



Senate Fiscal Agency
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BILL ANALYSIS



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**Senate Bill 133 (S-1) CR-1:
FY 2015-16 General Omnibus Appropriation Bill**

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* General Government includes FY 2015-16 appropriations for the following budget areas: Attorney General; Civil Rights; Executive; Legislature; State; Technology, Management, and Budget; Treasury; and Talent and Economic Development.

General Omnibus Appropriation Bill Senate Bill 133 (S-1) CR-1		
Department/Budget Area	FY 2015-16 Gross Appropriation	FY 2015-16 GF/GP Appropriation
Agriculture and Rural Development	\$86,594,000	\$43,073,600
Attorney General	92,107,600	37,013,400
Civil Rights	16,128,700	12,949,700
Corrections	1,962,226,000	1,903,948,400
Education	305,876,200	74,898,700
Environmental Quality	486,909,300	34,827,700
Executive	5,531,100	5,531,100
Health and Human Services	25,077,183,700	4,142,798,100
Insurance and Financial Services	65,057,700	150,000
Judiciary	284,651,400	183,442,200
Legislative Auditor General	22,840,500	15,460,100
Legislature	136,464,300	131,872,300
Licensing and Regulatory Affairs	407,649,000	38,481,500
Military and Veterans Affairs	166,953,700	51,187,300
Natural Resources	404,001,200	39,597,800
State	225,256,700	17,161,500
State Police	620,837,400	376,305,600
Talent and Economic Development	1,153,023,500	198,457,000
Technology, Management and Budget	1,263,223,700	477,198,200
Transportation	3,896,201,400	400,000,000
Treasury-Debt Service	156,449,000	156,449,000
Treasury-Operations	536,197,100	123,930,300
Treasury-Revenue Sharing	1,252,406,100	0
Total General Budget Area Appropriations	\$38,623,769,300	\$8,464,733,500
Budget Stabilization Fund Appropriation.....	\$95,000,000	\$95,000,000
Total General Omnibus Appropriations	\$38,718,769,300	\$8,559,733,500

Education Omnibus Appropriation Bill House Bill 4115 (H-1) CR-1		
Department/Budget Area	FY 2015-16 Gross Appropriation	FY 2015-16 GF/GP Appropriation
Community Colleges	\$387,825,600	\$131,110,800
Higher Education.....	1,534,724,400	1,232,418,500
School Aid K-12	13,896,329,300	45,900,000
Total Education Budget Area Appropriations.....	\$15,818,879,300	\$1,409,429,300

Total General/Education Budget Area Appropriations	\$54,442,648,600	\$9,874,162,800
Total General/Education Omnibus Appropriations	\$54,537,648,600	\$9,969,162,800

Date Completed: 6-4-15

**General Omnibus Appropriation Bill
Senate Bill 133 (S-1) CR-1
FY 2014-15 Supplemental Appropriations**

Department/Budget Area	FY 2014-15 Gross Appropriation	FY 2014-15 GF/GP Appropriation
Department of Education		
Child Development and Care Program consensus caseload/cost adjustments .	(<u>\$2,703,500</u>)	(<u>\$2,703,500</u>)
Total Department of Education	(<u>\$2,703,500</u>)	(<u>\$2,703,500</u>)
Department of Health and Human Services		
Healthy Michigan Plan caseload/cost adjustments (Federal revenue)	\$485,865,600	\$0
Healthy Michigan Plan MACI cost adjustments (Federal revenue).....	466,000,000	0
Health services consensus caseload/cost adjustments	65,397,200	11,471,900
Human services consensus caseload/cost adjustments.....	(22,701,900)	(1,206,000)
Benefit payments for eligible fugitive felons	3,646,700	2,656,400
Pine Rest psychiatric residency program	<u>1,500,000</u>	<u>1,500,000</u>
Total Department of Health and Human Services	<u>\$999,707,600</u>	<u>\$14,422,300</u>
Department of Military and Veterans Affairs		
Michigan youth challenge academy (Federal and private revenue)	<u>\$4,995,700</u>	<u>\$0</u>
Total Department of Military and Veterans Affairs.....	<u>\$4,995,700</u>	<u>\$0</u>
Department of State Police		
Trooper bargaining agreement additional costs	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Total Department of State Police	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Total FY 2014-15 Supplemental Appropriations	<u>\$1,002,999,800</u>	<u>\$12,718,800</u>

Date Completed: 6-2-15



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	446.0	454.0	8.0	1.8
GROSS	84,052,200	86,594,000	2,541,800	3.0
Less:				
Interdepartmental Grants Received	318,100	317,300	(800)	(0.3)
ADJUSTED GROSS.....	83,734,100	86,276,700	2,542,600	3.0
Less:				
Federal Funds.....	10,176,200	10,427,900	251,700	2.5
Local and Private	98,300	128,100	29,800	30.3
TOTAL STATE SPENDING.....	73,459,600	75,720,700	2,261,100	3.1
Less:				
Other State Restricted Funds.....	28,143,400	32,647,100	4,503,700	16.0
GENERAL FUND/GENERAL PURPOSE.....	45,316,200	43,073,600	(2,242,600)	(4.9)
PAYMENTS TO LOCALS	4,750,000	4,750,000	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$84,052,200

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

Items Included by the Senate and House

- Accounting Service Center.** Governor recommended \$50,000 GF/GP to fully fund the accounting service center. Senate and House concurred. 50,000
- Commercial Forestry Audit Program.** Governor recommended elimination of \$150,000 GF/GP program. Senate and House added \$150,000 GF/GP to bring FY 2015-16 appropriations to \$300,000. 150,000
- Removal of FY 2014-15 One-Time Funding.** Governor, Senate, and House recommended the elimination of one-time GF/GP funding for Food and Agriculture Industry Growth Initiative (\$2.0 million), Muskegon Farmers Market (\$200,000), and Ottawa County Agriculture Incubator (\$500,000). (2,700,000)
- Adjustment for FY 2014-15 Appropriations Actions.** Includes Executive Order 2015-5 (\$600,000) and \$190,000 from contingency transfer 2015-2. 410,000
- Economic Adjustments.** Includes a negative \$588,200 Gross and a negative \$329,400 GF/GP for OPEB and \$412,900 Gross and \$228,900 GF/GP for other economic adjustments. (167,400)
- Other Changes.** Governor, Senate, and House recommended non-GF/GP technical adjustments across various lines to reflect anticipated revenue and expenditure levels. 564,800

FY 2015-16 AGRICULTURE & RURAL DEVELOPMENT BUDGET

Conference Agreement on Items of Difference

7. Pesticide and Plant Pest Management Division Increase. Governor and House recommended an increase in registration and inspection fees totaling \$1,220,000 restricted to enhance the surveillance of fertilizer and pesticide industry. Senate did not include. Conference concurred with House, which included \$1.0 million additional in water quality fees.	2,220,000
8. Food Establishments. Governor and House recommended an increase in food establishment fees totaling \$1,514,400 restricted and 8.0 FTEs to increase inspections in an effort to improve food establishment compliance to food safety regulations. Senate did not include. Conference concurred with House.	1,514,400
9. Commercial Feed Inspections. Governor and House recommended an increase in inspection fees totaling \$521,400 to enhance inspection activity. The current FY 2014-15 appropriation authority level for this support is adequate for this increase in restricted revenue to be expended. Senate did not include and adjusted fund source for revenue expected. Conference concurred with House.	0
10. Geagley Laboratory Improvements. Governor recommended a one-time appropriation of \$500,000 GF/GP to replace outdated and unsupported equipment at the lab. Senate did not include. House included \$350,000; Conference, \$150,000.	150,000
11. Rural Development Value-Added Grant Program. Governor and House recommended elimination of the grant program. Senate provided \$250,000 for FY 2015-16. Conference concurred with Senate and merged strategic growth initiative program into the value-added program with a \$1.2 million GF/GP appropriation.	(850,000)
12. County Fairs Capitol Improvement Grants. Governor and House recommended a reduction in funding for the program of \$150,000 GF/GP, leaving the FY 2015-16 level at \$170,000 GF/GP. Senate provided a funding level of \$300,000 for FY 2015-16. Conference concurred with Senate.	(20,000)
13. Shows and Expositions Grants. Governor and House recommended the elimination of the \$50,000 GF/GP grants to agricultural exhibitors. Senate provided \$20,000 for FY 2015-16. Conference concurred with Senate.	(30,000)
14. Horse Racing Programs. Conference added \$600,000 in restricted grant increase to racing grant recipients.	600,000
15. Fruit Tree Research. Conference added \$500,000 GF/GP for research grants.	500,000
16. Qualified Forest Program. House, but not Senate, included \$150,000 in additional restricted funding. Conference concurred with House.	150,000
Total Changes	\$2,541,800
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$86,594,000
Amount Over/(Under) GF/GP Target: \$0	

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

Items Included by the Senate and House

1. **Conservation Districts.** Governor, Senate, and House eliminated Section which provided guidelines for the allocation of appropriations to conservation districts. (Sec. 603)
2. **Funding Restriction.** Governor, Senate, and House eliminated language prohibiting the use of any other funds for administration or implementation of the Michigan Agriculture Environmental Assurance Program other than what is provided in its line. (Sec. 605)
3. **One-Time Basis Appropriations Only.** Governor, Senate, and House eliminated language concerning FY 2014-15 one-time appropriations for the Food and Agriculture Industry Growth Initiative grant program. (Sec. 1101)

Conference Agreement on Items of Difference

4. **Benchmarks.** Senate replaced FY 2014-15 benchmark language with requirement that metrics be established to measure performance of new programs or program increases in excess of \$500,000. House did not include. Conference concurred with Senate. (Sec. 205)
5. **Thoroughbred Purse Disbursement.** Governor and Senate eliminated language providing for disbursement of thoroughbred purse funds in the event no races are held. House included. Conference concurred with Senate. (Sec. 803)
6. **Inter-County Drains.** Indicates legislative intent that MDARD continue activities and seek fund sources. Included by Senate, not by House. Conference concurred with House. (Sec. 607)
7. **Strategic Growth Initiative/Rural Development Value-Added Program.** Conference combined Sec. 711 and Sec. 701 to reflect the merger of the two grant programs into the title of Rural Development Value-Added Program. (Sec. 701)
8. **Online Licensing.** House included language stating legislative intent that MDARD use technology to improve licensing and reporting efficiency. Not included by Senate. Conference concurred with House. (Sec. 303)

Date Completed: 5-28-15

Fiscal Analyst: Bruce Baker



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	14,179.3	14,174.3	(5.0)	(0.0)
GROSS	2,022,721,700	1,962,226,000	(60,495,700)	(3.0)
Less:				
Interdepartmental Grants Received	225,000	225,000	0	0.0
ADJUSTED GROSS.....	2,022,496,700	1,962,001,000	(60,495,700)	(3.0)
Less:				
Federal Funds.....	5,081,000	5,568,700	487,700	9.6
Local and Private	8,547,700	8,533,200	(14,500)	(0.2)
TOTAL STATE SPENDING.....	2,008,868,000	1,947,899,100	(60,968,900)	(3.0)
Less:				
Other State Restricted Funds.....	48,769,600	43,950,700	(4,818,900)	(9.9)
GENERAL FUND/GENERAL PURPOSE.....	1,960,098,400	1,903,948,400	(56,150,000)	(2.9)
PAYMENTS TO LOCALS	115,714,000	114,323,600	(1,390,400)	(1.2)

FY 2014-15 Year-to-Date Gross Appropriation \$2,022,721,700

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

Items Included by the Senate and House

- 1. Restoration of One-Time Executive Order 2015-5 Cuts.** Governor restored funding to budget lines which had been cut in Executive Order 2015-5 on a one-time basis for FY 2014-15. Senate and House concurred. 4,700,000
- 2. Neal et al. Litigation Settlement Expiration.** Governor removed \$25.0 million GF/GP settlement payments with the Neal et al. civil case. Senate and House concurred. (25,000,000)
- 3. One-Time Funding Removal.** Governor cut one-time costs for education enhancements, field mobilization costs, and the 70 x 7 life recovery program. Senate and House concurred. (2,085,900)
- 4. Kinross/Hiawatha Facility Swap.** Governor recognized \$2.0 million GF/GP savings from transition of prisoners from Kinross to the Hiawatha facility in the Upper Peninsula. Senate and House concurred. (2,000,000)
- 5. Electronic Monitoring Center Savings.** Governor identified \$1.0 million in funds that can be eliminated by the State purchasing rather than leasing the GPS and radio tethers. Senate and House concurred. (1,000,000)
- 6. Relocation of Mental Health Pilot to DCH.** Governor moved this program to the DCH budget. Senate and House concurred. (1,000,000)
- 7. Economic Adjustments.** Includes a negative \$14,406,000 Gross and a negative \$14,772,500 GF/GP for OPEB and \$9,153,100 Gross and \$9,608,400 GF/GP for other economic adjustments. Senate concurred. (5,252,900)
- 8. Other Changes.** Governor reflected reduction in restricted revenue amounts. Senate and House concurred. (2,356,900)

Conference Agreement on Items of Difference

9. Parole Sanction Certainty Pilot Program. Senate initiated pilot program designed to bring sanction certainty to technical parole violators to reduce returns to prison. House did not include. Conference funded at \$0.5 million GF/GP.	500,000
10. Goodwill 'Flip the Script' Program. Governor and House excluded program from budget proposal. Senate rejected the cut and restored \$2.5 million GF/GP in funding. Conference allocated \$2.0 million GF/GP for program.	(500,000)
11. IDG to DHS for Swift-and-Sure. Governor and House withdrew \$1.0 million GF/GP in program funding in budget recommendation. Senate rejected the cut. Conference did not include.	(1,000,000)
12. Program Reduction. Senate reduced funding by \$3.5 million GF/GP through 'mid-year' true-up adjustment which reflects expenditures forecasted to be below the appropriated line-item amount. House reduced by \$6.3 million. Conference reduced funding by \$2.5 million GF/GP.	(2,500,000)
13. Program and Special Equipment Fund Shift. Governor and Senate shifted \$9.0 million of restricted funds to replace GF/GP for education and re-entry services to align budget priorities. House shifted additional funds. Conference concurred with Governor.	(9,000,000)
14. Unified Physical/Mental Health Care Contract Savings. Senate reduced aggregated healthcare line item by \$15.0 million to recognize 7% savings from Governor's budget as expected unified health care contract realizes reductions in overhead and administrative cost burden as has occurred in other states. House reduced by \$0.9 million GF/GP. Conference reduced by \$15.0 million GF/GP.	(15,000,000)
15. Local Public Works Funding Authorization. Conference restored \$1.0 million in restricted fund, \$0 GF/GP authorization for local public works projects.	1,000,000
Total Changes	(\$60,495,700)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$1,962,226,000

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

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

Items Included by the Senate and House

- Updated Amounts for Total Legacy Costs.** Governor updated total legacy costs section, the pension-related costs are: \$188,628,700 and the retiree health care costs are: \$143,701,900. Senate and House concurred with the update. (Sec. 5-246)

Conference Agreement on Items of Difference

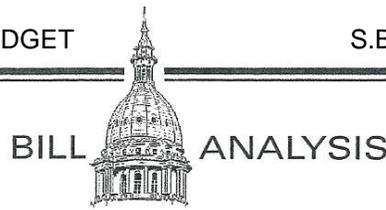
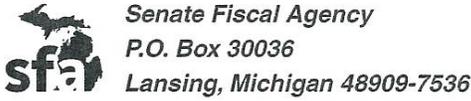
- Deletions.** The Governor proposed the elimination of the majority of the current-year boilerplate; the approximately fifty-eight Sections or subsections proposed for elimination include: 204, 206, 207, 212, 214, 232, 238, 239, 247, 304, 305, 402, 403, 404, 406, 407, 409, 411, 412, 413, 417, 418, 420, 421, 431, 434, 436, 437, 504, 505, 508, 509, 510, 511, 601, 608, 611, 612, 615, 802, 803, 804(2), 805, 812, 814, 816, 904, 907, 911, 912, 913, 915, 937, 938, 940, 1011, 1051, and 1201. The deletions include a variety of reporting requirements, statements of legislative intent, and guidance on certain programs such as the LEAN program, Swift-and-Sure IDG to DHS, and the workforce development language. Senate concurred with ten of the deletions including 204, 404, 431, 435, 436, 504, 508, 510, 938, and 1051. Senate restored or modified the other sections deleted by the Governor. Conference retains some Senate and House sections.
- Definitions.** Fourteen definitions were eliminated from the bill, ranging from simple acronyms such as FTE meaning "full time equivalent", to broader definitions for concepts such as recidivism and cost per prisoner. Twenty-four definitions would remain in the bill with such terms as: full-time equivalent, offender target population, and serious mental illness. Senate concurred with Sec. 203(o), 203(r), and 203(t) deletions but restored all other definitions as well as adding Sec. 203(m) "EPIC" program. Conference included approximately 30 definitions in Sec. 5-203.

4. **Program and Special Equipment Fee Language Change.** Governor changed name of fund from 'special equipment fund' to 'program and special equipment fund'. Senate concurred with updated language. House had different language. Conference concurred with Governor. (Sec. 5-219)
5. **Contingency Funding Allowance Increase.** Governor and Senate increased the amount of State contingency funds allowed to be collected increased from \$5,000,000 to \$10,000,000 for the potential use for State restricted contingency if needed in FY 2015-16 in accordance with the program and special equipment fund shift. House did not include. Conference included modifications. (Sec. 5-229(2))
6. **Performance Metrics Language.** Governor did not include language. Senate modified language to update the requirements from the Department. The following thirteen line-items in the Senate recommendation would be subject to the current modified language: Executive direction, Reentry services, Education program, Community corrections, felony drunk driving, Residential services, Field operations, Parole sanction certainty pilot program, Substance abuse testing and treatment services, clinical and mental health services and support, Detroit re-entry center, Muskegon Correctional Facility, Southern region administration and support. House retained current year language. Conference adopted Senate language. (Sec. 5-247)
7. **Staff Savings Report.** Conference modified language to add a 60 business day response time component as well as reporting requirement to inform outcomes from staff suggestions. (Sec. 5-304)
8. **Effective Process Improvement and Communication (EPIC) Report.** Conference removed LEAN programming process language and added reporting requirement on EPIC program. (Sec. 5-403)
9. **County Jail Reporting.** Conference added subsection for county jail capacity report. (Sec. 5-414)
10. **Parole Sanction Certainty Pilot Program.** Conference added language to detail guidance on expenditures for this pilot program. (Sec. 5-421)
11. **MSI/Prosperity Region Nexus.** Senate modified Michigan State Industries reporting language to include labor force demand data as well as an identification of skills shortages in the Michigan Prosperity regions to achieve connection between program and geographic labor needs. Conference concurred. (Sec. 5-509)
12. **Parole Guideline Review.** Conference added language for parole board to review offenders with life sentences who are eligible to be paroled. (Sec. 5-616)
13. **Changes to Offsite Inpatient Medical Care Reports.** Governor deleted reporting requirement concerning off-site inpatient medical care and average length of stay in an off-site facilities. Senate restored language. House modified reporting language. Conference concurred with House. (Sec. 5-804(2))
14. **Cost Per Prisoner Report.** Senate added language to add marginal cost per prisoner by age cohort as another data point in the existing report. Conference did not include. (Sec. 5-904)
15. **Community Colleges Programming Eligibility.** Senate added language to allow for undergraduates and community colleges to find opportunities to collaborate with the Department on providing programming. Conference did not include. (Sec. 5-915)
16. **Visitation Center Access.** Conference added section to investigate opportunities to expand the access of the visitation space at the Central Michigan Correctional Facility. (Sec. 5-945)
17. **Religious Programming Prioritization.** Senate added language to give religious reentry service providers priority. Conference changed language to "may". (Sec. 5-1012)

Date Completed: 5-28-15

Fiscal Analyst: John P. Maxwell

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



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	600.5	588.5	(12.0)	(2.0)
GROSS	290,498,700	305,876,200	15,377,500	5.3
Less:				
Interdepartmental Grants Received	0	0	0	--
ADJUSTED GROSS.....	290,498,700	305,876,200	15,377,500	5.3
Less:				
Federal Funds.....	201,279,200	215,640,900	14,361,700	7.1
Local and Private	7,567,000	7,667,000	100,000	1.3
TOTAL STATE SPENDING.....	81,652,500	82,568,300	915,800	1.1
Less:				
Other State Restricted Funds.....	7,972,600	7,669,600	(303,000)	(3.8)
GENERAL FUND/GENERAL PURPOSE.....	73,679,900	74,898,700	1,218,800	1.7
PAYMENTS TO LOCALS	13,576,000	15,176,000	1,600,000	11.8

FY 2014-15 Year-to-Date Gross Appropriation \$290,498,700

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

Items Included by the Senate and House

- Child Development and Care.** The Governor, Senate, and House increased the Child Development and Care program in addition to keeping the increase from HB 4112. This increase requires no additional GF/GP. Of the total, \$11.8 million is for public assistance to increase the exit threshold to 250% of poverty (\$0.8 million), create a 12-month continuous eligibility model (\$8.0 million), and provide higher-tiered reimbursement (\$3.0 million). 11,805,600
- State Aid to Libraries.** The Governor, Senate, and House increased State aid to libraries by \$1.0 million to support operations and increase early childhood literacy programs. This is supported by GF/GP. 1,000,000
- Renaissance Zone Reimbursement.** The Governor, Senate, and House increased Renaissance Zone Reimbursements to libraries to ensure that the program is fully funded for FY 2015-16. This is supported by GF/GP. 600,000
- Private Gifts - Deaf.** The Governor, Senate, and House increased private gifts to the Michigan Schools for the Deaf and Blind due to an increase in private donations. 100,000
- Child Development and Care-Public Assistance.** The Governor, Senate, and House continued the mid-year supplemental reduction in GF/GP to this line item due to a decrease in caseloads that resulted in GF/GP that is no longer needed to support Federal funds. 0
- MPSERS Payments to Libraries.** The Governor, Senate, and House continued the transfer in MPSERS payments for libraries to the School Aid budget, which was first done in HB 4112 and reduced both Gross and GF/GP. 0
- Professional Preparation Services.** The Governor, Senate, and House reduced this line item due to a decrease in expected revenue from certification fees. (289,200)

FY 2015-16 DEPARTMENT OF EDUCATION BUDGET

- 8. **Economic Adjustments.** Standard economic adjustments increased \$575,700 Gross, \$141,900 GF/GP. However, economic adjustments for OPEB more than offset the increase in standard economics, and totaled a negative \$717,100 Gross and negative \$139,800 GF/GP. Other economic adjustments totaled a negative \$15,900 Gross and negative \$4,100 GF/GP. (157,300)
- 9. **Other Changes.** The Governor, Senate, and House modified IDG payments to the Department of Human Services (decreased Gross and Federal \$31,500) and the Department of Licensing and Regulatory Affairs (increased Gross and GF/GP \$23,400) due to economic adjustments. 4.0 FTEs were moved from Educational Improvement and Innovative Services to the Office of School Reform. (8,100)

Conference Agreement on Items of Difference

- 10. **Child Development and Care-External Support.** \$5.6 million in Federal funds was proposed by the Governor for external support to hire licensing consultants at the Department of Licensing and Regulatory Affairs. The Senate concurred with the Governor; the House did not concur. Conference included the \$5.6 million, and added an additional \$3.5 million. 9,161,600
- 11. **Child Development and Care (CDC) - Caseload Adjustments.** Conference reduced CDC funding \$7.3 million (\$860,800 GF/GP) due to caseload adjustments from the May, 2015 CREC. (7,303,300)
- 12. **Financial Independence Team.** The Governor and the Senate restored reductions in the financial independence team, which were done in HB 4112. The House did not restore the reductions. Conference restored GF/GP reductions to the financial independence team. 389,100
- 13. **Educator Evaluations.** The Senate and House did not restore this line item after being eliminated in EO 2015-5. Conference restored \$2.5 million, funded with GF/GP. 2,500,000
- 14. **School Reform Office.** Conference moved the school reform line to the Department of Technology, Management, and Budget in accordance with Executive Revision 2016-3, all GF/GP. (2,420,900)

Total Changes \$15,377,500

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$305,876,200

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

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

Items Included by the Senate and House

- 1. **Deleted Sections.** The Governor, Senate, and House deleted a number of sections. These included sections capping per diem pay (Sec. 302), restrictions on the teacher evaluation line item (Sec. 702), and specifying MPERS payments to libraries (Sec. 805).
- 2. **Sections Deleted by Governor, but Retained by Senate and House.** The Senate and House retained a number of sections that the Governor deleted. These included sections requiring a report on sexual misconduct (Sec. 208), protecting employees who communicate to the Legislature (Sec. 216), requiring the retaining of previous reports (Sec. 218), responding to the Legislature within 30 days (Sec. 220), requiring notification before entering into contracts above \$1.0 million and amending the NCLB waiver (Sec. 235), requiring a report on nonpublic school mandates (Sec. 236), allowing substitute teaching to be used towards teacher certifications (Sec. 502), keeping the library unit intact (Sec. 803), requiring notifications on grants (Sec. 901), requiring a report on Child Development and Care (Sec. 1001), and requiring a report on the Early Childhood Investment Corporation (Sec. 1003).
- 3. **Added Sections.** The Senate and House concurred with a number of sections that were added by the Governor. These included sections allowing the Michigan Schools for the Deaf and Blind low-incident outreach program to carry forward unexpended restricted revenue (Sec. 408) and the Child Development and Care program (Sec. 1004).
- 4. **Benchmarks and Metrics Section.** The Governor deleted and the Senate and House retained this section but removed subsection (2), which was legislative intent language that any new proposed program have a list of benchmarks, and included language that requires compliance with metrics required under section 431 of the Management and Budget Act. (Sec. 234)

5. **School Fund Raisers.** The Senate and House added a section that requires the Department to set the minimum number of fund raisers during school that sell food/drinks that do not meet new nutrition standards, to at least three per week. (Sec. 237)
6. **Educator Evaluation.** The Senate and House did not concur with a new section that was added by the Governor that provided guidelines and benchmarks for educator evaluation funding. (Sec. 703)
7. **Technical Adjustments.** The Governor, Senate, and House made a number technical adjustments including, date changes, definition changes, legacy costs adjustments (totals \$15.9 million), and payments to locals adjustments (totals \$15.2 million).

Conference Agreement on Items of Difference

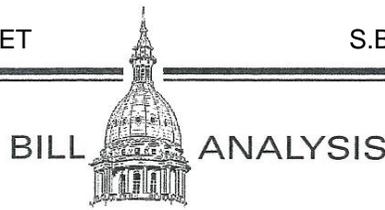
8. **RFI Prior to RFP.** The Governor and Senate deleted a section that requires the Department to consider an RFI prior to an RFP for contracts above \$5.0 million. The House retained the section and lowered the amount to \$1.0 million. Conference concurred with the House. (Sec. 233)
9. **Teacher Certification Test.** The Senate added a section that requires the Department to adopt a teacher certification test that ensures that teachers can deliver evidence-based literacy instruction. The House did not include; Conference concurred with the House. (Sec. 507)
10. **State Aid to Libraries.** The Governor and Senate added a section providing benchmarks and guidelines for increases in State aid to libraries. The House did not include; Conference concurred with the section, but added legislative intent language. (Sec. 806)
11. **Kindergarten Entry Assessment.** The Senate added a section that ensures that kindergarten entry assessments include an indicator for a child who participated in the Great Start Readiness Program. The House did not include; Conference concurred with the Senate. (Sec. 1005)
12. **Best Practices Clearinghouse.** The Senate included a section that establishes a clearinghouse for best practices to improve reading proficiency in grades K to 3. The House did not include; Conference included the section, but modified it to direct the Department to link to the Federal clearinghouse and disseminate the information. (Sec. 1006)
13. **Report for Child Provider Licensors.** Conference included a new reporting requirement on progress being made by child care provider licensors in improving child care quality due April 1 and September 30, 2016. (Sec. 1007)
14. **Supplemental.** Conference included a negative supplemental of \$2.7 million GF/GP to adjust for caseloads for FY 2014-15 (Sec. 1B, 2201)

Date Completed: 5-28-15

Fiscal Analyst: Cory Savino



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,284.50	1,218.00	(66.5)	(5.2)
GROSS	519,191,800	486,909,300	(32,282,500)	(6.2)
Less:				
Interdepartmental Grants Received	9,530,500	9,115,300	(415,200)	(4.4)
ADJUSTED GROSS.....	509,661,300	477,794,000	(31,867,300)	(6.3)
Less:				
Federal Funds.....	149,749,600	138,079,100	(11,670,500)	(7.8)
Local and Private	546,900	546,000	(900)	(0.2)
TOTAL STATE SPENDING.....	359,364,800	339,168,900	(20,195,900)	(5.6)
Less:				
Other State Restricted Funds.....	321,888,900	304,341,200	(17,547,700)	(5.5)
GENERAL FUND/GENERAL PURPOSE.....	37,475,900	34,827,700	(2,648,200)	(7.1)
PAYMENTS TO LOCALS	2,775,000	3,648,500	873,500	31.5

FY 2014-15 Year-to-Date Gross Appropriation \$519,191,800

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

Items Included by the Senate and House

- Underground Storage Tank Authority.** The Governor, House, and Senate included revenue from the Underground Storage Tank Cleanup Fund to provide monies to address privately-owned leaking underground storage tanks. This fund and program were created by Public Act 416 of 2014. The Fund receives the first \$20.0 million of the 7/8 cent environmental regulatory fee paid on each gallon of refined petroleum products in Michigan. The remainder of that revenue is credited to the Refined Petroleum Fund, as all of this revenue had been before the enactment of this program. 20,000,000
- Refined Petroleum Product Cleanup Program.** The Governor, House, and Senate included a reduction in this program from \$32.9 million in FY 2014-15 to \$20.0 million in FY 2015-16. Public Act 416 of 2014 redirected the first \$20.0 million in Refined Petroleum Fund (RPF) revenue, the sole support for this program, to a new fund that will be used to clean up leaking underground storage tanks on private property, rather than orphaned tanks, which is what this program covers. There is a sufficient balance in the RPF to partially offset the redirection of these funds, so the reduction the Governor included in this line is \$12.9 million rather than the full \$20.0 million. (12,900,000)
- Fee Sunsets.** The Governor, House, and Senate assume a number of fee sunsets are eliminated or delayed. Failure to address these sunsets would result in the loss of about \$27.1 million in revenue across a number of restricted funds in the DEQ budget. 0

4. Air Quality - Environmental Pollution Prevention Fund (EPPF). The Governor removed \$1.3 million in EPPF current revenue used to support the Air Quality Division. The Fund does not have revenues or a balance that allows for current-year appropriation levels to be maintained. This reduction would have a programmatic impact on the Air Quality Division and would result in the reduction of services, permit delays, or other outcomes. The House and Senate restored these funds.	0
5. Drinking Water Revolving Fund State Match. The Governor, House, and Senate included a reduction for this program. The DEQ receives a 5:1 Federal match on State monies dedicated to this program which provides low-interest loans to municipalities for improvements to drinking water infrastructure. In addition to GF/GP, the DEQ also uses repayments from previous loans as matching funds. Between repayments and the \$2.05 million GF/GP that would be left in the program if this reduction were enacted, the DEQ should be able to leverage all available Federal funds.	(2,950,000)
6. Radiological Protection Program. The Governor, House, and Senate included additional interdepartmental grant revenue from the Department of State Police to conduct Federally-mandated radiological emergency preparedness exercises at Michigan's nuclear power plants. The funds used for these activities come from these power plants, and the cost of the exercises is anticipated to rise.	366,000
7. Clean Michigan Initiative Adjustments. The Governor, House, and Senate included a number of adjustments to the Clean Michigan Initiative funds used in the DEQ budget. These adjustments reflect statutory requirements, fund availability, and expected Federal revenue.	(1,473,200)
8. Overstated Federal Authorization. The Governor, House, and Senate reduced a number of line items to reflect lower-than-appropriated Federal receipts. Many of these items have been over-appropriated (appropriation exceeds size of actual Federal grant) for a number of years. These adjustments would bring appropriations to the level of expected revenue.	(10,907,000)
9. Technical Adjustments. The Governor, House, and Senate included reductions in excess restricted fund appropriations in the Contaminated Site Investigation, Cleanup, and Revitalization line, restricted fund shifts in Oil, Gas, and Mineral Services, and an increase in authorization to reflect statutory changes in the Aquatic Nuisance Control Program.	(4,882,000)
10. Technical Adjustments - FY 2014-15. The House and Senate adjusted for one-time FY 2014-15 supplemental appropriations and Executive Budget Revisions.	(16,600,000)
11. Remove FY 2014-15 One-Time Appropriations.	(2,500,000)
12. Economic Adjustments. Includes a negative \$1,503,500 Gross and a negative \$241,100 GF/GP for OPEB and \$1,170,800 Gross and \$192,900 GF/GP for other economic adjustments.	(332,700)
<u>Conference Agreements on Items of Difference</u>	
13. Air Quality Fee Increase. The Governor included additional \$2.25 million in Air Quality Fee revenue in anticipation of an increase in fees charged per ton of air emissions at regulated facilities. The current fee is \$47.95 per ton; the Governor's budget assumes an increase to \$65.00 per ton. The current fee raises about \$9.6 million per year, with this increase the fee would raise about \$11.9 million. Additional revenue would be used to expand the program and ensure that Federal and State requirements are met. The Senate did not include this fee increase. The House and Conference included a lower amount of assumed fee revenue at \$1.2 million.	1,200,000
14. Executive Budget Revision 2016-4. The Conference included changes as requested in Executive Revision 2016-4, which implemented the Executive Order which moved the Retired Engineers Technical Assistance Program and the position of Air Policy Director from DEQ to the Department of Licensing and Regulatory Affairs.	(1,303,600)
15. Air Quality Division. The House included a \$150,000 GF/GP reduction in this line. The Conference did not include this reduction.	0
16. Drinking Water and Environmental Health. The House included a \$150,000 GF/GP reduction in this line. The Conference did not include this reduction.	0

17. Emergency Water Fund. The Senate included a placeholder for a new program that would provide water assistance in certain communities. The Conference did not include this item.	0
Total Changes	(\$32,282,500)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$486,909,300
Amount Over/(Under) GF/GP Target: \$0	

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

Items Included by the Senate and House

1. **Report Retention.** The Governor removed and House and Senate retained a section requiring the Department to abide by State and Federal guidelines for record retention. (Sec. 207)
2. **Disciplinary Action.** The Governor removed and House and Senate retained a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 212)
3. **Small Business Rules.** The Governor removed and House and Senate retained a section prohibiting rules that have a disproportionate impact on small businesses. (Sec. 213)
4. **RPF Site List.** The Governor removed and House and Senate retained a list of sites to be funded with Refined Petroleum Fund revenue in part 1. The list of sites was updated. (Sec. 306)
5. **Aquatic Nuisance Control (ANC) Program.** The Governor, House, and Senate removed a section requiring \$700,000 and 5.0 FTEs to be allocated to this program. (Sec. 401)
6. **Air Quality Penalties.** The Governor removed and House and Senate retained a section prohibiting the Department from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. (Sec. 502)
7. **Stormwater, Asset Management, and Wastewater (SAW) Grants Report.** The Governor removed and House and Senate retained a section requiring a report on all previously awarded SAW grants. (Sec. 603)
8. **Underground Storage Tank (UST) Authority Work Project.** The Governor included a new section establishing the \$20.0 million appropriation for the UST Authority in part one as a work project. The House and Senate included this section. (Sec. 701)

Conference Agreement on Items of Difference

9. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. The House retained the original language. The Senate and Conference included this section, but made various changes to the section. (Sec. 204)
10. **FTE Report.** The Governor and Senate removed and House and Conference retained a report on the number of FTEs in the Department after the beginning of the fiscal year. (Sec. 223)
11. **Customer Satisfaction Report.** The Governor, Senate, and Conference removed and House retained a report on the customer satisfaction program. (Sec. 228)
12. **Expedited Permit Program Report.** The Governor, Senate, and Conference removed and House retained a report on this program. (Sec. 229)
13. **Refined Petroleum Fund (RPF) Repayment.** The Governor and House removed and Senate and Conference retained a section establishing intent that \$70.0M borrowed from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
14. **Water Quality and Use Initiative Report.** The Governor removed and Senate retained a report on the use of funds for this program. (Sec. 402)
15. **Increased Air Fees - Metrics.** The Governor included a new section directing the Department to use increased funds for the Air Quality Program to increase compliance assistance, permitting, inspections, monitoring, and enforcement.

FY 2015-16 ENVIRONMENTAL QUALITY BUDGET

The funds would assist with ensuring that Michigan meets National Ambient Air Quality Standards. The Senate included this section. The House and Conference included the section but added that funds must be used to hire 1.0 FTE for oversight of air quality programs in the Upper Peninsula. (Sec. 501)

16. **Environmental Pollution Prevention Fund (EPPF) Revenue Shortfall.** The Governor, Senate, and Conference removed and House retained a section requiring EPPF appropriations to be used for the Hazardous Waste Management Program as a priority if EPPF revenues are not sufficient to cover all appropriations of the fund. (Sec. 604)

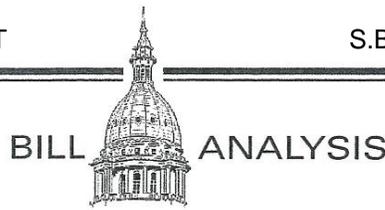
17. **FY 2015-16 Appropriation Intent.** The Governor and House removed two sections stating legislative intent for appropriations in FY16. The Senate and Conference retained one of these sections. (Sec. 2001)

Date Completed: 5-28-15

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

See Individual Highlight Sheet for Department Detail

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

GENERAL SECTIONS

Items Included by the Senate and House

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

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

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

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

Total Changes (\$1,714,700)

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

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	132.0	129.0	(3.0)	(2.3)
GROSS	16,644,200	16,128,700	(515,500)	(3.1)
Less:				
Interdepartmental Grants Received	288,900	286,700	(2,200)	(0.8)
ADJUSTED GROSS.....	16,355,300	15,842,000	(513,300)	(3.1)
Less:				
Federal Funds.....	2,736,500	2,721,700	(14,800)	(0.5)
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING.....	13,600,100	13,101,600	(498,500)	(3.7)
Less:				
Other State Restricted Funds.....	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	13,448,200	12,949,700	(498,500)	(3.7)
PAYMENTS TO LOCALS	0	0	0	0.0

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

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

Items Included by the Senate and House

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

Total Changes (\$515,500)

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

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

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

Items Included by the Senate and House

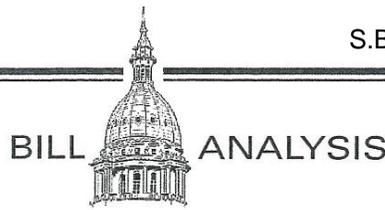
1. **Boilerplate Structure.** The **Governor** moved boilerplate from the FY 2014-15 general sections that applied to all General Government budgets to the Article for the Department of Civil Rights. **Senate and House:** retained current law format for structure of the bill. These sections include: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

Date Completed: 5-28-15

Fiscal Analyst: Joe Carrasco



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	78.2	74.2	(4.0)	(5.1)
GROSS	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	5,916,100	5,531,100	(385,000)	(6.5)
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE	5,916,100	5,531,100	(385,000)	(6.5)
PAYMENTS TO LOCALS	0	0	0	0.0

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

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

Items Included by the Senate and House

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

Date Completed: 5-28-15

Fiscal Analyst: Joe Carrasco



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	0.0	0.0	N/A	N/A
GROSS	154,089,300	159,304,800	5,215,500	3.4
Less:				
Interdepartmental Grants Received	5,220,700	5,392,800	172,100	3.3
ADJUSTED GROSS.....	148,868,600	153,912,000	5,043,400	3.4
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING.....	148,468,600	153,512,000	5,043,400	3.4
Less:				
Other State Restricted Funds.....	6,110,600	6,179,600	69,000	1.1
GENERAL FUND/GENERAL PURPOSE.....	142,358,000	147,332,400	4,974,400	3.5
PAYMENTS TO LOCALS	0	0	0	0.0

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

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

Conference Agreement on Items of Difference

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

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

Total Changes \$5,215,500

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

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

Fiscal Analyst: Joe Carrasco



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,587.0	1,587.0	0.0	0.0
GROSS	226,774,900	225,256,700	(1,518,200)	(0.7)
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	206,774,900	205,256,700	(1,518,200)	(0.7)
Less:				
Federal Funds.....	3,050,000	1,460,000	(1,590,000)	(52.1)
Local and Private	100	100	0	0.0
TOTAL STATE SPENDING.....	203,724,800	203,796,600	71,800	0.0
Less:				
Other State Restricted Funds.....	185,985,800	186,635,100	649,300	0.3
GENERAL FUND/GENERAL PURPOSE.....	17,739,000	17,161,500	(577,500)	(3.3)
PAYMENTS TO LOCALS	1,360,800	1,272,100	(88,700)	(6.5)

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

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

Items Included by the Senate and House

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

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

Conference Agreement on Items of Difference

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

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

Items Included by the Senate and House

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

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

Fiscal Analyst: Joe Carrasco



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BILL ANALYSIS



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

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

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

Items Included by the Senate and House

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

FY 2015-16 TECHNOLOGY, MANAGEMENT, AND BUDGET BUDGET

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

19. **FY 2015-16 One-Time Appropriations.** The **Governor** included the following one-time funding: \$2.0 million for litigation costs; \$600,000 for alignment of IT funding with agency requests related to the Treasury Business Portal described above; and \$500 for planning authorizations for SBA-authorized community college and university construction projects. **Senate:** reduced litigation funding by \$1.0 million and SBA authorized capital outlay projects by \$400. **House:** Reduced funding by \$999,500, and capital outlay planning grants by \$500. **Conference:** reduced litigation costs by \$1.0 million and all \$500 in planning authorizations. Conference also included additional one-time funding of \$3.0 million for Treasury IT costs; \$500,000 for a school cost study; and \$105,000 for special grants. 5,205,000

20. **Fund Shift.** The **Senate** replaced \$3.5 million in GF/GP funding with restricted revenue from the IT Innovation Fund. The shift has a net zero effect on the gross but reduces GF/GP expenditures by \$3.5 million. **House:** Did not include. **Conference:** Concurred with House. 0

Total Changes \$32,935,700

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$1,263,223,700

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

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

Items Included by the Senate and House

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

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

Conference Agreement on Items of Difference

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

Completed: 5-28-15

Fiscal Analyst: Joe Carrasco



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

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

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

Items Included by the Senate and House

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

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

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

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

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

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

Date Completed: 5-28-15

Fiscal Analyst: Cory Savino



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

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

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

Items Included by the Senate and House

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

FY 2015-16 TREASURY - OPERATIONS BUDGET

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

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

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

Fiscal Analyst: Elizabeth Pratt

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



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

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

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

Items Included by the Senate and House

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

Conference Agreement on Items of Difference

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

FY 2015-16 TALENT AND ECONOMIC DEVELOPMENT BUDGET

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

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

Items Included by the Senate and House

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

FY 2015-16 TALENT AND ECONOMIC DEVELOPMENT BUDGET

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

Conference Agreement on Items of Difference

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

Date Completed: 5-28-15

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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,653.1	3,687.1	34.0	0.9
GROSS	18,050,059,300	19,554,822,400	1,504,763,100	8.3
Less:				
Interdepartmental Grants Received	9,425,900	2,131,500	(7,294,400)	(77.4)
ADJUSTED GROSS.....	18,040,633,400	19,552,690,900	1,512,057,500	8.4
Less:				
Federal Funds.....	12,459,869,600	14,035,917,900	1,576,048,300	12.6
Local and Private	355,112,600	215,650,500	(139,462,100)	(39.3)
TOTAL STATE SPENDING.....	5,225,651,200	5,301,122,500	75,471,300	1.4
Less:				
Other State Restricted Funds.....	2,136,944,400	2,100,525,800	(36,418,600)	(1.7)
GENERAL FUND/GENERAL PURPOSE.....	3,088,706,800	3,200,596,700	111,889,900	3.6
PAYMENTS TO LOCALS	1,122,966,300	1,127,817,700	4,851,400	0.4

FY 2014-15 Year-to-Date Gross Appropriation \$18,050,059,300

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

Items Included by the Senate and House

1. **Medicaid and State Children's Health Insurance Program (SCHIP) Match Rate.** Conference reflected \$5.9 million in GF/GP savings from an increase in the Medicaid match rate from 65.54% to 65.60% and \$17.8 million in GF/GP savings from an increase in the SCHIP match rate from 75.88% to 98.92%. 0
2. **Other Fund Source Adjustments.** Conference reflected expiration of \$62.9 million in Roads and Risks Reserve funding, \$21.2 million in reduced in Tobacco Tax revenue, a shift of \$20.0 million in Community Mental Health (CMH) funding from Restricted to GF/GP, an increase of \$6.5 million in Health Insurance Claims Assessment (HICA) revenue, and reduced GF/GP savings in certified public expenditures of \$5.9 million. 0
3. **Changes in Federal Authorization.** Conference reflected changes in Federal grants. 5,056,100
4. **Actuarial Soundness Adjustments.** Conference recognized the Federal requirement that Medicaid managed care rates be actuarially sound. Increases were proposed for behavioral health, physical health, and Medicaid expansion, at a cost of \$38.0 million GF/GP. 170,040,500
5. **Programmatic Reductions.** Conference reflected an end to traumatic brain injury funding, a reduction in the Real Alternatives program, changes in managed care lab reimbursement, and a change in Adult Home Help policy. GF/GP savings of \$13.8 million. (36,190,000)

FY 2015-16 HEALTH & HUMAN SERVICES - COMMUNITY HEALTH BUDGET

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|--|---------------|
| 6. Change in How Facility Purchase of State Services (POSS) is Recognized. Conference transferred POSS funding from the Behavioral Health unit to the State facility line items. Instead of the State share of facility costs being provided to CMHs, the money would be reflected in the individual facility line items. While this adjustment leads to an ostensible reduction in Gross funding, the change would lead to the money only being reflected in the budget once; there would be no change in the money spent on State facilities or the level of services provided. | (139,465,600) |
| 7. Statutory Changes to HICA. Conference rejected Governor's proposed changes to HICA, which would have eliminated the cap on combined HICA and net GF/GP Use Tax revenue and increased the HICA rate from 0.75% to 1.3%. | 0 |
| 8. Reversal of Executive Order 2015-5 Adjustments. Conference did not reflect these items as adoption of Executive Order 2015-5 occurred after the FY 2015-16 budget process began. | 32,716,300 |
| 9. Economic Adjustments. Included a negative \$4,076,500 Gross and a negative \$2,216,600 GF/GP for OPEB and \$3,469,000 Gross and \$1,984,500 GF/GP for other economic adjustments. | (607,500) |
| 10. Other Changes. Other changes resulted in a small increase in funding. | 3,769,300 |
| <u>Conference Agreement on Items of Difference</u> | |
| 11. "Traditional" Medicaid Base and Caseload. Conference reflected the consensus agreement among the fiscal agencies and the State Budget Office. GF/GP cost \$100.4 million. | 200,616,300 |
| 12. "Expansion" Medicaid Base and Caseload. Conference reflected the consensus agreement among the fiscal agencies and the State Budget Office on the Healthy Michigan Plan (HMP) base and caseload. The adjustment reflects the rapid growth in the HMP caseload, which is expected to exceed 600,000 in FY 2015-16. | 1,278,627,100 |
| 13. Federal State Innovation Model (SIM) Grant. Conference reflected an increase in the SIM grant from \$20.0 million in FY 2014-15 to \$25.0 million in FY 2015-16. This grant would be used to help implement the State's Blueprint for Health Innovation. | 5,000,000 |
| 14. Programmatic Savings. Conference reflected savings due to a reduction in rural visitation due to carryforward, changes in care coordination and pharmaceutical services for Medicaid health plans, and enhanced third party liability and inspector general endeavors. GF/GP savings of \$37.2 million. | (117,819,400) |
| 15. Program Enhancements. Conference included increased funding tied to the Mental Health and Wellness Commission recommendations, jail diversion, immunization efforts, an ambulance provider tax, and an expansion of the Healthy Kids Dental program to Kent, Oakland, and Wayne Counties for children aged 0-12. | 50,433,200 |
| 16. Hospital Funding. Conference increased provider tax revenue by \$92.9 million to offset GF/GP with an equivalent increase of \$92.9 million in hospital payments made through the Healthy Michigan Plan. Conference also concurred with the Governor's proposed changes in hospital capital funding. Total GF/GP savings of \$104.9 million. | 58,049,300 |
| 17. FY 2015-16 One-Time Gross Appropriations. Conference included reductions in autism funding (and transfer to ongoing), the University of Detroit dental clinic (transferred to ongoing), Mental Health and Wellness Commission recommendations, child and adolescent health, a new drug policy initiative, and new one-time funding for hospice services. Total one-time funding was \$7,000,000, all GF/GP. | (5,462,500) |

Total Changes	\$1,504,763,100
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FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$19,554,822,400
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Amount Over/(Under) GF/GP Target: \$0

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

Items Included by the Senate and House

1. **Legacy Costs.** Senate included language specifying the legacy costs at \$203,794,100 for pension-related costs and \$155,250,000 for retiree health care costs for the year. (Sec. 297)

Conference Agreement on Items of Difference

2. **Distribution of CMH Non-Medicaid Funds.** Senate included new language directing how funds appropriated for CMH non-Medicaid services be distributed. Conference removed. (Sec. 507)
3. **PIHP Administrative Cost.** Senate included new language directing PIHPs to work to reduce administrative costs, promote conflict-free care management, ensure that direct service rate variance be related to quantifiable measures, and promote fair and adequate direct care reimbursement. Conference concurred. (Sec. 1008)
4. **Workgroup on Staff Recruitment and Retention.** Senate included new language requiring the creation of a workgroup to analyze the challenges of recruiting and retaining certain PIHP direct care staff. The workgroup must develop a plan to enhance efforts to attract and retain such staff, and account for the effect of the increase in the State minimum wage. Conference modified language to remove the requirement that the workgroup account for the effect of the increase in the State minimum wage. (Sec. 1009)
5. **Redistribution of Lapsed PIHP and CMHSP Funds.** Conference included new language requiring the Department to redistribute lapsed Federal Medicaid match funds to individual PIHPs based on the current fiscal year PIHP distribution formula, if allowed. States legislative intent that lapsed funds be redistributed based on the community mental health non-Medicaid services distribution formula in effect during the current fiscal year and requires a report on past year and projected lapses by PIHPs. (Sec. 1010)
6. **Diabetes/Kidney Health and Wellness Programming and Blue Cross Health Endowment Fund.** Senate altered language to transfer responsibility for funding some mental health and wellness initiatives and mental health and wellness commission recommendations to the Health Endowment Fund. Conference modified language to require that the Department work with the Health Endowment Fund to fund and evaluate current policies, as well as future policies. (Sec. 1101)
7. **Health and Wellness Initiative Criteria.** Conference included new language requiring the Department to establish criteria for all Health and Wellness Initiatives, as well as give preference to programs that can pull down match funding. (Sec. 1103)
8. **Federal SIM Grant Funding.** Senate included new language directing State Innovation Model Grant funding be allocated to support the implementation of the health delivery system innovations. Also includes outcomes and performance measures. Conference modified language to change the length of the project from five to four years and added a new section outlining five standards that must be followed should SIM funding be used to create a data aggregator. (Sec. 1144)
9. **Indian Health Service, Tribal or Urban Indian Health Program Facility Supplemental Payments.** Senate included new language requiring prospective, quarterly payments to Indian Health Service, Tribal or Urban Indian Health Program Facilities which contract with a Medicaid managed care organization. Conference modified language to require the Department to work to ensure that I/T/U facilities receive the maximum amount allowable for Medicaid services. (Sec. 1145)
10. **Prohibition on Use of Funds for Agencies which Provide Abortions.** House included new language prohibiting State Restricted or GF/GP funds appropriated in the family planning local agreements line from being used to contract or subcontract with organizations which provide elective abortions, abortion counseling, or abortion referrals. Conference concurred. (Sec. 1303)
11. **Office of the Inspector General and Third Party Liability Report.** Conference included new language requiring the Department to submit a report on March 1 projecting the annual increase in reimbursement savings and cost offsets resulting from increased staffing for the Office of the Inspector General and Third Party Liability. Another report is required on September 1 stating the actual increase and cost offsets. (Sec. 1505)

12. **Pharmacy and Medicaid Services Copayments.** House modified language to require copayments for Medicaid services be not less than listed in current year language. Senate altered language to increase co-payments for Medicaid recipients enrolled in the Healthy Michigan Plan with an income of at least 100% of the Federal Poverty Level. Conference concurred with Senate. (Secs. 1620 and 1631)
13. **Laboratory Services Fee Reduction Savings.** Conference included new language requiring the Department to report on the savings from the reduction in managed care laboratory services fees as well as the actual gross reduction in expenditures by Medicaid health plans due to the reduction in the laboratory services fees. (Sec. 1770)
14. **Medicaid Managed Long-Term Care.** Governor and Senate included new language requiring a report on the implementation of the MI Health Link demonstration, as well as the existence of an ombudsman program. House modified new language to decrease the number of reports received to two per year, and to add elements to be included in the reports. Conference concurred with House. (Sec. 1775)
15. **GME Quality Data Reporting.** Senate included new language requiring hospitals that receive Graduate Medical Education payments to submit data to a national nonprofit organization. Conference modified language to require the Department to hold a hospital's fourth quarter GME payments until the submission of data, as required in this section. (Sec. 1805)
16. **Consensus Formulary.** Senate included new language requiring the development and implementation of a consensus formulary by the Medicaid health plans, with input from the Department. Conference modified language to replace all references to a "consensus formulary" with "common formulary" and place the Department as the head of the workgroup. (Sec. 1806)
17. **Encounter Data Improvement.** Senate included new language requiring the enhancement of encounter data reporting, the development of rules regarding encounter data completeness, and the creation of a fair measure of acuity for enrolled populations. Conference concurred. (Sec. 1810)
18. **Maternal Infant Health Program Integration.** Senate included new language requiring the integration of the MIHP into the Medicaid health plan benefit package. Conference removed. (Sec. 1811)
19. **GME Cost and Retention Reporting.** Senate included new language requiring three separate reports regarding GME funding. Language also creates a workgroup to develop new metrics for funding distribution and states legislative intent that those metrics will be implemented in the next fiscal year. Conference modified language to combine second and third report, require the Department to hold a hospital's fourth quarter GME payments until the submission of data, and change a report date. (Sec. 1812)
20. **Healthy Kids Dental.** Governor and House included new language directing the expansion of Health Kids Dental to kids between the ages of 0 and 8 in Kent, Oakland, and Wayne Counties. House included intent language to expand the program in the next fiscal year. Senate included new language directing the expansion of Healthy Kids Dental to Kent, Oakland, and Wayne Counties by July 1, 2016. Outlines performance measures for the program. Conference modified the language to expand Healthy Kids Dental to kids between the ages of 0 and 12 and add intent language. (Sec. 1894)
21. **Adult Dental Services.** Senate included new language requiring a contract with a managed care organization to administer the Medicaid adult dental benefit beginning September 1, 2016. Also includes outcomes and performance measures. Conference removed. (Sec. 1895)
22. **Special Projects Funding.** Governor, House, and Senate altered language to direct that funds for university autism programs go to support programs which increase the number of applied behavioral analysis therapists in the State. Senate added new language allowing for the funds to be used to support scholarships, and outline the performance measures for the program. Conference modified language to allocate funds through a grant process and moved the language to Sec. 960. (Sec. 1902)
23. **Hospice Room and Board.** Conference included new language allocating part 1 funds to provide for room and board for Medicaid recipients who meet hospice eligibility requirements and receive services at Medicaid enrolled hospice residences. (Sec. 1908)

Date Completed: 6-1-15

Fiscal Analysts: Steve Angelotti and Ellyn Ackerman

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	12,201.5	11,752.9	(448.6)	(3.7)
GROSS	5,721,866,700	5,514,814,700	(207,052,000)	(3.6)
Less:				
Interdepartmental Grants Received.....	21,545,900	11,420,100	(10,125,800)	(47.0)
ADJUSTED GROSS	5,700,320,800	5,503,394,600	(196,926,200)	(3.5)
Less:				
Federal Funds	4,540,108,400	4,383,351,000	(156,757,400)	(3.5)
Local and Private.....	61,407,600	64,098,400	2,690,800	4.4
TOTAL STATE SPENDING	1,098,804,800	1,055,946,300	(42,858,500)	(3.9)
Less:				
Other State Restricted Funds	117,624,300	113,743,800	(3,880,500)	(3.3)
GENERAL FUND/GENERAL PURPOSE	981,180,500	942,201,400	(38,979,100)	(4.0)
PAYMENTS TO LOCALS	97,343,300	93,327,700	(4,015,600)	(4.1)

FY 2014-15 Year-to-Date Gross Appropriation \$5,721,866,700

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

Items Included by the Senate and House

1. **Investment: Child Care Licensing Consultants.** Governor included Federal funding for an additional 39.0 FTEs to meet Federal program standards. Senate and House concurred. 5,661,500
2. **Investment: Donated Funds Positions.** Governor included Federal, Local, and Private funding for 200.0 FTE eligibility workers. Senate and House concurred. 20,551,200
3. **In-Home Juvenile Justice Programs.** Governor retained \$0.4 million. Senate and House concurred. (600,000)
4. **Child Support.** Governor required cooperation with child support for public assistance eligibility. Senate and House concurred. (900,300)
5. **Michigan Rehabilitation Services (MRS).** Governor provided \$1.3 million Gross and GF/GP for the program services. Senate and House did not concur. 0
6. **Automated Asset Test.** Governor eliminated automated asset tests for eligibility determination. Senate and House concurred. (5,000,000)
7. **Electronic Notifications.** Governor reduced paper notifications for MiBridges and MICSES clients. Senate and House concurred. (2,865,000)
8. **Extended Family Independence Program (EFIP).** Governor eliminated \$10 per month program for families transitioning off FIP. Senate and House concurred. (116,400)
9. **Short-Term Family Support.** Governor eliminated \$1,513 payment that served 40 cases annually. Senate and House concurred. (726,200)
10. **SSI Advocates.** Governor eliminated 8.0 FTEs due to Disability Determination Services consolidation. Senate and House concurred. (795,800)

FY 2015-16 HEALTH & HUMAN SERVICES BUDGET - HUMAN SERVICES

11. PATH Coordinators. Governor reduced coordinators by 9.0 FTEs. Senate and House concurred.	(1,002,400)
12. Peer Coaches. Governor reduced workers by 10.0 FTEs. Senate and House concurred.	(1,035,700)
13. Recoupment Positions. Governor reduced positions by 1.0 FTE. Senate and House concurred.	(124,100)
14. Non-Family Independence Specialists (FIS). Governor reclassified positions at a lower pay rate. Senate and House concurred.	(550,000)
15. Child Welfare and Public Assistance Caseload Adjustments. Governor adjusted baseline projections. Senate and House concurred.	6,737,100
16. Administrative and Other Charges. Governor provided funding for the minimum wage increase, guardian contract, vital statistics retrieval, administrative hearings, consolidation of disability services, and the modified settlement agreement. Savings were recognized for reduced travel reimbursements, laptops for executives, and the child welfare training institute. Senate and House concurred.	1,133,100
17. One-Time Appropriations. Governor removed FY 2014-15 one-time funding appropriations. Senate and House concurred.	(5,150,000)
18. Budgetary Savings. Governor annualized 332.0 FTE reduction. Senate and House concurred.	(6,296,800)
19. Supplemental and Executive Order Reductions in FY 2014-15. FY 2014-15 changes adjusted the year-to-date base from the Governor's Recommendation.	33,333,000
20. Sexual Assault Evidence Kit Tracking and Reporting Commission. Legislative initiative received funding in FY 2014-15, per P.A. 318 of 2014.	(25,000)
21. Other Changes. Restructure of budget bill, FMAP adjustment to 65.60%, program and legislative transfers, and alignment of FTE counts. Senate and House concurred.	(11,000)
<u>Conference Agreement on Items of Difference</u>	
22. Increase Private Residential Facility Rate and \$3 Administrative Rate. Target agreement to include a temporary rate increase for private residential facilities (\$3.7 million) and administrative rate increase from \$37 to \$40 for private child placing agencies (\$5.1 million). The target agreement rounded the GF to \$7.1 million, resulting in \$8.8 million Gross, a slight increase from the funding provided for both items in FY 2014-15.	2,300
23. County Hold Harmless for Foster Care Case Assignment. Governor eliminated funding for the State to pay 100% of the \$37 administrative rate to private child placing agencies for new cases. Senate and House did not concur. Conference retained \$3.3 million for the State to pay 100% of the rate in order to hold counties harmless.	(1,737,400)
24. Kent County Performance Based Pilot Program and Case Rate. Governor provided funding to hold Kent County harmless for the \$37 administrative rate for all cases as part of the prospective payment pilot program. Senate concurred. Conference concurred.	1,737,400
25. Kent County Consortium. Conference partially funded start-up costs to establish a consortium to implement the performance based funding pilot program.	500,000
26. Closure of W.J. Maxey Training School. Conference concurred with Senate to close the Maxey facility. Retained \$1.0 million for closure costs and \$1.8 million to transfer youth to new placements.	(7,543,300)
27. Redetermined Adoption Assistance. Governor retained \$1.0 million for redetermined subsidies for special needs adopted children. Conference eliminated the funding.	(7,900,000)
28. Parent-to-Parent Program. Governor eliminated peer mentoring program for adoptive parents. Conference concurred with Senate to retain \$0.4 million for the program.	(150,000)
29. Centers for Independent Living (CILs). Governor reduced funding by \$1.5 million. Senate did not concur. Conference retained funding and added Federal authorization from MRS.	5,543,000
30. Fund Sourcing for Michigan Rehabilitation Services (MRS). Governor eliminated \$3.0 million IDG from the Department of Corrections, and increased GF/GP by \$2.3 million, which MRS can use as a 21.3% match to claim \$8.5 million in Federal funding. Conference concurred and removed corresponding Federal authorization for \$11.0 million for the IDG. Conference also transferred \$5.5 million in unused Federal authorization to CILs.	(19,627,500)
31. School Success Partnership for NEMCSA. Governor eliminated program funding for \$0.3 million. Senate did not concur. Conference increased funding to \$0.5 million.	150,000

32. Local Offices. Governor recognized \$5.3 million in savings from closures of local offices. Conference reduced the closures and savings by approximately half that amount.	(2,439,000)
33. Drug Testing of FIP Clients. Conference concurred with Senate's pilot program.	300,000
34. Michigan 2-1-1. Senate included a placeholder. Conference increased funding.	100,000
35. Juvenile Justice Administration and Maintenance. Senate and House reduced funding due to prior year lapses and the closure of Maxey Training School. Conference reduced.	(400,000)
36. JJ Vision 20/20 Project. Governor eliminated program. Conference concurred.	(1,000,000)
37. Emergency Services Local Office Allocations. Senate and House reduced funding. Conference reduction was all GF/GP.	(1,151,000)
38. Unclassified FTEs. Target agreement to reduce unclassified staff by 3.0 FTEs as part of the merger with the Department of Community Health (DCH).	(379,000)
39. Transfer Licensing to Department of Licensing and Regulatory Affairs (LARA). Target agreement to transfer licensing of adult foster care homes and day care centers to LARA, including 219.0 FTEs, as part of the merger with DCH.	(28,955,300)
40. Caseload Consensus Adjustments. Conference included child welfare and public assistance caseload adjustments for the Consensus Revenue Estimating Conference.	(42,691,800)
41. Food Assistance Program (FAP) Caseload Adjustments. Conference reduced Federal authorization for FAP due to declining caseloads, and included required payments to eligible fugitive felon recipients.	(141,977,500)
42. Fund Source Adjustments. Governor included adjustments totaling \$0 Gross/\$8.7 million GF/GP.	0
43. TANF and GF Fund Source Shift. As part of the target agreement, the shift reduced GF/GP by \$10.0 million. Conference included an additional shift of \$2.3 million.	0
44. Economic Adjustments. Negative \$12,511,600 Gross and negative \$4,020,200 GF/GP for OPEB and \$10,061,300 Gross and \$3,293,200 GF/GP for other economic adjustments.	(2,450,100)
45. FY 2015-16 One-Time Gross Appropriations. Employment and training pilot program.	800,000
Total Changes	(\$207,052,000)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$5,514,814,700
Amount Over/(Under) GF/GP Target: \$0	

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

Items Included by the Senate and House

1. **Terminal Leave Pay Outs.** New Governor's language required spending to align with Gross appropriation in the line. Senate and House concurred. (Sec. 316)
2. **Reporting Revisions.** Governor added State Budget Office to agencies receiving reports. Senate and House concurred. (Secs. 279, 505, 515, 523, 583, and 677)
3. **Private Agency Rates and Foster Care Case Assignments.** Governor removed increases for administrative rate and residential services, and language requiring the Department to pay 100% of the administrative rate for child placing agencies. Senate and House did not concur. (Secs. 546 and 589)
4. **Adoption Subsidy for Parents.** Governor removed language requiring minimum adoption rate. Senate and House did not concur. (Sec. 568)
5. **Private Child Welfare Agencies.** Governor removed language on facility and license reviews, payment standards, and training. Senate and House did not concur. (Secs. 525, 532, 533, and 585)

Conference Agreement on Items of Difference

6. **Benchmarks for Program Increases.** Revised current language on increases of \$1,000,000 or more. (Sec. 204)
7. **County Travel Costs.** Included House language to reimburse county travel costs for Michigan County Social Services Association meetings. (Sec. 231)

8. **Merger with Department of Community Health.** New Conference language required annual report. (Sec. 233)
9. **Workgroups and Reporting.** Conference revised language on Michigan Works!, a workgroup on assisted living, and Medicaid. (Secs. 229, 234, 315, and 603)
10. **Salaries and Fringe Benefits Report.** New Conference language required monthly status reports. (Sec. 280)
11. **County Revenue Sharing.** Conference did not include Senate language on county of delinquent payments. (Sec. 294)
12. **Marriage and Family Language.** Conference concurred with House to remove language on marriage and family initiatives. (Secs. 293, 415, and 416)
13. **Office Closures.** Conference language prohibited expenditure of funds for two locations. (Secs. 320 and 321)
14. **Centers for Independent Living (CILs).** Conference revised language on ongoing operations, identified federal authorization to the CILs pending eligibility, and removed language on pilot program. (Secs. 801 and 404)
15. **Michigan Rehabilitation Services (MRS).** Governor removed language on MRS audit and reporting, and the order of selection for services. Conference did not concur and revised current year language. Conference also required the allocation of \$6.1 million to direct service contracts. (Secs. 803, 805 and 806)
16. **Performance Based Contracting Model.** Governor removed language describing a prospective payment system for child welfare services. Conference revised the language. (Sec. 503)
17. **Performance Based Contracting Pilot Program Consortium.** Conference allocated funding to implement the performance based contracting pilot program. (Sec. 504)
18. **Kent County Privatization.** Governor replaced current language with revised reporting requirements. Senate and House concurred, and Conference revised report due date. (Sec. 515)
19. **Redetermined Adoption Assistance.** Governor removed language to provide redetermined subsidies for special needs adopted children. Conference retained a report requirement. (Sec. 556)
20. **Child Welfare Training Institute.** Conference revised reporting requirement. (Sec. 558)
21. **Parent-to-Parent Program.** Conference concurred with Senate requirement to allocate funds by Dec. 1. (Sec. 559)
22. **Residential Staffing Ratio.** Conference concurred with new Senate language allows DHS to implement a ratio of 1 staff to 5 children. (Sec. 593)
23. **Indigent Burial.** Conference concurred with House revisions for cremation and burial requirements. (Sec. 613)
24. **Federal Disability Eligibility.** Included Senate language on Federal disability eligibility report. (Sec. 614)
25. **Drug Testing FIP Clients.** Conference language required implementation of a drug testing pilot program (Sec. 630)
26. **Homeless Programs.** Conference language required the Department to allocate all funding in the Homeless Programs line item. (Sec. 642)
27. **Bridge Cards and Farmers' Markets.** Conference included House language on Bridge card use at farmers' markets. (Sec. 654)
28. **Workgroup on Bridge Card Fraud Investigation.** Conference concurred with House language on a fraud investigation workgroup. (Sec. 673)
29. **JJ Vision 20/20 Data System.** Conference concurred with House and did not include language on the data system. (Sec. 703)
30. **Closure of W.J. Maxey Training School.** Conference revised Senate language to close the public juvenile justice facility, including a no eject/no reject policy for secure facilities. (Sec. 709)
31. **Donated Funds Positions.** Conference revised Governor's language to increase outstationed eligibility specialists to staff adult placement, independent living, and other sites. (Sec. 850)
32. **School Success Partnership.** Included Senate requirement for funds to be expended by Dec. 1. (Sec. 450)

Date Completed: 6-1-15

Fiscal Analyst: Frances Carley



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	337.0	337.0	0.0	0.0
GROSS	65,189,700	65,057,700	(132,000)	(0.2)
Less:				
Interdepartmental Grants Received	707,600	707,600	0	0.0
ADJUSTED GROSS	64,482,100	64,350,100	(132,000)	(0.2)
Less:				
Federal Funds.....	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	62,482,100	62,350,100	(132,000)	(0.2)
Less:				
Other State Restricted Funds.....	62,427,100	62,200,100	(227,000)	(0.4)
GENERAL FUND/GENERAL PURPOSE	55,000	150,000	95,000	172.7
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation **\$65,189,700**

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

Items Included by the Senate and House

- Michigan Business One Stop (MBOS) Reduction.** Reduced IT funding due to decreased costs. The Department previously paid for MBOS portal services for online license applications. Since the Department started issuing licenses directly from its own website, this service was no longer needed. (78,500)
- Economic Adjustments.** Includes a negative \$446,100 Gross and \$0 GF/GP for OPEB and \$297,600 Gross and \$0 GF/GP for other economic adjustments. (148,500)

Conference Agreement on Items of Difference

- Healthy Michigan Plan Reporting.** The Governor, House, and Conference included \$150,000 GF/GP for the executive director program to administer reporting requirements under Medicaid expansion regarding evidence on rate changes. In FY 2014-15, \$55,000 GF/GP was appropriated to this program to create a baseline report. According to the Department, the cost of this program going forward has increased as more in-depth analysis is required in reports subsequent to the initial baseline report. The Senate included \$55,000 GF/GP for this program. 95,000

Total Changes (\$132,000)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation **\$65,057,700**

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

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

Items Included by the Senate and House

1. **Record Retention.** The Senate and House retained a requirement regarding retaining copies of reports in compliance with Federal and State guidelines for short-term and long-term record retention. The Governor deleted this requirement. (Sec. 212)
2. **Disciplinary Action.** The Senate and House retained a prohibition against the Department taking disciplinary action against an employee for communicating with a member of the Legislature or legislative staff. The Governor deleted this requirement. (Sec. 215)
3. **Office Space Reporting.** The Senate and House retained a requirement that the Department submit a report regarding the amount of office space square footage paid for and actually used by the department. The Governor deleted this requirement. (Sec. 219)
4. **Television and Radio Productions.** The Senate and House retained a prohibition against the Department developing or producing any television or radio productions. The Governor deleted this requirement. (Sec. 232)
5. **Economic Development Report.** The Senate and House retained a requirement for the Department to submit a report to the Legislature indicating funds spent and full-time positions used, and a plan for ongoing and future efforts, regarding support of economic development of the insurance or financial industries. The Governor deleted this requirement. (Sec. 310)

Conference Agreement on Items of Difference

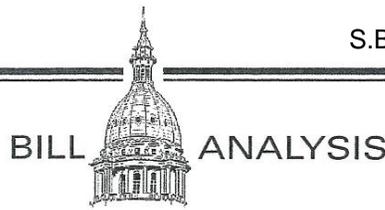
6. **Benchmarks and Performance Measurement.** The Conference concurred with the Senate and modified a requirement for the Department to measure performance relating to expenditures for programs over \$0.5 million, and report on proposed benchmarks. The Governor deleted and the House retained this requirement. (Sec. 205)
7. **Full-time Equated Positions: Spending and Reporting.** The Conference concurred with the House and Governor and deleted a section which stated that it is the Legislature's intent that: 1) appropriations are properly accounted for, and 2) that full-time equated positions are not to be used as placeholders for spending in other parts of budgets. The section also required an annual report to the Legislature that details full-time equated position data. (Sec. 240)
8. **Autism Coverage Fund.** The Conference concurred with the Senate and modified reporting requirements regarding Autism Coverage Fund reimbursements to carriers for autism diagnosis and treatment. The House retained and the Governor deleted this report requirement. (Sec. 802)
9. **Department Scorecard.** The Conference modified existing criteria for the scorecard regarding metrics on annual rate filings from health insurance issuers. The Senate modified the provision, and the House and Governor retained it. (Sec. 229)

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	490.0	489.0	(1.0)	(0.2)
GROSS	287,767,600	284,651,400	(3,116,200)	(1.1)
Less:				
Interdepartmental Grants Received	2,364,400	2,362,900	(1,500)	(0.1)
ADJUSTED GROSS.....	285,403,200	282,288,500	(3,114,700)	(1.1)
Less:				
Federal Funds.....	6,437,400	6,428,600	(8,800)	(0.1)
Local and Private	8,185,900	8,171,900	(14,000)	(0.2)
TOTAL STATE SPENDING.....	270,779,900	267,688,000	(3,091,900)	(1.1)
Less:				
Other State Restricted Funds.....	84,252,500	84,245,800	(6,700)	(0.0)
GENERAL FUND/GENERAL PURPOSE.....	186,527,400	183,442,200	(3,085,200)	(1.7)
PAYMENTS TO LOCALS	139,407,400	137,079,400	(2,328,000)	(1.7)

FY 2014-15 Year-to-Date Gross Appropriation \$287,767,600

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

Items Included by the Senate and House

1. **Mental Health Courts and Diversion Services Decrease.** Governor cut \$0.5 million GF/GP funding by decreasing the funding to Mental Health Courts from lapsed balance. Senate and House concurred. (500,000)
2. **Elimination of Trial Court Innovation Fund.** Governor removed one-time funding program. Senate and House concurred. (375,000)
3. **Judgeship Attrition Savings.** In accordance with the 2013 Judicial Resource Recommendation, the Legislature passed a package of bills reducing approximately 40 judgeships by attrition; associated with these reductions the Governor reflected \$351,800 GF/GP savings that will be achieved by the attrition of 10.0 judgeships. Senate and House concurred. (351,800)
4. **Removal of Community Court Pilot Program.** Governor ended the funding of this pilot project. Senate and House concurred. (20,000)
5. **Court Equity Fund Reduction.** Governor reduced funding to realize savings by decline in funds available for distribution. Senate and House concurred. (19,400)
6. **Economic Adjustments.** Includes a negative \$576,000 Gross adjustment and a negative \$464,500 GF/GP for OPEB and \$606,500 Gross and \$526,100 GF/GP for other economic adjustments. Senate and House concurred. 30,500

Conference Agreement on Items of Difference

7. **Swift-and-Sure Program Reduction.** Governor reduced the Swift-and-Sure sanction program by \$2.5 million GF/GP due to lapsed program balance. Senate reduced program by \$1.0 million GF/GP. House reduced by \$3.0 million GF/GP. Conference reduced funding by \$1.75 million GF/GP. (1,750,000)

8. **Operating Expense Efficiencies.** The Governor's proposed savings through operating efficiencies and anticipated FTE departures or vacant position which would not be filled. Senate concurred except for \$100 placeholder for statewide e-file system. (130,500)

Total Changes (\$3,116,200)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$284,651,400

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

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

Items Included by the Senate and House

1. **Definitions.** The Governor eliminated a number of definitions for Federal agencies as well as some terms specific to appropriations. (Sec. 11-203)
2. **Legacy Costs Reporting.** Governor updated total legacy costs section, the Judiciary pension-related costs are: \$7,772,600 and the Judiciary retiree health care costs are: \$5,950,700. (Sec. 11-224)

Conference Agreement on Items of Difference

3. **Deletions.** In keeping with the condensed structure of the Governor's budget, the following current-year language Sections were not included: 204, 205, 207, 209, 211, 212, 225, 306, 309, 310, 312, 318, 320, 321, 323, and 1201. Most were proposed to be deleted in last year's Governor's Recommendation but were subsequently added back by the Legislature. The subjects of these Sections included not taking disciplinary action against an employee for communicating with the Legislature; public notice for foster care case changes and explanation of foster care plan changes; statistical tracking of adjudicated juveniles; interagency program linkage for swift-and-sure; records retention process; performance measure report; assistance to local trial courts in improving judgment collection; reporting requirements for mental health courts, drug court evaluation and monitoring, the Parental Rights Restoration Act, and out-of-state placements of juveniles; the creation of a legal self-help website; and a section dealing with legislative intent concerning appropriations process. Senate concurred with some changes and did not concur with others. Conference restored and modified some sections deleted by Governor.
4. **Programmatic Success.** Conference revised section to determine links with State provided assistance and courts to assist in the outcomes for participants in the swift and sure sanctions program. (Sec. 11-211)
5. **Local Trial Court Judgment Collection.** Senate revised section to include reporting requirement for SCAO to collect data from counties in regards to collected and uncollected judgment amounts. Conference included. (Sec. 11-306)
6. **Court Fee Fund GF/GP Appropriation.** Senate modified section for notification of appropriation of judicial compensation from GF/GP. Conference concurred. (Sec. 11-308)
7. **Federal Grants.** Senate added Michigan indigent defense commission as eligible to receive Byrne grant funding. House added separate subsections. Conference concurred with House. (Sec. 11-322)

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,820.30	2,163.30	(657.0)	(23.3)
GROSS	542,388,200	407,649,000	(134,739,200)	(24.8)
Less:				
Interdepartmental Grants Received	14,509,800	46,068,700	31,558,900	217.5
ADJUSTED GROSS.....	527,878,400	361,580,300	(166,298,100)	(31.5)
Less:				
Federal Funds.....	200,624,800	63,674,900	(136,949,900)	(68.3)
Local and Private	968,300	1,020,300	52,000	5.4
TOTAL STATE SPENDING.....	326,285,300	296,885,100	(29,400,200)	(9.0)
Less:				
Other State Restricted Funds.....	286,464,000	258,403,600	(28,060,400)	(9.8)
GENERAL FUND/GENERAL PURPOSE.....	39,821,300	38,481,500	(1,339,800)	(3.4)
PAYMENTS TO LOCALS	28,225,700	28,225,700	0	0.0

FY 2014-15 Year-to-Date Gross Appropriation \$542,388,200

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

Items Included by the Senate and House

- 1. Eliminate Fee Sunsets.** The House and Senate budgets are predicated on the delay or elimination or delay of sunsets on 49 fees collected throughout the department. In total these fees generate about \$17.5 million annually. 0
- 2. Retail Liquor License Fee Increase.** The Governor proposed increases to the fees paid for retail liquor licenses. The proposal would increase fees by 50% for three years, and then reduce that increase by half afterward. For example, a fee that is currently \$600 would be increased to \$900 for three years, and then be reduced to \$750 in subsequent years. The Department has indicated that in the last several years fund balances that had sustained the Liquor Control Commission for a number of years have been spent. The House and Senate did not assume an increase in these fees. 0
- 3. Information Technology.** The Governor, House, and Senate removed \$2.1 million to reflect the end of support for the Michigan Business One-Stop, but partially offset this reduction with a \$1.8 million increase in Information Technology to reflect ongoing upgrades to the Licensing and Corporation Database. (327,900)
- 4. Bureau of Health Care Systems GF/GP Reduction.** The Governor, House, and Senate reduced GF/GP appropriations for the Bureau. It is anticipated that this reduction would result in no programmatic changes as savings will be realized via lapses, holding positions vacant, or other savings measures. The budget contains a total of \$59.3 million for the Bureau. (200,000)
- 5. Fund Shifts.** The Governor, House, and Senate included two fund shifts: The first would remove \$112,500 in GF/GP from the Workers' Compensation Agency and replace it with Corporations Fees. The second shift would remove \$900,000 (half Federal and half GF/GP) from the Michigan Administrative Hearing System and replace it with an interdepartmental grant from the Department of Community Health. 0

- 6. **Remove FY 2014-15 One-Time Appropriations.** (15,700,000)
- 7. **Technical Adjustments.** The Governor, House, and Senate made a number of technical adjustments throughout the LARA budget. These adjustments include: \$407,200 in increased interdepartmental grant appropriations for the Michigan Administrative Hearing System, a \$69,300 increase to reflect the elimination of the METRO Authority under the recent personal property tax reforms, a \$200,000 reduction to Utility Consumer Representation Grants to reflect available revenue, and adjustments for FY 2014-15 supplementals and Executive Reduction Orders. 476,500
- 8. **Remove Video Franchise Assessments.** The Governor, House, and Senate removed appropriations from this fund which are currently used to fund the Public Service Commission. The fees will sunset at the end of the calendar year and were not included in the Governor's recommendation for fee sunset extension. (417,200)
- 9. **Economic Adjustments.** Includes a negative \$3,093,800 Gross and a negative \$74,500 GF/GP for OPEB and \$1,200,000 Gross and \$26,600 GF/GP for other economic adjustments. (1,893,800)

Conference Agreement on Items of Difference

- 1. **Michigan Liquor Control Commission (MLCC) Licensing and Enforcement.** The Senate included an additional \$900,000 from the Liquor Purchase Revolving Fund (LPRF) to address a deficit in funding for MLCC licensing and enforcement. The House included \$1.5 million for this purpose. The Conference provided \$500,000 LPRF. 500,000
- 2. **Remove Overstated Liquor License Fee Authority.** The Conference removed \$500,000 in unused Liquor License Fee spending authority from the MLCC. Since license fee revenue falls below currently-appropriated levels, this reduction would not affect the MLCC's operations. (500,000)
- 3. **Bureau of Children and Adult Licensing.** The Conference included a \$3.5 million fund shift which reduced GF/GP in this program, and replaced it with an IDG from the Michigan Department of Education (MDE). In the MDE budget this IDG is supported with a Federal grant. 0
- 4. **Health Care Facility Inspection Fee Increase.** The Governor proposed a general increase on inspection fees for health care facilities as well as a move to a triennial inspection schedule. In total the increase would raise about \$1.3 million each year, but as these fees have been over-appropriated in the current and prior year budgets, no increase in appropriations would be necessary. The Senate did not include these fee increases as part of the LARA budget. The Conference included an assumed fee increase that would generate approximately \$1.1 million annually. 0
- 5. **First Responder Presumed Coverage Fund.** The House and Senate added a placeholder for providing money for this new fund to operate. The fund was created by Public Act 515 of 2014 and provides benefits to public safety officers who have certain medical conditions caused through the course of their employment. The Conference did not include this placeholder or funding for the program. 0
- 6. **Reinventing Performance in Michigan Fund Shift.** The House replaced \$525,000 GF/GP in this program with an IDG from anticipated agreements with other State departments. The Conference instead replaced the \$525,000 GF/GP with Corporation Fees. 0
- 7. **Remove GF/GP for Inspection of Freestanding Surgical Outpatient Facilities.** The House and Conference removed \$530,000 GF/GP from the Bureau of Health Care Services (BHCS) that had been earmarked for the inspection of freestanding surgical outpatient facilities. The fee increase detailed in Item 2 above would provide funding for these inspections. (530,000)
- 8. **Remove One-Time GF/GP from BHCS.** The House and Conference removed \$99,700 GF/GP that was included in the FY 2014-15 budget for the purpose of making disciplinary actions taken against health professionals searchable on the BHCS licensing website. The work is complete. (99,700)

9. MIOSHA Fund Shift. The House and Conference included a fund shift in the Michigan Occupational Safety and Health Administration. \$174,000 GF/GP was removed and replaced with Corporation Fees.	0
10. LPRF Fund Shift. The Senate included a fund shift in the Information Technology Services and Projects line by reducing LPRF appropriations by \$900,000 and replacing them with Corporation Fees. The Conference did not include this fund shift, but instead reduced LPRF supporting Fire Protection Grants by \$773,000 and LPRF supporting the Bureau of Fire Services by \$555,700. These funds were replaced with GF/GP revenue.	0
11. Executive Budget Revisions. The Governor issued Executive Orders earlier this year that had budget implications for LARA as programs were both moved to and from the department. In total, approximately \$152.4 million was removed from LARA and \$36.4 million was added. Programs removed from LARA were the Unemployment Insurance Agency and Motor Carrier Division of the Public Service Commission. Programs moved to LARA were the Office of New Americans, the Bureau of Children and Adult Licensing, the Retired Engineers Technical Assistance Program, and the position of Air Policy Director.	(116,047,100)
Total Changes	(\$134,739,200)
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$407,649,000
Amount Over/(Under) GF/GP Target:	\$0

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

Items Included by the Senate and House

1. **Liquor Control Commission IT Work Project.** The Governor, House, and Senate removed a section identifying appropriations for Liquor Control Commission IT Upgrades as a work project. (Sec. 211)
2. **Report Retention.** The Governor removed and House and Senate retained language requiring that report retention guidelines be followed. (Sec. 212)
3. **Communication with the Legislature.** The Governor removed and House and Senate retained a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 215)
4. **Office Space Report.** The Governor removed and House and Senate retained a report on the utilization of office space. (Sec. 219)
5. **Special Event Fee Report.** The Governor removed and House and Senate retained a report requirement for revenues the Department receives from holding trainings and other special events. (Sec. 241(5))
6. **Prefund OPEB.** The Governor removed and House and Senate retained a statement of intent that OPEB costs continue to be prefunded. (Sec. 250)
7. **Homeowner Construction Lien Fund Appropriation.** The Governor removed and House and Senate retained a report on the remaining balance in this fund. (Sec. 505[2])
8. **Health Professional Disciplinary Actions.** The Governor removed a requirement that disciplinary actions be posted on the online license verification website, and that \$200,000 be allocated for this purpose. The House and Senate retained the requirement but removed the earmark. (Sec. 512)
9. **BSBP Matching Funds.** The Governor removed and House and Senate retained a requirement that the Bureau of Services for Blind Persons work collaboratively to maximize available Federal matching dollars. (Sec. 705)
10. **Tax Tribunal Report.** The Governor removed and House and Senate retained a report on the activities of the Tax Tribunal. (Sec. 801)

Conference Agreement on Items of Difference

11. **New Program Benchmarks.** The House retained the original section. The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. The Senate and Conference included a revised version of this section. (Sec. 205)
12. **FTEs as Spending Placeholders.** The Governor removed and Senate retained a section prohibiting the use of FTEs as spending placeholders. The section also required a report on the number of FTEs in the Department. The House and Conference removed the section. (Sec. 240)
13. **Reinventing Performance in Michigan (RPM) Costs.** The Governor removed and Senate retained a section requiring the Department to work with other agencies participating in the RPM program to help cover the Department's costs. The House and Conference retained the section but removed a statement of intent that the program be funded through memoranda of understanding. (Sec. 243)
14. **Healthy Michigan Plan Accounting.** The Governor removed and Conference retained a section requiring the Department to work with the Department of Community Health to identify any expenditures related to the Healthy Michigan Plan. (Sec. 245)
15. **Licensing and Regulatory Program Report.** The Governor removed a section requiring a detailed activity report on most of the Department's programs. The Conference retained this report and expanded it to include a summary section. (Sec. 248)
16. **Department Revenue and Expenditure Report.** The Senate included a new section requiring a detailed report on revenues and expenditures for the Department in the prior fiscal year. The Conference did not include this section. (Sec. 251)
17. **Employee Performance Monitoring Process.** The Senate included a new section requiring the Department to establish a performance monitoring process that is consistent throughout the Department. The section also requires a report on this process. The Conference retained this section. (Sec. 252)
18. **Nursing Facility Complaint Report.** The Governor removed and Senate retained a report on the number of complaints, investigations, and frequently-cited deficiencies at nursing facilities. The House and Conference removed this section. (Sec. 506)
19. **Medical Marijuana Program Report.** The Governor, House, and Conference modified a report requirement containing various metrics related to the Medical Marijuana Program. The revised section does not specify particular metrics. The Senate retained the original language. (Sec. 507)
20. **Bureau of Health Care Services.** The Governor, House, and Conference removed and Senate retained a report on facilities regulated by the Bureau. (Sec. 509)
21. **Freestanding Surgical Outpatient Facilities.** The Governor, House, and Conference removed and Senate retained the earmark of \$530,000 for the inspection and licensing of these facilities. (Sec. 510)
22. **Unemployment Insurance Agency (UIA) Integrated System Project Report.** The Governor and Conference removed and House and Senate retained a section requiring quarterly status reports on this IT project. (Sec. 702)
23. **MARVIN Usage.** The Governor, House, and Conference removed and Senate retained a section requiring a report on usage of the UIA's MARVIN system and establishing a goal of 80% usage of the Internet MARVIN system. (Sec. 703)
24. **Unemployment Insurance Agency Metrics.** The Governor included a new section requiring that increased funds for the UIA be used for maintaining customer service standards, and that metrics be identified to measure the success of those efforts. The Senate and House included this section, but the Conference removed it to reflect moving UIA to the Talent Investment Agency. (Sec. 904.)

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	889.5	888.5	(1.0)	(0.1)
GROSS	168,443,700	166,953,700	(1,490,000)	(0.9)
Less:				
Interdepartmental Grants Received	100,000	99,300	(700)	(0.7)
ADJUSTED GROSS	168,343,700	166,854,400	(1,489,300)	(0.9)
Less:				
Federal Funds.....	90,362,800	90,208,600	(154,200)	(0.2)
Local and Private	2,240,000	2,237,000	(3,000)	(0.1)
TOTAL STATE SPENDING	75,740,900	74,408,800	(1,332,100)	(1.8)
Less:				
Other State Restricted Funds.....	23,286,400	23,221,500	(64,900)	(0.3)
GENERAL FUND/GENERAL PURPOSE	52,454,500	51,187,300	(1,267,200)	(2.4)
PAYMENTS TO LOCALS	100,000	102,400	2,400	2.4

FY 2014-15 Year-to-Date Gross Appropriation \$168,443,700

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

Items Included by the Senate and House

1. **Training Sites Billeting Fund.** Governor, Senate, and House recommended \$1.5 million in restricted spending authority to accept charges on visitors who use lodging facilities at Camp Grayling or Fort Custer to pay for ongoing operational cost at those housing facilities. 1,500,000
2. **Veterans Home Funding Shortfall.** Governor, Senate, and House recommended supplanting \$3.3 million in member assessment revenue, down due in part to declining member census, with \$3.3 million GF/GP to offset this projected loss and fully fund the homes' operations. 0
3. **Elimination of Analyst Position.** Governor, Senate, and House recommended elimination of a vacant partnership analyst for a savings of \$117,000 GF/GP. (117,300)
4. **Departmentwide Savings.** Governor, Senate, and House recommended efficiencies of \$100,000 GF/GP within contractual services, supplies and maintenance. (100,000)
5. **Training Site Fire Protection.** Governor and Senate recommended a reduction of \$100,000 GF/GP in fire support for Fort Custer and Alpena to reflect Federal policies. (100,000)
6. **FY 2014-15 One-Time Appropriations.** Governor and Senate recommended eliminating FY 2014-15 one-time appropriations for National Guard Tuition Assistance Program Reserve (\$400,000 GF/GP) and Special Maintenance - Veterans Home (\$3.0 million GF/GP). (3,400,000)
7. **Adjustment for FY 2014-15 Appropriations Actions.** Includes \$1.5 million from P.A. 6 of 2015. (1,500,000)

FY 2015-16 MILITARY AND VETERANS AFFAIRS BUDGET

- 8. **Economic Adjustments.** Includes a negative \$885,900 Gross and a negative \$252,200 GF/GP for OPEB and \$477,800 Gross and \$110,700 GF/GP for other economic adjustments. (393,700)
- 9. **Other Changes.** Governor, Senate, and House recommended a technical adjustment to reflect non-GF/GP revenue received. 50,000

Conference Agreement on Items of Difference

- 10. **Veterans Coalition Grant for Veterans Outreach Services.** Governor recommended reducing the amount available to the Michigan Veterans Coalition by \$429,000 GF/GP. Senate limited that reduction to \$79,000 by adding \$350,000 GF/GP over Governor's recommendation. House restored full current year appropriation. Conference included all by \$29,000 from FY 2014-15. (29,000)
- 11. **Targeted Outreach.** Senate including a placeholder line of \$100, shifted from MVAA funding, for targeted outreach to veterans. Conference included \$200,000. 200,000
- 12. **Armory Maintenance.** Senate added \$250,000 GF/GP for armory maintenance projects. Conference included \$3.0 million. 3,000,000
- 13. **National Guard Tuition Assistance Program.** Senate shifted FY 2015-16 projected surplus funding for the tuition program to be used for Veterans Coalition grants leaving the tuition program with an appropriation of \$3,941,300 GF/GP. Conference conferred with Senate but used funds for coalition grants and targeted outreach. (600,000)

Total Changes (\$1,490,000)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$166,953,700

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

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

Items Included by the Senate and House

- 1. **Federal DOD-DOA-NGB Support.** Governor, Senate, and House struck section stating various Federal DOD-DOA-NGB funding to be received by DMVA. (Sec. 205a)
- 2. **Federal DVA-VHA Support.** Governor, Senate, and House struck section stating various Federal DVA-VHA funding to be received by DMVA. (Sec. 205b)
- 3. **Federal HHS-HCFA, Medicare Support.** Governor, Senate, and House struck section stating various Federal HHS-HCFA, Medicare funding to be received by DMVA. (Sec. 205c)
- 4. **Federal HHS-HCFA, Title XIX, Medicaid Support.** Governor and Senate struck section stating various Federal HHS-HCFA, Title XIX, Medicaid funding to be received by DMVA. (Sec. 205d)
- 5. **Purchase of Goods.** Senate and House removed language requiring a preference be given to a small business with at least a workforce of 35% veterans. (Sec. 209)
- 6. **Retain Reports.** Governor, Senate, and House eliminated requirement for all reports be kept and retained by DMVA. (Sec. 212)
- 7. **Schedule of Programs.** Governor, Senate, and House struck subsection stating that schedule of programs listed in Part 1 may or may not receive funding from the unit sources listed. (Sec. 216)
- 8. **Efficiencies.** Governor, Senate, and House removed language outlining priorities for finding DMVA budgetary efficiencies. (Sec. 217)
- 9. **Quarterly Reports.** Governor, Senate, and House removed language which requires a corrective action plan within 30 days of a quarterly report when requirements are not achieved. (Sec. 219)

10. **Contractual Services Guidelines.** Governor, Senate, and House struck language requiring bids for contractual services not exclude public employee unions from bid process. (Sec. 227)
11. **Administrative Support.** Governor, Senate, and House removed section requiring administrative support for various DMVA functions. (Sec. 301)
12. **Michigan Veterans Affairs Agency (MVAA).** Governor, Senate, and House amended this section by adding a requirement that the MVAA report benefit claims submitted to the USVA by coalition partner veterans service officers and by striking a requirement that a five-member advisory board of VSO members be created. (Sec. 400)
13. **Veterans Service Grants.** Governor, Senate, and House amended language by striking some elaboratory language and altering a metric requirement that a minimum of 6,240 hours of service be provided in State correctional facilities. (Sec. 406)
14. **State Veterans Homes.** Senate and House amended language concerning the Grand Rapids and D.J. Jacobetti Veterans Homes by removing many legal citations, assurance of transportation, laundry, custodial services, a dietary plan, medical assessment and 2.5 patient care hours per day. (Secs. 501/503)
15. **FY 2014-15 One-Time Appropriations.** Governor, Senate, and House recommended removing language concerning FY 2014-15 one-time appropriations, including a section on Special Maintenance-Veterans Home (Sec. 701) and National Guard Tuition Assistance Program - Reserve. (Sec. 702) (Secs. 701 and 702)

Conference Agreement on Items of Difference

16. **New Program/Enhancement Metric.** Senate added new language requiring program metrics for each new program or program expansion in excess of \$500,000. Conference concurred with Senate. (Sec. 240)
17. **Armories and Joint Force Readiness.** Governor and Senate amended section by eliminating language which contained numerous legal citations and detailed reporting requirements with more general language requiring leadership over armory operations, a measurement system of armory conditions and a quarterly report on the status of armories. Senate retained language concerning creating a culture that is free of sexual assault. Conference concurred with Senate. (Sec. 302)
18. **Billeting Account.** Governor and Senate added language allowing for the creation of a revolving account to receive funds for lodging by outside groups at training facilities. Conference concurred with Senate. (Sec. 305)
19. **Starbase Educational Program.** Senate struck boilerplate subsection requiring program to maintain program offerings at Selfridge, Battle Creek, and Alpena Bases. Conference concurred with Senate. (Sec. 309)
20. **National Guard Tuition Assistance Program.** Governor and Senate amended section to remove language concerning program guidelines which are now in statutory law. Conference concurred with Senate. (Sec. 310)
21. **FY 2015-16 Appropriations.** Governor and Senate eliminated language requiring the MVAA to provide the percentage of veterans contacted, with a goal of 100% (Sec. 1202) and that the MVAA maintain a minimum 50% of fully developed claims of the veterans it serves. Conference continued these requirements to apply to FY 2016-17. (Sec. 1203) (Secs. 1202 and 1203)
22. **FY 2014-15 Supplemental Appropriations.** Conference included appropriations of \$4,995,700 for a jobs program for the Michigan Youth Challenge Program, as described within Sec. 2203. (Sec. 2203)

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,222.3	2,229.8	7.5	0.3
GROSS	392,485,400	404,001,200	11,515,800	2.9
Less:				
Interdepartmental Grants Received	1,355,100	1,352,700	(2,400)	(0.2)
ADJUSTED GROSS.....	391,130,300	402,648,500	11,518,200	2.9
Less:				
Federal Funds.....	71,104,500	77,128,000	6,023,500	8.5
Local and Private	10,286,300	8,157,700	(2,128,600)	(20.7)
TOTAL STATE SPENDING.....	309,739,500	317,362,800	7,623,300	2.5
Less:				
Other State Restricted Funds.....	262,148,000	277,765,000	15,617,000	6.0
GENERAL FUND/GENERAL PURPOSE.....	47,591,500	39,597,800	(7,993,700)	(16.8)
PAYMENTS TO LOCALS	5,123,500	5,548,300	424,800	8.3

FY 2014-15 Year-to-Date Gross Appropriation \$392,485,400

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

Items Included by the Senate and House

- Shooting Range Enhancement.** The Governor, House, and Senate included one-time funds for improvements to shooting ranges. Several counties (Ontonagon, Livingston, Jackson, Oakland, Alpena, Presque Isle, Allegan, Marquette, St. Clair, Alger, Barry, Crawford, and Roscommon) were identified as priority counties for these enhancements. 4,000,000
- Wildlife Management.** The Governor, House, and Senate included additional Federal authorization in this program. The DNR currently has Federal Pittman-Robertson grant money from increased gun and ammunition sales and does not have sufficient appropriation authority to spend those funds. 2,155,000
- Nonmotorized Trail Initiative.** The Governor, House, and Senate included a GF/GP reduction to this item. Four lines would be impacted: \$900,000 from Nonmotorized Trail Development and Maintenance Grants, \$150,000 from Forest Recreation and Trails, \$50,000 from Mackinac Island State Park Operations, and \$50,000 from Michigan Historical Center. (1,150,000)
- Remove FY 2014-15 One-Time Appropriations.** The Governor, House, and Senate removed \$4.75 million in designated one-time appropriations from FY15. Also removed were ongoing appropriations for a new fisheries research vessel and the expansion of the Hart-Montague trail as these projects will have sufficient funding for their completion in FY 2014-15. (7,280,000)
- Recreation Passport Local Grants.** The Governor, House, and Senate included additional one-time amounts for recreation grants to local units of government. A sufficient fund balance is available to support this appropriation. 500,000

FY 2015-16 NATURAL RESOURCES BUDGET

6. Capital Outlay. The Governor, House, and Senate removed several FY 2014-15 waterways and recreation projects totaling \$4.2 million, and included several new ones totaling \$4.5 million.	270,500
7. Fisheries Habitat Improvement Grants. The Governor, House, and Senate included increased Game and Fish Protection Fund revenues to support these grants. Fund revenue is available due to the Great Lakes Research Vessel having sufficient appropriations in FY 2014-15 and not needing support in FY 2015-16.	500,000
8. Increased Off-Road Vehicle (ORV) Fee Revenue. The Governor, House, and Senate included additional ORV Trail Improvement Fund revenue to a number of line items. This increase reflects increased ORV fee revenue from the ORV fee increase that took effect in 2014.	984,200
9. State Parks - Belle Isle Subaccount. The Governor, House, and Senate included additional Park Improvement Account revenue from the Belle Isle Subaccount. The Subaccount is required pursuant to the Belle Isle lease agreement which requires funds derived from the operation of Belle Isle Park to be tracked separately from other State park revenue.	1,000,000
10. Technical Revenue Adjustments. The Governor, House, and Senate included a number of adjustments throughout the budget to reflect cost changes and the availability of funds.	312,800
11. Technical Adjustment - FY 2014-15 Items. The Governor, House, and Senate includes a technical adjustment to reflect removal of one-time FY 2014-15 supplemental appropriations and Executive Reduction Orders.	(7,800,000)
12. Economic Adjustments. Includes a negative \$2,117,100 Gross and a negative \$237,600 GF/GP for OPEB and \$1,783,400 Gross and \$248,900 GF/GP for other economic adjustments.	(333,700)
<u>Conference Agreement on Items of Difference</u>	
13. Forestry Investment. The Governor, House, and Senate included \$4.0 million in additional one-time Forest Development Fund revenues for the purchase of new forestry equipment and for development of the Vegetative Management System. The Conference increased this amount to approximately \$8.0 million.	7,992,000
14. Forest Development Infrastructure. The Conference included additional one-time Forest Development Fund appropriations for capital outlay projects intended to improve access to rural forest areas. This item was not included by either the Governor, House, or Senate.	2,120,000
15. Fish Production- Fisheries Settlement. The Conference included additional funds received as part of a settlement with Consumers Energy. These funds would be used for projects as specified in the settlement agreement. This item was not included by either the Governor, House, or Senate.	100,000
16. Kalamazoo River Watershed Improvements. The Conference included Environmental Protection Fund revenue for improvements to the Kalamazoo River watershed. These funds are part of a \$75.0 million settlement between the State and Enbridge Inc., which resulted from a 2010 oil spill in the Kalamazoo River. This item was not included by either the Governor, House, or Senate.	5,000,000
17. State Management of Federal Timber Sales. The Conference included additional Federal funds to reflect the State entering into an agreement to manage timber sales on Federal land in the Ottawa, Hiawatha, and Huron-Manistee National Forests. This item was not included by either the Governor, House, or Senate.	900,000
18. Forest Management Training. The Conference included additional Federal funds for the training of private and public professional land managers. This item was not included by either the Governor, House, or Senate.	200,000
19. Forest Habitat Improvements and Wildfire Protection. The Conference included additional Forest Development Fund appropriations to reflect an IRS ruling that Michigan Wildland Firefighters be considered State employees, and for habitat improvements in State forests. This item was not included by either the Governor, House, or Senate.	1,220,000

20. Special Grant Programs. The Conference included one-time GF/GP revenue for special grants. This item was not included by either the Governor, House, or Senate.	825,000
21. Michigan Conservation Corps. The House eliminated funding (\$1.0 million) for this program. The Governor, Senate, and Conference retained current-year funding.	0
22. GF/GP Reductions. The House included the following GF/GP reductions: \$200,000 State Parks, \$50,000 Dam Management Grant Program, \$147,000 Michigan Historical Center, \$100,000 Nonmotorized Trail Development and Maintenance. The Governor, Senate, and Conference did not include these reductions.	0
23. Cormorant Population Mitigation Program. The Governor and House eliminated the \$150,000 in funding for this program which provides funding for harassment and other cormorant management activities. The Senate and Conference restored funding to current-year levels.	0
24. Marquette Breakwall Placeholder. The Senate included a \$100 placeholder for repairs to a breakwall in the City of Marquette. The Conference did not include this item.	0
25. Forest Development Fund (FDF) - Fund Shift. The Senate increased FDF appropriations in the Wildfire Protection line by \$400,100 and reduced GF/GP by a like amount. The Conference reduced this shift to \$150,000.	0
26. State Parks Repair and Maintenance - Fund Shift. The Governor and Senate included a fund shift which would remove \$1.5 GF/GP from this line, and replace it with State Parks Endowment Fund revenue. The House increased the shift to \$2.0 million, and the Conference increased this amount to \$2.5 million. There is a sufficient spendable balance in this fund to support this fund shift.	0
Total Changes	\$11,515,800
FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$404,001,200
Amount Over/(Under) GF/GP Target:	0\$

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

Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed and House and Senate retained a prohibition on taking disciplinary action against employees who communicate with the Legislature. (Sec. 212)
2. **Report Retention.** The Governor removed and House and Senate retained language requiring that report retention guidelines be followed. (Sec. 217)
3. **Waterways Report.** The Governor removed and House and Senate retained a report on projects completed. (Sec. 223)
4. **Michigan Civilian Conservation Corps.** The Governor, House, and Senate removed a section requiring the DNR to work with the MCCC steering committee to plan for a MCCC outside of State government. (Sec. 250)
5. **Land Transaction Report.** The Governor removed and House and Senate retained a report on land transactions from the previous year. The Senate added new requirements for the report. (Sec. 408)
6. **Federal Wildlife Management Fund Increase.** The Governor included a new section requiring that increased levels of Federal funds be used for the restoration, conservation, management, and enhancement of wildlife habitat. The House and Senate included this section. (Sec. 501)
7. **Cervid Fee Report.** The Gov. removed and House and Senate retained a report on the use of Cervid registration/inspection fees. (Sec. 504)
8. **Water Control Structure Certification.** The Governor removed and House and Senate retained a prohibition on impeding the certification of water control structures. (Sec. 602)

9. **Pure Michigan Trails.** The Governor, House, and Senate removed a section earmarking \$200,000 for the Pure Michigan Trails program. (Sec. 704)
10. **Forest Management Funding Increase.** The Governor included a new section requiring that increased levels of Forest Development Fund appropriations be used for strategic investments in technology and equipment. The House and Senate included this section. (Sec. 801)
11. **Timber Marking.** The Governor removed and House and Senate retained two sections that prescribed minimum amounts of timber to be prepared and marked for harvest, and that a sufficient number of foresters be hired to do so. (Secs. 802 & 805)
12. **Snowmobile Law Enforcement.** The Governor removed and House and Senate retained criteria for how these grants are distributed. (Sec. 901)
13. **Marine Safety Grant Report.** The Governor removed and House and Senate retained a report on these grants and funds used for them. (Sec. 902)
14. **Saginaw River.** The Governor, House, and Senate removed a feasibility study of deepening the Saginaw River. (Sec. 1201)

Conference Agreement on Items of Difference

15. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. The Senate and Conference included a revised version of this section. (Sec. 204)
16. **Pittman-Robertson Fund Grant Report.** The Senate included a new section requiring a report on the receipt and expenditure of Federal Pittman-Robertson Funds. The House and Conference did not include this section. (Sec. 238)
17. **Invasive Species Order Report.** The Governor and House removed and Senate and Conference retained a report on invasive species order actions taken against swine raised under the husbandry of Michigan residents. (Sec. 503)
18. **Cormorant Report.** The Governor and House removed and Senate and Conference retained a report on Cormorant control efforts. (Sec. 603)
19. **Recreation Opportunities.** The Governor, House, and Conference removed and Senate retained a requirement that the Legislature be notified of any intent to reduce recreation opportunities. (Sec. 702)
20. **State Parks Maintenance Needs.** The Senate included a new section requiring a report on the Department's plan to address the capital outlay needs in State parks as identified in the FY16 Capital Outlay 5-Year Plan. The Conference included this section. (Sec. 705)
21. **Grand River Feasibility Study Work Project.** The Conference included a new section requiring the DNR to work with the State Budget Office to ensure that an FY 2012-13 appropriation for a depth study of the Grand River be carried forward as a work project. (Sec. 706)
22. **Horseback Interests.** The Governor, House, and Conference removed and Senate retained a requirement that the DNR work with horseback interests. (Sec. 804)
23. **Gas and Oil Lease Development.** The Governor and Senate removed and House and Conference retained a section requiring the DNR to develop a plan to motivate gas and oil lessees to undertake warranted new operations. (Sec. 808)
24. **ORV Trail Improvement Grants.** The Governor, House, and Conference removed and Senate retained a requirement that at least \$980,000 of these grants be used for new trails. (Sec. 1002)
25. **FY 2015-16 Appropriation Intent.** The Governor removed and Senate and Conference retained a section stating legislative intent for appropriations in FY 2015-16. (Sec. 2001)

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	3,070.0	3,118.0	48.0	1.6
GROSS	648,741,900	620,837,400	(27,904,500)	(4.3)
Less:				
Interdepartmental Grants Received	26,233,200	26,224,300	(8,900)	(0.0)
ADJUSTED GROSS	622,508,700	594,613,100	(27,895,600)	(4.5)
Less:				
Federal Funds.....	99,429,900	87,945,900	(11,484,000)	(11.5)
Local and Private	4,938,900	5,533,400	594,500	12.0
TOTAL STATE SPENDING	518,139,900	501,133,800	(17,006,100)	(3.3)
Less:				
Other State Restricted Funds.....	127,300,000	124,828,200	(2,471,800)	(1.9)
GENERAL FUND/GENERAL PURPOSE	390,839,900	376,305,600	(14,534,300)	(3.7)
PAYMENTS TO LOCALS	19,775,600	15,464,100	(4,311,500)	(21.8)

FY 2014-15 Year-to-Date Gross Appropriation \$648,741,900

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

Items Included by the Senate and House

1. **Sexual Assault Kit Submission Act.** Governor, Senate, and House recommended \$1,649,000 GF/GP to add 11 FTEs to meet recently enacted statutory requirements and to improve clearance rates and turn-around times for processing kits. 1,649,600
2. **State Records Management System.** Governor and Senate recommended addition authority to receive restricted revenue resulting from more agencies choosing to join the State records management system. 600,000
3. **Recruit School Second Year Costs.** Governor and Senate recommended \$178,600 GF/GP in additional funds to reflect FY 2014-15 second year costs. 178,600
4. **Emergency Management.** Governor and Senate included \$152,000 in GF/GP funding for technology maintenance costs at the State Emergency Operations Center. 152,000
5. **Elimination of FY 2014-15 Motor Carrier School.** Governor and Senate reduced base appropriations by \$3,210,000 GF/GP to reflect cancelled 31 person motor carrier school. (3,210,000)
6. **Urban Search and Rescue.** Governor and Senate eliminated an earmarked grant of \$500,000 GF/GP to a regional urban search and rescue task force. (500,000)
7. **Rent Efficiencies.** Governor and Senate recommended a GF/GP rent savings of \$381,900. (381,900)
8. **Vacancy Elimination.** Governor and Senate recommended the elimination of four vacant positions within the Capitol Security unit for a savings of \$294,000, leaving 20 filled positions. (294,000)
9. **Adjustment for FY 2014-15 Appropriations Actions.** Includes \$32.5 million from P.A. 356 of 2014 and Executive Order 2015-5 (\$23,331,100). 23,331,100
10. **Unclassified Position Adjustment.** Governor and Senate recommended a reduction in funding of \$150,000 to reflect the actual number of filled positions. (150,000)

FY 2015-16 STATE POLICE BUDGET

- 11. **Elimination of Most FY 2014-15 One-Time Funding.** Governor and Senate recommend the elimination of funding for Trooper School (\$4,408,500 Gross, \$3,508,500 GF/GP); Motor Carrier School (\$1,181,900 GF/GP); Helicopter Purchase (\$4,932,000); Emergency Support Vehicle (\$225,000 GF/GP); LEIN Language Conversion (\$350,000 Restricted); Electronic Warrant System (\$750,000 GF/GP); Local Public Safety Initiative (\$4,550,000 GF/GP); and Marshall Post Charges for Lease (\$2.0 million). (18,397,400)
- 12. **Disaster Assistance.** Governor and Senate removed from base FY 2014-15 appropriation for disaster assistance, \$32.5 million Gross; \$2.5 million Federal, and \$30.0 million GF/GP. (32,500,000)
- 13. **Economic Adjustments.** Includes a negative \$3,012,700 Gross and a negative \$2,031,300 GF/GP for OPEB and \$3,542,800 Gross and \$2,619,000 GF/GP for other economic adjustments. 530,100
- 14. **Other Changes.** Governor and Senate recommended a technical adjustment across various non- GF/GP fund sources to reflect actual revenue received. (14,636,900)

Conference Agreement on Items of Difference

- 15. **Trooper School.** Governor, Senate, and House recommended funding of \$7,770,000 GF/GP (\$3.2 million one-time) for a new trooper school to begin in April, 2016 for 75 candidates. Conference moved school to June and included 88 candidates. 7,700,000
- 16. **Motor Carrier School.** Governor recommended funding of \$1,050,000 GF/GP for a new Motor Carrier Officer school to begin in October, 2015 for 10 candidates. Senate added another 6.0 FTEs and \$600,000. House did not include, Conference concurred with Governor. 1,050,000
- 17. **Concealed Pistol Licensing.** Senate included 13.0 FTEs and \$1.5 million restricted to reflect department requirements under P.A. 3 & 4 of 2015. House did not include, Conference concurred with Senate. 1,500,000
- 18. **State Police Trooper Retirement.** Senate added \$2.4 million GF/GP to reflect first year cost of retirement enhancement for pre 1986 trooper retiree, per SB 21 & 22. Conference did not include. 0
- 19. **Information Technology Interface.** Senate shifted funds to a \$100 placeholder for the design and deployment of an interface between forensics and the courts. Conference did not include. 0
- 20. **Sexual Assault Prevention and Education.** Governor and House recommended one-time GF/GP funding of \$500,000 GF/GP for an initiative to help reduce the incidence of sexual assaults on campuses of higher education. Senate included \$500,100 GF/GP. Conference concurred with House. 500,000
- 21. **Michigan International Speedway Traffic Control.** House included \$500,000 GF/GP for traffic support, Senate kept the current year level of \$831,900. Conference concurred with Senate. 0
- 22. **Commercial Vehicle Regulation.** Conference added 14.0 FTEs and \$2,974,300 in restricted funding for program transferred to the Department by Executive Order 2015-10. 2,974,300
- 23. **Trooper Contract Adjustment.** Conference included \$2.0 million GF/GP to reflect the additional costs for trooper salaries and benefits resulting from the settlement of recent contract negotiations between the Michigan State Police Troopers Association and the State. 2,000,000

Total Changes (\$27,904,500)

FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation \$620,837,400

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

Boilerplate Changes from FY 2014-15 Year-to-Date:Items Included by the Senate and House

1. **Federal Homeland Security Support.** Governor, Senate, and House struck section stating various Federal DHS funding to be received by MSP. (Sec. 205a)
2. **Federal DOJ Support.** Governor, Senate, and House struck section stating various Federal DOJ funding to be received by MSP. (Sec. 205b)
3. **Federal DOT Support.** Governor, Senate, and House struck section stating various Federal DOT funding to be received by MSP. (Sec. 205c)
4. **Retain Reports.** Governor, Senate, and House eliminated requirement for all reports to be kept and retained by MSP. (Sec. 212)
5. **Purchase of Goods and Services.** Governor, Senate, and House removed language requiring a preference be given to a small business with at least a workforce of 35% veterans. (Sec. 209)
6. **Efficiencies.** Governor, Senate, and House removed language outlining priorities for finding MSP budgetary efficiencies. (Sec. 217)
7. **Quarterly Reports.** Governor and Senate removed language which requires a corrective action plan within 30 days of a quarterly report when requirements are not achieved. House removed entire section. Conference concurred with House. (Sec. 219)
8. **Unclassified Positions.** Governor, Senate, and House removed section listing unclassified positions and requiring notice when a new position is created. (Sec. 300)
9. **Executive Direction.** Governor, Senate, and House struck section requiring effective and efficient administrative leadership be provided. (Sec. 301)
10. **Capitol Security.** Governor, Senate, and House added the Secondary Complex to security unit responsibilities. (Sec. 301)
11. **Administrative Support.** Governor, Senate, and House struck language providing detail on how support should be administered and a reference to providing costs for MSP Detroit crime lab. (Sec. 304)
12. **Training/Law Enforcement Services.** Governor, Senate, and House amended language by removing legal citations, many requirements and metrics, but retaining a reporting requirement and a metric setting a goal of average classroom occupancy rate to be at 55%. (Sec. 401)
13. **Michigan Commission on Law Enforcement Standards (MCOLES).** Governor, Senate, and House amended language by removing legal citations and reporting requirements but kept requirement for MCOLES to update standards within 30 days of enacted legislation. (Sec. 404)
14. **Criminal Justice Information Systems.** Governor, Senate, and House amended section by removing legal citations and reporting requirements. Senate added a requirement for a report on background checks and a requirement that records management fees shall not lapse. (Sec. 405)
15. **DNA Analysis.** Governor, Senate, and House amended section by removing legal citations and adding sexual assault kit initiative objectives. (Sec. 403)
16. **Field Services.** Governor, Senate, and House amended section reducing greatly the detail required for a report on MSP's Secure Cities Program. (Sec. 601)
17. **Security at Events.** Governor, Senate, and House eliminated section requiring MSP to respond to potential threats to State facilities and major public events. (Sec. 502)
18. **Criminal Investigations.** Governor, Senate, and House amended language by removing legal citations and to clarify that goal is to have a 60% case clearance rate. (Sec. 602)
19. **Fire Investigations.** Governor, Senate, and House amended language by removing legal citations. (Sec. 604)
20. **Emergency Management/Homeland Security.** Governor, Senate, and House amended language to remove many legal citations and Sec. 606(9) which designated \$500,000 in funding for an urban search and rescue task force. (Sec. 606)

21. **Highway Safety Planning.** Governor, Senate, and House amended language to remove legal citations and a reporting requirement. (Sec. 704)

Conference Agreement on Items of Difference

22. **Schedule of Programs.** Governor, Senate, and House removed language stating that revenue sources may not be received from funding entities listed and specific language stating that the statutes rule in the funding of the Secondary Road Patrol Grant Program. Conference replaced language with listing of all schedule of programs and funding previously listed in Part 1. (Sec. 216)
23. **Privatization.** Governor and Senate struck requirement for MSP to give 60-day notice prior to effort to privatize, with an evaluation report. House included. Conference concurred with House. (Sec. 223)
24. **New Program/Enhancement Metric.** Senate added new language requiring program metrics for each new program or program expansion in excess of \$500,000. Conference concurred. (Sec. 240)
25. **Laboratory Operations.** Governor, Senate, and House amended section by removing legal citations. Senate added language support and information technology interface between forensics and the courts. Conference concurred with Senate. (Sec. 403)
26. **Biometrics and Identification.** Governor, Senate, and House amended section by removing legal citations and Senate added language requiring a report on fingerprint background checks. Conference concurred with Senate. (Sec. 404)
27. **Specialized Services.** Governor and Senate amended language by removing requirement that MSP seek to increase the number of public and private sector contacts which receive homeland security information and intelligence. Senate added language requiring support of Cyber Unit. Conference concurred with Senate. (Sec. 701)
28. **Commercial Vehicle Law Enforcement.** Governor, Senate, and House amended language to remove many legal citations and numerous reporting requirements. Senate added language stating that staffing and resources shall be provided to run a motor carrier school of at least 16 candidates. Conference concurred with Senate, but changed the number of candidates to 10. (Sec. 702)
29. **Secondary Road Patrol.** Governor and Senate amended language by removing many legal citations. Senate added to reporting requirements. Conference concurred with Senate and modified reporting requirements. (Sec. 801)
30. **State Trooper Retirement Fund - One-Time Appropriations.** Senate added language which provides for trooper retirement enhancement should SB 21 and 22 are enacted into law. Not included by Conference. (Sec. 701)
31. **Trooper School - One-Time Appropriations.** Senate added language stating that staffing and resources shall be maintained to train at least 75 Michigan State trooper recruits. Conference concurred with Senate but changed recruit number to 88. (Sec. 901)
32. **One-Time Appropriations for FY 2014-15.** Governor, Senate, and House struck sections pertaining to FY 2014-15 one-time appropriations, including the following language: Trooper School (Sec. 701); Emergency Vehicle (Sec. 702); Motor Carrier School (Sec. 703); Helicopter Purchase (Sec. 704); LEIN Upgrade (Sec. 705); Electronic Warrant System (Sec. 706); Michigan International Speedway Traffic Control (Sec. 707); Local Public Safety Initiative (Sec. 708), and Marshall MSP Post. (Sec. 709)
33. **FY 2015-16 Appropriations.** Governor, Senate, and House eliminated language requiring an increase in trooper patrols by 9%, aviation hours by 30%, and vehicle inspections by 12%, and improvement due to LEIN language conversion project and establishment of an electronic warrant system. (Sec. 1202)
34. **MI Bridges Workgroup.** House included language requiring a workgroup to minimize MI Bridges benefit program fraud. Conference conferred with House. (Sec. 250)
35. **FY 2014-15 Supplemental.** Conference Committee added supplement appropriations for FY 2014-15 of \$2.0 million to support additional salary and benefit costs for troopers as a result of their recent union contract settlement with the State.

Date Completed: 5-28-15

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 CONFERENCE	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,912.3	2,912.3	0.0	0.0
GROSS	3,725,062,600	3,896,201,400	171,138,800	4.6
Less:				
Interdepartmental Grants Received	3,786,900	3,928,500	141,600	3.7
ADJUSTED GROSS.....	3,721,275,700	3,892,272,900	170,997,200	4.6
Less:				
Federal Funds.....	1,223,599,500	1,257,488,000	33,888,500	2.8
Local and Private	58,043,100	50,393,500	(7,649,600)	(13.2)
TOTAL STATE SPENDING.....	2,439,633,100	2,584,391,400	144,758,300	5.9
Less:				
Other State Restricted Funds.....	2,154,985,200	2,184,391,400	29,406,200	1.4
GENERAL FUND/GENERAL PURPOSE.....	284,647,900	400,000,000	115,352,100	40.5
PAYMENTS TO LOCALS	1,316,686,400	1,438,206,000	121,519,600	9.2

FY 2014-15 Year-to-Date Gross Appropriation \$3,725,062,600

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

Items Included by the Senate and House

1. **Ongoing GF/GP Federal Match Increase.** An increase in Federal match appropriations by \$473,200 for a total of \$139.5 million Gross and ongoing GF/GP. \$113.0 million Gross and GF/GP is for State trunkline roads and bridges, \$25.0 million Gross and GF/GP is for transit and rail, and \$1,521,100 Gross and GF/GP is for aeronautics. In FY 2014-15, the budget included the following one-time Federal match items: \$127.0 million GF/GP for State trunkline roads and bridges, \$10.0 million GF/GP for transit and rail, and \$2.0 million for aeronautics. These funds were designated as one-time in FY 2014-15. 473,200
2. **Federal Transit, Rail and Air Grants.** Grant increases from the Federal Transit Administration and the Federal Railroad Administration included a \$50 million increase in Federal aid to rail operations and infrastructure, an \$840,000 increase in Federal aid to nonurban buses, and a \$300,000 increase in Federal aid to the transit capital program. The Conference also accounted for the one-time \$25.5 million Federal TIGER grant for the M-1 rail line under a supplemental appropriation in FY 2014-15. 25,596,000
3. **Restoration of Vetoed Funds for Regional Planning Councils.** In FY 2014-15, the Governor vetoed a pedestrian crossing study, which affected the grants to regional planning councils program. The Senate, House, and Governor included additional funding for this program in FY 2015-16 to restore those funds. 80,000

FY 2015-16 TRANSPORTATION BUDGET

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| 4. Revenue Adjustments. A revenue increase is expected for the Michigan Transportation Fund (MTF), resulting in the following program increases: \$57.7 million in local road funding, and \$1.3 million in the TEDF. Other revenue adjustments result in the following program decreases: (\$663,300) in aeronautics services, (\$3.9) million in rail operations and infrastructure, and (\$3.9) million in transit capital, service initiatives, and transportation to work. The airport safety, protection and improvement program was increased by \$1.0 million. | 51,446,800 |
| 5. Blue Water Bridge Fund Adjustment. This adjustment would realign the Fund with available toll revenue. In FY 2013-14 and FY 2014-15, appropriations to the Fund were increased to prepare for a customs plaza project. This would result in a total of \$10.6 million for the Fund in FY 2015-16. | (14,054,000) |
| 6. IDG Adjustments. Technical adjustments to IDG grants to other departments totaled a negative \$414,800, and adjustments to IDGs from other departments totaled a negative \$11,100. | (425,900) |
| 7. Debt Service Adjustment. Debt service obligations decreased. In FY 2014-15, \$242.3 million, \$0 GF/GP was appropriated to debt service. The Governor and Conference included \$238.9 million, \$0 GF/GP to debt service in FY 2015-16. | (3,457,500) |
| 8. Economic Adjustments. Included a negative \$3,073,700 Gross and \$0 GF/GP for OPEB and \$1,525,000 Gross and \$0 GF/GP for other economic adjustments. | (1,548,700) |
| 9. Other Changes. Increased finance, contracts and support services by \$150,000 Gross, \$0 GF/GP, and deleted the one-time appropriation of \$1.1 million Gross, \$1.1 million GF/GP in startup funds for the Regional Transit Authority. | (950,000) |

Conference Agreement on Items of Difference

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| 10. Ongoing GF/GP Funding for State and Local Roads and Bridges. The Conference increased one-time funding for this program by \$113.5 million Gross and GF/GP, and increased ongoing funding by \$2.5 million Gross and GF/GP, for a total appropriation of \$260.5 million Gross and GF/GP. See item 12 for the one-time portion of GF/GP funding included in this program. These funds would be distributed according to Public Act 51 of 1951 (39.1% to MDOT, 39.1% to county road commissions, and 21.8% to cities and villages). In FY 2014-15, the program received \$144.5 million Gross and one-time GF/GP. The Governor and Senate did not include funding for this program, and the House included \$20.0 million GF/GP. | 2,478,900 |
| 11. Transportation Economic Development Fund (TEDF) Redirect to State Trunkline Fund and Aeronautics Fund. The Conference included a Senate redirection of \$2.0 million in TEDF license fee revenue to the State Trunkline Fund in order to meet Federal match requirements, and \$2.0 million to the airport safety, protection and improvement program. The license fee revenue was previously redirected to the State trunkline from FY 2010-11 to FY 2013-14, and was restored to the TEDF in FY 2014-15 to meet increased program demand. The House and Governor directed \$12.0 million to the State Trunkline Fund. | (4,000,000) |
| 12. Additional Increase for Airport Safety, Protection and Improvement Program. See item 11. | 2,000,000 |
| 13. Highway Maintenance Funding. The Conference did not include a \$10.0 million increase for State trunkline maintenance, which the Governor and House had included. | 0 |
| 14. FY 2015-16 One-Time Gross Appropriations. The Conference included a net increase of \$113.5 million Gross and GF/GP in one-time funding for the state and local road and bridge program (see item 10). The Conference appropriated a total of \$142.0 million Gross and GF/GP in one-time funding for transportation for FY 2015-16. | 113,500,000 |

Total Changes	\$171,138,800
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FY 2015-16 Conference Report Ongoing/One-Time Gross Appropriation	\$3,896,201,400
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Amount Over/(Under) GF/GP Target: \$0

Boilerplate Changes from FY 2014-15 Year-to-Date:Items Included by the Senate and House

1. **Disciplinary Action.** The Senate and House retained a prohibition against MDOT from taking disciplinary action against an employee for communicating with the Legislature. (Sec. 215)
2. **Remanufactured Parts and Alternative Road Materials.** The Senate and House retained a requirement for MDOT to prioritize the use of remanufactured parts as the primary means of vehicle maintenance (Sec. 270), and a requirement that MDOT evaluate the use of materials which incorporate crumb rubber from scrap tires (Sec 660).
3. **Contractor-Related Requirements.** The Senate and House retained the following requirements and prohibitions: 1) MDOT must post signs regarding the contractor responsible for rest area maintenance (Sec. 319); 2) MDOT must review its contractor payment process and ensure prompt payment and prime contractor compliance (Sec. 353); 3) MDOT must complete any required inspections for local Federal aid projects within 120 days of submission (Sec. 357); 4) MDOT may not reimburse contractors for certain costs (e.g., groundbreaking ceremonies) from appropriated funds (Sec. 375); 5) as a condition of each contract for construction, maintenance, or engineering services, MDOT must require the contractor to use the E-Verify system (Sec. 381); 6) in administering a local government contract, within two years of final payment to a contractor, MDOT must submit the final cost-sharing bill to the local government (Sec. 382).
4. **Department-Owned Aircraft Reports.** In FY 2014-15, the language was amended and included more specific reporting requirements. The Senate and House retained the language from FY 2014-15 but omitted "purpose of travel" in the requirements. (Sec. 383)
5. **Dead Animal Removal.** The Senate and House retained a provision that MDOT must consider the removal of large animal remains from highway shoulders a priority. (Sec. 610)
6. **Report Requirements.** The Senate and House deleted requirements that MDOT must provide a rail feasibility study between Holland and Detroit (Sec. 712). The Senate and House retained the following report requirements: a rolling five-year plan of all construction projects (Sec. 307), and associated criteria for the plan (Sec. 603); MDOT's activities related to the prequalification of construction contractors (Sec. 308); the status of the State infrastructure bank (Sec. 313(3)); the status of airport improvement projects (Sec. 902); a railroad company's abandonment of a railroad line (Sec. 703); and timely production of copies of agendas and approved minutes for monthly commission meetings (Sec. 310).
7. **Pedestrian Crossing Study (vetoed in FY 2014-15).** The Senate and House deleted a requirement for MDOT to study the feasibility of a pedestrian crossing over Bear River in Petoskey along US Highway 131, which was initially included and vetoed in FY 2014-15. (Sec. 311)
8. **Service Consolidation Workgroup.** The Senate and House deleted a requirement for MDOT to conduct a workgroup aimed at consolidating transportation services for low-income, elderly, and disabled individuals. (Sec. 312)
9. **Best Practices.** The Senate and House retained a requirement for MDOT to promote best practices in public transportation services, and to report on efforts taken to implement best practices. (Sec. 393)
10. **Existing Roads as Priority.** The Senate and House retained a requirement for MDOT and local road agencies to make preservation of existing roads a funding priority. (Sec. 394)
11. **Elimination of One-Time Appropriations.** The Senate and House deleted provisions regarding a high-speed rail crossing pilot program (Sec. 1004, vetoed in FY 2014-15), and one-time startup funding for the Regional Transit Authority (Sec. 1005).

Conference Agreement on Items of Difference

12. **Billboards and Motorist Behavior.** The Conference included a restriction against MDOT spending funds to examine the relationship between billboards and motorist behavior. This restriction was included by the Senate. (Sec. 376)
13. **Notice of Proposed Federal Regulations.** The Conference included language that would require MDOT to notify the legislature regarding proposed Federal Rule changes, and notice of required statutory changes after the rule was finalized. The notice would have to be given within 30 days of the proposed rule being posted to the Federal Register. This requirement was included by the Senate. (Sec. 204)
14. **Effects of Policy Changes; Small Businesses.** The Conference concurred with the Senate and Governor and deleted a requirement for MDOT to report on policy changes made to implement public acts, and a prohibition against funds being used in a way that would have a disproportionate economic impact on small businesses. (Sec. 263)
15. **Report Requirements.** The Conference concurred with the Senate and Governor and deleted a requirement that MDOT must retain all reports in compliance with Federal and State guidelines (Sec. 212). The Conference concurred with the Senate and the Governor and deleted requirements that MDOT must provide a report or information regarding the following: money to be received by each local government within a legislator's district (Sec. 303); the amount of Federal aid for allocations to certain State and local programs (Sec. 401); the encumbered and unencumbered balances of the CTF (Sec. 740). The Conference concurred with the Senate and Governor and deleted requirements to provide the State Budget Office with: GF/GP appropriation lapses by program area (Sec. 228); and estimates regarding State fund balances, revenues, and expenditures (Sec. 229). The Conference retained report requirements regarding contract incentives for State trunkline projects (Sec. 612) and expenditures for administration and planning associated with local governments (Sec. 233), and included a requirement for a report on the status of a rail tunnel crossing from Detroit to Windsor (Sec 1006). The Conference concurred with the Senate, House, and Governor and deleted rollover test standards for transit buses (Sec. 741); and concurred with the Governor and deleted a report on the status of airport improvement projects (Sec. 902). The Conference concurred with the House and included a reporting requirement regarding transit capital and rail infrastructure (Sec. 1003).
16. **Warranty Development and Reporting.** The Conference modified a requirement for MDOT to work with the road construction industry and engineering consulting community to develop performance and road construction warranties, and included new reporting requirements regarding warranty performance and activity. The Governor deleted this provision and the Senate and House had similar modifications. (Sec. 601)
17. **Benchmarks and Performance Measurement.** The Conference concurred with the Senate and modified a requirement for the Department to measure performance relating to expenditures for programs over \$0.5 million, and report on proposed benchmarks. (Sec. 204)
18. **Highway Maintenance Outcomes & Measures.** The Governor and House included a requirement regarding increased highway maintenance funding. The Conference did not include the corresponding increase or the requirement. (Sec. 605 as to House and Governor)
19. **One-Time and Ongoing Appropriations.** The Conference modified provisions regarding GF/GP funding for State trunkline Federal match (Sec. 1001); and the State and local road and bridge program (Sec. 1002).
20. **Bicycle Roadway Safety.** The Conference concurred with the Governor and House and did not include a Senate boilerplate appropriation of \$14,000 for bicycle safety education and training related to roadways and bicycle lanes (Sec. 1007 as to Senate).
21. **Encourage Airport Privatization/Local Ownership.** The Conference concurred with the House and retained language encouraging MDOT to find private or public entities to assume ownership and operating responsibility of airports. (Sec. 802)
22. **Dort Highway Expansion.** The Conference did not include a \$100 GF/GP Senate appropriation to expand Dort Highway in Grand Blanc (Sec. 1009 as to Senate).
23. **Priority Roads Investment Program Report.** The Conference did not include a House requirement that MDOT report on projects funded through the priority roads investment program (\$115.0 FY 2013-14 and FY 2014-15) (Sec. 315 as to House).
24. **Lease Rail Car Status Report.** The Conference included a House requirement for MDOT to report on the status of commuter rail projects and rail car leases by November 1 (Sec. 713).

Date Completed: 5-28-15

Fiscal Analyst: Glenn Steffens

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