

FY 2014-15: TOTAL GENERAL GOVERNMENT
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analysts: Ben Gielczyk
Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$738,570,400	\$743,018,000	\$740,374,200	\$743,018,000	\$740,374,200	\$1,803,800	0.2
Federal	700,910,000	699,103,300	689,103,500	689,103,500	689,103,500	(11,806,500)	(1.7)
Local	7,713,800	9,969,700	9,969,700	9,969,700	9,969,700	2,255,900	29.2
Private	6,086,100	6,287,200	6,287,200	6,287,200	6,287,200	201,100	3.3
Restricted	1,934,087,700	2,074,934,200	2,071,934,000	2,075,256,200	2,048,873,600	114,785,900	5.9
GF/GP	1,072,036,000	1,208,809,500	1,146,751,200	1,194,207,600	1,210,682,700	138,646,700	12.9
Gross	\$4,459,404,000	\$4,742,121,900	\$4,664,419,800	\$4,717,842,200	\$4,705,290,900	\$245,886,900	5.5
FTEs	7,659.7	7,756.2	7,728.2	7,756.2	7,791.2	131.5	1.7

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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), and Treasury (including the Bureau of State Lottery, Michigan Gaming Control Board, Michigan Strategic Fund - Michigan State Housing Development Authority, Revenue Sharing, and Debt Service). **Budget issues are listed by department on the following pages.** **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Boilerplate Changes From FY 2013-14

The Executive deleted and the House and Senate retained the following sections:

- Sec. 212. Receipt and Retention of Required Reports
- Sec. 215. Disciplinary Action Against State Employees
- Sec. 217. General Fund Restrictions
- Sec. 221. Reporting Requirements on Policy Changes
- Sec. 229. Initiatives and Recommendations Related to Savings Identified in Audit Reports
- Sec. 231. Full-Time Equated Position Report

Sec. 207. New Program Metrics – NEW

Requires benchmarks to be developed by the department or agency receiving funding for a new program by November 1 and requires update of benchmarks on March 1. House includes as new section. Senate does not include. Conference concurs with House; revises language.

Sec. 211. Budget Stabilization Fund Pay-In – REVISED

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive includes \$120.0 million deposit; dedicates 25% of FY 2014-15 GF/GP surplus revenues and 25% of FY 2014-15 GF/GP lapse funds to the BSF; appropriates \$122.0 million GF/GP into the public health sub fund of the BSF. House revises appropriated amount to \$100.0 million and does not include new Executive deposits. Senate does not make deposit into BSF. Deposits \$100.0 million into the public health sub-fund. Conference deposits \$94.0 million into BSF.

Sec. 211b. Roads and Risk Reserve Fund – DELETED

Requires \$230.0 million GF/GP to be deposited in the Roads and Risk Reserve Fund. Directs that not more than half of the funds are available for appropriation on October 1, 2013. States that the balance will be available for roads effective February 1, 2014 if those funds have not been appropriated for other purposes prior to that date. Executive, House, Senate, and Conference delete section.

Sec. 214. Department and Agency Salary Increases – NOT INCLUDED

Requires departments and agencies to provide notification 14 days prior to the finalization of a salary increase exceeding 5.0%. House and Senate include as new section. Conference does not include.

Major Boilerplate Changes From FY 2013-14

Sec. 226a. Detroit River International Crossing – REVISED

Prohibits funds appropriated in part 1 to support staff effort, projects, consultant expenses, or any other activity related to the development, financing, construction, operation, or implementation of the Detroit River International Crossing or a successor project until the project is approved by the Legislature and signed into law. Senate includes as new language. Conference includes current year language in DTMB as Sec. 822e.

Sec. 233. Federal and State Restricted Revenue for Special Maintenance for State Facilities – REVISED

Appropriates additional federal and state restricted revenue for Special Maintenance, Remodeling, and Addition – State Facilities line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Senate revises to include language in general sections of boilerplate. Conference concurs with Senate.

Sec. 234. Federal and State Restricted Revenue for Enterprisewide IT Investments – REVISED

Appropriates additional federal and state restricted revenue for Enterprisewide Information Technology Investments line item up to the amounts earned based on the initiatives undertaken with the GF/GP appropriation. Senate revises to include language in general sections of boilerplate. Conference concurs with Senate.

Sec. 239. State Building Energy Performance – NEW

Requires DTMB, with assistance of Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts. House includes as new section. Senate does not include. Conference concurs with House.

Sec. 1202. Retirement Costs – REVISED

Specifies intent that departments identify the amounts for normal retirement costs and legacy retirement costs for the fiscal year ending on September 30, 2015 for the line items in part 1. Included section in each budget identifying legacy costs for FY 2014-15. Executive and Senate include section in each budget identifying legacy costs for FY 2014-15. House revises current year language by updating year. Moves to Section 1302. Conference concurs with Executive and Senate and includes legacy costs in individual budgets.

Sec. 1301. Anticipated Appropriations – REVISED

States legislative intent to provide appropriations for FY 2014-15, adjusting FY 2013-14 amounts based on economic and other factors. Executive deletes and includes line items for FY 2015-16. House and Senate revise section to update fiscal year. Moves to Section 1301. Conference concurs with House and Senate.

FY 2014-15: DEPARTMENT OF ATTORNEY GENERAL
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Marilyn Peterson

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$27,188,500	\$27,783,800	\$27,783,800	\$27,783,800	\$27,783,800	\$595,300	2.2
Federal	9,838,200	9,857,200	9,857,200	9,857,200	9,857,200	19,000	0.2
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	17,631,900	17,914,200	17,914,200	17,914,200	17,914,200	282,300	1.6
GF/GP	34,481,300	35,467,100	35,267,100	35,467,200	38,267,100	3,785,800	11.0
Gross	\$89,139,900	\$91,022,300	\$90,822,300	\$91,022,400	\$93,822,300	\$4,682,400	5.3
FTEs	517.0	519.5	519.5	519.5	519.5	2.5	0.5

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Human Trafficking	FTE	0.5	2.5
<u>Executive</u> adds \$400,000 (all GF/GP) and 2.5 FTEs to enhance Attorney General efforts to combat human trafficking; the additional resources would supplement the 0.5 FTE attorney position currently dedicated to these efforts. <u>Conference</u> and <u>House</u> reduce amount to \$200,000. <u>Senate</u> concurs with Executive.	Gross	\$95,000	\$200,000
	GF/GP	\$95,000	\$200,000
2. Sexual Assault Prosecutions	Gross	\$0	\$3,000,000
<u>Conference</u> adds one-time funding of \$3.0 million GF/GP to assist with prosecutions arising from test results from sexual assault evidence kits discovered by Michigan state police upon the closing of the Detroit crime laboratory. <u>Senate</u> includes analogous placeholder of \$100.	GF/GP	\$0	\$3,000,000
3. Michigan Gaming Control Board	FTE	1.0	1.0
<u>Executive</u> increases restricted revenue from the Casino Gaming Fund by \$113,600, to add one illegal gambling investigator to the one that is already funded. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$107,000	\$113,600
	Restricted	107,000	113,600
	GF/GP	\$0	\$0
4. Assigned Claims Assessments	FTE	1.0	(1.0)
<u>Executive</u> removes funding for assistance to Department of State for assigned claims facility, which has been privatized. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$158,600	(\$158,600)
	Restricted	158,600	(158,600)
	GF/GP	\$0	\$0
5. Economics	Gross	NA	\$1,527,400
<u>Executive</u> reflects increased costs of \$1.5 million Gross (\$585,800 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	595,300
	Federal	NA	19,000
	Restricted	NA	327,300
	GF/GP	NA	\$585,800

Major Boilerplate Changes From FY 2013-14

Sec. 320. Sexual Assault Prosecutions – NEW

Conference requires a detailed work and spending plan for the sexual assault prosecution line item to be submitted to the state budget office and the legislature and approved by the state budget director prior to spending any of the \$3.0 million appropriation.

FY 2014-15: DEPARTMENT OF CIVIL RIGHTS
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Marilyn Peterson

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$0	\$288,900	\$288,900	\$288,900	\$288,900	\$288,900	--
Federal	2,690,200	2,736,500	2,736,500	2,736,500	2,736,500	46,300	1.7
Local	0	0	0	0	0	0	--
Private	18,700	18,700	18,700	18,700	18,700	0	0.0
Restricted	151,900	151,900	151,900	151,900	151,900	0	0.0
GF/GP	12,337,500	13,573,200	12,985,700	13,573,200	13,448,200	1,110,700	9.0
Gross	\$15,198,300	\$16,769,200	\$16,181,700	\$16,769,200	\$16,644,200	\$1,445,900	9.5
FTEs	128.0	138.0	133.0	138.0	138.0	10.0	7.8

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Civil Rights Outreach and Education		
<u>Executive</u> adds \$500,000 GF/GP and 4.0 FTEs for ongoing outreach and education programs: Advocates and Leaders for Police and Community Trust (\$250,000, 2.0 FTEs), Michigan Alliance Against Hate Crimes (\$125,000 and 1.0 FTE), and anti-bullying (\$125,000 and 1.0 FTE). <u>House</u> does not include, <u>Senate</u> concurs with Executive, <u>Conference</u> reduces Executive by \$125,000.	FTE NA Gross NA GF/GP NA	4.0 \$375,000 \$375,000
2. Civil Rights Complaints	FTE NA Gross NA GF/GP NA	2.0 \$175,000 \$175,000
3. Transfer of ADA Program from DTMB	FTE 0.0 Gross \$0 IDG 0 GF/GP \$0	4.0 \$583,500 283,500 \$300,000
4. Economics	Gross NA IDG NA Federal NA GF/GP NA	\$273,600 5,400 46,300 \$221,900
<u>Executive</u> reflects increased costs of \$312,400 Gross (\$260,700 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		

Major Boilerplate Changes From FY 2013-14

Sec. 404. Department Operations Report – REVISED

Requires detailed annual report on Department operations, including data on complaints received and investigated. Executive deletes. House, Senate, and Conference add requirements to provide information on complaint evaluation and productivity projections, including investigations closed per FTE, complaint evaluations completed per FTE, and average time expended investigating complaints. House, Senate, and Conference also explicitly require report to be posted online.

Sec. 405. Reports and Complaints to Federal Authorities – RETAINED

Requires Department to notify legislature and state budget office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal department. Executive deletes; House, Senate, and Conference retain.

FY 2014-15: EXECUTIVE OFFICE
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	0	0	0	0	0	0	--
GF/GP	5,370,000	5,916,100	5,916,100	5,916,100	5,916,100	546,100	10.2
Gross	\$5,370,000	\$5,916,100	\$5,916,100	\$5,916,100	\$5,916,100	\$546,100	10.2
FTEs	84.2	88.2	88.2	88.2	88.2	4.0	4.8

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Office for New Americans	FTE	NA	4.0
<u>Executive</u> includes \$385,000 GF/GP and 4.0 FTEs for a new Office for New Americans that would assist in attracting high-skilled immigrants to Michigan. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	NA	\$385,000
	GF/GP	NA	\$385,000
2. Executive Office Operations	FTE	74.2	0.0
Provides \$161,100 GF/GP funding increase for Executive Office operations (3.0%). <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include.	Gross	\$3,841,800	\$161,000
	GF/GP	\$3,841,800	\$161,000

Major Boilerplate Changes From FY 2013-14

There are no major boilerplate changes recommended for FY 2014-15.

FY 2014-15: LEGISLATURE
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	400,000	400,000	400,000	400,000	400,000	0	0.0
Restricted	1,109,800	4,109,800	1,109,800	4,109,800	4,109,800	3,000,000	270.3
GF/GP	122,309,500	127,060,700	130,420,700	127,420,700	127,420,700	5,111,200	4.2
Gross	\$123,819,300	\$131,570,500	\$131,930,500	\$131,930,500	\$131,930,500	\$8,111,200	6.6
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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 Capitol Building, House of Representatives Office Building, and Farnum Building. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. State Capitol Historic Site	Gross	\$3,078,700
<u>Executive</u> includes \$3.0 million Gross (\$0 GF/GP) to support restoration, renewal, and maintenance for the State Capitol Historic Site. Creation of State Capitol Historic Site is contingent upon passage of Senate Bill 678. FY 2013-14 appropriations included \$3.1 million for Capitol Building Operations which were shifted under new Capitol Historic Site unit. <u>House</u> includes \$3.0 million GF/GP to support restoration, renewal, and maintenance for the State Capitol Historic Site and includes additional \$360,000 GF/GP for operational shortfall. <u>Senate</u> concurs with Executive and includes additional \$360,000 GF/GP to account for operational shortfall. <u>Conference</u> concurs with Senate.	Restricted	0
	GF/GP	\$3,078,700
		\$3,360,000
2. Economic Adjustments	Gross	NA
Reflects increased costs of \$4.8 million GF/GP for economic adjustments related to legislative staff and operations. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include.	GF/GP	NA
		\$4,751,200

Major Boilerplate Changes From FY 2013-14

Sec. 609. Capitol Historic Site Fund – NEW

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97th Legislature. Executive and Senate include as new section. House does not include. Conference concurs with Executive and Senate.

Major Boilerplate Changes From FY 2013-14

Sec. 618. Legislative Retirement Administration – NEW

States legislative intent that all administrative functions and associated funding for the Michigan legislative retirement system shall be transferred from the legislative council to the department of technology, management, and budget before the end of FY 2014-15. Senate includes as new language. Conference concurs with Senate.

FY 2014-15: LEGISLATIVE AUDITOR GENERAL
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$5,092,100	\$5,220,700	\$5,220,700	\$5,220,700	\$5,220,700	\$128,600	2.5
Federal	0	0	0	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	1,951,000	2,000,800	2,000,800	2,000,800	2,000,800	49,800	2.6
GF/GP	13,911,300	14,537,300	14,537,300	15,337,300	14,937,300	1,026,000	7.4
Gross	\$20,954,400	\$21,758,800	\$21,758,800	\$22,558,800	\$22,158,800	\$1,204,400	5.7
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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.

NOTE: Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Operations Increase	Gross	NA	\$276,500
<u>Executive</u> includes \$276,500 GF/GP to support Auditor General operations.	GF/GP	NA	\$276,500
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			
2. Information Technology Auditors	Gross	\$400,000	\$400,000
<u>Senate</u> includes additional \$800,000 GF/GP to support increased audit oversight and service delivery for audits related to information technology systems. <u>Conference</u> includes \$400,000 GF/GP.	GF/GP	\$400,000	\$400,000
3. Economic Adjustments	Gross	NA	\$527,900
Reflects increased costs of \$527,900 Gross (\$349,500 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include.	IDG	NA	128,600
	Restricted	NA	49,800
	GF/GP	NA	\$349,500

Major Boilerplate Changes From FY 2013-14

Sec. 625. Information Technology Auditors – NEW

Directs that not more than \$800,000 may be used to hire up to ten additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to General Fund. Senate includes as new section. Conference concurs with Senate language, but reduces funding to \$400,000.

FY 2014-15: DEPARTMENT OF STATE
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Marilyn Peterson

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,810,000	1,460,000	1,460,000	1,460,000	1,460,000	(350,000)	(19.3)
Local	0	0	0	0	0	0	--
Private	100	100	100	100	100	0	0.0
Restricted	182,485,400	184,713,200	184,713,200	184,713,200	184,985,800	2,500,400	1.4
GF/GP	15,253,400	17,939,000	17,108,200	17,939,000	17,539,000	2,285,600	15.0
Gross	\$219,548,900	\$224,112,300	\$223,281,500	\$224,112,300	\$223,984,900	\$4,436,000	2.0
FTEs	1,568.0	1,599.0	1,585.0	1,599.0	1,593.0	25.0	1.6

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Fraud Prevention		
<u>Executive</u> provides \$1.8 million to support Secretary of State efforts to combat fraud, particularly with regard to fraudulent certificates of insurance. Includes \$1.2 million and 27.0 FTEs for verification of questionable paper certificates of insurance prior to issuing or renewing a vehicle registration, and \$627,400 and 4.0 FTEs for development of data analytics and prosecutorial assistance. <u>House</u> reduces overall amount to \$1.0 million, <u>Senate</u> concurs with Executive, and <u>Conference</u> reduces Executive by \$400,000 and 6.0 FTEs.	FTE Gross GF/GP	NA NA NA
		25.0 \$1,430,800 \$1,430,800
2. Campaign Finance and Lobbyist Registration		
<u>Executive</u> provides additional \$500,000 (all GF/GP) to meet increased costs of payments to vendors who maintain campaign finance and lobbyist registration systems. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross GF/GP	NA NA
		\$500,000 \$500,000
3. Offset for Michigan Transportation Fund Economics		
<u>Executive</u> provides GF/GP to offset economic adjustments that would otherwise be applied to funding from the Michigan Transportation Fund (MTF). MTF funds are received as IDG revenues from MDOT and partially reimburse the Department of State for the costs of collecting registration and title fee revenue that is deposited into the MTF. MTF support is statutorily capped at \$20.0 million (MCL 247.660). GF/GP and IDG changes are offsets against total economics, below. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross IDG GF/GP	NA NA NA
	\$20,000,000 20,000,000 \$0	\$0 (300,700) \$300,700

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. Federal HAVA Grant Funds	Gross	\$350,000	(\$350,000)
<u>Executive</u> aligns budget with status of grant program under federal Help America Vote Act (HAVA) by eliminating the federal fund source. HAVA projects are going forward under work project funding. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	350,000	(350,000)
	GF/GP	\$0	\$0
5. Transfer of Child Protection Registry	Gross	NA	\$272,600
<u>Revised Executive</u> and <u>Conference</u> add \$272,600 in restricted funds to recognize Executive Order 2014-5, which transferred the Children's Protection Registry from the Department of Licensing and Regulatory Affairs to the Department of State. The Children's Protection Registry enables parents and guardians to register minors' cell phone numbers, e-mail addresses, and other electronic points of contact potentially accessible by spammers and others. The registry is supported by fees paid by electronic senders.	Restricted	NA	272,600
	GF/GP	NA	\$272,600
6. Economics	Gross	NA	\$2,582,600
<u>Executive</u> reflects increased costs of \$2.6 million Gross (\$54,100 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	300,700
	Restricted	NA	2,227,800
	GF/GP	NA	\$54,100

Major Boilerplate Changes From FY 2013-14

Sec. 714. Branch Office Closings or Consolidations – RETAINED

Requires DOS to notify legislature in advance of closing or relocating a branch office to another local unit of government. Executive deletes, House, Senate, and Conference retain.

Sec. 716b. Business Application Modernization (BAM) Report – RETAINED

Requires DOS to report on funding expended for the BAM project since its inception. Executive deletes, House, Senate, and Conference retain.

Sec. 718. Buena Vista Branch – RETAINED

Requires DOS to maintain a full-service branch office in Buena Vista Township. Executive deletes, House, Senate, and Conference retain.

**FY 2014-15: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND BUDGET**
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Marilyn Peterson

	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
IDG/IDT	\$677,159,800	\$680,315,500	\$677,671,700	\$680,315,500	\$677,671,700	\$511,900	0.1
Federal	8,790,900	7,974,100	7,974,100	7,974,100	7,974,100	(816,800)	(9.3)
Local	1,320,800	3,553,700	3,553,700	3,553,700	3,553,700	2,232,900	169.1
Private	190,400	190,400	190,400	190,400	190,400	0	0.0
Restricted	94,125,900	94,322,000	94,322,000	94,322,000	94,322,000	196,100	0.2
GF/GP	409,217,800	495,848,500	476,348,200	478,348,300	479,098,500	69,880,700	17.1
Gross	\$1,190,805,600	\$1,282,204,200	\$1,260,060,100	\$1,264,704,000	\$1,262,810,400	\$72,004,800	6.0
FTEs	2,822.0	2,823.0	2,823.0	2,823.0	2,823.0	1.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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 Administrative Board, and the Office of Children's Ombudsman. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
<u>MANAGEMENT AND BUDGET</u>		
1. Motor Vehicle Fleet		
<u>Executive</u> increases spending authorization to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet. Additional \$8.3 million authorization brings total to \$67.7 million IDG. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	FTEs 35.0 Gross \$59,221,400 IDG 59,221,400	0.0 \$8,300,000 8,300,000
2. Office of Urban and Metropolitan Initiatives		
<u>Executive</u> provides one-time funding for the Office of Urban and Metropolitan Initiatives, which has been housed in the Executive Office. The Office works with foundations, community partners, and the Michigan Economic Development Corporation to establish policies and create a strategic framework for urban economic development. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> reduces Executive by \$500,000.	FTE 0.0 Gross \$0 GF/GP \$0	0.0 \$5,000,000 \$5,000,000
3. Legal Services/Litigation Funding		
<u>Executive</u> renames one-time funding for state litigation costs from "Legal Services" to "Litigation Fund" and increases by \$3.0 million. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> reduces Executive by \$1.0 million.	Gross \$2,000,000 GF/GP \$2,000,000	\$2,000,000 \$2,000,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
4. Regional Prosperity Grants	Gross	\$2,500,000	\$1,000,000
<u>Executive</u> adds \$2.5 million in ongoing funding for Regional Prosperity Initiative and retains \$2.5 million as one-time funding. Funding supports economic and workforce development grants to eligible regional planning organizations working in collaboration with local governmental, non-profit, business, and educational community partners. <u>House</u> provides \$2.5 million in one-time funding, does not add \$2.5 million in ongoing funding. <u>Senate</u> retains \$2.5 million in one-time funding, but does not add \$2.5 million in ongoing funding. <u>Conference</u> concurs with Executive's addition of \$2.5 million in ongoing funding, and reduces Executive's one-time funding by \$1.5 million.	GF/GP	\$2,500,000	\$1,000,000
5. Juvenile Justice 20/20 Project	Gross	\$0	\$0
<u>Senate</u> adds \$1.35 million GF/GP for development of juvenile justice database to track statistical and demographic data on adjudicated juveniles. <u>Executive</u> , <u>House</u> , and <u>Conference</u> do not include.	GF/GP	\$0	\$0
6. Special Projects	Gross	\$0	\$1,250,000
<u>Conference</u> adds a total of \$1.25 million in one-time appropriations for special projects:	GF/GP	\$0	\$1,250,000
<ul style="list-style-type: none"> \$500,000 for \$120 bonus payments to National Guard retirees. If SB 906 is enacted, funds would be used for the increased payments under that legislation. \$250,000 for Catholic Charities Center for Hope in Genesee County. \$500,000 unspecified. 			
7. Office of Children's Ombudsman	FTE	10.0	4.0
<u>Executive</u> funds 4.0 additional positions for the Children's Ombudsman's office. Addition of two intake staff and two investigators aimed speeding investigations by reducing investigator caseloads and reducing intake tasks. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$1,235,100	\$510,200
	GF/GP	\$1,235,100	\$510,200
8. Add Lansing Township Annex to Building Occupancy	Gross	\$0	\$644,200
<u>Executive</u> increases IDG authorization for state building occupancy to recognize addition of Lansing Township property to DTMB responsibility. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	0	644,200
9. Adjutant General and Assistant Adjutant Retirement	Gross	\$0	\$437,000
<u>Executive</u> provides funding for the costs of PA 99 of 2013, which returned the Adjutant General and Assistant Adjutant General to the defined benefit retirement system and reversed PA 255 of 2010, which had placed those appointees hired after January 1, 2011 into the state's defined contribution plan. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$0	\$437,000
10. Professional Development Program	Gross	\$0	\$720,000
<u>Executive</u> provides \$720,000 IDG authorization for ongoing costs of employee training and services under negotiated contract with UAW. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	0	720,000
11. MiResults Maintenance	Gross	NA	\$225,000
<u>Executive</u> adds funding for maintenance of MiResults system that enables development and tracking of standardized scorecards and dashboard reports for all state agencies. System was rolled out in April 2012 and is currently in development with completion expected in September 2014. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	NA	\$225,000
12. Delta County Bridge	Gross	\$1,500,000	(\$1,500,000)
<u>Executive</u> removes one-time funding in FY 2013-14 budget for removal of a deteriorated bridge over the Escanaba River. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$1,500,000	(\$1,500,000)
13. U.S. Department of Labor Funding	Gross	NA	(\$1,000,000)
<u>Executive</u> includes technical adjustment to align federal funding authorization with amounts being received for collection and transmittal of labor statistics to federal authorities. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	NA	(1,000,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
14. MSU Combined Sewer Overflow Project	Gross	\$430,500	(\$430,500)
<u>Executive</u> removes one-time funding provided under boilerplate appropriation in FY 2013-14 budget pertaining to work at the site of the former Michigan State Police headquarters. The budget act appropriated up to \$430,000 for combined sewer overflow connections to the municipal sewer system at the old headquarters site. Funding was appropriated following return of asbestos abatement funds by Michigan State University. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$430,500	(\$430,500)
15. Transfer ADA Staff to Civil Rights	FTE	4.0	(4.0)
<u>Executive</u> transfers unit and funding associated with compliance activities under Americans with Disabilities Act (ADA) from DTMB to Department of Civil Rights. Of the \$583,400 total cost, only \$300,000 of GF/GP is being transferred to Civil Rights. The balance of the program's cost will be funded with an IDG from DTMB. An Executive Order to effect the administrative change is expected in March 2014. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$583,500	(\$300,000)
	GF/GP	\$583,500	(\$300,000)
16. Recognize Additional Accounting Savings	Gross	NA	(\$42,500)
<u>Executive</u> includes technical adjustment to recognize additional savings under consolidation of accounting services. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	(42,500)
17. Statewide Cost Allocation Plan Adjustments	Gross	NA	\$0
<u>Executive</u> incorporates technical adjustments pertaining to statewide cost allocation plan. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	110,000
	Restricted	NA	(75,700)
	GF/GP	NA	(\$34,300)
18. Law Enforcement Memorial	Gross	\$0	\$0
<u>Senate</u> includes \$100 placeholder for funding for law enforcement officers memorial monument. <u>Executive</u> , <u>House</u> , and <u>Conference</u> do not include.	GF/GP	\$0	\$0
INFORMATION TECHNOLOGY			
19. Enterprisewide Information Technology (IT) Investments	Gross	\$47,000,000	\$16,000,000
<u>Executive</u> adds \$28.0 million GF/GP for continuation of efforts targeting technology upgrades and replacing legacy systems, bringing total funding to \$75.0 million. <u>House</u> halves the Executive-proposed increase, bringing the total funding to \$61.0 million, and divides the funding between four line items (Health and Human Services, Enterprisewide Projects, General Government and Public Safety, and MAIN). <u>Senate</u> reduces Executive by \$16.35 million and maintains as one line item. <u>Conference</u> reduces Executive by \$12.0 million and splits between four line items.	GF/GP	\$47,000,000	\$16,000,000
20. One-Time Technology Services Funding	Gross	\$21,300,000	(\$14,399,700)
<u>Executive</u> replaces current year's one-time technology services authorization of \$21.3 million IDG with \$6.9 million IDG to align authorization with agency funding requests. Consists of:	IDG	21,300,000	(14,400,000)
<ul style="list-style-type: none"> \$2.5 million for DEQ electronic document management project (DEQ funds with GF/GP). \$2.0 million for the third and final year of a rewrite of an IT application for the Liquor Control Commission (LCC/LARA funds with restricted revenues). \$2.4 million for development of a mobile application for LARA's Unemployment Insurance Agency (LARA funds with restricted revenues). 	GF/GP	\$0	\$300
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur, and Conference adds \$300 to balance to GF/GP target figure, due to elimination of Executive's \$300 in capital outlay authorizations.			

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
21. Michigan Public Safety Communications System (MPSCS)	FTE	100.0	0.0
<u>Executive</u> transfers MPSCS from State Police to DTMB and adds funds for equipment replacement. Program currently funded in DTMB with IDG from State Police, which uses GF/GP and about \$2.2 million in local subscriber and maintenance funds to support the program. Executive also recommends additional \$20.0 million for commencement of equipment lifecycle replacement schedule and \$5.3 million for statewide radio replacement cycle. Shift from State Police to DTMB also includes transfer of \$53,200 in local revenue currently retained by State Police for administrative costs. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$16,287,700	\$25,353,200
	IDG	16,287,700	(16,287,700)
	Local	0	2,183,000
	GF/GP	\$0	\$39,457,900
22. Cyber Security	FTE	10.0	3.0
<u>Executive</u> adds 3.0 FTEs and \$6.8 million for new cyber security initiatives; coupled with \$240,000 increase for full-year funding of positions partially funded in current year, total increase is \$7.0 million. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$2,000,000	\$7,025,000
	GF/GP	\$2,000,000	\$7,025,000
23. Technology Innovation Fund	Gross	\$2,500,000	(\$2,500,000)
<u>Executive</u> eliminates spending authorization for the revolving Technology Innovation Fund, established under the FY 2011-12 budget and retained in subsequent budget acts, as a means of financing loans to other state agencies and local governmental units for high-priority, low-cost projects that offer a significant return on investment. Executive seeks legislation to continue program under statute. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with elimination of line item.	GF/GP	\$2,500,000	(\$2,500,000)
24. Align DTMB IT Funding with Agency Appropriations	Gross	\$477,153,800	\$15,437,600
<u>Executive</u> includes technical IDG authorization increase to align DTMB's budget with state agencies' FY 2013-14 enacted appropriations for information technology services and projects. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	477,153,800	15,437,600
25. Align DTMB IT Funding with Agency Executive Recommendations for FY 2014-15	FTE	1,469.5	2.0
<u>Executive</u> includes technical IDG authorization adjustments to align DTMB's budget with changes proposed to agency budgets under Executive Recommendation for FY 2014-15. Reflects changes proposed in budgets for Corrections, Human Services, LARA, Strategic Fund, State Police, and Treasury. (Figures do not include IDG adjustment associated with transfer of MPSCS, explained in No. 18, above). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	NA	\$6,099,200
	IDG	NA	6,099,200
26. De-fund Michigan Business One-Stop	Gross	NA	(\$2,643,800)
<u>Conference</u> and <u>House</u> eliminate funding from technology user fees associated with operational costs of the Michigan Business One-Stop, an online resource intended to assist individuals with starting businesses in Michigan, but which has come under scrutiny from the auditor general and the legislature. Funding to meet the remaining cost of capitalization of the project, also funded with technology user fees, would be retained as a new line item under one-time appropriations.	IDG	NA	(2,643,800)
CAPITAL OUTLAY			
27. Special Maintenance	Gross	\$28,000,000	\$2,000,000
<u>Executive</u> increases ongoing funding for maintenance and upkeep projects at state-owned properties from current \$18.0 million to \$23.0 million, and retains \$10.0 million in one-time funding for the third year. <u>House</u> , and <u>Senate</u> concur. <u>Conference</u> reduces Executive's one-time funding by \$3.0 million.	GF/GP	\$28,000,000	\$2,000,000
28. State Building Authority (SBA) Rent Payments	Gross	\$258,570,600	(\$4,000,000)
<u>Executive</u> includes a net reduction in funding for SBA rent payments to better align funding with debt obligations. Decreases of \$2.5 million for MDOC projects and \$11.6 million for other state agency projects are partially offset by increases of \$7.6 million for university projects and \$2.5 million for community college projects. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$258,570,600	(\$4,000,000)

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
29. University and Community College Capital Outlay Projects	Gross	NA	\$0
<u>Executive</u> provides total of \$300 in one-time planning authorization for three new capital outlay projects, one each at Ferris State University (\$30.0 million, state share \$22.5 million), West Shore Community College (\$4.1 million, state share \$2.05 million), and Lake Michigan Community College (\$16.6 million, state share \$8.3 million). <u>House</u> , <u>Senate</u> , and <u>Conference</u> exclude. <u>Conference</u> adds this \$300 to one-time funding for information technology projects.	GF/GP	NA	\$0
30. Transfer State Building Authority (SBA) to Treasury	FTE	4.0	(4.0)
<u>Executive</u> transfers funding and FTEs for State Building Authority to Treasury, as provided under Executive Order 2013-8. Funding for SBA rent payments would continue to be appropriated in DTMB budget. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$699,100	(\$699,100)
	Restricted	699,100	(699,100)
	GF/GP	\$0	\$0
<u>ECONOMICS</u>			
31. Economic Adjustments	Gross	NA	\$7,519,000
<u>Executive</u> reflects increased costs of \$7.5 million Gross (\$3.7 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	IDG	NA	2,574,900
	Federal	NA	183,200
	Local	NA	49,900
	Private	NA	0
	Restricted	NA	970,000
	GF/GP	NA	\$3,740,100

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

In general, the Executive deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted. House retains reporting requirements and other provisions of current law deleted by Executive.

Sec. 816. Requests for Proposals (RFPs) – RETAINED

Requires privatization RFPs to include all factors to be used in evaluating and determining price. Executive deletes, House, Senate, and Conference retain.

Sec. 821. Office Space Consolidation – RETAINED

Requires DTMB to provide a detailed plan regarding the office space consolidation project, and specifies details to be included. Executive deletes, House, Senate, and Conference retain.

Sec. 822e. Detroit River International Crossing – RETAINED

Prohibits DTMB appropriations from being used for the Detroit River International Crossing or any successor project. Executive deletes, House, Senate, and Conference retain. Senate moves to General Sections (Sec. 226a). Conference concurs with House placement in DTMB.

Sec. 822f. DTMB Fees and Rates – NEW

House adds requirement for DTMB to report on fee and rate schedules to be used by state departments and agencies for DTMB services, identifying changes from prior year, as well as factors driving any changes. Executive and Senate do not include, Conference modifies to limit to fee and rate increases.

Sec. 822g. Wayland Police Post – NEW

House adds requirement for DTMB to assist Department of State Police as necessary in discussions with City of Wayland regarding a potential joint public safety building. Executive and Senate do not include; Conference includes.

Sec. 822h. One Division Building – NEW

House adds requirement for DTMB evaluate feasibility of repurposing the One Division building in Grand Rapids for a new state police crime laboratory. Executive and Senate do not include; Conference includes.

Sec. 831. Innovation Technology Innovation Revolving Fund – REVISED

In conjunction with elimination of funding, Executive deletes language providing for IT Innovation Revolving Fund. Pending enactment of associated legislation, House retains language, but adds provision stating that it is of no effect upon enactment of legislation that provides for the administration and use of the fund. Senate concurs with Executive, Conference concurs with House.

Major Boilerplate Changes From FY 2013-14

Sec. 836. Cloud Computing – NEW

House adds requirement for DTMB to conduct an analysis of public or private cloud computing technologies for new projects. Requires DTMB to conduct analysis of migrating existing projects or system upgrades to a cloud-based platform. Senate and Conference concur with House.

Sec. 890. Regional Prosperity Grants – REVISED

Executive allocates \$1.0 million of proposed increase to DTMB, to be used to assist state agencies with providing services along prosperity region boundaries. House does not include, but concurs with Executive's addition of reporting requirements and new language allowing two or more regional planning organizations to submit a joint application. Senate and Conference concur with House.

Sec. 891. Litigation Fund Report – NEW

In conjunction with Executive's increase for litigation costs and renaming of line item to "Litigation Fund", House, Senate, and Conference add requirement for itemized report on fund expenditures.

Sec. 895. Michigan Business One-Stop – NEW

In conjunction with defunding of Michigan Business One-Stop, House and Conference include language to prohibit use of state resources on continued operation of the Michigan Business One-Stop. Senate does not include.

Sec. 896. Farnum Building – NEW

Conference requires DTMB to make up to \$7.0 million available to the Senate for future costs associated with relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB. Executive, House, and Senate do not include.

Sec. 897. Special Projects – NEW

Of the \$1.25 million appropriated for one-time special projects, Conference allocates \$500,000 for \$120 payments to National Guard retirees and \$250,000 to the Catholic Charities Center for Hope in Genesee County, leaving \$500,000 unallocated. Executive, House, and Senate do not include.

FY 2014-15: DEPARTMENT OF TREASURY
Summary: Conference Report
Senate Bill 767 (S-1) CR-1



Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$9,130,000	\$9,409,100	\$9,409,100	\$9,409,100	\$9,409,100	\$279,100	3.1
Federal	39,410,400	39,705,200	39,705,400	39,705,400	39,705,400	295,000	0.7
Local	1,959,500	1,982,500	1,982,500	1,982,500	1,982,500	23,000	1.2
Private	22,000	23,100	23,100	23,100	23,100	1,100	5.0
Restricted	1,494,780,500	1,629,043,600	1,629,043,400	1,629,365,600	1,602,710,400	107,929,900	7.2
GF/GP	240,991,300	269,175,100	261,175,400	268,313,300	269,413,300	28,422,000	11.8
Gross	\$1,786,293,700	\$1,949,338,600	\$1,941,338,900	\$1,948,799,000	\$1,923,243,800	\$136,950,100	7.7
FTEs	1,784.5	1,832.5	1,823.5	1,832.5	1,873.5	89.0	5.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) 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), Michigan State Housing and Development Authority (MSHDA), and the Michigan Strategic Fund (MSF) are autonomous agencies housed within the Department of Treasury. MSF changes are summarized separately. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
1. Constitutional Revenue Sharing			
<u>Executive</u> provides \$27.7 million Gross (\$0 GF/GP) to adjust constitutional revenue sharing payments upward 3.8% in FY 2014-15 based on January Consensus Revenue Estimating Conference (CREC). Projected increase of \$28.2 million Gross (\$0 GF/GP) for FY 2015-16. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> revises to account for May Consensus Revenue Estimating Conference revenue revision. Includes \$21.0 million Gross (\$0 GF/GP), which is an upward adjustment of 2.9% from the FY 2013-14 act appropriated amount (2.4% above the actual estimated May 2014 CREC estimate for FY 2013-14).	Gross	\$737,257,700	\$21,014,700
	Restricted	737,257,700	21,014,700
2. Economic Vitality Incentive Program (EVIP)/CVT Revenue Sharing			
<u>Executive</u> includes by \$7.2 million Gross (\$0 GF/GP). Executive uses funding increase for 3.1% increase for 486 local units eligible to receive payment in FY 2013-14. <u>House</u> includes 1.0% increase for 486 local units eligible to receive payments in FY 2013-14 and uses remainder for per capita distribution to all units. House uses supplemental one-time EVIP funding (see #3) as part of per capita distribution to all local units of government. <u>Senate</u> includes \$2.2 million Gross (\$0 GF/GP). Allows for 1.0% increase for 486 local units and distributes \$28.6 million through old statutory formulas. Increases for local units are capped at 8% from FY 2014. Senate uses supplemental funding (see #3) as part of the old statutory formula distributions. Senate shifts \$5.0 million Gross (\$0 GF/GP) to support new Financially distressed CVT line item. <u>Conference</u> includes \$13.0 million	Gross	\$235,840,000	\$13,000,000
	Restricted	235,840,000	13,000,000

[continued on next page]

		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
Major Budget Changes From FY 2013-14 YTD Appropriations			
2. Economic Vitality Incentive Program (EVIP)/CVT Revenue Sharing (continued)			
Gross (\$0 GF/GP) of which \$5.8 million is one-time and distributes to CVTs by providing greater of 3.0% increase over FY 2013-14 payment or per capita payment of \$2.65 for CVTs with a population of 7,500 or more. CVTs with a population below 7,500 would receive 3.0% increase over FY 2013-14 EVIP payment.			
3. Supplemental Economic Vitality Incentive Program	Gross	NA	\$0
<u>Executive</u> includes \$28.8 million Gross (\$0 GF/GP) one-time funding for an adjusted population per capita supplemental distribution to EVIP-eligible local units. Local unit population would be adjusted upward by 10% for each of the four criteria (See Boilerplate Sec. 952) a CVT qualified under. Only those 486 local units that currently qualify under EVIP would be eligible for Supplemental EVIP. Of the total amount, \$300,000 would support administration. One-time funding removed in FY 2015-16. <u>House</u> concurs with funding but uses to include all additional CVTs not eligible in FY 2013-14 (subject to \$5,000 minimum) in EVIP. Eligible payment would be based on per capita distribution for those newly eligible CVTs. A CVT eligible for a payment in FY 2013-14 eligible to receive more under per capita distribution would qualify for per capita distribution. <u>Senate</u> distributes \$28.6 million through old statutory formulas to all CVTs subject to a \$3,500 floor and an 8% max increase when factoring in Constitutional Revenue Sharing. Senate includes additional 243 CVTs for a total of 729. <u>Conference</u> distributes one-time funding through new CVT Revenue Sharing formula (See Item #2 and Sec. 952).	Restricted	NA	0
4. County Revenue Sharing	Gross	\$145,760,000	\$65,440,000
<u>Executive</u> increases county payments by \$65.4 million Gross (\$0 GF/GP) to achieve full funding for eligible counties in FY 2014-15. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program. <u>House</u> concurs. <u>Senate</u> concurs with full funding but changes funding distributed through county revenue sharing to 90% and funding distributed through County Incentive Program to 10%. <u>Conference</u> concurs with Executive and House.	Restricted	145,760,000	65,440,000
5. Competitive Grant Assistance Program	Gross	\$15,000,000	(\$15,000,000)
<u>Executive</u> reduces Competitive Grant Assistance Program by \$10.0 million Gross (\$0 GF/GP) from FY 2013-14. <u>House</u> concurs. <u>Senate</u> eliminates funding for program and shifts to new Financially Distressed CVT line item (See Item #6). <u>Conference</u> eliminates funding for program and shifts to new Financially Distressed CVT line item (See Item #6).	Restricted	15,000,000	(15,000,000)
6. Financially Distressed CVTs	Gross	NA	\$8,000,000
<u>Senate</u> includes new line item addressing financial distressed cities, villages, and townships. Funding would be administered competitively by the Department of Treasury. Funding shifted from Competitive Grant Assistance Program and EVIP/Revenue Sharing for CVTs. <u>Conference</u> includes \$8.0 million Gross (\$0 GF/GP).	Restricted	NA	8,000,000
7. Debt Service	Gross	\$154,202,500	(\$1,807,500)
<u>Executive</u> provides \$3.0 million GF/GP to replace remaining amount of Refined Petroleum Fund in Debt Service. Debt service adjustments also include a net decrease of \$1.8 million GF/GP for scheduled FY 2014-15 adjustments. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	3,014,500	(3,014,500)
	GF/GP	\$151,188,000	\$1,207,000
8. Financial Independence Team	FTE	NA	9.0
<u>Executive</u> includes \$6.5 million GF/GP and 9.0 FTEs for the Department of Treasury's portion of a joint request with the Department of Education for a Financial Independence Team that would assist financially troubled school districts. <u>House</u> includes \$100 placeholder. <u>Senate</u> funds at \$4.5 million GF/GP and 9.0 FTEs. <u>Conference</u> concurs with Senate.	GF/GP	NA	\$4,500,000
		NA	\$4,500,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
9. Office of Tax Implementation	FTE	NA	9.0
<u>Executive</u> includes \$1.6 million GF/GP and 9.0 FTEs to support new Office of Tax Implementation. The office would serve as a dedicated testing office to ensure all tax systems are properly tested. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	NA	\$1,550,000
	GF/GP	NA	\$1,550,000
10. Convention Facility Development Fund	Gross	\$74,850,000	\$16,100,000
<u>Executive</u> provides \$16.1 million Gross (\$0 GF/GP) in additional authorization due to expected increase in revenue collected to be distributed to local units. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	74,850,000	16,100,000
11. Payments in Lieu of Taxes	Gross	\$17,347,100	\$3,827,800
<u>Executive</u> provides \$867,400 Gross (\$668,200 GF/GP) to cover expected 5.0% increase due to future purchases and estimated special assessment costs. <u>House</u> concurs with <u>Executive</u> . <u>Senate</u> includes \$3.8 million Gross (\$3.3 million GF/GP). <u>Conference</u> concurs with <u>Senate</u> .	Private	22,000	1,100
	Restricted	3,962,200	520,300
	GF/GP	\$13,362,900	\$3,306,400
12. Personal Property Tax Reform	FTE	NA	9.0
<u>Executive</u> includes \$19.3 million GF/GP in one-time funding for two years for distribution of payments from the proceeds of the metropolitan area component tax. Additional \$1.5 million GF/GP and 9.0 FTEs in one-time funding included to support implementation of the personal property tax reform. One-time implementation funding removed in FY 2015-16 due to pending August 2014 ballot initiative. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	NA	\$20,800,000
	GF/GP	NA	\$20,800,000
13. Credit Card Payment Services	FTE	NA	6.0
<u>Executive</u> includes \$2.0 million GF/GP and 6.0 FTEs to implement a program to accept credit card payments for individual income taxpayers. One-time funding and FTEs removed in FY 2015-16. <u>Executive</u> revision removes \$1.5 million GF/GP due to inclusion in SB 608. <u>House</u> includes \$500,000 GF/GP and 6.0 FTEs. <u>House</u> included \$1.5 million in one-time start up in FY 2013-14 supplemental (PA 34 of 2014) which negated the need for \$1.5 million GF/GP in FY 2014-15 for startup costs. <u>Senate</u> concurs with <u>House</u> . <u>Conference</u> concurs with <u>House</u> and <u>Senate</u> .	Gross	NA	\$500,000
	GF/GP	NA	\$500,000
14. Treasury Systems Upgrades	FTE	NA	8.0
<u>Executive</u> includes various data and system upgrades:	Gross	NA	\$1,601,000
• Tax System Technical Issues Resolution Unit: \$600,000 GF/GP and 6.0 FTEs	IDG	NA	200,000
• Data Governance and Storage System Upgrade: \$401,000 GF/GP and 2.0 FTEs	GF/GP	NA	\$1,401,000
• Student Scholarships and Grants System Upgrade and Maintenance: \$400,000 GF/GP			
• International Fuel Tax Agreement Tax Return Processing Center: \$200,000 Gross (\$0 GF/GP)			
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			
15. Fund Shifts	FTE	NA	4.0
<u>Executive</u> includes various fund shifts and adjustments totaling \$706,100 Gross (\$41,900 GF/GP). <u>House</u> concurs:	Gross	NA	\$706,100
• Transfers State Building Authority from DTMB: \$699,100 Gross (\$0 GF/GP) and 4.0 FTEs	IDG	NA	(41,900)
• MSHDA Director fringe benefit adjustment: \$7,000 Gross (\$0 GF/GP)	Restricted	NA	706,100
• Michigan Transportation Fund Adjustment: \$0 Gross (\$41,900 GF/GP)	GF/GP	NA	\$41,900
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			

Major Budget Changes From FY 2013-14 YTD Appropriations	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change	
16. Casino Gaming Adjustments	FTE	NA	3.0
<u>Executive</u> includes various new positions and funding totaling \$412,300 Gross (\$0 GF/GP) and 3.0 FTEs to support operations:	Gross	NA	\$412,300
<ul style="list-style-type: none"> • \$113,600 Gross (\$0 GF/GP) to support Attorney General position to help with review of illegal gaming. • \$76,600 Gross (\$0 GF/GP) to support secretarial position assisting in Criminal Investigations subunit. • \$76,600 Gross (\$0 GF/GP) to support secretarial position supporting millionaire parties, Office of Racing Commissioner, Indian Gaming Section, and IT staff. • \$129,500 Gross (\$0 GF/GP) to fund programmer that would support new IT systems. • \$16,000 Gross (\$0 GF/GP) to adjust costs to actual changes for Attorney General Review of Indian Gaming Activities 	Restricted	NA	412,300
<u>House</u> concurs with Executive changes and includes the following as an additional change:			
<ul style="list-style-type: none"> • Fund source Transfer for Racing Commissioner: Replaces \$2.5 million in Equine Development Fund with State Services Fee Fund revenues to support regulation of horse racing – net change of \$0. 			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive and Senate.			
17. Removal of Other One-Time Appropriations	Gross	\$9,763,300	(\$9,763,300)
<u>Executive</u> removes various FY 2013-14 one-time appropriations:	Restricted	3,000,000	(3,000,000)
<ul style="list-style-type: none"> • Treasury Sales, Use, and Withholding Replacement: \$1.8 million GF/GP • Michigan Gaming Control Board System Replacement: \$3.0 million Gross (\$0 GF/GP) • Office of Fiscal Responsibility: \$5.0 million GF/GP 	GF/GP	\$6,763,300	(\$6,763,300)
<u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			
18. City of Flint Police and Fire Safety Grant	Gross	NA	\$1,100,000
<u>House</u> includes \$100 GF/GP (one-time) placeholder for grant to support the City of Flint police and fire departments. <u>Executive</u> and <u>Senate</u> do not include. <u>Conference</u> includes \$1.1 million GF/GP as one-time appropriation.	GF/GP	NA	\$1,100,000
19. Waterford Regional Fire Department Grant	Gross	NA	\$0
<u>House</u> includes \$100 GF/GP (one-time) placeholder for grant to support the Waterford regional fire department. <u>Executive</u> and <u>Senate</u> do not include. <u>Conference</u> includes \$175,000 but shifts to MSF – Special Grants (See Item #12 in Michigan Strategic Fund).	GF/GP	NA	\$0
20. Economic Adjustments	Gross	NA	\$4,969,000
Reflects increased costs of \$5.0 million Gross (\$779,000 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> include.	IDG	NA	121,000
	Federal	NA	294,900
	Local	NA	23,000
	Restricted	NA	3,751,100
	GF/GP	NA	\$779,000

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

In general, the Executive Budget deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted. House, Senate, and Conference retain sections.

Sec. 946. Convention Facility Development Fund Distribution – NEW

Specifies that revenue collected in the Convention Facility Development Fund is appropriated and distributed according to the Convention Facility Development Act. Executive includes as new section. House, Senate, and Conference concur.

Major Boilerplate Changes From FY 2013-14

Sec. 947. Financial Independence Teams – NEW

Stipulates that the financial independence teams shall cooperate with the office of fiscal responsibility to coordinate and streamline efforts in identifying and addressing fiscal emergencies in school districts and intermediate school districts. House, Senate, and Conference include as new section.

Sec. 949a. City of Flint Police and Fire Grant – NEW

Requires appropriation of \$1.1 million to be expended on police and fire services in the city of Flint. Authorizes emergency manager or receivership transition advisory board to determine distribution of funds. Conference includes as new.

Sec. 951. Competitive Grant Assistance Program – DELETED

Includes direction for distribution of \$15.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services via a Competitive Grant Assistance Program; \$10.0 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language; and continues to make available unclaimed EVIP funds. Executive revises language to state that consideration may be given for projects that result in more efficient government services through increased cooperation and/or collaboration; amount appropriated revised to \$5.0 million. House concurs. Senate and Conference delete section.

Sec. 952. Economic Vitality Incentive Program/City, Village, and Township Revenue Sharing and County Incentive Program – REVISED

Specifies three category requirements for cities, villages, townships, and counties to meet to receive funding under the Economic Vitality Incentive Program and County Incentive Program. Creates bifurcated system whereby CVTs and counties that did not previously participate in the program would retain the FY 2012-13 requirements, while those CVTs that participated in FY 2012-13 would be required to meet new benchmarks. Distribution method allows for partial payments and ties each bi-monthly payment to a specific category. Executive revises to create Ongoing and Supplemental (One-Time) EVIP Programs (Sec. 20-953); Ongoing EVIP keeps three category requirements but offers alternative method of qualifying for eligible payment by meeting 4 standards outlined in boilerplate. New Supplemental EVIP provides for adjusted population per capita distribution of \$28.5 million appropriated as one-time. Population would be adjusted upward by 10% for each of the four criteria a CVT qualified under. House does not concur with Executive changes. House revises language to include all CVTs and provide that they receive a 1% increase if the CVT was eligible for a payment in FY 2013-14 or \$7.14609 per capita, whichever is greater, subject to a \$5,000 floor. House revises three category requirement to two category requirement. Retains accountability and transparency and includes new category 2 requiring 5.0% of eligible payment be committed to unfunded liabilities. House also revises category language to state that a CVT receiving less than \$50,000 does not have to comply with the categories to qualify for its eligible payment. Senate revises program to include a new CVT revenue sharing program. CVTs receiving an EVIP payment in FY 2014 would receive a base 1% increase upon meeting the accountability and transparency requirements (Categories 2 and 3 are eliminated). Additionally, \$28.6 million would be distributed through statutory revenue sharing formulas (unit type population, taxable value, and tax yield equalization). Parameters include a \$3,500 payment floor (savings redistributed) and a growth cap of 8% on the total of constitutional and CVT revenue sharing. Savings due to the growth cap would be redistributed to increase payments to CVTs with lower payment growth. When computing unit type population, townships with population over 20,000 and townships with population over 10,000 that offer 24-hour police and fire services, offering water to 50% of residents, and sewer services to 50% of residents would receive the same weight as cities. A total of 756 CVTs are eligible for a payment. Conference revised EVIP into newly named CVT Revenue Sharing that would provide 486 CVTs eligible for an EVIP payment in FY 2013-14 with the greater of a 3.05% increase or \$2.65 per person. All other CVTs with a population over 7,500 would receive \$2.65 per person. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Section 956.

Sec. 953. County Incentive/Transparency Program – NOT INCLUDED

Senate includes County Incentive Program under new section. Funding for County Incentive Program is revised to equal 10% of total County payments. Payments are subject to requirements under Section 954. (See Sec. 952)

Sec. 954. Accountability and Transparency Requirement – NOT INCLUDED

Senate includes accountability and transparency requirement in separate section and revises category requirements by retaining only the transparency and accountability requirement and includes as new Section 954. All eligible CVTs and counties must comply with accountability and transparency requirement to receive eligible payment. Executive included requirement that dashboard include cost per resident of unfunded accrued liabilities. House, Senate, and Conference did not include recommended adjustment to accountability and transparency. Senate revised date for compliance moved from October 1 to December 1. (See also Section 952 where Executive, House and Conference included language)

Sec. 954a. Cities, Village, and Townships Revenue Sharing Payment Distribution – NOT INCLUDED

Senate includes existing payment distribution in new section. Revised language to account for changes to program requirement. Revises language distributing unexpended funds from Competitive Grant Assistance Program to new Financially Distressed CVTs line item (subject to legislative transfer). Included in Section 952 in the current year. (See Sec. 952)

Major Boilerplate Changes From FY 2013-14

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

Senate includes new language allowing for \$10.0 million appropriated to be distributed 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. Grants are capped at \$2.0 million. Funds are designated as work project. Requires report. Conference concurs with Senate (revises amount to \$8.0 million).

Sec. 958. Statewide Online Financial Accountability Reporting System – NEW

Senate includes new section requiring department to contract for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data. Conference concurs with inclusion but revises language and requires Department of Treasury to work with DTMB in issuing a RFP.

Sec. 959. Local Reporting on Costs of Insurance for Medicare-Eligible Retirees – NOT INCLUDED

Senate includes intent language that would require local units receiving revenue sharing payments and offering health insurance to retired employees or retired elected officials to report to the department on the potential cost savings from bidding health insurance for retirees who are eligible for Medicare as a separate contract than health insurance for current employees. Requires department to summarize information submitted and provide a report. Conference does not include.

BUREAU OF STATE LOTTERY

Sec. 963. Department of Human Services Bridge Cards – RETAINED

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets. Executive deletes. House, Senate, and Conference retain.

CASINO GAMING

Sec. 976. Tribal Casino Local Revenue Sharing – REVISED

Authorizes funding for local government programs to be used to assist local revenue sharing boards, requires local revenue sharing boards to comply with the Open Meetings Act and Freedom of Information Act, authorizes county treasurers to receive and administer revenues on behalf of local revenue sharing boards, authorizes the Directors of State Police and the Michigan Gaming Control Board to assist local revenue sharing boards with allocating funds to local public safety organizations, and requires the Department to provide a report on the receipt and distribution of revenues. Executive revises (6) to require report from MGCB instead of Department of Treasury. House does not include revision. Senate and Conference include revision.

STATE BUILDING AUTHORITY

Executive transfers the following State Building Authority (SBA) boilerplate sections from DTMB to the Department of Treasury:

- Sec. 840. General Fund Advances (Sec. 1101)
- Sec. 841. Excess Facility Revenue (Sec. 1102)
- Sec. 843. Status of Construction Projects (Sec. 1103)

House, Senate, and Conference concur.

**FY 2014-15: DEPARTMENT OF TREASURY –
MICHIGAN STRATEGIC FUND
Summary: Conference Report
Senate Bill 767 (S-1) CR-1**



Analyst: Ben Gielczyk

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Conference	Difference: Conference From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	638,370,300	637,370,300	627,370,300	627,370,300	627,370,300	(11,000,000)	(1.7)
Local	4,433,500	4,433,500	4,433,500	4,433,500	4,433,500	0	0.0
Private	5,454,900	5,654,900	5,654,900	5,654,900	5,654,900	200,000	3.7
Restricted	141,851,300	142,678,700	142,678,700	142,678,700	142,678,700	827,400	0.6
GF/GP	218,163,900	229,292,500	192,992,500	231,892,500	244,642,500	26,478,600	12.1
Gross	\$1,008,273,900	\$1,019,429,900	\$973,129,900	\$1,012,029,900	\$1,024,779,900	\$16,506,000	1.6
FTEs	756.0	756.0	756.0	756.0	756.0	0.0	0.0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Executive figures do not reflect revisions submitted subsequent to House subcommittee action. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Michigan Strategic Fund (MSF) contains programs that work with existing Michigan businesses and communities to retain and expand jobs through coordination of business assistance services through interdisciplinary account management teams and other economic development services. These programs build partnerships with local, state, and federal economic development agencies and the business community to coordinate and leverage resources and improve the State's business climate. The MSF has administrative responsibilities over Workforce Investment Act activities, Community Development Block Grants, GEAR-UP grants, Carl D. Perkins grants, adult education, Bureau of Energy Systems, postsecondary education services, and welfare-to-work programs. Funds and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC), which also administers the 21st Century Jobs Fund. Michigan State Housing Development Authority (MSHDA) is an autonomous agency within the MSF. Under Executive Order 2011-4, the MSF supervises and directs the budgeting, procurement, and related management functions of the MSHDA. **NOTE:** Information on House budget action in this document is based on House Bill 5313 as passed by the House.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. University Engineering Talent Investment Program

Executive includes \$7.9 million GF/GP for annual debt service on \$100.0 million in bonds associated with the new Engineering Talent Investment Program. The Michigan Strategic Fund (MSF) would distribute the funds on a competitive basis for capital improvements to facilities providing instructional, laboratory, or research support to engineering programs. Universities would be required to provide a minimum 25% match of the total project cost. House, Senate, and Conference do not include.

Gross	NA	\$0
GF/GP	NA	\$0

2. Community College Skilled Trades Equipment Program

Executive includes \$4.6 million GF/GP for annual debt service on \$50.0 million in bonds associated with the new Community College Skilled Trades Equipment Program. The MSF would distribute the funds on a competitive basis for upgrades of instructional equipment with the latest technologies to assist in high-demand and high-skilled trade occupations training. Colleges would be required to provide a minimum 25% match of the total project cost. House, Senate, and Conference concur.

Gross	NA	\$4,600,000
GF/GP	NA	\$4,600,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
3. Business Attraction and Community Revitalization		Gross	\$120,000,000
<u>Executive</u> includes additional \$18.5 million Gross (\$15.0 million GF/GP) to support Business Attraction and Community Revitalization projects. Provides additional \$15.0 million GF/GP (\$10.0 million GF/GP considered one-time) to support community revitalization projects. Moves \$24.8 million GF/GP that was considered one-time appropriations in FY 2013-14 to the ongoing line item. Shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. One-time funding totaling \$10.0 million GF/GP removed in FY 2015-16. <u>House</u> includes net reduction of \$2.5 million Gross (\$6.0 million GF/GP) from FY 2013-14. Concur with shift of \$3.5 million Gross (\$0 GF/GP) from Entrepreneurship Eco-system line. A total of \$10.0 million GF/GP considered one-time. <u>Senate</u> includes net reduction of \$3.0 million (\$6.5 million GF/GP) from FY 2013-14. Concur with shift of \$3.5 million Gross (\$0 GF/GP) from Entrepreneurship Eco-system line. <u>Conference</u> includes additional \$10.0 million (\$6.5 million GF/GP). Of total funding, \$17.9 million GF/GP is considered one-time.	Restricted	17,500,000	\$10,000,000
	GF/GP	\$102,500,000	\$6,500,000
4. Entrepreneurship Eco-System		Gross	\$28,500,000
<u>Executive</u> shifts \$3.5 million Gross (\$0 GF/GP) from the Entrepreneurship Eco-System (formerly Innovation and Entrepreneurship) line item to the Business Attraction and Community Revitalization line item. See #3. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	28,500,000	(\$3,500,000)
			(3,500,000)
5. Van Andel Institute Advanced Medical Research		Gross	NA
<u>Senate</u> includes \$4.5 million GF/GP in Entrepreneurship Eco-System line item to support matching Federal and private funds to perform advanced medical research. <u>Conference</u> concurs with Senate (included in MSF – Special Grants line item – Item #12).	GF/GP	NA	\$4,500,000
			\$4,500,000
6. Film Incentives		Gross	\$50,000,000
<u>Executive</u> includes \$25.0 million GF/GP film incentives which is a reduction of \$25.0 million GF/GP from FY 2013-14. Funding is reclassified from one-time to ongoing. <u>House</u> concurs with funding level, but keeps funding classified as one-time. <u>Senate</u> includes \$60.0 million and reclassifies as ongoing. <u>Conference</u> includes total of \$50.0 million GF/GP (\$25.0 million considered one-time).	GF/GP	\$50,000,000	\$0
			\$0
7. Pure Michigan		Gross	\$29,000,000
<u>Executive</u> provides \$2.0 million GF/GP to increase support for Pure Michigan marketing campaign. Funds would be used to expand current advertising campaign for spring/summer and enhance international marketing in Canada, Europe, and Asia. <u>House</u> and <u>Senate</u> concur. <u>Conference</u> retains current year amount.	Restricted	29,000,000	\$0
	GF/GP	\$0	\$0
8. Arts and Cultural Grants		Gross	\$8,150,000
<u>Executive</u> provides \$2.0 million GF/GP to increase support for arts and cultural grants to local communities. <u>House</u> concurs. <u>Senate</u> includes additional \$3.5 million GF/GP. <u>Conference</u> concurs with Executive and House.	Federal	1,050,000	\$2,000,000
	Private	100,000	0
	GF/GP	\$7,000,000	\$2,000,000
9. Automotive, Engineering, and Manufacturing Technology Fund		Gross	NA
<u>Executive</u> includes \$5.0 million GF/GP in one-time funding for new program to assist in the global marketing of Michigan’s automotive sector and public-private partner engagement and collaborations within the auto industry. Funding removed in FY 2015-16. <u>House</u> and <u>Senate</u> do not include. <u>Conference</u> includes \$2.0 million GF/GP in one-time funding.	GF/GP	NA	\$2,000,000
			\$2,000,000
10. Land Bank Fast Track Authority – MSHDA		FTE	6.0
<u>Executive</u> includes \$4.0 million GF/GP to support Land Bank Fast Track Authority Good Neighbor Program (\$2.0 million GF/GP) and operations (\$2.0 million GF/GP). Land Bank shifted to MSHDA. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			0.0
		Gross	\$1,300,000
	Federal	1,000,000	\$3,950,000
	Restricted	300,000	0
	GF/GP	\$0	\$3,950,000

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Conference Change
11. Removal of Special Projects	Gross	\$4,650,000	(\$4,625,000)
<u>Executive</u> eliminates \$4.6 million GF/GP in projects included in the Job Creation Services line item. Projects included grants to Kalamazoo Valley Community College (\$2.0 million GF/GP); Grand Rapids Public Museum (\$2.0 million GF/GP); Holland Windmill Restoration (\$375,000 GF/GP); and Chaldean Association (\$200,000). <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$4,650,000	(\$4,625,000)
12. MSF Special Grants	Gross	NA	\$10,150,000
<u>Conference</u> includes \$10.2 million GF/GP in one-time special grants. Projects include grants to Yankee Air Museum (\$1.5 million GF/GP), Saginaw Art Museum (\$1.0 million GF/GP), West Michigan Airport (\$1.3 million GF/GP), Downtown Grand Rapids Market (\$1.5 million GF/GP), First Merit Bank Park (\$700,000 GF/GP), Capac Senior Center (\$200,000 GF/GP), Waterford Fire Department (\$150,000 GF/GP), Detroit Pre-college Engineering (\$300,000 GF/GP), Year-round school pilot project (\$1.5 million GF/GP), and Michigan Law Enforcement Officers Memorial Monument Fund (\$2.0 million GF/GP).	GF/GP	NA	\$10,150,000
13. Technical Adjustments	Gross	NA	(\$1,291,900)
<u>Executive</u> adjusts various line items by \$1.3 million Gross (\$0 GF/GP) to align funding with anticipated revenues and expenditures. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	NA	(1,448,800)
	Private	NA	156,900
14. Welfare-to-Work	Gross	\$89,357,200	(\$14,000,000)
<u>House</u> includes downward adjustment of \$4.0 million GF/GP due to downward trend in caseloads. Eliminates \$10.0 million Gross (\$0 GF/GP) in Federal Workforce Investment Act authorization due to non-receipt. <u>Senate</u> and <u>Conference</u> concur.	Federal	74,132,400	(10,000,000)
	GF/GP	\$15,224,800	(\$4,000,000)
15. Detroit Farwell Recreation Center Improvements	Gross	NA	\$0
<u>House</u> includes \$100 GF/GP placeholder for grant to support the Detroit Farwell Recreation Center Improvements. <u>Senate</u> does not include. <u>Conference</u> does not include.	GF/GP	NA	\$0
16. Michigan Heritage Restoration Program	Gross	NA	\$600,000
<u>House</u> includes \$1.0 million GF/GP to support grants to neighborhood organizations designated 501(c)(3) for restoration of historic neighborhoods throughout the State of Michigan. <u>Senate</u> does not include. <u>Conference</u> includes \$600,000 GF/GP funding in MSF – Special Projects (See Item #12).	GF/GP	NA	\$600,000
17. Michigan GED-to-School Program	Gross	NA	\$500,000
<u>House</u> includes \$600,000 GF/GP to fund GED test costs for individuals meeting certain requirements; program to be administered by workforce development agency. <u>Senate</u> does not include. <u>Conference</u> includes \$500,000 GF/GP funding in MSF – Special Projects (See Item #12).	GF/GP	NA	\$500,000
18. Economic Adjustments	Gross	NA	\$1,622,900
Reflects increased costs of \$1.6 million Gross (\$303,600 GF/GP) for MSF and \$818,300 Gross (\$0 GF/GP) for MSHDA for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>Executive</u> , <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Federal	NA	448,800
	Private	NA	43,100
	Restricted	NA	827,400
	GF/GP	NA	\$303,600

Major Boilerplate Changes From FY 2013-14

Executive Boilerplate Deletions

In general, the Executive deletes many sections of boilerplate including legislative reporting requirements, providing guidance, and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections or language deleted. House, Senate, and Conference retain reporting requirements.

Major Boilerplate Changes From FY 2013-14

Sec. 986. Land Bank Fast Track Authority Operations Report – NEW

Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities. House includes as new section. Senate and Conference concur with House.

Sec. 990. Housing Rehabilitation Task Force – NEW

Requires Michigan State Housing Development Authority to work with the Department of Community Health and the Department of Human Services to appoint members to a joint task force to review housing rehabilitation, energy and weatherization, and hazard abatement program policies and to make recommendations for integrating and coordinating project delivery. Senate includes as new section. Conference concurs with Senate.

Sec. 1007. Program Reporting Requirements – REVISED

Requires report on grants, investments, and activities of each program administered by MSF or MEDC, including spending and FTEs; requires report on tourism promotion and business marketing expenditures and revenues by source. House revises to include subsection requiring performance metrics report with regards to the Michigan Business Development Program, the Community Revitalization Program, and film incentives. Senate and Conference concur with House.

Sec. 1010. Jobs For Michigan Investment Fund Report – NEW

Requires report on revenues and expenditures, including year-end balance of the Jobs For Michigan Investment Fund. House includes as new section. Senate and Conference concur with House.

Sec. 1016. Pure Michigan Private Investment – NOT INCLUDED

Requires MEDC and Travel Michigan to propose a plan for how Pure Michigan will be funded with incrementally increasing private source matching funds when General Fund expenditures is proposed. The first increment shall be 50/50 non-restricted and private. Directs that the private sector match shall increase 5.0% annually until private funding represents 75.0% of non-restricted funding. House includes as new section. Senate does not include. Conference does not include.

Sec. 1034b. Van Andel Institute Funding – DELETED

Requires \$500,000 of the funding appropriated for Innovation and Entrepreneurship be used to provide a grant to the Van Andel Institute to be used as a match for funding received from the department of defense and the national institutes of health for advanced medical research. Executive deletes. House and Senate retain. Conference deletes.

Sec. 1034c. Macomb-Oakland University INCubator – NOT INCLUDED

Requires not less than \$500,000 of the funds appropriated for Entrepreneurship Eco-System to be allocated to the Macomb-Oakland University INCubator. House includes as new section. Senate and Conference do not include.

Sec. 1034c. Van Andel Institute Advanced Medical Research – NOT INCLUDED

Requires not more than \$4.5 million to be allocated over two fiscal years in two equal installments to the Van Andel Institute to be used as Federal and private match funds for advanced medical research. Senate includes as new section. Conference does not include.

Sec. 1035a. Yankee Air Museum – NOT INCLUDED

Requires an unidentified portion of the arts and cultural grants funding to support a grant to the Michigan Aerospace Foundation for the purchase and restoration of the Willow Run Bomber Plant to house the Yankee Air Museum. Senate includes as new section. Conference does not include.

Sec. 1039. Skilled Trades Training Program Report – REVISED

Requires MSF to provide report on Skilled Trades Training Program. House revised to include requirement that the fund report on the number of applications received and approved for each region. Senate did not include revision and retained current-year law. Conference concurs with House.

Sec. 1039b. Skilled Trades Training Program Administration – NEW

Requires the fund to be administered according to specific guidelines outlined in boilerplate. House includes as new section. Senate does not include. Conference concurs with House.

Sec. 1040. MAIN System Reporting – RETAINED

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures. Executive deletes. House, Senate, and Conference retain.

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, 2014. Executive deletes. House, Senate, and Conference retain.

Sec. 1042. Business Attraction and Community Revitalization Funds Reporting – NEW

Requires the fund to report quarterly on the amount of funds considered appropriated, pre-encumbered, encumbered, and expended. Report shall include funds previously appropriated that have lapsed back to the fund after being considered appropriated, pre-encumbered, encumbered, or expended for any reason. House includes as new section. Senate and Conference concur with House.

Major Boilerplate Changes From FY 2013-14

Sec. 1043. West Michigan Film Office – NEW

Requires not less than 10.0% of the funds for film incentives to be dedicated to the West Michigan Film Office. House includes as new section. Senate does not include. Conference revises language to require \$250,000 to be dedicated to the West Michigan Film Office.

Sec. 1044. Michigan Heritage Restoration Program – NEW

Directs distribution of \$1.0 million GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed \$250,000. House includes as new section. Senate does not include. Conference concurs with House; revises to distribute \$600,000.

Sec. 1045. Michigan International Speedway Funding – NOT INCLUDED

Requires up to \$2.0 million of the funds appropriated to Pure Michigan to be allocated to sponsorship or marketing of a Michigan International Speedway race. House includes as new section. Senate does not include. Conference does not include.

Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund – NEW

Directs that funds appropriated in part 1 are match funds. For every \$1.00 raised in private money, \$2.00 shall be distributed from state funds up to a maximum of \$2.0 million. Conference includes as new section.

Sec. 1051. Engineering Talent Investment Program Debt Service – NOT INCLUDED

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Engineering Talent Investment Program. Specifies that up to \$100.0 million shall be made available for capital improvements at public universities that are necessary to enhance talent critical to Michigan's economic growth. Program awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for universities. Provides guidelines for program and requirements for universities participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive includes as new section. House, Senate, and Conference do not include.

Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – NEW

Stipulates that no long-term indebtedness shall be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million shall be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. Awards shall be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects. Executive includes as new section. House revises (2)(b) to state that plan demonstrating collaboration between postsecondary and school districts and ISDs should get additional considering. Senate concurs with Executive. Conference concurs with House revision.

Sec. 1057. Aerospace Supplier Development Program – NEW

Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-system for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted. Senate includes as new section. Conference concurs with Senate.

Sec. 1058. Transportation Workgroup – NEW

Requires MSF to conduct a workgroup with MDOT, MDOC, MDHS, and members of the Senate and House of Representatives to determine how the state can maximize services and funding for transportation for low-income individuals. Conference includes as new.

Sec. 1059. Pre-College Engineering – NEW

Require distribution of funds appropriated to a pre-college engineering program in southeast Michigan. Conference includes as new section.

Sec. 1069. Michigan GED-to-School Program – NEW

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report. House includes as new section. Senate does not include. Conference concurs with House; revises to distribute \$500,000.

Sec. 1070. Welfare-to-Work Workgroup – NEW

Requires Workforce Development Agency to conduct a workgroup with DHS and members of the Senate and House of Representatives to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report. Senate includes as new section. Conference concurs with Senate.