

FY 2019-20: TOTAL GENERAL GOVERNMENT
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Ben Gielczyk and Michael Cnossen

IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
	\$821,066,200	\$1,024,424,300	\$1,019,458,300			\$198,392,100	24.2
Federal	809,077,500	808,347,300	806,597,300			(2,480,200)	(0.3)
Local	15,977,300	16,037,000	15,298,400			(678,900)	(4.2)
Private	6,247,400	6,255,700	6,242,000			(5,400)	(0.1)
Restricted	2,291,018,900	2,335,286,400	2,356,226,900			65,208,000	2.8
GF/GP	1,328,051,400	1,133,265,500	948,453,400			(379,598,000)	(28.6)
Gross	\$5,271,438,700	\$5,323,616,200	\$5,152,276,300			(\$119,162,400)	(2.3)
FTEs	8,784.7	8,819.7	8,809.7			25.0	0.3

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

Currently, the following departmental and agency budgets are included in the General Government budget: Executive Office, Legislature, Legislative Auditor General, and the Departments of Attorney General, Civil Rights, State, Technology, Management, and Budget (including the former Departments of Civil Service and Information Technology, and State Building Authority rent costs), Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, State Building Authority, Revenue Sharing, and Debt Service), and Talent and Economic Development (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Unemployment Insurance Agency, and Workforce Development Agency). **Budget issues are listed by department on the following pages.**

Summary pages for individual department/agency budgets contained within the current FY 2018-19 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2018-19

Sec. 211. Countercyclical Budget and Economic Stabilization Fund – REVISED

Executive includes a countercyclical budget and economic stabilization fund (BSF) deposit totaling \$150.0 million and 25% of total GF/GP lapses for FY 2018-19. House includes no BSF deposit.

Sec. 216. Receipt and Retention of Required Reports – RETAINED

Requires departments to receive and retain copies of all required reports; requires federal and state guidelines to be followed for short-term and long-term retention of records; authorizes departments to electronically retain copies of reports unless otherwise required by federal and state guidelines. Executive deletes section. House retains.

Sec. 217. Fund Sourcing Priorities – RETAINED

Requires federal or private grant funding to be used prior to General Fund appropriations when available for the same expenditure. Executive deletes section. House retains.

Sec. 218. Disciplinary Action Against State Employees – RETAINED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes section. House retains.

Sec. 219. Reporting Requirement Penalties – NEW

Requires departments and agencies to provide all reports by the indicated due date and to provide information requested by a member of the legislature, his or her staff, or the house and senate fiscal agencies in a timely manner. Indicates that if the report is not provided by the required due date or a request for information is not received within 30 days of the request date, state funds appropriated in part 1 shall be reduced by 5%. Authorizes department of agency to request a waiver if chairs of the subcommittees on general government are notified. House includes as new section.

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

Requires departments to report on policy changes made in order to implement enacted legislation. Executive deletes section. House retains.

Major Boilerplate Changes From FY 2018-19

Sec. 222. Work Project Expenditures – NEW

Prohibits appropriations in part 1 from being expended in cases where existing work project authorization is available for the same expenditures. House includes as new section.

Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports – RETAINED

Requires departments to report on their efforts and progress made toward achieving savings and efficiencies identified by the auditor general in audit reports. Executive deletes section. House retains.

FY 2019-20: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Michael Cnossen

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	<i>Difference: House From FY 2018-19 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$30,386,400	\$34,908,000	\$34,373,000			\$3,986,600	13.1
Federal	10,007,300	9,713,700	9,669,500			(337,800)	(3.4)
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	22,427,200	20,159,800	19,383,600			(3,043,600)	(13.6)
GF/GP	41,206,800	41,736,300	35,475,900			(5,730,900)	(13.9)
Gross	\$104,027,700	\$106,517,800	\$98,902,000			(\$5,125,700)	(4.9)
FTEs	537.0	545.0	543.0			6.0	1.1

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, and commissions, and their officers, brings actions and intervenes in cases on the state's behalf, and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the legislature and others, serves as chief law enforcement officer of the state, and has supervisory powers over all local prosecuting attorneys.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Child Abuse and Neglect Cases in Wayne County

Executive authorizes \$340,000 in IDG funding from the Department of Health and Human Services and 2.0 FTE positions to support two additional Assistant Attorneys General to represent child abuse and neglect cases in Wayne County for two new judicial dockets added in the Third Circuit Family Court. House does not include.

FTE	NA	0.0
Gross	\$6,069,800	\$0
IDG	6,069,800	0
GF/GP	\$0	\$0

2. Legal Services for Marihuana Regulation

Executive authorizes \$1.4 million in IDG funding from the Department of Licensing and Regulatory Affairs and a fund source transfer of state restricted to IDG funding for a net increase of \$935,400 Gross to provide legal services to the new Bureau of Marihuana Regulation. Services would be provided for enforcement of regulations of medical marihuana facilities licensing, sales, and recreational marihuana use. House concurs.

Gross	\$507,200	\$935,400
IDG	0	1,442,600
Restricted	507,200	(507,200)
GF/GP	\$0	\$0

3. Legal Services

Executive authorizes \$670,000 in IDG funding from the Department of Technology, Management, and Budget and 4.0 FTE positions for three additional attorneys and one support member to provide legal services to the department, primarily for review of IT-related contracts. House concurs.

FTE	NA	4.0
Gross	\$474,300	\$670,000
IDG	474,300	670,000
GF/GP	\$0	\$0

4. MSHDA Legal Services

Executive authorizes \$335,500 in IDG funding from the Michigan State Housing Development Authority (MSHDA) and 2.0 FTE positions to support additional attorneys providing legal services for MSHDA. House concurs.

FTE	NA	2.0
Gross	\$695,000	\$335,500
IDG	695,000	335,500
GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
5. Removal of Current Year One-Time Funding	Gross	\$1,178,800	(\$1,178,800)
<u>Executive</u> eliminates \$1.2 million Gross (\$100,000 GF/GP) of one-time funding: \$378,800 in federal funding for PACC's NextGen case management IT system upgrade, \$700,000 in state restricted funding for juvenile life without parole resentencing cases, and \$100,000 GF/GP for forensic interviewing training. <u>House</u> concurs.	Federal	378,800	(378,800)
	Restricted	700,000	(700,000)
	GF/GP	\$100,000	(\$100,000)
6. Alignment of Fund Sources with Operations	Gross	NA	(\$195,000)
<u>Executive</u> \$1.3 million in state restricted funding with corresponding amount of IDG funding as part of the department's effort to adjust fund sources to better reflect the department's service levels to other state departments and agencies. <u>House</u> reduces \$195,000 in IDG funding corresponding to a reduction in legal services to DHHS.	IDG	NA	1,089,300
	Restricted	NA	(1,284,300)
	GF/GP	NA	\$0
7. Economic Adjustments	Gross	NA	\$1,388,000
<u>Executive</u> reflects increased costs of \$1.4 million Gross (\$629,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	449,200
	Federal	NA	85,200
	Restricted	NA	224,100
	GF/GP	NA	\$629,500
8. Administrative Efficiencies	Gross	NA	(\$1,386,400)
<u>House</u> reduces operational funding throughout the budget by \$1.4 million Gross (566,000 GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies.	Federal	NA	(44,200)
	Restricted	NA	(776,200)
	GF/GP	NA	(\$566,000)
9. Information Technology Reduction	Gross	\$1,577,600	(\$399,600)
<u>House</u> reduces funding available for information technology services and projects by 25%.	GF/GP	\$1,577,600	(\$399,600)
10. Administrative Reduction	Gross	\$90,505,200	(\$5,294,900)
<u>House</u> reduces operational funding by \$5.3 million GF/GP for a 15% total GF/GP reduction to the department from the Executive.	IDG	30,386,400	0
	Federal	6,832,400	0
	Restricted	20,843,000	0
	GF/GP	\$32,443,400	(\$5,294,900)
11. Special Courts Prosecutor	Gross	NA	\$100
<u>House</u> adds a \$100 placeholder for possible future support of an additional prosecutor for Muskegon county to support the county's specialty courts caseloads.	GF/GP	NA	\$100

Major Boilerplate Changes From FY 2018-19

Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED

Appropriates up to \$1.0 million from litigation expense reimbursements; authorizes unexpended funding, up to \$250,000, to be carried forward. House revises by reducing the \$1.0 million appropriated amount to \$500,000.

Sec. 313. Lawsuit Settlement Proceeds Fund Quarterly Report – NEW

Requires a quarterly report, itemized by court case, on total revenue deposited into the Lawsuit Settlement Proceeds Fund, anticipated deposits to the fund, and potential deposits to the fund, as well as the total amount appropriated from the fund by appropriation. House adds.

Sec. 314a. PACC Juvenile Life Without Parole Cases – DELETED

Authorizes \$700,000 to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. This section was introduced in FY 2017-18 and corresponded with the one-time appropriation of \$700,000 GF/GP and was included again in FY 2018-19 with another \$700,000 state restricted one-time appropriation from the Lawsuit Settlement Proceeds Fund. Executive deletes. House concurs.

Sec. 316a. Address Confidentiality Program – DELETED

Requires the department to develop the Address Confidentiality Program for victims of domestic or sexual assault upon passage of Senate Bill No. 655 of the 99th Legislature. Legislation for the Address Confidentiality Program has been reintroduced as Senate Bill 70 of the 100th Legislature. Executive deletes. House concurs.

Sec. 318. PACC Forensic Interviewing Training – DELETED

Requires \$100,000 of funding appropriated for PACC to be expended for additional training in forensic interviewing technique. Executive deletes. House concurs.

Sec. 320. Attorney General Presentation on Federal Lawsuits – NEW

Requires the Attorney General, and not a designee of the Attorney General, to appear before the House and Senate Appropriations Subcommittees on General Government to present findings and non-confidential materials which lead the Attorney General to enter into any lawsuit against the federal government, either on the Attorney General's own accord or in conjunction with other states, as well as a cost estimate of the lawsuit to the state. House adds.

FY 2019-20: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Michael Cnossen

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$299,100	\$298,500	\$298,500			(\$600)	(0.2)
Federal	2,802,700	2,816,900	2,816,900			14,200	0.5
Local	0	0	0			0	--
Private	18,700	18,700	18,700			0	0.0
Restricted	58,500	58,500	40,000			(18,500)	(31.6)
GF/GP	13,022,100	13,195,700	12,486,700			(535,400)	(4.1)
Gross	\$16,201,100	\$16,388,300	\$15,660,800			(\$540,300)	(3.3)
FTEs	116.0	116.0	116.0			0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, national origin, sex, age, marital status, height, weight, arrest record, or physical and mental disabilities. The Commission is directed to "secure the equal protection of such civil rights without such discrimination." The Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The department works to prevent discrimination through educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information on the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Economic Adjustments

Executive reflects increased costs of \$187,200 Gross (\$173,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. House concurs.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	NA	\$187,200
IDG	NA	(600)
Federal	NA	14,200
GF/GP	NA	\$173,600

2. Funding Alignment

House reduces operational funding by \$340,000 to align appropriated amounts and expenditures.

Gross	NA	(\$340,000)
GF/GP	NA	(\$340,000)

3. Administrative Efficiencies

House reduces operational funding throughout the budget by \$207,100 Gross (\$188,700 GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies.

Gross	NA	(\$207,100)
Restricted	NA	(18,400)
GF/GP	NA	(\$188,700)

4. Information Technology Reduction

House reduces funding available for information technology services and projects by 25%.

Gross	\$723,200	(\$180,300)
Federal	15,000	0
GF/GP	\$708,200	(\$180,300)

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes recommended in FY 2019-20.

FY 2019-20: EXECUTIVE OFFICE
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Ben Gielczyk

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	<i>Difference: House From FY 2018-19 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	0	0	0			0	--
GF/GP	6,980,100	7,114,300	6,980,100			0	0.0
Gross	\$6,980,100	\$7,114,300	\$6,980,100			\$0	0.0
FTEs	89.2	89.2	89.2			0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget.

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>			
1. Operational Adjustments			
<u>Executive</u> includes \$134,200 GF/GP for increased costs related to Executive Office staff and other operations. <u>House</u> does not include.	Gross	\$6,980,100	\$0
	GF/GP	\$6,980,100	\$0

Major Boilerplate Changes From FY 2018-19

There are no major boilerplate changes for FY 2019-20.

FY 2019-20: LEGISLATURE

Summary: As Reported by the House Subcommittee House Bill 4234 (H-1)



Analyst: Ben Gielczyk

IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	400,000	400,000	400,000			0	0.0
Restricted	4,394,300	4,394,300	4,394,300			0	0.0
GF/GP	181,718,200	162,968,200	166,185,000			(15,533,200)	(8.5)
Gross	\$186,512,500	\$167,762,500	\$170,979,300			(\$15,533,200)	(8.3)

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

This budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, the Legislative Retirement System, and Property Management. The Legislature enacts the laws of Michigan, levies taxes, and appropriates funding from revenue collected for the support of public institutions and the administration of the affairs of state government. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Cora Anderson House of Representatives Office Building and Binsfeld Senate Office Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Senate Parking Facility

Executive removes \$18.0 million GF/GP considered one-time appropriations in FY 2018-19 for costs associated with purchasing the parking ramp adjacent to the Binsfeld Senate Office Building from the City of Lansing. House concurs.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	\$18,000,000	(\$18,000,000)
GF/GP	\$18,000,000	(\$18,000,000)

2. Legislative Information Technology Systems Design Project

Executive removes \$750,000 GF/GP considered one-time appropriations in FY 2018-19 for implementation and operational costs associated with the Legislative IT System Design Project. House concurs.

Gross	\$750,000	(\$750,000)
GF/GP	\$750,000	(\$750,000)

3. Legislative Redistricting Commission

House includes \$3.2 million GF/GP to support commissioner salaries and operational costs of the Independent Legislative Redistricting Commission created under Proposal 2 (2018). Funding equals 25% of House recommended FY 2019-20 Secretary of State GF/GP appropriations.

Gross	\$0	\$3,216,800
GF/GP	\$0	\$3,216,800

Major Boilerplate Changes From FY 2018-19

Sec. 609. Insurance Bureau Fund Reimbursement Reporting – NEW

Requires a report on Insurance Bureau Fund expenditures by the Legislature. House includes as new section.

Major Boilerplate Changes From FY 2018-19

Sec. 617. Legislative Redistricting Commission Reporting – NEW

Requires a quarterly expenditure and activities report from the Legislative Redistricting Commission. House includes as new section.

FY 2019-20: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Ben Gielczyk

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$5,823,400	\$5,823,400	\$5,823,400			\$0	0.0
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	2,008,800	2,008,800	2,008,800			0	0.0
GF/GP	17,105,800	17,105,800	17,105,800			0	0.0
Gross	\$24,938,000	\$24,938,000	\$24,938,000			\$0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Legislative Auditor General is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds. Audit reports provide citizens with a measure of accountability and assist state departments and agencies in improving financial management of their operations. The goal of the Legislative Auditor General is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2018-19 YTD Appropriations

**FY 2018-19
Year-to-Date
(as of 3/5/19)**

**FY 2019-20
House
Change**

There were no adjustments to the Legislative Auditor General appropriations for FY 2019-20.

Major Boilerplate Changes From FY 2018-19

Sec. 625. Access to Confidential Information – NEW

Specifies legislative intent that the Auditor General be authorized to access and examine confidential information of each branch, department, office, board, commission, agency, authority, and institution of the state subject to the same duty of confidentiality imposed by law on the entity providing the confidential information. House includes as new section.

FY 2019-20: DEPARTMENT OF STATE
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Michael Cnossen

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,460,000	1,460,000	1,460,000			0	0.0
Local	0	0	0			0	--
Private	50,100	50,100	50,100			0	0.0
Restricted	207,086,400	210,732,000	213,230,600			6,144,200	3.0
GF/GP	18,466,300	22,967,500	12,866,900			(5,599,400)	(30.3)
Gross	\$247,062,800	\$255,209,600	\$247,607,600			\$544,800	0.2
FTEs	1,592.0	1,592.0	1,592.0			0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of State (DOS) is the oldest department in Michigan state government. It is administered by the Secretary of State, an elected official who serves a four-year term of office and has constitutional and statutory duties. Services provided by the department include: registering and titling automobiles, watercraft, and recreational vehicles; regulating automobile dealers and repair facilities; registering voters and administering elections; and streamlining the collection of revenue. The department operates programs designed to enhance driver safety, protect automotive consumers, and ensure the integrity of both the motor vehicle administration system and the statewide elections process.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Proposal 2 Redistricting Commission

Executive includes \$4.6 million GF/GP to implement the Independent Citizens Redistricting Commission as approved by voters in Ballot Proposal 2 of 2018. Funding amount is set by the Constitution at not less than 25% of the Department of State's total GF/GP appropriation. Funding would support the Independent Redistricting Commission, including compensation for members and its operations and activities. House transfers the appropriation to the Legislature and decreases the amount by \$1.4 million to \$3.2 million GF/GP to reflect the FY 2019-20 GF/GP appropriation to the Department of State.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	\$0	\$0
GF/GP	\$0	\$0

2. Elections Compliance Core Systems Contract Increase

Executive includes \$200,000 GF/GP to cover increased contract costs of providing maintenance and support of the election system that covers the compliance core applications of the Bureau of Elections. House does not include.

Gross	\$7,506,900	\$0
Restricted	443,500	0
GF/GP	\$7,063,400	\$0

3. Look Twice – Save a Life Motorcycle Safety Program

Executive authorizes \$300,000 of state restricted funding from the Motorcycle Safety and Education Awareness Fund to be used to develop and maintain the "Look Twice - Save a Life" program that promotes motorcycle awareness, safety, and education. House concurs.

Gross	\$400,000	(\$100,000)
Restricted	400,000	(100,000)
GF/GP	\$0	\$0

4. Branch Office Services Rate Increases

Executive authorizes \$830,000 of state restricted funding to support contract rate increases for services at Secretary of State branch offices, of which \$500,000 would be used for janitorial, security guard, and telecommunications services and \$330,000 for maintenance. House concurs.

Gross	\$89,279,000	\$830,000
IDG	20,000,000	0
Restricted	66,534,000	830,000
GF/GP	\$2,745,000	\$0

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
5. Fund Shift GF Reduction	Gross	NA	\$0
<u>Executive</u> replaces \$738,700 GF/GP with a corresponding amount of state restricted funding from the Transportation Administration Collection Fund (TACF) for a net change of \$0 Gross. <u>House</u> replaces an additional \$4.7 million for a total replacement of \$5.4 million GF/GP with TACF revenue.	Restricted	NA	5,438,400
	GF/GP	NA	(\$5,438,400)
6. FTE Transfer and Fund Source Alignment with Operations	FTE	NA	0.0
<u>Executive</u> transfers 11.0 FTE positions from Central Operations to Legal Services based on organizational changes, and shifts state restricted funding from decreasing driver fee revenue to the Enhanced Driver License and Enhanced Official State Personal ID Card Fund and TACF for a net change of \$0 Gross. <u>House</u> concurs.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
7. Economic Adjustments	Gross	NA	\$2,600,200
<u>Executive</u> reflects increased costs of \$2.6 million Gross (\$423,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	Restricted	NA	2,176,900
	GF/GP	NA	\$423,300
8. Administrative Efficiencies	Gross	NA	(\$2,385,500)
<u>House</u> reduces operational funding throughout the budget by \$2.4 million Gross (\$184,400 GF/GP) 184, reflecting a 3% reduction to be achieved through administrative efficiencies.	Restricted	NA	(2,201,100)
	GF/GP	NA	(\$184,400)
9. Information Technology Reduction	Gross	\$38,446,900	(\$399,900)
<u>House</u> reduces funding available for information technology services and projects by 25%.	Restricted	36,847,200	0
	GF/GP	\$1,599,700	(\$399,900)

Major Boilerplate Changes From FY 2018-19

Sec. 718. Buena Vista Township Branch Office – RETAINED

Requires the department to maintain a full-service Secretary of State branch office in Buena Vista Township. Executive deletes. House retains.

Sec. 720. Post-Election Audits – REVISED

Requires the department to develop a plan to enhance post-election audit procedures to ensure machine-tabulated vote accounts are counted and reported accurately. Executive deletes. House revises to require the department to submit a report on the progress of implementing the enhanced post-election audit procedures and to present the update before the House subcommittee

Sec. 721. Ballot Proposal 2 Cost Report – NEW

Requires the department to submit a quarterly report on all expenditures associated with establishing the Citizens Redistricting Commission and its role as secretary of the Commission as required by the Constitutional amendment approved under Ballot Proposal 2 of 2018. House adds.

Sec. 721a. Ballot Proposal 3 Cost Report – NEW

Requires the department to submit a quarterly report on all expenditures associated with implementing changes and new procedures and purchasing equipment needed for implementing same-day registration and no-reason absentee voting as required by the Constitutional amendment approved under Ballot Proposal 3 of 2018. House adds.

FY 2019-20: TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Michael Cnossen

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	<i>Difference: House From FY 2018-19 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$751,777,000	\$950,488,800	\$946,317,200			\$194,540,200	25.9
Federal	5,033,700	4,968,400	4,910,900			(122,800)	(2.4)
Local	2,341,600	2,321,200	2,030,900			(310,700)	(13.3)
Private	129,400	131,100	131,100			1,700	1.3
Restricted	122,117,400	117,916,800	116,913,400			(5,204,000)	(4.3)
GF/GP	552,044,500	504,442,600	430,906,900			(121,137,600)	(21.9)
Gross	\$1,433,443,600	\$1,580,268,900	\$1,501,210,400			\$67,766,800	4.7
FTEs	3,122.0	3,141.0	3,127.0			5.0	0.2

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Technology, Management, and Budget (DTMB) has legal authority under the Management and Budget Act, 1984 PA 431, and is the central management element of the Executive branch of state government. DTMB is an interdepartmental service and management agency responsible for all of the following: ensuring proper financial record keeping for state agencies; overseeing capital outlay projects; managing state facilities, property, and leases; implementing state procurement; operating the state's retirement systems; supervising the state motor vehicle fleet; administering travel policies; providing office support services to state agencies; executing information technology projects; centralizing information technology policy-making; and unifying strategic information technology planning. Autonomous units within DTMB include: the State Budget Office, Office of the State Employer, Civil Service Commission, Office of Retirement Services, State Building Authority, State Administrative Board, and the Office of Children's Ombudsman.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Michigan Public Safety Communications System (MPSCS) Upgrades and Maintenance

Executive includes \$14.1 million GF/GP (\$8.2 million ongoing, \$5.9 million one-time) and authorization for 10.0 FTE positions for software upgrades, additional technical staff, increased coverage, and radio tower site maintenance for the MPSCS interoperable communications network used by state, federal, local, private, and tribal security officers and first responders across the state. House does not include.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
FTE	127.0	0.0
Gross	\$40,464,100	\$0
Local	2,248,000	0
GF/GP	\$38,216,100	\$0

2. Enterprisewide Maintenance of State Facilities

Executive includes \$5.0 million GF/GP in one-time funding for various general maintenance and demolition projects of state-owned facilities across the state. The executive recommended budget also maintains a \$5.0 million GF/GP increase in FY 2018-19 from 2018 PA 618. House does not include increased funding and reduces \$8.8 million from ongoing funding.

Gross	\$31,000,000	(\$8,764,900)
GF/GP	\$31,000,000	(\$8,764,900)

3. Legal Services Increase

Executive authorizes \$670,000 in state restricted funding for three additional attorneys and one support member from the Department of Attorney General to provide various legal support services to the department, primarily for reviewing IT-related contracts. House concurs.

Gross	NA	\$670,000
Restricted	NA	670,000
GF/GP	NA	\$0

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change	
Major Budget Changes From FY 2018-19 YTD Appropriations				
4. Microsoft License Agreement		Gross	\$27,777,200	\$5,000,000
<u>Executive</u> includes \$5.0 million GF/GP to support a licensing agreement with the Microsoft Corporation for its 365 Government G5 product bundle, which includes basic software applications for state agencies as well as additional enterprise security and compliance functionality. <u>House</u> concurs.	IDG	932,900	0	
	Restricted	16,076,400	0	
	GF/GP	\$10,767,900	\$5,000,000	
5. MiLogin Single Sign-On Integration of State Applications		FTE	17.0	5.0
<u>Executive</u> includes \$3.3 million GF/GP and authorization for 5.0 FTE positions to support the integration of additional state software applications into the MiLogin enterprisewide IT initiative, which provides single sign-on capabilities for accessing State of Michigan internet and mobile sites. Approximately half, or 220, state applications have been integrated and a 40% increase in MiLogin users is expected in FY 2019-20. Funding would support an increase in infrastructure hosting capacity, IBM software licensing, staffing, and operational hosting costs. <u>House</u> includes \$2.5 million.	Gross	\$9,775,000	\$2,474,300	
	GF/GP	\$9,775,000	\$2,474,300	
6. FY 2019-20 IT IDG Baseline Adjustment		Gross	\$555,159,600	\$191,899,900
<u>Executive</u> authorizes \$191.9 million in IDG funding to reflect projects and service adjustments in other executive department and agency budgets, administrative cost allocation changes, and IT budgetary requests made by departments and agencies. The increase includes \$179.8 million from DHHS, which primarily reflects transfers of IT costs from DHHS's program line items to its Technology Services line items. <u>House</u> concurs.	IDG	555,159,600	191,899,900	
	GF/GP	\$0	\$0	
7. Vehicle Fleet Cost Increase and FTE Increase		FTE	35.0	4.0
<u>Executive</u> includes \$1.5 million in IDG funding for higher estimated miles driven by state fleet vehicles in FY 2019-20 and a projected increase in fuel costs. Authorizes 4.0 FTE positions to replace temporary contracted personnel for vehicle maintenance services. <u>House</u> concurs.	Gross	\$74,377,800	\$1,500,000	
	IDG	74,377,800	1,500,000	
	GF/GP	\$0	\$0	
8. Accounting Service Center Increase for State Police		Gross	\$3,969,800	\$374,900
<u>Executive</u> authorizes \$374,900 in IDG funding to align with Accounting Service Centers costs for MSP to cover MiCARS maintenance and changes in how credit card fees are being charged in SIGMA. <u>House</u> concurs.	IDG	3,969,800	374,900	
	GF/GP	\$0	\$0	
9. Professional Development Funds		Gross	\$0	\$200,000
<u>Executive</u> authorizes \$200,000 in IDG funding collected from state agencies to support professional development for American Federation of State, County, and Municipal Employees (\$50,000) and the Scientific and Engineering Unit of the Service Employees International Union (\$150,000) per bargaining agreements with the Office of State Employer. <u>House</u> concurs.	IDG	0	200,000	
	GF/GP	\$0	\$0	
10. State Police Retirement System Supplemental Payments		Gross	\$30,714,300	\$10,000
<u>Executive</u> authorizes \$10,000 GF/GP for supplemental payments as required by 2015 PA 168 to produce an annual retirement allowance of \$16,000 to each retiree or beneficiary. The estimated payout in FY 2019-20 is \$82,000 for 43 beneficiaries. <u>House</u> concurs.	Restricted	24,212,500	0	
	GF/GP	\$6,501,800	\$10,000	
11. Military Retirement Transfer to DMVA		Gross	\$30,714,300	(\$5,244,800)
<u>Executive</u> transfers \$5.2 million GF/GP to DMVA for military retirement payment obligations. <u>House</u> concurs.	Restricted	24,212,500	0	
	GF/GP	\$6,501,800	(\$5,244,800)	
12. Regional Prosperity Grants		Gross	\$4,000,000	(\$3,999,900)
<u>Executive</u> eliminates \$4.0 million GF/GP for grants to designated economic regions defined by the Regional Prosperity Initiative to encourage private, public, and non-profit partners to collaborate on developing economic visions and efforts to achieve them. <u>House</u> includes a \$100 placeholder.	GF/GP	\$4,000,000	(\$3,999,900)	

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
13. Business Support Services GF Reduction Fund Shift		Gross	\$12,759,800
<u>Executive</u> replaces \$138,400 GF/GP with a corresponding amount of state restricted funding from contract revenue from the Special Revenue, Internal Service, and Pension Trust Funds fund source. <u>House</u> concurs.	IDG	464,900	0
	Federal	100	0
	Restricted	6,546,100	138,400
	GF/GP	\$5,748,700	(\$138,400)
	Gross	NA	(\$115,400)
14. Services Baseline Technical Adjustments		IDG	223,700
<u>Executive</u> reduces budget by \$115,400 Gross (\$167,100 GF/GP) by making various technical adjustments to align funding and operations through the statewide cost allocation plan, making annual adjustments in the department's indirect service charges, and aligning funding with operations within the Civil Service Commission. <u>House</u> concurs.	Federal	NA	(115,400)
	Restricted	NA	(56,600)
	GF/GP	NA	(\$167,100)
	Gross	NA	(\$115,400)
	IDG	NA	223,700
15. Removal of Current Year One-Time Funding		Federal	NA
<u>Executive</u> eliminates \$73.1 million Gross (\$66.8 million GF/GP) of one-time funding appropriated in FY 2018-19: \$43.1 million for a lump-sum payment for military and judges retirement, \$20.0 million for the statewide broadband internet initiative, \$8.2 million to pay off outstanding debt of the dissolved Inkster school district, \$10,000 for an Office of Retirement Services actuarial analysis, \$100 for a census-related services placeholder, \$1.2 million for state police and school employees retirement, \$450,000 for local governments cyber security program, \$170,000 for a job vacancy study, and \$30,000 for an MPSCS tower top amplifier. <u>House</u> concurs.	Restricted	6,380,000	(6,380,000)
	GF/GP	\$66,765,100	(\$66,765,100)
	Gross	\$73,145,100	(\$73,145,100)
	Restricted	6,380,000	(6,380,000)
	GF/GP	\$66,765,100	(\$66,765,100)
16. Economic Adjustments		Gross	NA
<u>Executive</u> reflects increased costs of \$7.3 million Gross (\$1.3 million GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	4,513,300
	Federal	NA	50,100
	Local	NA	(20,400)
	Private	NA	1,700
	Restricted	NA	1,427,600
	GF/GP	NA	\$1,310,800
	Gross	NA	\$7,283,100
17. Administrative Efficiencies		IDG	NA
<u>House</u> reduces operational funding throughout the budget by \$6.7 million Gross (\$1.1 million GF/GP), reflecting a 3% reduction to be achieved through administrative efficiencies.	Local	NA	(4,171,600)
	Federal	NA	(290,300)
	Restricted	NA	(57,500)
	GF/GP	NA	(1,003,400)
	Gross	NA	(\$6,655,200)
	IDG	NA	(4,171,600)
18. Information Technology Reduction		Local	NA
<u>House</u> reduces funding available for information technology services and projects by \$18.4 million GF/GP to four line items: \$2.4 million to Enterprise Identity Management, \$3.7 million to Homeland Security Initiative/Cyber Security, \$9.6 million to Michigan Public Safety Communications System, and \$2.7 million to Information Technology Services and Projects.	FTE	169.0	0.0
	Gross	\$133,167,600	(\$18,378,100)
	IDG	932,900	0
	Local	2,248,000	0
	Restricted	16,076,400	0
	GF/GP	113,910,300	(\$18,378,100)
19. Information Technology Investment Fund (ITIF)		Gross	\$40,000,000
<u>House</u> reduces \$24.7 million from the enterprise IT legacy system modernization project portfolio. The portfolio currently includes seven projects for FY 2019-20.	GF/GP	\$40,000,000	(\$24,692,000)
	Gross	\$40,000,000	(\$24,692,000)
20. Executive Budget Revision		FTE	NA
<u>Executive</u> reduces \$650,000 GF/GP and 4.0 FTE positions by transferring the former Office of Regulatory Reinvention to the Michigan Office of Administrative Hearings and Rules line-item in the Department of Licensing and Regulatory Affairs to reflect implementation of Executive Order No. 2019-6. <u>House</u> concurs.	Gross	NA	(4.0)
	GF/GP	NA	(\$650,000)
	Gross	NA	(\$650,000)

Major Boilerplate Changes From FY 2018-19

Sec. 815. Special Maintenance, Remodeling, and Additions for State Agencies – NEW

Appropriates federal and restricted funds earned based upon the initiatives undertaken with the funds appropriated for Special Maintenance, Remodeling, and Additions for State Agencies; requires the State Budget Director to determine the appropriate manner for implementing this section; requires the department to notify the legislature within 10 days of effectuating appropriations authorized under this section. Executive adds. House revises by requiring a report to be submitted to the legislature and state budget office listing all funds received under this section and expended.

Sec. 821. Office of Retirement Services Report – NEW

Requires the Office of Retirement Services (ORS) to produce a report on the Judges Retirement System, Military Retirement System, Michigan Public School Employees' Retirement System, State Employees' Retirement System, and State Police Retirement System showing tables and charts of the annual required contribution flow per fiscal year and a justification if the payroll growth assumption is maintained at or above 0% for any pension or OPEB plan; requires additional items to be reported for the Michigan Public School Employees' Retirement System; requires ORS to post the most recent year's CAFR for each plan. House adds.

Sec. 822. Report on Unclassified Salaries – RETAINED

Requires a report on individual appointee and unclassified employee salaries by January 1. Executive deletes. House retains.

Sec. 822d. Report on Fee Rate Schedules – RETAINED

Requires a report on fee and rate schedules used by state departments and agencies for services to include changes in fees and rates and an explanation of the factors used to justify increased changes. Executive deletes. House retains.

Sec. 822f. Regional Prosperity Initiative – RETAINED

Authorizes the regional prosperity grant program, which offers economic and workforce development planning grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. Executive deletes. House retains.

Sec. 822n. Request for Proposals Website – RETAINED

Requires DTMB to establish a request for proposals (RFP) website that is searchable by department and agency. Executive deletes. House retains.

Sec. 822o. Northern Satellite Psychiatric Facility – RETAINED

Requires DTMB to work with the Department of Health and Human Services to identify a location for the new Northern Satellite Psychiatric Facility capital outlay project approved for planning authorization under Article II of 2017 PA 107. Executive deletes. House retains.

Sec. 827a. MPSCS Unpaid Invoices – DELETED

Requires \$2.0 million to be used to pay outstanding invoices for local agencies billed by MPSCS that are dated more than three years prior to the current fiscal year. Executive deletes. House concurs.

Sec. 828. IT Appropriations and Expenditures Report – RETAINED

Requires a report on the total appropriations and expenditures for IT-related services and projects for all executive departments and agencies. Executive deletes. House retains.

Sec. 829. Life-Cycle of Hardware and Software – RETAINED

Requires a report that analyzes and makes recommendations on the life-cycle of IT hardware and software. Executive deletes. House retains.

Sec. 830. Enterprisewide IT Project Reporting – RETAINED

Requires a quarterly report on active and closed IT projects throughout all executive branch departments on the schedule, budget, cost, project changes, and project success scores for each project; requires report. Executive deletes. House retains.

Sec. 831. ORS Actuarial Analyses – DELETED

Requires funds for the retirement services actuarial analysis to be used to conduct an actuarial analysis to determine the costs incurred by the state employees retirement system as a result of implementing provisions of 2018 PA 556. Executive deletes. House concurs.

Sec. 831. Information Technology Services Billing – NEW

Requires DTMB, beginning after the first quarter of FY 2018-19, to submit information technology services related invoices to departments and agencies no later than 45 days after the end of the month in which the services were provided. House adds.

Sec. 832. Child Support Enforcement System – RETAINED

Requires DTMB to notify the legislature of potential or actual penalties for failure of the Michigan Child Support Enforcement System to achieve federal certification; requires additional reporting in the event of penalties being imposed. Executive deletes. House retains.

Sec. 835a. Nonprofit Census-Related Activity – DELETED

Requires one-time funding for census-related activities to be awarded to the Michigan Nonprofit Association to achieve a fair and accurate count in the 2020 census; designates unexpended funds as a work project. Executive deletes. House concurs.

Sec. 836. Information Technology Investment Fund Purpose – DELETED

Explains the purpose of a one-time funding increase for the Information Technology Investment Fund. Executive deletes. House concurs.

Sec. 840. EPMO Performance Measures – REVISED

Requires the development and use of metrics for activities related to funds appropriated to the Enterprise Portfolio Management Office. Executive deletes. House revises by requiring the department to utilize the performance metrics developed in the previous fiscal year.

Sec. 862. Required Reports to JCOS – RETAINED

Requires DTMB to provide various detailed reports to Joint Capital Outlay Subcommittee (JCOS) and fiscal agencies with status of each planning or construction project financed by the SBA. Executive deletes. House retains.

FY 2019-20: DEPARTMENT OF TREASURY
Summary: As Reported by the House Subcommittee
House Bill 4234 (H-1)



Analyst: Ben Gielczyk

IDG/IDT	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
	\$12,780,300	\$12,905,600	\$12,646,200			(\$134,100)	(1.0)
Federal	27,128,000	27,242,500	26,985,100			(142,900)	(0.5)
Local	13,135,700	13,215,800	12,767,500			(368,200)	(2.8)
Private	27,500	27,500	27,500			0	0.0
Restricted	1,727,494,000	1,804,941,600	1,794,333,400			66,839,400	3.9
GF/GP	210,961,300	218,826,800	203,766,300			(7,195,000)	(3.4)
Gross	\$1,991,526,800	\$2,077,159,800	\$2,050,526,000			\$58,999,200	3.0
FTEs	1,872.5	1,895.5	1,880.5			8.0	0.4

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the governor on tax and fiscal policy issues. The department's mission is to collect state taxes; to invest, control, and disburse state monies; and to protect the state's credit rating and that of its cities. The department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues and advises issuers of municipal obligations. The Bureau of State Lottery, the Michigan Gaming Control Board (MGCB), and State Building Authority (SBA) are autonomous agencies housed within the department.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Constitutional Revenue Sharing

Executive increases constitutional revenue sharing by \$51.2 million of sales tax revenue relative to the FY 2018-19 budget act appropriated amount (\$27.5 million (3.2%) increase over FY 2018-19 January Consensus Revenue Estimating Conference estimates). House concurs.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	\$835,333,800	\$51,205,400
Restricted	835,333,800	51,205,400
GF/GP	\$0	\$0

2. City, Village, and Township (CVT) Revenue Sharing and Supplemental CVT Revenue Sharing

Executive increases total CVT revenue sharing by \$7.7 million (3.0%) of sales tax revenue. FY 2018-19 one-time funds (CVT Revenue Sharing and Supplemental CVT Revenue Sharing) totaling \$12.1 million in sales tax revenue would be maintained and included in the ongoing CVT revenue sharing line item. A CVT would be eligible to receive a payment equal to 103% of its FY 2018-19 combined eligible payment under CVT and Supplemental CVT revenue sharing. House includes increase of \$5.9 million (2.3%) of restricted sales tax revenue. House concurs with Executive including all CVT revenue sharing line items in ongoing CVT Revenue Sharing line item.

Gross	\$255,156,000	\$5,868,600
Restricted	255,156,000	5,868,600
GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change	
3. County Revenue Sharing/County Incentive Program		Gross	\$221,415,500	\$5,092,600
<u>Executive</u> includes \$6.6 million of sales tax revenue to increase county revenue sharing/county incentive program funding by 3.0%. Eligible counties would qualify for 105.277% of statutory full funding. County Incentive Program funding equals 20% of the estimated FY 2019-20 full funding amount. <u>House</u> includes increase of \$5.1 million (2.3%) of restricted sales tax revenue. Eligible counties would qualify for 104.5619% of statutory full funding.	Restricted	221,415,500	5,092,600	
	GF/GP	\$0	\$0	
4. Financially Distressed CVTs/Community Opportunities for Renewal Program		Gross	\$2,500,000	\$0
<u>Executive</u> includes \$5.0 million for newly named Community Opportunities for Renewal program to replace the Financially Distressed CVTs program. Represents a \$2.5 million increase over the FY 2018-19 appropriation for the Financially Distressed CVTs program. The newly named program would retain the basic framework of the Financially Distressed CVTs program but replaces the current authorized expenditures with infrastructure repair, public safety, blight removal, and other community revitalization projects as specified functions of the program. <u>House</u> retains existing program and appropriation funding level.	Restricted	2,500,000	0	
	GF/GP	\$0	\$0	
5. General Obligation Bond Debt Service		Gross	\$107,080,000	(\$2,745,000)
<u>Executive</u> includes a net reduction of \$2.7 million GF/GP for general obligation bond debt service. The estimated baseline reduction in debt service would be partially offset with projected debt service increases associated with planned new issuances for Clean Michigan Initiative and Great Lakes Water Quality bonds. <u>House</u> concurs.	GF/GP	\$107,080,000	(\$2,745,000)	
6. Medical Marihuana Excise Fund Grants		Gross	\$10,890,000	(\$10,890,000)
<u>Executive</u> eliminates Medical Marihuana Excise Grants totaling \$10.9 million from the restricted Medical Marihuana Excise Fund. The 3% excise tax on provisioning center sales was eliminated under 2018 Initiated Law 1. <u>House</u> concurs.	Restricted	10,890,000	(10,890,000)	
	GF/GP	\$0	\$0	
7. Medical Marihuana Administration		FTE	4.0	(4.0)
<u>Executive</u> reduces by \$601,400 of restricted Marihuana Regulatory Fund and 4.0 FTE positions. <u>House</u> concurs.	Gross	\$911,400	(\$601,400)	
	Restricted	911,400	(601,400)	
	GF/GP	\$0	\$0	
8. Recreational Marihuana Grants for Locals		Gross	\$0	\$20,250,000
<u>Executive</u> includes \$20.3 million from the Marihuana Regulation Fund for statutorily required grants to local units of government. <u>House</u> concurs.	Restricted	0	20,250,000	
	GF/GP	\$0	\$0	
9. Recreational Marihuana Administration		FTE	0.0	12.0
<u>Executive</u> includes \$3.6 million of restricted Marihuana Regulation Fund and authorizes 16.0 FTE positions for administration and oversight of recreational marihuana pursuant to 2018 Initiated Law 1. <u>House</u> includes \$2.9 million of restricted Marihuana Regulation Fund and authorizes 12.0 FTE positions. The requested funding associated for marihuana administration IT costs were reduced by \$195,000 (25%) to match IT funding reductions throughout budget.	Gross	\$0	\$2,854,700	
	Restricted	0	2,854,700	
	GF/GP	\$0	\$0	
10. Senior Citizen Cooperative Housing Tax Exemption Reimbursement		Gross	\$10,521,100	\$250,000
<u>Executive</u> increases by \$250,000 GF/GP to provide full funding for two new facilities (Ingham and Saginaw Counties) that became eligible for reimbursements in FY 2018-19. <u>House</u> concurs.	GF/GP	\$10,521,100	\$250,000	

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
11. Proposed Pass-Through Entity Business Tax Administration	FTE	0.0	0.0
<u>Executive</u> includes \$2.0 million GF/GP and authorizes 11.0 FTE positions for administration and staffing needed to administer and implement the proposed business tax changes for pass-through business entities. <u>House</u> does not include.	Gross	\$0	\$0
	GF/GP	\$0	\$0
12. Information Technology Cost Increases	Gross	\$36,207,600	\$1,087,500
<u>Executive</u> includes \$1.5 million GF/GP to support increased costs related to the Unisys mainframe and servers utilized by the Department of Treasury for critical information technology systems. Other departments have ceased to use the Unisys mainframe and servers, thereby increasing the department's share of the overall costs. <u>House</u> includes funding but reduces by 25% to \$1.1 million GF/GP to align with IT reductions throughout budget.	IDG/IDT	400,000	0
	Federal	627,800	0
	Restricted	19,734,500	0
	GF/GP	\$15,445,300	\$1,087,500
13. Michigan Finance Authority	Gross	\$26,097,700	\$225,000
<u>Executive</u> includes \$300,000 of restricted MFA, bond and loan program revenue for increased expenditures related to information technology (IT) and IT legacy replacement, staffing costs, and attorney general services. <u>House</u> includes funding but reduces by 25% to \$225,000 to align with IT reductions throughout budget.	Federal	23,049,900	0
	Restricted	3,047,800	225,000
	GF/GP	\$0	\$0
14. Targeted General Fund Reductions	Gross	NA	(\$650,100)
<u>Executive</u> reduces various line items by a total of \$650,100 GF/GP: Executive Direction (\$100,000), Supervision of General Property Tax Law (\$100,000), Tax Administration (\$100,000), Tax Compliance (\$250,000), Department Services (\$100,000), and Forensic Science Commission placeholder (\$100). <u>House</u> concurs.	GF/GP	NA	(\$650,100)
15. Supervision of General Property Tax Law	Gross	\$18,894,500	(\$3,100,000)
<u>House</u> reduces by \$3.1 million GF/GP to reflect administrative savings and work project availability.	Local	140,000	0
	Restricted	3,600,400	0
	GF/GP	\$15,154,100	(\$3,100,000)
16. Wrongful Imprisonment Compensation Fund	Gross	\$1,500,000	\$8,500,000
<u>Executive</u> includes \$10.0 million GF/GP deposit (considered one-time) into the Wrongful Imprisonment Compensation Fund. This represents an \$8.5 million GF/GP increase from the FY 2018-19 appropriation included in 2018 PA 618. <i>NOTE: The FY 2018-19 supplemental request 2019-4 includes a \$10.0 million GF/GP deposit in the Wrongful Imprisonment Compensation Fund for payments anticipated in FY 2018-19.</i> <u>House</u> concurs on Gross funding of \$10.0 million but appropriates with \$5.0 million GF/GP and \$5.0 million of the lawsuit settlement proceeds fund.	Restricted	0	5,000,000
	GF/GP	\$1,500,000	\$3,500,000
17. Removal of Other One-Time Appropriations	Gross	\$7,163,000	(\$7,163,000)
<u>Executive</u> eliminates \$7.2 million GF/GP of FY 2018-19 appropriations considered one-time: Beat the Streets (\$100,000), Courageous Cadets (\$50,000), Drinking Water Declaration of Emergency Contingency Fund Transfer (\$5.6 million), Financial Data Analytic Tool Reimbursement (\$500,000), and Urban Search and Rescue (\$900,000). <u>House</u> concurs.	Restricted	5,613,000	(5,613,000)
	GF/GP	\$1,550,000	(\$1,550,000)
18. Economic Adjustments	Gross	NA	\$3,297,700
Reflects increased costs of \$3.3 million Gross (\$610,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> include.	IDG/IDT	NA	125,300
	Federal	NA	114,500
	Local	NA	80,100
	Restricted	NA	2,367,200
	GF/GP	NA	\$610,600

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 House Change</u>
19. Administrative Efficiencies	Gross	NA	(\$3,398,100)
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies.	IDG/IDT	NA	(158,800)
	Federal	NA	(99,500)
	Local	NA	(139,100)
	Restricted	NA	(2,288,200)
	GF/GP	NA	(\$712,500)
20. Information Technology Reduction	Gross	NA	(\$11,084,700)
<u>House</u> reduces funding available for information technology services and projects by 25%. Reductions include Department of Treasury, Lottery, and Michigan Gaming Control Board IT line items.	IDG/IDT	NA	(100,600)
	Federal	NA	(157,900)
	Local	NA	(309,200)
	Restricted	NA	(6,631,500)
	GF/GP	NA	(\$3,885,500)

Major Boilerplate Changes From FY 2018-19

Sec. 902a. Notification of Bond Refinancing and Restructuring – RETAINED

Requires Department of Treasury to report, within 30 days after a new refinancing or restructuring bond sale, on the annual debt service changes, change in principal and interest over duration of the debt, and projected change in present value of the debt service due to refinancing. Executive deletes. House retains current law.

Sec. 903. Tax Collection Contracts – REVISED

Authorizes the department to contract with private collection agencies and law firms to collect taxes, accounts due the state, defaulted student loans, and accounts due to Michigan guaranty agencies; provides funds for collection costs and fees; requires report of agencies used, amounts collected, cost of collection, and other information. Requires amounts appropriated for defaulted student loan collections from exceeding 24.34% of the collection or a lesser amount prescribed in the contract. Requires department to issue an RFP for a secondary placement collections program. Allows for a multiple contract approach for a bidder to bid on a part or the entirety of the contract for primary and secondary collections. Executive revises to eliminate requirement that department issue an RFP for a secondary placement collections program. House revises RFP requirement to state that an RFP shall be issued for secondary placement collections if it issues an RFP for collection services. Removes language that provides guidelines for issuing RFP as no RFP is planned to be issued in FY 2019-20.

Sec. 920. Personal Property Tax Reimbursement Reporting – RETAINED

Requires the department to produce a listing of all personal property tax reimbursement payments to be distributed by the Local Community Stabilization Authority related to property taxes levied in the current calendar year. Requires listing to be posted on the department website by September 30. Requires notice describing adjustments in personal property tax reimbursements that will affect the subsequent payment. Provides that the notice shall be distributed to all municipalities. Executive revises by removing the requirement that the department provide a notice describing adjustments to all municipalities. House retains current law.

Sec. 927. Personal Property Tax Audits – RETAINED

Requires the department to submit annual progress reports regarding personal property tax and essential service assessment audits. Executive deletes. House retains current law.

Sec. 934. Expending of Authority Revenues – RETAINED

Authorizes the department to expend revenues under various authorities for operation expense and grants to Civil Service Commission and State Employee's Retirement Fund; requires maintaining records to facilitate reimbursement. Executive revises by removing reporting requirement. House retains current law.

Sec. 936. Financial Data Analytical Tool Guidance – DELETED

Requires appropriation to be used for reimbursing counties, cities, villages, townships, and regional councils of governments for the cost of a data analytical tool that provides financial data analysis and early warning analysis from a vendor approved by DTMB in FY 2017-18. Allows for proration of available funds. Provides work project authorization for any unexpended funds. Executive and House delete section.

Sec. 940. Principal Residence Exemption Administration Feasibility Study – DELETED

Requires the department to study the feasibility of requiring homeowners to file principal residence exemption documents directly with the department. Executive and House delete section.

Major Boilerplate Changes From FY 2018-19

Sec. 943. Medical Marihuana Closed-Loop Payment System – DELETED

Authorizes the department to establish a closed-loop payment processing and digital patient identification delivery and authentication system under which the department creates accounts to be used only registered participants. Executive and House delete section.

Sec. 949g. Urban Search and Rescue Task Force – DELETED

Allocates \$900,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2017-18 revenues and expenditures, proposed FY 2018-19 grant expenditures, and a final report on FY 2018-19 grant expenditures. Executive and House delete section.

Sec. 949l. Request for Proposals for OPEB Oversight and Transformational Brownfield Program – DELETED

Requires the department to issue an RFP by December 15 for data analytics for the entire department, which would include both the local other post-employment benefits oversight legislation (2017 PA 202) and the recodified tax increment financing act (2018 PA 57). Vendor would be required to specialize in data analytics. Processing of program information would remain with the department. Executive and House delete section.

REVENUE SHARING

Sec. 952. City, Village, and Township (CVT) Revenue Sharing and County Incentive Program – REVISED

Specifies distribution of \$248.8 million to all CVTs that received a payment under Section 950(2) of 2009 PA 128 greater than \$1,000.00. Eligible payment is equal to 78.51044% of its total payment received under Section 950(2) of 2009 PA 128, or for a CVT with a population in excess of 7,500, notwithstanding whether it received a payment greater than \$1,000 under Section 950(2) of 2009 PA 128, a payment equal to the population of the CVT multiplied by \$2.64659, whichever is greater. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956, subject to approval of transfers. Executive revises to specify that an eligible CVT is eligible to qualify for 103% of its FY 2018-19 payment. House revises to specify that an eligible CVT is eligible to qualify for 102.3% of its FY 2018-19 payment. Includes new subsection that requires eligible CVTs to allocate an amount equal to their FY 2019-20 eligible payment increase to their unfunded pension liabilities.

Sec. 955. County Revenue Sharing Payments – REVISED

Requires the county revenue sharing appropriation to be distributed so that each eligible county receives a payment (when coupled with the County Incentive Program payment) equal to 102% of the amount determined pursuant to the Glen Steil State Revenue Sharing Act of 1971. Executive revises to specify that each county receives a payment equal to 105.277% of statutory full funding. House revises to specify that each county receives a payment equal to 104.5619% of statutory full funding. Includes new subsection that requires counties receiving a payment to allocate their FY 2019-20 payment increase to their unfunded pension liabilities.

Sec. 956. Financially Distressed Cities, Villages, and Townships – RETAINED

Specifies distribution of \$2.5 million as grants to CVTs that have one or more conditions of probable financial distress. CVTs must work with Treasury to develop plan for grant funding and grants must be used for specific projects or services that move the CVT toward financial stability (reduce unfunded liability, repair or replace critical infrastructure/equipment, reduce debt obligations, pay costs associated with moving to shared services, or other projects that move the local unit towards financial stability). Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Executive revises by renaming program the Community Opportunities for Renewal and restructuring the purpose of the program to require that grants be used for critical infrastructure and equipment, public safety enhancements, blight removal, or other community revitalization projects. House retains current law and funding amount.

Sec. 957. Supplemental City, Village, and Township Revenue Sharing – DELETED

Specifies distribution of \$6.2 million to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$0.807929 per person. Funds must be used to pay down debt, pension, or other postemployment benefit obligations, unless the local unit has no such debt obligations. Executive and House delete section.

Sec. 958. Supplemental County Revenue Sharing – DELETED

Requires \$1.0 million appropriated for Supplemental County Revenue Sharing to be distributed to each eligible county in an amount equal to 0.4627% of full funding for each county under the Glenn Steil State Revenue Sharing Act. Requires funds to be used to pay debt, pension, and OPEB obligations, unless the local unit has no such debt obligations. Executive and House delete section.

TREASURY – BUREAU OF STATE LOTTERY

Sec. 964. Promotion and Advertising Appropriation – REVISED

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising. House revises to permit 1% of the prior fiscal year's gross sales or \$20.0 million, whichever is less, for promotion and advertising.

Major Boilerplate Changes From FY 2018-19

TREASURY – MICHIGAN GAMING CONTROL BOARD

Sec. 978. Racing Commission Regulatory Changes – RETAINED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Executive revises by removing language stating that if a certified horsemen's organization funds more than the actual regulatory cost, the balance shall remain in the agriculture equine industry development fund to fund subsequent race dates. Also strikes language stating that if a horsemen's organization funds less than the actual regulatory costs of the additional horse racing dates, the MGCB shall reduce the number of future race dates conducted by race meeting licensees with which the certified horsemen's organization has contracts. House retains current law.

FY 2019-20: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

Summary: As Reported by the House Subcommittee House Bill 4234 (H-1)



Analyst: Ben Gielczyk

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	762,645,800	762,145,800	760,754,900			(1,890,900)	(0.2)
Local	500,000	500,000	500,000			0	0.0
Private	5,621,700	5,628,300	5,614,600			(7,100)	(0.1)
Restricted	205,432,300	175,074,600	205,922,800			490,500	0.2
GF/GP	286,546,300	144,908,300	62,679,800			(223,866,500)	(78.1)
Gross	\$1,260,746,100	\$1,088,257,000	\$1,035,472,100			(\$225,274,000)	(17.9)
FTEs	1,456.0	1,456.0	1,456.0			0.0	0.0

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Talent and Economic Development (DTED) includes the Michigan Strategic Fund (MSF), Talent Investment Agency (TIA), Workforce Development Agency, Unemployment Insurance Agency, Land Bank Fast Track Authority, and Michigan State Housing Development Authority (MSHDA). Collectively, DTED includes programs and resources designed to increase job creation, job preparedness, job training, economic development, and create and preserve safe and affordable housing in the State of Michigan.

		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Major Budget Changes From FY 2018-19 YTD Appropriations			
1. Pure Michigan		Gross	\$36,000,000 (\$4,000,000)
Executive reduces by \$5.0 million Gross (\$1.0 million GF/GP). This includes a shift of \$4.0 million in state restricted 21 st Century Jobs Trust Fund to Business Attraction and Community Revitalization to realize GF/GP savings. House reduces by \$4.0 million (\$1.0 million GF/GP).	Restricted	35,000,000	(3,000,000)
	GF/GP	\$1,000,000	(\$1,000,000)
2. Business Attraction and Community Revitalization		Gross	\$105,379,900 (\$55,587,800)
Executive replaces \$4.0 million GF/GP with a corresponding amount of 21 st Century Jobs Trust Fund transferred from the Pure Michigan line item for a net change of \$0 Gross. House includes \$3.0 million GF/GP replacement with corresponding amount of 21 st Century Jobs Trust Fund and reduces line item by an additional \$55.6 million GF/GP.	Restricted	23,600,000	3,000,000
	GF/GP	\$81,779,900	(\$58,587,800)
3. Going Pro		Gross	\$37,918,800 (\$10,000,000)
Executive reduces program funding by \$10.0 million Gross. Replaces \$25.9 million state restricted Contingent Fund, Penalty and Interest Account funding with a corresponding amount of GF/GP for a total Going Pro appropriation of \$27.9 million GF/GP. House concurs with Gross funding amount (\$27.9 million) but funds entire line item with Contingent Fund, Penalty and Interest Account.	Restricted	25,918,800	2,000,000
	GF/GP	\$12,000,000	(\$12,000,000)
4. Community Ventures		Gross	\$4,000,000 (\$4,000,000)
Executive eliminates Community Ventures program totaling \$4.0 million from the state restricted Contingent Fund, Penalty and Interest Account. House concurs.	Restricted	4,000,000	(4,000,000)
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change	
5. At-Risk Youth Grants		Gross	\$3,000,000	\$750,000
<u>Executive</u> eliminates program grant for Jobs for Michigan Graduates totaling \$3.0 million from the state restricted Contingent Fund, Penalty and Interest Account. <u>House</u> includes \$3.8 million GF/GP for Jobs for Michigan Graduates program.	Restricted	3,000,000	(3,000,000)	
	GF/GP	\$0	\$3,750,000	
6. Van Andel Institute		Gross	\$1,000,000	\$0
<u>Executive</u> eliminates \$1.0 million GF/GP that supported program grant to the Van Andel Insitute. <u>House</u> retains \$1.0 million GF/GP for Van Andel Institute grant but appropriates funds in the Entrepreneurship Eco-System line item. Section 1047 of boilerplate specifies distribution of \$1.0 million of Entrepreneurship Eco-System line item to Van Andel Institute.	GF/GP	\$1,000,000	\$0	
7. Michigan Film Promotion Fund		Gross	\$402,200	(\$402,200)
<u>House</u> removes \$402,200 of restricted Michigan film promotion fund.	Restricted	402,000	(402,200)	
	GF/GP	\$0	\$0	
8. Grant Placeholders		Gross	NA	\$400
<u>House</u> includes \$100 placeholders for the following grants in the Michigan Strategic Fund: Arab American National Museum (\$100), Charles H. Wright Museum of African American History (\$100), the Holocaust Memorial Center (\$100), and Michigan business incubator development grant (\$100).	GF/GP	NA	\$400	
9. Graduation Alliance		Gross	NA	\$742,200
<u>House</u> includes \$742,200 GF/GP in the Going Pro line item to support a program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. FY 2018-19 funding was earmarked (\$1.5 million) from Going Pro funds.	Restricted	NA	0	
	GF/GP	NA	\$742,200	
10. Land Bank Fast Track Authority		FTE	9.0	0.0
<u>Executive</u> replaces \$1.5 million GF/GP with a corresponding amount of state restricted Land Bank Fast Track Fund revenues for a net change of \$0 Gross. Improved revenue generation from land bank operations has resulted in improved Land Bank Fast Track Fund revenues. <u>House</u> replaces all GF/GP funding (including FY 2019-20 economics adjustment totaling \$15,100 GF/GP) with corresponding amount of Land Bank Fast Track Fund for net change of \$0 Gross.	Gross	\$4,125,700	\$0	
	Federal	1,000,000	0	
	Restricted	148,400	2,992,400	
	GF/GP	\$2,977,300	(\$2,992,400)	
11. Other One-Time Appropriations		Gross	\$150,300,600	(\$150,300,600)
<u>Executive</u> removes FY 2018-19 one-time appropriations totaling \$151.3 million Gross (\$151.3 million GF/GP). One-time appropriations supported the following items: Michigan Enhancement Grants (\$113.5 million); Business Attraction and Community Revitalization (\$20.0 million); Northern MI Tourism and Sports Fund (\$10.0 million); Entrepreneurship Eco-System (\$2.5 million); Workforce Development GEAR UP grants replacement (\$2.0 million); Arts and Cultural Grants (\$1.0 million); Project Rising Tide (\$1.0 million); Rural Blight Elimination Program (\$350,000); and Drinking Water Declaration of Emergency (\$100). <u>House</u> concurs.	Restricted	100	(100)	
	GF/GP	\$150,300,500	(\$150,300,500)	
12. MSHDA Fee Authorization Increase for Attorney General Costs		Gross	\$45,043,500	\$335,500
<u>Executive</u> includes \$335,500 of restricted MSHDA fees and charges for additional attorney general legal services. <u>House</u> concurs.	Restricted	45,043,500	335,500	
	GF/GP	\$0	\$0	
13. DTED Reorganization		FTE	17.0	0.0
<u>Executive</u> includes a net zero reorganization of \$3.4 million and 17.0 FTE positions to reflect movement of organizational responsibilities. <u>House</u> concurs.	Gross	\$3,365,400	\$0	
	Federal	3,112,800	0	
	Restricted	252,600	0	
	GF/GP	\$0	\$0	

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
14. General Fund Replacement – Talent Investment Agency	Gross	NA	\$0
<u>House</u> replaces \$3.5 million GF/GP with a corresponding amount of Contingent Fund, Penalty and Interest Account funds.	Restricted	NA	3,477,500
	GF/GP	NA	(\$3,477,500)
15. Fund Source Realignment	Gross	NA	(\$2,233,000)
<u>Executive</u> includes a \$2.2 million reduction of federal fund authorization to align revenue sources with anticipated revenues and remove defined calculations/economics adjustments from federal funds that cannot absorb the economic increase. <u>House</u> concurs.	Federal	NA	(2,185,100)
	Restricted	NA	(47,900)
	GF/GP	NA	\$0
16. Economics Adjustments	Gross	NA	\$2,709,000
Reflects increased costs of \$2.7 million Gross (\$243,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> concur.	Federal	NA	1,685,100
	Private	NA	6,600
	Restricted	NA	773,600
	GF/GP	NA	\$243,700
17. Administrative Efficiencies	Gross	NA	(\$2,374,500)
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies.	Federal	NA	(1,390,900)
	Private	NA	(13,700)
	Restricted	NA	(725,300)
	GF/GP	NA	(\$244,600)
18. Information Technology Reduction	Gross	\$3,625,100	(\$913,000)
<u>House</u> reduces funding available for MSHDA information technology services and projects by 25%.	Restricted	3,625,100	(913,000)
	GF/GP	\$0	\$0

Major Boilerplate Changes From FY 2018-19

Sec. 983. Broadband Bonding Prohibition – RETAINED

Prohibits the MSF and MSHDA from issuing or refinancing bonds for broadband construction, expansion, repairs, or upgrades. *NOTE: Governor indicated Section 983 is considered unenforceable in his signing letter for enacted FY 2018-19 budget.* Executive deletes section. House retains current law.

Sec. 984. SIGMA System Reporting – RETAINED

Requires MSF to use SIGMA to report encumbrances and expenditures. Executive deletes section. House retains section.

DTED – MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Sec. 990. Michigan State Housing Development Authority Annual Report – RETAINED

Requires MSHDA to annually present a report on the status of the authority's housing production goals under all financing programs. Executive deletes section. House retains section.

Sec. 991. Contractors Assistance Program – NEW

Requires MSHDA to fund and operate a Contractors Assistance Program for women and minority contractors. House includes as new section.

DTED – MICHIGAN STRATEGIC FUND

Sec. 1004. Statutory Reporting Requirements Update – RETAINED

Requires MSF to provide information included in the MSF Act annual activities report to legislature by March 15. Executive deletes section. House retains section.

Sec. 1006. Business Incentive and Community Revitalization Grant Amendment Reporting – RETAINED

Requires MSF to provide a report of prior year amendments to Michigan Business Development Program and Michigan Community Revitalization Program incentives by March 15. Executive deletes section. House retains current law.

Major Boilerplate Changes From FY 2018-19

Sec. 1024. Business Attraction and Community Revitalization – REVISED

Requires that not less than \$20.0 million of the funds appropriated in part 1 be used for brownfield redevelopment incentives and historic preservation incentives. House revises to require not less than 20% of the funds appropriated in part 1 be used for brownfield redevelopment and historic preservation incentives.

Sec. 1033. Film and Digital Media Office Status Report – RETAINED

Requires annual activities report from the Michigan Film and Digital Media Office. The report shall include a listing of all projects that received assistance from the office, a listing of the services provided for each project, and an estimate of the investment leveraged. Executive deletes section. House retains current law.

Sec. 1041. Business Attraction and Community Revitalization Transfer of Funds – RETAINED

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1. Executive deletes section. House retains current law.

Sec. 1047. Michigan Strategic Fund – Grants – DELETED

Specifies individual grants included in the MSF - Grant line item totaling \$1.4 million GF/GP: Van Andel Institute (\$1.0 million GF/GP) and Rural Blight Removal (\$350,000 GF/GP). Executive and House delete section.

Sec. 1047. Entrepreneurship Eco-System Allocation – NEW

Requires \$1.0 million of the amount appropriated for Entrepreneurship Eco-System to be allocated to the Van Andel Institute. House includes as new section.

Sec. 1048. MSF – Grants Disbursement – NEW

Requires \$400 for MSF – Grants to be distributed to the following four entities: Charles H. Wright Museum of African American History, Holocaust Memorial Center, Arab American National Museum, and Michigan business incubator development grant.

Sec. 1052. Project Rising Tide Performance Measures – DELETED

Requires DTED to identify specific performance measures for the Project Rising appropriations; provides two performance measures. Executive and House delete section.

DTED – TALENT INVESTMENT AGENCY

Sec. 1070. Dropout Support and Career Training Grant – REVISED

Requires \$1.5 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures. Executive deletes section. House revises to require \$742,200 of the amount appropriated for Going Pro to be used for this program.

Sec. 1071. Dropout Prevention and Recovery Program for Michigan Youth – REVISED

Requires \$3.0 million from the funds appropriated for At-Risk Youth Grants to be awarded to the Michigan franchise holder of the national Jobs for America's Graduates program. Executive deletes section. House revises to \$3.8 million to align with appropriation in part 1.

Sec. 1079. Interagency Agreement for TANF Funds – RETAINED

Requires TIA to extend into an interagency agreement with Department of Health and Human Services for the use of TANF funds. Requires report on use of TANF funds by TIA. Executive deletes section. House retains current law.

Sec. 1080. Community Ventures Matching Funds – DELETED

Stipulates that up to \$2.0 million of funding for Community Ventures may be used for a matching program (\$1 for \$1) if private funds are raised. Executive and House delete section.

Sec. 1081. Statewide Data System Integration Performance Metrics – DELETED

Requires DTED to identify specific outcomes and performance metrics for increased funds associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Status report required by March 15. Executive and House delete section.

Sec. 1082. Sustainable Employment Pilot Program – DELETED

Requires a status update on the usage of funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics. Executive and House delete section.

Sec. 1084. Going Pro Performance Measures – DELETED

Requires DTED to identify specific performance measures for Going Pro appropriations; provides three performance measures. Executive and House delete section.