

SENATE BILL No. 1043

March 2, 2004, Introduced by Senator CLARKE and referred to the Committee on Appropriations.

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of history, arts and libraries for the fiscal year ending September 30, 2005; 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

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of history, arts and libraries for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HISTORY, ARTS AND LIBRARIES

APPROPRIATIONS SUMMARY:

| | | |
|--|-------|---------------|
| Full-time equated unclassified positions..... | 6.0 | |
| Full-time equated classified positions..... | 232.0 | |
| GROSS APPROPRIATION..... | | \$ 58,743,200 |
| Interdepartmental grant revenues: | | |
| Total interdepartmental grants and intradepartmental transfers | | 139,000 |
| ADJUSTED GROSS APPROPRIATION..... | | \$ 58,604,200 |
| Federal revenues: | | |
| Total federal revenues..... | | 8,151,300 |
| Special revenue funds: | | |
| Total local revenues..... | | 0 |
| Total private revenues..... | | 577,400 |
| Total other state restricted revenues..... | | 2,412,400 |
| State general fund/general purpose..... | | \$ 47,463,100 |

Sec. 102. DEPARTMENT OPERATIONS

| | | |
|---|------|------------|
| Full-time equated unclassified positions..... | 6.0 | |
| Full-time equated classified positions..... | 29.0 | |
| Unclassified salaries--6.0 FTE positions..... | | \$ 219,300 |
| Management services--28.0 FTE positions..... | | 1,882,600 |

| | | |
|----|---|---------------------|
| 1 | Building occupancy charges and rent..... | 2,678,600 |
| 2 | Worker's compensation..... | 17,000 |
| 3 | Film office--1.0 FTE positions..... | 131,800 |
| 4 | Human resources optimization user charges..... | <u>29,500</u> |
| 5 | GROSS APPROPRIATION..... | \$ 4,958,800 |
| 6 | Appropriated from: | |
| 7 | State general fund/general purpose..... | \$ 4,958,800 |
| 8 | Sec. 103. INFORMATION TECHNOLOGY | |
| 9 | Information technology services and projects..... | \$ <u>1,022,100</u> |
| 10 | GROSS APPROPRIATION..... | \$ 1,022,100 |
| 11 | Appropriated from: | |
| 12 | Interdepartmental grant revenues: | |
| 13 | IDG-MDOT, comprehensive transportation fund..... | 200 |
| 14 | IDG-MDOT, state aeronautics fund..... | 100 |
| 15 | IDG-MDOT, state trunkline fund..... | 3,300 |
| 16 | Special revenue funds: | |
| 17 | Game and fish protection fund..... | 100 |
| 18 | Mackinac Island state park fund..... | 42,500 |
| 19 | Special revenue, internal service and pension trust... | 2,900 |
| 20 | State lottery fund..... | 900 |
| 21 | State general fund/general purpose..... | \$ 972,100 |
| 22 | Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS | |
| 23 | Full-time equated classified positions..... 9.0 | |
| 24 | Administration--9.0 FTE positions..... | \$ 707,900 |
| 25 | Arts and cultural grants..... | <u>11,771,300</u> |
| 26 | GROSS APPROPRIATION..... | \$ 12,479,200 |
| 27 | Appropriated from: | |

| | | | |
|----|--|---------|------------------|
| 1 | Federal revenues: | | |
| 2 | NFAH-NEA, promotion of the arts, partnership agreements... | 700,000 | |
| 3 | Special revenue funds: | | |
| 4 | State general fund/general purpose..... | \$ | 11,779,200 |
| 5 | Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION | | |
| 6 | Full-time equated classified positions..... | 39.0 | |
| 7 | Mackinac Island park operation--24.3 FTE positions.... | \$ | 1,354,300 |
| 8 | Historical facilities system--14.7 FTE positions..... | | <u>1,645,700</u> |
| 9 | GROSS APPROPRIATION..... | \$ | 3,000,000 |
| 10 | Appropriated from: | | |
| 11 | Special revenue funds: | | |
| 12 | Mackinac Island state park operation fees..... | | 150,000 |
| 13 | Mackinac Island state park fund..... | | 1,329,200 |
| 14 | State general fund/general purpose..... | \$ | 1,520,800 |
| 15 | Sec. 106. MICHIGAN HISTORICAL PROGRAM | | |
| 16 | Full-time equated classified positions..... | 83.0 | |
| 17 | Federal programs--12.0 FTE positions..... | \$ | 1,893,900 |
| 18 | Heritage publications..... | | 700,000 |
| 19 | Historical administration and services--71.0 FTE | | |
| 20 | positions | | 5,155,400 |
| 21 | Private grants and gifts..... | | 502,400 |
| 22 | Thunder Bay national marine sanctuary and underwater | | |
| 23 | preserve | | <u>189,600</u> |
| 24 | GROSS APPROPRIATION..... | \$ | 8,441,300 |
| 25 | Appropriated from: | | |
| 26 | Interdepartmental grant revenues: | | |
| 27 | IDG-MDOT, comprehensive transportation fund..... | | 5,700 |

| | | |
|----|--|------------|
| 1 | IDG-MDOT, state aeronautics fund..... | 3,400 |
| 2 | IDG-MDOT, state trunkline fund..... | 126,300 |
| 3 | Federal revenues: | |
| 4 | DOI-NPS, historic preservation grants-in-aid..... | 1,348,000 |
| 5 | Federal funds..... | 545,900 |
| 6 | Special revenue funds: | |
| 7 | Private - grants and gifts..... | 400,000 |
| 8 | Private - Mann house trust fund..... | 102,400 |
| 9 | Game and fish protection fund..... | 3,600 |
| 10 | Heritage publication fund..... | 700,000 |
| 11 | Marine safety fund..... | 500 |
| 12 | Special revenue, internal service and pension trust... | 70,700 |
| 13 | State lottery fund..... | 24,300 |
| 14 | Waterways fund..... | 800 |
| 15 | State general fund/general purpose..... \$ | 5,109,700 |
| 16 | Sec. 107. LIBRARY OF MICHIGAN | |
| 17 | Full-time equated classified positions..... 72.0 | |
| 18 | Book distribution centers..... \$ | 307,500 |
| 19 | Collected gifts and fees..... | 161,900 |
| 20 | Grant to the Grand Rapids public library..... | 125,000 |
| 21 | Grant to the Detroit public library..... | 1,000,000 |
| 22 | Library of Michigan operations--72.0 FTE positions.... | 6,313,100 |
| 23 | Library services and technology act..... | 5,557,400 |
| 24 | State aid to libraries..... | 13,327,100 |
| 25 | Subregional state aid..... | 505,000 |
| 26 | Wayne County library for the blind and physically | |
| 27 | handicapped | 44,800 |

| | | |
|----|---|---------------|
| 1 | Preservation and access for Michigan project | 1,500,000 |
| 2 | GROSS APPROPRIATION..... | \$ 28,841,800 |
| 3 | Appropriated from: | |
| 4 | Federal revenues: | |
| 5 | Library services and technology act | 5,557,400 |
| 6 | Special revenue funds: | |
| 7 | Private - gifts and bequests revenues | 75,000 |
| 8 | User fees | 86,900 |
| 9 | State general fund/general purpose | \$ 23,122,500 |
| 10 | PART 2 | |
| 11 | PROVISIONS CONCERNING APPROPRIATIONS | |
| 12 | <u>GENERAL SECTIONS</u> | |
| 13 | Sec. 201. Pursuant to section 30 of article IX of the state | |
| 14 | constitution of 1963, total state spending from state resources under | |
| 15 | part 1 for fiscal year 2004-2005 is \$49,875,500.00 and state spending | |
| 16 | from state resources to be paid to local units of government for fiscal | |
| 17 | year 2004-2005 is \$18,655,400.00. The itemized statement below | |
| 18 | identifies appropriations from which spending to units of local | |
| 19 | government will occur: | |
| 20 | DEPARTMENT OF HISTORY, ARTS AND LIBRARIES | |
| 21 | Arts and cultural grants | \$ 3,653,500 |
| 22 | State aid to libraries | 13,327,100 |
| 23 | Subregional state aid | 505,000 |
| 24 | Wayne County library for the blind and physically | |
| 25 | handicapped | 44,800 |
| 26 | Grant to the Detroit public library | 1,000,000 |
| 27 | Grant to the Grand Rapids public library | 125,000 |
| 28 | Total department of history, arts and libraries | \$ 18,655,400 |

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

3 Sec. 203. As used in this appropriation bill:

4 (a) "Department" means the department of history, arts and
5 libraries.

6 (b) "Director" means the director of the department of history,
7 arts and libraries.

8 (c) "DOI-NPS" means the United States department of interior,
9 national park service.

10 (d) "Fiscal agencies" means the house fiscal agency and the
11 senate fiscal agency.

12 (e) "FTE" means full-time equated.

13 (f) "IDG" means interdepartmental grant.

14 (g) "MDOT" means the Michigan department of transportation.

15 (h) "NEA" means the national endowment for the arts.

16 (i) "NFAH" means the national foundation of the arts and the
17 humanities.

18 (j) "Subcommittees" means all members of the appropriate
19 subcommittees of the house and senate appropriations committees.

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

25 Sec. 208. Unless otherwise specified, the department receiving
26 appropriations in part 1 shall use the Internet to fulfill the
27 reporting requirements of this bill. This may include transmission of

1 reports via electronic mail to the recipients identified for each
2 reporting requirement or it may include placement of reports on the
3 Internet or Intranet site.

4 Sec. 213. From the funds appropriated in part 1 for information
5 technology, the department shall pay user fees to the department of
6 information technology for technology-related services and projects.
7 Such user fees shall be subject to provisions of an interagency
8 agreement between the department and the department of information
9 technology.

10 Sec. 214. Amounts appropriated in part 1 for information technology
11 may be designated as work projects and carried forward to support
12 technology projects under the direction of the department of
13 information technology. Funds designated in this manner are not
14 available for expenditure until approved as work projects under section
15 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

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

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

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

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

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

6 (e) Use of specialized equipment, facilities, and software that
7 permit distance learning and meetings, and group decision-making.

8 (f) Special services including the rental of department exhibits
9 and collections.

10 Funds not expended at year-end may be carried forward and expended
11 for the same purposes for which they were originally received.

12 The funds received under this section may be deposited and expended
13 from the history, arts and libraries service fund created in Section
14 216.

15 Sec. 216. A fund known as the history, arts and libraries service
16 fund is created in the department. The fund may be used to receive and
17 expend funds in addition to those authorized in part 1. The fund
18 balance may be carried forward by the department for expenditure in
19 subsequent fiscal years.

20 Sec. 217. (1) In addition to the funds appropriated in part 1, there
21 is appropriated an amount not to exceed \$1,500,000.00 for federal
22 contingency funds. These funds are not available for expenditure until
23 they have been transferred to another line item in this bill under
24 section 393(2) of the management and budget act, 1984 PA 431, MCL
25 18.1393.

26 (2) In addition to the funds appropriated in part 1, there is
27 appropriated an amount not to exceed \$1,000,000.00 for state restricted

1 contingency funds. These funds are not available for expenditure until
2 they have been transferred to another line item in this bill under
3 section 393(2) of the management and budget act, 1984 PA 431, MCL
4 18.1393.

5 (3) In addition to the funds appropriated in part 1, there is
6 appropriated an amount not to exceed \$150,000.00 for local contingency
7 funds. These funds are not available for expenditure until they have
8 been transferred to another line item in this bill under section 393(2)
9 of the management and budget act, 1984 PA 431, MCL 18.1393.

10 (4) In addition to the funds appropriated in part 1, there is
11 appropriated an amount not to exceed \$1,000,000.00 for private
12 contingency funds. These funds are not available for expenditure until
13 they have been transferred to another line item in this bill under
14 section 393(2) of the management and budget act, 1984 PA 431, MCL
15 18.1393.

16 Sec. 218. Funds appropriated in part 1 shall not be used for the
17 purchase of foreign goods or services, or both, if competitively priced
18 and comparable quality American goods or services, or both, are
19 available. Preference should be given to goods and services or both,
20 manufactured or provided by Michigan businesses if they are
21 competitively priced and of comparable value.

22 **MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS**

23 Sec. 401. (1) The Michigan council for arts and cultural affairs in
24 the department shall administer the arts and cultural grants
25 appropriated in part 1. The council shall provide for fair and
26 independent decisions on arts and cultural grant requests based upon
27 published criteria to evaluate program quality. These criteria shall

1 include a prohibition of art projects that include displays of human
2 wastes on religious symbols, displays of sex acts, and depictions of
3 flag desecration. The council shall seek to award grants on an
4 equitable geographic basis to the extent possible given the quality of
5 grant applications received. Priority shall be given to projects that
6 serve multiple counties and that leverage significant additional public
7 and private investment. Counties, cities, villages, townships,
8 community foundations, and organizations, including science
9 museums/centers, may apply for the following categories of grants:

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

14 (b) Arts projects program.

15 (c) Arts and learning program.

16 (d) Artists in residence for education program.

17 (e) Arts organization development program.

18 (f) Capital improvement program.

19 (g) Local arts agencies services program.

20 (h) Regional regranting program.

21 (i) Partnership program.

22 (j) Discretionary grants program.

23 (k) Rural arts and cultural program.

24 (l) Cultural projects program.

25 (m) Historical projects program.

26 (2) The appropriation for arts and cultural grants in part 1 and
27 disbursed under this section shall, at a minimum, be matched on an

1 equal dollar-for-dollar basis from local and private contributions paid
2 and received by each awardee receiving grants under this section. The
3 dollar-for-dollar match may include the reasonable value of services,
4 materials, and equipment as allowed under the federal internal revenue
5 code for charitable contributions subject also to the preapproval of
6 such a match by the Michigan council for arts and cultural affairs.
7 The council shall receive proof of the entire amount of the matching
8 funds, services, materials, or equipment by the end of the award
9 period.

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

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

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

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

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

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

26 (b) Awardees receiving grants greater than \$100,000.00 shall also
27 submit a report as identified in subdivision (a) on an interim basis by

1 April 7 of the grant year.

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

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

16 (7) Any organizations receiving grants within the anchor
17 organization program category in excess of 10.0% of their operating
18 revenue, for the fiscal year ending September 30, 2004, shall not
19 receive a combined grant award from all grant categories, except the
20 partnership program, that is greater than the combined grant award from
21 these categories that the organization received for the fiscal year
22 ending September 30, 2004. As used in this subsection, "operating
23 Revenue" is defined in the same manner as it was defined during the
24 fiscal year 2000 state arts anchor organization application process.

25 (8) The council shall provide for fair, equitable, and efficient
26 distribution of funds granted through the regional regranting program.
27 The council shall provide for an annual assessment of grant management

1 and distribution of mini-grant awards by designated regional regranting
2 agencies and review the methodology employed.

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

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

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

11 (i) A listing of each applicant.

12 (ii) The county of residence of an applicant.

13 (iii) The amount awarded.

14 (iv) The amount requested.

15 (v) The grant category under which an applicant applied.

16 (vi) A summary of projects funded for each awardee.

17 (vii) The expected number of patrons for an applicant during the
18 grant period.

19 (viii) The amount of matching funds proposed by an applicant.

20 (ix) The review score for each application.

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

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

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

27 (ii) A summary of any changes in the program guidelines from the

1 previous fiscal year.

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

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

9 **MICHIGAN HISTORICAL PROGRAM**

10 Sec. 501. The federal funds appropriated in part 1 for the historic
11 site preservation grants are for work projects and shall not lapse at
12 the end of the fiscal year but shall continue to be available for
13 expenditure until the projects for which the funds were reserved have
14 been completed or are terminated. The purpose of these work projects
15 is the identification, designation, and preservation of historic
16 resources. The method used will be to solicit applications from
17 eligible recipients, score applications based upon established
18 criteria, and award the contracts and subgrants. The total cost is
19 \$1,348,000.00 and the tentative completion date is September 30, 2006.

20 Sec. 502. Funds collected by the department under sections 6, 7, and
21 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are appropriated to
22 the department for the purpose for which they were received and may be
23 carried forward for expenditure in subsequent fiscal years.

24 Sec. 503. For the purpose of administering the museum store as
25 provided for in section 7a of 1913 PA 271, MCL 399.7a, the department
26 is exempt from section 261 of the management and budget act, 1984 PA
27 431, MCL 18.1261.

1 Sec. 504. (1) From the state funds appropriated in part 1, the
2 department may award discretionary historical grants to preserve
3 Michigan lighthouses. The department may award up to \$91,500.00 in
4 grants for this purpose and may use a portion of those funds to assist
5 in the transfer of lighthouses from federal ownership. A portion of
6 the funds may also be dedicated to program administration and project
7 coordination.

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

13 (3) Grants under this section may be awarded for purposes of
14 stabilization, rehabilitation, or other preservation work on a Michigan
15 lighthouse, but shall not be awarded for operational purposes. The
16 department shall not allocate a grant under this section that exceeds
17 \$40,000.00.

18 Sec. 505. From the funds appropriated in part 1 for historical
19 administration and services, \$49,700.00 shall be allocated to support
20 the operations of the Michigan freedom trail commission as specified in
21 section 4 of the Michigan freedom trail commission act, 1998 PA 409,
22 MCL 399.84. These funds shall be used to reimburse commission members,
23 to pay for necessary contractual services of the commission, and to
24 hire not more than 1.0 FTE position in the department's Michigan
25 historical center to support commission operations.

26 Sec. 506. Proceeds in excess of costs incurred in the conduct of
27 auctions, sales, or transfers of artifacts no longer considered

1 suitable for the collections of the state historical museum are
2 appropriated to the department and may be expended upon receipt for
3 additional material for the collection.

4 **LIBRARY OF MICHIGAN**

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

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

25 Sec. 603. Of the funds appropriated in part 1 for the operation of
26 the library of Michigan, a portion may be used for statewide database
27 access such as making computerized databases, searches of those

1 databases, and the products of those searches available through the
2 libraries of Michigan. Only those libraries that qualify under the
3 federal library services and technology act, subtitle B of title II of
4 the museum and library services act, title II of the arts, humanities,
5 and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-
6 295, are eligible to participate in these activities.

7 Sec. 604. The appropriation in part 1 for the preservation and
8 access for Michigan project shall be used to digitize materials
9 currently in the possession of libraries in the state and to preserve,
10 store, and make these digitized images accessible via the Michigan
11 electronic library. The subject materials are to be significant in the
12 state's history, the only existing copies of unique items, or of broad
13 interest to the citizens of Michigan.