

Prospective drug utilization review and disease management systems.

Sec. 1621. (1) The department may implement prospective drug utilization review and disease management systems. The prospective drug utilization review and disease management systems authorized by this subsection shall have physician oversight, shall focus on patient, physician, and pharmacist education, and shall be developed in consultation with the national pharmaceutical council, Michigan state medical society, Michigan association of osteopathic physicians, Michigan pharmacists' association, Michigan health and hospital association, and Michigan nurses' association.

(2) This section does not authorize or allow therapeutic substitution.

Disease management and health management programs; pilot projects.

Sec. 1621a. (1) The department, in conjunction with pharmaceutical manufacturers or their agents, may establish pilot projects to test the efficacy of disease management and health management programs.

(2) The department may negotiate a plan that uses the savings resulting from the services rendered from these programs, in lieu of requiring a supplemental rebate for the inclusion of those participating parties' products on the department's preferred drug list.

Pharmaceutical best practice initiative.

Sec. 1622. The department shall implement a pharmaceutical best practice initiative. All of the following apply to that initiative:

(a) A physician that calls the department's agent for prior authorization of drugs that are not on the department's preferred drug list shall be informed of the option to speak to the agent's physician on duty concerning the prior authorization request if the agent's pharmacist denies the prior authorization request. If immediate contact with the agent's physician on duty is requested, but cannot be arranged, the physician placing the call shall be immediately informed of the right to request a 72-hour supply of the nonauthorized drug.

(b) The department's prior authorization and appeal process shall be available on the department's website. The department shall also continue to implement a program that allows providers to file prior authorization and appeal requests electronically.

(c) The department shall provide authorization for prescribed drugs that are not on its preferred drug list if the prescribing physician verifies that the drugs are necessary for the continued stabilization of the patient's medical condition following documented previous failures on earlier prescription regimens. Documentation of previous failures may be provided by telephone, facsimile, or electronic transmission.

(d) Meetings of the department's pharmacy and therapeutics committee shall be open to the public with advance notice of the meeting date, time, place, and agenda posted on the department's website 14 days in advance of each meeting date. By January 31 of each year, the department shall publish the committee's regular meeting schedule for the year on the department's website. The pharmacy and therapeutics committee meetings shall be subject to the requirements of the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The committee shall provide an opportunity for interested parties to comment at each meeting following written notice to the committee's chairperson of the intent to provide comment.

(e) The pharmacy and therapeutics committee shall make recommendations for the inclusion of medications on the preferred drug list based on sound clinical evidence found in labeling, drug compendia, and peer-reviewed literature pertaining to use of the drug in the relevant population. The committee shall develop a method to receive notification and clinical information about new drugs. The department shall post this process and the necessary forms on the department's website.

(f) The department shall assure compliance with the published Medicaid bulletin implementing the Michigan pharmaceutical best practices initiative program. The department shall also include this information on its website.

(g) The department shall by March 15, 2004 provide to the members of the house and senate appropriations subcommittees on community health a report on the impact of the pharmaceutical best practice initiative on the Medicaid community. The report shall include, but not be limited to, the number of appeals used in the prior authorization process and any reports of patients who are hospitalized because of authorization denial.

(h) By May 15, 2004, the department shall provide a report to the members of the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies identifying the prescribed drugs that are grandfathered in as preferred drugs and available without prior authorization and the population groups to which they apply. The report shall assess strategies to improve the drug prior authorization process.

Pharmacy and therapeutics committee.

Sec. 1622a. (1) It is the intent of the legislature that the pharmacy and therapeutics committee shall consist of the following 11 members:

(a) Five members of the committee shall be Michigan licensed retail pharmacists who are in active clinical practice residing in the state. All member pharmacists shall have a representative portion of fee-for-service Medicaid clients in their practice.

(b) Six members of the committee shall be Michigan licensed physicians who are in active clinical practice residing in the state. All member physicians shall have a representative portion of fee-for-service Medicaid clients in their practice.

(2) It is also the intent of the legislature that the membership on the committee shall be developed by appointing:

(a) Physicians, recommended by the Michigan medical society and the Michigan osteopathic association, and may include at least 1 physician with expertise in mental health.

(b) Retail pharmacists, recommended by the Michigan pharmacists association and the Michigan retailers association, and may include at least 1 pharmacist with expertise with mental health drugs.

Dispensing 100-day supply for maintenance drugs.

Sec. 1623. (1) The department shall continue the Medicaid policy that allows for the dispensing of a 100-day supply for maintenance drugs.

(2) The department shall notify all HMOs, physicians, pharmacies, and other medical providers that are enrolled in the Medicaid program that Medicaid policy allows for the dispensing of a 100-day supply for maintenance drugs.

(3) The notice in subsection (2) shall also clarify that a pharmacy shall fill a prescription written for maintenance drugs in the quantity specified by the physician, but not more than the maximum allowed under Medicaid, unless subsequent consultation with the prescribing physician indicates otherwise.

Rebate and supplemental rebate contracts.

Sec. 1624. The department may continue all rebate and supplemental rebate contracts with a pharmaceutical manufacturer until a multistate drug purchasing compact is fully established.

Atypical antipsychotic medications; placement on Medicaid preferred drug list.

Sec. 1625. The department shall continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list.

Multistate drug purchasing compact; benefit-cost analysis.

Sec. 1626. Prior to implementing a multistate drug purchasing compact, the department shall provide the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies with a benefit-cost analysis to document that the savings from the compact exceed the savings from the current preferred drug list (PDL) supplemental rebate drug programs.

Quarterly rebates from pharmaceutical manufacturers for outpatient drugs.

Sec. 1627. (1) The department shall use procedures and rebates amounts specified under section 1927 of title XIX, 42 U.S.C. 1396r-8, to secure quarterly rebates from pharmaceutical manufacturers for outpatient drugs dispensed to participants in the MICHild program, maternal outpatient medical services program, state medical program, children's special health care services, and EPIC.

(2) For products distributed by pharmaceutical manufacturers not providing quarterly rebates as listed in subsection (1), the department may require preauthorization.

Sec. 1628. Recipients of children's special health care services shall be exempt from the prior authorization requirements for prescription drugs related to their qualifying condition in the department of community health's pharmaceutical best practices initiative.

Allowable cost pricing for generic drugs.

Sec. 1629. The department shall utilize maximum allowable cost pricing for generic drugs that is based on wholesaler pricing to providers that is available from at least 2 wholesalers who deliver in the state of Michigan.

Sec. 1630. Medicaid hearing aid services, podiatric services, and chiropractic services shall continue at not less than the level in effect on October 1, 2002, except that reasonable utilization limitations may be adopted in order to prevent excess utilization. The department shall not impose utilization restrictions on chiropractic services unless a recipient has exceeded 18 office visits within 1 year.

Dental, podiatric, chiropractic, vision, and hearing aid services; copayments.

Sec. 1631. The department shall require copayments on dental, podiatric, chiropractic, vision, and hearing aid services provided to Medicaid recipients, except as prohibited by federal or state law or regulation.

Healthy kids dental program.

Sec. 1633. From the funds appropriated in part 1 for auxiliary medical services, the department shall expand the healthy kids dental program statewide if funds become available specifically for expansion of the program.

Ambulance services.

Sec. 1634. From the funds appropriated in part 1 for ambulance services, the department shall continue the 5% increase in payment rates for ambulance services implemented in fiscal year 2000-2001.

Cost reports; submission.

Sec. 1641. An institutional provider that is required to submit a cost report under the medical services program shall submit cost reports completed in full within 5 months after the end of its fiscal year.

Psychiatric residency training program; allocation.

Sec. 1643. Of the funds appropriated in part 1 for graduate medical education in the hospital services and therapy line item appropriation, \$7,270,200.00 shall be allocated for the psychiatric residency training program that establishes and maintains collaborative relations with the schools of medicine at Michigan State University and Wayne State University if the necessary Medicaid matching funds are provided by the universities as allowable state match.

Graduate medical education.

Sec. 1647. From the funds appropriated in part 1 for hospital services, the department shall allocate for graduate medical education not less than the level of rates and payments in effect on April 1, 2003.

Eligibility status of Medicaid recipients; maintenance of toll-free phone line.

Sec. 1648. The department shall maintain an automated toll-free phone line to enable medical providers to verify the eligibility status of Medicaid recipients. There shall be no charge to providers for the use of the toll-free phone line.

Breast and cervical cancer treatment coverage.

Sec. 1649. From the funds appropriated in part 1 for medical services, the department shall continue breast and cervical cancer treatment coverage for women up to 250% of the federal poverty level, who are under age 65, and who are not otherwise covered by insurance. This coverage shall be provided to women who have been screened through the centers for disease control breast and cervical cancer early detection program, and are found to have breast or cervical cancer, pursuant to the breast and cervical cancer prevention and treatment act of 2000, Public Law 106-354, 114 Stat. 1381.

Medical services recipients; assignment to managed care plan; preference; exceptions.

Sec. 1650. (1) The department may require medical services recipients residing in counties offering managed care options to choose the particular managed care plan in which they wish to be enrolled. Persons not expressing a preference may be assigned to a managed care provider.

(2) Persons to be assigned a managed care provider shall be informed in writing of the criteria for exceptions to capitated managed care enrollment, their right to change HMOs for any reason within the initial 90 days of enrollment, the toll-free telephone number for problems and complaints, and information regarding grievance and appeals rights.

(3) The criteria for medical exceptions to HMO enrollment shall be based on submitted documentation that indicates a recipient has a serious medical condition, and is undergoing active treatment for that condition with a physician who does not participate in 1 of the HMOs. If the person meets the criteria established by this subsection, the department shall grant an exception to mandatory enrollment at least through the current prescribed course of treatment, subject to periodic review of continued eligibility.

Hospice services.

Sec. 1651. (1) Medical services patients who are enrolled in HMOs have the choice to elect hospice services or other services for the terminally ill that are offered by the HMOs. If the patient elects hospice services, those services shall be provided in accordance with part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(2) The department shall not amend the medical services hospice manual in a manner that would allow hospice services to be provided without making available all comprehensive hospice services described in 42 C.F.R. part 418.

Managed care; implementation and contracting.

Sec. 1653. Implementation and contracting for managed care by the department through HMOs shall be subject to the following conditions:

(a) Continuity of care is assured by allowing enrollees to continue receiving required medically necessary services from their current providers for a period not to exceed 1 year if enrollees meet the managed care medical exception criteria.

(b) The department shall require contracted HMOs to submit data determined necessary for evaluation on a timely basis.

(c) A health plans advisory council is functioning that meets all applicable federal and state requirements for a medical care advisory committee. The council shall review at least quarterly the implementation of the department's managed care plans.

(d) Mandatory enrollment of Medicaid beneficiaries living in counties defined as rural by the federal government, which is any nonurban standard metropolitan statistical area, is allowed if there is only 1 HMO serving the Medicaid population, as long as each Medicaid beneficiary is assured of having a choice of at least 2 physicians by the HMO.

(e) Enrollment of recipients of children's special health care services in HMOs shall be voluntary during fiscal year 2003-2004.

(f) The department shall develop a case adjustment to its rate methodology that considers the costs of persons with HIV/AIDS, end stage renal disease, organ transplants, epilepsy, and other high-cost diseases or conditions and shall implement the case adjustment when it is proven to be actuarially and fiscally sound. Implementation of the case adjustment must be budget neutral.

HMO covered services; reimbursement.

Sec. 1654. Medicaid HMOs shall provide for reimbursement of HMO covered services delivered other than through the HMO's providers if medically necessary and approved by the HMO, immediately required, and that could not be reasonably obtained through the HMO's providers on a timely basis. Such services shall be considered approved if the HMO does not respond to a request for authorization within 24 hours of the request. Reimbursement shall not exceed the Medicaid fee-for-service payment for those services.

HMO lock-in period.

Sec. 1655. (1) The department may require a 12-month lock-in to the HMO selected by the recipient during the initial and subsequent open enrollment periods, but allow for good cause exceptions during the lock-in period.

(2) Medicaid recipients shall be allowed to change HMOs for any reason within the initial 90 days of enrollment.

Expedited complaint review procedure.

Sec. 1656. (1) The department shall provide an expedited complaint review procedure for Medicaid eligible persons enrolled in HMOs for situations in which failure to receive any health care service would result in significant harm to the enrollee.

(2) The department shall provide for a toll-free telephone number for Medicaid recipients enrolled in managed care to assist with resolving problems and complaints. If warranted, the department shall immediately disenroll persons from managed care and approve fee-for-service coverage.

(3) Annual reports summarizing the problems and complaints reported and their resolution shall be provided to the house of representatives and senate appropriations subcommittees on community health, the house and senate fiscal agencies, the state budget office, and the department's health plans advisory council.

Hospital emergency room services; coverage to screen and stabilize Medicaid recipient.

Sec. 1657. (1) Reimbursement for medical services to screen and stabilize a Medicaid recipient, including stabilization of a psychiatric crisis, in a hospital emergency room shall not be made contingent on obtaining prior authorization from the recipient's HMO. If the recipient is discharged from the emergency room, the hospital shall notify the recipient's HMO within 24 hours of the diagnosis and treatment received.

(2) If the treating hospital determines that the recipient will require further medical service or hospitalization beyond the point of stabilization, that hospital must receive authorization from the recipient's HMO prior to admitting the recipient.

(3) Subsections (1) and (2) shall not be construed as a requirement to alter an existing agreement between an HMO and their contracting hospitals nor as a requirement that an HMO must reimburse for services that are not considered to be medically necessary.

(4) Prior to contracting with an HMO for managed care services that did not have a contract with the department before October 1, 2002, the department shall receive assurances from the office of financial and insurance services that the HMO meets the net worth and financial solvency requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Hospital access agreement.

Sec. 1658. (1) It is the intent of the legislature that HMOs shall have contracts with hospitals within a reasonable distance from their enrollees. If a hospital does not contract with the HMO, in its service area, that hospital shall enter into a hospital access agreement as specified in the MSA bulletin Hospital 01-19.

(2) A hospital access agreement specified in subsection (1) shall be considered an affiliated provider contract pursuant to the requirements contained in chapter 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

Sections applying to Medicaid managed care programs.

Sec. 1659. The following sections are the only ones that shall apply to the following Medicaid managed care programs, including the comprehensive plan, children's special health care services plan, MIChoice long-term care plan, and the mental health, substance abuse, and developmentally disabled services program: 402, 404, 414, 418, 424, 428, 442, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, and 1699.

Access of children to EPSDT services.

Sec. 1660. (1) The department shall assure that all Medicaid children have timely access to EPSDT services as required by federal law. Medicaid HMOs shall provide EPSDT services to their child members in accordance with Medicaid EPSDT policy.

(2) The primary responsibility of assuring a child's hearing and vision screening is with the child's primary care provider. The primary care provider shall provide age appropriate screening or arrange for these tests through referrals to local health departments. Local health departments shall provide preschool hearing and vision screening services and accept referrals for these tests from physicians or from Head Start programs in order to assure all preschool children have appropriate access to hearing and vision screening. Local health departments shall be reimbursed for the cost of providing these tests for Medicaid eligible children by the Medicaid program.

(3) The department shall require Medicaid HMOs to provide EPSDT utilization data through the encounter data system, and health employer data and information set well child health measures in accordance with the National Committee on Quality Assurance prescribed methodology.

(4) The department shall require HMOs to be responsible for well child visits and maternal and infant support services as described in Medicaid policy. These responsibilities shall be specified in the information distributed by the HMOs to their members.

(5) The department shall provide, on an annual basis, budget neutral incentives to Medicaid HMOs and local health departments to improve performance on measures related to the care of children and pregnant women.

Access of children and pregnant women to MSS/ISS services.

Sec. 1661. (1) The department shall assure that all Medicaid eligible children and pregnant women have timely access to MSS/ISS services. Medicaid HMOs shall assure that maternal support service screening is available to their pregnant members and that those women found to meet the maternal support service high-risk criteria are offered maternal support services. Local health departments shall assure that maternal support service screening is available for Medicaid pregnant women not enrolled in an HMO and that those women found to meet the maternal support service high-risk criteria are offered maternal support services or are referred to a certified maternal support service provider.

(2) The department shall prohibit HMOs from requiring prior authorization of their contracted providers for any EPSDT screening and diagnosis service, for any MSS/ISS screening referral, or for up to 3 MSS/ISS service visits.

(3) The department shall assure the coordination of MSS/ISS services with the WIC program, state-supported substance abuse, smoking prevention, and violence prevention programs, the family independence agency, and any other state or local program with a focus on preventing adverse birth outcomes and child abuse and neglect.

EPSDT and MSS/ISS programs; review; reports; improvement of service delivery and coordination; training and technical assistance workshops.

Sec. 1662. (1) The department shall require the external quality review contractor to conduct a review of all EPSDT components provided to children from a statistically valid sample of health plan medical records.

(2) The department shall provide a copy of the analysis of the Medicaid HMO annual audited health employer data and information set reports and the annual external quality review report to the senate and house of representatives appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director, within 30 days of the department's receipt of the final reports from the contractors.

(3) The department shall work with the Michigan association of health plans and the Michigan association for local public health to improve service delivery and coordination in the MSS/ISS and EPSDT programs.

(4) The department shall provide training and technical assistance workshops on EPSDT and MSS/ISS for Medicaid health plans, local health departments, and MSS/ISS contractors.

Early entrance of Medicaid recipients into prenatal care.

Sec. 1664. The department shall develop and implement incentives for providers to increase early entry of Medicaid recipients into prenatal care. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

Medicaid-eligible persons under age of 21; access to health screening under EPSDT program.

Sec. 1665. The department shall develop and implement a plan to improve access to health screening services under the EPSDT program for all Medicaid-eligible persons under the age of 21. The department shall provide documentation to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies on their progress in carrying out this section by June 1, 2004.

MIChild program; eligibility criteria; contracts for services; payments.

Sec. 1670. (1) The appropriation in part 1 for the MICHild program is to be used to provide comprehensive health care to all children under age 19 who reside in families with income at or below 200% of the federal poverty level, who are uninsured and have not had coverage by other comprehensive health insurance within 6 months of making application for MICHild benefits, and who are residents of this state. The department shall develop detailed eligibility criteria through the medical services administration public concurrence process, consistent with the provisions of this act. Health care coverage for children in families below 150% of the federal poverty level shall be provided through expanded eligibility under the state's Medicaid program. Health coverage for children in families between 150% and 200% of the federal poverty level shall be provided through a state-based private health care program.

(2) The department shall enter into a contract to obtain MICHild services from any HMO, dental care corporation, or any other entity that offers to provide the managed

health care benefits for MICHild services at the MICHild capitated rate. As used in this subsection:

(a) “Dental care corporation”, “health care corporation”, “insurer”, and “prudent purchaser agreement” mean those terms as defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL 550.52.

(b) “Entity” means a health care corporation or insurer operating in accordance with a prudent purchaser agreement.

(3) The department may enter into contracts to obtain certain MICHild services from community mental health service programs.

(4) The department may make payments on behalf of children enrolled in the MICHild program from the line-item appropriation associated with the program as described in the MICHild state plan approved by the United States department of health and human services, or from other medical services line-item appropriations providing for specific health care services.

MICHild program; marketing and outreach.

Sec. 1671. From the funds appropriated in part 1, the department shall continue a comprehensive approach to the marketing and outreach of the MICHild program. The marketing and outreach required under this section shall be coordinated with current outreach, information dissemination, and marketing efforts and activities conducted by the department.

MICHild program; length of eligibility.

Sec. 1672. The department may provide up to 1 year of continuous eligibility to children eligible for the MICHild program unless the family fails to pay the monthly premium, a child reaches age 19, or the status of the children’s family changes and its members no longer meet the eligibility criteria as specified in the federally approved MICHild state plan.

MICHild program; monthly premiums.

Sec. 1673. The department may establish premiums for MICHild eligible persons in families with income above 150% of the federal poverty level. The monthly premiums shall not exceed \$5.00 for a family.

Copayments.

Sec. 1674. The department shall not require copayments under the MICHild program.

Changes in eligibility.

Sec. 1675. Children whose category of eligibility changes between the Medicaid and MICHild programs shall be assured of keeping their current health care providers through the current prescribed course of treatment for up to 1 year, subject to periodic reviews by the department if the beneficiary has a serious medical condition and is undergoing active treatment for that condition.

MICHild program eligibility; income; verification.

Sec. 1676. To be eligible for the MICHild program, a child must be residing in a family with an adjusted gross income of less than or equal to 200% of the federal poverty level. The department’s verification policy shall be used to determine eligibility.

Medically necessary services.

Sec. 1677. The MICHild program shall provide all benefits available under the state employee insurance plan that are delivered through contracted providers and consistent with federal law, including, but not limited to, the following medically necessary services:

- (a) Inpatient mental health services, other than substance abuse treatment services, including services furnished in a state-operated mental hospital and residential or other 24-hour therapeutically planned structured services.
- (b) Outpatient mental health services, other than substance abuse services, including services furnished in a state-operated mental hospital and community-based services.
- (c) Durable medical equipment and prosthetic and orthotic devices.
- (d) Dental services as outlined in the approved MICHild state plan.
- (e) Substance abuse treatment services that may include inpatient, outpatient, and residential substance abuse treatment services.
- (f) Care management services for mental health diagnoses.
- (g) Physical therapy, occupational therapy, and services for individuals with speech, hearing, and language disorders.
- (h) Emergency ambulance services.

Nursing home employee wage and benefit increases.

Sec. 1680. (1) It is the intent of the legislature that payment increases for enhanced wages and new or enhanced employee benefits provided through the Medicaid nursing home wage pass-through program in previous years be continued in fiscal year 2003-2004.

(2) The department shall provide a report to the house and senate appropriations subcommittees on community health and the house and senate fiscal agencies regarding the amount of nursing home employee wage and benefit increases provided through the nursing home wage pass-through program in fiscal year 2002-2003.

Services provided by family members, friends, and neighbors.

Sec. 1681. From the funds appropriated in part 1 for home and community-based services, the department and local waiver agents shall encourage the use of family members, friends, and neighbors of home and community-based services participants, where appropriate, to provide homemaker services, meal preparation, transportation, chore services, and other nonmedical covered services to participants in the Medicaid home and community-based services program. This section shall not be construed as allowing for the payment of family members, friends, or neighbors for these services unless explicitly provided for in federal or state law.

Nursing facility enforcement provisions; implementation; disposition of penalty money.

Sec. 1682. (1) The department shall implement enforcement actions as specified in the nursing facility enforcement provisions of section 1919 of title XIX, 42 U.S.C. 1396r.

(2) The department is authorized to receive and spend penalty money received as the result of noncompliance with medical services certification regulations. Penalty money, characterized as private funds, received by the department shall increase authorizations and allotments in the long-term care accounts.

(3) Any unexpended penalty money, at the end of the year, shall carry forward to the following year.

Services to terminally or chronically ill persons.

Sec. 1683. The department shall promote activities that preserve the dignity and rights of terminally ill and chronically ill individuals. Priority shall be given to programs, such as hospice, that focus on individual dignity and quality of care provided persons with terminal illness and programs serving persons with chronic illnesses that reduce the rate of suicide through the advancement of the knowledge and use of improved, appropriate pain management for these persons; and initiatives that train health care practitioners and faculty in managing pain, providing palliative care, and suicide prevention.

Nursing home rates.

Sec. 1685. All nursing home rates, class I and class III, must have their respective fiscal year rate set 30 days prior to the beginning of their rate year. Rates may take into account the most recent cost report prepared and certified by the preparer, provider corporate owner or representative as being true and accurate, and filed timely, within 5 months of the fiscal year end in accordance with Medicaid policy. If the audited version of the last report is available, it shall be used. Any rate factors based on the filed cost report may be retroactively adjusted upon completion of the audit of that cost report.

Patients with Alzheimer's disease or dementia.

Sec. 1687. (1) The department shall undertake an assessment and inventory of all facilities capable of providing the appropriate level of residential care to persons afflicted with Alzheimer's disease or dementia.

(2) As part of this assessment, the department may establish pilot projects with freestanding psychiatric or other qualifying facilities that have developed specific units to provide specialized residential care for patients with Alzheimer's disease or dementia, or both. The purpose of these pilots shall be to ascertain whether such treatment modalities are cost effective at negotiated rates and can increase access to this level of care needed by affected patients and their families.

Limit on per unit reimbursements to service providers.

Sec. 1688. The department shall not impose a limit on per unit reimbursements to service providers that provide personal care or other services under the Medicaid home and community-based waiver program for the elderly and disabled. The department's per day per client reimbursement cap calculated in the aggregate for all services provided under the Medicaid home and community-based waiver is not a violation of this section.

Medicaid home and community-based services program; enrollment.

Sec. 1689. (1) Priority in enrolling additional persons in the Medicaid home and community-based services program shall be given to those who are currently residing in nursing homes or who are eligible to be admitted to a nursing home if they are not provided home and community-based services. The department shall implement screening and assessment procedures to assure that no additional Medicaid eligible persons are admitted to nursing homes who would be more appropriately served by the Medicaid home and community-based services program. If there is a net decrease in the number of Medicaid nursing home days of care during the most recent quarter in comparison with the previous quarter and a net cost savings attributable to moving individuals from a nursing home to the home and community-based services waiver program, the department shall transfer the net cost savings to the home and community-based services waiver program. If a transfer is required, it shall be done on a quarterly basis.

(2) Within 30 days of the end of each fiscal quarter, the department shall provide a report to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies that details existing and future allocations for the home and community-based waiver program by regions as well as the associated expenditures. The report shall include information regarding the net cost savings from moving individuals from a nursing home to the home and community-based services waiver program and the amount of funds transferred.

(3) The department shall utilize a competitive bid process to award funds for the implementation of the new screening process to be applied to home and community-based services and nursing facility services provided by Medicaid.

PACE program.

Sec. 1690. (1) Contingent on the availability of funds and the approval of the centers for Medicaid and Medicare services, the department shall encourage and assist in the establishment of a program of all inclusive care for the elderly (PACE), in at least parts of 3 west Michigan counties, being Kent, Barry, and Ionia.

(2) This program shall provide a capitated, managed care benefit for the frail elderly, provided by a not-for-profit agency, that will feature a comprehensive medical and social service delivery system. In addition, the program shall use a multidisciplinary team approach in an adult day health center supplemented by in-home and referral service in accordance with participants' needs. The PACE program may be funded by a combination of Medicaid, Medicare, or other fund sources.

Medical services provided in schools; reimbursement from federal Medicaid program.

Sec. 1692. (1) The department of community health is authorized to pursue reimbursement for eligible services provided in Michigan schools from the federal Medicaid program. The department and the state budget director are authorized to negotiate and enter into agreements, together with the department of education, with local and intermediate school districts regarding the sharing of federal Medicaid services funds received for these services. The department is authorized to receive and disburse funds to participating school districts pursuant to such agreements and state and federal law.

(2) From the funds appropriated in part 1 for medical services school services payments, the department is authorized to do all of the following:

- (a) Finance activities within the medical services administration related to this project.
- (b) Reimburse participating school districts pursuant to the fund sharing ratios negotiated in the state-local agreements authorized in subsection (1).
- (c) Offset general fund costs associated with the medical services program.

Special adjustor payments; increase.

Sec. 1693. The special adjustor payments appropriation in part 1 may be increased if the department submits a medical services state plan amendment pertaining to this line item at a level higher than the appropriation. The department is authorized to appropriately adjust financing sources in accordance with the increased appropriation.

Children's hospitals with high indigent care volume.

Sec. 1694. The department of community health shall distribute \$695,000.00 to children's hospitals that have a high indigent care volume. The amount to be distributed to any given hospital shall be based on a formula determined by the department of community health.

Receipt of federal Medicaid or children health insurance program funds; use of certain funds as state match.

Sec. 1697. (1) As may be allowed by federal law or regulation, the department may use funds provided by a local or intermediate school district, which have been obtained from a qualifying health system, as the state match required for receiving federal Medicaid or children health insurance program funds. Any such funds received shall be used only to support new school-based or school-linked health services.

(2) A qualifying health system is defined as any health care entity licensed to provide health care services in the state of Michigan, that has entered into a contractual relationship with a local or intermediate school district to provide or manage school-based or school-linked health services.

Separate payments to certain hospitals.

Sec. 1699. The department may make separate payments directly to qualifying hospitals serving a disproportionate share of indigent patients, and to hospitals providing graduate medical education training programs. If direct payment for GME and DSH is made to qualifying hospitals for services to Medicaid clients, hospitals will not include GME costs or DSH payments in their contracts with HMOs.

MIChoice home and community-based services waiver program screening process; proposed changes.

Sec. 1710. Any proposed changes by the department to the MIChoice home and community-based services waiver program screening process shall be provided to the members of the house and senate appropriations subcommittees on community health prior to implementation of the proposed changes.

Medicaid emergency physicians professional services; 2-tier reimbursement methodology.

Sec. 1711. (1) The department shall maintain the 2-tier reimbursement methodology for Medicaid emergency physicians professional services that was in effect on September 30, 2002, subject to the following conditions:

(a) Payments by case and in the aggregate shall not exceed 80% of Medicare payment rates.

(b) Total expenditures for these services shall not exceed the level of total payments made during fiscal year 2001-2002, after adjusting for Medicare copayments and deductibles and for changes in utilization.

(2) To ensure that total expenditures stay within the spending constraints of subsection (1)(b), the department shall develop a utilization adjustor for the basic 2-tier payment methodology. The adjustor shall be based on a good faith estimate by the department as to what the expected utilization of emergency room services will be during fiscal year 2003-2004, given changes in the number and category of Medicaid recipients. If expenditure and utilization data indicate that the amount and/or type of emergency physician professional services are exceeding the department's estimate, the utilization adjustor shall be applied to the 2-tier reimbursement methodology in such a manner as to reduce aggregate expenditures to the fiscal year 2001-2002 adjusted expenditure target.

(3) If federal law, regulation, or judicial ruling finds that this 2-tier reimbursement methodology is not health insurance portability and accountability act (HIPAA) compliant prior to the end of fiscal year 2003-2004, the department shall immediately provide the chairpersons of the senate and house appropriations subcommittees on community health

and their respective fiscal agencies with the proposed modifications necessary to bring this methodology into compliance.

(4) The proposal specified in subsection (3) should be as consistent as possible with the intent of the methodology specified in this section and must be provided to the subcommittee chairpersons and respective fiscal agencies no less than 30 days before the effective date of the proposal.

Rural health initiative.

Sec. 1712. (1) Subject to the availability of funds, the department shall implement a rural health initiative. Available funds shall first be allocated as an outpatient adjustor payment to be paid directly to hospitals in rural counties in proportion to each hospital's Medicaid and indigent patient population. Additional funds, if available, shall be allocated for defibrillator grants, EMT training and support, or other similar programs.

(2) Except as otherwise specified in this section, "rural" means a city, village, or township with a population of not more than 15,000, including those entities if located within a metropolitan statistical area.

Participation by dentists in Medicaid program; study.

Sec. 1713. (1) The department, in conjunction with the Michigan dental association, shall undertake a study to determine the level of participation by Michigan licensed dentists in the state's Medicaid program. The study shall identify the distribution of dentists throughout the state, the volume of Medicaid recipients served by each participating dentist, and areas in the state underserved for dental services.

(2) The study described in subsection (1) shall also include an assessment of what factors may be related to the apparent low participation by dentists in the Medicaid program, and the study shall make recommendations as to how these barriers to participation may be reduced or eliminated.

(3) This study shall be provided to the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies no later than April 1, 2004.

Medicare pharmacy prescription coverage program.

Sec. 1715. (1) It is the intent of the legislature that at least \$18,900,000.00 of general fund/general purpose savings generated by the implementation of a Medicare pharmacy prescription coverage program shall be used to fund the pharmaceutical services line item.

(2) In the event that such a program is not implemented, or that the program does not produce a general fund/general purpose savings of at least the amount specified in subsection (1), the department shall request that a transfer of funds, in an amount sufficient to offset the loss of general fund/general purpose savings, be made from the Medicaid benefits trust fund to the pharmaceutical services line item.

Sec. 1716. In implementing the hospital case rate under the Medicaid adult benefits waiver, the department shall set the hospital case rate at a level that ensures that the gross savings from the hospital case rate does not exceed \$108,592,200.00.

Compiler's note: The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoes."

Hospital services and therapy; payment for Detroit medical center.

Sec. 1717. From the funds appropriated in part 1 for hospital services and therapy, the \$50,000,000.00 hospital disproportionate share payment for the Detroit medical center shall only be distributed if local funds in the amount of \$7,000,000.00 are received by the state from the city of Detroit and Wayne County.

This act is ordered to take immediate effect.

Approved August 10, 2003.

Filed with Secretary of State August 11, 2003.

[No. 160]**(SB 279)**

AN ACT to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2004; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of history, arts, and libraries.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of history, arts, and libraries for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions	248.5	
GROSS APPROPRIATION		\$ 57,131,100
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers.....		137,500
ADJUSTED GROSS APPROPRIATION		\$ 56,993,600
Federal revenues:		
Total federal revenues		9,322,600
Special revenue funds:		
Total local revenues.....		0
Total private revenues.....		577,400
Total other state restricted revenues		2,308,800
State general fund/general purpose.....		\$ 44,784,800

For Fiscal Year
Ending Sept. 30,
2004

Department operations.

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions.....	6.0	
Full-time equated classified positions	24.5	
Unclassified salaries—6.0 FTE positions		\$ 219,300
Management services—23.5 FTE positions.....		1,819,700
Building occupancy charges and rent		2,884,000
Worker’s compensation.....		37,900
Office of film and television services—1.0 FTE position		129,900
GROSS APPROPRIATION		\$ 5,090,800
Appropriated from:		
State general fund/general purpose		\$ 5,090,800

Information technology.

Sec. 103. INFORMATION TECHNOLOGY

Information technology services and projects.....		\$ 1,036,500
GROSS APPROPRIATION		\$ 1,036,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDOT, comprehensive transportation fund.....		200
IDG-MDOT, state aeronautics fund		100
IDG-MDOT, state trunkline fund		3,000
Special revenue funds:		
Game and fish protection fund		100
Mackinac Island state park fund.....		40,000
Special revenue, internal service and pension trust		2,700
State lottery fund		900
State general fund/general purpose		\$ 989,500

Michigan council for arts and cultural affairs.

Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Full-time equated classified positions	10.0	
Administration—10.0 FTE positions		\$ 694,400
Arts and cultural grants.....		11,771,300
GROSS APPROPRIATION		\$ 12,465,700
Appropriated from:		
Federal revenues:		
NFAH-NEA, promotion of the arts, partnership agreements		700,000
Special revenue funds:		
State general fund/general purpose		\$ 11,765,700

Mackinac Island state park commission.

Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION

Full-time equated classified positions	46.8	
Mackinac Island park operation—21.8 FTE positions.....		\$ 1,288,300
Historical facilities system—25.0 FTE positions		1,577,100
GROSS APPROPRIATION		\$ 2,865,400
Appropriated from:		
Special revenue funds:		
Airport and park operation fees		106,400

		For Fiscal Year Ending Sept. 30, 2004
Mackinac Island state park fund.....	\$	1,272,600
State general fund/general purpose	\$	1,486,400

Michigan historical program.

Sec. 106. MICHIGAN HISTORICAL PROGRAM

Full-time equated classified positions		86.2
Federal programs—14.9 FTE positions	\$	1,853,900
Heritage publications		700,000
Historical administration and services—71.3 FTE positions		5,074,400
Private grants and gifts		502,400
Thunder Bay national marine sanctuary and underwater preserve.		187,400
GROSS APPROPRIATION	\$	8,318,100
Appropriated from:		
Interdepartmental grant revenues:		
IDG-MDOT, comprehensive transportation fund		5,700
IDG-MDOT, state aeronautics fund		3,400
IDG-MDOT, state trunkline fund		125,100
Federal revenues:		
DOI-NPS, historic preservation grants-in-aid		1,348,000
Federal funds		505,900
Special revenue funds:		
Game and fish protection fund		3,600
Heritage publication fund		700,000
Marine safety fund		500
Private - grants and gifts.....		400,000
Private - Mann house trust fund		102,400
Special revenue, internal service and pension trust		70,000
State lottery fund		24,300
Waterways fund.....		800
State general fund/general purpose	\$	5,028,400

Library of Michigan.

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions		81.0
Book distribution centers.....	\$	307,500
Collected gifts and fees.....		161,900
Grand Rapids public library		125,000
Grant to the Detroit public library		1,000,000
Library of Michigan operations—81.0 FTE positions.....		6,239,600
Library services and technology act.....		5,557,400
State aid to libraries		13,327,100
Subregional state aid		505,000
Wayne County library for the blind and physically handicapped		44,800
Federal aid to libraries		86,300
GROSS APPROPRIATION	\$	27,354,600
Appropriated from:		
Federal revenues:		
Federal section 903(d), SSA funds		1,211,300
Library services and technology act.....		5,557,400

For Fiscal Year
Ending Sept. 30,
2004

Special revenue funds:		
Private - gifts and bequests revenues	\$	75,000
User fees		86,900
State general fund/general purpose	\$	20,424,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$47,093,600.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$17,530,400.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$	3,653,500
State aid to libraries		13,327,100
Subregional state aid		505,000
Wayne County library for the blind and physically handicapped		44,800
Total department of history, arts, and libraries	\$	17,530,400

Appropriations subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this appropriation act:

- (a) "Department" means the department of history, arts, and libraries.
- (b) "Director" means the director of the department of history, arts, and libraries.
- (c) "DOI-NPS" means the United States department of interior, national park service.
- (d) "Fiscal agencies" means the house fiscal agency and the senate fiscal agency.
- (e) "FTE" means full-time equated.
- (f) "IDG" means interdepartmental grant.
- (g) "NEA" means the national endowment for the arts.
- (h) "NFAH" means the national foundation of the arts and the humanities.
- (i) "SSA" means social security administration.
- (j) "Subcommittees" means all members of the appropriate subcommittees of the house and senate appropriations committees.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the

state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the state to receive federal funds, or would necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on the Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Businesses in deprived and depressed communities.

Sec. 210. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Affirmative action programs.

Sec. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Traveling museum exhibits.

Sec. 212. In addition to the funds appropriated in part 1, the department may accept contributions, gifts, bequests, devises, user fees, grants, donations, and payments to rent the department's traveling museum exhibits. Funds accepted by the department are

appropriated and allotted when received and may be expended immediately upon receipt or at any later time. Those funds that are not expended in the current fiscal year shall not lapse at the close of the fiscal year and may be carried over by the department for expenditure in the following fiscal years.

Technology related services and projects; user fees.

Sec. 213. From the funds appropriated in part 1 for information technology, the departments and agencies shall pay user fees to the department of information technology for technology related services and projects. These user fees are subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Designation of information technology amounts as work projects.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of history, arts, and libraries technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Providing certain services to other departments, agencies, local units of government, judiciary, and other organizations; fees.

Sec. 215. The department may provide and enter into agreements to provide general services, training, meetings, information, special equipment, software, and facility use, and technical consulting services to other principal executive departments, state agencies, local units of government, the judicial branch of government, other organizations, and patrons of department facilities. Fees for services shall be reasonably related to the cost of providing the services and shall be used to offset the costs of the services. The department may receive and expend funds in addition to those authorized in part 1 for:

(a) Supplying census-related information and technical services, publications, statistical studies, population projections and estimates, and other demographic products.

(b) Microfilming and other document and data imaging services, media, storage, and copies.

(c) Patron copier and document reproduction services and copies.

(d) Conferences, training classes, and workshops conducted as part of the department's mission.

(e) Use of specialized equipment, facilities, and software that permit distance learning and meetings, and group decision making. Funds not expended at year-end may be carried forward and expended for the same purposes for which they were originally received.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Arts and cultural grants.

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage

significant additional public and private investment. Counties, cities, villages, townships, community foundations, and organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve regional and statewide audiences. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in residence for education program.

(e) Arts organization development program.

(f) Capital improvement projects.

(g) Local arts agencies services program.

(h) Regional regranting program.

(i) Partnership program.

(j) Discretionary grants program.

(k) Rural arts and cultural projects.

(l) Cultural projects program.

(m) Historical projects program.

(2) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable contributions subject also to the preapproval of such a match by the Michigan council for arts and cultural affairs. The council shall receive proof of the entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(3) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(4) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

(i) Project revenues and expenditures indicating grant matching fund amounts.

(ii) Number of patrons attracted or benefiting during the grant period.

(iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(5) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$300.00 or 3% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(6) It is the intent of the legislature that the Michigan council for arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (8), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, “operating revenue” is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(7) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regranteeing programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(8) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (6), for the fiscal year ending September 30, 2003, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2003.

(9) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regranteeing program. The council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regranteeing agencies and review the methodology employed.

(10) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 70% of the total amount appropriated for arts and cultural grants.

(11) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

- (i) A listing of each applicant.
- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.
- (v) The grant category under which an applicant applied.
- (vi) A summary of projects funded for each awardee.
- (vii) The expected number of patrons for an applicant during the grant period.
- (viii) The amount of matching funds proposed by an applicant.
- (ix) The review score for each application.

(x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.

(b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:

- (i) The guidelines by which the council awards grants.

(ii) A summary of any changes in the program guidelines from the previous fiscal year.

(iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

(12) Within 1 day following the final council vote, the department shall notify each legislator electronically regarding the website location of the list of grant awardees by county receiving a grant from arts and cultural grant funds appropriated in part 1.

MICHIGAN HISTORICAL PROGRAM

Historic site preservation grants.

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2004.

Funds collections; lapse.

Sec. 502. Funds collected by the department under sections 3, 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and shall not lapse to the general fund at the end of the fiscal year.

Museum store.

Sec. 503. For purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Preservation of Michigan lighthouses; grants.

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$140,000.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

(2) The department shall allocate grant funds under this section pursuant to eligibility and scoring requirements established by the department. The method used will be to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts.

(3) Grants under this section may be awarded for purposes of stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but shall not be awarded for operational purposes. The department shall not allocate a grant under this section that exceeds \$40,000.00.

(4) The funds appropriated in part 1 and allocated by this section are for work projects. The funds shall not lapse to the general fund at the end of the fiscal year but shall remain available in subsequent fiscal years, until funds have been expended, the projects for

which the funds were reserved have been completed, or the projects are terminated, whichever occurs first. The tentative date for completion is September 30, 2004.

Michigan freedom trail commission.

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$74,700.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Auctions, sales, or transfers of artifacts.

Sec. 506. Proceeds in excess of costs incurred in the conduct of auctions, sales, or transfers of artifacts no longer considered suitable for the collections of the state historical museum are appropriated to the department and may be expended upon receipt for additional material for the collection. The department shall notify the chairpersons, vice chairpersons, and minority vice chairpersons of the senate and house appropriations subcommittees on history, arts, and libraries 1 week prior to any auctions or sales.

Michigan history magazine subscriber list.

Sec. 507. Unless prohibited by law, the department shall make available to the historical society of Michigan the use of the Michigan history magazine subscriber list, or a portion of the Michigan history magazine subscriber list, at a cost not to exceed the actual expense incurred for providing a single mailing.

State and local historical societies; competitive grant program.

Sec. 508. From the funds appropriated in part 1 in the historical administration and services line item, \$100,000.00 shall be used to fund a competitive grant program for all state and local historical societies. Awards shall be made for projects that can leverage additional public and private investment and may involve, but are not limited to, capital improvements projects, restorations, research, educational programs, and publications.

LIBRARY OF MICHIGAN

Subregional state aid; local funding support level.

Sec. 601. In order to receive subregional state aid as appropriated in part 1 to the library of Michigan, a subregional library's fiscal agency must agree to maintain local funding support at the same level in the current fiscal year as in the fiscal agency's preceding fiscal year. If a reduction in expenditures equally affects all agencies in a local unit of government that is the subregional library's fiscal agency, that reduction shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1. If a reduction in income affects a library cooperative or district library that is a subregional library's fiscal agency or a reduction in expenditures for the subregional library's fiscal agency, a reduction in expenditures for the subregional library shall not be interpreted as a reduction in local support and shall not disqualify a subregional library from receiving state aid under part 1.

Subregional library; services to blind and persons with disabilities.

Sec. 602. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Statewide database access.

Sec. 603. Of the funds appropriated in part 1 for the operation of the library of Michigan, a portion may be used for statewide database access such as making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in these activities.

Accessing unemployment agency websites; award of federal aid to provide computers and training.

Sec. 604. The funds appropriated in section 107 of part 1 for the federal aid to libraries shall be awarded on a competitive basis to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in accessing unemployment agency websites.

Accessing unemployment agency websites; work project account; funding to Grand Rapids public library and Detroit public library.

Sec. 605. (1) Instead of the purposes described in former section 520 of 2002 PA 530, the work project account created in that section, account no. 2316, shall be used as a work project account to award grants to all eligible libraries for the purpose of providing libraries with computers and to train library staff to assist claimants in accessing unemployment agency websites. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the work project is to provide libraries with computers and train library staff to assist claimants in accessing unemployment agency websites. The work project shall target libraries in high unemployment areas and provide them with high speed Internet connections and methodologies for sustainability.

(b) The work project will be accomplished through the use of grants.

(c) The total estimated completion cost of the work project is \$4,000,000.00.

(d) The tentative completion date is September 30, 2004.

(2) Funding appropriated in part 1 to the Grand Rapids public library and the grant to the Detroit public library will not be available after September 30, 2004.

Special collections; study.

Sec. 606. The department shall conduct a comprehensive study on special collections at public libraries across the state and shall report to the legislature no later than September 30, 2004 on recommendations for funding and recognizing the distinct nature of the respective collections.

Book distribution centers.

Sec. 607. Of the funds appropriated in part 1 for book distribution centers, the public enrichment foundation shall receive \$158,700.00 and the Michigan friends of education shall receive \$148,800.00.

REPEALERS**Repeal of section 520 of 2002 PA 530.**

Sec. 701. Section 520 of 2002 PA 530 is repealed.

This act is ordered to take immediate effect.

Approved August 11, 2003.

Filed with Secretary of State August 12, 2003.

[No. 161]

(SB 270)

AN ACT to make, supplement, and adjust appropriations for the departments of attorney general, civil rights, civil service, information technology, management and budget, state, and treasury, the executive office, and the legislative branch for the fiscal year ending September 30, 2004; to provide for the expenditure of these appropriations; to provide for the funding of certain work projects; to provide for the imposition of certain fees; to establish or continue certain funds, programs, and categories; to transfer certain funds; to prescribe certain requirements for bidding on state contracts; to provide for disposition of year-end balances; to prescribe the powers and duties of certain principal executive departments and state agencies, officials, and employees; and to provide for the disposition of fees and other income received by the various principal executive departments and state agencies.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; departments of attorney general, civil rights, civil service, information technology, management and budget, state, treasury, executive office, legislative branch, and other state purposes.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the departments of attorney general, civil rights, civil service, information technology, management and budget, state, and treasury, the executive office, the legislative branch, and certain other state purposes, for the fiscal year ending

September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

TOTAL GENERAL GOVERNMENT

APPROPRIATION SUMMARY:

Full-time equated unclassified positions.....	48.0	
Full-time equated classified positions	6,825.9	
GROSS APPROPRIATION.....		\$ 2,856,091,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		569,647,200
ADJUSTED GROSS APPROPRIATION.....		\$ 2,286,444,100
Federal revenues:		
Total federal revenues.....		60,641,300
Special revenue funds:		
Total local revenues		2,610,800
Total private revenues.....		550,100
Total other state restricted revenues.....		1,867,448,600
State general fund/general purpose		\$ 355,193,300

Department of attorney general.

Sec. 102. DEPARTMENT OF ATTORNEY GENERAL

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	562.0	
GROSS APPROPRIATION.....		\$ 61,462,400
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		10,810,600
ADJUSTED GROSS APPROPRIATION.....		\$ 50,651,800
Federal revenues:		
Total federal revenues.....		8,971,800
Special revenue funds:		
Total local revenues		0
Total private revenues.....		0
Total other state restricted revenues.....		10,670,100
State general fund/general purpose		\$ 31,009,900

(2) ATTORNEY GENERAL OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions.....	562.0	
Attorney general		\$ 124,900
Unclassified positions—5.0 FTE positions.....		476,300
Attorney general operations—522.0 FTE positions.....		56,075,400
Child support enforcement—25.0 FTE positions.....		2,132,400
Prosecuting attorneys coordinating council—15.0 FTE positions....		1,503,800
PACC, training project.....		325,000
GROSS APPROPRIATION.....		\$ 60,637,800
Appropriated from:		
Interdepartmental grant revenues:		
IDG from FIA		2,663,600

	For Fiscal Year Ending Sept. 30, 2004
IDG from MDCIS, financial and insurance services	\$ 122,800
IDG from MDCIS, health services	1,170,400
IDG from MDCIS, public utility assessments.....	1,678,700
IDG from MDMB, risk management revolving fund	1,183,000
IDG from MDOT, comprehensive transportation fund	131,500
IDG from MDOT, state aeronautics fund	125,400
IDG from MDOT, state trunkline fund	2,566,200
IDG from MDSP, Michigan justice training fund	325,000
IDG from Michigan gaming control board	844,000
Federal revenues:	
DAG, state administrative match grant/food stamps	978,200
DED-OPSE, student loan, federal lender allowance	288,600
DOL-ETA, unemployment insurance	1,372,900
DOL-OSHA, occupational safety and health	251,600
EPA, multiple grants	242,600
Federal funds	2,136,600
HHS, medical assistance, medigrant.....	556,700
HHS-OS, state Medicaid fraud control units.....	3,144,600
Special revenue funds:	
Antitrust enforcement collections	558,300
Auto repair facilities fees	195,000
Collections revenue	590,900
Corporate fees and security fees	127,600
Environmental response fund	657,800
Franchise fees	244,400
Game and fish protection fund	640,800
Liquor purchase revolving fund.....	857,800
Manufactured housing fees	190,200
Michigan state housing development authority fees.....	487,700
Oil and gas privilege fee revenue	145,000
Prisoner reimbursement.....	1,101,700
Prosecuting attorneys training fees	326,800
Retirement funds.....	621,100
Second injury fund	927,200
Self-insurers security fund.....	155,900
Silicosis and dust disease fund	464,300
State building authority revenue.....	82,000
State hospital authority.....	319,200
State lottery fund	207,300
State restricted	725,000
Tobacco settlement trust fund	351,800
Utility consumers fund	476,600
Waterways fund.....	83,600
Worker's compensation administrative revolving fund.....	132,100
State general fund/general purpose	\$ 30,185,300
(3) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 824,600
GROSS APPROPRIATION.....	\$ 824,600

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:
Special revenue funds:
State general fund/general purpose \$ 824,600

Department of civil rights.

Sec. 103. DEPARTMENT OF CIVIL RIGHTS

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions5.0
Full-time equated classified positions137.0
GROSS APPROPRIATION \$ 13,117,200
Interdepartmental grant revenues:
Total interdepartmental grants and intradepartmental transfers 0
ADJUSTED GROSS APPROPRIATION..... \$ 13,117,200
Federal revenues:
Total federal revenues 934,000
Special revenue funds:
Total local revenues 0
Total private revenues..... 0
Total other state restricted revenues 0
State general fund/general purpose \$ 12,183,200

(2) CIVIL RIGHTS OPERATIONS

Full-time equated unclassified positions5.0
Full-time equated classified positions137.0
Unclassified positions—5.0 FTE positions..... \$ 254,100
Civil rights operations—137.0 FTE positions 12,059,100
GROSS APPROPRIATION \$ 12,313,200

Appropriated from:

Federal revenues:
EEOC, state and local antidiscrimination agency contracts..... 600,000
HUD, grant..... 334,000
Special revenue funds:
State general fund/general purpose \$ 11,379,200

(3) INFORMATION TECHNOLOGY

Information technology services and projects..... \$ 804,000
GROSS APPROPRIATION \$ 804,000

Appropriated from:

Special revenue funds:
State general fund/general purpose \$ 804,000

Department of civil service.

Sec. 104. DEPARTMENT OF CIVIL SERVICE

(1) APPROPRIATION SUMMARY

Full-time equated classified positions211.5
GROSS APPROPRIATION \$ 31,853,900
Interdepartmental grant revenues:
Total interdepartmental grants and intradepartmental transfers 2,300,000
ADJUSTED GROSS APPROPRIATION..... \$ 29,553,900

	For Fiscal Year Ending Sept. 30, 2004
Federal revenues:	
Total federal revenues	\$ 4,779,100
Special revenue funds:	
Total local revenues	1,700,000
Total private revenues.....	150,000
Total other state restricted revenues.....	14,872,200
State general fund/general purpose	\$ 8,052,600
(2) CIVIL SERVICE OPERATIONS	
Full-time equated classified positions.....	211.5
Agency services—74.0 FTE positions	\$ 5,549,900
Human resources/administrative support—85.0 FTE positions.....	15,141,900
Employee benefits—31.0 FTE positions	5,096,200
Audit and compliance—21.5 FTE positions.....	2,202,200
Training	1,000,000
GROSS APPROPRIATION	\$ 28,990,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG, training charges	1,000,000
IDG, 1% special funds.....	1,300,000
Federal revenues:	
Federal funds 1%.....	3,637,100
Special revenue funds:	
Local funds 1%	1,700,000
Private funds 1%.....	150,000
Freedom of information fees	1,100
State restricted funds 1%.....	6,287,400
State sponsored group insurance.....	2,650,000
State sponsored group insurance, flexible spending accounts, and COBRA.....	5,096,200
State general fund/general purpose	\$ 7,168,400
(3) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 2,863,700
GROSS APPROPRIATION	\$ 2,863,700
Appropriated from:	
Federal revenues:	
Federal funds 1%.....	1,142,000
Special revenue funds:	
State restricted funds 1%.....	699,600
State sponsored group insurance, flexible spending accounts, and COBRA.....	137,900
State general fund/general purpose	\$ 884,200
Executive office.	
Sec. 105. EXECUTIVE OFFICE	
(1) APPROPRIATION SUMMARY	
Full-time equated unclassified positions	10.0
Full-time equated classified positions.....	74.2
GROSS APPROPRIATION	\$ 4,859,500

	For Fiscal Year Ending Sept. 30, 2004
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	\$ 0
ADJUSTED GROSS APPROPRIATION	\$ 4,859,500
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues	0
Total private revenues.....	0
Total other state restricted revenues.....	0
State general fund/general purpose	\$ 4,859,500
(2) EXECUTIVE OFFICE OPERATIONS	
Full-time equated unclassified positions	10.0
Full-time equated classified positions.....	74.2
Governor.....	\$ 177,000
Lieutenant governor.....	123,900
Executive office—74.2 FTE positions.....	3,708,800
Unclassified positions—8.0 FTE positions.....	849,800
GROSS APPROPRIATION	\$ 4,859,500
Appropriated from:	
Special revenue funds:	
State general fund/general purpose	\$ 4,859,500

Department of information technology.

Sec. 106. DEPARTMENT OF INFORMATION TECHNOLOGY

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions.....	1,749.4
GROSS APPROPRIATION	\$ 360,239,300
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	360,239,300
ADJUSTED GROSS APPROPRIATION	\$ 0
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues	0
Total private revenues.....	0
Total other state restricted revenues.....	0
State general fund/general purpose	\$ 0

(2) ADMINISTRATION

Full-time equated unclassified positions	6.0
Full-time equated classified positions.....	1,749.4
Unclassified positions—6.0 FTE positions.....	\$ 300,000
Enterprisewide services—77.0 FTE positions.....	27,119,500
Health and human services—724.8 FTE positions.....	197,127,900
Education services—89.7 FTE positions.....	9,785,700
Public protection—296.0 FTE positions.....	30,663,400
Resources services—171.1 FTE positions	16,327,300
Transportation services—107.0 FTE positions.....	26,116,900

	For Fiscal Year Ending Sept. 30, 2004
General services—283.8 FTE positions.....	\$ 52,798,600
GROSS APPROPRIATION.....	\$ 360,239,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG from department of agriculture	1,461,900
IDG from department of attorney general	824,600
IDG from department of career development.....	6,492,700
IDG from department of civil rights.....	804,000
IDG from department of civil service.....	2,863,700
IDG from department of community health.....	30,616,000
IDG from department of consumer and industry services	15,158,000
IDG from MDCIS, unemployment agency.....	10,321,700
IDG from department of corrections	12,321,200
IDG from department of education	2,514,100
IDG from department of environmental quality.....	6,567,500
IDG from family independence agency.....	144,348,800
IDG from Michigan gaming control board.....	762,600
IDG from department of history, arts, and libraries	1,036,600
IDG from bureau of state lottery	3,363,100
IDG from department of management and budget.....	25,897,600
IDG from department of military and veterans affairs.....	1,170,300
IDG from department of natural resources.....	8,866,700
IDG from department of state	24,071,600
IDG from department of state police.....	18,591,800
IDG from department of transportation	26,135,800
IDG from department of treasury.....	16,049,000
Special revenue funds:	
State general fund/general purpose	\$ 0

Legislature.

Sec. 107. LEGISLATURE

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION.....	\$ 119,880,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	1,662,900
ADJUSTED GROSS APPROPRIATION.....	\$ 118,217,500
Federal revenues:	
Total federal revenues.....	0
Special revenue funds:	
Total local revenues	0
Total private revenues.....	400,000
Total other state restricted revenues.....	2,495,100
State general fund/general purpose	\$ 115,322,400

(2) LEGISLATURE

Senate	\$ 27,452,700
Senate automated data processing.....	2,466,700
Senate fiscal agency	2,945,900

	For Fiscal Year Ending Sept. 30, 2004
House of representatives	\$ 42,421,900
House automated data processing	1,890,600
House fiscal agency	2,774,500
Legislative auditor general.....	14,472,900
GROSS APPROPRIATION.....	\$ 94,425,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDCIS, liquor purchase revolving fund.....	51,600
IDG from MDCS.....	95,100
IDG from MDOT, comprehensive transportation fund	47,400
IDG from MDOT, Michigan transportation fund.....	181,100
IDG from MDOT, state aeronautics fund	16,600
IDG from MDOT, state trunkline fund	371,100
IDG, single audit act	900,000
Special revenue funds:	
Construction lien fund	12,400
Contract audit administration fees.....	52,700
Correctional industries revolving fund.....	29,600
Game and fish protection fund	21,400
Marine safety fund	1,900
Michigan economic development corporation	47,500
Michigan education trust fund.....	34,000
Michigan state fair revolving fund.....	33,000
Michigan state housing development authority fees.....	44,100
Michigan strategic fund	40,000
Michigan veterans' trust fund	22,600
Motor transport revolving fund	32,500
Office services revolving fund.....	29,300
State services fee fund	978,700
Waterways fund.....	5,600
State general fund/general purpose	\$ 91,377,000
(3) LEGISLATIVE COUNCIL	
Legislative council	\$ 9,546,200
Legislative service bureau automated data processing.....	1,342,200
e-Law, legislative council technology enhancement project.....	500
Worker's compensation.....	135,900
National association dues	100,000
GROSS APPROPRIATION.....	\$ 11,124,800
Appropriated from:	
Special revenue funds:	
Private - gifts and bequests revenues	400,000
State general fund/general purpose	\$ 10,724,800
(4) LEGISLATIVE RETIREMENT SYSTEM	
General nonretirement expenses	\$ 4,057,000
GROSS APPROPRIATION.....	\$ 4,057,000
Appropriated from:	
Special revenue funds:	
Court fees.....	1,109,800
State general fund/general purpose	\$ 2,947,200

For Fiscal Year
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(5) PROPERTY MANAGEMENT

Capitol building	\$	2,160,000
Cora Anderson building.....		7,340,300
Farnum building and other properties		773,100
GROSS APPROPRIATION.....	\$	<u>10,273,400</u>
Appropriated from:		
Special revenue funds:		
State general fund/general purpose	\$	10,273,400

Department of management and budget.

Sec. 108. DEPARTMENT OF MANAGEMENT AND BUDGET

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	716.0	
GROSS APPROPRIATION.....	\$	230,187,800
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers	\$	162,216,800
ADJUSTED GROSS APPROPRIATION.....	\$	67,971,000
Federal revenues:		
Total federal revenues		440,800
Special revenue funds:		
Total local revenues		0
Total private revenues.....		0
Total other state restricted revenues.....		31,201,300
State general fund/general purpose	\$	36,328,900

(2) MANAGEMENT AND BUDGET SERVICES

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	574.5	
Unclassified positions—6.0 FTE positions.....	\$	570,800
Executive operations—17.0 FTE positions		1,615,100
Administrative services—66.5 FTE positions.....		5,738,600
Budget and financial management—111.5 FTE positions		9,018,500
Office of the state employer—25.0 FTE positions		2,498,600
Design and construction services—40.0 FTE positions		4,491,200
Business support services—84.5 FTE positions		6,780,000
Building operation services—230.0 FTE positions.....		92,242,500
Building occupancy charges, rent, and utilities.....		4,304,900
Motor vehicle fleet.....		58,500,000
GROSS APPROPRIATION.....	\$	<u>185,760,200</u>
Appropriated from:		
Interdepartmental grant revenues:		
IDG from MDOT, state aeronautics fund		38,300
IDG from MDOT, comprehensive transportation fund		63,700
IDG from MDOT, state trunkline fund		1,386,500
IDG from building occupancy and parking charges		94,958,700
IDG from department of career development.....		100,000
IDG from motor transport fund.....		58,500,000
IDG from MDCH.....		235,000
IDG from user fees.....		4,636,400

	For Fiscal Year Ending Sept. 30, 2004
Federal revenues:	
Federal funds	\$ 413,200
Special revenue funds:	
Game and fish protection fund	310,700
Health management funds	1,462,700
Marine safety fund	29,900
Pension trust funds	1,299,000
Special revenue, internal service, and pension trust funds	4,775,500
State building authority revenue.....	511,200
State lottery fund	139,600
Waterways fund.....	67,500
State general fund/general purpose	\$ 16,832,300
(3) STATEWIDE APPROPRIATIONS	
Professional development fund - MPES.....	\$ 105,000
Professional development fund - UAW	900,000
Professional development fund - AFSCME.....	400,000
GROSS APPROPRIATION.....	\$ 1,405,000
Appropriated from:	
Interdepartmental grant revenues:	
IDG from employer contributions	1,405,000
Special revenue funds:	
State general fund/general purpose	\$ 0
(4) SPECIAL PROGRAMS	
Full-time equated classified positions	141.5
Building occupancy charges - property management services for executive/legislative building occupancy	\$ 1,875,100
Retirement services—127.5 FTE positions	14,034,800
Office of children's ombudsman—14.0 FTE positions.....	1,215,100
GROSS APPROPRIATION.....	\$ 17,125,000
Appropriated from:	
Special revenue funds:	
Deferred compensation.....	1,380,800
Pension trust funds	12,654,000
State general fund/general purpose	\$ 3,090,200
(5) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 25,897,600
GROSS APPROPRIATION.....	\$ 25,897,600
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, state aeronautics fund	1,100
IDG from MDOT, comprehensive transportation fund	2,100
IDG from MDOT, state trunkline fund	47,500
IDG from building occupancy and parking charges	655,700
IDG from user fees.....	186,800
Federal revenues:	
Federal funds	27,600
Special revenue funds:	
Game and fish protection fund	9,800

	For Fiscal Year Ending Sept. 30, 2004
Health management funds	\$ 41,700
Marine safety fund	900
MAIN user charges.....	4,042,200
Pension trust funds	2,052,300
Special revenue, internal service, and pension trust funds	2,404,600
State building authority revenue.....	9,700
State lottery fund	4,600
Waterways fund.....	2,000
Deferred compensation.....	2,600
State general fund/general purpose	\$ 16,406,400

Department of state.

Sec. 109. DEPARTMENT OF STATE

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	6.0
Full-time equated classified positions	1,849.8
GROSS APPROPRIATION.....	\$ 181,121,500
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	20,000,000
ADJUSTED GROSS APPROPRIATION.....	\$ 161,121,500
Federal revenues:	
Total federal revenues.....	1,319,500
Special revenue funds:	
Total local revenues	0
Total private revenues.....	100
Total other state restricted revenues.....	143,070,200
State general fund/general purpose	\$ 16,731,700

(2) EXECUTIVE DIRECTION

Full-time equated unclassified positions	6.0
Full-time equated classified positions	28.2
Secretary of state	\$ 124,900
Unclassified positions—5.0 FTE positions.....	464,200
Operations—28.2 FTE positions	2,093,300
GROSS APPROPRIATION.....	\$ 2,682,400
Appropriated from:	
Special revenue funds:	
Auto repair facilities fees.....	50,700
Driver fees	98,300
Expedient service fees.....	43,400
Look-up fees	558,400
Parking ticket court fines.....	6,900
Personal identification card fees	10,200
Reinstatement fees - operator licenses.....	110,000
Transportation administration collection fund	1,185,600
Vehicle theft prevention fees	29,800
State general fund/general purpose	\$ 589,100

For Fiscal Year
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2004

(3) DEPARTMENT SERVICES

Full-time equated classified positions.....	151.0	
Operations—144.5 FTE positions		\$ 18,989,500
Assigned claims assessments—6.5 FTE positions.....		644,200
GROSS APPROPRIATION.....		\$ 19,633,700
Appropriated from:		
Federal revenues:		
Federal funds		50,300
Special revenue funds:		
Assigned claims assessments		644,200
Auto repair facilities fees.....		375,100
Child support clearance fees.....		31,000
Driver fees		506,200
Expedient service fees.....		224,300
Look-up fees		6,149,000
Marine safety fund		67,400
Off-road vehicle title fees.....		6,900
Parking ticket court fines.....		47,500
Personal identification card fees.....		75,000
Reinstatement fees - operator licenses.....		419,000
Scrap tire fund		61,900
Snowmobile registration fee revenue		15,900
Transportation administration collection fund		10,740,100
Vehicle theft prevention fees		219,900
State general fund/general purpose		\$ 0

(4) REGULATORY SERVICES

Full-time equated classified positions.....	252.1	
Operations—148.4 FTE positions		\$ 11,851,000
Auto regulation—101.7 FTE positions		7,332,900
Motorcycle safety education grants		875,800
Motorcycle safety education administration—2.0 FTE positions.....		324,200
GROSS APPROPRIATION.....		\$ 20,383,900
Appropriated from:		
Federal revenues:		
Federal funds		85,900
Special revenue funds:		
Auto repair facilities fees.....		3,892,700
Commercial driver training school fees.....		59,100
Driver fees		865,800
Expedient service fees.....		27,900
Look-up fees		3,845,300
Motorcycle safety fund		1,200,000
Parking ticket court fines.....		7,600
Personal identification card fees.....		39,900
Reinstatement fees - operator licenses.....		1,463,700
Transportation administration collection fund		7,567,700
Vehicle theft prevention fees		1,324,900
State general fund/general purpose		\$ 3,400

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2004

(5) CUSTOMER DELIVERY SERVICES

Full-time equated classified positions	1,390.0	
Customer services administration—149.7 FTE positions		\$ 15,433,300
Branch operations—962.4 FTE positions		63,797,300
Central records—261.7 FTE positions		15,590,300
Commemorative license plates—16.2 FTE positions		2,147,300
Specialty license plates		1,922,000
Olympic center plate		75,700
Organ donor program		104,100
GROSS APPROPRIATION		\$ 99,070,000

Appropriated from:

Interdepartmental grant revenues:

IDG from MDOT, Michigan transportation fund	20,000,000
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Federal revenues:

Federal funds	1,183,300
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Special revenue funds:

Private funds	100
Auto repair facilities fees	79,400
Child support clearance fees	340,300
Driver fees	11,349,700
Expedient service fees	2,500,300
Look-up fees	16,881,400
Marine safety fund	980,800
Michigan state police auto theft fund	100,000
Mobile home commission fees	407,100
Olympic center training fund	75,700
Off-road vehicle title fees	104,900
Parking ticket court fines	1,393,100
Personal identification card fees	1,312,700
Reinstatement fees - operator licenses	1,027,000
Snowmobile registration fee revenue	287,300
Transportation administration collection fund	36,517,700
Vehicle theft prevention fees	180,600
State general fund/general purpose	\$ 4,348,600

(6) ELECTION REGULATION

Full-time equated classified positions	28.5	
Election administration and services—25.5 FTE positions		\$ 2,640,100
Fees to local units		69,800
Qualified voter file—3.0 FTE positions		1,334,300
GROSS APPROPRIATION		\$ 4,044,200

Appropriated from:

Special revenue funds:	
State general fund/general purpose	\$ 4,044,200

(7) DEPARTMENTWIDE APPROPRIATIONS

Building occupancy charges/rent	\$ 10,486,700
Worker's compensation	749,000
GROSS APPROPRIATION	\$ 11,235,700

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
Auto repair facilities fees	\$ 162,100
Driver fees	498,700
Expedient service fees.....	16,400
Look-up fees	2,159,400
Parking ticket court fines.....	537,700
Transportation administration collection fund	4,895,300
State general fund/general purpose	\$ 2,966,100
(8) INFORMATION TECHNOLOGY	
Information technology services and projects.....	\$ 24,071,600
GROSS APPROPRIATION	\$ 24,071,600

Appropriated from:	
Special revenue funds:	
Administrative order processing fee.....	10,500
Auto repair facilities fees	170,500
Child support clearance fees.....	15,400
Driver fees	629,900
Expedient service fees.....	462,800
Look-up fees	2,646,600
Parking ticket court fines.....	78,700
Personal identification card fees	826,100
Reinstatement fees - operator licenses.....	442,400
Transportation administration collection fund	13,845,900
Vehicle theft prevention fees	162,500
State general fund/general purpose	\$ 4,780,300

Department of treasury.

Sec. 110. DEPARTMENT OF TREASURY

(1) APPROPRIATION SUMMARY

Full-time equated unclassified positions	9.0	
Full-time equated classified positions	1,526.0	
GROSS APPROPRIATION.....		\$ 1,853,369,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		12,417,600
ADJUSTED GROSS APPROPRIATION.....		\$ 1,840,951,700
Federal revenues:		
Total federal revenues		44,196,100
Special revenue funds:		
Total local revenues		910,800
Total private revenues.....		0
Total other state restricted revenues		1,665,139,700
State general fund/general purpose		\$ 130,705,100

(2) EXECUTIVE DIRECTION

Full-time equated unclassified positions	9.0	
Full-time equated classified positions	4.0	
Unclassified positions—9.0 FTE positions.....		\$ 800,900
Office of the director—4.0 FTE positions		543,400
GROSS APPROPRIATION		\$ 1,344,300

For Fiscal Year
Ending Sept. 30,
2004

Appropriated from:	
Special revenue funds:	
State lottery fund	\$ 139,500
State services fee fund	150,800
State general fund/general purpose	\$ 1,054,000
(3) DEPARTMENTWIDE APPROPRIATIONS	
Travel.....	\$ 1,715,900
Rent and building occupancy charges - property management services	6,092,300
Worker's compensation insurance premium.....	557,000
GROSS APPROPRIATION.....	\$ 8,365,200
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, state aeronautics fund	2,500
IDG, state agency collection fees.....	16,900
Special revenue funds:	
Delinquent tax collection revenues	3,828,600
Municipal finance fees.....	10,600
Treasury fees.....	17,800
Waterways fund.....	2,200
State general fund/general purpose	\$ 4,486,600
(4) LOCAL GOVERNMENT PROGRAMS	
Full-time equated classified positions.....70.0	
Supervision of the general property tax law—51.0 FTE positions... \$	8,228,000
Property tax assessor training—4.0 FTE positions.....	360,600
Local finance—15.0 FTE positions.....	1,541,800
State compliance audits	60,000
Pari-mutuel audits	240,000
GROSS APPROPRIATION.....	\$ 10,430,400
Appropriated from:	
Special revenue funds:	
Local - assessor training fees	360,600
Local - audit charges.....	457,200
Local - equalization study charge-backs.....	40,000
Local - revenue from local government.....	50,000
Land reutilization fund	3,985,700
Municipal finance fees.....	236,500
State services fee fund	240,000
State general fund/general purpose	\$ 5,060,400
(5) TAX PROGRAMS	
Full-time equated classified positions.....663.0	
Customer contact—180.0 FTE positions..... \$	13,770,100
Tax compliance—290.0 FTE positions.....	21,879,600
Tax policy—35.0 FTE positions.....	3,234,900
Tax processing—154.0 FTE positions.....	10,332,200
Home heating assistance	1,600,000
Bottle bill implementation.....	250,000
New hire reporting.....	1,545,000

	For Fiscal Year Ending Sept. 30, 2004
Tobacco tax collection—4.0 FTE positions	\$ 210,600
GROSS APPROPRIATION	\$ 52,822,400
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, Michigan transportation fund.....	6,364,000
IDG from MDOT, state aeronautics fund	43,100
IDG from FIA	1,545,000
IDG from MDCH	210,600
IDG, data/collection services fees	250,900
Federal revenues:	
HHS-SSA, low-income energy assistance	1,600,000
Special revenue funds:	
Bottle deposit fund	250,000
Delinquent tax collection revenue	38,132,400
Tobacco tax revenue	328,500
Waterways fund.....	56,200
State general fund/general purpose	\$ 4,041,700
(6) BANKING AND MANAGEMENT SERVICES	
Full-time equated classified positions.....295.0	
Human resources, program management, purchasing—32.0 FTE positions.....	\$ 2,826,400
Internal audit—5.5 FTE positions.....	406,900
Mail operations—20.0 FTE positions	1,496,800
Office of revenue and tax analysis—15.5 FTE positions.....	1,111,700
Unclaimed property—19.0 FTE positions	2,972,500
Collections—131.0 FTE positions	11,787,200
Finance and accounting—32.0 FTE positions	1,235,000
Receipts processing—40.0 FTE positions.....	2,324,600
GROSS APPROPRIATION.....	\$ 24,161,100
Appropriated from:	
Interdepartmental grant revenues:	
IDG from MDOT, state aeronautics fund	16,900
IDG, receipt, warrant and cash processing fees	722,300
IDG, levy/warrant cost assessment fees	1,810,800
IDG, state agency collection fees.....	450,100
IDG from FIA, title IV-D.....	501,100
Special revenue funds:	
Delinquent tax collection revenue	10,089,100
Escheats revenue.....	2,972,500
Garnishment fees	419,800
Treasury fees.....	162,100
Waterways fund.....	18,100
State general fund/general purpose	\$ 6,998,300
(7) FINANCIAL PROGRAMS	
Full-time equated classified positions.....226.0	
Retirement investments—72.0 FTE positions.....	\$ 11,671,700
Michigan merit award board/MEAP administration—24.0 FTE positions.....	3,249,000

	For Fiscal Year Ending Sept. 30, 2004
MEAP testing contracts.....	\$ 25,578,300
Michigan education savings program.....	1,000,000
Common cash investments and debt management—11.5 FTE positions.....	1,018,600
Student financial assistance programs—118.5 FTE positions.....	33,323,400
GROSS APPROPRIATION.....	\$ <u>75,841,000</u>
Appropriated from:	
Interdepartmental grant revenues:	
IDG, fiscal agent service fees.....	147,400
Federal revenues:	
DED-OPSE, federal lenders allowance.....	9,509,700
DED-OPSE, grants for federal assessments.....	10,698,800
DED-OPSE, higher education act of 1965, insured loans.....	21,887,600
Special revenue funds:	
College work-study.....	46,300
Michigan merit award trust fund.....	19,497,600
Retirement funds.....	11,671,700
School bond fees.....	401,600
Treasury fees.....	230,900
State general fund/general purpose.....	\$ 1,749,400
(8) DEBT SERVICE	
Water pollution control bond and interest redemption.....	\$ 2,750,400
Quality of life bond.....	37,500,000
Clean Michigan initiative.....	33,036,000
GROSS APPROPRIATION.....	\$ <u>73,286,400</u>
Appropriated from:	
Special revenue funds:	
Recreation bond resources.....	878,000
State general fund/general purpose.....	\$ 72,408,400
(9) GRANTS	
Grants to counties in lieu of taxes.....	\$ 10,000
Convention facility development distribution.....	48,000,000
Senior citizen cooperative housing tax exemption program.....	15,500,000
Commercial mobile radio service payments.....	26,500,000
Health and safety fund grants.....	23,500,000
City of Benton Harbor - enterprise zone.....	42,700
Qualified agricultural loan payments.....	5,200,000
Renaissance zone reimbursement.....	1,640,000
Grants to local government for activity under MCL 211.22a.....	7,000,000
GROSS APPROPRIATION.....	\$ <u>127,392,700</u>
Appropriated from:	
Special revenue funds:	
Commercial mobile radio service fees.....	26,500,000
Convention facility development fund.....	48,000,000
Health and safety fund.....	23,500,000
State general fund/general purpose.....	\$ 29,392,700

For Fiscal Year
Ending Sept. 30,
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(10) STATE LOTTERY

Full-time equated classified positions.....	166.0	
Lottery operations—166.0 FTE positions.....		\$ 16,512,500
Promotion and advertising.....		18,622,000
Lottery information technology services and projects.....		3,363,100
GROSS APPROPRIATION.....		\$ 38,497,600
Appropriated from:		
Special revenue funds:		
State lottery fund.....		38,497,600
State general fund/general purpose.....		\$ 0

(11) CASINO GAMING

Full-time equated classified positions.....	102.0	
Michigan gaming control board.....		\$ 50,000
Casino gaming control administration—102.0 FTE positions.....		16,516,600
Information technology services and projects.....		762,600
GROSS APPROPRIATION.....		\$ 17,329,200
Appropriated from:		
Special revenue funds:		
Casino gambling agreements.....		383,500
State services fee fund.....		16,945,700
State general fund/general purpose.....		\$ 0

(12) REVENUE SHARING

Constitutional state general revenue sharing grants.....		\$ 683,050,000
Statutory state general revenue sharing grants.....		724,800,000
GROSS APPROPRIATION.....		\$ 1,407,850,000
Appropriated from:		
Special revenue funds:		
Sales tax.....		1,407,850,000
State general fund/general purpose.....		\$ 0

(13) INFORMATION TECHNOLOGY

Information technology services and projects.....		\$ 16,049,000
GROSS APPROPRIATION.....		\$ 16,049,000
Appropriated from:		
Interdepartmental grant revenues:		
IDG from MDOT, Michigan transportation fund.....		336,000
Federal revenues:		
DED-OPSE, higher education act of 1965, insured loans.....		500,000
Special revenue funds:		
Local - assessor training fees.....		3,000
Delinquent tax collection revenue.....		8,667,400
Land reutilization fund.....		20,000
Michigan merit award trust fund.....		393,000
Retirement funds.....		616,000
State general fund/general purpose.....		\$ 5,513,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. (1) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$2,222,641,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2003-2004 is \$1,517,367,300.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF STATE

Fees to local units.....	\$	69,800
Motorcycle safety education grants	\$	875,800
Subtotal	\$	<u>945,600</u>

DEPARTMENT OF TREASURY

Senior citizen cooperative housing tax exemption	\$	15,500,000
Grants to counties in lieu of taxes.....		10,000
Health and safety fund grants		23,500,000
City of Benton Harbor enterprise zone.....		42,700
Constitutional state general revenue sharing grants		683,050,000
Statutory state general revenue sharing grants		724,800,000
Convention facility development fund distribution.....		48,000,000
Commercial mobile radio service payments		12,879,000
Grants to local government for activity under MCL 211.22a.....		7,000,000
Renaissance zone reimbursements.....		<u>1,640,000</u>
Subtotal	\$	<u>1,516,421,700</u>
TOTAL GENERAL GOVERNMENT	\$	<u>1,517,367,300</u>

(2) Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 2003-2004 is estimated at \$25,466,171,400.00 in the 2003-2004 appropriations acts and total state spending from state sources paid to local units of government for fiscal year 2003-2004 is estimated at \$16,096,726,058.00. The state-local proportion is estimated at 63.21% of total state spending from state resources.

(3) If payments to local units of government and state spending from state sources for fiscal year 2003-2004 are different than the amounts estimated in subsection (2), the state budget director shall report the payments to local units of government and state spending from state sources that were made for fiscal year 2003-2004 to the senate and house of representatives standing committees on appropriations within 30 days after the final book closing for fiscal year 2003-2004.

Appropriations subject to MCL 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this act:

(a) "AFSCME" means American federation of state, county, and municipal employees.

(b) “COBRA” means the consolidated omnibus budget reconciliation act of 1985, Public Law 99-272, 100 Stat. 82.

(c) “CPI” means consumer price index.

(d) “DAG” means the United States department of agriculture.

(e) “DED-OESE” means the United States department of education, office of elementary and secondary education.

(f) “DED-OPSE” means the United States department of education, office of postsecondary education.

(g) “DOL-ETA” means the United States department of labor, employment and training administration.

(h) “DOL-OSHA” means the United States department of labor, occupational safety and health administration.

(i) “EEOC” means the United States equal employment opportunity commission.

(j) “EPA” means the United States environmental protection agency.

(k) “FIA” means the Michigan family independence agency.

(l) “FTE” means full-time equated.

(m) “GF/GP” means general fund/general purpose.

(n) “HHS” means the United States department of health and human services.

(o) “HHS-OS” means the HHS office of the secretary.

(p) “HHS-SSA” means the HHS social security administration.

(q) “HUD” means the United States department of housing and urban development.

(r) “IDG” means interdepartmental grant.

(s) “MAIN” means the Michigan administrative information network.

(t) “MCL” means the Michigan Compiled Laws.

(u) “MDA” means the Michigan department of agriculture.

(v) “MDCH” means the Michigan department of community health.

(w) “MDCIS” means the Michigan department of consumer and industry services.

(x) “MDCS” means the Michigan department of civil service.

(y) “MDMB” means the Michigan department of management and budget.

(z) “MDOT” means the Michigan department of transportation.

(aa) “MDSP” means the Michigan department of state police.

(bb) “MEAP” means the Michigan educational assessment program.

(cc) “MESA” means the Michigan employment security agency.

(dd) “MPES” means the Michigan professional employees society.

(ee) “PA” means public act.

(ff) “PACC” means the prosecuting attorneys coordinating council.

(gg) “UAW” means the united auto workers.

Billing by department of civil service.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The attorney general and secretary of state may grant exceptions to the hiring freeze for their respective departments pursuant to the same criteria that the state budget director is able to grant exceptions under this subsection. The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Privatization; project plan.

Sec. 207. At least 60 days before beginning any effort to privatize, the departments and agencies receiving appropriations in part 1 shall submit a complete project plan to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, departments and agencies receiving appropriations in part 1 shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Countercyclical budget and economic stabilization fund.

Sec. 211. Pursuant to section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, that provides for a transfer of state general funds into the countercyclical budget and economic stabilization fund, there is appropriated into the countercyclical budget and economic stabilization fund the sum of \$0.00. The calculation required by section 352 of the management and budget act, 1984 PA 431, MCL 18.1352, is determined as follows:

	2002	2003
Michigan personal income (millions).....	\$304,491	\$313,930
less: transfer payments	47,031	48,865
Subtotal	257,460	265,065
Divided by: Detroit CPI for 12 months		
Ending June 30 (1982=1.00).....	1.729	1.781
Equals: Real adjusted Michigan personal income	\$148,907	\$148,840
Percentage change.....		0.0%
Percentage change in excess of 2%		0.0%
Multiplied by: estimated GF/GP revenue in		
FY 2002-2003 (millions)		8,083.8
Equals: countercyclical budget and economic		
stabilization fund calculation for the fiscal year		
ending September 30, 2004		\$0.00

Receipt and retention of reports.

Sec. 212. The departments and agencies receiving appropriations in part 1 shall receive and retain copies of all reports funded from appropriations in part 1. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Purchase of ownership interest in casino enterprise or gambling operation; prohibition.

Sec. 213. Funds appropriated in part 1 shall not be used by this state, a department, an agency, or an authority of this state to purchase an ownership interest in a casino enterprise or a gambling operation as those terms are defined in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

Technology-related services and projects; user fees.

Sec. 214. From the funds appropriated in part 1 for information technology, departments and agencies shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the departments and agencies and the department of information technology.

Communication with legislator or staff; disciplinary action prohibited.

Sec. 215. A department or state agency shall not take disciplinary action against an employee for communicating with a member of the legislature or their staff.

Cost of 2004 presidential primary; funding prohibited.

Sec. 216. None of the funds appropriated in part 1 of this act shall be used to fund the cost of a 2004 presidential primary.

DEPARTMENT OF ATTORNEY GENERAL**Attorney general; performance of legal services.**

Sec. 301. (1) The attorney general shall perform all legal services, including representation before courts and administrative agencies rendering legal opinions and providing legal advice to a principal executive department or state agency. A principal executive department or state agency shall not employ or enter into a contract with any other person for services described in this section.

(2) The attorney general shall defend judges of all state courts if a claim is made or a civil action is commenced for injuries to persons or property caused by the judge through the performance of the judge's duties while acting within the scope of his or her authority as a judge.

(3) The attorney general shall perform the duties specified in 1846 RS 12, MCL 14.28 to 14.35, and 1919 PA 232, MCL 14.101 to 14.102, and as otherwise provided by law.

Sale of biennial report.

Sec. 302. The attorney general may sell copies of the biennial report in excess of the 350 copies that the attorney general may distribute on a gratis basis. Gratis copies shall not be provided to members of the legislature. Electronic copies of biennial reports shall be made available on the department of attorney general's website. The attorney general shall sell copies of the report at not less than the actual cost of the report and shall deposit the money received into the general fund.

Legal representation for worker's disability compensation cases.

Sec. 303. The department of attorney general is responsible for the legal representation for state of Michigan state employee worker's disability compensation cases. The risk management revolving fund revenue appropriation in part 1 is to be satisfied by billings from the department of attorney general for the actual costs of legal representation, including salaries and support costs.

Food stamp fraud cases.

Sec. 304. In addition to the funds appropriated in part 1, not more than \$400,000.00 shall be reimbursed per fiscal year for food stamp fraud cases heard by the third circuit court of Wayne County that were initiated by the department of attorney general pursuant to the existing contract between the family independence agency, the prosecuting attorneys association of Michigan, and the department of attorney general. The source of this funding is money earned by the department of attorney general under the agreement after the allowance for reimbursement to the department of attorney general for costs associated with the prosecution of food stamp fraud cases. It is recognized that the federal funds are earned by the department of attorney general for its documented progress on the prosecution of food stamp fraud cases according to the United States department of agriculture regulations and that once earned by this state, the funds become state funds.

Proceeds from lawsuit against manufacturer of tobacco products.

Sec. 305. Any proceeds from a lawsuit initiated by or settlement agreement entered into on behalf of this state against a manufacturer of tobacco products by the attorney general are state funds and are subject to appropriation as provided by law.

Carrying forward antitrust enforcement revenue.

Sec. 306. Any unobligated antitrust enforcement revenue, not to exceed \$250,000.00, may be carried forward and is available for appropriation in the succeeding fiscal year.

Litigation expense reimbursements.

Sec. 307. (1) In addition to the funds appropriated in part 1, there is appropriated up to \$500,000.00 from litigation expense reimbursements awarded to the state.

(2) The funds may be expended for the payment of attorney fees assessed against the governor or the attorney general when acting in an official capacity as the named party in litigation against the state. The funds may also be expended for the payment of state costs incurred under section 16 of chapter X of the code of criminal procedure, 1927 PA 175, MCL 770.16.

(3) Unexpended funds at the end of the fiscal year are carried forward for expenditure in the following year, up to a maximum authorization of \$500,000.00.

Prisoner reimbursement funds; use.

Sec. 308. From the prisoner reimbursement funds appropriated in part 1, the department may spend up to \$301,700.00 on activities related to the state correctional facilities reimbursement act, 1935 PA 253, MCL 800.401 to 800.406. If the department collects in excess of \$1,131,000.00 in prisoner reimbursements, the excess, up to a maximum of \$800,000.00, may be spent on defense of litigation against the state, its departments, or employees in civil actions filed by prisoners.

Child support enforcement activities.

Sec. 309. (1) For the purposes of providing title IV-D child support enforcement funding, the family independence agency, as the state IV-D agency, shall within 30 days after this act is enacted enter into a cooperative agreement with the attorney general for federal IV-D funding to support the child support enforcement activities within the office of the attorney general.

(2) The attorney general or his or her designee shall, to the extent allowable under federal law, have access to any information used by the state to locate parents who fail to pay court ordered child support.

DEPARTMENT OF CIVIL RIGHTS**Expenditure of funds from local or private sources; report.**

Sec. 401. (1) In addition to the appropriations contained in part 1, the department of civil rights may receive and expend funds from local or private sources for all of the following purposes:

(a) Developing and presenting training for employers on equal employment opportunity law and procedures.

(b) The publication and sale of civil rights related informational material.

(c) The provision of copy material made available under freedom of information requests.

(d) Other copy fees, subpoena fees, and witness fees.

(e) Developing, presenting, and participating in mediation processes for certain civil rights cases.

(f) Workshops, seminars, and recognition or award programs consistent with the programmatic mission of the individual unit sponsoring or coordinating the programs.

(2) The department of civil rights shall annually report to the state budget director, the senate and house of representatives standing committees on appropriations, and the senate and house fiscal agencies the amount of funds received and expended for purposes authorized under this section.

Equal employment opportunity compliance of potential contractors.

Sec. 402. The department of civil rights may contract with local units of government to review equal employment opportunity compliance of potential contractors and may charge for and expend amounts received from local units of government for the purpose of developing and providing these contractual services.

DEPARTMENT OF CIVIL SERVICE

Restricted revenue sources; financing.

Sec. 501. (1) All restricted funds shall be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing the department of civil service on the basis of actual 1% restricted sources total aggregate payroll of the classified service for fiscal year 2003 in accordance with section 5 of article XI of the state constitution of 1963. This includes, but is not limited to, restricted funds appropriated in part 1 of any appropriations bill. Unexpended 1% appropriated funds shall be returned to each 1% fund source at the end of the fiscal year.

(2) The 1% financing from restricted sources shall be credited to the department of civil service by the end of the second fiscal quarter.

Restricted revenue sources; shortfall.

Sec. 502. Except where specifically appropriated for this purpose, 1% of the financing from restricted sources shall be credited to the department of civil service. For restricted sources of funding within the general fund that have the legislative authority for carryover, if current spending authorization or revenues are insufficient to accept the charge, the shortage shall be taken from carryforward balances of that funding source. Restricted revenue sources that do not have carryforward authority shall be utilized to satisfy departmental operating deducts first and civil service obligations second. General fund dollars are appropriated for any shortfall, pursuant to approval by the state budget director.

Flexible spending accounts.

Sec. 503. The appropriation in part 1 to the department of civil service, for state-sponsored group insurance, flexible spending accounts, and COBRA, represents amounts, in part, included within the various appropriations throughout state government for the current fiscal year to fund the flexible spending account program included within the department of civil service. Deposits against state-sponsored group insurance, flexible spending accounts, and COBRA for the flexible spending account program shall be made