the county's share and the state's share of the facility, with Calhoun County separately issuing bonds to cover its share and the state's share of the construction costs. The county will then sub-lease a portion of the facility to MSP. Construction costs for the 35,826 sq. ft. main building and a 17,000 sq. ft. storage building are estimated to be $11.3 million, with those costs paid through a $1.3 million Competitive Grant Assistance Program (CGAP) grant awarded to the City of Marshall and Calhoun County and proceeds from the issuance of bonds by the MBA and county. It is anticipated that capital costs will be allocated as follows: state – 43%; county – 28%; and city – 29%. The appropriation here will serve to buy-down a portion of MSP's lease costs, which would lower MSP's annual lease payments to the county. DTMB and MSP are in continuing negotiations on the 25-year sub-lease with Calhoun County. The building should be complete by June 2015.	GF/GP	NA	$2,000,000
4. Trooper Recruit School	FTE	NA	100.0
Executive and Senate: Add $13.5 million Gross for a trooper recruit school expected to graduate 100 new troopers. The school would commence after January 1, 2015. This includes $7.4 million GF/GP for ongoing costs for salaries and wages (including benefits) paid to recruits during the time at the academy and upon graduation and placement in the field, as well as $431,100 GF/GP for ongoing fleet costs. This also includes $5.7 million Gross ($4.8 million GF/GP) in one-time costs for recruitment and selection of candidates, overtime costs for training instructors, outfitting and equipping the recruits, and costs related to the Field Officer Training Program. Adds $5.4 million GF/GP ongoing for FY 2016	**Gross**	**NA**	**$12,268,900**
	Restricted	NA	900,000
	GF/GP	NA	$11,368,900
House: Concurs with the Executive, but adds $177,700 GF/GP to At-Post Troopers as an adjustment to reach its overall target.			
Conference: Delays the recruit school by four weeks, resulting in a net reduction of $800,000s GF/GP. The savings is achieved at the back end of the fiscal year by eliminating 2 pay period for these 100 new troopers.			
5. Security at Events	**Gross**	**$1,200,000**	**($1,199,900)**
Senate: Reduces the appropriation for Security at Events by $700,000 GF/GP ($759,600 from the Executive). The program line supports MSP's costs for overtime and other expenses when it must provide a significant additional show-of-force and other security at large scale public events and other incidents. [FY14 includes a boilerplate allocation of $500,000 to the urban search and rescue task force. This allocation was made from the Security at Events program line.]	GF/GP	$1.200,000	($1,199,900)
Conference: Reduces the appropriation for Security at Events by $699,900 GF/GP [$759,500 from the Executive] using those funds to partially support costs for the Forensic Science Division laboratory in Detroit. The conference bill leaves the basic boilerplate description of the funds, but eliminates the associated metric. The remaining $500,000 GF/GP is transferred to the Emergency Management and Homeland Security Division program line, with a boilerplate allocation to the urban search and rescue task force, consistent with the FY 2014 budget. Following the reductions, the line only has a placeholder appropriation, made available through a corresponding $100 reduction for the criminal investigations program line.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
6. Aviation Unit – Helicopter Purchase	**Gross**	**NA**	**$5,178,000**
Executive, Senate and Conference: Add $5.2 million GF/GP ($246,000 GP/GP ongoing) for a new helicopter for the Special Operations Division, Aviation Unit. Includes $2.9 million for the acquisition of the helicopter and $2.0 million for equipment upfitting.	GF/GP	NA	$5,178,000
House: Provides placeholder appropriations in the Specialized Services and One-Time Appropriations program lines.			
7. Local Public Safety Initiative (School Safety)	**Gross**	**NA**	**$4,550,000**
Executive and Senate: Adds $5.0 million GF/GP (one-time) to provide grants for local public safety technology and equipment needs, with a focus on school safety issues. Grant funds could be used for acquiring and implementing various public safety improvements including enhanced 911 (E911) abilities, malicious call tracing, physical deterrents, real-time location systems, and emergency alert software, and other technology and equipment upgrades. The Council on Law Enforcement and Reinvention (CLEAR) would review grant applications and make recommendations to the department. The council is an advisory body established by the governor that comprises representatives of state, local, and tribal public safety and criminal justice agencies. (Senate includes boilerplate language.)	GF/GP	NA	$4,550,000
House: Reduces by $100 to provide a placeholder appropriation for a new one-time grant program to assist local law enforcement agencies with technology and equipment purchases, including weapons, protective gear, in-car video, breath alcohol testing equipment, radar, automatic external defibrillators, mobile data terminals, communications equipment, and other technologies.			
Conference: Reduces the appropriation by $450,000 GF/GP. Boilerplate language allocates 80% for grants to public and private K-12 schools for various school safety improvements and 20% for grants to county sheriff's departments for equipment, technologies, or officer training that would enhance departments' school safety efforts.			
8. FY 2014-15 Economic Adjustments	**Gross**	**NA**	**$18,709,200**
Executive and House: Reflects increased costs of $18.8 million Gross ($13.8 million GF/GP) for negotiated salary and wage amounts (2.0% base increase, plus a 0.5% lump sum), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs are held flat due to recent state employee health plan revisions.	IDG	NA	569,400
	Federal	NA	744,200
	Local	NA	77,200
	Private	NA	2,200
	Restricted	NA	3,585,000
	GF/GP	NA	$13,731,200
Senate and Conference: Remove economics adjustments ($59,600 GF/GP) related to the Security at Events program line.			
9. Automated Fingerprint Identification System (AFIS)	**Gross**	**NA**	**$2,187,200**
Adds $2.2 million (Criminal Justice Information Service Fees) to support upgrades to the hardware and software systems that support the operation of the Automated Fingerprint Identification System (AFIS), the electronic database through which fingerprint records are maintained and searched. The system interfaces with the state's criminal history records databases and is integrated into the FBI's fingerprint identification system, and allowing for the automated search of ten-print and latent-print submissions. AFIS contains records on 3.6 million people (applicants and offenders), and processes an average of 2,000 ten-print transactions and 500 palm print transactions per day.	Restricted	NA	2,187,200
10. Electronic Warrant Reporting System	**Gross**	**NA**	**$800,000**
Adds $800,000 GF/GP ($50,000 GF/GP ongoing) for the development of an electronic warrant reporting system, which would establish an electronic tracking system that eliminates redundant entry of warrant information by prosecutors, courts, LEIN users, MSP, and the State Court Administrative Office.	GF/GP	NA	$800,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
11. Criminal Justice Information Systems Disaster Recovery	**Gross**	**NA**	**$312,800**
Adds $312,800 (CJIC Service Fees) for the development and maintenance of a disaster recovery system for the Law Enforcement Information Network (LEIN) and other CJIS applications maintained by MSP. The LEIN system interfaces with, and provides law enforcement access to, a number of CJIS databases, including criminal history records, warrants, motor vehicle records, etc. The disaster recovery system provides a back-up system allowing for the recovery and continued operation of LEIN and the other applications in the event of cyber security breaches and other systemic disasters.	Restricted	NA	312,800
12. LEIN Programming Language Upgrade	**Gross**	**NA**	**$350,000**
Adds $350,000 (CJIC Service Fees) to update and re-write the programming language that operates the LEIN system.	Restricted	NA	350,000
13. Statewide Records Management System (SRMS)	**Gross**	**NA**	**$1,528,000**
Adds $1.5 million GF/GP to expand the use of the SRMS. With initial support of a $3.7 million grant from the Department of Treasury's Competitive Grant Assistance Program (CGAP) awarded to the Saginaw County Sheriff's Office (SCSO), MSP is assuming responsibility for operating the Area Records Management System (ARMS) developed by the SCSO and used by more than 50 local law enforcement agencies. A record management system (RMS) allows for the storage and retrieval of investigation records, including information on accidents, traffic citations, incidents, evidence, stolen properties, booking and incarceration, probation and parole, criminal histories, case files, etc. The development of the SRMS would increase the number of law enforcement agencies that use an RMS and to allow for interagency sharing of information. The system will also facilitate participation in the FBI's Law Enforcement National Data Exchange (N-Dex), sharing information on a national level.	GF/GP	NA	$1,528,000
14. 126th Recruit School Costs	**Gross**	**$14,661,900**	**$2,964,400**
Adds $2.7 million GF/GP to annualize the costs related to the 126th Trooper Recruit School, which began in January 2014 with 115 recruits and will graduate on May 30th. Includes $2.2 million in personnel and other costs and $0.5 million in fleet-related costs.	GF/GP	$14,661,900	$2,964,400
15. Emergency Support Team	**Gross**	**NA**	**$225,000**
Adds $225,000 GF/GP (one-time) for the acquisition of a new armored vehicle (e.g. a Lenco Bearcat) for the Special Operations Division, Emergency Support Team (SWAT). This new vehicle would replace a 1981 Dodge Peacekeeper.	GF/GP	NA	$225,000
16. Forensic Science – State Services Fee Fund	**Gross**	**$11,666,600**	**$0**
Replaces $4.0 million of the $11.7 million State Services Fee Fund (SSFF) appropriation for the Forensic Science Division (FSD) with GF/GP funds. The SSFF was first appropriated for the FSD in FY 2008-09 to offset mid-year reductions made by EO 2009-22. The plan is to phase-out SSFF appropriations for the FSD over 3 years. The SSFF is collected by the Michigan Gaming Control Board (MGCB) through assessments paid by the 3 Detroit casinos. Appropriations have exceeded revenues in recent years.	Restricted GF/GP	11,666,600 $0	(4,000,000) $4,000,000
17. Forensic Science – Impaired Driving Funding	**Gross**	**$118,000**	**$0**
Replaces $118,000 in federal highway safety funds expended by the Forensics Science Division with GF/GP funds. The MSP Office of Highway Safety Planning (OHSP) receives funding for numerous highway safety programs under the Highway Safety Act of 1966 (23 USC Chapter 4), including funding for programs that aim to reduce the incidence of driving under the influence of alcohol and/or drugs. OHSP allocates a portion of its impaired driving funds to the FSD for toxicological analyses. The plan was to phase-out these OHSP funds for the FSD. FY 2012-13 reduced this funding by 75%, replacing it with GF/GP. This adjustment eliminates the remaining 25%, replacing it with GF/GP.	Federal GF/GP	118,000 $0	(118,000) $118,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
18. Michigan Public Safety Communications System	**Gross**	**$16,340,900**	**($16,340,900)**
Transfers funding for the MPSCS to the Department of Technology, Management, and Budget (DTMB). Operational authority concerning the MPSCS was transferred from MSP to DTMB with ERO 2005-2 (MCL 28.42). Since that transfer, funding for the MPSCS continued to be appropriated within the MSP budget, with that funding also recorded in the DTMB appropriation bill as an interdepartmental grant (IDG) from MSP.	Local	2,183,000	(2,183,000)
	GF/GP	$14,157,900	($14,157,900)
19. FY 2014-15 Economic Adjustments	**Gross**	**NA**	**$18,768,800**
Reflects increased costs of $18.8 million Gross ($13.8 million GF/GP) for negotiated salary and wage amounts (2.0% base increase, plus a 0.5% lump sum), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs are held flat due to recent state employee health plan revisions.	IDG	NA	569,400
	Federal	NA	744,200
	Local	NA	77,200
	Private	NA	2,200
	Restricted	NA	3,585,000
	GF/GP	NA	$13,790,800
20. Remove FY 2014 One-Time Appropriations	**Gross**	**$6,561,900**	**($6,561,900)**
Removes $6.6 million GF/GP for one-time funding appropriated in FY 2013-14 for the 126th trooper recruit school ($3.6 million), EST vehicles ($350,000), the Grand Rapids forensics laboratory ($400,000), the Disaster and Emergency Contingency Fund ($2.0 million), and the Secondary Road Patrol Program ($150,000).	GF/GP	$6,561,900	($6,561,900)
21. Technical Adjustments (Align Spending Authority)	**Gross**	**NA**	**($369,700)**
Reduces $369,700 Gross ($0 GF/GP) to align spending authority with actual expenditures. These adjustments were generally made in prior years through the internal transfers permitted by the bill's schedule of program structure. These adjustments also reduce excess appropriation authorization (but not actual spending) for various program lines. The bill also makes two dozen other internal transfers align appropriations with MSP's actual organizational structure. These transfers net out to zero.	IDG	NA	444,100
	Federal	NA	(42,400)
	Private	NA	(164,700)
	Restricted	NA	(606,700)

Major Boilerplate Changes From FY 2013-14

LAW ENFORCEMENT SERVICES

Training

***Sec. 401(1)-(5). Training Services and Recruiting* – REVISED**

Requires MSP to deliver training courses to the criminal justice community; requires preference in recruiting for MCOLES-certified officers; establishes a capacity metric of training 10,000 state and local law enforcement and public safety employees and 3,000 community members; sets a performance goal of achieving a 55% classroom occupancy rate; requires course evaluations; and requires a report on the number of veterans and MCOLES-certified officers in the recruit schools. Executive – retains the general requirement to provide training, but deletes the recruiting preference; retains metrics. House – revises to include the specific legal authority under which MSP provides training services to its civilian and enlisted employees and others outside of the department. Also specifies MSP shall provide for the effective recruitment, selection, and hiring of qualified applicants for positions within the department, similar to the language in the department's strategic plan; deletes the course evaluation requirement; revises the recruiting report to include information on the starting and end number of recruits in a recruit school, and the post assignment of graduates. Senate – retains. Conference – includes specific legal authorities, but retains language describing MSP training programs; requires MSP provide for the effective recruitment, selection, and hiring of qualified applicants; retains the course evaluation requirement; revises the recruiting report to include information on the starting and end number of recruits in a recruit school, and the post assignment of graduates.

Commission on Law Enforcement Standards

***Sec. 404. MCOLES Program Authority* – REVISED**

Requires MCOLES to provide standards for law enforcement officers and develop training curriculum for regional training academies; establishes performance goal of updating standards within 30 days of the effective of any new legislation. Executive and Senate – retain. House – Lists the specific authority under which MCOLES operates; deletes the standards update requirement; requires annual data on the number of licensed police officers, by type of agency, as well as the number of new licenses issued and the number of licenses revoked; also requires MCOLES to submit semi-annually on distributions from the Justice Training Fund. Conference – lists the specific authority under which MCOLES operates, and include language describing the role and purpose of MCOLES; retains the standards update requirement; requires annual data on the number of licensed police officers, by type of agency, as well as the number of new licenses issued and the number of licenses revoked; also requires MCOLES to submit semi-annually on distributions from the Justice Training Fund.

Major Boilerplate Changes From FY 2013-14

***Sec. 405(4)-(5). Uniform Crime Reporting and Crime Statistics Program Authority* – NEW**
Lists the specific legal authority for the reporting of crime information and the compilation of crime statistics; Requires the department to public annual Michigan crime statistics consistent with the FBI's Uniform Crime Reporting (UCR) and National Incident-Based Reporting System (NIBRS), and notify the subcommittees when the data is published. House and Conference – add.

***Sec. 405(6)-(7). Freedom of Information Act* – NEW**
Requires the department to comply with the Freedom of Information Act, 1976 PA 442; quires the department to submit an annual report by December 1 for the prior fiscal year, providing information on the number of public records requests received, fulfilled requests, and denied requests, and the total amount of fees received. House and Conference – add.

***Sec. 405(8)-(10). Traffic Crash Reporting* – REVISED**
Requires traffic crash reports be provided at a reasonable cost. Executive and Senate – retain. House – lists the specific legal authority for the reporting and complication of traffic crash records; adds a requirement that MSP provide quarterly reports on the number of traffic crash reports (form UD-10) submitted to it. Conference – lists the specific legal authority for the reporting and complication of traffic crash records; adds a requirement that MSP provide quarterly reports on the number of copies of traffic crash reports (form UD-10) provided to the public by MSP through the Traffic Crash Purchasing System (TCPS).

***Sec. 405(11)-(12). Criminal History Records* – REVISED**
Requires the department to provide fingerprint and criminal history records check services to law enforcement agencies; requires cost model for fingerprint services' requires MSP to provide a base level of criminal history checks equivalent to the FY 2010-11 level. Executive and Senate – retain. House and Conference– list the specific legal authority under which the department maintains and exchanges criminal history information; deletes the cost model requirement, per the fee cost development requirements of 1935 PA 120; requires quarterly information on the number of fingerprint checks and ICHAT checks submitted.

***Sec. 405(13). Firearms Records and Licensing* – NEW**
Lists the specific legal authorities under which the department maintains firearms records. House and Conference – add.

***Sec. 405(14) Concealed Pistol Licensing Activities* – NEW**
Requires a report on CPL fee revenues and expenditures, the cost of administering selected sections of PA 372 (itemized per section), and revenues and expenditures from the Concealed Weapons Enforcement Fund. Senate and Conference – add.

***Sec. 405(15)-(16). Sex Offender Registry Program Authority* – REVISED**
Requires the department to maintain the sex offender registry in accordance with the Sex Offenders Registration Act (1994 PA 295; requires the department to follow up on tips assigned to law enforcement agencies within 10 working days. Executive and Senate – retains. House and Conference – expands the list of applicable legal authorities under which the MSP maintains the sex offender registry; retains follow-up requirement; requires quarterly information on the number of individuals in the law enforcement and public sex offender databases.

Scientific Analysis and Identification – Laboratory Operations
***Sec. 412(1)-(2). Forensic Science Program Authority* – REVISED**
Requires MSP to provide forensic testing services and to maintain ASCLD/LAB accreditation. Executive – retains. House – includes list of legal authorities under which MSP provides forensic science services; retains accreditation requirement. Senate – adds language stating the purpose of the forensic science program. Conference – includes the list of legal authorities under which MSP provides forensic science services, adds language describing the MSP forensic science services; retains the ASCLD/LAB accreditation requirement, but also allows for accreditation by other FBI-designated accrediting agencies.

***Sec. 412(3)-(6). Forensic Science Performance Information* – REVISED**
Requires the department to maintain an average 55-day turnaround time for processing evidence, to develop a plan to reach an average 30-day turnaround, and to report on changes to the department's protocol for retaining and purging DNA samples and records. Executive – retains. House – retains 55-day requirement, specifies that the 30-day turnaround should be achieved by December 31, 2016, and requires quarterly information on the forensics backlog (by discipline) and staffing levels. Senate – retains and establishes a goal of reducing the firearms backlog by 20% and reducing the toxicology backlog by 15%. Conference – retains the 55-day requirement, and specifies the 30-day turnaround time should be achieved by December 31, 2016; requires quarterly information on the forensics backlog (by discipline) and staffing levels; establishes a goal of reducing the firearms backlog by 20% and the toxicology backlog by 15%.

Scientific Analysis and Identification – DNA Analysis
***Sec. 413. DNA Analysis Program* – NEW**
Requires MSP to post a copy on its website if it changes its DNA samples and records retention protocol. Executive – retains. House – retains and adds the specific legal authority under which MSP provides DNA analysis and profiling. Senate – retains; adds language describing the DNA analysis program; establishes a goal to reduce the DNA analysis backlog by 15% annually, assuming a caseload volume of 10,500 cases received. Conference – retains, adds the specific legal authority under which MSP provides DNA analysis, and adds language describing the DNA analysis program; establishes a goal to reduce the DNA analysis backlog by 15% annually, assuming a caseload volume of 10,500 cases received.

Major Boilerplate Changes From FY 2013-14

Scientific Analysis and Identification – Biometrics and Identification

***Sec. 414(1). Biometrics and Identification Program Authority* – NEW**

Lists the specific legal authority under for maintaining the automated fingerprint identification system (AFIS) and the statewide network of agency photographs (SNAP). House – adds. Senate – adds language describing biometrics and identification services. Conference – adds legal authorities for maintaining AFIS, SNAP, and the Combined DNA Index System (CODIS); includes language describing the biometrics and identification program.

***Sec. 414(2)-(3). Biometrics and Identification Performance Information* – REVISED**

Requires outreach to local law enforcement to meet a performance goal of 97% of fingerprints submitted electronically. Executive – retains. House – requires quarterly information on the number of ten-print and palm-print submissions (retaining the 97% electronic submission goal). Senate – retains and requires MSP to have a 28-day average wait time for scheduling a polygraph examinations, with a goal of achieving a 15-day average. Conference – requires quarterly information on the number of ten-print and palm-print submissions (retaining the 97% electronic submission goal); requires MSP to have a 28-day average wait time for scheduling a polygraph examinations, with a goal of achieving a 15-day average.

FIELD SERVICES

General Law Enforcement and Traffic Safety

***Sec. 501(1)-(3). General Law Enforcement and Traffic Safety Program Authority* – REVISED**

Requires MSP to provide traffic safety and enforcement; requires enlisted personnel enforcing traffic laws to respond to crimes in progress and other emergency situations; requires MSP to provide traffic control for events at Michigan International Speedway; Executive – retains. House – concurs on the changes in the Secure Cities report, but moves reporting requirement regarding to the trooper recruit schools to the Training section; specifically lists the legal authority of the department to provide general law enforcement and traffic safety enforcement; incorporates language from Section 231 in which the department acts as the law enforcement agency of last resort. Senate – deletes local prosecution from the Secure Cities report; moves the MIS traffic control language to the section concerning one-time appropriations. Conference – moves the reporting requirement regarding trooper recruit schools to the Training section; specifically lists the legal authority of MSP to provide general law enforcement and traffic safety enforcement; incorporates language from Section 231 in which MSP acts as the law enforcement agency of last resort; deletes local prosecution from the Secure Cities report (retaining the reporting requirement for information on local law enforcement levels); moves MIS traffic control requirement to the one-time appropriations section.

***Sec. 501(4)-(7). General Law Enforcement and Traffic Safety Performance Information* – REVISED**

Requires MSP to provide 300,000 statewide patrol hours, and 24,000 patrol hours dedicated to distressed cities; requires traffic contacts per patrol hour equivalent to FY 2010-11 levels; requires the department to perform activities necessary to maintain a 93% compliance rate for reporting by registered sex offenders; requires the department to report by December 1 statistics regarding trooper levels and the trooper schools, criminal activity, and law enforcement offices associated with the secure cities initiative. Executive – eliminates the requirement that the Secure Cities report include information on local law enforcement levels and criminal prosecutions; adds a requirement for 4,000 patrol hours at Belle Isle. House – eliminates local prosecution and law enforcement levels in the Secure Cities report; adds metric of 4,000 patrol hours at Belle Isle; adds reporting requirement for traffic control hours at Michigan International Speedway. Senate – deletes local prosecution efforts from Secure Cities report; adds metric of 4,000 patrol hours at Belle Isle; reduces the metric for Security at Events from the financial equivalent of 7,000 overtime hours and other costs to 3,000 overtime hours and other costs. Conference – moves trooper school reporting requirement to the Training section; deletes local prosecution efforts from Secure Cities report; adds metric of 4,000 patrol hours at Belle Isle; deletes the metric for Security at Events.

Security at Events

***Sec. 502. Security at Events* – REVISED**

Requires MSP to respond to potential and imminent threats to the state's facilities, systems, and property, and to large scale recreational and major public sponsored events; establishes a performance measure to support the cost of 7,000 overtime hours or its financial equivalent in terms of overtime, fuel, equipment, and other costs. Executive and House – retain. Senate – reduces the performance metric to 3,000 overtime hours (or its financial equivalent). Conference – eliminates the metric requirement. (It only provides a placeholder appropriation.)

Criminal Investigations

***Sec. 503(1). Criminal Investigations (Generally)* – REVISED**

Requires MSP to provide criminal investigative services; Executive and Senate – retain. House and Conference – expands the list of specific legal authorities under which the department provides criminal investigative services, including general authority, as well as specific authority related to gaming enforcement and fire investigation.

***Sec. 503(2)-(4). Criminal Investigations Performance Information* – REVISED**

Requires MSP to dedicate a minimum number of hours comparable to FY 2010-11; maintain a case clearance rate of 56%; provide at least four training opportunities to local law enforcement agencies on gambling laws, trends, and legal issues;. Executive and Senate – update the base year for criminal investigation hours to FY 2012-13. House – updates the base metric for criminal investigation hours to 315,627 hours (the FY 2012-13 level); and establishes a clearance rate goal of 60% by September 30, 2015. Conference – update the base year for criminal investigation hours to FY 2012-13; establishes a clearance rate goal of 60% be September 30, 2015.

Major Boilerplate Changes From FY 2013-14

Criminal Investigations – Fire Investigations

***Sec. 505. Fire Investigations Program Authority* – REVISED**

Requires MSP to provide fire investigation services; requires MSP to provide fire investigation services at a level equal to the FY 2010-11 performance level, and be available for service 100% of the time. Executive and Senate – retain. House and Conference – include reference to the fire investigation and criminal enforcement provisions of the Fire Prevention Code.

SPECIALIZED SERVICES

Special Operations

***Sec. 601. Special Operations Program Authority* – REVISED**

Requires MSP to provide specialized law enforcement services; requires the department to operate the Michigan Intelligence Operations Center as the federally recognized fusion center; requires the department to increase the number of public and private sector contacts that receive homeland security and intelligence information; requires that private donations to the canine unit be used for purchasing equipment and other items that enhance the operations of the unit; requires MSP to provide training for special operations and to maintain a 100% readiness for the canine unit, bomb squad, emergency support team, aviation unit, and underwater recovery teams Executive and Senate – retains. House and Conference – include the specific legal authority for MIOC; clarifies that expenditures of donations follow donor directions, if specified.

Commercial Vehicle Enforcement

***Sec. 602(1). Commercial Vehicle Enforcement Program Authority* – REVISED**

Requires MSP to enforce motor carrier regulations. Executive and Senate– retains. House – lists the specific legal authority regarding commercial vehicle enforcement.

***Sec. 602(2). Commercial Vehicle Enforcement Performance Information* – NEW**

Requires MSP to report by January 1 its commercial vehicle size and weight enforcement efforts during the prior fiscal year. House and Conference – add. Conference, however, requires information to be provided quarterly, not annually.

***Sec. 602(3). Motor Carrier Safety Program Authority* – NEW**

Lists the specific authority under which the MSP enforcement motor carrier safety regulations. House and Conference – add.

***Sec. 602(4)-(5). Motor Carrier Safety Performance Information* – REVISED**

Requires MSP to maintain staffing and resources to annually inspect 53,000 commercial motor vehicles. Executive – retains. House – eliminates the specific requirement of 53,000 vehicles inspected, in favor of a requirement that refers back to the performance goal stated in the department's motor carrier safety assistance program (MCSAP) grant; requires information on number of new entrant safety audits and the border enforcement grant activities. Senate – increases the inspection metric to 60,000 inspections. Conference – increases the inspection metric to 57,000 inspections; requires information on new entrant safety audits and border enforcement grant activities.

***Sec. 602(6)-(7). School Bus Inspections Program Authority* – REVISED**

Requires MSP to inspect school buses. Executive and Senate – retains. House and Conference – lists the specific authority under which the department inspects school buses; requires an annual report on the results of school bus inspections.

Emergency Management and Homeland Security

***Sec. 606(1)-(3). Emergency Management and Homeland Security Program Authority* – REVISED**

Authorizes MSP to expend appropriated funds to call upon any agency or department to protect life or property or to protect the health or safety of any area under a state of emergency or state of disaster; provides authority to expend funds received above the amounts appropriated in Part 1 for any federal, private, local, or state resource to provide emergency management training or emergency preparedness, response, recovery, or mitigation. Executive and Senate – retain. House and Conference – retain and list the specific legal authorities of MSP's emergency management and homeland security programs.

Sec. 606(9). Urban Search and Rescue Task Force

Allocates up to $500,000 from the funds in part 1 for the urban search and rescue task force. Executive and Senate – delete. House – retains, but moves this language from the general sections to the boilerplate concerning Emergency Management and Homeland Security. Conference – retains, but moves this language to boilerplate concerning Emergency Management and Homeland Security, and requires the task force to provide a report on FY14 grant expenditures, a report on the planned expenditure of FY15 funds (prior to distribution), and a year-end report on how FY15 funds were expended.

Highway Safety Planning

***Sec. 608. Highway Safety Planning* – REVISED**

Requires MSP to provide highway safety information and awareness. Executive – deleted. House – lists the specific legal authority for MSP's highway safety planning functions; requires the department to publish annual traffic crash data and notify the subcommittees and fiscal agencies when that data is published. Senate – describes the purpose of the Office of Highway Safety Planning. Conference – includes the legal authority for MSP-OHSP; adds language describing the purpose of OHSP; requires the department to publish annual traffic crash data and notify the subcommittees and fiscal agencies when that data is published.

Major Boilerplate Changes From FY 2013-14

Highway Safety Planning – Secondary Road Patrol Program

***Sec. 610. Secondary Road Patrol Program Authority* – NEW**

House – Lists the specific legal authority under which the department administers the Secondary Road Patrol (SRP) program; requires MSP to provide quarterly information (reported biannually) on the number of FTE SRP deputies, the number of miles traveled, and the number of traffic stops. Senate – describes the purpose of the secondary road patrol program, including sheriff's department responsibilities; requires MSP to collect from counties in the semi-annual program reports, data on patrol hours; strives for a minimum of 178,000 SRP patrol hours. Conference – describes the purpose of the secondary road patrol program, as provided under sections 76 and 77 of 1846 RS 14 and ERO 1989-1, including sheriff's department responsibilities; requires MSP to provide quarterly information (reported biannually) on the number of FTE SRP deputies and number of patrol hours, with a goal of at least 178,000 hours.

ONE-TIME APPROPRIATONS

***Sec. 701. Trooper Recruit School* – NEW**

Requires the department to maintain staffing and resources to train at least 100 trooper recruits. House, Senate, and Conference – add.

***Sec. 702. Emergency Support Team Vehicle* – NEW**

Requires the department to use the one-time funds to purchase one EST vehicle. House, Senate, and Conference – add.

***Sec. 703. Motor Carrier Recruit School* – NEW**

Requires the department to maintain staffing and resources to train at least 31 motor carrier officer recruits. House, Senate, and Conference – add.

***Sec. 704. Aviation Support* – NEW**

House – requires the placeholder funding be used to support the acquisition of a new helicopter and any upfitting costs. Senate and Conference – specifies the helicopter would be used to provide patrols over Detroit, allowing the two existing helicopters to be used in other areas of the state, and to reduce the number of times when MSP has had to deny requests for service for air support.

***Sec. 705 LEIN Programming Language* – NEW**

Requires the one-time funds to be expended on updating the programming language that supports the Law Enforcement Information Network (LEIN). House, Senate, and Conference – add.

***Sec. 706. Electronic Warrant System* – NEW**

Requires the one-time funds to be expended in support of the development of an electronic warrant reporting system. House, Senate, and Conference – add.

***Sec. 707. MIS Traffic Control* – REVISED**

Requires MSP to provide traffic control for events at Michigan International Speedway. Executive and House provide funding for MIs traffic control as an ongoing appropriation. Senate and Conference – provide funding as a one-time appropriation.

***Sec. 708. Local Public Safety Initiative* – NEW**

House and Senate – require the one-time funds to be expended in support of a grant program, in collaboration with the Council on Law Enforcement and Reinvention (CLEAR), in support of school security needs. Conference – concurs with the House and Senate on the basic purpose of the grants (school safety focus), but directs that 80% of the funds be allocated to public and private schools (K-12) for safety-related improvements and 20% be allocated to county sheriff's departments for equipment, technologies, or officer training that enhances school safety and the departments' ability to respond to incidents at schools.

***Sec. 709. Marshall Post Lease Costs* – NEW**

Conference – specifies that funds shall be expended to buy-down a portion of the MSP's share of construction and operating costs for the Marshall regional law enforcement center. Lease terms shall be subject to a market analysis performed by the Department of Technology, Management and Budget to substantiate the rental amount.

FY 2015-2016 APPROPRIATIONS

***Sec. 1201. Anticipated FY 2015-16 Appropriations* – NEW**

States legislative intent that FY 2016 appropriations would be the same as in FY 2015, except as adjusted for caseload changes, federal fund match rates, economic factors, and available revenue.

***Sec. 1202. FY 2015-2016 Performance Metrics* – NEW**

States legislative intent that, with the funds appropriated in FYs 2015 and 2016, (1) trooper patrol hours should increase by at least 9% from FY 2015 to FY 2016; (2) aviation patrol hours should increase by 30%, the helicopter should patrol over Detroit 5 days/week, allowing patrols over other areas of the state (including the distressed cities), and the number of times MSP is unable to provide air support declines to less than 50 (from 72 in FY 2013); (3) CMV inspections should increase by 12%; (4) LEIN services should improve; (5) warrant entry and processing should improve throughout the criminal justice community.

FY 2014-15: DEPARTMENT OF TRANSPORTATION
Summary: Conference Report
Article XVII, House Bill 5313 (H-1) CR-1

Analyst: William E. Hamilton

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	*Difference: Conference From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$3,625,100	$3,786,900	$3,786,900	$3,786,900	$3,786,900	*$161,800*	*4.5*
Federal	1,198,885,500	1,205,885,500	1,205,885,500	1,205,885,500	1,205,885,500	*7,000,000*	*0.6*
Local	50,177,100	50,177,100	50,177,100	50,177,100	50,177,100	*0*	*0.0*
Private	100,000	100,000	100,000	100,000	100,000	*0*	*0.0*
Restricted	2,225,029,000	2,155,001,200	2,155,001,200	2,155,001,200	2,155,001,200	*(70,027,800)*	*(3.1)*
GF/GP	121,300,000	255,147,900	391,047,900	267,547,900	286,147,900	*164,847,900*	*135.9*
Gross	**$3,599,116,700**	**$3,670,098,600**	**$3,805,998,600**	**$3,682,498,600**	**$3,701,098,600**	***$101,981,900***	***2.8***
FTEs	2,918.3	2,918.3	2,918.3	2,918.3	2,918.3	*0.0*	*0.0*

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (4) House figures represent House Bill 5313, as passed the House.

Overview

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately 60% of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 1951 PA 51 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF) and the Comprehensive Transportation Fund (CTF), and to local road agencies. Revenue related to taxes on aviation fuel and aircraft registrations is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2013-14 YTD Appropriations		**FY 2013-14 Year-to-Date (as of 2/5/14)**	**FY 2014-15 House Change**
1. State Trunkline Maintenance	FTEs	808.7	(61.0)
Recognizes $1.0 million in economic adjustments; $6.2 million reduction associated with position transfers; and $40.0 million increase in baseline STF funding,	**Gross**	**$275,689,500**	**$34,751,800**
	Restricted	275,689,500	34,751,800
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided $100.0 million GF/GP for *Special winter road maintenance*, of which, the department would receive $39.1 million. This figure is not included in the above YTD total.			
2. State Trunkline Road and Bridge Construction	**Gross**	**$868,193,500**	**($43,547,300)**
Recommends $824.6 million for MDOT's capital road and bridge construction/preservation program. Change from current year represents net changes in estimated available revenue as follows:	Federal	742,092,000	185,800
	Local	30,000,000	0
	Restricted	96,101,500	(43,733,100)
Increase in federal funds of $185,800 attributable to reduction in debt service attributable to federal funds. Net reduction in state restricted revenue due to reduction in Blue Water Bridge Fund appropriation, ($8.5 million); increase in STF share of estimated MTF revenue, $14.6 million; increase in estimated miscellaneous STF revenue, $5.9 million; restoration of driver's license fee revenue to the Transportation Economic Development Fund, ($13.0 million); increase in available STF due to reduction in STF debt service, $1.6 million;			

[continued on next page]

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
2. State Trunkline Road and Bridge Construction (continued) economic increases in STF funded administrative units, ($5.0 million); STF shift to State trunkline maintenance, ($40.0 million); net of other miscellaneous STF revenue and program adjustments, $620,400. Budget does not assume any increases in transportation revenue from changes to tax rates or tax bases, or changes to current statutory distribution programs. Budget also includes separate one-time GF/GP appropriations for state trunkline road and bridge construction - See **Items 15a and 15b**, below.			
3. Local Bridge Program	**Gross**	**$21,381,600**	**$5,095,800**
Restores $5.0 million Act 51 earmark to this program. [This is a technical adjustment.]	Restricted	21,381,600	5,095,800
4. MTF to Local Road Agencies	**Gross**	**$908,098,400**	**$22,703,100**
MTF distribution to county road commissions, $597,608,200, and cities/villages, $333,193,300, reflects estimated MTF revenue and Act 51 statutory distribution. Budget includes a separate one-time GF/GP appropriation for local road agencies - See **Item 15b**, below.	Restricted	908,098,400	22,703,100
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided $100.0 million GF/GP for *Special winter road maintenance*, of which local road agencies would receive $60.9 million. This figure is not included in the above YTD total.			
5. Transportation Economic Development Fund (TEDF)	**Gross**	**$32,058,200**	**$9,457,600**
Reflects restoration of $12.0 million in driver's license fee revenue which had previously been redirected to the STF; offset in part by $1.7 million increase in TEDF debt service, and $880,000 reduction in estimated fund balance interest earnings.	Restricted	32,058,200	9,457,600
6. Bus Transit - Local Bus Operating Assistance	**Gross**	**$166,624,000**	**$776,000**
Increases CTF state operating assistance to local public transit agencies.	Restricted	166,624,000	776,000
7. Discretionary State Operating	**Gross**	**$5,400,000**	**($5,400,000)**
Does not retain $5.4 million *Discretionary state operating* line item, first established in FY 2012-13 budget.	Restricted	5,400,000	(5,400,000)
8. Rail Operations and Infrastructure/Wolverine	**Gross**	**$43,925,000**	**$13,097,400**
	Federal	3,100,000	7,000,000
	Local	100,000	0
	Private	100,000	0
	Restricted	40,625,000	6,097,400
Line item supports rail freight economic development programs, as well as rail passenger service, including capital and operating assistance for Amtrak *Wolverine* (Pontiac-Detroit-Chicago) service – part of a high-speed rail corridor. Conference recognizes $7.0 million in additional federal funds, $2.1 million increase in baseline CTF support, and $4.0 million anticipated increase in Rail Freight Fund support. Rolls up $19.3 million *Wolverine* line item into *Rail operations and infrastructure* line. Budget also includes a separate one-time $10.0 million GF/GP appropriation for transit capital and rail infrastructure - See **Item 16**, below. **Note:** FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided $11.7 million in additional spending authority to recognize a TIGER grant for high-speed rail corridor. This figure is not included in the above YTD total.			
9. Marine Passenger Service	**Gross**	**$400,000**	**$0**
No change proposed from current year funding.	Restricted	400,000	0
Note: FY 2013-14 supplemental appropriation, Senate Bill 608, enacted as 2014 PA 34, provided $300,000 GF/GP in new spending authority for the Beaver Island Transportation Authority. This figure is not included in the above YTD total.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
10. Municipal Credit Program	**Gross**	**$2,000,000**	**$0**
No change in current Act 51 earmark for transit services in Southeast Michigan.	Restricted	2,000,000	0
11. Bus Capital/Transit Capital	**Gross**	**$32,145,300**	**$0**
Reflects anticipated federal pass-through grants to transit grants to local transit agencies and related state and federal matching funds. Conference concurs with Governor, no change from current year.	Federal	5,000,000	0
	Local	1,250,000	0
	Restricted	25,895,300	0
Budget includes a separate one-time appropriation of $10.0 million GF/GP for transit capital and rail infrastructure - See **Item 16**, below.			
12. Service Initiatives	**Gross**	**$1,682,900**	**$2,514,400**
Concurs with Governor, includes $2.5 million increase in baseline CTF support.	Federal	1,150,000	0
	Local	200,000	0
	Restricted	332,900	2,514,100
13. Airport Improvement Program	**Gross**	**$93,104,300**	**($1,126,300)**
Reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program.	Federal	78,578,000	0
	Local	12,392,100	0
	Restricted	2,134,200	(1,126,300)
Budget includes a separate one-time appropriation of $2.0 million GF/GP for airport capital program - See **Item 17**, below.			
14. Priority Roads Investment Program	**Gross**	**$115,000,000**	**($115,000,000)**
Eliminates one-time line item funded through the Roads and Risks Reserve Fund.	Restricted	115,000,000	(115,000,000)
One-Time GF/GP for Road and Bridge Programs			
Governor had recommended $242.0 million GF/GP for the state trunkline construction program. The Conference splits GF/GP appropriation into two separate line items, as described below:			
15a. Federal Aid Match for State Trunkline Road and Bridge Construction /State Trunkline Road and Bridge Construction	**Gross**	**$121,300,000**	**$5,700,000**
Conference appropriates $127.0 million in separate GF/GP line item to recognize funds needed to match available federal aid for state trunkline program. (See related boilerplate **Sec. 1001**.)	GF/GP	$121,300,000	$5,700,000
***15b. State and Local Road and Bridge Programs* – NEW**	**Gross**	**$0**	**$144,500,000**
Conference includes $144.5 million to be distributed according to Act 51 distribution formula: 39.1% STF; 39.1% county road commissions; 21.8% cities and villages, per related boilerplate **Section 1002**.	GF/GP	$0	$144,500,000
***16. Transit Capital and Rail Infrastructure* – NEW**	**Gross**	**$0**	**$10,000,000**
Conference provides one-time GF/GP support to match federal transit and rail infrastructure grants. See related boilerplate **Section 1003*.***	GF/GP	$0	$10,000,000
***17. Airport Safety, Safety, and Improvement Program* – NEW**	**Gross**	**$0**	**$2,047,900**
Conference provides one-time GF/GP support to match federal Airport Improvement Program grants.	GF/GP	$0	$2,047,900
***18. High-Speed Rail Crossing Pilot Project* – NEW**	**Gross**	**$0**	**$1,500,000**
Conference provides one-time GF/GP support for rail grade crossing pilot project; See related boilerplate **Section 1004**.	GF/GP	$0	$1,500,000
19. *Regional Transit Authority* – NEW	**Gross**	**$0**	**$1,100,000**
Conference provides one-time GF/GP support for regional transit authority; See related boilerplate Section 1005.	GF/GP	$0	$1,100,000
20. Economics	**Gross**	**NA**	**$5,942,400**
Reflects increased costs of $5.9 million Gross ($0 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. These adjustments are reflected in many of the line item changes described above.	IDG	NA	77,300
	Restricted	NA	5,865,100

Major Boilerplate Changes From FY 2013-14

***Sec. 204. Specific Benchmarks of Performance or ROE* – NEW**
Provides for a new report on program benchmarks.

S***ec. 271. Legacy Costs* – NEW**
New section identifies legacy costs.

***Sec. 308. Contractor Prequalification Process/Report* – REVISED**
Provides for a report on the department's prequalification process and unsatisfactory contractor performance rating. Report due date changed to March 1, 2015.

***Sec. 312. Workgroup on Transportation Coordination Between Departments* – NEW**
Requires the department and the departments of Community Health, Human Services, Corrections, Treasury/Michigan Strategic Fund, along with one member of both the House and Senate to form a work group to study consolidation of transportation services; provides for a report due March 1, 2015.

***Sec. 383. Report on Use of State Airfleet* – REVISED**
Requires report on use of MDOT-owned aircraft; recovery of department costs. Conference changes date references and makes the report specific to each of the department's airplanes; adds intent language that the department work with Michigan State Police on reciprocal agreement.

***Secs. 384 and 385. Detroit River International Crossing (DRIC)* – RETAINED**
Conference retains current-year language:
Sec. 384 restricts the department's ability to obligate the state to expend state transportation revenue on the project, referenced by the Executive as the *New International Trade Crossing* (NITC). Section states that "an expenditure for staff resources used in connection with project activities, which expenditure is subject to full and prompt reimbursement from Canada, shall not be considered an expenditure of state transportation resources."
Sec. 385 provides reporting requirements.

***Sec. 393. Best Practices for Public Transportation* – NEW**
Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost; adds a new reporting requirement by March 1, 2015 and references similar requirement made in FY 2011-12.

***Sec. 394. Priority of Preservation* – NEW**
Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority.

***Sec. 601. Road Construction Warranties* – REVISED**
Encourages use of road construction warranties; Conference adds additional reporting requirement.

***Sec. 660. Use of Alternative Materials* – REVISED**
Encourages the department to examine the use of alternative road surface materials; Conference provides new reporting requirement.

***Sec. 712. Rail Passenger Feasibility Study* – NEW**
Directs the department to study feasibility of rail passenger service between Holland and Detroit, by way of Grand Rapids and Lansing; provides for report due date of May 1, 2015.

***Sec. 741. Transit Buses - Safety Standard Report* – NEW**
Directs the department to study need, feasibility, and costs of increasing safety standard of transit buses; rollover test standard; provides for report due date of December 1, 2014.

***Sec. 802. Department-Owned Airports* – NEW**
States legislative intent that department find private or local owner/operator of department-owned airports.

***Sec. 1001. Matching Federal-Aid Highway Funds* – REVISED**
Conference indicates that of the $127.0 million is GF/GP appropriation is appropriated to the state trunkline road and bridge construction program and is intended to ensure that the state is able to match all available federal-aid highway funds.

***Sec. 1002. State and Local Road and Bridge Programs* – REVISED**
Conference directs that the one-time $144.5 million GF/GP appropriation be distributed to the STF, county road commissions, and cities/villages in accordance with Act 51 formula – 39.1%, 39.1%, 21.8%.

***Sec. 1003. Bus Capital/Rail Infrastructure* – NEW**
Conference requires a report on use of $10.0 million GF/GP appropriation for transit capital and rail infrastructure.

***Sec. 1004. Rail Grade Crossing Pilot Project* – NEW**
Conference includes description of $1.5 million rail grade crossing pilot project.

Major Boilerplate Changes From FY 2013-14

***Sec. 1005. Regional Transit Authority* – NEW**
Conference includes description of $1.1 million appropriation.

***Sec. 1006. Detroit/Windsor Rail Tunnel* – NEW**
Conference includes a boilerplate appropriation of $10.0 million to the department to help facilitate the construction of a new rail tunnel under the Detroit River between Detroit and Windsor Ontario.