

FY 2016-17 GENERAL OMNIBUS BUDGET
Summary: As Reported by House Appropriations Committee
House Bill 5294 (H-1)



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

Budget Area (Bill Page) [Summary Page]	FY 2016-17	
	Gross	GF/GP
Agriculture and Rural Development (1) [2]	\$92,542,400	\$47,488,000
Corrections (29) [7]	2,029,386,100	1,979,457,900
Education (77) [14]	317,049,900	76,321,800
Environmental Quality (105) [20]	520,499,400	56,186,400
General Government (141) [24]		
<i>Attorney General</i> (142) [26]	97,785,900	39,140,600
<i>Civil Rights</i> (146) [28]	16,621,900	13,394,700
<i>Executive Office</i> (148) [30]	5,636,300	5,636,300
<i>Legislature</i> (149) [31]	142,028,600	137,352,800
<i>Legislative Auditor General</i> (151) [33]	23,915,700	16,387,700
<i>State</i> (153) [34]	253,015,600	22,109,600
<i>Technology, Management, and Budget</i> (159) [36]	1,291,883,100	476,210,000
<i>Treasury</i> (165) [40]	1,910,497,400	234,130,500
<i>Talent and Economic Development</i> (174) [45]	1,122,494,400	150,089,000
Subtotal: General Government	4,863,878,900	1,094,451,200
Health and Human Services (315) [49]	24,872,842,800	4,312,425,700
Insurance and Financial Services (466) [63]	66,257,200	150,000
Judiciary (477) [65]	299,134,000	190,057,400
Licensing and Regulatory Affairs (496) [68]	421,651,200	42,313,200
Military and Veterans Affairs (532) [73]	168,800,400	51,043,800
Natural Resources (568) [77]	396,904,200	38,560,000
State Police (600) [81]	653,971,300	407,158,000
Transportation (630) [86]	4,114,803,600	0
TOTAL	\$38,817,721,400	\$8,295,613,400

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

FY 2016-17: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: As Reported by House Appropriations Committee Article I, House Bill 5294 (H-1)

Analyst: William E. Hamilton

	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	\$317,300	\$323,200	\$323,200			\$5,900	1.9
Federal	10,427,900	10,471,200	10,471,200			43,300	0.4
Local	0	0	0			0	--
Private	128,100	130,700	130,700			2,600	2.0
Restricted	32,647,100	32,629,300	34,129,300			1,482,200	4.5
GF/GP	43,073,600	48,036,900	47,488,000			4,414,400	10.2
Gross	\$86,594,000	\$91,591,300	\$92,542,400			\$5,948,400	6.9
FTEs	460.0	479.0	477.0			17.0	3.7

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 Agriculture and Rural Development's key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

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. Information Technology	Gross \$1,372,500	\$378,000
<u>Executive</u> : Provides \$378,000 Gross, (\$257,000 GF/GP) increase to reflect ongoing costs of new licensing and inspection system.	IDG 3,200	0
<u>House</u> : Concurs with <u>Executive</u> .	Restricted 64,600	121,000
	GF/GP \$1,304,700	\$257,000
	FTEs 91.0	0.0
2. Food Safety and Quality Assurance	Gross \$13,537,800	\$0
<u>Executive</u> : Includes \$1.2 million GF/GP increase and 2.0 additional FTE positions for program to assist producers implement on-farm food produce safety standards under the Food Safety Modernization Act (FSMA).	Federal 1,250,900	0
<u>House</u> : Does not include new funding/FTE increase; includes new Sec. 403.	Restricted 4,620,500	0
	GF/GP \$7,666,400	\$0
	FTEs 7.0	0.0
3. Farmland and Open Space Preservation	Gross \$905,200	\$1,000,000
<u>Executive</u> : Increases baseline GF/GP by \$500,000 to offset decline in restricted Agriculture Preservation Fund revenue that had been intended to support this program, commonly referred to as the PA 116 program.	Restricted 583,600	0
<u>House</u> : Increases GF/GP by \$1.0 million, \$500,000 more than the <u>Executive</u> .	GF/GP \$321,600	\$1,000,000
	FTE 9.0	0.0
4. Qualified Forest Program	Gross \$2,682,500	(\$130,000)
<u>Executive</u> : Reduces baseline GF/GP support by \$130,000.	Restricted 284,900	0
<u>House</u> : Concurs with <u>Executive</u> .	GF/GP \$2,397,600	(\$130,000)
	Gross \$300,000	(\$300,000)
5. Commercial Forestry Audit Program	Gross \$300,000	(\$300,000)
<u>Executive</u> : Eliminates funding for this program; the current year budget includes sufficient funding to complete the final two years of the three-year commercial forestry audit.	GF/GP \$300,000	(\$300,000)
<u>House</u> : Concurs with <u>Executive</u> .		

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. Laboratory Services	FTEs	37.0	5.0
<u>Executive:</u> Reflects two programmatic changes: Elimination of Agriculture Equine Industry Development Fund (AEIDF) revenue (\$600,200), to reflect transfer of horse race testing program to Michigan Gaming Control Board (MGCB); increase in funding for Geagley Laboratory by \$2.1 million GF/GP to support additional staffing/equipment upgrades for food safety and export market testing programs.	Gross	\$5,322,000	\$1,469,800
<u>House:</u> Concurs with <u>Executive</u> .	IDG	212,900	0
	Federal	781,100	0
	Restricted	2,123,500	(600,200)
	GF/GP	\$2,204,500	\$2,070,000
7. Consumer Protection Program	FTEs	40.0	1.0
<u>Executive:</u> Reflects \$1.0 million GF/GP increase in baseline support for consumer protection programs at the Heffron Metrology Laboratory.	Gross	\$6,072,200	\$1,040,000
<u>House:</u> Concurs with <u>Executive</u> .	Restricted	6,071,600	0
	GF/GP	\$600	\$1,040,000
8. Diagnostic Center for Population and Animal Health – NEW	Gross	\$0	\$1,100,000
<u>House:</u> Provides funding for MSU Diagnostic Laboratory.	GF/GP	\$0	\$1,100,000
9. Rural Development (Value-Added) Grants	Gross	\$1,200,000	(\$700,000)
Current year total of \$1.2 million reflects \$650,000 in ongoing, and \$550,000 in one-time funding. <u>Executive:</u> Recommends total of \$500,000 GF/GP and renaming program to "Value-added grants."	GF/GP	\$1,200,000	(\$700,000)
<u>House:</u> Concurs with <u>Executive</u> .			
10. Rural Development Fund Grant Program – NEW	Gross	\$0	\$2,000,000
<u>Executive:</u> Includes \$2.0 million from Rural Development Fund for new grant/loan program for projects that address expansion and sustainability of agriculture, mining, forestry, oil and gas exploration, and tourism. Fund revenue is generated from a nonferrous metal mining severance tax established in Public Act 411 of 2012.	Restricted	\$0	\$2,000,000
<u>House:</u> Concurs with <u>Executive</u> .			
11. Vital Agriculture Infrastructure Grant Program – NEW	Gross	\$0	\$220,000
<u>House:</u> Establishes new line item.	GF/GP	\$0	\$220,000
12. Healthy Food Assistance Program – NEW	Gross	\$0	\$100
<u>House:</u> Establishes placeholder for new program.	GF/GP	\$0	\$100
13. County Fairs Capital Improvement Grants	Gross	\$300,000	\$0
<u>Executive:</u> Eliminates GF/GP program that provides matching grants for county fair improvement projects. <u>House:</u> Retains current year funding.	GF/GP	\$300,000	\$0
14. Shows and Expositions	Gross	\$20,000	(\$20,000)
<u>Executive:</u> Eliminates GF/GP program that provides grants for agricultural shows and expositions. <u>House:</u> Concurs with <u>Executive</u> .	GF/GP	\$20,000	(\$20,000)
15. Horse Racing Programs	FTEs	1.0	(1.0)
<u>Executive:</u> Eliminates 1.0 FTE position for fairs and racing administration functions. Retains current year funding for horse racing awards and purse supplements, but increases Thoroughbred sire stakes by \$80,000 and reduces Thoroughbred breeders' awards by a like amount.	Gross	\$3,667,200	\$0
<u>House:</u> Concurs with <u>Executive</u> .	Restricted	3,667,200	0
16. Tree Fruit Research (One-Time)	Gross	\$500,000	(\$500,000)
<u>Executive:</u> Eliminates one-time GF/GP authorization for grant program.	GF/GP	\$500,000	(\$500,000)
<u>House:</u> Concurs with <u>Executive</u> .			
17. One-Time Capital Equipment for Geagley Laboratory	Gross	\$150,000	(\$150,000)
<u>Executive:</u> Eliminates one-time GF/GP authorization.	GF/GP	\$150,000	(\$150,000)
<u>House:</u> Concurs with <u>Executive</u> .			
18. Refined Petroleum Fund – Offset with GF/GP	Gross	NA	\$0
<u>Executive:</u> Reduces Refined Petroleum Fund (RPF) by \$1.5 million; offsets with GF/GP in <i>Laboratory services</i> and <i>Consumer protection</i> programs.	Restricted	NA	0
<u>House:</u> Retains use of RPF and therefore does not need to offset with GF/GP.	GF/GP	NA	\$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
19. Technical Revenue Adjustments – GF/GP	Gross	NA	(\$99,100)
<u>Executive</u> : Unspecified reductions to balance to GF/GP target as follows: Food and dairy, (\$48,400); PPPM, (\$20,700); and Environmental stewardship, (\$30,000). <u>House</u> : Concurs with <u>Executive</u> .	GF/GP	NA	(\$99,100)
20. Technical Revenue Adjustments – Federal and Restricted	Gross	NA	(\$435,900)
<u>Executive</u> : Adjusts federal and restricted revenue in various line items to reflect best estimates of available federal grants and restricted revenue sources. <u>House</u> : Concurs with <u>Executive</u> .	Federal	NA	(91,800)
	Restricted	NA	(344,100)
	GF/GP	NA	\$0
21. Economic Adjustments	Gross	NA	\$1,313,100
<u>Executive</u> and <u>House</u> reflect increased costs of \$1.3 million Gross (\$727,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	5,900
	Federal	NA	135,100
	Private	NA	2,600
	Restricted	NA	442,000
	GF/GP	NA	\$727,500
22. End of Five-Year Early Retirement Sick Leave Payouts	Gross	NA	(\$237,600)
<u>Executive</u> and <u>House</u> recognizes the end of employee accumulated sick-leave payouts from 2010 early retirement incentive; those payments had been spread over 5 years and will end in FY 2015-16.	Restricted	NA	(136,500)
	GF/GP	NA	(\$101,100)

Major Boilerplate Changes From FY 2015-16

GENERAL SECTIONS (Secs. 201 through 232)

The current year budget act, 2015 PA 84, includes a number of general or standard boilerplate sections: **Sec. 201**, Total state spending/spending to local units; **Sec. 202**, Reference to Management and Budget Act; **Sec. 203**, Abbreviations; **Section 205**, New or expanded program metrics; **Sec. 206**, Contingency appropriations; **Sec. 207**, Transparency website; **Sec. 208**, Use of internet to fulfill reporting requirements; **Sec. 209**, Preference for American/Michigan goods/services; **Sec. 201**, Deprived/depressed communities; **Sec. 212**, Record retention; **Sec. 215**, Discipline of employees communicating with Legislature; **Sec. 215**, Out-of-state travel report; **Sec. 228**, Report on GF/GP lapses; **Sec. 229**, Report on restricted fund revenue and balances; **Sec. 230**, Use of attorneys other than the Attorney General; **Sec. 231**, Website metrics/scorecard; **Sec. 232**, Legacy costs.

Except as noted below, both the Executive and the House retain all of the current year standard sections, in some cases with minor modifications. Note that at the request of the State Budget Office, many of these sections have been renumbered.

Sec. 205. Report on Specific Performance Benchmarks – RETAINED

Requires the department to identify specific performance benchmarks for new programs or program enhancements in excess of \$500,000. Executive: Deletes; House: Retains, renumbered as Sec. 233.

Sec. 212. Record Retention – DELETED

Prescribes record retention guidelines. Executive: Deletes; House: Concurs with Executive.

Sec. 215. Discipline of Employees Communicating with Legislature – RETAINED

Prohibits the department from disciplining employees for communicating with the legislature. Executive: Deletes; House: Retains.

DEPARTMENTWIDE

Sec. 301. Miscellaneous Fees Revenue/Expenditures – MODIFIED

Authorizes department to receive/expense revenue to cover expenses related to publications, audits, sales, inspections, and other department functions; requires legislative notification 30 days prior to proposing fee increases; requires annual report on fees charged by department. Executive: Retains; House: Modifies to clarify.

Sec. 302. Grant Notification – MODIFIED

Requires notice of grants made to local units of government, institutions of higher education, or non-profit organizations. Executive: Retains; House: Modifies to clarify.

FOOD AND DAIRY

Sec. 402. Food Safety Report/Food and Dairy Division Report – MODIFIED

Current year budget act requires a report on food-borne outbreaks and emergencies related to food safety. Executive: Retains; House: Modifies/expands to require an annual Food and Dairy Division report due April 1 of each year.

Major Boilerplate Changes From FY 2015-16

Sec. 403. Food Safety & Modernization Act Program (FSMA) – NEW

House: Includes new section indicating legislative intent that the department establish FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1.

ANIMAL INDUSTRY

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

Requires the department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury. Executive: Deletes; House: Retains.

Sec. 452. Animal Industry Division Annual Report – NEW

House: Includes new annual report on activities of the Animal Industry Division due April 1 of each year.

Sec. 453. Indemnification Payments – MODIFIED

Current section authorizes the department to provide for indemnity pursuant to Animal Industry Act; limits indemnification orders to \$100,000 per order; and requires report on reason for, amount of, and person to whom indemnification is to be paid. Subsection (2) currently authorizes the department to indemnify for livestock killed by wolves, coyotes, or cougars. Subsection (3) currently indicates that the appropriation in Part 1 for indemnification is for indemnification under Subsection (2) and related department costs; requires a report, due March 1. Executive: Modifies to simply reference statute; eliminates reporting requirement.

House: Modifies to clarify; retains reporting requirements.

Sec. 454. Bovine TB – RETAINED

Directs department to collaborate with USDA and work to eradicate Bovine TB.

Executive: Deletes; House: Retains.

Sec. 456. Electronic Animal Identification – RETAINED

Current year language prohibits the use of appropriated funds to enforce electronic ID programs for domestic animals.

Executive: Deletes; House: Retains.

Sec. 457. Bovine TB Quarterly Report – MODIFIED

Executive: Deletes the quarterly reports and references the Animal Industry Division annual report; House: Modifies language; retains quarterly reporting.

Sec. 458. Aquaculture – MODIFIED

Executive: Retains current language that directs the department to provide inspection and testing of aquaculture facilities and researchers; deleted reference to VHS. House: Concurs with Executive.

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

Indicates that it is the intent of the Legislature that the department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions. Executive: Deletes; House: Retains.

PESTICIDE AND PLANT PEST MANAGEMENT (PPPM)

Sec. 501. Pesticide and Plant Pest Management Annual Report – NEW

House: Includes new annual report on activities of PPPM Division due April 1 of each year.

ENVIRONMENTAL STEWARDSHIP DIVISION (ESD)

Sec. 601. Environmental Stewardship/MAEAP – RETAINED

Clarifies intent that line item be used to support department agriculture pollution prevention programs, including groundwater and freshwater protection programs under Part 87 of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, and technical assistance in implementing conservation grants available under the federal Farm Bill of 2014.

Executive: Minor language modifications; House: Retains current language.

Sec. 602. Environmental Stewardship Division Annual Report – NEW

House: Includes new annual report on activities of ESD Division due April 1 of each year.

Sec. 604. Appropriation of Excess Federal Revenues – MODIFIED

Authorizes the department to expend federal revenues in excess of the appropriation under section 107 in part 1 upon notification of the Legislature. Executive: Retains; House: Modifies to clarify.

Sec. 609. Commercial Forestry Audit Program – DELETED

Executive and House delete current language that describes intent of the program. Program will be completed in FY 2015-16.

LABORATORY PROGRAM

Sec. 651. Laboratory Program Annual Report – NEW

House: Includes new annual report on activities of Laboratory Division due April 1 of each year.

Major Boilerplate Changes From FY 2015-16

Sec. 652. Laboratory Program Turnaround Times – NEW

Executive: Includes new section, numbered as Sec. 701, on laboratory turnaround time metrics.

House concurs with Executive but numbers as Sec. 652.

AGRICULTURE DEVELOPMENT

Sec. 701. Rural Development (Value Added) Grant Program – MODIFIED

Current language defines program to "promote the expansion of value-added agricultural production, processing, and access with this state." Provides guidance for administration of program. Executive: Generally retains current language; renames program as *Value-added grants* program; House: Concurs with new program name; modifies provisions governing grant program.

Sec. 706. Agriculture Development Division Annual Report – NEW

House: Includes new annual report on activities of Agriculture Development Division due April 1 of each year.

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

Executive: Deletes current reporting requirement; House: Retains.

Sec. 711. Rural Development Fund/Program – NEW

Executive: Directs department to work with Rural Development Fund Board; references 2012 PA 41. House: Concurs with Executive.

FAIRS AND EXPOSITIONS

Sec. 801. Ag Equine Industry Development Fund – RETAINED

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

Executive: Deletes; House: Retains.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Executive: Deletes; House: Retains.

Sec. 805. County Fair Capital Grant Program – MODIFIED

Provides for matching program for county fair capital grants appropriated in part 1.

Executive: Deletes; House: Modifies to exclude fairs that received awards in prior year from receiving awards from the program.

Sec. 806. Shows and Expositions Grants – DELETED

Executive and House delete section regarding a grant program that is not included in proposed budget.

FY 2016-17: DEPARTMENT OF CORRECTIONS
Summary: As Reported by House Appropriations Committee
Article V, House Bill 5294 (H-1)



Analyst: Robin R. Risko

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	%
	\$225,000	\$0	\$0			(\$225,000)	(100.0)
Federal	5,568,700	5,523,700	5,523,700			(45,000)	(0.8)
Local	8,533,200	8,692,800	8,692,800			159,600	1.9
Private	0	0	0			0	--
Restricted	43,950,700	35,711,700	35,711,700			(8,239,000)	(18.7)
GF/GP	1,903,948,400	1,979,457,900	1,979,457,900			75,509,500	4.0
Gross	\$1,962,226,000	\$2,029,386,100	\$2,029,386,100			\$67,160,100	3.4
FTEs	14,190.3	14,065.6	14,065.6			(124.7)	(0.9)

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 Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 32 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of April 1, 2016, the department was responsible for 103,953 Michigan offenders: 42,476 prisoners, 45,135 probationers, and 16,342 parolees.

<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>
1. Drug Treatment for Prisoners with Hepatitis C	Gross	\$18,265,000	\$12,335,000
<u>Executive</u> includes \$17.3 million to cover increased costs of the expanded drug treatment protocol for treatment of prisoners with Hepatitis C. This reflects an additional \$3.4 million above the FY 2015-16 increase of \$13.9 million approved via legislative transfer for this purpose. The treatment protocol is to treat prisoners that have Hepatitis C with metavir scores of F3 and F4. In general, the total number of prisoners treated is determined based on individual treatment plans and costs to provide treatments. The department utilizes the drug Harvoni, and, typically, treatment is 12 weeks in duration. <u>House</u> includes \$12.3 million.	GF/GP	\$18,265,000	\$12,335,000
2. Restoration of Reduced Funding for Health Care	Gross	(\$15,000,000)	\$11,200,000
<u>Executive</u> restores \$11.2 million of a \$15.0 million reduction that was included in the current year budget and anticipated to be achieved as a result of implementing an integrated healthcare delivery system with one vendor managing physical health care, mental health care, and pharmaceutical services. The consolidated contract will not be effective until June 1, 2016 and will result in a full-year savings of \$3.8 million GF/GP in FY 2016-17. <u>House</u> concurs.	GF/GP	(\$15,000,000)	\$11,200,000
3. One-Time Funding for New Custody Staff Training	Gross	\$9,079,500	\$8,506,100
<u>Executive</u> includes one-time funding for training an additional 350 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid, during training, if participants live away from the facilities to which they are assigned.) With the additional funding added to the current year base of \$9.1 million, the department will be able to train roughly 730 new officers. <u>House</u> concurs.	GF/GP	\$9,079,500	\$8,506,100

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. Rebidding of Various Service Contracts	Gross	NA	\$6,790,000
<u>Executive</u> includes additional funding to cover anticipated costs of rebidding reentry services contracts, substance abuse treatment services contracts, and outpatient and residential sex offender treatment services contracts. Reentry services contracts have been in place for the last seven years, substance abuse treatment services contracts for the last six years, and outpatient and residential sex offender treatment services contracts for the last five years. The additional funding will cover the estimated inflationary increases that are expected to be included in the new contract costs. <u>House</u> concurs.	GF/GP	NA	\$6,790,000
5. Mental Health and Sex Offender Programming for Prisoners	FTE	NA	17.0
<u>Executive</u> includes additional FTE positions (8.0 psychologists, 8.0 social workers, and 1.0 technician) and funding to address the increased caseload and waiting lists for mental health treatment services and sex offender programming. Also, the department will be replacing the current sex offender treatment program with a new treatment program that is longer in duration. <u>House</u> concurs.	Gross	NA	\$1,954,500
	GF/GP	NA	\$1,954,500
6. Federal Regulations on Telephone Rates	Gross	\$11,782,900	(\$4,800,000)
<u>Executive</u> decreases total spending authorization and reduces state restricted funding to reflect recent rate changes made by the Federal Communications Commission (FCC) to telephone services for prisoners. The FCC has ruled that rates charged to prisoners for telephone calling services need to be capped. The new capped amounts are lower than amounts currently paid. Given that prisoners will be paying less for phone services, revenue going into the Program and Special Equipment Fund will be reduced. This revenue is used for equipment purchases, prisoner programming, and prisoner education. Additional GF/GP funding is included to partially offset the reduction in revenue in an effort to hold harmless the funding for prisoner education. <u>House</u> concurs.	Restricted	11,782,900	(6,674,000)
	GF/GP	\$0	\$1,874,000
7. DTMB Rate Adjustments	Gross	NA	\$1,612,800
<u>Executive</u> includes additional funding (\$1,775,600) to cover costs of service rate changes that DTMB will make in FY 2016-17. DTMB will follow a new financial model for the provision of information technology services resulting in additional costs for all state departments. Increases in rates are partially offset by Vehicle Travel Service rate savings that are expected to occur (\$162,800). <u>House</u> concurs.	GF/GP	NA	\$1,612,800
8. Trinity Food Service Contract Adjustment	Gross	\$52,558,900	\$1,535,000
<u>Executive</u> includes additional funding to cover the contract requirement that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index - All Urban Consumers, U.S. City Average for Food Away from Home. That CPI has averaged a 2.6% increase over the last 10 years. The amount of additional funding assumes that same percentage increase in FY 2016-17. <u>House</u> concurs.	GF/GP	\$52,558,900	\$1,535,000
9. Increased Information Technology Bandwidth	Gross	NA	\$1,021,800
<u>Executive</u> includes additional funding to cover costs of increasing information technology bandwidth in an effort to eliminate problems with system slowness and operational outages at 27 correctional facilities and 113 field operations offices. Correctional facilities and field operations locations rely on the internet for programs such as meal tracking used for food service billing; electronic law library; video conferencing for health care, parole hearings, and court appearances; GED preparation and testing; electronic medical records; and the Next Gen health care system. <u>House</u> concurs.	GF/GP	NA	\$1,021,800
10. One-Time Funding for Ballistic Vests	Gross	NA	\$981,300
<u>Executive</u> includes additional funding for the department to purchase 1,400 ballistic vests for parole and probation staff that go into the field and have direct contact with parolees and probationers, and 170 ballistic vests for transportation officers that are required to wear vests when transporting prisoners. The estimated cost is roughly \$625 per vest. <u>House</u> concurs.	GF/GP	NA	\$981,300

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	
11. Life in Recovery Treatment Program	Gross	NA	\$750,000
<u>Executive</u> includes additional funding for a new treatment service targeted at repetitive relapse prevention for probation violators. The new 30-day program will aim to increase insight into offenders' relapse factors and triggers, identify issues offenders need to work on to prevent future relapses, revise offenders' relapse prevention plans, and offer sober living support. It is estimated that 250 offenders will be treated through this program as an alternative to 90-day residential treatment programming. <u>House</u> concurs.	GF/GP	NA	\$750,000
12. Smart Device Access Fees	Gross	NA	\$408,000
<u>Executive</u> includes additional funding to cover fees charged by DTMB for smart device access to state e-mail, mobile device management, DTMB-IT staff support, and security services. As of October 2015, MDOC had 2,100 smart devices in service, compared to 400 in October 2013. The additional funding will cover access fee charges for the additional 1,700 devices at \$20 per device per month. <u>House</u> concurs.	GF/GP	NA	\$408,000
13. Utility Fee Adjustments	Gross	NA	\$287,800
<u>Executive</u> includes additional funding to cover increased water and sewer charges at six correctional facilities. The City of Muskegon increased sewage rates by 11%, impacting Brooks (\$43,200) and Muskegon (\$29,000); the City of St. Louis increased water rates by 36%, impacting Central Michigan (\$73,700) and St. Louis (\$96,500); and Kinross Charter Township increased water rates by 25%, impacting Kinross (\$21,600) and Chippewa (\$23,800). <u>House</u> concurs.	GF/GP	NA	\$287,800
14. Prison Industries Transportation Adjustment	Gross	NA	\$255,000
<u>Executive</u> includes authorization for Correctional Industries Revolving Fund revenue to be used to partially fund the Transportation line item. Transportation staff will be assuming more transport responsibilities for Prison Industries operations. <u>House</u> concurs.	Restricted	NA	255,000
15. Savings from Managing Prison Populations	FTE	NA	(55.7)
<u>Executive</u> reflects an FTE reduction and a total savings of \$10.0 million as a result of the following:	Gross	NA	(\$10,000,000)
<ul style="list-style-type: none"> \$5.0 million in savings from taking housing units off-line; due to reduced prisoner population pressures, select housing units at the Carson City, Marquette, Central Michigan, Egeler, and Cotton Correctional Facilities are not planned for use in FY 2016-17 Full-year savings of \$3.4 million and a reduction of 55.7 FTE positions from closure of the Kinross Correctional Facility and transfer of the prisoners to the former Hiawatha Correctional Facility; closure took place in the fall of 2015 and a partial-year savings of \$2.0 million was included in the FY 2015-16 budget \$1.6 million in net savings from in-sourcing leased beds; it has been determined, on a marginal cost basis, that it is more cost-effective for the department to house prisoners in state correctional facilities instead of leasing beds from county jails. 	GF/GP	NA	(\$10,000,000)
<u>House</u> concurs.			
16. Prison Store Operations Adjustment	FTE	63.0	(28.0)
<u>Executive</u> reflects a reduction in state restricted prisoner store revenue and a reduction of 28.0 FTE positions as a result of a change in the way the vendor handles distribution of prisoner store orders. Previously, store orders were distributed to regional warehouses and store employees retrieved and delivered the orders to the various facilities. Store orders will now be distributed by the vendor to each individual facility, resulting in the need for fewer storekeeper positions. <u>House</u> concurs.	Gross	\$5,649,200	(\$2,400,000)
	Restricted	5,649,200	(2,400,000)

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	
17. Program Eliminations	Gross	\$2,500,000	(\$500,000)
<u>Executive</u> reflects a savings of \$2.5 million as a result of the following program eliminations:	GF/GP	\$2,500,000	(\$500,000)
<ul style="list-style-type: none"> • Goodwill Flip the Script program (\$2.0 million) - Funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to roughly 800 troubled 16-29 year-olds, in an effort to keep them out of prison • Parole Sanction Certainty Pilot program (\$500,000) - Funding was included in the FY 2015-16 budget to be distributed to accredited rehabilitation organizations in Berrien, Calhoun, Kalamazoo, Macomb, Muskegon, Oakland, and Wayne Counties for operation and administration of a pilot program that was to be utilized as a condition of parole for technical parole violators. 			
<u>House</u> does not eliminate either program. <u>House</u> includes \$1.5 million for Goodwill Flip the Script and \$500,000 for the Parole Sanction Certainty Pilot program.			
18. Program and Fund Source Adjustments	Gross	NA	(\$356,100)
<u>Executive</u> makes the following program and fund source adjustments to align spending authorization with available revenues: (adjustments have no GF/GP impact on the budget)	IDG	NA	(225,000)
	Federal	NA	(131,100)
<ul style="list-style-type: none"> • Eliminates IDG funding received from DHHS for food service that was provided by MDOC to DHHS at the Maxey facility which is now closed (\$225,000) • Eliminates Federal School Lunch Program line item and fund source due to the department's non-participation in the program since 2014 (\$812,800) • Increases authorization to receive additional federal Residential Substance Abuse Treatment funding (\$64,600) • Increases authorization to receive additional federal Medicaid funding for reimbursement of off-site medical expenses which qualify under the Healthy Michigan Plan (\$117,100) • Increases authorization by \$500,000 to receive an additional \$749,000 in federal Second Chance Act grant funding to be used for computer service technician programs at Gus Harrison and Cotton Correctional Facilities; authorization currently exists in the budget for \$250,000. 			
<u>House</u> concurs.			
19. Technical Adjustments	Gross	NA	\$0
<u>Executive</u> makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department. <u>House</u> concurs.	GF/GP	NA	\$0
20. Eliminate FTE Positions	FTE	NA	(58.0)
<u>Executive</u> eliminates authorization for 58.0 FTE positions in the Prison Industries Operations line item to more accurately reflect the employee count. This is a technical adjustment which has no impact on current staffing levels. <u>House</u> concurs.	Gross	NA	\$0
	GF/GP	NA	\$0
21. Early Out Payouts	Gross	\$1,346,800	(\$1,346,800)
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>House</u> concurs.	Restricted	1,300	(1,300)
	GF/GP	\$1,345,500	(\$1,345,500)
22. Economic Adjustments	Gross	NA	\$35,925,700
<u>Executive</u> reflects a net increase in costs for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, private rent costs, building occupancy charges, and worker's compensation costs. <u>House</u> concurs.	Federal	NA	86,100
	Local	NA	159,600
	Restricted	NA	581,300
	GF/GP	NA	\$35,098,700

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
23. Prisoner Programming	Gross	\$11,124,000	\$1,000,000
<u>House</u> includes additional funding for the department to provide violence prevention, assaultive offender, sexual offender, substance abuse treatment, thinking for a change, and any other programming that is required as a condition of parole to prisoners who are past their earliest release date as a result of not having received the required programming.	GF/GP	\$11,124,000	\$1,000,000
24. Medication-Assisted Treatment Reentry Pilot Program	Gross	NA	\$500,000
<u>House</u> includes additional funding for the department to establish a medication-assisted treatment reentry pilot program to provide prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted prisoners. The intent is for prisoners to receive one injection prior to being released from custody and to be connected with an aftercare plan.	GF/GP	NA	\$500,000
25. Prisoner Education	Gross	\$35,852,400	\$1,500,000
<u>House</u> includes additional funding for the department to focus on providing career-based educational programming for prisoners, to include vocational trade programs and employment readiness programs.	Federal	1,722,100	0
	Restricted	6,982,900	0
	GF/GP	\$27,147,400	\$1,500,000

Major Boilerplate Changes From FY 2015-16

Sec. 212. FTE Positions and Long-Term Vacancy Report – DELETED

Requires MDOC to report on the number of FTE positions in pay status, to include an accounting of long-term vacancies. Executive deletes. House deletes.

Sec. 239. Management-to-Staff Ratio – DELETED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at the northern and southern region administration offices. Executive deletes. House deletes.

Sec. 403. Effective Process Improvement and Communications (EPIC) Program – DELETED

Requires MDOC to report on the scope and purpose of the EPIC program, the areas of MDOC receiving resources for EPIC, budgetary savings expected to result from EPIC, areas where MDOC policy has changed as a result of EPIC, and the number of employees assigned to EPIC. Executive deletes. House deletes.

Sec. 409. Workforce Development Program – DELETED

Requires MDOC to work with the Talent Investment Agency within the Department of Talent and Economic Development and local entities to design services and to coordinate reentry and vocational education programs for prisoners in an effort to encourage employment of prisoners upon release from prison; requires a report on the results of the workforce development program. Executive deletes. House deletes.

Sec. 505. Mental Health Awareness Training – DELETED

Requires MDOC to provide training for all custody staff who handle prisoners with mental illness; requires mental health awareness training to be incorporated into the training of new custody staff. Executive deletes. House deletes.

Sec. 509. Study on Michigan State Industries Program – DELETED

Requires MDOC to conduct a study on the Michigan State Industries program that focuses on determining which industries within the 10 identified prosperity regions have the maximum benefit to prisoners in providing marketable skills and leading to employment; requires a report on current labor force trends in the prosperity regions and on how Michigan State Industries operations can work in coordination with local communities to determine the industries that would produce the greatest number of employable prisoners upon release. Executive deletes. House deletes.

Sec. 511. Strategic Plan Reporting – DELETED

Requires MDOC to report on strategies to decrease recidivism rates, strategies to increase rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development. Executive deletes. House deletes.

Sec. 601. Parole and Probation Agent Caseload Audits – DELETED

Requires caseload audits of field agents to evaluate public protection issues and assess agents' abilities to complete their professional duties. Executive deletes. House deletes.

Sec. 611. Annual Program Reports – DELETED

Specifies content to be included in reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g., successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, cost effectiveness of programs). Executive deletes. House deletes.

Major Boilerplate Changes From FY 2015-16

Sec. 805. Health Care Coverage for Dependents – DELETED

Requires MDOC to determine eligibility of prisoners aged 26 years and under for dependent health care coverage. Executive deletes. House deletes.

Sec. 814. Psychotropic Medications for Prisoners – DELETED

Requires MDOC to assure psychotropic medications are available, when deemed medically necessary by licensed medical service providers, to prisoners diagnosed with mental illness but not enrolled in mental health services. Executive deletes. House deletes.

Sec. 816. Pharmaceutical Expenditures – DELETED

Requires MDOC to report on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies. Executive deletes. House deletes.

Sec. 912. Institutional Staffing – DELETED

Requires MDOC to report on the ratios of corrections officers to prisoners, shift command staff to line custody staff, and noncustody institutional staff to prisoners for each correctional institution. Executive deletes. House deletes.

Sec. 937. Competitive Bidding – DELETED

Prohibits MDOC from issuing a RFP for a contract in excess of \$5.0 million unless MDOC has first considered a request for information (RFI) or a request for qualification (RFQ) relative to the contract. Executive deletes. House deletes.

Sec. 940. Use of State-Owned Facilities – DELETED

Requires any for-profit entities using state-owned facilities to pay fair market value for use of the facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if facilities were privately-owned. Executive deletes. House deletes.

Sec. 945. Overcrowding in Central Michigan Correctional Facility Visiting Room – DELETED

Requires MDOC to investigate options for increasing the visiting capacity at the Central Michigan Correctional Facility in order to ease visiting room overcrowding; requires MDOC to report on the progress being made to address visiting room overcrowding. Executive deletes. House deletes.

Sec. 1011. Religious Cable Programming – DELETED

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides religious programming for prisoners; prohibits the addition of channels from costing the state. Executive deletes. House deletes.

Sec. 1012. Faith-Based Reentry Programs – DELETED

Allows priority to be given to funding reentry or rehabilitation programs that have been demonstrated to reduce prison violence and recidivism, such as faith-based initiatives. Executive deletes. House deletes.

Sec. 1201. Anticipated FY 2016-17 Appropriations – DELETED

Expresses legislative intent that FY 2016-17 appropriations will be funded at the same level as FY 2015-16 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues. Executive deletes. House deletes.

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

Requires MDOC to establish a medication-assisted treatment reentry pilot program to provide prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted prisoners; requires MDOC to collaborate with residential and non-residential substance abuse treatment providers and with community-based clinics to provide post-release treatment; authorizes the manufacturer to provide MDOC with samples of the medication at no cost to the department; requires MDOC to provide participating prisoners with one injection prior to being released from custody and to connect prisoners with an aftercare plan; requires MDOC to report follow-up information on prisoners who receive the injections. Executive does not include. House includes.

Sec. 615. (2) Parolable Lifers – NEW

Requires MDOC to report the following on parolable lifers who have served more than 25 years: name, identification number, prefix, offense, county of conviction, age when offense was committed, current age, race, gender, security classification, dates of parole board reviews, parole guideline scores, and the Parole Boards' reason for the decision not to release. Executive does not include. House includes.

Sec. 806. Living in Recovery Program – NEW

Requires funding appropriated for the Living In Recovery Program to serve probation violators by targeting relapse prevention and helping develop sobriety systems to deter further criminal behavior and recidivism; requires MDOC to track the outcome of the program to determine the number of participants that succeeded, the number that failed and were returned to prison, and the number that failed, but were not returned to prison. Executive includes. House includes.

Sec. 807. Mental Health and Sex Offender Programming – NEW

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

Major Boilerplate Changes From FY 2015-16

Sec. 908. High School Diploma in lieu of High School Equivalency – NEW

Requires MDOC to explore the feasibility of establishing an online career high school education pilot program, or other alternatives to providing prisoners with a high school diploma in lieu of a high school equivalency; requires MDOC to explore establishing outside partnerships to assist with providing high school diplomas; requires MDOC to report on steps the department would have to take, resources needed, and organizational changes that would be required to provide prisoners with a high school diploma in lieu of a high school equivalency. Executive does not include. House includes.

Sec. 909. Educational Programming – NEW

Requires MDOC to focus on providing career-based educational programming for prisoners, to include vocational trade programs and employment readiness programs. Executive does not include. House includes.

Sec. 913. (1) Prisoner Programming – NEW

Requires MDOC to provide violence prevention programming, assaultive offender programming, sexual offender programming, substance abuse treatment programming, thinking for a change programming, and any other programming that is required as a condition of parole to prisoners who are past their earliest release date as a result of not having received the required programming. Executive does not include. House includes.

Sec. 1000. Increased Information Technology Bandwidth – NEW

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

Sec. 1100. New Custody Staff Training – NEW

Requires funding appropriated for new custody staff training to be used to increase the training capacity for new custody staff by 350 officers for the purpose of addressing higher than normal attrition of corrections officers and decreasing overtime costs. Executive includes. House includes.

FY 2016-17: DEPARTMENT OF EDUCATION
Summary: As Reported by House Appropriations Committee
Article VI, House Bill 5294 (H-1)



Analyst: Samuel Christensen

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	215,640,900	225,355,900	225,356,000			9,715,100	4.5
Local	5,633,700	5,557,200	5,557,200			(76,500)	(1.4)
Private	2,033,300	2,034,200	2,034,200			900	0.0
Restricted	7,669,600	7,780,700	7,780,700			111,100	1.4
GF/GP	77,583,700	76,381,200	76,321,800			(1,261,900)	(1.6)
Gross	\$308,561,200	\$317,109,200	\$317,049,900			\$8,488,700	2.8
FTEs	594.5	602.5	602.5			8.0	1.3

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 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 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Multi-Tiered Systems of Supports (MTSS) Implementation Monitoring and Assistance	FTE 45.0	3.0
Executive provides \$500,000 GF/GP and 3.0 FTEs to the Office of Field Services to establish a team of consultants to monitor and support implementation of a FY 2015-16 School Aid budget requirement that districts implement MTSS in grades K-3 in order to receive at-risk funding. House concurs with the Executive.	Gross \$9,174,400	\$500,000
	Federal 8,874,900	0
	Restricted 77,000	0
	GF/GP \$222,500	\$500,000
2. Early/Middle Colleges (EMC) Expansion Supports	FTE 27.0	2.0
Executive provides \$395,000 GF/GP and 2.0 FTEs to the Office Career and Technical Education to support technical assistance and monitoring of EMCs, which have increased from 9 in FY 2011-12 to approximately 119 projected for FY 2016-17. House concurs with the Executive.	Gross \$4,748,800	\$395,000
	Federal 3,818,600	0
	GF/GP \$930,200	\$395,000
3. Special Education Task Force Recommendations	Gross \$8,920,000	\$300,000
Executive provides \$300,000 GF/GP to the Office of Special Education to implement findings from the Special Education Reform Task Force to design and distribute parent-friendly information for Individualized Education Plans (IEPs) and support mediator training. House concurs with the Executive.	Federal 8,440,900	0
	Private 110,100	0
	Restricted 44,000	0
	GF/GP \$325,000	\$300,000
4. School Safety Consultant	FTE 82.6	1.0
Executive provides \$180,000 GF/GP and 1.0 FTE to the Office of School Support Services to support school emergency planning for MDE and coordinate with the State Police and the Attorney General in providing consistent statewide leadership and guidance on school safety issues. House concurs with the Executive.	Gross \$15,087,200	\$180,000
	Federal 14,240,500	0
	Local 11,700	0
	Restricted 157,300	0
	GF/GP \$677,700	\$180,000

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
5. Home Visit Program Management and Coordination			
<u>Executive</u> provides \$175,000 GF/GP and 1.0 FTE to the Office of Great Start to manage the home visit program that was part of the FY 2015-16 School Aid budget early literacy initiative.	FTE	64.0	1.0
<u>House</u> concurs with the Executive.	Gross	\$22,808,600	\$175,000
	Federal	15,681,700	0
	Private	250,000	0
	Restricted	64,100	0
	GF/GP	\$6,812,800	\$175,000
6. E-Rate Technical Assistance for Districts			
<u>Executive</u> provides \$162,500 GF/GP and 1.0 FTE to the Office of Educational Improvement and Innovation Services to support an E-Rate consultant to coordinate district applications and projects, which may allow for increased chances in receiving grants since the Federal Communications Commission (FCC) is considering greater intra-state coordination as a requirement to receive funds. Technology Readiness Infrastructure Grants (TRIG) have funded E-Rate coordination of district applications and projects through the School Aid budget; however, in the School Aid budget TRIG is scheduled to be removed in the FY 2016-17 budget, so this appropriation would continue these operations.	FTE	59.7	1.0
<u>House</u> concurs with the Executive.	Gross	\$9,362,500	\$162,500
	Federal	6,500,600	0
	Restricted	556,900	0
	GF/GP	\$2,305,000	\$162,500
7. One-Time: Flint Declaration of Emergency Child Development and Care (CDC)			
<u>Executive</u> includes one-time, half-year funding of \$8.1 million federal Child Care Development Fund (CCDF) to provide subsidized childcare to all 0-3 children in Flint for half-day services, regardless of household income, with additional funding available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB. <u>House</u> concurs with the Executive but revises to provide subsidized childcare for household income up to 300% rather than removing the household income cap altogether.	Gross	\$0	\$8,050,100
	Federal	0	8,050,000
	Restricted	0	100
8. One-Time: Certification Fees Subsidy			
<u>Executive</u> includes \$500,000 GF/GP to support declining teacher certification fee revenue in a number of line items, for which a fee increase is requested for FY 2017-18.	Gross	NA	\$500,000
<u>House</u> concurs with the Executive.	GF/GP	NA	\$500,000
9. Financial Independence Team (FIT) Operations			
<u>Executive</u> reduces FIT by \$250,000 GF/GP (\$252,800 remaining). The FIT, added in FY 2014-15, is tasked with implementing early warning systems for distressed schools in need of financial attention.	Gross	\$499,500	(\$250,000)
<u>House</u> concurs with the Executive.	GF/GP	\$499,500	(\$250,000)
10. Educator Evaluations			
<u>Executive</u> reduces Educator Evaluations by \$1.0 million (\$1.5 million remaining). Funding in FY 2015-16 was used for staffing, compliance monitoring, and information technology systems modifications.	Gross	\$2,500,000	(\$1,000,000)
<u>House</u> concurs with the Executive.	GF/GP	\$2,500,000	(\$1,000,000)
11. Early Out 5-Year Payouts			
<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.	Gross	\$201,400	(\$201,400)
<u>House</u> concurs with the Executive.	Federal	179,500	(179,500)
	GF/GP	\$21,900	(\$21,900)
12. Educator Talent and Policy Coordination			
<u>Executive</u> reflects a new section within the MDE consisting of an appropriation of \$2.6 million gross (\$627,400 federal, \$239,600 state restricted, and \$1.7 million GF/GP) and 17.0 FTEs. The FTEs and funding do not indicate increases to the MDE, but instead are transfers from other units and line items.	FTE	NA	0.0
<u>House</u> concurs with the Executive.	Gross	NA	\$0
	Federal	NA	0
	Restricted	NA	0
	GF/GP	NA	\$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
13. Child Development and Care – Increase Entrance Threshold	Gross	\$124,200,000	\$100
<u>Executive</u> maintains current law.	Federal	93,719,300	100
<u>House</u> provides a \$100 federal CCDF place holder within the Child development and care public assistance line item, with the intent to increase to the entrance threshold from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.	GF/GP	\$30,480,700	\$0
14. State Board of Education Per Diem Payments	Gross	\$24,400	(\$24,400)
<u>Executive</u> maintained current law.	GF/GP	\$24,400	(\$24,400)
<u>House</u> reduces State Board of Education per diem payments by \$24,400 GF/GP, which reduces the line item to \$0.			
15. State Board of Education Travel Expenditures	Gross	\$1,888,700	(\$35,000)
<u>Executive</u> maintained current law.	GF/GP	\$1,888,700	(\$35,000)
<u>House</u> removes \$35,000 GF/GP from the State board/superintendent operations line item by deleting Sec. 302 for State Board of Education travel expenditures.			
16. Economic Adjustments	Gross	NA	\$2,121,200
<u>Executive</u> provides for increased costs of \$2.1 million Gross (\$451,100 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Federal	NA	1,542,800
<u>House</u> concurs with the Executive.	Private	NA	900
	Restricted	NA	126,400
	GF/GP	NA	\$451,100

Major Boilerplate Changes From FY 2015-16

Sec. 203. Definitions – REVISED

Deletes the definitions for "IMLS" meaning Institute of Museum and Library Services and "Fund-raising activity" meaning an ongoing fund-raising activity that is scheduled to take place at more than 1 time during a school day or throughout the school day, both of which were terms removed from boilerplate.

Executive revises this section by deleting subsection definitions for "IMLS" and "Fund-raising activity."

House concurs with the Executive.

Sec. 208. Personnel Records – RETAINED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Executive deletes this section.

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 this section.

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 this section.

House maintains current law.

Sec. 219. Contingency Funds – REVISED

Increases federal contingency funds from \$5.0 million to \$10.0 million.

Executive revises this section.

House concurs with the Executive.

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 of if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Executive deletes this section.

House maintains current law.

Major Boilerplate Changes From FY 2015-16

Sec. 233. Requests for Proposals – RETAINED

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

Executive deletes this section.

House maintains current law.

Sec. 234. Performance Measures – REVISED

Requires MDE to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment of each new program or program expansion for which funds appropriated in part 1 are greater than \$500,000. Requires the department to provide an update on program progress and expenditures as it relates to those benchmarks by November 1, 2015.

Executive deletes this section.

House maintains current law and updates date.

Sec. 235. Contract Notification – REVISED

Currently requires MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million or seeking a federal waiver from, or amending the federal waiver from, the No Child Left Behind Act of 2001. The revision would remove notification for MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million. Adds the State Budget Director to the list of organizations that the MDE shall notify when it intends to seek a federal waiver from the No Child Left Behind Act of 2001 or an amendment to a federal waiver.

Executive revises to remove notifications to the House and Senate before entering into a contract that exceeds \$1.0 million and adds the State Budget Director to No Child Left Behind Act of 2001 waivers.

House adds the State Budget Director to all notification requirements under this section. The House does not remove notifications to the House and Senate for MDE entering into a contract that exceeds \$1.0 million and revises to remove the reference to "No Child Left Behind Act of 2001" and leaves the reference as "federal waiver or an amendment to a federal waiver."

Sec. 236. Nonpublic School Mandates – REVISED

Requires MDE to compile a report that identifies mandates required by nonpublic schools by April 1, 2016.

Executive deletes this section.

House maintains current law and updates years.

Sec. 237. Fund-raising – DELETED

Provides that MDE shall establish an upper limit on the number and frequency of fund-raising activities that may take place in a public school during hours that allow the sale of food and beverage items that do not meet nutritional standards, and the upper limit is not less than 2 fund-raising activities a week.

Executive deletes this section.

House concurs with the Executive.

Sec. 302. Travel Expenditures – DELETED

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

Executive maintains current law.

House deletes this section, which also reduces \$35,000 GF/GP in the State Board/Superintendent operations line item.

Sec. 325. Federal and Private Grants – REVISED

Requires department to notify Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under federal and private grants line.

Executive deletes this section.

House maintains current law but shifts the section to section number 325 with a new heading to align with where the appropriation is now located, Central Support.

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

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

Executive adds this section as section 901.

House revises this section to section 350, as well as requiring parent-friendly information distributed to new and existing parents with a student with a disability.

Sec. 502. Student Teaching Credits – RETAINED

Authorizes teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Executive deletes this section.

House maintains current law.

Major Boilerplate Changes From FY 2015-16

Sec. 601. Financial Independence Team (FIT) – DELETED

Details the purpose of the Financial Independence Team which will work with Treasury to develop a financial early warning system and provide assistance to distressed districts and intermediate districts.

Executive deletes this section.

House concurs with the Executive.

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

Requires the MDE to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the State Aid Act in implementing multi-tiered systems of supports in the prior school fiscal year.

Executive adds this section.

House concurs with the 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 this section.

House maintains current law.

Sec. 806. State Aid to Libraries – Early Literacy Focus – DELETED

Provides intent to the department to utilize the increased funding for state aid to libraries in support to local library operations and programming for early literacy and third grade reading proficiency.

Executive deletes this section.

House concurs with the Executive.

Sec. 1001. Number of Childcare Providers – REVISED

Requires a report by November 1, 2015 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2015.

Executive deletes this section.

House maintains current law and updates years.

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

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2014-15 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Executive deletes this section.

House maintains current law and updates fiscal years.

Sec. 1004. Child Development and Care (CDC) Program Expansion – REVISED

Requires the department to expend the increased funding for the Child Development and Care (CDC) program on increasing the number of low-income children in high quality learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are reading at grade level by the end of third grade.

Executive deletes this section.

House maintains current law and revises this section by removing the word "increased" from the first sentence.

Sec. 1008. Child Development and Care (CDC) Increase to Entrance Threshold – NEW

Requires the department to increase the entrance threshold of the child development and care program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

Executive did not include.

House adds this section.

Sec. 1009. Flint Declaration of Emergency Work Project Boilerplate – NEW

Requires that drinking water declaration of emergency appropriations of \$8.0 million be put into a work project with a tentative completion date of September 30, 2018 if not expended fully by September 30, 2017.

Executive did not include.

House adds this section.

Major Boilerplate Changes From FY 2015-16

Sec. 1101. Flint Declaration of Emergency – NEW

Requires that from the funds for the Flint declaration of emergency, the MDE must do the following activities: the pilot expansion of child development and care eligibility to children ages birth to three for half-day childcare services by removing household income as a determinate of eligibility; and provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead.

Executive adds this section.

House revises the section to increase the household income threshold for the Flint declaration of emergency from to 250% of the federal poverty guidelines rather than removing income as a determinate of eligibility. The House also requires reporting requirements related to children ages birth to three within Flint for the following data: of children eligible and participating in CDC services, caseloads, identification for developmental delays or other medical conditions, children receiving medical screenings or referrals, number of parents in the household, provider training on developmental delays and lead exposure, .and number and types of parent or caretakers on the impact of developmental delays and available services.

Sec. 1201. FY 2016-17 Appropriations – DELETED

Expresses intent that FY 2016-17 appropriations are anticipated to be the same as FY 2015-16 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive deletes this section.

House concurs with the Executive.

FY 2016-17: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Appropriations Committee
Article VII, House Bill 5294 (H-1)



Analyst: Austin Scott

	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	\$9,115,300	\$9,225,700	\$9,225,700			\$110,400	1.2
Federal	138,079,100	138,687,200	138,687,200			608,100	0.4
Local	0	0	0			0	--
Private	546,000	555,300	555,300			9,300	1.7
Restricted	305,341,200	317,344,800	315,844,800			10,503,600	3.4
GF/GP	46,914,200	47,686,400	56,186,400			9,272,200	19.8
Gross	\$499,995,800	\$513,499,400	\$520,499,400			\$20,503,600	4.1
FTEs	1,226.0	1,238.0	1,238.0			12.0	1.0

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 Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Flint Declaration of Emergency (one-time)			
<u>Executive</u> provides 10.0 FTEs and \$5.4 million GF/GP for corrosion control, water quality testing in high risk locations, and water connection service payments for October 2016 through December 2016. Additional funding would be available for transfer from a \$50.0 million Flint Emergency Reserve Fund proposed as an FY 2015-16 supplemental appropriation in the DTMB budget. <u>House</u> concurs with <u>Executive</u> .	FTE	NA	10.0
	Gross	NA	\$5,400,100
	Restricted	NA	100
	GF/GP	NA	\$5,400,000
2. Flint Declaration of Emergency – Removal of FY 2015-16 supplemental funding	Gross	\$13,086,500	(\$13,086,500)
<u>Executive</u> removes \$13.1 million Gross (\$12.1 million GF/GP) from FY 2015-16 Flint supplemental funding (2015 PA 143 and 2016 PA 3). Flint emergency response efforts are continued in FY 2016-17 by the above appropriation. <u>House</u> concurs with <u>Executive</u> .	Restricted	1,000,000	(1,000,000)
	GF/GP	\$12,086,500	(\$12,086,500)
3. Water Pollution Control and Drinking Water Revolving Fund (one-time)	Gross	\$84,993,000	\$2,950,000
<u>Executive</u> provides \$3.0 million in one-time GF/GP to meet the state match for a federal grant for drinking water revolving fund loans. These low-interest loans are provided to water suppliers to finance the construction, upgrades, or expansions of safe public drinking water systems. <u>House</u> concurs with <u>Executive</u> .	Federal	71,543,000	0
	Restricted	11,400,000	0
	GF/GP	\$2,050,000	\$2,950,000
4. Contaminated Lake and River Sediment Cleanup Program (one-time)	Gross	\$1,565,000	\$700,000
<u>Executive</u> provides \$700,000 in one-time Clean Michigan Initiative (CMI) contaminated sediments funding for investigation and remediation projects within the Detroit and Rouge Rivers, which are among DEQ's Areas of Concern sites. <u>House</u> concurs with <u>Executive</u> .	Restricted	1,565,000	700,000
	GF/GP	\$0	\$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
5. Environmental Cleanup and Redevelopment Program		Gross	\$15,000,000
<u>Executive</u> appropriates remaining \$14.9 million CMI response activities funding to begin cleanup efforts at 13 high priority sites in the following counties: Antrim (2), Cass, Charlevoix, Emmet, Gratiot, Houghton, Ingham, Lake, Lapeer, Livingston, Saint Joseph, and Washtenaw. <u>House</u> concurs with <u>Executive</u> .	Restricted	15,000,000	14,900,000
	GF/GP	\$0	\$0
6. Oil, Gas, and Mineral Services (one-time)	FTE	59.0	0.0
<u>Executive</u> provides \$4.0 million in one-time GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding due to decreased gas prices. <u>House</u> provides \$3.5 million in one-time GF/GP.	Gross	\$12,012,800	\$3,500,000
	Restricted	12,012,800	0
	GF/GP	\$0	\$3,500,000
7. Refined Petroleum Product Cleanup Program		Gross	\$20,000,000
<u>Executive</u> shifts \$1.5 million in refined petroleum funding (RPF) from the Department of Agriculture and Rural Development (MDARD) to DEQ to better align RPF with the fund's remediation and redevelopment purpose. This shift is the first of a three year plan; funding in MDARD is replaced with GF/GP. <u>House</u> does not include shift.	Restricted	20,000,000	0
	GF/GP	\$0	\$0
8. Water Withdrawal Assessment Program	FTE	4.0	0.0
<u>Executive</u> provides \$800,000 CMI clean water funding to implement program recommendations made by the Water Use Advisory Council. Recommendations include improvements to the Water Withdrawal Assessment Tool on the DEQ website. <u>House</u> concurs with <u>Executive</u> .	Gross	\$611,900	\$800,000
	Restricted	240,500	800,000
	GF/GP	\$371,400	\$0
9. Five-Year Early Out Sick Leave Payments		Gross	NA
<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; removes \$243,300 Gross (\$43,800 GF/GP). <u>House</u> concurs with <u>Executive</u> .	IDG	NA	(8,200)
	Federal	NA	(53,300)
	Restricted	NA	(138,000)
	GF/GP	NA	(\$43,800)
10. Revenue Adjustments	FTE	NA	4.0
<u>Executive</u> reduces federal and restricted authorization by a combined \$7.0 million and adds 4.0 FTEs to the underground storage tank cleanup program to reflect available funding. Includes a \$150,000 reduction in federal funding for the Office of the Great Lakes (replaced by restricted funding), a \$1.5 million reduction in CMI authorization for Brownfield grants, and a \$5.4 million reduction in oil and gas regulatory fund authorization for oil, gas, and mineral services. <u>House</u> concurs with <u>Executive</u> .	Gross	NA	(\$7,012,400)
	Federal	NA	(150,000)
	Restricted	NA	(6,862,400)
	GF/GP	NA	\$0
11. Economic Adjustments		Gross	NA
<u>Executive</u> reflects increased costs of \$3.6 million Gross (\$552,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs with <u>Executive</u> .	IDG	NA	118,600
	Federal	NA	811,400
	Private	NA	9,300
	Restricted	NA	2,103,900
	GF/GP	NA	\$552,500
12. Statewide School Water Testing for Lead		Gross	NA
<u>House</u> provides \$9.0 million GF/GP for reimbursements to public and private pre-kindergarten through twelfth grade schools for costs associated with testing for lead in water.	GF/GP	NA	\$9,000,000

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase over \$500,000; includes intent language that any new program include a list of benchmarks in future. Executive deletes, House concurs.

Sec. 207. Retention of Reports – DELETED

Requires DEQ to retain copies of all reports funded from appropriations. Executive deletes, House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 212. Disciplinary Action Against State Employees – RETAINED

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

Sec. 213. Rule Promulgation – RETAINED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes, House retains.

Sec. 223. FTE Report by Line Item – DELETED

Requires DEQ to report on the number of funded FTEs and number of FTEs funded by line item. Executive deletes, House concurs.

Sec. 235. Clean Michigan Initiative Report – NEW

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. House adds new section.

Sec. 305. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House retains.

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, House revises with updated site list.

Sec. 309. Brownfield Grants Program Work Project Language – DELETED

Provides that Brownfield Grants Program funds are work project appropriations and allows carry-forward of remaining funds; requires projects to be accomplished by contract; tentative completion date is September 30, 2020. Executive deletes, House concurs.

Sec. 311. Enbridge Settlement Report – DELETED

Requires DEQ to submit a report detailing the remediation & redevelopment actions funded by the May 2015 Enbridge settlement. Executive deletes, House concurs.

Sec. 312. Statewide School Water Testing for Lead – NEW

Requires DEQ to develop a statewide strategic plan for testing lead in water by public and private schools served by municipal water systems. Provides for schools to be reimbursed by DEQ for costs associated with testing water for lead. House adds new section.

Sec. 402. Water Quality and Use Initiative – RETAINED

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

Sec. 406. Groundwater Discharge Permit Fee Revision – DELETED

Requires DEQ to work with stakeholders to revise the ground water discharge permit fee prior to September 30, 2016. Executive deletes, House concurs.

Sec. 407. Contaminated Lake and River Sediment Cleanup Program – NEW

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carry forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2021. Executive adds new section, House concurs.

Sec. 501. Air Quality Program – DELETED

Directs DEQ to use the increase in air quality funding to administer Michigan's air quality program and maintain compliance with the federal Clean Air Act, also includes 1.0 FTE authorization dedicated to oversight of air quality programs in the Upper Peninsula. Executive deletes, House concurs.

Sec. 502. Air Quality Penalties – RETAINED

Prohibits DEQ from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. Executive deletes, House retains.

Sec. 601. Statewide Sanitary Septic Code Progress Report – NEW

Requires a report on the development of a statewide sanitary septic code by January 1, 2017. House adds new section.

Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – RETAINED

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years. Executive deletes, House retains.

Major Boilerplate Changes From FY 2015-16

Sec. 604. Geological Resources Study and Advisory Committee – NEW

Requires DEQ to conduct a study and mapping of the state's geological resources and creates an advisory committee to develop an annual work plan for the study to meet the strategic needs of the state. House adds new section.

Sec. 801. Flint Declaration of Emergency – NEW

Allows the funds appropriated for the Flint declaration of emergency to be expended to keep Flint on the Detroit water system, to cover staff, lab and testing costs, and to cover contract costs. Executive adds new section, House concurs.

Sec. 803. Flint Supplemental Funding Report – NEW

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. House adds new section.

Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED

States intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments. Executive deletes, House concurs.

FY 2016-17: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Appropriations Committee
Article VIII, House Bill 5294 (H-1)



Analysts: 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	1,094,451,200			(86,571,400)	(7.3)
Gross	\$4,864,628,300	\$4,913,603,000	\$4,863,878,900			(\$749,400)	(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: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by House Appropriations Committee
Article VIII, House Bill 5294 (H-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	%
	\$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	Gross	NA	\$2,600,000
<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.	Restricted	NA	2,600,000
	GF/GP	NA	\$0
2. Prescription Drug Abuse Unit	FTE	NA	4.5
<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.	Gross	NA	\$700,000
	GF/GP	NA	\$700,000
3. Home Protection Unit	FTE	475.5	4.0
<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.	Gross	\$81,501,200	\$600,000
	IDG	28,371,500	0
	Federal	6,589,700	0
	Restricted	16,877,700	0
	GF/GP	\$29,662,300	\$600,000
4. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	(\$472,200)
<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.	Restricted	NA	(467,200)
	GF/GP	NA	(\$5,000)
5. Human Trafficking Commission	Gross	\$81,501,200	\$390,000
<u>Executive</u> appropriates \$390,000 Gross for prosecutions and public awareness regarding human trafficking in Michigan. <u>House</u> concurs.	IDG	28,371,500	0
	Federal	6,589,700	0
	Restricted	16,877,700	390,000
	GF/GP	\$29,662,300	\$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			
6. Prosecuting Attorneys Coordinating Council (PACC) NextGen IT System	Gross	NA	\$100
<u>House</u> adds \$100 placeholder for PACC to upgrade legacy case management system to NextGen.	GF/GP	NA	\$100
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 House Appropriations Committee
Article VIII, House Bill 5294 (H-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	Difference: House From FY 2015-16 YTD	
						Amount	%
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	13,394,700			445,000	3.4
Gross	\$16,128,700	\$16,721,900	\$16,621,900			\$493,200	3.1
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. Division on Deaf and Hard of Hearing		
<u>House</u> adds \$150,000 in one-time funding and 1.0 FTE to the Division on Deaf and Hard of Hearing.	FTE NA Gross NA GF/GP NA	1.0 \$150,000 \$150,000
2. Commission on Middle Eastern American Affairs		
<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.	FTE NA Gross NA GF/GP NA	1.0 \$100,000 \$100,000
3. 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 GF/GP NA	\$70,800 \$70,800
4. Advocates and Leaders for Police and Community Trust		
<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> does not include.	FTE NA Gross NA GF/GP NA	0 \$0 \$0
5. Economic Adjustments		
<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.	Gross NA IDG NA Federal NA Restricted NA GF/GP NA	\$293,900 6,900 41,300 0 \$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.

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 House Appropriations Committee
Article VIII, House Bill 5294 (H-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	%
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.

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. Executive Office Operations	Gross \$4,002,900	\$105,200
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 House Appropriations Committee Article VIII, House Bill 5294 (H-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	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	137,352,800			5,480,500	4.2
Gross	\$136,464,300	\$141,253,600	\$142,028,600			\$5,564,300	4.1
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.

<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>
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 GF/GP to fund an additional analyst position within the Legislative Corrections Ombudsman.	GF/GP NA	\$125,000
3. Criminal Justice Policy Commission	Gross NA	\$500,000
<u>House</u> includes \$500,000 GF/GP to support a study by the Criminal Justice Policy Commission on the costs and savings of redirecting 17-year-olds from the adult court to the family court and juvenile justice systems.	GF/GP NA	\$500,000
4. Michigan Veterans Facility Ombudsman	Gross \$0	\$150,000
<u>House</u> includes \$150,000 GF/GP to support the creation of a Veterans Facility Ombudsman to address complaints made at the veterans homes of the state.	GF/GP \$0	\$150,000

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.

Major Boilerplate Changes From FY 2015-16

Sec. 610. Criminal Justice Policy Commission Study – NEW

States that \$500,000 included in part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of September 30, 2018. House includes as new section.

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.

Sec. 619. Michigan Veterans Facility Ombudsman – NEW

Requires funds appropriated in part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state. House includes as new section.

FY 2016-17: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by House Appropriations Committee
Article VIII, House Bill 5294 (H-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.

	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. Auditor General Operations	Gross \$22,511,100	\$1,075,200
<u>Executive</u> includes \$611,400 Gross (\$463,800 GF/GP) to reflect increased costs related to Auditor General staff and other operations.	IDG 5,392,800	165,800
<u>House</u> includes \$1.1 million Gross (\$927,600 GF/GP).	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 House Appropriations Committee
Article VIII, House Bill 5294 (H-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	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,460,000	1,460,000	1,460,000			0	0.0
Local	0	5,000,000	5,000,000			5,000,000	--
Private	100	100	100			0	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	0.0

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.

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. Increased Record Look-up Fee	Gross	\$21,945,300	\$14,100,000
<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.	Restricted	20,380,700	14,100,000
	GF/GP	\$1,564,600	\$0
2. State/Local Funding for Voting System Replacement	Gross	NA	\$10,000,000
<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.	Local	NA	5,000,000
	GF/GP	NA	\$5,000,000
3. Removal of FY 2015-16 One-Time Appropriation	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> eliminates \$5.0 million GF/GP from appropriation made for voting machines in PA 268 of 2015. <u>House</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
4. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	(\$598,800)
<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.	Restricted	NA	(568,100)
	GF/GP	NA	(\$30,700)
5. MI-Time Line Maintenance	Gross	\$83,462,100	\$470,000
<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.	IDG	20,000,000	0
	Restricted	60,468,400	470,000
	GF/GP	\$2,993,700	\$0
6. Customer Delivery Services Fund Shift	Gross	\$83,462,100	\$0
<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.	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>	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
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: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND BUDGET**
Summary: As Reported by House Appropriations Committee
Article VIII, House Bill 5294 (H-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)	(100.0)
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			
<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.	Gross	\$5,205,000	(\$5,205,000)
	IDG	600,000	(600,000)
	GF/GP	\$4,605,000	(\$4,605,000)
7. Office of Retirement Services Technology Upgrades			
<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.	FTE	491.5	7.0
	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			
<u>Executive</u> reduces funding by \$3.5 million GF/GP for maintenance and upkeep projects at state-owned properties. <u>House</u> concurs.	Gross	\$31,500,000	(\$3,500,000)
	IDG	2,000,000	0
	GF/GP	\$29,500,000	(\$3,500,000)
9. Office of Retirement Service IT Modernization and Enterprise Mandates			
<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.	Gross	NA	\$2,850,000
	IDG	NA	2,850,000
10. Office of Urban Initiatives			
<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.	FTE	5.0	(5.0)
	Gross	\$2,500,000	(\$2,500,000)
	GF/GP	\$2,500,000	(\$2,500,000)
11. Cyber Security Improvements			
<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.	Gross	\$9,063,500	\$2,000,000
	GF/GP	\$9,063,500	\$2,000,000
12. 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	(\$1,595,500)
	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			
<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.	FTE	132.5	6.0
	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)			
<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.	FTE	316.0	4.0
	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			
<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.	Gross	\$1,102,600	(\$152,600)
	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	0.0
<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.

Major Boilerplate Changes From FY 2015-16

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. 822k. Hawthorn Center Appraisal – NEW

House adds new section that requires DTMB to work with the Department of Health and Human Services on an appraisal of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents. DTMB must also create a proposal for possible replacement of the facility and submit the appraisal and proposal to the Legislature by March 1, 2017.

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 House Appropriations Committee
Article VIII, House Bill 5294 (H-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	<i>Difference: House From FY 2015-16 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$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.

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. Constitutional Revenue Sharing	Gross	\$783,866,100	(\$2,364,700)
<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.	Restricted	783,866,100	(2,364,700)
2. City, Village, and Township Revenue Sharing	Gross	\$248,840,000	\$0
<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.	Restricted	248,840,000	0
3. County Revenue Sharing/County Incentive Program	Gross	\$214,700,000	\$467,500
<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.	Restricted	214,700,000	467,500

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	FTE	141.0	1.0
<u>Executive</u> includes \$868,300 Gross (\$0 GF/GP) associated with the following casino gaming operations adjustments:	Gross	\$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 	Restricted	29,457,600	868,300
<u>House</u> concurs.			
14. One-Time Appropriation Adjustments	Gross	\$29,900,000	(\$27,057,500)
<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).	GF/GP	\$29,900,000	(\$27,057,500)
<u>House</u> concurs.			
15. Economics Adjustments	Gross	NA	\$5,627,200
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).	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 House Appropriations Committee Article VIII, House Bill 5294 (H-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	150,089,000			(48,368,000)	(24.4)
Gross	\$1,153,023,500	\$1,142,494,300	\$1,122,494,400			(\$30,529,100)	(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)

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. Community Ventures	FTE	7.0	0.0
<u>Executive</u> 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. <u>House</u> does not include.	Gross	\$9,800,000	\$0
	GF/GP	\$9,800,000	\$0
5. Financial Literacy Pilot Program	Gross	\$0	\$5,800,000
<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.	Federal	0	5,800,000
6. Statewide Data System Integration	Gross	\$0	\$8,778,500
<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.	Federal	0	4,800,000
	Restricted	0	3,978,500
7. Human Resources Transfer	FTE	4.0	(4.0)
<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.	Gross	\$710,000	(\$710,000)
	Federal	535,400	(535,400)
	Restricted	174,600	(174,600)
8. Technical Adjustment to Revenue Sources	Gross	\$954,566,500	(\$8,587,700)
<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.	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	Gross	\$577,700	(\$577,700)
<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.	Federal	386,200	(386,200)
	Restricted	132,300	(132,300)
	GF/GP	\$59,200	(\$59,200)
10. Other One-Time Appropriations	Gross	\$30,150,000	(\$30,150,000)
<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.	GF/GP	\$30,150,000	(\$30,150,000)
11. Sustainable Employment Pilot Program	Gross	\$0	\$100
<u>House</u> includes \$100 GF/GP in one-time appropriations as a placeholder for a new sustainable employment pilot program. The program would focus on moving individuals off of government assistance programs and measure the corresponding savings to state government.	GF/GP	\$0	\$100
12. Economics Adjustments	Gross	NA	\$3,417,700
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.	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 section. 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 section.

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 section.

Sec. 1083. Sustainable Employment Pilot Program – NEW

Requires the department to develop or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs and measuring the corresponding savings to the state of Michigan. Requires the pilot program to work with local community and workforce development agencies and focus on long-term results. House includes as new section.

FY 2016-17: DEPARTMENT OF HEALTH AND HUMAN SERVICES



Summary: As Reported by House Appropriations Committee Article X, House Bill 5294 (H-1)

Analysts: Susan Frey, Kevin Koorstra, Viola Wild, and Kyle I. Jen

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Revised Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$13,551,600	\$13,513,700	\$13,663,700			\$112,100	0.8
Federal	18,422,113,900	17,730,579,000	17,908,814,900			(513,299,000)	(2.8)
Local	123,339,800	123,812,700	124,445,800			1,106,000	0.9
Private	156,409,100	156,259,300	154,259,300			(2,149,800)	(1.4)
Restricted	2,217,821,600	2,328,800,000	2,359,233,400			141,411,800	6.4
GF/GP	4,153,708,200	4,355,003,000	4,312,425,700			158,717,500	3.8
Gross	\$25,086,944,200	\$24,707,967,700	\$24,872,842,800			(\$214,101,400)	(0.9)
FTEs	15,443.0	15,560.5	15,560.5			117.5	0.8

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." 3) Revised Executive amount includes Executive Budget Revision 2017-1 issued on April 4, 2016.

Overview

The Department of Health and Human Services (DHHS) was created through the merger of the Department of Community Health (DCH) and the Department of Human Services (DHS) under Executive Order (EO) 2015-4. The Human Services portion of the DHHS budget includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws. The Health Services portion of the DHHS budget provides funding for behavioral health (mental health and substance use disorder), public health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

<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
MEDICAID AND BEHAVIORAL HEALTH - GENERAL		
1. Traditional Medicaid Cost Adjustments	Gross \$13,077,804,300	\$336,024,900
<u>Executive</u> provides increase of \$338.7 million Gross (\$170.2 million GF/GP) for traditional Medicaid, MIChild, and Federal Medicare Pharmaceutical Program caseload, utilization, inflation, and financing adjustments. Total includes \$47.5 million GF/GP to offset decline in Federal Medical Assistance Percentage (FMAP) from 65.60% to 65.15% due to relative growth in state's personal income and includes \$29.8 million GF/GP reduction based on available federal Title XXI matching funds. Total caseload for traditional Medicaid program is projected at 1.65 million individuals. <u>House</u> revises Executive increase to \$336.0 million Gross (\$154.5 million GF/GP) by reducing children with serious emotional disturbance waiver cost projection adjustments \$2.6 million Gross (\$909,600 GF/GP), increasing GF/GP needed to offset declining FMAP \$304,200 GF/GP, and including a technical adjustment increasing federal authorization \$15.0 million in the health plan services line based on available Title XXI, enhanced FMAP for family planning, and Certified Public Expenditures to offset a like amount of GF/GP.	Federal 8,539,476,700	171,659,300
	Local 46,712,100	441,400
	Private 2,100,000	0
	Restricted 1,887,376,600	9,374,900
	GF/GP \$2,602,138,900	\$154,549,300

	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		
2. Healthy Michigan Plan (HMP) Cost Adjustments	Gross	\$4,120,201,500
<u>Executive</u> includes reduction of \$513.3 million Gross (increase of \$108.6 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments. Gross reduction is due to both caseload levelling off at roughly 600,000 individuals and adjustments to managed care capitated rates. Beginning January 1, 2017, the federal match rate reduces from 100% to 95%, requiring \$108.6 million GF/GP increase. <u>Executive</u> utilizes \$95.0 million of Hospital QAAP Retainer savings described below to offset bulk of match costs. <u>House</u> revises <u>Executive</u> amount to also include non-GF/GP matching funds needed for HMP special Medicaid reimbursements.		(\$513,250,200)
	Federal	4,120,201,500
	Local	0
	Restricted	0
	GF/GP	\$0
		633,100
		25,668,300
		\$108,578,000
3. Actuarial Soundness Adjustments	Gross	\$11,516,242,900
<u>Executive</u> includes a net reduction of \$18.9 million Gross (\$4.6 million GF/GP) to provide \$54.8 million Gross (\$19.1 million GF/GP) for a 1.5% Medicaid health plans actuarial soundness adjustment, \$34.2 million Gross (\$11.9 million GF/GP) for a 1.5% Prepaid Inpatient Health Plans actuarial soundness adjustment, \$29.2 million Gross (\$1.1 million GF/GP) for a 2.0% Healthy Michigan Plan actuarial soundness adjustment, and a reduction of \$137.2 million Gross (\$36.7 million GF/GP) based on a one-year moratorium on the ACA health insurer fee beginning January 1, 2017. <u>House</u> reduces an additional \$446,000 GF/GP and increases a like amount of federal funds based on revised fund sourcing for the ACA insurer fee.		(\$18,911,600)
	Federal	9,031,879,700
	Local	39,846,400
	Restricted	1,189,849,500
	GF/GP	\$1,254,667,300
		(13,882,200)
		0
		0
		(\$5,029,400)
4. Medicaid Managed Care Use Tax and Health Insurance Claims Assessment Adjustments	Gross	NA
<u>Executive</u> reduces \$612.9 million Gross (\$198.6 million GF/GP) to reflect (1) discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs) and associated actuarial soundness payments of \$612.9 million Gross (\$140.4 million GF/GP) to MCOs on January 1, 2017 and (2) offset of \$58.2 million in GF/GP funds with restricted Health Insurance Claims Assessment (HICA) revenue from associated automatic increase in HICA from 0.75% to 1.0% on January 1, 2017. <u>House</u> reduces \$466.1 million Gross (\$181.5 million GF/GP) based on (1) updated MCO Use Tax projections and fund sourcing of \$466.1 million Gross (\$123.3 million GF/GP) and (2) concurs with HICA revenue projection.		(\$466,106,400)
	Federal	NA
	Restricted	NA
	GF/GP	NA
		(342,829,900)
		58,187,300
		(\$181,463,800)
DEPARTMENTWIDE ADMINISTRATION		
5. DHHS Merger Line Item Changes, and Savings	Gross	NA
<u>Executive</u> includes numerous appropriation line item adjustments related to the 2015 merger creating DHHS, including consolidation of line items and appropriation units reflecting reorganization of programs and agencies, with no net impact on department appropriations; includes \$100,000 GF/GP unrelated reduction for Departmentwide savings. <u>House</u> concurs with most line item changes, and increases the reduction to \$3.0 million GF/GP as savings related to the merger.		(\$3,000,000)
	GF/GP	NA
		(\$3,000,000)
6. Information Technology – Child Welfare Information System (MiSACWIS)	FTE	0.0
<u>Executive</u> includes an increase of 50 FTEs and \$22.3 million Gross (\$7.7 million GF/GP), including \$10.8 million ongoing and \$11.5 million one-time funds, to continue implementation of improvements to the Michigan Statewide Automated Child Welfare Information System, to comply with new federal regulations and the Modified Settlement Agreement with Children's Rights, Inc., for improved monitoring of child protective services, and foster care and adoption cases. Year-to-date amount shown is for the Information Technology Projects and Services line item (although increase if provided in Departmentwide Administration line item). <u>House</u> provides \$17.4 million Gross (\$6.3 million GF/GP) for MiSACWIS improvements: \$8.8 million ongoing, and \$8.6 million one-time funds.		50.0
	Gross	\$151,516,300
	IDG	1,067,000
	TANF	12,087,200
	Federal	82,664,900
	Restricted	1,985,800
	GF/GP	\$53,711,400
		0
		4,323,300
		6,784,400
		0
		\$6,300,800

	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		
7. Information Technology –Software Support and IT Service Model Change	Gross	\$201,717,400
<u>Executive</u> increases funding by \$7.2 million Gross (\$2.5 million GF/GP) for costs to support information technology and Medicaid Management Information systems including encryption and security software, Medicaid fraud detection software, and transition to the new DTMB financial model for the provision of information technology services across all departments. Year-to-date amount shown includes the Information Technology Projects and Services line item and the Michigan Medicaid Information Services line item. <u>House</u> concurs with the Executive.	IDG	1,067,000
	TANF	12,087,200
	Federal	105,285,900
	Private	20,000,000
	Restricted	1,985,800
	GF/GP	\$61,291,500
		\$7,198,300
		0
		0
		4,656,000
		0
		0
		\$2,542,300
8. Economic Adjustments	Gross	NA
<u>Executive</u> reflects increased costs of \$42.8 million Gross (\$17.1 million GF/GP) for the following economics adjustments for employees and other: negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially determined retirement rate increases, and increases for worker's compensation, building occupancy, and food for state hospitals, centers, and juvenile justice facilities. Economics adjustments are also included for administrative hearings system and information technology charges. <u>House</u> concurs and includes adjustments to support Executive Budget Revision 2017-1, with some modifications to fund sourcing, including removal or increases from capped federal sources.	IDG	NA
	TANF	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$42,842,000
		231,000
		2,433,600
		14,608,200
		658,800
		232,100
		835,900
		\$23,842,400
9. Discontinue 2010 Early Out Payouts	Gross	\$6,363,600
<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; total reduction taken is \$6.4 million Gross (\$2.5 million GF/GP). <u>House</u> concurs with the Executive.	IDG	200
	TANF	995,400
	Federal	2,773,900
	Restricted	53,700
	GF/GP	\$2,540,400
		(\$6,363,600)
		(200)
		(995,400)
		(2,773,900)
		(53,700)
		(\$2,540,400)
10. Michigan 2-1-1	Gross	\$500,000
<u>House</u> provides \$950,000 GF/GP funding increase for Michigan 2-1-1 system including \$450,000 ongoing, and \$500,000 one-time for additional support during emergency and disaster events. (Michigan 2-1-1 YTD funding shown).	GF/GP	\$500,000
		\$950,000
		\$950,000
11. Inspector General Placeholder	Gross	\$20,188,500
<u>House</u> provides \$100 placeholder for costs related to Senate Bill 384, pending legislation to provide the Inspector General with limited arrest powers.	IDG	177,600
	TANF	782,200
	Capped	357,900
	Other Fed	11,356,600
	GF/GP	\$7,514,200
		\$100
		0
		0
		0
		0
		\$100
PUBLIC ASSISTANCE		
12. Food Assistance Program (FAP) Caseload Adjustment	Gross	\$2,419,025,900
<u>Executive</u> increases FAP caseload costs by \$13.8 million Gross (\$0 GF/GP) for FY 2016-17, in addition to a proposed supplemental caseload cost reduction for FY 2015-16 of \$84.7 million Gross (\$0 GF/GP), for a total reduction of \$70.9 million Gross (\$0 GF/GP) compared to the original enacted FY 2015-16 budget. Funding supports 795,400 cases at an average cost of \$246.01 per month; FAP caseload in December 2015 was 786,725. <u>House</u> concurs with Executive.	Federal	2,419,025,900
	GF/GP	\$0
		(\$70,908,500)
		(70,908,500)
		\$0
		\$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
13. Additional Public Assistance Caseload Adjustments			
<u>Executive</u> decreases funding for other public assistance programs by \$5.4 million Gross (\$2.5 million GF/GP) as follows:	Gross	\$190,205,100	(\$5,389,200)
	TANF	42,731,900	(1,470,300)
	Restricted	48,029,600	(1,464,200)
	GF/GP	\$99,443,600	(\$2,454,700)
<ul style="list-style-type: none"> Family Independence Program (FIP) is reduced \$3.9 million Gross (\$953,600 GF/GP) adjusting the monthly caseload estimate from 25,473 cases at \$362.93 per month to 25,800 cases at \$365.61 per month. State Disability Assistance (SDA) is reduced by \$1.7 million GF/GP adjusting the monthly caseload estimate from 5,566 cases at \$209.88 per month to 4,900 cases at \$210.10 per month. State Supplementation is increased by \$163,300 GF/GP adjusting the monthly caseload estimate from 276,585 cases at \$19.04 per month to 277,300 cases at the same monthly rate. 			
<u>House</u> concurs with Executive.			
14. Family Independence Program (FIP) Clothing Allowance Increase			
<u>Executive</u> includes additional \$6.1 million federal TANF funding to expand the clothing allowance for FIP recipients to all school-age children receiving benefits instead of the current policy in which only children in "child-only" eligibility groups (adult caretakers not eligible for benefits) receive the clothing allowance. Program is currently appropriated \$2.9 million TANF funding. In addition, the annual benefit would be increased from \$140 per child to \$200. Adjusts boilerplate language to reflect changes (Sec. 669). <u>House</u> includes \$4.8 million additional TANF funding to expand program to all eligible FIP children; increases benefit to \$170 and adjusts boilerplate language.	Gross	\$2,880,000	\$4,770,000
	TANF	2,880,000	4,770,000
	GF/GP	\$0	\$0
15. Multicultural Integration Funding			
<u>Executive</u> increases funding by \$1.5 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF). Section 295 is related boilerplate. <u>House</u> concurs with Executive.	Gross	\$11,858,300	\$1,445,500
	TANF	421,000	0
	Federal	694,500	0
	GF/GP	\$10,742,800	\$1,455,500
16. Maximize FAP Payments Through Heat and Eat Program			
<u>House</u> includes \$141.3 million Gross (\$3.2 million GF/GP) to support participation in the Heat and Eat program. The LIHEAP line item is increased by \$3.2 million GF/GP to make \$21 energy assistance payments to an estimated 150,046 FAP cases to give them the Standard Utility Allowance making them eligible for additional FAP benefits. The FAP line item is increased by \$138.2 million federal funding to recognize the additional FAP benefits that would be received (estimated as an average monthly increase of \$76.73); includes boilerplate language to allocate the \$3.2 million federal funding for \$21 payments to certain FAP recipients (Sec. 656).	Gross	NA	\$141,307,400
	Federal	NA	138,156,400
	GF/GP	NA	\$3,151,000
CHILDREN'S SERVICES AGENCY – CHILD WELFARE			
17. Child Welfare Caseload Adjustments			
<u>Executive</u> increases funding for child welfare programs by \$3.4 million Gross (\$1.8 million GF/GP) as follows:	Gross	\$621,109,300	\$3,389,200
	TANF	163,523,100	(3,578,800)
	Federal	191,130,500	5,525,100
	Private	2,805,900	(381,900)
	Local	14,194,000	0
	GF/GP	\$249,455,800	\$1,824,800
<ul style="list-style-type: none"> Foster care payments are increased by \$1.0 million Gross (reduction of \$8.7 million GF/GP) from 6,175 cases at \$27,877 per year to 5,950 cases at \$29,400 per year. Adoption subsidies are reduced \$6.0 million Gross (increase of \$723,300 GF/GP) from 25,064 cases at \$745.00 per month to 24,740 cases at \$734.64 per month. The Child Care Fund is increased \$6.3 million GF/GP. Guardianship assistance payments are increased by \$2.7 million Gross (\$3.5 million GF/GP) from 900 cases at \$825.94 per month to 1,280 cases at \$779.07 per month. Family Support Subsidies are reduced by \$682,200 Gross (\$0 GF/GP) from 6,616 cases at \$222.11 per month to 6,369 cases at the same monthly rate. 			
<u>House</u> concurs with Executive.			

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
18. Foster Care Residential and Administrative Rates – Eliminate County Hold-Harmless Provision	Gross	NA	\$0
<u>Executive</u> reduces funding by \$6.1 million Gross (\$5.2 million GF/GP) by rescinding the county hold-harmless provision that requires DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013; also requires counties to pay 50% of the entire private residential rate and private agency administrative rate. <u>House</u> does not reduce funding and retains county hold-harmless policy for private foster care rates.	Federal	NA	0
	GF/GP	NA	\$0
19. County Prosecuting Attorney Contracts	Gross	\$2,561,700	\$500,000
<u>Executive</u> provides additional \$500,000 federal funding to recognize the increase in contracts with county Prosecuting Attorneys for legal services concerning child welfare cases. <u>House</u> concurs with Executive.	Federal	2,561,700	500,000
	GF/GP	\$0	\$0
20. Child Care Fund – Federal TANF and GF/GP Fund Source Shift	Gross	NA	\$0
<u>Executive</u> includes fund source shift of TANF and GF/GP funding in the Child Care Fund line item by replacing \$43.0 million TANF funding with \$43.0 million GF/GP. The GF/GP funding is available by replacing GF/GP in two line items with TANF in the following amounts: the Child Welfare Field Staff line item (\$28.8 million) and the Family Independence Program line item (\$15.0 million). Federal policy mandates that in-home care expenditures for youth in juvenile justice programs may no longer be funded with TANF or TANF MOE funding. The funding shift is net neutral to DHHS. <u>House</u> concurs with Executive.	TANF	NA	0
	GF/GP	NA	\$0
21. Family Preservation Programs	FTE	23.0	1.0
<u>Executive</u> includes 1.0 FTE position and an additional \$10.0 million federal Temporary Assistance for Needy Families (TANF) grant funds as one-time funding to expand the Parent Partner Program and the Family Reunification Program to additional counties; includes boilerplate language (Sec. 1909). <u>House</u> includes 1.0 FTE position and \$3.4 million TANF to fund the expansion of programs for one year and adjusts boilerplate language.	Gross	\$38,857,500	\$3,400,000
	TANF	38,274,300	3,400,000
	Federal	583,200	0
	GF/GP	\$0	\$0
22. Adoption Family Support Network Parent-to-Parent Program	Gross	\$350,000	(\$350,000)
<u>Executive</u> eliminates the \$350,000 GF/GP funding for the Parent-to-Parent program which provides parent mentoring to adoptive parents and children; eliminates boilerplate language concerning program funding (Sec. 559). <u>House</u> concurs with Executive.	GF/GP	\$350,000	(\$350,000)
CHILDREN'S SERVICES AGENCY – JUVENILE JUSTICE			
23. In-Home Community Care Grants for Rural Counties	Gross	\$400,000	(\$400,000)
<u>Executive</u> eliminates the \$400,000 GF/GP funding for In-Home Community Care Grants which provides new grants for the expansion of in-home community-based programs for juvenile justice services in rural counties; eliminates boilerplate language concerning program funding (Sec. 587). <u>House</u> concurs with Executive.	GF/GP	\$400,000	(\$400,000)
24. Other House Program Reductions	Gross	NA	(\$1,500,000)
<u>House</u> reduces \$750,000 GF/GP funding for Fostering Futures Scholarship Grants, \$500,000 GF/GP funding for Emergency Services Local Office Allocations, and \$250,000 TANF for FIP Suspicion-Based Drug Testing Pilot.	TANF	NA	(250,000)
	GF/GP	NA	(\$1,250,000)
25. House Program Increases	Gross	NA	\$875,200
<u>House</u> includes \$875,000 GF/GP funding to increase various programs including: SSI Advocacy Legal Services (\$500,000), Food Bank Funding (\$250,000), Indigent Burial Program (\$75,000), and AgrAbility within Michigan Rehabilitation Services (\$50,000); also includes \$100 GF/GP placeholder for Pathways to Potential program and \$100 GF/GP for Sexual Assault Comprehensive Services Program grants.	GF/GP	NA	\$875,200
26. Capped Federal Revenues Fund Source	Gross	NA	\$0
<u>Executive</u> rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source. <u>House</u> retains "Capped Federal Revenues" as a separate fund source.	Federal	NA	0
	GF/GP	NA	\$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
BEHAVIORAL HEALTH		
27. Community Mental Health Non-Medicaid Services	Gross	\$117,050,400
<u>House</u> provides \$1.8 million GF/GP to support a 1.5% inflationary increase in non-Medicaid mental health services provided through Community Mental Health Services Programs (CMHSPs).	GF/GP	\$117,050,400
		\$1,755,800
		\$1,755,800
28. University Autism Programs	Gross	\$2,500,000
<u>House</u> reduces \$1.5 million GF/GP allocated for University Autism programs. University Autism program funding was moved from the One-Time Basis Unit in FY 2015-16.	GF/GP	\$2,500,000
		(\$1,500,000)
		(\$1,500,000)
29. New Unit at Center for Forensic Psychiatry	FTE	556.3
<u>Executive</u> adds \$7.6 million GF/GP to fund additional unit to serve 30 patients. Center provides psychiatric treatment to criminal defendants ruled incompetent to stand trial and/or acquitted by reason of insanity. Adds new boilerplate Sec. 1059 that identifies outcomes and performance measures: average wait times for persons ruled incompetent to stand trial and number of persons waiting to receive services. <u>House</u> concurs with Executive.	Gross	\$72,538,000
	Federal	11,900
	Local	5,085,700
	Restricted	877,600
	GF/GP	\$66,562,800
		\$7,607,000
		\$7,607,000
30. Autism Navigator	Gross	\$0
<u>Executive</u> includes \$1.1 million GF/GP in one-time funding for an assessment of the statewide rollout of the Medicaid Autism benefit and assistance to families of autistic children in finding services. Previously funded with \$1.5 million in one-time restricted funding for FY 2014-15. <u>House</u> concurs with Executive.	GF/GP	\$0
		\$1,125,000
		\$1,125,000
31. Western Michigan University Opiate Prevention Pilot	Gross	\$0
<u>House</u> provides \$850,000 GF/GP, on a one-time basis, for Homer Stryker MD School of Medicine to identify relevant biomarkers that predict the risk of opioid abuse and overdose by analyzing archived blood samples from overdose cases. Also includes boilerplate Sec. 1911 allocating the funds and describing the pilot program.	GF/GP	\$0
		\$850,000
		\$850,000
PUBLIC HEALTH		
32. Flint Declaration of Emergency	Gross	\$17,307,000
<u>Executive</u> provides \$15.1 million Gross (\$9.1 million GF/GP) in funding for evaluation and assistance to residents exposed to lead in the City of Flint, as one-time funding. This is a net reduction from the current Year-to-Date which includes two supplemental appropriations for Flint. FY 2016-17 funds are anticipated to be for partial year only. Services supported include food inspection of restaurants and public venues, nutritional services through existing programs, health services at child and adolescent health centers and schools, community mental health evaluation and care for children with elevated blood levels, and lead investigations and abatement planning for homes. Additional funding may be available for transfer from a \$50.0 million Flint Emergency Reserve Fund in the DTMB budget, as well as a \$6.1 million set aside in the DHHS budget, both proposed in a FY 2015-16 supplemental. <u>House</u> concurs with the Executive.	TANF	0
	Federal	2,845,000
	Restricted	3,552,000
	GF/GP	\$10,910,000
		(\$2,158,900)
		3,520,000
		(795,000)
		(3,078,100)
		(\$1,815,800)
33. Public Health – Federal Grant Increases	Gross	\$20,991,600
<u>Executive</u> recognizes \$1.2 million of increased public health federal funds including a new adult immunization program grant of \$517,400, stroke registry grant increase of \$390,000, and use of violence prevention grant carryforward funding of \$290,700 for suicide prevention and violent death reporting. <u>House</u> concurs with the Executive.	Federal	15,582,300
	Private	2,000,000
	Restricted	850,000
	GF/GP	\$2,559,300
		\$1,198,100
		1,198,100
		0
		0
		\$0
34. Public Health – House Reductions	Gross	NA
<u>House</u> makes the following reductions: reduces health innovations grants by \$500,000 GF/GP, eliminates \$250,000 for bone marrow transplant registry, and eliminates value of vaccines education matching program (\$2.5 million Gross, \$500,000 GF/GP) and related boilerplate.	Private	NA
	GF/GP	NA
		(\$3,250,000)
		(2,000,000)
		(\$1,250,000)

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
35. Rural Home Visit Program	Gross	\$1,700,000	\$550,000
<u>House</u> restores \$550,000 GF/GP for prenatal and early childhood home visiting program in the Upper Peninsula and rural areas of the northern Lower Peninsula, for total funding of \$2.25 million. FY 2015-16 appropriation was reduced when unspent funds from the prior fiscal year were made available as a work project.	GF/GP	\$1,700,000	\$550,000
36. Alternative Pregnancy and Parenting Support Program	Gross	\$50,000	\$350,000
<u>House</u> increases alternative pregnancy and parenting support program from \$50,000 GF/GP to \$400,000 federal TANF grant funds, and establishes work project in related Sec. 1307 allowing any unspent funds to be used over future fiscal years.	TANF	0	400,000
	GF/GP	\$50,000	(\$50,000)
37. Traumatic Brain Injury Treatment Placeholder	Gross	NA	\$100
<u>House</u> includes a \$100 placeholder to support a project for use of traumatic brain injury assessment and treatment interactive software in hospitals, previously funded in FY 2014-15.	Federal	NA	0
	GF/GP	NA	\$100
38. Zika Virus Public Health Education	Gross	NA	\$150,000
<u>House</u> includes \$150,000 of IDG funding from the Department of Natural Resources for Zika virus education and outreach, prevention, detection, monitoring, screening and testing as recommended by the Centers for Disease Control and Prevention; includes related Sec. 1183 boilerplate.	IDG	NA	150,000
	GF/GP	NA	\$0
CRIME VICTIM SERVICES			
39. Crime Victim Assistance Services	Gross	\$33,999,800	\$44,279,300
<u>Executive</u> adds \$44.3 million to reflect increased federal grant award for crime victim justice assistance services including training and technical assistance for service providers, and direct services to crime victims. The funds are available due to the federal Victims of Crime Act (VOCA) Fund annual cap being increased by law, accessing a substantial balance in the Fund for all state formula grants. Year-to-date amount shown is all funding for Crime Victim Services Commission. <u>House</u> concurs with the Executive.	Federal	18,697,500	44,279,300
	Restricted	15,302,300	0
	GF/GP	\$0	\$0
AGING AND ADULT SERVICES AGENCY			
40. Implement Planned PACE Program Expansion	Gross	\$65,938,500	\$26,585,900
<u>Executive</u> increases the Program of All-Inclusive Care for the Elderly (PACE) line item by \$26.6 million Gross (\$9.3 million GF/GP) to fund additional slots at current PACE sites, and new slots to implement PACE expansion into Jackson County and Traverse City for qualified Medicaid recipients. Savings from the PACE expansion are assumed in the same amount from the Long Term Care Services line item for a net \$0 DHHS budget adjustment. Also transfers the PACE line item back to the Medical Services unit; PACE was transferred to Aging and Adult Services Agency in FY 2015-16 budget as part of the Department merger. <u>House</u> concurs with the Executive.	Federal	43,254,000	17,320,700
	GF/GP	\$22,684,500	\$9,265,200
41. Senior Community Services	Gross	\$39,013,900	\$836,700
<u>House</u> provides a 5% increase in GF/GP funds supporting community services for seniors, totaling \$836,700.	Federal	22,280,400	0
	GF/GP	\$16,733,500	\$836,700
42. Guardianship Rate Increase Placeholder	Gross	NA	\$100
<u>House</u> includes a \$100 placeholder to increase rates paid for guardianship services provided for legally incapacitated adults.	Federal	NA	0
	GF/GP	NA	\$100
MEDICAL SERVICES			
43. Healthy Michigan Plan Administration	FTE	36.0	0.0
<u>House</u> removes \$19.5 million Gross (\$5.6 million GF/GP) for the Healthy Michigan Plan call center, leaving a \$100 placeholder, and reduces Healthy Michigan Plan marketing and advertising \$1.0 million Gross (\$500,000 GF/GP). \$4.2 million in TANF allocated for the call center are used to offset GF/GP elsewhere in the DHHS budget.	Gross	\$68,878,600	(\$20,536,200)
	Federal	46,246,000	(10,208,800)
	TANF	4,180,000	(4,180,000)
	GF/GP	\$18,452,600	(\$6,147,400)

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	
44. Integrated Service Delivery	Gross	NA	\$24,615,000
<u>Executive</u> adds \$49.2 million Gross (\$1.2 million GF/GP) for information technology costs to update and streamline the electronic application and enrollment process for services through DHHS. Ongoing funding is \$12.3 million Gross (\$1.2 million GF/GP) and one-time funding is \$36.9 million federal (including \$3.7 million in TANF funds). <u>Executive</u> also includes boilerplate Sec. 1506 describing the initiative and outlining outcomes and performance measures. <u>House</u> provides \$24.6 million Gross (\$615,400 GF/GP). \$923,100 in TANF savings compared to the <u>Executive</u> request are used to offset GF/GP elsewhere in the DHHS budget. <u>House</u> also renumbers boilerplate section to 1507.	Federal	NA	22,153,400
	TANF	NA	1,846,200
	GF/GP	NA	\$615,400
45. Hospital QAAP Retainer	Gross	\$0	\$0
<u>Executive</u> replaces one-time increase in GF/GP retainer savings from hospital Quality Assurance Assessment Program (QAAP) of \$92.9 million with ongoing retainer amount of \$105.0 million tied to Healthy Michigan Plan special hospital payments, for a net GF/GP savings of \$12.1 million. These adjustments require statute change. <u>House</u> concurs with <u>Executive</u> .	Restricted	92,856,100	12,143,900
	GF/GP	(\$92,856,100)	(\$12,143,900)
46. Special Hospital Payments – Healthy Michigan Plan (HMP)	Gross	\$638,056,100	(\$28,495,100)
<u>Executive</u> removes \$92.9 million Healthy Michigan Plan Hospital Rate Adjustment, which was provided to keep hospitals held harmless on the whole from the one-time Hospital QAAP retainer increase. <u>House</u> revises Healthy Michigan Plan Hospital Rate Adjustment from \$320.1 million to \$375.0 million and Medicaid Access to Care Initiative from \$318.0 million to \$234.5 million based on DHHS's projected payment levels. Matching funds for HMP special Medicaid reimbursements are required beginning January 1, 2017 (see item #2 for base HMP fund sourcing adjustment).	Federal	638,056,100	(27,426,600)
	Restricted	0	(1,068,500)
	GF/GP	\$0	\$0
47. Special Hospital Payments	Gross	\$208,799,300	\$0
<u>Executive</u> maintains payments at FY 2015-16 levels: \$162.9 million Gross (\$56.0 million GF/GP) for Graduate Medical Education, \$34.9 million Gross (\$12.0 million GF/GP) for Special Rural Hospitals, and \$11.0 million Gross (\$3.8 million GF/GP) for OB/GYN Hospital Lump Sum. <u>House</u> concurs with <u>Executive</u> .	Federal	136,972,300	0
	GF/GP	\$71,827,000	\$0
48. Specialty Drugs – Hepatitis C and Cystic Fibrosis	Gross	\$199,449,700	\$112,680,300
<u>Executive</u> adds \$194.6 million Gross (\$69.7 million GF/GP) to annualize costs for specialty drugs added to the Medicaid formulary in 2016 to treat Hepatitis C and Cystic Fibrosis. Total FY 2016-17 costs, including half-year costs added through FY 2015-16 legislative transfer, are \$394.1 million Gross (\$135.2 million GF/GP). Of total, \$327.8 million Gross (\$91.5 million GF/GP) is for estimated Hepatitis C treatment costs and \$66.3 million Gross (\$43.7 million GF/GP) is for estimated Cystic Fibrosis treatment costs; majority of Cystic Fibrosis treatment will be through Children Special Health Care Services. <u>House</u> provides \$112.7 million Gross (\$46.8 million GF/GP) to support a projected 5,250 persons receiving Hepatitis C treatments (revising the estimated full year cost to \$245.9 million Gross (\$68.6 million GF/GP)) and to concur with the <u>Executive</u> 's Cystic Fibrosis treatment costs.	Federal	133,934,900	65,886,800
	GF/GP	\$65,514,800	\$46,793,500
49. Specialty Drugs – Reserve Fund	Gross	\$0	\$43,041,600
<u>Executive</u> creates one-time reserve fund of \$86.1 million Gross (\$30.0 million GF/GP) for potential costs associated with release of other new specialty drugs in FY 2016-17. <u>House</u> provides \$43.0 million Gross (\$15.0 million GF/GP).	Federal	0	28,041,600
	GF/GP	\$0	\$15,000,000
50. Private Duty Nursing Rate Increase	Gross	NA	\$3,299,900
<u>House</u> includes \$3.3 million Gross (\$1.2 million GF/GP) to provide a 10% rate increase for private duty nursing services for Medicaid beneficiaries under the age of 21. <u>House</u> also includes boilerplate Sec. 1702 to describe the rate increase.	Federal	NA	2,149,900
	GF/GP	NA	\$1,150,000

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
51. Healthy Kids Dental	Gross	\$219,139,400	\$25,601,000
<u>Executive</u> adds \$25.6 million Gross (\$8.9 million GF/GP) to complete expansion of Healthy Kids Dental, covering children ages 13 to 20 in Kent, Oakland, and Wayne Counties. Revises boilerplate Sec. 1894 to reflect expansion to children of all ages in those counties. Year-to-date amount shown is for full Dental Services line item. <u>House</u> concurs with Executive.	Federal	143,150,200	16,679,100
	GF/GP	\$75,989,200	\$8,921,900
52. Ambulance Quality Assurance Assessment Program (QAAP)	Gross	\$8,641,000	\$35,507,000
<u>Executive</u> expands QAAP-funded ambulance provider rate increase to managed care and Healthy Michigan Plan payments to ambulance providers. Executive also notes that the ambulance QAAP roll out has been delayed until April 1, 2016. <u>House</u> concurs and includes technical fund sourcing and authorization adjustments.	Federal	5,668,500	26,718,800
	Restricted	3,972,500	11,667,200
	GF/GP	(\$1,000,000)	(\$2,879,000)
53. Personal Care Services Rate Increase	Gross	\$11,762,300	\$717,400
<u>House</u> adds \$717,400 Gross (\$250,000 GF/GP) to provide a \$15 per month increase for adult foster care facilities and homes for the aged that provide personal care services to Medicaid beneficiaries.	Federal	7,716,100	467,400
	GF/GP	\$4,046,200	\$250,000
54. University of Detroit Dental Clinic Program	Gross	\$1,000,000	\$3,300,000
<u>House</u> adds \$3.3 million GF/GP for the University of Detroit Dental program. Total \$4.3 million allocation is distributed 50% on an ongoing basis and 50% on a one-time basis.	GF/GP	\$1,000,000	\$3,300,000
55. Merit Award Trust Fund Adjustment	Gross	NA	\$0
<u>Executive</u> offsets \$23.7 million in Merit Award Trust Fund revenue appropriated in the long term care services line item with GF/GP in order to redirect Merit Award Trust Fund revenue to pay costs related to Detroit Public Schools restructuring. <u>House</u> concurs with Executive.	Restricted	NA	(23,661,900)
	GF/GP	NA	\$23,661,900

ONE-TIME BASIS ONLY APPROPRIATIONS

56. Current Year One-Time Basis Only Appropriations	Gross	\$7,800,000	(\$7,799,900)
Removes the following one-time funding items that were included in the FY 2015-16 budget: \$1.5 million GF/GP for pay for success contracts, \$1.5 million GF/GP for Mental Health Commission recommendations, \$800,000 Gross (\$400,000 GF/GP) for employment and training support services, and \$1.5 million GF/GP for drug policy initiatives. Hospice services is reduced from \$2.5 million GF/GP to a \$100 placeholder.	Federal	400,000	(400,000)
	GF/GP	\$7,400,000	(\$7,399,900)

Major Boilerplate Changes From FY 2015-16

GENERAL SECTIONS

Sec. 204. Performance Metrics for New Programs or Program Increases – REVISED

Requires DHHS, in addition to metrics required under the Management and Budget Act, to identify program-specific metrics for new programs or enhancements in excess of \$1.0 million. Executive deletes. House current law with revised date.

Sec. 218. Basic Health Services – REVISED

Lists eight health services to be included in annual list of proposed basic health services that are to be available and accessible throughout the state, as required by Part 23 of the Public Health Code, 1978 PA 368. Executive deletes. House current law and revised to "not limited to" the eight health services.

Sec. 222. Notification and Report of Policy Changes – REVISED

Requires notification of policy changes 30 days before implementation; requires policy manual to be available on the DHHS website; and requires a report by April 1, 2016 on policy changes made to implement new public acts. Executive deletes. House current law but deletes 30 day notification (1).

Sec. 231. Travel Reimbursement to Local County Board Members and Directors – RETAINED

Allocates up to \$100,000 to reimburse counties for out-of-pocket travel costs of local county department board members and directors to attend one meeting each year of the Michigan County Social Services Association. Executive deletes. House current law.

Major Boilerplate Changes From FY 2015-16

Sec. 274. (1) Capped Funds Restriction on Use for Economics Adjustments – NEW

House adds language that the Executive shall not utilize capped federal funding for economics adjustments for FTEs or other economics costs that are included in the Governor's budget submission for the ensuing fiscal year.

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

Requires that after the first year of a contract, no less than 90% of a new department contract supported solely from state restricted or GF/GP funds and designated for a specific entity for the purpose of providing services to individuals be expended for those services. Executive deletes. House concurs with the Executive.

Sec. 291. E-Verify – REVISED

Requires DHHS to use the E-Verify system to confirm that new employees and new employees of contractors and subcontractors paid from the appropriations in Part 1 are legally present in the United States. Executive deletes. House retains, deletes report.

Sec. 298. Behavioral Health Integration – NEW

Executive proposes new language would require funding for Medicaid behavioral health services currently provided to Prepaid Inpatient Health Plans (PIHPs) to be transferred to Medicaid health plans by the end of FY 2016-17. Provides for process for stakeholders to develop an integration plan and ensure continuity of care. Requires health plans to contract with existing CMHSPs for provision of specialty services and supports. Requires report describing the integration plan. House proposes alternate new language requiring the Department work with a workgroup to make recommendations on policy and financing to improve coordination of behavioral and physical health services, states goals to consider and requirements for a detailed plan, suggests use of a pilot, and requires updates and a final report on the workgroup's recommendations; states that no funding paid in past years to PIHPs shall be transferred or paid to any other entity without specific legislative authorization.

CHILDREN'S SERVICES – CHILD WELFARE

Sec. 501. Foster Care Time Limit Goals – REVISED

Establishes a goal that not more than 27% of foster children at any given time will have been in foster care for 24 months or more; Executive eliminates annual report. House revises goal from 27% to 25%.

Sec. 503. Child Welfare Performance-Based Funding – REVISED

Requires DHHS to continue to develop actuarially sound case rates for out-of-home child welfare services by DHHS and private providers. Executive deletes language that requires report on full cost analysis and that prohibits DHHS from phasing in the implementation of a performance-based funding model into additional counties unless the county and associated entities agree to implementation. House revises language to require cost analysis report only if not provided in previous fiscal year and retains language requiring county and associated entities' approval to implement the performance-based funding model.

Sec. 511. Physical and Mental Health Assessment Report – REVISED

Requires DHHS to track the number and percentage of foster children who received physical and mental health assessments. Executive deletes language; House revises language to require semi-annual reports rather than quarterly reports.

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Restricts placement of children in out-of-state facilities unless specified criteria are met. Executive deletes language that prohibits DHHS to fund child placement in an out-of-state facility without specified approval and language requiring annual report on per diem costs of each residential service provider in this state. House eliminates annual per diem costs report.

Sec. 514. Child Protective Services Report – REVISED

Requires report on Child Protective Services; lists specific information and statistics to be included in the report. Executive deletes language; House revises language by changing reporting date from January 1 to March 1.

Sec. 515. Kent County Privatization Implementation – DELETED

Requires report that provides an update on the privatization of child welfare services in Kent County. Executive deletes language; House concurs with the Executive.

Sec. 519. Treatment Foster Care – RETAINED

Requires DHHS to permit private agencies with existing contracts to provide treatment foster care services. Executive deletes language; House retains language.

Sec. 522. Fostering Futures Scholarship Program – DELETED

Allocates \$750,000 to the Fostering Futures Scholarship Program for youth transition from foster care who are attending college; requires report. Executive retains language; House deletes language.

Sec. 525. On-Site Evaluations – RETAINED

Requires DHHS to use the same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities. Executive deletes language; House retains language.

Sec. 532. Licensing and Contract Compliance Review – REVISED

Requires collaboration between DHHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes. Executive deletes language; House revises language by striking language that requires that DHHS not conduct licensing reviews more than once every 2 years for certain agencies.

Major Boilerplate Changes From FY 2015-16

Sec. 533. Child Welfare Payment Promptness – REVISED

Directs DHHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services; requires report. Executive deletes language; House revises language referring to the recipients of the report.

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

Requires DHHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided. Executive deletes language; House retains language.

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHHS; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at the statewide per diem; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires DHHS to provide an increase to each private provider of residential services, provided that the county match rate is eliminated for this increase. Executive eliminates language requiring \$3.00 administrative rate increase to private foster care providers and language requiring an increase to private residential service providers; also strikes language that eliminates the county match requirements for these rate increases. House revises language by striking language concerning the \$3.00 rate increase and increasing the base administrative rate from \$37 to \$40; requires DHHS to pay 100% of the administrative rate to providers of foster care services; requires quarterly report on number of foster care cases administered by DHHS and by private providers.

Sec. 558. Child Welfare Training Institute Report – RETAINED

Requires DHHS to maximize use of training programs or courses provided through the Child Welfare Training Institute and requires courses be made available to employees of private service providers. Executive deletes language that requires report on the training programs and courses provided; House concurs with the Executive.

Sec. 562. Time and Travel Reimbursements for Foster Parents – RETAINED

Requires time and travel reimbursements for foster parents who transport foster children to parent-child visitation. Executive deletes language; House retains language.

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

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control. Executive deletes language; House retains language but changes date of report to March 1.

Sec. 567. Medical Passports – RETAINED

Requires foster care caseworkers to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home. Executive deletes language; House retains language.

Sec. 568. Adoption Subsidy Negotiations – RETAINED

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

Sec. 585. Private Agency Staff Training – RETAINED

Requires DHHS to make available at least 1 pre-service training class each month for caseworkers of private agencies. Executive deletes language; House retains language.

Sec. 589. Payment of Foster Care Administrative Rate – DELETED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013. Executive deletes language; House moves language into Sec. 546.

Sec. 593. Residential Service Providers Staff Ratio – RETAINED

Allows residential service providers for abuse and neglect cases to implement staff ratios of 1 staff to 5 children during waking hours. Executive deletes language; House retains language.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial – REVISED

Provides reimbursements for the final disposition of indigent persons, establishes maximum allowable reimbursements; Executive retains language; House revises language to require that the adult burial with services allowance for reimbursement shall be \$725, the adult burial without services allowance shall be \$490, and the infant burial allowance shall be \$170.

Sec. 614. SDA Recipients Eligible for SSI Benefits – RETAINED

Requires report on number of SDA recipients determined eligible for federal SSI benefits in previous year. Executive deletes language; House retains language.

Major Boilerplate Changes From FY 2015-16

Sec. 617. Law Enforcement Information Network (LEIN) Report – DELETED

Requires report on the number and percentage of persons no longer eligible for public assistance because of their status in LEIN. Executive deletes language; House concurs with the Executive.

Sec. 625. Legal Services Association of Michigan – REVISED

Permits DHHS to contract with Legal Services Association of Michigan to provide assistance to individuals who have applied or wish to apply for federal disability benefits. Executive deletes language; House revises language to provide that up to \$500,000 shall be paid to Legal Services Association of Michigan for SSI advocacy legal services.

Sec. 672. Electronic Benefit Transfer Card Abuse Report – RETAINED

Requires DHHS to report on efforts to reduce inappropriate use of Bridge Cards by program recipients and retailers. Executive deletes language; House retains language.

Sec. 673. MiBridges Fraud Workgroup – DELETED

Requires DHHS to conduct a work group with the Departments of State and State Police to investigate minimizing fraud in the MiBridges benefits programs. Executive deletes language; House concurs with the Executive.

CHILDREN'S SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – RETAINED

Unless required from changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility. Executive deletes language; House retains language.

Sec. 708. County Spending Plan Required – REVISED

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan by October 1 of each year; approval must be obtained prior to December 15; Executive eliminates required report on number of plans not submitted by the deadline and number of plans not approved. House revises language to only require report if 1 or more counties do not submit spending plan.

Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED

Requires DHHS to notify the Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity. Executive deletes language; House concurs with the Executive.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities. Executive deletes language; House concurs with the Executive.

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 805. Order of Selection – RETAINED

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services. Executive deletes language; House retains language.

BEHAVIORAL HEALTH SERVICES

Sec. 920. Rate-Setting Process for PIHPs – NEW

House requires that the Medicaid rate-setting process for PIHPs include any state minimum wage increases; also states legislative intent that any Medicaid rate increase be also distributed to direct care employees.

Sec. 924. Timely Claims Process for PIHPs – DELETED

Requires that PIHPs contracting with DHHS to provide services to the Medicaid population adhere to the timely claims processing and payments procedure to claims submitted by health professionals and facilities as described in the Social Welfare Act. Executive and House delete language.

Sec. 960. University Autism Programs – REVISED

Requires DHHS to allocate funds appropriated for university autism programs through a grant process. Executive adds outcomes and performance measures: increase in behavioral analysts certified from a program, autism diagnosis services provided, and employment rate of employment program participants. House also adds requirement for universities to track and report initial employment of certified applied behavioral analysts.

Sec. 1010(2). Redistribution of Lapsed Funds – RETAINED

States intent that any lapsed funds from appropriation for Medicaid Mental Health Services be redistributed to individual CMHSPs and requires report on lapse amounts. Executive deletes; House retains language and renumbers to Sec. 1011.

Major Boilerplate Changes From FY 2015-16

Sec. 1010. Kevin's Law – NEW

Executive allocates \$2.0 million to address implementation of court ordered assisted outpatient treatment under the Mental Health Code (Kevin's Law). House concurs with Executive.

STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES

Sec. 1057. Hawthorn Center Appraisal – NEW

House requires DHHS to secure an appraisal of the Hawthorn Center and develop a proposal for possible replacement of the facility at the same or new location.

PUBLIC HEALTH ADMINISTRATION

Sec. 1102. School Children's Healthy Exercise Program – RETAINED

Allocates \$1.0 million for the school children's healthy exercise program for children kindergarten through grade 8, which shall incorporate evidence-based best practices. Executive deletes. House current law, and moves to Sec. 1226.

Sec. 1103. Health and Wellness Initiatives Criteria – RETAINED

Requires DHHS to establish criteria for Health and Wellness Initiatives project allocations, which shall include that programs funded be evidence-based, supported by research, include interventions that lower cost and improve quality, and have statewide impact. Executive deletes. House current law, and moves to Sec. 1227.

HEALTH POLICY

Sec. 1140. Free Health Clinic Funding – RETAINED

Allocates \$250,000 to free health clinics from the funds appropriated for primary care services. Requires DHHS to distribute funds equally to each free health clinic. Executive deletes. House current law.

Sec. 1145. Payments to Indian or Tribal Facilities for Medical Services – DELETED

Directs DHHS to take steps necessary to assure that Indian Health Service, Tribal or Urban Indian Health Program facilities receive the maximum amount allowable under federal law for Medicaid services. Executive deletes. House concurs with the Executive.

FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES

Sec. 1300. Report of Sexual and Maternal Health Demographics and Expenditures by Marital Status – REVISED

Requires report of an estimate of public funds administered for family planning, sexually transmitted infection prevention and treatment, pregnancies, and births. Executive deletes. House revises to require DHHS to monitor, and provide report upon request.

CRIME VICTIM SERVICES COMMISSION

Sec. 1380. Allocation of Funds for Forensic Nurse Examiner Programs – RETAINED

Requires DHHS to use justice assistance grants appropriations to continue to support forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. Executive deletes. House retains, moves to Sec. 451.

MEDICAL SERVICES ADMINISTRATION

Sec. 1502. Transparency Database Website – DELETED

Requires DHHS to spend available work project revenue and any associated federal match to create a transparency database website and states the funding is contingent on enabling legislation. Executive and House delete language.

MEDICAL SERVICES

Sec. 1620. Pharmacy Dispensing Fee and Prescription Drug Co-payments – REVISED

Establishes the pharmacy dispensing fees and requires prescription co-payments for certain Medicaid and Healthy Michigan Plan (HMP) recipients. Executive revises to state that co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver. House concurs with Executive and replaces established pharmacy dispensing fees with requirement that dispensing fees follow federal covered outpatient drug final rules, take into consideration the state's long-term financial exposure, and are not lower than those in effect October 1, 2015.

Sec. 1631. Medical Services Co-payments – REVISED

Requires co-payments on dental, podiatric, and vision services requires co-payments for office visits for certain Medicaid and HMP recipients. Executive and House revise to state that co-payments shall be consistent with the terms and conditions established by the Centers for Medicare and Medicaid Services linked to the HMP waiver.

Sec. 1645. Nursing Home QAAP Calculation – NEW

House requires DHHS to review and recalculate the nursing home QAAP calculation to reflect actual days of care instead of projected days of care by each nursing home and hospital long-term care unit.

Major Boilerplate Changes From FY 2015-16

Sec. 1670. MICHild Program Eligibility – REVISED

Establishes eligibility standards and other provisions for the MICHild Program. Executive and House revise to remove various specific program operation-related requirements.

Sec. 1701. Direct Primary Care Pilot – NEW

House permits DHHS to pilot a direct primary care program; outlines outcomes and performance measures for pilot program.

Sec. 1703. Maximizing Medicaid Funding for Children Eligible for Early On – NEW

House requires DHHS to commission a study on funding strategies that would maximize Medicaid reimbursement for children eligible for Early On services, requires a report on finding.

Sec. 1704. Prior Authorization for Certain Drugs – NEW

House prohibits DHHS and its contractual agents from requiring prior authorization for psychotropic medications and drugs for the treatment of cancer, HIV-AIDS, epilepsy/seizure disorder, or organ transplant therapy; defines "prior authorization."

Sec. 1801. Primary Care Rates – REVISED

Requires DHHS to use \$33.3 million GF/GP plus associated federal match to continue to increase Medicaid rates to primary care service providers and establish policies to limit the rate increase to practitioners that solely practice primary care. Executive retains language; House adds neonatal medicine subspecialty to the list of primary care providers eligible for the rate increase.

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

Requires hospitals receiving GME payments to submit quality data to a specified national nonprofit organization utilizing consensus-based nationally endorsed standards and requires DHHS to withhold fourth quarter GME payments if data is not submitted. Executive deletes language; House revises to permit hospitals to submit quality data to CMS Hospital Compare and strikes fourth quarter withhold provision.

Sec. 1809. Health Plan Performance Standards – DELETED

Requires DHHS to establish separate contract performance standards for Medicaid health plans that adhere to the requirements of the Social Welfare Act associated with the 0.25% and 0.75% capitation withhold amounts. Executive and House delete language.

Sec. 1812. Graduate Medical Education Program Costs – REVISED

Requires hospitals receiving GME funds to submit report on direct and indirect costs associated with the residency training program; also requires report on marginal cost of adding one additional training slot, additional administrative costs, and postresidency retention rate; requires DHHS to hold a GME recipient's fourth quarter payment until required information is submitted; requires workgroup and report on metrics for distribution of GME funds, with intent that those metrics will be used to distribute GME funds beginning with FY 2016-17; provides for DHHS to seek a federal waiver to fulfill the requirements of the section if needed. Executive adds State Budget Office to report recipients. House concurs with Executive and requires DHHS to complete the report from most recent cost reports, to develop a template for hospitals to use for marginal and administrative costs, and strikes fourth quarter GME payment withhold.

Sec. 1861. Nonemergency Medical Transportation Pilot – REVISED

Requires DHHS to encourage cooperation between Medicaid health plans, other health providers, and nonprofit entities to help facilitate a pilot nonemergency transportation system. Executive deletes language; House revises language for continued facilitation.

Sec. 1870. MIDocs Consortium – REVISED

Requires DHHS to establish the MIDocs consortium, consisting of Michigan-based medical schools, with purpose of developing freestanding residency training programs in primary care and other ambulatory care-based specialties. Executive deletes language; House revises language for DHHS to continue to work with MIDocs consortium.

ONE-TIME BASIS APPROPRIATIONS

Sec. 1912. Mobile Electronic Service Verification Study – NEW

House provides \$25,000 to commission a study to review the outcomes and performance improvements of developing and piloting a mobile electronic biometric identity verification product for home help services.

FY 2016-17: DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES



**Summary: As Reported by House Appropriations Committee
Article XI, House Bill 5294 (H-1)**

Analyst: Paul B.A. Holland

	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	\$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	62,200,100	63,449,600	63,399,600			1,199,500	1.9
GF/GP	150,000	150,000	150,000			0	0.0
Gross	\$65,057,700	\$66,307,200	\$66,257,200			\$1,199,500	1.8
FTEs	343.0	343.0	342.5			(0.5)	(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 Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial industries operating within the state and providing consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS implements, administers, and enforces state statutes pertaining to state-chartered banks and credits unions; mortgage brokers, lenders, and servicers; various consumer finance entities; insurance companies, agents, and products; and health maintenance organizations. 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 from the Department of Licensing and Regulatory Affairs.

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. Technical Authorization Adjustments and Fund Shifts	Gross	\$3,332,100	\$0
Reflects net impact of multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	3,332,100	0
2. Early Out Five-Year Payouts	Gross	\$138,500	(\$138,500)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	138,500	(138,500)
3. Economic Adjustments	Gross	NA	\$1,388,000
Reflects increased costs for negotiated salary and wage increases (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.	Restricted	NA	1,388,000
4. Eliminate Economic Development Programs	FTE	4.0	(0.5)
Removes estimated spending and staff authorization for economic development programing undertaken by the department. <u>House</u> includes.	Gross	\$1,084,300	(\$50,000)
	Restricted	934,300	(50,000)
	GF/GP	\$150,000	\$0

Major Boilerplate Changes From FY 2015-16

Note: Executive and House variously renumbered several sections; section numbers below are referenced as they appear in HB 5306 (H-1) with the section numbers as they appear under current law in parenthesis. Sections for which the only change was renumbering (and/or other technical changes) are not included below.

Sec. 213 (229). Department Scorecard Website and Health Insurance Rate Filings Report – REVISED

Requires DIFS to maintain a department scorecard website that identifies, updates, and tracks key metrics to monitor the department's performance and submit a separate report on annual rate filings by health insurers. Executive modifies the delineated reporting requirements for rate filings; House rejects, but transfers rate filing report to separate section (Sec. 301).

Sec. 216 (205). Metrics for New Programs or Program Enhancements – RETAINED

Requires DIFS to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success. Executive eliminates; House retains.

Sec. 217 (212). Record Retention – RETAINED

Requires DIFS to retain all records in accordance with state and federal guidelines. Executive eliminates; House retains.

Sec. 218 (215). Communications with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against an employee for communicating with the Legislature. Executive eliminates; House retains.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires DIFS to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years. Executive eliminates; House concurs.

Sec. 219 (232). Television and Radio Productions – RETAINED

Prohibits DIFS from developing or producing television or radio productions. Executive eliminates; House retains.

Sec. 220 (245). Healthy Michigan Plan Accounting Structure – RETAINED

Requires DIFS in conjunction with the Department of Health and Human Services (DHHS) to maintain 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. Executive eliminates requirement to provide accounting scripts and reports to the Legislature; House retains.

Sec. 221 (246). Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939. Executive eliminates; House retains.

Sec. 301. Health Insurance Rate Filings Report – NEW

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. House includes by transferring the existing language from Sec. 213.

Sec. 310. Economic Development Report – DELETED

Requires DIFS to submit a report pertaining to the total amounts expended and number of FTEs utilized during the preceding fiscal year to support the economic development of the insurance or financial industries and to provide a detailed 2-year plan for DIFS activities to support the economic development of the insurance or financial industries. Executive eliminates; House concurs.

Sec. 303. Fees for Customized Listings – NEW

Permits DIFS to provide customized lists of non-confidential information to interested parties and charge reasonable fees; states that funds lapse to appropriate restricted fund accounts. Executive includes; House concurs.

Sec. 802. Autism Coverage Reimbursement Program Reporting Requirements – DELETED

Requires DIFS to submit a report pertaining to the number of claims approved for reimbursement within each county, the amount expended for reimbursement of each carrier, and detailed claims statistics associated with the Autism Coverage Reimbursement Program authorized by 2012 PA 101. Executive eliminates; House concurs.

FY 2016-17: JUDICIARY

Summary: As Reported by House Appropriations Committee Article XII, House Bill 5294 (H-1)



Analyst: Robin R. Risko

	FY 2015-16 YTD as of 2/10/16	FY 2016-17 Revised Executive	FY 2016-17 House	FY 2016-17 Senate	FY 2016-17 Enacted	Difference: House From FY 2015-16 YTD	
						Amount	%
IDG/IDT	\$2,362,900	\$1,550,000	\$1,550,000			(\$812,900)	(34.4)
Federal	6,428,600	6,433,500	6,433,500			4,900	0.1
Local	7,229,000	7,349,300	7,349,300			120,300	1.7
Private	942,900	957,800	957,800			14,900	1.6
Restricted	84,245,800	92,786,000	92,786,000			8,540,200	10.1
GF/GP	183,642,200	190,057,400	190,057,400			6,415,200	3.5
Gross	\$284,851,400	\$299,134,000	\$299,134,000			\$14,282,600	5.0
FTEs	489.0	510.0	510.0			21.0	4.3

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

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.

<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>
1. Statewide Electronic Filing System			
<u>Executive</u> includes authorization for the judiciary to receive state restricted electronic filing fee revenue. Public Acts 230 through 235 of 2015 established the electronic filing fund to support implementation, operation, and maintenance of a statewide electronic filing system. Fees paid by parties filing civil actions will support the system, which will be used for such things as initiating original actions and appeals; filing motions, briefs, and other materials in existing cases; electronically serving all filings on opposing parties; making fee payments; and requesting fee waivers. <u>House</u> concurs.	Gross	\$100	\$8,499,900
	Restricted	100	8,499,900
2. Michigan Indigent Defense Commission			
<u>Executive</u> includes additional FTE positions and funding to bring the Michigan criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions. Staff will implement minimum standards, rules, and procedures to guarantee the right of indigent defendants to the assistance of proficient counsel, collect data from defense systems and attorneys providing indigent defense, and monitor and audit county compliance plans. <u>House</u> concurs.	FTE	6.0	10.0
	Gross	\$996,700	\$1,300,000
	GF/GP	\$996,700	\$1,300,000
3. One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers			
<u>Executive</u> includes additional FTE positions and one-time funding for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case. SADO will provide post-conviction representation of juvenile lifers in resentencings. There are 364 juvenile lifers entitled to resentencing in the circuit court. SADO currently represents 114 of the 364. <u>House</u> concurs.	FTE	NA	11.0
	Gross	NA	\$1,100,000
	GF/GP	NA	\$1,100,000

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. One-Time Funding for Expansion of Problem Solving Courts – Statewide Opioid Task Force Initiative	Gross	NA	\$1,000,000
<u>Executive</u> includes one-time funding for expanding the number of veterans courts from 22 to 26 and for increasing the number of drug treatment court participants by 50 to 75 participants. This is part of a statewide effort to decrease recidivism rates related to opioid drug abuse. <u>House</u> concurs.	GF/GP	NA	\$1,000,000
5. One-Time Funding for Medication-Assisted Treatment Pilot Program – Statewide Opioid Task Force Initiative	Gross	NA	\$1,000,000
<u>Executive</u> includes \$500,000 in one-time funding to establish a medication-assisted treatment pilot program, within existing drug treatment courts, to target new court admissions having heroin or other opiate drug disorders. The courts will partner with MDOC and DHHS, and with local law enforcement, probation officers, and medical professionals, to provide medication-assisted treatment to people coming through the court system as a result of drug dependency issues. <u>House</u> includes \$1.0 million.	GF/GP	NA	\$1,000,000
6. Michigan Legal Self-Help Website and Centers	Gross	NA	\$300,000
<u>Executive</u> includes additional funding for the Michigan Legal Help program which provides free around-the-clock legal information and assistance to individuals who represent themselves in civil legal matters. The funding replaces work project funding that has been utilized to fund the program since 2013. The \$300,000 will cover expenses for nine months after work project funding expires in December 2016. <u>House</u> concurs.	GF/GP	NA	\$300,000
7. Savings for Eliminated Judgeships	Gross	NA	(\$259,700)
<u>Executive</u> reflects a savings from a combination of 1.0 Court of Appeals judgeship elimination by attrition (2012 PA 240), 3.0 district court and 1.0 circuit court judgeship retirements (2012 PAs 27, 33, 35, and 38), restoration of 1.0 circuit court judgeship (2009 PA 228), and election of 1.0 new district court and 2.0 new circuit court judges (2014 PAs 56, 58, and 60). The amount of savings is a result of the effective dates of the elimination, retirements, restoration, and elections. <u>House</u> concurs.	GF/GP	NA	(\$259,700)
8. Funding Adjustment for SADO	Gross	\$473,700	(\$306,700)
<u>Executive</u> eliminates IDG funding to reflect discontinued Michigan Justice Training grant funding that was previously received from DSP and includes GF/GP funding to partially offset the loss of IDG funding so that SADO is able to continue indigent defense trainings. <u>House</u> concurs.	IDG	473,700	(473,700)
	GF/GP	\$0	\$167,000
9. Funding Adjustments for Michigan Judicial Institute	Gross	\$2,159,100	(\$395,700)
<u>Executive</u> removes \$56,500 in federal Department of Justice grant funding that was budgeted but not received and decreases spending authorization by \$339,200 to reflect discontinued Michigan Justice Training grant funding that was previously received from DSP. <u>House</u> concurs.	IDG	339,200	(339,200)
	Federal	169,200	(56,500)
	Private	59,300	0
	GF/GP	\$1,591,400	\$0
10. Early Out Payouts	Gross	\$58,800	(\$58,800)
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>House</u> concurs.	Federal	500	(500)
	Local	6,800	(6,800)
	GF/GP	\$51,500	(\$51,500)
11. Economic Adjustments	Gross	NA	\$1,731,000
<u>Executive</u> reflects a net increase in costs for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, private rent costs, building occupancy charges, and worker's compensation costs. <u>House</u> concurs.	Federal	NA	61,900
	Local	NA	127,100
	Private	NA	14,900
	Restricted	NA	40,300
	GF/GP	NA	\$1,486,800
12. Judges Salaries	Gross	NA	\$872,600
<u>Revised Executive</u> includes funding to cover costs of judicial salary increases authorized by Public Act 31 of 2016. Under the new law, salaries for Court of Appeals, circuit, probate, and district court judges will be increased by the same percentage increase that civil service non-exclusively represented employees receive. <u>House</u> concurs.	GF/GP	NA	\$872,600

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
13. Swift and Sure Sanctions Program		Gross	\$4,250,000
<u>House</u> reduces funding for the Swift and Sure Sanctions Program as a result of the line item typically lapsing funding at the close of the fiscal year.		Restricted	1,729,400
		GF/GP	\$2,520,600
			(\$500,000)
			0
			(\$500,000)

Major Boilerplate Changes From FY 2015-16

Sec. 205. Input on Foster Care Cases – DELETED

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings. Executive deletes. House deletes.

Sec. 207. Changes to Foster Care Family Service Plans – DELETED

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans. Executive deletes. House deletes.

Sec. 209. Juvenile Justice Vision 20/20 – DELETED

Expresses legislative intent that the State Court Administrative Office (SCAO) implement a database, if funding becomes available, that tracks statistical and demographic data on adjudicated juveniles for use by the circuit and probate courts, private juvenile justice agencies, and SCAO; establishes the project as a work project account; requires SCAO to report on the status of the implementation of the project. Executive deletes. House deletes.

Sec. 211. Linking Swift and Sure Sanctions Program to DHHS and DTED Programs – DELETED

Requires SCAO to evaluate programs within DHHS and DTED to establish programmatic connections with Swift and Sure Sanctions program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to deliver guidance to courts participating in the Swift and Sure Sanctions program. Executive deletes. House deletes.

Sec. 306. Collected and Uncollected Payments and Fees – DELETED

Requires SCAO to provide a statistical report, categorized by county, on collected and uncollected amounts of restitution payments, court fees, and other judgements placed on people within the counties for fiscal years 2009 through 2014. Executive deletes. House deletes.

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

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

Sec. 324. Report on Incremental Costs from Michigan Indigent Defense Commission – NEW

Requires the Michigan Indigent Defense Commission to submit a report on the incremental costs associated with the standard development process, the compliance plan process, and the collection of data from all indigent defense systems and attorneys providing indigent defense. Executive does not include. House includes new language.

Sec. 325. Additional Funding for Michigan Indigent Defense Commission – NEW

Requires additional funding appropriated for the Michigan Indigent Defense Commission to be used for bringing the Michigan criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions; requires specific outcomes and performance measures to be identified. Executive includes. House includes.

Sec. 401. Expansion of Problem Solving Courts – NEW

Requires additional funding appropriated for drug treatment courts to be used for increasing the number of participants and decreasing recidivism rates. Executive includes. House includes.

Sec. 402. Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers – NEW

Requires SADO to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case and to ensure competent, resourced, and supervised counsel in cases involving the resentencing of juvenile lifers. Executive includes. House includes. House also adds a subsection which requires SADO to submit a report on the number of juvenile lifer cases investigated and prepared, to include a calculation of hours spent and a focus on incremental costs associated with investigating and conducting each case.

FY 2016-17: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS



**Summary: As Reported by House Appropriations Committee
Article XIII, House Bill 5294 (H-1)**

Analyst: Paul B.A. Holland

	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	\$46,068,700	\$46,923,800	\$46,923,800			\$855,100	1.9
Federal	63,674,900	63,818,100	63,818,100			143,200	0.2
Local	679,000	251,600	251,600			(427,400)	(62.9)
Private	341,300	314,100	111,800			(229,500)	(67.2)
Restricted	258,603,600	262,446,700	268,232,700			9,629,100	3.7
GF/GP	40,481,500	42,813,200	42,313,200			1,831,700	4.5
Gross	\$409,849,000	\$416,567,500	\$421,651,200			\$11,802,200	2.9
FTEs	2,221.8	2,234.8	2,225.8			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 Licensing and Regulatory Affairs (LARA) is primarily responsible for overseeing various agencies and programs that implement, administer, and enforce numerous statutes and rules regulating commercial and occupational, construction and fire safety, health care and human service, energy and public utility, and alcoholic beverage activities, entities, and facilities. Agencies within LARA are also responsible for implementing, administering, and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws, as well as providing vocational rehabilitation services for the blind and coordinating employment services for immigrants. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

Major Budget Changes From FY 2015-16 YTD Appropriations		FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Michigan Automated Prescription System (Partial One-Time)	FTE	NA	9.0
Increases spending and staff authorization (\$2.5 million of which is one-time) to support the upgrade of IT components and enhance the staffing for the Michigan Automated Prescription System (MAPS), which is accessed to identify and prevent drug diversion by tracking controlled substances prescriptions, in accordance with the recommendations of the Michigan Prescription Drug and Opioid Abuse Task Force. <u>Executive</u> includes; <u>House</u> concurs.	Gross	NA	\$4,490,000
	GF/GP	NA	\$4,490,000
2. Electric Reliability and Resiliency Programs	FTE	183.0	0.0
Increases spending and staff authorization (\$984,300 and 5.0 FTEs) to support interagency cooperation and programs implemented by the Michigan Agency for Energy (MAE) and the Public Service Commission (PSC) related to energy mandates, emergency coordination, electric resiliency, demand response, waste reduction, and reliability expenditures and funded with annual assessments levied on investor-owned and cooperative electric, natural gas, and telecommunication utilities. <u>Executive</u> includes; <u>House</u> rejects.	Gross	\$33,802,700	\$0
	Federal	5,155,100	0
	Private	30,000	0
	Restricted	28,067,600	0
	GF/GP	\$550,000	\$0
3. Liquor Control Commission IT Systems (One-Time)	Gross	NA	\$1,560,000
Includes one-time spending authorization to support the upgrade of three IT systems utilized by the Liquor Control Commission (LCC) to improve business processes related to the state's liquor wholesale operations. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	NA	1,560,000

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. FY 2015-16 Flint Water Emergency Supplemental Appropriations	FTE	1.0	(1.0)
Removes spending and staff authorization supporting the inspection and replacement (if lead levels exceed 15 ppb) of plumbing fixtures installed in educational, human service, and healthcare facilities located within the City of Flint and performed under the direction of the Bureau of Construction Codes (BCC). <u>Executive</u> includes; <u>House</u> concurs.	Gross	\$2,200,000	(\$2,200,000)
	Restricted	200,000	(200,000)
	GF/GP	\$2,000,000	(\$2,000,000)
5. Detroit Demolition Permit Assistance	Gross	\$800,000	(\$800,000)
Eliminates spending authorization which supported permitting activities administered by the Bureau of Construction Codes (BCC) and related to demolition and blight elimination projects undertaken within the City of Detroit; the City resumed these permitting duties during October 2015. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	800,000	(800,000)
6. Distance Education Reciprocal Agreements	Gross	\$0	\$300,000
Includes spending authorization to support administrative expenses incurred under the Higher Education Authorization and Distance Education Reciprocal Exchange Act and financed with revenue generated by statutory fees levied on accredited colleges and universities located within and without the state and authorized to participate in reciprocal agreements between the state and other states or higher education compacts entered into by LARA pursuant to the Act. <u>Executive</u> includes; <u>House</u> concurs.	Restricted	0	300,000
7. Technical Authorization Adjustments and Fund Shifts	FTE	654.9	0.0
Reflects net impact of multiple adjustments to spending and staff authorizations for numerous funds affecting various line items to more accurately reflect available and appropriate revenues and align authorization with actual operations; technical adjustments may involve increasing or decreasing spending or staff authorization or shifting authorization between fund sources within a single line item or transferring spending or staff authorization between line items. <u>Executive</u> includes; <u>House</u> concurs in part, but differs in some respects, resulting in further reductions to private and restricted authorization.	Gross	\$116,496,900	(\$3,562,800)
	IDG/IDT	20,995,000	(100,000)
	Federal	22,424,400	(595,200)
	Local	429,000	(429,000)
	Private	434,600	(232,300)
	Restricted	51,539,200	(1,497,300)
	GF/GP	\$20,674,700	(\$709,000)
8. Early Out Five-Year Payouts	Gross	\$934,700	(\$934,700)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years. <u>Executive</u> includes; <u>House</u> concurs.	IDG/IDT	37,800	(37,800)
	Federal	263,300	(263,300)
	Restricted	616,100	(616,100)
	GF/GP	\$17,500	(\$17,500)
9. Economic Adjustments	Gross	NA	\$6,549,700
Reflects increased costs for negotiated salary and wage increases (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.	IDG/IDT	NA	992,900
	Federal	NA	1,001,700
	Local	NA	1,600
	Private	NA	2,800
	Restricted	NA	3,982,500
	GF/GP	NA	\$568,200
10. Bureau of Fire Services Plan Review Division	FTE	7.0	(4.0)
Reduces estimated spending and staff authorization for the Plan Review Division of the Bureau of Fire Services (BFS) and transfers a portion of this authorization to the Bureau of Construction Codes (BCC) to perform plan review duties pursuant to the Fire Protection Code of 1941 in addition to its current plan review duties, pursuant to the Stille-Derossett-Hale Single State Construction Code Act of 1972, in effort to realize administrative efficiencies. <u>House</u> includes.	Gross	\$850,000	(\$500,000)
	Restricted	350,000	0
	GF/GP	\$500,000	(\$500,000)
11. Fire Protection Grants	Gross	\$9,273,900	\$3,400,000
Increases spending authorization for grants awarded to municipalities within which state-owned facilities (e.g., offices, prisons, hospitals, universities, warehouses) are located in lieu of taxes for fire protection services rendered; supported with revenue from the Liquor Purchase Revolving Fund, the balance of which lapses to the General Fund at the close of the fiscal year. <u>House</u> includes.	Restricted	9,273,900	3,400,000

<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>
12. Firefighter Training Grants	Gross	\$1,000,000	\$500,000
Increases spending authorization for grants awarded to counties to reimburse organized fire departments for firefighter training and other activities required under the Firefighter Training Council Act of 1966; support with revenue from the Fireworks Safety Fund, which has historically exceeded expenditures and is earmarked for these grants. <u>House</u> includes.	Restricted	1,000,000	500,000
13. First Responder Presumed Coverage Fund	Gross	\$0	\$3,000,000
Increases spending authorization to support the First Responder Presumed Coverage Fund created by 2014 PA 515 and which, upon appropriation, provides workers' compensation benefits to eligible firefighters diagnosed with statutorily specified cancers who are ineligible for or denied other disability pension benefits; supported with revenue from the Forest Development Fund into which proceeds from the sale of contracts to harvest timber on state lands are deposited. <u>House</u> includes.	Restricted	0	3,000,000

Major Boilerplate Changes From FY 2015-16

Note: Executive and House variously renumbered several sections; section numbers below are referenced as they appear in HB 5305 (H-1) with the section numbers as they appear under current law in parenthesis. Sections for which the only change was renumbering (and/or other technical changes) are not included below.

Sec. 210 (223). Contingency Funds – REVISED

Permits appropriation of federal, state restricted, local, and private contingency funds up to specified amounts, subject to the legislative transfer process. House modifies specified amounts.

Sec. 216 (205). Metrics for New Programs or Program Enhancements – RETAINED

Requires LARA to provide a list identifying program-specific metrics intended to measure performance based on a return on taxpayer investment and update the Legislature on its progress in tracking metrics and the status of program success. Executive eliminates; House retains.

Sec. 217 (212). Record Retention – RETAINED

Requires LARA to retain all records in accordance with state and federal guidelines. Executive eliminates; House retains.

Sec. 218 (215). Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with the Legislature. Executive eliminates; House retains.

Sec. 219. Office Space Consolidation Plan – DELETED

Requires LARA to submit a report describing the amount of office space paid for and the amount actually utilized during the previous year and the amount estimated to be utilized during the current and subsequent years. Executive eliminates; House concurs.

Sec. 219 (232). Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive eliminates; House retains.

Sec. 220 (245). Healthy Michigan Plan Accounting Structure – RETAINED

Requires LARA in conjunction with the Department of Health and Human Services (DHHS) to maintain 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. Executive eliminates requirement to provide accounting scripts and reports to the Legislature; House retains.

Sec. 223 (241). Informational, Training, and Special Events Revenues and Expenditures – RETAINED

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, requires annual report pertaining to revenues and expenditures related to events, and limits authorization to \$500,000. Executive eliminate reporting requirement; House retains.

Sec. 226 (248). Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, applications, determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for activities, entities, facilities, and industries regulated by agencies within LARA. Executive eliminates; House revises to recognize current regulatory agencies, remove agency-level summary reporting requirement, and redefine key terms.

Major Boilerplate Changes From FY 2015-16

Sec. 243. Reinventing Performance in Michigan MOUs – DELETED

Requires LARA to work to establish memorandums of understanding (MOUs) with participating state departments to devise a mechanism to recover costs related to services performed for the Reinventing Performance in Michigan (RPM) initiative and submit an annual report on the RPM and associated MOUs. Executive eliminates; House concurs.

Sec. 252. Departmental Employee Performance Monitoring Process – DELETED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Executive eliminates; House concurs.

Sec. 301. Exploration of Carbon Dioxide Capture – NEW

Directs the Michigan Agency for Energy (MAE) and Public Service Commission (PSC) to explore policies relating to carbon dioxide capture and sequestration that improve the state's regulatory structure. House includes.

Sec. 504. BFS Plan Review Duties to the BCC – NEW

Stipulates that new FTEs allocated to the Bureau of Construction Codes (BCC) shall be utilized for the duties previously performed by the Plan Review Division of the Bureau of Fire Services (BFS). House includes.

Sec. 507. Medical Marihuana Program Report and Fees – REVISED

Requires LARA to submit a report pertaining to the revenue, expenditures, application determinations, and timeliness of the Medical Marihuana Program and other specified information. Executive eliminates delineated reporting requirements; House retains and includes requirement to report number of registry cards within each county.

Sec. 512. Public Availability of BHCS Disciplinary Actions – DELETED

Requires the Bureau of Health Care Services (BHCS), to the extent allowed under applicable laws, to make disciplinary actions taken against health professionals publically available through a license verification website. Executive eliminates; House concurs.

Sec. 514. Number of Child Care Licensing Consultants and Staff – DELETED

Requires the Bureau of Children and Adult Licensing (BCAL) to expend the interdepartmental grant from the Department of Education to increase the number of child care licensing consultants and staff who perform monitoring visits to licensees and applicants for licensure and submit a report to the Legislature detailing improvements achieved due to increased consultants and staff. Executive eliminates; House concurs.

Sec. 515. Authorization to Assess Regulatory Fees on Child and Adult Care Facilities – NEW

Authorizes LARA to assess and collect fees associated with the licensing and regulation of child care organizations and adult foster care facilities as defined pursuant to statute. Executive includes; House revises to require LARA to provide information necessary to shift spending authorization for revenue generated by the fees to a restricted fund for FY 2017-18.

Sec. 701. First Responder Presumed Coverage Fund – NEW

Stipulates that the amount appropriated within the line item shall be deposited into the First Responder Presumed Coverage Fund created by section 405 of the Worker's Disability Compensation Act of 1969. House includes.

Sec. 705. Vocational Rehabilitation Matching Funds – RETAINED

Requires the Bureau of Services for Blind People (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds. Executive eliminates; House retains.

Sec. 706. Youth Low-Vision Program Report – DELETED

Requires LARA to submit an annual report to the Legislature pertaining to the operations and expenditures of the Youth Low-Vision Program administered by the Bureau of Services for Blind People (BSBP). Executive eliminates; House concurs.

Sec. 902. 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 sheriffs' offices; requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive modifies reporting date and directs LARA to collaborate with law enforcement entities regarding the availability of grant funds; House transfers requirement to report number of registry cards within each county to Sec. 507 and concurs on the collaboration language.

Sec. 903. Firefighter Training Grants – REVISED

Requires that the appropriation be expended for payments to counties and purposes pursuant to 1966 PA 291, stipulates intent pertaining to how the appropriation is disbursed to counties and specifying a minimum disbursement to each county, requires an annual report identifying potential and actual disbursements and other expenditures, and stipulates intent that unexpended disbursements lapse back into the restricted fund are appropriated in the next fiscal year. Executive revises to remove the declaration that the stipulations pertaining to disbursement of grants are legislative intent and eliminate intent language directing the Legislature to appropriate grant funds unexpended during the preceding year; House rejects the former and concurs with the latter revision.

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

Requires LARA to maintain customer service standards of the Liquor Control Commission (LCC) and identify specific outcomes and performance metrics for the upgrades of LCC information technology systems. Executive includes; House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 1002. Performance Metrics for MAPS IT Upgrades and Staffing Enhancement – NEW

Requires LARA to provide improved efficiencies, functionality, and reporting capabilities of the Michigan Automated Prescription System (MAPS) and identify specific outcomes and performance metrics for the upgrade and enhancement of the MAPS. Executive includes; House concurs.

FY 2016-17: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS



**Summary: As Reported by House Appropriations Committee
Article XIV, House Bill 5294 (H-1)**

Analyst: Kent Dell

	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	\$99,300	\$101,800	\$101,800			\$2,500	2.5
Federal	90,208,600	91,793,600	91,793,600			1,585,000	1.8
Local	1,497,400	1,522,400	1,522,400			25,000	1.7
Private	739,600	742,800	742,800			3,200	0.4
Restricted	23,221,500	24,696,000	23,596,000			374,500	1.6
GF/GP	53,187,300	57,143,600	51,043,800			(2,143,500)	(4.0)
Gross	\$168,953,700	\$176,000,200	\$168,800,400			(\$153,300)	(0.1)
FTEs	897.5	897.5	897.5			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." (3) Totals do not include \$5.0 million GF/GP appropriated through boilerplate section 702 to the Medicaid certification reserve fund.

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.

Budget Structure

The FY 2015-16 budget includes six line items within four appropriation units and incorporates schedules of programs in part 1. House restructures the FY 2016-17 budget into five appropriation units containing forty-one separate line items, eliminating the schedule of programs budget structure. The Grand Rapids Home for Veterans is structured as one of the five appropriation units and consists of thirteen separate line items.

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. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes the one-time appropriation of \$3.0 million GF/GP for the purpose of Special Maintenance – National Guard as well as \$2.0 million GF/GP for the Flint Declaration of Emergency. <u>House</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
2. Grand Rapids Home for Veterans Medicaid Certification Pilot (One-Time)	Gross	NA	\$100
<u>Executive</u> includes one-time appropriation of \$5.0 million GF/GP to renovate the fourth floor of the Grand Rapids Home for Veterans in order to meet Medicaid specifications <u>House</u> concurs in part and includes a \$100 placeholder and appropriates \$5.0 million GF/GP through boilerplate section 702 to a new Medicaid certification reserve fund.	GF/GP	NA	\$100
3. Grand Rapids Home for Veterans Revenue Shortfall Offset (Ongoing)	Gross	\$45,854,000	\$0
<u>Executive</u> includes \$2.3 million GF/GP to offset a shortfall in income and assessments restricted revenue, due to declining veterans' home member census. <u>House</u> concurs.	Federal	21,773,000	0
	Restricted	8,717,100	(2,300,000)
	GF/GP	\$15,363,900	\$2,300,000

		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			
4. D.J. Jacobetti Home for Veterans Medicaid Certification Pilot (Ongoing)	Gross	\$19,531,600	\$1,120,000
<u>Executive</u> includes \$1.1 million GF/GP funding adjustment to improve nursing unit level and renovate the home to meet Medicaid specifications. <u>House</u> concurs.	Federal	7,991,200	0
	Restricted	4,881,300	0
	GF/GP	\$6,659,100	\$1,120,000
5. Adjustments Based upon Anticipated Federal Revenue – Veterans Homes	Gross	\$65,385,600	(\$986,000)
<u>Executive</u> includes appropriation increases to utilize available federal revenues of \$214,000 for the D.J. Jacobetti Home for Veterans. Federal Medicare authorization decreased to better align with anticipated federal revenue for the Grand Rapids (\$1.1 million) and D.J. Jacobetti (\$100,000) Homes for Veterans. <u>House</u> concurs.	Federal	29,764,200	(986,000)
	Restricted	13,598,400	0
	GF/GP	\$22,023,000	\$0
6. National Guard Tuition Assistance Program	Gross	\$3,741,600	(\$1,336,600)
<u>Executive</u> includes \$1.1 million GF/GP for the National Guard Tuition Assistance Fund and appropriates a total of \$3.5 million restricted from the National Guard Tuition Assistance Fund (\$1.1 million GF/GP and \$2.4 million expected to be remaining at the end of FY 2015-16). <u>House</u> concurs in part and appropriates \$2.4 million restricted from the National Guard Tuition Assistance Fund.	Restricted	0	2,405,000
	GF/GP	\$3,741,600	(\$3,741,600)
7. National Guard Armory Infrastructure Upgrades (One-Time)	Gross	NA	\$2,500,000
<u>Executive</u> includes one-time appropriation of \$2.5 million GF/GP to upgrade communication network connections at Army National Guard armories. <u>House</u> concurs.	GF/GP	NA	\$2,500,000
8. Adjustments Based upon Anticipated Federal Revenue – Armory Operations	Gross	\$15,558,800	\$1,500,000
<u>Executive</u> includes authorization increases to utilize available federal revenues of \$1.5 million for armory operations. <u>House</u> concurs.	Federal	7,823,200	1,500,000
	Restricted	346,400	0
	GF/GP	\$7,389,200	\$0
9. Veterans Homes Planning	Gross	NA	\$100
<u>House</u> includes a \$100 placeholder for the purpose of possible capital outlay projects pertaining to this state's veterans homes.	GF/GP	NA	\$100
10. Early Out Deferred Sick Leave Payments	Gross	NA	(\$125,800)
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>House</u> concurs.	Federal	NA	(46,100)
	Restricted	NA	(34,100)
	GF/GP	NA	(\$45,600)
11. Economic Adjustments	Gross	NA	\$2,175,000
<u>Executive</u> reflects increased costs of \$2.2 million gross (\$723,500 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments. <u>House</u> concurs.	IDG	NA	2,500
	Federal	NA	1,112,200
	Local	NA	25,000
	Private	NA	3,200
	Restricted	NA	308,600
	GF/GP	NA	\$723,500

Major Boilerplate Changes From FY 2015-16

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Protects department employees from disciplinary action due to communications with the Legislature. Executive deleted. House retains.

Sec. 216. Schedule of Programs Disclaimer – DELETED

Provides for funding and spending flexibility under the schedule of programs budget structure. Executive retained. House deletes.

Sec. 233. Intention to Sell Department Property – RETAINED

Requires the department to notify the legislature sixty days prior to publicly announcing the intent to sell department owned property. Executive deleted. House retains.

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

Authorizes the carry forward of one-time appropriations from the previous fiscal year. Executive deleted. House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 240. New Program Metrics – RETAINED

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000. Executive deleted. House retains.

Sec. 300. Unclassified Positions – REVISED

Lists the authorized unclassified positions within the department. Executive revised to remove the Director – Public Safety Group unclassified FTE and replaces it with the new Chief Executive Officer for the Veteran Health System position. House concurs.

Sec. 309. Starbase Grant – REVISED

Establishes the Starbase program. Executive revised to remove fourth graders as a target group for the program, specifying students in the fifth grade as the intended program targets. House concurs.

Sec. 310. National Guard Tuition Assistance Program – REVISED

Establishes the National Guard Tuition Assistance Program. Executive revised to include language to ensure that all funds remaining in the National Guard Tuition Assistance Program lapse into the National Guard Tuition Assistance Fund at the end of a fiscal year. House concurs.

Sec. 311. Information Technology Services and Projects – RETAINED

Requires the department to utilize an IDG to the Department of Technology, Management, and Budget for information technology services and projects. Executive deleted. House retains.

Sec. 406. Grants to Veterans Service Organizations – RETAINED

Requires the department to disburse grants to Veterans Service Organizations in order to achieve agency veterans service goals. Executive revised to remove language requiring a fixed number of service hours within each geographic region of state and adds language that bases the number of service hours on current appropriations for the Veteran Service Organization grant program and fixed hourly service rate. House retains original language.

Sec. 407. Veterans Trust Fund Administration – REVISED

Requires the department and the Michigan Veterans Trust Fund Board to provide emergency funds to veterans through the Michigan Veterans Trust Fund. Executive revised to remove legislative intent language regarding the expenditure of appropriated funds. House concurs, but retains the final sentence of subsection (3) regarding unexpended or unencumbered funds.

Sec. 501. Veterans' Homes Service and Care Requirements – REVISED

Requires the department to administer the state's two veterans homes and specifies service and care requirements. Executive revised to combine with Sec. 503. in order to create a set of boilerplate language concerning veterans homes services and care requirements; remove language specifying federal requirements and replaces with language that requires providing the results of federal U.S. Department of Veterans Affairs certification as proof of compliance; remove language regarding contractor provided competency evaluated nursing assistants; change compliance reporting requirements from quarterly to annual; and include language requiring the department to report quarterly regarding the status of Medicaid certification efforts. House concurs in part, but retains original language regarding competency evaluated nursing assistances; removes minimum skilled nursing bed and domiciliary bed requirements for the Grand Rapids Home; and adds additional reporting requirements.

Sec. 501a. Medicaid Certification Pilot – NEW

Requires the department to pursue compliance with current Medicaid and Medicare services certification standards for the veterans' homes in order to increase federal revenue and provide better services. Executive included. House concurs.

Sec. 502. Board of Managers (Grand Rapids and D.J. Jacobetti) – REVISED

Specifies the regulatory authority as well as advisory and advocacy roles of the veterans homes boards of managers. Executive revised to combine with Sec. 504. House concurs.

Sec. 503. D.J. Jacobetti Home for Veterans Service and Care Requirements – DELETED

Executive deleted and combined with Sec. 501. House concurs.

Sec. 504. Board of Managers (D.J. Jacobetti) – DELETED

Executive deleted and combined with Sec. 502. House concurs.

Sec. 604. Land and Acquisitions – RETAINED

Authorizes the department to provide for the acquisition and disposition of National Guard armories as well as department-owned land. Executive revised to remove language requiring the department to provide a listing of property sales. House retains original language.

Sec. 605. Veterans Homes Planning – NEW

House includes language specifying the purpose of the funds appropriated for veterans homes planning, to include development of a long-term plan, renovating existing veterans homes, building one or more new veterans homes, and the acquisition of land or facilities for new veterans homes.

Major Boilerplate Changes From FY 2015-16

Sec. 701. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Executive revised to remove FY 2015-16 language regarding one-time appropriations, which is replaced with language requiring the use of FY 2016-17 one-time appropriations for communications network upgrades on Army National Guard armories. House concurs.

Sec. 702. Grand Rapids Home for Veterans Medicaid Certification Reserve Fund – NEW

House includes language that creates the Medicaid certification reserve fund within the state treasury and appropriates \$5.0 million GF/GP to the fund, and stipulates that the funds can only be expended upon appropriation or legislative transfer.

Sec. 1201. Anticipated Appropriations – RETAINED

Specifies estimated expected revenue and revenue adjustments based upon the January 2016 Consensus Revenue Estimating Conference. Executive deleted. House retains.

Sec. 1202. Michigan Veterans Affairs Agency Outreach – RETAINED

Requires the Michigan Veterans Affairs Agency to report the percentage of Michigan veterans contacted in quarterly subcommittee hearings. Executive deleted. House retains.

Sec. 1203. Michigan Veterans Affairs Agency Service Claims – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed claims, as determined by the USDVA. Executive deleted. House retains.

FY 2016-17: DEPARTMENT OF NATURAL RESOURCES
Summary: As Reported by House Appropriations Committee
Article XV, House Bill 5294 (H-1)



Analyst: Austin Scott

	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	\$1,352,700	\$1,375,900	\$1,375,900			\$23,200	1.7
Federal	77,128,000	72,365,400	72,365,400			(4,762,600)	(6.2)
Local	0	0	0			0	--
Private	8,157,700	7,446,400	7,446,400			(711,300)	(8.7)
Restricted	277,765,000	277,156,400	277,156,500			(608,500)	(0.2)
GF/GP	39,597,800	39,560,000	38,560,000			(1,037,800)	(2.6)
Gross	\$404,001,200	\$397,904,100	\$396,904,200			(\$7,097,000)	(1.8)
FTEs	2,235.8	2,242.8	2,242.8			7.0	(0.3)

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 Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

Major Budget Changes From FY 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
1. Land Ownership Tracking System (one-time)	Gross NA	\$4,000,000
<u>Executive</u> provides \$4.0 million Gross to convert outdated land management IT system to a web-based system that can interact with current databases. <u>House</u> concurs with Executive.	Federal NA	100,000
	Restricted NA	3,900,000
	GF/GP NA	\$0
2. Forestry Investment – Vegetative Management System (one-time)	Gross NA	\$2,100,000
<u>Executive</u> provides \$2.1 million from the Forest Development Fund to continue the replacement of the old timber sale system with the new Vegetative Management System which tracks timber sales, catalogs inventory, and interfaces with the Land Ownership Tracking System. <u>House</u> concurs with Executive.	Restricted NA	2,100,000
	GF/GP NA	\$0
3. Invasive Species (one-time)	Gross NA	\$1,000,000
<u>Executive</u> provides \$1.0 million GF/GP to prevent invasive carp from migrating into state waterways from outside of Michigan. <u>House</u> concurs with Executive.	GF/GP NA	\$1,000,000
4. Fisheries Resource Management (one-time)	Gross NA	\$600,000
<u>Executive</u> provides \$600,000 Gross (\$300,000 GF/GP) for two web-based systems to replace current paper-based system for real-time fish harvest reporting by state-licensed commercial anglers, tribal fishers, and wholesale dealers. <u>House</u> concurs with Executive.	Restricted NA	300,000
	GF/GP NA	\$300,000
5. Forest Management and Timber Market Development	FTE 169.0	7.0
<u>Executive</u> increases by 7.0 FTEs and \$2.1 million from the Forest Development Fund to increase the state's sustainable timber supply. The additional FTEs include foresters, technicians, and forest economists. This funding will help DNR assess the impact of spruce budworm on 100,000 at-risk acres and develop the state's forest products economy. <u>House</u> concurs with Executive.	Gross \$29,108,100	\$2,125,000
	Federal 2,193,300	0
	Private 914,600	0
	Restricted 26,000,200	2,125,000
	GF/GP \$0	\$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. Forest Fire Equipment Replacement	Gross	\$431,500	\$1,150,000
<u>Executive</u> increases restricted funding for forest fire equipment replacement by \$1.2 million (\$150,000 ongoing and \$1.0 million one-time). Departmental inventory includes 350 total pieces of forest fire equipment, over half of which are more than 20 years old. <u>House</u> concurs with Executive.	Restricted	431,500	1,150,000
	GF/GP	\$0	\$0
7. Recreation Passport Local Grants	Gross	\$1,000,000	\$500,000
<u>Executive</u> increases restricted authorization by \$500,000 on a one-time basis. Recreation passport local grants are awarded by DNR to local units of government for the development of public recreation facilities. <u>House</u> concurs with Executive.	Restricted	1,000,000	500,000
	GF/GP	\$0	\$0
8. Capital Outlay Project Adjustments	Gross	NA	\$2,654,600
<u>Executive</u> makes current services baseline adjustments to capital outlay projects by reducing federal funding and increasing restricted and GF/GP funding for a net increase of \$2.7 million. <u>House</u> concurs with Executive.	Federal	NA	(1,970,500)
	Restricted	NA	4,375,100
	GF/GP	NA	\$250,000
9. Removal of FY 2015-16 one-time appropriations	Gross	NA	(\$20,537,000)
<u>Executive</u> removes \$20 million Gross (\$1.1 million GF/GP) for one-time projects included in the previous fiscal year's budget. <u>House</u> concurs with Executive.	Federal	NA	(3,000,000)
	Private	NA	(750,000)
	Restricted	NA	(15,712,000)
	GF/GP	NA	(\$1,075,000)
10. Five-Year Early Out Sick Leave Payments	Gross	NA	(\$816,800)
<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; removes \$816,800 Gross (\$22,900 GF/GP). <u>House</u> concurs with Executive.	IDG	NA	(900)
	Restricted	NA	(793,000)
	GF/GP	NA	(\$22,900)
11. Revenue Adjustments	Gross	NA	(\$4,240,800)
<u>Executive</u> reduces federal and restricted authorization by a combined \$4.2 million to reflect available funds. Major adjustments include changes to state park improvement fund and game and fish protection fund authorization. <u>House</u> concurs with Executive.	Federal	NA	(619,200)
	Restricted	NA	(3,621,600)
	GF/GP	NA	\$0
12. Economic Adjustments	Gross	NA	\$5,367,900
<u>Executive</u> reflects increased costs of \$5.4 million Gross (\$710,100 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments. <u>House</u> concurs with Executive.	IDG	NA	24,100
	Federal	NA	727,100
	Private	NA	38,700
	Restricted	NA	3,867,900
	GF/GP	NA	\$710,100
13. Michigan Conservation Corps	Gross	\$1,000,000	(\$1,000,000)
<u>House</u> removes funding for the Michigan Conservation Corps (MCC). The MCC is a statewide summer employment program for at-risk youth and returning veterans up to 27 years of age. Funding is provided to partner organizations to hire individuals for work that is approved or managed by DNR employees.	GF/GP	\$1,000,000	(\$1,000,000)
14. Detroit Boat Club	Gross	NA	\$100
<u>House</u> adds a \$100 placeholder from the Michigan State Waterways Fund for capital outlay improvements to the Detroit Boat Club facility.	Restricted	NA	100

Major Boilerplate Changes From FY 2015-16

Sec. 204. Performance Benchmarks – DELETED

Requires report of benchmarks to measure performance or return for each new program or program increase of \$500,000 or more; includes intent language that any future new program include list of benchmarks. Executive deletes, House concurs.

Sec. 212. Disciplinary Action Against State Employees – RETAINED

Prohibits DNR from disciplining state employees for communicating with the Legislature. Executive deletes, House retains.

Sec. 217. Retention of Reports – DELETED

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

Major Boilerplate Changes From FY 2015-16

Sec. 223. Waterways Fund Projects – RETAINED

Requires DNR to report on activities of Waterways Commission during the previous fiscal year and provide list of completed Waterways Fund projects to the Legislature and State Budget Director by January 31, 2016. Executive deletes, House retains.

Sec. 251. Invasive Species Initiative – RETAINED

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

Sec. 252. Zika Virus Program – NEW

Designates \$250,000 of the invasive species prevention and control appropriation for the establishment of a Zika virus mosquito abatement program. Also designates \$150,000 as an interdepartmental grant for the Department of Health and Human Services for Zika virus education and screening. House adds new section.

Sec. 253. Asian Tiger Mosquito Traps – NEW

Designates \$100,000 of the invasive species prevention and control appropriation to set traps for the Asian tiger mosquito in Hillsdale, Lenawee, and Monroe counties on the Ohio border. Also adds the Asian tiger mosquito to Michigan's invasive species watch list.

Sec. 408. Land Transactions – RETAINED

Requires detailed report to Legislature on land purchases, sales, and exchanges. Executive deletes, House retains.

Sec. 501. Wildlife Management – DELETED

Requires DNR to use increased federal funding available from increased firearm and ammunition sales for the purpose of wildlife management which includes habitat restoration, conservation, and enhancement. Executive deletes, House concurs.

Sec. 503. Invasive Species Order Enforcement – DELETED

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan. Executive deletes, House concurs.

Sec. 504. Cervid Operation Fees – RETAINED

Requires report on the use of registration fees from privately owned cervid operations. Executive deletes, House retains.

Sec. 602. Water Control Structure Certification – DELETED

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. Executive deletes, House concurs.

Sec. 603. Cormorant Management – REVISED

Requires quarterly report on the use of cormorant management funding; provides that the DNR must submit funding to the USDA to pay for increased taking of cormorants and their nests; any retained or additional funds for cormorant control must be used for program. Executive revises requirement from quarterly report to annual report, House concurs.

Sec. 705. State Parks Capital Outlay and Maintenance Report – DELETED

Requires DNR to produce a report detailing its five-year plan for capital outlay and maintenance in state parks. Executive deletes, House concurs.

Sec. 801. Forest Management and Timber Market Development – REVISED

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

Sec. 802. Timber Marking – DELETED

Directs DNR, subject to forest certification process, to mark and prescribe treatment on 79,000 acres, prepare 76,500 acres for harvest at an average rate of 12.5 to 15.0 cords per acre; requires that the impact of timber harvest on wildlife habitat and recreation uses be considered; requires quarterly report. Executive deletes, House concurs.

Sec. 805. Contract Foresters – DELETED

Allows DNR to hire sufficient contract foresters to mark timber. Executive deletes, House concurs.

Sec. 808. Gas and Oil Lease Development – DELETED

Requires DNR to develop a plan to motivate state-land oil and gas lessees to undertake warranted new operations. Executive deletes, House concurs.

Sec. 809. Forest Fire Equipment Replacement – NEW

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

Sec. 901. Snowmobile Law Enforcement Grants – RETAINED

Provides snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails. Executive deletes, House retains.

Major Boilerplate Changes From FY 2015-16

Sec. 902. Marine Safety Grants – RETAINED

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. Executive deletes, House retains.

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

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

Sec. 1202. Land Ownership Tracking System – NEW

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

Sec. 1203. Invasive Species – NEW

Requires DNR to use increased funding available for invasive species and control to prevent, detect, eradicate, and control invasive species. Executive adds new section, House concurs.

Sec. 2001. FY 2016-17 Anticipated Appropriations – DELETED

States legislative intent that FY 2016-17 line item appropriations will be the same as those for FY 2015-16 with certain economic adjustments. Executive deletes, House concurs.

FY 2016-17: DEPARTMENT OF STATE POLICE
Summary: As Reported by House Appropriations Committee
Article XVI, House Bill 5294 (H-1)



Analyst: Kent Dell

	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	\$26,224,300	\$26,580,400	\$26,580,400			\$356,100	1.4
Federal	90,945,900	87,967,800	87,967,800			(2,978,100)	(3.3)
Local	5,456,700	5,828,500	5,828,500			371,800	6.8
Private	76,700	78,100	78,100			1,400	1.8
Restricted	128,699,300	126,358,500	126,358,500			(2,340,800)	(1.8)
GF/GP	376,405,600	411,912,800	407,158,000			30,752,400	8.2
Gross	\$627,808,500	\$658,726,100	\$653,971,300			\$26,162,800	4.2
FTEs	3,134.0	3,253.0	3,234.0			100.0	3.2

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 Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

Budget Structure

The FY 2015-16 budget includes eight line items within eight appropriation units and continues to appropriate from fund types, while incorporating the schedules of programs and revenues within boilerplate. House restructures the FY 2016-17 budget into eight appropriation units containing twenty-nine separate line items, eliminating the schedule of programs budget structure.

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. FY 2015-16 One-Time Appropriations	Gross	\$10,671,100	(\$10,171,100)
<u>Executive</u> removes FY 2015-16 one-time appropriations, including \$3.0 million federal grant for disaster assistance, \$3.8 million state restricted for emergency operations in Flint, \$100,000 GF/GP for the Flint emergency declaration, and \$3.2 million GF/GP for the 129 th Trooper Recruit School. <u>House</u> concurs.	Federal	3,000,000	(3,000,000)
	Restricted	3,871,100	(3,871,100)
	GF/GP	\$3,800,000	(\$3,300,000)
2. 129th Trooper Recruit School (Ongoing)	Gross	\$256,957,200	\$8,750,300
<u>Executive</u> provides \$8.8 million GF/GP to annualize the salary, benefit, and equipment costs of the 100 expected graduates of the 129 th Trooper Recruit School. <u>House</u> concurs.	Restricted	35,364,900	0
	GF/GP	\$221,592,300	\$8,750,300
3. 130th Trooper Recruit School (One-Time and Ongoing)	FTE	1,345.0	64.0
<u>Executive</u> provides \$4.5 million GF/GP for the one-time costs of training and outfitting for the 130 th Trooper Recruit School, and \$5.0 million ongoing GF/GP for the salary, benefit, and equipment costs of the 85 troopers expected to graduate by September 2017. <u>House</u> concurs in part and provides \$3.4 million GF/GP for the one-time costs training and \$3.8 million ongoing GF/GP for the salary, benefit, and equipment costs for graduating 64 new troopers from the 130 th Trooper Recruit School.	Gross	\$205,570,100	\$7,180,000
	Restricted	35,364,900	0
	GF/GP	\$170,205,200	\$7,180,000

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. School Safety Initiative (One-Time)	Gross	NA
<u>Executive</u> provides \$4.0 million in GF/GP funding to support competitive grants for local safety initiatives to K-12 schools and county sheriffs' offices. <u>House</u> concurs in part and provides \$2.0 million GF/GP for the School Safety Initiative grant program.	GF/GP	NA
		\$2,000,000
		\$2,000,000
5. Secure Cities Expansion	FTE	0.0
<u>Executive</u> provides an increase of \$1.5 million GF/GP and 9.0 FTEs to provide MSP law enforcement services to Muskegon Heights, Inkster, Hamtramck, Harper Woods, Highland Park, and Benton Harbor. Expands upon the Secure Cities Partnership, which currently includes the Cities of Detroit, Flint, Pontiac, and Saginaw. <u>House</u> concurs.	Gross	\$2,952,700
	GF/GP	\$2,952,700
		\$1,463,500
		\$1,463,500
6. Statewide Drug Enforcement Strategy	FTE	149.0
<u>Executive</u> provides \$1.3 million GF/GP and 9.0 FTEs to deploy a statewide drug enforcement strategy focusing on prescription drug and opioid diversion, in accordance with recommendations of the Michigan Prescription Drug and Opioid Abuse Task Force. <u>House</u> concurs.	Gross	\$24,565,700
	IDG/IDT	712,400
	Local	11,400
	Private	76,700
	Restricted	1,197,100
	GF/GP	\$22,568,100
		\$1,256,300
		\$1,256,300
7. Cyber-Crimes Enforcement Expansion	FTE	339.5
<u>Executive</u> provides an Increase of \$2.2 million GF/GP and 9.0 FTEs to expand the capacity to prevent, detect, and investigate cyber-crimes (YTD includes total appropriations and authorized FTEs for the Operational Support and the Criminal Investigations scheduled programs). <u>House</u> concurs.	Gross	\$55,937,500
	IDG/IDT	712,400
	Federal	377,200
	Local	11,400
	Private	76,700
	Restricted	1,296,100
	GF/GP	\$53,463,700
		\$2,203,200
		\$2,203,200
8. Disaster and Emergency Contingency Fund (One-Time)	Gross	\$0
<u>Executive</u> replenishes the Disaster and Emergency Contingency Fund, anticipated to be depleted in FY 2015-16 by the Flint water emergency and other state emergencies, with \$6.0 million GF/GP. <u>House</u> concurs in part and provides \$4.5 million GF/GP to replenish the Disaster and Emergency Contingency Fund.	GF/GP	\$0
		\$4,500,000
		\$4,500,000
9. Homeland Security – Energy Disaster Strategy (One-Time)	Gross	NA
<u>Executive</u> provides \$750,000 GF/GP funding to support the development of a statewide strategy and implementation plan to help ensure energy disaster preparedness in the event of widespread, long-duration power outages. <u>House</u> removes.	GF/GP	NA
		\$0
		\$0
10. Michigan International Speedway Traffic Control	Gross	\$831,900
<u>Executive</u> eliminates funding of \$831,900 GF/GP to support MSP traffic control services provided for the Michigan International Speedway. <u>House</u> concurs in part and provides \$400,000 GF/GP to be used as matching funds to assist Michigan International Speedway in covering the costs of MSP-provided traffic control services.	GF/GP	\$831,900
		(\$431,900)
		(\$431,900)
11. State Capitol Complex Security	FTE	21.0
<u>Executive</u> removes funding for one FTE, to remove a vacant state property security officer position. <u>House</u> concurs.	Gross	\$2,362,700
	GF/GP	\$2,362,700
		(\$89,300)
		(\$89,300)
12. Forensic Scientist Positions	FTE	194.0
<u>Executive</u> removes funding for four vacant forensic scientist positions. <u>House</u> concurs in part and only removes two FTEs and \$265,200 GF/GP.	Gross	\$32,171,000
	Federal	1,042,100
	Restricted	9,507,400
	GF/GP	\$21,621,500
		(\$265,200)
		(\$265,200)
13. Smart 9-1-1 Pilot (One-Time)	Gross	NA
<u>House</u> provides \$1.15 million GF/GP for matching funds to local units of government for the purpose of implementing, or maintaining, Smart 9-1-1.	GF/GP	NA
		\$1,150,000
		\$1,150,000

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
14. Technical Adjustments	Gross	NA (\$185,600)
<u>Executive</u> aligns federal and local authorization to more accurately reflect actual revenues. <u>House</u> concurs.	Federal	(485,600)
	Local	300,000
	GF/GP	\$0
15. Early-Out Deferred Sick Leave Payments	Gross	NA (\$347,000)
<u>Executive</u> recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over five years. <u>House</u> concurs.	IDG/IDT	(17,300)
	Federal	(47,400)
	Restricted	(107,600)
	GF/GP	(\$174,700)
16. Economic Adjustments	Gross	NA \$9,149,600
<u>Executive</u> provides for increased costs of \$9.1 million gross (\$6.5 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required contributions, and other economic adjustments. Also includes adjustments for information technology and accounting service center staff. <u>House</u> concurs.	IDG	385,300
	Federal	555,200
	Local	71,800
	Private	1,400
	Restricted	1,625,700
	GF/GP	\$6,510,200

Major Boilerplate Changes From FY 2015-16

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

Specifies grants received from other state departments. Executive deletes. House concurs.

Sec. 205. IDG Funding Made Available to Other State Departments – REVISED

Specifies grants to other state departments. Executive revised to remove all grants except the \$1.5 million Byrne Justice Assistance Grant Program. House concurs.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Protects department employees from disciplinary action due to communications with the legislature. Executive deleted. House retains.

Sec. 216. Schedules of Programs and Revenues – DELETED

Outlines the schedules of programs and revenues and associated appropriations. Executive revised to remove schedule of programs and revenues language from boilerplate and moves it to part 1; includes language specifying that the secondary road patrol funding is not subject to the spending flexibility associated with the schedule of programs budget structure. House deletes.

Sec. 221. Department Core Services – REVISED

Specifies the department's core service requirements. Executive revised to replace language regarding specific types of forensic analysis with the broad term "forensic analysis and biometric identification;" replaces language discussing traffic safety with "criminal investigations," and removes language pertaining to specific types of criminal investigations. House concurs.

Sec. 222. Post Closure or Consolidation – DELETED

Requires the department to notify the legislature 90 days prior to recommending the closure or consolidation of any State Police posts. Executive deleted. House concurs.

Sec. 223. Privatization Project Plans – DELETED

Requires the department to notify the legislature 90 days prior to attempting to privatize a project. Executive deleted. House concurs.

Sec. 235. Wayland Post – DELETED

Requires the department to discuss a possible joint public safety building with the City of Wayland. Executive deleted. House concurs.

Sec. 240. Benchmarks for New Programs or Program Enhancements – RETAINED

Requires the department to report performance-based, program-specific metrics to the legislature for any new program or program enhancement with funds in excess of \$500,000. Executive deleted. House retains.

Sec. 250. Participation in MIBridges Fraud Work Group – DELETED

Requires the department to participate in a work group, along with the Departments of Health and Human Services and State, with the intent of identifying ways in which MIBridges benefits program fraud can be minimized. Executive deleted. House concurs.

Major Boilerplate Changes From FY 2015-16

Sec. 301. Security Services for State Capitol Complex Facilities and State Secondary Complex – REVISED

Requires the department to provide security services to the State Capitol and its associated facilities. Executive revised to remove language requiring the department to pursue federal grants to improve Capitol Building security; replaces language concerning patrol hour requirements for the State Capitol Complex Facilities with language requiring an annual number of inspections of state owned and leased facilities. House concurs.

Sec. 304. Department Services – DELETED

Specifies the service requirement for Department Services. Executive revised to remove language referencing department operations outlined in public act and replaces it with general language outlining a list of grant and community service programs; remove requirement for administrative support for asset forfeiture reporting and adds language requiring administrative support for other grant programs and the department's community policing efforts. House deletes.

Sec. 401. Training – REVISED

Specifies training requirements. Executive revised to remove language requiring the department to maintain staffing and resources necessary to develop and deliver training and replaces it with language simply requiring the department to develop and deliver training. House concurs and removes reporting requirements for motor carrier and state properties security recruit schools.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Executive revised to remove language regarding reporting requirements for concealed pistol license application revenues and the Concealed Weapon Enforcement Fund. House concurs.

Sec. 403. Forensic Science – REVISED

Specifies the department's forensic science service requirements. Executive revised to remove language requiring the department to explore and information technology interface between the department forensic science division and at least one judicial system; replace backlog reduction language requiring annual percentage reductions in cases throughout the text and replaces it with a standardized requirement that the department maintain a 30-day turnaround time for forensic laboratory cases across discipline; and remove all language regarding the sexual assault kit initiative and sexual assault kit analysis and move it to a new section (Sec. 405). House concurs.

Sec. 405. Sexual Assault Kits – NEW

Executive includes new section consisting of the language regarding the sexual assault kit initiative and sexual assault kit analysis formerly included as subsection (12) in Sec. 403. House concurs.

Sec. 501. Commission on Law Enforcement Standards – REVISED

Specifies the service requirements of the Michigan Commission on Law Enforcement Standards. Executive revised to replace the requirement to update law enforcement standards within 30 days of the effective date of new legislation with a 120 day requirement. House concurs and revises the beginning date of the timeline from the effective date to the enactment date of new legislation.

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

Specifies the general law enforcement and traffic safety service requirements of the department. Executive revised to increase the minimum patrol hour requirements for statewide patrolling and distressed cities and include language requiring the department to enhance data analysis capabilities to assist in efforts to improve public safety in distressed cities. House concurs, but removes additional language and further increases statewide patrol hour requirements.

Sec. 602. Criminal Investigations – REVISED

Specifies the department's investigative service requirements. Executive revised to replace the minimum annual case clearance rate of 60% with a minimum of 62%; include language requiring the department to maintain staffing and resources necessary to increase opioid related investigations and partner with hometown security teams and multi-jurisdictional task forces to reduce opioid related crime; and remove requirement to annually provide four training opportunities to law enforcement partners regarding gambling law. House revises to retain training opportunity requirements, and includes opioid related investigations training; replace the minimum annual case clearance rate of 60% with a minimum of 62%; and include language requiring the department to maintain staffing and resources necessary to increase opioid related investigations and partner with hometown security teams and multi-jurisdictional task forces to reduce opioid related crime.

Sec. 603. Tobacco Tax Fraud Investigations – REVISED

Specifies the department's requirement to enforce tobacco tax laws. Executive revised to include a requirement to report annually to the State Budget Office on expenditures and activities related to tobacco tax enforcement for the prior fiscal year. House concurs.

Sec. 605. Michigan International Speedway Traffic Control – NEW

House adds new language to specify that the purpose of the Michigan International Speedway traffic control appropriation is to provide for matching funds.

Major Boilerplate Changes From FY 2015-16

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Executive revised to include language requiring the department to maintain the staffing and resources necessary to increase the number of cases completed by the computer crimes unit and improve initiatives to assist law enforcement and criminal justice agencies statewide in investigatory assistance and evidentiary analysis. House revises to include language requiring the department to maintain the staffing and resources necessary to increase the number of cases completed by the computer crimes unit.

Sec. 702. Commercial Vehicle Regulation and Enforcement – REVISED

Specifies the department's commercial vehicle and school bus regulatory service requirements. Executive revised to include language requiring the department to maintain school bus inspections; remove language requiring the department to annually inspect a minimum of 50,000 commercial vehicles as well as maintain staffing and resources necessary to exercise the authority, powers, functions, and responsibilities concerning school bus inspection; and remove the requirement to report to the legislature the number school bus inspections by type and the requirement to maintain the capability to train a minimum of ten motor carrier officers. House concurs.

Sec. 703. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparation and response efforts. Executive revised to remove the requirement to annually report to the legislature regarding the use of the Disaster and Emergency Contingency Fund during the prior fiscal year. House concurs and adds language requiring the department to report to the legislature monthly if funds from the Disaster and Emergency Contingency Fund are expended; and allows the department to spend funds appropriated to any line item for the purpose of rapidly responding to and mitigating a declared state disaster or emergency.

Sec. 801. Secondary Road Patrol Program – REVISED

Requires the department of provide funding for the Secondary Road Patrol Program. Executive revised to replace quarterly reporting requirement with an annual reporting requirement and remove requirement that each county receiving a grant report its total budget for all patrol functions. House concurs in part, but retains requirement that each county receiving a grant report its total budget for all patrol functions.

Sec. 901. One-Time Appropriations – REVISED

Specifies one-time appropriations and their purposes. Executive revised to remove FY 2015-16 language regarding one-time appropriations and replace it with language regarding the intent and restrictions of the School Safety Initiative one-time appropriation. House concurs.

Sec. 902. Sexual Assault Prevention and Education Initiative – NEW

House adds new language regarding the intent and restrictions of the Sexual Assault Prevention and Education Initiative one-time appropriation.

Sec. 903. Smart 9-1-1 Pilot – NEW

House adds new language regarding the intent for and restrictions of the Smart 9-1-1 Pilot one-time appropriation, to include paying local units of government up to half of the costs necessary to implement or maintain standard Smart 9-1-1 services as well as associated costs.

FY 2016-17: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Appropriations Committee
Article XVII, House Bill 5294 (H-1)



Analyst: William E. Hamilton

	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	\$3,928,500	\$4,013,400	\$4,013,400			\$84,900	2.2
Federal	1,257,488,000	1,314,744,000	1,314,744,000			57,256,000	4.6
Local	50,293,500	50,418,500	50,418,500			125,000	0.2
Private	100,000	100,000	100,000			0	0.0
Restricted	2,184,391,400	2,745,527,700	2,745,527,700			561,136,300	25.7
GF/GP	400,000,000	10,400,000	0			(400,000,000)	(100.0)
Gross	\$3,896,201,400	\$4,125,203,600	\$4,114,803,600			\$218,602,200	5.6%
FTEs	2,912.3	2,912.3	2,912.3			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 state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with 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 2015-16 YTD Appropriations	FY 2015-16 Year-to-Date (as of 2/10/16)	FY 2016-17 House Change
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1. Debt Service

Executive decreases debt service to \$237.9 million to reflect anticipated debt service schedules. [Total outstanding transportation-related debt at September 30, 2015, was \$1.8 billion.] House concurs with Executive.

Gross	\$238,860,800	(\$935,500)
Federal	45,766,900	1,000
Restricted	193,093,900	(936,500)

2. Support Services by Other State Departments

Interdepartmental grants (IDGs) authorize the reimbursement of other state departments from restricted transportation funds for services provided to those transportation funds. Executive budget includes \$20.0 million MTF for Department of State vehicle registration tax collection program (unchanged from current year), and \$2.7 million MTF for Department of Treasury motor fuel tax collection program (\$15,900 less than current year). The net increase across all IDG line items reflects economic increases of \$297,600, and a \$516,200 net increase for cost allocation adjustments.

Gross	\$46,506,900	\$813,800
Restricted	46,506,900	813,800

House concurs with Executive.

3. Information Technology

Executive increases baseline funding by \$660,300 to reflect a change in the way the DTMB charges state agencies for IT services, referred to as a Rated Service Model. House concurs with Executive.

Gross	\$31,429,600	\$660,300
Federal	520,500	0
Restricted	30,909,100	660,300

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
4a. State Trunkline Road and Bridge Construction	Gross	\$839,663,400	\$228,513,500
<u>Executive</u> increases state trunkline road and bridge construction/preservation program to \$1.1 billion, \$218.1 million more than the current year. This reflects an increase of \$184.3 million in STF revenue – in part due to increase in baseline MTF revenue and in part due to new revenue from the Road Funding Plan enacted in November, 2015 and effective January 1, 2017. Also reflects a \$15.4 million increase in anticipated federal aid as a result of the <i>FAST Act</i> , the reauthorization of the federal surface transportation program. Also reflects \$18.4 million increase in restricted Blue Water Bridge Fund revenue in anticipation of Blue Water Bridge Plaza project.	Federal	742,277,800	15,437,000
	Local	30,000,000	0
	Restricted	67,385,600	213,076,500
<u>House</u> concurs with <u>Executive</u> with one exception: the <u>House</u> increases STF revenue by \$10.4 million reflecting an anticipated redirection from TEDF, Category A program. The redirection would be made in House Bill 4440.			
4b. State Trunkline Road and Bridge Construction – GF/GP	Gross	\$214,847,250	(\$214,847,250)
Current year budget includes two line items that effectively distribute \$214.8 million GF/GP to the STF for the state trunkline road and bridge program. <u>Executive</u> retains \$10.4 million GF/GP as one-time appropriation during ramp-up of the Road Funding Plan. <u>House</u> does not retain GF/GP funding.	GF/GP	\$214,847,250	(\$214,847,250)
The increase in restricted and federal funds shown in Item 4a, above, and the reduction in GF/GP support described above, result in a net increase to state trunkline road and bridge construction appropriations of \$13.7 million.			
5. Local Federal Aid Road and Bridge Program	Gross	\$240,443,000	\$32,068,000
<u>Executive</u> recognizes the Act 51 mandated suballocation of federal aid highway funds in Michigan to local road agencies. Increase reflects anticipated federal aid revenue as a result of the <i>FAST Act</i> , the reauthorization of the federal surface transportation program. <u>House</u> concurs with <u>Executive</u> .	Restricted	240,443,400	32,068,000
6. Local Bridge Program	Gross	\$26,828,600	\$640,000
<u>Executive</u> and <u>House</u> reflect Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline.	Restricted	26,828,600	640,000
7a. MTF to Local Road Agencies	Gross	\$959,033,300	\$283,062,800
<u>Executive</u> and <u>House</u> include an MTF distribution to local road agencies of \$1.2 billion – \$797.5 million to county road commissions, and \$444.6 million to cities/villages. This reflects estimated MTF revenue and the Act 51 statutory formula. The increase in MTF revenue reflects estimates of baseline motor fuel and vehicle registration tax revenue, as well as additional revenue provided through the Road Funding Plan passed November, 2015 and effective January 1, 2017.	Restricted	959,033,300	283,062,800
7b. State and Local Road and Bridge Programs – GF/GP	Gross	\$158,631,650	(\$158,631,650)
Current year budget distributes \$158.6 million GF/GP to local road agencies, \$101.8 million to county road commissions, and \$56.8 million to cities and villages. <u>Executive</u> eliminates this GF/GP distribution. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$158,631,650	(\$158,631,650)
The increase in restricted MTF revenue shown in Item 7a, above, and the reduction in GF/GP support described above, result in a net increase in the distribution to local road agencies of \$124.4 million.			
8. Rail Grade Surface Crossing – NEW	Gross	\$0	\$3,000,000
<u>Executive</u> and <u>House</u> include \$3.0 million MTF for a new rail grade surface crossing program, established in 2015 PA 175, an amendatory act part of the Road Funding Package enacted November, 2015, and effective January 1, 2017.	Restricted	0	3,000,000

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
9. Transportation Economic Development Fund (TEDF)	Gross	\$38,770,500	(\$5,523,000)
The current year budget assumes the redirection of \$4.0 million in TEDF revenue, \$2.0 million to the STF and \$2.0 million for Aeronautics programs. <u>Executive</u> budget reflects the end of the redirection of TEDF revenue and the full distribution to TEDF programs in accordance with 1987 PA 231. <u>House</u> redirects \$10.4 million from TEDF, Category A program, to the State trunkline road and bridge construction program. This redirection would be effected in implementation bill, House Bill 4440.	Restricted	38,770,500	(\$5,523,000)
10. Aeronautics Services	FTEs	54.0	0.0
<u>Executive</u> increases of \$768,200 (SAF) reflects increase in dedicated aeronautics revenue from aviation funding package (Public Acts 258 through 262 of 2015). Of this increase, \$518,200 would enhance the department's current aviation support programs; \$250,000 would restore the Air Service Grant Program. <u>House</u> concurs with <u>Executive</u> .	Gross	\$7,039,300	\$768,200
	Restricted	7,039,300	768,200
11. Bus Transit - Local Bus Operating Assistance	Gross	\$167,400,000	\$18,850,000
<u>Executive</u> increases support for state operating assistance to local public transit agencies to \$180.0 million CTF. <u>House</u> increases to \$186.25 million by transferring \$6.25 million from the Transit Capital line, Item #13, below.	Restricted	167,400,000	18,850,000
12. Rail Operations and Infrastructure	Gross	\$103,090,400	\$15,804,400
Supports rail passenger service, including operating support for three Amtrak routes in Michigan, as well as capital assistance for the Detroit-Chicago high speed rail corridor. <u>Executive</u> budget increases CTF support to reflect increased CTF revenue. <u>House</u> concurs with <u>Executive</u> .	Federal	60,100,000	0
	Local	100,000	0
	Private	100,000	0
	Restricted	42,790,400	15,804,800
13. Transit Capital	Gross	\$31,160,800	\$22,746,300
<u>Executive</u> budget reflects anticipated increase in federal funds available through the FAST Act. Increases in baseline CTF reflect amount needed to match available federal transit grants for local transit agencies. <u>House</u> would redirect \$6.25 million CTF from this program to Local Bus Operating, as shown in Item #11, above.	Federal	5,300,000	10,000,000
	Local	1,250,000	0
	Restricted	24,610,800	12,746,300
14. Transit Capital and Rail Infrastructure – GF/GP	Gross	\$25,000,000	(\$25,000,000)
Current year budget includes \$25.0 million GF/GP for transit capital and/or rail infrastructure projects. <u>Executive</u> budget eliminates this GF/GP line. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$25,000,000	(\$25,000,000)
15a. Airport Improvement Program	Gross	\$95,043,200	\$2,780,800
<u>Executive</u> reflects anticipated federal funding, related local matching funds, and available state restricted SAF revenue for the federal Airport Improvement Program. Net increase of \$2.8 million reflects \$4.8 million increase from aviation funding package (Public Acts 258 through 262 of 2015), less \$2.0 million from elimination of the use of TEDF revenue. [The redirection of TEDF revenue to the SAF in the current year would be made in House Bill 4440.] <u>House</u> concurs with <u>Executive</u> .	Federal	79,000,000	0
	Local	12,508,500	0
	Restricted	3,534,700	2,780,800
15b. Airport Improvement Program – GF/GP	Gross	\$1,521,100	(\$1,521,100)
Current year budget includes \$1.5 million GF/GP to provide matching funds for Airport Improvement Program grants. <u>Executive</u> budget eliminates this GF/GP line. <u>House</u> concurs with <u>Executive</u> .	GF/GP	\$1,521,100	(\$1,521,100)
16. Detroit Metropolitan Wayne County Airport – NEW	Gross	\$0	\$8,775,000
<u>Executive</u> and <u>House</u> reflect new earmark for Detroit Metro Airport and related fund source, the Qualified Airport Fund, established through amendment to the State Aeronautics Code in the aviation funding package (Public Acts 258 through 262 of 2015).	Restricted	0	8,775,000
17. Economic Adjustments	Gross	NA	\$6,979,000
<u>Executive</u> and <u>House</u> reflect increased costs of \$6.9 million Gross (\$0 GF/GP) for negotiated salary and wage increases (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA	84,900
	Restricted	NA	6,894,100

<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>
18. End of Five-Year Early Retirement Sick Leave Payouts	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	(\$1,441,100) (1,441,100)

Major Boilerplate Changes From FY 2015-16

The current year budget act, 2015 PA 84, includes a number of General or standard boilerplate sections: Sec. 201, Total state spending/spending to local units; Sec. 202, Reference to Management and Budget Act; Sec. 203, Abbreviations; Section 204, New or expanded program metrics; Sec. 205, Report on federal law that impacts state law; Sec. 206, Contingency appropriations; Sec. 207, Transparency website; Sec. 208, Use of internet to fulfill reporting requirements; Sec. 209, Preference for American/Michigan goods/services; Sec. 210, Deprived/depressed communities; Sec. 215, Discipline of employees communicating with Legislature; Sec. 228, Report on GF/GP lapses; Sec. 229, Report on restricted fund revenue and balances; Sec. 233, Report on cost of services provided to local units of government; General; Sec. 235, Website metrics/scorecard; Sec. 260, Out-of-state travel report; Sec. 262, Use of attorneys other than the Attorney; Sec. 270, Use of remanufactured parts; Sec. 271, Legacy costs.

Except as noted below, both the Executive and the House retain all of the current year standard sections, in some cases with minor modifications. Note that at the request of the State Budget Office, many of these sections have been renumbered.

Sec. 204. Report on Specific Performance Benchmarks – RETAINED

Requires the department to identify specific performance benchmarks for new programs or program enhancements in excess of \$500,000. Executive deletes. House retains, renumbered as Sec. 233.

Sec. 205. Report on Proposed Federal Rule Changes – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive deletes. House retains, renumbered as Sec. 217.

Sec. 215. Discipline of Employees Communicating with Legislature – RETAINED

Prohibits the department from disciplining employees for communicating with the legislature. Executive deletes. House retains.

Sec. 233. Report on Costs of Services Provided to Local Units of Government – DELETED

Executive and House delete current report on the cost of services provided to local units of government.

Sec. 270. Remanufactured Parts – DELETED

Executive and House delete intent section on use of remanufactured parts for repair and maintenance of state motor vehicle fleet.

DEPARTMENTAL SECTIONS

Sec. 306. Use of Transportation Funds by Other State Agencies/Biennial Audit – MODIFIED

Current law sets guidelines for use of transportation funds (Interdepartmental grants) by other state agencies; provides reporting requirements and biennial audit. Executive modifies to eliminate biennial audit. House concurs with Executive in eliminating the audit requirement; directs the Auditor General to use a "risk-based" audit program for the use of transportation funds.

Sec. 308. Report on Prequalification Process – DELETED

Executive and House delete report on the department's prequalification process.

Sec. 313. State Infrastructure Bank – RETAINED

Allows department to increase and make loans from the State Infrastructure Bank; provides for reporting requirement. Executive eliminates reporting requirement. House retains.

Sec. 319. Rest Area Maintenance – DELETED

Current year requires the department to post signs/telephone numbers for reporting unclean and unsafe conditions at rest areas. Executive and House delete.

Sec. 353. Prompt Payment – RETAINED

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

Sec. 357. Local Federal Aid Project Review – RETAINED

Current law directs MDOT to complete project reviews within 120 days; requires system for monitoring review process. Executive deletes. House retains.

Major Boilerplate Changes From FY 2015-16

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

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

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

Current law prohibits the department from studying the association between highway signs and motorist behavior. Executive deletes. House retains.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED

Current law requires the department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Provides reporting requirement. Executive deletes. House retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires the department to submit final bill to the local agency within two years of final payment to construction contractor. In his signing letter dated June 17, 2015, the Governor indicated that this boilerplate section was unenforceable; he considers the section to be in conflict with Act 51 of 1951 local cost sharing requirements. Executive deletes. House retains.

Sec. 383. Report on Use of State Airfleet – MODIFIED

Requires quarterly report on use of MDOT-owned aircraft; recovery of department costs. Executive deletes subsection that indicates legislative intent that department work with Michigan State Police on employing fixed winged aircraft. House concurs with Executive.

Sec. 393. Best Practices for Public Transportation – MODIFIED

Directs the department to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes. House retains best practices language, deletes reporting requirement.

Sec. 394. Priority of Preservation – RETAINED

Directs the department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes. House retains.

Sec. 395. Contingent Use of Capital Trunkline Funds for Maintenance – NEW

Executive and House include new section would allow the use of up to \$10.0 million from the capital road and bridge construction line for highway maintenance activities to support safety-related, high-priority, and other deferred maintenance needs on the state trunkline system.

Sec. 396. Prequalification Process for Contractual Service Contracts – NEW

House includes a new section directing the department to establish a prequalification process for service contract proposals.

MICHIGAN TRANSPORTATION FUND

Sec. 505. Road Innovation Fund Report – NEW

Public Act 175 of 2015, part of the Road Funding Plan passed November, 2015, amended Act 51 to establish a Roads Innovation Task Force and Roads Innovation Fund. Public Act 175 also established a process for "releasing" money from the Roads Innovation Fund, specifically, MDOT could to expend money from the fund "only after each house of the legislature approves a 1-time concurrent resolution on a record roll call vote to release money in the Roads Innovation Fund." Executive and House budgets assume that money in the Roads Innovation Fund will be released and distributed in accordance with the provisions of Section 10 of Act 51. Executive and House budgets also include a new boilerplate section; Section 505 would require the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund is not released on or before October 1, 2016.

STATE TRUNKLINE FUND

Sec. 601. Road Construction Warranties – DELETED

Current law directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; provides a general reporting requirement as well as a report specific to the Auditor General's report on monitoring of warranties. Executive and House delete.

Sec. 603. Traffic Congestion – DELETED

Directs department to consider traffic congestion be used as criteria in project selection. Executive and House delete.

Sec. 610. Dead Deer – DELETED

Current law indicates legislative intent with regard to cleanup of dead deer and other large animal remains. Executive and House delete.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; establishes a reporting requirement; report due January 1st of each year. Executive deletes. House retains.

Major Boilerplate Changes From FY 2015-16

Sec. 660. Use of Alternative Materials – DELETED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. Executive and House delete.

TRANSIT AND RAIL RELATED FUNDS

Sec. 703. Rail Abandonment Notice – DELETED

Requires notification of Legislature when railroad companies file for abandonment of lines. Executive and House delete.

Sec. 711. Rail Passenger Service (AMTRAK) – RETAINED

Provides for reporting requirement. Executive deletes. House retains, updates date references

Sec. 713. Commuter Rail Report – RETAINED

Directs the department to report on status of commuter rail demonstration projects on or before November 1, 2015, including on the disposition of rail cars leased by the department. Executive deletes. House retains, updates date references.

AERONAUTICS FUND

Sec. 802. MDOT-Owned Airports – RETAINED

Legislature encourages the department to find private entities or local public agencies to assume ownership of state owned airports. Executive deletes. House retains.

ONE-TIME ONLY

Sec. 1006. Detroit/Windsor Rail Tunnel – DELETED

Current year requires report on project to construct a new rail tunnel under the Detroit River between Detroit and Windsor Ontario. Executive and House delete.