



Senate Fiscal Agency
 P.O. Box 30036
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
 Fax: (517) 373-1986

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	7,747.2	8,667.2	920.0	11.9
GROSS	4,665,261,500	4,859,628,300	194,366,800	4.2
Less:				
Interdepartmental Grants Received	740,374,200	742,192,600	1,818,400	0.2
ADJUSTED GROSS.....	3,924,887,300	4,117,435,700	192,548,400	4.9
Less:				
Federal Funds.....	690,693,500	825,221,900	134,528,400	19.5
Local and Private	16,256,900	23,304,200	7,047,300	43.3
TOTAL STATE SPENDING.....	3,217,936,900	3,268,909,600	50,972,700	1.6
Less:				
Other State Restricted Funds.....	2,057,704,200	2,092,887,000	35,182,800	1.7
GENERAL FUND/GENERAL PURPOSE.....	1,160,232,700	1,176,022,600	15,789,900	1.4
PAYMENTS TO LOCALS	1,437,887,000	1,474,560,300	36,673,300	2.6

See Individual Highlight Sheet for Department Detail

Boilerplate Changes from FY 2014-15 Year-to-Date:

GENERAL SECTIONS

Items Included by the Senate and House

- 1. Retention of Reports.** Directs departments and agencies to receive and retain copies of all reports funded from appropriations in Part 1, following State and Federal guidelines for short and long-term record retention. Allows electronic retention of reports unless prohibited by State or Federal guidelines. **Governor:** Deleted section. **Senate and House:** Retained section. (Sec. 212)
- 2. Casino Investment.** Prohibits use of funds appropriated in Part 1 from being used by a department or agency to purchase an ownership interest in a casino. **Governor:** Deleted section. **Senate and House:** Retained section. (Sec. 213)
- 3. Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. **Governor:** Deleted section. **Senate and House:** Retained section. (Sec. 215)
- 4. Policy Change Reporting Requirement.** Requires each department to report by April 1 on each specific policy change made to implement enacted legislation to the appropriations subcommittees, the chairperson of the joint committee on administrative rules, and the senate and house fiscal agencies and policy offices. **Governor:** Deleted section. **Senate and House:** Retained section. (Sec. 221)

5. **Energy Performance in State Buildings.** Requires DTMB, with the assistance of the Michigan Energy Office, to assess the energy performance of State-owned buildings so that departments and agencies are better able to identify priority projects for energy improvements that can be achieved with internal resources and energy savings performance contracts under the cost-effective Governmental Energy Use Act. **Governor:** Deleted section. **Senate and House:** Concurred with Governor. (CL Sec. 239)

Conference Agreement on Items of Difference

6. **Return on Taxpayer Investment.** Requires two reports (11-1-14 and 3-1-15) to the Legislature for each new program or program increase. Also includes intent language that beginning with the FY 2015-16 budget, any new programs or spending increases for existing programs shall include a specific list of benchmarks that measure the performance or return on taxpayer investment of the program or program increase. **Governor:** Deleted section. **Senate:** Modified to remove intent language requiring benchmarks for any proposed program or program increase. Also, included compliance with section 431 of the Management and Budget Act. **House:** Did not include. **Conference:** Concurred with Senate. (Sec. 207)
7. **Budget Stabilization Fund/Public Health Sub-Fund.** Appropriates \$94.0 million from General Fund/General Purpose (GF/GP) revenue to the BSF in FY 2014-15 and \$0 to the public health sub-account. **Governor:** Moved to Miscellaneous sections in Article 21. Deposit amount for FY 2015-16 is increased to \$95.0 million and new language is added stating that there would be an additional deposit to the BSF in FY 2015-16 equal to 25 percent of the fiscal year 2016 GF/GP revenues collected in excess of the amount of GF/GP revenues forecast at the May 2016 revenue estimating conference plus an amount equal to 25 percent of net GF/GP expenditure lapses recorded as part of the State book closing process for the 2016 fiscal year. **Senate:** Reduced deposit into the BSF in FY 2015-16 to \$50.0 million. Concurred with the Governor with the additional deposit based on fiscal year 2016 GF/GP revenues collected in excess of the amount of GF/GP revenues forecast at the May 2016 revenue estimating conference but reduced amount to 10% and did not include the additional deposit of lapsed revenues. **House:** Concurred with Governor on \$95 million deposit but did not include additional deposits of excess revenue language. **Conference:** Concurred with House. (Sec. 211)
8. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. **Governor:** Deleted section. **Senate:** Concurred with Governor. **House:** Retained current law. **Conference:** Concurred with Senate. (CL Sec. 217)

Date Completed: 5-27-15

Fiscal Analyst: Joe Carrasco



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	513.5	518.5	5.0	1.0
GROSS	93,822,300	92,107,600	(1,714,700)	(1.8)
Less:				
Interdepartmental Grants Received	27,783,800	28,533,900	750,100	2.7
ADJUSTED GROSS.....	66,038,500	63,573,700	(2,464,800)	(3.7)
Less:				
Federal Funds.....	9,857,200	9,278,600	(578,600)	(5.9)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	56,181,300	54,295,100	(1,886,200)	(3.4)
Less:				
Other State Restricted Funds.....	17,914,200	17,281,700	(632,500)	(3.5)
GENERAL FUND/GENERAL PURPOSE.....	38,267,100	37,013,400	(1,253,700)	(3.3)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$93,822,300

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Removal of FY 2014-15 One-Time Funding.** Governor removed one-time funding of \$3.0 million GF/GP provided for sexual assault prosecution cases resulting from the backlog of rape kits in Wayne County. Senate and House concurred with Governor. (3,000,000)
2. **Sexual Assault Law Enforcement.** Governor included funds for a new line item that provides funding for the prosecution of backlog sexual assault cases across out-State Michigan. Additional funding added 5.0 FTE positions for this function and is not related to the prior-year one-time funding for the backlog of cases in Wayne County. Senate and House concurred with Governor. 1,700,000
3. **Technical Adjustment to Align Expenditures.** Governor reduced IDG and restricted funding to better align the expenditures of the Department with the actual funds received from other departments for services provided by the Department of Attorney General. Senate and House concurred with Governor. (239,200)
4. **Economic Adjustments.** Governor included a negative \$802,000 Gross and a negative \$294,000 GF/GP for OPEB and \$460,500 Gross and \$174,300 GF/GP for other economic adjustments. Senate and House concurred with Governor. (341,500)

Conference Agreement on Items of Difference

5. **Prosecuting Attorneys Coordinating Council (PACC).** Conference added additional funding to replace a decrease in grant funding. The additional funding will allow the PACC to provide additional trainings. 166,000

Total Changes (\$1,714,700)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$92,107,600

Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Attorney General. **Senate and House:** retained current law format for structure of the bill. These sections include:
 - Report on total State spending for the Department. (Sec. 2-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 2-202)
 - Definitions. (Sec. 2-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 2-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 2-208)
 - Buy American with a Michigan preference. (Sec. 2-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 2-210)
 - Report on out-of-state travel. (Sec. 2-216)
 - Department Scorecards. (Sec. 2-219)
 - Prohibition on outside legal services. (Sec. 2-226)
 - Restricted Revenue Report. (Sec. 2-227)
 - GF/GP Lapse Report. (Sec. 2-228)
2. **Prisoner Reimbursement Funds.** Provides that the Department may spend up to \$614,400 of prisoner reimbursement funds on activities related to the State Correctional Facilities Reimbursement Act. If the Department collects in excess of \$1,131,000, up to \$1,000,000 of that amount is appropriated and may be spent on representing the Department of Corrections and its officers, employees, and agents, including, but not limited to, the defense of civil actions filed by prisoners. **Governor:** reduced amount of prisoner reimbursement funds by \$2,500 to \$611,900 due to economic changes. (Current Law Sec. 309) **Senate and House:** Concurred with Governor.

Conference Agreement on Items of Difference

3. **Sexual Assault Law Enforcement Efforts.** **Governor:** added new language for sexual assault law enforcement efforts. Language requires the Department to use the funds for testing of backlogged sexual assault kits across the State. The purpose of this initiative is to eliminate all county sexual assault kit backlogs by the end of the fiscal year, assist local prosecutors with investigations and prosecutions of viable cases, and to provide victim services. **Senate:** Revised language to prioritize funding as follows: testing of backlogged kits; assist local prosecutors; and provide victim services. **House:** Concurred with the Governor and added work and spending plan requirements. **Conference:** Retained Senate's priority language and the House's work and spending plan requirements. (Sec. 316)
4. **Sexual Assault Prosecutions.** Language requires Attorney General to provide a detailed spending plan. **Governor:** deleted. **Senate:** added language requiring the plan to be submitted by November 1, 2015, or funds shall lapse to General Fund. **House:** Retained current law. **Conference:** Concurred with Governor. (Sec. 320)

Date Completed: 5-27-15

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			AMOUNT	PERCENT
FTE Positions.....	132.0	129.0	(3.0)	(2.3)
GROSS	16,644,200	16,128,700	(515,500)	(3.1)
Less:				
Interdepartmental Grants Received	288,900	286,700	(2,200)	(0.8)
ADJUSTED GROSS.....	16,355,300	15,842,000	(513,300)	(3.1)
Less:				
Federal Funds.....	2,736,500	2,721,700	(14,800)	(0.5)
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING.....	13,600,100	13,101,600	(498,500)	(3.7)
Less:				
Other State Restricted Funds.....	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	13,448,200	12,949,700	(498,500)	(3.7)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$16,644,200

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Unclassified Salaries.** The Governor reduced funding for this line item to account for the unused portion of the funds. Senate and House concurred with Governor. (90,000)
2. **Public Affairs Positon.** The Governor eliminated funding for 1.0 FTE due to a vacant position. Senate and House concurred with Governor. (115,000)
3. **Librarian Position.** The Governor eliminated funding for 1.0 FTE due to a vacant position. Senate and House concurred with Governor. (105,000)
4. **Executive Secretary Position.** The Governor eliminated funding for 1.0 FTE due to a vacant position. Senate and House concurred with Governor. (90,000)
5. **Economic Adjustments.** The Governor included a negative \$157,900 Gross and a negative \$132,500 GF/GP for OPEB and \$42,400 Gross and \$34,000 GF/GP for other economic adjustments. Senate and House concurred with Governor. (115,500)

Total Changes (\$515,500)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$16,128,700

Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. **Senate and House:** retained current law format for structure of the bill. These sections include:
 - Report on total State spending for the Department. (Sec. 3-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 3-202)
 - Definitions. (Sec. 3-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 3-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 3-208)
 - Buy American with a Michigan preference. (Sec. 3-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 3-210)
 - Report on out-of-state travel. (Sec. 3-216)
 - Department Scorecards. (Sec. 3-219)
 - Prohibition on outside legal services. (Sec. 3-226)
 - Restricted Revenue Report. (Sec. 3-227)
 - GF/GP Lapse Report. (Sec. 3-228)
2. **Department Report.** Requires a detailed report submitted by November 30 that covers the following items for the most recent fiscal year: detailed description of departmental operations; detailed description of all subunits in the department; responsibilities, positions, revenue, and spending for each subunit; number of complaints by type; average cost per complaint investigation and average investigative time spent per complaint; percent of complaints that are meritorious and worthy of investigation or settlement and the percentage of complaints that have no merit; list of amounts awarded to claimants; expenditures associated with complaint investigation and enforcement; complaint investigations closed per FTE for the past 5 years; complaint evaluations completed per FTE for the past 5 years; and productivity projections. **Governor:** eliminated section. **Senate and House:** retained language. (Sec. 404)
3. **Notifications Required Regarding Federal Reports or Complaints.** Requires the department to notify the Office of State Budget, Senate and House appropriations committees, and the Senate and House Fiscal Agencies prior to submitting a report or complaint to the United State Commission on Civil Rights or other Federal departments. **Governor:** eliminated section. **Senate and House:** retained language. (Sec. 405)

Date Completed: 5-27-15

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			AMOUNT	PERCENT
FTE Positions.....	78.2	74.2	(4.0)	(5.1)
GROSS	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	5,916,100	5,531,100	(385,000)	(6.5)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation	\$5,916,100
Changes from FY 2014-15 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. The Governor Recommended NO CHANGES from enacted FY 2014-15 budget. Senate and House concurred with Governor.	0
2. Revised Governor's Recommendation. Revised Governor's Recommendation reduced funding by \$385,000 per E.O. 2014-12 that transferred Office for New Americans to MDLARA.	(385,000)
Total Changes	(\$385,000)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$5,531,100
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. There previously were no boilerplate sections for the Executive Office. The **Governor** added one general section listing the total State spending from State resources and the payments to local units of government. (Gov. Sec. 8-201)
Senate and House: no boilerplate language included.

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			AMOUNT	PERCENT
FTE Positions.....	0.0	0.0	N/A	N/A
GROSS	154,089,300	159,304,800	5,215,500	3.4
Less:				
Interdepartmental Grants Received	5,220,700	5,392,800	172,100	3.3
ADJUSTED GROSS.....	148,868,600	153,912,000	5,043,400	3.4
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING.....	148,468,600	153,512,000	5,043,400	3.4
Less:				
Other State Restricted Funds.....	6,110,600	6,179,600	69,000	1.1
GENERAL FUND/GENERAL PURPOSE.....	142,358,000	147,332,400	4,974,400	3.5
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$154,089,300

Changes from FY 2014-15 Year-to-Date:

Conference Agreement on Items of Difference

1. **Auditor General Adjustment.** The Governor recommended a 3.5% overall increase for Auditor General operations. Senate concurred with Governor. House reduced funding by \$74,700. Conference concurred with Senate. 681,700

2. **Legislative Adjustment.** The Governor increased overall funding for the Legislature by a total of 3.5%. The Senate received an increase of \$1.2 million overall while the House received an overall increase of \$1.8 million. The House and Senate Fiscal Agencies received an increase of \$125,300 each. The Legislative Council received an increase of \$521,500 while the Retirement System received an increase of \$148,500. The Farnum Building and the Cora Anderson House Building received increases totaling \$466,500. Finally, the Governor included additional funding of \$199,600 for the State Capitol Historic Site line item (\$139,600 for general operations and \$60,000 for restoration, renewal and maintenance). Senate concurred with Governor. House reduced funding by \$635,900. Conference concurred with Senate. 4,533,800

Total Changes \$5,215,500

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$159,304,800

Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Legislature. **Senate and House:** retained current law format for structure of the bill. These sections include:
 - Report on total State spending for the Department. (Sec. 12-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 12-202)
 - Definitions. (Sec. 12-203)
2. **Capitol Historic Site Fund.** Language states that the appropriation in Part 1 from the Capitol Historic Site Fund does not take effect unless Enrolled Senate Bill 678 of the 97th Legislature is enacted into law. **Governor:** eliminated section. (Sec. 609) **Senate and House** concurred with Governor.
3. **IT Auditors.** Language states that \$400,000 may be used to hire up to 10 additional auditors to perform audits of the State's most critical IT systems and services. **Governor:** eliminated section. **Senate and House:** concurred with Governor. (Current Law Sec. 625)

Conference Agreement on Items of Difference

4. **Legislative Retirement System.** Intent language states that all administrative functions and associated funding for the Michigan Legislative Retirement System shall be transferred to DTMB by the end of FY 2014-15. **Governor:** eliminated section. **Senate:** retained section. **House:** Concurred with the Governor. **Conference:** Concurred with Senate but extended date to end of FY 2015-16. (Sec. 618)

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			AMOUNT	PERCENT
FTE Positions.....	1,587.0	1,587.0	0.0	0.0
GROSS	226,774,900	225,256,700	(1,518,200)	(0.7)
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	206,774,900	205,256,700	(1,518,200)	(0.7)
Less:				
Federal Funds.....	3,050,000	1,460,000	(1,590,000)	(52.1)
Local and Private	100	100	0	0.0
TOTAL STATE SPENDING.....	203,724,800	203,796,600	71,800	0.0
Less:				
Other State Restricted Funds.....	185,985,800	186,635,100	649,300	0.3
GENERAL FUND/GENERAL PURPOSE.....	17,739,000	17,161,500	(577,500)	(3.3)
PAYMENTS TO LOCALS	1,360,800	1,272,100	(88,700)	(6.5)

FY 2014-15 Year-to-Date Gross Appropriation \$226,774,900

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- FY 2014-15 Y-T-D Adjustments.** Current year adjustments per PA 6 of 2015 total \$1.2 million. There is \$1.0 million appropriated for the ignition interlock program and \$200,000 for IT costs associated with the May 2015 special election. (1,200,000)
- FY 2014-15 Y-T-D Adjustment for Transfer 2015-2.** This transfer added \$1.6 million in funding to increase the Federal authorization for the receipt of additional Federal funds that will be used to upgrade CDL testing kiosks in branch offices. Funding is not carried forward into FY 2015-16. (1,590,000)
- Credit and Debit Card Assessments.** The Governor increased restricted funding for the authorization to use additional restricted funds that are being collected as more branch office transactions are being completed with the use of a debit or credit card. Senate and House concurred with Governor. 1,000,000
- Ignition Interlock Program.** The Governor increased restricted funding to adjust for ongoing costs associated with this program that monitors persons convicted of driving while intoxicated or impaired. Funding is required as a result of PA 250 of 2014 and is provided through the collection of Driver Responsibility Fees. Senate and House concurred with Governor. 1,000,000
- Unclassified Salaries.** The Governor reduced funding for this line item in order to realize the savings from the unused portion of funds. Senate and House concurred with Governor. (122,100)
- Department Services Operations.** The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. Senate and House concurred with Governor. (83,800)

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| 7. Legal Services Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. Senate and House concurred with Governor. | (400) |
| 8. Branch Operations. The Governor reduced GF/GP funding to realize the savings that will result from the Department's implementation of administrative efficiencies. Senate and House concurred with Governor. | (241,800) |
| 9. Central Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. Senate and House concurred with Governor. | (26,900) |
| 10. Election Administration Operations. The Governor reduced funding to realize the savings that will result from the Department's implementation of administrative efficiencies. Senate and House concurred with Governor. | (25,000) |
| 11. Economic Adjustments. The Governor included a negative \$1,482,700 Gross and a negative \$98,300 GF/GP for OPEB and \$1,254,500 Gross and \$220,800 GF/GP for other economic adjustments. Senate and House concurred with Governor. | (228,200) |

Conference Agreement on Items of Difference

12. Voting Systems Technology. Senate: appropriated \$10.0 million for replacement of voting machines and updating technology. House: Did not include. Conference: Concurred with House.	0
Total Changes	(\$1,518,200)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$225,256,700
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of State. **Senate and House:** retains current law format of the bill. These sections include:
 - Report on total State spending for the Department. (Sec. 16-201)
 - Appropriations are subject to the Management and Budget Act, 1984 PA 431. (Sec. 16-202)
 - Definitions. (Sec. 16-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 16-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 16-208)
 - Buy American with a Michigan preference. (Sec. 16-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 16-210)
 - Report on out-of-state travel. (Sec. 16-216)
 - Department Scorecards. (Sec. 16-219)
 - Prohibition on outside legal services. (Sec. 16-226)
 - Restricted Revenue Report. (Sec. 16-227)
 - GF/GP Lapse Report. (Sec. 16-228)
2. **Business Application Modernization Project Report.** Requires a report of the total funds expended for the business application modernization project, start dates, costs, and penalties paid to the state by the contract provider. **Governor:** eliminated section. **Senate and House:** retained language. (Sec. 716b)

3. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. **Governor:** eliminated section. **Senate and House** retained. (Sec. 718)
4. **TACF Sunset.** Although not mentioned in boilerplate in the budget bill, it must be noted that the authority for the Transportation Administration and Collection Fund (TACF) is set to expire on October 1, 2015. If this authority is not extended for fiscal year 2015-16, the major source of funding for the Department of State (estimated at \$110 million) would be lost and leave the Department short of necessary funding for the fiscal year.

Conference Agreement on Items of Difference

5. **Bridge Card Work Group. House:** Included new language requiring the Department to form a work group with DHHS and the State Police to investigate methods to deter Bridge Card fraud and to compile a report by February 1, 2016. **Senate:** Did not include. **Conference:** Concurred with House. (Sec. 722)
6. **Voting Systems Technology and Innovation Fund. Senate:** Added new intent language stating that a Voting Systems Technology and Innovation Fund shall be created within the State Treasury. The intent is for the fund to be a revolving, self-sustaining fund for financing voting systems technology and innovation. (**NEW** Sec. 730) **House:** Did not include. **Conference:** Concurred with House.
7. **Federal Rules Changes Affecting Michigan Statute. Senate:** Added new language stating that a 10-day notice shall be given to the Legislature on any proposed federal rules changes impacting the Department of State that would require amendments to Michigan statute. (**NEW** Sec. 731) **House:** Did not include. **Conference:** Concurred with House.

Date Completed: 5-27-15

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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,817.0	2,844.0	27.0	1.0
GROSS	1,230,288,000	1,263,223,700	32,935,700	2.7
Less:				
Interdepartmental Grants Received	677,671,700	678,478,500	806,800	0.1
ADJUSTED GROSS.....	552,616,300	584,745,200	32,128,900	5.8
Less:				
Federal Funds.....	7,974,100	7,997,300	23,200	0.3
Local and Private	3,744,100	3,777,800	33,700	0.9
TOTAL STATE SPENDING.....	540,898,100	572,970,100	32,072,000	5.9
Less:				
Other State Restricted Funds.....	95,099,600	95,771,900	672,300	0.7
GENERAL FUND/GENERAL PURPOSE.....	445,798,500	477,198,200	31,399,700	7.0
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$1,230,288,000

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- FY 2014-15 Y-T-D Adjustments.** Current year adjustments per PA 6 of 2015 and E.O. 2015-5 total a negative \$33.3 million. There is a negative adjustment of \$17.8 million in PA 6 of 2015 for SBA rent. Additionally, there is a negative adjustment totaling \$15.5 million across various line items to balance FY 2014-15. 33,300,000
- FY 2014-15 Y-T-D Adjustment for Transfer 2015-2.** This transfer added \$777,600 in funding to increase the restricted fund authorization for the receipt of additional restricted funds that will be used to administer the deferred compensation plans. Funding is not carried forward into FY 2015-16. (777,600)
- Executive Budget Revisions.** The Governor submitted two revisions to his original recommendations to comply with E.O. 2014-12 and E.O. 2015-9. Executive Order 2014-12 transferred out \$208,000 for the transfer of the Office for New Americans to MDLARA, while E.O. 2015-9 transferred in \$2.4 million for the transfer of the Office of School Reform from DOE to DTMB. 2,212,900
- Removal of FY 2014-15 One-Time Appropriations.** The Governor removed a total of \$22.0 million of the following one-time funding provided in the FY 2014-15 budget: Litigation fund (\$4.0 million); Regional Prosperity Grants (\$1.0 million); Technology Services Funding (\$6.9 million IDG, \$300 GF/GP); Office of Urban Initiatives (\$5.0 million); Business One-Stop Depreciation costs (\$871,700); Special Projects (\$1.25 million); and Enterprisewide Special Maintenance (\$7.0 million). Senate and House concurred with Governor. (26,022,000)
- Procurement Improvement Plan.** The Governor provided new funding of \$825,000 (\$479,100 GF/GP) to hire 6.0 additional FTEs to implement a category management system for the State's procurement system. This new system will force the State to examine all of its purchasing from an enterprise perspective and allow the State to leverage its spending abilities by reducing the number of contacts and suppliers utilized. Senate and House concurred with Governor. 825,000

FY 2015-16 TECHNOLOGY, MANAGEMENT, AND BUDGET BUDGET

<p>6. Treasury Business Portal. The Governor provided authorization for the Department of Treasury to implement a new and refined business portal to replace the old Michigan Business One-Stop portal that was eliminated in the FY 2014-15 budget. The additional IDG funding will allow the Department of Treasury to meet other IT projects/needs. Senate and House concurred with Governor.</p>	<p>2,000,000</p>
<p>7. Motor Vehicle Fleet. The Governor increased IDG funding to account for higher fuel, maintenance, and vehicle leasing costs. Senate and House concurred with Governor.</p>	<p>6,515,500</p>
<p>8. State Emergency Operations Center (SEOC). The Governor included funding increases in the authorization for the IDG from Building Operation Costs (BOC) to cover the costs of operating the new SEOC. The Michigan State Police (MSP) will occupy a portion of the building and this adjustment will allow DTMB to recognize the BOC they will charge the MSP for their use of the building. Senate and House concurred with Governor.</p>	<p>631,700</p>
<p>9. Office of Retirement Services. The Governor increased restricted funding to cover additional administrative costs to administer the various retirement system changes due to enacted legislation affecting both Defined Contribution and Deferred Compensation. Senate and House concurred with Governor.</p>	<p>1,257,600</p>
<p>10. Treasury IT Technical Adjustment. The Governor's increase aligned funding of the IT IDGs with agency requests. Funding of \$1.2 million and 2.0 FTE positions is provided for City Income Tax operations and \$650,000 and 1.0 FTE position is provided for Personal Property Tax reforms. Senate and House concurred with Governor.</p>	<p>1,850,000</p>
<p>11. Michigan Public Safety Communications System (MPSCS) Lifecycle and Radio Replacement. The Governor reduced GF/GP funding for this program by \$2.0 million to \$39.8 million to provide funding for lifecycle replacement of equipment that is outdated. Senate and House concurred with Governor.</p>	<p>(2,000,000)</p>
<p>12. Professional Development. The Governor added \$7,600 in total for professional development funding per contract negotiations. Senate and House concurred with Governor.</p>	<p>7,600</p>
<p>13. Civil Service Commission. The Governor reduced funding for the IT line item for the Civil Service Commission. Senate and House concurred with Governor.</p>	<p>(1,085,800)</p>
<p>14. Information Technology (IT) - Alignment of IDG Funding. The IT portion of the budget aligned its IDG funding with enacted FY 2014-15 appropriations for all departments. Senate and House concurred with Governor.</p>	<p>(2,018,800)</p>
<p>15. Economic Adjustments. The Governor included a negative \$3,521,500 Gross and a negative \$667,500 GF/GP for OPEB and \$3,556,100 Gross and \$1,072,700 GF/GP for other economic adjustments. Senate and House concurred with Governor.</p>	<p>34,600</p>
<p><u>Conference Agreement on Items of Difference</u></p>	
<p>16. Office of Urban Initiatives. General Fund/General Purpose funding of \$5.0 million that was provided as one-time funding in FY 2014-15 is maintained for FY 2015-16 as an ongoing program by the Governor, but reduced by half. Senate: reduced Governor's funding by \$876,600. House: Eliminated all funding. Conference: Concurred with Governor.</p>	<p>2,500,000</p>
<p>17. Information Technology (IT) Investment Fund. The Governor increased GF/GP funding for this IT program to further provide maintenance and replacement of legacy IT systems across State departments and agencies. Funding for this item will total \$70.0 million in FY 2015-16. Senate: reduced Governor's funding by \$5.0 million. House: Reduced Governor's funding by \$2.0 million. Conference: Concurred with Senate.</p>	<p>2,000,000</p>
<p>18. Enterprisewide Special Maintenance. The Governor increased GF/GP funding for the ongoing appropriations for this item to provide maintenance services to State-owned buildings across the State. The FY 2014-15 budget included \$7.0 million in one-time funding for this program that is not included in the FY 2015-16 budget. Total ongoing funding in FY 2015-16 increases from \$23.0 million to \$31.0 million. Senate: concurred with Governor. House: Reduced Governor's funding by \$3.0 million. Conference: Reduced Governor's funding by \$1.5 million.</p>	<p>6,500,000</p>

19. FY 2015-16 One-Time Appropriations. The Governor included the following one-time funding: \$2.0 million for litigation costs; \$600,000 for alignment of IT funding with agency requests related to the Treasury Business Portal described above; and \$500 for planning authorizations for SBA-authorized community college and university construction projects. Senate: reduced litigation funding by \$1.0 million and SBA authorized capital outlay projects by \$400. House: Reduced funding by \$999,500, and capital outlay planning grants by \$500. Conference: reduced litigation costs by \$1.0 million and all \$500 in planning authorizations. Conference also included additional one-time funding of \$3.0 million for Treasury IT costs; \$500,000 for a school cost study; and \$105,000 for special grants.	5,205,000
20. Fund Shift. The Senate replaced \$3.5 million in GF/GP funding with restricted revenue from the IT Innovation Fund. The shift has a net zero effect on the gross but reduces GF/GP expenditures by \$3.5 million. House: Did not include. Conference: Concurred with House.	0
Total Changes	\$32,935,700
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$1,263,223,700
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. **Senate and House: retained current law format of bill.** These sections include:
 - Report on total State spending for the Department. (Sec. 18-201)
 - Appropriations are subject to Management and Budget Act, 1984 PA 431. (Sec. 18-202)
 - Definitions. (Sec. 18-203)
 - Requirement for Departments to maintain searchable websites. (Sec. 18-206)
 - Allowable use of the Internet to fulfill reporting requirements. (Sec. 18-208)
 - Buy American with a Michigan preference. (Sec. 18-209)
 - Required department to allow businesses in deprived and depressed communities to bid on contracts. (Sec. 18-210)
 - Report on out-of-state travel. (Sec. 18-216)
 - Department Scorecards. (Sec. 18-219)
 - Prohibition on outside legal services. (Sec. 18-226)
 - Restricted Revenue Report. (Sec. 18-227)
 - GF/GP Lapse Report. (Sec. 18-228)
 - Related federal and restricted funds for special maintenance. (Sec. 18-233)
 - Related federal and restricted funds for enterprise wide IT investments. (Sec. 18-234)
2. **Computer Contract Adjustments.** Within 14 days of the Dep't finalizing the revisions, the Dep't must notify the House and Senate Appropriation Committee Chairs and General Gov't Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The **Governor:** removed the 14-day requirement and instead requires a report quarterly. (Current Law Sec. 809) **Senate and House:** concurred with Governor.
3. **Regional Prosperity Grants.** Provides boilerplate language describing the qualification process for the Regional Prosperity Grant Program. (Current Law Sec. 890) **Governor:** made this an on-going program and moved the boilerplate language to the main boilerplate section of the bill as a new section. The Governor also revised and updated the language, updated dates in subsection (9), and added new subparts within the new section. **Senate and House: concurred with Governor but revised language for clarification. (Sen. Sec. 822f)**
4. **Cloud Computing.** Requires the Department to conduct an analysis of using public or private cloud computing technologies for new projects. **Governor:** eliminated section. **Senate and House:** concurred with Governor. (Sec. 836)
5. **Online Citizens Guide and Dashboard.** Requires the department to issue an RFP for a publicly accessible statewide online citizens guide and dashboard web service that offers access to State of Michigan reports and data from municipalities, local, and intermediate school districts as a common transparency solution and that has a fiscal stress warning system as a component. **Governor:** eliminated section. **Senate and House:** concurred with Governor. (Sec. 840)

6. **Farnum Building Sale Proceeds. Governor:** Added new language requiring the proceeds from the sale of the building to be appropriated to the Department in accordance with any legislation that is enacted that authorizes the sale. If the net proceeds from the sale of the Farnum building are less than the \$7.0 million authorized in current law Section 896 for Senate relocation costs, then the difference between the net sale proceeds and \$7.0 million shall be appropriated by the Legislature to the Department. **Senate and House:** concurred with Governor. (Sec. 867)
7. **Michigan Business One-Stop Depreciation Expenses.** Language states that the amount appropriated in Part 1 for depreciation expenses shall be expended solely to pay the remaining capitalized development cost of the Michigan Business One-Stop. Language also stipulates that the budget director shall reduce the user fees charged to State departments by amounts equivalent to the reduction in appropriation for the Michigan Business One-Stop. The Department shall not charge State departments or agencies for maintenance or operation of the Michigan Business One Stop. Also allows the Department to expend up to \$1.5 million on continued maintenance and operation of the program and that departments or agencies may not be charged IDGs or other sources of financing. **Governor:** eliminated section. (Current Law Sec. 895) **Senate and House:** concurred with Governor.
8. **Senate Relocation from Farnum Building.** Allows up to \$7.0 million of the funds appropriated in Part 1 to be made available to the Senate for future lease, purchase, and transition costs related to the relocation from the Farnum Building. **Governor:** eliminated section. (Current Law Sec. 896) **Senate and House:** concurred with Governor.
9. **One-Time Special Projects Earmarks.** Language earmarks \$250,000 of One-Time Special Projects funding for the Catholic Charities Center for Hope and \$500,000 for payments to individuals and surviving spouses receiving retirement payments under Section 411 of the Michigan Military Act. **Governor:** eliminated section. (Current Law Sec. 897) **Senate and House:** concurred with Governor.

Conference Agreement on Items of Difference

10. **Motor Vehicle Fleet. Governor:** removed the requirement for the Department to use remanufactured parts, whenever economically feasible, when repairing fleet vehicles. **Senate:** concurred with Governor. **House:** Retained. **Conference:** Concurred with Senate. (Current Law Sec. 813(5))
11. **Enterprisewide IT Investments.** Requires the Department to develop a plan regarding the use of funds appropriated in Part 1 for the Enterprisewide IT Investments program. Also requires the Department to notify the Legislature and the fiscal agencies when an IT investment project will require the transfer of \$500,000 or more from another project. **Governor:** removed the notification to the Legislature portion of the language. **Senate:** concurred with Governor. **House:** Retained current law. **Conference:** Concurred with House. (Sec. 814)
12. **IT Investments Program Expansion. Governor:** added new language requiring the Department to use any increase in funding for the program to be used for the modernization of state IT systems, improvement of the State's cyber security framework, and to achieve efficiencies. **Senate:** concurred with Governor. **House:** Did not include Governor's language. **Conference:** Concurred with Senate. (**New** Sec. 814a)
13. **Report for Office of Urban Initiatives. Senate:** Added new language requiring a report by April 15 to the Legislature and the fiscal agencies on the expenditures for the office of urban initiatives. The report shall provide information detailing the economic impact and job growth initiatives for each urban and metropolitan area receiving funds under part 1. **House:** Did not include. **Conference:** Concurred with Senate. (**New** Sec. 822h)
14. **Legal Services Fund Report.** Requires a quarterly report to the Legislature on legal service fund expenditures by case, purpose, and department involved. **Governor:** eliminated section. **Senate:** retained language and made report annually but moved to Sec. 822k. **House:** Retained current law with slight modification. **Conference:** Concurred with Senate. (Sec. 822g)
15. **School Reform Office. Conference:** Included new language (per E.O. 2015-9) for the School Reform Office to provide stipulations for schools placed in a school reform/redesign school district as well as protecting students with individualized education programs (**New** Sec. 822i)
16. **Other Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language sections and/or subsections were not included: 808a, 810, 815, 816, 821, 822, 822f, 822g, 822h, 824 (required report only), 827(4), 828, 829, 830, 831, 832, and 862. The majority of these sections required the Department to provide either reports or notifications to the Legislature. **Senate and House:** retained Sections 810, 816, 821, 822, 822f, 827(4), 828, 832, and 862. **Conference:** Concurred with Senate but also retained Secs. 830 and 831.3W4

Completed: 5-27-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	152,395,000	156,449,000	4,054,000	2.7
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	152,395,000	156,449,000	4,054,000	2.7
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	152,395,000	156,449,000	4,054,000	2.7
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	152,395,000	156,449,000	4,054,000	2.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$152,395,000

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- Clean Michigan Initiative.** The Governor/Senate/House increased debt service payments for this bond. Of the total, \$5,211,012 is due to changes to existing debt and \$1,525,988 is due to projected new bond issues for FY 2015-16. This increased total debt service payments for this bond to \$63,961,000. 6,737,000
- Great Lakes Water Quality Bond.** The Governor/Senate/House increased debt service payments to this bond. Of the total, there is a \$2,312,879 reduction for existing bonds and a \$5,030,879 increase due to projected new bond issues for FY 2015-16. This increased total debt service payments to this bond to \$16,529,000. 2,718,000
- Quality of Life Bond.** The Governor/Senate/House reduced payments to this bond. Of the total, there is a \$5,561,293 reduction for existing bonds and a \$160,291 increase due to projected new bond issues for FY 2015-16. This reduced total debt service payments for this bond to \$75,959,000. (5,401,000)

Total Changes **\$4,054,000**

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$156,449,000

Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. There are no boilerplate changes related to Debt Service in Treasury.

Date Completed: 5-25-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,863.5	1,901.5	38.0	2.0
GROSS	554,336,400	536,197,100	(18,139,300)	(3.3)
Less:				
Interdepartmental Grants Received	9,409,100	9,500,700	91,600	1.0
ADJUSTED GROSS.....	544,927,300	526,696,400	(18,230,900)	(3.3)
Less:				
Federal Funds.....	39,705,400	39,661,500	(43,900)	(0.1)
Local and Private	2,005,600	9,055,100	7,049,500	351.5
TOTAL STATE SPENDING.....	503,216,300	477,979,800	(25,236,500)	(5.0)
Less:				
Other State Restricted Funds.....	381,548,000	354,049,500	(27,498,500)	(7.2)
GENERAL FUND/GENERAL PURPOSE.....	121,668,300	123,930,300	2,262,000	1.9
PAYMENTS TO LOCALS	197,086,000	209,657,300	12,571,300	6.4

FY 2014-15 Year-to-Date Gross Appropriation \$554,336,400

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- 1. City Income Tax Administration.** The Governor/Senate/House created a program that supports cities in the collection of city income taxes. There are also 24.0 FTEs included in this program. The program would be funded by local funds from the Local City Income Tax fund. 7,050,000
- 2. Payments in Lieu of Taxes (PILT).** The Governor/Senate/House increased this unit in order to ensure that it is being fully funded in accordance to statute and for scheduled statutory increases in the Swamp and Tax Reverted Land Program from \$3 per acre to \$4 per acre. GF/GP supports \$4.5 million of the total. 4,919,200
- 3. Financial Review Commission.** The Governor/Senate/House created the Financial Review Commission to provide ongoing support to review Detroit compliance with the Detroit Bankruptcy package that was passed in 2014. 2,000,000
- 4. Treasury Online Business Portal.** The Governor/Senate/House created a new Department of Treasury Business Portal funded at \$2.6 million of which, \$2.0 million is appropriated as ongoing while \$600,000 is one-time. The funds go to the Information Technology line item. 2,600,000
- 5. Personal Property Tax Reform and Essential Services Assessment Act program.** The Governor/Senate/House increased administrative support for this program. 9.0 FTEs and \$1.5 million have been moved from one-time implementation to ongoing administration. The Governor also increased the program \$1.8 million and 2.0 FTEs. 1,845,000
- 6. Data Collection Authorization Increase.** The Governor/Senate/House increased the Financial and Administrative Services unit due to additional data collection fees. 40,000
- 7. Administrative Efficiency Reduction.** The Governor/Senate/House continued reductions in multiple line items due to administrative efficiencies, first done in E.O. 2015-5 and H.B. 4112 (P.A. 6 of 2015), and increased them by \$800,000 for FY 2015-16. (800,000)

FY 2015-16 TREASURY - OPERATIONS BUDGET

8. Land Reutilization Funding. The Governor/Senate/House reduced funding to the Supervision of the General Property tax law line item due to decreased revenue from Land Reutilization Fund fees. This cut is not offset by any additional funds.	(3,304,500)
9. Senior Citizen Cooperative Housing Tax Exemption. The Governor/Senate/House continued the reduction in funding to this line item, first done in E.O. 2015-5.	0
10. Elimination of One-Time items. The Governor/Senate/House eliminated the one-time appropriations of \$600,000 that went towards creating a system that allows individuals to pay income tax owed on credit cards, and a \$1.1 million grant to Flint for police and fire.	(1,600,000)
11. Remove Supplemental Funding. The Governor/Senate/House eliminated FY 2014-15 supplemental funding. PA 282 and 182 of 2014 made one-time appropriations of (\$1.0 million) and (\$100,000). H.B. 4112 made a one-time special grant for the proposed ballot proposal (11.0 million), Casino IT upgrades (\$3.0 million), income tax fraud prevention start-up (\$1.6 million), and driver responsibility fee phase-out (\$550,000).	(17,250,000)
12. Economic Adjustments. Standard economic adjustments increased \$1,752,600 Gross and \$284,500 GF/GP. However, economic adjustments for OPEB more than offset the increase in standard economics, and totaled a negative \$2,252,700 Gross and negative \$373,500 GF/GP. Other economic adjustments totaled a negative \$51,900 Gross and negative \$12,500 GF/GP.	(552,000)
<u>Conference Agreement on Items of Difference</u>	
13. Presidential Primary. The Conference added \$10.0 million in one-time appropriations for the presidential primary	10,000,000
14. CREC Adjustments. Senior Citizen Cooperative House (\$500,000 GF/GP) and Dual Enrollment (\$500,000 GF/GP) were modified by the Conference to adjust for caseload consensus.	1,000,000
15. Lottery Promotion and Advertising. The Governor/Senate removed Lottery Promotion and Advertising line item, however Sec. 964 was added, which allows 1% of gross lottery sales to go towards promotion and advertising. The House did not concur. The Conference concurred with moving the funding to boilerplate, but revised Sec. 964 to allow promotion spending of 1% of gross lottery sales or \$23.0 million, whichever is less.	(18,622,000)
16. Financial Independence Team. The Governor/Senate restored cuts to the financial independence team that were done in H.B. 4112. The House did not restore the cuts. The Conference restored all but \$300,000 of the cuts.	1,950,000
17. Casino & Gaming. The Governor/Senate/House increased the Casino Gaming Control Administration line item \$514,100 to provide licensing and regulation associated with live horse races, verifying electronic gaming devices, and enhancing the agency's communication strategies. No additional GF/GP is included in this increase. The Conference decreased Equine Development Funding by \$670,100 to reflect actual funding levels. The Conference did not include a reserve fund that was added by the Senate	(156,000)
18. Grants. The House added \$300,000 GF/GP for Urban Search and Rescue Taskforce. The Conference included \$250,000 GF/GP to Chaldean Community Services and \$300,000 GF/GP to Urban Search and Rescue Taskforce.	550,000
19. Supervision of General Tax Law. The Conference reduced by \$250,000 GF/GP.	(250,000)
20. TED Revision. The Conference included revision that moved one unclassified position and FRIB funding to TED.	(7,559,000)
Total Changes	(\$18,139,300)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$536,197,100
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Flint Grant.** The Governor/House/Senate removed the one-time grant funding to the city of Flint (Sec. 949a).
2. **Deleted by Governor, Retained by Senate.** The Governor deleted and Senate/House retained sections, which include notification of bond refinancing (902a) and the Personal Property Tax audit report (927). (Secs. 902a & 927)
3. **New Sections from Governor, Concurred by Senate/House.** The Senate/House concurred with a number of new/modified sections that were proposed by the Governor, this includes:
 - i. Requiring that personal property tax payments be in compliance with statute. (Sec. 949a)
 - ii. Providing guidelines and benchmarks for the City Income Tax Administration program. (Sec. 949b)
 - iii. Providing guidelines and benchmarks for the Online Business Portal. (Sec. 949c)
 - iv. Providing guidelines and benchmarks for the Financial Review Commission. (Sec. 949d)
 - v. Providing guidelines and benchmarks for the phase-in of the Essential Services Assessment program. (Sec. 949e)
 - vi. Allowing Tobacco Tax revenue for Wayne County indigent care program in the county. (Sec. 949f)
4. **Income Tax Fraud Prevention.** The Senate/House concurred with a section added by the Governor, which allows Treasury to contract with a private agency to prevent the disbursement of fraudulent tax refunds. A portion of the funds that have been prevented from being disbursed goes towards funding this program, but it cannot exceed \$1.6 million. The section also requires a report to the Legislature on the amount of fraudulent tax refunds that were stopped. \$1.6 million in delinquent tax revenue was put into the FY 2014-15 supplemental (H.B. 4112), which started this program. (Sec. 948)
5. **Audits Modification.** The Senate/House concurred with a section that was modified by the Governor, which reduced the assessment and certification division audits on locals units from a full 14-point review for one local unit in each county to an audit of minimum assessing requirements review for each county. (Sec. 945)
6. **Technical Adjustments.** The Governor/Senate/House made multiple technical adjustments to reflect date changes, payments to locals adjustments, and legacy cost adjustments.

Conference Agreement on Items of Difference

7. **Unclaimed Property audits.** The Senate/House modified section 919 so that private auditors can only be charged at a market value, hourly basis, and not on a contingency basis, however the language differed between the House and Senate. The Conference did not include either modification, but added language that the Department must review the process and recommend changes to the unclaimed property audit process by March 31, 2016 (Sec. 919).
8. **Deleted by Governor and Senate.** The Governor/Senate deleted restrictions on bridge cards being used for lottery tickets and the House retained. The Conference concurred with the House. (Sec. 963)
9. **Lottery Promotion.** The Senate concurred with a new section that was added by the Governor, which allows 1% of gross lottery sales to be used towards promotion. The House did not concur. The Conference modified the section to include 1% of gross lottery sales or \$23.0 million, whichever is less. (Sec. 964)
10. **Audit Charges.** The Senate modified language in Section 906 to restrict audit charges to the exact cost for performing the audit. The House did not include. The Conference concurred with the Senate. (Sec. 906)
11. **Pension Plan Consultants.** The Senate modified this section to require that the department retain reports from pension plan consultants and make them available to the legislature upon request. The House retained without modification. The Conference concurred with the Senate. (Sec. 945)
12. **Casino & Gaming Reserve Fund.** The Senate added Section 972, which establishes that the Director of the Michigan Gaming Control Board must provide sufficient evidence on how and why additional funds are needed in administrative operations before requesting a Legislative transfer from the reserve fund to administrative operations. The Conference did not include this section. (Sec. 972)
13. **Urban Search and Rescue Task Force.** House added language on how funds for Urban Search and Rescue are to be used. The Conference included this section. (Sec. 949g)

Date Completed: 5-27-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS	1,228,215,400	1,252,406,100	24,190,700	2.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	1,228,215,400	1,252,406,100	24,190,700	2.0
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	1,228,215,400	1,252,406,100	24,190,700	2.0
Less:				
Other State Restricted Funds.....	1,228,215,400	1,252,406,100	24,190,700	2.0
GENERAL FUND/GENERAL PURPOSE	0	0	0	0.0
PAYMENTS TO LOCALS	1,228,215,400	1,252,406,100	24,190,700	2.0

FY 2014-15 Year-to-Date Gross Appropriation **\$1,228,215,400**

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Constitutional Revenue Sharing.** The Governor, Senate, and House recommended \$788,497,000 for constitutional revenue sharing in FY 2015-16 based on the January 2015 consensus revenue estimates. Conference updated based on May 2015 consensus revenue estimates to \$783,866,100 in FY 2015-16, a 3.1% increase. Actual payments will be made based on actual collections. 23,690,700
2. **County Revenue Sharing and County Incentive Program.** The Governor increased revenue sharing funding for counties by \$3.5 million to \$214.7 million to cover the cost of counties that return to State-paid revenue sharing for the first full or part-year of payments in FY 2015-16. The line item for County Revenue Sharing would receive \$2.8 million and the County Incentive Program (which requires compliance with accountability and transparency requirements) would receive \$700,000. The Senate and House concurred. 3,500,000
3. **Financially Distressed Cities, Villages, and Townships.** This grant program to cities, villages, and townships (CVTs) with signs of probable financial distress would be reduced from \$8.0 million in FY 2014-15 to \$5.0 million in FY 2015-16. The Senate and House concurred. (3,000,000)

Conference Agreement on Items of Difference

- 4. **City, Village, and Township Revenue Sharing.** The Governor reduced nonconstitutional (statutory) revenue sharing to CVTs by 2.3% to \$243,040,000. The Governor removed the per capita payment option for CVTs with a population over 7,500 that was included in the FY 2014-15 budget. This would remove 101 local units of government (100 townships and 1 city) from eligibility for a payment, leaving 486 eligible local units, the same units as in FY 2013-14. The Senate concurred with Governor in removal of the per capita payment. The Senate added \$424,100 for alternate payments which would prevent a local unit that received a per capita payment in FY 2014-15 from declining in total revenue sharing (constitutional and statutory) from FY 2014-15 to FY 2015-16. It is estimated that 103 CVTs would receive alternate payments under this provision. The total of alternate payments would be capped at \$424,100 and prorated as necessary. The Senate provided \$243,464,100 in CVT revenue sharing in FY 2015-16. The House concurred with the Governor on the amount of CVT revenue sharing, but set payments depending on the population of each CVT. A CVT with a population of less than 600,000 would be eligible for the same amount that it was eligible for in FY 2014-15. A CVT with a population of more than 600,000 would be eligible for 95.870812% of the amount that it was eligible for in FY 2014-15. Conference provided that all CVTs would be eligible for the same amount in FY 2015-16 as they were eligible for in FY 2014-15. Conference funded the program at the same level as in FY 2014-15, with \$243,040,000 in ongoing appropriations and \$5.8 million in one-time funding. 0

- 5. **FY 2015-16 One-Time Gross Appropriations.** The Governor eliminated \$5.8 million in one-time funding for CVT revenue sharing. House and Senate concurred. Conference restored the \$5.8 million for FY 2015-16. 0

Total Changes	\$24,190,700
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$1,252,406,100
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- 1. **Accountability and Transparency.** The Governor revised the accountability and transparency criteria for CVTs and counties to specify that the report of debt service payments includes payments until maturity of the debt and to require that eligible CVTs and counties include information in any general mailing to citizens about the internet or physical location of the accountability and transparency reports. The Senate and House concurred. (Sec. 952)
- 2. **County Revenue Sharing - Statement of Purpose.** The Governor added language to state that the purpose of the increased funding for county revenue sharing is to provide the funding allowed under Sec. 44a of the General Property Tax Act. The Senate and House did not include. (Sec. 20-957)
- 3. **Online Financial Accountability Reporting System.** The Governor deleted language that required the Department of Treasury to work with the Department of Technology, Management, and Budget to issue a request for proposals (RFP) for a statewide financial accountability reporting system accessible to the general public and report on the status of the RFP by March 15. The Senate and House concurred. (Sec. 958)

Conference Agreement on Items of Difference

4. **City, Village, and Township Revenue Sharing Eligibility.** The Governor deleted the distribution of \$2.64659 per capita to CVTs with a population of over 7,500 that was in effect for FY 2014-15. Eligibility remains for CVTs that received a statutory revenue sharing payment in FY 2009-10 greater than \$4,500. Those CVTs are eligible for up to 78.51044% of the payment received in FY 2009-10. The Senate concurred with Governor in elimination of the per capita payment and retention of the payment calculation for CVTs that received at least \$4,500 of statutory revenue sharing in FY 2009-10. The Senate added alternate payments for CVTs that received a per capita payment in FY 2014-15. The alternate payment would be the amount by which the total of statutory and constitutional revenue sharing in FY 2014-15, for CVTs that received a per capita payment in FY 2014-15. The total of the alternate payments would be capped at \$424,100 and prorated as necessary. The House set the maximum payment for each CVT with a population of less than 600,000 at the same amount the CVT was eligible for in FY 2014-15. For a CVT with a population greater than 600,000 (City of Detroit), the House set the maximum payment at 95.870812% of the amount the city was eligible for in FY 2014-15. Conference maintained eligibility and payment amounts at the same level as in FY 2014-15. (Sec. 952)
5. **County Revenue Sharing Withholding.** The Governor authorized the withholding of revenue sharing payments to a county if the county is more than three months delinquent in maintaining the county child care fund or State ward board and care chargeback obligations. These obligations relate to foster care and juvenile justice. The Senate allowed payments to be withheld if the county is at least 6 months delinquent, the Department of Human Services previously has notified the county court administrator and the chair of the county board of commissioners that the county was 3 months delinquent, the amount of the withholding is limited to the amount of the delinquency, and the withholding is only implemented after the director of DHS sends a formal, written notice to Treasury that states that the county is at least 6 months delinquent, the amount of the delinquent payments, and that payments should be withheld. The House limited the withholding to the amount of arrears if the county is more than three months delinquent. The House language states that the county would be deemed delinquent upon notification from the State. Conference did not include. (Sec. 952(5)(i))
6. **Financially Distressed CVTs.** The Governor delayed the report date for grant awards from March 15 to September 30. The Governor expanded examples of allowable uses for the grants. The Governor added replacement of critical infrastructure (instead of just repair), added repair or replacement of critical equipment owned by the CVT; permitted qualifying infrastructure to be either owned or maintained by the CVT (as opposed to "owned and maintained" by the CVT; allowed funds to be used to reduce any type of debt service obligations (not just obligations supported by the local general fund), and specified that shared services are provided in conjunction with another jurisdiction. The Governor also updated work project amounts and dates and removed the direction for Treasury to establish an application process. The Senate retained language on the application process, changed the report due date to March 31, and concurred with Governor on other items. The House changed the report due date to September 30, included a statement on the use of grant funds, eliminated the reporting of the payment schedule, and concurred with the Senate on other issues. Conference set the report date at March 31 and concurred with the House on other issues. (Sec. 20-956)
7. **Revenue Sharing Workgroup.** Conference added intent language that states that there will be a legislative workgroup with participation from the executive office to explore revisions to the distribution of nonconstitutional revenue sharing for cities, villages, and townships. (Sec. 957)

Date Completed: 5-25-15

Fiscal Analyst: Elizabeth Pratt

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.



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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	756.0	1,613.0	857.0	113.4
GROSS	1,002,779,900	1,153,023,500	150,243,600	15.0
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	1,002,779,900	1,153,023,500	150,243,600	15.0
Less:				
Federal Funds.....	627,370,300	764,102,800	136,732,500	21.8
Local and Private	10,088,400	10,052,500	(35,900)	(0.4)
TOTAL STATE SPENDING.....	365,321,200	378,868,200	13,547,000	3.7
Less:				
Other State Restricted Funds.....	142,678,700	180,411,200	37,732,500	26.4
GENERAL FUND/GENERAL PURPOSE.....	222,642,500	198,457,000	(24,185,500)	(10.9)
PAYMENTS TO LOCALS	11,224,800	11,224,800	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$1,002,779,900

Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

- Restore Supplemental Reductions.** House Bill 4112 (PA 6 of 2015) resulted in a one-time decrease of \$10.0 million in Gross and GF/GP. These reductions occurred in Business Attraction and Community Revitalization (\$2.2 million), and Entrepreneurship Eco-systems (\$7.8 million). The Senate/House restored these cuts. 10,000,000
- Elimination of One-time Items.** The Governor/Senate/House eliminated the FY 2014-15 one-time appropriations for special grants (\$15.8 million) and the automotive, engineering and manufacturing fund (\$2.0 million). (17,750,000)
- Michigan Film Office.** The Governor/Senate/House eliminated the GF/GP to this office, which reduces total appropriations to \$653,800. However, statute allows for up to 4% of the total appropriations to the film incentive program to go towards administration, which can support the office. (237,100)
- Economic Adjustments.** Economic adjustments increased \$210,000 Gross and \$93,900 GF/GP. Also includes negative \$413,800 Gross and negative \$142,300 GF/GP for OPEB and negative \$6,500 Gross and \$0 GF/GP for other economic adjustments. (210,300)

Conference Agreement on Items of Difference

- Executive Order Revisions.** The Governor issued two Executive Revisions due to E.O. 2015-11 (creation of the Department of Talent and Economic Development), which increase the Gross by \$186.6 million and E.O. 2015-10 (creation of the Michigan Agency for Energy), which reduced Gross by \$4.7 million. 181,891,000
- Film Incentive.** The House eliminated Film Incentives (\$38.0 million). The Governor and Senate restored the cuts for FY 2015-16. The Conference retained \$25.0 million in one time. (13,000,000)

FY 2015-16 TALENT AND ECONOMIC DEVELOPMENT BUDGET

7. Pure Michigan. The Governor increased \$1.0 million in 21 st Century Jobs Trust Fund to this line item. This increased total appropriations to \$30.0 million. The Senate increased 21 st Century Job Trust Fund by an additional \$5.0 million to \$35.0 million. The House did not concur with the transfer. The Conference increased the line item to \$33.0 million, \$1.0 million from Business Attraction and Community Revitalization and \$3.0 million from Entrepreneurship Eco-system.	4,000,000
8. \$100 Placeholders and Special Grants. The Senate added two \$100 placeholders for Charles H. Wright Museum of African American History and blight removal in the City of Springfield. The House included \$1.0 million for Special Projects. The Conference included \$5.15 million for Special Projects.	5,150,000
9. Business Attraction and Community Revitalization. The Governor reduced \$1.0 million in 21 st Century Jobs Trust Fund from this line item. The Senate reduced 21 st Century Job Trust Fund by an additional \$5.0 million, decreasing gross appropriations to \$124.0 million. The Senate also reduce general fund by \$38.5 million. Of the total, \$17.9 million in one-time funding was replaced with MEDC Corporate Revenue, and \$20.6 million in ongoing funding was replaced with 21 st Century Permanent Fund revenue, decreasing GF/GP appropriations to \$70.5 million. Section 1002 provides intent language for use of the two funds. The Senate also transferred \$100 to the line capital improvements for the Charles H. Wright Museum. The House removed one-time funding. The Conference reduced the Gross by \$15.0 million from the Governor by reducing GF/GP by \$15.6 million and increasing 21 st Century Jobs Trust Fund by \$600,000, for a total appropriations of \$114.0 million.	(16,000,000)
10. Entrepreneurship Eco-system. The Conference reduced this line-item by \$3.6 million, and transferred \$3.0 million to Pure Michigan and \$600,000 to Business Attraction	(3,600,000)
11. Other Changes. The Governor/House consolidated ten Workforce Development line items into two. The consolidation resulted in no overall change to the line items other than economic adjustments. The Senate did not concur with the Governor's consolidation, maintaining current law with economic adjustments. The Conference concurred with the Governor, but added section 1064, which requires a report on the funding for each program.	
Total Changes	\$150,243,600
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$1,153,023,500
Amount Over/(Under) GF/GP Target: \$0	

Boilerplate Changes from FY 2014-15 Year-to-Date:

Items Included by the Senate and House

1. **Deleted by Governor/Senate/House.** The Governor/Senate/House deleted a number of sections, this includes: the Housing Rehabilitation Task Force (990), restrictions on future funding for Business Incubators (1034(2)), the bond issuance for the Facility for Rare Isotope Beams (1037(1)), funding for the West Michigan film office (1043), the Michigan Heritage Restoration program (1044 & 1049), bond issuance for the Community College Skilled Trades Equipment program (1052), the low-income transportation workgroup (1058), the Pre-college Engineering program (1059).
2. **Sections retained by the Senate/House, deleted by the Governor.** The Senate/House retained a number of sections that were deleted by the Governor, this includes: MSDHA reports (980 & 981), and references to loans made by the Michigan film office (1032).
3. **New/Modified Sections Proposed by the Governor, Concurred by the Senate/House.** The Senate/House concurred with a number of new/modified sections that were proposed by the Governor, this includes: allowing the skilled trades training program to use up to \$5.0 million towards matching Federal funds (1039b), a new report on the status of skilled trades equipment projects (1052), and providing benchmarks for the one-time funding for Business Attraction and Community Revitalization (1071). (Secs. 1039b, 1052, 1071)

FY 2015-16 TALENT AND ECONOMIC DEVELOPMENT BUDGET

- 4. Technical Changes.** The Governor/Senate/House made a number of technical adjustments throughout the bill to reflect date changes, alignment with statute, consistency in reporting, and Legacy Cost adjustments. The Conference included sections 1076, 1077, 1078, 1079, which were transferred from LARA in E.O. 2015-11.

Conference Agreement on Items of Difference

- 5. Deleted by Governor and Senate.** The Governor and Senate deleted, and the House retained, a number of sections, this includes: limit on business attraction and community revitalization appropriation transfer (1041), the Aerospace Supplier program (1057), and the GED-to-school program (1069). The Conference retained the limit on business attraction and community revitalization appropriation transfer (1041), removed the Aerospace Supplier program (1057), and retained the GED-to-school program (1069), with modification to allow FY 2014-15 funds to be carried forward as a work project.
- 6. MEDC Corporate Revenue/21st Century Permanent Fund.** The Senate added legislative intent language to use MEDC corporate revenue and revenue from the 21st Century Permanent Fund to replace reductions in GF/GP. The Conference did not include this section. (Sec. 1002)
- 7. Sections Retained by the Senate, Deleted By the Governor.** The Senate retained a number of sections that were deleted by the Governor/House, this includes: the Land Bank Fast Track Authority report (986), administrative oversight on the construction of the Facility for Rare Isotope Beams (1037), and the Workforce Development workgroup (1070). The Conference did not include the Land Bank Fast Track Authority report (986), but retained administrative oversight on the construction of the Facility for Rare Isotope Beams (1037), and the Workforce Development workgroup (1070).
- 8. New/Modified Sections Proposed by the Governor, Concurred by the Senate.** The Senate concurred and the House did not concur with a number of new/modified sections that were proposed by the Governor, this includes: modifications to the Pure Michigan report (1007), removing references to indirect economic impact, jobs, and private investment from the film incentive report (1033), and providing benchmarks for the one-time funding for Film Incentives (1072). The Conference included the modifications to the Pure Michigan report (1007), removing references to indirect economic impact, jobs, and private investment from the film incentive report (1033), and providing benchmarks for the one-time funding for Film Incentives (1072).
- 9. Earmark Sections.** The Senate allocated \$500,000 from Community Ventures to be used towards workforce development for refugees of the Iraq war (Sec. 1073), \$750,000 from Business Attraction and Community Revitalization to consortiums that are developing unmanned aerial systems technology (Sec. 1074), and up to \$1.0 million from Entrepreneurship Eco-system to the Van Andel Institute to use for matching Federal funds, private/nonprofit grants, and private contributions (Sec. 1075). The Conference did not concur with any of these sections.
- 10. Film Incentive Program.** The Conference included a section that requires a one time payment of \$19,050,000 from one time film incentives to the Michigan Retirement Systems for obligations purchased, guaranteed, or payments incurred due to previous bond deals. (Sec. 1056)
- 11. Workforce Development Program Report.** The House added a status report requirement on each program without workforce development. The Conference concurred with this section. (Sec. 1064)

Date Completed: 5-27-15

Fiscal Analyst: Cory Savino