Senate Fiscal Agency
P.O. Box 30036
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BILL ANALYSIS

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Public Act 268 of 2016
House Bill 5294 (H-1) CR-1
FY 2016-17 General Omnibus Appropriation Bill

Bill Page Nos.

* General Government includes FY 2016-17 appropriations for the following budget areas: Attorney General; Civil Rights; Executive; Legislature; State; Talent and Economic Development; Technology, Management, and Budget; and Treasury.

Date Completed: 6-30-16

Public Act 268 of 2016 General Omnibus Appropriation Bill House Bill 5294 (H-1) CR-1 FY 2016-17 Appropriations		
Department/Budget Area	**FY 2016-17 Gross Appropriation**	**FY 2016-17 GF/GP Appropriation**
Agriculture and Rural Development	$94,101,300	$49,926,900
Attorney General	101,485,800	42,840,500
Civil Rights	16,248,500	13,021,300
Corrections	2,002,729,000	1,951,957,900
Education	331,975,200	76,181,200
Environmental Quality	513,549,400	47,736,400
Executive	5,636,300	5,636,300
Health and Human Services	24,841,836,800	4,374,548,300
Insurance and Financial Services	66,257,200	150,000
Judiciary	298,234,000	189,157,400
Legislative Auditor General	23,651,900	16,123,900
Legislature	141,903,600	137,227,800
Licensing and Regulatory Affairs	418,062,400	43,721,100
Military and Veterans Affairs	174,100,200	55,243,600
Natural Resources	398,254,100	39,910,000
State	248,015,600	22,109,600
State Police	649,476,100	402,662,800
Talent and Economic Development	1,145,994,300	179,388,900
Technology, Management, and Budget	1,301,191,700	485,518,600
Transportation	4,114,503,600	8,500,000
Treasury-Debt Service	137,037,000	137,037,000
Treasury-Operations	519,123,200	98,408,800
Treasury-Revenue Sharing	1,228,982,700	0
Total General Omnibus Appropriations	**$38,772,349,900**	**$8,377,008,300**

Public Act 249 of 2016 Education Omnibus Appropriation Bill Senate Bill 801 (S-1) (CR-1) FY 2016-17 Appropriations		
Department/Budget Area	**FY 2016-17 Gross Appropriation**	**FY 2016-17 GF/GP Appropriation**
Community Colleges	$395,925,600	$135,510,800
Higher Education	1,582,640,400	1,243,904,500
School Aid K-12	14,161,842,100	218,900,000
Total Education Omnibus Appropriations	**$16,140,408,100**	**$1,598,315,300**

Public Acts 249 and 268 of 2016		
	FY 2016-17 Gross Appropriation	**FY 2016-17 GF/GP Appropriation**
TOTAL GENERAL/EDUCATION APPROPRIATIONS	**$54,912,758,000**	**$9,975,323,600**

Public Act 268 of 2016
General Omnibus Appropriation Bill
House Bill 5294 (H-1) CR-1
FY 2015-16 Supplemental Appropriations

Article/Budget Area	**FY 2015-16 Gross Appropriation**	**FY 2015-16 GF/GP Appropriation**
Article II-Capital Outlay		
State Project Planning Authorizations	$500,100	$500,100
College and University Project Planning Authorizations	1,400	1,400
College and University Construction Authorizations	100	100
Subtotal Article II-Capital Outlay Supplemental	**$501,600**	**$501,600**
Article XX-Non Flint Supplemental Appropriations		
Corrections	$13,400,000	$13,400,000
Education	(3,500,000)	(4,700,000)
Environmental Quality	500,000	500,000
Health and Human Services	(299,155,700)	79,581,500
Insurance and Financial Services	2,225,000	1,775,100
Judiciary	5,300,000	467,000
Legislature	7,200,000	7,200,000
Licensing and Regulatory Affairs	5,853,300	2,470,000
Military and Veterans Affairs	8,866,600	7,425,000
Natural Resources	9,000,000	3,000,000
State	3,800,000	3,800,000
State Police	11,178,800	11,178,800
Technology, Management and Budget	(10,830,000)	(13,630,000)
Treasury-Operations	1,300,000	1,000,000
Subtotal Article XX-Non Flint Supplemental	**($244,862,000)**	**$113,467,400**
Michigan Infrastructure Fund (Boilerplate Sec. 203)	$5,000,000	$5,000,000
Total Article XX-Non Flint Supplemental	**($239,862,000)**	**($118,467,400)**
Article XXI-Flint Supplemental Appropriations		
Attorney General	$1,300,000	$0
Education	25,600,000	6,000,000
Environmental Quality	33,350,000	33,350,000
Health and Human Services	14,790,000	8,690,000
Natural Resources	250,000	250,000
State Police	6,000,000	6,000,000
Technology, Management and Budget	18,900,000	18,900,000
Treasury-Operations	14,130,000	14,130,000
Subtotal Article XXI-Flint Supplemental	**$114,320,000**	**$87,320,000**

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	454.0	473.0	19.0	4.2
GROSS	**89,594,000**	**94,101,300**	**4,507,300**	**5.0**
Less:				
Interdepartmental Grants Received	317,300	323,200	5,900	1.9
ADJUSTED GROSS	**89,276,700**	**93,778,100**	**4,501,400**	**5.0**
Less:				
Federal Funds	13,427,900	10,471,200	(2,956,700)	(22.0)
Local and Private	128,100	130,700	2,600	2.0
TOTAL STATE SPENDING	**75,720,700**	**83,176,200**	**7,455,500**	**9.8**
Less:				
Other State Restricted Funds	32,647,100	33,249,300	602,200	1.8
GENERAL FUND/GENERAL PURPOSE	**43,073,600**	**49,926,900**	**6,853,300**	**15.9**
PAYMENTS TO LOCALS	**4,750,000**	**4,750,000**	**0**	**0.0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$89,594,000**

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

Items Included by the Senate and House

1. **Rural Development Fund Grant Program.** Governor, Senate, and House recommended the establishment of a new grant program per Public Act 411 of 2012, funded by severance tax revenue from mining ($2.0 million restricted), which would be used for a grant and/or loan program governed by an appointed board which would establish criteria for grants and/or loans to meet goal of addressing energy, transportation, communications, and water and wastewater infrastructure issues in rural communities. 2,000,000

2. **Commercial Forestry Audit Program.** Governor, Senate, and House recommended the elimination of funding of $300,000 GF/GP due to the completion of the audit project. (300,000)

3. **County Fairs Capital Improvement Grants**. Governor recommended elimination of the $300,000 GF/GP grant program Senate and House included continuation of program at current-year level. Conference added $150,000 (for a total of $450,000 for FY 2016-17), combined the program with Shows and Exhibition Grants and designated $60,000 to the dairy barn at the Lenawee County Fair, $50,000 to the horse judging booth at the Tuscola County Fair, and $40,000 to street repairs at the Monroe County Fair to improve access for the physically disabled. 150,000

4. **Equine Transfer**. Governor, Senate, and House shifted equine racing lab service responsibilities to the Department of Treasury's Gaming Commission, reducing equine fees received by the Department of Agriculture and Rural Development's (MARD's) laboratory. (600,200)

5. **Information Technology Maintenance**. Governor, Senate, and House included funding ($378,000 gross, $257,000 GF/GP) to reflect costs of new inspection systems. 378,000

6. **Technical Adjustment**. Governor, Senate, and House included an adjustment to align Federal and restricted funds to that which is expected to be received, including a negative $91,800 in Federal and a negative $344,100 in restricted revenue. (435,900)

7.	**Qualified Forest Fund.** Governor, Senate, and House recommended a reduction in GF/GP support for program, which would be funded at $2,582,700 in FY 2016-17.	(130,000)
8.	**Administrative Reductions.** Governor, Senate, and House recommended a savings of $99,100 GF/GP though efficiencies.	(99,100)
9.	**Five-Year Early-Out Deferred Sick Leave Payments.** Governor, Senate, and House recommended an elimination of payments, as MARD obligations would 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 for a savings of ($237,600) Gross, ($101,100) GF/GP.	(237,600)
10.	**Removal of One-Time Funding.** Governor, Senate, and House recommended the elimination of FY 2015-16 one-time GF/GP funding for the Geagley Lab ($150,000).	(150,000)
11.	**Economic Adjustments.** Includes $277,900 Gross and $151,300 GF/GP for OPEB and $1,035,200 Gross and $576,200 GF/GP for other economic adjustments.	1,313,100
	<u>Conference Agreement on Items of Difference</u>	
12.	**Geagley Lab Updates and Improvements**. Governor and House provided $1,320,000 GF/GP, Senate $200,000 less. Conference concurred with Governor and House.	2,070,000
13.	**Heffron Lab (Consumer Protection) Updates and Improvements**. Governor and House provided $1,040,000 GF/GP, Senate $820,000 less. Conference concurred with Governor and House.	1,040,000
14.	**On-Farm Safety Requirements.** Governor and Senate recommended $1,169,000 GF/GP and 2.0 FTEs to provide informational assistance to farmers to support the implementation of the on-farm requirements under the new Federal Food Safety Modernization Act, providing the MARD with $339,000 and $440,000 being provided to Michigan State University Extension, and $390,000 to State Conservation Districts for this objective. House provided zero funding. Conference included $300,000.	300,000
15.	**Value-Added Grants**. Governor and House reduced on-going appropriation by $150,000 and to $500,000 for FY 2016-17 and eliminated one-time appropriation of $550,000. Senate provided $1.5 million for ongoing appropriation. Conference included $500,000 for ongoing and $1.0 million for one-time.	300,000
16.	**Farmland Preservation Program.** Governor and Senate recommended adding $500,000 GF/GP due to declining restricted revenue support, for total funding of $1,422,100 for FY 2016-17. House provided another $500,000 GF/GP. Conference provided $500,000 in anticipated restricted revenue.	500,000
17.	**Fruit Tree Research Grants**. Governor, Senate, and House eliminated the one-time grant of $500,000 GF/GP. Conference retained the grant for FY 2016-17.	0
18.	**Refined Petroleum Fund (RPF).** Governor and Senate recommended the replacement of $1.5 million in RPF revenue support with GF/GP, leaving $2,373,200 in RPF support for FY 2016-17. House rejected fund switch. Conference concurred with Governor and Senate.	0
19.	**Shows and Exhibitions Grants**. Governor and House recommended elimination of $20,000 GF/GP grant program. Conference continued the grant appropriations and combined it with an increased County Fairs Capital Improvement Grants for an appropriation titled County Fairs, Shows, and Exhibitions Grants, funded at $470,000 GF/GP.	0
20.	**Diagnostic Center for Population and Animal Health.** Senate provided $1.0 million GF/GP in operational support for the center, House provided $1.1 million. Conference shifted FY 2016-17 appropriations for the lab to the Higher Education budget.	0
21.	**Vital Agriculture Infrastructure Grant Program**. House provided $220,000 GF/GP to provide infrastructure support. Conference concurred with House.	220,000
22.	**Health Food Availability**. House provided $100 placeholder appropriation for the project. Conference did not include.	0
23.	**Eastern Market Food Innovation Zone**. Senate included $200,000 GF/GP for market expansion. Conference did not include.	0

24. **Muskegon Farmers Market Food Incubator.** Senate shifted $100 from Agriculture Development to provide a placeholder for a one-time grant. Conference did not include.	0
25. **Grape and Wine Council**. Conference provided $170,000 GF/GP to supplant Council's anticipated loss of restricted revenue.	170,000
26. **Food Inspections Technical Adjustment**. Adjustment to reflect actual restricted revenue received for FY 2016-17.	120,000
27. **Animal Agriculture Initiative**. Conference added GF/GP funding for new program ($500,000 as one-time, $399,000 as ongoing).	899,000
28. **FY 2016-17 One-Time Gross Appropriations.** Conference included $2,390,000 in one-time funding, including $1.0 million for Value-added Grants, $170,000 for the Grape and Wine Council, $220,000 for the Vital Infrastructure Grant Program, $500,000 for Fruit Tree Research Grants, and $500,000 for Animal Agriculture Initiative.	
Total Changes	$7,507,300
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$97,101,300**

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

Items Included by the Senate and House

1. **Benchmark Language.** Senate and House included, but Governor and Conference removed section requiring an evaluative report on new programs or enhancements totaling $500,000 or more. (Sec. 205)
2. **Aquaculture Inspection and Testing.** Governor, Senate, and House removed intent language that stated that the MARD is required to work with the industry to identify, contain, and eradicate viral hemorrhagic septicemia in the State. (Sec. 458)
3. **Commercial Forestry Audit Program.** Governor, Senate, and House eliminated section providing guidelines and procedures for the audit due to the completion of the program. (Sec. 609)
4. **Freshwater Protection Fund.** Governor, Senate, and House eliminated language requiring the MARD not to use more than $500,000 for replacement of the data system for the Michigan Agriculture Environmental Assurance Program. (Sec. 610)
5. **Rural Development Fund Board.** Governor, Senate, and House added a new boilerplate section requiring the MARD to work with the board to establish processes and criteria for funding projects under a new Rural Development Grant Program and to establish metrics and outcomes for the program. (Sec. 802)

Conference Agreement on Items of Difference

6. **Retain Reports**. Senate included current-year language requiring the MARD to retain records of reports produced. Conference concurred with Senate. (Sec. 212)
7. **Receipt and Expenditure of Fees.** Governor and Senate eliminated a report requirement to the Legislature and instead required an Internet posting of related activities along with notification of the posting. Senate added language allowing receipt and expenditure of fees and labeling them as carryforward funds that shall not lapse to the General Fund. House updated language. Conference concurred with House (Sec. 301)
8. **Grant Guidelines and Announcements**. Senate included current-year language. House expanded language and stated grant announcements to Legislature shall come no later than seven days after being awarded. Conference concurred with House version, but changed to "not later than 7 days before". (Sec. 302)
9. **Food and Dairy Division Report**. House added new language requiring annual report. Conference concurred. (Sec. 401)
10. **Food Borne Illness Reporting**. Governor and Senate included language section requiring a report on food-borne illnesses. House and Conference encompassed requirement into new Food and Dairy language above. (Sec. 402)
11. **On-Farm Food Safety Program.** Governor and Senate added a new boilerplate section outlining goals and procedures for a new program to assist farmers to comply with the new Federal Food Safety Modernization Act requirements. (Sec. 403)

12. **Animal Industry Report**. House added new language requiring annual report. Conference concurred. (Sec. 452)

13. **Animal Indemnity**. Governor, Senate, and House included revised current-year language on animal indemnity procedures. Conference concurred with House version. (Sec. 453)

14. **MDARD TB Collaboration with USDA.** Senate included current-year language which required cooperation to monitor TB by referencing a May 2014 memorandum of understanding between the two. Conference concurred. (Sec. 454)

15. **Animal ID.** Governor and Senate removed language prohibiting of use of electronic tags on anything other than cattle. Conference concurred. (Sec. 456)

16. **Bovine Status and Activity Report.** Governor, Senate, and House included differing language in requiring a bovine TB status and activity report. Conference included language which combined Senate language with that of the House. (Sen. 457)

17. **Pesticide and Plant Pest Management Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 501)

18. **Environmental Stewardship Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 602)

19. **Receive and Expend Federal Funds for Environmental Stewardship.** House added language to current-year language requiring notification prior to expending Federal funds under this section. (Sec. 604)

20. **Laboratory Division Report.** House added new language requiring annual report. Conference concurred. (Sec. 651)

21. **Laboratory Program.** Governor and Senate added a new boilerplate section requiring the turn-around times at Geagley Lab to increase from 30-50% to 75-80% and the implementation of a risk based inspection program on devices and package content in the Consumer Protection Program in FY 2016-17, and to track program outcomes. House expanded language. Conference concurred with House. (Sec. 652)

22. **Value-Added Grants Program.** Governor and Senate amended language with a requirement to post on-line program data, including information on grants and program outcomes. House modified language. Conference modified House language to include two programs within the value-added program: a Competitive Grant Program and a Food and Agriculture Investment Program. (Sec. 701)

23. **Agriculture Development Program Report.** House modified current-year language. Conference included language which combined Senate language with that of the House. (Sen. 706)

24. **Equine Regulatory Costs.** Governor and Senate eliminated a section which provided criteria for establishing equine regulatory costs. Conference concurred with House and included the language. (Sec. 804)

25. **County Fairs/ Shows and Exhibitions Grants.** Governor removed sections that provided guidelines and procedures for grant programs he recommended for elimination for FY 2016-17: County Fairs Capital Improvement Grants and Shows and Expositions Grants. Senate retained the language for both and the House retained language for the County Fairs Capital Improvement Grants. Conference included both grants and combined them into a single section of language providing guidelines for a newly formed County Fairs, Show, and Exhibitions Grants Program. The language specifies that up to $20,000 from Part 1 appropriations of $470,000 can be spent for shows and exhibitions grants and that from County Fairs Grants, $60,000 shall be designated for improvements to the dairy barn at the Lenawee County Fair, $50,000 to the horse judging booth at the Tuscola County Fair, and $40,000 to street repairs at the Monroe County Fair to improve access for the physically disabled. (Sec. 805)

Date Completed: 6-30-16 Fiscal Analyst: Bruce Baker

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CONTENT

Article II of the conference report for HB 5294 includes a FY 2015-16 appropriation of $501,500 for 15 new capital outlay planning authorization line items and $100 for a construction authorization for Ferris State University. The planning authorizations include projects at eight universities, six community colleges, and two State agency projects. The two State agency projects consist of Department of Natural Resources coolwater rearing hatchery improvements at the Little Manistee River Weir and Thompson; and the Department of Health and Human Services modernization project for the Caro Center. All of the planning authorizations are appropriated at $100, except the Caro project, which is appropriated at $500,000. The actual cost of the Caro project will be determined after the planning process reviews all possible alternatives. Table 1 lists all of the planning projects included in the conference report and includes estimated total costs and the projected State share.

The conference report also includes a construction authorization for the Ferris State University Swan Building Annex Renovation project. That project received planning authorization in Public Act 241 of 2015. The total cost of the Ferris project is $30.0 million, with a State share of $22.5 million and university share of $7.5 million. Boilerplate (Sec. 301) provides authorization for the mechanism that funds the State share of project costs through the State Building Authority (SBA) pursuant to the requirements of 1964 PA 183, MCL 830.411 to 830.425.

For specific project descriptions, see the Senate Fiscal Agency Publication: FY 2015-16 & FY 2016-17 CAPITAL OUTLAY BUDGET, February 2016. The document can be obtained at the following website:

http://www.senate.michigan.gov/sfa/Departments/DataCharts/DCcap_GovsRecDetail.pdf

FISCAL IMPACT

Article II of HB 5294 contains 15 planning authorization line items. Planning costs for university and community college projects are initially borne entirely by the institution. Planning authorizations are not a commitment on the part of the Legislature to appropriate funds for the completion of any project. The State eventually pays a share of these planning costs only if the project is subsequently approved for construction. After planning documents are reviewed and approved by the Department of Technology, Management, and Budget (DTMB), the Joint Capital Outlay Subcommittee (JCOS) and the Legislature may authorize the project for final design and construction with a line-item appropriation in an appropriation bill. If all of the planning authorizations contained House Bill 5294 eventually received construction authorizations, the total cost of the projects would be $491.7 million, with a State share of $232.7 million (Table 1).[1] Annual State Building Authority (SBA) rent payments (debt service) would total between $16.3 million and $20.9 million until the bonds are retired (approximately 17 years). This cost estimate does not include an estimate for the DHHS Caro project because a total estimated cost will be determined after the DTMB reviews all of its options through the planning process.

[1] Amount does not include yet to be determined cost of the Caro modernization project.

The construction authorization for the Ferris State University Swan Building project will result in a State cost of $22.5 million. Annual State Building Authority (SBA) rent payments (debt service) for that project will total between $1.6 million and $2.0 million until the bonds are retired (approximately 17 years).

Date Completed: 6-30-16 Fiscal Analyst: Bill Bowerman

Table 1: Public Act 268 of 2016 - Article II Capital Outlay

	Total Cost	State Share	Institution Share	FY 2015-16 Appropriation
Planning Authorizations				
Central - Center for Integrated Health Studies	$26,000,000	$19,500,000	$6,500,000	$100
Eastern - Strong Hall Renovation	39,536,000	29,652,000	9,884,000	100
Grand Valley - Health & Medical Sciences Laboratory & Classroom Building	70,000,000	29,000,000	41,000,000	100
Lake Superior - Center for Freshwater Research and Education	11,800,000	8,850,000	2,950,000	100
U of M - Ann Arbor - School of Dentistry Renovation and Addition	122,000,000	30,000,000	92,000,000	100
U of M - Dearborn - Engineering Laboratory Building Replacement	90,000,000	30,000,000	60,000,000	100
U of M Flint - Murchie Science Building Addition	39,000,000	29,250,000	9,750,000	100
Western - College of Aviation Renovation & Addition	20,000,000	15,000,000	5,000,000	100
Subtotal - Universities:	**$418,336,000**	**$191,252,000**	**$227,084,000**	**$800**
Delta - Saginaw Center	$12,739,000	$6,369,500	$6,369,500	$100
Kellogg - Regional Manufacturing Technology Center Renovation & Addition	4,300,000	2,150,000	2,150,000	100
Monroe - Renovation of East & West Technology Buildings	7,500,000	3,750,000	3,750,000	100
Muskegon - Health and Wellness Center	14,100,000	5,640,000	8,460,000	100
Northwestern - West Hall Innovation Center Renovation & Expansion	14,499,400	7,249,700	7,249,700	100
Southwestern - Nursing & Health Education Building Renovation & Expansion	8,000,000	4,000,000	4,000,000	100
Subtotal - Community Colleges:	**$61,138,400**	**$29,159,200**	**$31,979,200**	**$600**
DNR- Coolwater Rearing Hatchery Improvements	$12,242,500	$12,242,500	$0	$100
DHHS - Caro Center Modernization	N/A	N/A	0	500,000
Subtotal - State Agencies:	**$12,242,500**	**$12,242,500**	**$0**	500,100
Total SBA Planning Projects:	**$491,716,900**	**$232,653,700**	**$259,063,200**	**$501,500**
Construction Authorizations				
Ferris State University - Swan Building Annex Renovation	$30,000,000	$22,500,000	$7,500,000	$100
HB 5294 - Total Planning and Construction Authorizations:	**$521,716,900**	**$255,153,700**	**$266,563,200**	**$501,600**

NOTES

Match variations: Grand Valley and Muskegon are funding more than the standard match requirement, thereby reducing the State Share.
Monroe Community College reduced the total estimated cost of their request from $12.0 million to $7.5 million on April 27, 2016.
The cost for the Caro Center project has not been determined. The budget includes $500,000 for Caro Center planning costs.

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	14,174.3	13,803.9	(370.4)	(2.6)
GROSS	**1,962,226,000**	**2,002,729,000**	**40,503,000**	**2.1**
Less:				
Interdepartmental Grants Received	225,000	0	(225,000)	(100.0)
ADJUSTED GROSS	**1,962,001,000**	**2,002,729,000**	**40,728,000**	**2.1**
Less:				
Federal Funds	5,568,700	5,523,700	(45,000)	(0.8)
Local and Private	8,533,200	8,692,800	159,600	1.9
TOTAL STATE SPENDING	**1,947,899,100**	**1,988,512,500**	**40,613,400**	**2.1**
Less:				
Other State Restricted Funds	43,950,700	36,554,600	(7,396,100)	(16.8)
GENERAL FUND/GENERAL PURPOSE	**1,903,948,400**	**1,951,957,900**	**48,009,500**	**2.5**
PAYMENTS TO LOCALS	**114,323,600**	**111,888,200**	**(2,435,400)**	**(2.1)**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$1,962,226,000**

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

Items Included by the Senate and House

1. **Unrealized Savings from Health Care Contract.** Governor restored $11,200,000 funding to account for unrealized savings from the new consolidated health care services contract. Senate and House concurred.	11,200,000
2. **Trinity Food Service Contract.** Governor recognized increased costs due to higher per meal rates, menu changes, and a contractual annual Consumer Price Index adjustment. Senate and House concurred.	1,535,000
3. **Facility Costs.** Governor recognized increased water and sewage rates in Muskegon, St. Louis, and Kinross Charter Township. Senate and House concurred.	287,800
4. **Special Equipment Fund.** Governor reduced funding for prisoner reentry MDOC programs and equipment and special maintenance because of reduced funding as a result of FCC mandated prison rate caps. Increased GF/GP funding to hold education programs harmless. Senate and House concurred.	(4,800,000)
5. **Prison Relocation Savings.** Governor recognized additional savings from the relocation of the Kinross facility. Senate and House concurred.	(3,400,000)
6. **Prison Store Operations.** Governor recognized a reduced need for storekeeper positions. Senate and House concurred.	(2,400,000)
7. **Removal of 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 and House concurred.	(1,346,800)
8. **Economic Adjustments.** Governor included $7,819,200 Gross and $7,639,000 GF/GP for OPEB and $28,106,500 Gross and $27,459,700 GF/GP for other economic adjustments. Senate and House concurred.	35,925,700

9. **Other Changes.** Governor reflected net reduction in restricted revenue amounts. Senate and House concurred. (101,100)

Conference Agreement on Items of Difference

10. **Facilities Closure.** Senate recognized $46,927,200 in savings from the closure of two correctional facilities. Conference recognized savings from one facility closure. (27,069,400)
11. **Managing Prison Populations.** Governor and House recommended defunding currently offline housing units that are not planned to be used in FY 2016-17 for a savings of $4,991,000. Senate does not include savings as housing units will need to remain online after prison closures. Conference did not include savings. 0
12. **Leased Beds and Alternatives to Leased Beds.** Governor and House recommended moving prisoners into MDOC facilities from beds currently leased from counties for a net savings of $1,609,000. Senate did not include savings as it recommends that the program continue. Conference included savings as well as an additional $1,600,000 in savings. (3,209,000)
13. **County Jail Reimbursement Program.** Conference increased the reimbursement rates for the program by $5 for every tier. 1,467,500
14. **Prisoner Health Care Services.** Senate recognized further health care contract savings of $3,000,000 due to prisoner population declines. Conference reduced savings to $1,500,000. (1,500,000)
15. **Hepatitis C Pharmaceuticals.** Governor increased funding for Hepatitis C medication by $17,335,000. House increased funding by $12,335,000. Senate did not include increase due to reduced costs for Hepatitis C medication and reduced backlog due to increased funding in FY 2015-16. Conference increased funding by $10,535,000. 10,535,000
16. **Medication-assisted Treatment Reentry Pilot.** House included $500,000 for a pilot program to provide targeted offenders with medication prior to being paroled to help with opioid and alcohol addiction. Conference concurred. 500,000
17. **Transportation.** Senate recognized savings for transportation and custody of prisoners due to moving certain medical procedures in-house. The following procedures are planned to be moved in-house in FY 2015-16: chemotherapy, ultrasound, liver biopsy, PICC line placement, midline catheter placement, nerve block, punch biopsy, central venous catheter, paracentesis, thoracentesis, and penile ring block. Conference included $200,000 savings. (200,000)
18. **Mental Health Programming.** Governor and House provided funding of $1,954,500 for 17.0 additional FTEs along with operating costs increase to address increased caseload and waiting list, as well as transition to a new sex offender treatment program. Senate provided funding for 9.0 FTEs. Conference concurred with Senate. 1,035,000
19. **Criminal Justice Reinvestment.** Senate added $15,000,000 in funding to expand evidence-based programs that can reduce recidivism and incarceration rates among probationers and parolees. Conference reduced funding to $4,573,300. 4,573,300
20. **Supervising Region Incentive Program.** Senate added $3,000,000 funding to create an incentive to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction within the region. Conference moved some funding to one-time. 2,518,600
21. **Vocational Village.** Senate added $3,000,000 in funding to expand the vocational village initiative. Conference reduced funding to $2,000,000. 2,000,000
22. **Parole Sanction Certainty Program.** Governor eliminated funding of $500,000 for the program. House maintained current funding levels. Senate restored funding and increased funding to expand the program. Conference concurred with Senate. 940,000
23. **Goodwill Flip-the-Script.** Governor eliminated funding of $2,000,000 for the program. House reduced funding by $500,000, Senate restored funding and increased funding by $500,000 to expand the program. Conference reduced funding by $500,000 (500,000)

24. **Information Technology Services.** Governor and House provided funding to support the transition to a new billing model for DTMB's provision of services, expand broadband capabilities across 27 correctional facilities and 113 field offices, and recognized increased DTMB charges for mobile device access. Senate reduced expansion to 25 correctional facilities and shifted $440,000 funding for device access fees to the Special Equipment Fund. Conference concurred with fund shift, but did not reduce the number of correctional facilities.	3,042,600
25. **Ballistic Vests.** Governor and House proposed one-time funding for life cycle replacement of 1,570 vests for probation and parole agents. Senate proposed the vests to be paid for from the Program and Special Equipment Fund. Conference reduced funding by $500,000 and paid for the vests with the Special Equipment Fund.	481,300
26. **Reentry Service Contracts Rebids.** Governor and House provided $6,790,000 of increased funding for new reentry services, substance abuse, and sex offender contracts that will be rebid in FY 2016-17. Senate did not include the increase. Conference concurred with Senate.	0
27. **Living in Recovery.** Governor and House recommended funding of $750,000 for a new program targeting probation violators with a history of relapse to help prevent recidivism. Senate did not include the program. Conference did not include the program.	0
28. **Federal Education Revenue.** Governor and House recommended rolling up five Federal deductions that support the Education Program (DED, vocational education equipment; DED-OESE, title I; DED-OVAE, adult education; DED-OSERS; and DED, youthful offender/Specter grant) into a single line item called Federal education funding, which would have total funding of $1,722,100. Senate retained current deductions. Conference concurred with rollup.	0
29. **Clinical and Mental Health Services and Support.** Senate recommended unrolling this line item into four separate lines: health care administration, mental health services and support, clinical complexes, and hepatitis c treatment. Conference concurred with the Senate.	0
30. **Correctional Facilities.** Senate recommended rolling up all line items for individual correctional facilities into a single line item called Correctional facilities. Conference left lines unrolled and added placeholder for a possible new facility.	100
31. **Senate and House items not included.** Senate included funding to lease and operate the North Lake Correctional Facility and fund infrastructure repairs and improvements within existing facilities. Senate also included savings from the closure of the Flint lockup and reduced pharmaceutical costs due to a 340B drug purchase agreement being negotiated by the unified health contract provider. House included increased funding for prisoner programming and education. Conference did not include the items.	0
32. **FY 2016-17 One-Time Gross Appropriations.** (1) Governor and House proposed one-time funding of $8,506,100 for an officer academy with expected graduating class of 350. Senate reduced funding by $1,000,000 and 40 officers to reflect reduced need due to facility closures. Conference included full class. (2) Conference included $481,300 for one-time costs related to the supervising region incentive program.	8,987,400
Total Changes	$40,503,000
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$2,002,729,000**

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

Items Included by the Senate and House

1. **Section Numbering.** Governor renumbered several sections to maintain consistency across all budget areas. Senate and House retained current numbering.
2. **Section Names.** Governor removed "Miscellaneous" section and added "Information Technology" and "One-Time Appropriations". Senate and House retained "Miscellaneous" section.
3. **Updated Amounts for Total Legacy Costs.** Governor, Senate, and House updated total legacy costs section. The pension related costs are $187,327,100 and the retiree health care costs are $150,531,100. (Sec. 214)

Conference Agreement on Items of Difference

4. **Deletions.** Governor and House proposed to eliminate the following sections from current-year boilerplate: 212, 239, 403, 409, 505, 508, 511, 601, 611, 805, 814, 816, 912, 937, 940, 945, 1011, 1012, and 1201. Governor further proposed to eliminate the following sections: 206, 214, 247, 402, 412, 413, 417, 421, 434, 437, 508, 612, 802, 803, 812, 904, 911, 942, and 1009. Senate retained all sections except for Sec. 434, regarding agricultural employment for parolees. Conference eliminated the following sections: 247, 434, 509, 805, 814, 945, and 1012, but retained all other sections. These deletions included reporting on new programs, reporting on Michigan State Industries, health care requirements, and faith based reentry programs.
5. **Definitions.** Governor and House eliminated eight definitions from the bill, all simple acronyms such as IDG means "interdepartmental grant". Governor also eliminated eight more definitions for concepts such as recidivism and cost per prisoner. Eighteen definitions will remain in the bill with such terms as full-time equated, offender target populations, and serious mental illness. Senate retained all definitions. Conference eliminated acronyms and retained all other definitions.
6. **Reporting Frequency and Prisoner Programming.** Governor reduced the frequency of reporting for prisoner populations (Sec. 419) and core programming (Sec. 913). Senate and House retained current reporting frequency. Senate required Department to give full accounting from date of entrance for all prisoners required to complete programming. House added section requiring Department to focus on providing programming to prisoners past their earliest release date. Conference concurred with House.
7. **Program Additions.** Governor, Senate and House added sections for IT bandwidth increases (Sec. 1000), expanded mental health and sex offender treatment (Sec. 806), Senate and House required the Department to explore the feasibility of establishing an online career high school education program pilot (Sec. 908). Governor and House added a section to implement the Living in Recovery program (Sec. 805) and new custody staff training (Sec. 1100). Senate removed the Living in Recovery program (Sec. 805), added sections to require reporting on parole denials (Sec. 422), vendor contracts (Sec. 503), and hepatitis c treatment (Sec. 807), established the Supervising Region Incentive Program (Sec. 602), outlined criminal justice reinvestment (Sec. 604) and the lease agreement for the North Lake Correctional Facility building (Sec. 901), and added three counties - Genesee, Kent, and Saginaw - to the parole sanction certainty pilot program (Sec. 421). House added section for a medication-assisted treatment reentry pilot (Sec. 425). Conference retained all new sections except 805 (Living in Recovery) and 901 (North Lake Correctional Facility).
8. **Reentry Services.** Senate added a section requiring the Department to complete a request for information before increasing spending on reentry services. Conference did not include. (Sec. 404).
9. **Capital Outlay.** Senate added language to require the Department to report annually on the unspent balance of all capital outlay projects. Conference concurred. (Sec. 508).
10. **Facilities Report.** Conference added new section requiring the department to do a cost analysis comparing leasing or purchasing a new facility with reopening a mothballed facility or maintaining current facilities. (Sec. 901)

Date Completed: 6-30-16 Fiscal Analyst: Ryan Bergan

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	588.5	597.5	9.0	1.5
GROSS	**308,561,200**	**331,975,200**	**17,814,000**	**5.8**
Less:				
Interdepartmental Grants Received	0	0	0	**0.0**
ADJUSTED GROSS	**308,561,200**	**331,975,200**	**17,814,000**	**5.8**
Less:				
Federal Funds	215,640,900	239,821,900	18,581,000	8.6
Local and Private	7,667,000	7,591,400	(75,600)	(1.0)
TOTAL STATE SPENDING	**85,253,300**	**84,561,900**	**(691,400)**	**(0.8)**
Less:				
Other State Restricted Funds	7,669,600	8,380,700	711,100	9.3
GENERAL FUND/GENERAL PURPOSE	**77,583,700**	**76,181,200**	**(1,402,500)**	**(1.8)**
PAYMENTS TO LOCALS	**17,861,000**	**19,176,000**	**1,315,000**	**7.4**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation **$308,561,200**

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

Items Included by the Senate and House

1. **Flint Declaration of Emergency.** The Governor, Senate, and House included one-time appropriations for Flint. This funding would continue the FY 2015-16 pilot expansion of the Child Development and Care Program and includes a $100 place holder in order to allow additional appropriations from the Flint Emergency Reserve Fund if needed. 8,050,100

2. **Multi-Tiered Systems of Support Implementation (MTSS).** The Governor, Senate, and House included this new program, which establishes a team of 3.0 FTEs to provide on-site monitoring and support to implement multi-tiered systems of support. Districts receiving at-risk funding are required to implement MTSS. This program is funded by GF/GP. 500,000

3. **Certification Fees Support.** The Governor, Senate, and House included one-time GF/GP appropriations to offset deficiencies due to declining certification fee revenue. 500,000

4. **Early/Middle College Support.** The Governor, Senate, and House included funding and 2.0 FTEs to provide technical support and assistance to Early/Middle Colleges, which are expected to increase to number 119 by 2017. This program is funded by GF/GP. 395,000

5. **School Safety Consultant.** The Governor, Senate, and House included funding to support a new FTE position who will coordinate with the Attorney General and State Police to provide statewide support and guidance on school safety issues. This position is funded by GF/GP. 180,000

6. **Home Visit Program.** The Governor, Senate, and House included funding to support a new FTE position to provide coordination and management of the home visit program described in Section 32p of the State School Aid Act. This FTE position is funded by GF/GP. 175,000

7. **E-Rate Technical Assistance.** The Governor, Senate, and House included funding to support a new FTE position to coordinate and provide guidance to align projects with ongoing work on the State Education Network. This FTE position is funded by GF/GP. 162,500

8. **Education Commission of the States Membership Dues.** The Governor, Senate, and House included an increase that would allow the Department to fully pay for the Education Commission of the States Membership. This increase is support by GF/GP.	90,800
9. **Removal of FY 2015-16 Supplemental.** Removed Public Act 3 of 2016 funding.	(2,685,000)
10. **Educator Evaluations.** The Governor, Senate, and House reduced and rolled the funding into Educational Improvement and Innovation Operations. The reduction is GF/GP and would leave Educator Evaluations with $1.5 million.	(1,000,000)
11. **Financial Independence Team.** The Governor, Senate, and House included a 50% reduction to this unit, leaving $249,500 Gross and GF/GP remaining for FY 2016-17.	(250,000)
12. **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.	(201,400)
13. **Removal of Local Cost Sharing.** The Governor, Senate, and House removed local cost sharing revenue to Information Technology due to unrealized revenue from this source.	(76,500)
14. **Creation of the Office of Talent and Policy Coordination.** The Governor, Senate, and House used existing FTEs and funding in the Department to create the Office of Talent and Policy Coordination. The Office will have 17.0 FTEs and $2,574,200 Gross and $1,707,200 GF/GP.	0
15. **Economic Adjustments.** Includes $1,429,100 Gross and $332,400 for standard economic adjustments, $388,600 Gross and $90,400 GF/GP for OPEB, and $589,700 Gross and $28,300 GF/GP for other economic adjustments.	2,407,400
<u>Conference Agreement on Items of Difference</u>	
16. **Voluntary Water Testing.** The Senate included $4.0 million to reimburse local schools for the cost to test water for lead with a cap of $1,000 per school building. The Conference included an additional $500,000 and lowered the cap to $950 per school building.	4,500,000
17. **Chief Information Officer.** The Senate included a $100 placeholder and 1.0 FTE position for a chief information officer. The Conference included $200,000 and 1.0 FTE position.	200,000
18. **Special Education Taskforce.** The Governor, Senate, and House included $300,000 in funding for a new Special Education Taskforce all supported by GF/GP, which will provide communication and information to families with students with special needs. The Conference Included $100,000.	100,000
19. **Child Development and Care Expansion.** The House included a $100 placeholder to expand the Child Development and Care program to increase the entry eligibility. The Conference included a $2.1 million increase due to the caseload adjustments at May Consensus Revenue Estimating Conference as well and a $7,666,100 increase in Gross and Federal to expand the entry to 125%.	9,766,100
20. **Boilerplate Appropriations.** The Senate moved $600,000 in boilerplate appropriations into part 1. Of the total, $300,000 is for the low incidence outreach program and $300,000 is for Library fees. The Conference moved $600,000 in boilerplate appropriations into part 1.	600,000
21. **State Board of Education**. The House removed Per Diem and Travel funding for the State Board of Education. The Conference retained these sections and funding.	0
22. **FY 2016-17 One-Time Gross Appropriations.** The Conference included $13,050,100 in total one-time spending. Of the total, $8,050,100 is for the Flint Emergency, $4.5 million is for voluntary water testing, and $500,000 for certification fee reimbursement.	
Total Changes	$23,414,000
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$331,975,200**

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

Items Included by the Senate and House

1. **Deleted Sections.** Governor, Senate, and House deleted a number of sections, which include: 234 (benchmark report), 237 (school fund raiser nutrition requirement), 601 (Financial Independence Team requirements), and 806 (State aid to libraries increase intent).
2. **Retained by House and Senate.** The House and Senate retained a number of sections that were deleted by the Governor, which include: 208 (sexual misconduct), 216 (protection for employees who testify, 502 (use of substitute time for teaching time requirement), 803 (maintain Library unit intent), and 1003 (Early Childhood Investment Corporation report).
3. **Report Requirement on MTSS.** Gov., Senate, and House included a report on the implementation of MTSS. (Sec. 701)
4. **Technical Modifications and Movement.** The Governor, Senate, and House made a number of technical modifications that include date changes, definition changes, spending changes to reflect part 1 adjustments, and standardized general section language, and renumbered sections to standardize boilerplate across departments.

Conference Agreement on Items of Difference

5. **Retained by Conference.** The Conference retained a number of sections that were deleted by either the House or Senate, which include: 223 (retention of all reports), 227 (30-day requirement on request and reports), 228 (Request for Information consideration), 230 (nonpublic schools mandate report), 507 (teacher certification test requirements), 1001 (child care provider report), and 1004 (Child Development and Care increase intent), and 1201 (legislative intent for second year spending).
6. **Interdepartmental Cooperation.** The Senate included two new sections, which require the Department to cooperate with other departments to reduce duplication, streamline services and resources, and increase efficiency. One section is for the home visit program with the Department of Health and Human Services, the other section is for the school reform office, financial independence team, and child development and care program (Secs. 226, and 1008). The Conference concurred with the two new sections and included a new section for the Department to cooperate with the MVU for professional development. (Sec. 503)
7. **Requirements for Reporting Contracts.** The Governor removed the notification requirements for contracts over $1.0 million. The Senate maintained current law. The House maintained current law, but removed references to No Child Left Behind. The Conference concurred with the House modifications. (Sec. 229)
8. **School Board Travel.** The House removed travel reimbursement to the State School Board. The Conference retained travel reimbursement. (Sec. 302)
9. **Boilerplate Appropriations.** The Senate moved $600,000 in boilerplate appropriations to part 1. Of the total, $300,000 is for the low incidence outreach program (Sec. 408) and $300,000 is for Library fees (Sec. 801). The Conference concurred with the Senate modifications.
10. **Special Education Taskforce**. The Governor and Senate included a new section, which places requirements on the implementation of the Special Education Taskforce. The House modified to include distribution of materials to all parents with a student with a disability. The Conference concurred to the House modification. (Sec. 901)
11. **WorkKeys Test/Certificate.** The Senate included language that requires that the Department renegotiate the contract with ACT to include the cost of registering and certifying students that pass the WorkKeys test and are eligible to receive the national career readiness certification. The Conference concurred with the Senate language. (Sec. 1021)
12. **Flint Declaration of Emergency Funds**. The Governor and Senate included a new section, which places requirements on the one-time appropriations for the drinking water declaration of emergency funds. The House included reporting requirements on caseloads, providers, and communication data from the appropriations. The Conference concurred with the House modifications. (Sec. 1101)
13. **Voluntary Water Testing.** The Senate included language on how schools shall conduct and be reimbursed for lead water testing. This section includes a cap of $1,000 per school building, the Department setting statewide guidelines/protocols on testing, and reporting requirements. The Conference reduced the cap to $950 per school building and allowed for administrative expenses. (Sec. 1102)

Date Completed: 6-30-16 Fiscal Analyst: Cory Savino

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	1,220.0	1,232.0	12.0	1.0
GROSS	**499,995,800**	**513,549,400**	**13,553,600**	**2.7**
Less:				
Interdepartmental Grants Received	9,115,300	9,225,700	110,400	1.2
ADJUSTED GROSS	**490,880,500**	**504,323,700**	**13,443,200**	**2.7**
Less:				
Federal Funds	138,079,100	138,687,200	608,100	0.4
Local and Private	546,000	555,300	9,300	1.7
TOTAL STATE SPENDING	**352,255,400**	**365,081,200**	**12,825,800**	**3.6**
Less:				
Other State Restricted Funds	305,341,200	317,344,800	12,003,600	3.9
GENERAL FUND/GENERAL PURPOSE	**46,914,200**	**47,736,400**	**822,200**	**1.8**
PAYMENTS TO LOCALS	**14,685,000**	**3,750,000**	**(10,935,000)**	**(74.5)**

* As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$499,995,800**
Changes from FY 2015-16 Year-to-Date:	
Items Included by the Senate and House	
1. **Clean Michigan Initiative (CMI) - High Priority Cleanups.** The Governor, House, and Senate included additional CMI bond proceeds which would use most of the remaining statutory allocation for response activities at sites deemed a high priority by the Department.	14,900,000
2. **Water Withdrawal Assessment Program.** The Governor, House, and Senate included $800,000 in Clean Michigan Initiative - Clean Water Fund appropriations to increase the scope of this program. The program models the effects on large-scale water withdrawals on local water tables and water availability for residential wells. The Governor's total for FY 2016-17 for this program, including this increase, is about $2.2 million.	800,000
3. **Drinking Water Revolving Loan Fund - State Match.** The Governor, House, and Senate included additional one-time GF/GP appropriations to draw down all available Federal funds for the Drinking Water Revolving Fund program. The program provides low-interest loans to municipalities for improvements to drinking water infrastructure. The exact amount of funds available for this program is contingent on the Federal budget for FY 2016-17, but the average for this program is about $30.0 to $35.0 million.	2,950,000
4. **Flint Declaration of Emergency.** The Governor, House, and Senate included a one-time appropriation including 10.0 FTEs for efforts related to Flint water issues. The proposal is comprised of three parts: $1.5 million and 10.0 FTEs for corrosion control specialists, sampling staff, lab staff, and service line verification staff; $3.9 million for three months of water payments to the Great Lakes Water Authority for Flint's water; and a $100 placeholder for the Flint Emergency Reserve Fund. That fund was proposed as part of Supplemental Request 2016-6, which would appropriate $50.0 million from the State General Fund to a new Flint Emergency Reserve Fund in the Department of Technology, Management and Budget. Part or all of that funding could then be authorized for expenditure in the DEQ budget through a contingency fund transfer by the Legislature.	5,400,100

5. **Contaminated Lake and River Sediment Cleanup.** The Governor, House, and Senate included additional one-time CMI-Contaminated Sediments appropriations to fund cleanups of toxic sediment from rivers, lakes, and streams. Typically about $1.5 million is appropriated each year for these purposes. This increase would increase that by about half for FY 2016-17.	700,000
6. **Environmental Bond Site Reclamation Program.** The Governor, House, and Senate removed appropriations for this program, as the underlying fund source, part of the 1998 Clean Michigan Initiative bond program, has been depleted.	(126,800)
7. **Brownfield Grants.** The Governor, House, and Senate removed appropriations for this program. Funding currently comes from the CMI allocation for response activities; the Governor proposed repurposing the remainder of these funds toward high priority cleanups.	(1,500,000)
8. **Removal of 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.	(243,300)
9. **Office of Oil, Gas, and Minerals.** $5.4 million in Oil and Gas Regulatory Fund appropriation authority was removed from the Office of Oil, Gas, and Minerals as low oil prices have reduced revenue to this fund. The Governor, House, and Senate included a total of $10.8 million for this program.	(5,385,600)
10. **Remove FY 2015-16 Supplemental Appropriation.** The Governor, House, and Senate removed $13.1 million in FY 2015-16 appropriations for Flint water issues. These appropriations were related to one-time expenditures for the following: Reconnection of Flint's water to the Detroit Water and Sewerage Department ($6.3 million); increased water testing of homes in Flint ($1.0 million); aid to the City of Flint for unpaid water bills ($3.0 million); Flint water system needs ($2.0 million); Flint water infrastructure study ($500,000); DEQ lab testing costs ($250,000); and Flint water corrosion control ($36,500).	(13,086,500)
11. **Economic Adjustments.** Includes $788,800 Gross and $122,800 GF/GP for OPEB and $2,806,900 Gross and $429,700 GF/GP for other economic adjustments.	3,595,700
<u>Conference Agreement on Items of Difference</u>	
12. **Leaking Underground Storage Tank Cleanups.** The Governor and Senate included additional Refined Petroleum Fund revenue in the DEQ budget to address leaking underground storage tanks. This item also appears in the budget for the Department of Agriculture and Rural Development (DARD), where the money is currently used to support the Weights and Measures program. GF/GP would be used in DARD to replace this revenue.	1,500,000
13. **Oil and Gas Regulatory Fund Replacement.** The Governor and Senate included additional one-time GF/GP appropriations to replace appropriations from this fund for the Office of Oil, Gas, and Minerals. The Fund normally provides much of the revenue necessary to operate the Office, which oversees regulation of mineral extraction in the State. However, low oil prices have reduced Fund revenue, which is based directly on the market value of extracted minerals.	4,000,000
14. **Statewide School Water Testing for Lead.** The House included $9,000,000 GF/GP for lead testing in public and private schools on municipal water systems. The Conference did not include this funding.	0
15. **Saginaw River Dredging.** The Conference included GF/GP for Phase I of a project to dredge parts of the Saginaw River to facilitate freighter traffic.	50,000
16. **FY 2016-17 One-Time Gross Appropriations.** The Conference report contains the following one-time appropriations: $700,000 for contaminated lake and river sediment cleanup, $5,400,100 for the drinking water declaration of emergency, $4,000,000 for the Office of Oil, Gas, and Minerals, $50,000 for dredging on the Saginaw River, and $2,950,000 for Federal match for the Water Pollution Control and Drinking Water Revolving Fund.	

Total Changes	$13,553,600
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$527,103,000**

Boilerplate Changes from FY 2015-16 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 against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
2. **Rule Promulgation - Small Business Impact.** The Governor removed, and House and Senate retained a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
3. **Refined Petroleum Fund Repayment.** The Governor removed, and House and Senate retained a statement of legislative intent that the $70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
4. **Refined Petroleum Fund Site List.** The Governor removed, and House and Senate retained a section detailing the RPF sites that would be funded in the budget. (Sec. 306)
5. **Brownfield Grant Work Project.** The Governor, House, and Senate removed a section allowing for Brownfield grant appropriations to be carried forward as a work project. (Sec. 309)
6. **Groundwater Discharge Permit Fee Structure.** The Governor, House, and Senate removed a requirement that the Department work with stakeholders to revise the fee structure for this program. (Sec. 406)
7. **CMI - Contaminated Sediment Cleanup Work Project.** The Governor included a new section containing work project carryforward language for this appropriation. The House and Senate included this section. (Sec. 407)
8. **Air Quality Fee Increase - Hire Program Supervisor for Upper Peninsula.** The Governor, House, and Senate removed a requirement that part of the air quality fee increase revenue be used to hire a program supervisor for the Upper Peninsula. (Sec. 501)
9. **Flint Declaration of Emergency.** The Governor included a new section requiring that funds appropriated for this purpose be used to keep Flint on the Detroit water system and for staffing, lab, testing, and contract costs. The House and Senate included this section, but revised it slightly. (Sec. 801)

Conference Agreement on Items of Difference

10. **Metrics for New/Increased Programs.** The Governor and House removed, and Senate and Conference retained a requirement that proposals for new programs or increases over $500,000 be accompanied by proposed metrics. (Sec. 215)
11. **Report Retention.** The Governor and House removed, and Senate retained a requirement that reports be retained according to State and Federal laws. The Conference removed this item. (Sec. 218)
12. **FTE Report.** The Governor and House removed, and Senate retained an annual report on the number of funded full-time equated (FTE) positions in the Department. The Conference removed this item. (Sec. 223)

13. **Clean Michigan Initiative (CMI) Report.** The House included a new reporting requirement on projects funded by CMI funds and remaining CMI balances. The Conference included this item. (Sec. 235)

14. **Kalamazoo River Oil Spill Settlement Funds.** The Governor and House removed, and Senate retained a report on the use of settlement funds from the 2010 oil spill on the Kalamazoo River. The Conference removed this item. (Sec. 311)

15. **Statewide School Water Testing for Lead.** The House included a new section requiring the DEQ to develop a statewide plan to test for lead in drinking water in public and private schools, as well as to provide reimbursement for testing. The Conference did not include this item. (Sec. 312 of House DEQ budget)

16. **PFC Cleanup Criteria.** The Senate included a new section requiring a study on the long-term effects of per fluorinated compounds (PFCs), and for the Department to develop cleanup criteria for PFCs. The Conference included this item. (Sec. 312)

17. **Water Quality and Use Initiative - Spending Plan.** The Governor and Senate removed, and House and Conference retained a requirement that a spending plan be established for this program. (Sec. 402)

18. **Lake Erie Basin Collaborative Agreement.** The Senate included a new report on the implementation plan for the Lake Erie Collaborative Agreement. The Conference included this item. (Sec. 410)

19. **Statewide Septic Code Progress Report.** The House included a new report on the development of a statewide sanitary septic code. The Conference did not include this item. (Sec. 601 of House DEQ budget)

20. **Geological Resources Study and Advisory Committee.** The House included a new section requiring the DEQ to conduct a study and mapping of Michigan's geological resources. The section also creates an advisory committee to develop a work plan for the study. The Conference did not include this item. (Sec. 604 of House DEQ budget)

21. **Flint Supplemental Funding Report.** The House included a reporting requirement on supplemental appropriations made in Public Act 143 of 2015 and Public Act 3 of 2016. Both Acts appropriated funds to address the Flint water crisis. The Conference included this item. (Sec. 803)

22. **Air Permits - Penalties for Previous Owners**. The Governor and Senate removed, and House retained a prohibition against assessing additional penalties for air permit violations that occurred under a previous owner. The Conference removed this item. (Sec. 502)

23. **Stormwater Asset Management Plan Report.** The Governor and Senate removed, and House and Conference retained a requirement that completed grants have a summary of their asset management plans posted on the Department website, and that municipalities receiving grants agree to make the plan available to the Department as well as the public. (Sec. 603)

Date Completed: 6-30-16 Fiscal Analyst: Josh Sefton

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			CHANGES FROM FY 2015-16 YEAR-TO-DATE	
FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	**FY 2015-16 YEAR-TO-DATE***	**FY 2016-17 INITIAL APPROPS.**	**AMOUNT**	**PERCENT**
FTE Positions	8,667.2	8,709.7	42.5	0.5
GROSS	**4,905,538,200**	**4,869,270,600**	**(36,267,600)**	**(0.7)**
Less:				
Interdepartmental Grants Received	742,192,600	760,158,300	17,965,700	2.4
ADJUSTED GROSS	**4,163,345,600**	**4,109,112,200**	**(54,233,400)**	**(1.3)**
Less:				
Federal Funds	825,506,900	826,723,500	1,216,600	0.1
Local and Private	23,304,200	18,085,500	(5,218,700)	(22.4)
TOTAL STATE SPENDING	**3,314,534,500**	**3,264,303,200**	**(50,231,300)**	**(1.5)**
Less:				
Other State Restricted Funds	2,103,511,900	2,126,990,600	23,478,700	1.1
GENERAL FUND/GENERAL PURPOSE	**1,211,022,600**	**1,137,312,700**	**(73,709,900)**	**(6.1)**
PAYMENTS TO LOCALS	**1,485,185,200**	**1,427,689,500**	**(57,495,700)**	**(3.9)**

*As of June 8, 2016.

See Individual Highlight Sheet for Department Detail

Boilerplate Changes from FY 2015-16 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 retention. Allows electronic retention of reports unless prohibited by State or Federal guidelines. **Governor:** Deleted. **Senate and House:** Retained. (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. **Senate and House:** Retained. (Sec. 213)
3. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. **Governor:** Deleted. **Senate and House:** Retained. (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. **Senate and House:** Retained. (Sec. 221)

5. **Auditor General Recommendations.** Requires departments or agencies to report within six months of the release of an audit report on efforts to implement any identified initiatives related to savings and efficiencies included in an audit prepared by the Office of Auditor General. **Governor:** Deleted. **Senate and House:** Retained. (Sec. 229)

Conference Agreement on Items of Difference

6. **Return on Taxpayer Investment.** Requires a report to the Legislature for each new program or program increase of at least $500,000. The report is due by November 1, 2015, shall list specific benchmarks intended to measure the performance or return on taxpayer investment of the program and its associated expenditures. Also added intent language that spending must comply with section 447 of the management and budget act. **Governor:** Deleted. **Senate:** Revised language to state that a report shall include all program enhancements over $500,000 for each department. The report also shall require any programs that meet the criteria for the report to be ranked in order of estimated return on taxpayer investment determined by the State budget director. Also changed reporting date to September 30, 2017. **House:** Did not include. **Conference:** Required a report for each new program or increase of at least $500,000 that lists program specific metrics. In September 30, 2018 a second report shall be issued that shows the progress made in meeting the program specific metrics for each program. (Sec. 240)

7. **Budget Stabilization Fund/Public Health Sub-Fund.** Appropriates $95.0 million from General Fund/General Purpose (GF/GP) revenue to the BSF in FY 2015-16 and $0 to the public health sub-account. **Governor:** Eliminates the deposit into the BSF but adds language that 25% of unassigned GF/GP fund balance at the end of FY 2015-16 shall be deposited into the BSF. **Senate:** No appropriation to the BSF. Did not include Governor's language on deposit of 25% of GF/GP closing balance to BSF. **House:** Concurred with Governor. **Conference:** Concurred with House. (Sec. 211)

8. **General Fund Restrictions.** Prohibits using General Fund appropriations where Federal funds and private grant funds are available for the same purpose. **Governor:** Not included. **Senate:** Not included. **House:** Added as new section. **Conference:** Concurred with House. (NEW Sec. 217)

Date Completed: 6-30-16 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 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	CHANGES FROM FY 2015-16 YEAR-TO-DATE PERCENT
FTE Positions	518.5	527.0	8.5	1.6
GROSS	**92,107,600**	**101,485,800**	**9,378,200**	**10.2**
Less:				
Interdepartmental Grants Received	28,533,900	28,989,700	455,800	1.6
ADJUSTED GROSS	**63,573,700**	**72,496,100**	**8,922,400**	**14.0**
Less:				
Federal Funds	9,278,600	9,476,700	198,100	2.1
Local and Private	0	0	0	0
TOTAL STATE SPENDING	**54,295,100**	**63,019,400**	**8,724,300**	**16.1**
Less:				
Other State Restricted Funds	17,281,700	20,178,900	2,897,200	16.8
GENERAL FUND/GENERAL PURPOSE	**37,013,400**	**42,840,500**	**5,827,100**	**15.7**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation $92,107,600

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

Items Included by the Senate and House

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 and House:** Concurred with Governor. — 82,100
2. **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 and House:** Concurred with Governor. — 600,000
3. **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 and House:** Concurred with Governor. — 390,000
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. **Senate and House:** Concurred with Governor. — (472,200)
5. **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 and House:** Concurred with Governor. — (162,400)
6. **Unclassified Salaries. Governor:** Increased funding by $18,400 for total funding of $754,000 for FY 2016-17. **Senate and House:** Concurred with Governor. — 18,400

7. **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 and House:** Concurred with Governor.	1,922,300
Conference Agreement on Items of Difference	
8. **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. **House:** Did not include. **Conference:** Concurred with Senate.	700,000
9. **Lawsuit Settlement Proceeds. House:** Added $2.6 million in restricted funding for legal costs associated with the Flint water emergency. **Senate:** Did not include. **Conference:** Concurred with House.	2,600,000
10. **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 and House:** Concurred with Governor. **Conference:** Added $3.0 million for legal defense costs for the Department of Health and Human Services and DEQ.	3,700,000
Total Changes	$9,378,200
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$101,485,800**

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

Items Included by the Senate and House

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 and House:** Maintained current law bill structure.

2. **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 and House:** Concurred with Governor. (Sec. 309)

3. **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 and House:** Concurred with Governor. (**NEW** Sec. 313)

4. **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 and House:** Concurred with Governor. (Sec. 315)

5. **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 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 and House:** Retained section and added a reporting requirement due by January 30th. (Current Law Sec. 316)

Conference Agreement on Items of Difference

6. **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. **House:** Retained current law. **Conference:** Increased funding amount to $1.0 million. (Sec. 308)
7. **Lawsuit Proceeds for Drinking Water Contamination. Senate:** Added new language, but no line item in Part 1, 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. **House:** Concurred with Senate but added a line item in Part 1. **Conference:** Concurred with House. (**NEW** Sec. 314)
8. **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. **House:** Did not include. **Conference:** Concurred with Senate. (**NEW** Sec. 314a)
9. **Flint Expenditure Report. Senate:** Added new language requiring the Department to submit a semi-annual report to the Legislature providing a detailed accounting of all funds spent related to the Flint Water Crisis. The report also shall include a listing of any investigations and resulting prosecutions and requires all materials related to all of those investigations to be preserved at an academic institution or other facility. **House:** Did not include. **Conference:** Revised Senate language to state that report be included for publication in the Flint Water Emergency - Financial Activities Tracking and Reporting document that is posted on the State's website and must include the budget line item source for each expenditure. Language also revised to require all related documents and materials to be preserved according to the State's document retention policies. (**NEW** Sec. 317)

Date Completed: 6-30-16 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 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	129.0	129.0	0.0	0.0
GROSS	**16,128,700**	**16,248,500**	**119,800**	**0.7**
Less:				
Interdepartmental Grants Received	286,700	293,600	6,900	2.4
ADJUSTED GROSS	**15,842,000**	**15,954,900**	**112,900**	**0.7**
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**	**13,173,200**	**71,600**	**0.5**
Less:				
Other State Restricted Funds	151,900	151,900	0	0.0
GENERAL FUND/GENERAL PURPOSE	**12,949,700**	**13,021,300**	**71,600**	**0.6**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$16,128,700**
Changes from FY 2015-16 Year-to-Date:	
Items Included by the Senate and House	
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 and House:** 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 and House:** Concurred with Governor.	(70,800)
3. **Unclassified Salaries. Governor:** Increased funding by $16,100 for total funding of $660,300 for FY 2016-17. **Senate and House:** Concurred with Governor.	16,100
4. **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 and House:** Concurred with Governor.	277,800

Conference Agreement on Items of Difference

5. **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. **House:** Did not include any funding for ALPACT. **Conference:** Removed all funding for ALPACT and the funding for Middle Eastern American Affairs. Increased funding for the Deaf and Hard of Hearing by including $250,000 GF/GP and 2.0 FTEs to increase services to deaf and hard of hearing citizens across the State.	250,000
6. **Adjustment for Executive Revision 2017-3. Conference:** Removed funding of $373,400 for enactment of E.O. 2016-3 that transferred all funding and activities for the Asian-Pacific American Affairs Commission ($112,400), and the Hispanic/Latino Commission ($261,000) to DLARA.	(373,400)
Total Changes	$119,800
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$16,248,500**

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

Items Included by the Senate and House

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 and House:** 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 and House:** 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 and House:** 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 and House:** Concurred with Governor. (Sec. 410)

Date Completed: 6-30-16 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 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	0.0	0.0	0.0	0.0
GROSS	**159,304,800**	**165,555,500**	**6,250,700**	**3.9**
Less:				
Interdepartmental Grants Received	5,392,800	5,558,600	165,800	3.1
ADJUSTED GROSS	**153,912,000**	**159,996,900**	**6,084,900**	**4.0**
Less:				
Federal Funds	0	0	0	0
Local and Private	400,000	400,000	0	0
TOTAL STATE SPENDING	**153,512,000**	**159,596,900**	**6,084,900**	**4.0**
Less:				
Other State Restricted Funds	6,179,600	6,245,200	65,600	1.1
GENERAL FUND/GENERAL PURPOSE	**147,332,400**	**153,351,700**	**6,019,300**	**4.1**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$159,304,800**

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

Items Included by the Senate and House

1. **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 and House:** Concurred with Governor. — 4,789,300

Conference Agreement on Items of Difference

2. **Auditor General Adjustment.** Governor recommended a 2.7% overall increase for Auditor General operations. **Senate:** Concurred with Governor. **House:** Added additional $463,800. **Conference:** Added additional $200,000 for operations. — 811,400
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. **House:** Did not include. **Conference:** Concurred with House — 0
4. **Criminal Justice Policy Commission. House:** Added $500,000 to support a study by the Commission on the cost savings of redirecting 17-year-olds from the adult court to family and juvenile justice systems. **Senate:** Did not include. **Conference:** Concurred with House. — 500,000

5. **Michigan Veterans Facility Ombudsman. House:** Added $150,000 to support the creation of a Veterans Facility Ombudsman to address complaints made at the veteran's homes around the State. **Senate:** Did not include. **Conference:** Concurred with House.	150,000
Total Changes	$6,250,700
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$165,555,500**

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

Items Included by the Senate and House

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 and House:** Maintained current law bill structure.

2. **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 and House:** Concurred with Governor. (Sec. 606)

3. **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 and House:** Concurred with Governor. (Sec. 607)

4. **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 and House:** Concurred with Governor. (Sec. 615)

5. **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 and House:** Retained section. (Current Law Sec. 618)

Conference Agreement on Items of Difference

6. **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. The report also shall include a listing of programs in operation designed to reduce recidivism. **House:** Did not include. **Conference:** Concurred with House. (**NEW** Sec. 619)

7. **Criminal Justice Policy Commission. House:** Added new language requiring funds in Part 1 be used to study the cost savings of moving 17-year-olds from adult to juvenile court systems. **Senate:** Did not include. **Conference:** Concurred with House. (**NEW** Sec. 610)

8. **Michigan Veterans Facility Ombudsman. House:** Added new language requiring funds in Part 1 to be used to create the Ombudsman. **Senate:** Did not include. **Conference:** Concurred with House.

Date Completed: 6-30-16 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 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	1,587.0	1,587.0	0.0	0.0
GROSS	**230,541,700**	**248,015,600**	**17,473,900**	**7.6**
Less:				
Interdepartmental Grants Received	20,000,000	20,000,000	0	0.0
ADJUSTED GROSS	**210,541,700**	**228,015,600**	**17,473,900**	**8.3**
Less:				
Federal Funds	1,745,000	1,460,000	(285,000)	(16.3)
Local and Private	100	100	0	0.0
TOTAL STATE SPENDING	**208,796,600**	**226,555,500**	**17,758,900**	**8.5**
Less:				
Other State Restricted Funds	186,635,100	204,445,900	17,810,800	9.5
GENERAL FUND/GENERAL PURPOSE	**22,161,500**	**22,109,600**	**(51,900)**	**(0.2)**
PAYMENTS TO LOCALS	**1,272,100**	**1,211,300**	**(60,800)**	**(4.8)**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$230,541,700**

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

Items Included by the Senate and House

1. **Removal of FY 2015-16 Supplemental Funding for Voting Machines. Governor:** Removed funding of $5.0 million provided for voting machine replacements via PA 268 of 2015. **Senate and House:** Concurred with Governor.	(5,000,000)
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 and House:** 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 que for branch services. **Senate and House:** 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. **Senate and House:** Concurred with Governor.	(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 and House:** Concurred with Governor.	0
6. **Unclassified Salaries. Governor:** Increased funding by $15,300 for total funding of $628,800 for FY 2016-17. **Senate and House:** Concurred with Governor.	15,300

7. **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 and House:** Concurred with Governor.	3,584,100
Conference Agreement on Items of Difference	
8. **FY 2015-16 Year-to-Date Adjustment. Senate:** Included a negative adjustment of $285,000 in Federal funding for PRISM grants due to contingency fund transfer received in FY 2015-16. **House:** Did not include. **Conference:** Concurred with Senate.	(285,000)
9. **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. **House:** Concurred with Governor. **Conference:** Concurred with House.	14,100,000
10. **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. **House:** Concurred with Governor. **Conference:** Included a total of $5.0 million in GF/GP funding with no local funding included.	5,000,000
Total Changes	$17,473,900
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$248,015,600**

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

Items Included by the Senate and House

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 and House:** Maintained current law bill structure.
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 section. (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 Section. (Sec. 718)
4. **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 and House:** Concurred with Governor. (Current Law Sec. 722)
5. **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 and House:** Concurred with Governor and added a spending plan report due January 1st. (**NEW** Sec. 722)
6. **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 and House:** Concurred with Governor. (**NEW** Sec. 723)
7. **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 and House:** Concurred with Governor. (Sec. 725)

Conference Agreement on Items of Difference

8. **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**. House:** Concurred with Governor. **Conference:** Concurred with House. (Sec. 703)

Date Completed: 6-30-16

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	CHANGES FROM FY 2015-16 YEAR-TO-DATE PERCENT
FTE Positions	1,613.0	1,609.0	(4.0)	(0.2)
GROSS	**1,153,023,500**	**1,145,994,300**	**(7,029,200)**	**(0.6)**
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	**1,153,023,500**	**1,145,994,300**	**(7,029,200)**	**(0.6)**
Less:				
Federal Funds	764,102,800	768,144,800	4,042,000	0.5
Local and Private	10,052,500	6,119,000	(3,933,500)	(39.1)
TOTAL STATE SPENDING	**378,868,200**	**371,730,500**	**(7,137,700)**	**(1.9)**
Less:				
Other State Restricted Funds	180,411,200	192,341,600	11,930,400	6.6
GENERAL FUND/GENERAL PURPOSE	**198,457,000**	**179,388,900**	**(19,068,100)**	**(9.6)**
PAYMENTS TO LOCALS	**11,224,800**	**11,224,800**	**0**	**0.0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$1,153,023,500**

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

Items Included by the Senate and House

1. **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/House**: Concurred with Governor.	8,778,500
2. **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
3. **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/House:** Concurred with the eliminations.	(30,150,000)
4. **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/House**: Concurred with Governor.	(8,587,700)
5. **Entrepreneurship Eco-System**. Governor: Moved $2.0 million in 21st Century Jobs Trust Fund dollars to Business Attraction and Community Revitalization. **Senate/House**: Concurred with Governor.	(2,000,000)
6. **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. **Senate/House**: Concurred with Governor.	(710,000)

7. **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/House**: Concurred with Governor.	(577,700)
8. **Michigan Film Office**. The Governor moved the funding and 6.0 FTEs in the Michigan Film Office to the Job Creation line-item. **Senate/House**: Concurred with Governor.	0
Conference Agreement on Items of Difference	
9. **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. **House**: Removed one-time funding. **Conference**: Concurred with the Senate.	1,499,900
10. **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. House: Included $5.0 million gross increase and replace $5.0 in GF/GP with additional restricted funds. **Conference**: Reduced the increase by $4.7 million GF/GP.	5,300,000
11. **Special Grants. Senate**: Included special grants, sec. 846 outlines the various grants. Of the total, $2.1 million is funded with State Restricted and $3.4 million is funded with GF/GP. **Conference**: Included $12.0 million in special grants, outlined in Sec. 1046.	12,000,000
12. **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. **House**: Concurred with the Governor. **Conference**: Did not include.	0
13. **Community Ventures - Challenge Match**. **Governor**: Included $2.0 million in one-time GF/GP appropriations to be used only for matching private dollars. **Senate**: Only included $1.0 million. **House**: Did not include funding. **Conference**: Did not include.	0
14. **Pure Michigan. Senate**: Increased Gross and 21st Century Jobs Trust Fund, by $1.0 million. **Conference**: Concurred with the Senate.	1,000,000
15. **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. **Conference**: Did not include.	0
16. **Smart Zone Grant. Senate**: included a $100 placeholder for a grant to a local smart zone. **Conference**: Did not include.	0
17. **Healthy Living Campus. Senate**: included a $100 placeholder to Kalamazoo Valley Community College. **Conference**: Did not include.	0
18. **Protect and Grow. Conference**: Included $3.0 million in one-time appropriations to this program.	3,000,000
19. **Sustainable Employment Pilot Program. Conference:** Included a $100 placeholder for a pilot program to provide contracts to providers with the focus on moving individuals off of government assistance programs. Sec. 1083 was included to outline the program and contract.	100
20. **FY 2016-17 One-Time Gross Appropriations.** Included $34,328,500 in One-Time Appropriations. Of the total, 14.0 million is for Business Attraction, $8,778,500 is for Statewide data systems integration, $8.55 million is for Special Grants, and $3.0 million for Protect and Grow.	
Total Changes	($7,029,200)
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$1,145,994,300**

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

Items Included by the Senate and House

1. **Business Attractions and Community Development Increase**. **Governor**: Included benchmark requirements on the increase to Business Attraction. **Senate/House/Conference**: Did not include. (Sec. 1042a)

2. **Statewide System of Integration**. **Governor/Senate/House**: Included program and reporting requirements on the implementation of the Statewide Systems of Integration. (Sec. 1081)

3. **Technical Changes**. **Governor/Senate/House** 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))), 1079 (moved to Sec. 1065(h)), and removing references to Film Incentives in sections 1032 (Film Office Report) and 1036 (appropriations transfer restriction).

Conference Agreement on Items of Difference

4. **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. **House**: Maintained current law. **Conference**: Did not concur with the Governor and kept sections in the 1000's.
5. **Deleted Sections**. **Conference**: removed a number of sections that were retained by either the House or Senate, which includes sections: 991 (Broadband Report), 1014 (Core Community Fund), 1031 (spending plan report), 1033b (Film Inventive 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 payment), 1069 (GED-to-school), and 1070 (Workforce Development Workgroup).
6. **Retained Section**. **Conference**: retained a number of sections that were deleted by either the Governor, House, or Senate, which includes sections: 990 (MSHDA report), 1007 (MSF & MEDC activity report), 1010 (Jobs for Michigan Investment 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).

7. **Modified. Conference**: modified a number of sections, which includes section 1007 (MEDC activity report), 1020 (Federal pass-through funds), 1033 (Film Incentive report), 1064 (Workforce development Programs Report), 1065 (Skilled Trades Training Report), 1066 (Skilled Trades Training program), and 1068 (Workforce Training Program report).

8. **Facility for Rare Isotope Beams (FRIB) progress report**. **Senate**: Included a status report on the construction of the FRIB program. **Conference**: concurred with the new Senate language. (Sec. 1038)

9. **Unmanned Aerial Drone Development Grant**. **Senate**: Included a $500,000 business attraction grant for unmanned aerial drone development. **Conference**: Did not include.

10. **Van Andel**. **Senate**: Included a $1.0 million Entrepreneurship grant to Van Andel. **Conference**: Did not include.

11. **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, and $300,000 for the Urban Search and Rescue Taskforce. **Conference**: Outlined 21 individual grants within the Special Grants line item. (Sec. 1046)

12. **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. **Conference**: Concurred with the Senate. (Sec. 1047)

13. **Work Opportunity Program. Senate**: Included new language that outlines the Work Opportunity Program including a progress report. **Conference**: Did not include.

14. **Interagency Agreement. Senate**: Included new language that requires an interagency agreement with DHHS for the use of TANF dollars. **Conference**: Concurred with the Senate. (Sec. 880)

15. **Place Holders. Senate**: Included three new Sections that involve $100 place holders. Sec. 848 outlines the $100 placeholder in Part 1 for the Smart Zone grant Sec. 849 is for aerospace supplier expansion from entrepreneurship eco-system, and Sec. 850 from entrepreneurship eco-system for a grant to a technology accelerator. **Conference**: Did not include funding for the various placeholders.
16. **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. **Conference**: Included language but modify to allow $2.0 million in current appropriations to be used for matching. (Sec. 1069)
17. **Financial Literacy Pilot Program**. **Governor**: Included program and reporting requirements on the one-time Financial Literacy Pilot Program. **Senate**: Did not include. **House**: Concurred with the Governor. **Conference**: did not include.
18. **Sustainable Employment Pilot Program. House**: Included language for a pilot program to develop contracts with other providers to focus on moving individuals off of government assistance programs and measuring the savings to the state of Michigan. **Conference**: Concurred with House language. (Sec. 1083)

Date Completed: 6-30-16 Fiscal Analyst: Cory Savino

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	2,844.0	2,877.0	33.0	1.2
GROSS	**1,263,223,700**	**1,301,191,700**	**37,968,000**	**3.0**
Less:				
Interdepartmental Grants Received	678,478,500	694,054,100	15,575,600	2.3
ADJUSTED GROSS	**584,745,200**	**607,137,600**	**22,392,400**	**3.8**
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**	**599,859,400**	**26,889,300**	**4.7**
Less:				
Other State Restricted Funds	95,771,900	114,340,800	18,568,900	19.4
GENERAL FUND/GENERAL PURPOSE	**477,198,200**	**485,518,600**	**8,320,400**	**1.7**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$1,263,223,700**

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

Items Included by the Senate and House

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 and House:** 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 and House:** Concurred with Governor.	10,632,400
3. **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 and House:** Concurred with Governor.	35,000
4. **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 and House:** Concurred with Governor.	132,000
5. **Information Technology (IT) - Alignment of IDG Funding. Governor:** Aligned its IDG funding with enacted FY 2015-16 appropriations for all departments. **Senate and House:** Concurred with Governor.	5,551,500

6. **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 and House:** Concurred with Governor.	3,631,100
7. **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. **Senate and House:** Concurred with Governor.	(3,500,000)
8. **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 and House:** Concurred with Governor.	(1,595,500)
9. **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 and House:** Concurred with Governor.	(8,000,000)
10. **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 and House:** Concurred with Governor.	710,000
11. **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 and House:** Concurred with Governor.	(152,600)
12. **Unclassified Salaries. Governor:** Increased funding by $24,400 for total funding of just over $1.0 million for FY 2016-17. **Senate and House:** Concurred with Governor.	24,400
<u>Conference Agreement on Items of Difference</u>	
13. **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 and House:** Removed the economics totaling $12,200 for the Office of Urban initiatives due to elimination of the program. **Conference:** Concurred with Governor.	8,879,600
14. **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. **House:** Did not include. **Conference:** Concurred with Senate.	6,700,000
15. **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. **House:** Reduced GF/GP funding of $1.5 million. **Conference:** Concurred with Senate.	2,678,700
16. **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. **House:** Reduced Governor's funding by $3.0 million. **Conference:** Reduced Governor's funding by $1.0 million for total funding in FY 2016-17 of $4.0 million.	4,000,000
17. **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:** Retained as $100 placeholder. **House:** Removed all funding. **Conference:** Reduced funding by $1.5 million for total funding in FY 2016-17 of $1.0 million.	(1,500,000)

18. **Regional Prosperity Grants. Governor:** No change to current year funding. **Senate:** Retained as $100 placeholder. **House:** Concurred with Governor. **Conference:** Maintained current year funding of $2.5 million for FY 2016-17.	0
19. **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. **House:** Not included. **Conference:** Concurred with House.	0
20. **Adjustment for Executive Revision 2017-3. Conference:** Included additional funding due to enactment of E.O 2016-4 that created the Office of Performance and Transformation.	495,500
21. **Budget and Financial Management. Conference:** Included additional funding of $250,000 GF/GP. Expenditures to be determined by the State Budget Director at some point during the fiscal year.	250,000
22. **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. **House:** Reduced Governor's funding amounts by the following: Special Maintenance ($3.0 million): removed all of legal services ($5.0 million) and all of Lansing office space moves ($7.5 million). **Conference:** Reduced Governor's funding by the following amounts: Special Maintenance ($8.4 million); removed all of Lansing Space moves ($7.5 million); and ITIF funding ($2.5 million). Also, Conference added $250,000 for special projects.	14,200,900
Total Changes	$37,968,000
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$1,301,191,700**

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

Items Included by the Senate and House

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 and House:** 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 and House:** Concurred with Governor. (Sec. 822e)
3. **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 and House:** Retained current law. (Current Law Sec. 822g)
4. **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 and House:** Concurred with Governor. (**NEW** Sec. 822j)
5. **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 a school. **House:** Concurred with Senate. **Conference:** Concurred with the Senate (**NEW** Sec. 822l)

6. **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 and House:** Concurred with Governor. (Sec. 827)

7. **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 and House:** Concurred with Governor. (**NEW** Sec. 836)

8. **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 and House:** Concurred with Governor. (**NEW** Sec. 837)

9. **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 and House:** Concurred with Governor. (**NEW** Sec. 839)

Conference Agreement on Items of Difference

10. **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. **House:** Concurred with Governor. **Conference:** Concurred with House. (Current Law Sec. 822f)

11. **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. **House:** Did not include. **Conference:** Concurred with the Senate.(**NEW** Sec. 822m)

12. **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. **House:** Did not include. **Conference**: Added new language that requires that the department include the corresponding department or agency for all new RFPs to allow RFPs to be search by department or agency. (**NEW** Sec. 822n)

13. **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. **House:** Did not include. **Conference:** Concurred with the Senate. (**NEW** Sec. 822o)

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. **House:** Did not include. **Conference:** Concurred with Senate. (**NEW** Sec. 838)

Date Completed: 6-30-16 Fiscal Analyst: Joe Carrasco, Jr.

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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	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**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$156,449,000**
Changes from FY 2015-16 Year-to-Date:	
Items Included by the Senate and House	
1. **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** and **House**: Concurred with Governor.	25,516,000
2. **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** and **House**: Concurred with Governor.	2,344,000
3. **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** and **House**: Concurred with Governor.	(47,272,000)
Total Changes	($19,412,000)
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$137,037,000**

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

1. No Change.

Date Completed: 6-30-16

Fiscal Analyst: Cory Savino

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,901.5	1,902.5	1.0	0.1
GROSS	**614,897,100**	**519,123,200**	**(95,773,900)**	**(15.6)**
Less:				
Interdepartmental Grants Received	9,500,700	11,262,300	1,761,600	18.5
ADJUSTED GROSS	**605,396,400**	**507,860,900**	**(97,535,500)**	**(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**	**458,712,300**	**(97,967,500)**	**(17.6)**
Less:				
Other State Restricted Funds	402,749,500	360,303,600	(42,445,900)	(10.5)
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)**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$614,897,100**

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

Items Included by the Senate and House

1. **Free Individual e-File**. **Governor: I**ncluded 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. **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
3. **Other Changes.** (delete if not applicable)	
4. **DTMB-Rated Service Model**. **Governor: I**ncluded 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
5. **Payments in Lieu of Taxes (PILT)**.-**Governor: I**ncreased 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
6. **Casino Gaming Information Technology (IT)**. **Governor: I**ncreased 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. **Chaldean Community Foundation**. **Governor:** Eliminated the line item that supported this program. **Senate**: Concurred with Governor.	(250,000)
<u>Conference Agreement on Items of Difference</u>	
13. **Student Loan Delinquency Pilot. Senate**: Added a 3-year pilot program to provide 1-on-1 student loan counseling assistance. **Conference**: Included funding for a 1-year pilot.	345,600
14. **Testing and Analytics Unit**. **Governor: I**ncreased 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
15. **Financial Data Analytical Tool Reimbursement**. **Senate:** Included $100 placeholder for reimbursing local units of government for the purchase of financial analytical tools, Sec. 1049h outlines the program. **Conference**: Conference did not include.	0
16. **Grants**. **Governor:** Eliminated all grants. **Senate**: Concurred with Governor. **House**: Included the grant for Urban Search and Rescue Taskforce (from $300,000 to $500,000). **Conference**: Included a grant for Urban Search and Rescue Taskforce ($200,000), Beat the Street ($100,000), house ($100,000), and a Plasma Cutter ($76,000)	476,000
17. **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. **Conference**: Made a technical fund shift that resulted in $621,600 less in GF/GP.	0
18. **Drinking Water Emergency Contingency Fund. Conference:** Included a $100 placeholder to allow for transfers from the Drinking Water Declaration of Emergency Reserve Fund.	100
19. **FY 2016-17 One-Time Gross Appropriations. Conference**: Includes $2,842,500 in one-time funding for implementing free individual e-file.	
Total Changes	($95,773,900)
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$519,123,200**

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

Items Included by the Senate and House

1. **Deleted Sections**. **Governor/Senate/House**: deleted a number of sections, which includes sections: 918 (Tax Orientation Workshop), 949a (Personal Property Tax Payments), 949c (Online Business Portal).
2. **Write-Offs and Advances**. **Governor:** Removed the reporting requirement for write-offs and advances. **Senate/House**: Did not include the modification. (Sec. 917)
3. **Unclaimed Property Audit Modification**. **Governor:** Removed requirements that the Department recommend improvements to unclaimed property audits. **Senate/House**: Concurred with Governor. (Sec. 919)
4. **Michigan Financial Authority Modification**. **Governor:** Removed reporting requirements for the Michigan Financial Authority. **Senate/House**: Did not include the modification. (Sec. 934)
5. **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, and 979.

Conference Agreement on Items of Difference

6. **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. **House**: Did not include any reordering of section. **Conference**: Did not include any reordering of sections.
7. **Retained Section**: **Conference**: Retained sections deleted by either the Governor, House, or Senate, which includes: 902a (notification of bond refinancing), 927 (Personal Property Tax Audits), 944 (Pension Plan Consultant Report Retention), 949d (Financial Review Commission), 949g (Urban Search and Rescue), and 963 (Ban on bridge cards being used to buy lottery tickets).
8. **Deleted Section: Conference**: Deleted sections retained by either the House, or Senate, which includes: 949b (City income tax administration)
9. **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. **House**: Maintained current law. **Conference**: Concurred with the Governor. (Sec. 904a)
10. **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. **Conference**: Included the Senate language with modification for a 1-year pilot program. (Sec. 936)
11. **Michigan Accounts Receivable Collection System Report. Senate**: Included a new report on the account receivable collections system for short and long term delinquent accounts. **House**: Included a reduced reporting requirement. **Conference**: Concurred with the Senate. (Sec. 937)
12. **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. **Conference**: Concurred with the Senate. **Governor's signing letter states this section is unenforceable.** (Sec. 938)
13. **Tax Credit Report. Conference:** 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 other certified credits. (Sec. 941)
14. **Financial Analytical Tool Reimbursement. Senate:** Included language that outlines reimbursement to locals for financial analytical tools, which includes dates to submit and receive reimbursement, vendor requirements, proration, and using any unexpended funds remaining. **Conference**: Did not include.
15. **Lottery Promotion**: **Senate**: Increase the caps to $25 million or 1%, whichever is less. **House**: Maintained current law. **Conference**: Concurred with the Senate. (Sec. 964)

Date Completed: 6-30-16 Fiscal Analyst: Cory Savino

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	CHANGES FROM FY 2015-16 YEAR-TO-DATE PERCENT
FTE Positions	N/A	N/A	0.0	0.0
GROSS	**1,214,331,000**	**1,228,982,700**	**14,651,700**	**1.2**
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	**1,214,331,000**	**1,228,982,700**	**14,651,700**	**1.2**
Less:				
Federal Funds	0	0	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	**1,214,331,000**	**1,228,982,700**	**14,651,700**	**1.2**
Less:				
Other State Restricted Funds	1,214,331,000	1,228,982,700	14,651,700	1.2
GENERAL FUND/GENERAL PURPOSE	**0**	**0**	**0**	**0.0**
PAYMENTS TO LOCALS	**1,214,331,000**	**1,228,982,700**	**14,651,700**	**1.2**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$1,214,331,000**

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

Items Included by the Senate and House

1. **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 and House concurred.	0

Conference Agreement on Items of Difference

2. **Constitutional Revenue Sharing.** The Governor recommended an increase in constitutional revenue sharing of 3.9% to $781,501,400, 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 and House concurred. Conference included $757,875,200 for constitutional revenue sharing based on May 2016 consensus revenue estimates which included a lower forecast for sales tax revenue. This would be an increase of 1.6% or $12,084,200 from the revised estimate for FY 2015-16.	12,084,200

3. **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 House maintained the current year funding level of $248,840,000 and distribution to 587 local units. Conference concurred with the House in total funding of $248,840,000, which consists of $243,040,000 in ongoing appropriations and $5.8 million in one-time funding, the same as in FY 2015-16.	0
4. **County Revenue Sharing and County Incentive Program.** The Governor and House 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. The Senate provided funding for the newly eligible counties and increased payments to all eligible counties by 2.0%. Conference funded newly eligible counties and provided a 1.0% or $2.1 million increase to all eligible counties which would be paid through the line item for county revenue sharing. County revenue sharing increased to $174,234,000 and the county incentive program increased to $43,033,500.	2,567,500
5. **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. The House provided $5.2 million in one-time funding for CGAP. Conference did not include.	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. The House did not include the program. Conference did not include.	0
7. **FY 2016-17 One-Time Gross Appropriations.** Conference included $5.8 million in one-time appropriations for CVT revenue sharing as described above.	0
Total Changes	$14,651,700
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$1,228,982,700**

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

Items Included by the Senate and House

1. **Revenue Sharing Workgroup.** The Governor, Senate, and House deleted legislative intent language regarding a legislative workgroup on city, village, and township nonconstitutional revenue sharing. (Sec. 957)

Conference Agreement on Items of Difference

2. **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. The House maintained eligibility and payment amounts in FY 2016-17 at the same amount as in FY 2015-16. Conference concurred with the House. (Sec. 952)

3. **Revenue Sharing for Counties.** The Governor and House 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. Conference provided that the county incentive program payment is calculated as 20.0% of the full-funding amount. The county revenue sharing line item is paid at 100.976% of the full-funding amount, less the amount for which a county is eligible under the county incentive program. This provides about a 1.0% increase to counties eligible for State-paid revenue sharing. (Sec. 952(2) and 955)

4. **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 would allow deferral of the December payment if all required documents and certifications were submitted by February 1. The House retained the current payment schedule. Conference concurred with the House. (Sec. 952(4)(e))

5. **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 county. A work project would be established for any funds remaining at year-end. The Senate did not include. The House included the program but limited eligibility to cities, villages, townships, and counties. Conference concurred with the Senate.

6. **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. The House included performance metrics and revised the language to reflect that CVTs and counties would be eligible under the House proposal. Conference concurred with the Senate.

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. The House did not include. Conference concurred with the House.

Date Completed: 6-30-16 Fiscal Analyst: Elizabeth Pratt

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	15,437.0	15,570.5	133.5	0.9
GROSS	**25,137,449,000**	**24,841,836,800**	**(295,612,200)**	**(1.2)**
Less:				
Interdepartmental Grants Received	13,551,600	13,513,700	(37,900)	(0.3)
ADJUSTED GROSS	**25,123,897,400**	**24,828,323,100**	**(295,574,300)**	**(1.2)**
Less:				
Federal Funds	18,470,968,600	17,880,902,200	(590,066,400)	(3.2)
Local and Private	280,745,300	278,705,100	(2,040,200)	(0.7)
TOTAL STATE SPENDING	**6,372,183,500**	**6,668,715,800**	**296,532,300**	**4.7**
Less:				
Other State Restricted Funds	2,218,475,300	2,294,167,500	75,692,200	3.4
GENERAL FUND/GENERAL PURPOSE	**4,153,708,200**	**4,374,548,300**	**220,840,100**	**5.3**
PAYMENTS TO LOCALS	**1,224,137,400**	**1,321,260,100**	**97,122,700**	**7.9**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation $25,137,449,000

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

Items Included by the Senate and House

1. **Medicaid and State Children's Health Insurance Program (SCHIP) Match Rates.** The traditional Medicaid match rate declines from 65.60% to 65.15%, increasing costs by $48.5 million GF/GP. The SCHIP match rate will drop slightly, increasing costs by $0.2 million GF/GP. On January 1, 2017, the match rate for the Medicaid expansion, the Healthy Michigan Plan, will drop from 100% to 95%, increasing costs by $127.8 million GF/GP. — 0

2. **Other Fund Source Adjustments.** Due to Federal statements that the managed care Use Tax must expire at the end of 2016, Conference reflected a statutory reversion of the Health Insurance Claims Assessment (HICA) rate from 0.75% to 1.0% and reflected estimated HICA rebate revenue, resulting in a net $39.4 million more revenue and an identical GF/GP savings. The hospital provider tax retainer would be changed, resulting in a $12.1 million GF/GP savings. Additional Medicaid Benefits Trust Fund revenue would result in a $22.5 million GF/GP savings. Diversion of tobacco settlement dollars would increase costs by $74.6 million GF/GP. Recoupment of SCHIP dollars for children on Medicaid would save $45.0 million GF/GP. — 0

3. **Medicaid Actuarial Soundness Adjustments.** Conference included 1.5% increase for regular Medicaid behavioral health and physical health and a 2.0% increase for the Healthy Michigan Plan, at a total cost of $32.1 million GF/GP. — 118,263,800

4. **Five-Year Early-Out Deferred Sick Leave Payments.** Conference recognized that the obligations associated with employees who opted into the 2010 early retirement program with deferred sick leave payments over five years have been satisfied for a savings of $2.5 million GF/GP. — (6,363,600)

5. **Economic Adjustments.** Includes $8,747,200 Gross and $3,460,600 GF/GP for OPEB and $34,094,800 Gross and $17,845,300 GF/GP for other economic adjustments. — 42,842,000

Conference Agreement on Items of Difference

6. **Changes in Federal Grants.** Budget assumed a $44.3 million increase in the Federal Victims of Crime Act grant and minor adjustments in other Federal grants. Conference reduced State Innovation Model (SIM) grant from $25.0 million to $10.0 million.	32,230,000
7. **Community Health Base and Caseload Adjustments.** Conference reflected the consensus estimates of Medicaid and related program expenditures for FY 2016-17. Net GF/GP cost was $106.6 million.	(102,796,400)
8. **Human Services Base and Caseload Adjustments.** Conference reflected the consensus estimates of child welfare and public assistance program expenditures for FY 2016-17. Net GF/GP savings was $11.1 million.	(98,012,700)
9. **Program Reductions.** Conference removed FY 2015-16 one-time funding ($7.8 million), reduced Mental Health and Wellness Commission funding by $5.5 million Gross, and made reductions to rural grants ($400,000), the Maxey facility ($500,000), the child care fund ($2.0 million), university autism centers ($1.5 million), health innovations grants ($500,000), Healthy Michigan Plan marketing and call center ($9.1 million), and assumed savings from reduced emergency department utilization ($37.9 million). Total GF/GP savings $19.7 million.	(65,279,500)
10. **Technical Adjustments Tied to Federal and State Policy Changes.** Due to the projected expiration of the Medicaid managed care Use Tax, the State would no longer have to make payments to reimburse providers for the tax, resulting in an assumed savings of $466.1 million Gross, $123.3 million GF/GP. Conference adjusted a hospital reimbursement ($40.6 million Gross, $0 GF/GP). Conference reflected suspension of the Federal health insurer fee, reducing reimbursements to HMOs by $137.2 million Gross, $36.7 million GF/GP.	(645,207,100)
11. **Costs of New Pharmaceuticals.** Conference included funding for two specialty pharmaceuticals: Harvoni (Hepatitis C curative treatment) at cost of $248.9 million Gross and Orkambi (Cystic Fibrosis treatment) at a cost of $47.5 million Gross.	285,716,000
12. **Program Enhancements.** Conference increased funding for 2-1-1 services ($750,000), increased private agency foster care rates to $45 per day ($7.5 million), expanded the public assistance clothing allowance ($43.4 million), and increased funding for multicultural services ($1.4 million), food bank ($250,000), Community Mental Health ($3.0 million), the Forensic Center ($7.6 million), rural visitation ($550,000), Aging Community Services ($2.5 million), dental clinics ($2.6 million), and made other minor enhancements. In Medicaid the Conference increased guardianship rates from $60 to $83 per month ($2.7 million), expanded dental coverage for pregnant women ($2.7 million), completed statewide expansion of Healthy Kids Dental ($25.6 million), increased Adult Foster Care reimbursement by $15 per person per month, and increased private duty nursing rates by 15% ($4.9 million). Total GF/GP cost of $37.5 million.	67,061,800
13. **Other Changes.** Other changes resulted in a minor increase in costs.	5,146,100
14. **FY 2016-17 One-Time Gross Appropriations.**	70,787,400
Total Changes	($295,612,200)
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$24,841,836,800**

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

Items Included by the Senate and House

1. **Protected Class Prescriptions.** Senate and House included new language prohibiting the Department from subjecting certain prescription drugs to prior authorization procedures. Conference concurred. (Sec. 1875)

Conference Agreement on Items of Difference

2. **Performance Metrics.** Senate modified existing language concerning benchmarks to measure performance of all new

programs and program enhancements, and to establish rankings for new budget investments of greater than $500,000. House maintained current-year language. House kept current-year language. Conference removed language. (Sec. 204)

3. **Healthy Michigan Plan Advertising.** Senate included new language appropriating $1.0 million to the Medicaid Health Plans to inform residents about HMP incentives shown to improve health outcomes. Language also prohibits the use of funds to advertise enrollment in the HMP. Conference concurred with Senate. (Sec. 228)
4. **TANF Interagency Agreement.** Senate combined two current-year sections that direct DHHS and the Talent Investment Agency to continue an interagency agreement to develop processes for TANF funding. Governor and House did not include. Conference concurred with Senate. (Sec. 229)
5. **Multicultural Contracts.** Senate and House modified and moved language requiring the Department to competitively award grants to agencies providing services to multicultural populations consistent with a series of requirements included in the language. Conference concurred with Senate and House. (Sec. 295)
6. **Medicaid Behavioral Health Report.** Senate included new language requiring a report from detailing a proposal to enhance behavioral health services and reform the payment process. House included new language requiring a workgroup to make recommendations regarding the most effective financing model and policies for behavioral health services. Conference modified House language to add additional goals for the workgroup to consider and require the recommendation of annual benchmarks to measure progress in implementation of any new financing models or policy recommendations. (Sec. 298)
7. **RFP Notifications.** Senate added subsections that require more details concerning RFP processes where the lowest cost or highest scoring bidding vendor does not receive the contract. Senate also required reporting on instances of these divergences. Governor and House did not include new subsections. Conference concurred with Senate. (Sec. 299)
8. **State Licensing Review.** Senate modified the requirement that licensing reviews for child placing agencies and institutions should occur every three years from two years currently. Governor did not include. House did not include subsection (2). Conference modified the requirement to occur every four years. (Sec. 532)
9. **Payment Processing Time.** Senate revised existing language to add reporting requirements for payments to child placing agencies that were greater than 30 days in arrears. Governor did not include. House did not include additional reporting requirements. Conference concurred with Senate. (Sec. 533)
10. **MiSACWIS Report.** Senate modified existing reporting requirements for the MiSACWIS system by increasing the detail that must be produced in the annual report. Governor and House both modified reporting language in different ways. Conference concurred with Senate. (Sec. 534)
11. **Administrative Daily Rate Increase.** Senate increased the incremental administrative rate for private child welfare agencies from $3 per day to $8 per day. Governor did not include. House modified section to maintain a $40 per day total rate. Conference concurred with Senate on a total $45 per day rate. (Sec. 546)
12. **Child Welfare Training Process.** Senate allowed for private foster care agencies to conduct their own staff training provided that the training is certified by the Department. Governor and House removed reporting requirements. Conference maintained current subsection (1) and required the Department to conduct a child welfare training workgroup. (Sec. 558)
13. **Juvenile Justice Vision 20/20.** Senate added $1.0 million in funding to Grand Valley State University to act as the fiduciary for an expansion of the juvenile justice data sharing model. Governor and House did not include. Conference removed. (Sec. 586)
14. **Spend-Down Workgroup.** Senate included new language requiring the Department to conduct a workgroup to address issues relating to Medicaid spend-downs and make policy recommendations. Conference modified language to require a report from the Department on spend-down issues. (Sec. 1012)
15. **Center for Forensic Psychiatry Expansion.** Senate included new language directing the Department to open an eighth wing at the Center, effective April 1, 2017, in order to alleviate time spent on wait lists. The language includes required program outcomes and performance metrics. House included a modified version of this language directing the opening of an eighth wing, effective October 1, 2016. Conference concurred with House. (Sec. 1059)

16. **Opioid Fraud.** Senate included new language dedicating 1.0 FTE to coordinating with the Department of Licensing and Regulatory Affairs (LARA), the Department of Attorney General, and the Medicaid Health Plans to reduce fraud related to opioid prescribing within Medicaid. Conference modified language to expand the scope of the FTE to addressing recommendations of the prescription drug and opioid abuse task force. (Sec. 1150)

17. **Opioid Addiction Treatment.** Senate included new language dedicating 1.0 FTE to coordinating with LARA, the Department of Attorney General, and the Medicaid Health Plans to help inform Medicaid enrollees of medically appropriate treatment options for opioid addiction. Conference modified language to expand the scope of the FTE to addressing recommendations of the prescription drug and opioid abuse task force. (Sec. 1151)

18. **National Brand Peanut Butter.** Senate modified language requiring national brand peanut butter to be included in the basket of approved WIC items. House modified language to require national brand products be included if the price per unit is more cost effective while still satisfying national guidelines. Conference concurred with Senate. (Sec. 1340)

19. **Food Bank Council Collaboration with AAA.** Senate included new language encouraging the collaboration between the Area Agencies on Aging and the Food Bank Council of Michigan to secure the food security of vulnerable seniors. Conference modified language to encourage collaboration to secure the food access of seniors. (Sec. 1402)

20. **Integrated Services Delivery Call Center.** Senate and House included new language directing the Department to establish new IT tools and enhance existing systems to improve the eligibility and enrollment process. Language also includes outcomes and performance metrics. House language also included a reporting requirement. Conference concurred with Senate. (Sec. 1506)

21. **Direct Primary Care Pilot.** Senate included new language appropriating funds to implement a Direct Primary Care Pilot in Wayne, Oakland, and Livingston counties. Language specifies the make-up of the pilot, required contract provisions, a quarterly reporting requirement, and legislative intent that the pilot continue for three years. House included new language requiring the Department to consider implementing a Direct Primary Care pilot. Conference concurred with House. (Sec. 1701)

22. **Hepatitis C Tracking.** Senate included new language requiring a report on Hepatitis C tracking data by March 1 of the current fiscal year. Conference concurred with Senate. (Sec. 1878)

23. **Healthy Kids Dental.** Senate altered language directing the expansion of Healthy Kids Dental to all kids in Kent, Oakland, and Wayne counties. Outlines performance measures for the program. House included the same language, but specified the expansion was to all eligible kids. Conference concurred with House. (Sec. 1894)

24. **Adult Dental Services.** Senate included new language requiring a contract with a managed care organization to administer the Medicaid adult dental benefit beginning July 1, 2017. Also included outcomes and performance measures. Conference removed. (Sec. 1896)

25. **Parent Partner and Family Reunification Programs.** Senate included new language directing the Department to expand the Parent Partner Program and Family Reunification Program. Outlines performance measures for the program and states that unexpended funds be designated as a work project. Conference modified language to reflect increased appropriation. (Sec. 1909)

26. **Flint Declaration of Emergency.** Senate included new language requiring the Department to allocate funds to address needs related to the Flint water crisis. Language includes examples of activities for which the funds may be used. House included similar language, but referenced the date of the declaration of emergency. Conference concurred with Senate. (Sec. 1910)

27. **Pharmacy Reserve.** Senate included new language prohibiting the expenditure of funds in the pharmacy reserve until the funds have been transferred to other line items, and 30 days have passed since the submission of a report to the Legislature. Conference removed. (Sec. 1911)

28. **Electronic Service Verification.** Senate included new language appropriating $500,000 to develop an electronic service verification solution to reduce errors and minimize fraud in the Adult Home Help Program. House included new language appropriating $25,000 to study the benefits of developing an electronic service verification solution. Conference concurred with House. (Sec. 1912)

Date Completed: 6-30-16 Fiscal Analyst: Ellyn Ackerman, Steve Angelotti, John Maxwell

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE: AMOUNT	CHANGES FROM FY 2015-16 YEAR-TO-DATE: PERCENT
FTE Positions	337.0	336.5	(0.5)	(0.1)
GROSS	**65,057,700**	**66,257,200**	**1,199,500**	**1.8**
Less:				
Interdepartmental Grants Received	707,600	707,600	0	0.0
ADJUSTED GROSS	**64,350,100**	**65,549,600**	**1,199,500**	**1.9**
Less:				
Federal Funds	2,000,000	2,000,000	0	0.0
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	**62,350,100**	**63,549,600**	**1,199,500**	**1.9**
Less:				
Other State Restricted Funds	62,200,100	63,399,600	1,199,500	1.9
GENERAL FUND/GENERAL PURPOSE	**150,000**	**150,000**	**0**	**0.0**
PAYMENTS TO LOCALS	**0**	**0**	**0**	**0.0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$65,057,700**
Changes from FY 2015-16 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. **Five-Year Early-Out Deferred Sick Leave Payments.** Departmental payment 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.	(138,500)
2. **Economic Adjustments.** Includes $234,700 Gross and $0 GF/GP for OPEB and $1,153,300 Gross and $0 GF/GP for other economic adjustments.	1,388,000
<u>Conference Agreement on Items of Difference</u>	
3. **Economic Development Programs - Eliminate.** The House removed 0.5 FTEs and $50,000 in restricted funds that had been used for economic development within the Department. The Conference included this reduction.	(50,000)
4. **Eating Disorder Insurance Mandate - Actuarial Study.** The House included $50,000 GF/GP for an actuarial study on the cost of a mandate to require health insurers to cover treatment of eating disorders. The Conference did not include this item.	0
Total Changes	$1,199,500
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$66,257,200**

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

<u>Items Included by the Senate and House</u>

1. **Disciplinary Restrictions for Legislative Communication.** The House and Senate retained and the Governor removed a requirement that prohibited the Department from disciplining employees for communicating with legislators or legislative staff (Sec. 218).

2. **Metrics for New/Increased Programs.** The Governor removed, and House and Senate retained a requirement that proposals for new programs or increases over $500,000 be accompanied by proposed metrics. (Sec. 216)

3. **Report Retention.** The Governor removed, and House and Senate retained a requirement that reports be retained according to State and Federal laws. (Sec. 217)

4. **Healthy Michigan Plan Accounting.** The Governor removed, and House and Senate retained a reporting requirement on the accounting of costs related to the Healthy Michigan Plan. The Conference included the section, but required the report only if there are changes from the previous fiscal year. (Sec. 220)

5. **Department Charges for Non-Confidential Information Requests.** The Governor, House, and included language authorizing the Department to establish and collect fees for supplying information requests. Any fees not spent would lapse to the appropriate restricted fund (Sec. 392).

<u>Conference Agreement on Items of Difference</u>

6. **Out-of-State Travel Limitation.** The Senate modified an existing out-of-state travel reporting requirement section to also prohibit out-of-state travel except in certain circumstances. The House included the section unchanged from the current year. The Conference included the Senate language. (Sec. 207)

7. **Health Insurer Annual Rate Filing Report.** The Senate retained current reporting requirements and the Governor amended reporting requirements to include the number of applicable filings, the average number of days to process filings, an estimated percentage of residents without health coverage, the number of denied filings, and the percentage of rate filings processed for more than six months in a calendar year. The report previously required the number of filing approvals and denials, the percentage of rate filings processed, the average number of days to process filings, and an estimated percentage of residents without insurance for more than six months in a calendar year. The House and Conference moved the specific reporting requirements into a new section. (Sec. 221).

8. **Office Space Inventory.** The Governor and House removed and Senate retained a report on the amount of office space owned or leased by the Department. The Conference removed this section. (Sec. 219 of Senate bill)

9. **Eating Disorder Insurance Mandate Study.** The House included a section earmarking $50,000 (Item 4 on previous page) for an actuarial study on the cost to require health insurers to cover treatment of eating disorders. The Conference did not include this section. (Sec. 222 of House bill)

10. **Health Insurance Rate Filing Report.** The House moved the health insurance reporting requirements from Sec. 213 into this section. The Conference concurred. (Sec. 301)

11. **Economic Development Report.** The Governor and House removed, and Senate retained a report on economic development activities undertaken by the Department. The Conference removed this section, as funding for economic development (Item 3 on previous page) was removed. (Sec. 310 of Senate bill)

12. **Autism Coverage Reimbursement Program Report.** The Governor and House removed, and Senate retained a reporting requirement on the Autism Coverage Reimbursement Program. The Conference removed this item. (Sec. 802 of Senate bill)

Date Completed: 6-30-16 Fiscal Analyst: Josh Sefton

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	489.0	510.0	21.0	4.3
GROSS	**284,851,400**	**298,234,000**	**13,382,600**	**4.7**
Less:				
Interdepartmental Grants Received	2,362,900	1,550,000	(812,900)	(34.4)
ADJUSTED GROSS	**282,488,500**	**296,684,000**	**14,195,500**	**5.0**
Less:				
Federal Funds	6,428,600	6,433,500	4,900	0.1
Local and Private	8,171,900	8,307,100	135,200	1.7
TOTAL STATE SPENDING	**267,888,000**	**281,943,400**	**14,055,400**	**5.2**
Less:				
Other State Restricted Funds	84,245,800	92,786,000	8,540,200	10.1
GENERAL FUND/GENERAL PURPOSE	**183,642,200**	**189,157,400**	**5,515,200**	**3.0**
PAYMENTS TO LOCALS	**137,073,400**	**137,775,900**	**702,500**	**0.5**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$284,851,400**

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

Items Included by the Senate and House

1. **Statewide Electronic Filing System.** Governor, Senate, and House increased spending authority from the electronic filing fund.	8,500,000
2. **Michigan Legal Self-Help Website and Centers.** Governor, Senate, and House increased funding to the Michigan Legal Self-Help program.	300,000
3. **Court of Claims.** Governor, Senate, and House recommended an ongoing appropriation to cover additional caseloads due to P.A. 79 of 2015.	200,000
4. **Michigan Judicial Institute.** Governor, Senate, and House recognized the loss of a $56,500 Federal Department of Justice, victim's assistance grant, and the loss of a $339,200 interdepartmental grant from the Michigan State Police, Michigan Commission on Law Enforcement Standards.	(395,700)
5. **Replace Michigan Commission on Law Enforcement Standards Revenue.** Governor, Senate, and House added $167,000 General Fund to the State Appellate Indigent Defense Office to recognize discontinuance of interdepartmental grants in the same amount from the Michigan State Police and also removed excess spending authorization of $306,700.	(306,700)
6. **Judgeship Net Savings by Attrition.** Governor, Senate, and House recognized elimination of judgeships through attrition and retirements, and increases due to restoration and new elections.	(259,700)
7. **Removal of One-Time Funding.** Governor, Senate, and House removed the one-time funding to the Court of Claims for P.A. 79 of 2015 and recommended it be replaced with an ongoing appropriation.	(200,000)

8. **Removal of 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.	(58,800)
9. **Economic Adjustments.** Includes $324,000 Gross and $272,100 GF/GP for OPEB and $1,407,000 Gross and $1,214,700 GF/GP for other economic adjustments.	1,731,000
10. **Other Changes.** Governor, Senate, and House removed the revenue placeholder for the e-file system.	(100)
Conference Agreement on Items of Difference	
11. **Criminal Justice Reform Initiative.** Senate increased funding for the Swift-and-Sure Sanctions Program by $800,000 to allow the Supreme Court to appoint a judge to oversee a specialty court for the Swift-and-Sure Sanctions program in any county that had at least 325 individuals sentenced to prison in the previous calendar year. Conference reduced funding by $250,000 from Governor, $500,000 is directed to support programs in counties that had at least 325 individuals sentenced to prison in the previous calendar year. The Supreme Court would not appoint judges.	(250,000)
12. **Michigan Indigent Defense Commission.** Governor and House increased funding by $1,300,000 to implement minimum standards, rules, and procedures to guarantee the right of indigent defendants to the assistance of proficient counsel, collect data from indigent defense systems and attorneys, and monitor and audit county compliance plans. Senate reduced Governor's recommendation by $500,000. Conference concurred with Governor.	1,300,000
13. **Specialty Treatment Courts.** Conference increased ongoing funding to Drug Treatment courts by $125,000 and Mental Health courts by $125,000.	250,000
14. **Judicial Salaries.** Governor and House included funding to cover judicial salary increases authorized by P.A. 31 of 2016. Senate did not include. Conference included increases.	872,600
15. **FY 2016-17 One-Time Gross Appropriations. State Appellate Defender Office Staff.** Governor and House added one-time funding of $1,100,000 to help ensure compliance with the U.S. Supreme Court ruling in *Montgomery v. Louisiana* regarding juvenile life sentences. Senate reduced Governor's recommendation by $400,000. M**edication-Assisted Treatment Pilot.** Governor and Senate appropriated $500,000 in one-time funds for a medication-assisted treatment pilot program within existing drug treatment courts. House increased appropriation by $500,000. Conference increased by $250,000. **Specialty Treatment Courts.** Governor and House added one-time funding of $1,000,000 specialty courts. Senate reduced increase by $750,000. Conference reduced increase by $500,000 and moved $250,000 funding from one-time to ongoing funding.	1,700,000
Total Changes	$13,382,600
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$298,234,000**

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

Items Included by the Senate and House

1. **Definitions.** One definition was added to the bill: SADO means "State Appellate Defender Office".
2. **New Sections.** Governor, Senate, and House added new Sections related to the Michigan Indigent Defense Commission (Sec. 324) and the State Appellate Defender Office (Sec. 401).
3. **Court of Claims.** Governor, Senate, and House increased the allocation from $511,900 to $711,900 for Circuit Court reimbursement under P.A. 16 of 1978, for costs associated with the Court of Claims. (Sec. 303)
4. **Section Names.** Governor, Senate, and House added "One-Time Appropriations" Section.

5. **Updated Amounts for Total Legacy Costs.** Governor, Senate, and House updated total legacy costs Section. The pension-related costs are $7,820,600 and the retiree health care costs are $6,284,000. (Sec. 224)

Conference Agreement on Items of Difference

6. **Criminal Justice Reform Initiative.** Senate added language to Sec. 320 to set up and to set restrictions on the expansion of the Swift-and-Sure Sanctions program described above.
7. **Report on Incremental Costs from Michigan Indigent Defense Commission.** House required the Michigan Indigent Defense Commission to submit a report on the incremental costs associated with the standard development process, the compliance plan process, and the collection of data from all indigent defense systems and attorneys providing indigent defense. Conference included House language. (Sec. 324)
8. **Deletions.** Governor and House deleted the following sections: 205, 207, 209, 211, 306, and 323. These sections dealt with foster care cases, the juvenile justice vision 20/20 program, collected and uncollected payments and fees, among other things. Senate did not delete sections. Conference retained all sections.

Date Completed: 6-30-16 Fiscal Analyst: Ryan Bergan

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	2,164.3	2,170.3	6.0	0.3
GROSS	**409,849,000**	**418,062,400**	**8,213,400**	**2.0**
Less:				
Interdepartmental Grants Received	46,068,700	46,923,800	855,100	**1.9**
ADJUSTED GROSS	**363,780,300**	**371,138,600**	**7,358,300**	**2.0**
Less:				
Federal Funds	63,674,900	63,818,100	143,200	0.2
Local and Private	1,020,300	363,400	(656,900)	(64.4)
TOTAL STATE SPENDING	**299,085,100**	**307,957,100**	**7,872,000**	**2.6**
Less:				
Other State Restricted Funds	258,603,600	263,236,000	4,632,400	1.8
GENERAL FUND/GENERAL PURPOSE	**40,481,500**	**43,721,100**	**3,239,600**	**8.0**
PAYMENTS TO LOCALS	**28,225,700**	**32,625,700**	**4,400,000**	**15.6**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$409,849,000**

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

Items Included by the Senate and House

1. **Michigan Liquor Control Commission IT Upgrades.** The Governor, House, and Senate included additional one-time Liquor Purchase Revolving Fund appropriations to complete the ongoing upgrades to the three main MLCC IT systems. These systems cover product price quotations, online liquor ordering, and electronic file transfers.	1,560,000
2. **Higher Education Reciprocal Exchange.** As part of Supplemental Request 2016-4, the Governor, House, and Senate included Distance Education Fund revenue to support the Department's efforts related to the Higher Education Authorization and Distance Education Reciprocal Exchange Act, (PA 45 of 2015).	300,000
3. **Detroit Demolition Permit Assistance.** The Governor, House, and Senate removed appropriations for this program as the City of Detroit has resumed permitting responsibilities related to blight elimination.	(800,000)
4. **Remove FY 2015-16 Supplemental Appropriations.** The Governor, House, and Senate did not include funds appropriated in two FY 2015-16 supplementals, both of which were related to Flint water issues.	(2,200,000)
5. **Removal of 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.	(934,700)
6. **Cost Adjustments.** The Governor, House, and Senate included two cost adjustments; $39,000 for rent charges for the Michigan Agency for Energy, and $8,400 related to the transfer of the Bureau of Children and Adult Licensing to LARA from DHHS.	47,400

7. **Reduce Overstated Federal and Restricted Fund Appropriations.** The Governor, House, and Senate reduced a number of line items to reflect revenues levels that are lower than appropriated. They include: $455,300 from the Bureau of Fire Services; $617,500 from the Corporations, Securities, and Commercial Licensing Bureau; $591,000 from the Bureau of Services for Blind Persons; $264,900 from the Radiation Safety Section; and $1,651,500 from the Michigan Administrative Hearing System. It is expected that these appropriation reductions would not have an impact on the affected programs.	(3,580,200)
8. **Michigan Administrative Hearing System - Fund Shift.** The Governor, House, and Senate included a fund shift that would reduce GF/GP to this program by $370,000 and replace it with Corporation Fees.	0
9. **Bureau of Community and Health Services - Fund Shift.** The Governor, House, and Senate included a fund shift that would reduce GF/GP to this program by $347,400 and replace it with Health Systems Fees.	0
10. **Economic Adjustments.** Includes $1,268,300 Gross and $108,900 GF/GP for OPEB and $5,281,400 Gross and $459,300 GF/GP for other economic adjustments.	6,549,700
Conference Agreement on Items of Difference	
11. **Firefighter Training Grants.** The Senate included additional Fireworks Safety Fund revenue to increase the total amount available for grants to $2.0 million. The House increased the program by $500,000; the Conference concurred with the Senate increase.	1,000,000
12. **Transfer of Deputy Director Positions from Unclassified to Classified.** The Governor and Senate included additional restricted funds to transfer deputy directors to classified positions rather than unclassified. A similar shift was made and reflected in the FY 2014-15 budget. The House did not include this item; the Conference included it.	302,000
13. **Michigan Automated Prescription System (MAPS) Upgrades.** The Governor, House, and Senate included additional GF/GP for upgrades to MAPS. Of the total, about $2.0 million is ongoing spending for additional FTEs and vendor support costs, while $2.5 million is one-time, and covers the IT upgrades themselves. The Conference included only the $2.0 million in ongoing funds.	2,020,000
14. **Michigan Agency for Energy.** The Governor included $984,300 in additional Public Utility Assessment funds to support new staff to focus on the following areas: Energy mandates, emergency coordination and electric resiliency, demand response and waste reduction, reliability expenditures, and interagency cooperation. The House and Senate did not include this item. The Conference included funding for four of the five requested positions.	601,300
15. **Oil Overcharge Elimination.** The Governor and Senate replaced $30,000 in appropriation authority from the defunct oil overcharge fund source with public utility assessments. The House and Conference removed the defunct fund source, but did not replace it.	(30,000)
16. **Bureau of Fire Services (BFS) Fund Shift and Reduction.** The House moved the Plan Review Division of BFS to the Bureau of Construction Codes, and reduced its funding by $500,000 and 4.0 FTEs. The Conference did not shift funds or reduce funding, but did remove 2.0 FTEs.	0
17. **Fire Protection Grant Enhancement.** The House provided a $3.4 million increase for fire protection grants using Liquor Purchase Revolving Fund revenue. The Conference provided this increase as a one-time payment using GF/GP.	3,400,000
18. **Executive Budget Revision 2017-3.** The Conference reflected this revision to the Governor's Recommendation which moved the Hispanic/Latino Commission, Asian Pacific American Affairs Commission, and Commission on Middle Eastern American Affairs to LARA, and moved the Office of Regulatory Reinvention to DTMB.	(22,100)
19. **FY 2016-17 One-Time Gross Appropriations.** $1.6 million for Liquor Control Commission IT upgrades and $3.4 million for enhancement to fire protection grants.	
Total Changes	$8,213,400
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$418,062,400**

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

Items Included by the Senate and House

1. **Metrics for New/Increased Programs.** The Governor removed, and House and Senate retained a requirement that proposals for new programs or increases over $500,000 be accompanied by proposed metrics. (Sec. 216)
2. **Communication with the Legislature.** The Governor removed, and House and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 218)
3. **Report Retention.** The Governor removed, and House and Senate retained a requirement that reports be retained according to State and Federal laws. (Sec. 217)
4. **TV or Radio Productions.** The Governor removed, and House and Senate retained a prohibition against the Department producing radio or TV productions. (Sec. 219)
5. **Reinventing Performance in Michigan- Cost Recovery.** The Governor, House, and Senate removed a section requiring the Department to work with other departments to recover costs for this program. (Sec. 243 of current-year budget)
6. **Bureau of Services for Blind Persons (BSBP) - Identify Federal Match.** The Governor removed, and House and Senate retained a requirement that BSBP work with service organizations to identify qualified Federal match dollars. (Sec. 705)
7. **Youth Low-Vision Program Report.** The Governor removed, and House and Senate retained a report on this program. (Sec. 706)
8. **MLCC IT Upgrades.** The Governor, House, and Senate included a new section identifying metrics for one-time funds for MLCC IT upgrades. (Sec. 905)

Conference Agreement on Items of Difference

9. **Out-of-State Travel Limitation.** The Senate modified an existing out-of-state travel reporting requirement section to also prohibit out-of-state travel except in certain circumstances. The House included the current-year version of the language. The Conference concurred with the Senate changes. (Sec. 207)
10. **Office Space Inventory.** The Governor and House removed, and Senate retained a report on the amount of office space owned or leased by the Department. The Conference did not include this section. (Sec. 219 of Senate bill)
11. **Training/Informational Event Fees**. The Governor and Senate removed a requirement that the Department produce a report on the revenue and expenditures related to providing training and informational events. The House retained the report; the Conference removed it. (Sec. 223[5] of House bill)
12. **Regulatory Activities Report.** The Governor removed, and House and Senate retained a report providing details on licensing/regulatory activities undertaken by each agency or bureau in the Department. The House made some changes to the section, with which the Conference concurred. (Sec. 226)
13. **Carbon Dioxide Capture - Explore Policies.** The House included language requiring the Michigan Agency for Energy to explore policies related to carbon dioxide capture. The Conference included the language and expanded it to require a report. (Sec. 301)
14. **Employee Performance Monitoring.** The Governor and House removed, and Senate retained a section stating the intent of the Legislature that the Department establish an employee performance monitoring process in addition to what is required by the Civil Service Commission. The Conference retained the section. (Sec. 227)
15. **Liquor Control Commission Permit Delays.** The Senate included a new section requiring the Commission to utilize funds to invest in free or paid software upgrades to reduce delays in issuing certain liquor licenses. The Conference included this section. (Sec. 401)
16. **Direct Shipper Enforcement Investigations.** The Senate included a new section requiring the Liquor Control Commission to investigate and audit unlawful direct shipments of alcoholic beverages using the funds dedicated to that purpose in statute. The Conference included this section. (Sec. 402)
17. **Health Professional Disciplinary Actions - Post on Web.** The Governor and House removed, and Senate retained a section requiring the disciplinary actions taken against health professionals to be available through the Department's licensing verification website. The Conference removed this section. (Sec. 512 of Senate bill)

18. **Bureau of Children and Adult Licensing (BCAL) - Increase Staff and Report.** The Governor and House removed, and Senate retained a requirement that additional funds for BCAL be used to hire staff, and that the Department report on improvements achieved using those funds. The Conference removed this section. (Sec. 514 of Senate bill)
19. **BCAL Fees.** The Governor and Senate included a new section requiring the Department to assess and collect fees for childcare and adult foster care organizations as defined by law. The House included the section along with a report on the fees; the Conference concurred with the House language. (Sec. 515)
20. **Sawmill Inspections.** The Senate included a new section requiring the department to inspect sawmills and report to the Legislature. The Conference included a modified version of this section. (Sec. 516)
21. **Opioid Overprescription Report.** The Senate included a new section requiring a report on overprescribers of opioids. The Conference included a modified version of this section. (Sec. 517)
22. **Nursing Home Closure Notification.** The Conference included a new section requiring the Department to notify the legislators who represent a district where a nursing facility is to be closed, upon receipt of an order of suspension. (Sec. 518)
23. **MAPS Upgrades.** The Governor, House, and Senate included a new section identifying metrics for one-time funds included for an upgrade to the MAPS system. The Conference included a modified version of this section that allows for certain data from the system to be shared for research purposes, provided patient identities are not disclosed. (Sec. 519
24. **Anticipated Appropriations for FY 2016-17.** The Governor removed and Senate retained this section. (Sec. 1201)

Date Completed: 6-30-16 Fiscal Analyst: Josh Sefton

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	888.5	898.5	10.0	1.1
GROSS	**168,953,700**	**174,100,200**	**5,146,500**	**3.0**
Less:				
Interdepartmental Grants Received	99,300	101,800	2,500	2.5
ADJUSTED GROSS	**168,854,400**	**173,998,400**	**5,144,000**	**3.0**
Less:				
Federal Funds	90,208,600	91,793,600	1,585,000	1.8
Local and Private	2,237,000	2,265,200	28,200	1.3
TOTAL STATE SPENDING	**76,408,800**	**79,939,600**	**3,530,800**	**4.6**
Less:				
Other State Restricted Funds	23,221,500	24,696,000	1,474,500	6.3
GENERAL FUND/GENERAL PURPOSE	**53,187,300**	**55,243,600**	**2,056,300**	**3.9**
PAYMENTS TO LOCALS	**102,400**	**102,400**	**0**	**0.0**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$168,953,700**

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

Items Included by the Senate and House

1. **Armory Infrastructure Upgrades.** Governor, Senate, and House recommended $2.5 million in one-time GF/GP funding to support installation of upgraded Army National Guard network connections.	2,500,000
2. **D.J. Jacobetti Veterans Home.** Governor, Senate, and House recommended $1,120,000 GF/GP to adjust nurse staffing level and renovate home to Medicaid specifications.	1,120,000
3. **Veterans Homes' Restricted Fund Shortfall.** Governor, Senate, and House recommended $2.3 million GF/GP be used to supplant an equal amount of expected income and assessment restricted revenue shortfall due to a declining census at the homes.	0
4. **Elimination of FY 2015-16 One-Time Funding.** Governor, Senate, and House recommended the elimination of one-time funding of $3.0 million GF/GP for Special Maintenance - National Guard.	(3,000,000)
5. **Adjustment of Federal Funds Based on Anticipated Revenue.** Governor, Senate, and House recommended adjustments to reflect actual funds received, including increases of $1.5 million for armory operations, $214,000 for the D.J. Jacobetti Home, decreases of $1.1 million in Medicare funds for the Grand Rapids Veterans Home, and $100,000 for the D.J. Jacobetti Veterans Home	518,900
6. **Five-Year Early-Out Deferred Sick Leave Payments.** Governor, Senate, and House recommended the elimination of payments, as 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 for a savings of $125,800 Gross, $5,600 GF/GP.	(125,800)
7. **Adjustment for FY 2015-16 Supplemental.** An adjustment to reflect FY 2015-16 supplemental (Public Act 3 of 2016) which provided $2.0 million in GF/GP support for National Guard efforts related to the Flint emergency.	(2,000,000)

8. **Economic Adjustments.** Includes $28,200 Gross and $9,300 GF/GP for OPEB and $2,146,800 Gross and $714,200 GF/GP for other economic adjustments.	2,175,000
Conference Agreement on Items of Difference	
9. **Grand Rapids Veterans Home.** Governor and Senate recommended one-time capital outlay funds of $5.0 million GF/GP to renovate fourth floor of home to Medicaid specifications. House included $100, with boilerplate transfer authority. Conference included $1.0 million.	1,000,000
10. **National Guard Tuition Assistance Funding Adjustment.** Governor recommended the adjustment of funding from a GF/GP appropriation of $3,741,600 for FY 2015-16 to a restricted revenue amount of $3.5 million -- which necessitates a GF/GP appropriation to the Fund for FY 2016-17, to align with expected expenditures. The Senate reduced the Governor's recommended GF/GP appropriation to the National Guard Tuition Assistance Fund by $337,300 GF/GP. House reduced Governor's amount by $2.2 million. Conference included $3,505,000 for the program's appropriation and $60,000 for deposit into the Fund.	(181,600)
11. **Youth Challenge Program.** Senate added 10 FTEs and $710,000 Gross ($210,000 Local and $500,000 GF/GP) to address recent audit findings. Conference included $710,000 GF/GP.	710,000
12. **Camp Grayling Housing.** Senate added $300,000 GF/GP to Capital Outlay/National Guard to assist with commander housing construction at Camp Grayling. Conference concurred.	300,000
13. **Veterans' Service Grants.** Senate provided a 1.0% economic increase of $37,300 for Veterans' Service Grants. Conference included $30,000.	30,000
14. **Grand Rapids Home for Veterans Staffing Increase**. House included $500,000 GF/GP. Conference included $1.8 million for new vendor contract.	1,800,000
15. **Homeless Veterans**. Conference included funds to assist homeless veterans.	300,000
16. **Veterans Home Planning**. House included $100 (shifted from home operations line item) placeholder for planning. Conference concurred.	0
17. **FY 2016-17 One-Time Gross Appropriations.** Conference included $3.8 million in one-time funding, including $2.5 million for Armory Maintenance, $1.0 million for Grand Rapids Home Medicaid Certification and $300,000 for Homeless Veterans.	
Total Changes	$5,146,500
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$174,100,200**

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

Items Included by the Senate and House

1. **Benchmark Language.** Senate and House included, but Governor and Conference removed section requiring an evaluative report on new programs or enhancements totaling $500,000 or more. (Sec. 240)

2. **Unclassified Positions.** Governor, Senate, and House amended list of unclassified employees by removing "Director, Public Safety Group" and added the position of "Chief Executive Officer for Veteran Health System". (Sec. 300)

3. **Starbase Grant.** Governor, Senate, and House amended language to designate the educational program to be targeted toward fifth graders as opposed to both fourth and fifth graders. (Sec. 309)

4. **D.J. Jacobetti Home for Veterans' Medicaid/Medicare Initiative.** Governor, Senate, and House added a new section concerning the Department using appropriations for the pursuit of Medicaid/Medicare certification standards for the D.J. Jacobetti Home for Veterans. A new section requires the Department to report quarterly on a number of quality-of-care metrics, complaints, budget updates, member demographics, revenue collection, home renovations, and improvements, information technology, and updates related to corrective actions required by any audit or survey finding. (Sec. 501)

Conference Agreement on Items of Difference

5. **Schedule of Programs in Part 1 Guidelines**. Governor and Senate included language, House and Conference did not include. (Sec. 216)
6. **Quarterly Fund Shift Reporting**. House and Conference removed a requirement that fund shifts between schedule of program lines be reported. (Sec. 219)
7. **Military Family Relief Fund**. House and Conference removed minimum grant requirements from existing guidelines. (Sec. 308)
8. **National Guard Tuition Assistance Program.** Governor, Senate, and House added a new subsection stating the intent that the program shall be funded with revenue from the Michigan National Guard Tuition Assistance Fund and that unexpended funds shall not lapse to the General Fund at the end of the fiscal year. Conference included Senate version. (Sec. 310)
9. **Michigan Veterans' Trust Fund Administration.** Governor, Senate, and House removed a section, which required that up to $550,000 shall be spent on administration, up to $400,000 on an Internet application site, and up to $450,000 on a regional office model. House and Conference added requirement that unexpended funds must revert back to Fund's corpus. (Sec. 407)
10. **Grand Rapids and D.J. Jacobetti Homes for Veterans.** Governor and Senate amended language by combining separate (but duplicate) boilerplate sections for each home into a single controlling section and added language which states the results of the annual United States Department of Veterans' Affairs survey and certification as proof of compliance with Federal standards for the homes; removed requirements that evaluated nursing assistants, have one year of nursing home experience; and added a new subsection requiring a quarterly report regarding the status of Medicaid certification efforts and progress. Senate and House added language to include when referring to "director of nursing" additionally, "his or her designee". Conference combines aspects of both Senate- and House-passed versions of language. (Sec. 501)
11. **Grand Rapids Home for Veterans Staffing Shortfall**. House included language directing $500,000 to address staff funding shortfalls at veterans home. Conference did not include. (Sec. 501b)
12. **Medicare and Medicaid.** Governor, Senate, and House added language providing guidelines for seeking Medicare and Medicaid certification including performance metrics. Conference included Senate version. (Sec. 502)
13. **Medicaid and Medicare Standards**. Senate and Conference included language requiring assurance (with a report) that upgrades to meet certification result in a higher standard of care at the veterans homes. (Sec.503)
14. **Veterans' Homes Planning**. House and Conference included language outlining the purpose of funding for veterans' homes planning efforts. (Sec. 605)
15. **Armory Infrastructure Upgrade (one-time).** Governor, Senate, and House included differing language guidelines for the one-time appropriation for Armory Infrastructure Upgrade. Conference included language in concert with Federal matching requirements and specified that the funds would carry forward into the subsequent fiscal year. (Sec. 701)
16. **Medicaid Certification Fund**. House included language requiring funds only could be spent via transfer from a fund created in boilerplate language. Conference did not include. (Sec. 702)

Date Completed: 6-30-16 Fiscal Analyst: Bruce Baker

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	2,229.8	2,236.8	7.0	0.3
GROSS	**404,001,200**	**398,254,100**	**(5,747,100)**	**(1.4)**
Less:				
Interdepartmental Grants Received	1,352,700	1,375,900	23,200	1.7
ADJUSTED GROSS	**402,648,500**	**396,878,200**	**(5,770,300)**	**(1.4)**
Less:				
Federal Funds	77,128,000	72,365,400	(4,762,600)	(6.2)
Local and Private	8,157,700	7,446,400	(711,300)	(8.7)
TOTAL STATE SPENDING	**317,362,800**	**317,066,400**	**(296,400)**	**(0.1)**
Less:				
Other State Restricted Funds	277,765,000	277,156,400	(608,600)	(0.2)
GENERAL FUND/GENERAL PURPOSE	**39,597,800**	**39,910,000**	**312,200**	**0.8**
PAYMENTS TO LOCALS	**5,548,300**	**6,100,000**	**551,700**	**9.9**

* As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$404,001,200**

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

Items Included by the Senate and House

1. **Forest Management Division.** The Governor, House, and Senate included Forest Development Fund and 7.0 FTEs to support sustainable timber supply, study of spruce budworm, to help establish property corners in certain areas, and other efforts.	2,125,000
2. **Forest Fire Equipment.** The Governor, House, and Senate included additional Forest Development Fund revenue for the purchase of new forest fire equipment to replace old equipment. $150,000 would be ongoing, and $1.0 million would be one-time.	1,150,000
3. **Asian Carp Barrier Development**. The Governor, House, and Senate included one-time GF/GP appropriations to support research and development of a mobile barrier to keep Asian Carp out of the Great Lakes, should the threat arise.	1,000,000
4. **Land Ownership Tracking System Replacement.** The Governor, House, and Senate included one-time Forest Development Fund appropriations for the replacement of the IT system that tracks the State's land holdings. The system is outdated and provides the base layer data for many geographically-oriented applications such as MiHunt and DNR's timber marking and sales platform.	4,000,000
5. **Commercial and Tribal Fisher Reporting.** The Governor, House, and Senate included Game and Fish Protection Fund and GF/GP to develop a computer-based system for commercial and tribal fisher reporting. Currently these fishers use a paper system; a new system would allow for web-based reporting.	600,000
6. **Vegetative Management System.** The Governor, House, and Senate included Forest Development Fund appropriations for further work on the switch in the Forest Management Division from its current timber tracking system to the new Vegetative Management System.	2,100,000

7. **Recreation Passport Local Grants.** The Governor, House, and Senate included additional one-time appropriations for this program which provides grants to local units of government for recreation-related projects. These grants are funded from a statutory carve-out in Recreation Passport revenue.	500,000
8. **Remove FY 2015-16 One-Time Appropriations.**	(20,537,000)
9. **FY 2016-17 Capital Outlay - Waterways Projects.** The Governor, House, and Senate included an additional $3.3 million for projects at State and local harbors, docks, and boating access areas. These projects are funded from the Michigan State Waterways Fund.	3,258,500
10. **FY 2016-17 Capital Outlay - Recreational Lands and Infrastructure.** The Governor, House, and Senate included an additional $3.3 million from a number of restricted and Federal fund sources for capital outlay projects in State parks and other State recreational areas.	3,300,000
11. **Additional Federal Funds.** The Governor, House, and Senate included additional Federal funds that will be received: $181,000 for shooting ranges, and $424,000 for wildlife management.	605,000
12. **State Parks - Increased Costs.** The Governor, House, and Senate included additional Park Improvement Fund appropriations to cover increased costs in State parks as follows: $210,000 for increased vendor cost for reservation system; $420,000 to cover the cost of minimum wage increase from $8.15 to $8.90; $870,000 for increased utility and garbage costs; and $10,000 for State park revenue bond service.	1,510,000
13. **Reflect Restricted Fund Revenue Increases.** The Governor, House, and Senate included additional restricted fund authorization to replace reductions made in previous years, as revenues have increased. $200,000 in Marine Safety Fund revenue was included to support marine safety grants to county sheriffs, and $150,000 in Forest Recreation Fund revenue was included to support State forest campgrounds and nonmotorized trails.	350,000
14. **Removal of 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.	(816,800)
15. **Remove FY 2015-16 Capital Outlay Waterways Projects.** This is a technical item to reflect the removal of projects that were funded in FY 2015-16.	(3,903,900)
16. **Reduce Restricted and Federal Fund Appropriations to Reflect Available Revenue.** The Governor, House, and Senate reduced appropriations from a number of funds and line items, including $5.5 million from the Game and Fish Protection Fund, reflecting lower-than-anticipated hunting and fishing license sales.	(6,705,800)
17. **Wildfire Protection.** The Governor, House, and Senate reduced GF/GP appropriations by $1.2 million in this line item and replaced them with Forest Development Fund.	0
18. **Economic Adjustments.** Includes $1,119,900 Gross and $114,800 GF/GP for OPEB and $4,248,000 Gross and $595,300 GF/GP for other economic adjustments.	5,367,900

Conference Agreement on Items of Difference

19. **Swimmer's Itch Pilot Program.** The Senate included additional GF/GP for a new program to address swimmer's itch at inland lakes in Michigan. The Conference included this item.	250,000
20. **Michigan Conservation Corps.** The House eliminated this program, funded by $1.0 million GF/GP. The Governor, Senate, and Conference retained funding at its current level.	0
21. **Detroit Boat Club.** The House included a $100 placeholder for restoration of the Detroit Boat Club building on Belle Isle. The Conference did not include this item.	0
22. **Water Trail Development.** The Conference included GF/GP to fund a grant for water trail development.	100,000

23. **FY 2016-17 One-Time Gross Appropriations.** $2.0 million for forestry investment, $1.0 million for invasive species, $4.0 million for replacement of the Land Ownership Tracking System, $1.0 million for forest fire equipment replacement, $600,000 for fisheries resource management, $250,000 for a swimmer's itch pilot program, and $100,000 for water trail development.

Total Changes	($5,747,100)
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$392,507,000**

Boilerplate Changes from FY 2015-16 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 against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
2. **Waterways Projects Report.** The Governor removed, and House and Senate retained a report on Michigan State Waterways projects completed in the previous fiscal year. (Sec. 219)
3. **Invasive Species Grant Earmark.** The Governor removed, and House and Senate retained a requirement that not less than $3.6 million appropriated for invasive species prevention and control be allocated toward grants. (Sec. 251)
4. **Land Transaction Report.** The Governor removed, and House and Senate retained a report detailing all land transactions in the previous fiscal year. (Sec. 408)
5. **Wildlife Management - Federal Funds.** The Governor, House, and Senate removed a requirement that Federal funds from increased firearm and ammunition sales be used to support restoration, conservation, management, and enhancement of wildlife habitats. (Sec. 501)
6. **Cervid Operation Licensing Fees.** The Governor removed, and House and Senate retained a report on the use of cervidae licensing and inspection fees as well as a requirement that those fees be used only for regulation of private cervid operations. (Sec. 504)
7. **Forestry Funding Increase.** The Governor, House, and Senate removed a requirement that the Department use increased funds for forest management and timber market development for investments in technology and equipment. (Sec. 801) The Governor replaced this section with a similar one pertaining to one-time appropriations for a similar purpose. The House and Senate included this new section. (Sec. 1201)
8. **Forest Fire Equipment.** The Governor included a new section directing increased funds appropriated for forest fire equipment and forestry investment be used to replace aging forest fire equipment that is in disrepair, and that metrics be established for the appropriation. The House and Senate included this new section. (Sec. 809)
9. **Snowmobile Law Enforcement Grants.** The Governor removed, and House and Senate retained a section directing the Department to provide snowmobile law enforcement grants to counties from appropriations for that purpose. (Sec. 901)
10. **Marine Safety Grant Report.** The Governor removed, and House and Senate retained a report on marine safety grants to county law enforcement. (Sec. 902)
11. **Land Ownership Tracking System (LOTS) Replacement.** The Governor included a new section requiring the Department to establish metrics for the replacement of the LOTS system. The House and Senate included this new section. (Sec. 1202)
12. **Invasive Species Program - Increase Interdepartmental Funding**. The Governor included a new section directing the Department to increase programs funds available to other State departments. The House and Senate included this new section. (Sec. 1203)

Conference Agreement on Items of Difference

13. **Report Retention.** The Governor and House removed, and Senate and Conference retained a requirement that reports be retained according to State and Federal laws.
14. **Zika Virus Mosquito Abatement and Invasive Species Listing.** The House included a new section that listed the Asian tiger mosquito to the invasive species list, and earmarked $250,000 from invasive species prevention and control to establish an abatement program for the species. The House added a second section that earmarked $150,000 from invasive species prevention and control for an IDG to DHHS for Zika virus education and outreach. The Conference did not include either section. (Secs. 252 and 253 of House bill)
15. **Invasive Species Order - Swine.** The Governor and House removed, and Senate and Conference retained a report on efforts and expenditures related to the enforcement of the invasive species order against swine. (Sec. 503)
16. **Urban Deer Management Plan.** The Conference included a new section to require the Department to develop an urban deer management plan. (Sec. 505)
17. **Water Control Structure Certification.** The Governor and House removed, and Senate retained a requirement that the Department not impede the certification process for water control structures on Michigan waterways. The Conference removed this section. (Sec. 602 of Senate bill)
18. **State Parks Capital Outlay Needs.** The Governor and House removed a report detailing a plan to address capital outlay and maintenance needs in State parks. The Senate retained the section and expanded it to require a list of projects. The Conference removed this section. (Sec. 705 of Senate bill)
19. **Timber Quotas.** The Governor and House removed, and Senate retained a section establishing quotas for timber treatment and marking. The Conference included just the reporting requirements contained in this section. (Sec. 802)
20. **Contract Foresters.** The Governor and House removed, and Senate retained a requirement that the Department employ a sufficient number of foresters to meet the quotas established in section 802. The Conference removed this section. (Sec. 805 of Senate bill)
21. **Gas and Oil Lease Development.** The Governor and House removed, and Senate retained a section requiring the Department to develop a plan to motivate holders of oil and gas leases on State land to undertake warranted new operations. The Conference removed this section. (Sec. 808 of Senate bill)
22. **Forest Management Metrics.** The Governor included new metrics for the increased funding for forest management. The House included the section; the Senate did not. The Conference included the section. (Sec. 810)
23. **Swimmer's Itch Pilot Program.** The Conference included a new section that provides direction for the expenditure of funds for this program, and states intent that the program be funded for three fiscal years. (Sec. 1204)

Date Completed: 6-30-16 Fiscal Analyst: Josh Sefton

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	3,131.0	3,226.0	95.0	3.0
GROSS	**620,937,400**	**649,476,100**	**28,538,700**	**4.6**
Less:				
Interdepartmental Grants Received	26,224,300	26,580,400	356,100	1.4
ADJUSTED GROSS	**594,713,100**	**622,895,700**	**28,182,600**	**4.7**
Less:				
Federal Funds	87,945,900	87,967,800	21,900	0.0
Local and Private	5,533,400	5,906,600	373,200	6.7
TOTAL STATE SPENDING	**501,233,800**	**529,021,300**	**27,787,500**	**5.5**
Less:				
Other State Restricted Funds	124,828,200	126,358,500	1,530,300	1.2
GENERAL FUND/GENERAL PURPOSE	**376,405,600**	**402,662,800**	**26,257,200**	**7.0**
PAYMENTS TO LOCALS	**15,464,100**	**17,198,900**	**1,734,800**	**11.2**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$620,937,400**

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

Items Included by the Senate and House

1. **Recruit School Second-Year Costs.** Governor, Senate, and House recommended $8,750,300 GF/GP in additional funds to reflect FY 2016-17 full second-year costs in salary, benefits, CSS&M, and fleet costs for the FY 2015-16 trooper school projected to graduate 100.	8,750,300
2. **Cyber Crimes Enforcement.** Governor, Senate, and House recommended $2,203,200 GF/GP and 9.0 FTEs to provide additional support to increase capacity to prevent, detect, and investigate cybercrimes. Conference included $1,706,300 and 7.0 FTEs.	1,706,300
3. **Drug Enforcement Initiative.** Governor, Senate, and House recommended $1,256,300 GF/GP and 9.0 FTEs to deploy a statewide drug enforcement strategy focusing on prescription drug and opioid diversion and training of local police in its detection and enforcement. Conference included $753,200 and 7.0 FTEs.	753,200
4. **Secure Cities Expansion.** Governor, Senate, and House recommended $1,463,500 GF/GP and 9.0 FTEs for the expansion in coverage of the current program to include Muskegon Heights, Inkster, Hamtramck, Harper Woods, Highland Park, and Benton Harbor.	1,463,500
5. **Sexual Assault Prevention and Education Initiative.** Governor, Senate, and House recommended the continuation of $500,000 in one-time GF/GP funding to support sexual assault prevention and education initiatives on higher education campuses.	0
6. **State Capitol Complex Security.** Governor, Senate, and House recommended the elimination of GF/GP funding ($89,300) for one vacant State property security officer position.	(89,300)

7. **Five-Year Early Out Deferred Sick Leave Payments.** Governor, Senate and House recommended the elimination of payments, as 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 for a savings of $347,000 Gross, $174,700 GF/GP.	(347,000)
8. **FY 2015-16 One-Time Funding.** Governor, Senate, and House recommended the elimination of one-time funding for one-time costs of FY 2015-16 trooper school.	(3,200,000)
9. **Technical Adjustments.** Governor, Senate, and House recommended technical adjustments which included aligning Federal (reducing by $485,600) and Local (increasing by $300,000) authorization to reflect actual revenue.	(185,600)
10. **Adjustment for FY 2015-16 Supplemental.** An adjustment to reflect FY 2015-16 supplemental (Public Act 3 of 2016) which provided $100,000 in GF/GP support for the operations of the Flint Water Interagency Coordinating Committee.	(100,000)
11. **Economic Adjustments.** Includes $2,096,600 Gross and $1,125,400 GF/GP for OPEB and $7,053,000 Gross and $5,384,800 GF/GP for other economic adjustments.	9,149,600
Conference Agreement on Items of Difference	
12. **Trooper School.** Governor recommended funding of $9.5 million GF/GP ($4.5 million one-time) for a new trooper school to begin in April 2017 to graduate 85 candidates. Senate added $300,000 to increase trooper number to 100 and move school start to June. House provided $2,320,000 less than Governor. Conference provided $7.0 million for 65 troopers.	7,000,000
13. **School Safety Initiative.** Governor and Senate recommended $4.0 million GF/GP for the return of a FY 2014-15 (Public Act 252 of 2014) one-time competitive grant program to provide grants to local K-12 schools for projects to enhance school safety. House and Conference provided $2.0 million.	2,000,000
14. **Homeland Security/Energy Disaster.** Governor and Senate recommended $750,000 GF/GP in one-time funding to support the development of a statewide strategy and implementation plan for preparedness in the event of long-term power outages. House provided no funding for the project; Conference shifted appropriation to a FY 2015-16 supplemental appropriation.	0
15. **Disaster and Emergency Contingency Fund.** Governor recommended the appropriation of $6.0 million GF/GP to the State's Disaster and Emergency Contingency Fund for use in assisting State and local governments with State disaster-related costs. Senate reduced the amount to $5.5 million, the House to $4.5 million. Conference shifted funding to a FY 2015-16 supplemental appropriation.	0
16. **Drone Restrictions Enforcement Study.** Senate added a one-time grant of $500,000 GF/GP to study issues related to drone regulation and enforcement. Conference did not include.	0
17. **Michigan International Speedway (MIS) Traffic Control.** Governor recommended the elimination of FY 2015-16 GF/GP funding ($831,900) dedicated to provide traffic control support for MIS. The Senate included the grant for FY 2016-17 at a level of $800,000, House at $400,000. Conference included funding of $800,000.	(31,900)
18. **Forensic Science Savings.** Governor recommended the elimination of GF/GP funding ($530,400) for four vacant forensic science positions. Senate did not concur and included full funding, House provided half. Conference concurred with Governor.	(530,400)
19. **Roadside Saliva Testing Pilot Project.** Senate shifted $100 from Criminal Investigations to create a $100 placeholder for the project. Conference concurred.	0
20. **Advanced 9-1-1.** Senate included $2.2 million GF/GP funds for the State to implement a statewide advanced system, House included $1,150,000. Conference concurred with Senate.	2,200,000

21. **FY 2016-17 One-Time Gross Appropriations.** Conference included $8.7 million in one-time spending, including $3.2 million for trooper recruit school, $500,000 for Sexual Assault Prevention and Education Initiative, $2.2 million for Advanced 9-1-1, $800,000 for Michigan International Speedway Traffic Control and $2.0 million for School Safety Initiative.

Total Changes	$28,538,700
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$649,476,100**

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

Items Included by the Senate and House

1. **Schedule of Programs/Fund Sources.** Governor, Senate, and House eliminated a section that lists schedule of programs and total amounts of funding from each specific fund source used in Part 1. (Sec. 216)
2. **Wayland Post.** Governor, Senate, and House eliminated the requirement that MSP initiate discussion with city of Wayland regarding a shared facility. (Sec. 235)
3. **MI Bridges Fraud Enforcement.** Governor, Senate, and House removed a section requiring participation in a workgroup to investigate means of minimizing fraud in the MI Bridges benefit program. (Sec. 250)
4. **Capital Complex Security.** Governor, Senate, and House amended language by removing requirement to pursue Federal funding, and changed a metric from requiring a minimum of 27,000 patrol hours to a goal of annually conducting 35,000 property inspections of State-owned and leased facilities. (Sec. 301)
5. **Sexual Assault Kit Analysis.** Governor, Senate, and House added a new separate section, adding sexual assault kit reporting requirements on sexual assault kit collection, analysis, and backlog from current year. (Sec. 405)
6. **Benchmark Language.** Senate and House included, but Governor and Conference removed section requiring an evaluative report on new programs or enhancements totaling $500,000 or more. (Sec. 240)

Conference Agreement on Items of Difference

7. **Incoming/outgoing IDGs**. Senate included a complete list of Departmental IDGs incoming and outgoing. Conference concurred. (Sec. 204 and 204a)
8. **Schedule of Programs Guidelines.** Governor and Senate added new language (first found in FY 2014-15 appropriations) to clarify and interpret Part 1 schedule of program titles. House did not include. Conference concurred with House. (Sec. 216)
9. **Post Closure/Privatization Notices**. Senate included language requiring prior legislative notice when post closures, or privatization is planned. Conference concurred. (Sec. 222 and 223)
10. **Receive and Expend Language**. Conference included language authorizing the Department to receive and expend Federal funds in access of those appropriated in Part 1 if available and subject to Federal requirements. (Sec. 241)
11. **Criminal Justice Information System.** Governor and House amended section by striking a requirement to provide a report on Department Concealed Pistol License (CPL) licensure revenue and expenditures. Senate limited the scope of the report to reflect current law. Conference included the CPL requirement. (Sec. 402)
12. **Forensic Science**. Governor, Senate, and House included differing versions; with Governor, House, and Conference eliminating a section requiring exploration with establishing an information technology interface with a judicial system. (Sec. 403)
13. **Community Service Programs**. Governor and Senate included requirement for Department to administer community service programs, House did not include. Conference concurred with Senate version. (Sec. 406)
14. **Commission on Law Enforcement Standards.** Governor and Senate amended section by changing the requirement that the commission must update law enforcement by 120 days, instead of the current 30 days, following the effective date of any new legislation affecting law enforcement. House and Conference changed "effective date" to "enactment date". (Sec. 501)

15. **Field Services.** Governor and Senate amended metrics by changing the requirement that 315,000 hours be dedicated to statewide patrol and 30,000 be dedicated to patrol of stressed cities, to 396,700 hours and 40,000 hours respectively. Governor also added language requiring the Department to work to improve public safety within stressed cities by enhancing data analysis capabilities and identifying crime trends and areas with high occurrences of crime. House and Conference changed "396,700 hours" to "400,000 hours" (Sec. 601)
16. **Criminal Investigations.** Governor, Senate, and House amended language to change metrics of achieving a case clearance rate from 60% to 62%, added a new section requiring an increase in the number of opioid-related investigations by 25% above those conducted in FY 2014-15 by multi-jurisdictional task forces and hometown security teams, and to work to enhance data analysis capabilities and linking of various investigative efforts. Conference changed "25%" to "20%." (Sec. 602)
17. **Michigan International Speedway**. House included language requiring a match for the grant program. Conference did not include language. (Sec. 605)
18. **Specialized Services.** Governor, Senate, and House amended language regarding the Cyber language to add a metric, which would require the increase of cases completed by the Computer Crime Unit by 25% above the number completed in FY 2014-15, and to improve investigative assistance and evidentiary assistance statewide. Conference changed "25%" to "20%." (Sec. 701)
19. **Commercial Vehicle Law Enforcement.** Governor amended section by striking language requiring an annual inspection of at least 50,000 commercial vehicles, and a section requiring training at least 10 new Motor Carrier Officers and removed required details from a school bus inspection report. Senate kept the inspection report detail and added a subsection stating that motor carrier funding shall carry forward and not lapse to the General Fund. House concurred with Governor, Conference concurred with Governor and House, but added Senate carry forward provision. (Sec. 702)
20. **Emergency Management Procedures**. House added language increasing reporting requirements on emergency expenditures. Conference concurred. (Sec. 703)
21. **School Safety Grants**. Governor, Senate, and House included program guideline language. Senate language limited grants to being only for schools and added safety assessment to that which is grant eligible. (Sec. 901)
22. **Sexual Assault Prevention Initiative.** Governor, Senate, and House added a section providing guidelines for a FY 2016-17 grant program designed for institutions of higher education. Conference included Senate version. (Sec. 902)
23. **Advanced 9-1-1.** Senate and Houser added a new section outlining a plan for the Department of State Police to establish an advanced 9-1-1 system statewide. Conference added revised language. (Sec. 903)

Date Completed: 6-30-16 Fiscal Analyst: Bruce Baker

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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2015-16 YEAR-TO-DATE*	FY 2016-17 INITIAL APPROPS.	CHANGES FROM FY 2015-16 YEAR-TO-DATE AMOUNT	PERCENT
FTE Positions	2,912.3	2,912.3	0.0	0.0
GROSS	**3,898,451,400**	**4,114,503,600**	**216,052,200**	**5.5**
Less:				
Interdepartmental Grants Received	3,928,500	4,013,400	84,900	2.2
ADJUSTED GROSS	**3,894,522,900**	**4,110,490,200**	**215,967,300**	**5.5**
Less:				
Federal Funds	1,259,488,000	1,314,744,000	55,256,000	4.4
Local and Private	50,643,500	50,518,500	(125,000)	(0.2)
TOTAL STATE SPENDING	**2,584,391,400**	**2,745,227,700**	**160,836,300**	**6.2**
Less:				
Other State Restricted Funds	2,184,391,400	2,736,727,700	552,336,300	25.3
GENERAL FUND/GENERAL PURPOSE	**400,000,000**	**8,500,000**	**(391,500,000)**	**(97.9)**
PAYMENTS TO LOCALS	**1,438,206,000**	**1,590,461,200**	**152,255,200**	**10.6**

*As of June 8, 2016.

FY 2015-16 Year-to-Date Gross Appropriation	**$3,898,451,400**

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

NOTE: This appropriation bill assumes the Roads Innovation Fund, also known as the "Lockbox", will be opened via concurrent resolution. The Roads Innovation Fund was established under the road funding package enacted in 2015. Opening the Lockbox would result in $100.0 million in funding to be divided among CTF ($10.0 million), MDOT ($35.2 million), and local road agencies ($54.8 million) in FY 2016-17. As long as it is in operation, the Lockbox will receive the first $100.0 million in fuel tax revenue collected each fiscal year.

Items Included by the Senate and House

1. **Blue Water Bridge Fund Increase.** Revenue adjustments to the Blue Water Bridge Fund for a customs plaza project ($18.4 million Gross, $0 GF/GP).	18,417,700
2. **Economic Adjustments.** Includes $1,615,900 Gross and $0 GF/GP for OPEB and $5,381,500 Gross and $0 GF/GP for other economic adjustments.	6,979,000
3. **Other Changes.** Reductions: Removal of five-year early-out deferred sick leave payments ($1,441,100 Gross, $0 GF/GP); debt service payments ($935,500 Gross, $0 GF/GP); and Blue Water Bridge operations of ($1,400 Gross, $0 GF/GP). Increases: Information technology services and projects ($660,300 Gross, $0 GF/GP), and IDG adjustments ($813,800 Gross, $0 GF/GP).	(903,900)
4. **Aeronautics Program Increases.** Additional revenue was due to adjustments and recent changes to the aviation fuel sales tax, including a shift of GF/GP ongoing funding ($1,521,100 GF/GP to SAF). The air service program was also reinstated at $250,000 Gross, $0 GF/GP (this program was deleted in FY 2015-16).	2,024,300
5. **Detroit Metropolitan Wayne County Airport Debt Repayment/Capital Improvements.** Funds from the recently established Qualified Airport Fund were directed toward debt repayment and capital improvements at Detroit Metro.	8,775,000

6. **Rail Grade Crossing Surface Improvements.** The road funding package included allowance of appropriations up to $3.0 million Gross, $0 GF/GP to subsidize 60% of maintenance costs of selected privately owned rail grade crossings.	3,000,000
7. **Removal of One-Time Federal Match for Transit and Rail.** The FY 2015-16 budget included $25.0 million GF/GP for this program.	(25,000,000)
Conference Agreement on Items of Difference	
8. **State Trunkline Fund for Road and Bridge Construction Decrease.** The net decrease for State trunkline construction funded from STF. This includes increased Federal revenue (FAST Act) ($15.4 million Gross, $0 GF/GP), STF adjustments and new revenue under the road funding package ($184.3 million Gross, $0 GF/GP), and shifting GF/GP one-time and ongoing funding to MTF ($214.8 million GF/GP to State restricted). Unlike the Governor and House, the Senate did not include revenue associated with the Roads Innovation Fund (Lockbox). The Governor and the Senate, but not the House, used $10.4 million of one-time GF/GP funding. Conference replaced the $10.4 million of GF/GP with restricted revenue.	(4,751,450)
9. **Local Road Agencies and Local Bridge Program Increases.** The net gain to appropriations for county road commissions, cities and villages, and the local bridge program resulted from MTF adjustments and revenue under the road funding package ($125.1 million Gross, $0 GF/GP), shifting GF/GP one-time and ongoing funding to MTF ($158.6 million), and increased Federal revenue (FAST Act) ($32.1 million). The Senate did not include revenue associated with the Roads Innovation Fund (Lockbox).	157,139,150
10. **Public Transit Funding Increases.** New public transit funding under the road plan resulted in an increase for most programs, most notably local bus operating ($12.6 million), rail operations and infrastructure ($15.8 million Gross, $0 GF/GP), and transit capital ($19.0 million Gross, $0 GF/GP). Federal revenue increases resulted in an increase to transit capital ($10.0 million Gross, $0 GF/GP). The Senate did not include revenue associated with the Roads Innovation Fund (Lockbox). The House moved $6.25 million of transit capital to local bus operations. Conference retained the House changes.	56,195,400
11. **Transportation Economic Development Fund Decreases.** TEDF revenue that was directed in FY 2015-16 to airport safety and Federal match ($4.0 million gross, $0 GF/GP) was restored, and there was an increase in TEDF revenue estimates. However, Conference redirected $10.4 million to road and bridge construction and reduced the appropriation another $8.8 million in anticipation of a transfer to the general fund.	(14,323,000)
12. **FY 2016-17 One-Time Gross Appropriations.** Conference included $8.5 million of GF/GP for special grants.	8,500,000
Total Changes	$216,052,200
FY 2016-17 Initial Ongoing/One-Time Gross Appropriation	**$4,114,503,600**

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

Items Included by the Senate and House

1. **Report Requirements.** Conference retained and the Governor deleted reporting requirements regarding the following: Notice regarding Federal regulation changes that would require statutory amendment (Sec. 217); Status of the State Infrastructure Bank (Sec. 313(3)); Contract incentives (Sec. 612); Amtrak rail passenger data and expenses (Sec. 711). Conference and the Governor deleted the following requirements: Local fund administration and distribution costs (Sec. 233); Prequalification of contractors (Sec. 308); Status of new rail tunnel between Detroit and Windsor. (Sec. 1006) The House (Sec. 216) and Senate (Sec. 204) retained, but the Governor and Conference deleted, reporting for performance metrics for program increases or new programs over $0.5 million.
2. **Disciplinary Action.** Conference retained and the Governor deleted a prohibition against taking disciplinary action against an employee for communications with legislators or legislative staff. (Sec. 215)
3. **Contractor Payment Process.** Conference retained and the Governor deleted a requirement for the department to review contractor payment processes. (Sec. 353)

4. **Inspection Deadline for Local Federal Aid Projects.** Conference retained and the Governor deleted a requirement for the department to complete all reviews and inspections of local Federal aid projects within 120 days of receipt. (Sec. 357)
5. **Ban on Contractor Reimbursements for Groundbreaking Ceremonies.** Conference retained and the Governor deleted a prohibition against reimbursing contractors or consultants for costs related to groundbreaking ceremonies. (Sec. 375)
6. **Ban on Outdoor Advertising Studies.** Conference retained and the Governor deleted a prohibition against MDOT spending funds on examining the potential association between outdoor advertising and motorist behavior. (Sec. 376)
7. **E-Verify Requirements for Contractors.** Conference retained and the Governor deleted requirements for the Department to require contractors to use the E-Verify system to ensure employees are legally present in the United States. (Sec. 381)
8. **Cost-Sharing Bills for Local Agencies.** Conference retained and the Governor deleted a requirement for MDOT to provide a cost-sharing bill to a local road agency within two years of the final contract payment to the contractor. (Sec. 382)
9. **Priority for Preservation of Existing Roads.** Conference retained and the Governor deleted language stating that MDOT and local road agencies must make preservation of existing roads a priority. (Sec. 394)
10. **MDOT Trunkline: Option to Transfer Construction Funds to Maintenance.** Conference and the Governor added a provision that would allow MDOT to use up to $10.0 million of trunkline construction funds for trunkline maintenance. (Sec. 395)
11. **Roads Innovation Fund Report.** Conference and the Governor included a requirement for MDOT to report on the fiscal impact to State trunkline and local road agency distributions if the Roads Innovation Fund, known as the "Lockbox", remains closed on October 1, 2016. The Fund can only be opened through concurrent resolution of the Legislature, and receives the first $100.0 million in fuel tax revenues in each fiscal year until the concurrent resolution is adopted. (Sec. 505)
12. **Preference for Private Airport Ownership.** Conference retained and the Governor deleted a provision encouraging MDOT to find private entities to own or lease publicly owned airports. (Sec. 802)
13. **Elimination of One-Time and Ongoing General Fund/General Purpose Appropriations.** Conference and the Governor deleted provisions regarding one-time and ongoing GF/GP funding for State trunkline Federal match (Sec. 1001), distribution of additional road agency funding (Sec. 1002), and reports on use of one-time funds for public transit. (Sec. 1003)

<u>Conference Agreement on Items of Difference</u>

14. **Report Requirements.** The Governor deleted, the Senate retained, and the House modified a biennial audit charge report (Sec. 306(3)). Conference retained the House modifications. The Governor and House deleted, and the Senate retained, requirements regarding the examination of road surface materials including crumb rubber from scrap tires (Sec. 660). Conference retained subsections (1) and (3). The Governor and House deleted, and the Senate retained, a requirement regarding notification of abandonment of private rail (Sec. 703). Conference retained the requirements. The Governor and Senate deleted, and the House retained, a report on the status of commuter rail demonstration projects including leased rail cars (Sec. 713). Conference retained the report.
15. **Remanufactured Parts Preference.** The Senate retained, and the Governor and House deleted, a provision stating legislative intent to prioritize remanufactured parts for maintenance and repair of State vehicles (excludes State police). Conference retained the provisions. (Sec. 270)
16. **Rest Area Signs.** The Senate retained, and the Governor and House deleted, a requirement for MDOT to post signs identifying the agency or contractor responsible for the rest area. Conference retained the requirement. (Sec. 319)
17. **Aircraft Agreement for MDOT and MSP.** The Senate amended, and the Governor and House deleted, language stating that it is the intent of the Legislature for MDOT to establish an agreement with the State Police on fitting certain aircraft with equipment for law enforcement operations. Conference kept the Senate Amendments. (Sec. 383(5))
18. **Best Practices Promotion and Reporting.** The Senate retained and the Governor deleted a provision requiring MDOT to promote best practices for public transportation services and report on efforts (Sec. 393). The House kept most provisions but deleted a reporting requirement (Sec. 393(2)). Conference retained the Senate language, including the report.

19. **Prequalification Process for Contractual Services.** The House added language requiring prequalification for contracted services. Conference amended the House language. (Sec. 396)

20. **Pavement Sealant Pilot Program.** The Senate added a requirement to conduct a pilot program testing a cement hydration catalyst and sealant, and to report the results to the Legislature. Conference did not retain the requirement. (Sec. 502)

21. **Road Warranty Program Considerations and Report.** The Senate retained, and the Governor and House deleted, provisions requiring MDOT to develop a warranty program and employ specific considerations, and to report on warranty programs and activities. Conference retained the Senate provisions. (Sec. 601)

22. **Traffic Congestion as Criteria in 5-Year Plan.** The Senate retained, and the Governor and House deleted, a provision requiring MDOT to use traffic congestion as one of the criteria in its 5-year plan. Conference did not include the provision. (Sec. 603)

23. **Dead Animal Removal as a Priority.** The Senate retained, and the Governor and House deleted, a provision stating that MDOT must have as a priority the removal of dead deer and other large animals from the traveled portion of State highways. Conference retained the provision. (Sec. 610)

24. **Rail Operations and Infrastructure Program Report.** The Senate included a provision requiring MDOT to provide detailed reports on expenditures and anticipated costs, categorized by program and project, under the rail operations and infrastructure line item. This item includes programs for Michigan rail line/bridge maintenance and upgrades, freight capital and economic development, and Amtrak operating costs. Conference retained the provision. (Sec. 704)

25. **Woodhaven Rail Bridge.** The Senate included a section stating that it is the intent of the Legislature that the department will provide assistance, whether administrative or otherwise, to the city of Woodhaven so the city may meet funding needs for a rail and street separation project. Conference retained the provision. (Sec. 705)

26. **Third Party Management of Aircraft.** The Senate included a requirement for MDOT to work with DTMB on releasing an RFP for third-party management of State-owned aircraft. Conference retained the requirement. (Sec. 803)

27. **One-Time Special Grants.** Conference included $8.5 million of GF/GP special grants to three specific projects: 1) US-31 right-of-way acquisition in Berrien County, 2) completion of an all-season truck route between M-52 and US-223 in Lenawee County, and 3) access ramps at M-53 and 33 mile road in Macomb County. (Sec. 1001)

Date Completed: 6-30-16 Fiscal Analyst: David Zin

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CONTENT

The article would provide supplemental appropriations for fiscal year (FY) 2015-16 for fifteen State budget areas. The article proposes Gross appropriations of a negative $244.9 million (due primarily to the reflection of May consensus revenue estimating conference caseload and cost adjustments for Medicaid) and $113.5 million of General Fund/General Purpose (GF/GP) appropriations. All of the supplemental appropriations in the article were determined as a part of the leadership budget target agreement for FY 2016-17. Table 1 summarizes the appropriations in this article.

Table 1

Summary of Supplemental Appropriations

Budget Area	Gross	IDGs	Federal	Private	State Restricted	GF/GP
Corrections	$13,400,000	$0	$0	$0	$0	$13,400,000
Education	(3,500,000)	0	1,200,000	0	0	(4,700,000)
DEQ	500,000	0	0	0	0	500,000
DHHS	(299,155,700)	0	(379,912,600)	(2,000,000)	3,175,400	79,581,500
DIFS	2,225,000	0	0	0	449,900	1,775,100
Judiciary	5,300,000	(167,000)	0	0	5,000,000	467,000
Legislature	7,200,000	0	0	0	0	7,200,000
LARA	5,853,300	0	0	0	3,383,300	2,470,000
Mil. & Vet. Aff	8,866,600	0	0	0	1,441,600	7,425,000
DNR	9,000,000	0	2,000,000	0	4,000,000	3,000,000
State	3,800,000	0	0	0	0	3,800,000
State Police	11,178,800	0	0	0	0	11,178,800
DTMB	(10,830,000)	0	0	0	2,800,000	(13,630,000)
Treasury	1,300,000	0	0	0	300,000	1,000,000
TOTAL	**($244,862,000)**	**($167,000)**	**($376,712,600)**	**($2,000,000)**	**$20,550,200**	**$113,467,400**

FISCAL IMPACT

The article would decrease FY 2015-16 Gross State appropriations by $244.9 million, Federal revenue by $376.7 million, and private revenue by $2.0 million. The article would increase State Restricted appropriations by $20.6 million and GF/GP appropriations by $113.5 million. Table 2 summarizes the details of the appropriations in this article.

BOILERPLATE LANGUAGE SECTIONS

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 203. General. Appropriates $5.0 million from GF/GP revenue for deposit into the Michigan Infrastructure Fund.

Sec. 301. Health and Human Services. Allows the department, as part of the year-end bookclosing process, to realign Federal fund sources in order to maximize Federal revenue, and requires a report to the Legislature.

Sec. 302. Health and Human Services. Designates a work project for unexpended funds from the $500,000 appropriated for health plan services.

Sec. 303. Health and Human Services. Requires a community mental health services program to provide at least 30 days' notice before reducing, terminating, or suspending services.

Sec. 304. Health and Human Services. Allows the department to issue a request for proposal for conducting home help aide criminal background checks.

Sec. 305. Health and Human Services. Requires the department to work with the Department of Environmental Quality on the groundwater contamination special project.

Sec. 306. Health and Human Services. Requires hospitals receiving payments for graduate medical education to submit fully completed quality data to a nonprofit organization for reporting on a public website, and requires reporting to utilize consensus-based nationally endorsed standards that meet National Quality Forum-endorsed safe practices.

Sec. 401. Insurance and Financial Services. Allows the department to make available to interested entities customized listings of nonconfidential information; allows the department to collect a reasonable charge to provide the service; and appropriates revenue collected to offset expenses.

Sec. 402. Insurance and Financial Services. Allows the $2,225,000 appropriated for the Autism Coverage Fund to be expended as provided in the Autism Coverage Reimbursement Act, for approved autism coverage reimbursement claims received.

Sec. 403. Insurance and Financial Services. Prohibits expenditure of the appropriations from the Autism Coverage Fund for payment of claims until Senate Bill 1007 is enacted into law, allowing for pro rata payments of approved claims.

Sec. 501. Legislature. Requires the $450,000 appropriated for redistricting to be used for purchasing equipment, supplies, and services needed for tracking and reporting census and reapportionment information, and designates the appropriations as a work project.

Sec. 502. Legislature. Sets parameters for the $3.0 million Legislative information technology systems design project, and designates the appropriations as a work project.

Sec. 503. Legislature. Designates the $500,000 appropriated for the Criminal Justice Policy Commission as a work project.

Sec. 504. Legislature. Requires the $3,250,000 appropriated for the State Capitol historic site to be used to purchase equipment and services for building maintenance to ensure a safe and productive work environment, and designates the appropriation as a work project.

Sec. 601. Licensing and Regulatory Affairs. Designates the $3.0 million appropriated for first responder presumed coverage claims as a work project.

Sec. 701. Department of State. Designates the $3.8 million appropriated for information technology services and projects as a work project.

Sec. 801. State Police. States that the schedule of programs for field services includes $428,800 for General law enforcement and criminal investigations.

Sec. 901. Transportation. Directs the $2.0 million appropriation for special projects to a rural county primary road project in Oceana County, and designates the appropriation as a work project.

Sec. 1001. Repealers. Section 831 of the General Government's FY 2015-16 annual appropriation act that pertains to the Information, Communications, and Technology Innovation Fund, is repealed, allowing the lapse to GF/GP revenue of the $3.9 million remaining in the Fund. Section 1182 of the Department of Health and Human Services' FY 2015-16 annual appropriation act that requires the State to allocate $1 for every $4 in private matching funds (up to $500,000) for education about the value of vaccines for infants and toddlers, is repealed, allowing the redirection of the funds. Section 1805 of the Department of Health and Human Services' FY 2015-16 annual appropriation act that requires hospitals to submit quality data to a national nonprofit organization for display on a public website, is repealed, and replaced by Sec. 306 in this article.

Table 2

Non-Flint FY 2015-16 Supplementals: House Bill 5294 (P.A. 268 of 2016), Article XX		
	Conference Report	
Department/Program	**Gross**	**GF/GP**
Corrections		
Unrealized health care contract savings	$13,400,000	$13,400,000
Total Corrections	**$13,400,000**	**$13,400,000**
Education		
Consensus day care caseload and cost adjustments	($3,500,000)	($4,700,000)
Total Education	**($3,500,000)**	**($4,700,000)**
Environmental Quality		
Western Michigan University geological research	$500,000	$500,000
Total Environmental Quality	**$500,000**	**$500,000**
Health and Human Services		
Federal justice assistance grant	5,000,000	0
Replace Medicaid Benefits Trust Fund with GF	0	3,674,500
SIGMA readiness project	1,500,000	1,500,000
Special project-groundwater contamination	1,000,000	1,000,000
Special project-human trafficking	500,000	500,000
Sexual assault commission	25,000	25,000
Consensus caseload and cost adjustments	(307,180,700)	72,882,000
Total Health and Human Services	**($299,155,700)**	**$79,581,500**
Insurance and Financial Services		
Autism Coverage Fund	$2,225,000	$1,775,100
Total Insurance and Financial Services	**$2,225,000**	**$1,775,100**
Judiciary		
E-file fee revenue	$5,000,000	$0
Montgomery v. Louisiana juvenile life sentences	300,000	300,000
Replace MCOLES funding with GF	0	167,000
Total Judiciary	**$5,300,000**	**$467,000**
Legislature		
State Capitol historic site restoration/maintenance	3,250,000	3,250,000
Legislative IT systems and design project	3,000,000	3,000,000
Criminal justice policy commission	500,000	500,000
Redistricting data program	450,000	450,000
Total Legislature	**$7,200,000**	**$7,200,000**
Licensing and Regulatory Affairs		
First responder cancer presumption claims	$3,000,000	$0
Michigan automated prescription system (MAPS)	2,470,000	2,470,000
Distance education learning	300,000	0

Video franchise assessments	83,300	0
Total Licensing and Regulatory Affairs	**$5,853,300**	**$2,470,000**
Military and Veterans Affairs		
Tuition assistance program	$3,741,600	$0
Seed tuition assistance fund	2,000,000	2,000,000
Medicaid consultant contract	1,200,000	1,200,000
Grand Rapids veterans home	625,000	2,925,000
Nursing services contracts	600,000	600,000
AFSME arbitration	500,000	500,000
D.J. Jacobetti veterans home	200,000	200,000
Total Military and Veterans Affairs	**$8,866,600**	**$7,425,000**
Natural Resources		
Off-road vehicle trail projects	$4,000,000	$0
Dam funding	3,000,000	3,000,000
Negwegon State Park land acquisition	900,000	0
State parks repair/maintenance	800,000	0
Petoskey State Park land acquisition	200,000	0
East Tawas State Harbor	100,000	0
Total Natural Resources	**$9,000,000**	**$3,000,000**
State		
Implement transportation laws	$3,800,000	$3,800,000
Total State	**$3,800,000**	**$3,800,000**
State Police		
Disaster and emergency contingency fund	$10,000,000	$10,000,000
Homeland security energy disaster preparedness	750,000	750,000
Trooper school, 12 recruits	428,800	428,800
Total State Police	**$11,178,800**	**$11,178,800**
Technology, Management, and Budget		
Legal services	$11,000,000	$11,000,000
Office of Retirement Services SIGMA implementation	2,800,000	0
Special projects	1,000,000	1,000,000
Education commission	400,000	400,000
Good government training academy	325,000	325,000
Low-income State trooper pension supplemental payment	145,000	145,000
State Building Authority rent lapse	(26,500,000)	(26,500,000)
Total Technology, Management, and Budget	**($10,830,000)**	**($13,630,000)**
Transportation		
Special projects	$2,000,000	$0
Rural county primary roads	(2,000,000)	0
Total Transportation	**$0**	**$0**
Treasury		
Assistance to local governments	$1,000,000	$1,000,000
Driver responsibility administrative costs	300,000	0
Total Treasury	**$1,300,000**	**$1,000,000**
Total Budget Area Appropriations	**($244,862,000)**	**$113,467,400**
Michigan Infrastructure Fund (Boilerplate Sec. 203)	$5,000,000	$5,000,000
Total Article XX Supplemental Appropriations	**($239,862,000)**	**$118,467,400**

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HB5294ArticleXX

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BILL ANALYSIS

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CONTENT

The article would provide supplemental appropriations for fiscal year (FY) 2015-16 for the Flint water emergency. The article proposes Gross appropriations of $114.3 million, including $87.3 million of General Fund/General Purpose (GF/GP) revenue for eight State budget areas. All of the supplemental appropriations in the article were determined as a part of the leadership budget target agreement for FY 2016-17. Table 1 summarizes the appropriations in the article, and Table 2 provides a summary of the estimated cumulative FY 2015-16 and FY 2016-17 enacted Flint water emergency appropriations.

Table 1
Summary of Supplemental Appropriations

Budget Area	Gross	Federal	State Restricted	GF/GP
Attorney General	$1,300,000	$0	$1,300,000	$0
Education	25,600,000	19,600,000	0	6,000,000
Environmental Quality	33,350,000	0	0	33,350,000
Health & Human Services	14,790,000	6,100,000	0	8,690,000
Natural Resources	250,000	0	0	250,000
State Police	6,000,000	0	0	6,000,000
Technology, Mgt., & Budget	18,900,000	0	0	18,900,000
Treasury	14,130,000	0	0	14,130,000
TOTAL	**$114,320,000**	**$25,700,000**	**$1,300,000**	**$87,320,000**

Table 2
Summary of Estimated Cumulative Flint Water Emergency Appropriations

	Gross	GF/GP
Public Act 143 of 2015	$9,350,100	$7,150,100
Public Act 3 of 2016	28,028,500	22,631,500
Public Act 24 of 2016	30,000,000	30,000,000
Public Act 249 of 2016 (School Aid-Early On)	9,200,000	9,200,000
Public Act 268 of 2016 (Article XX - Medicaid Waiver)	20,862,600	4,470,700
Public Act 268 of 2016 (Article XXI)	114,320,000	87,320,000
FY 2015-16 Enacted Supplementals	**$211,761,200**	**$160,772,300**
FY 2016-17 Initial Appropriations	**$74,683,500**	**$33,734,800**
EST. CUMULATIVE FLINT WATER EMERGENCY TOTAL	**$286,444,700**	**$194,507,100**

FISCAL IMPACT

The article would increase FY 2015-16 Gross State appropriations by $114,320,000, Federal appropriations by $25,700,000, State Restricted appropriations by $1,300,000, and GF/GP appropriations by $87,320,000. Table 3 summarizes the details of the appropriations in the article, based on information in the State Budget Office (SBO) requests and from the pertinent State departments. The article includes a lump sum line-item amount entitled "Drinking water declaration of emergency", for each budget area and does not include specific dollar amounts for any of the appropriation items listed in Table 3.

Table 3

Flint Water Emergency: House Bill 5294 (P.A. 268 of 2016), Article XXI		
Department/Program	**Gross**	**GF/GP**
Attorney General		
Legal expenses (lawsuit settlement proceeds fund)..............	$1,300,000	$0
Total Attorney General...	**$1,300,000**	**$0**
Education		
Nutrition programs ($3.5 million TANF)..............................	$9,500,000	$6,000,000
Child care assistance services (Federal)	8,000,000	0
Child care development fund reserve (Federal)....................	8,000,000	0
Communications to child care providers re lead (Federal)	100,000	0
Total Education..	**$25,600,000**	**$6,000,000**
Environmental Quality		
Utility infrastructure and filters	$25,000,000	$25,0000,000
Retain Detroit water connection	3,900,000	3,900,000
Water response team (4.0 FTEs).......................................	2,250,000	2,250,000
Flint water system needs	2,200,000	2,200,000
Total Environmental Quality...	**$33,350,000**	**$33,350,000**
Health and Human Services		
TANF reserve for Flint (Federal)	$6,100,000	$0
Contract with Wayne State re Legionella/water linkage	2,950,000	2,950,000
Cognitive behavioral therapy	1,500,000	1,500,000
Nutrition programs	1,300,000	1,300,000
Childhood lead poisoning prevention program	1,250,000	1,250,000
Additional child and adolescent health center funding	500,000	500,000
Interpretation services for hearing impaired/bilingual clients	500,000	500,000
Food bank resources	430,000	430,000
Home visits	260,000	260,000
Total Health and Human Services................................	**$14,790,000**	**$8,690,000**
Natural Resources		
Summer youth program..	$250,000	$250,000
Total Natural Resources...	**$250,000**	**$250,000**
State Police		
Water and filter cartridges...	$6,000,000	$6,000,000
Total State Police..	**$6,000,000**	**$6,000,000**
Technology, Management, and Budget		
Drinking water declaration of emergency reserve fund	$18,900,000	$18,900,000
Total Technology, Management, and Budget	**$18,900,000**	**$18,900,000**
Treasury		
Payment to City to aid with water bills (4-15-16 to 12-31-16)	$12,750,000	$12,750,000
Mission Flint program management (June-December 2016)	1,380,000	1,380,000
Total Treasury	**$14,130,000**	**$14,130,000**
TOTAL APPROPRIATIONS...	**$114,320,000**	**$87,320,000**
Note: Numbers in this table are not specifically included in the article, but are SBO estimates of "Drinking water declaration of emergency" spending; the Governor's FY 2016-17 budget includes $100 "Drinking water declaration of emergency reserve fund" placeholders for contingency fund transfers.		

BOILERPLATE LANGUAGE SECTIONS

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the bill to the provisions of the Management and Budget Act.

Sec. 301. Attorney General. Allows the expenditure of up to $1.3 million from the lawsuit settlement proceeds fund for costs and expenses related to the declaration of emergency due to drinking water contamination.

Sec. 401. Department of Education. Allocates funds appropriated for the Department to address the child care and nutrition needs in Flint; and requires funds to be used for: a pilot program that removes household income as an eligibility determinant for half-day child care services for children from birth to three years old; a pilot to support the Early Childhood Education Partnership; intervention services for children demonstrating developmental delays associated with exposure to lead; and the purchase and delivery of fresh fruits and vegetables.

Sec. 402. Department of Education. Allocates $8.0 million of Federal child care development funds for Flint emergency needs, and designates unspent funds as a work project.

Sec. 501. Environmental Quality. Authorizes payment of up to $3.9 million to the municipal water system, pursuant to a legally executable agreement, to pay service costs from July 2016 through September 30, 2016.

Sec. 502. Environmental Quality. Allocates funds for Flint water system needs and the Flint water response team.

Sec. 503. Environmental Quality. Authorizes payment of $25.0 million for the replacement of lead service lines based on a signed agreement between the State and Flint; requires a work plan from the city prior to the execution of the agreement; limits reimbursements to $5,000 per address; prohibits use of funds for city permitting fees; requires any funds not spent or encumbered to be returned to the State; and requires the Auditor General to conduct preliminary and final audits of the city's use of the funds.

Sec. 601. Health and Human Services. Allocates funds appropriated for the drinking water declaration of emergency for: nutrition support, food banks, and community education; intensive services and outreach for children, including evidence-based home visiting programs; assessment of potential linkages between water and diseases; support for child and adolescent health centers; interpretation services; and the childhood lead poisoning prevention program.

Sec. 602. Health and Human Services. Allocates $6.1 million of Federal Temporary Assistance for Needy Families funding for Flint emergency needs, and designates unspent funds as a work project.

Sec. 603. Health and Human Services. Requires the department to compensate licensed private child welfare agencies for the increased level of care and supervision, by providing a lump-sum payment of $321,000, distributed based on days of care provided between January 11, 2016, and May 31, 2016

Sec. 701. Natural Resources. Allocates funds appropriated for the drinking water declaration of emergency to support a limited summer youth employment program.

Sec. 801. State Police. Allocates funds appropriated for the drinking water declaration of emergency to support purchases of water and replacement filter cartridges.

Sec. 901. Technology, Management, and Budget. Creates an $18.9 million Drinking Water Declaration of Emergency Reserve Fund; requires an appropriation or legislative transfer in order to spend from the Fund; and requires unspent dollars in the Fund at the close of the fiscal year to remain in the Fund and not lapse to the General Fund.

Sec. 902. Technology, Management, and Budget. Allows the Department to contract with an integrity oversight monitor using funds from the Drinking Water Declaration of Emergency Reserve Fund; requires the monitor to be selected from a list of one or more integrity oversight monitors created by the department; and requires a detailed report to the Governor, the Department, and members of the Legislature.

Sec. 1001. Treasury. Allocates up to $12,750,000 to reimburse Flint's water enterprise fund in an amount equal to credits posted to its customers' accounts, and requires a quarterly report.

Sec. 1002. Treasury. Prohibits administrative charges and any expenditures not specifically authorized by the State Treasurer for the $12,750,000 allocated in Sec. 1001; outlines parameters for the credits to water customers' accounts; and allows the State and the Auditor General to audit transactions.

Sec. 1003. Treasury. Allocates funds appropriated for the drinking water declaration of emergency to support Mission Flint costs.

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