

**FY 2017-18: TOTAL GENERAL GOVERNMENT
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2**



**Analysts: Ben Gielczyk
Michael Crossen**

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	<i>Difference: House From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$760,158,300	\$782,493,800	\$782,493,800			\$22,335,500	2.9
Federal	826,723,500	807,906,500	807,906,500			(18,817,000)	(2.3)
Local	12,021,000	17,332,700	17,332,700			5,311,700	44.2
Private	6,064,500	6,244,900	6,244,900			180,400	3.0
Restricted	2,127,740,600	2,131,575,000	2,156,587,300			28,846,700	1.4
GF/GP	1,233,516,700	1,221,654,200	1,131,311,800			(102,204,900)	(8.3)
Gross	\$4,966,224,600	\$4,967,207,100	\$4,901,877,000			(\$64,347,600)	(1.3)
FTEs	8,760.7	8,895.7	8,898.7			138.0	1.6

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Summary pages for individual department/agency budgets contained within the current FY 2016-17 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2016-17

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

The FY 2016-17 pay-in was \$75.0 million, which was appropriated in supplemental appropriations act 2016 PA 340. Executive includes a pay-in of \$175.0 million. In addition, 25% of the unassigned fund balance for FY 2016-17 is required to be deposited in the Budget Stabilization Fund, currently calculated at \$91.5 million. Executive pay-in totals \$266.5 million. House includes \$266.5 million pay-in.

Sec. 212. Receipt and Retention of Required Reports – RETAINED

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

Sec. 215. Disciplinary Action Against State Employees – RETAINED

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

Sec. 217. Fund Sourcing Priorities – RETAINED

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

Sec. 221. Reporting Requirement on Policy Changes – RETAINED

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

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

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

Major Boilerplate Changes From FY 2016-17

Sec. 235. Federal Funding Contingency Plan – RETAINED

Requires the State Budget Director, in consultation with the appropriate department, to recommend a contingency plan for the federal funding reduction. Requires report by April 1. Executive deletes section. House retains.

**FY 2017-18: DEPARTMENT OF ATTORNEY GENERAL
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2**



Analyst: Michael Crossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	<i>Difference: House From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$28,989,700	\$29,915,300	\$29,915,300			\$925,600	3.2
Federal	9,476,700	9,518,000	9,518,000			41,300	0.4
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	20,328,900	21,336,900	21,336,900			1,008,000	5.0
GF/GP	42,840,500	40,298,600	40,298,600			(2,541,900)	(5.9)
Gross	\$101,635,800	\$101,068,800	\$101,068,800			(\$567,000)	(0.6)
FTEs	534.0	539.0	542.0			8.0	1.5

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
1. Wrongful Conviction Administration		
<u>House</u> provides \$450,000 of state restricted funds and 3.0 FTEs for support with costs associated with wrongful imprisonment convictions and duties prescribed to the department in 2016 PA 343.	FTE 0.0 Gross \$0 Restricted 0 GF/GP \$0	3.0 \$450,000 450,000 \$0
2. Lawsuit Settlements Proceeds Fund		
<u>House</u> reduces \$2.6 million restricted fund authorization for expenses associated with the drinking water Declaration of Emergency by \$450,000.	Gross \$2,600,000 Restricted 2,600,000 GF/GP \$0	(\$450,000) (450,000) \$0
3. Prescription Drug Abuse Program		
<u>Executive</u> provides \$700,000 GF/GP to continue support of the statewide drug enforcement strategy targeting opioid abuse and addiction. This recommendation would shift to ongoing the one-time \$700,000 GF/GP appropriation included in FY 2016-17 for a net \$0 change. <u>House</u> concurs.	Gross \$700,000 GF/GP \$700,000	\$0 \$0
4. Student Safety – OK2SAY		
<u>Executive</u> includes \$470,000 state restricted to continue funding the student safety program call center operations. Funding will require a legislative repeal or extension of a sunset placed on the Student Safety Fund on October 1, 2017. <u>House</u> concurs.	Gross \$0 Restricted 0 GF/GP \$0	\$470,000 470,000 \$0
5. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases		
<u>Executive</u> provides \$750,000 GF/GP one-time funding to local prosecutors for legal services related to the reconsideration of juvenile life without parole case sentences. Represents \$50,000 increase over current-year one-time funding. <u>House</u> concurs.	Gross \$700,000 GF/GP \$700,000	\$50,000 \$50,000
6. Implementation of Energy Package PA 341 of 2016		
<u>Executive</u> includes increase of \$67,000 state restricted for additional utility consumer rate advocacy case services and representation. A total of \$150,000 in state restricted funding and 1.0 FTE were included in 2016 PA 341. <u>House</u> concurs.	FTE 1.0 Gross \$150,000 Restricted 150,000 GF/GP \$0	0.0 \$67,000 67,000 \$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
7. Implementation of Medical Marijuana Package PA 281-283 of 2016	FTE	0.0	4.0
<u>Executive</u> provides \$375,000 state restricted and 4.0 FTEs for investigations and enforcement activities related to oversight of medical marijuana facilities. <u>House</u> concurs.	Gross	\$0	\$375,000
	Restricted	0	375,000
	GF/GP	\$0	\$0
8. Unlicensed Activity Law Enforcement	FTE	0.0	5.5
<u>Executive</u> appropriates \$732,300 IDG from LARA for 5.5 FTEs and for the investigation and prosecution of unlicensed activities among realtors and accountants in addition to builders. <u>House</u> concurs.	Gross	\$334,700	\$732,300
	IDG	334,700	732,300
	GF/GP	\$0	\$0
9. State Defense Costs	Gross	\$3,000,000	(\$3,000,000)
<u>Executive</u> removes \$3.0 million GF/GP and 4.5 FTEs for the elimination of one-time funding associated with state defense costs for the Flint Drinking Water Declaration of Emergency. <u>House</u> concurs.	GF/GP	\$3,000,000	(\$3,000,000)
10. Economic Adjustments	Gross	NA	\$738,700
<u>Executive</u> includes \$738,700 Gross (\$408,100 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	193,300
	Federal	NA	41,300
	Restricted	NA	96,000
	GF/GP	NA	\$408,100

Major Boilerplate Changes From FY 2016-17

Note: In general, House includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

Sec. 301. Drug Investigation and Prosecution Unit – NEW

Executive requires the Attorney General to maintain a minimum of 24 drug investigations and to prosecute upon sufficient evidence. The purpose of this investment is to establish a drug investigation and prosecution unit. House concurs.

Sec. 308. Appropriation of Litigation Expense Reimbursements – REVISED

Appropriates up to \$1.0 million from litigation expense reimbursements; authorizes unexpended funding, up to \$1.0 million to be carried forward. Executive maintains. House revises carry forward cap to \$250,000.

Sec. 313. Mortgage Fraud Prosecutions – DELETED

Specifies that \$600,000 be allocated for the investigation and prosecution of mortgage fraud. Executive deletes. House concurs.

Sec. 314. Lawsuit Settlement Proceeds Fund – REVISED

Allows the department to use lawsuit settlement proceeds for associated expenses with the Declaration of Emergency due to drinking water contamination up to a maximum authorization of \$2.6 million. Executive maintains. House reduces the maximum authorization by \$450,000 and requires a quarterly report of how funds authorized in this section and all other currently and previously budgeted funds associated with legal costs pertaining to the flint water declaration of emergency were expended.

Sec. 314a. Prosecuting Attorneys Coordinating Council Juvenile Life Without Parole Cases – REVISED

Specifies funding to be set aside for investigations, crime victim rights, prosecutions, and appeals for retroactive juvenile life without parole cases. Executive increases funding from \$700,000 GF/GP to \$750,000 GF/GP. House concurs.

Sec. 316. Sexual Assault Kit Testing – RETAINED

Specifies that the department test the backlog of sexual assault kits outside of Wayne County, assist local prosecutions and investigations and provide victim services. Executive deletes. House retains.

FY 2017-18: DEPARTMENT OF CIVIL RIGHTS
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Michael Crossen

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
	\$293,600	\$296,600	\$296,600			\$3,000	1.0
Federal	2,763,000	2,775,800	2,775,800			12,800	0.5
Local	0	0	0			0	--
Private	18,700	18,700	18,700			0	0
Restricted	151,900	151,900	151,900			0	0
GF/GP	13,021,300	12,856,600	12,856,600			(164,700)	(1.3)
Gross	\$16,248,500	\$16,099,600	\$16,099,600			(\$148,900)	(0.9)
FTEs	135.0	133.0	133.0			(2.0)	(1.5)

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Major Budget Changes From FY 2016-17 YTD Appropriations		
1. Removal of Current Year One-Time Funding		
<u>Executive</u> removes \$250,000 GF/GP one-time funding and 2.0 FTEs for the Division on Deaf, Deaf/Blind, and Hard of Hearing. <u>House</u> concurs.	FTE 2.0 Gross \$250,000 GF/GP \$250,000	(2.0) (\$250,000) (\$250,000)
2. Economic Adjustments		
Reflects increased costs of \$101,100 Gross (\$85,300 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> concur.	Gross NA IDG NA Federal NA GF/GP NA	\$101,100 3,000 12,800 \$85,300

Major Boilerplate Changes From FY 2016-17

Sec. 404. Operations Report – RETAINED

Requires the department to report on various details of department operations. Executive deletes. House retains and revises reporting requirements.

Sec. 405. Federal Complaint Report – RETAINED

Requires the department to notify the Legislature and State Budget Office prior to submitting a report or complaint to the U.S. Commission on Civil Rights or other federal departments. Executive deletes. House retains.

FY 2017-18: EXECUTIVE OFFICE
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Ben Gielczyk

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	0	0	0			0	--
GF/GP	5,636,300	6,848,500	6,848,500			1,212,200	21.5
Gross	\$5,636,300	\$6,848,500	\$6,848,500			\$1,212,200	21.5
FTEs	84.2	89.2	89.2			5.0	5.9

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Executive Office Operations	Gross	\$5,636,300	\$200,000
<u>Executive</u> includes funding to support increased costs of \$200,000 GF/GP related to Executive Office staff and other operations. <u>House</u> concurs.	GF/GP	\$5,636,300	\$200,000
2. Office of Urban Initiatives	Gross	\$0	\$1,012,200
<u>Executive</u> includes \$1.0 million GF/GP to reflect move of Office of Urban Initiatives from the Department of Technology, Management, and Budget to the Executive Office. <u>House</u> concurs.	GF/GP	\$0	\$1,012,200

Major Boilerplate Changes From FY 2016-17

Sec. 501. Office of Urban Initiatives – NEW

Requires Executive Office to submit a report on expenditures for the office and on the economic impact and job growth initiatives for each urban and metropolitan area receiving funds; specifies any unencumbered and unexpended funds lapse to the general fund. House includes as new section.

FY 2017-18: LEGISLATURE
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Ben Gielczyk

IDG/IDT	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	400,000	400,000	400,000			0	0.0
Restricted	4,275,800	4,277,700	4,277,700			1,900	0.0
GF/GP	143,227,800	150,297,100	148,897,100			5,669,300	4.0
Gross	\$147,903,600	\$154,974,800	\$153,574,800			\$5,671,200	3.8

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Legislature Operations

Executive includes \$10.6 million Gross (\$10.6 GF/GP) to reflect increased costs related to legislative staff and other operations. House concurs.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Gross	\$147,903,600	\$10,571,200
Private	400,000	0
Restricted	4,275,800	1,900
GF/GP	\$143,227,800	\$10,569,300

2. Legislative Information Technology Systems Design Project

Executive includes \$3.0 million GF/GP in one-time funding to support the design, development, and implementation of a legislative-wide integrated computer system. This represents a decrease of \$3.0 million GF/GP from current year funding. The funds would supplement a total of \$9.0 million GF/GP appropriated in FYs 2015-16 and 2016-17. House includes \$1.5 million GF/GP in one-time funding. This represents a decrease of \$4.5 million from current year funding.

Gross	\$6,000,000	(\$4,500,000)
GF/GP	\$6,000,000	(\$4,500,000)

3. Criminal Justice Policy Commission Study

Executive removes \$500,000 GF/GP in FY 2016-17 one-time appropriations associated with the Criminal Justice Policy Commission study on the costs and savings of redirecting 17-year-olds from the adult court to the family court and juvenile justice systems. House concurs.

Gross	\$500,000	(\$500,000)
GF/GP	\$500,000	(\$500,000)

4. Legislative Corrections Ombudsman

House includes \$100,000 GF/GP to support increase in Legislative Corrections Ombudsman operations.

Gross	\$729,200	\$100,000
GF/GP	\$729,200	\$100,000

Major Boilerplate Changes From FY 2016-17

Sec. 610. Criminal Justice Policy Commission Study – DELETED

States that \$500,000 included in part 1 shall be used for a study to determine what the additional estimated annual costs to counties would be if 17-year-olds were redirected from the adult court and correctional systems into the family court and juvenile justice systems. The study shall also determine the estimated savings to the state corrections system, as well as any other financial or policy costs and benefits, from such a redirection. Provides that funds are work project appropriations with an anticipated completion date of April 1, 2018. Executive and House delete section.

Sec. 616. Legislative Information Technology Systems Design Project – NEW

Prohibits the funds appropriated in part 1 for the Legislative IT Systems Design Project from being expended without written approval of the Senate Majority Leader, Speaker of the House, and the Legislative Council Administrator. Designates funds as work project appropriations. Total cost is estimated at \$12.0 million. The tentative completion date is September 30, 2020. Executive and House include as new section.

Sec. 618. Legislative Retirement Administration – RETAINED

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 DTMB before the end of FY 2016-17. Executive deletes. House retains.

Sec. 619. Michigan Veterans Facility Ombudsman – REVISED

Requires funds appropriated in part 1 for the Michigan Veterans Facility Ombudsman to be used to create a Veterans Facility Ombudsman to address complaints made at the veterans homes of this state. Executive deletes. House revises to say funds appropriated in part 1 shall be used to maintain the office.

FY 2017-18: LEGISLATIVE AUDITOR GENERAL
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	<i>Difference: House From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$5,558,600	\$5,709,200	\$5,709,200			\$150,600	2.7
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	1,969,400	1,969,400	1,969,400			0	0.0
GF/GP	16,123,900	16,607,600	16,607,600			483,700	3.0
Gross	\$23,651,900	\$24,286,200	\$24,286,200			\$634,300	2.7

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
<u>Major Budget Changes From FY 2016-17 YTD Appropriations</u>			
1. Auditor General Operations		Gross	\$23,651,900
Reflects increased costs of \$634,300 Gross (\$483,700 GF/GP) related to Auditor General staff and other operations. <u>Executive</u> and <u>House</u> include.		IDG	150,600
		Restricted	0
		GF/GP	\$483,700

Major Boilerplate Changes From FY 2016-17

There are no major boilerplate changes in FY 2017-18.

FY 2017-18: DEPARTMENT OF STATE
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Michael Crossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,460,000	1,460,000	1,460,000			0	0.0
Local	0	0	0			0	--
Private	100	50,100	50,100			50,000	50,000.0
Restricted	204,745,900	205,709,400	205,915,000			1,169,100	0.6
GF/GP	22,109,600	22,139,000	21,229,000			(880,600)	(4.0)
Gross	\$248,315,600	\$249,358,500	\$248,654,100			\$338,500	0.1
FTEs	1,593.0	1,614.0	1,614.0			21.0	1.3

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Office of Investigative Services Expansion

Executive provides \$1.4 million GF/GP and 11.0 FTEs to increase investigations and regulatory enforcement of vehicle repair facilities and mechanics. This increase also includes funding for the Breath Alcohol Ignition Interlock Device (BAIID) program to comply with 2016 PA 33. House includes \$710,400 GF/GP and 11.0 FTEs.

FTE	NA	11.0
Gross	NA	\$710,400
GF/GP	NA	\$710,400

2. GF/GP Replacement of Driver Fees

Executive authorizes \$3.0 million GF/GP to replace restricted driver fee revenue lost due to the reduction of licensing fees for limousines and taxi cabs as required in 2016 PA 348. House replaces \$2.8 million restricted with corresponding GF/GP amount.

Gross	NA	\$0
Restricted	NA	(2,794,400)
GF/GP	NA	\$2,794,400

3. Lottery Assistance in Northern Michigan

Executive increases by \$715,800 state restricted and 10.0 FTEs to cover administration costs associated with the redemption of winning lottery tickets in the Upper Peninsula and northern lower peninsula for tickets valued between \$600 and \$50,000. The Department of State would be authorized to retain one percent of the redeemed winnings (up to \$1.0 million) for costs incurred administering the service. \$300,000 in restricted funds was included in 2016 PA 340. House concurs.

FTE	0.0	10.0
Gross	\$300,000	\$715,800
Restricted	300,000	715,800
GF/GP	\$0	\$0

4. Mi-Time Line Expansion

Executive provides \$400,000 GF/GP for the expansion of the cell phone texting notification service which allows branch office customers to leave a branch office while they wait and know when to return. The appropriation would allow the service to expand to 20 additional offices from the current 30. House concurs.

Gross	\$470,000	\$400,000
Restricted	470,000	0
GF/GP	\$0	\$400,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
5. Increase in Credit Card Service Fees	Gross	\$6,000,000	\$2,000,000
<u>Executive</u> increases credit and debit assessment services fees restricted fund authorization by \$2.0 million to provide for the increase in credit card activity and associated fees in branch offices and self-service terminals. <u>House</u> concurs.	Restricted	6,000,000	2,000,000
	GF/GP	\$0	\$0
6. IT Budget Increase to Support Current Operations	Gross	\$36,376,200	\$1,000,000
<u>Executive</u> appropriates \$1.0 million state restricted to the department's IT service line to adjust for costs related to online support. Current level of services will be maintained. <u>House</u> concurs.	Restricted	34,625,200	1,000,000
	GF/GP	\$1,588,100	\$0
7. Position Transfer Fund Sourcing Adjustment	Gross	\$124,600	\$0
<u>Executive</u> transfers 1.0 FTE from Department Services to Central Operations. Transfer of position results in fund sourcing realignment that replaces \$2,700 GF/GP with restricted revenues. <u>House</u> concurs.	Restricted	121,900	2,700
	GF/GP	\$2,700	(\$2,700)
8. Removal of Current Year One-Time Funding	Gross	\$5,000,000	(\$5,000,000)
<u>Executive</u> removes \$5.0 million GF/GP in FY 2016-17 one-time funding for voting machine replacement. <u>House</u> concurs.	GF/GP	\$5,000,000	(\$5,000,000)
9. Align Fund Sourcing with Revenues	Gross	NA	(\$1,000,000)
<u>Executive</u> reduces \$1.0 million restricted fund sourcing to align fund sources with actual revenues. <u>House</u> concurs.	Restricted	NA	(1,000,000)
	GF/GP	NA	\$0
10. Uniform Law Commission Annual Meeting	Gross	NA	\$5,600
<u>House</u> provides \$5,600 GF/GP for eight registration fees for the department's statutory commissioners to attend the Uniform Law Commission Annual Meeting.	Restricted	NA	0
	GF/GP	NA	\$5,600
11. Economic Adjustments	Gross	NA	\$1,506,700
<u>Executive</u> recognizes increased costs of \$1.5 million Gross (\$211,700 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	IDG	NA	0
	Private	NA	50,000
	Restricted	NA	1,245,000
	GF/GP	NA	\$211,700

Major Boilerplate Changes From FY 2016-17

Note: In general, House includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

Sec. 710. Commemorative and Specialty License Plate Programs – RETAINED

Provides for expenditure and carry-forward of revenue deriving from commemorative and specialty license plates; limits administrative expenditures to revenue or amount appropriated, whichever is less. Executive deletes. House retains.

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

Requires the department to report on funding expended for the BAM project since its inception. Executive deletes. House retains.

Sec. 718. Buena Vista Township Branch Office – RETAINED

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

Sec. 721. ATM Commission Fees – DELETED

Allows the Department of State to collect ATM commission fees from companies that have ATMs located in Secretary of State branch offices; requires the revenue to be deposited in the Transportation Administration Collection Fund. Executive deletes. House concurs.

Sec. 723. Voting Machines Replacement Program – DELETED

Explains the purpose of the voting machines replacement program. Executive deletes. House concurs.

Sec. 724. Uniform Law Commission Annual Meeting – NEW

Requires \$5,600 GF/GP appropriated in part 1 to be used for eight registration fees for the department's statutory commissioners to attend the Uniform Law Commission Annual Meeting. House includes as new section.

**FY 2017-18: DEPARTMENT OF TECHNOLOGY,
MANAGEMENT, AND BUDGET**
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Michael Cnossen

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$694,054,100	\$713,959,000	\$713,959,000			\$19,904,900	2.9
Federal	4,958,200	4,985,300	4,985,300			27,100	0.5
Local	2,320,000	2,316,700	2,316,700			(3,300)	(0.1)
Private	0	127,700	127,700			127,700	--
Restricted	114,340,800	111,399,300	111,399,300			(2,941,500)	(2.6)
GF/GP	569,552,600	572,755,900	538,823,500			(30,729,100)	(5.4)
Gross	\$1,385,225,700	\$1,405,543,900	\$1,371,611,500			(\$13,614,200)	(1.0)
FTEs	2,883.0	2,943.0	2,943.0			60.0	2.1

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
1. Drinking Water Declaration of Emergency Reserve Fund	Gross	\$10,000,000	\$15,000,000
<u>Executive</u> provides \$25.0 million GF/GP in one-time funding to support services and programs for Flint residents related to the Flint Water Declaration of Emergency. Use of these funds are subject to subsequent appropriations. These funds would be used as additional needs are identified in addition to augmenting existing appropriations. \$10.0 million GF/GP was included in 2016 PA 340. <u>House</u> concurs.	GF/GP	\$10,000,000	\$15,000,000
2. Michigan Infrastructure Fund	Gross	\$0	\$5,000,000
<u>Executive</u> provides \$20.0 million GF/GP in one-time funding for deposit into the Michigan Infrastructure Fund, created in 2016, PA 223 in support of anticipated infrastructure projects. Use of these funds would be subject to appropriation. <u>House</u> includes \$5.0 million GF/GP for deposit.	GF/GP	\$0	\$5,000,000
3. SIGMA – Permanent Organizational Structure Appropriations	FTE	0.0	36.0
<u>Executive</u> provides a total of \$21.7 million (\$13.1 million GF/GP) and 36.0 FTEs to transition the state's new enterprise resource planning tool (SIGMA) into permanent and ongoing administration of the system. \$4.5 million and 10.0 limited term FTEs are included in this total as a one-time appropriation. Represents a net increase of \$13.1 million GF/GP. A total of \$8.6 million Gross (\$3.8 million GF/GP) is transferred from other line items. <u>House</u> includes \$10.0 million net increase of \$10.0 million GF/GP and concurs with <u>Executive</u> in other funds adjustments that net to \$0.	Gross	\$0	\$10,000,000
	GF/GP	\$0	\$10,000,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
4. Michigan.gov Content Management System Rewrite	Gross	NA	\$4,000,000
<u>Executive</u> provides \$9.1 million GF/GP in one-time funding to support the establishment and modernization of a new content management system to support 130 State of Michigan websites. Funding will be used for the procurement and set-up of the system and migration of the websites. <u>House</u> includes \$4.0 million GF/GP.	GF/GP	NA	\$4,000,000
5. Cyber Security Appropriations	FTE	13.0	12.0
<u>Executive</u> provides \$7.0 million GF/GP (\$4.0 million considered one-time) and 12.0 FTEs to support the Cybersecurity Continuous Improvement Program. Supports centralized coordination for enterprisewide cybersecurity activities. <u>House</u> concurs.	Gross	\$13,118,200	\$7,044,600
	GF/GP	\$13,118,200	\$7,044,600
6. Citizen Centric IT Initiatives	Gross	NA	\$1,000,000
<u>Executive</u> provides \$6.5 million GF/GP (\$5.5 million in one-time funding) for projects designed for mobile phone use by Michigan citizens interacting with State government. Project services include mobile applications, individualized log-in portals, and system integrations. Integrations are planned across at least 10 systems. <u>House</u> includes \$1.0 million GF/GP in ongoing appropriations for Citizen Centric IT Initiatives.	GF/GP	NA	\$1,000,000
7. Information Technology Investment Fund (ITIF)	Gross	\$69,500,000	\$0
<u>Executive</u> provides a net increase of \$3.0 million GF/GP in one-time funding to ITIF for enterprise-wide IT upgrade projects. This one-time funding augments \$65.0 million in ongoing ITIF appropriations. <u>House</u> maintains FY 2016-17 appropriation level with \$65.0 million GF/GP ongoing and \$4.5 million GF/GP in one-time appropriations.	GF/GP	\$69,500,000	\$0
8. Technology Services IT IDG Alignment Adjustments	Gross	\$501,961,500	\$16,975,300
<u>Executive</u> adjusts the DTMB IT Inter-departmental Grant line by \$17.0 million IDG to reflect projects and service adjustments in other agency budgets. Technology Service appropriation lines are prorated by department based on their total IT budget. <u>House</u> concurs.	IDG	501,961,500	16,975,300
	GF/GP	\$0	\$0
9. Office of Performance and Transformation Enhancements	Gross	\$0	\$500,000
<u>Executive</u> provides \$500,000 GF/GP to support Socrata transparency website to increase government data accessibility, dashboards, and enhance the Operational Excellence Program focused on continuous improvement. <u>House</u> concurs.	GF/GP	\$0	\$500,000
10. School Reform Office Investments	FTE	11.0	2.0
<u>Executive</u> includes a total of \$782,000 GF/GP and 2.0 FTEs for new School Reform Office initiatives. Includes \$280,000 to assist families' transition to new schools through a partnership with a third-party vendor; \$252,000 and 2.0 FTEs to support a pilot program for measuring deferred maintenance costs to replacement value of priority schools by utilizing a Facility Condition Index (FCI) Process for chronically failing schools; and \$250,000 for student and parent satisfaction surveys for accountability measurement to comply with 2016 PA 192. <u>House</u> concurs.	Gross	\$2,318,300	\$782,000
	GF/GP	\$2,318,300	\$782,000
11. School Reform Office Performance Information System (PERIS) Upgrade	FTE	11.0	11.0
<u>Executive</u> adds \$353,000 GF/GP for the automation of Priority School District student data for real-time performance review and analysis. <u>House</u> concurs	Gross	\$2,318,300	\$353,000
	GF/GP	\$2,318,300	\$353,000
12. MiPage-Mobile Center of Excellence Permanent Operating Support	Gross	NA	\$0
<u>Executive</u> provides \$1.6 million GF/GP to support continued operations of the MiPage, Mobile Center of Excellence (MCOLE) and the State's mobility efforts. Staff costs currently paid out of ITIF. <u>House</u> does not include.	GF/GP	NA	\$0
13. Michigan Public Safety Communications Lifecycle Replacement Funding	Gross	\$0	\$4,000,000
<u>Executive</u> appropriates \$5.0 million GF/GP in one-time funding to help replace the mobile radios among users of the Michigan Public Safety Communication System (MPSCS). <u>House</u> includes \$4.0 million GF/GP for replacement of mobile radios.	GF/GP	\$0	\$4,000,000

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
14. Labor Market Information Population and Labor Force Projections	FTE	42.0	2.0
<u>Executive</u> provides \$268,300 GF/GP and 2.0 FTEs to produce population projections for the state and all counties for use by other State offices. It will provide a more detailed projection than currently available. <u>House</u> concurs.	Gross	\$5,475,100	\$268,300
	Federal	4,840,100	0
	Local	35,000	0
	GF/GP	\$600,000	\$268,300
15. Michigan Master Computing Contract (MMCC)	FTE	NA	3.0
<u>Executive</u> provides \$373,500 in state restricted funds and 3.0 FTEs to support the MMCC to improve IT procurement processes for the State of Michigan. <u>House</u> concurs.	Gross	NA	\$373,500
	Restricted	NA	373,500
	GF/GP	NA	\$0
16. Additional Accounting Service Center Staffing, DMVA Grand Rapids Home	Gross	NA	\$1,206,300
<u>Executive</u> authorizes \$1.2 million IDG increase to reflect DTMB Accounting Service Center operations at the Grand Rapids Veterans Home. <u>House</u> concurs.	IDG	NA	1,206,300
	GF/GP	NA	\$0
17. Michigan Military Retirement System (MMRS) Administration	Gross	NA	\$380,000
<u>Executive</u> provides \$380,000 in state restricted funds for administrative support for the Office of Retirement Services management of Military Retirement Services. <u>House</u> concurs.	Restricted	NA	380,000
	GF/GP	NA	\$0
18. MSP Cyber Crimes Unit	FTE	NA	1.0
<u>Executive</u> adds \$137,900 IDG and 1.0 FTE for IT support for the Michigan Intelligence Operations Center, specifically the Computer Crimes Unit. <u>House</u> concurs.	Gross	NA	\$137,900
	IDG	NA	137,900
	GF/GP	NA	\$0
19. Office of Financial Management MEDC Payroll Position	FTE	0.0	1.0
<u>Executive</u> authorizes \$127,700 in private funds and 1.0 FTE to administer MEDC corporate payroll in the Human Resources Management Network (HRMN) per a Memorandum of Understanding between the agencies. <u>House</u> concurs.	Gross	\$0	\$127,700
	Private	0	127,700
	GF/GP	\$0	\$0
20. Michigan State Police Retirement Supplemental Funding	Gross	\$0	\$27,000
<u>Executive</u> adds \$27,000 GF/GP for supplemental payments for two individuals that were inadvertently excluded in FY 2015-16 and FY 2016-17 payouts. <u>House</u> concurs.	GF/GP	\$0	\$27,000
21. Civil Service Financing Source Adjustment	Gross	NA	\$0
<u>Executive</u> authorizes the replacement of \$1.8 million restricted with GF/GP as a fund source realignment related to the Civil Service 1% charge on aggregate payroll to cover administration costs. <u>House</u> concurs.	Restricted	NA	(1,800,000)
	GF/GP	NA	\$1,800,000
22. Office of Urban Initiatives Transfer	Gross	\$1,012,200	(\$1,012,200)
<u>Executive</u> removes \$1.0 million GF/GP (entire appropriation) to reflect the transfer of the Office of Urban Initiatives to the Executive Office. <u>House</u> concurs.	GF/GP	\$1,012,200	(\$1,012,200)
23. State Vendor Data Tracking Pilot Program	Gross	\$0	\$300,000
<u>House</u> includes \$300,000 GF/GP to be used to contract with a company to provide and track various data and metrics on state vendors and for the state to review this information throughout the contracting process.	GF/GP	\$0	\$300,000
24. Removal of Current Year One-Time Funding	Gross	\$83,734,900	(\$83,734,900)
<u>Executive</u> removes \$83.7 million Gross (\$80.9 million GF/GP) of one-time funding from five items. These items include \$1.6 million GF/GP for special state facilities maintenance, \$2.9 million restricted for the Office of Retirement Services, \$5.0 GF/GP million for the Legal Services Fund, \$250,000 for special projects, \$500,000 GF/GP for Public Safety Officer Survivor Benefits, \$72.0 million GF/GP for Venture Michigan I pay-off, and \$1.5 million GF/GP for Venture Michigan I contingency payments. <u>House</u> concurs.	Restricted	2,850,000	(2,850,000)
	GF/GP	\$80,884,900	(\$80,884,900)

Major Budget Changes From FY 2016-17 YTD Appropriations	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
25 Capital Outlay Planning Authorizations		
<u>Executive</u> includes \$700 GF/GP for three university, two community college, and two state agency capital outlay planning authorizations: Michigan Technological University – H-STEM engineering and health technologies complex, phase 1; Saginaw Valley State University – College of Business and Management expansion; Wayne State University – STEM Innovation Learning Center; St. Clair County Community College – AJ Theisen building renovation; Henry Ford College – entrepreneur and Innovation institute/technology building renovation and addition; Caro Center Replacement – new state psychiatric hospital; DTMB – Secondary Complex for Secretary of State building addition. <u>House</u> does not include.	Gross GF/GP	NA NA \$0 \$0
26. CSB Technical Fund Source Realignment		
<u>Executive</u> replaces \$203,200 IDG with \$155,400 restricted and \$47,800 GF/GP to properly account for fund sourcing associated with DTMB indirect charges and the Statewide Cost Allocation Plan. <u>House</u> concurs.	Gross IDG Restricted GF/GP	NA NA NA NA \$0 (203,200) 155,400 \$47,800
27. Economic Adjustments		
<u>Executive</u> recognizes increased costs of \$3.7 million Gross (\$1.0 million GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs.	Gross IDG Federal Local Restricted GF/GP	\$8,891,800 5,388,000 43,100 16,000 1,398,000 \$2,046,700 \$3,657,300 1,788,600 27,100 (3,300) 799,600 \$1,045,300

Major Boilerplate Changes From FY 2016-17

NOTE: In general, House includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

Sec. 809. Information Technology Contract Revision Reporting – REVISED

Requires DTMB to report single revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000 at one time. Executive maintains. House revises language to include the requirement to report contract changes in the aggregate of over \$500,000.

Sec. 810. Notices of Invitations to Bid (ITBs) and Requests for Proposals (RFPs) – RETAINED

Requires DTMB to maintain website with notice of all ITBs and RFPs over \$50,000; generally required ITBs and RFPs to be posted for at least 14 days prior to bid deadline. Executive deletes. House retains.

Sec. 816. Privatization RFPs – RETAINED

Requires RFP issued for purpose of privatization to include all factors to be used in evaluating and determining price. Executive deletes. House retains.

Sec. 821. Space Consolidation Plan – RETAINED

Requires the DTMB to annually update the office space consolidation plan and provide a report on space consolidation by February 15. Executive deletes. House retains.

Sec. 822. Report on Unclassified Salaries – RETAINED

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

Sec. 822d. Report on Fees and Rates Charged to State Agencies – RETAINED

Requires a report on fees and rates charged to state agencies, along with justification for any increases from prior year. Executive deletes. House retains.

Sec. 822g. Legal Services Fund – REVISED

Requires annual itemized report on Legal Services Fund expenditures from the prior fiscal year. Executive deletes. House retains and revises to require the report to be released quarterly and specifies all current and previous appropriated funds to be reported.

Sec. 822h. Office of Urban Initiatives – DELETED

Requires the DTMB to submit a report on the expenditures for the office and on the economic impact and job growth initiatives for each urban and metropolitan area receiving funds; specifies any unencumbered and unexpended funds lapse to the general fund. Executive deletes. House concurs.

Sec. 822j. Office of Good Government – DELETED

Explains the purpose of the Office of Good Government. Executive deletes. House concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 822k. Hawthorn Center Appraisal – DELETED

Requires DTMB to work with the Department of Health and Human Services in an evaluation of state-owned lands and buildings at the Hawthorn Center Psychiatric Hospital Facility for Children and Adolescents and to develop a recommendation on the future use of the facility. Executive deletes. House concurs.

Sec. 822m. Vendor Performance Tracking – RETAINED

Requires the DTMB to establish a vendor performance tracking system that collaborates with other departments that will be used as a factor in determining future contracts in the procurement process. Executive deletes. House retains.

Sec. 822n. Request for Proposals Website – RETAINED

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

Sec. 827. Michigan Public Safety Communications System (MPSCS) – REVISED

Provides for the assessment of fees and expenditures of revenues pertaining to the MPSCS; requires a report on revenue collected and expenditures made in support of the system; specifies unencumbered funds are to be carried forward. Executive eliminates the reporting requirement. House retains reporting requirement.

Sec. 828. Information Technology Related Appropriations and Expenditures – RETAINED

Requires detailed report on funding and expenditures for IT services and projects. Executive deletes. House retains.

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

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

Sec. 830. IT Contract Change Orders – RETAINED

Requires report of IT change orders and contract extensions for contracts greater than \$50,000 entered to by DTMB. Executive deletes. House retains.

Sec. 831. Information, Communications and Technology (ICT Innovation Fund) – DELETED

Provides for administration and expenditure of ICT Innovation Fund created under prior-year budget acts. Executive deletes. House concurs.

Sec. 832. Child Support Enforcement System – RETAINED

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

Sec. 836. Information Technology Investment Fund – REVISED

Explains that the purpose of the increased funds for the IT Investment Fund is to modernize state IT systems and improve system interfaces for greater customer service. The revision eliminates the explanation of the one-time funding and adds guidance for the cyber security staff increase. Executive deletes. House retains and adds a reporting requirement.

Sec. 837. Cyber Security Investment Projects – REVISED

Explains the purpose of cyber security investment projects. Executive deletes. House retains and adds a reporting requirement.

Sec. 838. Enterprise Identity Management Program – DELETED

Explains the purpose of the Enterprise Identity Management Program. Executive deletes. House concurs.

Sec. 838. MiPage Mobile Center for Excellence Performance Metrics – NOT INCLUDED

Requires the department to identify specific performance measures for funds related to MiPage Mobile Center for Excellence. Executive adds new section. House deletes.

Sec. 838. State Vendor Data Tracking Pilot Program – NEW

Specifies \$300,000 GF/GP to be used to contract with a company to provide and track various data and metrics on state vendors and for the state to review this information throughout the contracting process. House adds.

Sec. 839. Office of Retirement Services (ORS) Information Technology Upgrade – DELETED

Explains the purpose of the Office of Retirement Services' upgrades in information technology. Executive deletes. House concurs.

Sec. 839. Citizen-centric Government Performance Metrics – NEW

Requires the department to identify specific performance measures for funds related to citizen-centric government initiatives. Executive adds new section as Sec. 837. House renumbers the section as Sec. 839 and adds a reporting requirement.

Sec. 862. Required Reports – RETAINED

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

Major Boilerplate Changes From FY 2016-17

Sec. 868. Revised Planning Scope Authorization of Caro Center – NOT INCLUDED

Authorizes the scope of planning for facility modernization of the Caro Center to facility replacement with a total estimated cost of \$115,000,000. Executive adds. House does not include.

Sec. 900. Drinking Water Declaration of Emergency Reserve Fund – NEW

Provides information on the Drinking water declaration of emergency reserve fund. Requires funds to only be expended upon appropriation and authorizes the end of year balance to be carried forward. Executive adds. House revises \$20.0 million deposit to \$25.0 million which matches the Executive recommended appropriation.

FY 2017-18: DEPARTMENT OF TREASURY
Summary: As Reported by the House Subcommittee
House Bill 4232 (H-1) Draft 2



Analyst: Ben Gielczyk

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	<i>Difference: House From FY 2016-17 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$11,262,300	\$12,613,700	\$12,613,700			\$1,351,400	12.0
Federal	39,920,800	27,022,600	27,022,600			(12,898,200)	(32.3)
Local	9,201,000	14,516,000	14,516,000			5,315,000	57.8
Private	26,700	27,500	27,500			800	3.0
Restricted	1,589,586,300	1,605,173,700	1,605,173,700			15,587,400	1.0
GF/GP	238,495,800	206,348,500	214,748,500			(23,747,300)	(10.0)
Gross	\$1,888,492,900	\$1,865,702,000	\$1,874,102,000			(\$14,390,900)	(0.8)
FTEs	1,916.5	1,962.5	1,962.5			46.0	2.4

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
1. Constitutional Revenue Sharing			
<u>Executive</u> increases Constitutional revenue sharing by \$15.7 million in restricted sales tax revenue relative to the FY 2016-17 budget act appropriated amount (2.3% increase from the January CREC estimate for FY 2016-17). <u>House</u> concurs.	Gross	\$757,875,200	\$15,668,900
	Restricted	757,875,200	15,668,900
	GF/GP	\$0	\$0
2. City, Village, and Township Revenue Sharing			
<u>Executive</u> maintains City, Village, and Township Revenue Sharing at \$248.8 million in restricted sales tax revenue which reflects no change from FY 2016-17. \$5.8 million is considered one-time appropriations. <u>House</u> concurs.	Gross	\$248,850,000	\$0
	Restricted	248,850,000	0
	GF/GP	\$0	\$0
3. Supplemental City, Village, and Township Revenue Sharing			
<u>House</u> includes \$12.4 million GF/GP in one-time appropriations to support supplemental revenue sharing payments. Payments would be distributed to all cities, villages, and townships eligible to receive a City, Village, and Township Revenue Sharing payment under Section 952. Payments would be distributed on a per capita basis equal \$1.62396 per person.	Gross	\$0	\$12,400,000
	GF/GP	\$0	\$12,400,000
4. County Revenue Sharing/County Incentive Program			
<u>Executive</u> increases county revenue sharing by \$640,600 in restricted sales tax revenue to accommodate full payments for the two counties (Alcona and Charlevoix) that came online mid-year FY 2016-17. Maintains 1.0% increase above full-funding. A total of \$513,700 is included in County Revenue Sharing and \$126,900 is included in the County Incentive Program. Of the total for FY 2017-18, 80.2% would be distributed through County Revenue Sharing and 19.8% would be distributed through the County Incentive Program. <u>House</u> concurs.	Gross	\$217,267,500	\$640,600
	Restricted	217,267,500	640,600
	GF/GP	\$0	\$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
5. Debt Service	Gross	\$137,037,000	(\$29,457,000)
<u>Executive</u> reduces debt service by \$29.5 million GF/GP to reflect lower debt service costs due to refundings and refinancing. <u>House</u> concurs.	GF/GP	\$137,037,000	(\$29,457,000)
6. Dual Enrollment Payments	Gross	\$1,507,600	\$500,000
<u>Executive</u> increases by \$500,000 GF/GP to accommodate increased participation in the dual enrollment program. Grants cover tuition costs of eligible nonpublic school students enrolled in postsecondary institutions. <u>House</u> concurs.	GF/GP	\$1,507,600	\$500,000
7. Payments in Lieu of Taxes (PILT)	Gross	\$27,398,800	\$252,800
<u>Executive</u> increases by \$252,800 Gross (\$96,600 GF/GP) to accommodate new statutorily required PILT payments. <u>House</u> concurs.	Private	26,700	800
	Restricted	5,177,500	155,400
	GF/GP	\$22,194,600	\$96,600
8. Senior Citizen Cooperative Housing Tax Exemption	Gross	\$10,520,000	\$200,000
<u>Executive</u> increases by \$200,000 GF/GP to accommodate 2016 PA 78. The act authorized an exemption, effective December 31, 2011, for property that would have qualified for the exemption if an application had been timely filed in 2011. <u>House</u> concurs.	GF/GP	\$10,520,000	\$200,000
9. Align Appropriation Authorizations with Actual Revenues	Gross	NA	(\$20,455,700)
<u>Executive</u> provides the following adjustments to align appropriation authorizations with actual revenues:	Federal	NA	(12,955,700)
• Decreases Federal Department of Education Resources that support administration of outstanding federal and state postsecondary education loans by \$13.0 million in federal funds to align with receipt of revenues.	Restricted	NA	(7,500,000)
• Decreases Health and Safety Fund grants line item by \$7.5 million Gross (\$0 GF/GP) to align with actual expenditures.	GF/GP	NA	\$0
<u>House</u> concurs.			
10. Medical Marijuana Regulatory and Licensing Framework	FTE	0.0	4.0
<u>Executive</u> includes \$4.6 million (\$0 GF/GP) and 4.0 FTEs for medical marijuana regulatory activities. Of this amount, \$4.0 million supports grants to municipalities, counties, and county sheriffs. The remainder, \$675,000 and 4.0 FTEs, would support staff funding for administration of payments to local by the department. <u>House</u> concurs.	Gross	\$0	\$4,635,000
	Restricted	0	4,635,000
	GF/GP	\$0	\$0
11. Grant Removal	Gross	\$521,600	(\$521,600)
<u>Executive</u> removes \$521,600 GF/GP that supported the following FY 2016-17 grants:	GF/GP	\$521,600	(\$521,600)
• Lenawee Intermediate School District Plasma Cutting Machine Matching Grant (\$76,000 GF/GP)			
• Gianna House Grant (\$100,000 GF/GP)			
• Student Loan Delinquency Pilot Program (\$345,600 GF/GP)			
<u>House</u> concurs.			
12. Tax Processing Bureau	FTE	331.0	9.0
<u>Executive</u> includes \$992,200 GF/GP and 9.0 FTEs to decrease telephone wait times and reduce processing time of individual income tax returns. <u>House</u> concurs.	Gross	\$37,376,900	\$992,200
	IDG	2,356,300	0
	Restricted	25,072,200	0
	GF/GP	\$9,948,400	\$992,200
13. Office of Collections Lien Fee Increase	FTE	202.0	0.0
<u>Executive</u> includes \$1.3 million IDG to accommodate recently enacted increases in lien filing fees from \$10 to \$30. The department files liens against taxpayers for delinquent taxes owed to the state and is reimbursed for costs associated with filing the liens. <u>House</u> concurs.	Gross	\$26,255,100	\$1,300,000
	IDG	5,890,400	1,300,000
	Restricted	19,851,200	0
	GF/GP	\$513,500	\$0
14. City Income Tax Administration	FTE	49.0	23.0
<u>Executive</u> provides \$5.3 million local funds to support expansion of Treasury city income tax collection program for Detroit (corporate and flow-through withholding) and the potential expansion into an additional city. \$1.5 million is considered one-time appropriations. <u>House</u> concurs.	Gross	\$5,879,100	\$5,282,100
	Local	5,879,100	5,282,100
	GF/GP	\$0	\$0

		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Major Budget Changes From FY 2016-17 YTD Appropriations			
15. Information Technology for Systems, Applications, and Products (SAP)	Gross	\$0	\$2,000,000
<u>Executive</u> provides \$2.0 million GF/GP to support implementation of SAP, an enterprise resource planning software. Funds would allow contract staff to continue through FY 2017-18 to support operations and allow permanent state staff to obtain self-sufficiency in the software. <u>House</u> concurs.	GF/GP	\$0	\$2,000,000
16. Supervision of General Property Tax Law	Gross	\$17,590,200	(\$4,500,000)
<u>House</u> removes \$4.5 million GF/GP which equals the amount of funding included to support the Office of Fiscal Responsibility.	Local	140,000	0
	Restricted	3,558,700	0
	GF/GP	\$13,891,500	(\$4,500,000)
17. Removal of One-Time Appropriations	Gross	\$6,692,600	(\$6,192,600)
<u>Executive</u> removes \$6.4 million Gross (\$6.4 million GF/GP) in one-time funds appropriated for Free individual E-File (\$2.8 million GF/GP), Supervision of the General Property Tax Law (\$3.0 million GF/GP), School District Millage Renewal Election Reimbursements (\$50,000 GF/GP), Drinking Water Declaration of Emergency (\$300,100 Restricted), and Urban Search and Rescue (\$500,000 GF/GP). <u>House</u> concurs with the removal of all but Urban Search and Rescue. <u>House</u> retains \$500,000 GF/GP in one-time funding to support Urban Search and Rescue.	Restricted	300,100	(300,100)
	GF/GP	\$6,392,500	(\$5,892,500)
18. Casino Gaming Information Technology System Review Enhancement	FTE	132.0	1.0
<u>Executive</u> includes \$149,900 in State Services Fee Fund and 1.0 FTE to support IT system review enhancement to help ensure security and accuracy of revenue reporting through increased internal controls. <u>House</u> concurs.	Gross	\$26,196,700	\$149,900
	Restricted	26,196,700	149,900
	GF/GP	\$0	\$0
19. Bureau of State Lottery iLottery Staffing	FTE	183.0	8.0
<u>Executive</u> includes \$716,300 State Lottery Fund and 8.0 FTEs to support iLottery oversight and continued expansion. <u>House</u> concurs.	Gross	\$24,760,300	\$716,300
	Restricted	24,760,300	716,300
	GF/GP	\$0	\$0
20. Economic Adjustments	Gross	NA	\$1,998,200
Reflects increased costs of \$2.0 million Gross (\$435,000 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>Executive</u> and <u>House</u> concur.	IDG	NA	51,400
	Federal	NA	57,500
	Local	NA	32,900
	Restricted	NA	1,421,400
	GF/GP	NA	\$435,000

Major Boilerplate Changes From FY 2016-17

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

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

Sec. 927. Personal Property Tax Audits – RETAINED

Requires the Department of Treasury to submit annual progress reports regarding personal property tax audits. Executive deletes. House retains.

Sec. 934. Expenditure of Authority Revenues – RETAINED

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

Sec. 936. Student Loan Delinquency Counseling Pilot Program – DELETED

Specifies requirements of competitive proposal for the student loan delinquency counseling pilot program. Includes requirements for RFP and provides direction on how the Department of Treasury shall review proposals. Requires status report. Executive and House delete.

Major Boilerplate Changes From FY 2016-17

Sec. 938. State Capitol Historic Site Payments – DELETED

Requires the Department of Treasury to ensure that the State Capitol Historic Site receives any amounts remaining in the Restoration, Renewal, and Maintenance line item. States that in the event that the Detroit CPI results in decreased statutory payments to the State Capitol Historic Fund, the Department of Treasury shall not take punitive measures or decrease payments to the fund and shall ensure full payment from the amounts available in the Restoration, Renewal, and Maintenance line item. Executive and House delete.

Sec. 944. Pension Plan Consultant Report – REVISED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request. Executive deletes. House revises to include a notification when a pension plan consultant was used and a rationale for the retention of a pension plan consultant.

Sec. 945. Audit of Minimal Assessing Requirements – REVISED

Requires the appraisal quality assurance project manager to conduct an Audit of Minimal Assessing Requirements in at least one assessment jurisdiction per county. Executive revises to require a review of local unit assessment administration practices, procedures, and records in each assessment district a minimum of once every five years. House concurs.

Sec. 949. Fraud Prevention Appropriation – REVISED

Specifies that the Department of Treasury may contract with private agencies from the funds appropriated in part 1 to prevent the disbursement of fraudulent tax returns. Appropriates a total amount not to exceed \$1.6 million from the fund or account to which the revenues being collected are recorded or dedicated to pay contract costs or fund operations designed to reduce fraudulent income tax refund payments. Requires report. House revises fraud prevention appropriation down to \$1.2 million to align with actual reported expenditures.

Sec. 949a. City Income Tax Expansion – NEW

Requires funds appropriated for the city income tax administration to be used for expansion of individual income tax returns to one additional city. Executive includes as new Section 949i. House includes as new Section 949a.

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

Allocates \$500,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2015-16 revenues and expenditures, proposed FY 2016-17 grant expenditures, and a final report on FY 2016-17 grant expenditures. Executive deletes due to removal of funds. House retains.

Sec. 949h. Medical Marihuana Facilities Licensing Act – NEW

Provides that revenue from the Medical Marihuana Facilities Licensing Act is appropriated and shall be distributed in accordance with the provisions of the act. Executive and House include as new section.

Sec. 949j. Wrongful Imprisonment Compensation Fund – NEW

Provides that all funds in the Wrongful Imprisonment Compensation Fund are appropriated and available for expenditure for support of wrongful imprisonment compensation payments pursuant to provisions of the act. Executive and House include as new section.

REVENUE SHARING

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

Specifies distribution of \$248.8 million to all CVTs with a population of 7,500 or more by providing an eligible payment equal to 100% of the FY 2015-16 payment to all CVTs that were eligible for a payment in FY 2015-16. In order to qualify for its eligible payment, a CVT is required to comply with the items listed under accountability and transparency. To qualify for county incentive payment, counties are required to comply with the items listed under accountability and transparency. Any unexpended funds are directed to be deposited in the Financial Distressed CVTs program in Sec. 956. Executive revises to allow include new language allowing an entity that does not comply with the accountability and transparency by December 1 to comply by April 1 and still receive full payments. Payments that were ultimately qualified for after December 1 would be deferred and paid in the August revenue sharing payment. Executive also allows CVTs to use Treasury's online Citizen's Guide to satisfy reporting requirement. House retains current law, including due dates, but revises to allow use of Treasury's online Citizen's Guide to fulfill Citizen's Guide reporting requirement.

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

Specifies distribution of \$5.0 million as grants to CVTs that have one or more conditions of probably 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. House revises to require funds to be used exclusively to reduce unfunded liabilities, repair/replace critical infrastructure/equipment, reduce debt obligations, or for costs associated with a transition to shared services with another jurisdiction.

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

Specifies distribution of \$12.4 million GF/GP appropriated in part 1 to support supplemental revenue sharing payments. Payments would be provided to CVTs on a per capita basis equal to \$1.62396 per person. House includes as new section.

Major Boilerplate Changes From FY 2016-17

LOTTERY

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

Requires Lottery to notify lottery retailers that DHHS bridge cards are not to be used to purchase lottery tickets. Executive deletes. House retains.

CASINO GAMING

Sec. 978. Racing Commission Regulatory Changes – REVISED

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

Sec. 979. Millionaire Party Regulation – REVISED

Appropriates amount not to exceed \$4.0 million to the Michigan Gaming Control Board from the State Lottery Fund to support regulation and licensing of millionaire parties pursuant to Executive Order 2012-4; requires report. House revises amount available for expenditure to \$3.0 million to align with actual reported expenditures.

FY 2017-18: DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT



Summary: As Reported by the House Subcommittee House Bill 4232 (H-1) Draft 2

Analyst: Ben Gielczyk

	FY 2016-17 YTD as of 2/8/17	FY 2017-18 Executive	FY 2017-18 House	FY 2017-18 Senate	FY 2017-18 Enacted	Difference: House From FY 2016-17 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	768,144,800	762,144,800	762,144,800			(6,000,000)	(0.8)
Local	500,000	500,000	500,000			0	0.0
Private	5,619,000	5,620,900	5,620,900			1,900	0.0
Restricted	192,341,600	181,556,700	206,363,400			14,021,800	7.3
GF/GP	182,508,900	193,502,400	131,002,400			(51,506,500)	(28.2)
Gross	\$1,149,114,300	\$1,143,324,800	\$1,105,631,500			(\$43,482,800)	(3.8)
FTEs	1,615.0	1,615.0	1,615.0			0.0	0.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Business Attraction and Community Revitalization

Executive includes \$10.0 million GF/GP in one-time appropriations for Michigan Business Development Program grants and loans and Community Revitalization Program grants and loans. Shifts \$14.0 million GF/GP that was considered one-time in FY 2016-17 to ongoing appropriations. House reduces by \$15.5 million for a total of \$100.0 million Gross (\$67.2 million GF/GP). Of that amount, \$10.8 million GF/GP is considered one-time appropriations.

	FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
Gross	\$115,499,900	(\$15,499,900)
Restricted	21,600,000	11,693,300
GF/GP	\$93,899,900	(\$27,193,200)

2. Going Pro (Formerly Skilled Trades Training Program)

Executive provides \$10.0 million GF/GP in one-time appropriations to expand Going Pro program. Program funding supports grants to employers to assist in training, developing, and retaining current employees and individuals to be hired. House concurs with Executive appropriation of \$40.9 million. However, House funds entire appropriation with Contingent Fund, Penalty and Interest to realize GF/GP savings.

Gross	\$30,900,000	\$10,000,000
Restricted	25,600,000	15,300,000
GF/GP	\$5,300,000	(\$5,300,000)

3. Talent Marketing

Executive includes \$5.0 million GF/GP in one-time appropriations for a marketing program to attract individuals to live and work in Michigan. House does not include.

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

4. Project Rising Tide

Executive includes \$2.0 million GF/GP in one-time appropriations for Project Rising Tide. The funds would support program expansion beyond the initial 10 communities. Project Rising Tide provides technical assistance to communities regarding planning, zoning, and economic development to attract new business and help existing businesses. Current year funding comes from MSHDA and MEDC Corporate revenues. House does not include.

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

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 House Change
5. Arts and Cultural Grants	Gross	\$10,150,000	\$0
<u>Executive</u> increases Arts and Cultural Grants by \$1.0 million GF/GP in one-time appropriations. Funding would provide additional grant opportunities to local arts and cultural organizations. Removes boilerplate appropriation prohibiting administration as an authorized use of funds. House does not include. <u>House</u> maintains current-year funding, but includes boilerplate prohibition on use of funds for administration.	Federal	1,050,000	0
	Private	100,000	0
	GF/GP	\$9,000,000	\$0
6. Protect and Grow	Gross	\$3,000,000	(\$2,000,000)
<u>Executive</u> includes \$1.0 million GF/GP in one-time appropriations for Protect and Grow. The program focuses on retaining and growing the defense industry strategic investments in Michigan. The FY 2016-17 budget act included \$3.0 million GF/GP in one-time appropriations to support this program. <u>House</u> concurs.	GF/GP	\$3,000,000	(\$2,000,000)
7. Entrepreneurship Eco-System	Gross	\$19,400,000	(\$2,693,300)
<u>House</u> reduces funding by \$2.7 million in 21 st Century Jobs Trust Fund. Shifts funding to Business Attraction and Community Revitalization to realize GF/GP savings.	Restricted	19,400,000	(2,693,300)
	GF/GP	\$0	\$0
8. Pure Michigan	Gross	\$34,000,000	\$0
<u>House</u> maintains FY 2016-17 funding levels for Pure Michigan	Restricted	34,000,000	0
	GF/GP	\$0	\$0
9. Job Creation Services	Gross	\$22,198,400	(\$1,500,000)
<u>House</u> reduces line item by \$1.5 million GF/GP.	Federal	2,773,300	0
	Private	250,000	0
	Restricted	4,961,300	0
	GF/GP	\$14,213,800	(\$1,500,000)
10. Community Ventures	Gross	\$9,800,000	\$0
<u>House</u> replaces entire \$9.8 million in GF/GP appropriation for Community Ventures with Contingent Fund, Penalty and Interest to realize GF/GP savings.	Restricted	0	9,800,000
	GF/GP	\$9,800,000	(\$9,800,000)
11. TANF Funding	Gross	\$64,898,800	(\$1,200,000)
<u>Executive</u> removes \$1.2 million TANF authorization for workforce development programs. <u>House</u> concurs.	Federal	64,898,800	(1,200,000)
	GF/GP	\$0	\$0
12. Michigan State Housing Development Authority Revenue Adjustments	FTE	316.0	0.0
<u>Executive</u> reduces MSHDA restricted funds by \$7.1 million to align fund source with actual revenues. Downward adjustment does not affect programming. <u>House</u> concurs.	Gross	\$54,833,700	(\$7,111,500)
	Restricted	54,833,700	(7,111,500)
	GF/GP	\$0	\$0
13. Removal of Other One-Time Appropriations	Gross	\$23,898,600	(\$23,898,600)
<u>Executive</u> removes \$21.8 million Gross (\$12.0 million GF/GP) in FY 2016-17 one-time appropriations. Appropriations include Special Grants (\$12.0 million), Statewide Data System Integration (\$8.8 million Gross), Kalamazoo Valley Community College – Healthy Living Campus (\$2.0 million GF/GP), Grant to St. Louis Center (\$120,000 GF/GP), and Sustainable Employment Pilot Program (\$1.0 million GF/GP). <u>House</u> concurs.	Federal	4,800,000	(4,800,000)
	Restricted	3,978,500	(3,978,500)
	GF/GP	\$15,120,100	(\$15,120,100)
14. Economics Adjustments	Gross	NA	\$420,500
<u>Executive</u> includes funding to support increased costs of \$420,500 Gross (\$113,500 GF/GP) for negotiated salary and wage increases (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments. <u>House</u> concurs with Gross amount, but replaces \$6,700 GF/GP associated with Community Ventures economics with restricted Contingent Fund, Penalty and Interest to realize GF/GP savings in that line item.	Federal	NA	0
	Private	NA	1,900
	Restricted	NA	311,800
	GF/GP	NA	\$106,800

Major Boilerplate Changes From FY 2016-17

NOTE: In general, House includes additional reporting requirements where appropriate in an effort to support transparency and facilitate information sharing.

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

Requires Michigan State Housing Development Authority (MSHDA) to annually present a report on the status of the authority's housing production goals under all financing programs. Executive deletes. House retains.

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. Requires performance metrics report on the Michigan Business Development Program and the Community Revitalization program. Authorizes requirements to be met if the report under Section 9 of the MSF Act is provided by March 15. Executive deletes. House revises to strike language saying reporting requirements are met if report under Section 9 of the MSF Act is provided by March 15.

Sec. 1010. Jobs for Michigan Investment Fund Report – RETAINED

Requires report on revenues and expenditures, including year-end balance of the Jobs for Michigan Investment Fund. Executive deletes. House retains.

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

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

Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Grants – REVISED

Requires MCACA to administer an arts and cultural grant program that maintains an equitable geographic distribution of funding and utilizes past arts and cultural grant programs as a guideline; requires MCACA to publish application criteria; authorizes MCACA to charge a non-refundable application fee to be used for expenses necessary to administer the programs; requires a report to the legislature. Executive revises by striking subsection prohibiting funds appropriated for expenses necessary to administer the program. House retains subsection prohibiting funds appropriated for expenses necessary to administer the program. Includes new reporting required regarding number of applications and total dollar amount of grants requested.

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

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1. Executive deletes. House revises to prohibit more than 50% of the funds appropriated from being requested.

Sec. 1044. Prohibition on Awarding or Transferring Tax Credits – NEW

Prohibits the MSF and MEDC from awarding or transferring existing tax credits to the owner of an existing facility in Dearborn prior to legislative approval. House includes as new section.

Sec. 1046. Special Grants Award Listing – DELETED

Specifies distribution of funds appropriated in part 1 for 21 Special Grants: Covenant Care (\$275,000); Grandmont Rosedale Development Corporation (\$50,000); Kennedy High School (Taylor) - Greenhouse Renovation (\$30,000); Heritage Park (Taylor) Repairs (\$95,000); Redford Union Chrome Books (\$100,000); City of Westland Recreation Complex (\$100,000); City of Wayne Recreation Complex (\$100,000); Southwest Detroit Community Justice Center (\$100,000); Mom's Place Women's Shelter (\$75,000); Maggie Lee's Community Center (\$25,000); Detroit Collaborative Design Center (\$100,000); Charles H. Wright African American Museum (\$500,000); Kent County Youth Fair (\$2,500,000); Lowell Township Park (\$2,500,000); Van Andel Institute (\$1,000,000); Unmanned Aerial Drone Development (\$250,000); Muskegon Farmer's Market Incubator (\$200,000); Kalamazoo Valley Community College – Healthy Living Campus (\$2,000,000); City of Athens Water Tower (\$250,000); City of Albion High Priority Capital Project (\$950,000); Grand Haven State Park Access Redevelopment (\$800,000). Executive and House delete.

Sec. 1050. Business Attraction and Community Revitalization Performance Measures – NEW

Requires department to identify specific performance measures for the Business Attraction and Community Revitalization appropriations; provides two performance measures. Executive includes as new section. House concurs with Executive and adds reporting requirement.

Sec. 1051. Talent Marketing Performance Measures – NOT INCLUDED

Requires department to identify specific performance measures for the Talent Marketing appropriations; provides two performance measures. Executive includes as new section. House does not include.

Sec. 1052. Project Rising Performance Measures – NOT INCLUDED

Requires department to identify specific performance measures for the Project Rising appropriations; provides two performance measures. Executive includes as new section. House does not include.

Sec. 1053. Arts and Cultural Grants Performance Measures – NOT INCLUDED

Requires department to identify specific performance measures for the Arts and Cultural Grants appropriations; provides three performance measures. Executive includes as new section. House does not include.

Major Boilerplate Changes From FY 2016-17

Sec. 1054. Protect and Grow Performance Measures – NEW

Requires department to identify specific performance measures for the Protect and Grow appropriations; provides two performance measures. Executive includes as new section. House concurs with Executive and adds reporting requirement.

Sec. 1061. Workforce Investment Act (WIA) Youth Grant Program – REVISED

Allows Talent Investment Agency (TIA) to provide grants to non-profit organizations that offer programs to WIA-eligible youth focusing on entrepreneurship, work-readiness skills, job shadowing, and financial literacy. Executive revises to include apprenticeship readiness programs. House concurs.

Sec. 1066. Skilled Trades Training Program Administration – REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Allows up to \$5.0 million of funds appropriated for Skilled Trades Training Program to be used for matching funds when federal funds requiring a match become available. The intent of the funds is increasing the skill level of employees in skilled trades in the automotive industry and the manufacturing processes within the changing manufacturing environment. Revises to reference new program name Going Pro. Executive revises to broaden the use of grants to addressing in-demand needs in Michigan rather than for employees of Michigan businesses. Strikes language prohibiting funds from being distributed to program and process-centered training organization employers. House concurs.

Sec. 1069. Career and Professional Development in Culinary Arts – NEW

Requires \$79,000 of the funds appropriated for Going Pro to be awarded to a Michigan 501(c)(3) organization for the purposes of teaching or training restaurant management and culinary arts for career and professional development. House includes as new section.

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

Requires \$1.0 million of the funds appropriated for Going Pro to support a pilot program to assist adults over the age of 23 in obtaining high school diplomas and placement in career training programs. Provides requirements to qualify as an eligible program provider. Provides detailed reimbursement rates for certain performance measures. House includes as new section.

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

Requires \$2.5 million from the funds appropriated for Going Pro to be awarded to an existing dropout prevention and recover program for Michigan youth. House includes as new section.

Sec. 1076. UIA Computer System Report – RETAINED

Requires quarterly reports on the status of the implementation of and improvements to the Unemployment Insurance Agency's (UIA) integrated IT system project. Executive deletes. House retains.

Sec. 1077. UIA Internet Claims Report – RETAINED

Requires the Department of Talent and Economic Development to report quarterly on the percentage of unemployment claimants that meet the certification requirements for receiving benefits by using the Internet Michigan web account manager system or any application developed for that purpose. Requires the department to implement improvements to the web account system that promote greater ease of access and security with a goal of reaching 75% of users certifying by using the system. Executive deletes. House retains.

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

Requires the Department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Statewide Data System Integration line item. Provides nonexclusive list of performance metrics to be used. Executive deletes. House revises to require status report update.

Sec. 1083. Sustainable Employment Pilot Program – REVISED

Requires the Department to develop or contract with another entity to provide a pilot program that focuses on moving individuals off of government assistance programs and measuring the corresponding savings to the state of Michigan. Requires the pilot program to work with local community and workforce development agencies and focus on long-term results. Executive deletes. House revises language to require a status update on the usage of the funds appropriated for the Sustainable Employment Pilot Program. Provides requested reporting metrics.

Sec. 1084. Going Pro Performance Measures – NEW

Requires department to identify specific performance measures for the Going Pro appropriations; provides three performance measures. Executive includes as new section. House concurs and requires report.