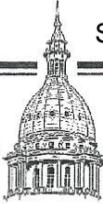




Senate Fiscal Agency
P.O. Box 30036
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 BILL ANALYSIS

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Throughout this document Senate means Subcommittee.

General Government Budgets
Total Gross and GF/GP Appropriations

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	8,667.2	8,697.7	30.5	0.4
GROSS	4,911,576,900	4,895,405,300	(16,171,600)	(0.3)
Less:				
Interdepartmental Grants Received	742,192,600	760,158,300	17,965,700	2.4
ADJUSTED GROSS.....	4,169,384,300	4,135,247,000	(34,137,300)	(0.8)
Less:				
Federal Funds	825,221,900	832,523,500	7,301,600	0.9
Local and Private	23,304,200	18,085,500	(5,218,700)	(22.4)
TOTAL STATE SPENDING.....	3,320,858,200	3,284,638,000	(36,220,200)	(1.1)
Less:				
Other State Restricted Funds.....	2,109,835,600	2,136,895,100	27,059,500	1.3
GENERAL FUND/GENERAL PURPOSE.....	1,211,022,600	1,147,742,900	(63,279,700)	(5.2)
PAYMENTS TO LOCALS	1,491,508,900	1,454,662,100	(36,846,800)	(2.5)

See Individual Highlight Sheet for Department Detail



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	518.5	527.0	8.5	1.6
GROSS	92,107,600	97,085,800	4,978,200	5.4
Less:				
Interdepartmental Grants Received	28,533,900	28,989,700	455,800	1.6
ADJUSTED GROSS.....	63,573,700	68,096,100	4,522,400	7.1
Less:				
Federal Funds.....	9,278,600	9,476,700	198,100	2.1
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	54,295,100	58,619,400	4,324,300	8.0
Less:				
Other State Restricted Funds.....	17,281,700	17,578,900	297,200	1.7
GENERAL FUND/GENERAL PURPOSE.....	37,013,400	41,040,500	4,027,100	10.9
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$92,107,600
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Changes from FY 2015-16 Year-to-Date:

- DTMB Rate Proposal. Governor:** Added new funding to allow the Department to collect fees from other State departments and agencies for services provided such as mailings, warehousing, and vehicle services. **Senate:** Concurred with Governor. 82,100
- Juvenile Life without Parole. Senate:** Added GF/GP funding of \$700,000 for the Attorney General for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. 700,000
- Prosecuting Attorneys Coordinating Council (PACC) NextGen IT System. Senate:** Added GF/GP funding of \$1.2 million for the PACC to upgrade their legacy case management system to NextGen. 1,200,000
- Home Protection Unit. Governor:** Provided new GF/GP funding of \$600,000 and added 4.0 FTE positions for continuing litigation costs related to the mortgage crisis settlement in 2012. **Senate:** Concurred with Governor. 600,000
- Human Trafficking Commission. Governor:** Provided new restricted funding of \$390,000 for costs related to prosecutions and public awareness efforts to combat human trafficking in Michigan. **Senate:** Concurred with Governor. 390,000
- Five-Year Early-Out Deferred Sick Leave Payments. Governor:** Removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years. **Senate:** Concurred with Governor. (472,200)

7. Prosecuting Attorneys Coordinating Council. Governor: Replaced Michigan Justice Training Funds (MJTF) with GF/GP in the FY 2015-16 enacted budget due to lower than anticipated revenue collections in the MJTF. Due to the loss of the MJTF, restricted revenue funds were reduced by \$162,400 for FY 2016-17 to reflect the loss of MJTF funds. Senate: Concurred with Governor.	(162,400)
8. FY 2016-17 One-Time Appropriations. Governor included one-time funding of \$700,000 and 4.5 FTE positions to develop a statewide drug enforcement strategy to battle prescription drug abuse in Michigan. Senate: Concurred with Governor.	700,000
9. Unclassified Salaries. Governor: Increased funding by \$18,400 for total funding of \$754,000 for FY 2016-17. Senate: Concurred with Governor.	18,400
10. Economic Adjustments. Includes \$421,800 Gross and \$155,200 GF/GP for OPEB and \$1,500,500 Gross and \$576,400 GF/GP for other economic adjustments. Senate: Concurred with Governor.	1,922,300
11. Comparison to Governor's Recommendation. \$1,900,000 Gross and \$1,900,000 GF/GP over the Governor.	
Total Changes	\$4,978,200
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$97,085,800

Boilerplate Changes from FY 2015-16 Year-to-Date:

- Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections**. **Senate:** Maintained current law bill structure.
- Litigation Expense Reimbursement.** Appropriates up to \$500,000 from litigation expense reimbursements awarded to the State. Provides that funds may be used to pay litigation settlements or attorney fees assessed against the Office of the Governor, the Department of Attorney General or the Governor or Attorney General when they are acting in an official capacity as the named party in litigation against the State. **Governor:** Increased funding amount to \$1,500,000. **Senate:** Concurred with Governor. (Sec. 308)
- Prisoner Reimbursement Funds.** Provides that the Department may spend up to \$611,900 of prisoner reimbursement funds on activities related to the State Correctional Facilities Reimbursement Act. **Governor:** Increased funding amount to \$625,200 due to economic increases. **Senate:** Concurred with Governor. (Sec. 309)
- Mortgage Fraud Investigations. Governor:** Added new language stating that from the funds appropriated in Part 1 for Attorney General Operations, the Department must allocate \$600,000 for the investigation and prosecution of mortgage fraud. **Senate:** Concurred with Governor. (**NEW** Sec. 313)
- Lawsuit Proceeds for Drinking Water Contamination. Senate:** Added new language allowing the Department to use up to \$2.6 million of lawsuit settlement proceeds to pay for costs and associated expenses related to the declaration of emergency due to drinking water contamination. (**NEW** Sec. 314)
- Juvenile Life without Parole. Senate:** Added new language stating that the \$700,000 appropriated in part 1 is to be used for investigations, crime victim rights, prosecutions and appeals for retroactive juvenile life without parole cases. Also requires a report to be submitted by September 30. (**NEW** Sec. 314a)
- Legacy Cost Estimates.** Total legacy costs are estimated at \$17,778,100. Of the total, Pension-related legacy costs are estimated at \$10,007,000 and retiree health care legacy costs are estimated at \$7,771,100 for fiscal year ending September 30, 2016. **Governor:** Provided the following Legacy Costs estimates for FY 2017: Total legacy costs estimated at \$18,361,000. Of that total, \$10,096,700 are for pension-related legacy costs and \$8,264,300 are for retiree health care legacy costs for the fiscal year ending September 30, 2017. **Senate:** Concurred with Governor. (Sec. 315)
- Sexual Assault Law Enforcement Efforts.** Language requires the Department to use the funds for testing of backlogged sexual assault kits across the State outside of Wayne County. The language also requires the Department to submit a spending plan to the Legislature prior to release of the funds. The order of priority for expenditure of the

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

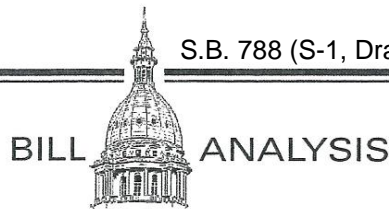
funds is: 1) to eliminate all county sexual assault kit backlogs by the end of the fiscal year, 2) to assist local prosecutors with investigations and prosecutions of viable cases, and 3) to provide victim services. It also requires a spending plan submitted to the Legislature prior to release of the funds. **Governor:** Eliminated section. Senate: Retained section and added a reporting requirement due by January 30th. (Current Law Sec. 316)

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	129.0	132.0	3.0	2.3
GROSS	16,128,700	16,746,900	618,200	3.8
Less:				
Interdepartmental Grants Received	286,700	293,600	6,900	2.4
ADJUSTED GROSS.....	15,842,000	16,453,300	611,300	3.9
Less:				
Federal Funds.....	2,721,700	2,763,000	41,300	1.5
Local and Private	18,700	18,700	0	0.0
TOTAL STATE SPENDING.....	13,101,600	13,671,600	570,000	4.4
Less:				
Other State Restricted Funds.....	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	12,949,700	13,519,700	570,000	4.4
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$16,128,700
--	---------------------

Changes from FY 2015-16 Year-to-Date:

1. **DTMB Rate Proposal. Governor:** Added new funding to allow the Department to collect fees from other State departments and agencies for services provided such as mailings, warehousing, and vehicle services. **Senate:** Concurred with Governor. 20,100
2. **Five-Year Early-Out Deferred Sick Leave Payments. Governor:** Removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years. **Senate:** Concurred with Governor. (70,800)
3. **Deaf and Hard of Hearing. Senate:** Added GF/GP funding of \$150,000 and 1.0 FTE to increase services to deaf and hard of hearing citizens across the state. 150,000
4. **FY 2016-17 One-Time Appropriations. Governor:** Included the following one-time funding: \$100,000 and 1.0 FTE position for funding to support the operations of the Commission on Middle Eastern Americans Affairs; and \$250,000 and 2.0 FTE positions for the Advocates and Leaders for Police and Community Trust (ALPACT) to strengthen outreach and education efforts in the cities of Battle Creek, Muskegon Heights, and Traverse City. **Senate:** Concurred with Governor on Commission funding; however, reduced ALPACT funding by \$125,000. 225,000
5. **Unclassified Salaries. Governor:** Increased funding by \$16,100 for total funding of \$660,300 for FY 2016-17. **Senate:** Concurred with Governor. 16,100
6. **Economic Adjustments.** Includes \$73,400 Gross and \$61,900 GF/GP for OPEB and \$204,400 Gross and \$167,700 GF/GP for other economic adjustments. **Senate:** Concurred with Governor. 277,800

7. **Comparison to Governor's Recommendation.** The Senate is \$25,000 Gross and \$25,000 GF/GP over the Governor.

Total Changes	\$618,200
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$16,746,900

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Maintained current law bill structure.
2. **Department Report.** Requires a detailed report submitted by November 30 that covers the Department's activities and operations. **Governor:** Eliminated section. **Senate:** Retained section. (Current Law 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:** Retained section. (Current Law Sec. 405)
4. **Legacy Cost Estimates.** Total legacy costs are estimated at \$2,997,500. Of the total, pension-related legacy costs are estimated at \$1,701,400 and retiree health care legacy costs are estimated at \$1,296,100 for fiscal year ending September 30, 2016. **Governor:** Provided the following Legacy Costs estimates for FY 2017: Total legacy costs estimated at \$3,062,000. Of that total, \$1,697,800 are for pension-related legacy costs and \$1,364,200 are for retiree health care legacy costs for the fiscal year ending September 30, 2017. **Senate:** Concurred with Governor. (Sec. 410)

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	74.2	74.2	0.0	0.0
GROSS	5,531,100	5,636,300	105,200	1.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	5,531,100	5,636,300	105,200	1.9
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	5,531,100	5,636,300	105,200	1.9
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	5,531,100	5,636,300	105,200	1.9
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$5,531,100
Changes from FY 2015-16 Year-to-Date:	
1. Executive Office Operations. Governor: Recommended a 1.9% overall increase for Executive Office operations. Senate: Concurred with Governor.	105,200
2. Comparison to Governor's Recommendation. Senate is \$0 Gross and \$0 GF/GP over the Governor.	
Total Changes	\$105,200
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$5,636,300

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. There is no boilerplate for the Executive Office.

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	0.0	0.0	0.0	0.0
GROSS	159,304,800	166,205,500	6,900,700	4.3
Less:				
Interdepartmental Grants Received	5,392,800	5,558,600	165,800	3.1
ADJUSTED GROSS.....	153,912,000	160,646,900	6,734,900	4.4
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	400,000	400,000	0	0.0
TOTAL STATE SPENDING.....	153,512,000	160,246,900	6,734,900	4.4
Less:				
Other State Restricted Funds.....	6,179,600	6,245,200	65,600	1.1
GENERAL FUND/GENERAL PURPOSE.....	147,332,400	154,001,700	6,669,300	4.5
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$159,304,800
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Changes from FY 2015-16 Year-to-Date:

- 1. Auditor General Adjustment.** Governor recommended a 2.7% overall increase for Auditor General operations. **Senate:** Concurred with Governor. 611,400
- 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 \$2.1 million. The House and Senate Fiscal Agencies received an increase of \$74,100 each. The Legislative Council received an increase of \$639,100 while the Retirement System received an increase of \$97,300. The Farnum Building and the Cora Anderson House Building received increases totaling \$482,800. Finally, the Governor included additional funding of \$205,600 for the State Capitol Historic Site line item (\$144,400 for general operations and \$61,200 for restoration, renewal and maintenance). **Senate:** Concurred with Governor. 4,789,300
- 3. Criminal Justice Data Collection and Management Program. Senate:** Added \$1.5 million in GF/GP funds for the Legislative Council and the Criminal Justice Policy Commission to create a Criminal Justice Data Collection and Management Program that will submit quarterly reports measuring recidivism rates across the state for released and paroled former incarcerated persons as well as those on probation. 1,500,000
- 4. Comparison to Governor's Recommendation.** The Senate is \$1,500,000 Gross and \$1,500,000 GF/GP over the Governor.

Total Changes	\$6,900,700
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FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$166,205,500
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Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Maintained current law bill structure.
2. **National Association Dues. Senate:** Added new language stating that \$58,000 shall be allocated to the department of state for payment to the National Conference of Commissioners on Uniform State Laws. (Sec. 603)
3. **Property Management.** Designates property management appropriation for the Legislature as work project. Specifies that the funds will be used to purchase equipment and services for building maintenance. Includes an estimated total cost of \$500,000 and completion date of September 30, 2020. **Governor:** Increased cost estimate to \$2.0 million. **Senate:** Concurred with Governor. (Sec. 606)
4. **Legislative Automated Processing.** Designates appropriations in Part 1 for automated data processing as work project appropriations. Includes estimated costs of \$500,000 and tentative completion date of September 30, 2020. **Governor:** Increased cost estimate to \$2.0 million. **Senate:** Concurred with Governor. (Sec. 607)
5. **Legacy Cost Estimates.** Total legacy costs are estimated at \$28,034,00. Of the total, pension-related legacy costs are estimated at \$15,465,300 and retiree health care legacy costs are estimated at \$12,568,700 for fiscal year ending September 30, 2016. **Governor:** Provided the following Legacy Costs estimates for FY 2017: Total legacy costs estimated at \$21,279,600. Of that total, \$11,998,700 are for pension-related legacy costs and \$9,280,900 are for retiree health care legacy costs for the fiscal year ending September 30, 2017. **Senate:** Concurred with Governor. (Sec. 615)
6. **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 2015-16. **Governor:** Eliminated section. **Senate:** Retained section. (Current Law Sec. 618)
7. **Criminal Justice Data Collection and Management Program. Senate:** Added new language stating that the funds appropriated in part 1 for the Legislative Council and the Criminal Justice Policy Commission shall be used to create a Criminal Justice Data Collection and Management Program that will submit quarterly reports measuring recidivism rates across the state for released and paroled former incarcerated persons as well as those on probation. (**NEW** Sec. 619)

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,587.0	1,587.0	0.0	0.0
GROSS	230,256,700	238,915,600	8,658,900	3.8
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS.....	210,256,700	218,915,600	8,658,900	4.1
Less:				
Federal Funds.....	1,460,000	1,460,000	0	0.0
Local and Private	100	100	0	0.0
TOTAL STATE SPENDING.....	208,796,600	217,455,500	8,658,900	4.1
Less:				
Other State Restricted Funds.....	186,635,100	190,345,900	3,710,800	2.0
GENERAL FUND/GENERAL PURPOSE.....	22,161,500	27,109,600	4,948,100	22.3
PAYMENTS TO LOCALS	1,272,100	1,211,300	(60,800)	(4.8)

FY 2015-16 Year-to-Date Gross Appropriation	\$230,256,700
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Changes from FY 2015-16 Year-to-Date:

- 1. Removal of FY 2015-16 Supplemental Funding for Voting Machines. Governor:** (5,000,000)
Removed funding of \$5.0 million provided for voting machine replacements via PA 268 of 2015. **Senate:** Concurred with Governor.
- 2. DTMB Rate Proposal. Governor:** Added new funding to allow the Department to collect fees from other State departments and agencies for services provided such as mailings, warehousing, and vehicle services. **Senate:** Concurred with Governor. 188,300
- 3. MI-Time Line Maintenance. Governor:** Increased funding to allow the Department to service and maintain the 18 self-service kiosks located in certain branch offices that allow customers to sign in to get into the queue for branch services. **Senate:** Concurred with Governor. 470,000
- 4. Five-Year Early-Out Deferred Sick Leave Payments. Governor:** Removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years. (598,800)
- 5. Replacement of GF/GP with Transportation Administration Collection Fund (TACF) Revenue. Governor:** Replaced GF/GP funding with TACF revenue due to higher collections in revenue that are deposited into the TACF. The result is a net zero gross change but a decrease in GF/GP funding of \$500,000. **Senate:** Concurred with Governor. 0
- 6. Look-Up Fee Increase. Governor:** Increased the fee for copies of motor vehicle records from \$8 per record requested to \$11 per record. The additional \$14.1 million in revenue is added to the TACF. **Senate:** Did not include. 0

7. FY 2016-17 One-Time Appropriations. Governor included one-time funding of \$15.0 million for voting equipment replacement across local jurisdictions. Funding is split between GF/GP and local funding...\$10.0 million GF/GP and \$5.0 million in local funding. Senate: Included the \$10.0 million GF/GP funding for voting machine replacements but moved the local funding portion to the Revenue Sharing payments in the Department of Treasury.	10,000,000
8. Unclassified Salaries. Governor: Increased funding by \$15,300 for total funding of \$628,800 for FY 2016-17. Senate: Concurred with Governor.	15,300
9. Economic Adjustments. Includes \$752,000 Gross and \$136,800 GF/GP for OPEB and \$2,832,100 Gross and \$313,300 GF/GP for other economic adjustments. Senate: Concurred with Governor.	3,584,100
10. Comparison to Governor's Recommendation. The Senate is \$19,100,000 Gross and \$0 GF/GP under the Governor.	
Total Changes	\$8,658,900
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$238,915,600

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Boilerplate Structure. Governor:** Moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections. Senate:** Maintained current law bill structure.
2. **Look-Up Fees.** Provides for the Department to charge \$8.00 for each copy of a vehicle record that is requested. **Governor:** Increased fee to \$11 per record requested. Additional revenue of \$14.1 million is added in Part 1. **Senate:** Did not include fee increase and maintains fee at \$8.00. (Sec. 703)
3. **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:** Retained section. (Current Law Sec. 716b)
4. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 718)
5. **Bridge Card Work Group.** Requires the Department to form a work group with the DHHS and the Michigan State Police to investigate methods to deter Bridge Card fraud. **Governor:** Eliminated section. **Senate:** Concurred with Governor. (Current Law Sec. 722)
6. **Legacy System Replacements. Governor:** Added new language requiring the Department to modernize and expand the entire system and remove existing programs from the legacy mainframes. **Senate:** Concurred with Governor and added a spending plan report due January 1st. (**NEW** Sec. 722)
7. **Voting Machine Replacements. Governor:** Added new language directing the Department to use the additional funding added in Part 1 for replacement of voting equipment across local jurisdictions. **Senate:** Concurred with Governor. (**NEW** Sec. 723)
8. **Legacy Cost Estimates.** Total legacy costs are estimated at \$31,253,000. Of the total, pension-related legacy costs are estimated at \$17,739,100 and retiree health care legacy costs are estimated at \$13,513,900 for fiscal year ending September 30, 2016. **Governor:** Provided the following Legacy Costs estimates for FY 2017: Total legacy costs estimated at \$31,874,100. Of that total, \$17,673,400 are for pension-related legacy costs and \$14,200,700 are for retiree health care legacy costs for the fiscal year ending September 30, 2017. **Senate:** Concurred with Governor. (Sec. 725)

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.

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Senate Bill 798 (S-1, Draft 1 as reported)
Committee: Appropriations

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,613.0	1,609.0	(4.0)	(0.2)
GROSS	1,153,023,500	1,142,680,300	(10,343,200)	(0.9)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	1,153,023,500	1,142,680,300	(10,343,200)	(0.9)
Less:				
Federal Funds.....	764,102,800	773,944,800	9,842,000	1.3
Local and Private	10,052,500	6,119,000	(3,933,500)	(39.1)
TOTAL STATE SPENDING.....	378,868,200	362,616,500	(16,251,700)	(4.3)
Less:				
Other State Restricted Funds.....	180,411,200	192,341,600	11,930,400	6.6
GENERAL FUND/GENERAL PURPOSE.....	198,457,000	170,274,900	(28,182,100)	(14.2)
PAYMENTS TO LOCALS	11,224,800	11,224,800	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$1,153,023,500
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Changes from FY 2015-16 Year-to-Date:

- 1. Business Attraction and Community Revitalization. Governor:** Increased appropriations to a total of \$115.5 million for FY 2016-17. Of the total increase, \$5.8 million is increased in ongoing and \$4.3 million is decreased in one-time appropriations. The increase in ongoing also includes \$2.0 million in 21st Century Jobs Trust Fund dollars, which was moved from Entrepreneurship Eco-System. **Senate:** Concurred with gross changes, however, increased GF/GP by \$1.0 million and decreased 21st Century Jobs Trust Fund dollars by \$1.0 million. 1,500,000
- 2. Skilled Trades Training Program. Governor:** Increased this program using additional funds from the Contingent Fund, Penalty and Interest restricted fund. This increase brings total appropriations to \$35.6 million for FY 2016-17. **Senate:** Agreed to gross increase, however used \$5.8 million in TANF dollars instead of \$2.1 million in restricted fund and \$3.7 million in GF/GP. 10,000,000
- 3. Statewide Data System Integration. Governor:** Included one-time Federal and Restricted funds to create and support the Workforce Longitudinal Data Systems to meet new workforce data reporting requirements and establish an integrated service delivery plan. **Senate:** Concurred with Governor. 8,778,500
- 4. Special Grants. Senate:** Included special grants, sec. 846 outlines the various grants. Of the total, \$2.1 million is funded with State Restricted and \$2.4 million is funded with GF/GP 5,486,000
- 5. Financial Literacy Pilot. Governor:** Included one-time TANF funds for competitive grants to operate a financial literacy pilot program for FIP clients in up to three prosperity regions. **Senate:** Did not include. 0

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6. Community Ventures - Challenge Match. Governor: Included one-time GF/GP appropriations to be used as a contingent only for matching private dollars as stated in Sec. 1069. Senate: Only included \$1.0 million.	1,000,000
7. Pure Michigan. Senate: Increased Gross and 21 st Century Jobs Trust Fund, by \$1.0 million.	1,000,000
8. Work Opportunity Program. Senate: Included this new program to allow businesses to be reimbursed for hiring qualified individuals. Sec. 869 outlines the program and reporting requirement.	500,000
9. Removal of FY 2015-16 One-Time Appropriations. Governor: Eliminated FY 2015-16 one-time appropriations including \$25.0 million for Film Incentives and \$5.15 million for Special Grants. Senate: Concurred with the eliminations.	(30,150,000)
10. Workforce Development Technical Adjustments. Governor: Reduced various Federal (\$1,881,400), Private (\$8,000), Local (\$3,933,500), and State Restricted (\$2,764,800) fund sources in the Talent Investment Agency to reflect declining revenue due to decreased caseloads. Senate: Concurred with Governor.	(8,587,700)
11. Entrepreneurship Eco-System. Governor: Moved \$2.0 million in 21st Century Jobs Trust Fund dollars to Business Attraction and Community Revitalization. Senate: Transferred \$1.0 million to Business Attraction and Community Revitalization and \$1.0 to Pure Michigan.	(2,000,000)
12. Human Resource Transfer. Governor: Transferred the human resource functions and 4.0 FTEs from the Talent Investment Agency and Michigan State Housing Development Authority to the Civic Service Commission.	(710,000)
13. Five-Year Early-Out Deferred Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years. Senate: Concurred with Governor.	(577,700)
14. Michigan Film Office. The Governor moved the funding and 6.0 FTEs in the Michigan Film Office to the Job Creation line-item. Senate: Concurred with Governor.	0
15. Economic Adjustments. Includes \$2,199,400 Gross and \$263,400 in standard economic adjustment, \$804,800 Gross and \$77,700 GF/GP for OPEB and \$413,500 Gross and \$0 GF/GP for other economic adjustments.	3,417,700
16. Comparison to Governor's Recommendation. The Senate is \$186,000 Gross and GF/GP over the Governor.	
Total Changes	(\$10,343,200)
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$1,142,680,300

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **General Orders Sections. Governor:** Included a number of standard boilerplate sections for the Department, which are included in the 200 sections. The numbering and language is changed to be consistent across departments. **Senate:** Did not concur with the Governor and moved boilerplate sections to the 800's.
2. **Deleted Sections.** The **Governor and Senate** removed a number of sections, which includes sections: 1010 (Jobs for Michigan report), 1014 (Core Community Fund), 1031 (spending plan report), 1033 (Film Incentive report), 1033b (Film Incentive intent language), 1034 (Business Incubator report), 1037 (Facility for Rare Isotope Beam Bond language), 1053 (awards report), 1055 (Business Attraction and Community Revitalization benchmark requirement), 1056 (Film Incentive pension system payment), 1069 (GED-to-school program), and 1070 (Workforce Development Workgroup).
3. **Deleted by Governor, Retained by Senate:** The Senate retained a number of sections that were deleted by the Governor, which includes sections: 990 (MSHDA report), 991 (MSHDA broadband report), 1007 (MSF & MEDC activity report), 1040 (State accounting system requirement), 1041 (appropriations transfer limit), 1061 (Youth Entrepreneurship grant), 1076 (UIA integration implementation report), 1077 (UIA quarterly report), and 1078 (UIA customer service standards).

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4. **Modified by Senate:** The Senate modified a number of sections, which includes section 1007 (MEDC activity report), 1020 (Federal pass-through funds), 1064 (Workforce development Programs Report), 1065 (Skilled Trades Training Report), 1066 (Skilled Trades Training program), and 1068 (Workforce Training Program report).
5. **Facility for Rare Isotope Beams (FRIB) progress report. Senate:** Included a status report on the construction of the FRIB program. (Sec. 838)
6. **Unmanned Aerial Drone Development Grant. Senate:** Included a \$500,000 business attraction grant for unmanned aerial drone development. (Sec. 844)
7. **Van Andel. Senate:** Included a \$1.0 million Entrepreneurship grant to Van Andel. (Sec. 845)
8. **Special Grants. Senate:** Included an outline of the Special Grants, which includes, \$250,000 for capital improvements to a water tower, \$960,000 for high priority capital improvement, \$800,000 for state park redevelopment, \$2.1 million to expand the JAG program in Michigan, \$76,000 as matching to purchase a plasma cutter, \$300,000 for the Urban Search and Rescue Taskforce, and \$1.0 million for capital improvements for an African American history museum. (Sec. 846)
9. **Tax Credit Report. Senate:** Included a new report on the Michigan Economic Growth Tax Credits, Brownfield Redevelopment Credit, Film Credit, Photovoltaic Technology Credit, Polycrystalline Silicone Manufacturing Credit, Vehicle Battery Credit, and any other certified credits. (Sec. 847)
10. **Work opportunity Program. Senate:** Included new language that outlines the Work Opportunity Program including a progress report. (Sec. 869)
11. **Interagency Agreement. Senate:** Included new language that requires an interagency agreement with DHHS for the use of TANF dollars. (Sec. 880)
12. **Business Attractions and Community Development Increase. Governor:** Included benchmark requirements on the increases to Business Attraction and Community Development. **Senate:** Did not include. (Sec. 1042a)
13. **Community Venture - Matching Funds. Governor:** Included matching requirement language on the one-time Community Venture - Matching Funds appropriations. **Senate:** modified to allow \$1.0 in one-time and \$1.0 in ongoing to be used in matching. (Sec. 1069)
14. **Statewide System of Integration. Governor:** Included program and reporting requirements on the implementation of the Statewide Systems of Integration. **Senate:** Concurred with Governor. (Sec. 1081)
15. **Financial Literacy Pilot Program. Governor:** Included program and reporting requirements on the one-time Financial Literacy Pilot Program. **Senate:** Did not include. (Sec. 1082)
16. **Technical Changes.** The **Governor** and **Senate** made technical adjustments to section 981 (Legacy Costs adjustments and moved to Sec. 210), 1050 (moved out of budget), 1064 (moved to Sec. 1068(l)) and removing references to Film Incentives in sections 1032 (Film Office Report) and 1036 (appropriations transfer restriction).

Date Completed: 4-13-16

Fiscal Analyst: Cory Savino

Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	2,844.0	2,862.0	18.0	0.6
GROSS	1,263,223,700	1,316,141,100	52,917,400	4.2
Less:				
Interdepartmental Grants Received	678,478,500	694,054,100	15,575,600	2.3
ADJUSTED GROSS.....	584,745,200	622,087,000	37,341,800	6.4
Less:				
Federal Funds.....	7,997,300	4,958,200	(3,039,100)	(38.0)
Local and Private	3,777,800	2,320,000	(1,457,800)	(38.6)
TOTAL STATE SPENDING.....	572,970,100	614,808,800	41,838,700	7.3
Less:				
Other State Restricted Funds.....	95,771,900	114,340,800	18,568,900	19.4
GENERAL FUND/GENERAL PURPOSE.....	477,198,200	500,468,000	23,269,800	4.9
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$1,263,223,700
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Changes from FY 2015-16 Year-to-Date:

1. **Removal of FY 2015-16 One-Time Appropriations. Governor:** Removed a total of \$5.2 million of the following one-time funding provided in the FY 2015-16 budget: Legal Services (\$1.0 million); Technology Services Funding - Treasury (\$3.0 million); Technology Services Funding - DTMB (\$600,000); Cost Study of PA 555 of 2014 (\$500,000); and Special Projects (\$105,000). **Senate:** Concurred with Governor. (5,205,000)
2. **DTMB Rate Proposal. Governor:** Added new funding to allow the Department to collect fees from other State departments and agencies for services provided such as mailings, warehousing, and vehicle services. **Senate:** Concurred with Governor. 10,632,400
3. **Enterprise Identity Management (MiLogin). Governor:** Added new GF/GP funding and 6.0 FTE positions for the MiLogin program that will allow a single sign-on and identity management tool to enable the State to establish, manage, and authenticate user identities for State IT systems. **Senate:** Concurred with Governor. 6,700,000
4. **Office of Good Government. Governor:** Added new funding of \$2.7 million (\$1.5 million GF/GP) and 6.0 FTE positions for costs related to employee engagement and citizen surveys that support various transformational initiatives. **Senate:** Concurred with Governor. 2,678,700
5. **Bureau of Labor Market Information and Strategic Initiatives (LMISI). Governor:** Increased local revenue funding by \$35,000 for a total of \$5.4 million to increase the authorization for LMISI to begin collecting revenue from local customers for customized data requests. **Senate:** Concurred with Governor. 35,000

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6. Michigan State Police Retirement Payout Adjustment. Governor: Increased GF/GP funding to meet the payment obligations required of PA 168 of 2015 which provided increased pension payment adjustments for certain retired MSP personnel. Senate: Concurred with Governor.	132,000
7. Information Technology (IT) - Alignment of IDG Funding. Governor: Aligned its IDG funding with enacted FY 2015-16 appropriations for all departments. Senate: Concurred with Governor.	5,551,500
8. Cyber Security. Governor: Increased funding and added 2.0 FTE positions for second year of a multi-year program to enhance cyber security protection across all State IT systems. Senate: Concurred with Governor.	5,000,000
9. Office of Retirement Services. Governor: Increased restricted funding by \$3.6 million for total funding of \$30.8 million in FY 2016-17 and added 5.0 FTE positions to cover additional administrative costs to administer the various retirement system changes due to enacted legislation affecting both Defined Contribution and Deferred Compensation. Senate: Concurred with Governor.	3,631,100
10. Enterprisewide Special Maintenance. Governor: Decreased GF/GP funding for the ongoing appropriations for this item by \$3.5 million to provide maintenance services to State-owned buildings across the State. Total ongoing funding in FY 2016-17 decreases from \$29.5 million to \$26.0 million. Additional funding of \$10.0 million provides a total of \$36.0 million in funding for this item in FY 2016-17. Senate: Concurred with Governor.	(3,500,000)
11. Office of Urban Initiatives. Governor: Reduced funding for this line item by 40% for total funding of \$1.5 million for FY 2016-17. Senate: Removed all funding.	(2,500,000)
12. Regional Prosperity Grants. Senate: Removed all funding.	(2,500,000)
13. Public Safety Officers Survivor Benefits Program. Senate: Added \$58,000 in GF/GP funding to provide enhanced benefits for survivors of public safety officers killed in the line of duty.	58,000
14. Five-Year Early-Out Deferred Sick Leave Payments. Governor: Removed funding for early-out sick leave payments as Department obligations will be satisfied as of the end of FY 2015-16 for employees who opted into the 2010 Early Retirement Program, which deferred sick leave payments over five years. Senate: Concurred with Governor.	(1,595,500)
15. SBA Rent Adjustments. Governor: Reduced funding by \$8.0 million for total funding of \$246.6 million for FY 2016-17 to realize lowered costs due to refinancing and the realization of cancellation of leases in July 2015 renegotiations. Senate: Concurred with Governor.	(8,000,000)
16. Human Resources for TED. Governor: Shifted funding and 4.0 FTE positions from the Department of Talent and Economic Development (TED) to the Civil Service Commission (CSC) for costs related to human resources which will be provided by the CSC. Senate: Concurred with Governor.	710,000
17. FY 2016-17 One-Time Appropriations. Governor included the following one-time funding: \$10.0 million for Enterprisewide Special Maintenance; \$5.0 million for legal services; \$7.5 million for finalizing relocation of State employees in Lansing office space; \$7.0 million for IT Investment Funds (ITIF) to provide \$5.0 million to Treasury for legacy system replacement and \$2.0 million for the SIGMA Project to leverage MiLogin capabilities; \$2.85 million for the Office of Retirement Systems for enterprise mandates and increased support costs; and \$900 for planning authorizations for SBA-authorized community college and university construction projects. Senate: Concurred with Governor but did not include \$900 in planning authorizations.	32,350,000
18. Unclassified Salaries. Governor: Increased funding by \$24,400 for total funding of just over \$1.0 million for FY 2016-17. Senate: Concurred with Governor.	24,400

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19. Economic Adjustments. Includes \$1,957,600 Gross and \$448,400 GF/GP for OPEB and \$6,922,000 Gross and \$1,597,800 GF/GP for other economic adjustments. Senate: Removed the economics totaling \$12,200 for the Office of Urban initiatives due to elimination of the program.	8,867,400
20. Other Changes. The Governor included two miscellaneous changes including: a net zero Gross change for SWCAP, however change results in a negative adjustment to GF/GP funding of (\$296,600); and a negative adjustment of \$152,600 for Professional Development to comply with contracts. Senate: Concurred with Governor.	(152,600)
21. Comparison to Governor's Recommendation. The Senate is \$3,955,100 Gross and \$3,955,100 GF/GP below the Governor.	
Total Changes	\$52,917,400
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$1,316,141,100

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Boilerplate Structure.** The Governor moved boilerplate from the FY 2015-16 general sections that applied to all General Government budgets to the Article for the Department of Technology, Management, and Budget. Changes to those items can be found in the highlight sheet for the **General Sections**. **Senate:** Maintained current law bill structure.
2. **Legacy Cost Estimates.** Total legacy costs are estimated at \$76,745,400. Of the total, pension-related legacy costs are estimated at \$43,527,000 and retiree health care legacy costs are estimated at \$33,218,400 for fiscal year ending September 30, 2016. **Governor:** Provided the following Legacy Costs estimates for FY 2017: Total legacy costs estimated at \$78,962,000. Of that total, \$43,795,600 are for pension-related legacy costs and \$35,166,400 are for retiree health care legacy costs for the fiscal year ending September 30, 2017. **Senate:** Concurred with Governor. (Sec. 922e)
3. **Regional Prosperity Grants.** Provides boilerplate language describing the qualification process for the Regional Prosperity Grant Program. **Governor:** revised and updated the language, updated dates in subsection (9), and added new subparts within the section. **Senate:** Eliminated Section. (Current Law Sec. 922f)
4. **Legal Services Fund Report.** Requires a report by April 1 to the Legislature on the Legal Services Fund expenditures by case, purpose, and department involved. **Governor:** Moves section to one-time section of the bill but retains current section number. **Senate:** Retained current law. (Current Law Sec. 922g)
5. **Office of Good Government.** **Governor:** Added new language stating that the funds appropriated in Part 1 shall be used to expand the Office and to broaden the office's support of transformative good government initiatives. **Senate:** Concurred with Governor. (**NEW** Sec. 922j)
6. **Public Safety Officers Benefits Program.** **Senate:** Added new language stating that from the funds appropriated in Part 1 for the Public Safety Officers Benefits Program up to \$58,000 may be used to cover the costs of enhanced survivor benefits for local public safety officers as prescribed in Enrolled Senate Bill 218 of the 98th Legislature. (**NEW** Sec. 922k)
7. **Tracking Performance of Vendors.** **Senate:** Added new language stating that the Department shall establish a system that collaborates with other departments to track the performance of vendors who are awarded contracts through the procurement process. (**NEW** Sec. 922l)
8. **Placement of all Contract Proposals on Department Website.** **Senate:** Added new language requiring the Department to establish a publically accessible portal on the Department's website that displays all contract proposals for all State departments and agencies. (**NEW** Sec. 922m)
9. **School Reform Office Coordination with Department of Education.** **Senate:** Added new language requiring the School Reform Office to coordinate with the Department of Education to streamline State services and resources, reduce duplication, and increase efficiency. (**NEW** Sec. 922n)
10. **School Reform Office Public Hearings.** **Senate:** Added new language requiring the School Reform Office to hold at least one public hearing in the school district that the Office is considering for placement of a CEO or dissolution of the school district. (**NEW** Sec. 922o)

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11. **Michigan Public Safety Communications System.** Provides that money appropriated in Part 1 for the Michigan Public Safety Communications System (MPSCS) shall be expended upon approval of an expenditure plan by the State Budget Director. **Governor:** Added new language requiring all fees charged to be deposited into the Michigan Public Safety Communications Systems Fees Fund. Also added carry-forward language. **Senate:** Concurred with Governor. (Sec. 927)
12. **Modernization of State IT Systems.** **Governor:** Added new language stating that the increased funding shall be used to modernize the State's IT systems and integrate State system interfaces to improve customer service. **Senate:** Concurred with Governor. (**NEW** Sec. 936)
13. **Cyber Security System Improvements.** **Governor:** Added new language stating that the increased funding for cyber security shall be used to increase cyber security by developing a comprehensive security framework. **Senate:** Concurred with Governor. (**NEW** Sec. 937)
14. **Enterprise Identity Management (MiLogin).** **Governor:** Added new language stating that the funds for the enterprise identity management program shall be used to expand the enterprise identity management program to provide an enterprisewide single sign-on and identity management tool. **Senate:** Concurred with Governor. (**NEW** Sec. 938)
15. **Office of Retirement Services.** **Governor:** Added new language requiring the increased funding to be used for expanding the Office's IT capability so as to provide a 90% customer contact satisfaction level. **Senate:** Concurred with Governor. (**NEW** Sec. 939)
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: 910, 916, 919, 922, 922d, 922e, 927(4) (the current law report), 928, 929, 930, 931, 932, 960(e), (f), and (g) and 962. The majority of these sections required the Department to provide either reports or notifications to the Legislature. **Senate:** Retained all sections except 919.

Date Completed: 4-13-16

Fiscal Analyst: Joe Carrasco, Jr.



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	156,449,000	137,037,000	(19,412,000)	(12.4)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	156,449,000	137,037,000	(19,412,000)	(12.4)
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	156,449,000	137,037,000	(19,412,000)	(12.4)
Less:				
Other State Restricted Funds.....	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE.....	156,449,000	137,037,000	(19,412,000)	(12.4)
PAYMENTS TO LOCALS	0	0	0	0.0

FY 2015-16 Year-to-Date Gross Appropriation	\$156,449,000
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Changes from FY 2015-16 Year-to-Date:

- Clean Michigan Initiative. Governor:** Increased debt service payments for this bond due to scheduled increases in bond payments with no new projected bonds being issued for FY 2016-17. This increased total debt service payments to \$89,477,000. **Senate:** Concurred with Governor. 25,516,000
- Great Lakes Water Quality Bonds. Governor:** Increased debt service payments to this bond. Of the total, there was an \$8,005,000 reduction in scheduled payments and \$10,349,000 in projected new bond payments for \$200.0 million in new bond issuances for FY 2016-17. This increased total debt service payments to \$18,873,000. **Senate:** Concurred with Governor. 2,344,000
- Quality of Life Bonds. Governor:** Reduced debt service payments to this bond due to projected decreases in scheduled bond payments with no new projected bonds being issued for FY 2016-17. This reduced total debt service payments to \$28,687,000. **Senate:** Concurred with Governor. (47,272,000)
- Comparison to Governor's Recommendation.** The Senate is \$0 over or under the Governor.

Total Changes	(\$19,412,000)
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FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$137,037,000
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Boilerplate Changes from FY 2015-16 Year-to-Date:

- No Change

Date Completed: 4-13-16

Fiscal Analyst: Cory Savino

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



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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,901.5	1,906.5	5.0	0.3
GROSS	614,897,100	519,001,500	(95,895,600)	(15.6)
Less:				
Interdepartmental Grants Received	9,500,700	11,262,300	1,761,600	18.5
ADJUSTED GROSS.....	605,396,400	507,739,200	(97,657,200)	(16.1)
Less:				
Federal Funds.....	39,661,500	39,920,800	259,300	0.7
Local and Private	9,055,100	9,227,700	172,600	1.9
TOTAL STATE SPENDING.....	556,679,800	458,590,700	(98,089,100)	(17.6)
Less:				
Other State Restricted Funds.....	402,749,500	360,181,900	(42,567,600)	(10.6)
GENERAL FUND/GENERAL PURPOSE.....	153,930,300	98,408,800	(55,521,500)	(36.1)
PAYMENTS TO LOCALS	258,357,300	186,270,700	(72,086,600)	(27.9)

FY 2015-16 Year-to-Date Gross Appropriation	\$614,897,100
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Changes from FY 2015-16 Year-to-Date:

- | | |
|--|-----------|
| 1. Free Individual e-File. Governor: Included one-time appropriations to allow development of free individual tax return e-file. This is supported by GF/GP. Senate: Concurred with Governor. | 2,842,500 |
| 2. DTMB-Rated Service Model. Governor: Included a new program that would allow the Department of Technology, Management, and Budget to bill the Department of Treasury by a standard rate plan instead of hourly billing for services. Of the Gross increase, \$511,100 is GF/GP. Senate: Concurred with Governor. | 1,563,000 |
| 3. Payments in Lieu of Taxes (PILT).-Governor: Increased total PILT due to scheduled and statutory increases. Of the total, \$246,600 is State Restricted, \$1,300 is private funds, and \$1,056,800 is GF/GP. Senate: Concurred with Governor. | 1,304,700 |
| 4. Student Loan Delinquency Pilot. Senate: Added a pilot program to provide 1-on-1 student loan counseling assistance. | 1,000,000 |
| 5. Testing and Analytics Unit. Governor: Increased the Executive Direction line item to establish an ongoing unit providing analytics and testing for new systems and operations. This increase in general funds and an additional 4.0 FTEs is combined with \$2.0 million in existing funds and 14.0 FTEs. Senate: Concurred with Governor. | 750,000 |
| 6. Casino Gaming Information Technology (IT). Governor: Increased Casino Gaming IT to provide ongoing support and upgrades. This increase is supported by State Restricted revenue. Senate: Concurred with Governor. | 500,000 |

7. Horse Sample Testing. The Governor transferred a portion of Horse Sample Testing from the Department of Agriculture and Rural Development. The funds supporting this transfer are from the Equine Development Fund. Senate: Concurred with Governor.	250,000
8. Indian Casino Auditor. Governor: Increased Casino Gaming Operations to allow for the hire of one auditor for Indian Casinos to perform audits of local revenue sharing and financial files only. The increase is supported by State Restricted funds. Senate: Concurred with Governor.	118,300
9. Removal of FY 2015-15 Supplemental. Senate: Removed P.A. 24 (\$30.0 million) and 54 (\$48.7 million).	(78,700,000)
10. Removal of FY 2015-16 One-Time Appropriations. Governor: Removed One-Time appropriations from FY 2015-16 including Personal Property Tax payments (\$19.3 million), On-line Business Portal (\$600,000), and the Presidential Primary reimbursement (\$10.0). Senate: Concurred with Governor.	(29,900,000)
11. Five-Year Early-Out Sick Leave Payments. Department obligations will be satisfied as of FY 2015-16 for employees who opted into the 2010 early retirement program, which deferred sick leave payments over five years. Of the total reduction, \$58,900 is from Federal funds, \$568,600 is from State Restricted funds, and \$73,800 is from GF/GP. Senate: Concurred with Governor.	(701,300)
12. Urban Search and Research Task Force. Governor: Eliminated the line item that supported this program. Senate: Concurred with Governor.	(300,000)
13. Chaldean Community Foundation. Governor: Eliminated the line item that supported this program. Senate: Concurred with Governor.	(250,000)
14. State Restricted Fund Shift. Governor: Shifted increased or available restricted fund revenue from Garnishment fees (\$105,600), State Agency Collection fees (\$1,344,400), and Levy/Warrant Cost Assessment fees (300,000) to save a total of \$1.75 million general fund dollars. Senate: Made a technical adjustment that resulted in \$500,000 less in GF/GF.	0
15. Economic Adjustments. Includes \$4,083,400 Gross and 745,100 in standard economics, \$1,141,500 Gross and \$190,400 GF/GP for OPEB and \$402,300 Gross and \$116,400 GF/GP for other economic adjustments.	5,627,200
16. Comparison to Governor's Recommendation. The Senate is \$1.0 million Gross and \$500,000 GF/GP over the Governor.	
Total Changes	(\$95,895,600)
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$519,001,500

Boilerplate Changes from FY 2015-16 Year-to-Date:

1. **Deleted Sections.** The **Governor** and **Senate** deleted a number of sections, which includes sections: 918 (Tax Orientation Workshop), 949a (Personal Property Tax Payments), 949c (Online Business Portal), and 949g (Urban Search and Rescue Task Force).
2. **Deleted by Governor, Retained by Senate:** The **Senate** retained a number of sections that were deleted by the **Governor**, which includes sections: 902a (notification of bond refinancing), 927 (Personal Property Tax Audits), 944 (Pension Plan Consultant Report Retention), 949d (Financial Review Commission), and 963 (Ban on bridge cards being used to buy lottery tickets).
3. **General Order Sections. Governor:** Included a number of standard boilerplate sections for the Department, which are included in the 200 sections. **Senate:** Didn't not include the changes to the general section, however, reorder section numbers to 1000's.
4. **Financial Services Modification. Governor:** Included language allowing Financial Services to utilize miscellaneous revenue in the event that there is a shortfall in the Common Cash Earnings fund. **Senate:** Concurred with Governor.

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

(Sec. 904a)

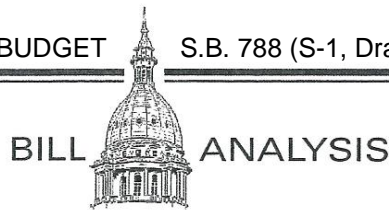
5. **Write-Offs and Advances. Governor:** Removed the reporting requirement for write-offs and advances. **Senate:** Did not include the modification. (Sec. 917)
6. **Unclaimed Property Audit Modification. Governor:** Removed requirements that the Department recommend improvements to unclaimed property audits. **Senate:** Concurred with Governor. (Sec. 919)
7. **Michigan Financial Authority Modification. Governor:** Removed reporting requirements for the Michigan Financial Authority. **Senate:** Did not include the modification. (Sec. 934)
8. **Student Loan Delinquency Pilot. Senate:** Included new language that outlines the RFP process for the student loan delinquency pilot program, the program requirement, and the reporting requirements. **(Sec. 1036)**
9. **Michigan Accounts Receivable Collection System Report. Senate:** Included a new report on the account receivable collections system for short and long term delinquent accounts. (Sec. 1037)
10. **State Capital Historic Fund. Senate:** Included new language that gives the Treasurer the authority to expend the full amount that is appropriated to the State Capital Historic Fund in part 1, and prevent reductions during negative CPI changes. (Sec. 1040)
11. **Technical Adjustments. Governor and Senate:** Made a number of technical adjustments, which includes date changes, office/division name changes, legacy cost adjustments, and removing references to new programs for programs entering the second year. This includes sections: 915, 926, 945, 947, 948 (now 214), 949b, and 949e.

Date Completed: 4-13-16

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Senate Bill 788 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE	FY 2016-17 SENATE SUBCOMM.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	0.0	0.0
GROSS	1,220,654,700	1,255,955,300	35,300,600	2.9
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	1,220,654,700	1,255,955,300	35,300,600	2.9
Less:				
Federal Funds.....	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING.....	1,220,654,700	1,255,955,300	35,300,600	2.9
Less:				
Other State Restricted Funds.....	1,220,654,700	1,255,708,900	35,054,200	2.9
GENERAL FUND/GENERAL PURPOSE.....	0	246,400	246,400	0.0
PAYMENTS TO LOCALS	1,220,654,700	1,255,955,300	35,300,600	2.9

FY 2015-16 Year-to-Date Gross Appropriation	\$1,220,654,700
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Changes from FY 2015-16 Year-to-Date:

1. **Constitutional Revenue Sharing.** The Governor recommended an increase in constitutional revenue sharing of 3.9% to \$781,501,400. This is consistent with the January 2016 consensus revenue estimates. Constitutional revenue sharing distributes 15% of the sales tax levied at a 4% rate to cities, villages, and townships (CVTs) on a per capita basis. The Senate concurred. 29,386,700
2. **CVT Revenue Sharing.** The Governor reduced nonconstitutional (statutory) revenue sharing for CVTs by \$5.8 million to \$243,040,000, a 2.3% reduction. The proposal would eliminate 101 local units from eligibility for the per capita distribution of about \$2.65 which started in FY 2014-15. Another 15 local units that received a payment increase under the per capita distribution would have their payments reduced. All other CVTs would receive the same payment in FY 2016-17 as in FY 2015-16. The Senate provided funding of \$244,983,000 in FY 2016-17, a reduction of 1.5%. The Senate maintained eligibility in FY 2016-17 for all local units that were eligible in FY 2015-16. The program is funded with \$244,536,600 in ongoing funding and \$446,400 in one-time appropriations. (3,857,000)
3. **County Revenue Sharing and County Incentive Program.** The Governor increased funding by \$467,500 to cover the cost of counties that return to State-paid revenue sharing in FY 2016-17, for either the first full or part-year. County Revenue Sharing would increase by \$374,000 to \$172,134,000. The County Incentive Program would increase by \$93,500 to \$43,033,500. The Senate provided funding for the newly eligible counties and increased payments to all eligible counties by 2%. County Revenue Sharing would increase to \$175,576,700 and County Incentive Program would increase to \$43,894,200. 4,770,900

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|---|-----------|
| 4. Competitive Grant Assistance Program (CGAP). The Governor proposed \$11.0 million for this program to provide grants to local units for costs associated with mergers, interlocal agreements, and cooperative efforts. The funding would consist of \$5.8 million in ongoing appropriations and \$5.2 million in one-time funding. The CGAP received State appropriations of \$15.0 million in FY 2011-12, FY 2012-13, and FY 2013-14, but has not received funding since then. The Senate did not include. | 0 |
| 5. Financially Distressed Cities, Villages, or Townships. The Governor maintained funding for this grant program at \$5.0 million in FY 2016-17, the same level as in FY 2015-16. The program provides grants of up to \$2.0 million for CVTs with signs of fiscal distress for projects that move the city, village, or township toward financial stability. The Senate concurred. | 0 |
| 6. Voting Machine Replacement Reimbursement. The Senate added \$5,000,000 in one-time funding for payments to all cities, villages, townships, and counties that purchase voting machines approved by the Department of State. Reimbursement would be calculated by the Department of Treasury in cooperation with the Department of State to provide an equal payment for each voting machine projected to be replaced in the next 3 years. The appropriation would be funded from \$4,753,600 in restricted sales tax revenue and \$246,400 GF/GP. | 5,000,000 |
| 7. Comparison to Governor's Recommendation. The Senate is \$246,400 Gross and \$246,400 GF/GP over the Governor's recommendation. | 0 |

Total Changes	\$35,300,600
FY 2016-17 Senate Appropriations Subcommittee Gross Appropriation.....	\$1,255,955,300

Boilerplate Changes from FY 2015-16 Year-to-Date:

- City, Village, and Township Revenue Sharing Payment Calculation.** The Governor limited eligibility to those local units that received more than \$4,500 in FY 2009-10 in statutory revenue sharing. This would reduce eligibility from 587 CVTs in FY 2015-16 to 486 CVTs in FY 2016-17. Current year language allows each eligible CVT to receive the same payment in FY 2015-16 as in FY 2014-15, assuming that all accountability and transparency requirements are met. In FY 2015-16, each local unit with a population of more than 7,500 is eligible to receive either 78.51044% of its FY 2009-10 payment or a payment of \$2.64659 per capita, whichever is greater. The elimination of the per capita payments would exclude 101 local units from eligibility for the program and reduce payments to another 15 local units that received an increase under the per capita payment. Payments to other CVTs would not change. The Senate reduced funding by 1.5%. CVTs that were eligible for revenue sharing in FY 2015-16 would be eligible in FY 2016-17 for 98.45% of the amount for which they were eligible in FY 2015-16. (Sec. 1052(1))
- Revenue Sharing for Counties.** The Governor fully funded revenue sharing payments to counties as provided by statute. Funding would be paid through the line items for county revenue sharing and county incentive program. The Senate provided that eligible counties would receive 102% of the statutory calculation, a 2% increase for each eligible county. (Sec. 1052(2) and 1055)
- Extended Due Dates for Accountability and Transparency Reports.** The Governor recommended an extension in the due date for cities, villages, townships, and counties to submit certifications needed to qualify for the full amount of revenue sharing for which they are eligible. Currently all eligible local governments receive the October payment of 1/6th of the amount for which they are eligible. Receipt of the remaining five payments requires that a local government has completed required certifications by the first day of the payment month. Under the Governor's proposal, a local government that did not file certifications by the first day of the December or February payment months, would be able to defer (instead of forfeit) those payments, provided that certifications were completed by April 1. Deferred payments would be paid on the last business day of August. The Senate did not include. (Sec. 20-952(4)(e))
- Competitive Grant Assistance Program (CGAP).** The Governor recommended re-establishing CGAP, a grant program that provides assistance for projects associated with mergers, interlocal agreements, and cooperative efforts. The Department of Treasury would award the grants. Cities, villages, townships, and counties would be eligible for grants. In addition, authorities, school districts, intermediate school districts, public community colleges, and public universities would be eligible for grant funding for a project to combine operations with a city, village, township, or

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county. A work project would be established for any funds remaining at year-end. The Senate did not include. (Sec. 20-951)

5. **Performance Metrics for CGAP.** The Governor required the Department of Treasury to identify outcomes and performance metrics for CGAP, including grants awarded and mergers, consolidation of operations, and cooperative efforts of two or more governmental units. The Senate did not include. (Sec. 20-957)
6. **Revenue Sharing Workgroup.** The Governor and Senate deleted legislative intent language regarding a legislative workgroup on city, village, and township nonconstitutional revenue sharing. (Sec. 957)
7. **Voting Machine Replacement Reimbursement.** The Senate added language that specified the distribution of funds appropriated for voting machine replacement to cities, villages, townships, and counties that have purchased voting machines in a purchase that is approved by and meets the specifications established by the Department of State. The reimbursement amount would be calculated by the Department of Treasury by dividing the \$5,000,000 appropriated by the number of voting machines that the Department of State projects to need replacement over the next three years. The appropriation would be established as a work project. The Department of Treasury would be required to report on the recipients for funding by May 1, 2017. (Sec. 1058)

Date Completed: 4-13-16

Fiscal Analyst: Elizabeth Pratt