



Background Briefing

GENERAL GOVERNMENT

**Benjamin Gielczyk, Senior Fiscal Analyst
Perry Zielak, Fiscal Analyst**

December 2015

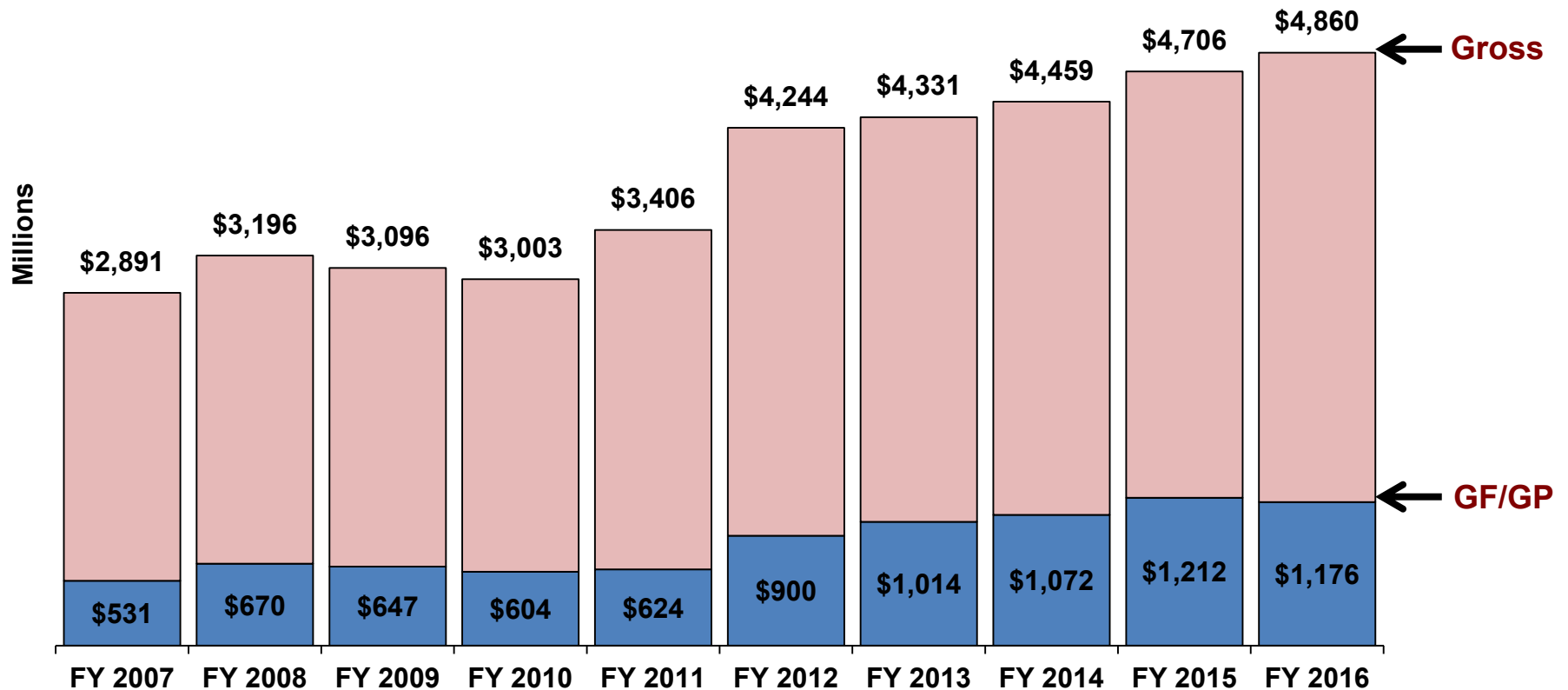
General Government Budget

The General Government appropriations bill includes budgets for the following departments and agencies:

- Attorney General
- Civil Rights
- Executive Office
- Legislature
- Legislative Auditor General
- State
- Technology, Management, and Budget (including Civil Service Commission and Information Technology)
- Treasury (including Bureau of State Lottery, Michigan Gaming Control Board, and State Building Authority)
- Talent and Economic Development (including Michigan Strategic Fund, Michigan State Housing Development Authority, Talent Investment Agency, Michigan Land Bank)

General Government: Gross Appropriations

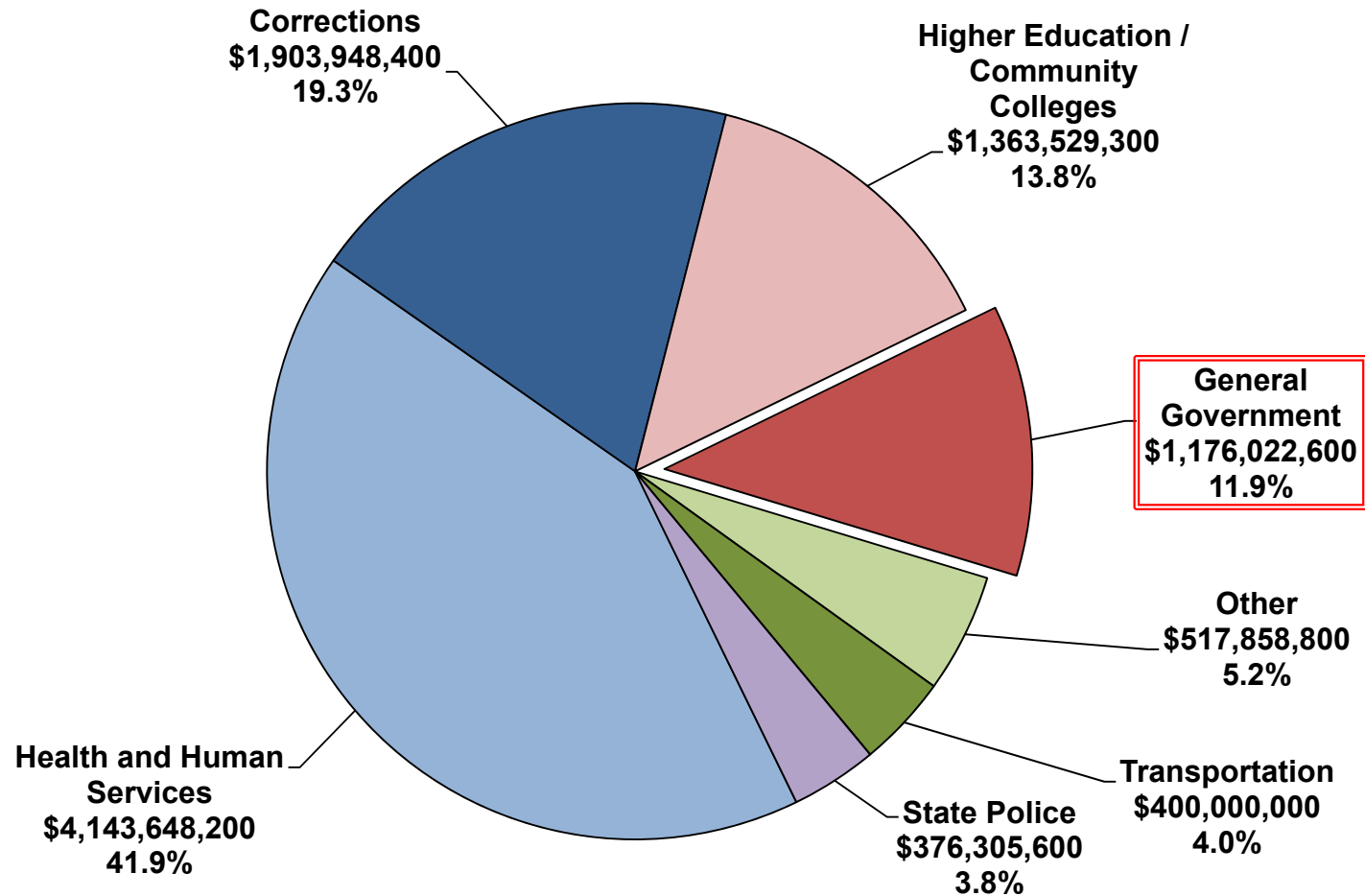
Appropriations for State Building Authority rent and Michigan Strategic Fund (MSF) included in FY 2006; appropriations for MSF not included in FY 2007; appropriations for MSF included in FY 2008 and on; appropriations for Michigan State Housing Development Authority included in FY 2011; appropriations for pre-funding retiree health care, one-time appropriations totaling \$166.3 million, and appropriations for workforce investment/development included in FY 2012. FY 2015 included increases for revenue sharing, IT Investments, Personal Property Tax Reform, and the transfer of the Michigan Public Safety Communication System from State Police to DTMB with lifecycle replacement funding. One-time appropriations totaling \$106.3 million were included in FY 2013; one-time appropriations totaling \$157.9 million were included in FY 2014; one-time appropriations totaling \$120.9 million Gross were included in FY 2015; one-time appropriations totaling \$82.0 million were included in FY 2016; FY 2016 also includes the Unemployment Insurance Agency appropriations (\$163.4 million) which were transferred in under Executive Order 2014-12 and Executive Revision 2016-1.



General Government Share of State GF/GP

General Government makes up 11.9% of the total state GF/GP budget

FY 2015-16 GF/GP Total = \$9,881,312,900

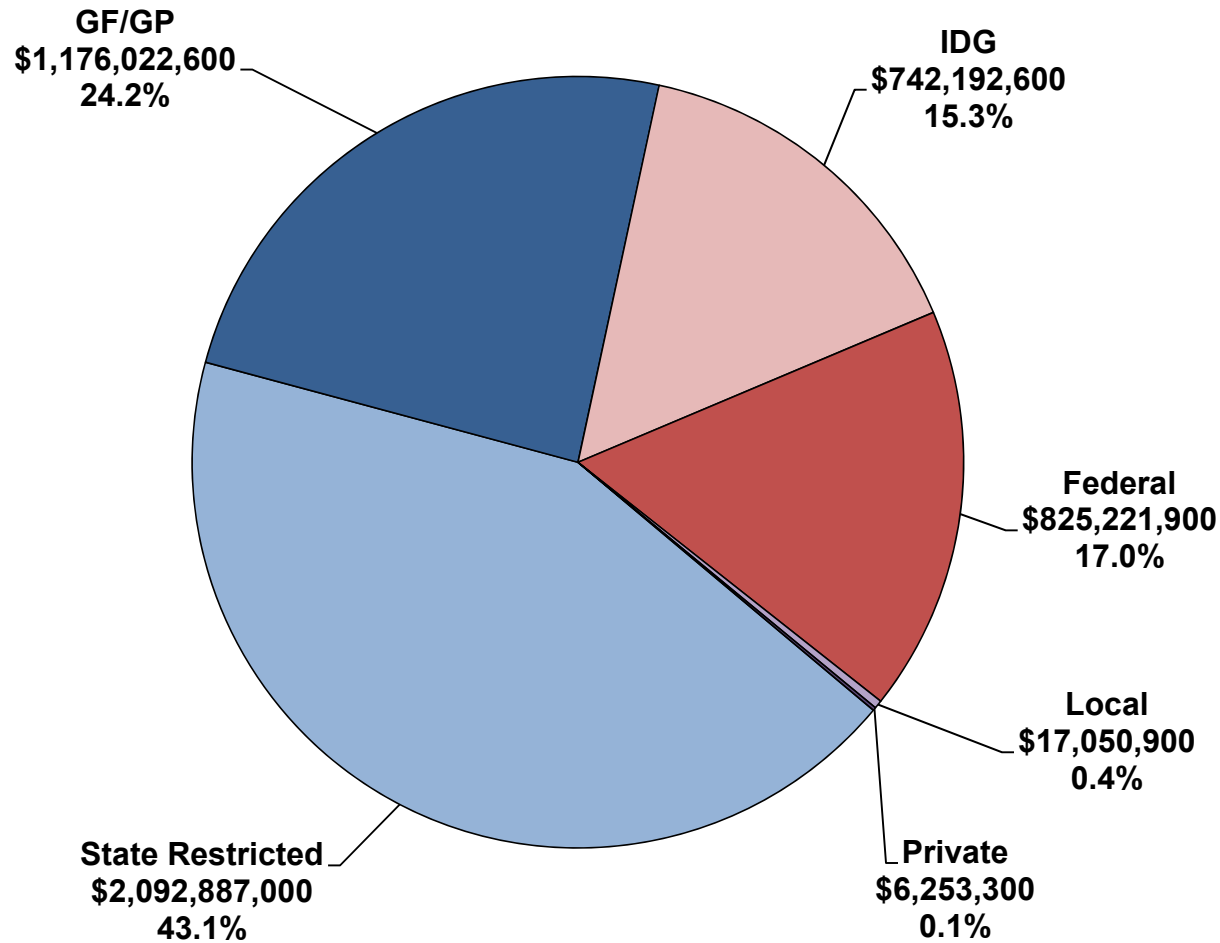


SOURCES OF FUNDING

General Government Funding Sources

FY 2015-16 General Government Budget = \$4,859,628,300

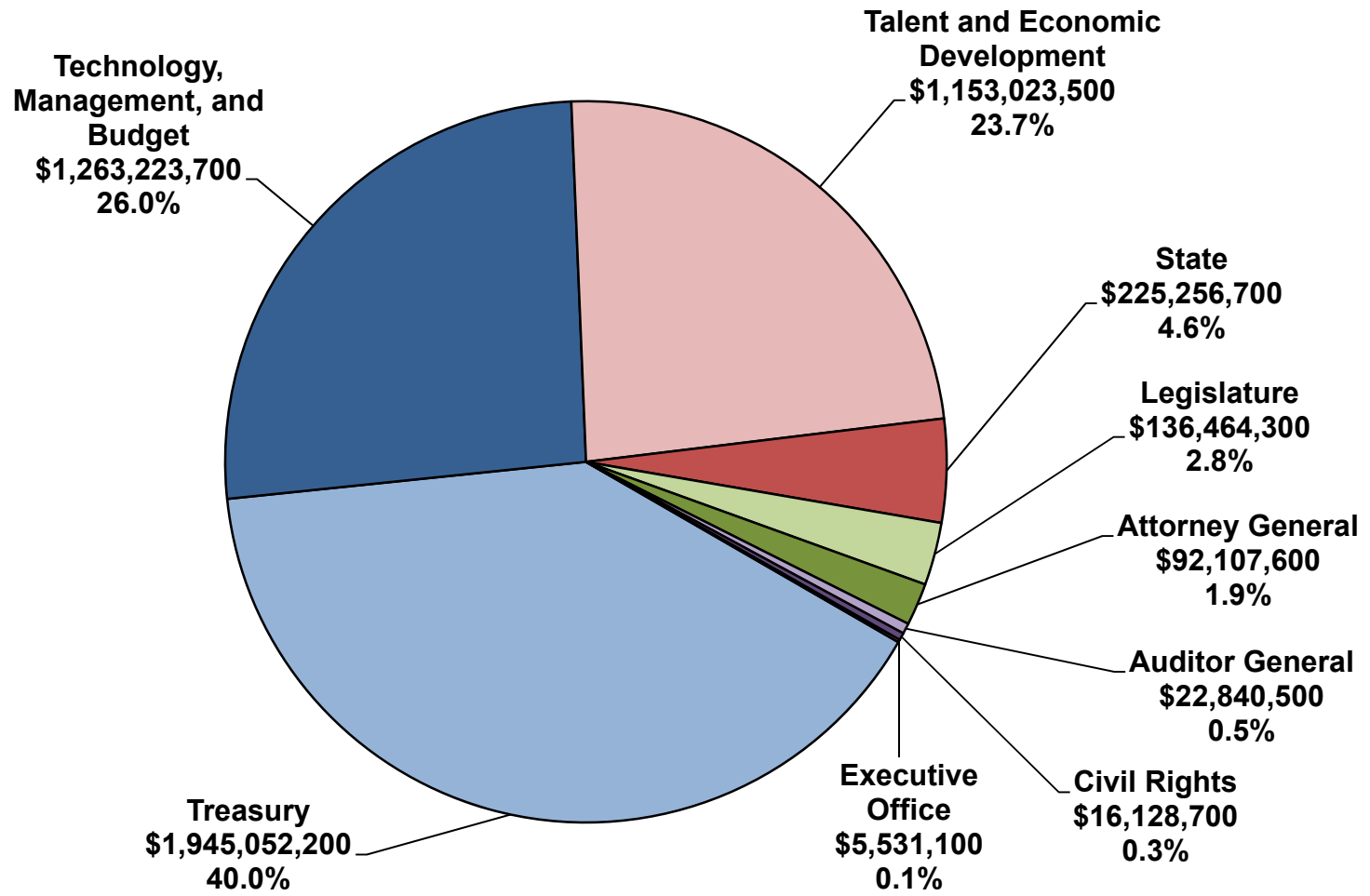
(Includes one-time appropriations of \$81,955,000)



APPROPRIATION AREAS

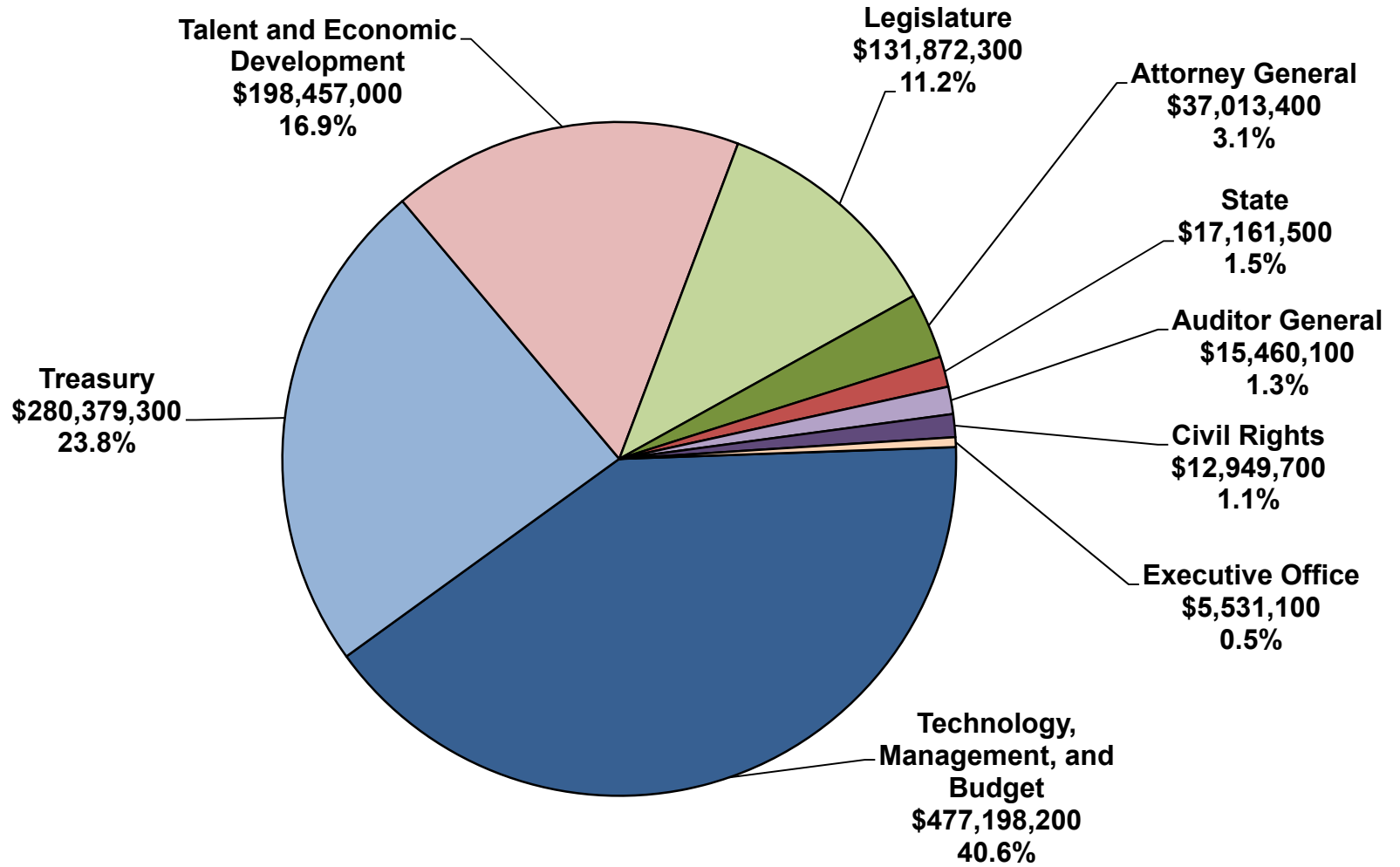
General Government Gross Appropriations by Department

FY 2015-16 Gross = \$4,859,628,300



General Government GF/GP Appropriations by Department

FY 2015-16 GF/GP = \$1,176,022,600



**For more information about the
General Government budget, contact:**

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Background Briefing

ATTORNEY GENERAL

Perry Zielak, Fiscal Analyst

December 2015

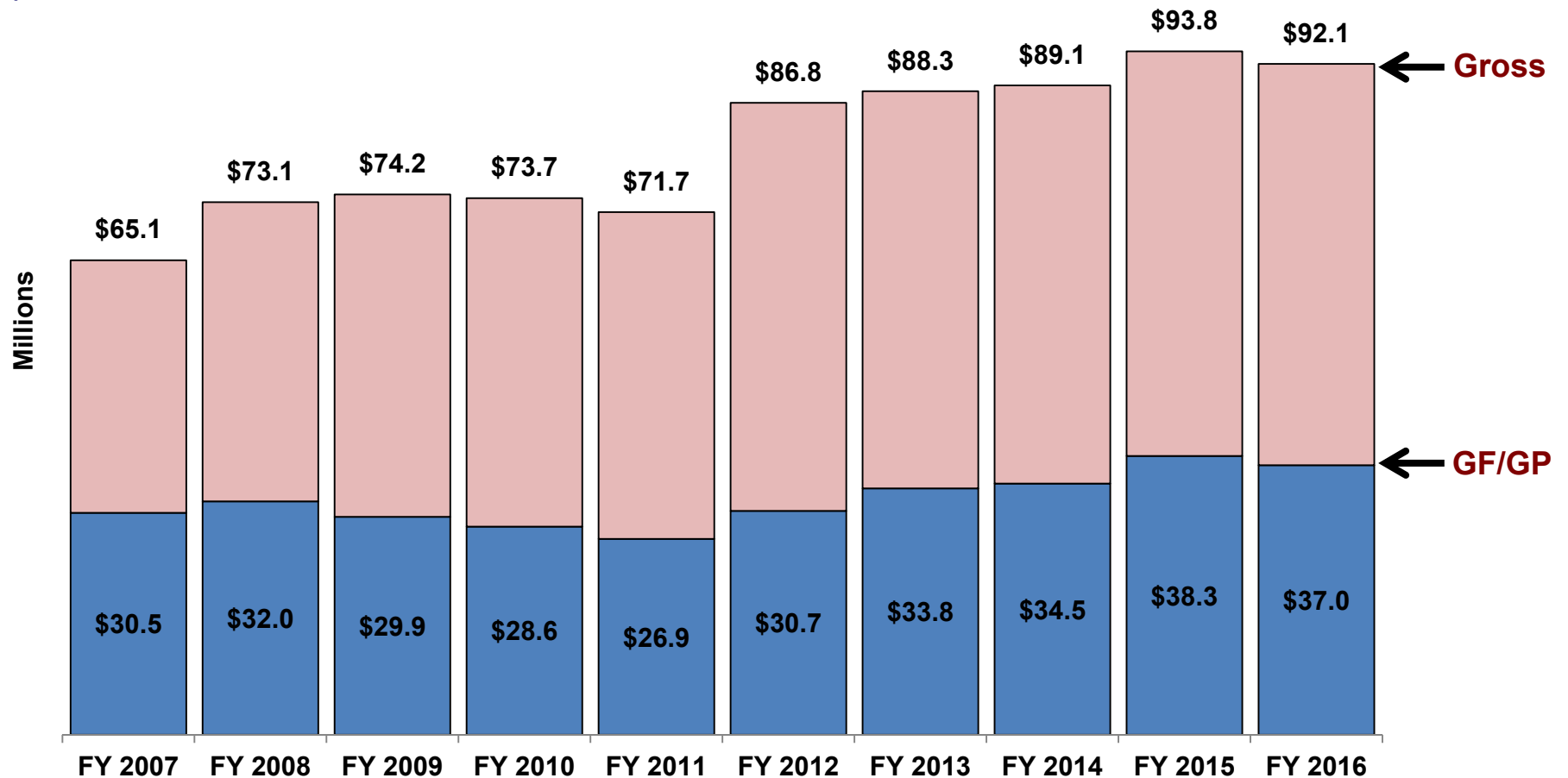
Department of Attorney General

- The Attorney General's powers are prescribed by the Constitution and further delineated by statute and case law.

- The Attorney General:
 - Serves as legal counsel for state departments, agencies, boards, commissions, and their officers.
 - Defends the state in court.
 - Serves as the chief law enforcement officer of the state.
 - Brings actions and intervenes in cases on the state's behalf.
 - Issues legal opinions that have the force of law until reversed by legislative or judicial action.

Attorney General: Gross Appropriations

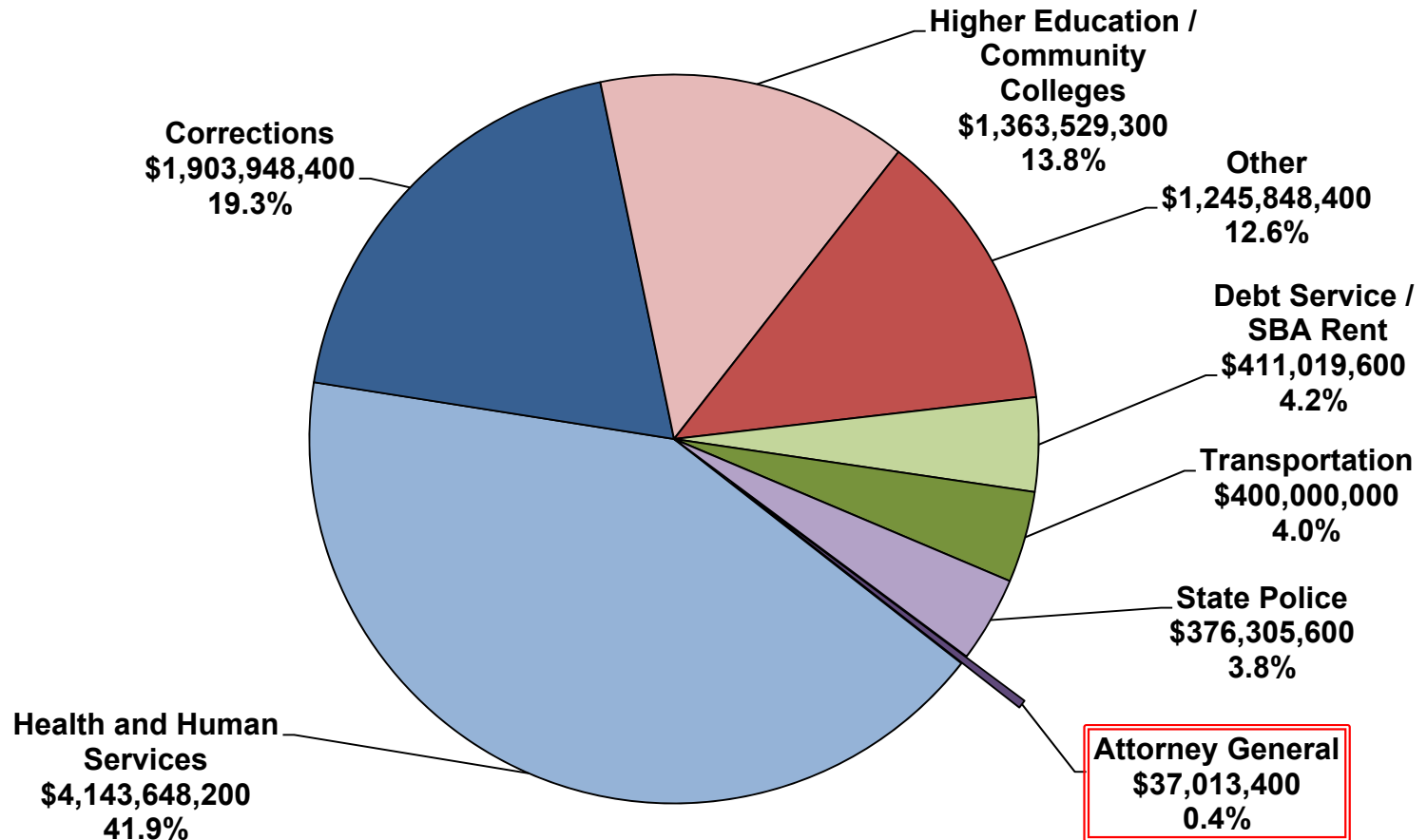
Spending increases have been primarily due to economic adjustments, while decreases have been due to budget reductions. Increase in **FY 2012** was due primarily to the pre-funding of retiree health care and the inclusion of funds awarded to the state under the joint state-federal foreclosure settlement. Increase in **FY 2015** was due primarily to the one-time appropriation for sexual assault prosecutions.



Attorney General Share of State GF/GP

Attorney General makes up 0.4% of the total state GF/GP budget

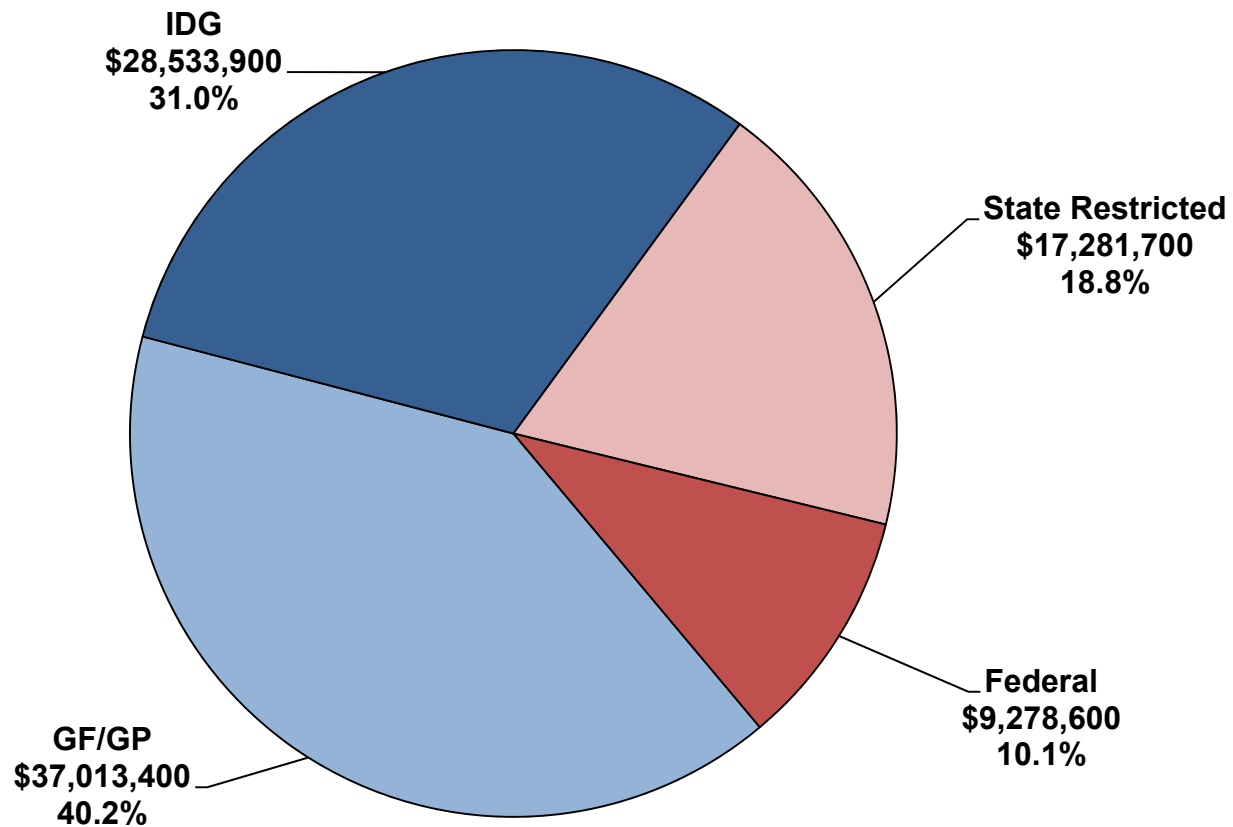
FY 2015-16 GF/GP Total = \$9,881,312,900



SOURCES OF FUNDING

Attorney General Funding Sources

FY 2015-16 Attorney General Budget = \$92,107,600



APPROPRIATION AREAS

Attorney General Appropriations

- **Department Operations (\$81.5 million, 475.5 FTEs)**
 - Personnel and operational costs associated with executive administration and providing legal advice and representation for state departments. Funded primarily through interdepartmental grants and restricted fund sources from the departments and programs benefiting from the services.

- **Child Support Division (\$3.4 million, 25.0 FTEs)**
 - Personnel and operational costs associated with child support enforcement activities. Supported primarily from federal funds.

- **Prosecuting Attorneys Coordinating Council (\$2.3 million, 12.0 FTEs)**
 - Supported primarily through GF/GP funds.

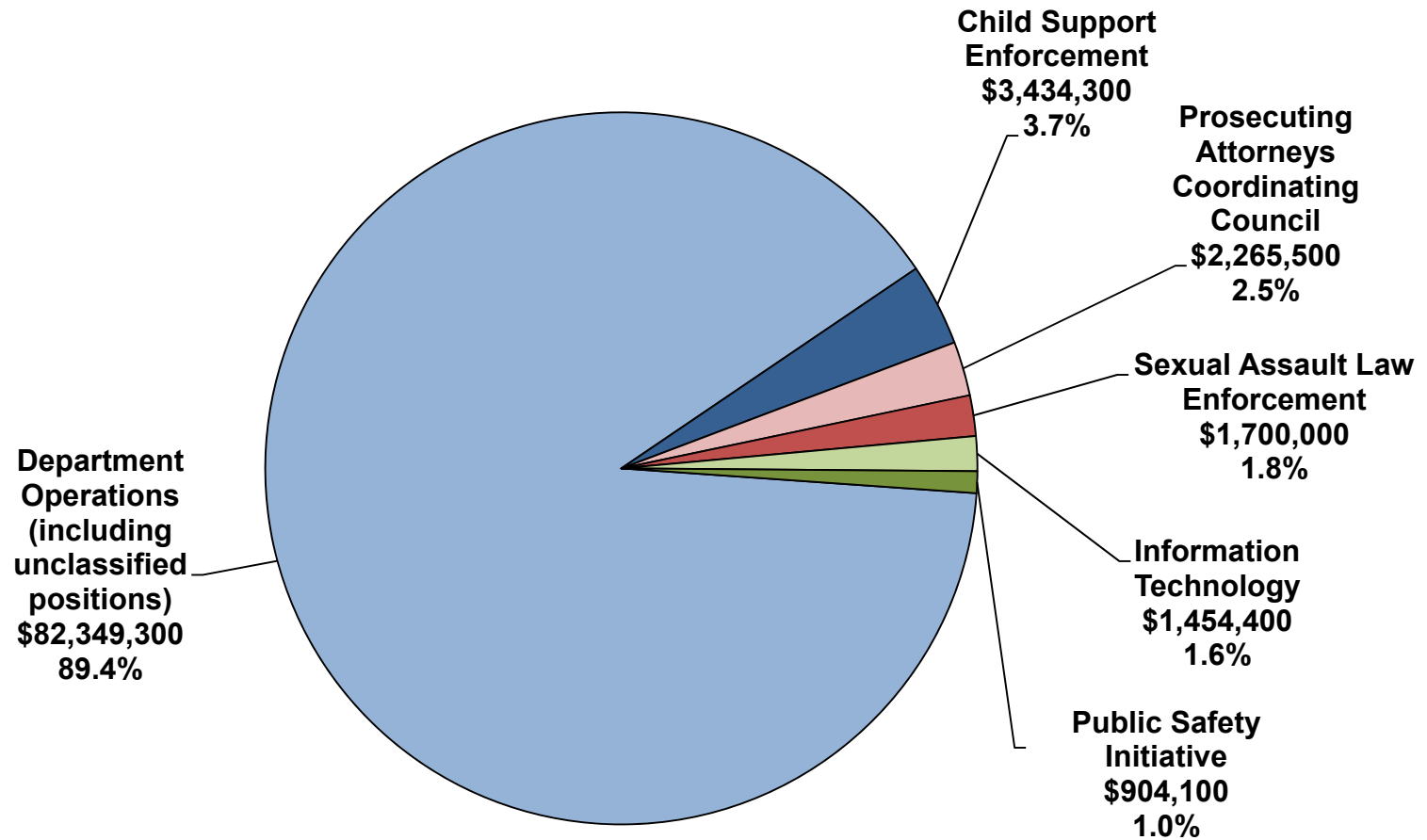
- **Information Technology (\$1.5 million)**
 - IT-related services and projects that support department activities; administered by the Department of Technology, Management, and Budget.

- **Public Safety Initiative (\$904,100, 1.0 FTE)**
 - Prosecutorial assistance for selected high-crime areas.

- **Sexual Assault Law Enforcement (\$1.7 million, 5.0 FTEs)**
 - Funding to reduce the backlog of sexual assault kits in communities statewide, except Wayne County, and to assist with investigations and prosecutions that may result.

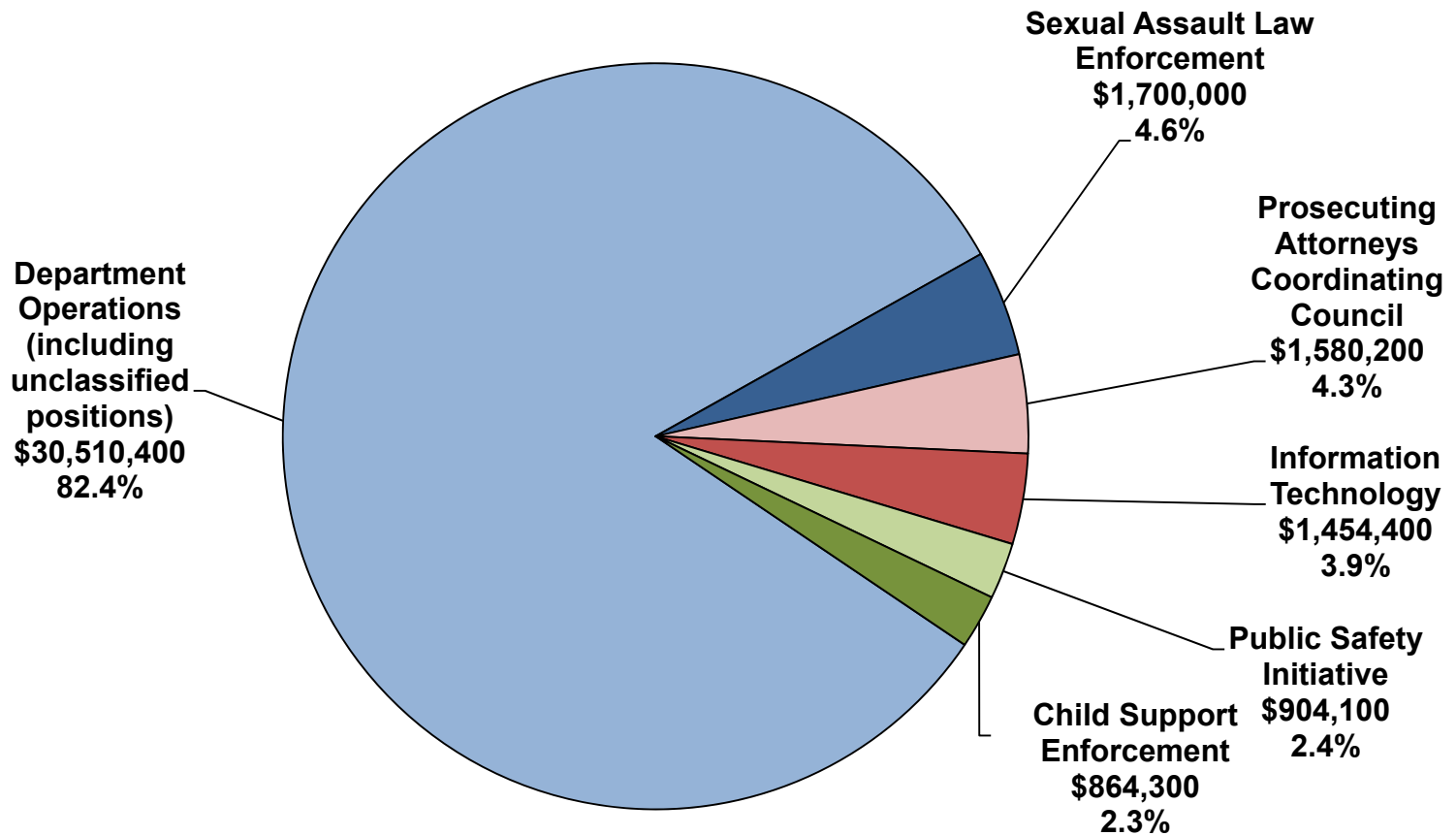
Attorney General Appropriations

FY 2015-16 Attorney General Budget = \$92,107,600



Attorney General Appropriations

FY 2015-16 Attorney General GF/GP Budget = \$37,013,400



MAJOR BUDGET TOPICS

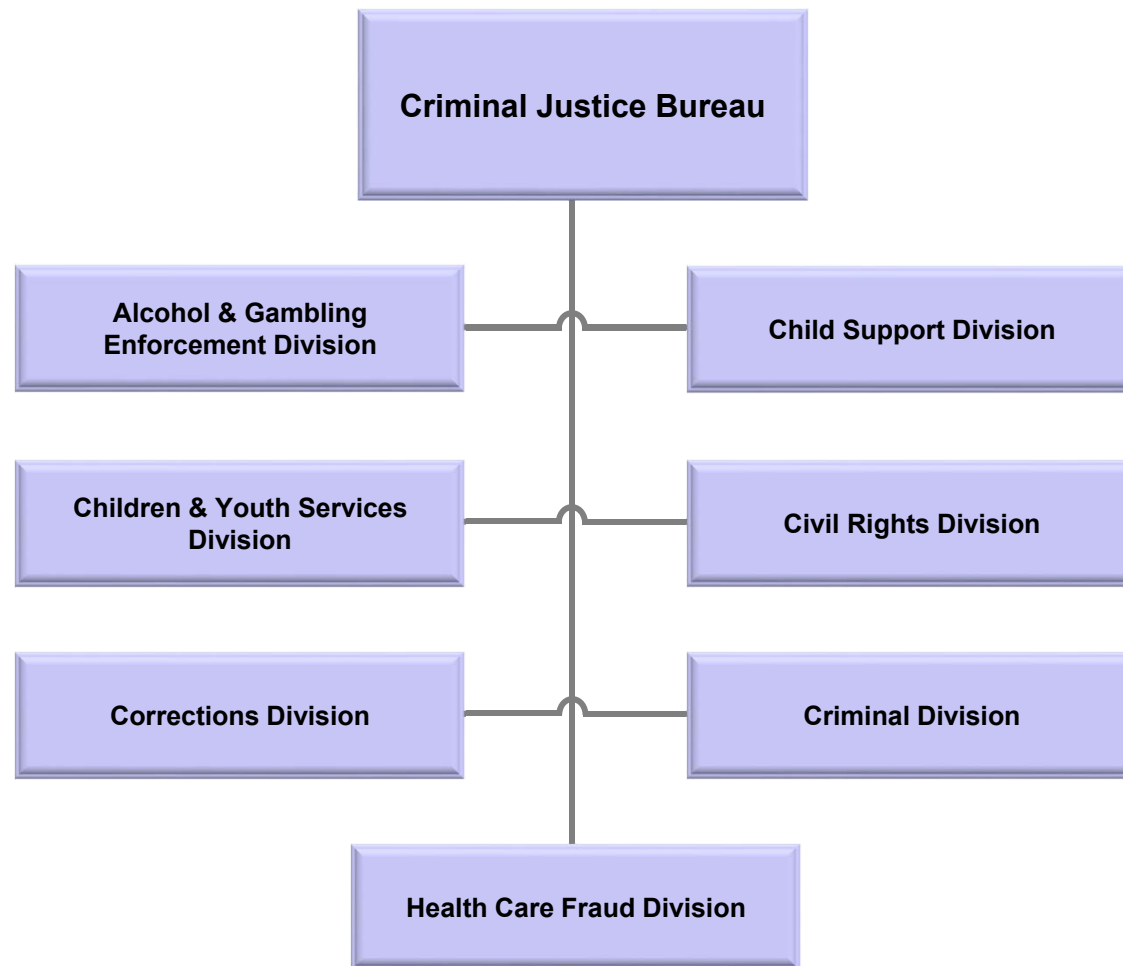
Sexual Assault Kits Testing & Prosecutions

- August 2009: Approximately 11,300 sexual assault kits are discovered upon the closure of the Detroit Crime Laboratory.
- FY 2012-13: \$4.0 million appropriated from the Lawsuit Settlement Proceeds Fund to the State Forensic Laboratory Fund to test 8,000 sexual assault kits.
- FY 2014-15: \$3.0 million in one-time funding for prosecutions resulting from testing of sexual assault kits discovered in the Detroit Crime Laboratory, working with the Wayne County Prosecutor's Office.
- FY 2015-16: \$1.7 million for testing of kits statewide, except Wayne County, and to assist with investigations and prosecutions that may result.

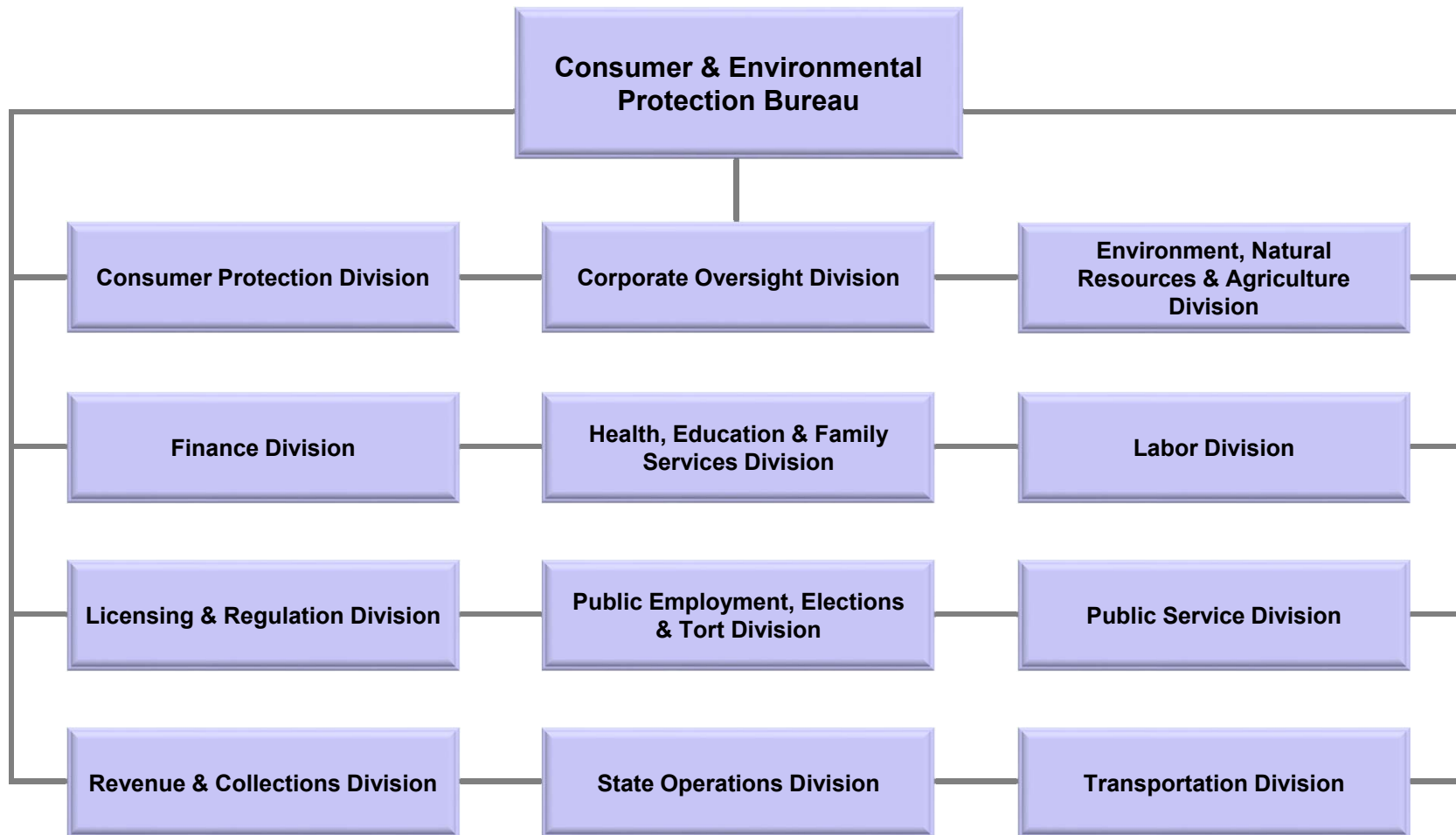
Prosecuting Attorneys Coordinating Council

- Autonomous agency responsible for ensuring a uniform system of conduct, duty, and procedure among prosecutors
- Publishes legal documents, manuals, and other materials on criminal prosecution and practices
- Provides prosecutors with updates on legislation and court procedure changes
- Provides research assistance
- Administers grant-funded services
- Coordinates statewide prosecution activities and office automation
- Provides continuing professional education

Attorney General Department Divisions



Attorney General Department Divisions



**For more information about the
Attorney General budget, contact:**

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Background Briefing

CIVIL RIGHTS

Perry Zielak, Fiscal Analyst

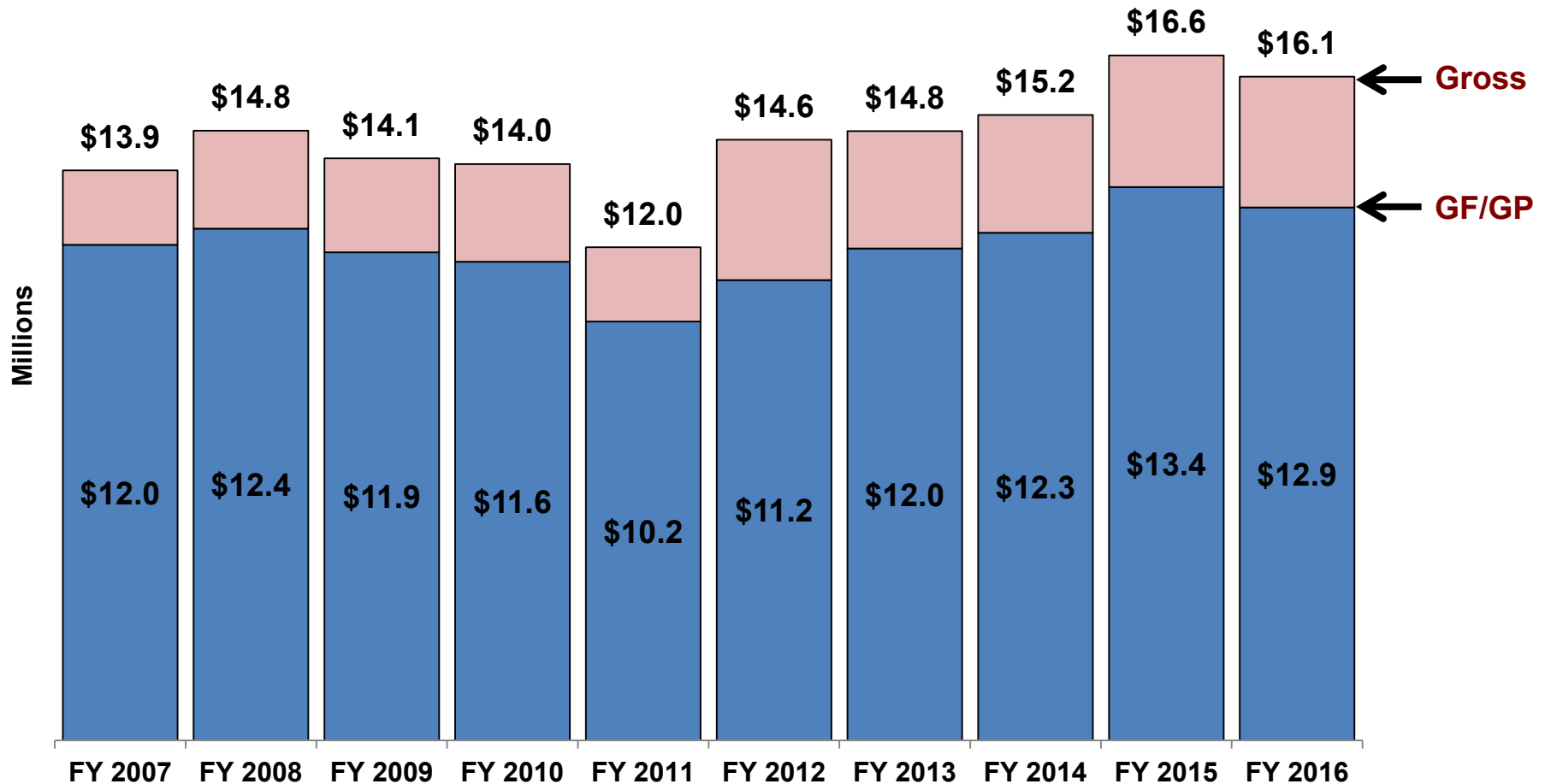
December 2015

Department of Civil Rights

- The 1963 Constitution created the Michigan Civil Rights Commission and charged it with investigating “alleged discrimination against any person because of religion, race, color or national origin.”
- Since then, the Elliott-Larsen Civil Rights Act (1976 PA 453) and the Persons with Disabilities Civil Rights Act (1976 PA 220) have added sex, age, marital status, familial status, height, weight, arrest record, genetic information, and physical and mental disabilities to the original four protected categories.
- The Department of Civil Rights was established in 1965 to serve as the Commission’s administrative arm charged with implementing Commission policies.
- The Department works to ensure equal protection by:
 - Investigating complaints
 - Resolving complaints through legal action and mediation
 - Conducting outreach and education

Civil Rights: Gross Appropriations

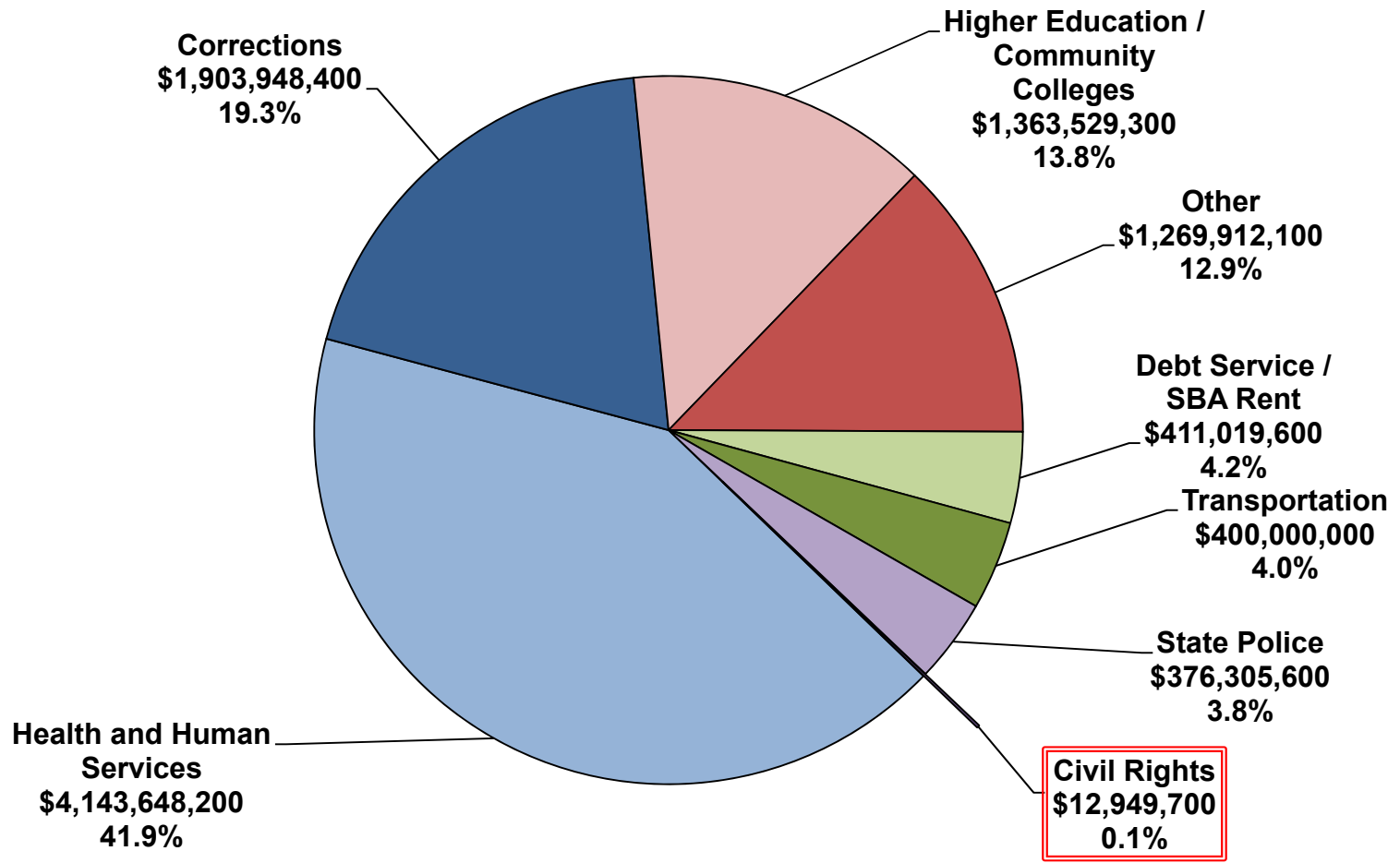
Generally, spending increases were due primarily to inflation, and decreases due to budget reductions. Increase in **FY 2012** was due primarily to the pre-funding of retiree health care. Increase in **FY 2015** was due primarily to increased funding for operations.



Civil Rights Share of State GF/GP

Civil Rights makes up 0.1% of the total state GF/GP budget

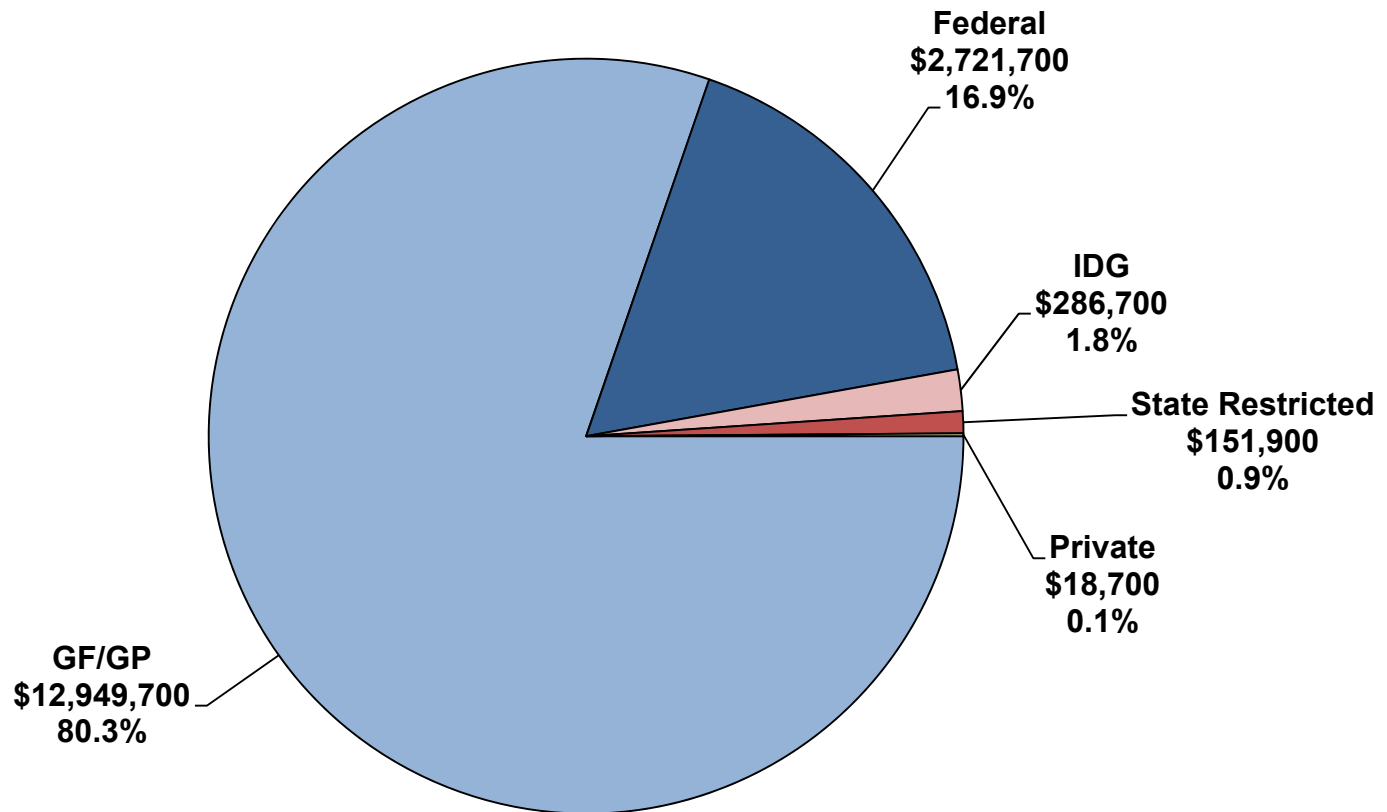
FY 2015-16 GF/GP Total = \$9,881,312,900



SOURCES OF FUNDING

Civil Rights Funding Sources

FY 2015-16 Civil Rights Budget = \$16,128,700



APPROPRIATION AREAS

Civil Rights Appropriations

The Civil Rights budget funds executive administration for the Department, several boards and commissions, and two main divisions:

- **Enforcement**
 - Complaint investigation
 - Administrative hearings
 - Amicus briefs
 - Staff counsel for Director and Civil Rights Commission
 - Records center
 - Investigation and enforcement of federal laws under contract with Housing and Urban Development (HUD) and Equal Employment Opportunity Commission (EEOC)

- **Public Affairs and Administrative Services**
 - Community relations
 - Complaint mediation
 - Contractor review and certification
 - Communications
 - Crisis response
 - Financial service and technological support

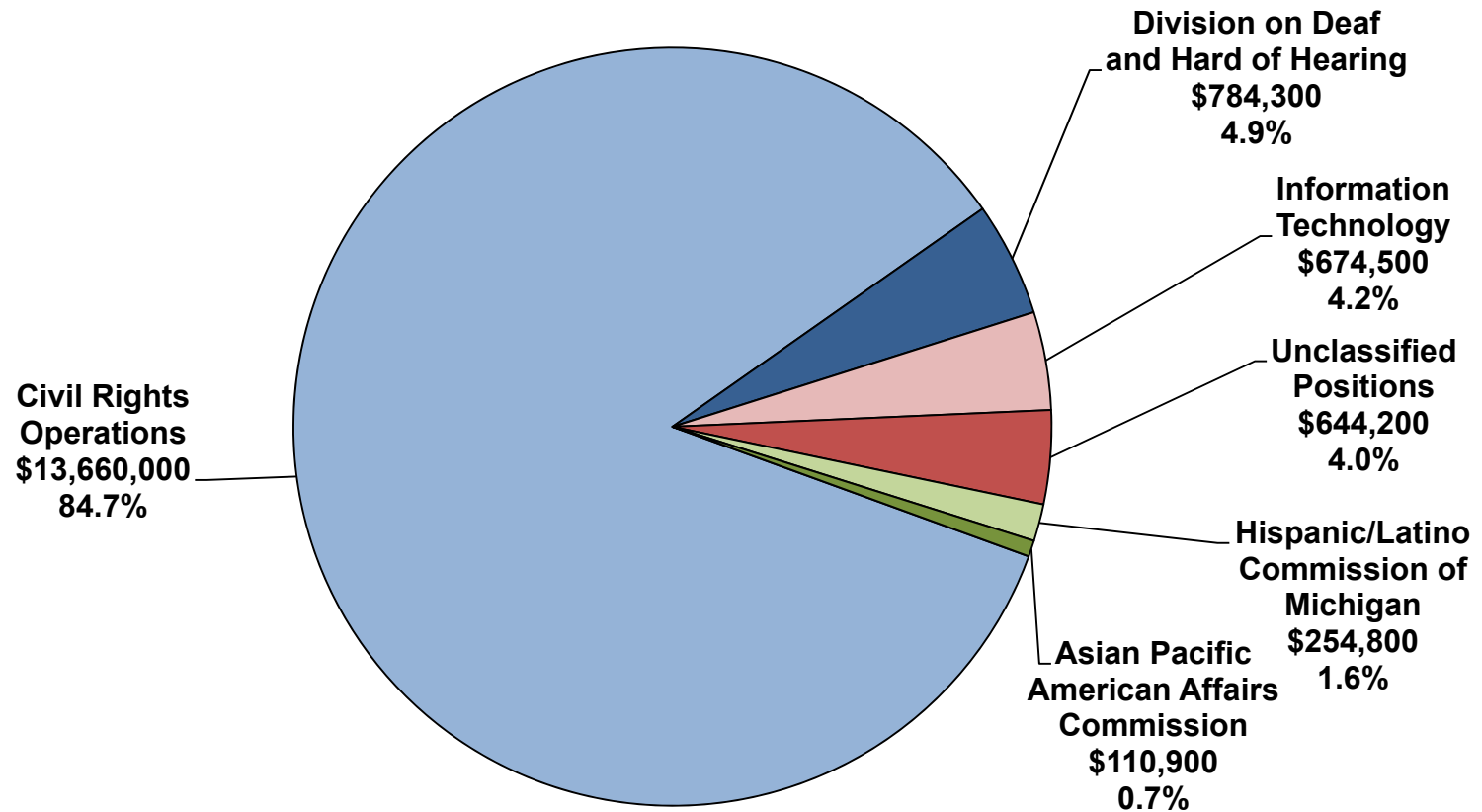
Civil Rights Appropriations

In addition to the Civil Rights Commission, the Department of Civil Rights houses:

- **Michigan Women's Commission**
 - Works to improve the quality of life for women in the areas of employment, education, health, home, and community
- **Division on Deaf and Hard of Hearing**
 - Advocates on behalf of deaf and hard of hearing persons
 - Provides technical support, information, referral services, and interpreter information
- **Hispanic/Latino Commission of Michigan**
 - Promotes the diverse interests of Hispanics in order to enhance their abilities and improve their quality of life
- **Asian Pacific American Affairs Commission:**
 - Serves the needs and promotes public awareness of Asian Pacific Americans
 - Devises methods to overcome discrimination against and ensures equal access to state services for Asian Pacific Americans
- **Michigan Council on Arab and Chaldean American Affairs**
 - Advises the Governor and the Civil Rights director on community issues and opportunities,
 - Promotes public awareness of community cultures and contributions

Civil Rights Appropriations

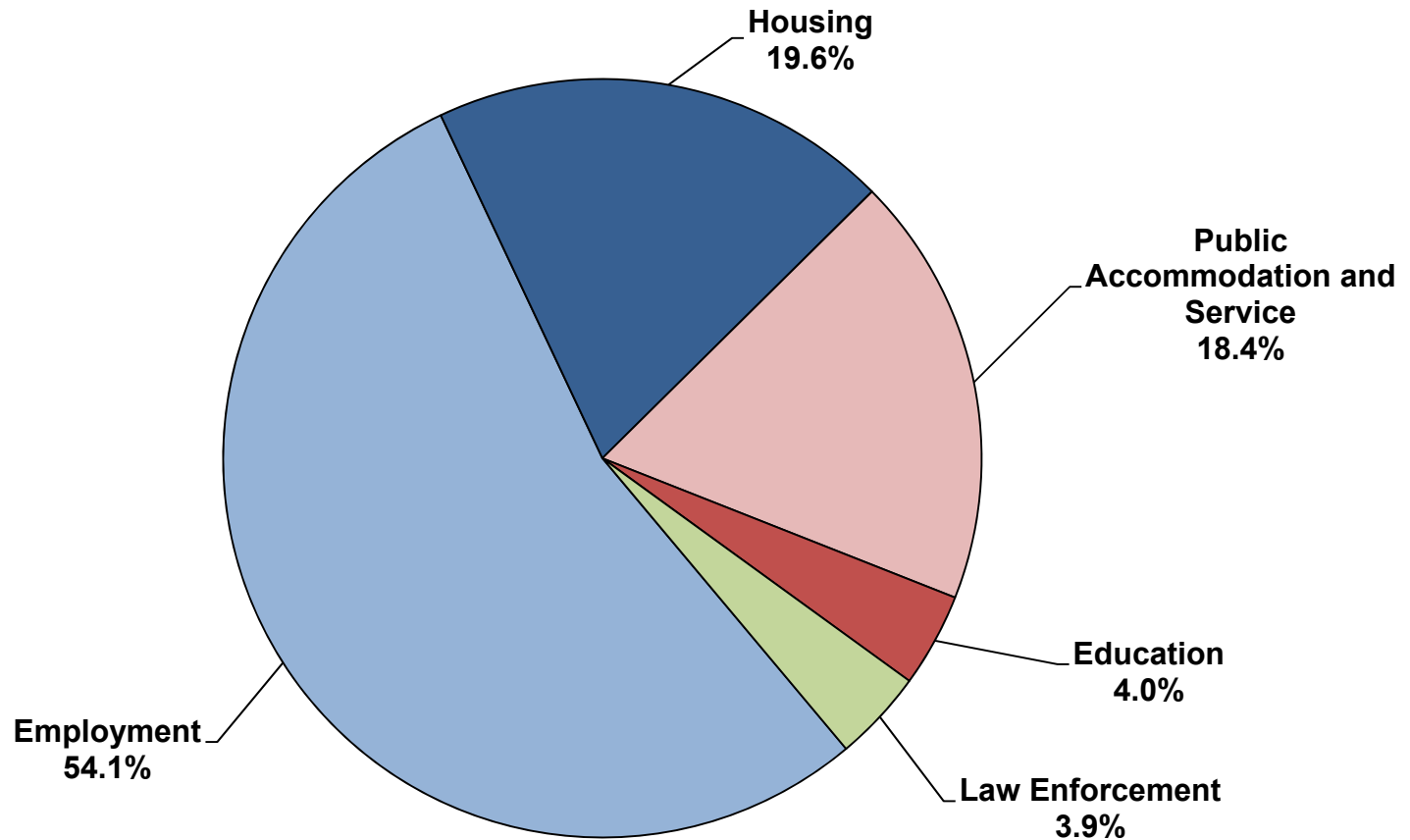
FY 2015-16 Civil Rights Budget = \$16,128,700



MAJOR BUDGET TOPICS

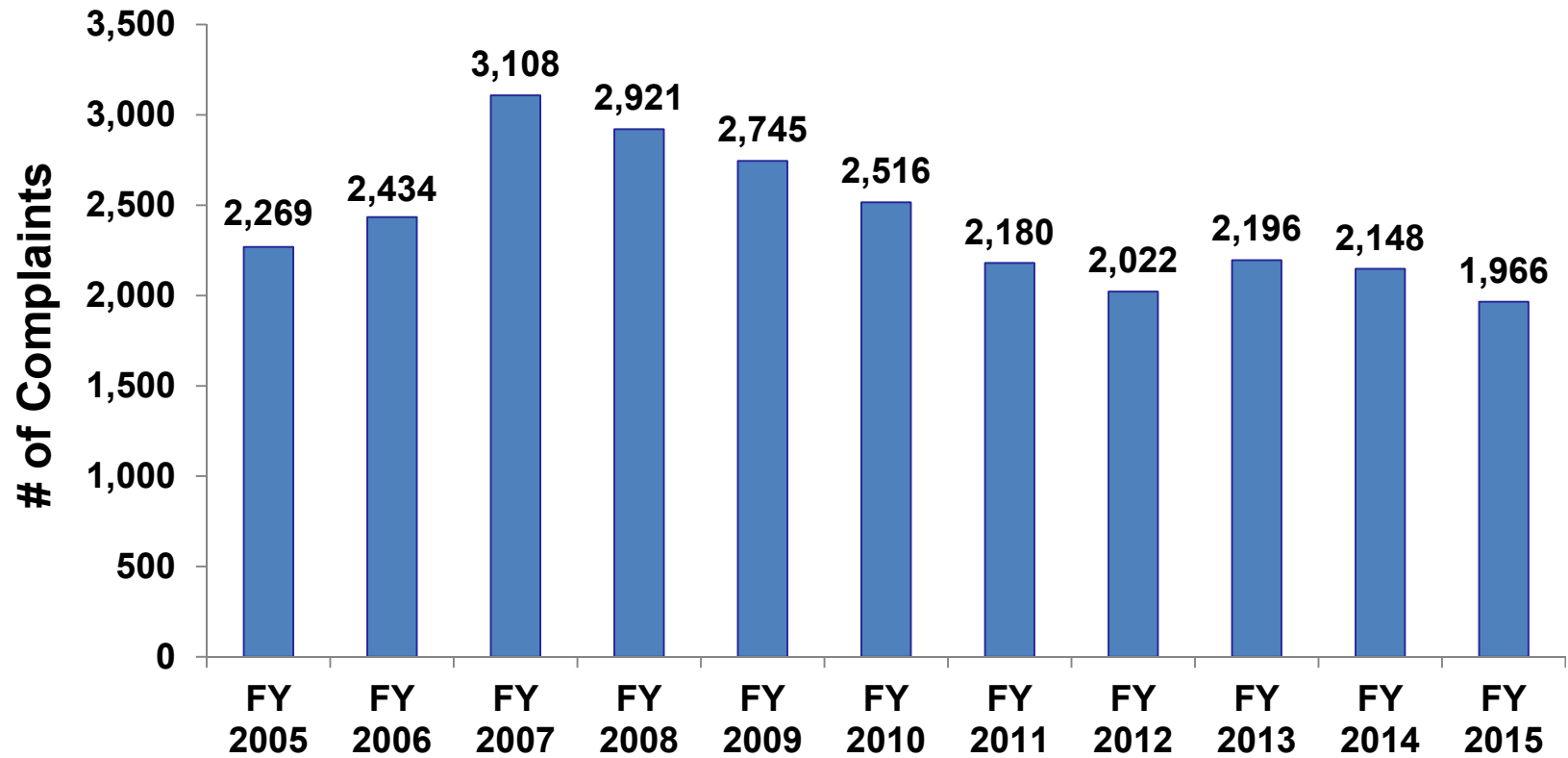
Civil Rights

FY 2015 Formal Complaints by Area of Discrimination



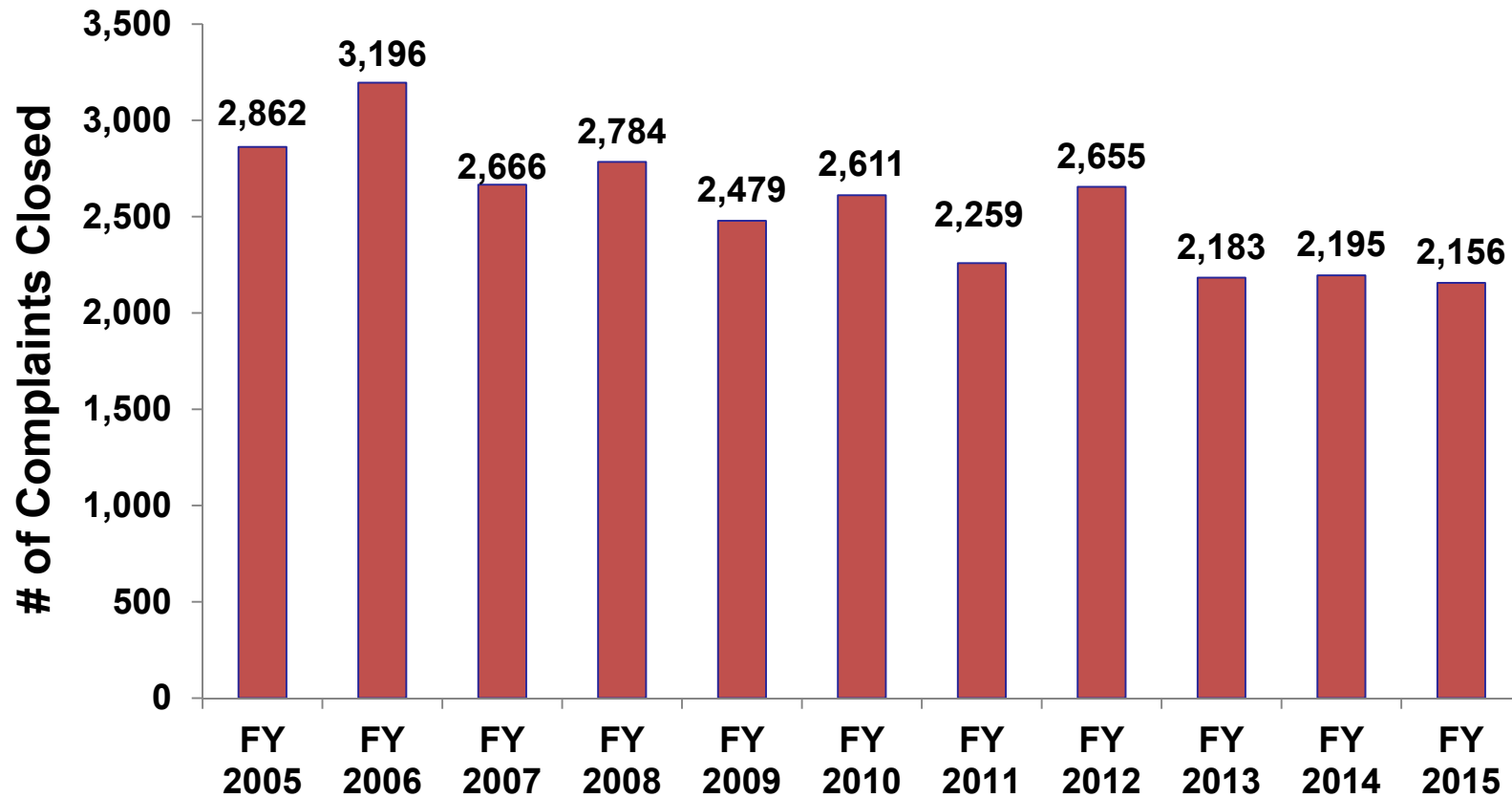
Civil Rights

Complaints Initiated by Fiscal Year



Civil Rights

Complaints Closed by Fiscal Year



**For more information about the
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Background Briefing

EXECUTIVE OFFICE

Benjamin Gielczyk, Senior Fiscal Analyst

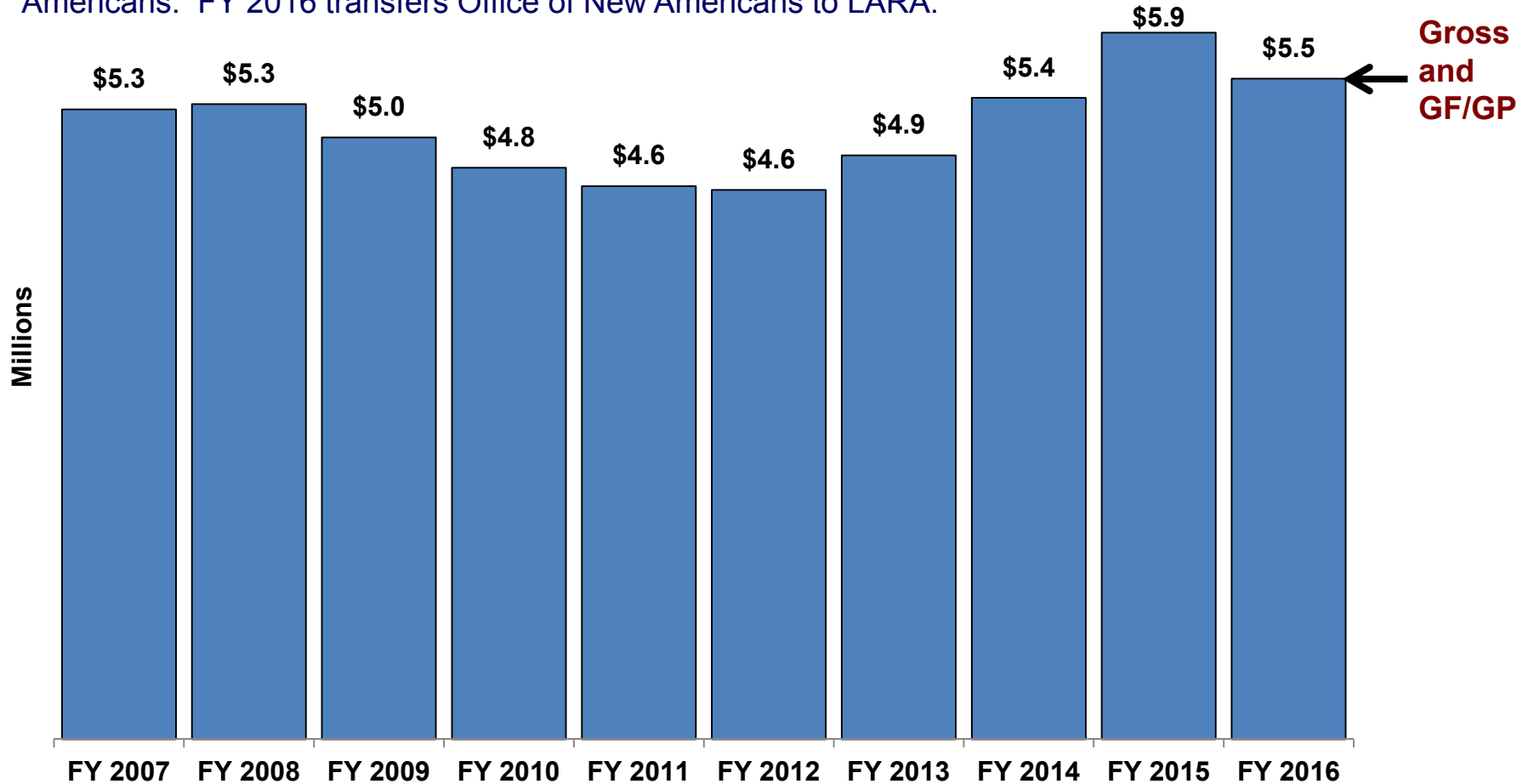
December 2015

Executive Office

- Governor is the Chief Executive Officer of the state, the Commander-In-Chief of the state's military establishment, and the Chairperson of the State Administrative Board
- Governor provides executive program and policy direction, submits annual budget to the Legislature, reviews and recommends statutory changes, appoints members of state boards and commissions, and appoints directors of departments which are not headed by elected officials or commissions
- Lt. Governor performs gubernatorial functions in the Governor's absence, serves as President of the Michigan Senate and as a State Administrative Board member, and represents the Governor and state at local, state, and national meetings

Executive Office: Gross Appropriations

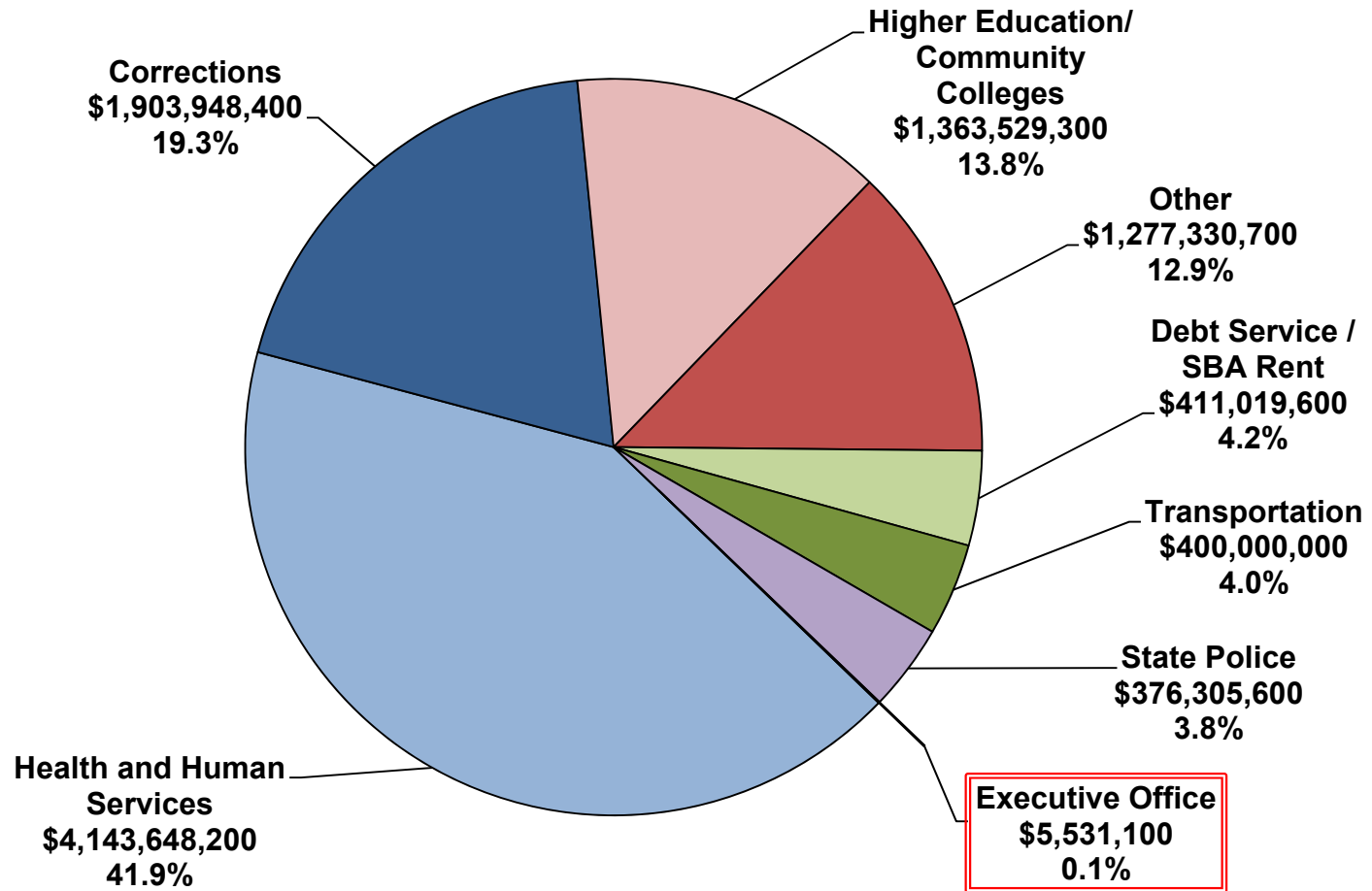
Spending increases are primarily due to inflation; decreases are due to budget reductions. Executive Office is funded 100% with state GF/GP. FY 2014 included \$400,000 in additional economics funding for unclassified positions. FY 2015 includes \$385,000 for new Office for New Americans. FY 2016 transfers Office of New Americans to LARA.



Executive Office Share of State GF/GP

Executive Office makes up 0.1% of the total state GF/GP budget

FY 2015-16 GF/GP Total = \$9,881,312,900



APPROPRIATION AREAS

Executive Office Appropriations

- Governor and Lieutenant Governor office operations
 - Staff salaries and benefits
 - Expense allowances
 - Contractual services, supplies, and materials
 - Rent and building occupancy charges
 - Worker's compensation
 - Travel
 - Equipment

Executive Office Appropriations

- Divisions facilitate day-to-day operations for the Governor and Lt. Governor
 - Provide legal counsel and interpret legal matters
 - Review charters, agreements, resolutions, prisoner extraditions and pardons, and administrative and emergency rules
 - Coordinate office facilities, personnel, budget, and information technology
 - Recommend appointments to judicial vacancies, boards, and commissions
 - Recommend policy and manage external/legislative affairs
 - Handle correspondence, visits, and phone calls from constituents
 - Prepare and coordinate issue papers, speeches, media communications, and audio/video presentations
 - Act as liaison between Legislature, state departments, local and state officials, and Washington D.C.

**For more information about the
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Background Briefing

LEGISLATIVE AUDITOR GENERAL

Benjamin Gielczyk, Senior Fiscal Analyst

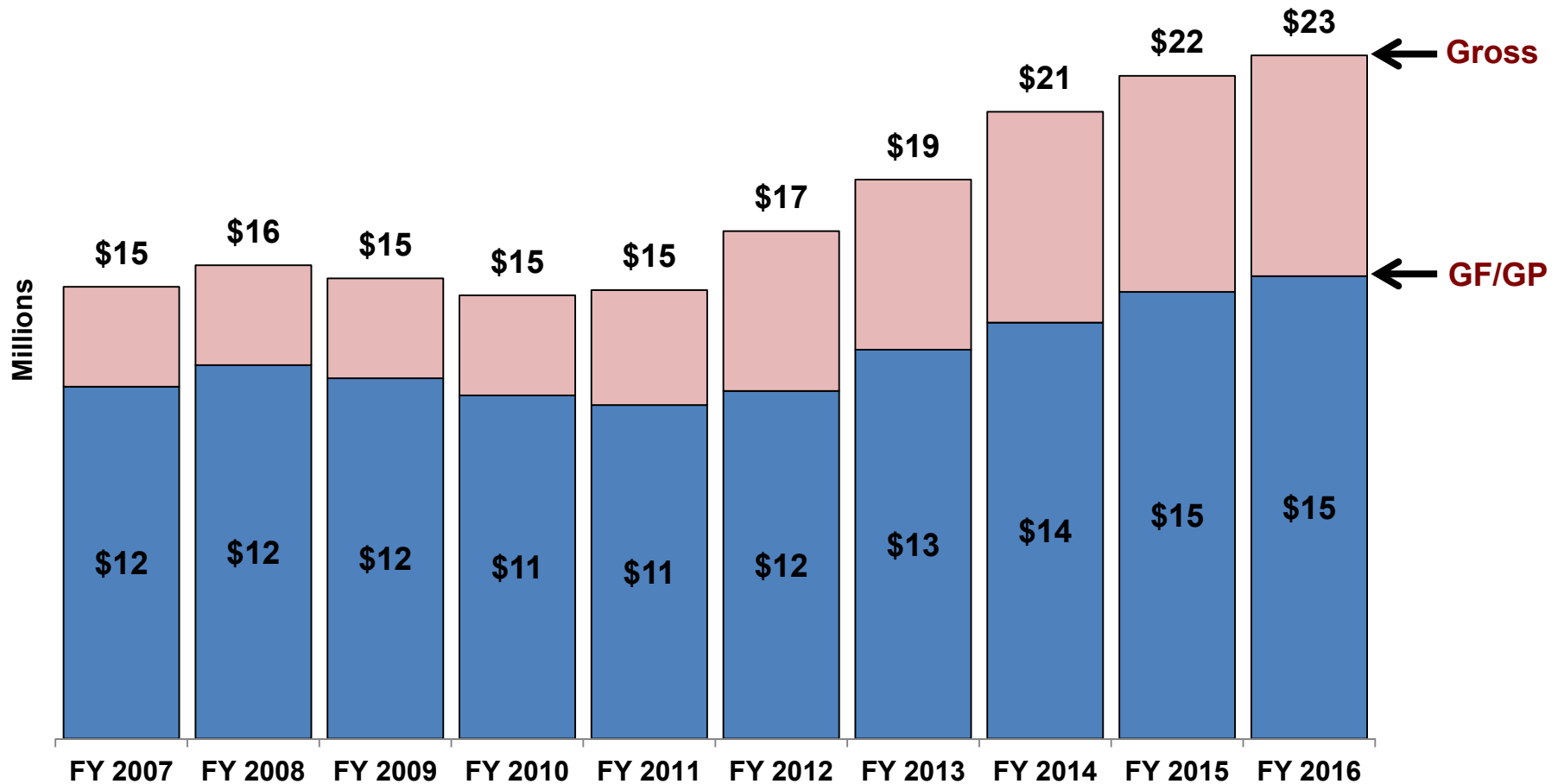
December 2015

Legislative Auditor General

- Constitutional Authority is found in Article IV, Section 53 of the Constitution of Michigan of 1963
- Mission is to improve accountability for public funds and operations of state government for the benefit of the citizens of the State of Michigan
- Responsibilities are to conduct post financial and performance audits of state government operations, meet specific audit requirements in conformance with the constitutional mandate, and complete individual projects and reports in response to legislative requests
- Audit reports
 - Provide information for legislative oversight of state government
 - Provide accountability, ensuring that receipts and expenditures are in accordance with the State Constitution and state laws, rules, and procedures
 - Assist state departments and agencies in improving the financial management, effectiveness, efficiency, and economy of activities and programs approved by the Legislature
- Appropriations for the Legislative Auditor General are included in an appropriation unit in the Legislature budget in FY 2016

Legislative Auditor General: Gross Appropriations

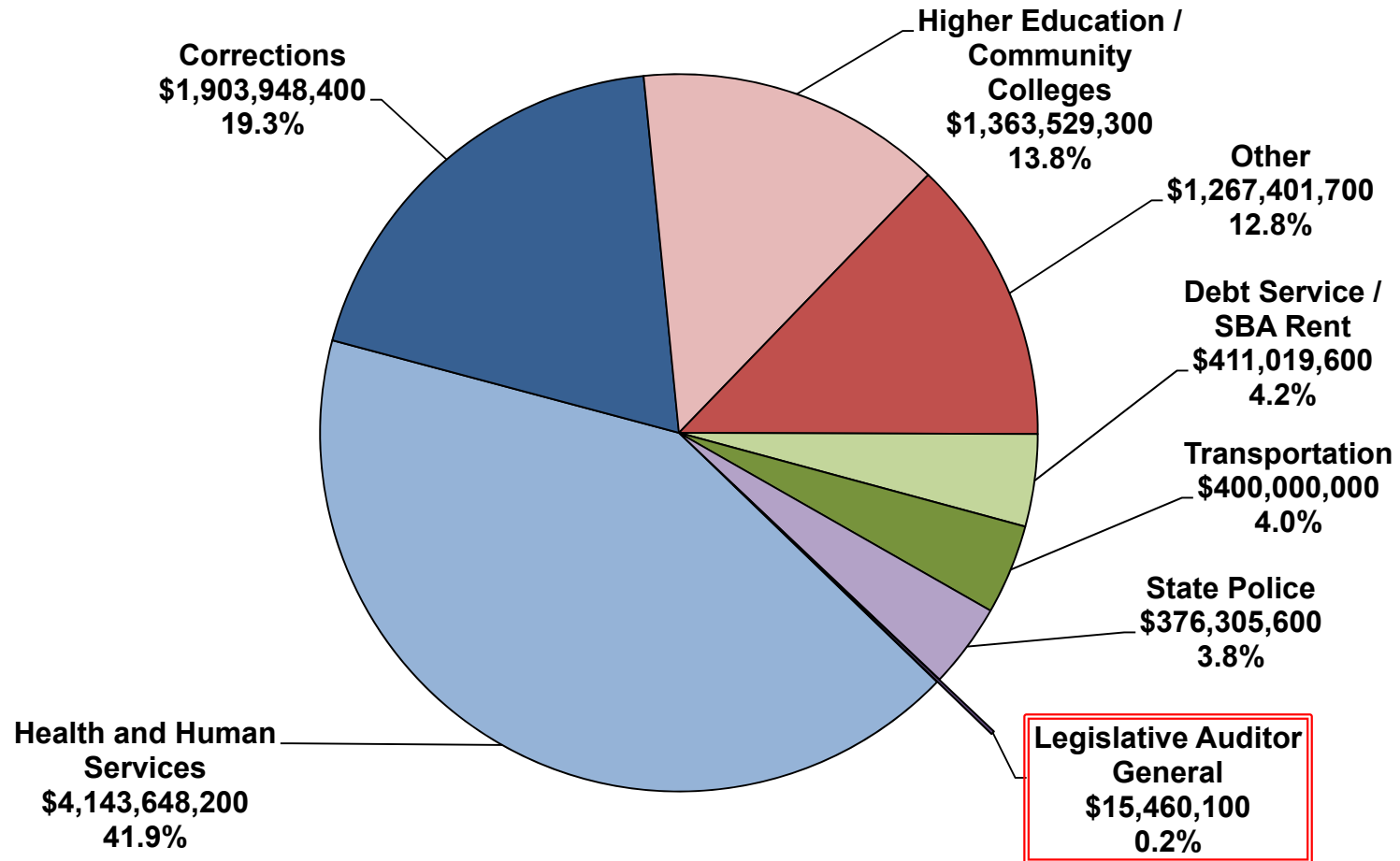
Increase in FY 2014 is due to the pre-funding of retiree healthcare, a shift of boilerplate funding to line item funding, and the inclusion of additional funds for increased audit oversight. FY 2015 included \$400,000 for IT auditors.



Legislative Auditor General Share of State GF/GP

Legislative Auditor General makes up 0.2% of the total state GF/GP budget

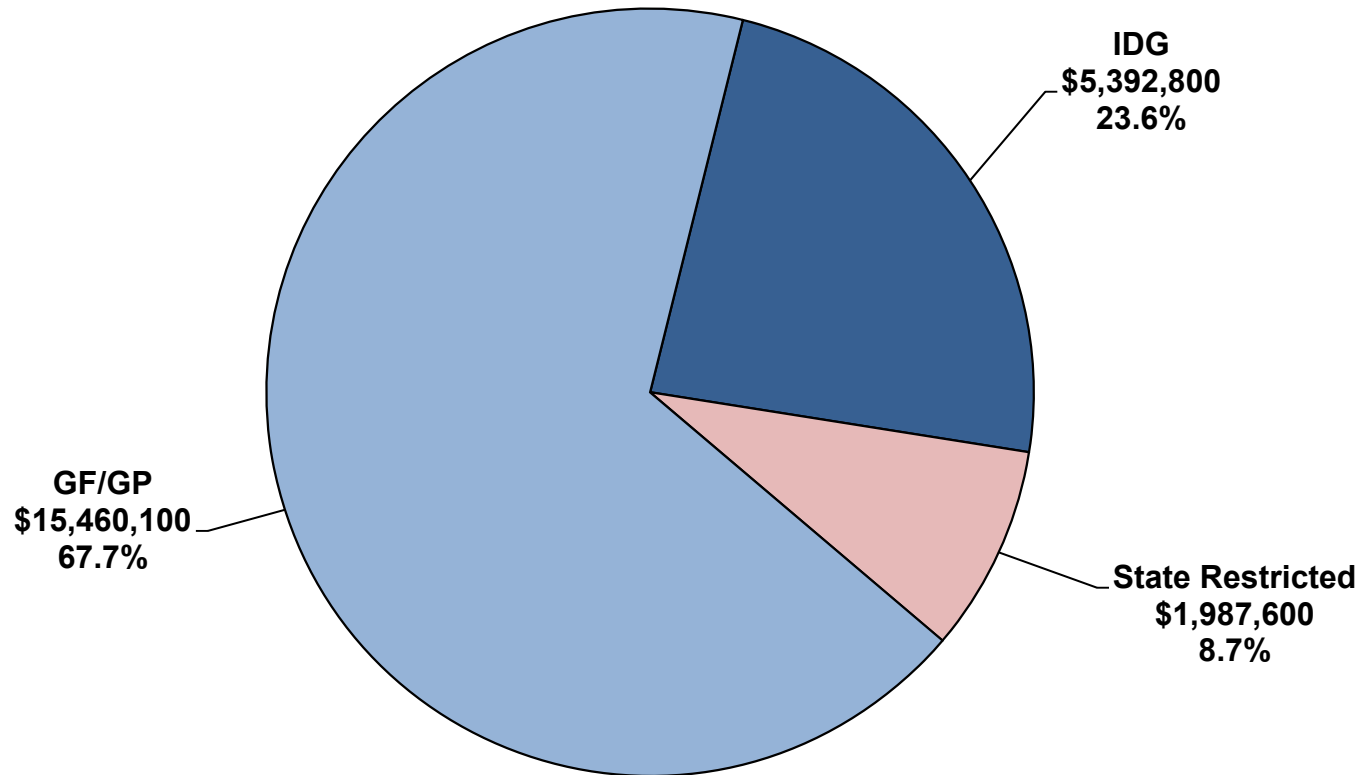
FY 2015-16 GF/GP Total = \$9,881,312,900



SOURCES OF FUNDING

Legislative Auditor General Funding Sources

FY 2015-16 Legislative Auditor General Budget = \$22,840,500



APPROPRIATIONS AREAS

Legislative Auditor General Appropriations

- Salaries and benefits for Auditor General, Deputy Auditor General, Administrative Assistant to Auditor General, and all other office staff
- All other staff are state classified Civil Service employees, though they are staff of the Legislative branch
- Office operations
 - Rent
 - Travel
 - Information system charges
 - Office supplies
 - Dues
 - Subscriptions
 - Telephone
 - Postage
 - Equipment and equipment maintenance
 - Training

MAJOR BUDGET TOPICS

Legislative Auditor General

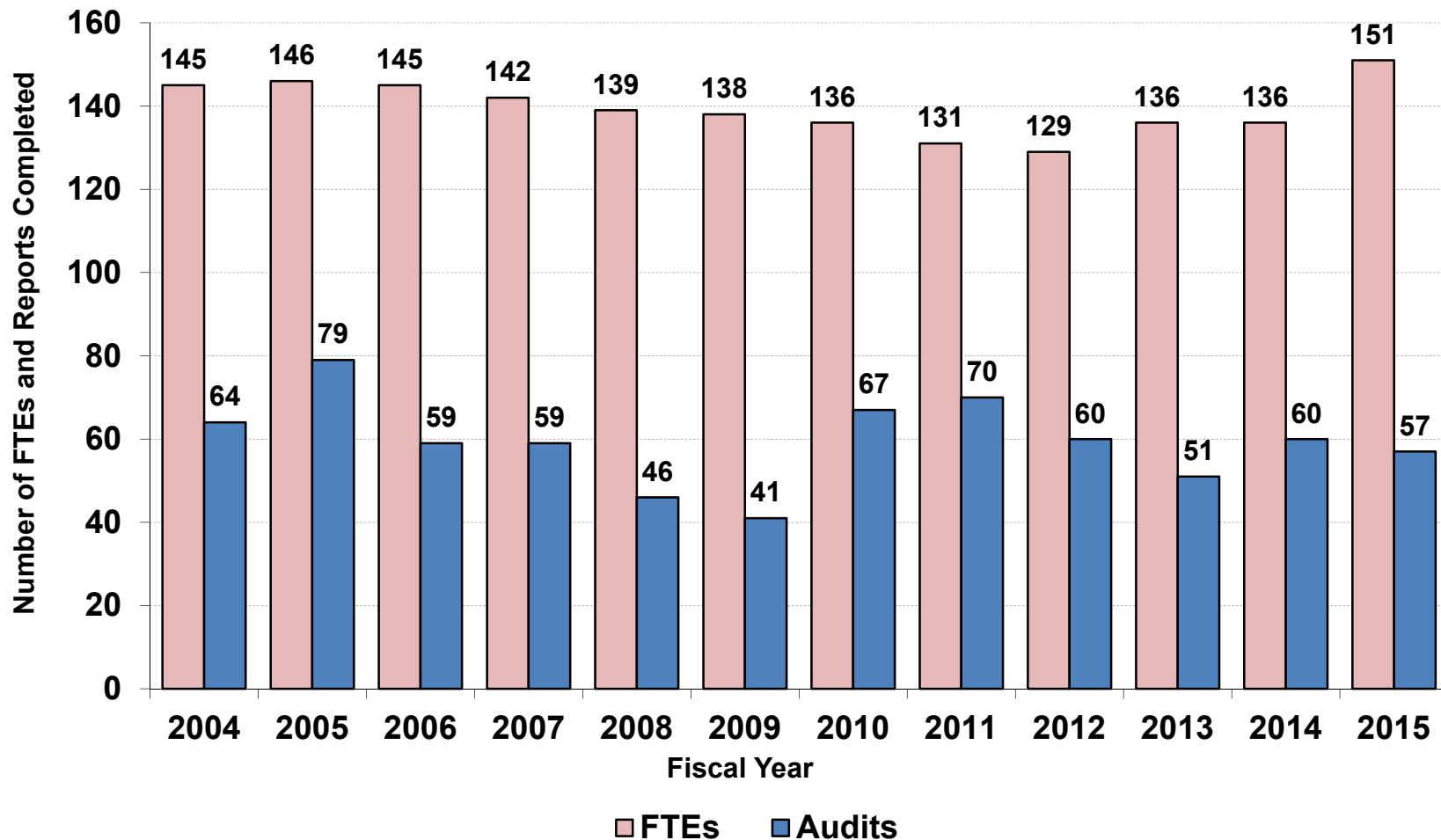
- **Organizationally divided into four areas of responsibility:**
 - **Bureau of Audit Operations** - conducts post financial and performance audits of the executive, legislative, and judicial branches of government and universities and community colleges; performs specific reviews in response to legislative requests; participates in joint National State Auditors Association audits with other states' audit agencies
 - **Office of Professional Practice** - performs quality assurance reviews of audit reports and working papers; edits audit reports; conducts accounting and auditing research
 - **Office of Information Technology** - manages and maintains the computer network; provides software assistance and computer support to all staff
 - **Office of Administration** - provides human resource management, accounting and budgeting, audit report production, office-wide printing, purchasing, and clerical support

Legislative Auditor General

- **Types of audits performed:**
 - **Financial Audits:** provide reasonable assurance that financial statements and/or financial schedules of an audited entity are presented fairly and conform with generally accepted accounting principals. Includes State of Michigan Comprehensive Annual Financial Report.
 - **Statewide Single Audit:** financial audits performed in accordance with the Single Audit Act of 1984 (as amended in 1996) and by State statute; meet the needs of federal grantor agencies and other financial report users; require study and evaluation of the internal control structure and testing of compliance with laws and regulations relevant to federal assistance programs
 - **Performance Audits:** provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision-making by parties responsible for overseeing or initiating corrective action; follow-up reports are done to determine whether agencies comply with recommendations made by the Auditor General
 - **Performance and Financial Audits:** designed to achieve a combination of performance and financial audit objectives

Legislative Auditor General

FTE Positions and Audit, Special, and Letter Reports Completed



**For more information about the
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Background Briefing

LEGISLATURE

Benjamin Gielczyk, Senior Fiscal Analyst

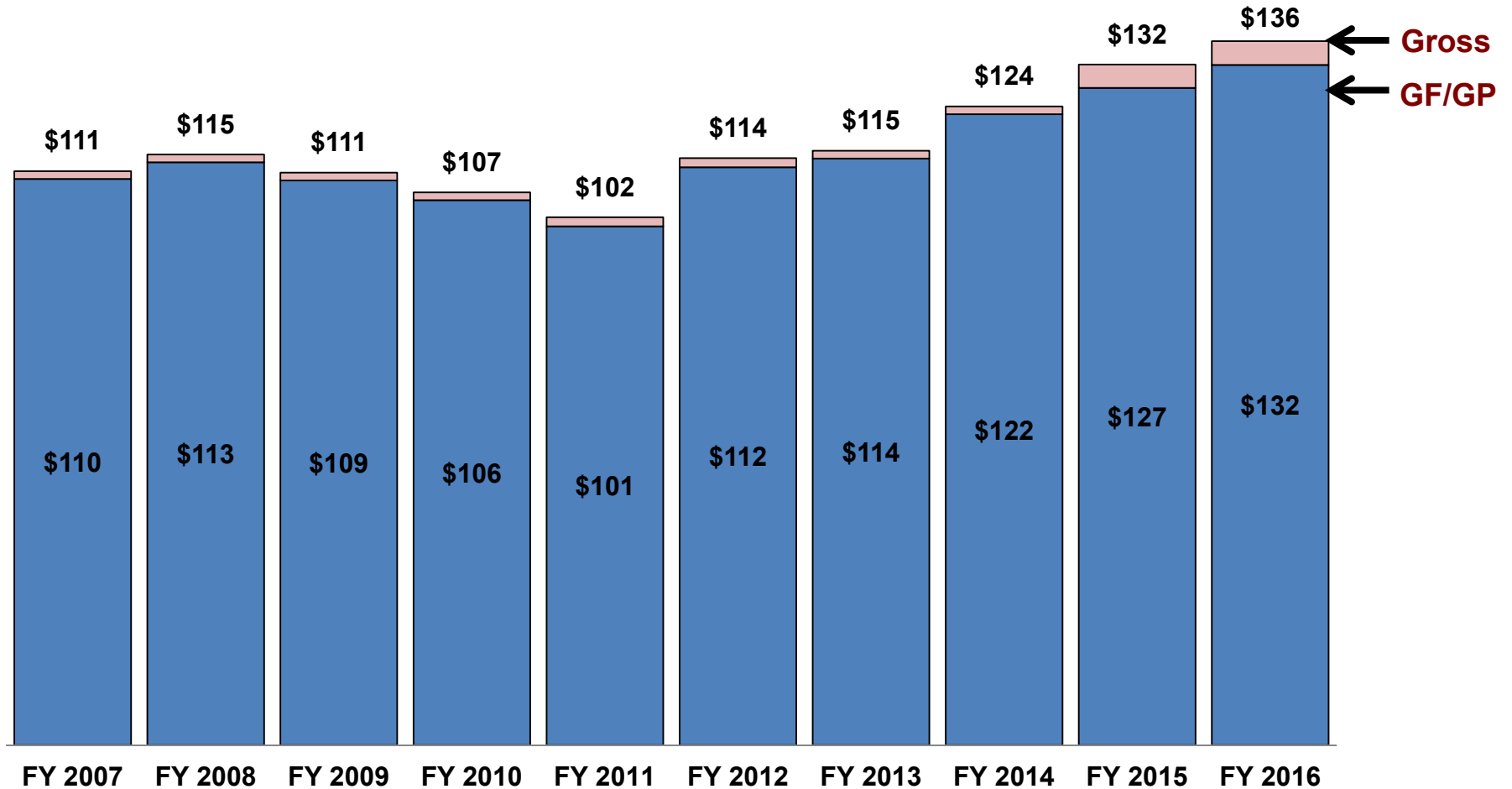
December 2015

Legislature

- Enacts 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
- Initiates and considers amendments to the State Constitution, considers legislation proposed by petitions signed by voters, and considers proposed amendments to the U.S. Constitution
- Exercises legislative oversight over the Executive branch of government through the administrative rules and audit processes and through committees and the budget
- Legislative branch of state government includes:
 - House of Representatives
 - Senate
 - Legislative Council and agencies it governs
 - Legislative Retirement System
 - Property Management

Legislature: Gross Appropriations

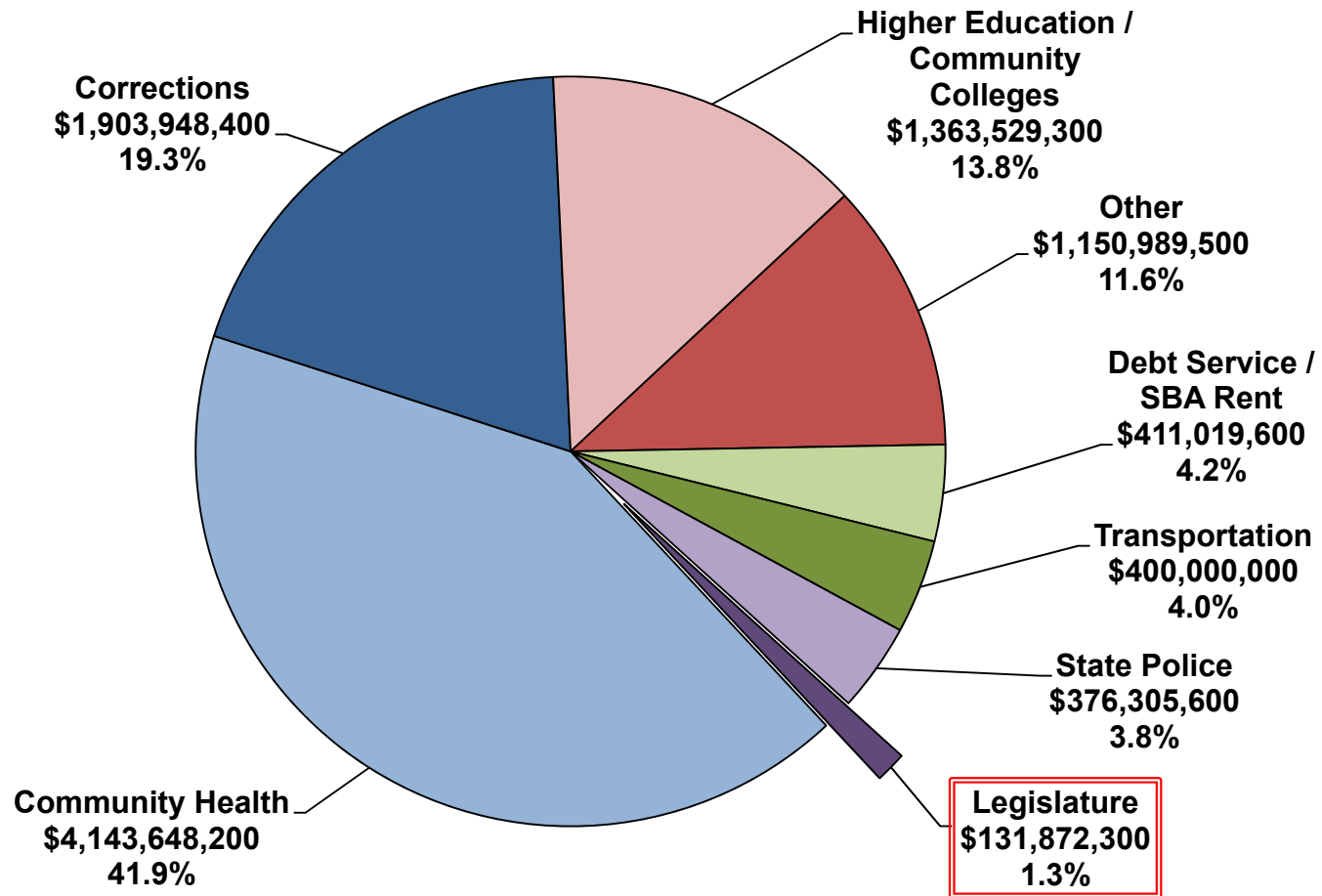
Spending increases are primarily due to inflation; decreases are due to budget reductions. Increase in FY 2014 is mostly due to the pre-funding of retiree healthcare and other economic adjustments. FY 2015 increase includes \$3.0 million for newly created State Capitol Historic Site and other economic adjustments.



Legislature Share of State GF/GP

Legislature makes up 1.3% of the total state GF/GP budget

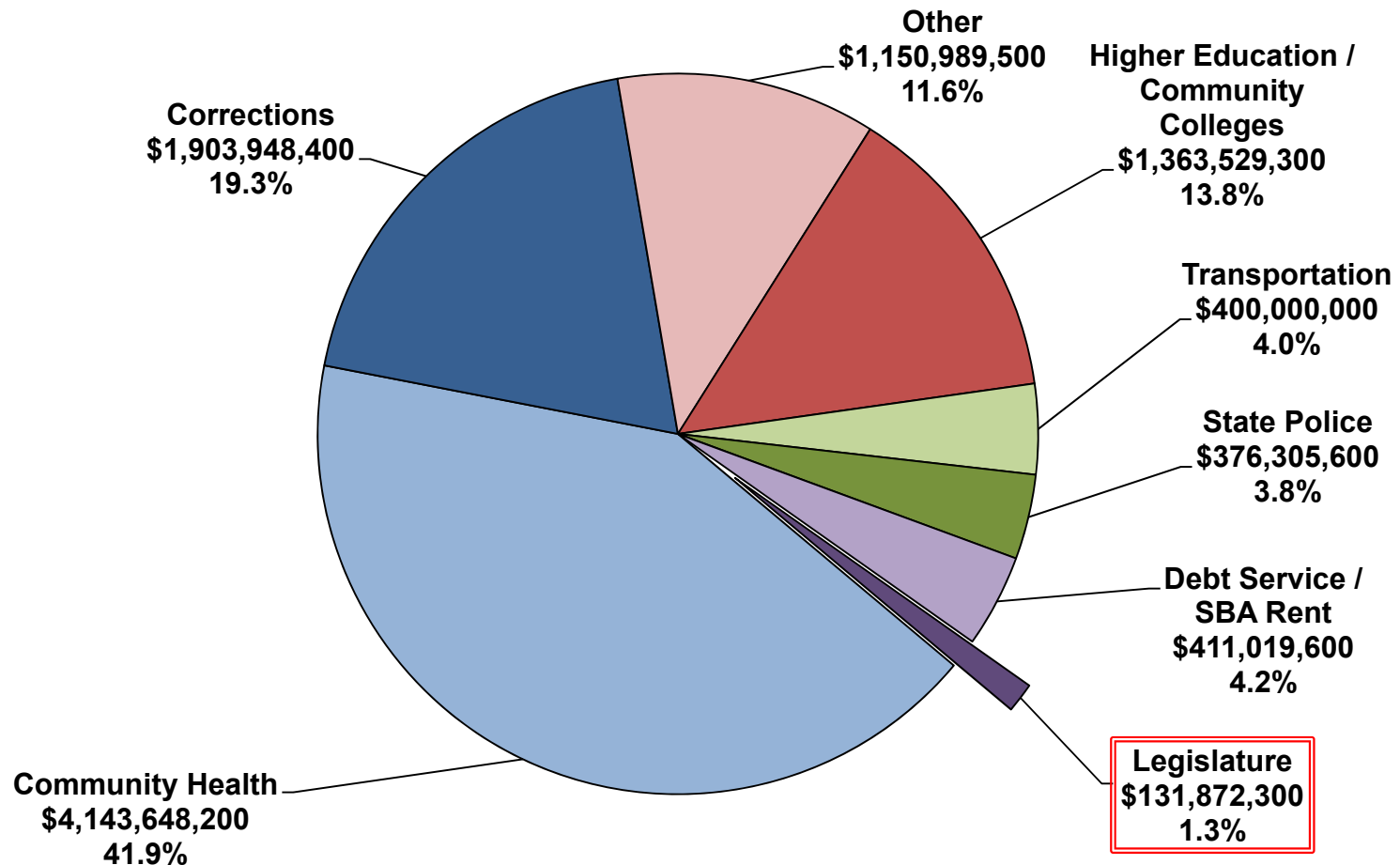
FY 2015-16 GF/GP Total = \$9,881,312,900



Legislature Share of State GF/GP

Legislature makes up 1.3% of the total state GF/GP budget

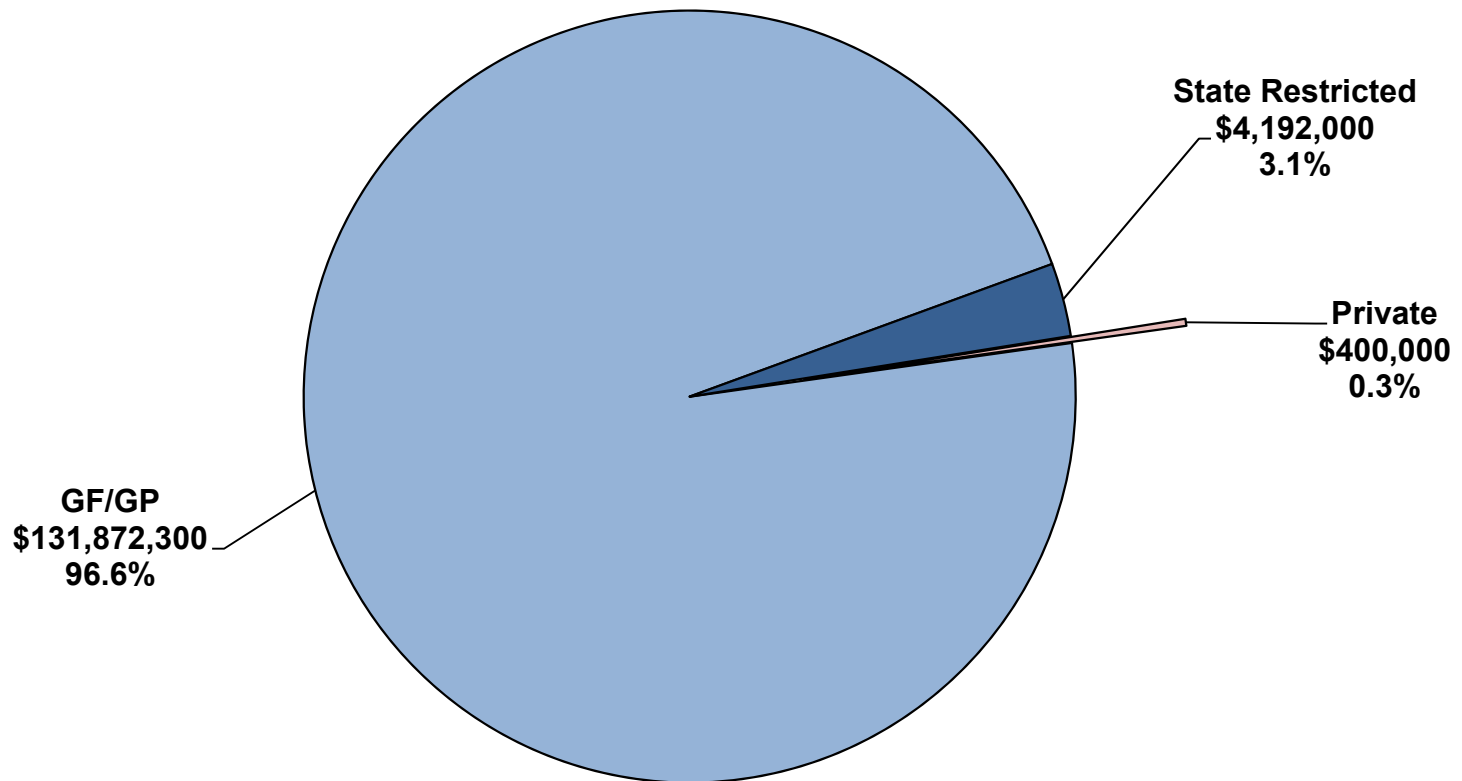
FY 2015-16 GF/GP Total = \$9,881,312,900



SOURCES OF FUNDING

Legislature Funding Sources

FY 2015-16 Legislature Budget = \$136,464,300



APPROPRIATION AREAS

Legislature Appropriations

- Legislature: \$96,514,300 Gross
 - 100% state GF/GP funding for day-to-day operations of:
 - House of Representatives
 - Senate
 - House and Senate Fiscal Agencies
 - House and Senate computer systems

- Legislative Council: \$14,104,000 Gross
 - 97.2% state GF/GP and 2.8% private funds for day-to-day operations of:
 - Legislative Service Bureau
 - Legislative Council Administrator
 - Legislative Commission on Government Efficiency
 - Legislative Commission on Statutory Mandates
 - Legislative Corrections Ombudsman
 - Joint Committee on Administrative Rules
 - Criminal Justice Policy Commission
 - Michigan Law Revision Commission
 - Michigan Commission on Uniform State Laws
 - State Drug Treatment Court Advisory Committee
 - Provides essential services, such as bill drafting and research, to legislative members and staff through Legislative Service Bureau
 - Pays Legislature's dues for membership in national associations and pays worker's disability compensation premiums for all legislative officials and employees

Legislature Appropriations

- Legislative retirement: \$4,865,500 Gross
 - 76.7% state GF/GP and 23.3% court filing fees
 - Membership in pension system limited to legislators employed before March 31, 1997; legislators employed after that date are members of the Defined Contribution Retirement Plan
 - Health insurance costs for deferred and retiree members of the system; retirement allowances, survivors' allowances, and other benefits for legislators, their spouses, dependents, survivors, and beneficiaries.
NOTE: Retiree health benefits eliminated for any Legislator who had not completed at least six years of service as a Legislator before January 1, 2013.

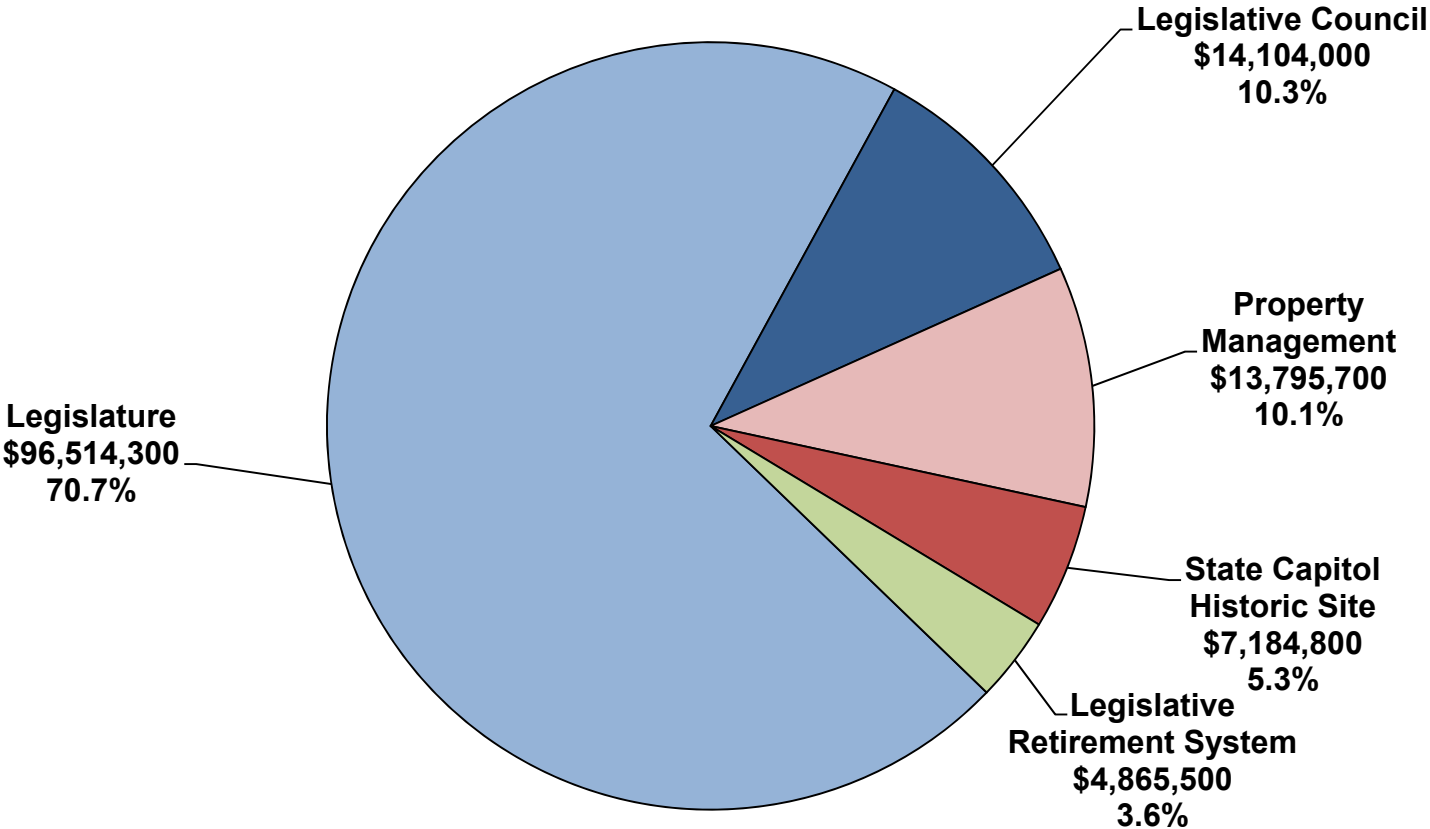
- Property management: \$13,795,700 Gross
 - 100% state GF/GP funding for operation, maintenance, and repair of the Cora B. Anderson Building (House property) and the Billie S. Farnum Building (Senate property)

Legislature Appropriations

- State Capitol Historic Site: \$7,184,800 Gross
 - 57.4% state GF/GP and 42.6% Capitol Historic Site Fund
 - Management and operation of Michigan State Capitol Historic Site including legislative parking facilities within the State Capitol area. Includes salaries and benefits of staff employed to manage day-to-day operations; staff employed to carry out the commission's responsibilities; and State Capitol tour guides.
 - Funds maintenance, repair, and restoration of the Michigan State Capitol Historic Site (\$3.1 million appropriated from Michigan State Capitol Historic Site Fund).
 - Under authority of the Michigan State Capitol Commission, facility staff manage, operate, develop, construct, maintain, renovate, and repair the Capitol Building and grounds

Legislature Appropriations

FY 2015-16 Legislature Budget = \$136,464,300



**For more information about the
Legislature budget, contact:**

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Background Briefing

DEPARTMENT OF STATE

Perry Zielak, Fiscal Analyst

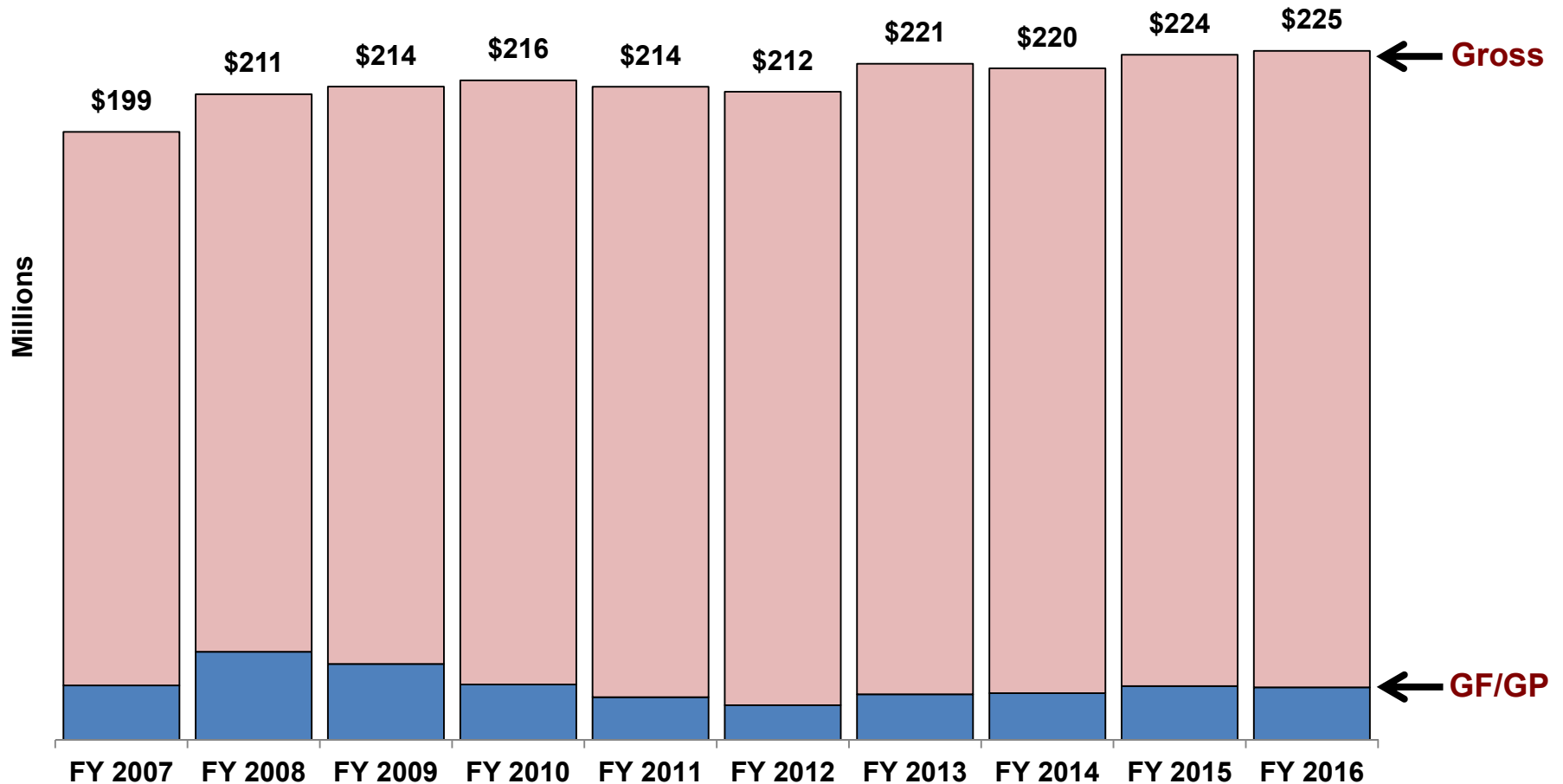
December 2015

Department of State

- Implements policies of the Secretary of State, an elected official who serves a four-year term of office
- Administers programs in four major areas:
 - **Motor vehicle transactions:**
Drivers' licenses, titles and registrations for motor vehicles, watercraft, and recreational vehicles
 - **Traffic safety:**
Driving tests, license suspensions
 - **Consumer protection:**
Inspection, licensing, and regulation of automobile dealers and repair facilities
 - **Elections:**
Regulation and administration of the state's electoral process, training of local election officials, and campaign finance monitoring

Department of State: Gross Appropriations

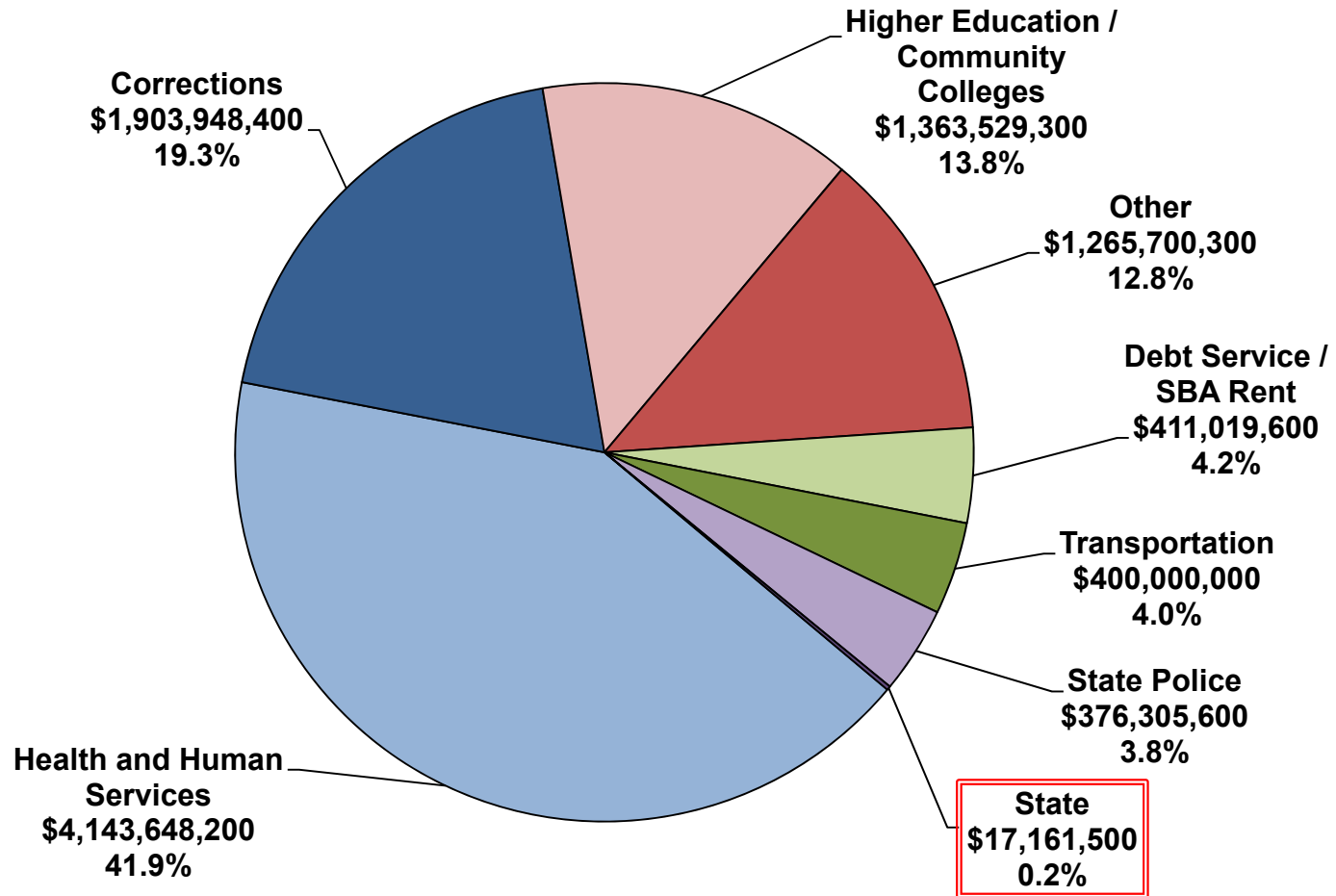
Spending increases primarily due to technology enhancements; decreases due to budget reductions. The Department of State General Fund appropriations have steadily been replaced with restricted fund appropriations since **FY 2008**.



Department of State Share of State GF/GP

State makes up 0.2% of the total state GF/GP budget

FY 2015-16 GF/GP Total = \$9,881,312,900

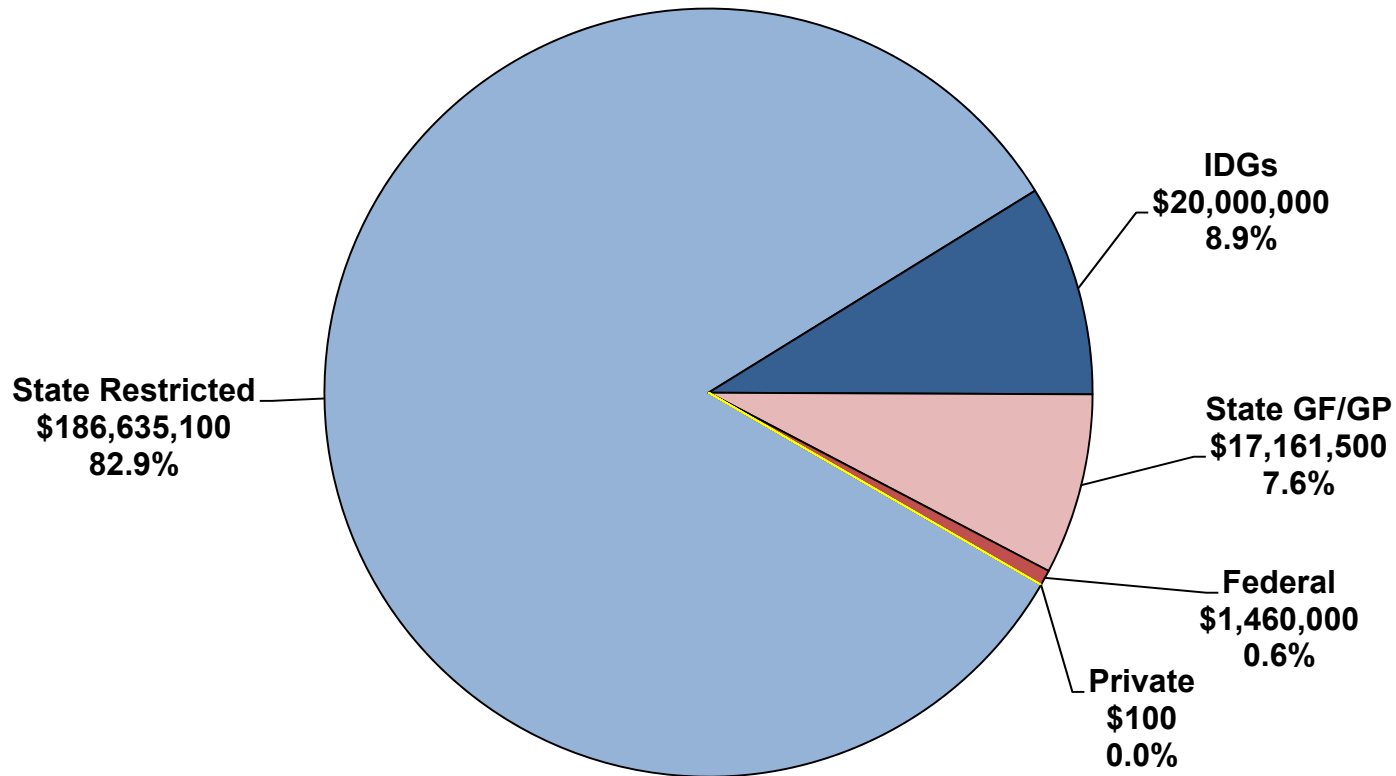


SOURCES OF FUNDING

Department of State Budget

FY 2015-16 Department of State Budget = \$225,256,700

State restricted funds, mostly transaction fee revenue, make up 83% of the budget.



APPROPRIATION AREAS

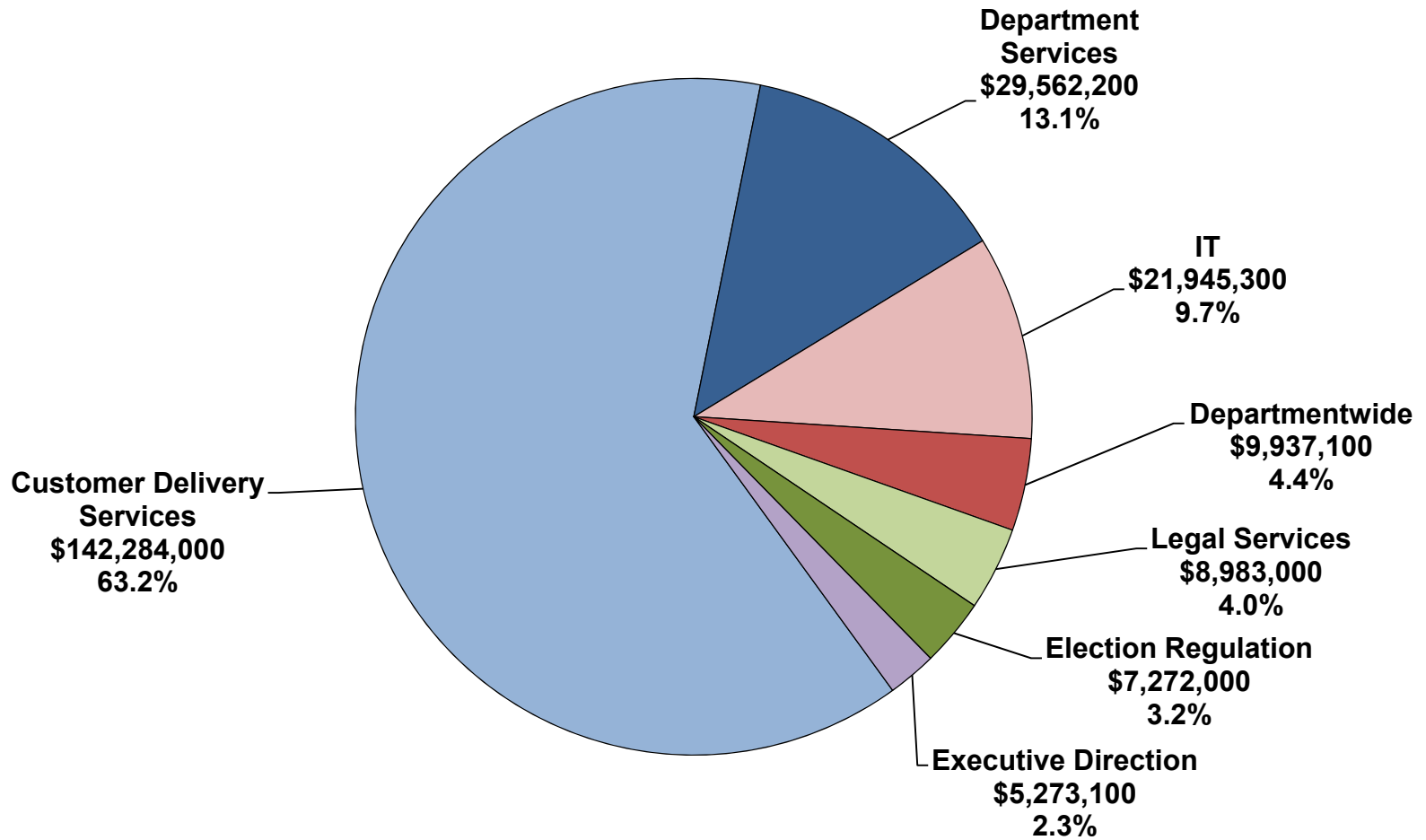
Department of State Appropriations

The Department of State budget is allocated into the following major spending areas:

- Executive Direction
- Department Services
- Legal Services
- Customer Delivery Services
- Election Regulation
- Departmentwide Appropriations
- Information Technology (IT)

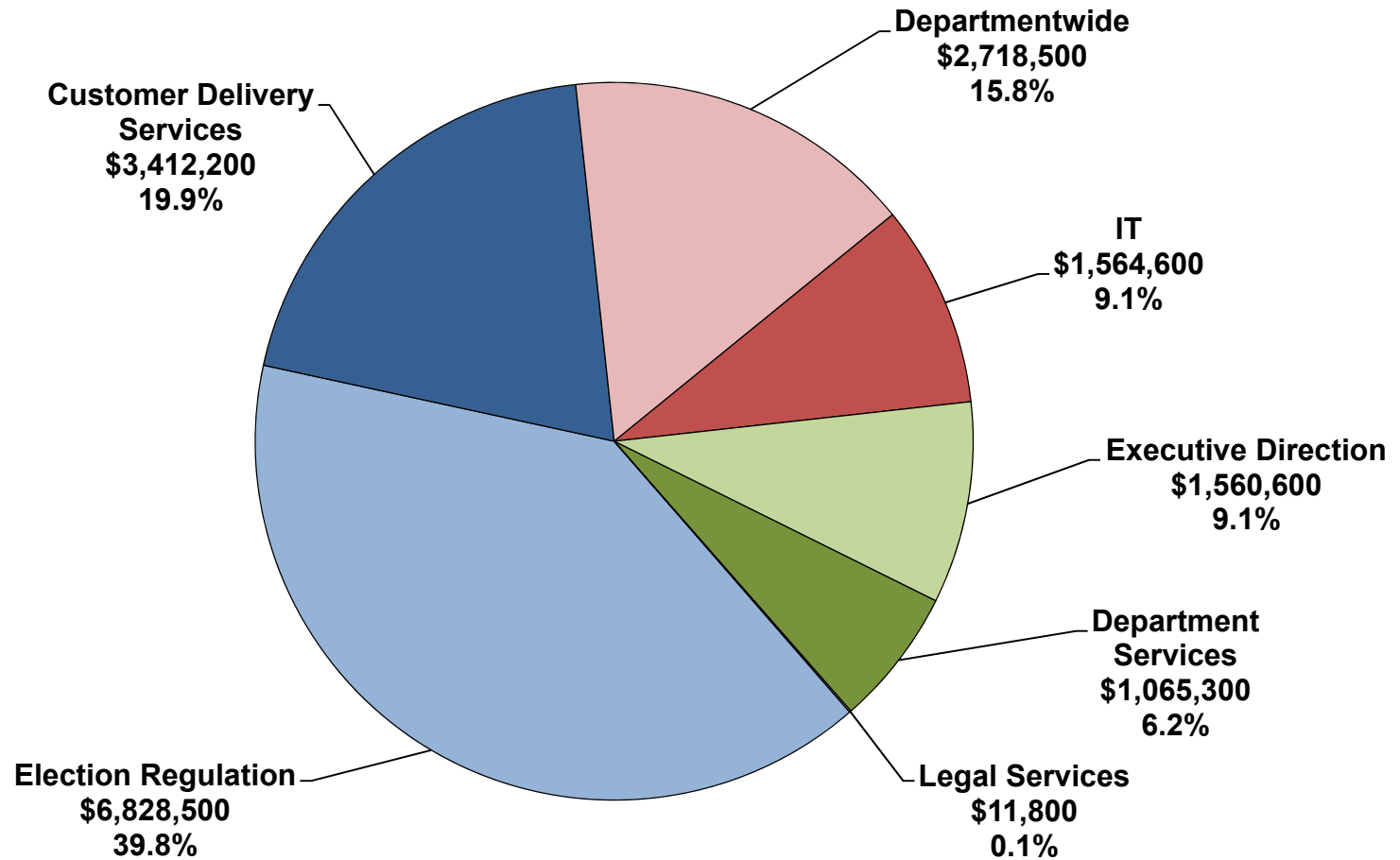
Department of State Gross Appropriations

FY 2015-16 Department of State Gross Total = \$225,256,700



Department of State GF/GP Appropriations

FY 2015-16 GF/GP Total = \$17,161,500



MAJOR BUDGET TOPICS

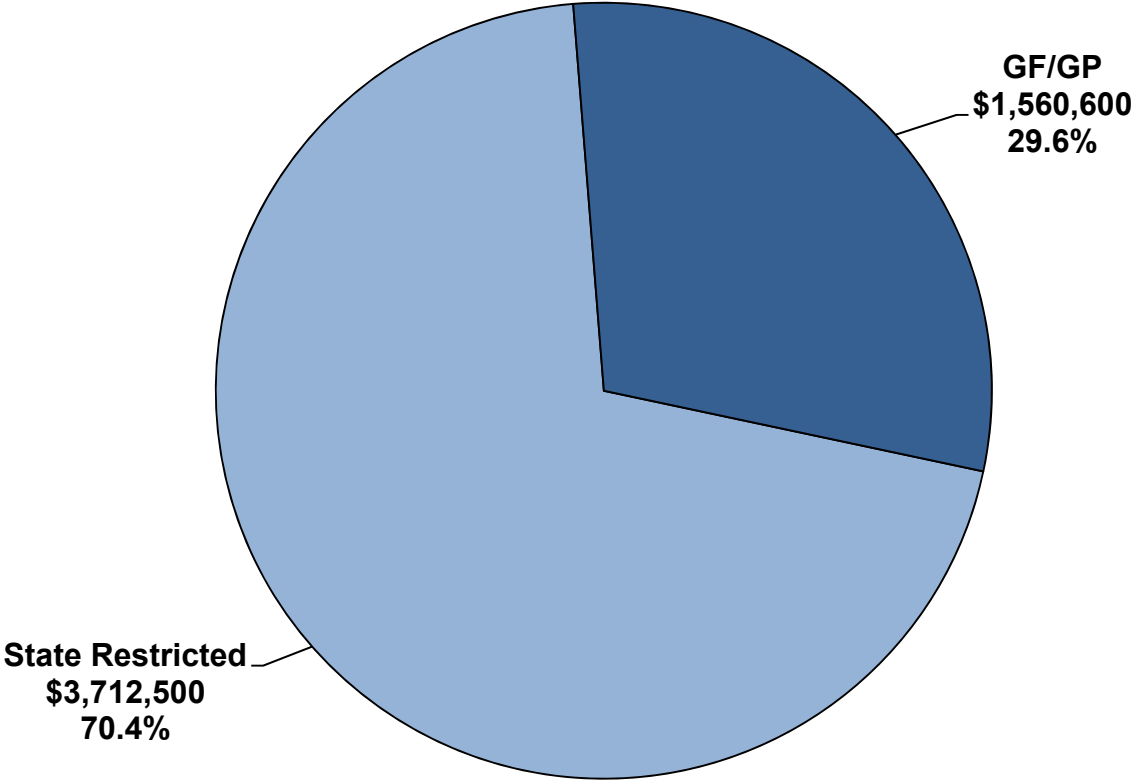
Executive Direction

- Executive staff oversee Department administration including policy formulation and review, program direction, monitoring program execution, and administrative decision-making.

- Supports activities of:
 - Secretary of State
 - Office of Policy Initiatives
 - Office of Communications
 - Office of the Chief Operating Officer
 - Office of Community Affairs
 - Office of Government Affairs
 - Children’s Protection Registry

Executive Direction Appropriations by Revenue Source

FY 2015-16 Total = \$5,273,100

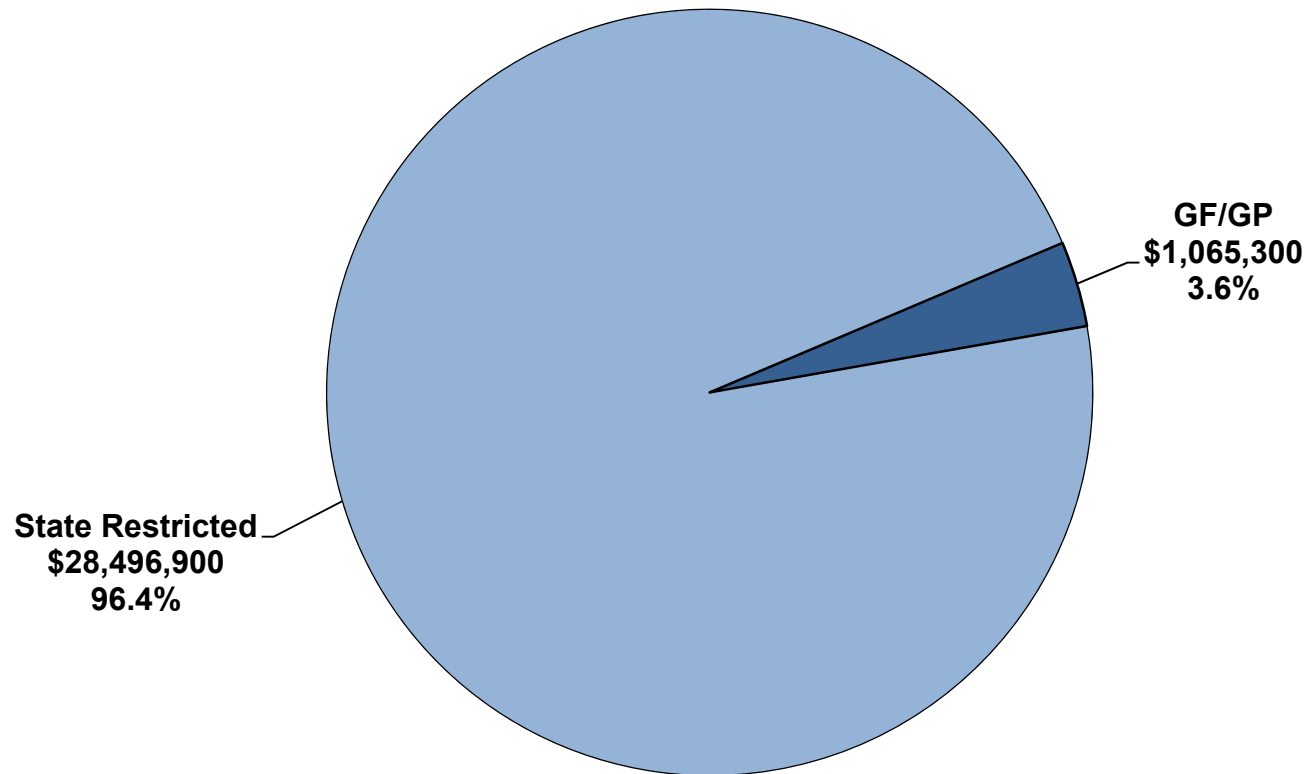


Department Services

- Administrative divisions perform daily operations within the Department of State.
- These include:
 - Financial Services
 - Occupancy Services
 - Purchasing Services
 - Human Resources Services
 - Information Security

Department Services Appropriations by Revenue Source

FY 2015-16 Total = \$29,562,200

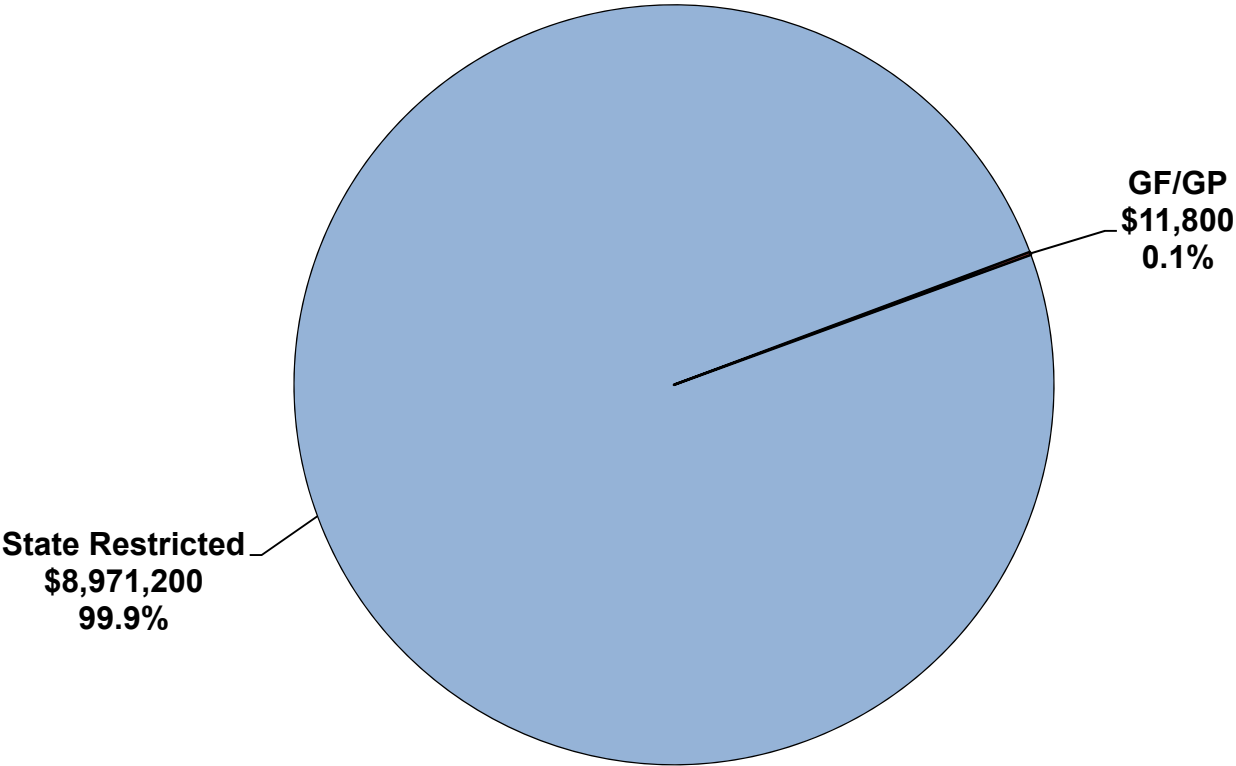


Legal Services

- Legal Services Administration:
 - Conducts regulatory appeal hearings
 - Acts as liaisons on legal matters with Attorney General's office, county prosecutors, and all affected customers
 - Provides advice and counsel to Department to ensure compliance with administrative procedures

Legal Services Appropriations by Revenue Source

FY 2015-16 Total = \$8,983,000



Customer Delivery Services

- **Branch Operations**
 - Operates Secretary of State branch offices that issue drivers' licenses, process automobile and recreation vehicle titles and registrations, offer voter registration services, conduct traffic safety programs.

- **Bureau of Driver and Vehicle Programs**
 - Processes requests for driver and vehicle records; maintains/stores driver and vehicle records; maintains violation, suspension, and restriction records; maintains records of financing statements used to protect a security interest in collateral.

- **Motorcycle Safety Education Administration**
 - Administers motorcycle safety education program and oversight of motorcycle safety courses.

Customer Delivery Services

- **Office of Customer Service**
 - Processes mailed applications for computer-prepared registrations and driver licenses, issues commercial vehicle registrations, receives and maintains Uniform Commercial Code filings.

- **Organ Donor Program**
 - Collects and transfers organ donation information from driver license and personal identification card applicants to third parties, produces promotional materials to explain and encourage organ donation.

- **License Plates**
 - Oversees manufacturing and issuing of license plates, including standard plates, personalized plates, fundraising plates, special organization plates, historical vehicle plates, and veteran/military service plates.

Fund-Raising License Plates

- **Motorists pay \$35 in addition to the annual registration fee:**
 - \$10 for administration (plate production/distribution)
 - \$25 donated to the sponsoring cause
 - Annual renewal is \$10 (donated to the sponsoring cause)

- **Special Cause License Plates:**

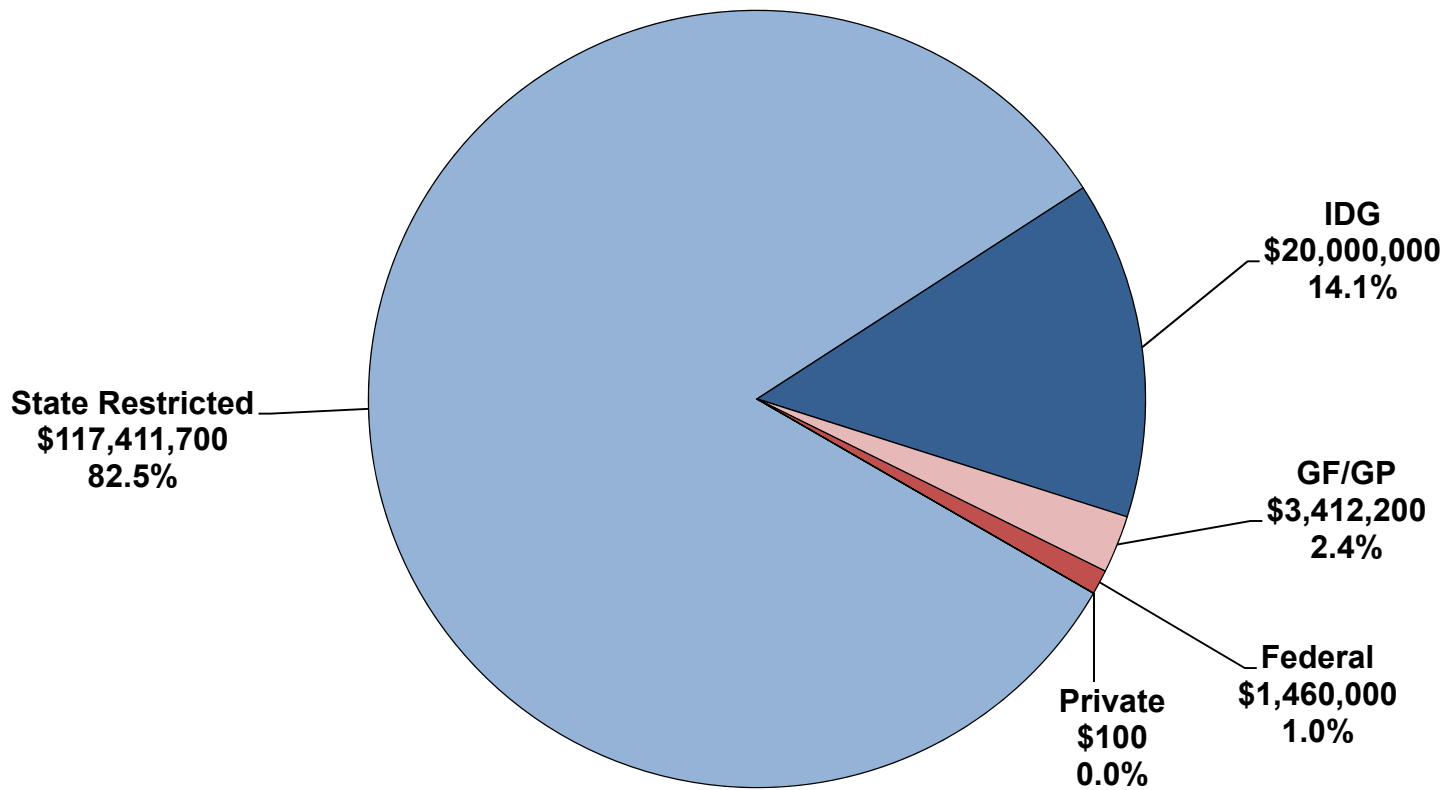
Agricultural Heritage	Children's Trust Fund
Boy Scouts of America	Donate Life
Lighthouse Preservation	Veterans Memorial Fund
Water Quality Fund	Wildlife Habitat Preservation
Patriotic	Olympic Education Center
Ducks Unlimited	Support Michigan Veterans
Breast Cancer Awareness	

- **University License Plates:**

Central Michigan University	Eastern Michigan University
Ferris State University	Grand Valley State University
Lake Superior State University	Michigan State University
Michigan Technological University	Northern Michigan University
Oakland University	Saginaw Valley State University
University of Michigan	University of Michigan - Dearborn
University of Michigan - Flint	Wayne State University
Western Michigan University	

Customer Delivery Services Appropriations by Revenue Source

FY 2015-16 Total = \$142,284,000



Election Regulation

- **Bureau of Elections**
 - Enforces Michigan election statutes, election law, and Campaign Finance Act
 - Provides training to local election officials and staff support to Board of State Canvassers
 - Reviews campaign statements, register lobbyists/lobbyist agents, maintain lobbying expenditure reports

- **Qualified Voter File**
 - Maintains statewide voter registration database to prevent record duplication
 - Places qualified voters in their correct city or township of residence
 - Tracks voter jurisdiction moves

- **County Clerk Education and Training**
 - Training on election processes and workers, and notary responsibilities for clerks and their staff

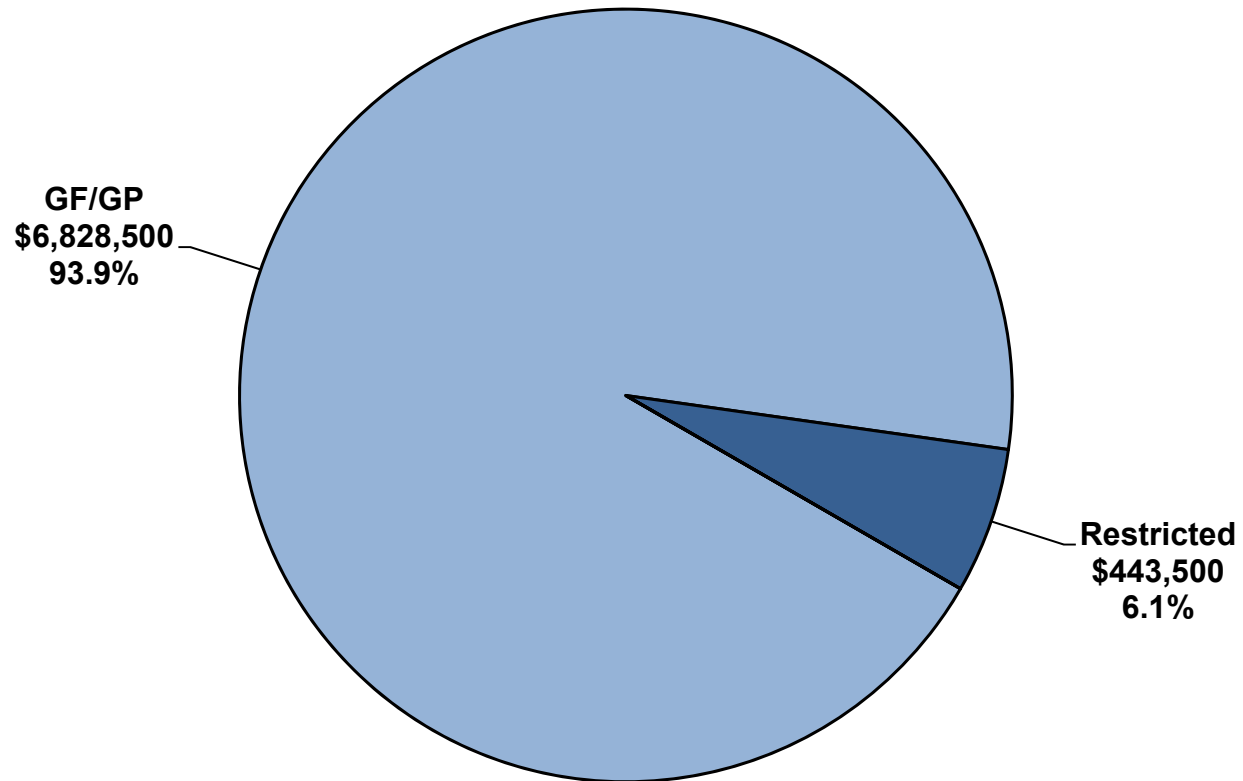
Election Regulation

- **Help America Vote Act**
 - Federal funds to improve election administration and replace outdated voting equipment statewide

- **Office of the Great Seal**
 - Keeps the state's official Great Seal and affix it to all official documents
 - Appoints all notary publics
 - Processes gubernatorial extraditions and warrants
 - Serves as repository for official municipal incorporations and boundary changes, executive orders and appointments, officials' oaths of office, deeds to state-owned lands, public acts and administrative rules

Election Regulation by Revenue Source

FY 2015-16 Total = \$7,272,000

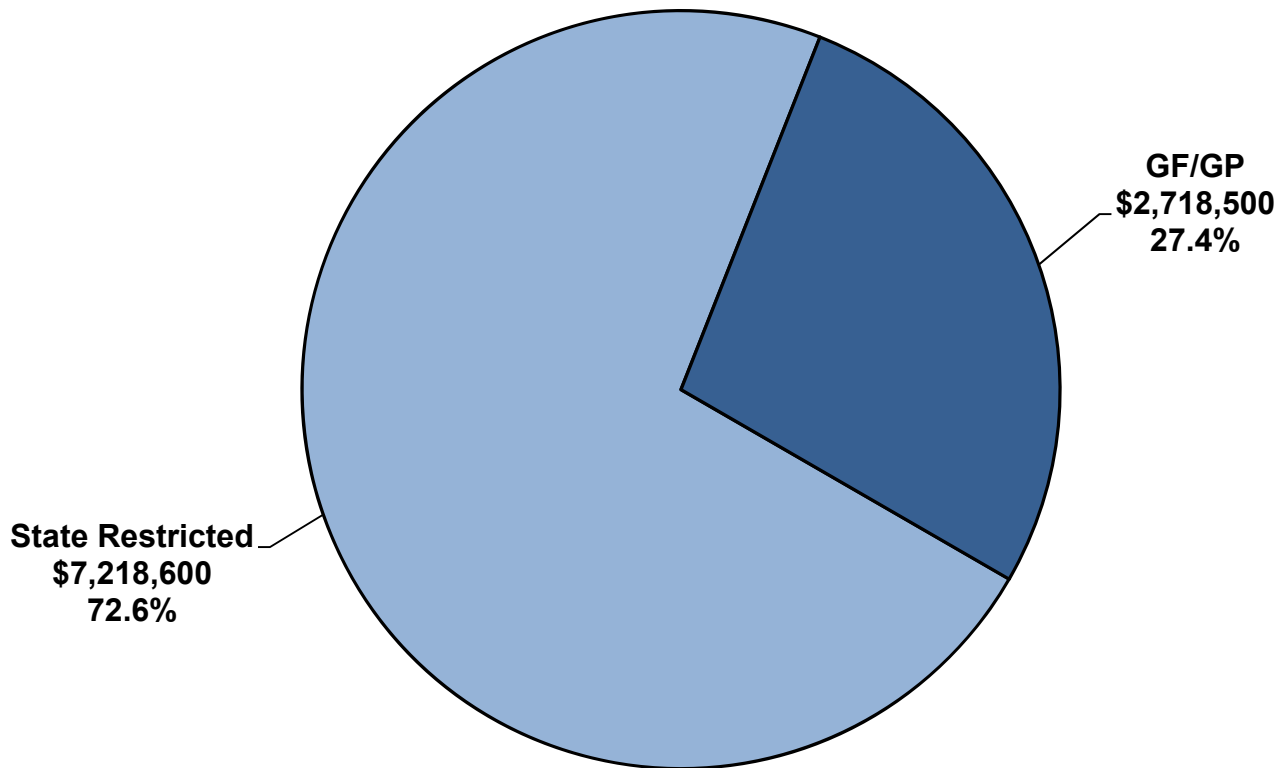


Departmentwide Appropriations

- Rent and property management costs
- Department occupies administrative office space in:
 - Capitol Complex
 - Detroit (Cadillac Place)
 - State Secondary Complex near Lansing
 - Branch office space statewide
- Payment of worker's compensation premiums

Departmentwide Appropriations by Revenue Source

FY 2015-16 Total = \$9,937,100

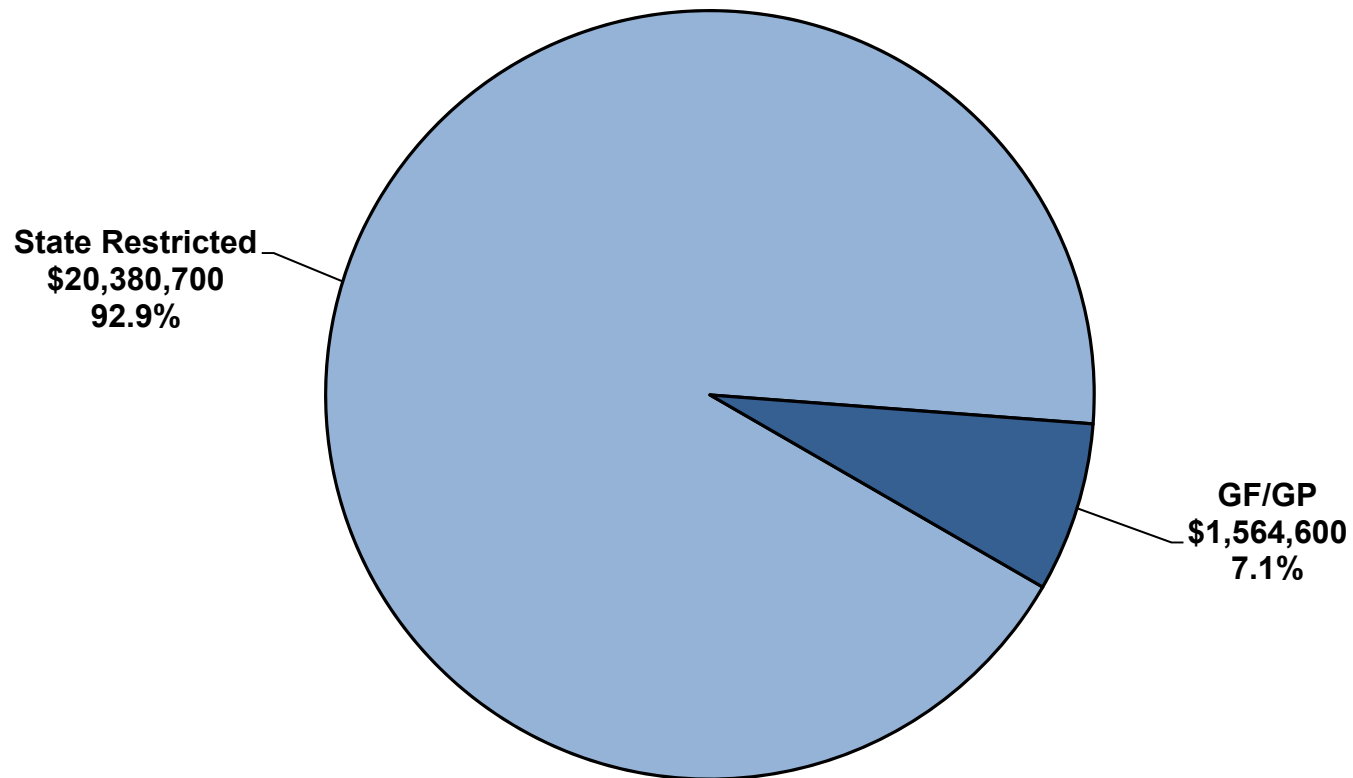


Information Technology (IT)

- Covers costs of IT-related services and projects, which support Department activities
- Administered by Department of Technology, Management and Budget (DTMB)

IT Appropriations by Revenue Source

FY 2015-16 Total = \$21,945,300



**For more information about the
Department of State budget, contact:**

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(517) 373-8080**



Background Briefing

TALENT AND ECONOMIC DEVELOPMENT

Benjamin Gielczyk, Senior Fiscal Analyst

December 2015

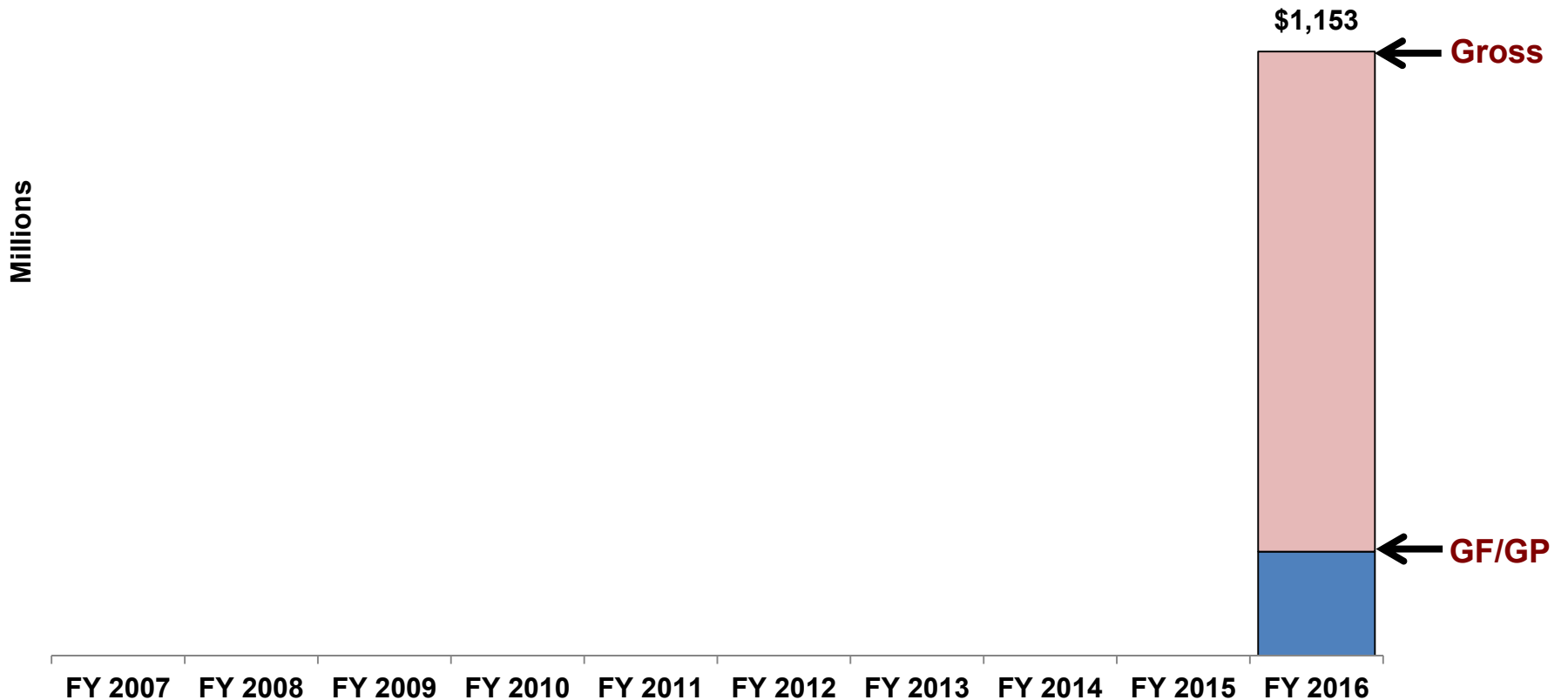
Department of Talent and Economic Development

- Chief economic development, workforce development, and affordable housing department in state government; include Unemployment Insurance Agency

- Chief responsibilities:
 - Job creation/retention
 - Workforce development
 - Economic development
 - Unemployment insurance
 - Affordable housing
 - Blight remediation

DTED: Gross Appropriations

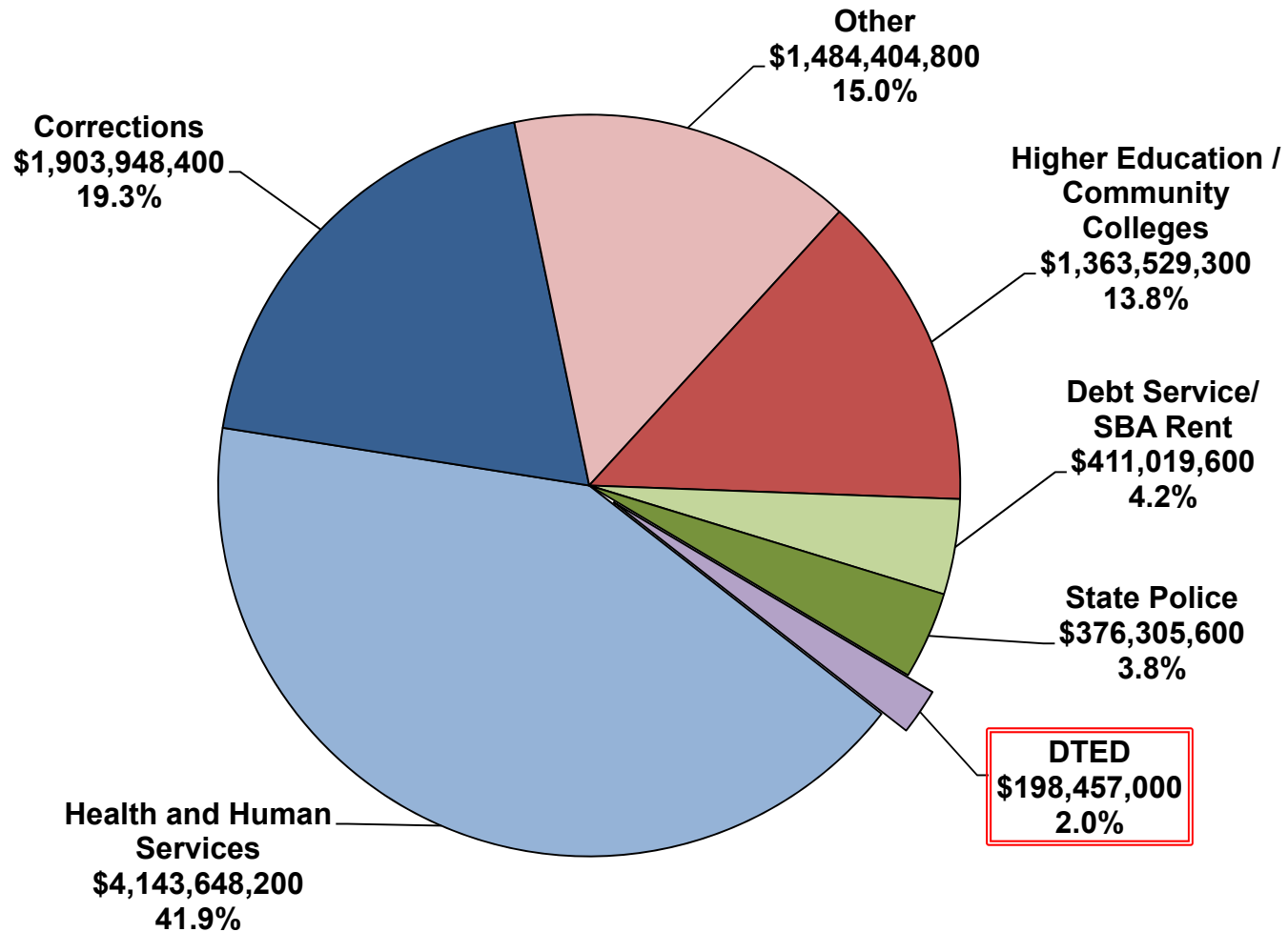
The Department of Talent and Economic Development was created under Executive Order 2014-12 and first included in the budget acts in FY 2015-16. The Department includes the Talent Investment Agency (including the Workforce Development Agency and Unemployment Insurance Agency), Land Bank Fast Track Authority, Michigan State Housing Development Authority, and Michigan Strategic Fund (including the Michigan Economic Development Corporation)



DTED Share of State GF/GP

DTED makes up 2.0% of the total state GF/GP budget.

FY 2015-16 GF/GP Total = \$9,881,312,900

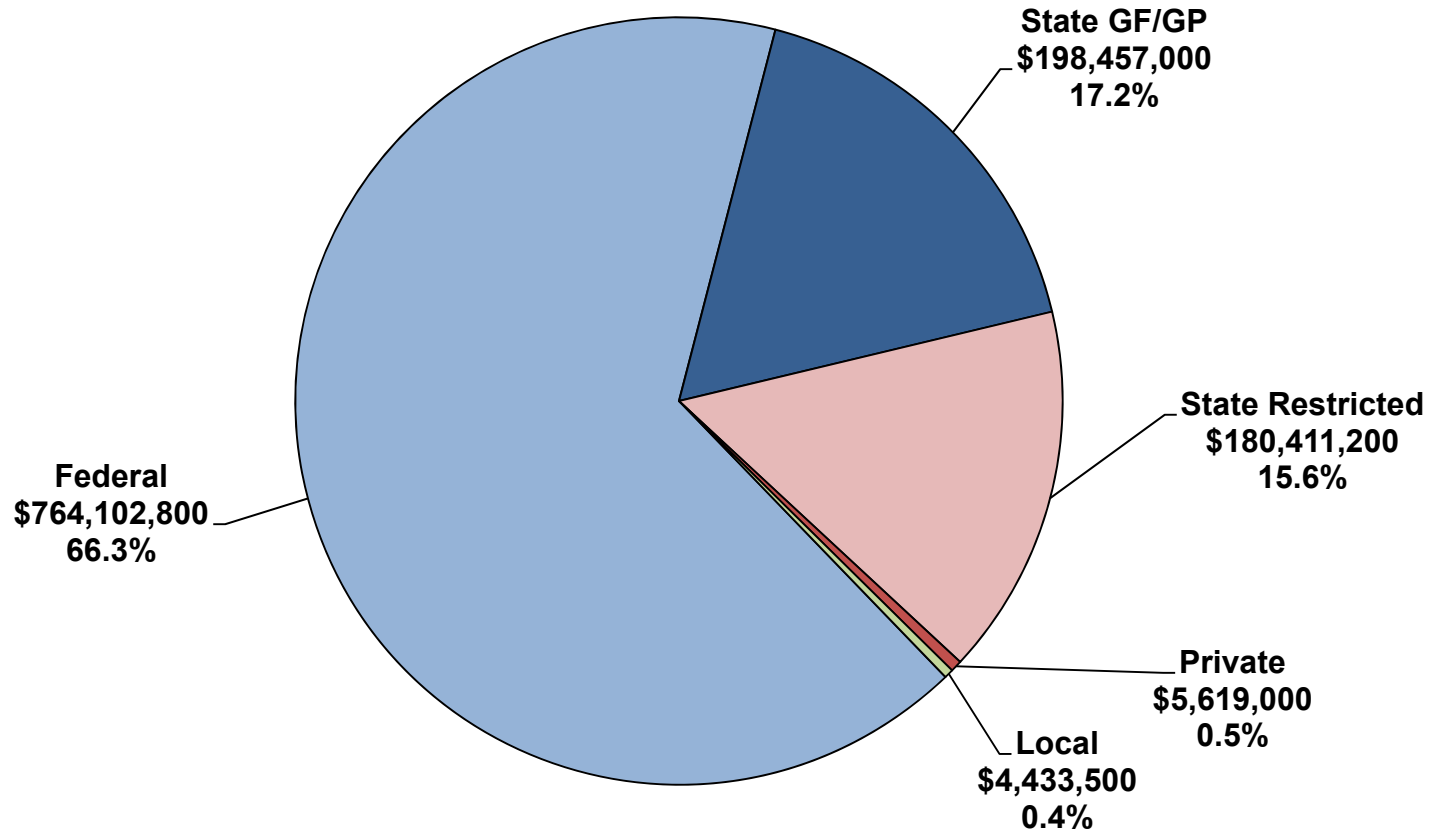


SOURCES OF FUNDING

DTED Funding Sources

Federal funds are the largest revenue source in the budget due to workforce development and MSHDA.

FY 2015-16 DTED Budget = \$1,153,023,500
(Includes \$47.5 million in one-time appropriations)



APPROPRIATION AREAS

DTED Appropriations

The DTED budget is allocated into the following major spending areas:

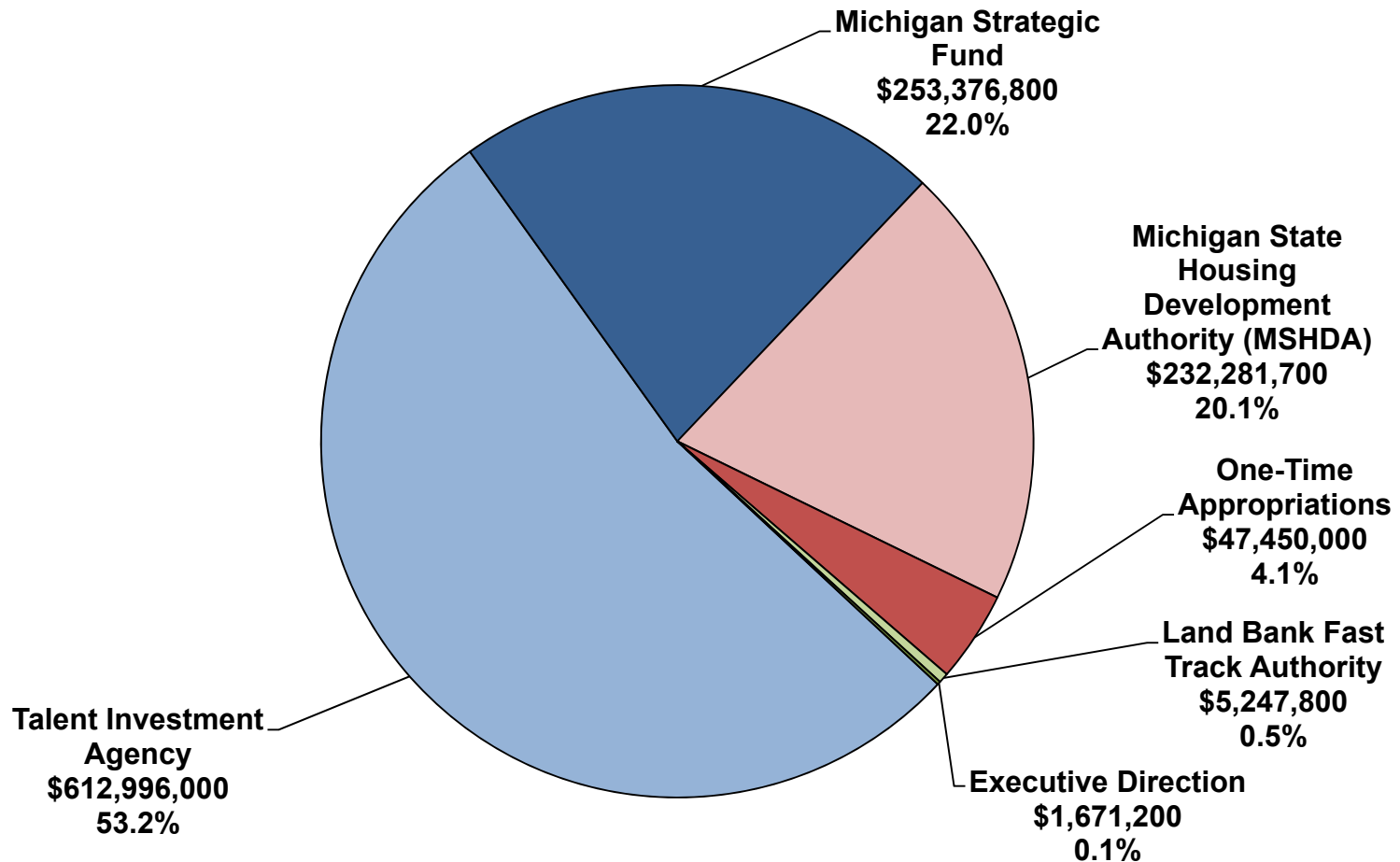
- Executive Direction
- Michigan Strategic Fund
- Talent Investment Agency
- Land Bank Fast Track Authority
- Michigan Strategic Fund – Michigan State Housing Development Authority
- One-Time Basis Only Appropriations

DTED Appropriations

The Talent Investment Agency (including workforce development and unemployment insurance) is the largest spending component in the budget.

FY 2015-16 DTED Budget = \$1,153,023,500

(Includes \$47.5 million in one-time appropriations)

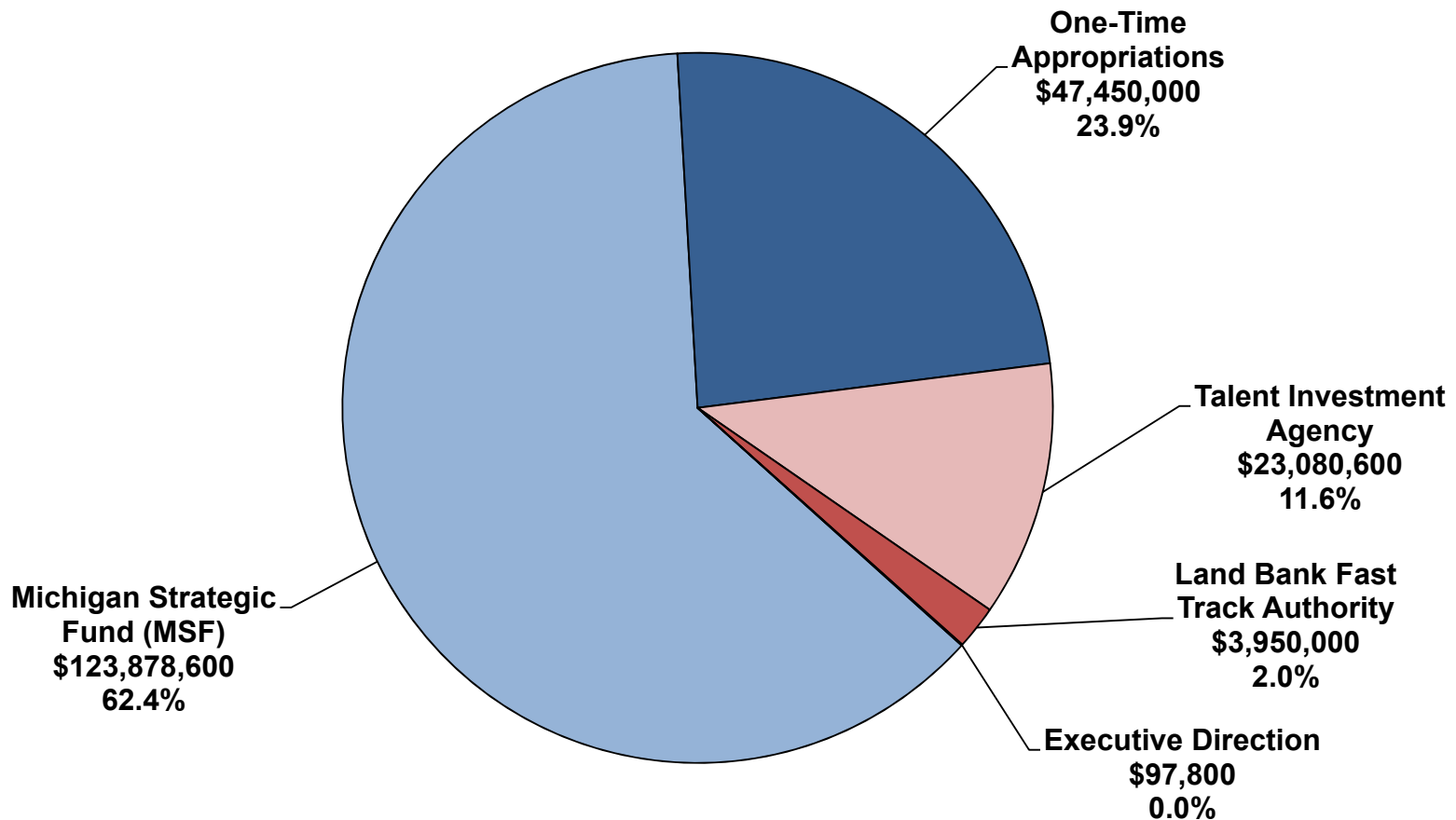


DTED GF/GP Appropriations

Michigan Strategic Fund (MSF) is the largest GF/GP spending component in the budget.

FY 2015-16 DTED GF/GP Budget = \$198,457,000

(Includes \$47.5 million GF/GP in one-time appropriations)



MAJOR BUDGET TOPICS

Agencies Within DTED

- Autonomous entities organizationally housed in Department of Talent and Economic Development
 - Michigan Strategic Fund (1984 PA 270); transferred from Department of Treasury in Executive Order 2014-12
 - Michigan State Housing Development Authority (1966 PA 384); transferred from Department of Treasury in Executive Order 2014-12; includes the Michigan Land Bank Fast Track Authority
 - Talent Investment Agency (created in Executive Order 2014-12)
 - Unemployment Insurance Agency
 - Workforce Development Agency

Michigan Strategic Fund (MSF)

- Created by the Michigan Strategic Fund Act in 1984 (1984 PA 270)
- Has broad authority to promote economic development and the creation of jobs
- MSF program focus:
 - Attract and retain businesses in Michigan
 - Provide financial/technical assistance to facilitate business expansion
 - Promote Michigan as a business location and tourism destination
 - Workforce Development/Skills Training

Michigan Strategic Fund (MSF)

Michigan Economic Development Corporation (MEDC)

- Administrative responsibilities include:
 - Job Creation Services
 - Community Development Block Grants (CDBG)
 - Pure Michigan
 - Economic Development grants, loans and investments programs
 - 21st Century Jobs Trust Fund
 - Michigan Film Office
 - Provides staff to MSF Board
 - Arts and Cultural Grants
 - Community College Skilled Trades Equipment Program
 - Community Ventures
 - Debt Service on Facility for Rare Isotope Beams Bonds

Michigan Strategic Fund (MSF)

The MSF is administered by the 10-member Michigan Strategic Fund Board which has the following responsibilities:

- Approve grants and loans under the Michigan Business Development Program and Michigan Community Revitalization Program
- Approve the use of Private Activity Bonds
- Authorize local units of governments' Community Development Block Grant (CDBG) applications
- Recommend Agricultural Processing, Renewable Energy, and Forest Products Processing Renaissance Zones
- Approve MSF designated Renaissance Zones and Tool and Die Renaissance Recovery Zones
- Act as the fiduciary agent for the 21st Century Jobs Fund investments

Michigan Strategic Fund (MSF) Budget

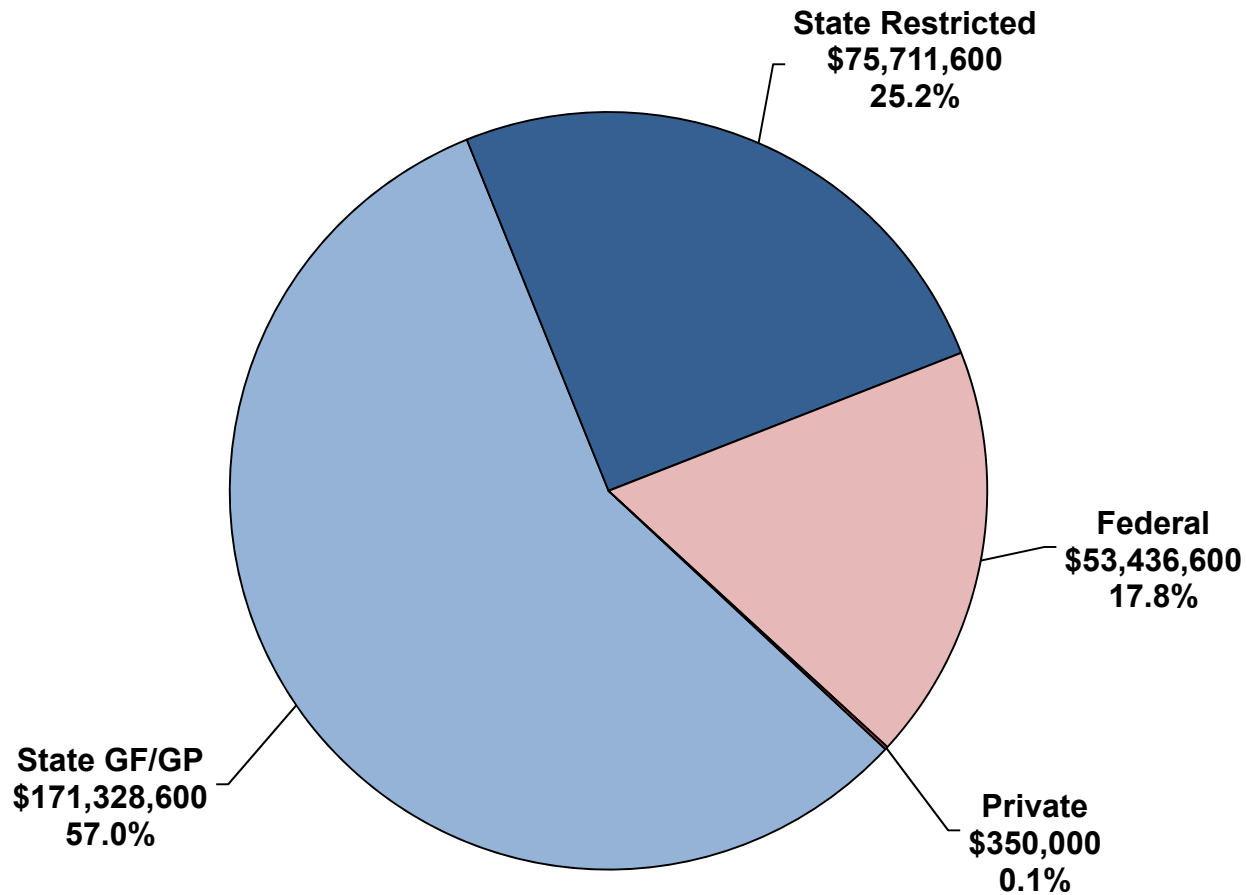
- Michigan Economic Development Corporation (MEDC):
 - Partnership with the MSF; helps administer MSF programs. MEDC is an autonomous agency within DTED
 - Has 61 local economic development partners
 - Local agencies sign interlocal agreements with MSF to coordinate economic development efforts
 - MSF personnel operate under MEDC (MSF's administrative arm, which provides all program services)

- In FY 2014-15, six tribal casinos authorized under negotiated compacts contributed a percentage of their gross winnings from gaming to MEDC (1 tribe pays 4%, 3 tribes pay 6%, 1 tribe pays 8%, 1 tribe pays a range between 4-8% depending on net win)
 - Casino revenue is not subject to legislative appropriation
 - Casino revenue (corporate funding) totaled \$56.9 million in calendar year 2014 (most recent year of data available)
 - Pokagon Band of Potawatomi Indians removed free play wagers from their payment in September 2015 and are expected to continue to withhold for a \$3-5 million annual impact
 - Gun Lake Tribe began withholding payments in FY 2014-15 due to iLottery introduction which will have annual impact of approximately \$13 million in reduced corporate revenues

MSF Revenue Sources

FY 2015-16 Total = \$300,826,800

(Includes \$47.5 million GF/GP in one-time appropriations. Does not include funds received from Tribal Casinos as corporate revenue)



Major MSF Programs

- Job Creation Services (\$17.1 million Gross; \$14.1 million GF/GP)
 - Provides administration of job creation services. Focus on attracting new company investments and jobs to Michigan and retaining Michigan businesses and jobs through various grant, loan, and tax incentive programs.
- Community Development Block Grants Programs (\$47.0 million Gross)
 - 100% Federally-funded grants to promote economic development planning and public infrastructure improvements needed to facilitate job creation
 - Funded projects must create jobs; at least 50% of jobs must accrue to low-income individuals
 - MEDC administers program for smaller municipalities; larger cities apply directly to federal government
- Film Incentives (\$25.0 million Gross and GF/GP) (one-time)
 - Grant and loan program for film, post-production, and interactive digital media projects. (Film Incentives were eliminated in PA 117 of 2015)
 - Dedicates \$19.1 million of total appropriation to compensate Michigan retirement systems for guarantee on debt associated with film studio.

Major MSF Programs

- Pure Michigan (\$33.0 million Gross)
 - Funded 100% with 21st Century Jobs Trust Fund
 - Business and Tourism Marketing campaigns to improve perceptions of Michigan and generate business growth opportunities and increased tourism in state
- Business Attraction and Economic Development (\$114.0 million Gross; \$93.4 million GF/GP)
 - Michigan Business Development Program provides incentive grants and loans to businesses moving to or expanding in the state of Michigan. Funds earned when job growth and investment targets met (created in PA 250 of 2011)
 - Community Revitalization Program replaced Brownfield and Historic Preservation tax incentives. Provides grants and loans for community revitalization investments. Specific agreement milestones would need to be reached to receive funding (Created in PA 251 of 2011)
- Entrepreneurship Eco-System (\$21.4 million Gross)
 - Funded 100% with 21st Century Jobs Trust Fund
 - Entrepreneurial capital and support; business incubator/accelerator programs; business development and marketing; small business services; university technology transfer; and administration.

Major MSF Programs

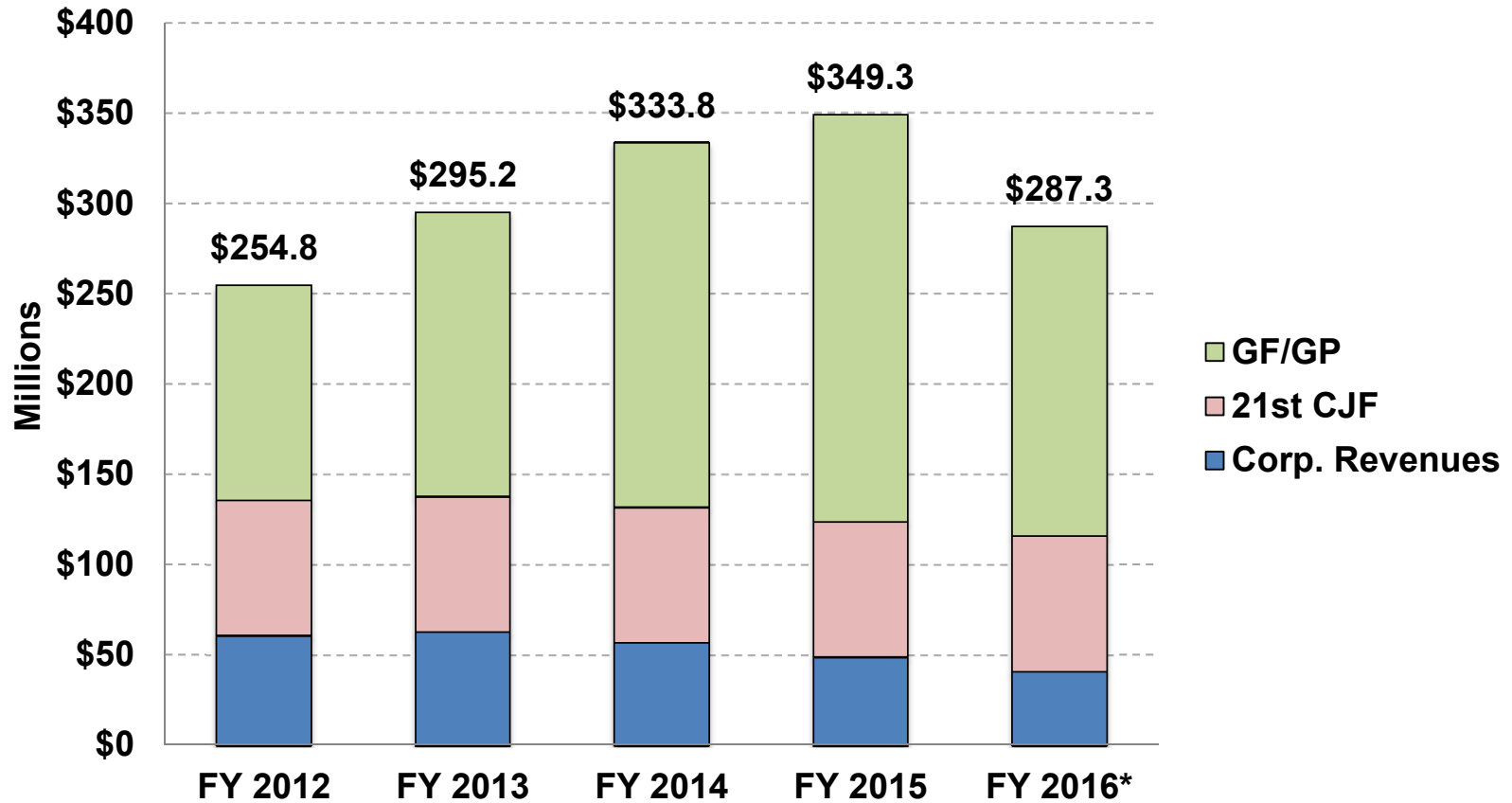
- Community Ventures (\$9.8 million Gross and GF/GP): Supports structurally unemployed initiatives in distressed cities (Detroit, Flint, Pontiac, and Saginaw)
- Arts and Cultural Grants (\$10.2 million Gross; \$9.0 million GF/GP): Michigan Council for Arts and Cultural Affairs distributes funds to public and private arts and cultural entities
- Community College Skilled Trades Equipment Program (\$4.6 million Gross and GF/GP)
 - Provides debt service payment for \$50.0 million bond program that would provide competitive grants to community colleges to upgrade training equipment necessary for skilled trades training.
- Special Grants (\$5.2 million Gross and GF/GP)

MSF Programs

21st Century Jobs Trust Fund

- 21st Century Jobs Trust Fund received an initial \$400.0 million funding for expenditures over two years, FY 2005-06 and FY 2006-07, to help Michigan achieve greater economic diversification. This funding was obtained through the securitization of 13.34% of Michigan's tobacco settlement revenue
- Statutory provisions provide that \$75.0 million in tobacco settlement revenue be credited to 21st Century Jobs Trust Fund each year from FY 2007-08 through FY 2018-19 for economic development programs
- \$75.0 million was appropriated to MSF from the 21st Century Jobs Trust Fund for FY 2015-16. Past appropriations have been reduced to help balance GF/GP budget.
- MSF Board previously allocated funding for loan enhancement programs, the investment program, and competitive edge technology projects (advanced manufacturing, alternative energy sources, homeland security, and life sciences projects)
- In FY 2015-16 \$75.0 million was appropriated between Pure Michigan (\$33.0 million), Entrepreneurship Eco-System (\$25.0 million), and Business Attraction and Economic Development (\$21.0 million)

Michigan Strategic Fund Economic Development Funds Post-Tax Restructuring



NOTE: Corporate revenues are not subject to legislative appropriation. FY 2014 and 2015 corporate revenue amounts are estimated.

*FY 2016 reductions due to budget cuts, corporate revenue reductions, and transfer of programs to Talent Investment Agency

MSF - Michigan State Housing Development Authority (MSHDA) Budget

- Payments on Behalf of Tenants (\$166.9 million Gross)
 - Housing Choice Voucher Program provides rental subsidy
 - Provide education and opportunities for families to become economically self-sufficient

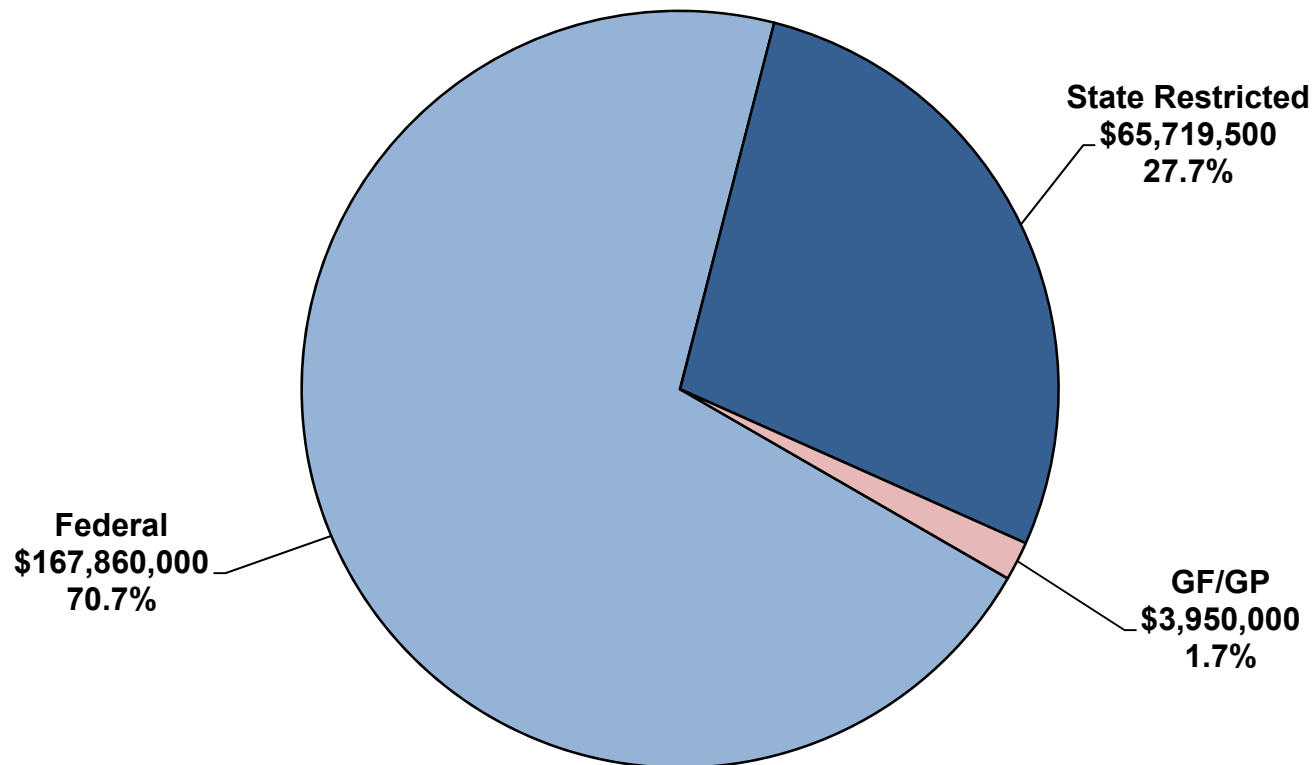
- Housing and Rental Assistance Programs (\$57.7 million Gross)
 - Administrative costs for administering various housing programs
 - State Historic Preservation Program

- Lighthouse Preservation Grant Program (\$307,500 Gross)

- Land Bank Fast Track Authority (\$5.2 million Gross; \$4.0 million GF/GP)
 - Assists in reversion of state owned tax reverted properties to viable use
 - Administers blight elimination funding

MSF - MSHDA Appropriations by Revenue Source

FY 2015-16 Total = \$237,529,500

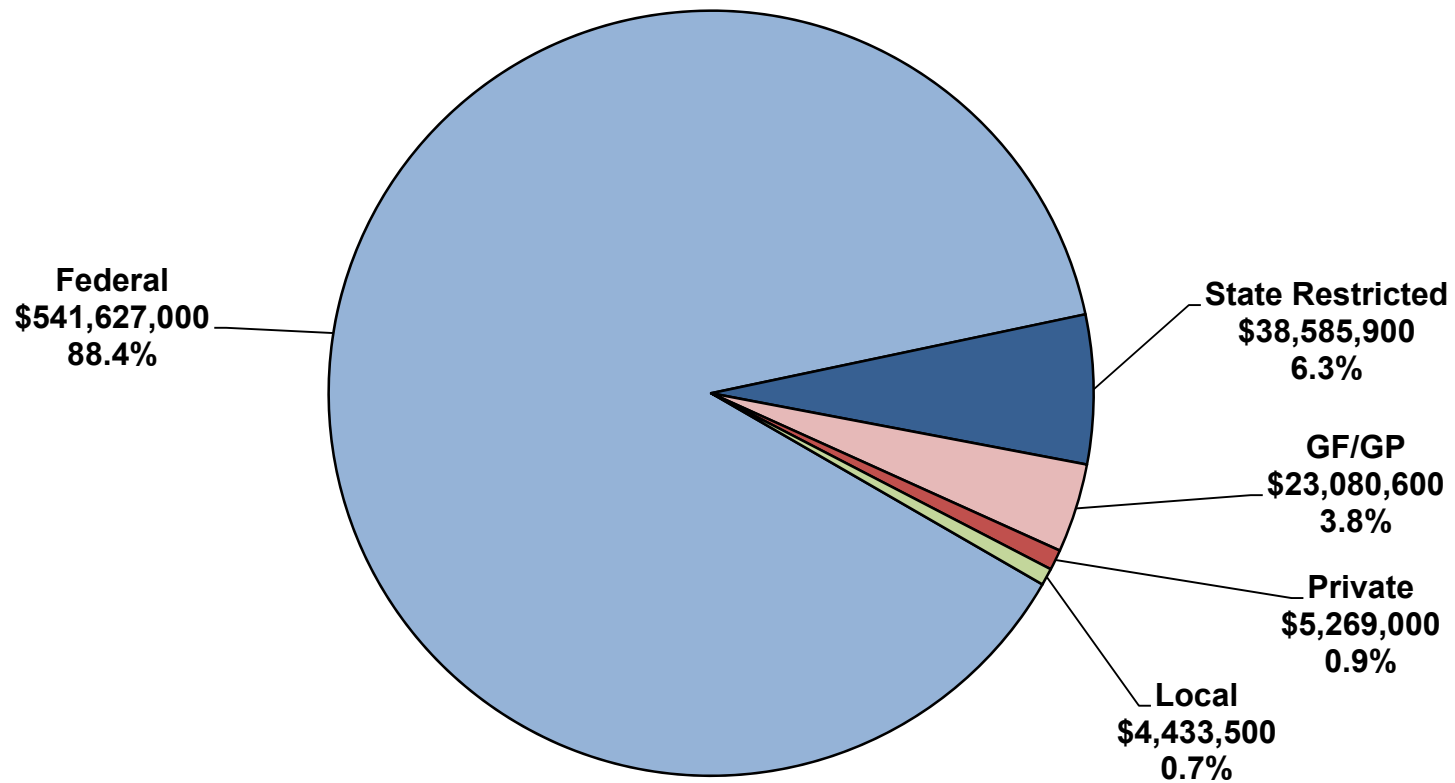


Talent Investment Agency (TIA)

- Created by the Executive Order 2014-12; includes Workforce Development Agency and Unemployment Insurance Agency
- Charged with providing programs that address the gap between employee needs and worker skill levels by integrating new workers into the economy and helping those that have been in or out of the workforce transition into new jobs
- TIA program focus:
 - Job preparedness
 - Career-based education
 - Worker training
 - Workforce Development/Skills Training
 - Employment assistance
 - Unemployment insurance

TIA Appropriations by Revenue Source

FY 2015-16 Total = \$612,996,000



Talent Investment Agency (TIA)

Workforce Development

- Workforce Program Administration (\$33.1 million Gross; \$1.9 million GF/GP)
 - Employment Services Administration:
 - Labor Exchange System (Pure Michigan Talent Connect);
 - Provides local employment assistance through veteran representatives, and disabled veterans outreach workers;
 - Provides agriculture services through migrant and seasonal outreach workers
 - Alien labor certification assistance
 - Administers Trade Adjustment Assistancess
 - Education Services Administration:
 - Manages Adult Education, Carl D. Perkins, King-Chavez-Parks Initiative, and GEAR-UP program grants
 - Manages archive of G.E.D. certificates
 - Oversight of various community college activities
 - Compiles career education consumers report

Talent Investment Agency (TIA)

Workforce Development

- Workforce Development Programs (\$391.2 million Gross; \$11.2 million GF/GP)
 - Workforce Innovation and Opportunity Act (WIOA)
 - Assists job seekers with accessing employment, education, and training and support services to match employers need for skilled workers
 - Employers and workers use the labor-exchange system (Pure Michigan Talen Connect) to meet federally required objectives for funds
 - Trade Adjustment Assistance (TAA)
 - Federal program assisting workers who have lost or may lose their job due to foreign trade
 - Provides opportunities to obtain skills, credentials, resources, and support necessary to become reemployed
 - Foreign Labor Certification
 - Assists employers with paperwork when requesting permission from Department of Labor to hire nonimmigrant foreign workers as temporary or seasonal employees when not enough U.S. workers are available or willing to perform work

Talent Investment Agency (TIA) Workforce Development

- Workforce Development Programs *continued*:
 - Partnership.Accountability.Training.Hope (PATH)
 - Work participation program designed to identify barriers faced by public assistance recipients and help participants connect to the resources needed to obtain unsubsidized employment
 - Participants are eligible for job search and job readiness services, support services (transportation, work clothing, pre-employment physicals), child care and transitional Medicaid provided through DHHS
 - Funds the federal Food Assistance Education and Training Program
 - Provides funding for training activities for individuals receiving food assistance
 - Administered locally by Michigan Works! Agencies

Talent Investment Agency (TIA)

Workforce Development

- Workforce Development Programs *continued*:
 - GEAR-UP Grants
 - Funds are used to increase the number of low-income students who attend college
 - Support tutoring, mentoring, and provide academic enrichment to at-risk youth (grades 7-12) to prepare for college and college scholarships
 - Funding for financial aid awards to students is in Higher Education budget
 - Carl D. Perkins
 - Grants to local school districts for curriculum design, teacher training, technology, and other material for vocational education programs
 - Includes tech prep consortia to help develop links between high school and community college technical programs
 - Adult Education
 - Funds support for instructional programs targeting individuals 16 years of age or older, not graduated from or enrolled in high school, and lacking basic education skills; help with completing high school or GED

Talent Investment Agency (TIA)

Skilled Trades Training

- Skilled Trades Training Program (\$25.6 million Gross; \$10.0 million GF/GP)
 - Addresses job and talent mismatches and enables employers to design training programs for potential employees
 - Provides competitive awards for employer responsive training (3 months or less)
 - Training programs must fill a demonstrated need experienced by an eligible participating business
 - Classroom training must lead to a credential for a skill that is transferable and recognized by the industry and leads to a permanent full-time employment or continued permanent full-time employment
 - Performance based: 50% reimbursement earned after 30 days employment; 75% reimbursement earned after 60 days; 100% reimbursement after 90 days employment
 - Up to \$5.0 million may be used for matching funds if a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government
 - Program transferred from MSF to TIA in Executive Order 2014-12

Talent Investment Agency (TIA) Skilled Trades Training

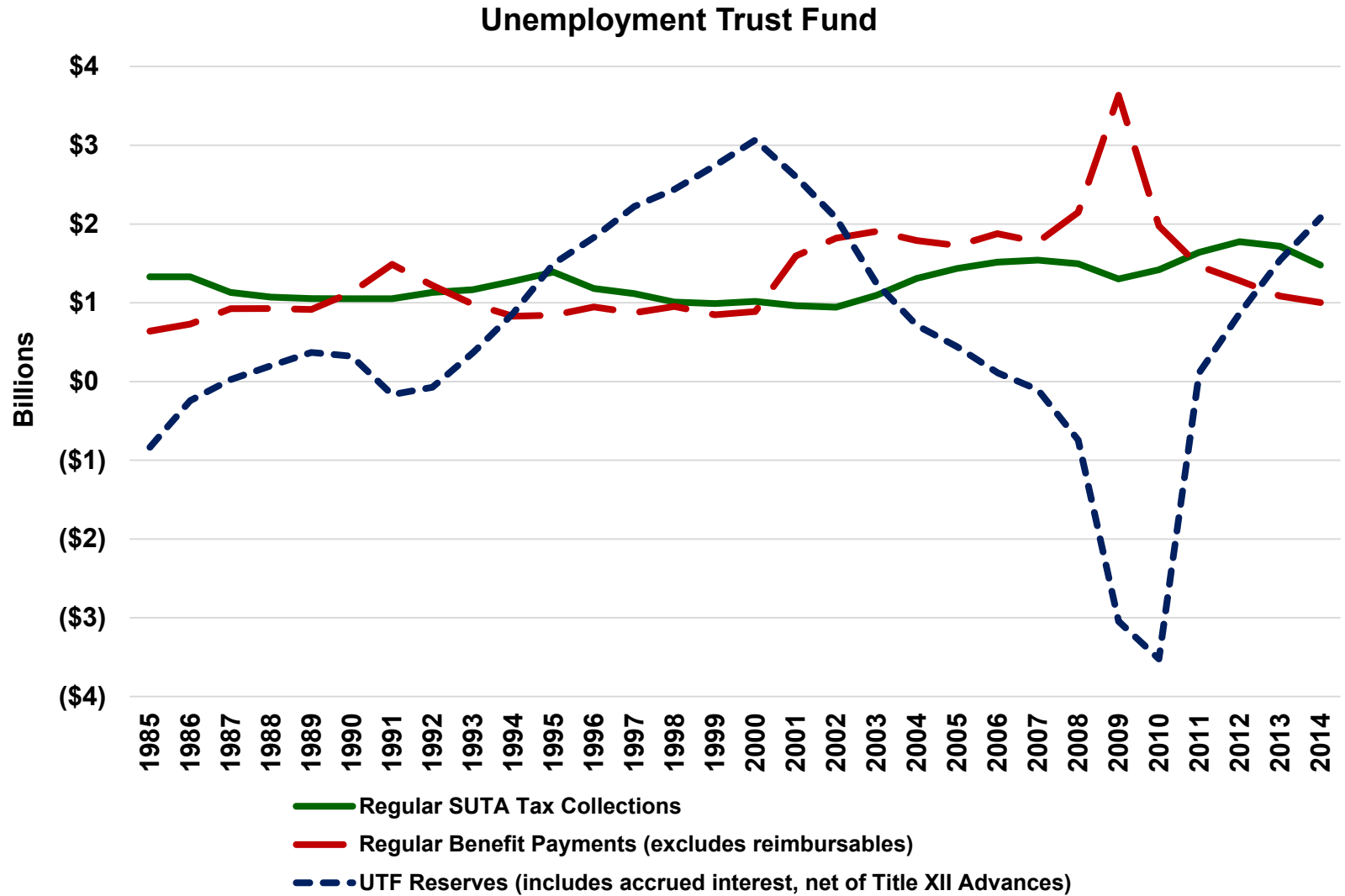
- Skilled Trades Training Program *continued*:
 - Program Performance FY 2015
 - Jobs Created: 2,613
 - Jobs Retained: 6,100
 - Training Completion Rate: 90%
 - Employment Retention Rate at 6 Months: 95%
 - Hourly Wage at 6 Months: \$19.99
 - Number of Companies Receiving Funds: 275
 - Average Cost of Training per Participant: \$938

Talent Investment Agency (TIA)

Unemployment Insurance Agency (UIA)

- Unemployment benefits are primarily supported by state payroll taxes levied on eligible employers and are not subject to the state appropriation process
- Administration of the UIA is entirely supported by annual federal grants supported by federal payroll taxes (\$139.6 million Gross)
- Public Acts 14 and 269 of 2011 significantly reformed the state's unemployment insurance program; designed to improve program solvency by generally raising tax collections and reducing benefit payments
- Following several years of borrowing from the federal government, the state's reserves in the Unemployment Trust Fund are now positive due to the issuance of state bonds under Pas 267 and 268 of 2011
- Tax collections have recently decreased due to the state maintaining a \$2.5 billion balance in the trust fund for two consecutive quarters which led to a decreasing of the taxable wage base (\$9,500 to \$9,000); regular benefit payments have decreased year-over-year since 2009; reserves have accumulated since 2011, though are only about half of the amount recommended by the federal government

Talent Investment Agency (TIA) Unemployment Insurance Agency (UIA)



**For more information about the
Talent and Economic Development
budget, contact:**

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bgielczyk@house.mi.gov
(517) 373-8080**



Background Briefing

TECHNOLOGY, MANAGEMENT, AND BUDGET

Perry Zielak, Fiscal Analyst

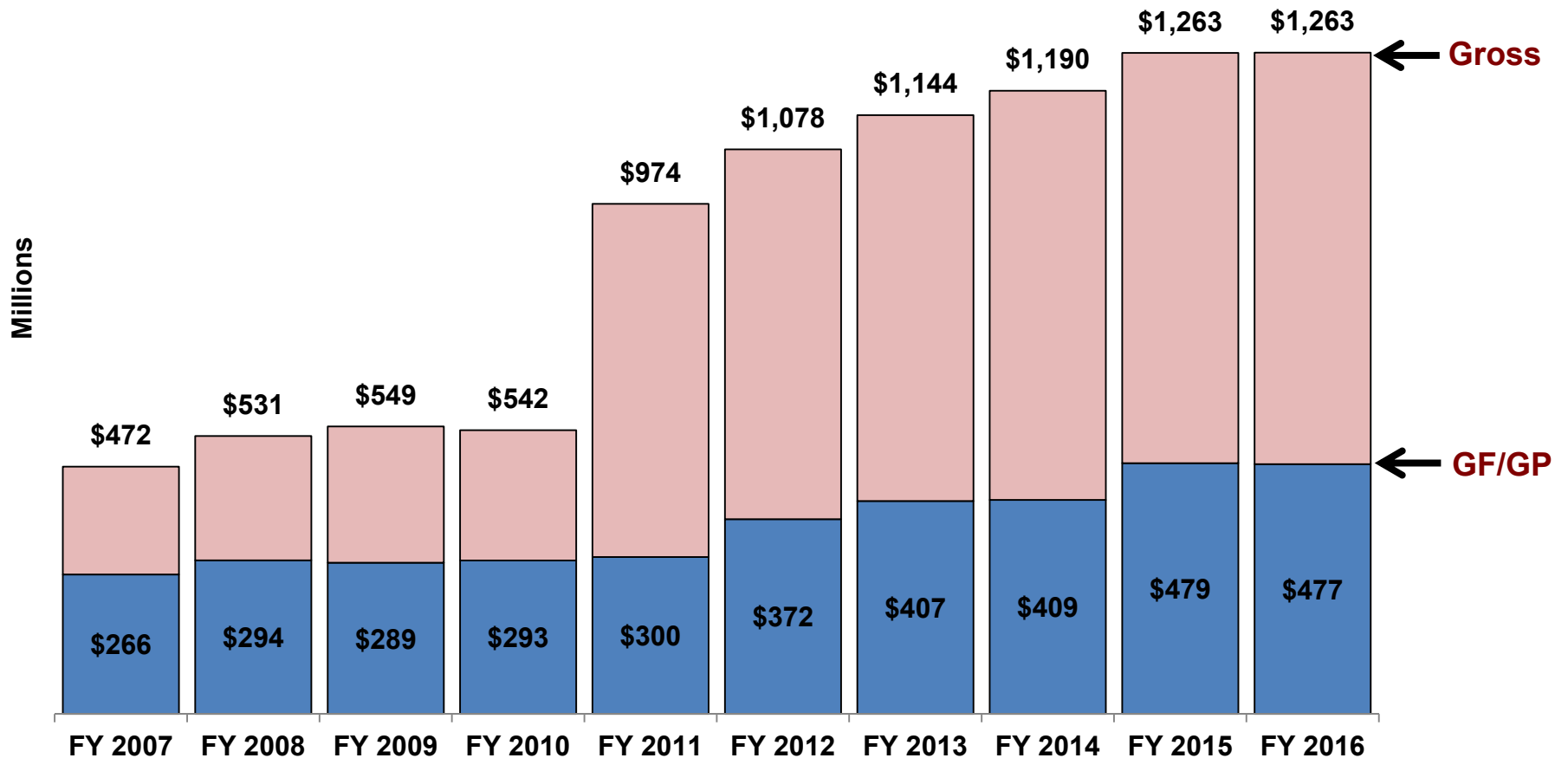
December 2015

Department of Technology, Management, and Budget (DTMB)

- Authorized under **Management and Budget Act** (1984 PA 431), DTMB is the central service and management element of the Executive branch of state government. Merged with former Department of Information Technology under Executive Order 2009-55.
- Mission is to “provide vital administrative and technology services and information to enable Michigan’s reinvention.”
- Responsibilities include:
 - Developing and monitoring the state budget
 - State accounting functions
 - Internal audit
 - Purchasing
 - Managing and maintaining state property, including the motor vehicle fleet
 - Managing the state’s retirement systems
 - Providing information technology services and project support for state departments and agencies

DTMB: Gross Appropriations

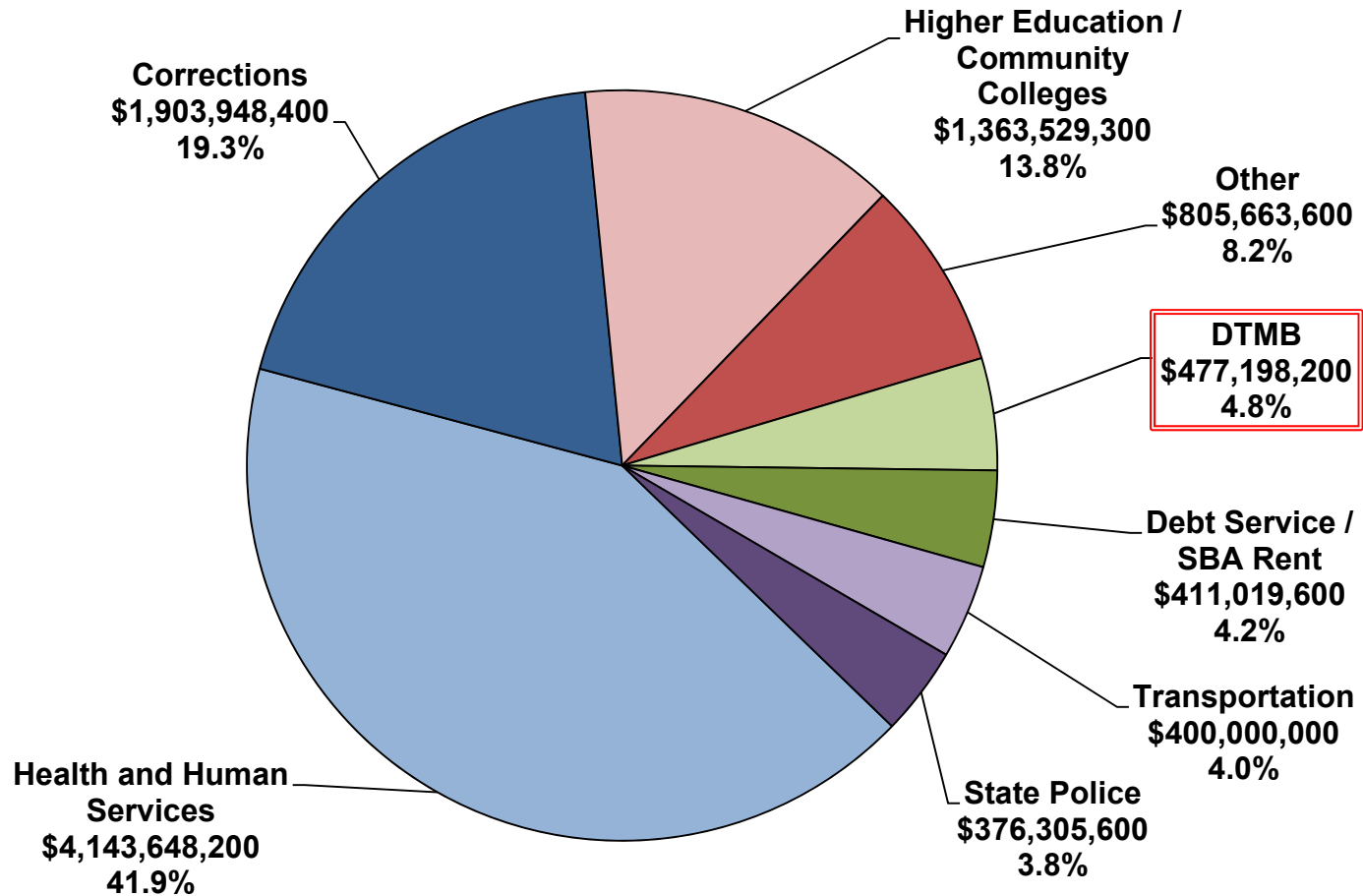
Spending increases are due primarily to transfers from other departments, including: State Building Authority rent payments (FY 2007), Civil Service (FY 2008), Information Technology (FY 2011), and labor market statistics (FY 2011). Other major additions: new IT development and building maintenance funding (FY2013), and various one-time appropriations (FYs 2013, 2014 & 2015).



DTMB Share of State GF/GP

DTMB makes up 4.8% of the total state GF/GP budget

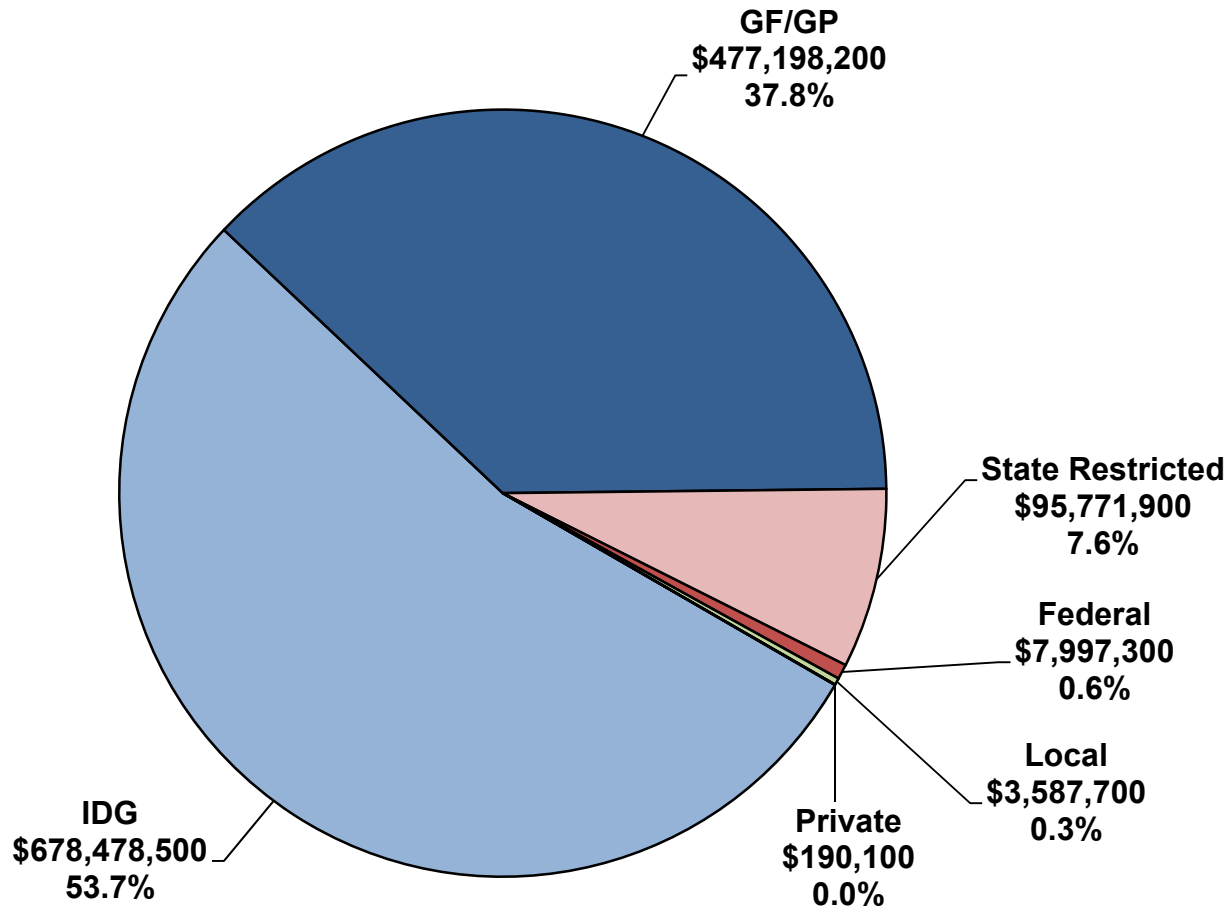
FY 2015-16 GF/GP Total = \$9,881,312,900



SOURCES OF FUNDING

DTMB Funding Sources

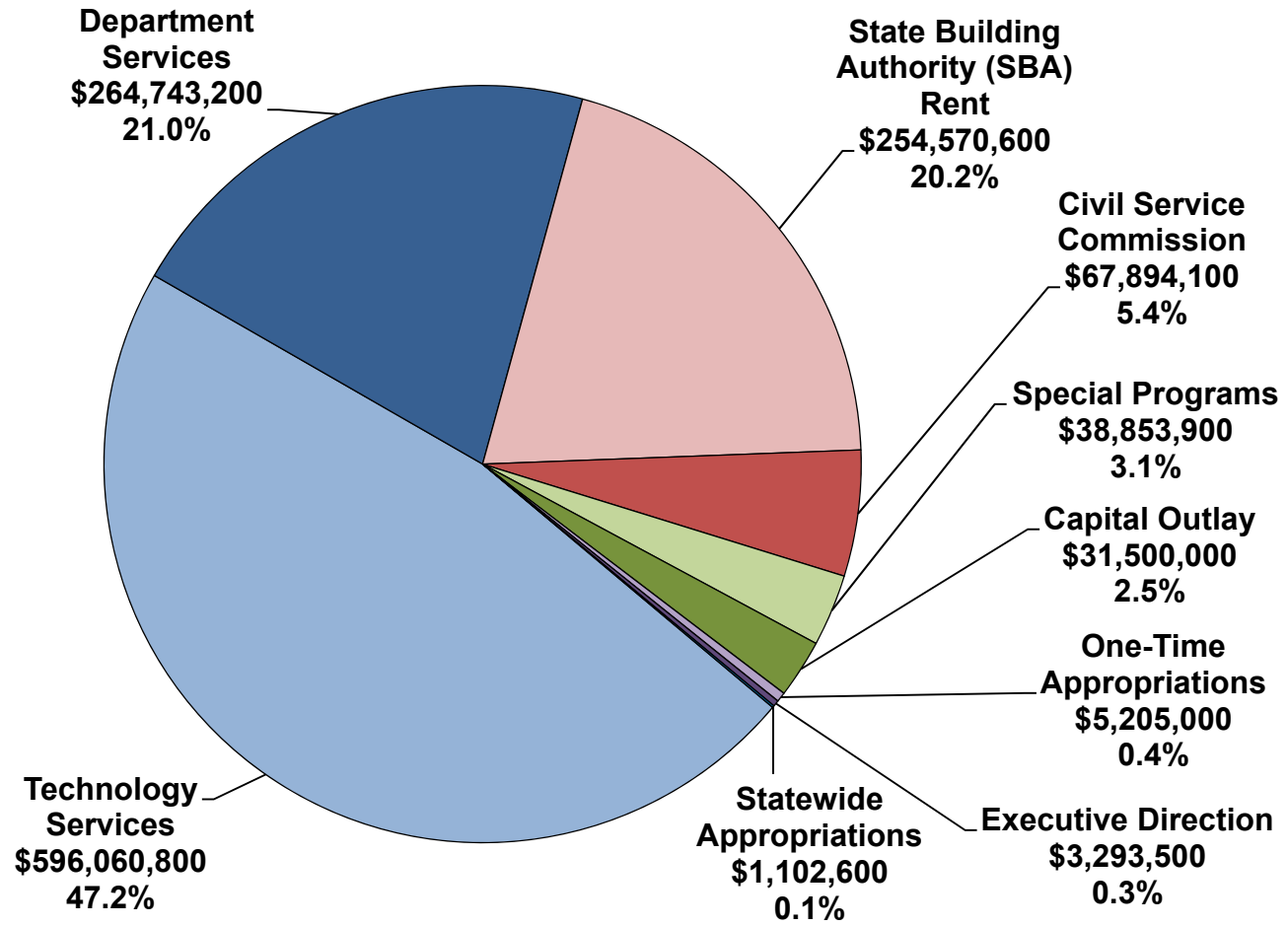
FY 2015-16 DTMB Budget = \$1,263,223,700
(Includes \$5.2 million in one-time appropriations)



APPROPRIATION AREAS

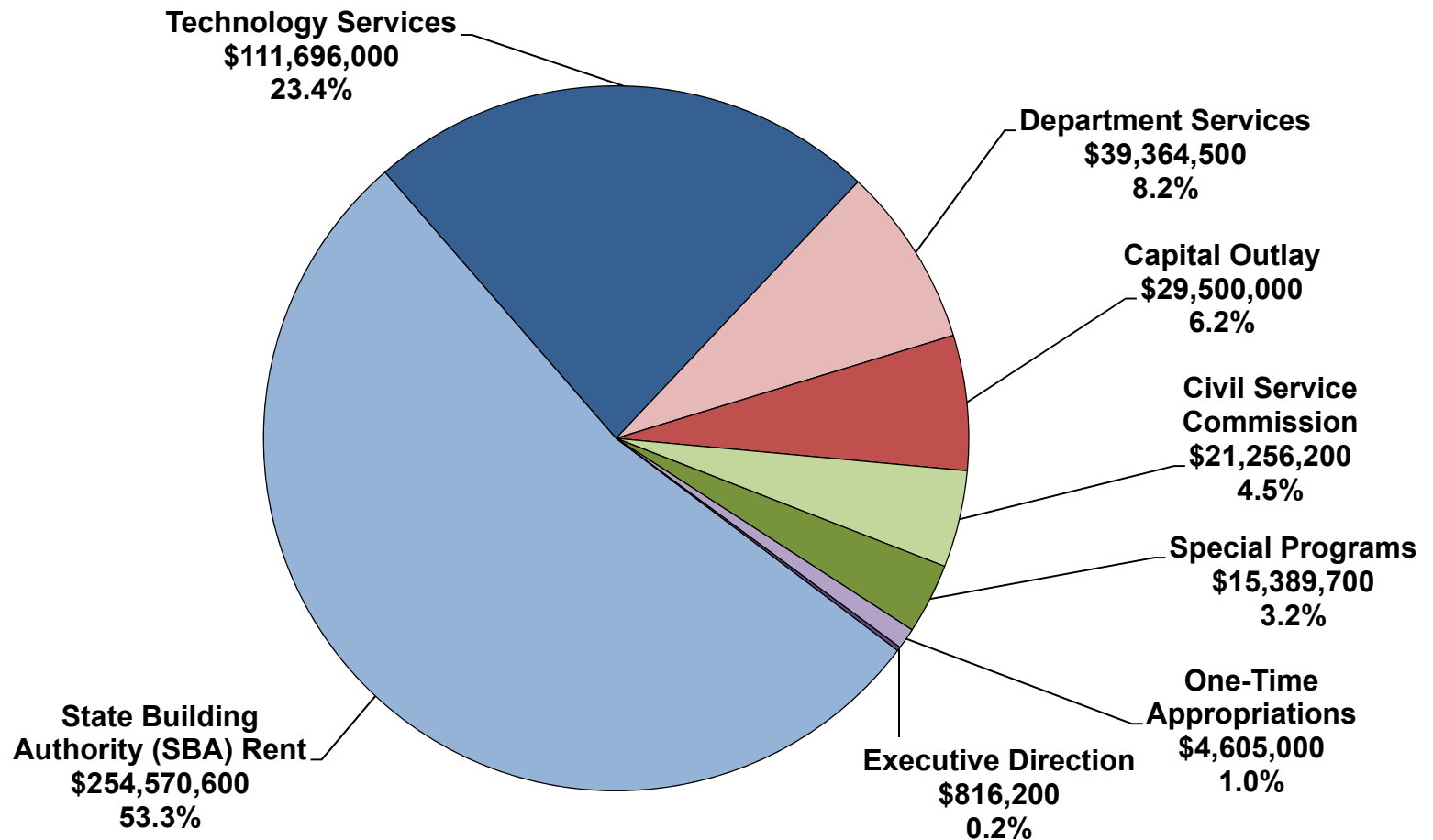
DTMB Gross Appropriations

FY 2015-16 Total = \$1,263,223,700
(Includes \$5.2 million in one-time appropriations)



DTMB GF/GP Appropriations

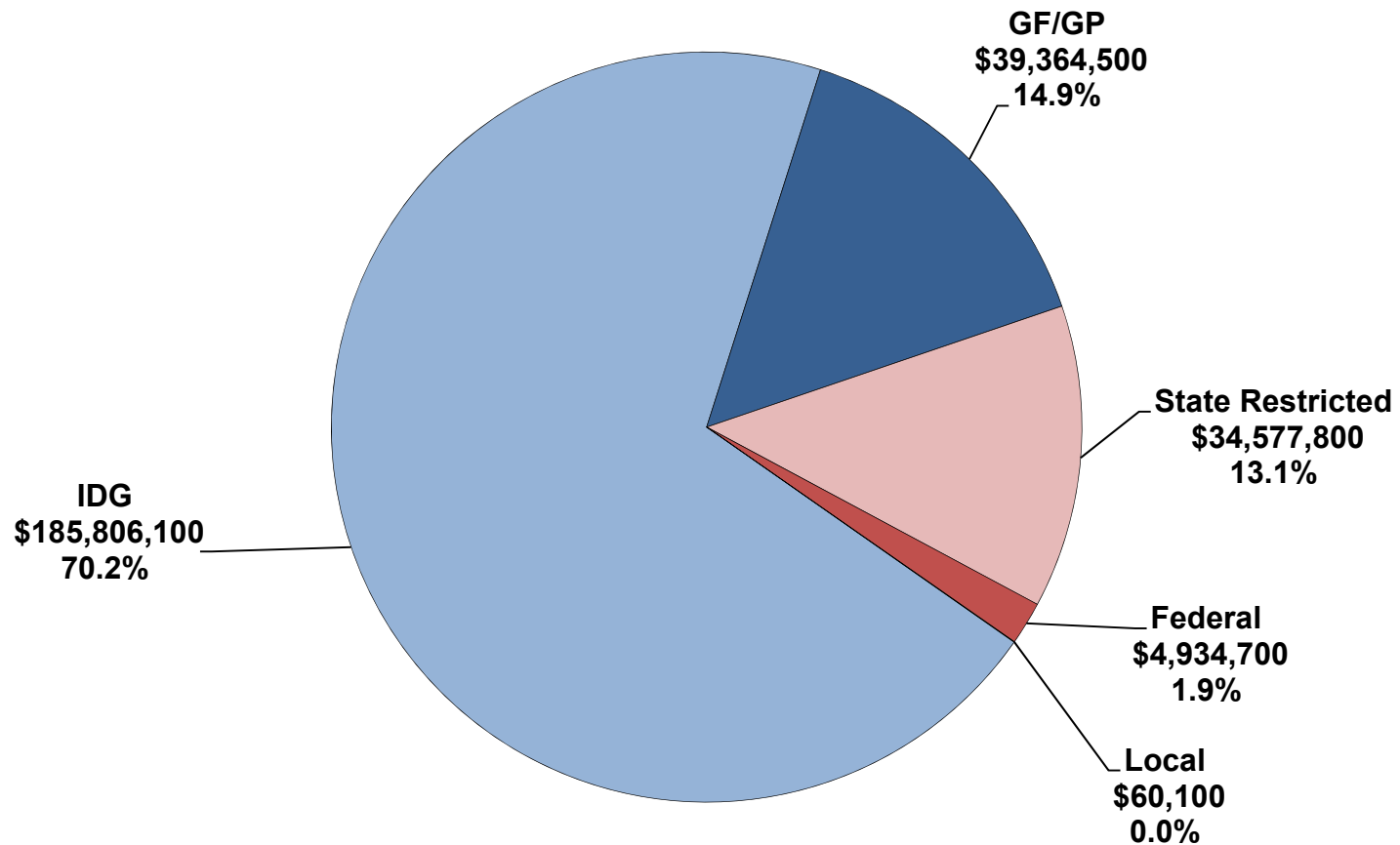
FY 2015-16 Total = \$477,198,200
(Includes \$4.6 million in one-time appropriations)



DTMB Appropriations: Department Services

FY 2015-16 Total = \$264,743,200

Primarily Interdepartmental Grant (IDG) revenues, reflecting the amounts other departments pay for various centralized services provided by DTMB.



DTMB: Department Services

Funds centralized operational services for DTMB, other state departments and agencies, colleges, universities, and other governmental units. Includes:

- **State Budget Office**
 - Prepares, presents, and executes the state budget office on behalf of the governor
- **Financial Services**
 - Accounts payable, billing, projections, contract and lease management
- **Office of Financial Management**
 - Accounting and payroll oversight, prepares Comprehensive Annual Financial Report (CAFR)
- **Office of the State Employer**
 - Labor contract negotiations, labor relations, statewide disability management, worker's compensation
- **Business Support Services**
 - Purchasing operations, State Administrative Board, real estate services, interdepartmental mail, state records center

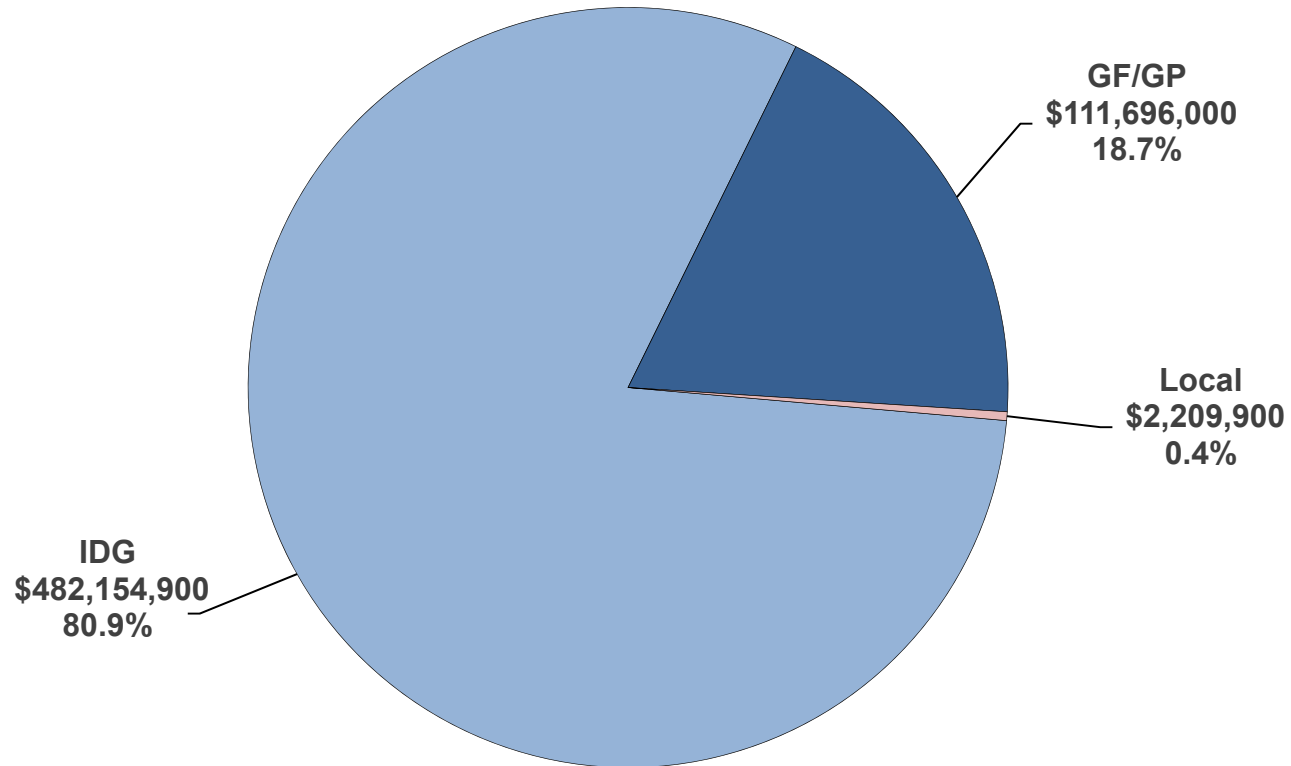
DTMB: Department Services

- **Building Operation Services**
 - Operation and maintenance of state buildings, equipment, and grounds; space assignment and design; building-related security, utilities, and parking
- **Design and Construction Services**
 - Project planning, architectural and engineering services, surveying, construction management, quality control for infrastructure improvements. Serves state agencies, universities, and community colleges.
- **Motor Vehicle Services**
 - Acquires and maintains the state's motor vehicle fleet, manages and regulates use of state vehicles.
- **Bureau of Labor Market Information and Strategies**
 - Labor market information and statistics; economic and workforce data, research, and analysis; program measurement data and services. Transferred from Department of Licensing and Regulatory Affairs to DTMB by Executive Order 2011-4.

DTMB Appropriations: Technology Services

FY 2015-16 Total = \$596,060,800

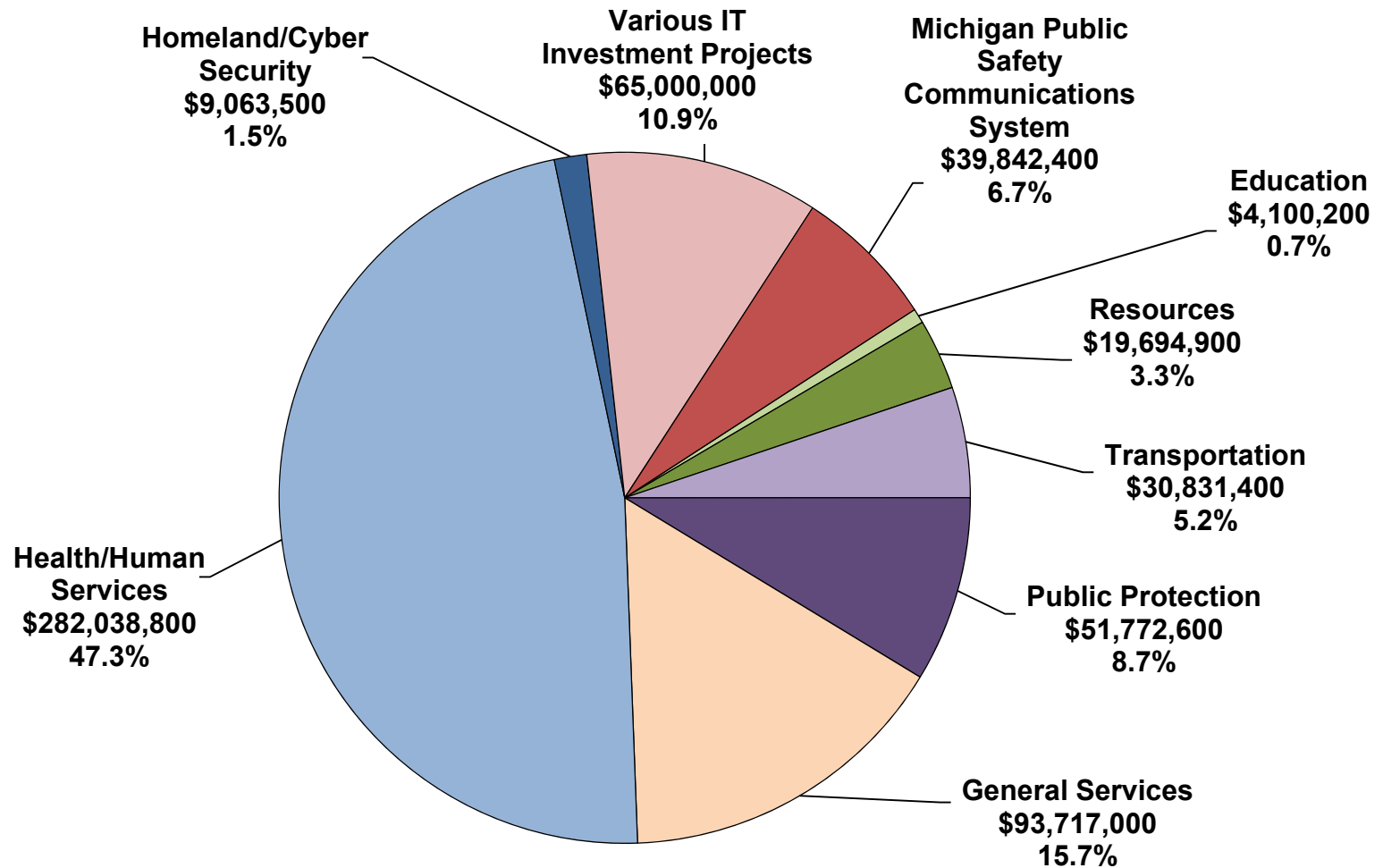
About 81% of DTMB's IT Services funding consists of IDG-supported services to state agencies.



DTMB Appropriations: Technology Services

FY 2015-16 Total = \$596,060,800

About 81% of DTMB's IT Services funding consists of IDG-supported services to state agencies.



DTMB Appropriations: Technology Services

- **IT services to state agencies (\$482.2 million IDG):**
 - Fully-funded with IDG revenues. Each state department requests spending authority to fund IT-related activities and pays for services through interdepartmental grants.
 - Support and management for desktop computers, state mainframes, servers, local area networks
 - Application development and maintenance, software and software licensing
 - Telecommunications services, security, infrastructure, and support
 - IT contracting and project management

- **Homeland Security Initiative/Cyber Security (\$9.1 million GF/GP):**
 - Cyber Security Operations Center under homeland security initiative
 - Protects Michigan's critical infrastructure from cyber disruption

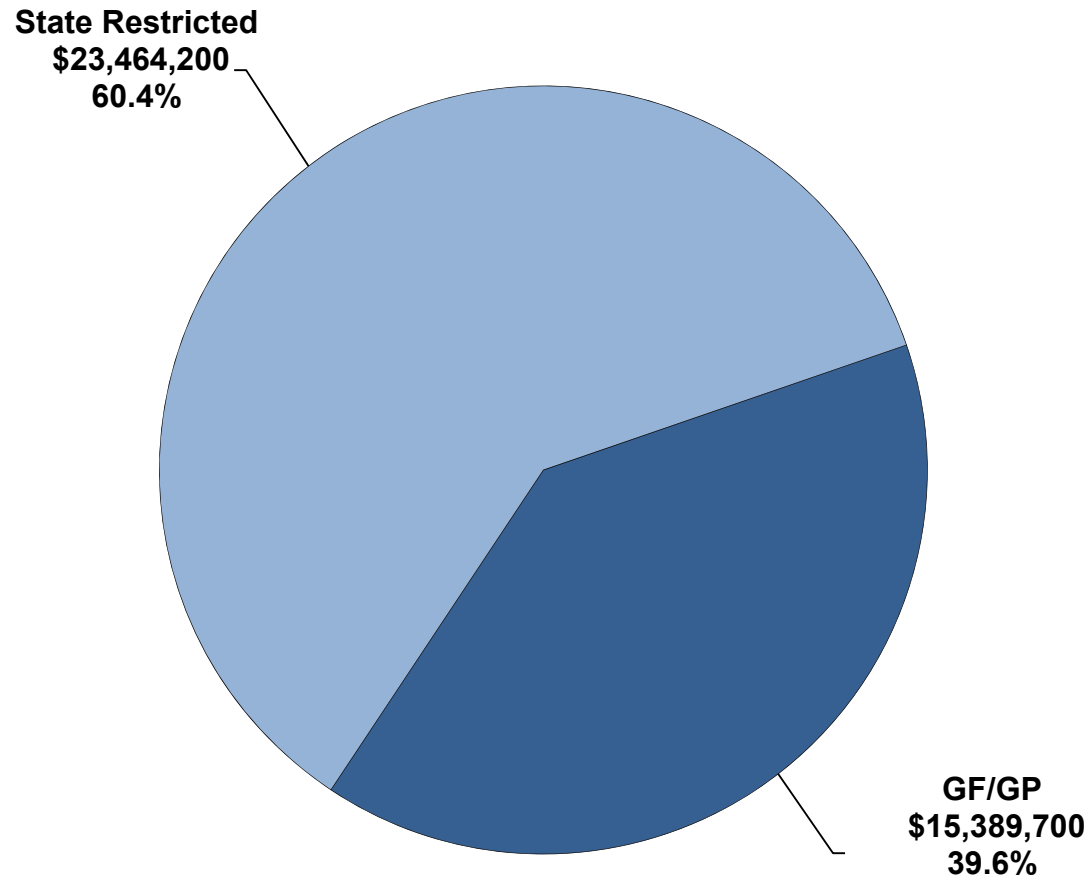
DTMB Appropriations: Technology Services

- **Various Information Technology Investment Projects (\$65 million GF/GP):**
 - IT projects to upgrade and replace various legacy systems including:
 - Enterprisewide Projects (\$11.7 million GF/GP)
 - General Government & Public Safety Project (\$13.7 million GF/GP)
 - Health and Human Services Project (\$5 million GF/GP)
 - MAIN System Replacement (\$32.6 million GF/GP)
 - Cyber Security (\$2 million GF/GP)

- **Michigan Public Safety Communications System (\$39.8 million GF/GP):**
 - Development and maintenance of interoperable public safety communications system for local, state and federal agencies

DTMB Appropriations: Special Programs

FY 2015-16 Total = \$38,853,900



DTMB Appropriations: Special Programs

Funds:

- **Executive/Legislative Building Occupancy (\$1.1 million, all GF/GP)**
 - Space occupied by the Executive Office in the Romney Building in Lansing and Cadillac Place in Detroit
- **Retirement Services (\$27.2 million Gross, \$5.2 million GF/GP)**
 - Administers deferred compensation and retirement systems for state employees, public school employees, judges, state police, and the military
- **Office of Children’s Ombudsman (\$1.8 million, all GF/GP)**
 - Monitors and investigates the child welfare actions and policies of the Department of Health and Human Services (DHHS) and child placement agencies
 - Works to ensure compliance with child welfare statutes and policies in the placement, supervision, and treatment of children in foster care and adoptive homes
 - Recommends policy and statute to the Legislature, Governor, and DHHS

DTMB Appropriations: Special Programs

Funds:

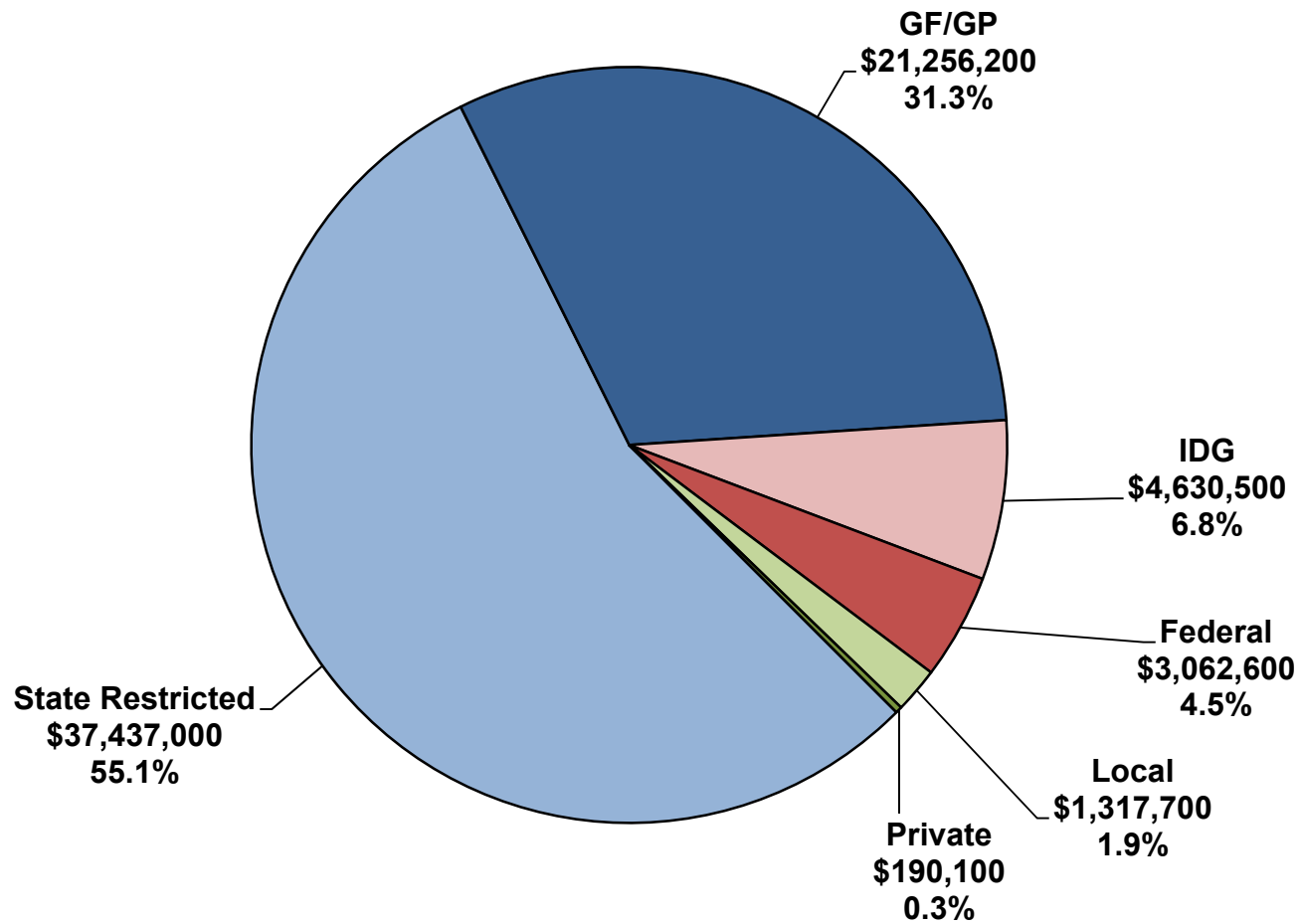
- **Office of Urban Initiatives (\$2.5 million, all GF/GP)**
 - Focuses on urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development for urban and regional growth
- **School Reform Office Operations (\$2.3 million, all GF/GP)**
 - Oversees the state's Priority schools
 - Efforts include strengthening teacher effectiveness, developing policies for school leaders, reallocation of resources to implement school reform plans
- **Public Private Partnership (\$1.5 million, all restricted revenues)**
 - State-private partnerships for capital improvements, energy projects, infrastructure projects, joint economic benefit ventures, financial incentives
 - Self-supporting through investment development revenue
- **Regional Prosperity Grants (\$2.5 million, all GF/GP)**
 - Provides various grants to eligible regional planning organizations that collaborate on economic & workforce development, adult & higher education, and transportation

Civil Service Commission

- Funding is guaranteed by the State Constitution, Article XI, Section 5:
“To enable the Commission to exercise its powers, the legislature shall appropriate to the commission for the ensuing fiscal year a sum not less than one percent of the aggregate payroll of the classified service for the preceding fiscal year, as certified by the commission.”
- Executive Order 2007-30 transferred all Department of Civil Service functions to DTMB and transferred all human resources functions from state agencies to the Civil Service Commission within DTMB

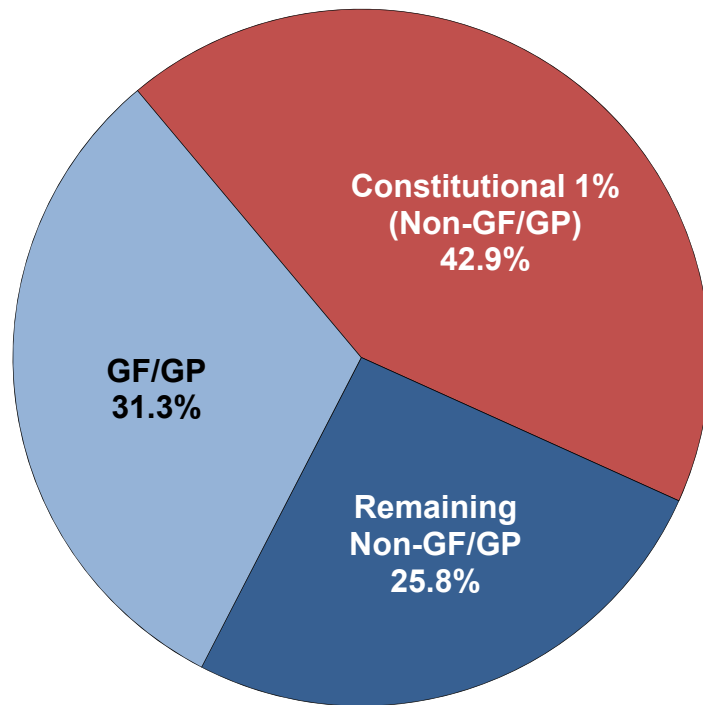
DTMB Appropriations: Civil Service Commission

FY 2015-16 Total = \$67,894,100



DTMB Appropriations: Civil Service Commission

A large portion of the funding for the Civil Service Commission and associated personnel comes from the 1% levied by the Constitution on state classified payrolls.



	1% Payments*	Other*	Total*
IDG	\$3,330,500	\$1,300,000	\$4,630,500
Federal	\$3,062,600	\$0	\$3,062,600
Local	\$1,317,700	\$0	\$1,317,700
Private	\$190,100	\$0	\$190,100
Restricted	\$21,197,900	\$16,239,100	\$37,437,000
GF/GP	\$0	\$21,256,200	\$21,256,200
Total	\$29,098,800	\$38,795,300	\$67,894,100
%	42.9%	57.1%	100.0%

* FY 2016 appropriated amounts

Civil Service Appropriations

- The Civil Service Commission is bipartisan, four-member body, appointed by the governor to serve 8 year, staggered terms
- State Personnel Director
 - Classified position selected by Civil Service Commission
 - Serves as principal executive officer of the Commission
 - Responsibilities include:
 - Classification of civil service positions according to duties and responsibilities
 - Fix compensation rates for all classes of positions
 - Approve/disapprove proposals for personal service contracts
 - Determine qualifications of candidates for classified service positions by competitive examination and performance on the basis of merit, efficiency, and fitness
 - Make rules and regulations covering all personnel transactions
 - Regulate all conditions of employment in the classified service

Civil Service Appropriations

Responsibilities of the Office of the State Personnel Director, continued

- Administer employee benefit programs
- Human resources services for all state departments, including audits of personnel and payroll transactions, necessary for acquiring and managing the state workforce
- Human Resources Management Network (HRMN), which provides an enterprise-integrated technological infrastructure to support major management functions, such as payroll, personnel, and employee benefits for all employees
- Administration of the state's employee health, dental, vision, and life insurance plans
- Support for general and agency-specific training for all state classified employees
- Information technology-related services and projects which support Civil Service Commission activities

Other DTMB Appropriations

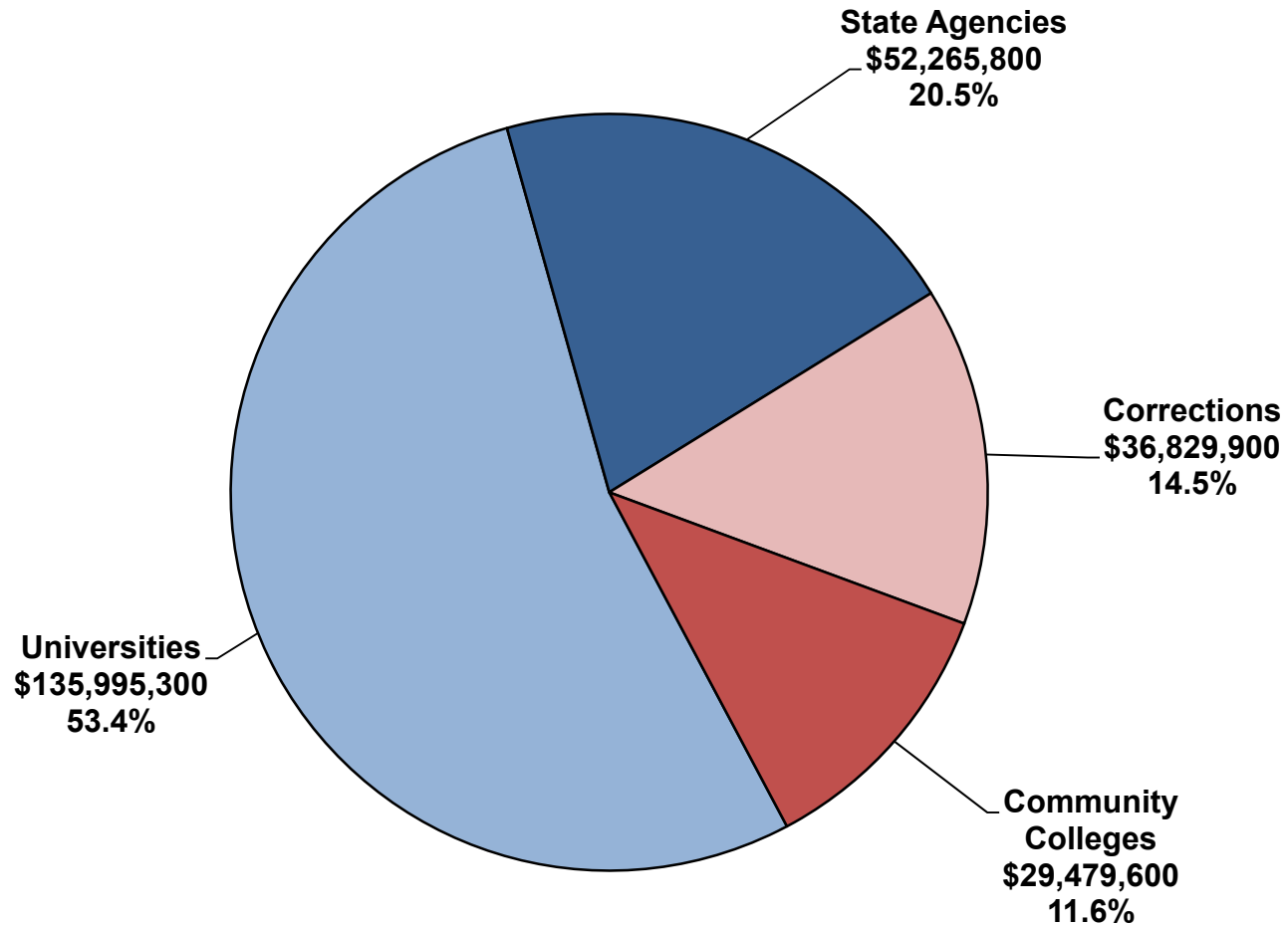
- **Statewide Programs (\$1,102,600, all IDG)**
Professional development for state employees, COBRA insurance premiums; funding negotiated in state collective bargaining agreements
- **Capital Outlay (\$31.5 million total)**
\$29.5 million GF/GP for enterprisewide special maintenance (continuing maintenance projects for state-owned properties), plus \$2.0 million IDG appropriations for major special maintenance, remodeling, and additions.
- **One-Time Appropriations (\$5.2 million total)**
 - **Technology Services Funding (\$600,000, all IDG)**
Supports Department of Treasury's Business Portal
 - **Legal Services (\$1 million, all GF/GP)**
Support for state litigation costs
 - **Cost Study of 2014 PA 555 (\$500,000, all GF/GP)**
Funding for vendor that will conduct a statewide cost study on resources needed to meet state educational standards
 - **Treasury - Technology Services (\$3 million, all GF/GP)**
Supports Department of Treasury's Sales, Use, & Withholding tax system
 - **Special Grants (\$105,000, all GF/GP)**
Funding for IT grants for select school districts

State Building Authority (SBA) Rent Payments

- Funds rent payments to the State Building Authority for SBA-financed construction projects for state agencies, universities, and community colleges.
- The State Building Authority is authorized to issue and sell bonds and notes for acquisition and construction of facilities and equipment in an aggregate principal amount outstanding not to exceed \$2.7 billion; not included in this limitation are bonds allocated for debt service reserves, bond issue expenses, bond discounts, bond insurance premiums, or certain refunding bonds.
- Executive Order 2013-8 transferred the State Building Authority, but not the administration of the rent payments, to the Department of Treasury.

DTMB Appropriations: SBA Rent Payments

FY 2015-16 Total = \$254,570,600



**For more information about the
Technology, Management, and Budget
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Background Briefing

TREASURY

Benjamin Gielczyk, Senior Fiscal Analyst

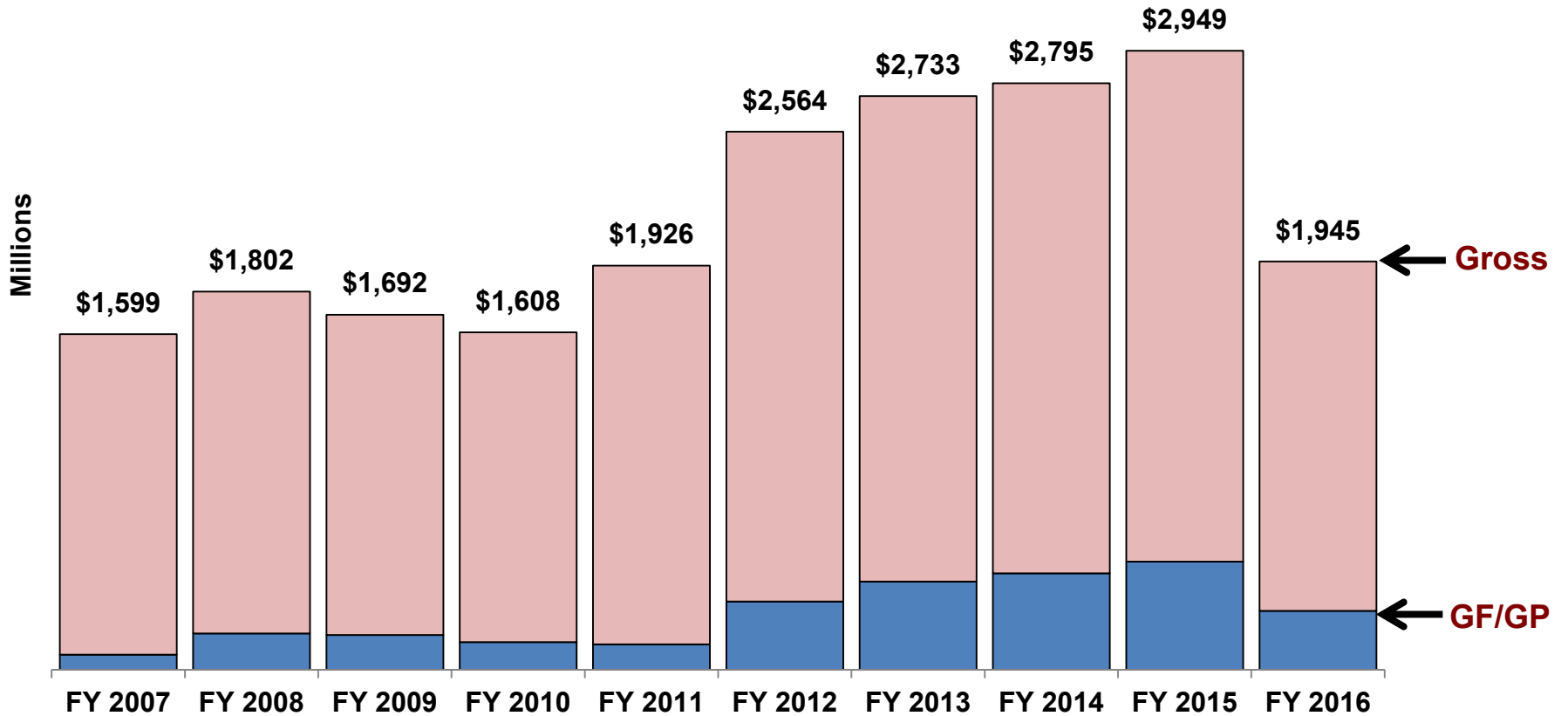
December 2015

Department of Treasury

- Chief fiscal agency of the state; primary source of advice to Governor on tax and fiscal policy issues
- Chief responsibilities:
 - Collect state taxes
 - Invest, control, and disburse state monies
 - Protect the state's credit rating and that of its cities
- Other responsibilities:
 - Manage investments for one of the nation's largest pension funds
 - Administer state revenue sharing grant program
 - Administer student financial aid programs
 - Investigate fraudulent financial activity
 - Provide advice and assistance on property tax-related issues
 - Advise issuers of municipal security obligations
 - Lend funds to local units in fiscal distress through Emergency Loan Board
 - Train/advise local units of government on aspects of financial management

Treasury: Gross Appropriations

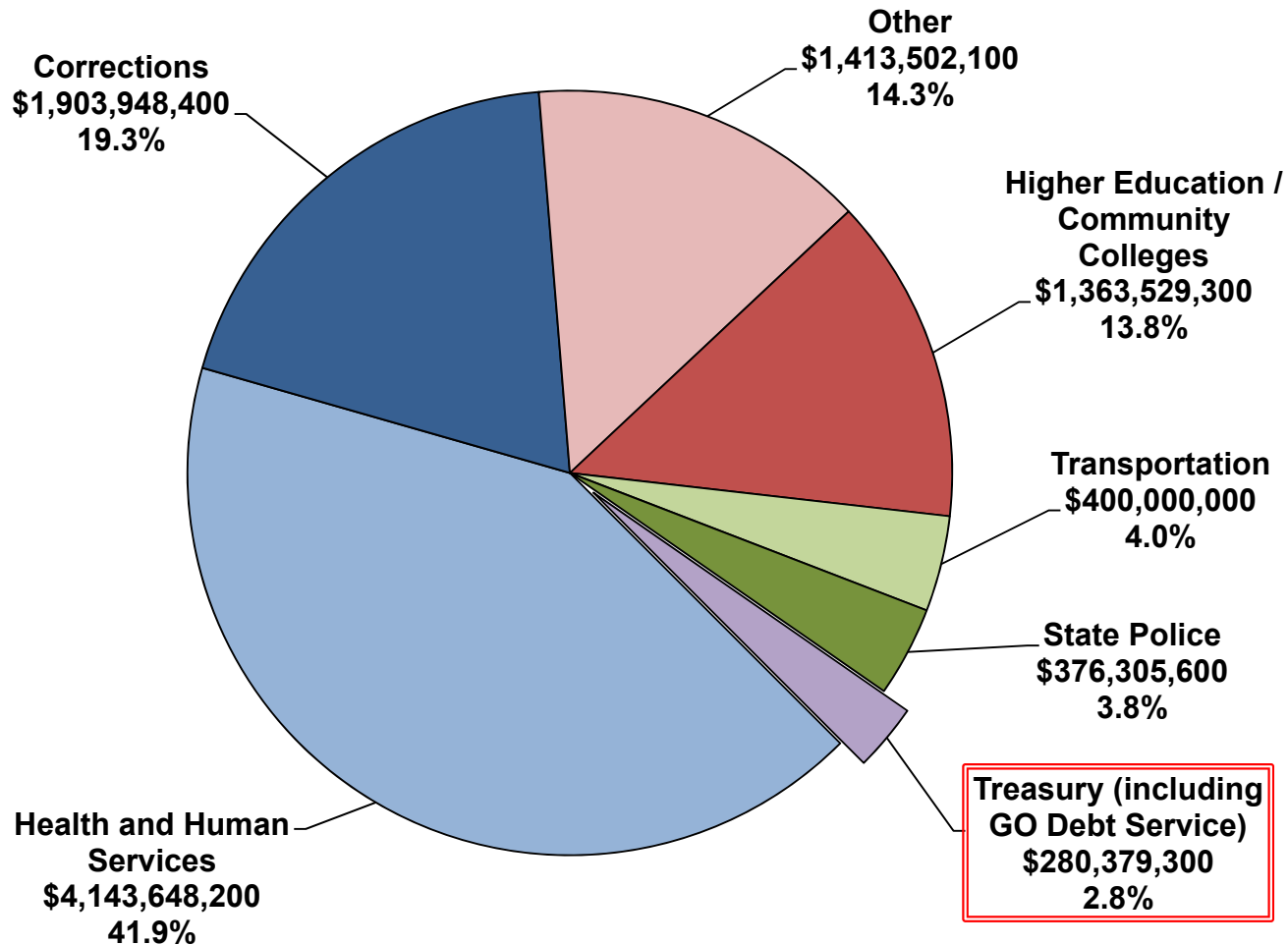
Programs and agencies under the purview of the Treasury budget constantly change, making annual comparisons difficult. FY 2011 appropriations include MSHDA, which was transferred from DELEG. Workforce development programs were transferred to MSF under EO 2011-4 in FY 2012. FY 2015 appropriations increased mainly due to increases in revenue sharing, appropriations for personal property tax reform reimbursements, IT Investment increases, and Michigan Public Safety Communication System equipment replacement. FY 2016 transferred MSF, MSHDA, and Workforce Development to newly formed Department of Talent and Economic Development.



Treasury Share of State GF/GP

Treasury makes up 2.8% of the total state GF/GP budget.

FY 2015-16 GF/GP Total = \$9,881,312,900



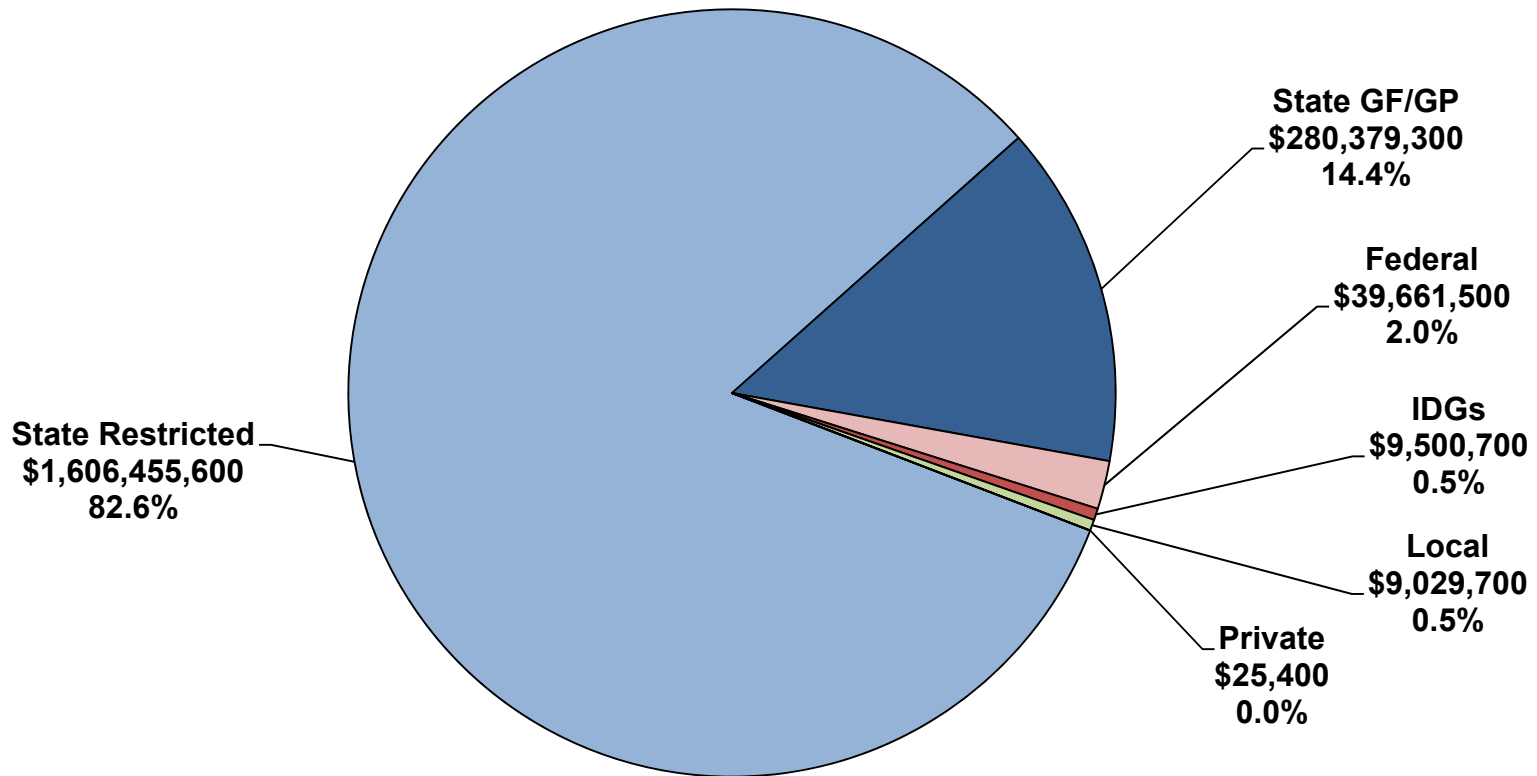
SOURCES OF FUNDING

Treasury Funding Sources

State restricted funds, mainly sales tax revenue for revenue sharing, are the largest revenue source in the budget.

FY 2015-16 Treasury Budget = \$1,945,052,200

(Includes \$29.9 million in one-time appropriations)



APPROPRIATION AREAS

Treasury Appropriations

The treasury budget is allocated into the following major spending areas:

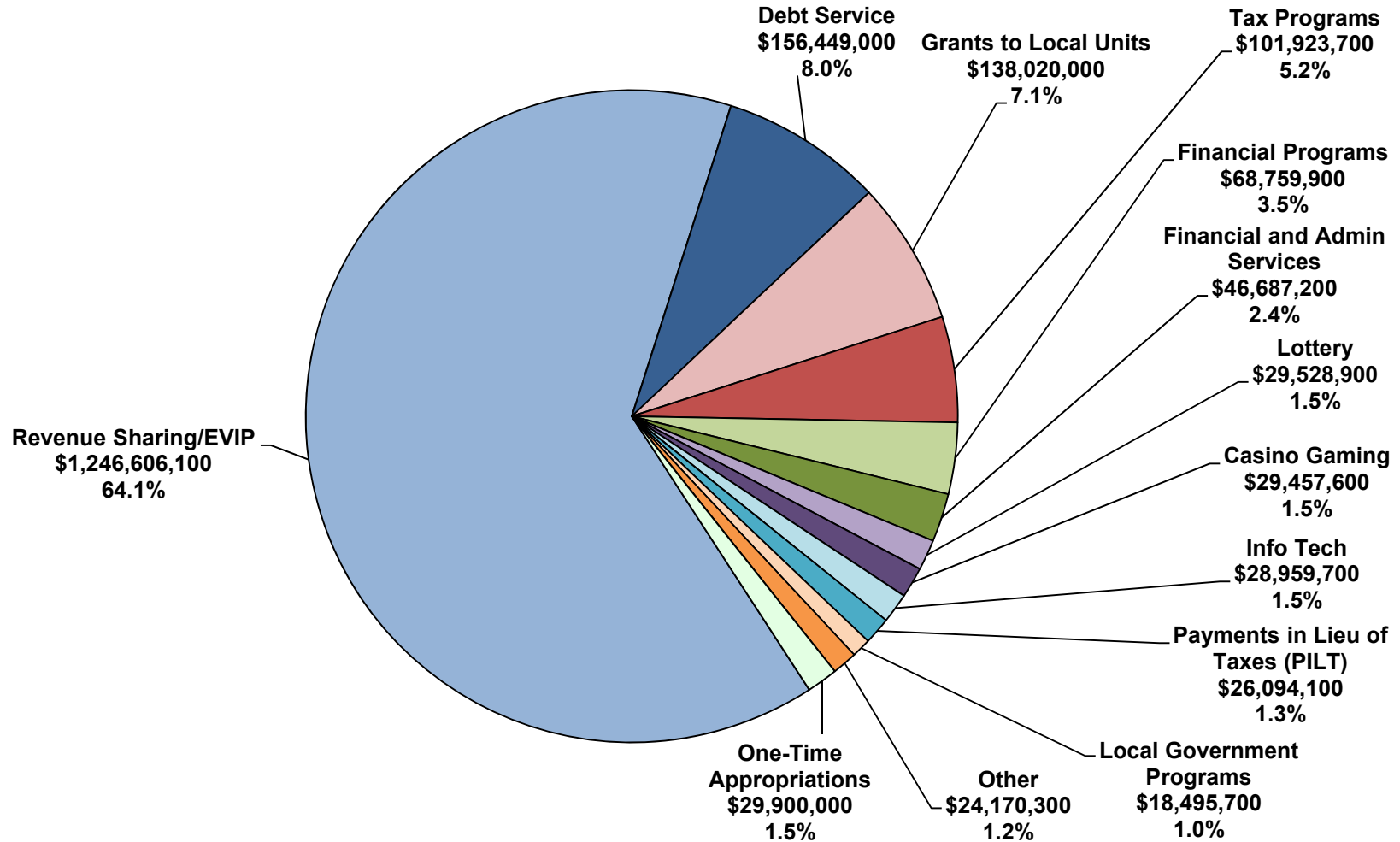
- Executive Direction
- Departmentwide Appropriations
- Local Government Programs
- Tax Programs
- Financial and Administrative Services
- Financial Programs
- Debt Service
- Grants
- Bureau of State Lottery
- Casino Gaming
- Payments in Lieu of Taxes
- Revenue Sharing
- State Building Authority (SBA)
- City Income Tax Administration Program
- Information Technology
- One-Time Basis Only Appropriations

Treasury Appropriations

Revenue Sharing is the largest spending component in the budget.

FY 2015-16 Treasury Budget = \$1,945,052,200

(Includes \$29.9 million in one-time appropriations)

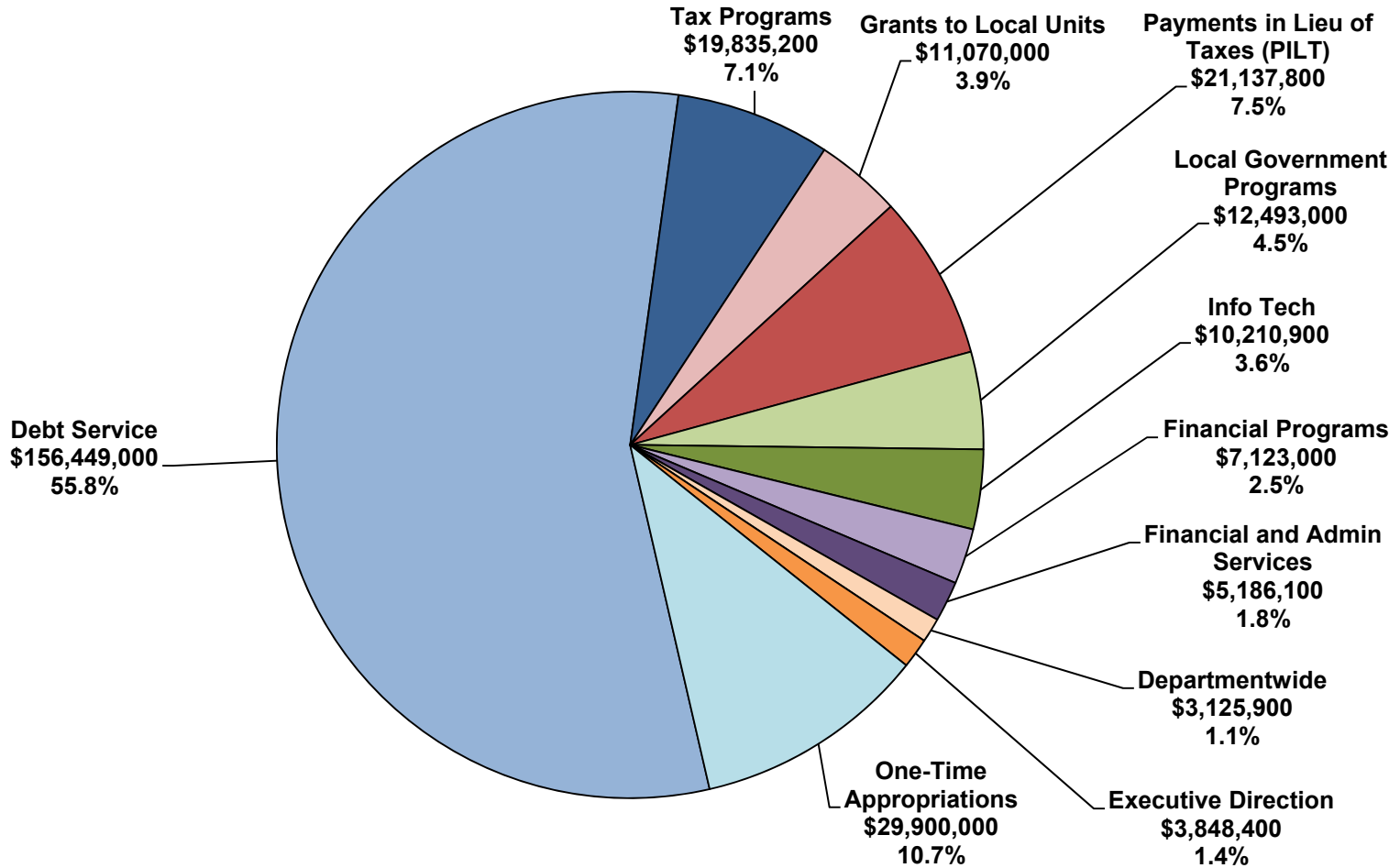


Treasury GF/GP Appropriations

Debt Service on general obligation bonds is the largest GF/GP spending component.

FY 2015-16 Treasury GF/GP Budget = \$280,379,300

(Includes \$29.9 million GF/GP in one-time appropriations)

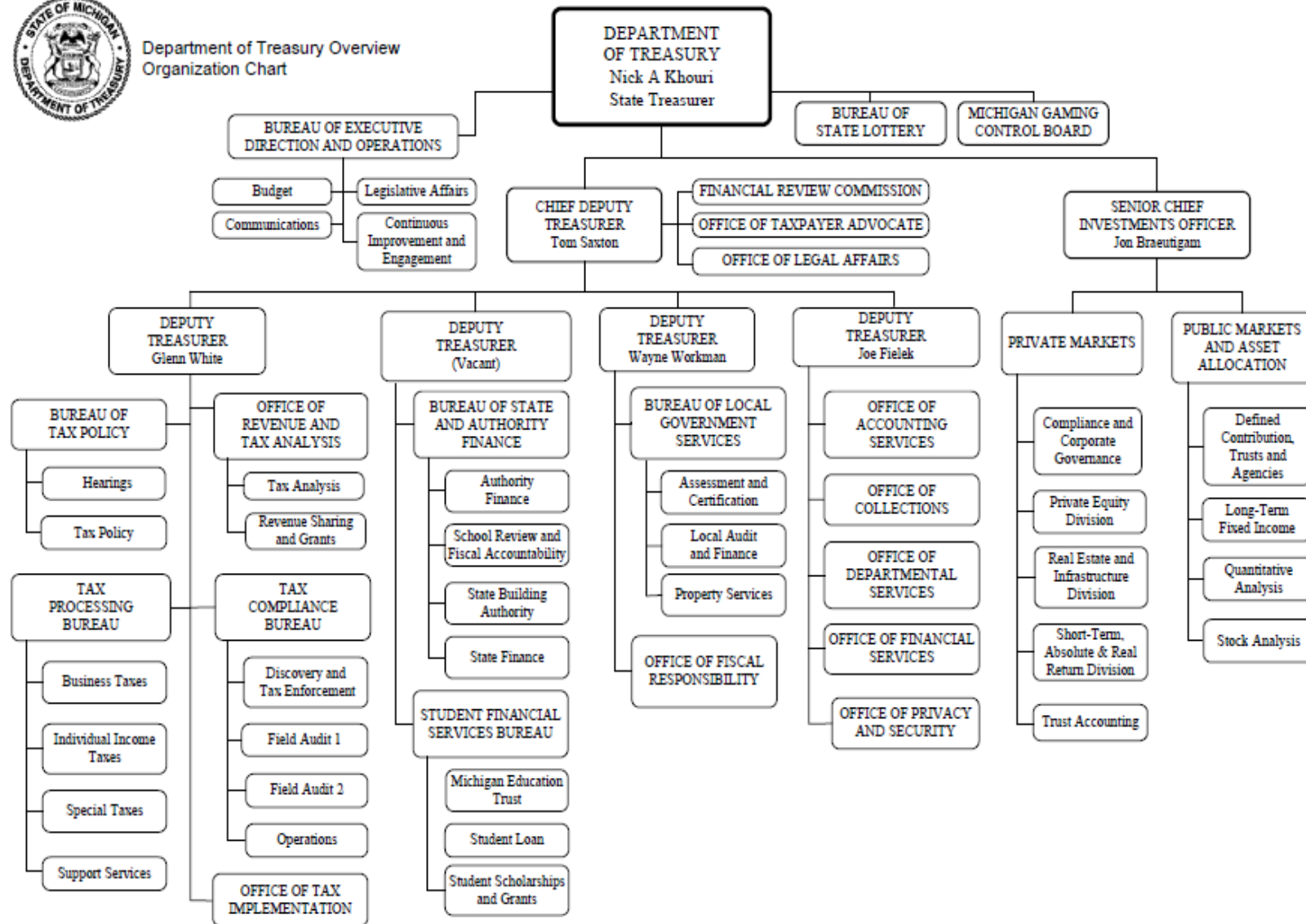


MAJOR BUDGET TOPICS

TREASURY ORGANIZATIONAL CHART



Department of Treasury Overview
Organization Chart



Agencies Within Treasury

- Autonomous entities organizationally housed in Department of Treasury
 - Bureau of State Lottery (1972 PA 239)
 - Michigan Gaming Control Board (Initiated Law of 1997 PA 69)
 - State Building Authority (1964 PA 183)

Local Government Programs

- Tax and financial services for local units of government on bonding proposals, audits, and training programs
- Property Tax Division responsibilities:
 - Establish property tax base (taxable and state equalized value)
 - Determine/levy taxes on public utilities
 - Develop average tax rate for locally-assessed property
 - Assess telephone/telegraph real property and state-owned lands
 - Administer: Special tax exemptions, Sale of tax delinquent lands, Deferred Special Assessment Program for low-income seniors, and Homestead Property Tax Exemption Section

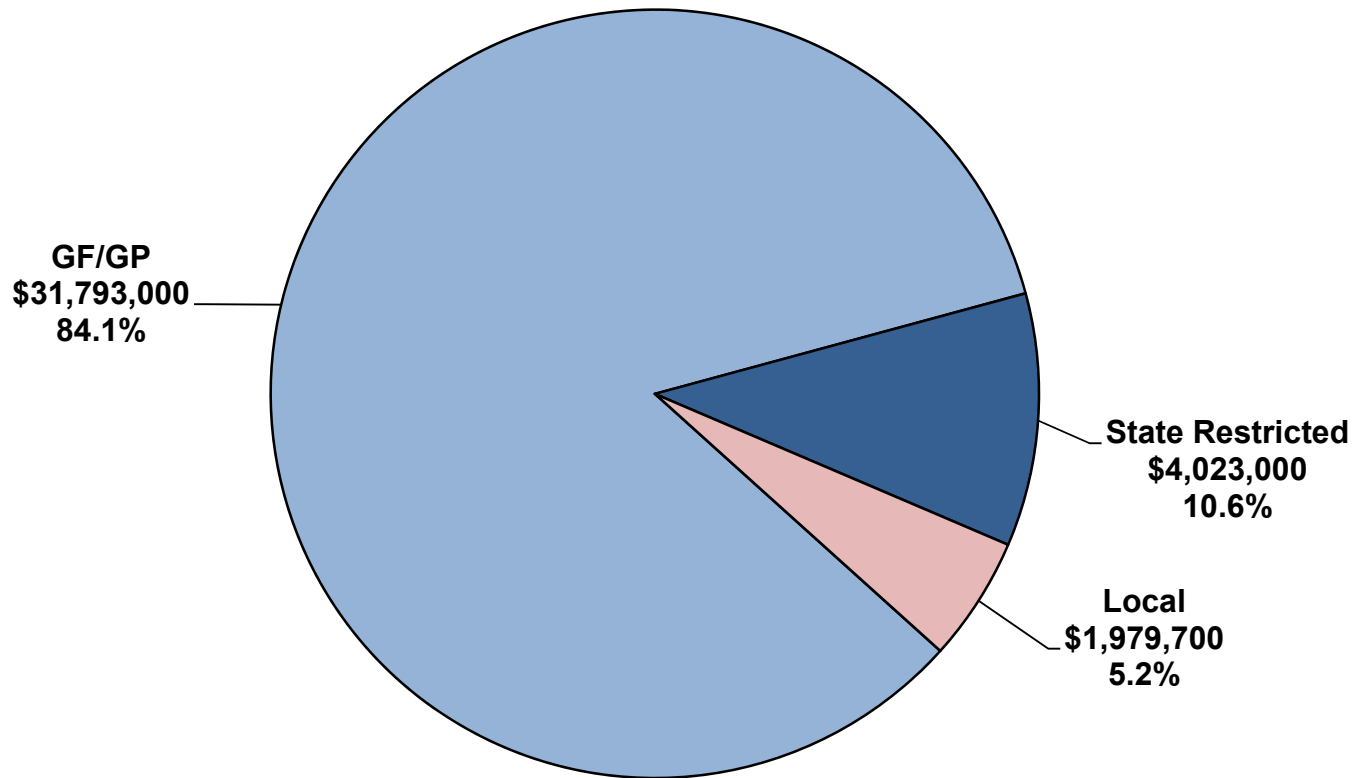
Local Government Programs (cont.)

- Includes Business Property Tax Appeals assistance to local units
- Office of Fiscal Responsibility
 - Provides funding to support contractual services associated with local governments in realizing fiscal distress and fiscal emergencies
- State Assessors Board responsibilities:
 - Train and certify property tax assessors
 - Represent tax commissions, townships, assessors, county equalization directors, and public colleges
- Personal Property Tax Reform (one-time)
 - Administers Essential Services Assessment
 - Funds distribution of payments from metropolitan area component tax for lost debt service revenue to local units of government
 - Appropriation totals \$19.3 million GF/GP in FY 2015-16

Local Government Program Appropriations

FY 2015-16 Total = \$37,795,700

(Includes \$19.3 million in one-time funding for
Personal Property Tax Reform payments)



Tax Programs

- Administrative functions:
 - Register taxpayers and maintain taxpayer files
 - Inform/assist taxpayers
 - Manage/support customer service improvement projects
 - Identify emerging tax issues
 - Implement new tax plan under PAs 38 and 39 of 2011 (Income tax rollback freeze and Corporate Income Tax)

- Tax processing functions:
 - Process tax refunds
 - Research/develop electronic tax refund processing
 - Conduct IRS tax projects
 - Administer Principal Residence Affidavit Program

- Tax compliance/tax auditing:
 - Detect/resolve tax underpayment/overpayment and non-filers
 - Identify noncompliance with state statutes

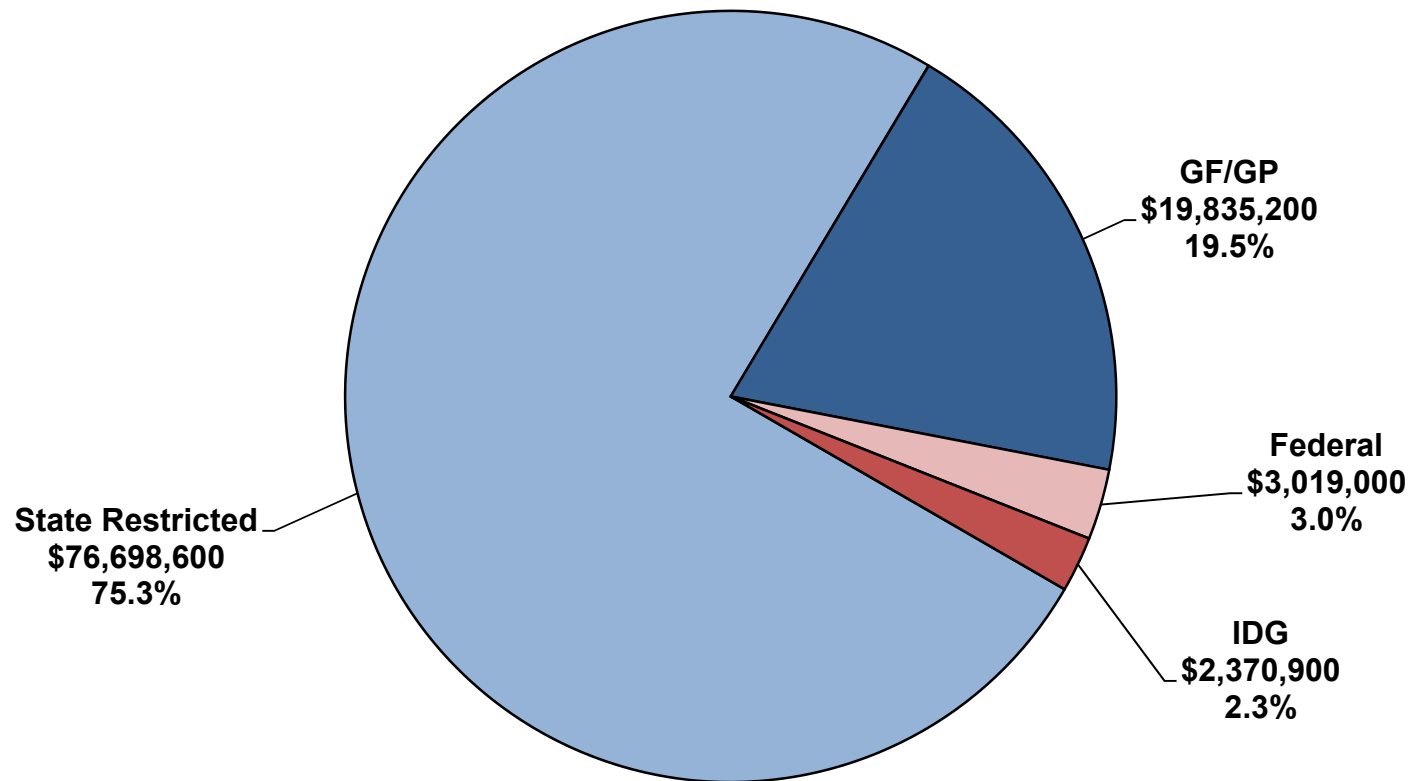
- Administers Low Income Heat and Energy Assistance Program

Tax Programs (cont.)

- Tax and economic policy:
 - Prepare economic forecasts/revenue projections
 - Review/analyze tax legislation
 - Administer state-local revenue sharing program
 - Assist in administering Personal Property Tax reforms
- Health Insurance Claims Assessment – Includes funding to administer the Health Insurance Claims Act (HICA) program
- Tobacco Tax Enforcement:
 - Increases tobacco tax enforcement with Michigan State Police and Attorney General
 - Supports new tobacco stamp indicia and scanners
- Bottle Bill Implementation – Administers the Bottle Deposit Fund; distributes funds to the Clean-Up and Redevelopment Fund and bottle dealers at fiscal year-end

Tax Programs Appropriations

FY 2015-16 Total = \$101,923,700

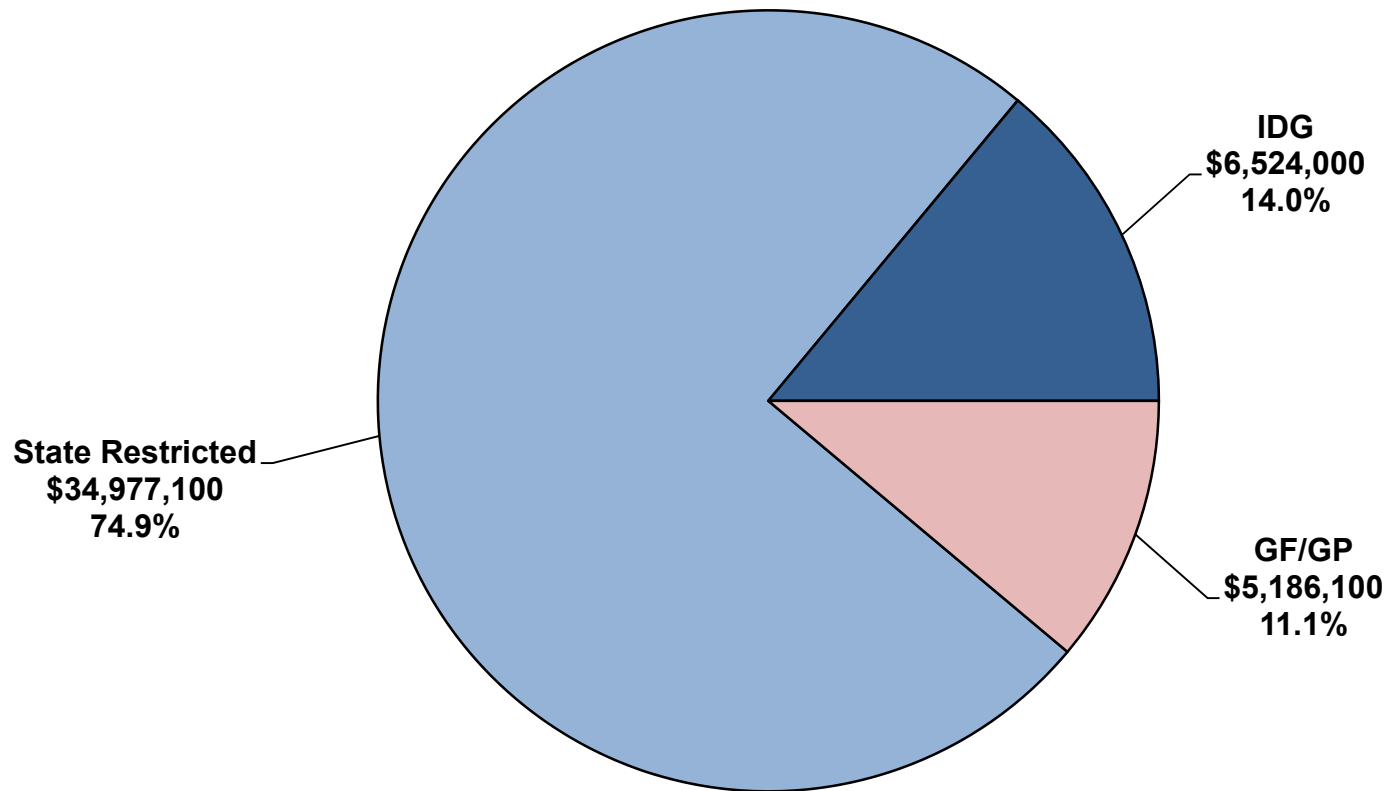


Financial and Administrative Services

- Department and Budget Services - Processes payroll and personnel transactions; maintains personnel information; ensures compliance with state purchasing laws; obtains necessary goods and services; processes mail and mail service for returned warrants of other departments and Treasury; provides data management-related services; mail operations
- Office of Collections – Collects taxes, state agency fees, and driver responsibility fee revenue; ensures compliance with requirement that state payments are offset to enforce child support orders
- Uniform Unclaimed Property Act of 1995 – report and regulate unclaimed property distribution and disposal
- Office of Accounting Services – Disburses funds; processes payments; maintains accounting services; provides cash and warrant reconciliation services
- Office of Financial Services – Establishes statewide cash receipting policies and practices; accounting of state receipts; clearinghouse for revenue owed to the state

Financial and Administrative Services Appropriations

FY 2015-16 Total = \$46,687,200



Financial Programs

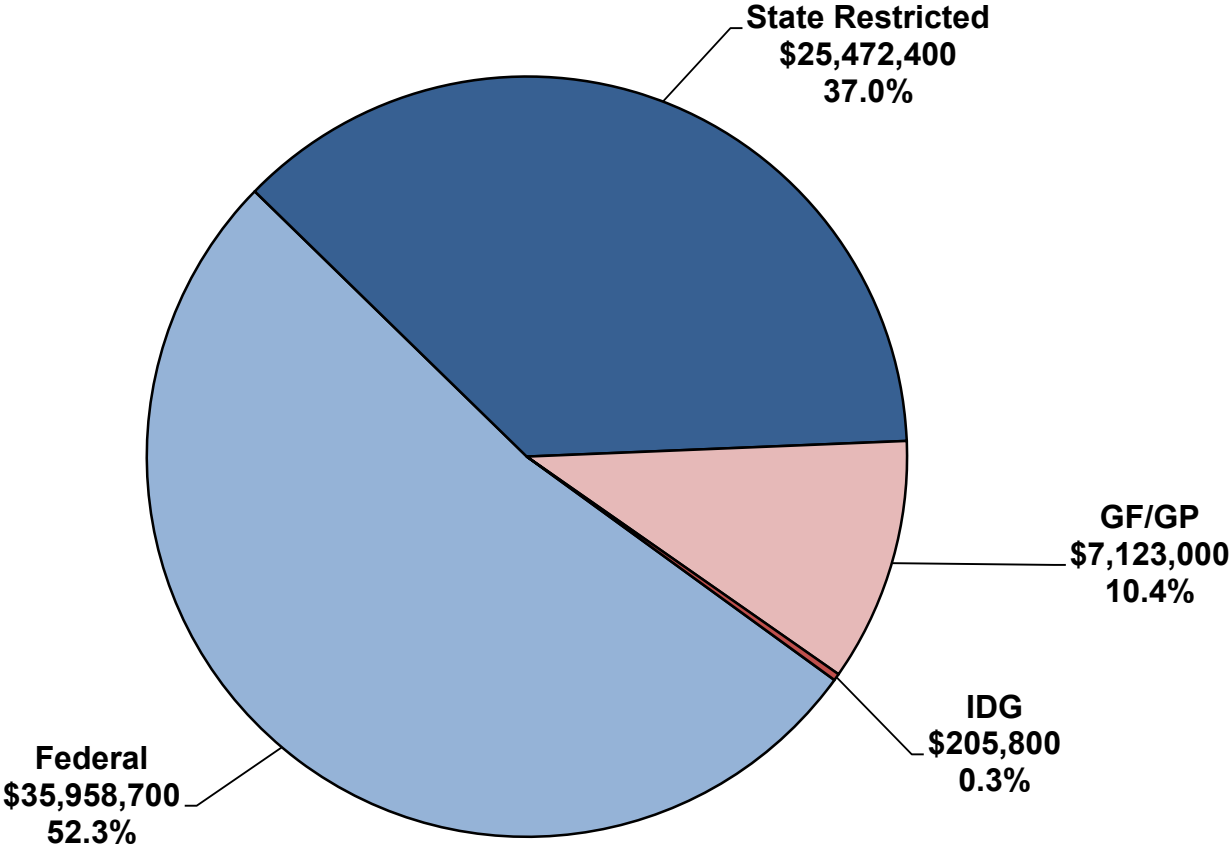
- Bureau of Investments: Overseas investment of pension funds and state restricted funds
- Common Cash and Debt Management:
 - Oversee outside funding receipts (federal and local)
 - Manage state cash flow and long-term general obligation debt
- Student Financial Assistance Program administers and manages funds for:
 - Michigan 529 Plans: Michigan Education Trust/Michigan Education Savings Program
 - Tuition Incentive Program
 - Tuition Grants (including Children of Veterans and Police and Fire Fighter's Survivors)
 - State Competitive Scholarships
 - Children of Veterans Tuition Grants
 - John R. Justice Federal Grant Program
 - Teacher Loan Forgiveness
 - Michigan Competitive Scholarship
 - Fostering Futures Scholarship
 - GEAR-UP Scholarships

Financial Programs (cont.)

- Michigan Finance Authority and Bond Finance Programs
 - Created under Executive Order 2010-2
 - Offers financing to public and private agencies including municipalities; healthcare providers; higher education; loans to college students; and public, private, and charter schools
- Dual Enrollment Payments:
 - Supports tuition costs for nonpublic students enrolled in postsecondary institutions (implements PAs 131-134 of 2012)
- Financial Independence Team
 - Joint program with the Department of Education to assist financially troubled school districts prior to entering a financial emergency

Financial Programs Appropriations

FY 2015-16 Total = \$68,759,900



Debt Service

- Principal and interest payment requirements on state general obligation bond issues except School Bond Loan debt (funded from School Aid act)
 - **Quality of Life Bond:** issuance of up to \$660 million in environmental bonds support environmental protection activities and up to \$140 million in recreation bonds to support development of recreation activities and facilities; includes portion of Strategic Water Quality Initiative
 - **Clean Michigan Initiative:** issuance of up to \$675 million in bonds for environmental clean-up, pollution prevention, redevelopment, and natural resource protection projects; includes portion of Strategic Water Quality Initiative
 - **Great Lakes Water Quality Bond:** issuance of up to \$1 billion in bonds for sewage treatment works, storm water projects, and water pollution projects; includes portion of Strategic Water Quality Initiative
- \$156,449,000 GF/GP appropriated in FY 2015-16 to cover debt service

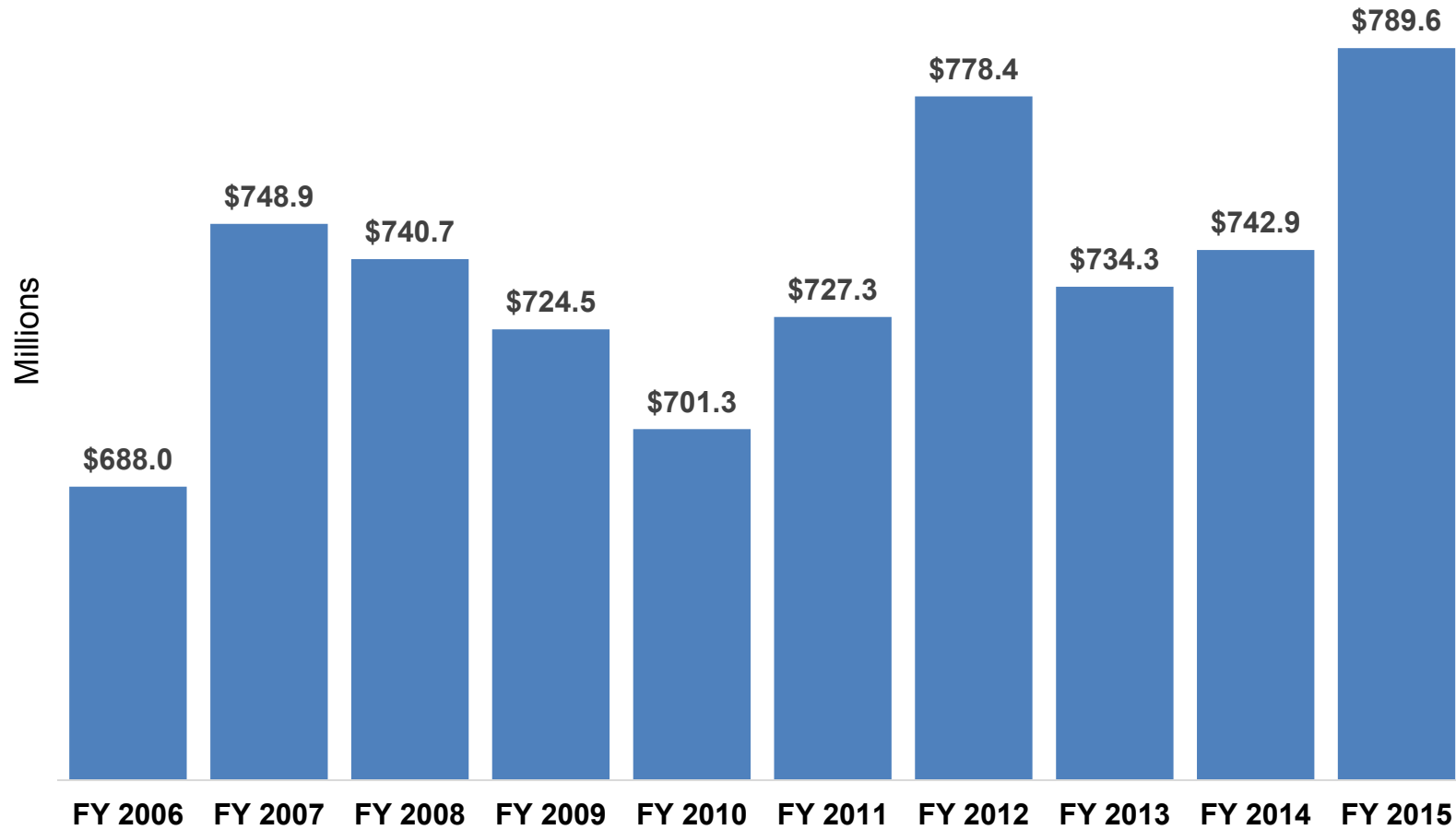
Grants to Locals

- Grants to local units of government for operation of local programs and services
 - Convention facility development distribution (\$90,950,000)
 - Funded 100% from the Convention Facility Development Fund
 - Senior citizen cooperative housing tax exemption program (\$10,520,000)
 - Funded 100% from GF/GP
 - Emergency 911 payments (\$27,000,000)
 - Funded 100% from the Emergency 911 Fund
 - Health and safety fund grants (\$9,000,000)
 - Funded 100% from the Health and Safety Fund
 - Chaldean Community Foundation (\$250,000)
 - Grant to Chaldean Community Foundation funded 100% with GF/GP
 - Urban Search and Rescue Taskforce (\$300,000)
 - Funded 100% with GF/GP
 - Presidential Primary (\$10,000,000) (One-Time)
 - Funded 100% from GF/GP
 - Reimbursements to local governments for costs associated with 2016 Presidential Primary

Bureau of State Lottery

- Established pursuant to 1972 PA 239
- Charged with “producing the maximum amount of net revenues for the state consonant with the general welfare of the people”, the mission statement of the Bureau of State Lottery includes:
 - Maximize net revenues to supplement state education programs (\$789.6 million to School Aid Fund in FY 2014-15). The School Aid Fund receives 100% of the Lottery profits.
 - Operate all games and Bureau functions
- Funded 100% with State Lottery Fund revenue
- \$29.5 million in funding for FY 2015-16 (includes funds for IT-related services and projects provided by DTMB)
- Authorizes 1% of prior year gross sales or \$23.0 million, whichever is less, for promotion and advertising

Bureau of State Lottery Distribution to School Aid Fund



Casino Gaming

- Michigan Gaming Control Board (MGCB)
 - Established pursuant to 1997 PA 69
 - Licenses/regulates the three Detroit casinos
 - Does not regulate Native American casinos but provides oversight of the Tribal-State Gaming Compacts between State and 12 federally recognized tribes.

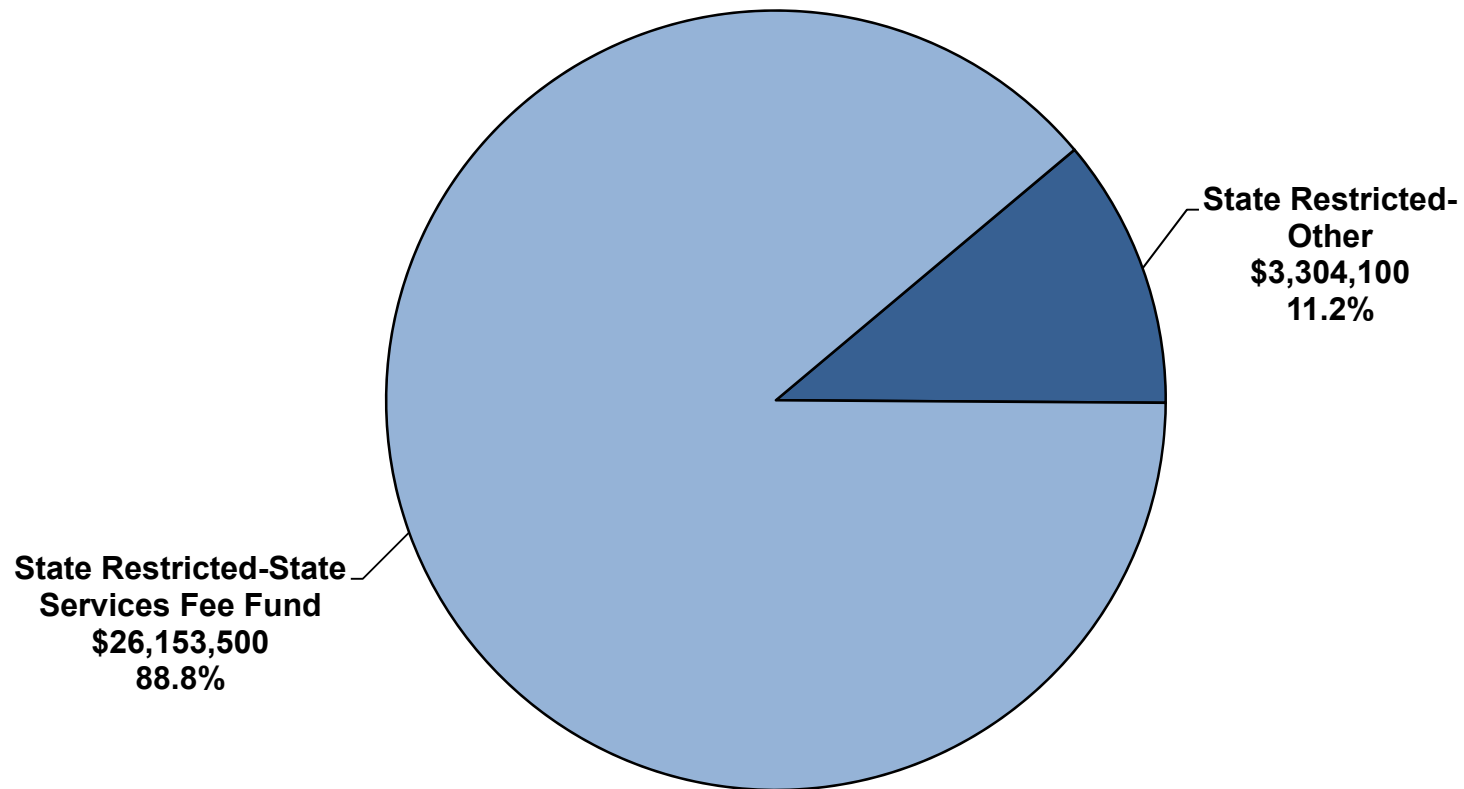
- Casino Gaming Control Administration
 - Regulates operation of the three Detroit casinos
 - Pays for contractual services, supplies, materials, and equipment
 - Hires personnel, licenses vendors, provides security oversight
 - Tests slot machines, inspects the premises
 - Regulates millionaire parties pursuant to EO 2012-4

- Includes funds for IT-related services and projects provided by Department of Technology, Management, and Budget

- Includes funding for horse racing oversight which was integrated into the MGCB in Executive Order 2009-45

Casino Gaming Appropriations

FY 2015-16 Total = \$29,457,600



Revenue Sharing

- Payments to approximately 1,773 local units of government
 - **Constitutional state general revenue sharing grants**
 - To all cities, villages, and townships on per capita basis
 - Funded by 15% of gross sales tax collections at a 4% rate
 - **City, Village, and Township (CVT) Revenue Sharing**
 - Funded by a portion of sales tax collections
 - Incentive-based grant program funded at \$248.8 million (includes \$5.8 million one-time appropriation)
 - Distributes funds to all CVTs with a population of 7,500 or more by providing a payment equal to 100% of the FY 2014-15 payment
 - Includes additional \$5.0 million for Financially Distressed CVTs competitive grant program
 - For additional information, see HFA Revenue Sharing Budget Briefing [here](#).

County Revenue Sharing and County Incentive Program

- **County Revenue Sharing**

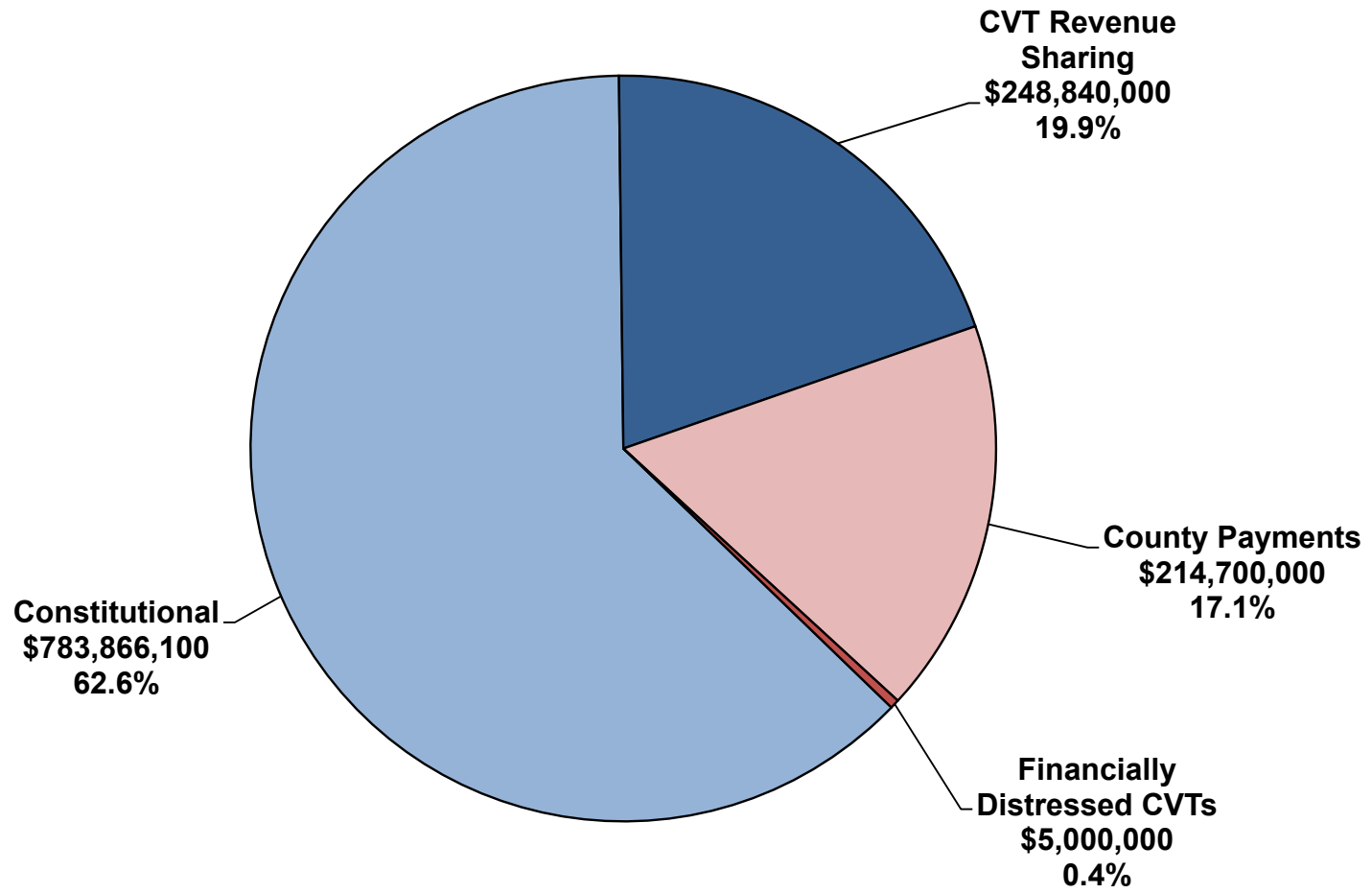
- Payments to counties as they exhaust revenue sharing reserve funds created with shift in county tax collection to summer. Payments to counties total \$214.7 million in FY 2015-16 (full funding). Of the total, 20.0% (\$42.9 million) is appropriated for a county incentive program modeled on CVT Revenue Sharing.
- For additional information, see HFA Revenue Sharing Budget Briefing [here](#).

Revenue Sharing Distribution

FY 2015-16 Total = \$1,252,406,100

(Includes one-time appropriations totaling \$5.8 million for CVT Revenue Sharing.)

NOTE: County Payments include both County Revenue Sharing and County Incentive Program)



Payment In Lieu of Taxes (PILT)

Appropriations

- Payments to local units of government for lost revenue from property taxes

- Three types of land programs:
 - *Commercial forest reserve* – pays a specific tax (\$1.25) on each acre enrolled in the program to county treasurers; approximately 2.2 million acres or private forest land are owned by 1,800 landowners enrolled in the program to retain and manage forest for timber production
 - *Purchased lands* – payments in lieu of taxes on certain lands owned by state and controlled by DNR; valuation of state-owned lands established by state tax commission guidelines
 - *Swamp and tax reverted lands* – payments of \$4.00 per acre tax to counties (40%), townships (40%), and schools (20%) on tax-reverted recreation and forest lands under control and supervision of DNR

- PILT funding for FY 2015-16 totals \$26.1 million (\$21.1 million GF/GP)
 - Fully funded PILT payments to local units of government
 - Fully funded Michigan Natural Resources Trust Fund (MNRTF) Purchased Land PILT with funds from MNRTF

City Income Tax (CIT) Administration

- Provides ongoing support for the City of Detroit to utilize the Department of Treasury to collect the city's individual income tax
- Funding will support additional development of a system to collect the city's business tax component
- CIT funding for FY 2015-16 totals \$5.9 million in local income tax revenue captured to cover administration
- CIT program will be expanded on a voluntary basis to other local units that levy an income tax and choose to have Treasury administer the tax

State Building Authority (SBA) Administration

- Funds administrative costs of SBA; includes \$711,700 restricted SBA revenues for FY 2015-16

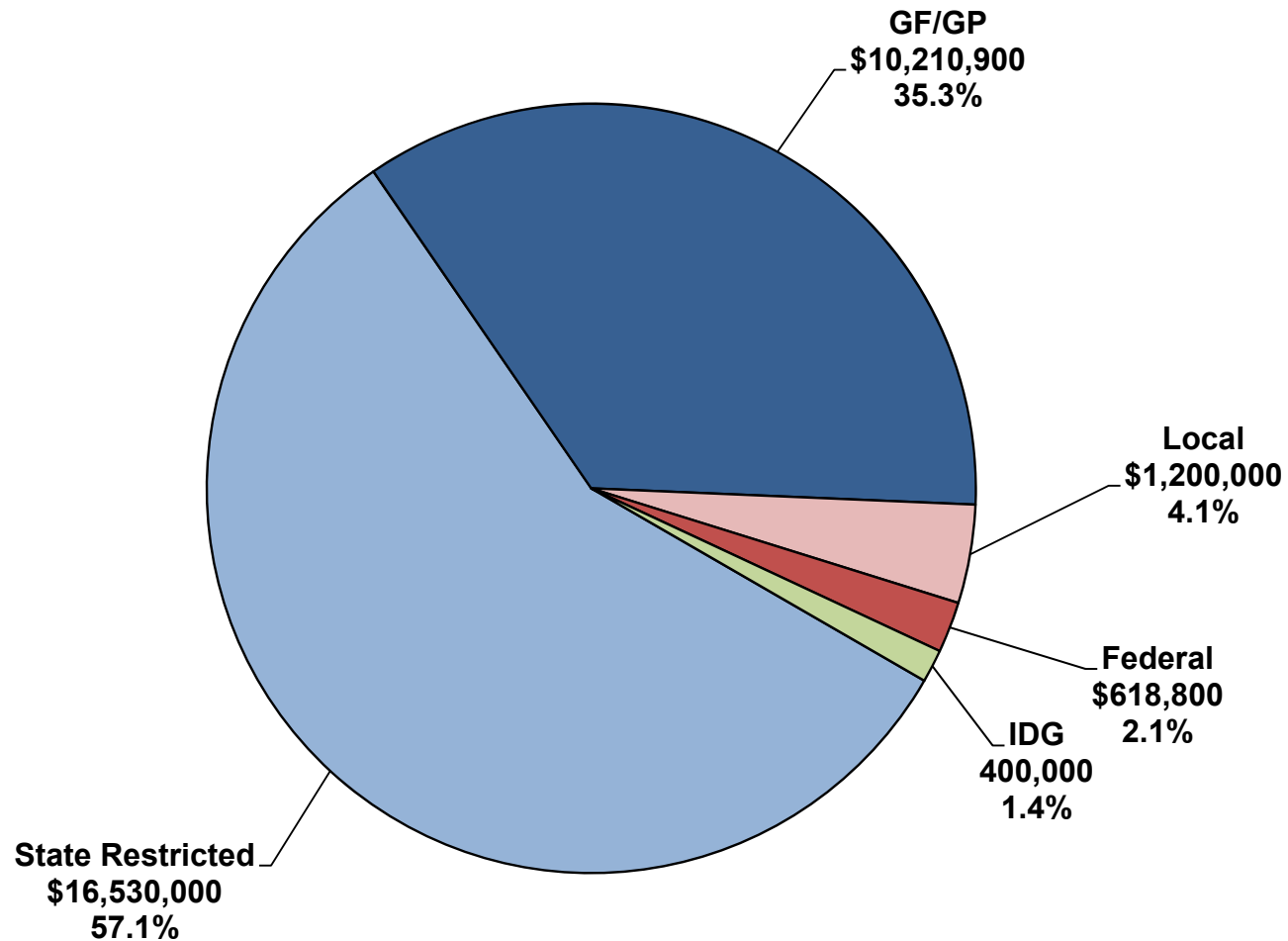
- SBA has the following duties:
 - Issue revenue bonds and other short-term debt for facility construction/acquisition for state and agency use
 - Monitor SBA-financed construction, risk management for vehicles, and non-health related insurances.

- SBA Rent (debt service on SBA issued bonds) is appropriated in the DTMB budget

Treasury: IT Appropriations by Revenue Source

Covers costs for information technology-related services and projects provided by Department of Information Technology

FY 2015-16 Total = \$28,959,700



**For more information about the
Treasury budget, contact:**

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