

**FY 2016-17: TOTAL GENERAL GOVERNMENT
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1**



**Analyst: Ben Gielczyk
Perry Zielak**

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	<i>Difference: House From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$742,192,600	\$760,146,600	\$760,158,300			\$17,965,700	2.4
Federal	825,221,900	832,556,900	832,523,500			7,301,600	0.9
Local	17,050,900	17,085,700	17,021,000			(29,900)	(0.2)
Private	6,253,300	6,064,500	6,064,500			(188,800)	(3.0)
Restricted	2,092,887,000	2,150,408,700	2,153,660,400			60,773,400	2.9
GF/GP	1,181,022,600	1,147,340,600	1,093,776,100			(87,246,500)	(7.4)
Gross	\$4,864,628,300	\$4,913,603,000	\$4,863,203,800			(\$1,424,500)	(0.0)
FTEs	8,717.2	8,752.7	8,736.7			19.5	0.2

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Summary pages for individual department/agency budgets contained within the current FY 2015-16 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2015-16

Sec. 207. New Program Metrics – RETAINED

Requires benchmarks to be developed by November 1 by the department or agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated. Metrics developed are in addition to those metrics required under section 447 of the Management and Budget Act. Executive deletes. House retains.

Sec. 211. Budget Stabilization Fund Pay-in – REVISED

Appropriates \$95.0 million of GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive revises to eliminate a Budget Stabilization Fund Pay-in. Stipulates that 25% of unassigned GF/GP fund balance for FY 2015-16 shall be deposited in Budget Stabilization Fund. House concurs with Executive changes.

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

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

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes. House retains.

Sec. 217. General Fund Restrictions – NEW

Prohibits using General Fund appropriations where federal funds and private grants funds are available for the same purpose. House includes as new section.

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement enacted legislation. Executive deletes. House retains.

Major Boilerplate Changes From FY 2015-16

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

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Executive deletes. House retains.

FY 2016-17: ATTORNEY GENERAL
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Perry Zielak

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	<i>Difference: House From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$28,533,900	\$28,989,700	\$28,989,700			455,800	1.6
Federal	9,278,600	9,476,700	9,476,700			198,100	2.1
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	17,281,700	17,578,900	20,178,900			2,897,200	16.8
GF/GP	37,013,400	39,140,500	39,140,600			2,127,200	5.7
Gross	\$92,107,600	\$95,185,800	\$97,785,900			\$5,678,300	6.2
FTEs	524.5	533.0	533.0			8.5	1.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Lawsuit Settlement Proceeds Fund <u>House</u> adds \$2.6 million in restricted fund authorization to allow for Attorney General to spend lawsuit settlement proceeds on the costs of all associated expenses related to the Flint water crisis. Associated boilerplate restricts spending to a cap of \$2.6 million.	Gross NA Restricted NA GF/GP NA	\$2,600,000 2,600,000 \$0
2. Prescription Drug Abuse Unit <u>Executive</u> provides \$700,000 GF/GP in one-time funding and 4.5 FTEs to strengthen the statewide drug enforcement strategy. <u>House</u> concurs.	FTE NA Gross NA GF/GP NA	4.5 \$700,000 \$700,000
3. Home Protection Unit <u>Executive</u> adds \$600,000 GF/GP and 4.0 FTEs for the Home Protection Unit, which assists home-owners defrauded from foreclosure-related crimes. <u>House</u> concurs.	FTE 475.5 Gross \$81,501,200 IDG 28,371,500 Federal 6,589,700 Restricted 16,877,700 GF/GP \$29,662,300	4.0 \$600,000 0 0 0 \$600,000
4. Five-year Early Out Deferred Sick Leave Payments <u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>House</u> concurs.	Gross NA Restricted NA GF/GP NA	(\$472,200) (467,200) (\$5,000)
5. Human Trafficking Commission <u>Executive</u> appropriates \$390,000 Gross for prosecutions and public awareness regarding human trafficking in Michigan. <u>House</u> concurs.	Gross \$81,501,200 IDG 28,371,500 Federal 6,589,700 Restricted 16,877,700 GF/GP \$29,662,300	\$390,000 0 0 390,000 \$0
6. Prosecuting Attorneys Coordinating Council (PACC) NextGen IT System <u>House</u> adds \$100 placeholder for PACC to upgrade legacy case management system to NextGen.	Gross NA GF/GP NA	\$100 \$100

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change	
7. Economic Adjustments	Gross	NA	\$1,940,700
<u>Executive</u> includes cost increase of \$1.9 million Gross (\$750,000 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs.	IDG	NA	618,200
	Federal	NA	198,100
	Restricted	NA	374,400
	GF/GP	NA	\$750,000

Major Boilerplate Changes From FY 2015-16

Sec. 308. *Litigation Expense Reimbursements* – RETAINED

Specifies appropriation cap of \$500,000 from litigation expense reimbursements and allows for \$500,000 of unexpended funds to be carried forward. Executive proposed raising cap to \$1.5 million. House keeps cap at \$500,000 and retains section.

Sec. 313. *Mortgage Fraud Prosecutions* – NEW

Specifies that \$600,000 be allocated for the investigation and prosecution of mortgage fraud. Executive adds new section. House concurs.

Sec. 314. *Lawsuit Settlement Proceeds for Declaration of Emergency Due to Drinking Water Contamination* – NEW

Allows the department to use lawsuit settlement proceeds for associated expenses with the declaration of emergency due to drinking water contamination up to a maximum authorization of \$2.6 million. Executive does not include. House adds new section.

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

Specifies that the department test the backlog of sexual assault kits outside of Wayne County, assist local prosecutions and investigations and provide victim services. Executive deletes. House retains with revision adding a reporting requirement on updates related to expenditures made from appropriated funds due January 30.

FY 2016-17: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Perry Zielak

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	<i>Difference: House From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$286,700	\$293,600	\$293,600			6,900	2.4
Federal	2,721,700	2,763,000	2,763,000			41,300	1.5
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	12,949,700	13,494,700	13,369,700			420,000	3.2
Gross	\$16,128,700	\$16,721,900	\$16,596,900			\$468,200	2.9
FTEs	135.0	138.0	137.0			2.0	1.5

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Advocates and Leaders for Police and Community Trust	FTE	NA	1.0
<u>Executive</u> provides \$250,000 GF/GP in one-time funding and 2.0 FTEs to strengthen outreach and education efforts between law enforcement and community leaders in three additional cities: Battle Creek, Traverse City, and Muskegon Heights. <u>House</u> reduces funding by \$125,000 and removes 1.0 FTE.	Gross	NA	\$125,000
	GF/GP	NA	\$125,000
2. Commission on Middle Eastern American Affairs	FTE	NA	1.0
<u>Executive</u> provides \$100,000 GF/GP in one-time funding and 1.0 FTE for the Commission on Middle Eastern American Affairs, which was created by Executive Order 2015-6. <u>House</u> concurs.	Gross	NA	\$100,000
	GF/GP	NA	\$100,000
3. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	\$70,800
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>House</u> concurs.	GF/GP	NA	\$70,800
4. Economic Adjustments	Gross	NA	\$293,900
<u>Executive</u> reflects increased costs of \$293,900 Gross (\$245,700 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs.	IDG	NA	6,900
	Federal	NA	41,300
	Restricted	NA	0
	GF/GP	NA	\$245,700

Major Boilerplate Changes From FY 2015-16

Sec. 404. Operations Report – RETAINED

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

Major Boilerplate Changes From FY 2015-16

Sec. 405. Federal Complaint Report – RETAINED

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

FY 2016-17: EXECUTIVE OFFICE
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House	
						From FY 2015-16 YTD Amount	%
	\$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	5,531,100	5,636,300	5,636,300			105,200	1.9
Gross	\$5,531,100	\$5,636,300	\$5,636,300			\$105,200	1.9
FTEs	84.2	84.2	84.2			0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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.

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Executive Office Operations		Gross	\$4,002,900
Reflects increased costs of \$105,200 Gross and GF/GP related to Executive Office staff and other operations. <u>Executive</u> and <u>House</u> include.		GF/GP	\$4,002,900
			\$105,200

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes for FY 2016-17.

FY 2016-17: LEGISLATURE
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
	\$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	4,192,000	4,275,800	4,275,800			83,800	2.0
GF/GP	131,872,300	136,577,800	136,702,800			4,830,500	3.7
Gross	\$136,464,300	\$141,253,600	\$141,378,600			\$4,914,300	3.6
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the House of Representatives Office Building, and Farnum Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Legislature Operations	Gross \$136,464,300	\$4,789,300
<u>Executive</u> includes \$4.8 million Gross (\$4.7 million GF/GP) to reflect increased costs related to legislative staff and other operations. <u>House</u> concurs.	Private 400,000	0
	Restricted 4,192,000	83,800
	GF/GP \$131,872,300	\$4,705,500
2. Legislative Corrections Ombudsman Analyst	Gross NA	\$125,000
<u>House</u> includes \$125,000 to fund an additional analyst position within the Legislative Corrections Ombudsman.	GF/GP NA	\$125,000

Major Boilerplate Changes From FY 2015-16

Sec. 609. Legislative Corrections Ombudsman Funds – NEW

States that the funds appropriated in part 1 for the Legislative Council include \$125,000 that shall be used to fund an additional legislative corrections ombudsman analyst. House includes as new language.

Sec. 618. Legislative Retirement Administration – RETAINED

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the DTMB before the end of the FY 2015-16. Executive deletes. House retains.

FY 2016-17: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House	
						From FY 2015-16 YTD Amount	%
	\$5,392,800	\$5,558,600	\$5,558,600			\$165,800	3.1
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	1,987,600	1,969,400	1,969,400			(18,200)	(0.9)
GF/GP	15,460,100	15,923,900	16,387,700			927,600	6.0
Gross	\$22,840,500	\$23,451,900	\$23,915,700			\$1,075,200	4.7
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 YTD Appropriations

1. Auditor General Operations

Executive includes \$611,400 Gross (\$463,800 GF/GP) to reflect increased costs related to Auditor General staff and other operations. House includes \$1.1 million Gross (\$927,600 GF/GP).

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$22,511,100	\$1,075,200
IDG	5,392,800	165,800
Restricted	1,987,600	(18,200)
GF/GP	\$15,130,700	\$927,600

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes in FY 2016-17.

FY 2016-17: DEPARTMENT OF STATE
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Perry Zielak

IDG/IDT	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000			0	0
Federal	1,460,000	1,460,000	1,460,000			0	0
Local	0	5,000,000	5,000,000			5,000,000	--
Private	100	100	100			0	0
Restricted	186,635,100	204,445,900	204,445,900			17,810,800	9.5
GF/GP	22,161,500	27,109,600	22,109,600			(51,900)	(0.2)
Gross	\$230,256,700	\$258,015,600	\$253,015,600			\$22,758,900	9.9
FTEs	1,593.0	1,593.0	1,593.0			0.0	0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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.

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
1. Increased Record Look-up Fee			
<u>Executive</u> increases funding by \$14.1 million state restricted from raising the record look-up fee from \$8 to \$11 to replace department mainframe legacy systems. <u>House</u> concurs.	Gross	\$21,945,300	\$14,100,000
	Restricted	20,380,700	14,100,000
	GF/GP	\$1,564,600	\$0
2. State/Local Funding for Voting System Replacement			
<u>Executive</u> appropriates \$15.0 million Gross (\$10 million GF/GP) in one-time funding for the purchase of new voting systems statewide. <u>House</u> reduces funding by \$5.0 million GF/GP.	Gross	NA	\$10,000,000
	Local	NA	5,000,000
	GF/GP	NA	\$5,000,000
3. Removal of FY 2015-16 One-Time Appropriation			
<u>Executive</u> eliminates \$5.0 million GF/GP from appropriation made for voting machines in PA 268 of 2015. <u>House</u> concurs.	Gross	\$5,000,000	(\$5,000,000)
	GF/GP	\$5,000,000	(\$5,000,000)
4. Five-year Early Out Deferred Sick Leave Payments			
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>House</u> concurs.	Gross	NA	(\$598,800)
	Restricted	NA	(568,100)
	GF/GP	NA	(\$30,700)
5. MI-Time Line Maintenance			
<u>Executive</u> appropriates \$470,000 state restricted for system support and maintenance of kiosks that allows customers to schedule an appointment time online. <u>House</u> concurs.	Gross	\$83,462,100	\$470,000
	IDG	20,000,000	0
	Restricted	60,468,400	470,000
	GF/GP	\$2,993,700	\$0
6. Customer Delivery Services Fund Shift			
<u>Executive</u> increases use of Transportation Administration Collection fund revenues by \$500,000 to offset \$500,000 GF/GP reduction. <u>House</u> concurs.	Gross	\$83,462,100	\$0
	IDG	20,000,000	0
	Restricted	60,468,400	500,000
	GF/GP	\$2,993,700	(\$500,000)

<u>Major Budget Changes From FY 2015-16 YTD Appropriations</u>	<u>FY 2015-16 Year-to-Date (as of 2/10/16)</u>	<u>FY 2016-17 House Change</u>
7. Economic Adjustments	Gross	NA
<u>Executive</u> includes cost increase of \$3.6 million Gross (\$465,400 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs.	Restricted	NA
	GF/GP	NA
		\$3,599,400
		3,134,000
		\$465,400

Major Boilerplate Changes From FY 2015-16

Sec. 703. Record Look-up Fees – REVISED

Executive increases the fee charged for the record look-up of vehicles and various other crafts from \$8.00 to \$11.00. House concurs.

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

Requires the Department of State to report on funding expended for the BAM project since its inception. Executive deletes. House retains.

Sec. 718. Buena Vista Township Branch Office – RETAINED

Requires Department of State to maintain a full-service branch office in Buena Vista Township. Executive deletes. House retains.

Sec. 722. Bridge Card Fraud Work Group – DELETED

Requires the department to participate in a work group with the Department of Health and Human Services and the Michigan State Police to investigate methods to deter Bridge Card fraud and to report the findings. Executive deletes. House concurs.

Sec. 722. Legacy System Modernization – NEW

Explains the purpose of modernizing legacy system mainframes. Executive adds as new section. House concurs but adds reporting requirement.

Sec. 723. Voting Machines Replacement Program – NEW

Explains the purpose of the voting machines replacement program. Executive adds as new section. House concurs.

FY 2016-17: TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Perry Zielak

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	<i>Difference: House From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$678,478,500	\$696,904,100	\$694,054,100			15,575,600	2.3
Federal	7,997,300	4,958,200	4,958,200			(3,039,100)	(38.0)
Local	3,587,700	2,320,000	2,320,000			(1,267,700)	(35.3)
Private	190,100	0	0			(190,100)	(100)
Restricted	95,771,900	111,490,800	114,340,800			18,568,900	19.4
GF/GP	477,198,200	504,423,100	476,210,000			(988,200)	(0.2)
Gross	\$1,263,223,700	\$1,320,096,200	\$1,291,883,100			\$28,659,400	2.3
FTEs	2,850.0	2,873.0	2,862.0			12.0	0.4

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. DTMB Rate Authorization	Gross \$596,060,800	\$10,632,400
<u>Executive</u> authorizes increase of \$10.6 million GF/GP to collect increases in agencies' budgets for IT baseline and rated service model, mailing warehouse, and vehicle and travel service rate changes. <u>House</u> concurs.	IDG 482,154,900	10,632,400
	Local 2,209,900	0
	GF/GP \$111,696,000	\$0
2. State Building Authority Rent	Gross \$254,570,600	(\$8,000,000)
<u>Executive</u> reduces \$8.0 million GF/GP due to savings recognized through the cancellation of various leases in the July 2015 refunding deal. <u>House</u> concurs.	GF/GP \$254,570,600	(\$8,000,000)
3. Enterprisewide Special Maintenance	Gross NA	\$7,000,000
<u>Executive</u> adds \$10.0 million GF/GP of one-time funding for maintenance and upkeep projects at state-owned properties. <u>House</u> reduces funding by \$3.0 million GF/GP.	GF/GP NA	\$7,000,000
4. Information Technology Investment Fund	Gross NA	\$7,000,000
<u>Executive</u> includes \$7.0 million GF/GP in one-time funding for a Department of Treasury legacy system replacement project and Project SIGMA updates. <u>House</u> concurs.	GF/GP NA	\$7,000,000
5. Information Technology Technical Adjustments	Gross \$596,060,800	\$5,551,500
<u>Executive</u> aligns funding of the Information Technology IDGs with agency investment requests. <u>House</u> concurs.	IDG 482,154,900	5,551,500
	Local 2,209,900	0
	GF/GP \$111,696,000	\$0

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
6. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,205,000	(\$5,205,000)
<u>Executive</u> eliminates one-time funding of \$5.2 million Gross (\$4.6 million GF/GP) for various projects: Treasury –Technology Services (\$3.0 million GF/GP), Litigation Fund (\$1.0 million GF/GP), Technology Services Funding (\$600,000 IDG), Cost Study of 2014 PA 555 (\$500,000 GF/GP) and Special Projects (\$105,000 GF/GP). <u>House</u> concurs.	IDG	600,000	(600,000)
	GF/GP	\$4,605,000	(\$4,605,000)
7. Office of Retirement Services Technology Upgrades	FTE	491.5	7.0
<u>Executive</u> includes \$3.6 million in state restricted funds and 7.0 FTEs for IT infrastructure expansion, code libraries, data storage and access. The funding will also address more frequent system upgrades and other costs supporting customer service transactions. <u>House</u> concurs.	Gross	\$120,926,000	\$3,631,100
	IDG	93,717,000	2,579,700
	Restricted	21,964,200	1,051,400
	GF/GP	\$5,244,800	\$0
8. Capital Outlay – Enterprisewide Special Maintenance for State Facilities	Gross	\$31,500,000	(\$3,500,000)
<u>Executive</u> reduces funding by \$3.5 million GF/GP for maintenance and upkeep projects at state-owned properties. <u>House</u> concurs.	IDG	2,000,000	0
	GF/GP	\$29,500,000	(\$3,500,000)
9. Office of Retirement Service IT Modernization and Enterprise Mandates	Gross	NA	\$2,850,000
<u>Executive</u> includes \$2.9 million Gross one-time funding for various IT projects, including Filenet upgrades and electronic banking capabilities. <u>House</u> concurs.	IDG	NA	2,850,000
10. Office of Urban Initiatives	FTE	5.0	(5.0)
<u>Executive</u> reduces funding by \$1.0 million GF/GP for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development. <u>House</u> reduces funding by \$2.5 million GF/GP to zero out funding and eliminates 5.0 FTEs.	Gross	\$2,500,000	(\$2,500,000)
	GF/GP	\$2,500,000	(\$2,500,000)
11. Cyber Security Improvements	Gross	\$9,063,500	\$2,000,000
<u>Executive</u> includes \$5.0 million GF/GP to support the Cyber Security Improvement Program, which will enhance network security, develop a comprehensive security framework and asset security program, and implement an enterprisewide data loss prevention process. <u>House</u> reduces increase by \$3.0 million GF/GP.	GF/GP	\$9,063,500	\$2,000,000
12. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	(\$1,595,500)
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>House</u> concurs.	IDG	NA	(883,600)
	Federal	NA	(19,600)
	Local	NA	(1,000)
	Restricted	NA	(426,000)
	GF/GP	NA	(\$265,300)
13. Office of Good Government	FTE	132.5	6.0
<u>Executive</u> increases funding by \$2.7 million Gross (\$1.5 million GF/GP) and 6.0 FTEs for costs related to employee engagement and citizen surveys that support various transformational initiatives. <u>House</u> reduces funding increase by \$1.5 million GF/GP.	Gross	\$17,362,900	\$1,178,700
	IDG	10,538,700	0
	Restricted	4,131,500	1,178,700
	GF/GP	\$2,692,700	\$0
14. Civil Service Commission Provision of Human Resources to Department of Talent and Economic Development (TED)	FTE	316.0	4.0
<u>Executive</u> transfers \$710,000 in state restricted funds and 4.0 FTEs from TED to administer the department’s human resources function. <u>House</u> concurs.	Gross	\$35,878,600	\$710,000
	IDG	1,153,500	0
	Local	661,100	0
	Restricted	16,455,500	710,000
	GF/GP	\$17,608,500	\$0
15. Professional Development Funds	Gross	\$1,102,600	(\$152,600)
<u>Executive</u> reduces funding by \$152,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts. <u>House</u> concurs.	IDG	1,102,600	(152,600)

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
16. MSP Retirement Payment for Low-Income Retirees	Gross	\$27,209,000	\$132,000
<u>Executive</u> increases funding by \$132,000 GF/GP for anticipated costs associated with the State Police Retirement Act amendment to provide an additional payment to State Police retirees who retired before October 1, 1986 (and to their beneficiaries) whose annual pension is less than \$16,000. <u>House</u> concurs.	Restricted	21,964,200	0
	GF/GP	\$5,244,800	\$132,000
17. Bureau of Labor Market Information and Strategic Initiatives (LMISI)	Gross	\$5,376,400	\$35,000
<u>Executive</u> provides authorization for LMISI to begin collecting revenue from local customers for customized data. <u>House</u> concurs.	Federal	4,776,400	0
	Local	0	35,000
	GF/GP	\$600,000	\$0
18. Capital Area Relocation Project	Gross	NA	\$0
<u>Executive</u> includes \$7.5 million GF/GP in one-time funding for completion of the Capital Area Relocation project, which includes moving several departments around the Greater Lansing area. <u>House</u> does not include.	GF/GP	NA	\$0
19. Enterprise Identity Management System	FTE	NA	0
<u>Executive</u> includes \$6.7 million GF/GP and 6.0 FTEs to create MiLogin, an enterprisewide single sign-in and identity management tool which allows for the establishment, management and authentication of user identities for statewide IT systems. <u>House</u> does not include.	Gross	NA	\$0
	GF/GP	NA	\$0
20. Legal Services	Gross	NA	\$0
<u>Executive</u> includes \$5.0 million GF/GP in one-time funding for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency. \$1.0 million GF/GP in one-time funding appropriated in FY 2015-16 for the Litigation Fund was eliminated. <u>House</u> does not include.	GF/GP	NA	\$0
21. Capital Outlay Planning Authorizations	Gross	NA	\$0
<u>Executive</u> includes \$900 GF/GP for four university, three community college and two state agency capital outlay planning authorizations: University of Michigan – Flint – Murchie Science Building addition, Saginaw Valley State University – College of Business and Management expansion, Wayne State University – STEM Innovation Learning Center, Eastern Michigan University – Strong Hall renovation, Kellogg Community College – Regional Manufacturing Technology Center renovation and addition, Wayne County Community College – Eastern Campus repurposing and upgrading, Northwestern Michigan College – West Hall Innovation Center renovation and expansion, Department of Natural Resources – Coolwater Rearing Hatchery improvements, and Department of Technology, Management, and Budget – Jackson State Office Building renovation. <u>House</u> does not include.	GF/GP	NA	\$0
22. Technical Adjustments	Gross	\$268,036,700	\$0
<u>Executive</u> makes fund source adjustments for funding authorization alignment and Statewide Cost Allocation Plan adjustment. <u>House</u> concurs.	IDG	187,990,500	270,400
	Federal	4,934,700	0
	Local	60,100	0
	Restricted	34,870,700	26,200
	GF/GP	\$40,180,700	(\$296,600)
23. Economic Adjustments	Gross	NA	\$8,891,800
<u>Executive</u> includes cost increase of \$8.9 million Gross (\$2.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs but slightly revises to remove \$12,200 GF/GP adjustment made for the Office of Urban Initiatives.	IDG	NA	5,388,000
	Federal	NA	43,100
	Local	NA	16,000
	Private	NA	0
	Restricted	NA	1,398,000
	GF/GP	NA	\$2,046,700

Major Boilerplate Changes From FY 2015-16

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

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

Sec. 816. Privatization RFPs – RETAINED

Requires RFP to be issued for purpose of privatization to include all factors to be used in evaluating and determining price. Executive deletes. House retains.

Sec. 819. Ronald Reagan Memorial Monument Fund – DELETED

Allows DTMB to collect and expend funds from the Ronald Reagan memorial monument fund. Executive deletes. House concurs.

Sec. 822. Report on Unclassified Salaries – RETAINED

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

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

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

Sec. 822f. Regional Prosperity Initiative – REVISED

Executive makes various technical changes and additions to definitions within section. House concurs

Sec. 822h. Office of Urban Initiatives – REVISED

Requires office to submit report on expenditures, economic impact and job growth initiatives for each urban and metropolitan area receiving funds. House revises to add any unexpended and unencumbered funds remaining by October 1, 2016 lapse to the general fund.

Sec. 822j. Office of Good Government – NEW

Executive adds section which explains the purpose of the Office of Good Government. House concurs.

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

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

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

Requires report that analyzes and makes recommendations on life-cycle of IT hardware and software. Executive deletes. House retains.

Sec. 830. IT Contract Change Orders – RETAINED

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

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

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

Sec. 832. Child Support Enforcement System – RETAINED

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

Sec. 836. Information Technology Investment Fund – NEW

Executive adds section which explains the purpose of the Information Technology Investment Fund. House concurs.

Sec. 837. Cyber Security Investment Projects – NEW

Executive adds section which explains the purpose of cyber security investment projects. House concurs.

Sec. 838. Enterprise Identity Management Program – NOT INCLUDED

Executive adds section which explains the purpose of the Enterprise Identity Management Program. House does not include.

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

Executive adds section which explains the purpose of the Office of Retirement Services' upgrades in information technology. House concurs.

Sec. 862. Required Reports – RETAINED

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

FY 2016-17: DEPARTMENT OF TREASURY
Summary: As Reported by the House Subcommittee
House Bill 5276 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
	\$9,500,700	\$11,250,600	\$11,262,300			\$1,761,600	18.5
Federal	39,661,500	39,954,200	39,920,800			259,300	0.7
Local	9,029,700	9,265,700	9,201,000			171,300	1.9
Private	25,400	26,700	26,700			1,300	5.1
Restricted	1,606,455,600	1,615,304,400	1,615,956,100			9,500,500	0.6
GF/GP	280,379,300	234,945,800	234,130,500			(46,248,800)	(16.5)
Gross	\$1,945,052,200	\$1,910,747,400	\$1,910,497,400			(\$34,554,800)	(1.8)
FTEs	1,911.5	1,916.5	1,912.5			1.0	0.1

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the Department of Treasury.

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
1. Constitutional Revenue Sharing			
	Gross	\$783,866,100	(\$2,364,700)
	Restricted	783,866,100	(2,364,700)
<p><u>Executive</u> decreases by \$2.4 million in restricted sales tax revenues to adjust constitutional revenue sharing payments downward 0.3% from the FY 2015-16 budget act appropriated amount (3.9% above the January 2016 CREC estimate for FY 2015-16). FY 2016-17 Executive Recommended amount is based on January 2016 Consensus Revenue Estimating Conference (CREC) estimates. <u>House</u> concurs.</p>			
2. City, Village, and Township Revenue Sharing			
	Gross	\$248,840,000	\$0
	Restricted	248,840,000	0
<p><u>Executive</u> removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component. By removing the one-time funding per capita distribution component, 101 CVTs (100 townships and 1 city) that were included in FY 2015-16 would not receive a payment in FY 2016-17. CVTs eligible for a higher per capita payment would be reduced to previous appropriation level. Maintains FY 2015-16 CVT Revenue Sharing ongoing funding level of \$243.0 million. <u>House</u> retains FY 2015-16 funding levels so that all CVTs eligible for a payment in FY 2015-16 will be eligible for 100% of their FY 2015-16 payment in FY 2016-17.</p>			
3. County Revenue Sharing/County Incentive Program			
	Gross	\$214,700,000	\$467,500
	Restricted	214,700,000	467,500
<p><u>Executive</u> increases county payments by \$467,500 in restricted sales tax revenue to accommodate two new counties (Alcona and Charlevoix) coming online for state payments in FY 2016-17. Maintains full-funding levels for county revenue sharing. Maintains allocation of 80% of funding distributed through county revenue sharing and 20% through County Incentive Program. <u>House</u> concurs.</p>			

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change	
4. Competitive Grant Assistance Program	Gross	\$0	\$5,200,000
<u>Executive</u> includes \$11.0 million in restricted sales tax revenue (\$5.2 million considered one-time) for the Competitive Grant Assistance Program. Funds would provide competitive grants to all local units of government that elect to combine government operations. Awards would be used to defray costs associated with consolidated services through mergers, interlocal agreements, and other cooperating efforts. <u>House</u> includes \$5.2 million in restricted sales tax revenue as one-time funding for the Competitive Grant Assistance Program.	Restricted	0	5,200,000
5. Payments in Lieu of Taxes	Gross	\$26,094,100	\$1,304,700
<u>Executive</u> increases by \$1.3 million Gross (\$1.1 million GF/GP) to support scheduled and statutorily-required payments in lieu of taxes (PILT). To accommodate increased estimates, each PILT line item is increased by 5%. <u>House</u> concurs.	Private	25,400	1,300
	Restricted	4,930,900	246,600
	GF/GP	\$21,137,800	\$1,056,800
6. General Obligation Bond Debt Service	Gross	\$156,449,000	(\$19,412,000)
<u>Executive</u> reduces by a net of \$19.4 million GF/GP due to scheduled and statutory-required debt service payment requirements. Reductions from payoffs and refundings were partially offset by debt service increase from \$10.3 million in new bond issuances associated with the Strategic Water Quality Initiative. <u>House</u> concurs.	GF/GP	\$156,449,000	(\$19,412,000)
7. Subject Matter Experts for IT Systems	FTE	0.0	0.0
<u>Executive</u> provides \$750,000 GF/GP and 4.0 FTEs to provide testing and analytic review to assure IT systems are designed and tested properly during production and operation. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
8. Change to Rated Service Model for IT Services	Gross	\$28,959,700	\$1,563,000
<u>Executive</u> includes \$1.6 million Gross (\$551,100 GF/GP) for transitional support to cover costs changes for department as they transition to a rated service model with DTMB for the delivery of IT services. <u>House</u> concurs but alters fund sourcing to accurately reflect source of funds to cover costs. Includes \$1.6 million Gross (\$0 GF/GP).	IDG	400,000	0
	Federal	618,800	0
	Local	1,200,000	0
	Restricted	16,530,000	1,563,000
	GF/GP	\$10,210,900	\$0
9. Grants	Gross	\$550,000	\$550,000
<u>Executive</u> removes \$550,000 GF/GP for grants associated with the Chaldean Community Foundation (\$250,000 GF/GP) and Urban Search and Rescue Taskforce (\$300,000 GF/GP). <u>House</u> includes \$500,000 GF/GP for Urban Search and Rescue, \$500,000 GF/GP for the Impaired Driving Safety Commission (HB 5024), and \$100,000 for Beat the Streets.	GF/GP	\$550,000	\$550,000
10. Supervision of General Property Tax Law	FTE	88.0	0.0
<u>House</u> reduces by \$600,000 GF/GP and shifts funds to support \$600,000 in grants (See Item #9).	Gross	\$14,899,500	(\$600,000)
	Local	140,000	0
	Restricted	3,489,400	0
	GF/GP	\$11,270,100	(\$600,000)
11. Fund Shifts to Replace General Fund	Gross	NA	\$0
<u>Executive</u> includes net change of \$0 Gross (\$1.8 million GF/GP) to reflect replacement of General Fund with available IDG and restricted fund revenue. The following line items were affected: Office of Accounting Services (\$105,600), Office of Collections (\$1.1 million), and Office of Financial Services (\$520,400). <u>House</u> concurs.	IDG	NA	1,644,400
	Restricted	NA	105,600
	GF/GP	NA	(\$1,750,000)
12. Five Year Early Out Deferred Sick Leave Payments	Gross	\$701,300	(\$701,300)
<u>Executive</u> removes \$701,300 Gross (\$73,800 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years. <u>House</u> concurs.	IDG	25,700	(25,700)
	Federal	57,500	(57,500)
	Restricted	544,300	(544,300)
	GF/GP	\$73,800	(\$73,800)

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
13. Casino Gaming Adjustments			
<u>Executive</u> includes \$868,300 Gross (\$0 GF/GP) associated with the following casino gaming operations adjustments:	FTE	141.0	1.0
	Gross	\$29,457,600	\$868,300
	Restricted	29,457,600	868,300
<ul style="list-style-type: none"> • Transfer in Horse Sample Testing from MDARD - \$250,000 Gross (\$0 GF/GP) • Ongoing support for IT services - \$500,000 Gross (\$0 GF/GP) • Includes additional auditor for tribal gaming operations - \$118,300 Gross (\$0 GF/GP) and 1.0 FTEs 			
<u>House</u> concurs.			
14. One-Time Appropriation Adjustments			
<u>Executive</u> provides a net reduction of \$27.7 million GF/GP in one-time appropriations. Includes \$2.8 million GF/GP to support development and implementation costs associated with new Free Individual Income Tax E-File system. Funding for the following items is removed: Personal property tax payments to reimburse local units for lost debt service millages (\$19.3 million GF/GP); Online Business Portal (\$600,000 GF/GP); Presidential Primary (\$10.0 million GF/GP); and CVT Revenue Sharing (\$5.8 million GF/GP).	Gross	\$29,900,000	(\$27,057,500)
	GF/GP	\$29,900,000	(\$27,057,500)
<u>House</u> concurs.			
15. Economics Adjustments			
Reflects increased costs of \$5.6 million Gross (\$1.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>Executive</u> includes. <u>House</u> concurs but alters fund sourcing to accurately reflect source of funds to cover costs. Includes \$5.6 million Gross (\$1.0 million GF/GP).	Gross	NA	\$5,627,200
	IDG	NA	142,900
	Federal	NA	316,800
	Local	NA	171,300
	Restricted	NA	3,958,500
	GF/GP	NA	\$1,037,700

Major Boilerplate Changes From FY 2015-16

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

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

Sec. 903a. Michigan Accounts Receivable Collections System Report – NEW

Requires Department of Treasury to submit a report on the Michigan Accounts Receivable Collections System. States that report shall include information regarding current collection strategies, including vendors and contractors used; type, value, and age of uncollected delinquent accounts; and liquidation rates for delinquent accounts. House includes as new language.

Sec. 904a. Financial Services Expenditure Appropriation – RETAINED

Provides funds to pay expenditures for financial services provided by financial institutions through restricting revenue from common cash interest earnings and investment earnings. Executive revises to state that if the amounts of common cash interest earnings are insufficient to cover the costs, then miscellaneous revenues shall be used to fund the remaining balance of the expenditures. House retains current law.

Sec. 917. Write-Offs and Advances – REVISED

Appropriates funds for write-offs and advances for Treasury programs of not more than current-year authorizations that would otherwise lapse to General Fund; requires report on amounts appropriated. Executive revised to delete reporting requirement. House retains current law.

Sec. 918. Tax Orientation Workshops and Seminars – DELETED

Authorizes Treasury to receive and expend funds for tax orientation workshops and seminars, not to exceed actual costs. Executive and House delete.

Sec. 919. Contracted Audit and Collection Services – REVISED

Appropriates funds to contract with private auditing firms to audit for and collect unclaimed property due the state; requires report on firms employed, amounts collected, and costs of collection. Requires a review of current practices and a report, by March 31, to a joint subcommittee of the House and Senate subcommittees on General Government. Executive and House revise to eliminate review of current practices and report by March 31.

Sec. 927. Personal Property Tax Audits – RETAINED

Requires the Department of Treasury to submit annual progress reports regarding personal property tax audits. Executive deletes. House retains current law.

Major Boilerplate Changes From FY 2015-16

Sec. 934. Expending of Authority Revenues – RETAINED

Authorizes Treasury to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Executive revises to delete reporting requirement. House retains current law.

Sec. 944. Pension Plan Consultant Report – RETAINED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. Executive deletes. House retains.

Sec. 949a. Personal Property Tax Reimbursements Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the personal property tax reimbursements to local units of government. Provides example of performance metric/outcome stating that the department's role in reimbursing the local units will provide the department with the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely. Executive and House delete.

Sec. 949c. Operations Information Technology Services and Projects Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the operations information technology services and projects. Provides example of performance metric/outcome stating that the funding will provide businesses with the opportunity for electronic business tax registration, authentication of taxpayers, and tax filing for more than 325,000 Michigan businesses. Executive and House delete.

Sec. 949d. Financial Review Commission Performance Measures – REVISED

Specifies that the department shall expand financial review commission efforts in FY 2015-16. The funds shall cover ongoing costs associated with the operation of the commission. Provides example of performance metric/outcome stating that the funding will allow the department to perform critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy. Executive deletes. House updates to match fiscal year and continuing funding.

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

Allocates \$300,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2014-15 revenues and expenditures, proposed FY 2015-16 grant expenditures, and a final report on FY 2015-16 grant expenditures. Executive deletes. House revises to update for fiscal year.

Sec. 951. Competitive Grant Assistance Program – NEW

Executive includes direction for distribution of \$11.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services, enter an interlocal agreement, or cooperate in the provision of services via a Competitive Grant Assistance Program; \$5.2 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language. House includes new language but reduces funding to \$5.2 million and removes authorities, school districts, ISDs, public community colleges, and public universities from eligible entities.

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

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2014-15 payment to all CVTs that were eligible for a payment in FY 2014-15. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956. Executive revises to remove per capita payment option and 101 townships from eligibility for a CVT Revenue Sharing payment. Includes new language allowing entity that does not comply with accountability and transparency on December 1 to comply by April 1 and still receive full payments. Payments that were ultimately qualified for after December 1 would be deferred and paid in August payment. House retains current year language; updates references to accommodate new fiscal year.

Sec. 957. CVT Revenue Sharing Workgroup - DELETED

States legislative intent that a workgroup be formed, to include members of the Executive Branch, to explore a new nonconstitutional revenue sharing distribution formula. Executive and House delete.

Sec. 957. Competitive Grant Assistance Program Metrics - NEW

Specifies that the department shall identify specific outcomes and performance measures for the Competitive Grant Assistance Program. Provides nonexclusive list of performance metrics to be used. Executive and House include as new.

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

Requires Lottery to notify lottery retailers that DHHS bridge cards are not to be used to purchase lottery tickets. Executive deletes. House retains.

Major Boilerplate Changes From FY 2015-16

Sec. 978. Racing Commission Regulatory Changes - RETAINED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Executive revises by striking language specifying that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations and if a certified horsemen's organization funds more than the regular costs, the funds shall remain in the agriculture equine development fund for future race dates. House retains current year law.

FY 2016-17: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT



Summary: As Reported by the House Subcommittee House Bill 5276 (H-1) Draft 1

Analyst: Ben Gielczyk

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	764,102,800	773,944,800	773,944,800			9,842,000	1.3
Local	4,433,500	500,000	500,000			(3,933,500)	(88.7)
Private	5,619,000	5,619,000	5,619,000			0	0.0
Restricted	180,411,200	192,341,600	192,341,600			11,930,400	6.6
GF/GP	198,457,000	170,088,900	150,088,900			(48,368,100)	(24.4)
Gross	\$1,153,023,500	\$1,142,494,300	\$1,122,494,300			(\$30,529,200)	(2.6)
FTEs	1,619.0	1,615.0	1,615.0			(4.0)	(0.2)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2015-16 YTD Appropriations

1. Business Attraction and Community Revitalization

Executive includes net increase of \$1.5 million Gross: \$2.0 million increase in 21st Century Jobs Trust Fund funding and \$500,000 GF/GP decrease. Shifted \$2.0 million 21st Century Jobs Trust Fund from Entrepreneurship Eco-System line item (See Item #2). Portion of overall funding considered one-time is reduced from \$17.3 million GF/GP to \$13.0 million GF/GP. House reduces by \$11.5 million Gross (\$13.5 million GF/GP). House concurs with transfer of \$2.0 million 21st Century Jobs Trust Fund funding from Entrepreneurship Eco-System line (see Item #2).

	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Gross	\$114,000,000	(\$11,500,000)
Restricted	20,600,000	2,000,000
GF/GP	\$93,400,000	(\$13,500,000)

2. Entrepreneurship Eco-System

Executive removes \$2.0 million 21st Century Jobs Trust Fund and shifts to Business Attraction and Community Revitalization (See Item #1). House concurs.

Gross	\$21,400,000	(\$2,000,000)
Restricted	21,400,000	(2,000,000)

3. Skilled Trades Training Program

Executive increases by \$10.0 million Gross (\$0 GF/GP). Funds will support expansion of program and help meet continued demand of Skilled Trades Training Program. Funds assist employers with designing training programs for potential employees lacking the requisite skills. House concurs with Executive inclusion of \$10.0 million Gross (contingent fund, penalty and interest) and reduces by \$5.0 million GF/GP for a net increase of \$5.0 million Gross.

Gross	\$25,600,000	\$5,000,000
Federal	1,500,000	0
Restricted	14,100,000	10,000,000
GF/GP	\$10,000,000	(\$5,000,000)

4. Community Ventures

Executive includes \$2.0 million GF/GP in one-time appropriations to supplement the ongoing Community Ventures program with a new Community Ventures - Challenge Match program. Private funds raised would be matched dollar for dollar up to \$2.0 million. House does not include.

FTE	7.0	0.0
Gross	\$9,800,000	\$0
GF/GP	\$9,800,000	\$0

		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
Major Budget Changes From FY 2015-16 YTD Appropriations			
5. Financial Literacy Pilot Program			
<u>Executive</u> includes \$5.8 million Gross (\$0 GF/GP) in one-time TANF funds for a competitive grant to operate a financial literacy pilot for Family Independence Program clients in up to three prosperity regions. Counseling sessions would be on a voluntary basis and focus on personal budgeting, debt reduction, establishing and improving credit, accessing safe and affordable banking services, building savings, and connecting to other support services through referrals. <u>House</u> concurs.	Gross	\$0	\$5,800,000
	Federal	0	5,800,000
6. Statewide Data System Integration			
<u>Executive</u> includes \$8.8 million Gross (\$0 GF/GP) in one-time appropriations for the replacement of the state's current workforce reporting system with the Michigan Integrated Data System which will allow state to meet new federal workforce data reporting requirements. Funds will also support the enhancement of the Workforce Longitudinal Data System to enhance data integration and sharing between state agencies to measure effectiveness and outcomes of state and federal workforce and education programs. <u>House</u> concurs.	Gross	\$0	\$8,778,500
	Federal	0	4,800,000
	Restricted	0	3,978,500
7. Human Resources Transfer			
<u>Executive</u> removes \$710,000 Gross (\$0 GF/GP) and 4.0 FTEs associated with human services functions in DTED. Funds and FTEs are transferred to the Civil Service Commission with the establishment of DTED as an Executive department. <u>House</u> concurs.	FTE	4.0	(4.0)
	Gross	\$710,000	(\$710,000)
	Federal	535,400	(535,400)
	Restricted	174,600	(174,600)
8. Technical Adjustment to Revenue Sources			
<u>Executive</u> reduces various line items by \$8.6 million Gross (\$0 GF/GP) federal, local, private, and restricted fund sources to align with actual funds received. <u>House</u> concurs.	Gross	\$954,566,500	(\$8,587,700)
	Federal	764,102,800	(1,881,400)
	Local	4,433,500	(3,933,500)
	Private	5,619,000	(8,000)
	Restricted	180,411,200	(2,764,800)
9. Five Year Early Out Deferred Sick Leave Payments			
<u>Executive</u> removes \$577,700 Gross (\$59,200 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years. <u>House</u> concurs.	Gross	\$577,700	(\$577,700)
	Federal	386,200	(386,200)
	Restricted	132,300	(132,300)
	GF/GP	\$59,200	(\$59,200)
10. Other One-Time Appropriations			
<u>Executive</u> removes \$30.2 million GF/GP in one-time appropriations for Film Incentives (\$25.0 million GF/GP) and various special grants (\$5.2 million GF/GP). <u>House</u> concurs.	Gross	\$30,150,000	(\$30,150,000)
	GF/GP	\$30,150,000	(\$30,150,000)
11. Economics Adjustments			
Reflects increased costs of \$3.4 million Gross (\$341,100 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>Executive</u> and <u>House</u> include economic changes.	Gross	NA	\$3,417,700
	Federal	NA	2,045,000
	Private	NA	8,000
	Restricted	NA	1,023,600
	GF/GP	NA	\$341,100

Major Boilerplate Changes From FY 2015-16

Reporting Requirements - DELETED

Executive eliminates numerous boilerplate reporting requirements deemed one-time, duplicative due to requirements present in statute, or that covered outdated program requirements. The following sections and subsections were deleted or revised to eliminate reporting requirements:

Sec. 990. Michigan State Housing Development Authority Housing Production Goals Annual Report

Sec. 991. Michigan Broadband Development Authority Report

Sec. 1005. Pure Michigan Slogan Revenue

Sec. 1007. MSF/MEDC Program Reporting Requirements

Sec. 1010. Jobs for Michigan Investment Fund Report

Sec. 1031. Spending Plan Report for Entrepreneurship Eco-System and Business Attraction and Community Revitalization

Sec. 1033. Film Incentives Status Report

Sec. 1053. MSF Status of Projects by Award Recipient Report

Sec. 1076. UIA Computer System Report

Sec. 1077. UIA Internet Claims Report

Sec. 1078. Internet Michigan Web Account Manager System Performance Metrics

With the exception of Section 1033, the House retained all reporting requirements and sections listed.

Sec. 1014. Michigan Core Communities Fund – RETAINED

Outlines purposes and authorized uses of the fund; establishes policies and procedures for disseminating grants from the fund; requires notification before grant distribution. Executive deletes. House retains.

Sec. 1034. Business Incubator Program Dashboard – RETAINED

Requires each business incubator that received an award from the fund to submit a dashboard of indicators to gauge performance. Executive deletes. House retains.

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

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Executive revised to eliminate language prohibiting funds from being used for administration. House retains current year language.

Sec. 1037. Facility for Rare Isotope Beams Debt Service – RETAINED

Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive deletes. House retains.

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. Executive deletes. House retains.

Sec. 1042a. Business Attraction and Community Revitalization Performance Metrics – NOT INCLUDED

Requires department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Business Attraction and Community Revitalization line item. Provides nonexclusive list of performance metrics to be used. Executive includes as new. House does not include.

Sec. 1050. Activities Classification Structure Data Book – DELETED

Requires Department of Talent and Economic Development (DTED) to publish the "activities classification structure data book" for Michigan community colleges; report on Indian Tuition Waivers granted; and compile information from community colleges on the number of associates degrees and other certificates awarded during the previous fiscal year. Executive retains. House deletes.

Sec. 1056. Film Incentive Funds Transfer – DELETED

Requires the DTED to make a total payment of \$19.1 million from the funds appropriation in part 1 to Film Incentives to the Michigan retirement systems for obligations purchased or guaranteed for the financing, construction, or operation of a film production studio. Executive and House delete.

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

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

Major Boilerplate Changes From FY 2015-16

Sec. 1066. Skilled Trades Training Program Administration - REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Skilled Trades Training Program to be used for matching funds when a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government. Revised to eliminate funding restrictions for program and process-centered training organization employers. Executive revised matching funds language to broaden federal match language to allow the department flexibility if new federal funding was available. Executive also struck language that prohibited funds from being distributed to program and process-centered training organization employers. House concurs with Executive changes on federal matching funds; retains language prohibiting funds from being distributed to program and process-centered training organization employers.

Sec. 1069. Michigan GED-to-School Program – DELETED

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report. Executive and House delete.

Sec. 1069. Community Ventures – Challenge Match – NOT INCLUDED

Stipulates that funding in part 1 for the Community Ventures – Challenge Match shall only be expended upon the commitment of matching dollars from private sources. States that private funds raised would be matched dollar for dollar up to \$2.0 million. Executive includes as new. House does not include.

Sec. 1070. Welfare-to-Work Workgroup - DELETED

Requires Workforce Development Agency to conduct a workgroup with DHHS and members of the Senate and House of Representatives, unless a workgroup and report were provided in FY 2014-15, to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report. Executive and House delete.

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

Requires department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Executive and House include as new language.

Sec. 1082. Financial Literacy Pilot Guidance – NEW

Provides guidance on purpose and of Financial Literacy Pilot Program for Family Independence Program (FIP) and Temporary Assistance for Needy Families (TANF) eligible individuals. Executive and House include as new language.