

**SUBSTITUTE FOR
SENATE BILL NO. 247**

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2010; 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; and 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:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

Sec. 101. Subject to the conditions set forth in this act, the

4

amounts listed in this part are appropriated for the department of

history, arts, and libraries for the fiscal year ending September 30, 2010, 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 classified positions..... 215.0

GROSS APPROPRIATION..... \$ 40,891,500

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 87,700

ADJUSTED GROSS APPROPRIATION..... \$ 40,803,800

Federal revenues:

Total federal revenues..... 7,780,400

Special revenue funds:

Total local revenues..... 200,000

Total private revenues..... 312,600

Total other state restricted revenues..... 4,402,500

State general fund/general purpose..... \$ 28,108,300

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated classified positions..... 2.0

Building occupancy charges and rent..... \$ 3,355,400

Federal, local, and private grants..... 600,000

Cultural economic development--2.0 FTE positions..... 338,300

GROSS APPROPRIATION..... \$ 4,293,700

Appropriated from:

Federal revenues:

Federal funds..... 200,000

1	Special revenue funds:	
2	Private revenues.....	200,000
3	Local revenues.....	200,000
4	History, arts, and libraries fund.....	51,600
5	State general fund/general purpose.....	\$ 3,642,100
6	Sec. 103. INFORMATION TECHNOLOGY	
7	Information technology services and projects.....	\$ <u>1,134,100</u>
8	GROSS APPROPRIATION.....	\$ 1,134,100
9	Appropriated from:	
10	Special revenue funds:	
11	Mackinac Island state park fund.....	48,700
12	State general fund/general purpose.....	\$ 1,085,400
13	Sec. 104. COUNCIL FOR ARTS AND CULTURAL AFFAIRS	
14	Full-time equated classified positions.....	5.0
15	Administration--5.0 FTE positions.....	\$ 499,500
16	Arts and cultural grants.....	<u>3,575,700</u>
17	GROSS APPROPRIATION.....	\$ 4,075,200
18	Appropriated from:	
19	Federal revenues:	
20	NFAH-NEA, promotion of the arts, partnership	
21	agreements	850,000
22	Special revenue funds:	
23	History, arts, and libraries fund.....	152,400
24	State general fund/general purpose.....	\$ 3,072,800
25	Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION	
26	Full-time equated classified positions.....	39.0
27	Mackinac Island park operation--24.0 FTE positions ...	\$ 1,690,600

1	Historical facilities system--15.0 FTE positions	<u>2,091,000</u>
2	GROSS APPROPRIATION.....	\$ 3,781,600
3	Appropriated from:	
4	Federal revenues:	
5	Federal funds.....	200,000
6	Special revenue funds:	
7	Mackinac Island state park operation fund.....	167,000
8	Mackinac Island state park fund.....	1,600,500
9	History, arts, and libraries fund.....	204,400
10	State general fund/general purpose.....	\$ 1,609,700
11	Sec. 106. MICHIGAN HISTORICAL PROGRAM	
12	Full-time equated classified positions..... 95.0	
13	Historical administration and services--74.0 FTE	
14	positions	\$ 5,407,400
15	State historic preservation programs--13.0 FTE	
16	positions	1,130,400
17	Heritage publications--1.0 FTE positions	701,100
18	Special programs--1.0 FTE positions	112,600
19	Thunder Bay national marine sanctuary and underwater	
20	preserve--1.0 FTE positions	180,400
21	Grant to historical society of Michigan - Michigan	
22	history day	22,400
23	Museum stores--4.0 FTE positions	513,400
24	Lighthouse preservation program--1.0 FTE positions ...	251,000
25	Grant to historical society of Michigan - historical	
26	marker program stipend	<u>41,700</u>
27	GROSS APPROPRIATION.....	\$ 8,360,400

1	Appropriated from:	
2	Interdepartmental grant revenues:	
3	IDG-MDOT, comprehensive transportation fund.....	2,700
4	IDG-MDOT, state aeronautics fund.....	1,900
5	IDG-MDOT, state trunkline fund.....	83,100
6	Federal revenues:	
7	DOI-NPS, historic preservation grants-in-aid.....	969,400
8	Special revenue funds:	
9	Private grants.....	10,000
10	Private - Mann house trust fund.....	102,600
11	Game and fish protection fund.....	5,900
12	Michigan heritage publications fund.....	701,100
13	History, arts, and libraries fund.....	176,300
14	Historical marker fund.....	41,700
15	Marine safety fund.....	600
16	Michigan lighthouse preservation fund.....	251,000
17	Museum operations fund.....	513,400
18	Special revenue, internal service and pension trust ..	243,600
19	State lottery fund.....	18,100
20	State services fee fund.....	16,400
21	Waterways fund.....	1,300
22	State general fund/general purpose.....	\$ 5,221,300
23	Sec. 107. LIBRARY OF MICHIGAN	
24	Full-time equated classified positions.....	74.0
25	Book distribution centers.....	\$ 100
26	Library of Michigan operations--72.0 FTE positions ...	5,696,400
27	Library services and technology program--2.0 FTE	

1	positions	5,561,000
2	State aid to libraries.....	7,537,200
3	Subregional state aid.....	<u>451,800</u>
4	GROSS APPROPRIATION.....	\$ 19,246,500
5	Appropriated from:	
6	Federal revenues:	
7	IMLS: library services and technology act.....	5,561,000
8	Special revenue funds:	
9	History, arts, and libraries fund.....	208,500
10	State general fund/general purpose.....	\$ 13,477,000

PART 2

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 2009-2010 is \$32,510,800.00 and state spending from state resources to be paid to local units of government for fiscal year 2009-2010 is \$8,310,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

22	Arts and cultural grants.....	\$ 321,800
23	State aid to libraries.....	7,537,200
24	Subregional state aid.....	<u>451,800</u>
25	Total department of history, arts, and libraries	\$ 8,310,800

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

4 Sec. 203. As used in this appropriation act:

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

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

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

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

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

14 (f) "IDG" means interdepartmental grant.

15 (g) "IMLS" means institute of museum and library services.

16 (h) "MCACA" means the Michigan council for arts and cultural
17 affairs.

18 (i) "MDOT" means the Michigan department of transportation.

19 (j) "NEA" means the national endowment for the arts.

20 (k) "NFAH" means the national foundation of the arts and the
21 humanities.

22 (l) "Subcommittees" means all members of the appropriate
23 subcommittees of the senate and house of representatives
24 appropriations committees.

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

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

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

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

21 Sec. 208. The department shall use the Internet to fulfill the
22 reporting requirements of this act. This requirement may include
23 transmission of reports via electronic mail to the recipients
24 identified for each reporting requirement, or it may include
25 placement of reports on an Internet or Intranet site.

26 Sec. 209. Funds appropriated in part 1 shall not be used for
27 the purchase of foreign goods or services, or both, if

1 competitively priced and of comparable quality American goods or
2 services, or both, are available. Preference should be given to
3 goods or services, or both, manufactured or provided by Michigan
4 businesses, if they are competitively priced and of comparable
5 quality. In addition, preference should be given to goods or
6 services, or both, that are manufactured or provided by Michigan
7 businesses owned and operated by veterans, if they are
8 competitively priced and of comparable quality.

9 Sec. 210. (1) The department shall report no later than April
10 1, 2010 on each specific policy change made to implement a public
11 act affecting the department that took effect during the prior
12 calendar year to the senate and house appropriations subcommittees
13 on the budget for the department, the joint committee on
14 administrative rules, and the senate and house fiscal agencies.

15 (2) Funds appropriated in part 1 shall not be used by the
16 department to adopt a rule that will apply to a small business and
17 that will have a disproportionate economic impact on small
18 businesses because of the size of those businesses if the
19 department fails to reduce the disproportionate economic impact of
20 the rule on small businesses as provided under section 40 of the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

22 (3) As used in this section:

23 (a) "Rule" means that term as defined under section 7 of the
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

25 (b) "Small business" means that term as defined under section
26 7a of the administrative procedures act of 1969, 1969 PA 306, MCL
27 24.207a.

1 Sec. 211. The department shall establish and maintain
2 affirmative action programs based on guidelines developed by the
3 state equal opportunity and diversity council which was created by
4 Executive Order No. 2008-22 in order to receive general
5 fund/general purpose dollars in compliance with section 26 of
6 article I of the state constitution of 1963.

7 Sec. 213. From the funds appropriated in part 1 for
8 information technology, departments and agencies shall pay user
9 fees to the department of information technology for technology-
10 related services and projects. The user fees are subject to
11 provisions of an interagency agreement between the department and
12 the department of information technology.

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

20 Sec. 215. (1) The department may provide and enter into
21 agreements to provide general services, training, meetings,
22 information, special equipment, software and facility use, and
23 technical consulting services to other principal executive
24 departments, state agencies, local units of government, the
25 judicial branch of government, other organizations, and patrons of
26 department facilities. Fees for services shall be reasonably
27 related to the cost of providing the services and shall be used to

1 offset the costs of the services. The department may receive and
2 expend funds in addition to those authorized in part 1 which may
3 include, but are not limited to, the following:

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

7 (b) Document and data imaging services, media, storage, and
8 copies.

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

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

13 (e) Use of specialized equipment, facilities, and software
14 that permit distance learning and meetings, and group decision
15 making.

16 (f) Special services including the rental of department
17 exhibits and collections.

18 (g) Application and other fees.

19 (h) Grants, gifts, and bequests from private or public
20 sources, including those for capital projects.

21 (2) The funds received under this section shall be deposited
22 in and expended from the history, arts, and libraries fund
23 established in section 216 of this act.

24 Sec. 216. (1) A fund known as the history, arts, and libraries
25 fund is created in the department. The fund shall be used to
26 receive and expend funds identified in sections 215 and 404(a). All
27 funds in excess of those funds appropriated in part 1 are

1 appropriated for expenditure upon receipt. The fund balance may be
2 carried forward for expenditure in subsequent fiscal years.

3 (2) The department shall provide a report to the senate and
4 house of representatives appropriations subcommittees on history,
5 arts, and libraries, and to the state budget director, of all
6 revenues to and expenditures from the history, arts, and libraries
7 fund in excess of those amounts appropriated in part 1. The report
8 shall include an estimated fund balance for the fiscal year ending
9 September 30, 2010. The report is due November 1, 2010.

10 Sec. 217. (1) Due to the current budgetary problems in this
11 state, out-of-state travel for the fiscal year ending September 30,
12 2010 shall be limited to situations in which 1 or more of the
13 following conditions apply:

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

16 (b) The travel is necessary to protect the health or safety of
17 Michigan citizens or visitors or to assist other states in similar
18 circumstances.

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

22 (d) The travel is necessary to comply with federal
23 requirements.

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

26 (f) The travel is financed entirely by federal or nonstate
27 funds.

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

7 (3) Not later than January 1 of each year, each department
8 shall prepare a travel report listing all travel by classified and
9 unclassified employees outside this state in the immediately
10 preceding fiscal year that was funded in whole or in part with
11 funds appropriated in the department's budget. The report shall be
12 submitted to the senate and house of representatives standing
13 committees on appropriations, the senate and house fiscal agencies,
14 and the state budget director. The report shall include the
15 following information:

16 (a) The name of each person receiving reimbursement for travel
17 outside this state or whose travel costs were paid by this state.

18 (b) The destination of each travel occurrence.

19 (c) The dates of each travel occurrence.

20 (d) A brief statement of the reason for each travel
21 occurrence.

22 (e) The transportation and related costs of each travel
23 occurrence, including the proportion funded with state general
24 fund/general purpose revenues, the proportion funded with state
25 restricted revenues, the proportion funded with federal revenues,
26 and the proportion funded with other revenues.

27 (f) A total of all out-of-state travel funded for the

1 immediately preceding fiscal year.

2 Sec. 217a. The department shall not approve the travel of more
3 than 1 departmental employee to a specific professional development
4 conference or training seminar that is located outside of this
5 state unless the professional development conference or training
6 seminar is funded by a federal or private funding source and
7 requires more than 1 person from a department to attend, or the
8 conference or training seminar includes multiple issues in which 1
9 employee from the department does not have expertise.

10 Sec. 218. It is the intent of the legislature to explore
11 supplemental fund sourcing options for the department.

12 Sec. 219. The department shall not take disciplinary action
13 against an employee for communicating with a member of the
14 legislature or his or her staff.

15 Sec. 222. The director shall take all reasonable steps to
16 ensure businesses in deprived and depressed communities compete for
17 and perform contracts to provide services or supplies, or both. The
18 director shall strongly encourage firms with which the department
19 contracts to subcontract with certified businesses in depressed and
20 deprived communities for services, supplies, or both.

21 Sec. 223. Funds appropriated in part 1 shall not be used by a
22 principal executive department, state agency, or authority to hire
23 a person to provide legal services that are the responsibility of
24 the attorney general. This prohibition does not apply to legal
25 services for bonding activities or for those activities that the
26 attorney general authorizes.

27 Sec. 224. (1) The department shall collaborate with the state

1 board of education, the department of human services, the
2 department of community health, and the department of labor and
3 economic growth to extend the duration of the Michigan after-school
4 partnership and to oversee its efforts to implement the policy
5 recommendations and strategic next steps identified in the Michigan
6 after-school initiative's report of December 15, 2003.

7 (2) From the funds appropriated in part 1, \$25,000.00 may be
8 used to support the Michigan after-school partnership. Funds shall
9 be used to leverage other private and public funding to engage the
10 public and private sectors in building and sustaining high-quality
11 out-of-school-time programs and resources. The cochairs,
12 representing the department, the state board of education, the
13 department of human services, the department of energy, labor, and
14 economic growth, and the department of community health, shall name
15 a fiduciary agent and may authorize the fiduciary to expend funds
16 and hire people to accomplish the work of the Michigan after-school
17 partnership.

18 (3) Participation in the Michigan after-school partnership
19 shall be expanded beyond the membership of the initial Michigan
20 after-school initiative to increase the representation of parents,
21 youth, foundations, employers, and others with experience in
22 education, child care, after-school and youth development services,
23 and crime and violence prevention, and to include representation
24 from the department. Each year, on or before December 31, the
25 Michigan after-school partnership shall report its progress in
26 reaching the recommendations set forth in the Michigan after-school
27 initiative's report to the legislature and governor.

1 Sec. 226. (1) In addition to the funds appropriated in part 1,
2 there is appropriated an amount not to exceed \$2,000,000.00 for
3 federal contingency funds. These funds are not available for
4 expenditure until they have been transferred to another line item
5 in this act under section 393(2) of the management and budget act,
6 1984 PA 431, MCL 18.1393.

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

13 (3) In addition to the funds appropriated in part 1, there is
14 appropriated an amount not to exceed \$100,000.00 for local
15 contingency funds. These funds are not available for expenditure
16 until they have been transferred to another line item in this act
17 under section 393(2) of the management and budget act, 1984 PA 431,
18 MCL 18.1393.

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

25 Sec. 227. From the funds appropriated in part 1, the
26 department shall implement continuous improvement efficiency
27 mechanisms in the programs administered by the department. The

1 continuous improvement efficiency mechanisms shall identify changes
2 made in programs to increase efficiency and reduce expenditures in
3 the programs. On March 31, 2010 and September 30, 2010, the
4 department shall submit a report to the state budget director, the
5 senate and house appropriation subcommittees, and the senate and
6 house fiscal agencies on the progress made toward increased
7 efficiencies in department programs. At a minimum, each report
8 shall include information on the program review process, the type
9 of improvement mechanisms implemented, and actual and projected
10 expenditure savings as a result of the increased program
11 efficiencies.

12 Sec. 228. Within 10 days of the receipt of a grant
13 appropriated in the federal, local and private grants line item in
14 part 1, the department shall notify the house and senate
15 chairpersons of the appropriations subcommittees responsible for
16 the department budget, the house and senate fiscal agencies, and
17 the state budget director of the receipt of the grant, including
18 the funding source, purpose, and amount of the grant.

19 Sec. 229. Based on the public testimony provided in hearings
20 on the budget for the department, it is the intent of the
21 legislature that in any proposed reorganization of the department
22 the component programs currently within the library of Michigan
23 shall be kept together in a state department and the component
24 programs currently within the Michigan historical programs shall be
25 kept together in a state department.

26 Sec. 230. Not later than September 30, 2010, the department
27 shall prepare and transmit a report that provides for estimates of

1 the total general fund/general purpose appropriation lapses at the
2 close of the fiscal year. This report shall summarize the projected
3 year-end general fund/general purpose appropriation lapses by major
4 departmental program or program areas. The report shall be
5 transmitted to the office of the state budget, the chairpersons of
6 the senate and house appropriations committees, and the senate and
7 house fiscal agencies.

8 Sec. 231. It is the intent of the legislature that the
9 reorganization of this department shall not jeopardize any federal
10 funding that the Michigan council for arts and cultural affairs,
11 the library of Michigan, or the Michigan historical programs may be
12 eligible for.

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

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

16 (2) The MCACA shall render fair and independent decisions
17 concerning arts and cultural grant requests and shall do all of the
18 following:

19 (a) Use published criteria to evaluate program quality,
20 including all of the following:

21 (i) The department's intended goals and outcomes for each
22 program.

23 (ii) The department's quantifiable measures of success in
24 meeting the intended goals and outcomes.

25 (b) Seek to award grants on an equitable geographic basis to
26 the extent possible given the quality of grant applications

1 received.

2 (c) Give priority to projects that serve multiple counties,
3 leverage significant additional public and private investment, or
4 demonstrate a significant potential to increase tourism or attract
5 or retain businesses or residents.

6 (3) No payment shall be made under part 1 except upon
7 application submitted in accordance with MCACA published criteria
8 and procedures, which shall ensure both of the following:

9 (a) Artistic excellence and artistic merit are the criteria by
10 which applications will be judged, taking into consideration
11 general standards of decency and respect for the diverse beliefs
12 and values of the people of this state.

13 (b) Criteria clearly indicate that obscenity is without
14 artistic merit, is not protected speech, and will not be funded by
15 a grant from appropriations under part 1.

16 (4) The MCACA shall provide for fair, equitable, and efficient
17 distribution of funds granted through the regional regranting
18 program. The MCACA shall provide for an annual assessment of grant
19 management and distribution of mini-grant awards by designated
20 regional regranting agencies and review the methodology employed.

21 (5) The MCACA shall continue and expand its efforts to
22 encourage and support nonprofit arts and cultural organizations to
23 transition from solely volunteer-based organizations to
24 professionally directed operations. Criteria for support include
25 the requirement of collaboration between these organizations and
26 other community organizations.

27 (6) The department shall withhold undistributed grant payments

1 from a grant recipient who violates the requirements for funding in
2 subsection (3) and may disqualify the grant recipient from award of
3 future grants for a period of not more than 3 years.

4 Sec. 402. The MCACA may award grants to counties, cities,
5 villages, townships, community foundations and organizations in the
6 following categories:

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

11 (b) Arts projects program.

12 (c) Arts and learning program.

13 (d) Artists in residence for education program.

14 (e) Arts organization development program.

15 (f) Capital improvement program.

16 (g) Local arts agencies services program.

17 (h) Regional regranting program.

18 (i) Partnership program.

19 (j) Rural arts and cultural program.

20 (k) Cultural projects program.

21 (l) Historical society projects program.

22 (m) Discretionary grants program.

23 (n) Cultural and ethnic heritage centers and museums.

24 Sec. 403. (1) From the state funds appropriated in part 1 for
25 arts and cultural grants, no 1 organization may receive more than
26 15% of this funding.

27 (2) The MCACA shall make every effort to provide total grant

1 awards in the anchor organization program at a level not to exceed
2 70% of the total amount appropriated for arts and cultural grants.

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

11 (4) Before any amount appropriated for arts and cultural
12 grants in part 1 may be expended for a grant to an eligible
13 recipient, the department shall execute a grant agreement with the
14 recipient. The grant agreement shall identify the projects funded,
15 specify the category in section 402 under which the grant is
16 awarded, and include the prohibitions and sanctions identified in
17 section 401(3) and (6).

18 Sec. 404. Grant applicants shall meet and adhere to the
19 following requirements:

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

25 (b) An applicant for a grant under the anchor organization
26 program shall submit with the application the applicant's most
27 recent annual audit report which states their "total unrestricted

1 revenues, gains, and other support", as defined by the financial
2 accounting standards board in the accounting standards for not-for-
3 profit organizations or equivalent accounting standards for other
4 types of eligible organizations. The audit report shall cover an
5 audit period that ends within 18 months of the date of the
6 application.

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

12 (d) Each applicant for a grant that charges admission to their
13 institution may offer a discounted rate for admission to current
14 and former United States servicemen and servicewomen, firefighters,
15 police officers, and first responders.

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

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

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

22 (i) Project revenues and expenditures, including grant matching
23 fund amounts.

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

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

27 (c) By April 7 of the grant year, each recipient of a grant

1 greater than \$100,000.00 shall submit an interim report that
2 includes the items identified in subdivision (b).

3 Sec. 406. (1) The department shall make the following reports:

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

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

12 (i) A listing of each applicant.

13 (ii) The county of residence or domicile of the applicant.

14 (iii) The amount requested.

15 (iv) The amount awarded.

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

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

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

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

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

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

1 contain the following:

2 (i) The MCACA guidelines for awarding grants.

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

5 (2) The MCACA shall report to the chairpersons of the senate
6 and house of representatives appropriations subcommittees on
7 history, arts, and libraries by August 1 all unexpended or
8 unencumbered discretionary grant funding that is available. The
9 council shall not redistribute any unexpended or unencumbered grant
10 funds during the fiscal year without a 10-day notice to the
11 chairpersons of the senate and house of representatives
12 appropriations subcommittees on history, arts, and libraries.

13 **MICHIGAN HISTORICAL PROGRAM**

14 Sec. 502. Funds collected by the department under sections 6,
15 7, and 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are
16 appropriated to the department for the purposes for which they were
17 received, upon receipt.

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

22 Sec. 505. From the funds appropriated in part 1 for historical
23 administration and services, \$22,400.00 shall be allocated to
24 support the operations of the Michigan freedom trail commission as
25 specified in section 4 of the Michigan freedom trail commission
26 act, 1998 PA 409, MCL 399.84. These funds shall be used to

1 reimburse commission members, to pay for necessary contractual
2 services of the commission, and to hire not more than 1.0 FTE
3 position in the department's Michigan historical center to support
4 commission operations.

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

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

18 Sec. 508. Of the funds appropriated in part 1 to the
19 historical society of Michigan, historical marker program stipend,
20 the \$41,700.00 of historical marker funds is available as a 1-time
21 stipend to facilitate the transfer and privatization of the state
22 historical marker program.

23 LIBRARY OF MICHIGAN

24 Sec. 601. In order to receive subregional state aid as
25 appropriated in part 1 to the library of Michigan, a subregional
26 library's fiscal agency shall agree to maintain local funding

1 support at the same level in the current fiscal year as in the
2 fiscal agency's preceding fiscal year. If a reduction in
3 expenditures equally affects all agencies in a local unit of
4 government that is the subregional library's fiscal agency, that
5 reduction shall not be interpreted as a reduction in local support
6 and shall not disqualify a subregional library from receiving state
7 aid under part 1. If a reduction in income affects a library
8 cooperative or district library that is a subregional library's
9 fiscal agency or a reduction in expenditures for the subregional
10 library's fiscal agency, a reduction in expenditures for the
11 subregional library shall not be interpreted as a reduction in
12 local support and shall not disqualify a subregional library from
13 receiving state aid under part 1.

14 Sec. 602. The funds appropriated in part 1 for a subregional
15 library shall not be released until a budget for that subregional
16 library has been approved by the department for expenditures for
17 library services directly serving the blind and persons with
18 disabilities.

19 Sec. 603. The funds appropriated in part 1 for book
20 distribution centers shall be distributed equally to the public
21 enrichment foundation and the Michigan friends of education.