FY 2014-15 GENERAL OMNIBUS BUDGET
Summary: House Committee Substitute
House Bill 5313 (H-1) Draft 1

Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2014-15	
	Gross	GF/GP
Agriculture & Rural Development (1) [2]	$82,398,600	$42,876,100
Community Health (27) [6]	17,464,376,800	2,925,968,800
Corrections (99) [13]	2,034,921,700	1,975,198,400
Education (155) [18]	322,262,200	82,625,100
Environmental Quality (177) [23]	500,591,800	38,875,900
General Government (213) [27]		
Attorney General (214) [29]	*90,822,300*	*35,267,100*
Civil Rights (217) [30]	*16,181,700*	*12,985,700*
Executive Office (219) [32]	*5,916,100*	*5,916,100*
Legislature (220) [33]	*131,930,500*	*127,420,700*
Auditor General (222) [34]	*21,758,800*	*14,537,300*
State (224) [35]	*223,281,500*	*17,108,200*
Technology, Management, Budget (230) [37]	*1,265,703,900*	*479,348,200*
Treasury (236) [42]	*1,945,838,600*	*265,675,100*
Treasury – MSF (243) [46]	*972,529,900*	*192,392,500*
Subtotal: General Government	4,673,963,300	1,150,650,900
Human Services (378) [50]	5,582,815,800	1,001,623,300
Insurance & Financial Services (444) [57]	65,134,700	0
Judiciary (456) [59]	289,483,100	188,242,900
Licensing & Regulatory Affairs (473) [61]	526,988,300	22,214,200
Military & Veterans Affairs (509) [66]	166,594,900	48,805,700
Natural Resources (543) [72]	372,185,400	36,091,500
State Police (576) [76]	634,323,000	378,921,000
Transportation (621) [84]	3,668,998,600	254,047,900
TOTAL	**$36,385,038,200**	**$8,146,141,700**

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: As Reported by House Subcommittee (HB 5295)
Article I, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$524,300	$318,100	$318,100			*($206,200)*	*(39.3)*
Federal	9,960,900	9,198,300	9,212,900			*(748,000)*	*(7.5)*
Local	0	0	0			*0*	*--*
Private	96,900	98,300	98,300			*1,400*	*1.4*
Restricted	29,020,900	28,003,400	29,893,200			*872,300*	*3.0*
GF/GP	40,580,300	44,876,200	42,876,100			*2,295,800*	*5.7*
Gross	**$80,183,300**	**$82,494,300**	**$82,398,600**			***$2,215,300***	***2.8***
FTEs	440.0	452.0	446.0			*6.0*	*1.4*

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 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 House Change
1. Food Safety and Inspections	FTE	75.0	6.0
Executive increases spending ($1.2 million GF/GP) and staff (8.0 FTE) 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 compliance with the Michigan Food Law of 2012. 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.	**Gross**	**$10,881,200**	**$860,000**
	Federal	1,039,600	0
	Restricted	3,390,000	0
	GF/GP	$6,451,600	$860,000
2. Dairy Safety and Inspections	FTE	26.0	0.0
Executive increases spending ($600,000 GF/GP) and staff (4.0 FTE) authorization to enhance inspections of and safety programs dairy producers. According to DARD, 91.3% milk safety inspections met national enforcement standards. During FY 2012-13, GF/GP supported 94.1% of dairy/milk safety expenditures. House rejects.	**Gross**	**$3,821,300**	**$0**
	Federal	240,600	0
	Restricted	254,400	0
	GF/GP	$3,326,300	$0

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
3. Strategic Growth Initiative (One-Time)	**Gross**	**N/A**	**$1,750,000**
Executive includes one-time spending authorization ($2.0 million) for the Strategic Growth Initiative (SGI) grant program which is intended to increase the economic impact of the food and agriculture industry. 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 amount.	GF/GP	N/A	$1,750,000
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 subsequent reduces transferred amount.	**Gross**	**$200,000**	**$1,700,000**
	IDG/IDT	200,000	0
	GF/GP	$0	$1,700,000
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.	**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. House concurs.	Restricted	300,000	(300,000)
7. Align with Available and Appropriate Revenues	**Gross**	**$2,588,000**	**($1,182,300)**
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 reduction for Milk Safety and Quality Assurance line item.	IDG/IDT	210,200	(210,200)
	Federal	1,333,400	(833,400)
	Private	20,000	0
	Restricted	1,024,400	(758,100)
	GF/GP	$0	$619,400
8. FY 2013-14 One-Time Appropriations	**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.	GF/GP	$3,400,000	($3,400,000)
9. Economic Adjustments	**Gross**	**N/A**	**$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.	IDG/IDT	N/A	4,000
	Federal	N/A	85,400
	Private	N/A	1,400
	Restricted	N/A	40,600
	GF/GP	N/A	$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.	**Gross**	**$1,668,800**	**($300,000)**
	Restricted	333,200	0
	GF/GP	$1,335,600	($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 House Change
11. Michigan Agriculture Environmental Assurance Program	FTE	N/A	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.)	**Gross**	**N/A**	**$0**
	Federal	N/A	0
	Restricted	N/A	0
	GF/GP	N/A	$0
12. Local Conservation Districts	FTE	N/A	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.)	**Gross**	**N/A**	**$0**
	Federal	N/A	0
	Restricted	N/A	0
	GF/GP	N/A	$0
13. Local Conservation Districts	**Gross**	**$100**	**($100)**
House eliminates the placeholder for the Local Conservation Districts line item.	GF/GP	$100	($100)
14. Shows and Expositions	**Gross**	**N/A**	**$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.)	GF/GP	N/A	$50,000
15. Increase Funding for Horse Racing Programs	**Gross**	**$2,810,600**	**$1,889,800**
House increases spending authorization 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.)	Restricted	$2,810,600	$1,889,800

Major Boilerplate Changes From FY 2013-14

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

***Sec. 603. Local Conservation Districts Appropriation* – NEW**
Stipulates the allocation of funds to local conservation districts for environmental conservation and protection programs and training. House creates.

***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.

***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.

***Sec. 803. Thoroughbred Program 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).

***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.

Major Boilerplate Changes From FY 2013-14

***Sec. 804. 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.

***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.

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

***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.

Various Sections Deleted by Executive, Retained by House
Executive eliminates Sections 212, 215, 302, 402, 453, 454 (partial), 456, 457, 458, 607, 701(5) & (6), 706, 709, and 801; House rejects.

FY 2014-15: DEPARTMENT OF COMMUNITY HEALTH
Summary: As Reported by House Subcommittee (HB 5296)
Article IV, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$10,056,100	$9,425,900	$9,425,900			*($630,200)*	*(6.3)*
Federal	11,620,170,500	11,941,802,500	12,026,645,400			*406,474,900*	*3.5*
Local	251,820,200	216,656,400	216,656,400			*(35,163,800)*	*(14.0)*
Private	126,342,400	127,056,600	127,056,600			*714,200*	*0.6*
Restricted	2,178,580,800	2,140,657,600	2,158,623,700			*(19,957,100)*	*(0.9)*
GF/GP	2,747,583,600	2,938,968,800	2,925,968,800			*178,385,200*	*6.5*
Gross	**$16,934,553,600**	**$17,374,567,800**	**$17,464,376,800**			***$529,823,200***	***3.1***
FTEs	3,591.6	3,654.1	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) 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 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 House Change
1. Medicaid Cost Increases	**Gross**	**$12,525,311,200**	**$140,956,900**
The Executive's Medicaid program cost adjustments include a FY 2014-15 increase of $141.0 million Gross ($123.0 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 concurs.	IDG	6,194,900	143,700
	Federal	8,502,877,500	13,866,800
	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	$122,960,000
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 concurs.	**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)
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 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 concurs.	TANF	19,364,900	(1,215,000)
	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 House Change
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.	**Gross**	**$1,630,000**	**$3,350,000**
	GF/GP	$1,630,000	$3,350,000
5. Mental Health and Wellness Commission	**Gross**	**N/A**	**$37,825,000**
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.	Federal	N/A	22,205,000
	GF/GP	N/A	$15,620,000
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.	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.	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 increases 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
9. Diabetes Prevention	**Gross**	**$650,000**	**$150,000**
The House provides an increase of $150,000 GF/GP for diabetes prevention programs. Amounts shown reflect Health and Wellness Initiatives line item funding for diabetes prevention.	GF/GP	$650,000	$150,000
10. 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 concurs.	GF/GP	$2,098,800	$0
11. 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 concurs.	**Gross**	**$6,187,400**	**$0**
	Federal	908,900	0
	Restricted	4,887,800	(1,006,100)
	GF/GP	$390,700	$1,006,100

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
12. Island Health Clinics	**Gross**	**$325,000**	**$0**
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 concurs.	GF/GP	$325,000	$0
13. Essential Local Public Health Services	**Gross**	**$39,386,100**	**$1,500,000**
The House provides a $1.5 million GF/GP funding increase for essential local public health services which are 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.	Local	5,150,000	0
	GF/GP	$34,236,100	$1,500,000
14. Alzheimer's Disease In-Home Care Pilot	**Gross**	**N/A**	**$150,000**
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 and delay the need for residential long term care services, and evaluation.	GF/GP	N/A	$150,000
15. Maternal, Infant and Child Home Visiting Care Programs	FTE	0.0	9.0
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 concurs, but uses federal TANF funds rather than GF/GP for the $2.5 million expansion.	**Gross**	**$8,601,400**	**$8,526,300**
	Federal	6,601,400	6,026,300
	TANF	0	2,500,000
	GF/GP	$2,000,000	$0
16. University Autism Centers and Services	**Gross**	**$2,000,000**	**($500,000)**
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 Sec. 1902; and concurs with the move of the ongoing funds.	GF/GP	$2,000,000	($500,000)
17. Child and Adolescent Health Care Pilot	**Gross**	**N/A**	**$2,000,000**
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 concurs, but uses federal TANF funds rather than GF/GP.	TANF	N/A	2,000,000
	GF/GP	N/A	$0
18. Crime Victim Services	FTE	13.0	0.0
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 concurs.	**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
19. 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 concurs.	**Gross**	**$94,081,600**	**$5,338,500**
	Federal	58,154,600	(661,500)
	Private	677,500	0
	Merit Awd	4,068,700	0
	Other Restr	1,800,000	(400,000)
	GF/GP	$29,380,800	$6,400,000
20. Health Insurance Claims Assessment (HICA)	**Gross**	**$400,000,000**	**$0**
The Executive recommendation maintains $400.0 million in state restricted HICA revenue, and assumes that the $110.0 shortfall will be resolved through an unspecified legislative action. The House concurs.	Restricted	400,000,000	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 House Change
21. Dual Eligibles Savings Restoration The Executive recommendation restores savings for dual eligible integrated care in light of revised savings estimates. It reverses a reduction of $5.3 million Gross ($1.8 million GF/GP) included last year. The House proposal does not concur, and zero-funds this item.	**Gross**	**N/A**	**$0**
	Restricted	N/A	0
	GF/GP	N/A	$0
22. Eliminate Special Rural Hospital Payment The Executive recommendation includes a reduction of $35.6 million Gross ($12.0 million GF/GP) for full elimination of rural hospital payments. The House proposal replaces GF/GP with hospital QAAP revenue to allow the payments to continue in the same gross amount. The GF/GP reduction is less than the state restricted revenue increase to account for a change in the regular FMAP rate. The increased QAAP assessment applies to most hospitals, including those receiving rural hospital payments, so net payments to those facilities will be lower than the full gross amount. Additionally, the House proposal includes a shift of $3.1 million from GF/GP to state restricted revenue for the state retainer share of the assessment (not included in the figures to the right).	**Gross**	**$35,629,500**	**$0**
	Federal	23,629,500	(277,900)
	Restricted	0	12,277,900
	GF/GP	$12,000,000	($12,000,000)
23. Healthy Kids Dental Expansion The Executive recommendation continues the phase-in of the Healthy Kids Dental program with increased funding of $15.6 million Gross ($5.4 million GF/GP). The recommendation expands the program into Kalamazoo and Macomb counties, which will cover an estimated 100,000 children. The House concurs. If this recommendation is funded, remaining counties for future program expansion include Kent, Oakland, and Wayne.	**Gross**	**N/A**	**$15,670,300**
	Federal	N/A	10,270,300
	GF/GP	N/A	$5,400,000
24. Primary Care Rate Increase – Partial Continuation The Executive recommendation 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 recommendation continues the increased rate with $75.4 million Gross ($26.0 million GF/GP) on an ongoing basis. The House proposes continuing the increase with $62.1 million Gross ($21.4 million GF/GP).	**Gross**	**$156,333,300**	**($94,220,100)**
	Federal	156,333,300	(115,624,300)
	GF/GP	$0	$21,404,200
25. MIChoice – Waiting List Elimination The Executive recommends an increase of $26.2 million Gross ($9.0 million GF/GP) to expand the home- and community-based services (MIChoice) program. The recommendation intends to eliminate the program waiting list and serve an additional 1,250 individuals. The House concurs.	**Gross**	**$299,895,900**	**$26,177,900**
	Federal	192,309,500	17,157,000
	Local	265,000	0
	GF/GP	$107,321,400	$9,020,900
26. PACE Expansion The Executive recommendation includes a net zero transfer of $7.7 million from the Long Term Care Services line to the Program for All-Inclusive Care for the Elderly (PACE) line. The House concurs with the Executive recommendation. The transfer will fund program expansion into Genesee, Ingham, and Saginaw counties. In Medical Services Administration, the Executive also recommends the addition of 1.0 FTE and associated funding to assist in administering the expanded program. The House proposal concurs with the increase.	**Gross**	**N/A**	**$0**
	Federal	N/A	0
	GF/GP	N/A	$0
27. University Disproportionate Share Hospital Backfill The Executive recommends increasing GF/GP by $5.6 million, ongoing, for the Wayne State Psychiatric Residency program. The increase partially offsets a reduction of $8.5 million Gross ($0 GF/GP) in disproportionate share hospital (DSH) payments that are no longer available. The Executive also recommends increasing GF/GP by $4.1 million, one-time, for the University of Detroit Dental program. The increase partially offsets a reduction of $6.9 million Gross ($0 GF/GP) in DSH payments that are no longer available. The House concurs with both.	**Gross**	**$15,309,000**	**($5,610,800)**
	Federal	10,152,900	(10,152,900)
	Restricted	5,156,100	(5,156,100)
	GF/GP	$0	$9,698,200

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
28. Merit Award Fund Shift – Distressed Communities Assistance The Executive recommendation includes a $17.5 million fund shift to GF/GP to replace a like amount of Merit Award Trust Fund revenue. The recommendation proposes reserving the Merit Award Trust Fund revenue for distressed communities purposes. To avoid a shortfall, this transfer replaces Merit Award funds with GF/GP. The House concurs.	**Gross**	**$81,766,000**	**$0**
	Merit Awd	81,766,000	(17,500,000)
	GF/GP	$0	$17,500,000
29. Graduate Medical Education (GME) The Executive recommends removing $4.3 million Gross ($1.4 GF/GP) in one-time GME funding. The House proposal 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. No adjustments are proposed to ongoing GME funds in the Medical Services unit. (Related boilerplate sections 1740, 1846, and 1870 are proposed for removal).	**Gross**	**$4,314,200**	**($1,412,300)**
	Federal	2,864,200	(962,300)
	GF/GP	$1,450,000	($450,000)
30. School Based Services Backfill The Executive recommends a gross reduction of $19.4 million and a shift of $12.9 million from federal to GF/GP to recognize reduced savings from school based service program claims. The House concurs. The totals reflect a $32.3 million reduction in federal revenues resulting from fewer claims reported by schools. The value of those claims are used to draw down federal resources at the regular FMAP rate. The State retains a portion of federal revenues received, which it then cycles back into the Medicaid program, thereby creating a GF/GP savings. The reduction in claims from schools creates the need to replace federal revenues with GF/GP.	**Gross**	**$4,314,200**	**($19,400,000)**
	Federal	2,864,200	(32,333,300)
	GF/GP	$1,450,000	$12,933,300
31. Economic Adjustments 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 concurs.	**Gross**	**N/A**	**$8,789,500**
	IDG	N/A	27,900
	Federal	N/A	2,042,100
	Restricted	N/A	452,700
	Local	N/A	3,018,400
	Private	N/A	4,200
	GF/GP	N/A	$3,244,200

Major Boilerplate Changes From FY 2013-14

GENERAL SECTIONS

***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. 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. Requires the performance metrics to include, at a minimum, service delivery volumes and provider or beneficiary outcomes.

***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.

***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 concurs.

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.

***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.

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. House revises to 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.

HEALTH POLICY

***Sec. 712. Free Health Clinic Funding* – RETAINED**

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 does not concur.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

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

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.

***Sec. 1108. Prohibit Use of Pregnancy Prevention Funds for Abortion Counseling, Referrals, or Services* – REVISED**
***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.

***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 concurs.

CRIME VICTIM SERVICES COMMISSION

***Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs* – RETAINED**

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 does 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.

***Sec. 1815. Capitation Withhold Limitation* – REMOVED**

This section limits capitation withholds for managed care plans at 0.19%. The Executive recommends removing the cap to avoid a conflict with the requirements of P.A. 107 of 2013 (Healthy Michigan Plan enabling legislation). The House concurs.

Major Boilerplate Changes From FY 2013-14

***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.

***Sec. 1866. Rural Hospital Payments* – REVISED**

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.

ONE-TIME BASIS ONLY APPROPRIATIONS

***Sec. 1903. Graduate Medical Education* – NEW**

The House includes new language requiring that, prior to expenditure of $1.0 million GF/GP and associated federal match appropriated in the One-Time Basis Only Appropriations (Sec. 120), (1) the Michigan Health and Hospital Association and Michigan Association of Medical Education develop a new distribution formula for all ongoing GME resources, and (2) DCH approves the new distribution formula. Clarifies that the existing distribution formula will remain in place until a new formula is approved by the department, and ongoing GME funding will not be impacted by failure to agree on a new formula. This new language replaces GME-related boilerplate sections 1740, 1846, and 1870.

FY 2014-15: DEPARTMENT OF CORRECTIONS
Summary: As Reported by House Subcommittee (HB 5297)
Article V, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$1,109,600	$225,000	$225,000			*($884,600)*	*(79.7)*
Federal	8,852,500	5,081,000	5,081,000			*(3,771,500)*	*(42.6)*
Local	8,392,800	8,547,700	8,547,700			*154,900*	*1.8*
Private	0	0	0			*0*	*--*
Restricted	56,026,100	45,869,600	45,869,600			*(10,156,500)*	*(18.1)*
GF/GP	1,958,053,600	1,990,198,400	1,975,198,400			*17,144,800*	*0.9*
Gross	**$2,032,434,600**	**$2,049,921,700**	**$2,034,921,700**			***$2,487,100***	***0.1***
FTEs	14,559.6	14,195.3	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 January 31, 2014, the department was responsible for 109,199 Michigan offenders: 43,507 prisoners, 47,725 probationers, and 17,967 parolees.

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. Healthy Michigan Plan Savings	**Gross**	**N/A**	**$5,131,400**
Executive reflects a net positive adjustment 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.	GF/GP	N/A	$5,131,400
2. Healthy Michigan Plan Administrative Costs	FTE	N/A	6.0
Executive includes FTE authorization and funding 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.	**Gross**	**N/A**	**$1,079,700**
	Federal	N/A	248,800
	GF/GP	N/A	$830,900
3. Food Service Legacy Costs	**Gross**	**N/A**	**($8,167,100)**
Executive reflects a reduction as a result of privatizing food service operations and removing legacy payroll costs associated with former MDOC food service employees. House concurs.	GF/GP	N/A	($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 House Change
4. Neal Settlement	**Gross**	**$20,000,000**	**$5,000,000**
Executive includes additional funding, 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.	GF/GP	$20,000,000	$5,000,000
5. Prisoner Education	FTE	244.0	20.0
Executive includes FTE authorization and funding 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.	**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**	**N/A**	**($5,000,000)**
House reflects a savings 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.	GF/GP	N/A	($5,000,000)
7. Hepatitis C	**Gross**	**N/A**	**$0**
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.	GF/GP	N/A	$0
8. Leased Beds	**Gross**	**$1,000,000**	**$0**
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.	GF/GP	$1,000,000	$0
9. Mobilize Parole and Probation Staff	**Gross**	**N/A**	**$1,023,000**
Executive includes funding 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.	GF/GP	N/A	$1,023,000
10. Mental Health Diversion – Local Jail Pilot Project	**Gross**	**N/A**	**$1,000,000**
Executive includes funding 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.	GF/GP	N/A	$1,000,000
11. Prisoner Re-Entry Legal Services	**Gross**	**N/A**	**$449,000**
House includes additional funding 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.	GF/GP	N/A	$449,000

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
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.	GF/GP	$5,506,700	$0
13. Facility Maintenance	**Gross**	**N/A**	**$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.	GF/GP	N/A	$0
14. Prosecutorial and Detainer Expenses	**Gross**	**$4,551,000**	**$0**
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.	GF/GP	$4,551,000	$0
15. Health Care Staff Training	FTE	N/A	2.0
Executive includes FTE authorization and funding 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.	**Gross**	**N/A**	**$402,600**
	GF/GP	N/A	$402,600
16. Economic Adjustments	**Gross**	**N/A**	**$21,847,000**
Executive includes funding 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.	Federal	N/A	37,900
	Local	N/A	221,100
	Restricted	N/A	375,800
	GF/GP	N/A	$21,212,200
17. Restricted Fund Adjustments	**Gross**	**N/A**	**($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.	IDG	N/A	(884,600)
	Federal	N/A	(4,058,200)
	Local	N/A	(66,200)
	Restricted	N/A	(10,532,300)
18. Technical Adjustments	**Gross**	**N/A**	**$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.	GF/GP	N/A	$0
19. Eliminate FTE Position Authorization	FTE	N/A	(392.3)
Executive eliminates authorization for unfunded FTE positions to more accurately reflect department resources. House concurs.	**Gross**	**N/A**	**$0**
	GF/GP	N/A	$0
20. Eliminate One-Time New Employee School Funding	**Gross**	**$9,032,500**	**($9,032,500)**
Executive eliminates 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.	GF/GP	$9,032,500	($9,032,500)

Major Boilerplate Changes From FY 2013-14

Executive/House 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 10 of those sections. Following are current year sections of boilerplate recommended for deletion by the House: 245, 411, 412, 816, 916, 939, 940, 947, 1201, and 1202.

Below are new sections of language and current year sections which are modified by the House.

***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.

***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.

***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.

***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.

***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. House adds new language.

***Sec. 507. Administration of Healthy Michigan Plan* – NEW**

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.

***Sec. 911(2). Report on Prisoner Escapes* – NEW**

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.

***Sec. 914. Funding for Programming* – NEW**

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.

***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.

***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.

Major Boilerplate Changes From FY 2013-14

***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.

***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.

***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.

***Sec. 943. Legislative Corrections Ombudsman Access* – NEW**
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.

***Sec. 944. Classification of Prisoner Security Levels* – NEW**
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.

FY 2014-15: DEPARTMENT OF EDUCATION
Summary: As Reported by House Subcommittee (HB 5305)
Article VI, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0			*$0*	*--*
Federal	211,873,000	226,097,500	224,097,500			*12,224,500*	*5.8*
Local	5,633,700	5,633,700	5,633,700			*0*	*0*
Private	1,933,300	1,933,300	1,933,300			*0*	*0*
Restricted	8,032,100	7,972,600	7,972,600			*(59,500)*	*(0.7)*
GF/GP	70,893,900	84,939,000	82,625,100			*11,731,200*	*16.5*
Gross	**$298,366,000**	**$326,576,100**	**$322,262,200**			***$23,896,200***	***8.0***
FTEs	593.5	627.5	602.5			*9.0*	*1.5*

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."

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 House 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.			
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.			

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
3. Educator Evaluations and Student Assessments	FTE	N/A	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. Additionally, there is a $2.0 million transfer of federal assessment funding from the School Aid Budget.	**Gross**	**N/A**	**$100**
	Federal	N/A	0
	GF/GP	N/A	$100
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.			
4. Professional Preparation Services – Teacher Certification Tests	**Gross**	**N/A**	**$3,600,000**
Executive does not include.	GF/GP	N/A	$3,600,000
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.			
5. Financial Independence Team	FTE	N/A	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**	**N/A**	**$778,100**
	GF/GP	N/A	$778,100
House concurs with Executive.			
6. Low Achieving Schools – School Reform	FTE	N/A	2.0
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**	**N/A**	**$306,200**
	GF/GP	N/A	$306,200
House cuts funding and FTEs by 2/3 to total $306,200 GF/GP and 2.0 FTEs.			
7. 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.			
8. State Aid to Libraries	**Gross**	**$8,876,000**	**$612,400**
Executive – no change	GF/GP	$8,876,000	$612,400
House increases State Aid to Libraries by $612,400.			
9. 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.			

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. Library Funding – MPSERS Payments	**Gross**	**N/A**	**$2,556,000**
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	N/A	$2,556,000
House concurs with Executive.			
11. Economic Adjustments	**Gross**	**N/A**	**$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	N/A	1,472,500
	Restricted	N/A	120,500
	GF/GP	N/A	$274,400
House 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.

***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.

***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.

***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.

***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.

***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.

***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.

Major Boilerplate Changes From FY 2013-14

***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.

***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.

***Sec. 302. Travel Expenditures* – REVISED**
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.

***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.

***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.

***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.

***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.

***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.

***Sec. 1003. Early Childhood Systems Planning RFP Process* – NEW/DELETED**
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.

***Sec. 1003. Early Childhood Investment Corporation Annual Report* – REVISES**
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.

***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.

Major Boilerplate Changes From FY 2013-14

***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.

***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.

FY 2014-15: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Subcommittee (HB 5298)
Article VII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$9,401,900	$9,530,500	$9,530,500			*$128,600*	*1.4*
Federal	150,779,700	150,367,600	150,367,600			*(412,100)*	*(0.3)*
Local	0	0	0			*0*	*--*
Private	541,800	546,900	546,900			*5,100*	*0.9*
Restricted	327,340,900	302,770,900	301,270,900			*(26,070,000)*	*(8.0)*
GF/GP	29,104,500	40,875,900	38,875,900			*9,771,400*	*33.6*
Gross	**$517,168,800**	**$504,091,800**	**$500,591,800**			***($16,577,000)***	***(3.2)***
FTEs	1,287.5	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 House Change
1. Funding and FTE Authorization Adjustments	FTE	N/A	(5.0)
Executive eliminates authorization for 5.0 unfunded FTEs in the Water Division; removes $1.0 million one-time GF/GP for wetlands program and hazardous waste program; reduces IDG and restricted funding by $970,000 to align with anticipated revenues; reduces funding to reflect various technical funding adjustments. House concurs with the Executive.	**Gross**	**N/A**	**($2,788,600)**
	IDG	N/A	(240,600)
	Restricted	N/A	(1,555,100)
	GF/GP	N/A	($992,900)
2. Water Quality and Use Initiative	FTE	N/A	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. House concurs with the Executive.	**Gross**	**N/A**	**$3,977,200**
	GF/GP	N/A	$3,977,200
3. Aquatic Nuisance Control (ANC) Program	FTE	N/A	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. The 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**	**N/A**	**$0**
	Restricted	N/A	$0
4. Recycling Initiative	FTE	N/A	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. House concurs with the Executive.	**Gross**	**N/A**	**$1,000,000**
	GF/GP	N/A	$1,000,000
5. Cost Allocation Adjustment	**Gross**	**N/A**	**$0**
Executive adjusts funding to reflect cost allocation changes from FY 2013-14. House concurs with the Executive.	IDG	N/A	281,700
	Federal	N/A	(312,700)
	Restricted	N/A	31,000

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
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**	**$250,000**
	Federal	773,200	0
	Private	356,600	0
	Restricted	5,057,400	(1,900,000)
	GF/GP	$0	$2,150,000
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.			
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**	**$400,000**
	Federal	3,255,000	0
	Restricted	3,076,600	400,000
	GF/GP	$0	$0
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 in line item that is no longer available and increases line item by $400,000 to replace GF/GP funding appropriated in a separate line item in FY 2013-14 for program.			
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. House concurs with the Executive.	**Gross**	**$9,546,900**	**($700,000)**
	Federal	5,965,100	(700,000)
	Restricted	3,581,800	0
9. 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: - 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.	Restricted	32,500,000	400,000
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.			
10. 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; increase is a net result of two funding changes: - 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	**Gross**	**$27,754,700**	**$1,314,500**
	Private	185,200	0
	Restricted	27,569,500	1,314,500
House concurs with the Executive, but only transfers $1.5 million RPF funding from the LUST cleanup line item to this staffing line item.			
11. Drinking Water Revolving Fund Program	**Gross**	**N/A**	**$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. House concurs with the Executive.	GF/GP	N/A	$2,500,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
12. Electronic Document Management System	**Gross**	**N/A**	**$1,250,000**
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	N/A	$1,250,000
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.			
13. Strategic Water Quality Initiative Fund (SWQIF)	**Gross**	**N/A**	**($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. House concurs with the Executive.	Restricted	N/A	(24,600,000)
14. Economic Adjustments	**Gross**	**N/A**	**$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 concurs with the Executive.	IDG	N/A	87,500
	Private	N/A	5,100
	Federal	N/A	600,600
	Restricted	N/A	(160,400)
	GF/GP	N/A	($112,900)

Major Boilerplate Changes From FY 2013-14

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

Sec. 223. FTE Report by Line Item **– RETAINED**
Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive deletes language; House retains language.

Sec. 224. Quarterly FTE Report **– RETAINED**
Requires DEQ to report on the number of FTEs in pay status; report required quarterly. Executive deletes language; House retains language.

Sec. 228. Customer Satisfaction Evaluation Program **– RETAINED**
Requires report on development of customer satisfaction evaluation program and public feedback received. Executive deletes language; House retains language.

Sec. 229. Expedited Permitting Program **– RETAINED**
Requires report listing actions and program changes taken to implement the Expedited Permitting Program; report must include which programs have implemented the expedited program. Executive deletes language; House retains language.

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 concurs with Executive.

Sec. 233. Request for Proposal (RFP) Language **– RETAINED**
Prohibits Department 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.

Major Boilerplate Changes From FY 2013-14

***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 concurs with 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 retains 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 includes revised list of projects.

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

***Sec. 402. Water Quality and Use Initiative* – NEW**
Requires that of the funding in part 1 for the Water Quality and Use Initiative, $1.0 million must be allocated for wetlands, $500,000 for real-time beach monitoring equipment, and funding must 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.

***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 concurs with 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 concurs with Executive.

***Sec. 601. Statewide Septic Code* – NEW**
Requires that the Department conduct a study concerning establishing a statewide septic code.

***Sec. 602. Clean Sweep Program* – RETAINED**
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.

***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 concurs with 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 includes new language.

***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.

***Sec. 701. Electronic Document Management Program* – NEW**
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.

***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.

***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 retains language and updates fiscal year.

FY 2014-15: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$738,570,400	$743,018,000	$743,018,000			*$4,447,600*	*0.6*
Federal	700,910,000	699,103,300	689,103,500			*(11,806,500)*	*(1.7)*
Local	7,713,800	9,969,700	9,969,700			*2,255,900*	*29.2*
Private	6,086,100	6,287,200	6,287,200			*201,100*	*3.3*
Restricted	1,934,087,700	2,074,934,200	2,074,934,000			*140,846,300*	*7.3*
GF/GP	1,072,036,000	1,208,809,500	1,150,650,900			*78,614,900*	*7.3*
Gross	**$4,459,404,000**	**$4,742,121,900**	**$4,673,963,300**			***$214,559,300***	***4.8***
FTEs	7,659.7	7,756.2	7,737.2			*77.5*	*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

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.**

Major Boilerplate Changes From FY 2013-14

The Executive deleted and the House 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. 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.

***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 and House delete section.

***Sec. 214. Department and Agency Salary Increases* – NEW**

Requires departments and agencies to provide notification 14 days prior to the finalization of a salary increase exceeding 5.0%. House includes as new section.

***Sec. 1201. 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 revises section to update fiscal year.

Major Boilerplate Changes From FY 2013-14

***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 includes section in each budget identifying legacy costs for FY 2014-15. House revises current year language by updating year.

FY 2014-15: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$27,188,500	$27,783,800	$27,783,800			*$595,300*	*2.2*
Federal	9,838,200	9,857,200	9,857,200			*19,000*	*0.2*
Local	0	0	0			*0*	*--*
Private	0	0	0			*0*	*--*
Restricted	17,631,900	17,914,200	17,914,200			*282,300*	*1.6*
GF/GP	34,481,300	35,467,100	35,267,100			*785,800*	*2.3*
Gross	**$89,139,900**	**$91,022,300**	**$90,822,300**			***$1,682,400***	***1.9***
FTEs	517.0	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House 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. *House* reduces amount to $200,000.	**Gross**	**$95,000**	**$200,000**
	GF/GP	$95,000	$200,000
2. 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* concurs.	**Gross**	**$107,000**	**$113,600**
	Restricted	107,000	113,600
	GF/GP	$0	$0
3. 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 concurs.	**Gross**	**$158,600**	**($158,600)**
	Restricted	158,600	(158,600)
	GF/GP	$0	$0
4. Economics	**Gross**	**N/A**	**$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* concurs.	IDG	N/A	595,300
	Federal	N/A	19,000
	Restricted	N/A	327,300
	GF/GP	N/A	$585,800

Major Boilerplate Changes From FY 2013-14

Neither Executive nor House propose major boilerplate changes to FY 2013-14.

FY 2014-15: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$288,900	$288,900			*$288,900*	*--*
Federal	2,690,200	2,736,500	2,736,500			*46,300*	*1.7*
Local	0	0	0			*0*	*--*
Private	18,700	18,700	18,700			*0*	*0.0*
Restricted	151,900	151,900	151,900			*0*	*0.0*
GF/GP	12,337,500	13,573,200	12,985,700			*648,200*	*5.3*
Gross	**$15,198,300**	**$16,769,200**	**$16,181,700**			***$983,400***	***6.5***
FTEs	128.0	138.0	133.0			*5.0*	*3.9*

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 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.

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. Civil Rights Outreach and Education	FTE	N/A	0.0
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.	**Gross**	**N/A**	**$0**
	GF/GP	N/A	$0
2. Civil Rights Complaints	FTE	N/A	1.0
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.	**Gross**	**N/A**	**$87,500**
	GF/GP	N/A	$87,500
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 in March 2014. House concurs.	**Gross**	**$0**	**$583,500**
	IDG	0	283,500
	GF/GP	$0	$300,000
4. Economics	**Gross**	**N/A**	**$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 concurs.	IDG	N/A	5,400
	Federal	N/A	46,300
	GF/GP	N/A	$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 adds 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 also explicitly requires 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 retains.

FY 2014-15: EXECUTIVE OFFICE
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0			*$0*	--
Federal	0	0	0			*0*	--
Local	0	0	0			*0*	--
Private	0	0	0			*0*	--
Restricted	0	0	0			*0*	--
GF/GP	5,370,000	5,916,100	5,916,100			*546,100*	*10.2*
Gross	**$5,370,000**	**$5,916,100**	**$5,916,100**			***$546,100***	***10.2***
FTEs	84.2	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

Major Budget Changes From FY 2013-14 YTD Appropriations		**FY 2013-14 Year-to-Date (as of 2/5/14)**	**FY 2014-15 House Change**
1. Office for New Americans	FTE	N/A	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 concurs.	**Gross**	**N/A**	**$385,000**
	GF/GP	N/A	$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 and House 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: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$0	$0	$0			*$0*	*--*
Federal	0	0	0			*0*	*--*
Local	0	0	0			*0*	*--*
Private	400,000	400,000	400,000			*0*	*0.0*
Restricted	1,109,800	4,109,800	4,109,800			*3,000,000*	*270.3*
GF/GP	122,309,500	127,060,700	127,420,700			*5,111,200*	*4.2*
Gross	**$123,819,300**	**$131,570,500**	**$131,930,500**			***$8,111,200***	***6.6***
FTEs	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) 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.

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 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 concurs and includes additional $360,000 GF/GP to account for operational shortfall.	Restricted	0	3,000,000
	GF/GP	$3,078,700	$360,000
2. Economic Adjustments	**Gross**	**N/A**	**$4,751,200**
Reflects increased costs of $4.8 million GF/GP for economic adjustments related to legislative staff and operations. Executive and House include.	GF/GP	N/A	$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 House include as new section.

FY 2014-15: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$5,092,100	$5,220,700	$5,220,700			*$128,600*	*2.5*
Federal	0	0	0			*0*	*--*
Local	0	0	0			*0*	*--*
Private	0	0	0			*0*	*--*
Restricted	1,951,000	2,000,800	2,000,800			*49,800*	*2.6*
GF/GP	13,911,300	14,537,300	14,537,300			*626,000*	*4.5*
Gross	**$20,954,400**	**$21,758,800**	**$21,758,800**			***$804,400***	***3.8***
FTEs	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
1. Operations Increase	**Gross**	**N/A**	**$276,500**
Executive includes $276,500 GF/GP to support Auditor General operations. House concurs.	GF/GP	N/A	$276,500
2. Economic Adjustments	**Gross**	**N/A**	**$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 and House include.	IDG	N/A	128,600
	Restricted	N/A	49,800
	GF/GP	N/A	$349,500

Major Boilerplate Changes From FY 2013-14

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

FY 2014-15: DEPARTMENT OF STATE
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$20,000,000	$20,000,000	$20,000,000			*$0*	*0.0*
Federal	1,810,000	1,460,000	1,460,000			*(350,000)*	*(19.3)*
Local	0	0	0			*0*	*--*
Private	100	100	100			*0*	*0.0*
Restricted	182,485,400	184,713,200	184,713,200			*2,227,800*	*1.2*
GF/GP	15,253,400	17,939,000	17,108,200			*1,854,800*	*12.2*
Gross	**$219,548,900**	**$224,112,300**	**$223,281,500**			***$3,732,600***	***1.7***
FTEs	1,568.0	1,599.0	1,585.0			*17.0*	*1.1*

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

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
1. Fraud Prevention	FTE	N/A	31.0
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.	**Gross**	**N/A**	**$1,000,000**
	GF/GP	N/A	$1,000,000
2. Campaign Finance and Lobbyist Registration	**Gross**	**N/A**	**$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 concurs.	GF/GP	N/A	$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 concurs.	IDG	20,000,000	(300,700)
	GF/GP	$0	$300,700
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 concurs.	Federal	350,000	(350,000)
	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 House Change
5. Economics	**Gross**	**N/A**	**$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 concurs.	IDG	N/A	300,700
	Restricted	N/A	2,227,800
	GF/GP	N/A	$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 retains.

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 retains.

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

FY 2014-15: DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$677,159,800	$680,315,500	$680,315,500			*$3,155,700*	*0.5*
Federal	8,790,900	7,974,100	7,974,100			*(816,800)*	*(9.3)*
Local	1,320,800	3,553,700	3,553,700			*2,232,900*	*169.1*
Private	190,400	190,400	190,400			*0*	*0.0*
Restricted	94,125,900	94,322,000	94,322,000			*196,100*	*0.2*
GF/GP	409,217,800	495,848,500	479,348,200			*70,130,400*	*17.1*
Gross	**$1,190,805,600**	**$1,282,204,200**	**$1,265,703,900**			***$74,898,300***	***6.3***
FTEs	2,822.0	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) 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.

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
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 concurs.	**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 concurs.	**Gross**	**$0**	**$5,500,000**
	GF/GP	$0	$5,500,000
3. Legal Services/Litigation Funding	**Gross**	**$2,000,000**	**$3,000,000**
Executive renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by $3.0 million. House concurs.	GF/GP	$2,000,000	$3,000,000
4. Regional Prosperity Grants	**Gross**	**$2,500,000**	**$0**
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 retains $2.5 million in one-time funding, does not add $2.5 million in ongoing funding.	GF/GP	$2,500,000	$0

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
5. 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 concurs.	**Gross**	**$1,235,100**	**$510,200**
	GF/GP	$1,235,100	$510,200
6. 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 concurs.	IDG	$0	$644,200
7. 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 concurs.	GF/GP	$0	$437,000
8. 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 concurs.	IDG	$0	$720,000
9. MiResults Maintenance	**Gross**	**N/A**	**$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 concurs.	GF/GP	N/A	$225,000
10. 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 concurs.	GF/GP	$1,500,000	($1,500,000)
11. U.S. Department of Labor Funding	**Gross**	**N/A**	**($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 concurs.	Federal	N/A	(1,000,000)
12. 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 concurs.	GF/GP	$430,500	($430,500)
13. 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 concurs.	**Gross**	**$583,500**	**($300,000)**
	GF/GP	$583,500	($300,000)
14. Recognize Additional Accounting Savings	**Gross**	**N/A**	**($42,500)**
Executive includes technical adjustment to recognize additional savings under consolidation of accounting services. House concurs.	IDG	N/A	(42,500)
15. Statewide Cost Allocation Plan Adjustments	**Gross**	**N/A**	**$0**
Executive incorporates technical adjustments pertaining to statewide cost allocation plan. House concurs.	IDG	N/A	110,000
	Restricted	N/A	(75,700)
	GF/GP	N/A	($34,300)

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
INFORMATION TECHNOLOGY			
16. Enterprisewide Information Technology (IT) Investments	**Gross**	**$47,000,000**	**$14,000,000**
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).	GF/GP	$47,000,000	$14,000,000
17. One-Time Technology Services Funding	**Gross**	**$21,300,000**	**($14,400,000)**
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 concurs.	IDG	21,300,000	(14,400,000)
18. 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 concurs.	**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
19. 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 would be $7.0 million. House concurs.	**Gross**	**$2,000,000**	**$7,025,000**
	GF/GP	$2,000,000	$7,025,000
20. 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 concurs.	GF/GP	$2,500,000	($2,500,000)
21. 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 concurs.	IDG	477,153,800	15,437,600
22. Align DTMB IT Funding with Agency Executive Recommendations for FY 2014-15	FTE	1,469.5	2.0
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. 20, below). House concurs.	**Gross**	**N/A**	**$6,099,200**
	IDG	N/A	6,099,200

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
CAPITAL OUTLAY			
23. Special Maintenance	**Gross**	**$28,000,000**	**$5,000,000**
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 concurs.	GF/GP	$28,000,000	$5,000,000
24. 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 concurs.	GF/GP	$258,570,600	($4,000,000)
25. University and Community College Capital Outlay Projects	**Gross**	**N/A**	**$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 excludes in anticipation of review by the Joint Capital Outlay Subcommittee.	GF/GP	N/A	$0
26. 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 concurs.	**Gross**	**$699,100**	**($699,100)**
	Restricted	699,100	(699,100)
	GF/GP	$0	$0
ECONOMICS			
27. Economic Adjustments	**Gross**	**N/A**	**$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 concurs.	IDG	N/A	2,574,900
	Federal	N/A	183,200
	Local	N/A	49,900
	Private	N/A	0
	Restricted	N/A	970,900
	GF/GP	N/A	$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 retains.

***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 retains.

***Sec. 822c. Detroit River International Crossing* – RETAINED**

Prohibits DTMB appropriations from being used for the Detroit River International Crossing or any successor project. Executive deletes, House retains.

***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.

***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.

Major Boilerplate Changes From FY 2013-14

***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.

***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.

***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 omits, in conjunction with non-concurring with Executive's proposed increase. House concurs with Executive's addition of reporting requirements and new language allowing two or more regional planning organizations to submit a joint application.

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

FY 2014-15: DEPARTMENT OF TREASURY
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$9,130,000	$9,409,100	$9,409,100			*$279,100*	*3.1*
Federal	39,410,400	39,705,200	39,705,400			*295,000*	*0.7*
Local	1,959,500	1,982,500	1,982,500			*23,000*	*1.2*
Private	22,000	23,100	23,100			*1,100*	*5.0*
Restricted	1,494,780,500	1,629,043,600	1,629,043,400			*134,262,900*	*9.0*
GF/GP	240,991,300	269,175,100	265,675,100			*24,683,800*	*10.2*
Gross	**$1,786,293,700**	**$1,949,338,600**	**$1,945,838,600**			***$159,544,900***	***8.9***
FTEs	1,784.5	1,832.5	1,832.5			*48.0*	*2.7*

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 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.

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. Constitutional Revenue Sharing	**Gross**	**$737,257,700**	**$27,669,900**
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 concurs.	Restricted	737,257,700	27,669,900
2. Economic Vitality Incentive Program (EVIP)	**Gross**	**$235,840,000**	**$7,200,000**
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.	Restricted	235,840,000	7,200,000
3. Supplemental Economic Vitality Incentive Program	**Gross**	**N/A**	**$28,800,000**
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.	Restricted	N/A	28,800,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
4. County Revenue Sharing	**Gross**	**$145,760,000**	**$65,440,000**
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.	Restricted	145,760,000	65,440,000
5. Competitive Grant Assistance Program	**Gross**	**$15,000,000**	**($10,000,000)**
Executive reduces Competitive Grant Assistance Program by $10.0 million Gross ($0 GF/GP) from FY 2013-14. House concurs.	Restricted	15,000,000	(10,000,000)
6. Debt Service	**Gross**	**$154,202,500**	**($1,807,500)**
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 concurs.	Restricted	3,014,500	(3,014,500)
	GF/GP	$151,188,000	$1,207,000
7. Financial Independence Team	FTE	N/A	9.0
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 $4.5 million GF/GP and 9.0 FTEs.	**Gross**	**N/A**	**$4,500,000**
	GF/GP	N/A	$4,500,000
8. Office of Tax Implementation	FTE	N/A	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 concurs.	**Gross**	**N/A**	**$1,550,000**
	GF/GP	N/A	$1,550,000
9. 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 concurs.	Restricted	74,850,000	16,100,000
10. Payments in Lieu of Taxes	**Gross**	**$17,347,100**	**$867,400**
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.	Private	22,000	1,100
	Restricted	3,962,200	198,100
	GF/GP	$13,362,900	$668,200
11. Personal Property Tax Reform	FTE	N/A	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 concurs.	**Gross**	**N/A**	**$20,800,000**
	GF/GP	N/A	$20,800,000
12. Credit Card Payment Services	FTE	N/A	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. 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.	**Gross**	**N/A**	**$500,000**
	GF/GP	N/A	$500,000
13. Treasury Systems Upgrades	FTE	N/A	8.0
Executive includes various data and system upgrades:	**Gross**	**N/A**	**$1,601,000**
• Tax System Technical Issues Resolution Unit: $600,000 GF/GP and 6.0 FTEs	IDG	N/A	200,000
• Data Governance and Storage System Upgrade: $401,000 GF/GP and 2.0 FTEs	GF/GP	N/A	$1,401,000
• 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 concurs.			

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
14. Fund Shifts	FTE	N/A	4.0
Executive includes various fund shifts and adjustments totaling $706,100 Gross ($41,900 GF/GP). House concurs:	**Gross**	**N/A**	**$706,100**
• Transfers State Building Authority from DTMB: $699,100 Gross ($0 GF/GP) and 4.0 FTEs	IDG	N/A	(41,900)
• MSHDA Director fringe benefit adjustment: $7,000 Gross ($0 GF/GP)	Restricted	N/A	706,100
• Michigan Transportation Fund Adjustment: $0 Gross ($41,900 GF/GP)	GF/GP	N/A	$41,900
House concurs.			
15. Casino Gaming Adjustments	FTE	N/A	3.0
Executive includes various new positions and funding totaling $412,300 Gross ($0 GF/GP) and 3.0 FTEs to support operations:	**Gross**	**N/A**	**$412,300**
• $113,600 Gross ($0 GF/GP) to support Attorney General position to help with review of illegal gaming.	Restricted	N/A	412,300
• $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.			
16. 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 concurs.			
17. Economic Adjustments	**Gross**	**N/A**	**$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 and House include.	IDG	N/A	121,000
	Federal	N/A	294,900
	Local	N/A	23,000
	Restricted	N/A	3,751,100
	GF/GP	N/A	$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 retains 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 concurs.

***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 includes as new section.

Major Boilerplate Changes From FY 2013-14

***Sec. 951. Competitive Grant Assistance Program* – REVISED**
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.

***Sec. 952. Economic Vitality Incentive Program 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; 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 category 2 to require 5.0% of eligible payment be committed to road construction or preservation. House revises category 3 to require 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.

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 retains.

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 concurs.

FY 2014-15: DEPARTMENT OF TREASURY – MICHIGAN STRATEGIC FUND
Summary: As Reported by House Subcommittee (HB 5301)
Article VIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$0	$0	$0			*$0*	*--*
Federal	638,370,300	637,370,300	627,370,300			*(11,000,000)*	*(1.7)*
Local	4,433,500	4,433,500	4,433,500			*0*	*0.0*
Private	5,454,900	5,654,900	5,654,900			*200,000*	*3.7*
Restricted	141,851,300	142,678,700	142,678,700			*827,400*	*0.6*
GF/GP	218,163,900	229,292,500	192,392,500			*(25,771,400)*	*(11.8)*
Gross	**$1,008,273,900**	**$1,019,429,900**	**$972,529,900**			***($35,744,000)***	***(3.5)***
FTEs	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) 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.

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. University Engineering Talent Investment Program	**Gross**	**N/A**	**$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 does not include.	GF/GP	N/A	$0
2. Community College Skilled Trades Equipment Program	**Gross**	**N/A**	**$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 concurs.	GF/GP	N/A	$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 House Change
3. Business Attraction and Community Revitalization 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 $1.5 million Gross ($5.0 million GF/GP) from FY 2013-14. Concurs with shift of $3.5 million Gross ($0 GF/GP) from Entrepreneurship Eco-system line.	**Gross** Restricted GF/GP	**$120,000,000** 17,500,000 $102,500,000	**($1,500,000)** 3,500,000 ($5,000,000)
4. Entrepreneurship Eco-System 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 concurs.	**Gross** Restricted	**$28,500,000** 28,500,000	**($3,500,000)** (3,500,000)
5. Film Incentives 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.	**Gross** GF/GP	**$50,000,000** $50,000,000	**($25,000,000)** ($25,000,000)
6. Pure Michigan 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 concurs.	**Gross** Restricted GF/GP	**$29,000,000** 29,000,000 $0	**$2,000,000** 0 $2,000,000
7. Arts and Cultural Grants Executive provides $2.0 million GF/GP to increase support for arts and cultural grants to local communities. House concurs.	**Gross** Federal Private GF/GP	**$8,150,000** 1,050,000 100,000 $7,000,000	**$2,000,000** 0 0 $2,000,000
8. Automotive, Engineering, and Manufacturing Technology Fund 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 does not include.	**Gross** GF/GP	**N/A** N/A	**$0** $0
9. Land Bank Fast Track Authority – MSHDA 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 concurs.	FTE **Gross** Federal Restricted GF/GP	6.0 **$1,300,000** 1,000,000 300,000 $0	0.0 **$3,950,000** 0 0 $3,950,000
10. Removal of Special Projects 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 concurs.	**Gross** GF/GP	**$4,650,000** $4,650,000	**($4,625,000)** ($4,625,000)
11. Technical Adjustments Executive adjusts various line items by $1.3 million Gross ($0 GF/GP) to align funding with anticipated revenues and expenditures. House concurs.	**Gross** Federal Private	**N/A** N/A N/A	**($1,291,900)** (1,448,800) 156,900
12. Welfare-to-Work 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.	**Gross** Federal GF/GP	**$89,357,200** 74,132,400 $15,224,800	**($14,000,000)** (10,000,000) ($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 House Change
13. Economic Adjustments	**Gross**	**N/A**	**$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 and House concur.	Federal	N/A	448,800
	Private	N/A	43,100
	Restricted	N/A	827,400
	GF/GP	N/A	$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 retains reporting requirements.

***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.

***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.

***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.

***Sec. 1034b. Van Andel Institute Funding* – RETAINED**
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 retains.

***Sec. 1034c. Macomb-Oakland University INCubator* – NEW**
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.

***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 retains.

***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 retains.

***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.

***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 does not include.

Major Boilerplate Changes From FY 2013-14

***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 concurs.

FY 2014-15: DEPARTMENT OF HUMAN SERVICES
Summary: As Reported by House Subcommittee (HB 5299)
Article X, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$18,127,100	$18,545,900	$18,545,900			*$418,800*	*2.3*
Federal	4,814,517,900	4,397,966,500	4,384,596,300			*(429,921,600)*	*(8.9)*
Local	35,685,600	38,876,800	33,762,000			*(1,923,600)*	*(5.4)*
Private	11,582,800	18,050,700	18,050,900			*6,468,100*	*55.8*
Restricted	135,470,000	136,237,400	126,237,400			*(9,232,600)*	*(6.8)*
GF/GP	1,003,000,000	1,011,636,400	1,001,623,300			*(1,376,700)*	*(0.1)*
Gross	**$6,018,383,400**	**$5,621,313,700**	**$5,582,815,800**			***($435,567,600)***	***(7.2)***
FTEs	12,150.5	12,191.5	11,948.5			*(202.0)*	*(1.7)*

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 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 House Change
1. Public Assistance Caseload Adjustments	**Gross**	**$3,131,610,200**	**($509,540,800)**
Executive reduces funding for public assistance programs $509.5 million Gross ($36.0 million GF/GP) as follows:	Federal	2,901,593,400	(473,532,200)
	Restricted	64,985,400	0
• 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.	GF/GP	$165,031,400	($36,008,600)
• 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 concurs.			
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			

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
3. Child Welfare Caseload Adjustments	**Gross**	**$608,677,500**	**$2,794,000**
Executive increases funding for child welfare programs $2.8 million Gross ($5.8 million GF/GP) as follows:	Federal	340,844,300	(2,769,100)
• 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.	Local	14,494,000	(231,000)
• 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.	Private	3,200,900	(51,000)
• The Child Care Fund is increased $7.0 million Gross ($3.6 million GF/GP).	GF/GP	$250,138,300	$5,845,100
• Guardianship assistance payments are increased $1.2 million Gross ($278,500 GF/GP).			
House concurs.			
4. 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 concurs with funding increase and makes 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
5. Private Residential Rates	**Gross**	**N/A**	**$3,655,300**
House increases 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.	Federal	N/A	359,600
	GF/GP	N/A	$3,295,700
6. 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.	**Gross**	**$0**	**$1,372,100**
	Federal	0	372,100
	GF/GP	$0	$1,000,000
7. 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.	**Gross**	**$1,295,200**	**$800,000**
	Federal	0	600,000
	GF/GP	$1,295,200	$200,000
8. W.J. Maxey Training School	FTE	69.0	(69.0)
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.	**Gross**	**$10,592,400**	**($8,095,700)**
	Federal	164,100	19,100
	Local	5,673,300	(5,114,800)
	GF/GP	$4,755,000	($3,000,000)
9. 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.	**Gross**	**$85,975,200**	**$20,639,700**
	IDG	112,200	0
	Federal	84,257,900	20,639,700
	GF/GP	$1,605,100	$0
10. Healthy Michigan Plan Call Center	**Gross**	**$0**	**$20,250,000**
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.	Federal	0	13,888,800
	GF/GP	$0	$6,361,200

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
11. Donated Funds Positions	FTE	208.0	0.0
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.	**Gross**	**$13,757,600**	**$0**
	IDG	234,300	0
	Federal	7,573,100	(1,368,700)
	Local	3,349,100	3,182,500
	Private	2,601,100	6,462,500
	GF/GP	$0	($8,276,300)
12. Information Technology	**Gross**	**$156,676,900**	**$5,300,000**
Executive provides $8.0 million Gross ($3.8 million GF/GP) to automate asset verifications and 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. The statewide automated child welfare information system funding is designated as one-time funding.	IDG	1,134,800	0
	Federal	105,325,600	2,250,000
	GF/GP	$50,216,500	$3,050,000
13. 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.	**Gross**	**$138,275,900**	**$2,000,100**
	Federal	114,263,900	0
	Local	6,500,000	0
	Private	1,835,000	0
	Restricted	1,582,700	0
	GF/GP	$14,094,300	$2,000,100
14. Centers for Independent Living	**Gross**	**$5,988,600**	**$1,000,000**
House provides $1.0 million GF/GP to Centers for Independent Living.	Federal	2,818,600	0
	Private	100,000	0
	GF/GP	$3,070,000	$1,000,000
15. Contractual Services, Supplies, and Materials	**Gross**	**$35,583,600**	**$2,110,400**
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.	IDG	531,200	0
	Federal	21,103,900	1,046,900
	Restricted	5,400	0
	GF/GP	$13,943,100	$1,063,500
16. Office of Inspector General	FTE	132.0	20.0
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.	**Gross**	**$7,495,100**	**$2,438,000**
	Federal	5,751,900	975,200
	GF/GP	$1,743,200	$1,462,800
17. 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.	**Gross**	**$134,950,800**	**$1,000,000**
	Federal	125,096,000	0
	GF/GP	$9,854,800	$1,000,000
18. Other Executive Program Increases or New Programs	**Gross**	**N/A**	**$1,311,800**
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, Attorney General contract, Michigan Community Services Commission, and Children's Trust Fund administration. Funding for Catholic Charities Center for Hope Project is designated as one-time funding. House does not concur with Catholic Charities Center for Hope Project.	Federal	N/A	189,400
	GF/GP	N/A	$1,122,400

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
19. Other House Program Increases or New Programs	**Gross**	**N/A**	**$5,050,000**
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.	Federal	N/A	(75,000)
	GF/GP	N/A	$5,125,000
20. 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 does not concur.	Federal	4,268,278,700	0
	TANF	546,239,200	0
	GF/GP	$0	$0
21. TANF Offset of GF/GP and Other Federal Revenues	**Gross**	**N/A**	**$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.	Federal	N/A	(7,893,000)
	TANF	N/A	7,893,000
	GF/GP	N/A	$0
22. Youth in Transition	FTE	5.5	0.0
Executive Youth in Transition line item is adjusted 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 concurs.	**Gross**	**$14,443,600**	**$608,000**
	Federal	7,893,100	(600,000)
	TANF	3,548,500	1,208,000
	GF/GP	$3,002,000	$0
23. FY 2013-14 IDG from Michigan Department of Education (MDE) Offset Adjustment	**Gross**	**N/A**	**$0**
Executive 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. 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.	IDG	N/A	0
	Federal	N/A	0
	TANF	N/A	0
	GF/GP	N/A	$0
24. Low-income Home Energy Assistance Program (LIHEAP) Fund Source	**Gross**	**$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.	Federal	4,268,278,700	(188,313,300)
	LIHEAP	0	188,313,300
	GF/GP	$0	$0
25. 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.	Federal	4,268,278,700	(126,190,600)
	SSBG	0	126,190,600
	GF/GP	$0	$0
26. Budgetary Savings: Staffing Reductions	FTE	0.0	(81.0)
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.	**Gross**	**($3,500,000)**	**($6,759,600)**
	Federal	0	(4,218,500)
	GF/GP	($3,500,000)	($2,541,100)
27. Other House Reductions	**Gross**	**N/A**	**($250,000)**
House reduces $150,000 GF/GP for legislative reporting delays and removes $100,000 GF/GP for gentle teaching pilot.	GF/GP	N/A	($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 House Change
28. Adjustments to Current Services Baseline	FTE	N/A	(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.	**Gross**	**N/A**	**$5,313,800**
	Federal	N/A	1,099,100
	GF/GP	N/A	$4,214,700
29. Employee Economics	**Gross**	**N/A**	**$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 concurs.	IDG	N/A	282,200
	Federal	N/A	15,184,400
	Local	N/A	239,700
	Private	N/A	56,400
	Restricted	N/A	29,200
	GF/GP	N/A	$8,088,400
30. Federal Medical Assistance Percentage (FMAP) Adjustments	**Gross**	**N/A**	**$143,700**
Executive increases GF/GP by $2.1 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 concurs and includes $200 technical revision.	Federal	N/A	(2,287,500)
	Private	N/A	200
	Restricted	N/A	343,300
	GF/GP	N/A	$2,087,700
31. 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 concurs.	**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.

***Sec. 212. Write-Offs and Prior-Year Obligations* – DELETED**

Allows use of prior-year revenue, or current-year revenue in excess of the authorized amount to write off receivables, deferrals, and prior-year obligations. Executive retains. House deletes.

***Sec. 231. Michigan Reading Corps* – NEW**

House allocates $350,000 to the Michigan Reading Corps; requires report.

***Sec. 232. Performance Metrics for Contracts* – NEW**

House requires DHS 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 report on performance metrics, including delivery volumes and outcomes, on new and existing contracts at renewal of $1.0 million or more funded with state resources.

***Sec. 233. Healthy Michigan Plan Administration* – NEW**

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.

ADULT AND FAMILY SERVICES

***Sec. 410. Guardian Contracts* – NEW**

House requires DHS to provide guardian contract recipients the flexibility to set rates, but not less than $45.00.

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%.

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".

***Sec. 515. Kent County Privatization Implementation* – DELETED**
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 of section to new Sec. 561.

***Sec. 515. Performance-based Funding Implementation: Regions* – NEW**
House restricts implementation of performance-based funding to only those regions designated in the phased implementation timeline outlined in the performance-based funding workgroup report.

***Sec. 522. Campus Coach 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.

***Sec. 532. Licensing and Contract Compliance Review* – REVISED**
Requires collaboration between DHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes, requires report; restricts licensing reviews to no more than once every two years for nationally-accredited organizations with no outstanding violations. Executive deletes. House increases licensing review from 2 years to 4 years for accredited organizations with no outstanding violations.

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

***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.

***Sec. 547. Guardianship Assistance Rates* – DELETED**
Requires DHS to pay a minimum guardianship assistance rate that is not less than age-appropriate rates for family foster care. Executive and House delete.

***Sec. 558. Adoption Subsidy Eligibility* – NEW**
House prohibits using income of the adoptive parent to determine eligibility for adoption support subsidies, pursuant to section 115g of the Social Welfare Act.

***Sec. 559. Parent to Parent* – NEW**
House allocates $1.0 million to parent to parent program for adoptive parents.

***Sec. 560. Performance-based Funding Implementation: Community Mental Health Services* – NEW**
House requires DHS to ensure that implementation of performance-based funding does not financially harm community mental health services located within implementation region.

***Sec. 561. Performance-based Funding Implementation: Kent County* – NEW**
House requires DHS to privatize all foster care and adoption services, except for child protective services, within Kent County by October 31, requires notification once transferred has occurred, requires integration of performance-based funding once implemented.

***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.

***Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision* – REVISED**
Prohibits DHS from transferring foster care cases to private agency supervision 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.

Major Boilerplate Changes From FY 2013-14

PUBLIC ASSISTANCE

***Sec. 613. Indigent Burial* – REVISED**

Provides reimbursements for the final disposition of indigent persons, establishes maximum allowable reimbursements, accounts for religious preferences that prohibits cremation. Executive deletes. House revises payment to $700 for each eligible deceased and states that total expenditures for indigent burial shall not exceed the funds appropriated for indigent burial.

***Sec. 621. Energy Self-Sufficiency Program* – DELETED**

Establishes requirements and guidelines for the energy self-sufficiency program. Executive and House delete.

***Sec. 656. Before- or After-School* – NEW**

House allocates $3.0 million for before- or after-school program.

***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.

***Sec. 669. Annual FIP Clothing Allowance* – REVISED**

Allocates $2.9 million for children's annual clothing allowance for eligible children in FIP groups that do not include an adult. Executive retains. House replaces "that does not include an adult" with "ages 4 through 18".

JUVENILE JUSTICE SERVICES

***Sec. 722. Staff Employed at Closed Juvenile Justice Facility* – NEW**

House requires that staff employed at the closed juvenile justice facility are given priority for positions that are qualified to fulfill.

***Sec. 723. Closed Juvenile Justice Facility* – NEW**

House allows DHS, in conjunction with the Department of Technology, Management, and Budget, to repurpose the W.J. Maxey Training School.

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.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

***Sec. 1106. School Success Partnership* – NEW**

House allocates $500,000 to the Northeast Michigan Community Services Agency for the school success partnership program, 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.

***Sec. 1202. Private Agency Information Technology* – NEW**

House allocates $300,000 to assist private child welfare service providers meet the implementation requirements of the statewide automated child welfare information system.

FY 2014-15: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Summary: As Reported by House Subcommittee (HB 5304)
Article XI, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$707,600	$707,600	$707,600			*$0*	*0.0*
Federal	2,000,000	2,000,000	2,000,000			*0*	*0.0*
Local	0	0	0			*0*	*--*
Private	0	0	0			*0*	*--*
Restricted	61,627,900	62,427,100	62,427,100			*799,200*	*1.3*
GF/GP	11,000,000	150,000	0			*(11,000,000)*	*(100.0)*
Gross	**$75,335,500**	**$65,284,700**	**$65,134,700**			***($10,200,800)***	***(13.5)***
FTEs	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) 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 House 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, as of 12/03/13 $501,937 has been paid to insurance carriers for reimbursement of claims for diagnosis and treatment of autism spectrum disorders. 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.	GF/GP	$11,000,000	($11,000,000)
2. Healthy Michigan Plan Analysis and Reports	FTE	4.0	0.0
Executive increases spending authorization 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 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 ($150,000 GF/GP). House rejects.	**Gross**	**$615,700**	**$0**
	Restricted	615,700	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 House Change
3. Economic Adjustments	**Gross**	**N/A**	**$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.	Restricted	N/A	799,200

Major Boilerplate Changes From FY 2013-14

***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.

***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.

***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.

***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.

***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.

Various Sections Deleted by Executive, Retained by House
Executive eliminates Sections 212, 215, 219, 232, 240, 310, and 341; House rejects.

FY 2014-15: JUDICIARY
Summary: As Reported by House Subcommittee (HB 5302)
Article XII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$2,350,500	$2,364,400	$2,364,400			*$13,900*	*0.6*
Federal	5,343,900	6,437,400	6,437,400			*1,093,500*	*20.5*
Local	7,133,100	7,241,100	7,241,100			*108,000*	*1.5*
Private	931,500	944,800	944,800			*13,300*	*1.4*
Restricted	84,213,800	84,252,500	84,252,500			*38,700*	*0.0*
GF/GP	183,441,300	188,242,900	188,242,900			*4,801,600*	*2.6*
Gross	**$283,414,100**	**$289,483,100**	**$289,483,100**			***$6,069,000***	***2.1***
FTEs	483.0	485.0	489.0			*6.0*	*1.2*

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

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

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
1. Mental Health Diversion Program	**Gross**	**N/A**	**$1,730,000**
Executive includes funding 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.	GF/GP	N/A	$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.	IDG	1,500,000	0
	Federal	800,000	1,375,000
	Restricted	1,920,500	0
	GF/GP	$5,362,500	$0
3. Michigan Indigent Defense Commission	FTE	N/A	4.0
Executive includes 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.	**Gross**	**N/A**	**$1,000,000**
	GF/GP	N/A	$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 House Change
4. Next Gen/MiCS	**Gross**	**$3,490,700**	**$634,300**
Executive includes additional funding 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.	GF/GP	$3,490,700	$634,300
5. Savings for Eliminated Judgeships	**Gross**	**N/A**	**($563,000)**
Executive reflects a savings from elimination of 5.0 judgeships under Public Act 300 of 2011. One Court of Appeals judgeship and four District Court judgeships, from Midland, Lansing, Alpena/Montmorency, and Gogebic/Ontonagon Counties, will be eliminated. One Circuit Court judgeship will be eliminated from Newaygo/Oceana County, and one Circuit Court judgeship restored in Oakland County. The amount of savings is a result of the effective dates of the retirements of the judges. House concurs.	GF/GP	N/A	($563,000)
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.	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	N/A	2.0
Executive includes funding 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.	**Gross**	**N/A**	**$245,000**
	GF/GP	N/A	$245,000
8. Economic Adjustments	**Gross**	**N/A**	**$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.	IDG	N/A	13,900
	Federal	N/A	68,500
	Local	N/A	108,000
	Private	N/A	13,300
	Restricted	N/A	38,700
	GF/GP	N/A	$1,405,300

Major Boilerplate Changes From FY 2013-14

***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.

***Sec. 307. Mental Health Diversion Council* – NEW**

Expresses intent that the appropriation for Mental Health and Diversion Services be used to address the recommendations of the Mental Health Diversion Council. Executive adds new section. House concurs.

***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.

FY 2014-15: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary: As Reported by House Subcommittee (HB 5303)
Article XIII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$14,228,200	$14,509,800	$14,509,800			*$281,600*	*2.0*
Federal	195,559,900	199,124,800	200,624,800			*5,064,900*	*2.6*
Local	656,500	656,500	656,500			*0*	*0.0*
Private	2,011,800	2,311,800	1,811,800			*(200,000)*	*(9.9)*
Restricted	265,457,400	290,224,100	287,168,200			*21,710,800*	*8.2*
GF/GP	25,004,900	25,033,800	22,217,200			*(2,787,700)*	*(11.1)*
Gross	**$502,918,700**	**$531,860,800**	**$526,988,300**			***$24,069,600***	***4.8***
FTEs	2,970.5	2,978.5	2,978.5			*8.0*	*0.3*

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 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 House Change
1. Unemployment Insurance Agency - Customer Service (One-Time)	**Gross**	**N/A**	**$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 form 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.	Restricted	N/A	18,000,000
2. Unemployment Insurance Agency - Mobile Application (One-Time)	**Gross**	**N/A**	**$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.	Restricted	N/A	0

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
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 fund the replacement of the BCC's online permitting/licensing system. House concurs.	**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.	**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.	**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.	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 ($700,000) to offset expenditures made within the Office of Financial and Administrative Services Team 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.	**Gross**	**$8,725,000**	**$0**
	Federal	1,659,000	0
	Restricted	7,066,000	0
	GF/GP	$0	$0
8. Special Project Advances	**Gross**	**$200,000**	**$0**
Executive increases spending authorization ($300,000) 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.	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.	**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
10. Compensation Supplement Fund	**Gross**	**$820,000**	**$1,000,000**
Executive increases in GF/GP spending authorization for the Compensation Supplement Fund 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.	Restricted	820,000	0
	GF/GP	$0	$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 House Change
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.	**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.	**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 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 partly concurs, but subsequently reduces amount transferred based on amount stipulated in DTMB project budget.	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.	GF/GP	$2,140,300	($2,140,300)
15. Fund Shifts	**Gross**	**$2,100,700**	**$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, but which reflect changes in the availability and allocation of funds or reflect allocations to more accurately reflect program administration. House concurs, but includes additional fund shifts to reverse portions of the 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.	Federal	555,000	(293,000)
	Restricted	1,545,700	2,409,700
	GF/GP	$2,116,700	($2,116,700)
16. Economic Adjustments	**Gross**	**N/A**	**$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.	IDG/IDT	N/A	367,900
	Federal	N/A	1,432,900
	Restricted	N/A	2,307,400
	GF/GP	N/A	$19,200
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 Section 241. (See boilerplate Section 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.	**Gross**	**$30,597,100**	**($272,600)**
	Federal	1,245,400	0
	Restricted	29,351,700	(272,600)

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
19. Bureau of Services for Blind Persons	FTE	113.0	0.0
House increases 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.	**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.	Restricted	1,000,000	(1,000,000)
21. Self-Insurers Security* Fund *- Delphi Corp Bankruptcy (One-Time)	**Gross**	**N/A**	**$100**
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. (See boilerplate Sec. 1001.)	GF/GP	N/A	$100

Major Boilerplate Changes From FY 2013-14

Note: House renumbers several sections, section numbers below are referenced as they appear in HB 5303 (H-1) Draft 1 with the former section numbers in parenthesis.

***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.

***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.

***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.

***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.

***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.

***Sec. 305. Fireworks Safety Grants* – DELETED**
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.

***Sec. 702. (Fmr. 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.

Major Boilerplate Changes From FY 2013-14

***Sec. 703. (Fmr. 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%.

***Sec. 248. (Fmr. 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.

***Sec. 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.

***Sec. 510. (Fmr. 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.

***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.

***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.

Various Sections Deleted by Executive, Retained by House
Executive eliminates Sections 212, 215, 219, 225, 232, 240, 250, 246 (Fmr. 341), 801 (Fmr. 390), 705 (Fmr. 611), 506 (Fmr. 714), 507(1) (Fmr. 726(1)), and 511 (Fmr. 732); House rejects.

FY 2014-15: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
Summary: As Reported by House Subcommittee (HB 5307)
Article XIV, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD Amount*	*%*
IDG/IDT	$650,000	$100,000	$100,000			*($550,000)*	*(84.6)*
Federal	89,782,700	90,362,800	90,362,800			*580,100*	*0.6*
Local	1,500,000	1,500,000	1,500,000			*0*	*0.0*
Private	740,000	740,000	740,000			*0*	*0.0*
Restricted	27,554,000	25,086,400	25,086,400			*(2,467,600)*	*(9.0)*
GF/GP	46,503,300	55,805,700	48,805,700			*2,302,400*	*5.0*
Gross	**$166,730,000**	**$173,594,900**	**$166,594,900**			***($135,100)***	***(0.1)***
FTEs	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) 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.

Part 1 (line items) follows a line item/schedule of programs structure for the DMVA budget that is similar (but not the same) to the structure of the FY 2013-14 budget. The budget continues to roll-up to many of the smaller program lines into the major program areas. There are four basic "core services" for the department: (1) Department and National Guard Operations, (2) National Guard Programs, (3) Michigan Veterans Affairs Agency, and (4) Veterans' Homes.

Part 2 (boilerplate) is significantly reorganized, although much of the existing language remains intact. Generally, each program area has a pair of related boilerplate sections. The first section (Sec. ###) describes the legal authority and other requirements under which a particular program operates, including specific legal citations. The second section in each pairing (Sec. ###a) describes the performance metrics or other reporting requirements that apply to each program.

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. Veterans Service Grants	**Gross**	**$2,904,600**	**$500,000**
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.	GF/GP	$2,904,600	$500,000
2. Veterans' Homes – Special Maintenance	**Gross**	**$500,000**	**$2,500,000**
Executive: 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	$2,500,000

House: Reduces the one-time appropriation by $500,000 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 House Change
3. National Guard Tuition Assistance Program	FTE	N/A	1.0
Executive: 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**	**N/A**	**$2,000,000**
	GF/GP	N/A	$2,000,000
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.			
4. National Guard Armories – Special Maintenance	**Gross**	**$20,351,200**	**($2,300,000)**
Executive: Adds $4.0 million GF/GP as a "one-time" appropriation for various maintenance projects at the state's National Guard armories. Projects would include repairs and maintenance to roofs, parking lots, plumbing, heating/cooling systems, etc. This one-time appropriation would be in addition to the ongoing appropriations for armory maintenance, which the Executive reduces by $2.3 million Federal to align the spending authorization with actual available revenues.	Federal	17,300,000	(2,300,000)
	GF/GP	$3,051,200	$0
House: Does not concur with the one-time appropriation of $4.0 million. Note: 2014 PA 34 (SB 608) appropriates $7.2 million for armory maintenance in FY 2014, essentially pulling forward the FY 2015 $4.0 million appropriation requested by the Executive.			
Items Agreed to by the Executive and the House			
5. Veterans Service Regional Coordinators	**Gross**	**N/A**	**$750,000**
Executive: 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	N/A	$750,000
House: Concurs with the Executive, but adds boilerplate Section 401 providing some direction on how the funds would be used.			
6. Annualize MVAA Staffing Costs	**Gross**	**$5,017,000**	**$1,200,000**
Executive: 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	$1,200,000
House: Concurs 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 House Change
7. County Veterans Counselors (CVCs)	**Gross**	**N/A**	**$250,000**
Executive: 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	N/A	$250,000
House: Concurs with the Executive, but adds boilerplate Section 404 providing some direction on how the funds would be used and Section 404a requiring a report on how the funds were used.			
8. Grand Rapids Veteran' Home (GRVH) Fund Sourcing	**Gross**	**$47,869,900**	**($2,275,000)**
Executive: 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
House: Concurs with the Executive.			
9. National Guard Armories – Operations	**Gross**	**$13,705,300**	**$2,000,000**
Executive: 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
House: Concurs with the Executive.			
10. Economics Adjustments	**Gross**	**N/A**	**$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	N/A	730,000
	Restricted	N/A	182,400
	GF/GP	N/A	$377,400
11. 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)
12. 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

***Sec. 205a. National Guard Bureau Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which National Guard Bureau funds are provided. House – adds.

***Sec. 205b. Veterans Health Administration Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Veterans Health Administration funds are provided. House – adds.

***Sec. 205c. Medicare Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicare funds are provided. House – adds.

***Sec. 205d. Medicaid Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which CMS Medicaid funds are provided. House – adds.

***Sec. 219. Quarterly Performance Metrics* – REVISED**
Requires the department to provide quarterly reports on the status of work projects, finances, performance against stated performance metrics, internal fund shifts, corrective action plans, employees and job classifications, armory closings, and property sales. Executive – deletes the reporting requirement on property sales. House – adds quarterly reporting requirements for populations at the veterans' homes, the financial status of the veterans' homes, the collection of resident assessments at the veterans' homes, volunteer hours at the veterans' homes, the financial status of the Michigan veterans' trust fund, activities funded through the VSO grants, armory maintenance projects (including those funded through the 2014 PA 34), and veterans' service delivery initiative activities funded through 2014 PA 34.

***Sec. 222. DMVA Core Services* – REVISED**
Lists the core services of the department and requires appropriations to be used for those services. Executive – retains. House – revises the list to establish four basic core services: (1) DMVA and National Guard operations, (2) National Guard Programs, (3) MVAA, and (4) veterans' homes.

***Sec. 223. Notice of Property Sales* – DELETED**
Requires the department to provide a 60-day notice of intent to sell property. Executive and House – delete.

***Sec. 231. Retirement Costs* – NEW**
States that FY 2015 legacy retirement costs total $20,013,100 Gross, including pension costs of $11,180,100 and retiree health care costs of $8,833,000. Executive and House – add.

DEPARTMENTAL AND NATIONAL GUARD OPERATIONS
Armories and Joint Force Readiness
***Sec. 302. Department and National Guard Operations* – REVISED**
Requires the department to provide effective 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. (FY 2014 Section 301.) Executive – deletes. House – lists the specific legal authorities under which the department provides Executive-level administration and administrative support for the department and the National Guard.

***Sec. 302a. Headquarters and Armories* – REVISED**
Requires the department to provide effective and efficient executive direction for the department, 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. (FY 2014 Section 302.) Executive – specifies that operations and maintenance of the armories would be within the constraints of the available funding. House – moves language regarding executive administration to Section 302. Retains existing language regarding the evaluation of armories. Also 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.

Maintenance and Operations of National Guard Training Facilities and Air Bases
***Sec. 304a. National Guard Strength Data* – NEW**
Requires quarterly reports on National Guard strength, recruiting, retention, and attrition. House – adds.

ChalleNGe Program
***Sec. 307. Michigan Youth ChalleNGe Academy (MYCA) Program Authority* – NEW**
Requires the department to operate the MYCA as provided under 32 USC 509.

Major Boilerplate Changes From FY 2013-14

***Sec. 307a. Michigan Youth ChalleNGe Academy (MYCA) Performance Measures* – REVISED**
Requires the department 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). (FY 2014 Section 307.) Executive – 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. House – deletes the general language regarding operation of the program, in favor of the new language in Sec. 307; does not included language recommended by the Executive; retains the existing performance metrics.

Military Family Relief Fund
***Sec. 308. Military Family Relief Fund (MFRF) Program Authority* – NEW**
Requires the department to provide grant funding from the Military Family Relief Fund under the Military Relief Fund Act, 2004 PA 363 and related administrative rules. House – adds.

***Sec. 308a. Military Family Relief Fund (MFRF) Performance Measures* – REVISED**
Requires the department to provide grant funding from the Military Family Relief Fund, outreach services to military families of members of the reserve component called into active duty, and quarterly reports on the fund's finances; establishes a performance goal of processing 60 applications for assistance. Executive – updates the fiscal year. House – deletes the general language regarding the administrative of the MFRF in favor of the new language in Sec. 308; revises the quarterly reporting requirement to include expenditures on advertising costs (which is permitted under 2014 PA 62).

Starbase Grant
***Sec. 309. Starbase Grant Program Authority* – NEW**
Requires the department to maintain a Starbase program as provided under 10 USC 2193b.

MICHIGAN VETERANS AFFAIRS AGENCY
MVAA Operations
***Sec. 400. MVAA Program Authority* – NEW**
Requires the MVAA to provide assistance to Michigan veterans as provided under Executive Reorganization Order 2013-2.

***Sec. 400a. 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 state's the goal is to provide outreach services reaching 100% of the veterans population.

***Sec. 401. Regional Service Coordination* – NEW**
Requires that the funds be used, in part, to establish regional coordinators, selected by the MVAA through a grant agreement with VSOs 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; 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. House – adds.

***Sec. 402a. MVAA Veterans Service Officers Performance Measures* – REVISED**
Establishes a metric of 500 MVAA-filed claims per year, with a goal of 20% of claims considered to be "fully developed" by the VA. Executive – retains. House – 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.

***Sec. 403. County Veterans Counselors Program Authority* – REVISED**
Requires the MVAA to provide training to county veterans counselors; allocates $50,000 in training support. Executive – retains. House – retains, but made editorial changes.

***Sec. 403a. County Veterans Counselors Performance Information* – REVISED**
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.

***Sec. 404. Grant Support for County Veterans Counselors* – 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.

***Sec. 404a. Grant Support for County Veterans Counselors Report* – NEW**
Requires a quarterly report on how CVC enhancement grants are expended.

Major Boilerplate Changes From FY 2013-14

Veterans Service Grants

***Sec. 406. Grants to Veterans Service Organizations Program Authority* – REVISED**

Establishes program requirements for veterans service grants. 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.

***Sec. 406a. Grants to Veterans Service Organizations Performance Information* – REVISED**

Requires the department to provide grants to veterans service organizations (VSOs) 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 – 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.

Veterans' Trust Fund

Sec. 407. Veterans' Trust Fund Program Authority – NEW

Lists the specific statutes and constitutional provisions that establish and direct the operation of the Michigan Veterans' Trust Fund. House – adds.

***Sec. 407a. Veterans' Trust Fund Performance Information* – REVISED**

Requires the department to maintain the staffing and resources to process at least 2,000 applications for grant assistance from the MVTF. Executive – retains. House – Eliminates the existing performance goal; incorporates existing language requiring an annual report on MVTF activities from Sec. 220, and specifies a reporting deadline of December 1 for prior year activities.

Grand Rapids Veterans' Home (GRVH)

***Sec. 501(1)-(7). Basic Service and Standards of Care (Program Authority)* – 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 – retains. House – eliminates general language requiring adherence to federal standards, and, instead, lists specific federal and state laws and regulations applicable to the operations of the home.

***Sec. 501(13). GRVH Report on Abusive and Neglectful Care* – 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 – deletes the one-time complaints management process report. House – deletes 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(14)-(22). 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; adds a requirement that the policies adopted by the home and the board of managers be posted on the MVAA's website.

***Sec. 501a. GRVH Performance Information* – REVISED**

Requires quarterly reports on the specific performance requirements for GRVH. Executive – retains. House – expands the reporting requirements, and moves a portion of those to Sec. 219.

D.J. Jacobetti Veterans' Home (DJJVH)

***Sec. 502. DJJVH Service and Care Requirements (Program Authority)* – 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.

FY 2014-15: DEPARTMENT OF NATURAL RESOURCES
Summary: As Reported by House Subcommittee (HB 5300)
Article XV, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$1,412,300	$1,355,100	$1,355,100			*($57,200)*	*(4.1)*
Federal	67,127,300	67,954,500	67,954,500			*827,200*	*1.2*
Local	0	0	0			*0*	*--*
Private	7,237,200	10,286,300	10,286,300			*3,049,100*	*42.1*
Restricted	241,925,500	256,498,000	256,498,000			*14,572,500*	*6.0*
GF/GP	25,436,600	47,091,500	36,091,500			*10,654,900*	*41.9*
Gross	**$343,138,900**	**$383,185,400**	**$372,185,400**			***$29,046,500***	***8.5***
FTEs	2,141.3	2,229.3	2,208.3			*67.0*	*3.1*

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 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 House Change
1. Funding Adjustments	**Gross**	**N/A**	**($689,300)**
Executive removes $600,000 one-time GF/GP funding for conservation officer academy in FY 2013-14; reduces gross funding authorization 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 additional recreation passport local grants. House concurs with Executive.	IDG	N/A	(85,000)
	Federal	N/A	(783,700)
	Restricted	N/A	779,400
	GF/GP	N/A	($600,000)
2. Conservation Officers	FTE	N/A	25.0
Executive provides $3.5 million GF/GP to fund 25 additional conservation officers and a conservation officer academy which would begin in first quarter of FY 2014-15. In current year, FY 2013-14, it is projected that there will be 202 officers after the current academy is completed. FTE increases for FY 2014-15 would bring the total to 227 conservation officers. House concurs with Executive.	**Gross**	**N/A**	**$3,500,000**
	GF/GP	N/A	$3,500,000
3. Annualize Increased Revenue from Hunting and Fishing License Fees	FTE	N/A	26.0
Executive includes $8.1 million additional restricted funding and 26.0 FTE authorizations to reflect full-year implementation of the hunting and fishing license fee increase enacted in PA 108 of 2013; increased fees go into effect March 1, 2014. House concurs with Executive.	**Gross**	**N/A**	**$8,057,500**
	Restricted	N/A	8,057,500

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
4. 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 16.0 FTEs for program and an additional $2.0 million GF/GP for local grants in FY 2014-15.			
5. 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**	**$0**
	GF/GP	$2,500,000	$0
House does not include additional $1.0 million funding and FTE position and funds program at current-year levels.			
6. Forestry Program	FTE	N/A	0.0
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**	**N/A**	**$0**
	GF/GP	N/A	$0
House does not include additional GF/GP funding or FTEs and funds the forestry management and wildfire protection programs at current-year levels.			
7. Forestry – Best Management Practices Audit	**Gross**	**$0**	**$125,000**
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	$125,000
8. Great Lakes Research Vessel	**Gross**	**N/A**	**$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 concurs with Executive.	Private	N/A	500,000
	Restricted	N/A	500,000
	GF/GP	N/A	$1,000,000
9. Non-Motorized Trail Initiative	FTE	N/A	0.0
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**	**N/A**	**$0**
	GF/GP	N/A	$0
House does not include additional GF/GP funding or FTEs.			
10. 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. House concurs with Executive.	Federal	136,300	0
	Private	411,900	0
	Restricted	56,634,900	2,000,000
	GF/GP	$1,700,000	$0
11. Capital Outlay Projects – State Parks	**Gross**	**$9,500,000**	**$375,000**
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). 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).	Private	0	2,500,000
	Restricted	9,500,000	(3,500,000)
	GF/GP	$0	$1,375,000

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
12. 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. House concurs with Executive.	Restricted	0	3,000,000
13. 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. House concurs with Executive.	Federal	1,638,000	787,000
	Restricted	5,277,600	(702,600)
14. Economic Adjustments	**Gross**	**N/A**	**$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. House concurs with Executive.	IDG	N/A	27,800
	Private	N/A	49,100
	Federal	N/A	823,900
	Restricted	N/A	4,438,200
	GF/GP	N/A	$254,900

Major Boilerplate Changes From FY 2013-14

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 retains language.

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

Sec. 233. FTE Report **– RETAINED**
Requires report on the number of FTEs in pay status; report required quarterly. Executive deletes language; House retains language.

Sec. 236. Request for Proposal (RFP) Language **– DELETED**
Prohibits Department 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 concurs 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 concurs with Executive.

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

Dec. 409. Oil and Gas Lease Report **– RETAINED**
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.

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 retains language.

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

Major Boilerplate Changes From FY 2013-14

***Sec. 603. Cormorant Management* – DELETED**
Requires quarterly report on the use of cormorant management funding; provides that the Department must submit funding to the USDA to pay for increased taking of cormorants and their nests. Executive deletes language; House concurs with Executive.

***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 retains 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 concurs with Executive.

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

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

***Sec. 805. Contract Foresters* – RETAINED**
Allows Department to hire sufficient contract foresters to mark timber. Executive deletes language; House retains language.

***Sec. 808. Forestry – Best Management Practices Audit* – NEW**
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.

***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 retains 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 retains 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 retains language.

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

***Sec. 1102. Capital Outlay Lump Sum Appropriations* – RETAINED**
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.

***Sec. 1104. Federal Reimbursement For Harbor Dredging* – RETAINED**
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.

***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.

***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 retains language, updates fiscal year.

FY 2014-15: DEPARTMENT OF STATE POLICE
Summary: As Reported by House Subcommittee (HB 5306)
Article XVI, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$25,219,700	$26,233,200	$26,233,200			*$1,013,500*	*4.0*
Federal	98,846,100	99,429,900	99,429,900			*583,800*	*0.6*
Local	6,967,500	4,861,700	4,861,700			*(2,105,800)*	*(30.2)*
Private	239,700	77,200	77,200			*(162,500)*	*(67.8)*
Restricted	122,071,700	124,800,000	124,800,000			*2,728,300*	*2.2*
GF/GP	353,474,300	383,921,000	378,921,000			*25,446,700*	*7.2*
Gross	**$606,819,000**	**$639,323,000**	**$634,323,000**			***$27,504,000***	***4.5***
FTEs	2,934.0	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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.

Part 1 (line items) follows a line item/schedule of programs structure that is similar to the structure of the FY 2013-14 budget, in which the "schedule of programs" in the bill aligns to the department's core services. Part 2 (boilerplate) is significantly reorganized, although much of the FY 2013-14 language remains intact. Generally, each core services has one or more pairs of related boilerplate sections for each program. The first section (Sec. ###) describes the legal authority and other requirements under which a particular program operates, including specific legal citations. The second section (Sec. ###a) describes the performance metrics or other reporting requirements that apply to each program.

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. Aviation Unit	**Gross**	**N/A**	**$200**
Executive: Adds $5.2 million GF/GP ($246,000 GP/GP ongoing) for a new helicopter for the Special Operations Division, Aviation Unit. The helicopter would be hangared in the Metro Detroit area.	Restricted	N/A	0
	GF/GP	N/A	$200
House: Provides placeholder appropriations in the Special Specialized Services and One-Time Appropriations program lines.			
2. Local Law Enforcement Technology and Equipment Grants	**Gross**	**N/A**	**$100**
House: Provides 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.	GF/GP	N/A	$100
3. Supplemental 911 Database	**Gross**	**N/A**	**$100**
House: Adds a placeholder appropriation to provide assistance to public safety answering points (PSAPs) to establish a supplemental 911 database that allows PSAPs to view voluntarily disclosed information relevant to 911 callers, including information on properties and household members, which would assist first responders in providing emergency services to callers.	GF/GP	N/A	$100

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
4. Trooper Recruit School	FTE	N/A	100.0
Executive: Adds $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**	**N/A**	**$13,677,700**
	Restricted	N/A	900,000
	GF/GP	N/A	$12,777,700
House: Concurs with the Executive, but adds $177,700 GF/GP to At-Post Troopers as an adjustment to reach its overall target.			
5. Local Public Safety Initiative	**Gross**	**N/A**	**$4,999,900**
Executive: 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.	GF/GP	N/A	$4,999,900
House: Reduces by $100 and adds boilerplate language.			
6. Automated Fingerprint Identification System (AFIS)	**Gross**	**N/A**	**$2,187,200**
Executive: 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	N/A	2,187,200
House: Concurs with the Executive.			
7. Motor Carrier Recruit School	FTE	N/A	31.0
Executive: Adds $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**	**N/A**	**$5,232,300**
	GF/GP	N/A	$5,232,300
House: Concurs 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 House Change
8. Criminal Justice Information Systems Disaster Recovery	**Gross**	**N/A**	**$312,800**
Executive: 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 the department. 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	N/A	312,800
House: Concurs with the Executive.			
9. Electronic Warrant Reporting System	**Gross**	**N/A**	**$800,000**
Executive: 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	N/A	$800,000
House: Concurs with the Executive, and adds boilerplate language.			
10. LEIN Programming Language Upgrade	**Gross**	**N/A**	**$350,000**
Executive: Adds $350,000 (CJIC Service Fees) to update and re-write the programming language that operates the LEIN system.	Restricted	N/A	350,000
House: Concurs with the Executive, and adds boilerplate language.			
11. Statewide Records Management System (SRMS)	**Gross**	**N/A**	**$1,528,000**
Executive: 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	N/A	$1,528,000
House: Concurs with the Executive.			
12. 126th Recruit School Costs	**Gross**	**$14,661,900**	**$2,964,400**
Executive: 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
House: Concurs with the Executive.			
13. Emergency Support Team	**Gross**	**N/A**	**$225,000**
Executive: 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	N/A	$225,000
House: Concurs with the Executive, and adds boilerplate language.			

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
14. Forensic Science – State Services Fee Fund	**Gross**	**$11,666,600**	**$0**
Executive: 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	11,666,600	(4,000,000)
	GF/GP	$0	$4,000,000
House: Concurs with the Executive.			
15. Forensic Science – Impaired Driving Funding	**Gross**	**$118,000**	**$0**
Executive: 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	118,000	(118,000)
	GF/GP	$0	$118,000
House: Concurs with the Executive.			
16. Michigan Public Safety Communications System	**Gross**	**$16,340,900**	**($16,340,900)**
Executive: 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)
House: Concurs with the Executive.			
17. FY 2014-15 Economic Adjustments	**Gross**	**N/A**	**$18,768,800**
Executive: 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	N/A	569,400
	Federal	N/A	744,200
	Local	N/A	77,200
	Private	N/A	2,200
	Restricted	N/A	3,585,000
	GF/GP	N/A	$13,790,800
House: Concurs with the Executive.			
18. Remove FY 2014 One-Time Appropriations	**Gross**	**$6,561,900**	**($6,561,900)**
Executive: 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)
House: Concurs with the Executive.			
19. Technical Adjustments (Align Spending Authority)	**Gross**	**N/A**	**($369,700)**
Executive: 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	N/A	444,100
	Federal	N/A	(42,400)
	Private	N/A	(164,700)
	Restricted	N/A	(606,700)
House: Concurs with the Executive.			

Major Boilerplate Changes From FY 2013-14

***Sec. 205a. Department of Homeland Security Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Department of Homeland Security funds are provided. House – adds.

***Sec. 205b. Department of Justice Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Department of Justice funds are provided. House – adds.

***Sec. 205c. Department of Transportation Funding* – NEW**
Lists the specific programs, by Catalog of Federal Domestic Assistance (CFDA) number, through which Department of Transportation funds are provided. House – adds.

***Sec. 221. MSP Core Services* – REVISED**
Lists the core services of the department and requires appropriations to be used for those core services. Executive – retains. House – revises the list of core services, so that they are (1) General Law Enforcement and Traffic Safety; (2) Criminal Investigations; (3) Special Operations; (4) Criminal Justice Information Systems; (5) State Executive Security; (6) Emergency Management and Homeland Security; (7) Highway Safety Planning; (8) Commercial Vehicle Enforcement; (9) Scientific Analysis and Identification; (10) Training; and (11) Commission on Law Enforcement Standards.

***Sec. 235. Wayland Post* – NEW**
Requires the department to begin discussions with the City of Wayland on the moving the current MSP post in Wayland into a new joint public safety building in Wayland. The department would have to report to the subcommittees, General Government subcommittees, and the fiscal agencies by December 1, 2014 regarding the feasibility and cost/benefits of leasing space at the facility. House – adds. (Language was also added in the House General Government bill requiring DTMB participation.)

Departmental Services
***Sec. 302. Department Administration* – REVISED**
Requires the effective and efficient executive administration of the department. Executive – deletes. House – includes specific legal authority for executive-level administration for the department, departmental administrative support functions, the State 911 Office, and the Grants and Community Services Division.

State Executive Security
***Sec. 303. State Executive Security Program Authority* – REVISED**
Requires the department to provide for the security needs of the State Capitol complex and for the governor and visiting dignitaries. Executive – retains the language regarding capitol security, but deletes the language regarding executive protection. House – combines these provisions; cites the legal authority for providing security services for the State Capitol and other state properties.

LAW ENFORCEMENT SERVICES
Training
***Sec. 401. Training Program Authority* – REVISED**
Requires the department to deliver training courses to the criminal justice community; requires preference in recruiting for MCOLES-certified officers. Executive – retains the general requirement to provide training, but deletes the recruiting preference. House – revises to include the specific legal authority under which the department provides training services to its civilian and enlisted employers and others outside of the department; requires the department to provide effective recruitment, selection, and hiring of qualified applicants for positions within the department, similar to the language in the department's strategic plan.

***Sec. 401a. Training Performance Information* – REVISED**
Establishes a performance goal 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. House – retains the goal of training 10,000 law enforcement officers and 3,000 community members and achieving a 55% occupancy rate. ;deletes the course evaluation requirement; revises the report on MCOLES-certified officers and veterans in the recruit school, to include information on the starting and end number of recruits in a recruit school, and the post assignment of graduates.

***Sec. 402. Traffic Safety Support Services Program Authority* – NEW**
Lists the specific authority under which Training Division, Traffic Services Section operates. House – adds.

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. Executive – retains. House – Lists the specific authority under which MCOLES operates.

***Sec. 404a. MCOLES Performance Information* – REVISED**
Establishes performance goal of updating standards within 30 days of the effective of any new legislation. Executive – retains. House – deletes this requirement, and instead 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

Criminal Justice Information Systems

***Sec. 405. CJIS Program Authority* – REVISED**

Requires the department to maintain criminal history and accident data collection systems, in accordance with applicable state and federal laws, including 1925 PA 289. Executive – retains. House – lists the specific legal authority regarding the general authority to maintain the various CJIC applications and databases.

***Sec. 406. 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. House – adds.

***Sec. 406a. Uniform Crime Reporting and Crime Statistics Performance Information* – NEW**

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.

***Sec. 407. Freedom of Information Program Authority* – NEW**

Requires the department to comply with the Freedom of Information Act, 1976 PA 442. House – adds.

***Sec. 407a. Freedom of Information Performance Information* – NEW**

Requires 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 – adds.

***Sec. 408. Traffic Crash Reporting Program Authority* – NEW**

Lists the specific legal authority for the reporting and compilation of traffic crash records. House – adds.

***Sec. 408a. Traffic Crash Reporting Performance Information* – REVISED**

Requires the department to provide quarterly information on the number of traffic crash reports (form UD-10) submitted to the department; requires traffic crash reports be provided at a reasonable cost. Executive – retains the existing requirement on traffic crash reports being provided at reasonable cost. House – adds the quarterly reporting requirements.

***Sec. 409. Criminal History Records Program Authority* – REVISED**

Requires the department to provide fingerprint and criminal history records check services to law enforcement agencies; requires cost model for fingerprint services. Executive – retains. House – lists the specific legal authority under which the department maintains and exchanges criminal history information; deletes the cost model requirement.

Sec. 409a. Criminal History Records Performance Information

Requires the department to provide a base level of criminal history checks equivalent to the FY 2010-11 level. Executive – retains. House – requires quarterly information on the number of fingerprint checks and ICHAT checks submitted.

***Sec. 410. Firearms Records Program Authority* – NEW**

Lists the specific legal authorities under which the department maintains firearms records. House – adds.

***Sec. 411. 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. Executive – retains. House – expands the list of applicable legal authorities under which the departments maintains the sex offender registry.

***Sec. 411a. Sex Offender Registry Program Authority* – REVISED**

Requires the department to follow up on tips assigned to law enforcement agencies within 10 working days. Executive – retains. House – retains current law and requires quarterly information on the number of individuals in the law enforcement and public sex offender databases.

Scientific Analysis and Identification

***Sec. 412. Forensic Science Program Authority* – REVISED**

Requires the department to provide forensic testing services and to maintain ASCLD/LAB accreditation. Executive – retains. House – expands the list of legal authorities under which the department provides forensic science services; retains accreditation requirement.

***Sec. 412a. 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.

***Sec. 413. DNA Analysis Program Authority* – NEW**

Lists the specific legal authority under which the department provides DNA analysis and profiling.

***Sec. 414. 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.

Major Boilerplate Changes From FY 2013-14

FIELD SERVICES

General Law Enforcement and Traffic Safety

***Sec. 501. General Law Enforcement and Traffic Safety Program Authority* – REVISED**

Requires the department to provide traffic safety and enforcement; requires enlisted personnel enforcing traffic laws to respond to crimes in progress and other emergency situations; 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; requires the department to provide traffic control for events at Michigan International Speedway; requires the department 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 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.

***Sec. 501a. General Law Enforcement and Traffic Safety Performance Information* – REVISED**

Requires the department 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 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; 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 – concurs with the Executive; adds a reporting requirement for MCOLES (Sec. 404a) on local law enforcement levels; adds reporting requirement for traffic control hours at Michigan International Speedway.

Criminal Investigations

***Sec. 502. Criminal Investigations Program Authority* – REVISED**

Requires the department to provide criminal investigative services; requires the department to enforce the Tobacco Products Tax Act (1993 PA 327). Executive – retains. House – 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. 502a. Criminal Investigations Performance Information* – REVISED**

Requires the department to dedicate a minimum number of hours comparable to FY 2010-11; maintain a case clearance rate of 56%; dedicate at least 16,600 investigative hours; submit an annual report on the department's tobacco products enforcement activities; provide at least four training opportunities to local law enforcement agencies on gambling laws, trends, and legal issues; 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 – updates 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); changes the tobacco enforcement report to December 1 (from October 15), and establishes a clearance rate goal of 60% by September 30, 2015.

SPECIALIZED SERVICES

Special Operations

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

Requires the department 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. Executive – retains. House – includes the specific legal authority for MIOC; clarifies that expenditures of donations follow donor directions, if specified.

Commercial Vehicle Enforcement

***Sec. 602. Commercial Vehicle Enforcement Program Authority* – REVISED**

Requires the department to enforce motor carrier regulations. Executive – retains. House – lists the specific legal authority.

***Sec. 602a. Commercial Vehicle Enforcement Performance Information* – NEW**

Requires the department to report by January 1 commercial vehicle size and weight enforcement efforts for the prior fiscal year.

***Sec. 603. Motor Carrier Safety Program Authority* – NEW**

Lists the specific authority under which the department enforcement motor carrier safety regulations. House – adds.

***Sec. 603a. Motor Carrier Safety Performance Information* – REVISED**

Requires the department 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.

***Sec. 605. School Bus Inspections Program Authority* – REVISED**

Requires the department to inspect school buses. Executive – retains. House – lists the specific authority.

Major Boilerplate Changes From FY 2013-14

***Sec. 605a. School Bus Inspections Performance Information* – NEW**
Requires an annual report on the results of school bus inspections. House – adds.

Emergency Management and Homeland Security
***Sec. 606. Emergency Management and Homeland Security Program Authority* – REVISED**
Authorizes the department 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 – retains. House – retains and lists the specific legal authorities under which the department operates.

***Sec. 607. Disaster and Emergency Contingency Fund* – REVISED**
Authorizes the expenditure of up to $800,000 from the Disaster and Emergency Contingency Fund as provided in the Emergency Management Act (1976 PA 390); requires recommendation from state budget director and prior notice to the appropriations committees; requires annual report on fund activities; allows carry forward of unexpended funds. Executive – retains. House – Clarifies that the prior approval by the state budget director is needed to make expenditures from the fund; deletes duplicative language following the enactment of 2013 PA 109.

Highway Safety Planning
***Sec. 608. Highway Safety Planning Program Authority* – REVISED**
Requires the department to provide highway safety information and awareness. Executive – deleted. House – lists the specific legal authority under which the department operates.

***Sec. 608a. Highway Safety Planning Performance Information* – NEW**
Requires the department to publish annual traffic crash data House – adds.

***Sec. 610. Secondary Road Patrol Program Authority* – NEW**
Lists the specific legal authority under which the department administers the Secondary Road Patrol program. House – adds.

***Sec. 610a. Secondary Road Patrol Performance Information* – NEW**
Requires the department to provide quarterly information (reported biannually) on the number of FTE SRP deputies, the number of miles traveled, and the number of traffic stops.

FY 2014-15: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Subcommittee (HB 5308)
Article XVII, House Bill 5313 (H-1) Draft 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 Enacted	*Difference: House From FY 2013-14 YTD* *Amount*	*%*
IDG/IDT	$3,625,100	$3,786,900	$3,786,900			*$161,800*	*4.5*
Federal	1,198,885,500	1,205,885,500	1,205,885,500			*7,000,000*	*0.6*
Local	50,177,100	50,177,100	50,177,100			*0*	*0.0*
Private	100,000	100,000	100,000			*0*	*0.0*
Restricted	2,225,029,000	2,155,001,200	2,155,001,200			*(70,027,800)*	*(3.1)*
GF/GP	121,300,000	254,047,900	254,047,900			*132,747,900*	*109.4*
Gross	**$3,599,116,700**	**$3,668,998,600**	**$3,668,998,600**			***$69,881,900***	***1.9***
FTEs	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) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately 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. Debt Service	**Gross**	**$242,321,100**	**($2,800)**
House bill concurs with Governor, reflects anticipated debt service schedules.	Federal	45,912,200	(185,800)
	Restricted	196,408,900	183,000
2. Transportation Planning	FTEs	141.0	0.0
House bill concurs with Governor and recognizes economic adjustments of $477,200; shift of $1.5 million from STF to MTF to reflect reallocation of staff for Local agency program activity.	**Gross**	**$38,283,400**	**$477,200**
	Federal	20,000,000	0
	Restricted	18,283,400	477,200
3. Design and Engineering Services	FTEs	1,500.8	85.5
House bill concurs with Governor, recognizes economic adjustments, $2.9 million; position transfers, $9.2 million; and increase in baseline MTF support for Local agency program, $3.5 million. Roll-ups of *Intelligent transportation systems* line into *Engineering services*.	**Gross**	**$144,461,200**	**$15,627,400**
	Federal	23,529,800	0
	Restricted	120,931,400	15,627,400
4. State Trunkline Maintenance	FTEs	808.7	(61.0)
House bill concurs with Governor, recognizes economic adjustments, $1.0 million; reduction associated with position transfers ($6.2 million); and increase in baseline STF funding, $40.0 million.	**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.

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
5. State Trunkline Road and Bridge Construction	**Gross**	**$868,193,500**	**($43,547,300)**
House bill concurs with Governor, 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; 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 20a and 20b**, below.			
6. 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
7. 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 #20b**, 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.			
8. Transportation Economic Development Fund (TEDF)	**Gross**	**$32,058,200**	**$9,457,600**
House bill concurs with Governor, 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
9. Bus Transit - Local Bus Operating Assistance	**Gross**	**$166,624,000**	**$776,000**
House bill concurs with Governor, increases CTF state operating assistance to local public transit agencies.	Restricted	166,624,000	776,000
10. Discretionary State Operating	**Gross**	**$5,400,000**	**($5,400,000)**
House bill concurs with Governor, 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)

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
11. Rail Operations and Infrastructure/Wolverine	**Gross**	**$43,925,000**	**$13,097,400**
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. House bill concurs with Governor, 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.	Federal	3,100,000	7,000,000
	Local	100,000	0
	Private	100,000	0
	Restricted	40,625,000	6,097,400
Budget includes a separate one-time $10.0 million GF/GP appropriation for transit capital and rail infrastructure - See **Item 21**, 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.			
12. 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.			
13. 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
14. 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. House 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 21**, below.			
15. Van Pooling	**Gross**	**$807,000**	**($612,000)**
Provides CTF funds for matching federal transit grants. House concurs with Governor, reduces CTF to reflect anticipated program activity.	Restricted	807,000	(612,800)
16. Service Initiatives	**Gross**	**$1,682,900**	**$2,514,400**
House 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
17. Transportation to Work	**Gross**	**$4,700,000**	**$0**
Reflects anticipated federal MAP-21 funding and related local matching funds.	CTF	4,700,000	0
18. 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 22**, below.			
19. 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 General Fund for Road and Bridge Programs			
Governor had recommended $242.0 million GF/GP for the state trunkline construction program. The **House** bill split this GF/GP appropriation into two separate line items, as described below:			

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
20a. Federal Aid Match for State Trunkline Road and Bridge Construction /State Trunkline Road and Bridge Construction	**Gross**	**$121,300,000**	**$5,700,000**
	GF/GP	$121,300,000	$5,700,000
House bill includes one-time $127.0 million GF/GP to match available federal aid for state trunkline program – a $5.7 million increase as compared to similar current-year line item. (See related boilerplate **Sec. 1001**.)			
***20b. State and Local Road and Bridge Programs* – NEW**	**Gross**	**$0**	**$115,000,000**
House bill includes $115.0 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	$115,000,000
Under the House distribution, county road commissions would receive an additional $45.0 million, and cities and villages would receive an additional $25.0 million, as compared to the Governor's proposed budget. The state trunkline capital program would receive $45.0 million of the $115.0 million GF/GP distribution - $70.0 million less than under the Governor's proposal.			
***21. Transit Capital and Rail Infrastructure* – NEW**	**Gross**	**$0**	**$10,000,000**
House bill concurs with Governor, provides one-time GF/GP support to match federal transit and rail infrastructure grants.	GF/GP	$0	$10,000,000
***22. Airport Safety, Safety, and Improvement Program* – NEW**	**Gross**	**$0**	**$2,047,900**
House bill concurs with Governor; provides one-time GF/GP support to match federal Airport Improvement Program grants.	GF/GP	$0	$2,047,900
23. Economics	**Gross**	**N/A**	**$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	N/A	77,300
	Restricted	N/A	5,865,100

Major Boilerplate Changes From FY 2013-14

***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. 383. Report on Use of State Airfleet* – REVISED**
Requires report on use of MDOT-owned aircraft; recovery of department costs. **House** 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**
House bill did not change 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. 601. Road Construction Warranties* – REVISED**
Encourages use of road construction warranties; **House bill** adds additional reporting requirement.

***Sec. 660. Use of Alternative Materials* – REVISED**
Encourages the department to examine the use of alternative road surface materials; **House** bill 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 report due date of May 1, 2015.

Major Boilerplate Changes From FY 2013-14

***Sec. 736. Rail Grade Crossing Pilot Project* – RETAINED**
House includes boilerplate earmark of $1.5 million (CTF) for a pilot project on high-speed rail corridor, vetoed in current year budget.

***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**
House bill indicates that the $127.0 million GF/GP one-time basis only 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* – NEW**
House bill directs that the one-time $115.0 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**
House bill requires a report on use of $10.0 million GF/GP appropriation for transit capital and rail infrastructure.