

SENATE BILL No. 1089

February 28, 2006, Introduced by Senators CLARKE and EMERSON and referred to the Committee on Appropriations.

A bill to make appropriations for the department of history, arts and libraries for the fiscal year ending September 30, 2007; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to create funds; 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.

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, 2007, 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..... 232.0

GROSS APPROPRIATION..... \$ 54,688,700

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 79,000

ADJUSTED GROSS APPROPRIATION..... \$ 54,609,700

Federal revenues:

Total federal revenues..... 8,450,900

Special revenue funds:

Total private revenues..... 577,400

Total other state restricted revenues..... 2,781,200

State general fund/general purpose..... \$ 42,800,200

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions 6.0

Full-time equated classified positions..... 30.0

Unclassified salaries..... \$ 222,300

Management services--30.0 FTE positions..... 2,090,600

Building occupancy charges and rent..... 3,180,100

Worker's compensation..... 14,000

Human resources optimization user charges..... 16,100

1	GROSS APPROPRIATION.....	\$	5,523,100
2	Appropriated from:		
3	Special revenue funds:		
4	State general fund/general purpose.....	\$	5,523,100
5	Sec. 103. INFORMATION TECHNOLOGY		
6	Information technology services and projects	\$	<u>953,100</u>
7	GROSS APPROPRIATION.....	\$	953,100
8	Appropriated from:		
9	Special revenue funds:		
10	Mackinac Island state park fund.....		46,900
11	State general fund/general purpose.....	\$	906,200
12	Sec. 104. COUNCIL FOR ARTS AND CULTURAL AFFAIRS		
13	Full-time equated classified positions		9.0
14	Administration--9.0 FTE positions.....	\$	726,600
15	Arts and cultural grants.....		<u>10,144,300</u>
16	GROSS APPROPRIATION.....	\$	10,870,900
17	Appropriated from:		
18	Federal revenues:		
19	NFAH-NEA, promotion of the arts, partnership		
20	agreements		700,000
21	Special revenue funds:		
22	State general fund/general purpose.....	\$	10,170,900
23	Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION		
24	Full-time equated classified positions.....		39.0
25	Mackinac Island park operation--24.3 FTE positions ...	\$	1,489,000
26	Historical facilities system--14.7 FTE positions		<u>1,928,600</u>
27	GROSS APPROPRIATION.....	\$	3,417,600

1	Appropriated from:		
2	Federal revenues:		
3	Federal funds.....		200,000
4	Special revenue funds:		
5	Mackinac Island state park operations fund.....		354,500
6	Mackinac Island state park fund.....		1,521,200
7	State general fund/general purpose.....	\$	1,341,900
8	Sec. 106. MICHIGAN HISTORICAL PROGRAM		
9	Full-time equated classified positions.....	83.0	
10	Historical administration and services--71.0 FTE		
11	positions	\$	5,269,500
12	Federal programs--12.0 FTE positions.....		1,993,500
13	Heritage publications.....		700,000
14	Private grants and gifts.....		502,400
15	Thunder Bay national marine sanctuary and underwater		
16	preserve		<u>197,500</u>
17	GROSS APPROPRIATION.....	\$	8,662,900
18	Appropriated from:		
19	Interdepartmental grant revenues:		
20	IDG-MDOT, comprehensive transportation fund.....		3,400
21	IDG-MDOT, state aeronautics fund.....		2,100
22	IDG-MDOT, state trunkline fund.....		73,500
23	Federal revenues:		
24	DOI-NPS, historic preservation grants-in-aid.....		1,419,000
25	Federal funds.....		574,500
26	Special revenue funds:		
27	Private - grants and gifts.....		400,000

1	Private - Mann house trust fund.....		102,400
2	Game and fish protection fund.....		2,400
3	Heritage publication fund.....		700,000
4	Marine safety fund.....		500
5	Special revenue, internal service and pension trust ..		49,400
6	State lottery fund.....		18,800
7	Waterways fund.....		600
8	State general fund/general purpose.....	\$	5,316,300
9	Sec. 107. LIBRARY OF MICHIGAN		
10	Full-time equated classified positions.....	71.0	
11	Book distribution centers.....	\$	350,000
12	Collected gifts and fees.....		161,900
13	Library of Michigan operations--71.0 FTE positions ...		6,543,800
14	Library services and technology act.....		5,557,400
15	State aid to public libraries.....		7,493,200
16	State aid to cooperative libraries.....		4,649,800
17	Subregional state aid.....		<u>505,000</u>
18	GROSS APPROPRIATION.....	\$	25,261,100
19	Appropriated from:		
20	Federal revenues:		
21	Library services and technology act.....		5,557,400
22	Special revenue funds:		
23	Private - gifts and bequests revenues.....		75,000
24	User fees.....		86,900
25	State general fund/general purpose.....	\$	19,541,800

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PART 2

27

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

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 2006-2007 is \$45,581,400.00 and state spending from state resources to be paid to local units of government for fiscal year 2006-2007 is \$14,058,900.00. 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.....	\$	1,410,900
State aid to public libraries.....		7,493,200
State aid to cooperative libraries.....		4,649,800
Subregional state aid.....		<u>505,000</u>
Total department of history, arts, and libraries.....	\$	14,058,900

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

Sec. 203. As used in this bill:

(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.

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

2 (f) "IDG" means interdepartmental grant.

3 (g) "MCACA" means the Michigan council for arts and cultural
4 affairs.

5 (h) "MDOT" means the Michigan department of transportation.

6 (i) "NEA" means the national endowment for the arts.

7 (j) "NFAH" means the national foundation of the arts and the
8 humanities.

9 (k) "Subcommittees" means all members of the appropriate
10 subcommittees of the house and senate appropriations committees.

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

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

23 (2) The state budget director may grant exceptions to this
24 hiring freeze when the state budget director believes that the
25 hiring freeze will result in rendering a state department or agency
26 unable to deliver basic services, cause a loss of revenue to the
27 state, result in the inability of the state to receive federal

1 funds, or would necessitate additional expenditures that exceed any
2 savings from maintaining a vacancy. The state budget director
3 shall report quarterly to the chairpersons of the senate and house
4 of representatives standing committees on appropriations the number
5 of exceptions to the hiring freeze approved during the previous
6 quarter and the reasons to justify the exception.

7 Sec. 208. Unless otherwise specified, the department shall use
8 the Internet to fulfill the reporting requirements of this bill.
9 This requirement may include transmission of reports via electronic
10 mail to the recipients identified for each reporting requirement,
11 or it may include placement of reports on an Internet or Intranet
12 site.

13 Sec. 209. Funds appropriated in part 1 shall not be used for
14 the purchase of foreign goods or services, or both, if
15 competitively priced and of comparable quality American goods or
16 services, or both, are available. Preference should be given to
17 goods or services, or both, manufactured or provided by Michigan
18 businesses if they are competitively priced and of comparable
19 quality.

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

26 Sec. 213. From the funds appropriated in part 1 for
27 information technology, departments and agencies shall pay user

1 fees to the department of information technology for technology-
2 related services and projects. Such user fees shall be subject to
3 provisions of an interagency agreement between the departments and
4 agencies and the department of information technology.

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

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

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

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

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

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

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

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

10 (g) Application fees.

11 (h) Grants, gifts, and bequests, including those for capital
12 projects.

13 (2) The funds received under this section shall be deposited
14 into and expended from the history, arts and libraries fund
15 established in section 216 of this bill.

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

21 Sec. 217. (1) Due to the current budgetary problems in this
22 state, out-of-state travel for the fiscal year ending September 30,
23 2007 shall be limited to situations in which 1 or more of the
24 following conditions apply:

25 (a) The travel is required by legal mandate or court order or
26 for law enforcement purposes.

27 (b) The travel is necessary to protect the health or safety of

1 Michigan citizens or visitors or to assist other states in similar
2 circumstances.

3 (c) The travel is necessary to produce budgetary savings or to
4 increase state revenues, including protecting existing federal
5 funds or securing additional federal funds.

6 (d) The travel is necessary to comply with federal
7 requirements.

8 (e) The travel is necessary to secure specialized training for
9 staff that is not available within this state.

10 (f) The travel is financed entirely by federal or nonstate
11 funds.

12 (2) If out-of-state travel is necessary but does not meet 1 or
13 more of the conditions in subsection (1), the state budget director
14 may grant an exception to allow the travel. Any exceptions granted
15 by the state budget director shall be reported on a monthly basis
16 to the senate and house of representatives standing committees on
17 appropriations.

18 (3) Not later than January 1 of each year, each department
19 shall prepare a travel report listing all travel by classified and
20 unclassified employees outside this state in the immediately
21 preceding fiscal year that was funded in whole or in part with
22 funds appropriated in the department's budget. The report shall be
23 submitted to the chairs and members of the senate and house of
24 representatives standing committees on appropriations, the fiscal
25 agencies, and the state budget director. The report shall include
26 the following information:

27 (a) The name of each person receiving reimbursement for travel

1 outside this state or whose travel costs were paid by this state.

2 (b) The destination of each travel occurrence.

3 (c) The dates of each travel occurrence.

4 (d) A brief statement of the reason for each travel
5 occurrence.

6 (e) The transportation and related costs of each travel
7 occurrence, including the proportion funded with state general
8 fund/general purpose revenues, the proportion funded with state
9 restricted revenues, the proportion funded with federal revenues,
10 and the proportion funded with other revenues.

11 (f) A total of all out-of-state travel funded for the
12 immediately preceding fiscal year.

13 Sec. 218. (1) In addition to the funds appropriated in part 1,
14 there is appropriated an amount not to exceed \$2,000,000.00 for
15 federal contingency funds. These funds are not available for
16 expenditure until they have been transferred to another line item
17 in this bill under section 393(2) of the department of management
18 and budget act, 1984 PA 431, MCL 18.1393.

19 (2) In addition to the funds appropriated in part 1, there is
20 appropriated an amount not to exceed \$1,000,000.00 for state
21 restricted contingency funds. These funds are not available for
22 expenditure until they have been transferred to another line item
23 in this bill under section 393(2) of the department of management
24 and budget act, 1984 PA 431, MCL 18.1393.

25 (3) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$100,000.00 for local
27 contingency funds. These funds are not available for expenditure

1 until they have been transferred to another line item in this bill
2 under section 393(2) of the department of management and budget
3 act, 1984 PA 431, MCL 18.1393.

4 (4) In addition to the funds appropriated in part 1, there is
5 appropriated an amount not to exceed \$750,000.00 for private
6 contingency funds. These funds are not available for expenditure
7 until they have been transferred to another line item in this bill
8 under section 393(2) of the department of management and budget
9 act, 1984 PA 431, MCL 18.1393.

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

11 Sec. 401. (1) The MCACA in the department shall administer the
12 arts and cultural grants appropriated in part 1.

13 (2) The MCACA shall render fair and independent decisions
14 concerning arts and cultural grant requests and shall do all of the
15 following:

16 (a) Use published criteria to evaluate program quality.

17 (b) Seek to award grants on an equitable geographic basis to
18 the extent possible given the quality of grant applications
19 received.

20 (c) Give priority to projects that serve multiple counties or
21 that leverage significant additional public and private investment.

22 (3) The MCACA shall not award grants for projects or
23 activities that include displays of human wastes on religious
24 symbols, displays of sex acts, and depictions of flag desecration.

25 (4) The MCACA shall provide for fair, equitable, and efficient
26 distribution of funds granted through the regional regranting

1 program. The MCACA shall provide for an annual assessment of grant
2 management and distribution of mini-grant awards by designated
3 regional regranting agencies and review the methodology employed.

4 (5) The MCACA shall continue and expand its efforts to
5 encourage and support nonprofit arts and cultural organizations to
6 transition from solely volunteer-based organizations to
7 professionally directed operations. Criteria for support include
8 the requirement of collaboration between these organizations and
9 other community organizations.

10 Sec. 402. The MCACA may award grants to counties, cities,
11 villages, townships, community foundations and organizations in the
12 following categories:

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

17 (b) Arts projects program.

18 (c) Arts and learning program.

19 (d) Artists in residence for education program.

20 (e) Arts organization development program.

21 (f) Capital improvement program.

22 (g) Local arts agencies services program.

23 (h) Regional regranting program.

24 (i) Partnership program.

25 (j) Rural arts and cultural program.

26 (k) Cultural and history projects program.

27 (l) Discretionary grants program.

1 Sec. 403. (1) From the state funds appropriated in part 1 for
2 arts and cultural grants, no one organization may receive more than
3 17% of this funding.

4 (2) The MCACA shall make every effort to provide total grant
5 awards in the anchor organization program at a level not to exceed
6 70% of the total amount appropriated for arts and cultural grants.

7 (3) As documented in the audit report that is submitted as
8 part of the grant application process, the total of all grants
9 awarded to any organization receiving grants within the anchor
10 organization program may not exceed 15% of their "total
11 unrestricted revenues, gains, and other support," as defined by the
12 financial accounting standards board in the accounting standards
13 for not-for-profit organizations or equivalent accounting standards
14 for other types of eligible organizations.

15 (4) Before any amount appropriated for arts and cultural
16 grants in part 1 may be expended for a grant to an eligible
17 recipient, the department shall execute a grant agreement with the
18 recipient. The grant agreement shall identify the projects funded
19 and specify the category in section 402 under which the grant is
20 awarded.

21 Sec. 404. Grant applicants must meet and adhere to the
22 following requirements:

23 (a) Each applicant shall pay a nonrefundable application fee
24 of \$300.00 or 3% of the desired grant amount, whichever is less.
25 Application fees received shall be deposited in the history, arts
26 and libraries fund established in section 216. The department may
27 use the application fee to offset its direct and indirect costs.

1 (b) An applicant for a grant under the anchor organization
2 program shall submit with the application the applicant's most
3 recent annual audit report which states their "total unrestricted
4 revenues, gains, and other support," as defined by the financial
5 accounting standards board in the accounting standards for not-for-
6 profit organizations or equivalent accounting standards for other
7 types of eligible organizations. The audit report must cover an
8 audit period that ends within 18 months of the date of the
9 application.

10 (c) Each applicant shall identify proposed matching funds from
11 local and/or private sources on a dollar-for-dollar basis. The
12 dollar-for-dollar match may include the reasonable value of
13 services, materials, and equipment as allowed under the federal
14 internal revenue code for charitable contributions.

15 Sec. 405. Each grant recipient shall provide the MCACA with
16 the following:

17 (a) Proof of the entire amount of the matching funds,
18 services, materials, or equipment by the end of the award period.

19 (b) Within 30 days following the end of the grant period, a
20 final report that includes the following:

21 (i) Project revenues and expenditures including 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 (c) By April 7 of the grant year, each recipient of a grant
27 greater than \$100,000.00 shall submit an interim report that

1 includes the items identified in subdivision (b).

2 Sec. 406. The department shall make the following reports:

3 (a) A report identifying the website location that contains a
4 list of all grant recipients, sorted by county. This report shall
5 be provided to each legislator within 1 business day of the
6 announcement of annual awards by the MCACA.

7 (b) A report to the appropriations subcommittees, the state
8 budget office, and the fiscal agencies, within 30 days after the
9 MCACA announces the annual grant awards, that includes all of the
10 following:

11 (i) A listing of each applicant.

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

13 (iii) The amount requested.

14 (iv) The amount awarded.

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

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

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

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

20 (ix) A listing containing the applicant, county of residence of
21 the applicant, and amount awarded for any regranted funds in the
22 preceding fiscal year.

23 (c) An annual report to the appropriations subcommittees, the
24 state budget office, and the fiscal agencies is due when materials
25 are first distributed by the MCACA seeking grant applications for
26 the subsequent fiscal year. The report shall contain the
27 following:

1 (i) The MCACA guidelines for awarding grants.

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

4 **MICHIGAN HISTORICAL PROGRAM**

5 Sec. 501. The federal funds appropriated in part 1 for the
6 historic site preservation grants that are for work projects shall
7 not lapse at the end of the fiscal year but shall continue to be
8 available for expenditure until the projects for which the funds
9 were reserved have been completed or are terminated. The purpose
10 of these work projects is the identification, designation, and
11 preservation of historic resources. The method used will be to
12 solicit applications, score applications based upon established
13 criteria, and award subgrants. The department shall execute a
14 grant agreement with each recipient. The total cost is \$200,000.00
15 and the tentative completion date is September 30, 2007.

16 Sec. 502. Funds collected by the department under sections 3,
17 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a,
18 are appropriated to the department for the purposes for which they
19 were received, are allocated for expenditure upon receipt and may
20 be carried forward for expenditure in subsequent fiscal years.

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

25 Sec. 505. From the funds appropriated in part 1 for historical
26 administration and services, \$25,000.00 may be allocated to support

1 the operations of the Michigan freedom trail commission as
2 specified in section 4 of the Michigan freedom trail commission
3 act, 1998 PA 409, MCL 399.84. These funds shall be used to
4 reimburse commission members, to pay for necessary contractual
5 services of the commission, and to hire not more than 1.0 FTE
6 position in the department's Michigan historical center to support
7 commission operations.

8 Sec. 506. Proceeds in excess of costs incurred in the conduct
9 of auctions, sales, or transfers of artifacts no longer considered
10 suitable for the collections of the state historical museum are
11 appropriated to the department and may be expended upon receipt for
12 additional material for the collection.

13 LIBRARY OF MICHIGAN

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

1 subregional library shall not be interpreted as a reduction in
2 local support and shall not disqualify a subregional library from
3 receiving state aid under part 1.

4 Sec. 602. The funds appropriated in part 1 for a subregional
5 library shall not be released until a budget for that subregional
6 library has been approved by the department for expenditures for
7 library services directly serving the blind and persons with
8 disabilities.

9 Sec. 607. The funds appropriated in part 1 for book
10 distribution centers shall be equally distributed to the public
11 enrichment foundation and the Michigan friends of education.