

FY 2017-18 GENERAL OMNIBUS BUDGET
Summary: As Reported by House Appropriations Committee
House Bill 4323 (H-1)



Mary Ann Cleary, Director

TOTAL APPROPRIATIONS BY BUDGET AREA

| Budget Area (Bill Page) [Summary Page] | FY 2017-18 | |
|---|-------------------------|------------------------|
| | Gross | GF/GP |
| Agriculture and Rural Development (1) [2] | \$104,528,800 | \$56,182,000 |
| Corrections (33) [7] | 2,007,919,200 | 1,954,133,600 |
| Education (86) [14] | 347,392,700 | 79,118,900 |
| Environmental Quality (116) [19] | 503,500,300 | 43,976,600 |
| General Government (149) [23] | | |
| Attorney General (150) [25] | 101,068,800 | 40,298,600 |
| Civil Rights (154) [27] | 16,099,600 | 12,856,600 |
| Executive Office (156) [28] | 6,848,500 | 6,848,500 |
| Legislature (157) [29] | 153,574,800 | 148,897,100 |
| Legislative Auditor General (159) [31] | 24,286,200 | 16,607,600 |
| State (161) [32] | 248,654,100 | 21,229,000 |
| Technology, Management, and Budget (167) [34] | 1,369,310,000 | 536,522,000 |
| Treasury (173) [40] | 1,874,102,000 | 214,748,500 |
| Talent and Economic Development (182) [45] | 1,102,237,200 | 127,608,100 |
| Subtotal: General Government | 4,896,181,200 | 1,125,616,000 |
| Health and Human Services (334) [49] | 25,171,747,000 | 4,343,714,300 |
| Insurance and Financial Services (500) [61] | 66,741,400 | 150,000 |
| Judiciary (511) [63] | 299,373,700 | 191,905,100 |
| Licensing and Regulatory Affairs (530) [67] | 440,465,000 | 44,016,600 |
| Military and Veterans Affairs (570) [72] | 179,004,400 | 62,067,500 |
| Natural Resources (603) [76] | 401,311,000 | 48,984,000 |
| State Police (634) [80] | 692,589,100 | 437,268,000 |
| Transportation (665) [85] | 4,347,443,000 | 0 |
| TOTAL | \$39,458,196,800 | \$8,387,132,600 |

Note: Appropriation figures include all proposed appropriation amounts, including amounts designated as one-time.

FY 2017-18: DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT



Summary: As Reported by House Appropriations Committee Article I, House Bill 4323 (H-1)

Analyst: William E. Hamilton

| | 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 | \$323,200 | \$310,300 | \$310,300 | | | (\$12,900) | (4.0) |
| Federal | 10,471,200 | 11,273,900 | 11,273,900 | | | 802,700 | 7.7 |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 130,700 | 101,600 | 101,600 | | | (29,100) | (22.3) |
| Restricted | 35,054,900 | 36,661,000 | 36,661,000 | | | 1,606,100 | 4.6 |
| GF/GP | 49,926,900 | 56,582,000 | 56,182,000 | | | 6,255,100 | 12.5 |
| Gross | \$95,906,900 | \$104,928,800 | \$104,528,800 | | | \$8,621,900 | 9.0 |
| FTEs | 482.0 | 499.5 | 497.5 | | | 15.5 | 3.2 |

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 Department of Agriculture and Rural Development's (MDARD) key programs and priorities include ensuring food safety and security, protecting animal health and welfare, managing invasive exotic species, regulating pesticide use, certifying agricultural commodities, ensuring environmental stewardship, protecting consumers, and promoting the state's agricultural economy.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Emergency Management

Executive increases GF/GP support by \$359,700 and includes 1.0 additional FTE position for program that coordinates preparation for and response to emergencies that affect the state's food and agriculture industries.

House concurs with Executive.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | 3.0 | 1.0 |
| Gross | \$614,600 | \$359,700 |
| Federal | 331,900 | 0 |
| GF/GP | \$282,700 | \$359,700 |

2. Operational Services/Central Licensing

Executive increases GF/GP support by \$107,700 and includes 1.0 additional FTE position for MDARD's *Operations services* and *Central licensing* divisions. The total for this line would be \$2.0 million (\$1.2 million GF/GP).

House concurs with Executive funding proposal. House also agrees with department request to restructure budget to recognize a department reorganization: the current line item is eliminated; \$1.2 million (\$422,300 GF/GP) is used in a new Central Licensing/Call Center line item in the Laboratory Program appropriation unit; \$780,000 GF/GP is reallocated to Executive direction.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | 19.0 | 1.0 |
| Gross | \$1,882,700 | \$107,700 |
| Restricted | 792,600 | 0 |
| GF/GP | \$1,090,100 | \$107,700 |

3. Statistical Reporting Service

Executive increases GF/GP support by \$80,000 to offset decline in private revenue support. House concurs with Executive funding proposal; agrees with department request to move this line item to Agriculture Development appropriation unit to recognize a department reorganization.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | 1.0 | 0.0 |
| Gross | \$153,600 | \$50,700 |
| Private | 79,100 | (29,300) |
| GF/GP | \$74,500 | \$80,000 |

4. Food and Dairy – Food Safety Quality Assurance

Executive increases GF/GP support by \$671,300 and includes 1.0 additional FTE position to assist producers in implementing federal Food Safety Modernization Act (FSMA) requirements. [Additional funding related to FSMA program is also in PPPM.] House concurs with Executive.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | 93.0 | 1.0 |
| Gross | \$14,006,400 | \$671,300 |
| Federal | 1,274,100 | 0 |
| Restricted | 4,690,600 | 0 |
| GF/GP | \$8,041,700 | \$671,300 |

| 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. Food and Dairy – Milk Safety Quality Assurance | | |
| <u>Executive</u> increases GF/GP support by \$166,600 and includes 1.0 additional FTE position to reflect additional workload as a result of changes in federal re-inspection requirements to ensure compliance with the Pasteurized Milk Ordinance. <u>House</u> concurs with Executive. | FTE 30.0 Gross \$4,260,100 Federal 56,000 Restricted 219,300 GF/GP \$3,984,800 | 1.0 \$166,600 0 0 \$166,600 |
| 6. Animal Industry – Animal Health and Disease Response | | |
| <u>Executive</u> increases GF/GP support by \$164,700 and includes 1.0 additional FTE position. <u>House</u> concurs with Executive. | FTE 60.0 Gross \$9,054,500 Federal 625,300 Private 30,500 Restricted 252,600 GF/GP \$8,146,100 | 1.0 \$164,700 0 0 0 \$164,700 |
| 7. Animal Agriculture Initiative | | |
| This line, which was new in the FY 2016-17 budget, supports the Michigan Alliance for Animal Agriculture, a consortium of animal industry organizations, the Michigan Farm Bureau, Michigan State University AgBioResearch, and MDARD. Funding is to be used for applied research and Extension projects related to animal agriculture. | Gross \$899,000 GF/GP \$899,000 | (\$500,000) (\$500,000) |
| <u>Executive</u> eliminates \$500,000 in one-time funding but retains \$399,000 shown as ongoing. <u>House</u> concurs with Executive. | | |
| 8. Bovine Tuberculosis (TB) – Wildlife Risk Mitigation | | |
| <u>Executive</u> includes \$1.0 million GF/GP, identified as one-time, for a cost share program with local conservation districts to assist livestock producers in identifying and implementing practices to reduce the spread of Bovine TB. <u>House</u> includes \$500,000 GF/GP, \$500,000 less than the Executive; includes related boilerplate, Section 461. | Gross \$0 GF/GP \$0 | \$500,000 \$500,000 |
| 9. Pesticide and Plant Pest Management (PPPM) | | |
| <u>Executive</u> provides additional GF/GP and restricted Commodity inspection fee support, and includes 2.0 additional FTE positions, to assist producers in implementing FSMA requirements. <u>House</u> concurs with Executive. | FTE 92.0 Gross \$13,672,000 Federal 1,803,600 Private 21,100 Restricted 6,224,500 GF/GP \$5,622,800 | 2.0 \$284,400 0 0 142,200 \$142,200 |
| 10. Environmental Stewardship/MAEAP | | |
| <u>Executive</u> reduces GF/GP support by \$259,000 but recognizes 2.0 additional FTE positions; retains \$1.5 million in restricted Freshwater Protection fund revenue that was added to current year budget in supplemental appropriation act, Public Act 340 of 2016. <u>House</u> concurs with Executive. | FTE 23.0 Gross \$10,646,800 Federal 1,651,900 Restricted 7,679,800 GF/GP \$1,315,100 | 2.0 (\$259,000) 0 0 (\$259,000) |
| 11. Farmland and Open Space Preservation | | |
| This program, commonly referred to as the PA 116 program, provides tax credits to qualified farmers and landowners who agree to restrictions on development rights | FTE 10.0 Gross \$1,727,700 Restricted 1,400,000 GF/GP \$327,700 | 0.0 (\$120,000) 0 (\$120,000) |
| <u>Executive</u> reduces GF/GP support by \$120,000 but retains 3.0 FTE positions and \$305,600 from Agriculture Preservation Fund added to the current year budget in supplemental appropriation act, Public Act 340 of 2016. <u>House</u> concurs with Executive. | | |
| 12. Intercounty Drain | | |
| <u>Executive</u> increases GF/GP support by \$315,100 and includes 2.0 additional FTE positions for ongoing intercounty drain program. <u>House</u> includes 1.0 additional FTE and increases support by \$185,100 GF/GP – \$130,000 less than Executive. | FTE 4.0 Gross \$484,400 GF/GP \$484,400 | 1.0 \$185,100 \$185,100 |
| 13. Intercounty Drain Mapping Project (One-Time) | | |
| <u>Executive</u> provides \$250,000 GF/GP to help establish state standard drainage infrastructure mapping tool. <u>House</u> concurs with Executive. | Gross \$0 GF/GP \$0 | \$250,000 \$250,000 |

| 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. Qualified Forest Program | FTE | 9.0 | 0.0 |
| <u>Executive</u> increases gross appropriation by \$100,000; a \$90,000 reduction in GF/GP support is offset by recognition of \$190,000 in additional revenue from the Private Forestland Enhancement Fund. | Gross | \$2,582,700 | (\$246,100) |
| <u>House</u> reduces GF/GP support by \$436,100 – the House bill is \$346,100 GF/GP less than Executive. | Restricted | 288,200 | 190,000 |
| | GF/GP | \$2,294,500 | (\$436,100) |
| 15. Right to Farm | FTE | 3.0 | 2.5 |
| Increases GF/GP support by \$384,000 and includes 3.5 additional FTE positions in anticipation of increased workload related to siting of new or expanded livestock operations; reduces Interdepartmental grant revenue to better align with anticipated revenue. | Gross | \$577,600 | \$239,000 |
| <u>House</u> increases GF/GP support by \$254,000; authorizes 2.5 additional FTE positions; the House bill is \$130,000 GF/GP less than Executive. | IDG | 103,100 | (15,000) |
| | GF/GP | \$474,500 | \$254,000 |
| 16. Agriculture Development | FTE | 11.0 | 1.0 |
| <u>Executive</u> increases GF/GP support by \$408,500 and adds 1.0 additional FTE position. See related boilerplate, Section 706. | Gross | \$3,604,300 | \$408,500 |
| <u>House</u> concurs with Executive. | Federal | 2,316,000 | 0 |
| | Restricted | 87,200 | 0 |
| | GF/GP | \$1,201,100 | \$408,500 |
| 17. Grape and Wine Council | FTE | 3.0 | 0.0 |
| The FY 2016-17 budget had included \$921,000 in ongoing restricted funding and \$170,000 GF/GP shown as one-time. <u>Executive</u> budget eliminates one-time GF/GP funding. <u>House</u> concurs with Executive. | Gross | \$1,091,000 | (\$170,000) |
| | Restricted | 921,000 | 0 |
| | GF/GP | \$170,000 | (\$170,000) |
| 18. Value-Added Grants/Food and Agriculture Investment Program | Gross | \$1,500,000 | \$1,000,000 |
| The FY 2016-17 budget had included \$1.5 million GF/GP for a competitive value-added grant program – \$500,000 as ongoing and \$1.0 million shown as one-time. <u>Executive</u> budget would provide \$2.7 million GF/GP for similar grant program, renamed the Food and Agriculture Investment Program. The program would be defined and governed by boilerplate, Section 711. | GF/GP | \$1,500,000 | \$1,000,000 |
| <u>House</u> includes \$2.5 million GF/GP, \$243,900 less than Executive. | | | |
| 19. Rural Development Fund Grant Program | FTE | 1.0 | 0.0 |
| <u>Executive</u> retains grant program that was new in the FY 2016-17 budget; supported with restricted revenue from a non-ferrous metals extraction tax established in Public Act 410 of 2012. <u>House</u> concurs with Executive. | Gross | \$2,000,000 | \$0 |
| | Restricted | 2,000,000 | 0 |
| | GF/GP | \$0 | \$0 |
| 20a. County Fairs, Shows, Expositions Grants | Gross | \$470,000 | (\$170,100) |
| <u>Executive</u> recommends \$300,500 GF/GP, a reduction of \$170,000 for program that provides matching capital grants to eligible county fairs, shows, and expositions. <u>House</u> makes an additional \$100 GF/GP reduction as compared to the Executive in order to establish a separate Festivals and events line item. | GF/GP | \$470,000 | (\$170,100) |
| 20b. Festivals and Events – NEW | Gross | \$0 | \$100 |
| <u>House</u> includes \$100 placeholder for new line item. | GF/GP | \$0 | \$100 |
| 21. Tree Fruit Research/Commission | Gross | \$500,000 | \$750,000 |
| The FY 2016-17 budget includes \$500,000 GF/GP, identified as one-time, for tree fruit research grants. <u>Executive</u> budget would provide \$1.5 million in one-time funding to the Michigan Tree Fruit Commission for capital improvements to Michigan State University tree fruit research facilities. | GF/GP | \$500,000 | \$750,000 |
| <u>House</u> provides \$1.25 million, \$250,000 less than Executive. | | | |
| 22. Vital Agriculture Infrastructure Grant (One-Time) | Gross | \$220,000 | (\$220,000) |
| <u>Executive</u> eliminates one-time earmark for local capital construction project. | GF/GP | \$220,000 | (\$220,000) |
| <u>House</u> concurs with Executive. | | | |
| 23. Double-Up Food Bucks (One-Time) | Gross | \$0 | \$1,430,100 |
| <u>Executive</u> includes one-time support for new program of which \$750,000 is identified for expansion of "Double-up Food Bucks" nutrition incentive program; \$680,100 is specific to the Flint Drinking Water Declaration of Emergency. [Executive also includes funding in a proposed FY 2016-17 supplemental.] <u>House</u> concurs with Executive. | Restricted | 0 | 100 |
| | GF/GP | \$0 | \$1,430,000 |

| <u>Major Budget Changes From FY 2016-17 YTD Appropriations</u> | | <u>FY 2016-17 Year-to-Date (as of 2/8/17)</u> | <u>FY 2017-18 House Change</u> |
|--|--------------|---|--|
| 24. MSU Mobile Fruit and Vegetable Processing Units (One-Time) | Gross | \$0 | \$1,200,000 |
| <u>House</u> includes one-time funding for purchase of mobile fruit and vegetable processing units to be used by MSU, in coordination with participating community colleges, to help train students in food processing industry. | GF/GP | \$0 | \$1,200,000 |
| 25. Technical and Revenue Adjustments | Gross | NA | \$1,863,000 |
| <u>Executive</u> and <u>House</u> include various technical and revenue adjustments so that appropriated revenue better reflects anticipated revenue sources. | Federal | NA | 775,000 |
| | Restricted | NA | 1,101,400 |
| | GF/GP | NA | (\$13,400) |
| 26. Economics | Gross | NA | \$676,200 |
| <u>Executive</u> and <u>House</u> reflect increased costs of \$676,200 Gross (\$473,800 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. | IDG | NA | 2,100 |
| | Federal | NA | 27,700 |
| | Private | NA | 200 |
| | Restricted | NA | 172,400 |
| | GF/GP | NA | \$473,800 |

Major Boilerplate Changes From FY 2016-17

Sec. 234. Record Retention – RETAINED

Requires department to retain reports funded from Part 1 appropriations; record retention guidelines.

Executive deletes. House retains.

Sec. 403. FSMA Program – RETAINED

Section indicates legislative intent that the department established FSMA education and training program; authorizes use of federal funds in addition to those appropriated in Part 1.

Executive deletes. House retains.

Sec. 451. Bovine TB Whole-Herd Testing – RETAINED

Requires department to pay for the costs of whole-herd testing and individual animal testing in the Modified Accredited Zone, including indemnity and compensation for animal injury.

Executive deletes. House retains.

Sec. 453. Indemnification/Depredation Payments – REVISED

Requires specific appropriation for indemnification payments that exceed \$100,000; provides reporting requirements.

Executive revises; House revises; eliminates requirement that persons to whom indemnification is paid be identified in report; allows depredation report as part of annual Animal Industry Division report.

Sec. 457. Bovine TB Quarterly Report – RETAINED

Section establishes specific Bovine TB reporting requirement.

Executive deletes. House retains.

Sec. 459. Bovine TB Testing, Legislative Intent – RETAINED

Section indicated legislative intent that department not conduct whole-herd testing of any one herd in a TB-free zone more often than once every four years, except under specific conditions.

Executive deletes. House retains.

Sec. 461. Bovine TB Risk Mitigation – NEW

House includes new section describing Bovine TB risk mitigation program; establishes earmark for apiary protection program.

Sec. 652. Laboratory Program Turnaround Times – DELETED

Section had established laboratory turnaround time metrics.

Executive deletes. House concurs.

Sec. 701. Value Added Grant Program – DELETED

Current language defined program which is not included in the Governor's proposed budget.

Executive deletes. House concurs. [See Sec. 711 for similar language related to the Food and Agriculture Investment Program.]

Sec. 702. Rural Development Fund/Program – RETAINED

Section directs department to work with Rural Development Fund Board.

Executive deletes. House retains; corrects statutory reference.

Sec. 706. Agriculture Development Report – REVISED

Executive includes new metrics on increased trade show and export business visit attendance.

House concurs with Executive.

Major Boilerplate Changes From FY 2016-17

Sec. 709. Grape and Wine Industry Council Report – RETAINED

Executive deletes a current reporting requirement. House retains.

Sec. 711. Food and Agriculture Investment Program – NEW

Executive includes new language which directs department to establish new competitive grant program intended to expand Michigan's food and agriculture sector, grow Michigan exports, and increase food processing activities; establishes grant criteria and reporting requirements. House concurs with Executive with the exception of additional language directing use of grant funds to "promote the development of value-added agricultural production, food hubs, food incubators, community-based processing facilities, and/or expansion of farm markets, urban agriculture." House also adds additional reporting requirement.

Sec. 801. Ag Equine Industry Development Fund – RETAINED

Requires that all appropriations in part 1 from the AEIDF be spent for equine-related purposes.

Executive deletes. House retains.

Sec. 804. Michigan Gaming Control Board – RETAINED

Requires MGCB to use actual expenditure data in determining regulatory costs.

Executive deletes. House retains.

Sec. 805. County Fair Capital Grant Program – REVISED

Provides for matching program for county fair capital grants appropriated in part 1.

Executive modifies; deletes special project earmarks. House concurs.

Sec. 901. Double-Up Food Bucks/Flint Drinking Water Emergency – NEW

Executive includes new section which identifies eligible uses of one-time Double-up Food Bucks program funds specific to the Flint Drinking Water Declaration of Emergency. House concurs.

FY 2017-18: DEPARTMENT OF CORRECTIONS
Summary: As Reported by House Appropriations Committee
Article V, House Bill 4323 (H-1)



Analyst: Robin R. Risko

| 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 | 5,523,700 | 5,293,800 | 5,293,800 | | | (229,900) | (4.2) |
| Local | 8,692,800 | 8,842,400 | 8,842,400 | | | 149,600 | 1.7 |
| Private | 0 | 0 | 0 | | | 0 | -- |
| Restricted | 36,554,600 | 36,149,400 | 39,649,400 | | | 3,094,800 | 8.5 |
| GF/GP | 1,951,957,900 | 1,964,133,600 | 1,954,133,600 | | | 2,175,700 | 0.1 |
| Gross | \$2,002,729,000 | \$2,014,419,200 | \$2,007,919,200 | | | \$5,190,200 | 0.3 |
| FTEs | 13,819.9 | 13,819.9 | 13,819.9 | | | 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 Michigan Department of Corrections (MDOC) is responsible for the operation and maintenance of the state's 31 correctional facilities that house felony offenders sentenced to prison. This includes the provision of physical and mental health care, education, food service, transportation, and reintegration programs. The department is also responsible for the supervision of all parolees and probationers under department jurisdiction and has oversight over community corrections programs and other programs designed to encourage alternatives to prison placement for appropriate offenders. As of March 1, 2017, the department was responsible for 101,902 Michigan offenders: 40,938 prisoners, 44,875 probationers, and 16,089 parolees.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. One-Time Funding for Training New Custody Staff

Executive includes one-time funding to train 177 corrections officers to meet projected attrition needs. Funding supports salary and payroll costs of new officers while they participate in training, as well as costs for uniforms, training materials, certifications, food, travel, and lodging. (Travel and lodging is paid during training if participants live away from the facilities to which they are assigned.) With the additional funding added to the FY 2016-17 base of \$9.2 million, the department will be able to train roughly 550 new officers in FY 2017-18. House concurs.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | \$9,216,500 | \$4,359,000 |
| GF/GP | \$9,216,500 | \$4,359,000 |

2. Trinity Food Service Contract Adjustment

Executive includes funding to cover the required contract rate adjustment and an increase in the projected cost of food service utilizing a census-based billing model with prices per meal based on prisoner population levels. The contract requires that payment rates be adjusted annually by the greater of 1% or the change in the Consumer Price Index - All Urban Consumers, U.S. City Average for Food Away from Home. That CPI has averaged a 2.6% increase over the last 10 years. The amount of additional funding assumes the same increase in FY 2017-18. House concurs.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$54,455,900 | \$4,036,000 |
| GF/GP | \$54,455,900 | \$4,036,000 |

3. Corizon Health Care Contract Adjustment

Executive includes funding to cover required inflationary adjustments. The health care contract requires an annual increase in the base per prisoner per month cost for physical and mental health care services, including pharmaceuticals. House concurs.

| | | |
|--------------|----------------------|--------------------|
| Gross | \$122,945,400 | \$3,511,900 |
| GF/GP | \$122,945,400 | \$3,511,900 |

| 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 |
|--|-------------------------------------|---|--|
| 4. Increased Oncology Costs | | | |
| <u>Executive</u> includes funding to cover increased cancer treatment-related costs (e.g. costs for chemo/radiation, surgeries, observation, and office visits). The number of inmates treated for cancer increased by 48% from FY 2015 to FY 2016. The higher number of inmates requiring cancer treatment services is expected to continue. <u>House</u> concurs. | Gross GF/GP | NA NA | \$2,328,300 \$2,328,300 |
| 5. Westside Residential Alternative to Prison Program | | | |
| <u>Executive</u> includes funding to expand the current Wayne Residential Alternative to Prison Program to thirteen counties on the west side of the state. The program provides new and additional sentencing options for probation violators who may otherwise be sentenced to prison, including vocational, educational, and cognitive programming in a secure, highly structured setting. Funding will be utilized to lease a housing unit at a jail on the west side of the state, and to pay for contracted vocational, cognitive, and substance abuse services. <u>House</u> concurs. | Gross GF/GP | NA NA | \$1,500,000 \$1,500,000 |
| 6. Removal of One-Time Funding | | | |
| <u>Executive</u> eliminates one-time funding that was included in the FY 2016-17 budget. One-time funding was appropriated for training new custody staff (\$8.5 million), ballistic vests (\$481,300), and the Supervising Region Incentive Program (\$481,300). <u>House</u> concurs. | Gross Restricted GF/GP | \$9,468,700 481,300 \$8,987,400 | (\$9,468,700) (481,300) (\$8,987,400) |
| 7. Hepatitis C Funding Adjustment | | | |
| <u>Executive</u> reflects a savings of \$3.2 million GF/GP to align FY 2017-18 base funding for Hepatitis C treatment with anticipated caseload needs. The Executive budget recommendation includes a supplemental request for \$13.9 million in the FY 2016-17 budget to address treatment needs of prisoners that have Hepatitis C with metavir scores of F2. Currently, the department is treating prisoners with metavir scores of F3 and F4. If the supplemental request is granted and the department is appropriated \$13.9 million in the FY 2016-17 budget, the FY 2017-18 base funding level should be reduced to reflect the amount of funding needed in FY 2017-18 for the projected number of prisoners still requiring treatment. <u>House</u> concurs with Executive on reduction of \$3.2 million GF/GP and reduces funding by an additional \$5.0 million GF/GP based on lower than anticipated costs for treatment drugs. | Gross GF/GP | \$14,935,000 \$14,935,000 | (\$8,199,500) (\$8,199,500) |
| 8. Program Eliminations | | | |
| <u>Executive</u> eliminates the following programs from the budget: | Gross GF/GP | \$4,018,600 \$4,018,600 | (\$2,518,600) (\$2,518,600) |
| <ul style="list-style-type: none"> Goodwill Flip the Script (\$1.5 million) - Funding was first included in the FY 2014-15 budget for Goodwill Industries of Greater Detroit in Wayne County to provide education, job training, and mentoring to troubled 16-39 year-olds, who have entered into the criminal justice system for the first or second time, in an effort to keep them out of prison. <u>House</u> retains the program and current year funding. Supervising Region Incentive Program (\$2.5 million) - Funding was first included in the FY 2016-17 budget and was authorized to be expended in accordance with provisions contained in the Supervising Region Incentive Act, which, to date, has not been enacted. The idea was to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. <u>House</u> concurs. | | | |
| 9. DTMB Rate Adjustments | | | |
| <u>Executive</u> includes funding to cover costs of service rate changes that DTMB will make in FY 2017-18. DTMB will be making statewide changes in the billing methodology for desktop services from a bundled rate per desktop to a rate based on the number of users and devices. This change will result in increased billings to the department. <u>House</u> concurs. | Gross GF/GP | NA NA | \$1,500,000 \$1,500,000 |
| 10. Pugsley Facility Closure | | | |
| <u>Executive</u> eliminates funding that was included in the FY 2016-17 budget to assist with closure costs of the Pugsley Correctional Facility. The facility closed in September 2016. <u>House</u> concurs. | Gross GF/GP | \$800,000 \$800,000 | (\$800,000) (\$800,000) |

| 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 |
|--|--------------|---|--|
| 11. Funding Adjustment for Administrative Hearings Officers | Gross | \$3,407,100 | (\$200,000) |
| <u>Executive</u> reduces funding for the Administrative Hearings Officers line item based on projected caseloads. Due to the declining prison population, the level of services provided to the department by DLARA, through the Michigan Administrative Hearings Services unit, has also declined. <u>House</u> concurs. | GF/GP | \$3,407,100 | (\$200,000) |
| 12. Funding Adjustment for Inmate Legal Services | Gross | \$790,900 | (\$200,000) |
| <u>Executive</u> reduces funding for the Inmate Legal Services line item due to lower contract costs. Pursuant to a 1996 court order, the department contracts out to provide eligible prisoners with legal assistance in matters relating to their criminal conviction and/or conditions of confinement. <u>House</u> concurs. | GF/GP | \$790,900 | (\$200,000) |
| 13. Program and Fund Source Adjustments | Gross | NA | (\$165,400) |
| <u>Executive</u> makes the following program and fund source adjustments: | Federal | NA | (237,100) |
| • Reduces federal education fund source authorization to reflect the amount of federal revenue the department expects to receive (\$237,100) | Local | NA | 69,600 |
| • Increases local community tether reimbursement fund source authorization to reflect increased participation in the program by local entities (\$69,600) | Restricted | NA | (14,300) |
| • Increases the appropriation for DHHS eligibility specialists to cover increased payroll costs charged to MDOC by DHHS (\$16,000) | GF/GP | NA | \$16,400 |
| • Reduces state restricted reentry center offender reimbursement fund source authorization to reflect the amount of revenue the department anticipates collecting (\$14,300) | | | |
| • Increases the appropriation for judicial data warehouse user fees to cover costs charged to MDOC by the Judicial branch for the department's access to the data warehouse (\$600) | | | |
| • Eliminates the \$100 placeholders for the Future Facility and the Cost-Effective Housing Initiative line items (\$200). | | | |
| <u>House</u> concurs with all adjustments made by Executive. | | | |
| 14. Technical Adjustments | Gross | NA | \$0 |
| <u>Executive</u> makes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall Gross or GF/GP impact. Adjustments are made in order to more accurately reflect employee counts and where expenditures occur as a result of reorganizations within the department. <u>House</u> concurs. | GF/GP | NA | \$0 |
| 15. Economic Adjustments | Gross | NA | \$12,507,200 |
| <u>Executive</u> reflects a net increase in costs 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, private rent, and food and utilities. <u>House</u> concurs. | Federal | NA | 7,200 |
| | Local | NA | 80,000 |
| | Restricted | NA | 90,400 |
| | GF/GP | NA | \$12,329,600 |
| 16. Medication-Assisted Treatment Reentry Pilot Program | Gross | \$500,000 | \$500,000 |
| <u>Executive</u> retains current year funding for the Medication-Assisted Treatment Reentry Pilot Program, which provides prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted offenders. Offenders receive one injection prior to being released from custody and are connected with an aftercare plan. <u>House</u> includes additional funding for expansion of the program. | GF/GP | \$500,000 | \$500,000 |
| 17. Public Safety Initiative | Gross | \$4,500,000 | (\$3,500,000) |
| <u>Executive</u> retains current year funding for the Public Safety Initiative. <u>House</u> reduces funding by \$3.5 million GF/GP. | GF/GP | \$4,500,000 | (\$3,500,000) |

| <u>Major Budget Changes From FY 2016-17 YTD Appropriations</u> | <u>FY 2016-17 Year-to-Date (as of 2/8/17)</u> | <u>FY 2017-18 House Change</u> |
|---|---|--|
| 18. Program and Special Equipment Fund Source Adjustment | Gross | NA |
| <u>Executive</u> does not make a recommendation. <u>House</u> reduces GF/GP funding used for prisoner education by \$1.5 million and GF/GP funding used for reentry programs by \$2.0 million and replaces the GF/GP with state restricted Program and Special Equipment Fund (SEF) revenue. SEF revenue is collected from prisoners for telephone services. In the current year budget, authorization for SEF revenue was reduced based on anticipated rate changes made by the Federal Communications Commission. The FCC had ruled that rates charged to prisoners for telephone calling services were going to be reduced and capped at the lower amount. Given that prisoners were going to be paying less for phone services, revenue going into the SEF was expected to be reduced. Providers of telephone services to the prison industry have since filed suit against the FCC and the judge ordered a stay on implementation of the rate changes. As a result, revenue continues to be collected at the higher rate and is accumulating in the fund. Excess revenue is available to cover the reduction in GF/GP. | Restricted | NA |
| | GF/GP | NA |
| | | \$0 |
| | | 3,500,000 |
| | | (\$3,500,000) |

Major Boilerplate Changes From FY 2016-17

Sec. 206. Disciplinary Action Against State Employees and Prisoners – RETAINED

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

Sec. 212. FTE Positions and Long-Term Vacancies – DELETED

Requires MDOC to report quarterly on the number of FTE positions in pay status by civil service classification, to include an accounting of long-term vacancies. Executive deletes. House deletes.

Sec. 214. Receipt and Retention of Required Reports – DELETED

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

Sec. 239. Management-to-Staff Ratio – RETAINED

Expresses legislative intent that MDOC maintain a management-to-staff ratio of 1 supervisor to 8 employees at the central office in Lansing and at northern and southern regional administration offices. Executive deletes. House retains.

Sec. 247. Compilation of Data for Swift and Sure Sanctions Program – NEW

Requires MDOC to assist the State Court Administrative Office with data compilation for the Swift and Sure Sanctions Program. Executive includes new language. House includes new language.

Sec. 405. Substance Abuse Testing and Treatment – DELETED

Requires MDOC to report annually on substance abuse testing and treatment program objectives, outcome measures, and results, including the impact on offender success and programmatic success. Executive deletes. House deletes.

Sec. 411. Community Corrections Comprehensive Plans – RETAINED

Establishes further requirements for community corrections comprehensive plans, such as information on sanctions and services available and utilized, local communities' plans to respond to sentencing guidelines, and strategies to collaborate with state and local alcohol and drug treatment agencies. Executive deletes. House retains.

Sec. 412. Community Corrections Biannual Report – RETAINED

Specifies details to be included in the biannual report required by the Community Corrections Act, 1988 PA 511 (e.g. levels of funding, program utilization levels, profile information of offenders, data on residential services, and offender disposition data). Executive deletes. House retains.

Sec. 417. Reports on Community Programs – RETAINED

Requires MDOC to report annually on program expenditures, program details, and program impacts and results for the County Jail Reimbursement Program, Felony Drunk Driver Jail Reduction and Community Treatment Program, and any new initiatives aimed at controlling prison population growth. Executive deletes. House retains.

Sec. 419.(1) Offender Data Reports – RETAINED

Requires MDOC to provide weekly electronic mail reports on prisoner populations by security level by facility, prison facility capacities, and parolee and probationer populations. Executive deletes. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 425. Medication-Assisted Treatment Reentry Pilot Program – REVISED

Requires MDOC to establish a Medication-Assisted Treatment Reentry Pilot Program to provide prerelease treatment and post-release referral for opioid-addicted and alcohol-addicted offenders; requires MDOC to collaborate with residential and non-residential substance abuse treatment providers and with community-based clinics to provide post-release treatment; authorizes manufacturer to provide MDOC with samples of medication at no cost to department; requires MDOC to provide participating offenders with one injection prior to release from custody and to connect offenders with aftercare plan; requires MDOC to report follow-up information on offenders who receive injections. Executive retains current language. House revises language to specify coordination of direct and indirect services through federally qualified health centers in Wayne, Washtenaw, Genesee, Berrien, Van Buren, and Allegan counties.

Sec. 437. Goodwill Flip the Script – RETAINED

Requires MDOC to contract with a nonprofit entity in a county with greater than 1.5 million people to provide persons aged 16-39 with education, job training, and mentoring in an effort to keep them out of prison; requires the program to target individuals entering the criminal justice system for the first or second time; requires an annual report on program performance measures, number of individuals diverted from incarceration, number of individuals served, and outcomes of participants completing the program. Executive deletes. House retains.

Sec. 505. Mental Health Awareness Training – RETAINED

Requires MDOC to provide training for all custody staff who handle prisoners with mental illness; requires mental health awareness training to be incorporated into the training of new custody staff. Executive deletes. House retains.

Sec. 508. Maintenance and Utility Costs at Facilities – RETAINED

Requires MDOC to report annually on maintenance and utility costs and plans for capital improvement costs for each correctional facility. Executive deletes. House retains.

Sec. 511. Strategic Plan Reporting – RETAINED

Requires MDOC to report annually on strategies to decrease recidivism rates, strategies to increase the rehabilitative function of correctional facilities, metrics to track and ensure prisoner readiness to reenter society, and constructive actions for providing prisoners with life skills development. Executive deletes. House retains.

Sec. 601. Parole and Probation Agent Caseload Audits – RETAINED

Requires caseload audits of field agents to evaluate public protection issues and assess the agents' abilities to complete their professional duties. Executive deletes. House retains.

Sec. 602. Supervising Region Incentive Program – DELETED

Requires funding for the Supervising Region Incentive Program to be used to provide incentives to field operations administration regions that implement supervision practices, procedures, and sanctions directed at parole and probation revocation reduction. Executive deletes. House deletes.

Sec. 611. Annual Program Reports – RETAINED

Specifies content to be included in annual reports by MDOC on community reentry, electronic monitoring, and special alternative incarceration programs (e.g. successful and unsuccessful terminations, end of month populations, length of placements, returns to prison, and cost effectiveness of programs). Executive deletes. House retains.

Sec. 612. Violators of Parole and Probation – RETAINED

Requires MDOC to review and revise proposals for alternatives to prison for technical violators of parole and probation; requires an annual report on the number of probationers and parolees returned to or sent to prison for new crimes, number of probationers and parolees returned to or sent to prison for technical violations, educational history of offenders, number of offenders who participated in reentry programs, and number of offenders who participated in substance abuse treatment programs, mental health programs, or both. Executive deletes. House retains.

Sec. 616. Parole Board Reviews of Parolable Lifers – DELETED

Requires the Parole Board to review its policies related to review and parole of offenders serving parolable life sentences, with consideration given to those that do not pose an ongoing risk to society. Executive deletes. House deletes.

Sec. 617. Residential Alternative to Prison Program – NEW

Requires MDOC to provide vocational, educational, and cognitive programming in a secure environment to enhance existing alternative sentencing options, increase employment readiness and successful placement rates, and reduce new criminal behavior for the West Michigan probation violator population. Executive includes new language. House includes new language.

Sec. 802. Health Care Expenditures – REVISED

Requires MDOC to report quarterly on expenditures, allocations, status of payments, and projected expenditures from accounts for prisoner health care, mental health care, pharmaceutical services, and durable medical equipment. Executive deletes. House revises "quarterly" report to "annual" report.

Major Boilerplate Changes From FY 2016-17

Sec. 803. Standard Medical Release Form – RETAINED

Requires MDOC to give all prisoners the opportunity to sign a medical release of information form, effective for one year, designating a family member or other individual to whom MDOC is authorized to release information; requires MDOC to assure forms follow prisoners if and when they are transferred to other facilities or released from prison. Executive deletes. House retains.

Sec. 806. Mental Health and Sex Offender Programming – DELETED

Requires funding appropriated for expanded mental health and sex offender programming to be used to address increased caseloads, reduce the number of prisoners on waiting lists who are past their earliest release dates, and reduce the percentage of prisoners readmitted to mental health programs at their previous level of care. Executive deletes. House deletes.

Sec. 812. Medicaid Utilization by Prisoners – RETAINED

Requires MDOC and DHHS to exchange information regarding newly committed prisoners who may be Medicaid-eligible; requires MDOC to assist outgoing prisoners with Medicaid enrollment; requires a quarterly report on utilization of Medicaid benefits for prisoners. Executive deletes. House retains.

Sec. 816. Pharmaceutical Expenditures – RETAINED

Requires MDOC to report annually on pharmaceutical expenditures and prescribing practices, including expenditures on antipsychotic medications and any changes made to prescription drug formularies. Executive deletes. House retains.

Sec. 901. Leasing of Facilities, Purchasing Private Facilities, and Reopening Closed Facilities – RETAINED

Requires MDOC to work with DTMB on determining the costs of entering into an agreement to lease or purchase a private facility to be operated by the department, as well as costs of reopening closed facilities already owned by the department, to determine if it would be in the best interests of citizens to house prisoners in one of those settings, rather than in a facility currently operated by the department; requires an annual report on acquisition, lease, reopening, and modernization costs, taxes, utilities, and expected future capital repair and upgrades at facilities. Executive deletes. House retains.

Sec. 902. Vocational Village – DELETED

Requires MDOC to expend \$2.0 million of the appropriation for education programs on expansion of the vocational village program. Executive deletes. House deletes.

Sec. 904. Cost Per Prisoner Per Day – RETAINED

Requires MDOC to report annually on per prisoner/per day costs for each prisoner security custody level, including actual direct and indirect costs, and allocation of statewide legacy costs. Executive deletes. House retains.

Sec. 908. High School Diploma in Lieu of High School Equivalency – DELETED

Requires MDOC to explore the feasibility of establishing an online career high school education pilot program, or other alternatives for providing prisoners with a high school diploma instead of a high school equivalency; requires MDOC to explore establishing outside partnerships to assist with providing high school diplomas; requires MDOC to report on steps the department would have to take, resources needed, and organizational changes required to provide prisoners with a high school diploma instead of a high school equivalency. Executive deletes. House deletes.

Sec. 909. Educational Programming – DELETED

Requires MDOC to focus on providing career-based educational programming for prisoners, to include vocational trade programs and employment readiness programs. Executive deletes. House deletes.

Sec. 910. Braille Program – RETAINED

Requires MDOC to allow the Michigan Braille Transcribing Fund Program to operate at its current location in the G. Robert Cotton Correctional Facility. Executive deletes. House retains.

Sec. 912. Institutional Staffing – DELETED

Requires MDOC to report annually on ratios of corrections officers to prisoners, shift command staff to line custody staff, and noncustody institutional staff to prisoners for each correctional institution. Executive deletes. House deletes.

Sec. 913.(2) Prisoner Completion of Various Programming – RETAINED

Expresses legislative intent that prisoners who are required to complete violence prevention, sexual offender, or other programming, as conditions of parole, be placed on waiting lists for the appropriate programming upon entrance to prison and transferred to facilities where programming is available. Executive deletes. House retains.

Sec. 930. Youth in Prison – NEW

Requires the department to submit quarterly reports on the number of youth in prison, including the number of inmates under age 18 not on HYTA status, number of inmates under age 18 on HYTA status, and number of inmates aged 18 - 23 on HYTA status. Executive does not include new language. House includes new language.

Sec. 937. Competitive Bidding – DELETED

Prohibits MDOC from issuing a RFP for a contract in excess of \$5.0 million unless MDOC has first considered a request for information (RFI) or a request for qualification (RFQ) relative to the contract. Executive deletes. House deletes.

Major Boilerplate Changes From FY 2016-17

Sec. 940. Use of State-Owned Facilities – DELETED

Requires any for-profit entities using state-owned facilities to pay fair market value for use of the facilities and to make payments in lieu of taxes to local jurisdictions equivalent to what local units would receive if the facilities were privately owned. Executive deletes. House deletes.

Sec. 942. Auditor General and Corrections Ombudsman Access to Contracted Facilities – RETAINED

Requires any contract with a third party to operate a facility to house Michigan prisoners to include a provision allowing access to the facility and to appropriate records by the Auditor General and the Legislative Corrections Ombudsman. Executive deletes. House retains.

Sec. 943. Savings from Prison Closures – NEW

Requires the department to submit a report on actual and projected savings achieved by closing correctional facilities. Executive does not include new language. House includes new language.

Sec. 944. Economic Impact of Prison Closures – NEW

Requires the department to consider the potential economic impact of a prison closure on the community where the facility is located. Executive does not include new language. House includes new language.

Sec. 945. Notice on Intent to Renew or Rebid Food Service Contract – NEW

Requires the department to provide notice to the legislature and to the fiscal agencies of its intent to renew or rebid the prisoner food service contract. Executive does not include new language. House includes new language.

Sec. 1000. Increased Information Technology Bandwidth – DELETED

Requires one-time funding appropriated for increasing information technology bandwidth to be used to support critical information technology systems that provide platforms for several mandated programs and department cost savings efforts. Executive deletes. House deletes.

Sec. 1011. Religious Cable Programming – DELETED

Authorizes MDOC to accept in-kind services and equipment donations to facilitate the addition of a cable network that provides programming that will address the religious needs of prisoners. Executive deletes. House deletes.

Sec. 1201. Anticipated FY 2017-18 Appropriations – DELETED

Expresses legislative intent that FY 2017-18 appropriations will be funded at the same level as FY 2016-17 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues. Executive deletes. House deletes.

FY 2017-18: DEPARTMENT OF EDUCATION
Summary: As Reported by House Appropriations Committee
Article VI, House Bill 4323 (H-1)



Analyst: Samuel Christensen

| 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 | 239,821,900 | 251,854,700 | 251,854,700 | | | 12,032,800 | 5.0 |
| Local | 5,557,200 | 5,817,200 | 5,817,200 | | | 260,000 | 4.7 |
| Private | 2,034,200 | 2,034,300 | 2,034,300 | | | 100 | 0.0 |
| Restricted | 8,380,700 | 8,567,600 | 8,567,600 | | | 186,900 | 2.2 |
| GF/GP | 76,181,200 | 81,035,700 | 79,118,900 | | | 2,937,700 | 3.9 |
| Gross | \$331,975,200 | \$349,309,500 | \$347,392,700 | | | \$15,417,500 | 4.6 |
| FTEs | 603.5 | 609.5 | 605.5 | | | 2.0 | 0.3 |

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 State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

| 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. Child Development and Care (CDC) – Provider Reimbursement Rate Increase | | Gross | \$133,966,100 |
| <i>Executive</i> provides \$27.2 million Gross (\$18.8 million federal Child Care Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to more closely match the federal recommendation that reimbursement rates equal the 75th percentile of market rates. | | Federal | 108,185,400 |
| <i>House</i> concurs with Executive. | | GF/GP | \$25,780,700 |
| | | | \$27,200,000 |
| 2. CDC – Licenses-Exempt Monitoring | | Gross | \$23,177,400 |
| <i>Executive</i> provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child's own home—are offering care that meets health and safety requirements. | | Federal | 15,814,900 |
| <i>House</i> concurs with Executive. | | Private | 250,000 |
| | | Restricted | 64,600 |
| | | GF/GP | \$7,047,900 |
| | | | \$1,365,500 |
| 3. CDC – Background Check Staffing in Licensing and Regulatory Affairs (LARA) | | Gross | \$27,374,500 |
| <i>Executive</i> provides \$800,000 federal CCDF for staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings. | | Federal | 27,374,500 |
| <i>House</i> concurs with Executive. | | GF/GP | \$0 |
| | | | \$800,000 |
| 4. State Assessments Staffing | | Gross | \$14,619,400 |
| <i>Executive</i> provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Federal funding for state assessments have decreased in recent years, thus reducing funding for FTE positions. | | Federal | 13,476,200 |
| <i>House</i> revises to provide \$1.3 million GF/GP with the intent to fund 5.0 of the 10.0 Executive Recommendation FTEs. | | GF/GP | \$1,143,200 |
| | | | \$1,275,000 |

| 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. Federal Funds Adjustment | | Gross | \$14,619,400 |
| <u>Executive</u> recognizes a \$1.0 million net reduction in federal Title VI funds to the Accountability Services Unit related to assessment support funding. The net change includes a \$2.0 million reduction in the "State Assessments and Related Activities" grant and a new \$1.0 million "Enhanced Assessment Instruments" grant. | | Federal | (1,000,000) |
| <u>House</u> concurs with Executive. | | GF/GP | \$0 |
| 6. Partnership Model with Districts | | | |
| <u>Executive</u> creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs (along with \$3.0 million for eligible districts in the School Aid budget) for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance. Interventions would be provided to districts not yet under the authority of the School Reform Office (SRO). | FTE | NA | 0.0 |
| <u>House</u> does not include this Executive Recommendation. | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |
| 7. Field Services – Every Student Succeeds Act (ESSA) Required Staffing | | | |
| <u>Executive</u> provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements: 1) 1.0 FTE for a nonpublic schools ombudsman to ensure equity of Title I and Title VIII funds of ESSA for private school children, teachers, and other educational personnel; 2) 1.0 FTE for a foster care liaison to act as a point of contact for child welfare agencies and to oversee the stability of children in foster care as dictated in section 1111(1)(E) of ESSA and the Fostering Connections Act. | FTE | 45.0 | 2.0 |
| <u>House</u> concurs with Executive. | Gross | \$9,349,200 | \$0 |
| | Federal | 8,599,200 | 0 |
| | Restricted | 37,300 | 0 |
| | GF/GP | \$712,700 | \$0 |
| 8. Transfer of FTEs and Funds from the Office of Education Improvement and Innovation (OEII) to the Michigan Schools for the Deaf and Blind | | | |
| <u>Executive</u> shifts 5.0 FTEs and \$712,900 federal funding from OEII and provides the Michigan Schools for the Deaf and Blind with 5.0 FTES and \$712,900 Gross (\$365,900 federal and \$347,000 Local cost sharing, Schools for the Deaf and Blind). The funding and FTEs do not indicate increases to the overall budget, but instead are interunit transfers. This funding and FTE shift is necessitated by the increased Enrollment at the Michigan School for the Deaf from 122.7 FTEs in the 2012 school year to 171.2 FTEs in the 2017 school year. | FTE | NA | 0.0 |
| <u>House</u> concurs with Executive. | Gross | NA | \$0 |
| | Federal | NA | (347,000) |
| | Local | NA | 347,000 |
| | Restricted | NA | 0 |
| | GF/GP | NA | \$0 |
| 9. Michigan Schools for the Deaf and Blind Operations | | | |
| <u>Executive</u> there is a reduction of \$312,500 in local school district service fees, which is partially offset by an increase of \$162,500 in local cost sharing for the Schools for the Deaf and Blind. | Gross | \$12,812,700 | (\$150,000) |
| <u>House</u> concurs with Executive. | Federal | 7,048,600 | 0 |
| | Local | 5,545,500 | (150,000) |
| | Restricted | 218,600 | 0 |
| | GF/GP | \$0 | \$0 |
| 10. Low Incidence Outreach Program | | | |
| <u>Executive</u> provides \$150,000 restricted fund to the Low Incidence Outreach program. A majority of the increased appropriations authority for the Low Incidence program comes from the specialized Braille books they produce. The authority will also allow for increasing the amount of professional development for staff, parents, and students and the ability to upgrade equipment. | Gross | \$300,000 | \$150,000 |
| <u>House</u> concurs with Executive. | Restricted | 300,000 | 150,000 |
| | GF/GP | \$0 | \$0 |
| 11. Renaissance Zones Adjustment | | | |
| <u>Executive</u> reduces reimbursements to libraries for local revenue lost due to renaissance zones by \$2.0 million GF/GP to reflect the expiration of existing zones. | Gross | \$5,300,000 | (\$2,000,000) |
| <u>House</u> concurs with Executive. | GF/GP | \$5,300,000 | (\$2,000,000) |

| 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 |
|---|--------------|---|--|
| 12. One-Time Appropriation – Drinking Water Declaration of Emergency | Gross | NA | \$100 |
| <u>Executive</u> provides a \$100 restricted fund placeholder for the Drinking Water Declaration of Emergency. | Restricted | NA | 100 |
| <u>House</u> concurs with Executive. | GF/GP | NA | \$0 |
| 13. Economic Adjustments | Gross | NA | \$827,000 |
| <u>Executive</u> reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for negotiated salary and wage increase (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. | Federal | NA | 516,000 |
| <u>House</u> concurs with Executive. | Local | NA | 63,000 |
| | Private | NA | 100 |
| | Restricted | NA | 41,900 |
| | GF/GP | NA | \$206,000 |

Major Boilerplate Changes From FY 2016-17

Sec. 216. Adequate Yearly Progress (AYP) – DELETED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

Executive deletes this section.

House concurs with Executive.

Sec. 219. Kindergarten Entry Assessment Participation – RETAINED

Requires the department to ensure that the kindergarten entry assessment includes a method for information to be provided regarding a child's participation in the great start readiness program.

Executive deletes this section.

House maintains current law.

Sec. 221. Personnel Records – RETAINED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Executive deletes this section.

House maintains current law.

Sec. 222. Communication with the Legislature – RETAINED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Executive deletes this section.

House maintains current law.

Sec. 223. Records Retention – RETAINED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Executive deletes this section.

House maintains current law.

Sec. 227. Timely Data – RETAINED

Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 days after it is due.

Executive deletes this section.

House maintains current law.

Sec. 228. Requests for Proposals – REVISED

Prohibits department from issuing a request for proposal for a contract exceeding \$1.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes this section.

House maintains current law with a technical change.

Sec. 229. Contract Notification – RETAINED

Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form.

Executive deletes this section.

House maintains current law.

Major Boilerplate Changes From FY 2016-17

Sec. 230. Nonpublic School Mandates – REVISED

Requires MDE to compile a report that identifies any new, or lack thereof, mandates required of nonpublic schools by April 1, 2017.

Executive deletes this section.

House revises to update the dates.

Sec. 302. Travel Expenditures – REVISED

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Executive deletes this section.

House revises to update the date.

Sec. 325. Federal and Private Grants – RETAINED

Requires the department to notify the Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under the federal and private grants line.

Executive deletes this section.

House maintains current law.

Sec. 350. Special Education Reform Task Force Guidelines – REVISED

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities.

Executive revises the recipients of this boilerplate from "all parents" with an Individualized Education Plans (IEP) to "all parents of a newly identified student with a disability" concerning the rights and protections of students with disabilities.

House maintains current law with a technical change.

Sec. 408. Carry Forward of Programmatic Service Fund – REVISED

Allows the Michigan Schools for the Deaf and Blind to carry forward funds available for expenditure into next succeeding year for the low incidence program: conferences, workshops, and training classes; and the use of specialized equipment, facilities, and software for required services.

Executive revises to make a technical change to remove the beginning text of "for the funds appropriated in part 1 for the low incidence outreach fund" and instead begins the section with "The funds collected by." Also, adds "and blind" to Michigan Schools for the deaf.

House does not concur with Executive, but revises current law to make a technical reorganization of the section without changing the intent of the section.

Sec. 502. Student Teaching Credits – RETAINED

Authorize teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Executive deletes this section.

House maintains current law.

Sec. 503. Professional Development Coordination – REVISED

Currently, requires the department to coordinate professional development with the Michigan Virtual Learning Research Institute (MVU) and external stakeholders.

Executive revises to remove the specification of which unit and line item within MDE is responsible for coordination of professional development coordination with Michigan Virtual University (MVU) and modifies it to coordinate between the entire department and MVU.

House concurs with the Executive but makes further revisions to refer specifically to section 35a of the state school aid act of 1979 pa 94, MCL 388.1635a.

Sec. 701. MTSS K-3 At-Risk Funding Report – REVISED

Currently, requires the department to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the state school aid act in implementing Multi-Tiered Systems of Supports (MTSS) in the prior school fiscal year.

Executive revises to expand the grade range and clarifies the grade range for districts that do not have certain grades. Revises the grade range from "K to 3" to "K to 8" or "all of the grades a district operates if the district operates less than grades K to 8."

House concurs with Executive with a technical change.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Executive deletes this section.

House maintains current law.

Major Boilerplate Changes From FY 2016-17

Sec. 1001. Number of Childcare Providers – REVISED

Requires a report by November 1, 2016 on the number of childcare providers (by type) receiving a payment for childcare services on October 1, 2016.

Executive deletes this section.

House revises the report to be the average number of eligible child care providers by type receiving payment for child care services from the department during the previous fiscal year rather than the number for a specific date during the previous fiscal year.

Sec. 1003. Early Childhood Investment Corporation Annual Report – REVISED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2015-16 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Executive deletes this section.

House revises to remove the specific reference of the early childhood investment corporation. Also, revises to require there be at least three bids submitted for the early childhood comprehensive systems planning contract, and if there are not three bids submitted, the process must start over until there are at least three bids submitted.

Sec. 1005. CDC Childcare Monitoring – NEW

Executive provides a new section that requires the MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant.

House concurs with Executive.

Sec. 1007. CDC Progress Reports – REVISED

Executive revises the biannual CDC progress reports to a single report and makes the following changes to the report: clarifies and identifies the types of onsite visits that are to be reported (initial licensure visits, annual monitoring inspections, complaint investigations, follow-up visits, and other visits required); rather than reporting on the number of visits for each type of onsite visit, the report would require the average number of onsite visits per consultant by licensing type; and revises to remove the requirement to track the number of times consultants and managers participate in professional development and instead requires them to list the activities of professional development that improve performance and quality.

House concurs with Executive.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED

Requires the Department to use \$7.7 million federal CCDF to increase the eligibility entrance threshold of the CDC program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

Executive deletes this section.

House revises to set the eligibility entrance threshold at 125% of the federal poverty guidelines and removes the specific amount necessary to increase the CDC program eligibility entrance threshold from 121% to 125% of the federal poverty guidelines, which was achieved in the FY 2016-17 MDE budget.

Sec. 1010. Drinking Water Declaration of Emergency Work Project – DELETED

Provides that funding for the drinking water declaration of emergency, if not fully expended by September 30, 2017, is a work project and may be spent in the following fiscal year.

Executive deletes this section.

House concurs with Executive.

Sec. 1101. Drinking Water Declaration of Emergency CDC Pilot – REVISED

Requires that from the funds for the drinking water declaration of emergency, the MDE must perform the following activities: pilot the expansion of CDC eligibility to children ages 0 to 3 for half-day childcare services for household income up to 300% of the federal poverty guidelines; provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead; and provide a report on various metrics associated with the pilot's outcomes.

Executive deletes this section.

House revises to make a technical revision to a reference to the Department.

Sec. 1102. Lead Water Testing – DELETED

Requires a reimbursement of \$4.5 million and up to \$950 per school building for the costs for water testing, fixture replacement, filter purchases, plumbing assessments, and/or technical assistance incurred from July 1, 2016 to September 30, 2017.

Executive deletes this section.

House concurs with Executive.

Sec. 1201. FY 2017-18 – DELETED

Expresses intent that FY 2017-18 appropriations are anticipated to be the same as FY 2016-17 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive deletes this section.

House concurs with Executive.

FY 2017-18: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: As Reported by House Appropriations Committee
Article VII, House Bill 4323 (H-1)



Analyst: Austin Scott

| | 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 | \$9,225,700 | \$3,100,500 | \$3,100,500 | | | (\$6,125,200) | (66.4) |
| Federal | 139,022,800 | 170,042,600 | 170,042,600 | | | 31,019,800 | 22.3 |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 555,300 | 555,300 | 555,300 | | | 0 | 0.0 |
| Restricted | 318,959,200 | 285,825,300 | 285,825,300 | | | (33,133,900) | (10.4) |
| GF/GP | 49,273,400 | 51,318,300 | 43,976,600 | | | (5,296,800) | (10.7) |
| Gross | \$517,036,400 | \$510,842,000 | \$503,500,300 | | | (\$13,536,100) | (2.6) |
| FTEs | 1,243.0 | 1,260.0 | 1,233.0 | | | (10.0) | (0.8) |

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

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, administering Great Lakes programs, and mitigating threats to Michigan's environment.

| 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. Elimination of Fee Sunsets

Executive proposes to eliminate the sunsets on eight DEQ fees scheduled to sunset October 1, 2017. These eight fees provide \$1.6 million in revenue for DEQ annually. House concurs with Executive.

| | | |
|--------------|-----------|-----------|
| Gross | NA | NA |
| GF/GP | NA | NA |

| Fee | Annual Revenue |
|--|-----------------------|
| Liquid industrial by-product transporter site identification number | |
| Liquid industrial by-product facility site identification number | \$3,900 |
| Hazardous waste manifest | |
| Hazardous waste handler user charge | 1,052,300 |
| Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge | 43,800 |
| Wastewater operator training and certification fees | 242,000 |
| Drinking water operator training and certification fees | 220,000 |
| Sewage operator training and certification fees | 0 |
| Total | \$1,562,000 |

2. Drinking Water Declaration of Emergency One-Time Funding

Executive provides \$1.0 million Gross (\$1.0 million GF/GP) for engineering support and technical assistance in response to the drinking water declaration of emergency. House concurs with Executive.

| | | |
|-------------------|-----------|--------------------|
| Gross | NA | \$1,000,100 |
| Restricted | NA | 100 |
| GF/GP | NA | \$1,000,000 |

| 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 |
|--|--------------|---|--|
| 3. Environmental Cleanup and Redevelopment Program Fund Shift | Gross | \$29,900,000 | (\$14,900,000) |
| <u>Executive</u> provides \$14.9 million in one-time funding from the refined petroleum fund to offset the loss of Clean Michigan Initiative (CMI) – response activities funding, which has been fully expended from CMI bond revenue. | Restricted | 29,900,000 | (14,900,000) |
| <u>House</u> does not include fund shift. | GF/GP | \$0 | \$0 |
| 4. Contaminated Site Investigations, Cleanup, and Revitalization – Vapor Intrusion | FTE | 131.0 | 0.0 |
| <u>Executive</u> increases by 4.0 FTEs and \$1.3 million GF/GP funding for the vapor intrusion program, bringing the total program funding to 8.0 FTEs and \$2.6 million Gross. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used to identify and investigate at-risk sites. | Gross | \$15,171,200 | \$0 |
| <u>House</u> does not include this increase. | Private | 191,100 | 0 |
| | Restricted | 13,668,100 | 0 |
| | GF/GP | \$1,312,000 | \$0 |
| 5. Laboratory Services – Vapor Intrusion | FTE | 39.0 | 0.0 |
| <u>Executive</u> provides \$122,800 from laboratory services fee to support the vapor intrusion program. Vapor intrusion is the migration of chemical vapors from contaminated groundwater or soil into the buildings above. This funding will be used for site sampling costs. | Gross | \$6,175,300 | \$122,800 |
| <u>House</u> concurs with Executive. | IDG | 3,858,800 | 0 |
| | Restricted | 2,316,500 | 122,800 |
| | GF/GP | \$0 | \$0 |
| 6. Drinking Water and Environmental Health – Lead and Copper Rule Program | FTE | 106.0 | 0.0 |
| <u>Executive</u> provides 17.0 FTEs and \$2.6 million GF/GP funding to expand the Lead and Copper Rule Program which regulates these elements in public drinking water. <u>House</u> does not include this increase. | Gross | \$14,901,900 | \$0 |
| | Federal | 9,237,600 | 0 |
| | Restricted | 4,356,900 | 0 |
| | GF/GP | \$1,307,400 | \$0 |
| 7. Drinking Water and Environmental Health – Manufactured Housing Community Drinking Water Monitoring | FTE | 106.0 | 3.0 |
| <u>Executive</u> provides 3.0 FTEs and \$500,000 GF/GP funding to support drinking water programs in manufactured housing communities. | Gross | \$14,901,900 | \$500,000 |
| <u>House</u> concurs with Executive. | Federal | 9,237,600 | 0 |
| | Restricted | 4,356,900 | 0 |
| | GF/GP | \$1,307,400 | \$500,000 |
| 8. Communications and Community Outreach – Communications and Public Affairs Staff | FTE | NA | 0.0 |
| <u>Executive</u> provides 5.0 FTEs and \$1.0 million GF/GP funding to help create a communications and public affairs office for the department. | Gross | NA | \$0 |
| <u>House</u> does not include this appropriation. | GF/GP | NA | \$0 |
| 9. Office of the Great Lakes – Communications and Public Affairs Staff | FTE | 12.0 | (1.0) |
| <u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department. | Gross | \$2,170,700 | (\$152,700) |
| <u>House</u> concurs with Executive. | Federal | 787,900 | 0 |
| | Restricted | 483,100 | 0 |
| | GF/GP | \$899,700 | (\$152,700) |
| 10. Office of Environmental Assistance – Communications and Public Affairs Staff | FTE | 38.0 | (1.0) |
| <u>Executive</u> reduces 1.0 FTE and \$152,700 GF/GP funding to help create a communications and public affairs office for the department. | Gross | \$6,257,700 | (\$152,700) |
| <u>House</u> concurs with Executive. | Private | 364,200 | 0 |
| | Federal | 704,800 | 0 |
| | Restricted | 2,321,200 | 0 |
| | GF/GP | \$2,867,500 | (\$152,700) |
| 11. Oil, Gas, and Mineral Services Ongoing GF/GP | FTE | 59.0 | 0.0 |
| <u>Executive</u> transfers \$4.0 million GF/GP funding that was included in the FY 2016-17 DEQ budget on a one-time basis to ongoing funding for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. | Gross | \$10,794,800 | (\$1,000,000) |
| <u>House</u> reduces this appropriation by \$1.0 million GF/GP and moves remaining \$3.0 million GF/GP to one-time funding. | Restricted | 6,794,800 | 0 |
| | GF/GP | \$4,000,000 | (\$1,000,000) |
| 12. Air Quality Programs Fund Shift | FTE | 188.0 | 0.0 |
| <u>Executive</u> replaces \$1.4 million funding from the environmental pollution prevention fund with \$1.4 million GF/GP funding to help offset a loss of fee revenue that supports air quality monitoring and regulation. | Gross | \$27,231,500 | (\$1,362,000) |
| <u>House</u> does not provide GF/GP. | Federal | 7,450,200 | 0 |
| | Restricted | 15,377,000 | (1,362,000) |
| | GF/GP | \$4,404,300 | \$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 |
|--|--------------|---|--|
| 13. Water State Revolving Funds One-Time GF/GP | Gross | \$84,993,000 | \$2,950,000 |
| <u>Executive</u> provides \$3.0 million GF/GP to meet the state match requirement for water suppliers to qualify for federal safe drinking water infrastructure grants. | Federal | 71,543,000 | 0 |
| <u>House</u> concurs with Executive. | Restricted | 11,400,000 | 0 |
| | GF/GP | \$2,050,000 | \$2,950,000 |
| 14. Refined Petroleum Product Cleanup Program (One-Time) | Gross | NA | \$14,900,000 |
| <u>House</u> provides \$14.9 million in one-time funding from the refined petroleum fund to the refined petroleum product cleanup program. | Restricted | NA | 14,900,000 |
| | GF/GP | NA | \$0 |
| 15. Recycling Initiative | FTE | 3.0 | (1.0) |
| <u>House</u> reduces the recycling initiative by 1.0 FTE and \$150,000 GF/GP. | Gross | \$1,008,700 | (\$150,000) |
| | GF/GP | \$1,008,700 | (\$150,000) |
| 16. Removal of FY 2016-17 Supplemental Funding | FTE | 1.0 | (1.0) |
| <u>Executive</u> removes \$3.5 million Gross (\$1.5 million GF/GP) for FY 2016-17 supplemental appropriations included Public Acts 340 and 341 of 2016. Appropriations included support for the drinking water declaration of emergency and dredging in the Saginaw River (PA 340) as well as funding to implement public utility reforms (PA 341). | Gross | \$2,175,000 | (\$2,175,000) |
| <u>House</u> concurs with Executive. | Federal | 335,600 | (335,600) |
| | Restricted | 1,614,400 | (1,614,400) |
| | GF/GP | \$225,000 | (\$225,000) |
| 17. Removal of FY 2016-17 One-Time Funding | FTE | 10.0 | (10.0) |
| <u>Executive</u> removes \$9.1 million Gross (\$8.4 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included contaminated lake and river sediment cleanups, support for the drinking water declaration of emergency, dredging in the Saginaw River, and drinking water revolving fund GF/GP match. | Gross | \$9,100,100 | (\$9,100,100) |
| <u>House</u> concurs with Executive. | Restricted | 700,100 | (700,100) |
| | GF/GP | \$8,400,000 | (\$8,400,000) |
| 18. Technical Adjustments | FTE | NA | 1.0 |
| <u>Executive</u> reduces IDG/IDT and restricted authorization while increasing federal and GF/GP authorization for a net decrease of \$20.5 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds, fund shifts to reflect expenditures, and the reclassification of interdepartmental grants as restricted funding where necessary. | Gross | NA | (\$20,511,400) |
| <u>House</u> concurs with Executive. | IDG/IDT | NA | (6,168,500) |
| | Federal | NA | 31,048,300 |
| | Restricted | NA | (45,411,800) |
| | GF/GP | NA | \$20,600 |
| 19. Economic Adjustments | Gross | NA | \$1,594,900 |
| <u>Executive</u> reflects increased costs of \$1.6 million Gross (\$313,000 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. | IDG/IDT | NA | 43,300 |
| <u>House</u> concurs with Executive. | Federal | NA | 307,100 |
| | Restricted | NA | 931,500 |
| | GF/GP | NA | \$313,000 |

Major Boilerplate Changes From FY 2016-17

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DEQ from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House retains.

Sec. 221. Rule Promulgation – RETAINED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact. Executive deletes, House retains.

Sec. 235. Clean Michigan Initiative Report – REVISED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds and remaining CMI fund balances. Executive deletes, House revises to include total debt obligation on all CMI bonds and a January 1, 2018 report deadline.

Major Boilerplate Changes From FY 2016-17

Sec. 305. Refined Petroleum Fund – RETAINED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House retains.

Sec. 306. Refined Petroleum Fund Cleanup Site List – DELETED

Lists cleanup projects funded through the Refined Petroleum Product Cleanup Program; requires report on amount spent at each site and work performed. Executive deletes, House concurs.

Sec. 312. Perfluorinated Compounds Study and Workgroup – DELETED

Requires DEQ to conduct a study on the effects of long-term exposure to perfluorinated compounds and to conduct a workgroup to establish cleanup criteria for perfluorinated compounds under part 201 of the Natural Resources and Environmental Protection Act. Executive deletes, House concurs.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use the funds appropriated in part 1 for vapor intrusion to investigate at least 120 potential vapor intrusion sites. Executive adds new section, House deletes.

Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – NEW

Requires DEQ to expend not more than \$36.0 million of the funds appropriated in part 1 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014. House adds new section.

Sec. 402. Water Quality and Use Initiative – RETAINED

Requires report on plan for use of Water Quality Use Initiative funding and the amount of expenditures made for the Water Quality and Use Initiative Program, the Real-Time Beach Monitoring Program, and the Wetlands Program. Executive deletes, House retains.

Sec. 410. Lake Erie Report – DELETED

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Executive deletes, House concurs.

Sec. 411. Kalamazoo River Superfund Site Study – NEW

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm. House adds new section.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use the funds appropriated in part 1 for the lead and copper rule program to host three training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule. Executive adds new section, House deletes.

Sec. 606. SAW Program Report – NEW

Requires the department to complete a report of SAW program expenditures related to projects that address a substantial public health risk. House adds new section.

Sec. 801. Drinking Water Declaration of Emergency – REVISED

Allows the funds appropriated for the drinking water declaration of emergency to be expended for water treatment plant operation training expenses and water system needs. Executive revises, House concurs.

Sec. 803. Flint Supplemental Funding Report – REVISED

Requires a report on the use of the supplemental funds appropriated in FY 2015-16 for the Flint declaration of emergency. Executive deletes, House revises to include funds appropriated in FY 2016-17.

FY 2017-18: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 | 1,125,616,000 | | | (107,900,700) | (8.7) |
| Gross | \$4,966,224,600 | \$4,967,207,100 | \$4,896,181,200 | | | (\$70,043,400) | (1.4) |
| 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-into BSF.

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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 | \$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 | FTE | 2.0 | (2.0) |
| <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. | Gross | \$250,000 | (\$250,000) |
| | GF/GP | \$250,000 | (\$250,000) |
| 2. Economic Adjustments | Gross | NA | \$101,100 |
| 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. | IDG | NA | 3,000 |
| | Federal | NA | 12,800 |
| | GF/GP | NA | \$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 House Appropriations Committee Article VIII, House Bill 4323 (H-1)



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 | | | |
| <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. | Gross | \$5,636,300 | \$200,000 |
| | GF/GP | \$5,636,300 | \$200,000 |
| 2. Office of Urban Initiatives | FTE | 0.0 | 5.0 |
| <u>Executive</u> includes \$1.0 million GF/GP and 5.0 FTEs to reflect move of Office of Urban Initiatives from the Department of Technology, Management, and Budget to the Executive Office. <u>House</u> concurs. | Gross | \$0 | \$1,012,200 |
| | 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 House Appropriations Committee Article VIII, House Bill 4323 (H-1)



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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| 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.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| 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.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| 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.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| 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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 | 536,522,000 | | | (33,030,600) | (5.8) |
| Gross | \$1,385,225,700 | \$1,405,543,900 | \$1,369,310,000 | | | (\$15,915,700) | (1.1) |
| 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 Executive 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> does not include. | Gross | \$2,318,300 | \$0 |
| | GF/GP | \$2,318,300 | \$0 |
| 11. School Reform Office Performance Information System (PERIS) Upgrade | Gross | \$0 | \$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> does not include. | GF/GP | \$0 | \$0 |
| 12. School Reform Office Base Funding Reduction | Gross | \$2,318,300 | \$1,166,600 |
| <u>Executive</u> provides \$2.3 million for ongoing funding of School Reform Office operations. <u>House</u> reduce funding by \$1.2 million GF/GP. | GF/GP | \$2,318,300 | \$1,166,600 |
| 13. 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 |

| 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. 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 |
| 15. 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 |
| 16. 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 |
| 17. Additional Accounting Service Center Staffing, DMVA Grand Rapids Home | FTE | NA | 8.0 |
| <u>Executive</u> authorizes \$1.2 million IDG increase and 8.0 FTEs to reflect DTMB Accounting Service Center services to the Grand Rapids Veterans Home. <u>House</u> concurs. | Gross | NA | \$12,060,300 |
| | IDG | NA | 12,060,300 |
| | GF/GP | NA | \$0 |
| 18. 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 |
| 19. 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 |
| 20. 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 |
| 21. 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 |
| 22. 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 |
| 23. Office of Urban Initiatives Transfer | FTE | 5.0 | (5.0) |
| <u>Executive</u> removes \$1.0 million GF/GP (entire appropriation) and 5.0 FTEs to reflect the transfer of the Office of Urban Initiatives to the Executive Office. <u>House</u> concurs. | Gross | \$1,012,200 | (\$1,012,200) |
| | GF/GP | \$1,012,200 | (\$1,012,200) |
| 24. 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 |

| 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. 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) |
| 26 Capital Outlay Planning Authorizations | Gross | NA | \$0 |
| <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. | GF/GP | NA | \$0 |
| 27. CSB Technical Fund Source Realignment | Gross | NA | \$0 |
| <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. | IDG | NA | (203,200) |
| | Restricted | NA | 155,400 |
| | GF/GP | NA | \$47,800 |
| 28. Economic Adjustments | Gross | \$8,891,800 | \$3,657,300 |
| <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. | IDG | 5,388,000 | 1,788,600 |
| | Federal | 43,100 | 27,100 |
| | Local | 16,000 | (3,300) |
| | Restricted | 1,398,000 | 799,600 |
| | GF/GP | \$2,046,700 | \$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.

Major Boilerplate Changes From FY 2016-17

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.

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.

Major Boilerplate Changes From FY 2016-17

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 rennumbers 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.

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. 880. 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 House Appropriations Committee
Article VIII, House Bill 4323 (H-1)



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 |

| 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 |
|--|--------------|---|--|
| 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 – RETAINED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Executive revises 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 House Appropriations Committee Article VIII, House Bill 4323 (H-1)

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 | 127,608,100 | | | (54,900,800) | (30.1) |
| Gross | \$1,149,114,300 | \$1,143,324,800 | \$1,102,237,200 | | | (\$46,877,100) | (4.1) |
| 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 | (\$4,894,300) |
| <u>House</u> reduces line item by \$4.9 million GF/GP for a reduction in administration appropriations. | Federal | 2,773,300 | 0 |
| | Private | 250,000 | 0 |
| | Restricted | 4,961,300 | 0 |
| | GF/GP | \$14,213,800 | (\$4,894,300) |
| 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.

FY 2017-18: DEPARTMENT OF HEALTH AND HUMAN SERVICES

Summary: As Reported by House Appropriations Committee Article X, House Bill 4323 (H-1)



Analysts: Susan Frey, Kevin Koorstra, and Viola Wild

| | 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 | \$13,513,700 | \$13,640,900 | \$13,640,900 | | | \$127,200 | 0.9 |
| Federal | 17,905,772,200 | 18,351,244,100 | 18,105,315,100 | | | 199,542,900 | 1.1 |
| Local | 124,445,800 | 118,751,000 | 117,033,600 | | | (7,412,200) | (6.0) |
| Private | 154,259,300 | 149,873,300 | 149,873,300 | | | (4,386,000) | (2.8) |
| Restricted | 2,294,167,500 | 2,442,169,800 | 2,442,169,800 | | | 148,002,300 | 6.5 |
| GF/GP | 4,392,732,800 | 4,461,735,400 | 4,343,714,300 | | | (49,018,500) | (1.1) |
| Gross | \$24,884,891,300 | \$25,537,414,500 | \$25,171,747,000 | | | \$286,855,700 | 1.2 |
| FTEs | 15,600.5 | 15,620.5 | 15,472.0 | | | (128.5) | (0.8) |

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

The Department of Health and Human Services (DHHS) was created in 2015 through the merger of the Department of Community Health and the Department of Human Services under Executive Order 2015-4. The DHHS budget includes programs and services to assist Michigan's most vulnerable families, including public assistance programs, protecting children and assisting families by administering foster care, adoption, and family preservation programs, and by enforcing child support laws, funding for behavioral health (mental health and substance use disorder), population health, aging, crime victim, and medical services programs, including Medicaid and the Healthy Michigan Plan.

Major Budget Changes From FY 2016-17 YTD Appropriations

MEDICAID AND BEHAVIORAL HEALTH - GENERAL

1. Traditional Medicaid Cost Adjustments

Executive provides increase of \$168.2 million Gross (\$120.1 million GF/GP) for traditional Medicaid program caseload, utilization, inflation, and financing adjustments of approximately 1.25% Gross. Total includes \$43.1 million GF/GP to offset decline in federal match rate from 65.15% to 64.78% due to relative growth in state's personal income. Also includes cost adjustment for the federal Medicare pharmaceutical clawback. House revises Executive cost adjustments down by \$100.4 million Gross (\$35.4 million GF/GP).

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | \$13,420,787,900 | \$67,782,500 |
| Federal | 8,713,156,200 | (9,911,400) |
| Local | 47,005,700 | 241,400 |
| Private | 2,100,000 | 0 |
| Restricted | 1,884,179,700 | (7,245,300) |
| GF/GP | \$2,774,346,300 | \$84,697,800 |

2. Healthy Michigan Plan Cost Adjustments

Executive provides increase of \$434.5 million Gross (\$80.2 million GF/GP) for Healthy Michigan Plan caseload, utilization, inflation, and financing adjustments of approximately 12% Gross. Total includes \$55.2 million GF/GP to offset the decline in the federal match rate from 96.25% to 94.25%. House concurs with the Executive.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | \$3,519,320,900 | \$434,456,400 |
| Federal | 3,388,487,600 | 342,068,500 |
| Local | 633,100 | 0 |
| Restricted | 119,599,800 | 12,191,200 |
| GF/GP | \$10,600,400 | \$80,196,700 |

3. Actuarial Soundness Adjustments

Executive includes \$253.6 million Gross (\$63.0 million GF/GP) to provide two actuarial soundness adjustments. First, \$86.6 million Gross (\$23.5 million GF/GP) to support a 1% actuarial soundness adjustment for Medicaid health plans, prepaid inpatient health plans (PIHPs), and Healthy Kids Dental. Second, \$167.0 million Gross (\$39.5 million GF/GP) to keep the Medicaid health plans actuarially sound for reinstatement of the federal Affordable Care Act (ACA) Insurer Fee. House includes funding for a 1% actuarial soundness adjustment but assumes the ACA Insurer Fee is not reinstated.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | \$11,107,957,000 | \$86,600,800 |
| Federal | 8,441,473,400 | 63,131,900 |
| Local | 40,773,100 | 0 |
| Restricted | 1,352,921,900 | 0 |
| GF/GP | \$1,272,788,600 | \$23,468,900 |

| 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 |
|--|--------------|---|--|
| 4. Medicaid Managed Care Use Tax Adjustments | Gross | NA | (\$157,891,000) |
| <u>Executive</u> reduces \$157.9 million Gross (\$62.2 million GF/GP) to reflect, beginning January 1, 2017, discontinuation of Use Tax on Medicaid Managed Care Organizations (MCOs), associated actuarial soundness reimbursement payments to MCOs, and the Health Insurance Claims Assessment (HICA) increasing from 0.75% to 1.0%. <u>House</u> concurs with the Executive. | Federal | NA | (116,240,400) |
| | HICA | NA | 20,572,500 |
| | GF/GP | NA | (\$62,223,100) |
| 5. Health Insurance Claims Assessment Adjustments | Gross | \$249,541,300 | \$0 |
| <u>Executive</u> offsets \$129.9 million GF/GP with available HICA, of which \$59.0 million is from forecasted annual revenues, including not having a HICA rebate to be paid out during FY 2017-18. The other \$70.9 million utilizes available year-end fund balance to offset GF/GP. Revenues are in addition to the \$20.6 million in HICA revenue from increasing the rate from 0.75% to 1.0% related to the discontinuation of the MCO Use Tax described in item #4. Total forecasted FY 2017-18 annual HICA revenue is \$331.3 million. <u>House</u> concurs with the Executive. | HICA | 249,541,300 | 129,909,200 |
| | GF/GP | \$0 | (\$129,909,200) |
| DEPARTMENTWIDE ADMINISTRATION | | | |
| 6. Integrated Service Delivery Project | FTEs | 15.0 | 13.5 |
| <u>Executive</u> provides net increase of 27.0 FTEs and \$8.2 million Gross (reduces \$177,700 GF/GP) to support Phase 2 of the Integrated Service Delivery project, including an additional \$45.1 million Gross (\$3.5 million GF/GP) in ongoing funding and removal of \$36.9 million Gross (\$3.7 million GF/GP) in one-time FY 2016-17 funding. <u>House</u> provides increase of \$22.5 million Gross (\$1.8 million GF/GP) and concurs with removal of one-time funding for a net reduction of \$14.4 million Gross (\$1.9 million GF/GP). | Gross | \$43,230,500 | (\$14,377,600) |
| | Federal | 38,907,500 | (12,442,700) |
| | GF/GP | \$4,323,000 | (\$1,934,900) |
| 7. Financial Operations Administration Staffing | FTEs | 494.0 | 19.0 |
| <u>Executive</u> includes increase of \$1.8 million Gross (\$912,500 GF/GP) to add 19.0 FTEs to the Department's financial operations administration, including 9.0 FTEs for finance, accounting, budget, and grants, and 10.0 FTEs for SIGMA coordination and support. SIGMA is the Statewide Integrated Governmental Management Applications project underway to replace and improve the state's financial data system. <u>House</u> concurs with the Executive. | Gross | \$57,728,700 | \$1,824,900 |
| | TANF | 9,090,400 | 0 |
| | Federal | 24,527,200 | 912,400 |
| | Restricted | 1,129,000 | 0 |
| | GF/GP | \$22,982,100 | \$912,500 |
| 8. Economic Adjustments | Gross | NA | \$16,186,500 |
| <u>Executive</u> reflects increased costs of \$16.2 million Gross (\$9.0 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, building occupancy charges, food, fuel and utilities for facilities, other economic adjustments, and reduced costs for worker's compensation. Total includes economics increases of \$27.9 million Gross (\$13.8 million GF/GP) and removal of lump sum payment totaling \$11.7 million Gross (\$4.8 million GF/GP). <u>House</u> concurs with the Executive. | IDG | NA | 112,400 |
| | TANF | NA | 1,852,700 |
| | Federal | NA | 4,696,800 |
| | Local | NA | 204,500 |
| | Private | NA | 21,400 |
| | Restricted | NA | 312,900 |
| | GF/GP | NA | \$8,985,800 |
| 9. Information Technology - MiSACWIS One-Time Funding | Gross | \$11,538,600 | (\$11,538,600) |
| <u>Executive</u> eliminates one-time funding of \$11.5 million Gross (\$5.8 million GF/GP) for improvements to the Statewide Automated Child Welfare Information System (MiSACWIS). Ongoing funding is maintained for the system and for continued implementation of court-ordered improvements for child welfare case monitoring. <u>House</u> concurs with the Executive. | Federal | 5,769,300 | (5,769,300) |
| | GF/GP | \$5,769,300 | (\$5,769,300) |
| 10. Merger Savings | Gross | \$79,489,000 | (\$3,000,000) |
| <u>House</u> assumes savings resulting from the 2015 merger creating the Department with a reduction to the departmental administration and management line item of \$3.0 million GF/GP. | IDG | 671,800 | 0 |
| | TANF | 8,465,800 | 0 |
| | Federal | 30,099,900 | 0 |
| | Restricted | 672,300 | 0 |
| | GF/GP | \$39,579,200 | (\$3,000,000) |

| 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 |
|---|---|--|
| HUMAN SERVICES | | |
| 11. Public Assistance Caseload Adjustments | | |
| <u>Executive</u> reduces funding for public assistance programs by \$22.4 million Gross (\$4.6 million GF/GP) as follows: | Gross | \$171,482,200 |
| | Federal | 54,285,100 |
| | Restricted | 16,269,600 |
| | GF/GP | \$100,927,500 |
| | | (\$22,350,700) |
| <ul style="list-style-type: none"> Family Independence Program (FIP) is reduced \$21.7 million Gross (\$4.0 million GF/GP) adjusting the monthly caseload estimate from 21,600 cases at \$376.81 per month to 17,000 cases at \$372.61 per month. State Disability Assistance (SDA) is reduced by \$131,400 Gross (\$73,100 GF/GP) adjusting the monthly caseload estimate from 4,500 cases at \$213.96 per month to 4,350 cases at \$218.82 per month. State Supplementation is reduced by \$562,600 GF/GP adjusting the monthly caseload estimate from 274,077 cases at \$18.93 per month to 271,600 cases at the same monthly rate. | | |
| <u>House</u> concurs with the Executive. | | |
| 12. Child Welfare Caseload Adjustments | | |
| <u>Executive</u> decreases funding for child welfare programs by \$9.8 million Gross (\$1.8 million GF/GP) as follows: | Gross | \$619,918,000 |
| | Federal | 312,887,400 |
| | Private | 2,424,000 |
| | Local | 14,194,000 |
| | GF/GP | \$290,412,600 |
| | | (\$9,811,900) |
| <ul style="list-style-type: none"> Foster care payments are increased by \$178,300 Gross (\$2.2 million GF/GP) from 5,907 cases at \$28,351 per year to 5,653 cases at \$30,655 per year. Adoption subsidies are reduced \$11.5 million Gross (\$5.3 million GF/GP) from 24,637 cases at \$735.83 per month to 23,457 cases at \$732.07 per month. The Child Care Fund is increased by \$993,000 GF/GP. Guardianship assistance payments are increased by \$851,100 Gross (\$305,500 GF/GP) from 1,162 cases at \$778.15 per month to 1,280 cases at \$761.82 per month. Family Support Subsidies remain funded at same level as FY 2016-17 with 6,360 cases at the same monthly rate of \$222.11. | | |
| <u>House</u> concurs with the Executive. | | |
| 13. Homeless Emergency Shelter Per Diem Rate | | |
| <u>Executive</u> increases funding by \$3.7 million GF/GP to fund an increase to the per diem rate provided to emergency shelters from \$12 to \$16 per bed night. Adds boilerplate Sec. 453 directing that additional funding support the increase in the capacity of shelters to assist clients in applying for permanent housing and other social services. <u>House</u> concurs with the Executive but funds increase with both GF/GP and TANF funding. | Gross | \$15,721,900 |
| | TANF | 7,102,600 |
| | GF/GP | \$8,619,300 |
| | | \$3,744,800 |
| | | 1,497,900 |
| | | \$2,246,900 |
| 14. Pathways to Potential Expansion | | |
| <u>Executive</u> includes additional 51.0 FTEs and \$5.6 million Gross (\$3.3 million GF/GP) to expand the Pathways to Potential program to additional school districts. The program places caseworkers in certain schools to help reduce absenteeism and help families obtain community resources; program is currently operating in 259 schools. Adds boilerplate Sec. 689 directing that low achieving schools and at-risk communities be prioritized. <u>House</u> does not include additional funding or FTE positions. | FTE | NA |
| | Gross | NA |
| | Federal | NA |
| | GF/GP | NA |
| | | 0.0 |
| | | \$0 |
| | | 0 |
| | | \$0 |
| 15. Nutrition Education | | |
| <u>Executive</u> includes additional \$10.0 million federal funding authorization for nutrition education programs that provide educational services to help persons eligible to receive food assistance to improve their eating and lifestyle behaviors. <u>House</u> concurs with the Executive. | FTE | 2.0 |
| | Gross | \$23,042,700 |
| | Federal | 23,042,700 |
| | GF/GP | \$0 |
| | | \$10,000,000 |
| | | 10,000,000 |
| | | \$0 |
| | | \$0 |
| 16. Adult Services Staffing Increase | | |
| <u>Executive</u> includes additional 95.0 FTE positions and \$11.3 million Gross (\$8.1 million GF/GP) in response to rising adult services caseloads. Adds boilerplate Sec. 851 directing that staffing ratios of adult protective services programs be improved to increase response times to help reduce risks for elderly and disabled adults. <u>House</u> includes 47.0 FTE positions and \$5.6 million Gross (\$4.0 million GF/GP). | FTE | 425.0 |
| | Gross | \$44,864,400 |
| | Federal | 30,579,700 |
| | GF/GP | \$14,284,700 |
| | | \$5,643,400 |
| | | 1,594,800 |
| | | \$4,048,600 |

| | | 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 | | | |
| 17. Family Independence Program (FIP) Clothing Allowance Increase | Gross | \$6,270,000 | \$895,700 |
| <u>Executive</u> includes additional \$2.7 million federal TANF funding to increase the annual clothing allowance for children who are FIP recipients from \$140 per child to \$200. <u>House</u> increases funding by \$895,700 Gross to increase benefit to \$160 and uses remaining \$1.8 million TANF to offset GF/GP. | TANF | 6,270,000 | 2,687,100 |
| | GF/GP | \$0 | (\$1,791,400) |
| 18. Centers for Independent Living Reduction | Gross | \$12,031,600 | (\$7,500,000) |
| <u>Executive</u> reduces funding by \$2.0 million GF/GP for Centers for Independent Living, which provide services to persons with disabilities. <u>House</u> concurs with the Executive and makes a technical adjustment by removing \$5.5 million federal matching funds associated with the reduced GF/GP. | Federal | 8,451,000 | (5,500,000) |
| | Private | 10,000 | 0 |
| | GF/GP | \$3,570,000 | (\$2,000,000) |
| 19. Heat and Eat Program Continuance | Gross | \$6,766,800 | \$0 |
| <u>Executive</u> maintains \$6.8 million GF/GP originally appropriated in FY 2016-17 in PA 340 of 2016 to fund the Heat and Eat program, which provides energy assistance payments of \$20.01 to an estimated 338,173 Food Assistance Program (FAP) cases making them potentially eligible for additional FAP benefits. <u>House</u> concurs with the Executive. | GF/GP | \$6,766,800 | \$0 |
| 20. Multicultural Integration Funding | Gross | \$13,303,800 | \$2,000,000 |
| <u>Executive</u> increases funding by \$2.0 million GF/GP to various multicultural organizations that provide social services programs to specific populations. Organizations receiving additional funding include: Arab Community Center for Economic and Social Services (ACCESS), Arab Chaldean Council (ACC), the Jewish Federation, and the Chaldean Community Foundation (CCF). <u>House</u> concurs with the Executive. | Federal | 1,115,500 | 0 |
| | GF/GP | \$12,188,300 | \$2,000,000 |
| 21. Foster Care Administrative and Residential Rates Increase | Gross | NA | \$6,028,800 |
| <u>Executive</u> increases funding by \$14.2 million Gross (\$6.8 million GF/GP) to increase administrative per diem rates paid to private foster care placing agencies and rates to residential service providers. The current general foster care rate would increase from \$45.00 to \$46.20. Independent living, trial reunification, and residential services rates would also be increased. <u>House</u> increases funding by \$6.0 million Gross (\$3.0 million GF/GP) to increase rates: general foster care and trial reunification administration rates would increase to \$45.60 and general independent living administration rates would increase to \$37.10. Residential services rates would also increase. | Federal | NA | 2,645,000 |
| | Local | NA | 425,000 |
| | GF/GP | NA | \$2,958,800 |
| 22. Foster Care Administrative Rates – Elimination of County Hold-Harmless Provision | Gross | NA | (\$7,999,900) |
| <u>Executive</u> reduces state funding by \$8.0 million GF/GP to recognize the savings to the state of rescinding the county hold-harmless provision that requires DHHS to pay 100% of the foster care administrative rates to private agencies for all new cases beginning October 1, 2013 and 100% of the recent rate increases. Restores 50/50 cost sharing model and requires counties to pay 50% of all administrative rates for private foster care placing agencies and residential service providers beginning in FY 2017-18. <u>House</u> concurs with the Executive but includes a \$100 placeholder. | GF/GP | NA | (\$7,999,900) |
| 23. Foster Parent Support and Michigan Youth Opportunities Initiative (MYOI) Expansion | FTE | NA | 11.0 |
| <u>Executive</u> includes 11.0 additional FTE positions and \$3.6 million Gross (\$2.8 million GF/GP) to fund the expansion of programs to support foster care parents and the MYOI program. Funding would support 10 additional MYOI coordinators and expand the program, which provides services to youth aging out of foster care, to all 83 counties; includes support for one statewide foster care recruitment supervisor. Adds boilerplate Sec. 594 directing that funding support five Regional Resource Teams to help recruit and retain qualified foster parents. <u>House</u> concurs with the Executive. | Gross | NA | \$3,591,400 |
| | Federal | NA | 783,500 |
| | GF/GP | NA | \$2,807,900 |

| 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 |
|---|--------------|---|--|
| 24. Juvenile Justice Facilities Staffing Increase | FTE | 84.0 | 10.0 |
| <u>Executive</u> includes additional 10.0 FTEs and \$924,000 Gross (\$462,000 GF/GP) to comply with new minimum staffing requirements mandated by the federal Prison Rape Elimination Act (PREA). In order to comply, both state juvenile facilities, Shawono and Bay Pines, require 5.0 additional FTEs. <u>House</u> concurs with the Executive. | Gross | \$9,954,700 | \$924,000 |
| | Federal | 220,300 | 0 |
| | Local | 5,377,900 | 462,000 |
| | GF/GP | \$4,356,500 | \$462,000 |
| 25. Family Preservation Programs – One-Time Funding | FTE | 1.0 | (1.0) |
| <u>Executive</u> eliminates one-time funding of \$6.1 million federal TANF and the related 1.0 FTE for family preservation programs; ongoing funding for family preservation programs is maintained at current-year funding and staffing levels. <u>House</u> concurs with the Executive. | Gross | \$6,098,200 | (\$6,098,200) |
| | Federal | 6,098,200 | (6,098,200) |
| | GF/GP | \$0 | \$0 |
| 26. GF/GP-Funded Refugee Assistance | Gross | \$1,000,000 | (\$1,000,000) |
| <u>Executive</u> transfers \$1.0 million GF/GP added in FY 2016-17 in PA 340 of 2016 for refugee assistance services to the one-time basis unit. <u>House</u> eliminates the one-time GF/GP funding. | GF/GP | \$1,000,000 | (\$1,000,000) |
| 27. Other House Program Reductions | Gross | NA | (\$2,000,000) |
| <u>House</u> reduces \$750,000 GF/GP funding for Fostering Futures Scholarship Grants, \$1,000,000 Gross (\$600,000 GF/GP) funding for Emergency Services Local Office Allocations, and \$250,000 TANF for FIP Suspicion-Based Drug Testing Pilot. | Federal | NA | (650,000) |
| | GF/GP | NA | (\$1,350,000) |
| 28. Michigan Corner Store Initiative | Gross | NA | \$100 |
| <u>House</u> includes \$100 placeholder for the Michigan Corner Store Initiative; adds Sec. 651 of boilerplate directing funding to be used for grants to small food retailers to increase availability of fresh and nutritious foods in low and moderate income areas. | GF/GP | NA | \$100 |
| 29. FTE Adjustments | FTE | NA | (31.0) |
| <u>Executive</u> eliminates 60.0 FTE authorizations in the following two line items to align FTE authorizations with the amount of funding available to support the positions: Child Welfare Field Staff – Caseload Compliance (50.0), Family Preservation Programs (10.0); adds 29.0 FTEs to Public Assistance Field Staff. <u>House</u> concurs with the Executive. | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |
| 30. Donated Funds Positions FTE Reduction | FTE | 538.0 | (250.0) |
| <u>Executive</u> eliminates 250.0 FTE authorizations from the Donated Funds Positions line item to better align FTE authorizations with the amount of currently-filled positions and the funding available to support those FTEs. Reduces funding by \$28.3 million Gross (\$0 GF/GP). <u>House</u> concurs with the Executive. | Gross | \$60,878,700 | (\$28,300,000) |
| | IDG | 238,900 | 0 |
| | Federal | 31,152,400 | (14,152,400) |
| | Private | 18,420,200 | (5,309,900) |
| | Local | 11,067,200 | (8,837,700) |
| | GF/GP | \$0 | \$0 |
| 31. TANF Offset of GF/GP Funding | Gross | NA | \$0 |
| <u>House</u> appropriates \$5.0 million TANF to the Family Independence Program line item to offset \$5.0 million GF/GP. | Federal | NA | 5,000,000 |
| | GF/GP | NA | (\$5,000,000) |
| 32. Capped Federal Revenues Fund Source | Gross | NA | \$0 |
| <u>Executive</u> rolls the "Capped Federal Revenues" fund source into the general "Total Federal Revenues" fund source. <u>House</u> retains current-year fund source structure. | Federal | NA | 0 |
| | GF/GP | NA | \$0 |

BEHAVIORAL HEALTH

| | | | |
|---|--------------|-----------|---------------------|
| 33. Direct Care Wage Increase | Gross | NA | \$22,500,000 |
| <u>Executive</u> increases Medicaid mental health funding \$45.0 million Gross (\$14.2 million GF/GP) to provide a \$0.50 per hour increase for direct care workers. A FY 2015-16 legislative boilerplate report directed DHHS to review current challenges of recruiting and retaining direct care staff, and one of the findings was uncompetitive wages compared to other available entry-level wages. <u>House</u> adds \$22.5 million Gross (\$7.1 million GF/GP) to provide a \$0.25 per hour increase and requires in boilerplate Sec. 1009 that DHHS contractually mandate these funds be fully passed through to agencies for paying direct care worker's wages. | Federal | NA | 15,419,200 |
| | GF/GP | NA | \$7,080,800 |

| 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 |
|--|--------------|---|--|
| 34. State Psychiatric Hospital Staffing Enhancement | FTEs | 1,613.6 | 36.0 |
| <u>Executive</u> provides \$7.2 million Gross (\$4.9 million GF/GP) to increase state psychiatric hospital staffing by 72.0 FTEs. Amount reflects a 3.4% increase in Gross appropriations. <u>House</u> provides half of the Executive request. | Gross | \$208,960,000 | \$3,586,600 |
| | Federal | 34,738,400 | 1,154,400 |
| | Local | 14,685,300 | 0 |
| | Restricted | 17,633,000 | 0 |
| | GF/GP | \$141,903,300 | \$2,432,200 |
| | Gross | \$17,030,000 | \$3,750,000 |
| 35. Mental Health and Wellness Commission | Federal | 8,925,000 | 2,458,000 |
| <u>Executive</u> increases Mental Health and Wellness Commission allocation by \$3.8 million Gross (\$1.3 million GF/GP) for a transition unit for children residing at the Hawthorn Center state psychiatric hospital for children. <u>House</u> concurs with the Executive. | GF/GP | \$8,105,000 | \$1,292,000 |
| | Gross | \$0 | \$3,263,200 |
| 36. Medical Marijuana Regulatory Revenue | Federal | 0 | 1,839,300 |
| <u>Executive</u> recognizes \$1.4 million in restricted medical marijuana regulatory revenue to increase access to substance use disorder prevention, treatment, and education programming. Assumes some programs would be eligible for federal matching funds. <u>House</u> concurs with the Executive. | Restricted | 0 | 1,423,900 |
| | GF/GP | \$0 | \$0 |
| | Gross | \$61,168,400 | (\$5,000,000) |
| 37. Autism Services | Federal | 40,223,500 | (3,239,000) |
| <u>House</u> reduces Medicaid autism services funding \$5.0 million Gross (\$1.8 million GF/GP) to support a fee schedule increase of 5% rather than 12%. | GF/GP | \$20,944,900 | (\$1,761,000) |
| | Gross | \$1,499,300 | (\$1,100,000) |
| 38. Civil Service Charges | GF/GP | \$1,499,300 | (\$1,100,000) |
| <u>Executive</u> reduces civil services charges line within behavioral health services unit \$1.1 million GF/GP, funding is transferred into Civil Services unit within Department of Technology, Management, and Budget. <u>House</u> concurs with the Executive. | | | |
| | Gross | \$1,000,000 | (\$500,000) |
| 39. University Autism Programs | GF/GP | \$1,000,000 | (\$500,000) |
| <u>Executive</u> transfers university autism program funding to the one-time basis unit. <u>House</u> concurs with Executive transfer and reduces \$500,000 GF/GP. | | | |
| POPULATION HEALTH | | | |
| 40. Flint Drinking Water/Lead Exposure Emergency – One-Time Funding | FTE | 0.0 | 4.5 |
| <u>Executive</u> reduces funding for assistance to residents exposed to lead in the City of Flint by \$1.8 million Gross (\$8.1 million GF/GP). One-time funding of \$13.4 million Gross (\$1.0 million GF/GP) and 4.5 FTEs are provided for food and nutrition services, health services at child and adolescent health centers and schools, water filter cartridges and filter replacements, and additional supports and services. Restricted funding provided is primarily Healthy Michigan Fund and includes \$100 of the Drinking Water Declaration of Emergency Reserve Fund. Sec. 1905 is related boilerplate. <u>House</u> concurs with the Executive. | Gross | \$15,138,100 | (\$1,776,400) |
| | TANF | 3,520,000 | (20,000) |
| | Federal | 2,050,000 | (2,050,000) |
| | Restricted | 473,900 | 8,387,800 |
| | GF/GP | \$9,094,200 | (\$8,094,200) |
| | Gross | NA | (\$3,119,300) |
| 41. Public Health – House Reductions | GF/GP | NA | (\$3,119,300) |
| <u>House</u> makes the following reductions: eliminates health innovations grant funding of \$1.0 million GF/GP and Sec. 1143, eliminates \$250,000 GF/GP for bone marrow transplant registry support and Sec. 1146, and reduces GF/GP funding for health and wellness initiatives by \$1.9 million. | | | |
| | Gross | \$0 | \$1,000,000 |
| 42. Early Primary Care Pilot Program | GF/GP | \$0 | \$1,000,000 |
| <u>House</u> provides \$1.0 million GF/GP for a new early primary care pilot program to place interested and qualified physicians in medically underserved areas for 2 years following the first year of the physician's residency. The physician will receive a salary and financial assistance with repayment of medical education loans. Sec. 1147 is related boilerplate. | | | |
| | Gross | \$0 | \$500,000 |
| 43. Lead Poisoning Elimination Recommendations – One-Time Funding | GF/GP | \$0 | \$500,000 |
| <u>Executive</u> includes \$2.0 million GF/GP as one-time funding toward implementation of over 80 recommendations of the Childhood Lead Poisoning Elimination Board, created as a two-year advisory commission under Executive Order 2016-9. <u>House</u> provides one-time funding of \$500,000, and adds Sec. 1907 related boilerplate. | | | |

| 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 |
|---|--------------|---|--|
| 44. Full Year Funding of Public Health and Lead Abatement Expansions | FTEs | 24.0 | 19.5 |
| <u>Executive</u> provides \$2.9 million Gross increase (reduction of \$1.3 million GF/GP) and 19.5 FTE increase to annualize and continue the following new initiatives: vapor intrusion response program funded at \$2.2 million GF/GP, drinking water, childhood lead testing, toxicology and response, and public health staff enhancements funded at \$4.2 million Gross (\$0 GF/GP), and increased lead abatement of homes initially focusing on Flint, funded at \$23.5 million from available federal grants. Funding for these programs was initiated in the FY 2016-17 supplemental Act 340 of 2016. New related boilerplate sections providing outcomes and metrics are included in Sec. 1180 and 1181. <u>House</u> concurs with the Executive, except reduces the vapor intrusion response unit increase from \$815,000 GF/GP to \$400,000 GF/GP, and revises Sec. 1180 and 1181. | Gross | \$26,987,700 | \$2,439,600 |
| | Federal | 23,470,000 | 10,000 |
| | Restricted | 0 | 4,178,500 |
| | GF/GP | \$3,517,700 | (\$1,748,900) |
| 45. Public Health Dental Clinics | Gross | \$1,550,000 | (\$1,550,000) |
| <u>Executive</u> removes \$1.6 million GF/GP for local health departments partnering with nonprofit dental providers for dental services, and removes related Sec. 1229 boilerplate. Funding was new in FY 2016-17. <u>House</u> concurs with the Executive. | GF/GP | \$1,550,000 | (\$1,550,000) |
| 46. Indigent Primary Care and Dental Care Clinics – One-Time Funding | Gross | NA | \$300,000 |
| <u>House</u> provides one-time funding of \$300,000 GF/GP to support primary care clinic and dental health clinic services for indigent individuals. Sec. 1914 is related boilerplate. | GF/GP | NA | \$300,000 |
| 47. Pediatric Traumatic Brain Injury Treatment | Gross | NA | \$1,000,000 |
| <u>House</u> provides \$1.0 million GF/GP to support use of pediatric traumatic brain injury assessment and treatment interactive software in hospitals. Sec. 1228 is related boilerplate. | GF/GP | NA | \$1,000,000 |
| 48. Population Health Federal Grant Adjustments | Gross | NA | \$8,400,000 |
| <u>Executive</u> recognizes \$8.4 million of additional public health federal funds including new violence prevention grants of \$1.0 million, increase in local reimbursements for Medicaid outreach totaling \$3.5 million, local health services increase of \$1.5 million, and chronic disease prevention increase of \$2.4 million. The last two adjustments are from increased Preventive Health and Health Services Block Grant funds. <u>House</u> concurs with the Executive. | Federal | NA | 8,400,000 |
| | GF/GP | NA | \$0 |
| 49. Alternative Pregnancy and Parenting Support Program | Gross | \$400,000 | \$300,000 |
| <u>Executive</u> reduces funding by \$350,000 Gross (\$50,000 GF/GP increase) for alternative pregnancy and parenting support program which promotes childbirth and alternatives to abortion, returning the program to \$50,000 GF/GP funding level of FY 2015-16. <u>House</u> provides increase of \$300,000 TANF funds for total program funding of \$700,000 TANF. Sec. 1307 is related boilerplate. | TANF | 400,000 | 300,000 |
| | GF/GP | \$0 | \$0 |
| AGING AND ADULT SERVICES AGENCY | | | |
| 50. Senior In-Home Services | Gross | \$8,024,300 | \$1,000,000 |
| <u>Executive</u> provides increase of \$2.1 million GF/GP for senior in-home services. Together with a FY 2016-17 increase, the program funding will meet demand as of September 30, 2016, including waiting lists. YTD shown is for in-home services only in the Community Services line item. <u>House</u> provides increase of \$1.0 million GF/GP. | GF/GP | \$8,024,300 | \$1,000,000 |
| 51. Senior Meals and Nutrition Services | Gross | \$39,044,000 | \$2,450,000 |
| <u>Executive</u> provides increase of \$1.5 million GF/GP for senior home-delivered meals to bring the program funding to a level that will meet demand as of September 30, 2016, including waiting lists. Federal grant increases totaling \$1.7 million for senior meals services are also recognized. <u>House</u> provides increase of \$750,000 GF/GP. | Federal | 27,657,000 | 1,700,000 |
| | Private | 300,000 | 0 |
| | GF/GP | \$11,087,000 | \$750,000 |

| 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 |
|---|--------------|---|--|
| 52. Alzheimer's In-Home Care Pilot | Gross | \$150,000 | (\$149,900) |
| <u>Executive</u> removes boilerplate Sec. 1424 related to a \$150,000 GF/GP 3-year pilot program of in-home support and care for persons with Alzheimer's Disease, but retains funding to redirect to another dementia care pilot program. <u>House</u> retains a \$100 placeholder to continue the pilot program, currently scheduled for completion as of September 30, 2017, and retains boilerplate with revisions. | GF/GP | \$150,000 | (\$149,900) |
| MEDICAL SERVICES | | | |
| 53. Special Hospital Payments | Gross | NA | (\$217,645,100) |
| <u>Executive</u> reduces quality assurance assessment program (QAAP)-funded special hospital payments a total of \$217.6 million Gross (\$20.3 million GF/GP) based on Hospital Rate Adjustment (HRA) reducing by \$47.9 million Gross (\$42.8 million GF/GP) and the Medicaid Access to Care Initiative (MACI) reducing by \$169.7 million Gross (increasing \$22.4 million GF/GP). <u>House</u> concurs with the Executive. | Federal | NA | (151,922,800) |
| | Restricted | NA | (45,382,500) |
| | GF/GP | NA | (\$20,339,800) |
| 54. GF/GP-Funded Disproportionate Share Hospital (DSH) Payments | Gross | \$45,000,000 | (\$4,500,000) |
| <u>House</u> reduces \$4.5 million Gross (\$1.6 million GF/GP) in GF/GP-funded DSH payments (or 10%) based on recent studies indicating hospital uncompensated care declining by 50%. Revises boilerplate Sec. 1699 indicating this reduction is in compliance with section 105d(8) of the social welfare act. | Federal | 29,317,500 | (2,915,100) |
| | Restricted | 6,114,900 | 0 |
| | GF/GP | \$9,567,600 | (\$1,584,900) |
| 55. Hospice Room and Board | Gross | \$2,500,000 | \$500,000 |
| <u>House</u> adds \$500,000 GF/GP for hospice room and board payments that are not eligible for federal Medicaid reimbursement. <u>House</u> also revises boilerplate Sec. 1899 to require these funds be distributed quarterly on a per bed basis. | GF/GP | \$2,500,000 | \$500,000 |
| 56. Medicaid Non-Emergency Medical Transportation Expansion | Gross | NA | \$1,419,600 |
| <u>Executive</u> includes \$12.0 million Gross (\$3.4 million GF/GP) to expand the Medicaid non-emergency medical transportation broker program into additional counties. Program is currently available in Macomb, Oakland, and Wayne counties. Counties without a broker program rely on local DHHS field staff workers to coordinate non-emergency medical transportation. <u>House</u> does not concur with the Executive expansion of a broker program, and instead includes \$1.4 million Gross (\$500,000 GF/GP) to expand the use of local public transportation entities to coordinate non-emergency medical transportation. | Federal | NA | 919,600 |
| | GF/GP | NA | \$500,000 |
| 57. Ambulance QAAP | Gross | \$44,112,000 | \$10,290,000 |
| <u>Executive</u> includes \$10.3 million Gross (\$0 GF/GP) to add QAAP-funded supplemental Healthy Michigan Plan ambulance payments. Current year only included traditional Medicaid in the supplemental payment calculation. <u>House</u> concurs with the Executive. | Federal | 32,312,400 | 9,698,400 |
| | Restricted | 15,665,200 | 591,600 |
| | GF/GP | (\$3,865,600) | \$0 |
| 58. New Nursing Facility Quality Pool | Gross | \$1,658,317,700 | \$73,000,000 |
| <u>Executive</u> creates a new QAAP-funded nursing facility quality pool totaling \$73.0 million Gross (reduces \$8.2 million GF/GP in state retainer savings). Adds boilerplate Sec. 1646 directing these new payments to support and reward improvements in outcomes for nursing facility patients and residents. <u>House</u> concurs with the Executive. | Federal | 1,069,171,700 | 47,289,400 |
| | Local | 6,618,800 | 0 |
| | Private | 2,100,000 | 0 |
| | Restricted | 271,352,900 | 33,954,300 |
| | GF/GP | \$309,074,300 | (\$8,243,700) |
| 59. Program of All-inclusive Care for the Elderly (PACE) Expansion | Gross | \$87,874,800 | \$18,414,300 |
| <u>Executive</u> adds \$20.0 million Gross (\$7.0 million GF/GP) to support enrollment increases within existing programs and for two new PACE sites in Newaygo County and in central Michigan. Increase is offset with assumed long-term care savings for a net \$0 budget adjustment. <u>House</u> reduces addition by \$1.6 million Gross (\$546,700 GF/GP) to support an annual per member per month increase of 1.0% rather than 2.5%. | Federal | 57,250,400 | 11,928,800 |
| | GF/GP | \$30,624,400 | \$6,485,500 |

| | | 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 | | | |
| 60. Medicaid Direct Primary Care Pilot – One-Time Funding | Gross | \$0 | \$5,724,000 |
| <u>House</u> includes \$5.7 million Gross (\$2.0 million GF/GP) on a one-time basis for a Medicaid direct primary care pilot program. Adds boilerplate Sec. 1913 outlining the pilot program. | Federal | 0 | 3,708,000 |
| | GF/GP | \$0 | \$2,016,000 |
| 61. Neonatology Placeholder | Gross | NA | \$100 |
| <u>House</u> includes \$100 placeholder for a reimbursement rate increase for neonatal services. | GF/GP | NA | \$100 |
| 62. Court-Appointed Guardianship Placeholder | Gross | NA | \$100 |
| <u>House</u> includes \$100 placeholder for a reimbursement rate increase for court-appointed guardianship services. | GF/GP | NA | \$100 |
| 63. Medical Services Program Reductions | Gross | NA | (\$7,026,000) |
| <u>Executive</u> reduces a total of \$10.4 million Gross (\$6.3 million GF/GP) by eliminating Authority Health GME (\$2.8 million Gross), Dental rate increase for pregnant Medicaid beneficiaries (\$2.7 million Gross), University of Detroit dental clinic (\$2.0 million Gross), Medicaid health plan immunization grant (\$1.5 million Gross), and by reducing Wayne State Psychiatric (\$1.4 million Gross). <u>House</u> does not concur with the University of Detroit dental clinic elimination and Wayne State Psychiatric reduction. | Federal | NA | (4,176,000) |
| | GF/GP | NA | (\$2,850,000) |
| 64. Other State Restricted Revenue Adjustments | Gross | NA | \$0 |
| <u>Executive</u> revises the following three restricted funds based on projected available revenues for a net increase of \$3.5 million, which is used to offset a like amount of GF/GP: | Restricted | NA | 3,529,000 |
| <ul style="list-style-type: none"> • Increases Merit Award Trust Fund \$25.3 million. • Increases Healthy Michigan Fund \$9.6 million. • Reduces Medicaid Benefits Trust Fund \$31.4 million. | GF/GP | NA | (\$3,529,000) |
| <u>House</u> concurs with the Executive. | | | |

Major Boilerplate Changes From FY 2016-17

GENERAL SECTIONS

Sec. 274. Capped Federal Funds and Maintenance of Effort – REVISED

Executive deletes subsection (2) which directs that capped federal funds shall not be used for economics adjustments in the Governor's proposed budget, and subsection (3) which requires report on funding that meets TANF maintenance of effort funding requirement. House revises subsection (2) to allow for the use of capped federal funds for economics if increased federal funding from capped sources is expected. *NOTE: Governor indicated subsection (2) considered unenforceable in his signing letter for enacted FY 2016-17 budget.*

Sec. 298. Behavioral Health Integration – REVISED

Requires DHHS to work with a workgroup to make recommendations on policy and financing to improve coordination of Medicaid behavioral health and physical health services, including goals, a detailed plan, annual benchmarks, and requiring legislative authorization for certain funding changes. Executive replaces current language and directs DHHS to continue working with stakeholders to improve coordination of publicly funded behavioral health and physical health services, which must be built upon the published core values previously agreed upon by the Sec. 298 workgroup, including person-centered planning. House replaces current language with requirement to implement a statewide behavioral health managed care organization; to work with a willing CMHSP in Kent County to pilot a full physical and behavioral health integrated service model; to pilot 3 total physical and behavioral health services using single contracts with Medicaid health plans in a manner that allows the CMHSP in the pilot area to be a provider of behavioral health services; requires evaluation of successes and weaknesses of each model; requires report.

CHILDREN SERVICES – CHILD WELFARE

Sec. 512. Foster Care Services by Relatives Study – NEW

House requires DHHS to conduct a study on the cost and feasibility of extending services and financial resources to foster care children placed with a relative outside of the foster care system; requires report.

Sec. 522. Fostering Futures Scholarship Program – DELETED

Allocates \$750,000 to the Fostering Futures Scholarship program for youth transition from foster care who are attending college; requires report. Executive retains language; House deletes language.

Major Boilerplate Changes From FY 2016-17

Sec. 546. Foster Care Agency Administrative Rates – REVISED

Establishes foster care administrative rate of \$37 for private child placing agencies; establishes general independent living administrative rate of \$28; requires payments for independent living plus services at statewide per diem; increases administrative rate for foster care services by \$8, provided county match rate is eliminated; requires increase to private providers of residential services, provided that county match rate is eliminated. Executive revises language to set the general foster care rate, independent living rate, and trial reunification services rate all at \$46.20. House revises language to set the general foster care rate and trial reunification services rate at \$45.60 and independent living rate at \$37.10.

Sec. 558. Child Welfare Training Institute (CWTI) Report – DELETED

Requires DHHS to maximize use of training programs or courses provided through the CWTI and requires courses be made available to employees of private service providers; requires DHHS to conduct a workgroup on reducing required amount of centralized CWTI training class time; requires report on workgroup findings; requires report on number of programs and courses provided and annual cost for each. Executive and House delete language.

Sec. 564. Parent-Child and Parent-Caseworker Visitations – DELETED

Requires DHHS to develop policy for parent-child visitations, requires local offices to meet a 50% success rate, after accounting for factors outside of the caseworker's control; requires caseworkers to achieve a success rate of 65% for parent-caseworker visitations, after accounting for factors outside of the caseworker's control; requires report. Executive and House delete language.

Sec. 567. Medical Passports – REVISED

Requires foster care caseworkers to complete medical passports and requires medical passport to be transferred within 2 weeks from date of placement or return home; requires report. Executive deletes language that requires medical passports be transferred within 2 weeks of placement or return home; House concurs with the Executive.

Sec. 568. Adoption Subsidy Negotiations – DELETED

Requires DHHS to pay a minimum adoption subsidy rate that is not less than 95% of the family foster care rate, including the determination of care rate. Executive and House delete language.

Sec. 569. Private Agency Adoption Completion Payment Rate – DELETED

Requires DHHS reimburse private child placing agencies that complete adoptions at the rate according to the date in which the petition for adoption and required support documentation was accepted by the court and not according to the date the court's order placing for adoption was entered. Executive and House delete language.

Sec. 589. Payment of Foster Care Administrative Rate- County Hold Harmless – REVISED

Requires DHHS to pay 100% of the administrative rate for all new cases referred to foster care services providers beginning October 1, 2013; requires monthly report on number of cases supervised by private agencies and by DHHS. Executive deletes language requiring DHHS to pay 100% of the administrative rates; House concurs with the Executive.

PUBLIC ASSISTANCE

Sec. 625. Legal Services Association of Michigan – DELETED

Permits DHHS to contract with Legal Services Association of Michigan to provide assistance to individuals who have applied or wish to apply for federal disability benefits. Executive and House delete language.

Sec. 630. Family Independence Program (FIP) Suspicion-Based Drug Testing Pilot Program – DELETED

Requires DHHS to implement a suspicion-based drug testing pilot program for FIP recipients. Executive and House delete language.

Sec. 650. Food Assistance Program Able-Bodied Adults Without Dependents Waiver – NEW

House requires DHHS to apply the food assistance eligibility requirements as prescribed in 7 CFR 273.24(a)-(d) on a statewide basis for the fiscal year beginning October 1, 2017.

Sec. 669. Annual FIP Clothing Allowance – REVISED

Allocates \$6.3 million for children's annual clothing allowance for all eligible children in FIP groups. Executive revises language to allocate \$9.0 million funding; House revises language to appropriate \$7.2 million.

CHILDREN SERVICES – JUVENILE JUSTICE

Sec. 701. Residential Facility Contracts – DELETED

Unless required from changes to federal or state law or at the request of a provider, prohibits signed contracts with private residential facilities to be altered without written consent from a representative of the private residential facility. Executive and House delete language.

Major Boilerplate Changes From FY 2016-17

FIELD OPERATIONS AND SUPPORT SERVICES

Sec. 850. Out-Stationed Eligibility Specialists – REVISED

Requires DHHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the location requests the program discontinued. Executive deletes language that requires that if a request for donated funds positions is denied, DHHS must provide the federal statute or regulation supporting a denial, if requested, as well as language that states if there is no federal statute or regulation supporting the denial, DHHS shall grant the position request. House concurs with the Executive.

Sec. 852. Public Assistance Field Staff Additional FTEs – NEW

House requires the 29 additional FTE authorizations in the Public Assistance Field Staff line item to be allocated to support the Pathways to Potential Program to provide additional DHHS staff in schools.

BEHAVIORAL HEALTH SERVICES

Sec. 941. Medicaid Spenddown Allocation – DELETED

Allocates no less than \$3.0 million to CMHSPs for costs related to Medicaid spenddown beneficiaries having to satisfy monthly deductible requirements. Executive and House delete language.

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – REVISED

Requires DHHS to consider a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements, contingent upon federal approval; requires a report; requires DHHS to continue to comply with state and federal law and not initiate an action that negatively impacts beneficiary safety; defines "national accrediting entity." Executive deletes language. House requires DHHS to request federal approval by January 1 and requires any savings from this action be reinvested back into services.

Sec. 997. Distribution of Substance Use Disorder Block Grant Funds – DELETED

Requires population data from the most recent federal census be used in determining the distribution of substance use disorder block grant funds. Executive and House delete language.

Sec. 1057. Hawthorn Center and Caro Center Evaluation – REVISED

Requires DHHS to evaluate the condition of the Hawthorn Center and Caro Center, to evaluate the cost effectiveness of improvements, and to recommend improvements. Executive deletes language. House strikes requirement to evaluate Caro Center.

Sec. 1060. State Psychiatric Hospital Staffing Workgroup – NEW

House requires DHHS to convene a workgroup to address mandatory overtime, staff turnover, and staff retention at the state psychiatric hospitals; requires report.

HEALTH POLICY

Sec. 1150. Opioid Fraud Collaboration – DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to reduce fraud related to opioid prescribing within Medicaid, and to address other prescription drug and opioid abuse issues; requires a report. Executive and House delete language.

Sec. 1151. Opioid Addiction Treatment Education Collaboration – DELETED

Requires DHHS to coordinate with other state departments, law enforcement, and Medicaid health plans to work with substance use disorder providers to inform Medicaid beneficiaries of medically appropriate opioid addiction treatment options when an opioid prescription is completed, and to address other drug abuse issues; requires a report. Executive and House delete language.

LOCAL HEALTH AND ADMINISTRATIVE SERVICES

Sec. 1230. School-Based Children's Dental Health Pilot – NEW

House requires DHHS to develop and implement a school-based pilot program for children up to grade 7 for oral health assessments, primary dental services, and referrals, collaborating with the Department of Education, and local and nonprofit entities. Program goals include improving oral and physical health, and reducing rates of childhood tooth decay.

FAMILY, MATERNAL, AND CHILD HEALTH

Sec. 1314. Promotion of Early and Regular Prenatal Care – NEW

House requires DHHS to enhance outreach efforts to encourage early, continuous, and routine prenatal care upon confirmation of pregnancy. DHHS is to ensure that programs, policies and practices promote care by supporting access, eliminating barriers, promoting best practices, and encouraging optimal prenatal habits. DHHS is to track birth and maternal outcomes of these efforts.

Major Boilerplate Changes From FY 2016-17

Sec. 1340. National Brand Peanut Butter as Approved WIC Food Item – DELETED

Requires the Women, Infants, and Children Special Supplemental Food and Nutrition program (WIC) to include national brand peanut butter on the list of approved food basket items for WIC participant purchase. Executive and House delete language.

MEDICAL SERVICES

Sec. 1790. Ambulance QAAP Revenue Base – NEW

House requires any restricted funding used for ambulance provider reimbursements come from an ambulance QAAP with a base narrowly tailored to ambulance services and shall not include other municipal services.

Sec. 1801. Primary Care Rates – REVISED

Requires DHHS to continue the increase in Medicaid rates to primary care service providers and establish policies to limit the rate increase to practitioners that solely practice primary care; requires a report. House adds physicians who are licensed by the state and working as a primary care provider in general practice to the list of eligible primary care providers who are eligible for the Medicaid rate increase.

Sec. 1805. Graduate Medical Education (GME) Quality Data – REVISED

Requires hospitals receiving GME payments to submit quality data utilizing consensus-based nationally endorsed standards to be posted on a public website, lists specific quality reporting information, and requires hospitals to also post quality data on the hospital's website. Executive adds requirement to withhold 25% of a hospital's GME payment if the hospital does not submit the required data by January 1, 2018. House concurs with Executive but changes withhold date to July 1, 2018.

Sec. 1806. Common Formulary for Medicaid Health Plans – REVISED

Allows DHHS to establish performance standards to measure implementation progress of a common formulary; requires that ongoing implementation of the common formulary consider DHHS's preferred drug list; allows health plans to use evidence-based utilization management techniques in the implementation of the common formulary; requires health plans and DHHS to continue to emphasize the value of increased e-prescribing and electronic medical records. Executive deletes language. House revises to require DHHS to monitor progress in implementing the common formulary; requires report.

Sec. 1820. Recognition of Medicaid Health Plan Accreditation – DELETED

Requires DHHS to give consideration to Medicaid health plan accreditation when establishing compliance with state program review criteria or audit requirements; requires DHHS continue to comply with federal and state laws and not initiate any action that negatively impacts beneficiary safety; defines term "national accrediting entity"; requires progress report on implementation of section. Executive and House delete language.

Sec. 1867. Psychotropic Medicine Best Practices Workgroup – NEW

House requires DHHS to convene a workgroup to identify best practices and to develop protocols for prescribing psychotropic medications; requires report.

**FY 2017-18: DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES**

**Summary: As Reported by House Appropriations Committee
Article XI, House Bill 4323 (H-1)**



Analyst: Marcus Coffin

| | 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 | \$707,600 | \$707,600 | \$707,600 | | | \$0 | 0.0 |
| Federal | 2,000,000 | 2,014,700 | 2,014,700 | | | 14,700 | 0.7 |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 0 | 0 | 0 | | | 0 | -- |
| Restricted | 63,399,600 | 63,869,100 | 63,869,100 | | | 469,500 | 0.7 |
| GF/GP | 150,000 | 150,000 | 150,000 | | | 0 | 0.0 |
| Gross | \$66,257,200 | \$66,741,400 | \$66,741,400 | | | \$484,200 | 0.7 |
| FTEs | 342.5 | 342.5 | 342.5 | | | 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 Insurance and Financial Services (DIFS) is responsible for regulating, licensing, examining, evaluating, and promoting the insurance and financial service industries operating within this state. The department also provides consumer protection by managing consumer information and inquiries and investigating consumer complaints. DIFS administers and enforces state statutes pertaining to state-chartered banks and credit unions; mortgage brokers, lenders, and servicers; consumer finance entities; insurance companies, agents, and products; and health maintenance organizations.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Economic Adjustments

Executive reflects an increase in costs 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, and rent increases. House concurs.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | NA | \$484,200 |
| Federal | NA | 14,700 |
| Restricted | NA | 469,500 |
| GF/GP | NA | \$0 |

2. Technical Adjustments

Executive includes internal adjustments which have no overall Gross or GF/GP impact. Technical adjustments include the consolidation of the Regulatory Compliance, Market Conduct and Licensing and the Insurance Rates and Forms line items into the Insurance evaluation line item. House concurs.

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

Major Boilerplate Changes From FY 2016-17

Sec. 207. Out-of-State Travel Requirements and Report – REVISED

Stipulates limitations regarding the conditions when DIFS may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed annual report on out-of-state travel. Executive revises. House revises to include a provision that out-of-state travel must be approved by a departmental employee's immediate supervisor.

Sec. 217. Record Retention – RETAINED

Requires DIFS to retain all records in accordance with state and federal guidelines. Executive deletes. House retains.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits DIFS from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff. Executive deletes. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 219. Television and Radio Productions – RETAINED

Prohibits DIFS from developing or producing television or radio productions. Executive deletes. House retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED

Requires DIFS, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system that allow for the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains, but revises to eliminate the requirement that the department provide relevant accounting structures and business objects codes.

Sec. 221. Appropriation for Healthy Michigan Plan Statutory Reporting Requirement – RETAINED

Stipulates that appropriation from the General Fund shall only be expended on DIFS' reporting requirements pursuant to Subsection 105d(9) of The Social Welfare Act of 1939. Executive deletes. House retains.

Sec. 301. Health Insurance Rate Filings Report – REVISED

Requires DIFS to submit a report based on the annual rate filings from health insurers and delineates the information to be included. Executive deletes this section. House revises to eliminate the requirement for the department to report on estimated percentage of state population that is uninsured for more than 6 months in a calendar year.

FY 2017-18: JUDICIARY

Summary: As Reported by House Appropriations Committee Article XII, House Bill 4323 (H-1)



Analyst: Robin R. Risko

| 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 | % |
| | \$1,550,000 | \$1,550,600 | \$1,550,600 | | | \$600 | 0.0 |
| Federal | 6,433,500 | 6,488,900 | 6,464,100 | | | 30,600 | 0.5 |
| Local | 7,349,300 | 6,000,000 | 5,955,300 | | | (1,394,000) | (19.0) |
| Private | 957,800 | 971,000 | 969,600 | | | 11,800 | 1.2 |
| Restricted | 92,786,000 | 92,539,000 | 92,529,000 | | | (257,000) | (0.3) |
| GF/GP | 189,157,400 | 192,405,100 | 191,905,100 | | | 2,747,700 | 1.5 |
| Gross | \$298,234,000 | \$299,954,600 | \$299,373,700 | | | \$1,139,700 | 0.4 |
| FTEs | 510.0 | 501.0 | 501.0 | | | (9.0) | (1.8) |

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

Article VI of the State Constitution of 1963 forms the basis for Michigan's judicial branch of government. The Judiciary budget provides operational funding for the Michigan Supreme Court, the Court of Appeals, and related judicial agencies. The budget funds the salaries of justices of the Supreme Court and judges of the appeals, circuit, probate, and district courts according to constitutional and statutory requirements. Funding assistance for local trial court operations is provided through a variety of grant programs. The largest of these, the Court Equity Fund Reimbursement program, reimburses counties for trial court operations based on a statutory formula that recognizes circuit and probate caseloads and the numbers of judgeships.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Transfer MIDC to DLARA

Executive eliminates funding and FTE positions associated with the Michigan Indigent Defense Commission to reflect the transfer of the Commission to DLARA, pursuant to Public Act 442 of 2016. The Commission works to bring the state's criminal defense system into compliance with the right to counsel requirements of the United States and Michigan constitutions. House concurs.

| | | |
|--------------|--------------------|----------------------|
| FTE | 16.0 | (16.0) |
| Gross | \$2,345,600 | (\$2,345,600) |
| GF/GP | \$2,345,600 | (\$2,345,600) |

2. Trial Court Videoconferencing

Executive includes \$687,300 to support continued maintenance, upgrades, and replacement of trial court videoconferencing equipment in courtrooms across the state. Approximately 100 units are replaced per year, based on original installation dates and equipment failures over time. Includes \$127,700 for a contract to provide help desk services and troubleshooting assistance to trial courts. House concurs.

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$815,000 |
| GF/GP | NA | \$815,000 |

3. Medication-Assisted Treatment Program

Executive includes ongoing funding to continue the Medication-Assisted Treatment Program in the drug courts, which targets new court admissions having heroin or other opiate drug disorders. House concurs.

| | | |
|--------------|-----------|------------------|
| Gross | NA | \$750,000 |
| GF/GP | NA | \$750,000 |

4. One-Time Funding for Compliance with U.S. Supreme Court Decision Regarding Juvenile Lifers

Executive includes one-time funding and authorization for FTE positions for the State Appellate Defender Office (SADO) to ensure compliance with the U.S. Supreme Court ruling on the *Montgomery v. Louisiana* case. SADO will provide post-conviction representation of juvenile lifers in re-sentencings. House concurs.

| | | |
|--------------|-----------|------------------|
| FTE | NA | 11.0 |
| Gross | NA | \$750,000 |
| GF/GP | NA | \$750,000 |

| 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. One-Time and Ongoing Funding for Pretrial Risk Assessment | FTE | NA | 2.0 |
| <u>Executive</u> includes \$300,000 GF/GP (one-time) and \$305,700 GF/GP (ongoing) to support the development of a pretrial risk assessment tool in an effort to increase the number of offenders who are released on personal recognizance while awaiting trial, instead of being remanded to jail until their hearings are scheduled. <u>House</u> concurs. | Gross | NA | \$605,700 |
| | GF/GP | NA | \$605,700 |
| 6. Pre-Funding Judges' Retiree Healthcare | Gross | NA | \$0 |
| <u>Executive</u> replaces Court Fee Fund revenue with GF/GP due to the pre-funding of judges' retiree healthcare. Court Fee Fund revenue supports judges' retiree healthcare costs pursuant to statute, MCL 38.2217(3). With the start of pre-funding retiree healthcare, the amount of Court Fee Fund revenue available for judicial salaries will be reduced, so GF/GP is increased to offset the reduction. Pre-funding will be done over 21 years. <u>House</u> concurs. | Restricted | NA | (286,000) |
| | GF/GP | NA | \$286,000 |
| 7. Judgeship Changes | Gross | NA | (\$483,300) |
| <u>Executive</u> reflects a net savings from the following changes in judgeships: replacement of 1.0 Court of Appeals judge; elimination of 1.0 district court judge (2014 PA 60); retirement of 3.0 district and 1.0 circuit court judges (2012 PAs 16, 20, 22, and 35); restoration of 1.0 circuit court judge (2009 PA 228); and election of 2.0 circuit court judges (2014 PAs 56 and 58). The amount of savings is a result of the effective dates of the replacement, elimination, retirements, restoration, and elections. <u>House</u> concurs. | GF/GP | NA | (\$483,300) |
| 8. Security Costs for Hall of Justice | Gross | NA | \$363,000 |
| <u>Executive</u> includes funding to cover costs for contracting with a private provider for security services at the Hall of Justice. <u>House</u> concurs. | GF/GP | NA | \$363,000 |
| 9. Annualize Funding for Legal Help Program | Gross | \$300,000 | \$100,000 |
| <u>Executive</u> includes three months of funding for the Michigan Legal Help program, which provides free around-the-clock legal information and assistance to individuals who represent themselves in civil legal matters. Ongoing funding for nine months, which replaced expired work project funding, was included in the FY 2016-17 budget. <u>House</u> concurs. | GF/GP | \$300,000 | \$100,000 |
| 10. Funding Adjustments | Gross | \$7,349,300 | (\$1,455,900) |
| <u>Executive</u> reduces funding authorization for the Direct Trial Court Automation Support line item and the associated local user fees fund source in order to accurately reflect available revenue, which is based on usage. <u>House</u> concurs. | Local | 7,349,300 | (1,455,900) |
| | GF/GP | \$0 | \$0 |
| 11. FTE Authorization for Statewide E-File System | FTE | 0.0 | 5.0 |
| <u>Executive</u> includes authorization for 5.0 FTE positions for administration of the statewide electronic filing system. <u>House</u> concurs. | Gross | \$8,500,000 | \$0 |
| | Restricted | 8,500,000 | 0 |
| | GF/GP | \$0 | \$0 |
| 12. Removal of One-Time Funding | FTE | 11.0 | (11.0) |
| <u>Executive</u> eliminates one-time funding and FTE positions that were included in the FY 2016-17 budget. One-time funding was appropriated for SADO for compliance with the U.S. Supreme Court ruling on the <i>Montgomery v. Louisiana</i> case (\$700,000 and 11.0 FTEs), expansion of problem solving courts (\$250,000), and a medication-assisted treatment pilot program (\$750,000). <u>House</u> concurs. | Gross | \$1,700,000 | (\$1,700,000) |
| | GF/GP | \$1,700,000 | (\$1,700,000) |
| 13. Economic Adjustments | Gross | NA | \$4,321,700 |
| <u>Executive</u> reflects a net increase in costs for negotiated salary and wage increases (3.0%), actuarially required retirement contributions, worker's compensation, building occupancy charges, and private rent. <u>House</u> concurs. | IDG | NA | 600 |
| | Federal | NA | 55,400 |
| | Local | NA | 106,600 |
| | Private | NA | 13,200 |
| | Restricted | NA | 39,000 |
| | GF/GP | NA | \$4,106,900 |

| <u>Major Budget Changes From FY 2016-17 YTD Appropriations</u> | | <u>FY 2016-17 Year-to-Date (as of 2/8/17)</u> | <u>FY 2017-18 House Change</u> |
|---|--------------|---|--|
| 14. Swift and Sure Sanctions Program | Gross | \$4,000,000 | (\$500,000) |
| <u>Executive</u> retains current year funding for the Swift and Sure Sanctions Program. <u>House</u> reduces funding based on historical lapse amounts at fiscal year-end. | Restricted | 1,729,400 | 0 |
| | GF/GP | \$2,270,600 | (\$500,000) |
| 15. Increased Funding for Veterans Courts | Gross | \$517,300 | (\$80,900) |
| The current year budget included funding in applicable line items for the negotiated 1.5% one-time lump sum payment for employees. <u>Executive</u> did not eliminate the one-time funding. <u>House</u> transfers the \$436,400 in GF/GP funding from the various line items to the Veterans Courts line item. | Federal | 24,800 | (24,800) |
| | Local | 44,700 | (44,700) |
| | Private | 1,400 | (1,400) |
| | Restricted | 10,000 | (10,000) |
| | GF/GP | \$436,400 | \$0 |

Major Boilerplate Changes From FY 2016-17

Sec. 202.(2) Transfer Process for Judicial Branch – RETAINED

Specifies the appropriations transfer process for entities in the judicial branch. Executive deletes. House retains.

Sec. 204. Disciplinary Action Against State Employees – RETAINED

Prohibits the judicial branch from taking disciplinary action against employees for communicating with legislators or their staff. Executive deletes. House retains.

Sec. 205. Input on Foster Care Cases – RETAINED

Expresses legislative intent that judges presiding over hearings on foster care cases publicly acknowledge and request input from foster parent(s) during hearings. Executive deletes. House retains.

Sec. 207. Changes to Foster Care Family Service Plans – RETAINED

Expresses legislative intent that judges presiding over foster care cases provide explanations in court records for any changes made to foster care family service plans. Executive deletes. House retains.

Sec. 211. Linking Swift and Sure Sanctions Program to DHHS and DTED Programs – DELETED

Requires SCAO to evaluate programs within the Departments of Health and Human Services and Talent and Economic Development to establish programmatic connections with Swift and Sure Sanctions Program participants for the purpose of leveraging collaborations and determining avenues of success for offenders who are eligible for state-provided programs; requires SCAO to deliver guidance to courts participating in the Swift and Sure Sanctions Program. Executive deletes. House deletes.

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

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

Sec. 306. Collected and Uncollected Payments and Fees – RETAINED

Requires SCAO to submit an annual statistical report, categorized by county, on collected and uncollected amounts of restitution payments, court fees, and other judgements placed on people within the counties. Executive deletes. House retains.

Sec. 312. Parental Rights Restoration Act – RETAINED

Requires SCAO to report on the total number of petitions filed by minors seeking court-issued waivers of parental consent under the Parental Rights Restoration Act, and the total number of petitions granted. Executive deletes. House retains.

Sec. 316. Pretrial Risk Assessment – NEW

Requires SCAO to pilot a pretrial risk assessment tool in an effort to provide relevant information to judges so they can make evidence-based bond decisions; requires SCAO to report on plans for piloting the tool; requires SCAO to report on costs associated with piloting the tool. Executive does not include. House includes new language.

Sec. 322a. Michigan Indigent Defense Commission Receipt of Federal Funding – DELETED

Authorizes the MIDC to receive and expend up to \$250,000 in federal Byrne grant funding and up to \$300,000 in other federal grant funding, if the funding is made available from the U.S. Department of Justice. Executive deletes. House deletes.

Sec. 323. Report on Juvenile Out-of-State Placements – DELETED

Requires SCAO to provide courts with a quarterly listing of out-of-state placements of juveniles made by each court, an annual listing of per diem costs of public and private residential care facilities located or doing business in the state, and recidivism data for each facility, if available from DHHS. Executive deletes. House deletes.

Major Boilerplate Changes From FY 2016-17

Sec. 324. Additional Funding for Michigan Indigent Defense Commission – DELETED

Requires additional funding appropriated for the MIDC to be used for bringing the criminal defense system into compliance with right to counsel requirements of the U.S. and Michigan constitutions; requires specific outcomes and performance measures to be identified. Executive deletes. House deletes.

Sec. 325. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires the MIDC to submit an annual report on incremental costs associated with the standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense. Executive deletes. House deletes.

Sec. 401. Expansion of Problem Solving Courts – DELETED

Requires the additional one-time funding appropriated for drug treatment courts to be used for increasing the number of participants and decreasing recidivism rates. Executive deletes. House deletes.

Sec. 1201. Anticipated FY 2017-18 Appropriations – RETAINED

Expresses legislative intent that FY 2017-18 appropriations will be funded at the same level as FY 2016-17 appropriations, adjusting for changes in caseloads, federal fund match rates, economic factors, and available revenues. Executive deletes. House retains and updates fiscal years.

FY 2017-18: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Summary: As Reported by House Appropriations Committee Article XIII, House Bill 4323 (H-1)



Analyst: Marcus Coffin

| | 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 | \$46,923,800 | \$47,835,100 | \$47,835,100 | | | \$911,300 | 1.9 |
| Federal | 64,441,800 | 65,020,900 | 65,020,900 | | | 579,100 | 0.9 |
| Local | 251,600 | 250,000 | 250,000 | | | (1,600) | (0.6) |
| Private | 111,800 | 111,800 | 111,800 | | | 0 | 0.0 |
| Restricted | 266,872,300 | 285,341,900 | 283,230,600 | | | 16,358,300 | 6.1 |
| GF/GP | 43,721,100 | 43,016,600 | 44,016,600 | | | 295,500 | 0.7 |
| Gross | \$422,322,400 | \$441,576,300 | \$440,465,000 | | | \$18,142,600 | 4.3 |
| FTEs | 2,251.8 | 2,379.8 | 2,359.8 | | | 108.0 | 4.8 |

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

The Department of Licensing and Regulatory Affairs (LARA) is the primary regulatory agency for this state. The department oversees regulation in a variety of areas, including: commercial and occupational activities, construction and fire safety, health care and human service, energy and public utilities, and liquor. Agencies within LARA are also responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws; the department also provides vocational rehabilitation services for the blind and coordinates employment services for immigrants. Lastly, agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Energy Package

Executive includes increased funding for the Michigan Administrative Hearing System, the Michigan Agency for Energy, and the Michigan Public Service Commission to support the expanded scope of the department's responsibilities under Public Acts 341 and 342 of 2016. House concurs.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | 19.0 | 0.0 |
| Gross | \$2,810,000 | \$300,500 |
| Restricted | 2,810,000 | 300,500 |
| GF/GP | \$0 | \$0 |

2. Medical Marihuana Facilities, Licensing, and Tracking Program

Executive includes funding to support the Department's responsibilities for the implementation of the Medical Marihuana Facilities Licensing Act (Public Act 281 of 2016). Funding for the appropriation comes from the Marihuana Regulatory Fund, which receives revenues from license application fees and an annual assessment levied on licensed growers, processors, provisioning centers, and secure transporters of marihuana. The appropriation is prorated to reflect that the Department and the Medical Marihuana Licensing Board can begin accepting license applications on December 15, 2017. House reduces funding by \$2.1 million and reduces FTE authorization by 20.0 FTEs.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | NA | 88.0 |
| Gross | NA | \$16,540,300 |
| Restricted | NA | 16,540,300 |
| GF/GP | NA | \$0 |

3. Michigan Indigent Defense Commission Transfer

Executive includes funding and authorization for FTE positions to reflect the transfer of the Michigan Indigent Defense Commission to LARA from the Judiciary, pursuant to Public Act 439 of 2016. The appropriation will primarily be used to cover staffing costs associated with the commission. Positions within the commission include administrative assistants, a grant manager, and regional administrators, among others. House concurs.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| FTE | NA | 16.0 |
| Gross | NA | \$2,386,800 |
| GF/GP | NA | \$2,386,800 |

| 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. First Responder Presumed Coverage Fund Administration | | Gross | NA | \$200,000 |
| <u>Executive</u> includes funding to support the administration of first responder claims pursuant to Public Act 515 of 2014. The authorization is supported by a portion of the revenue that is anticipated to be generated from the Medical Marihuana Excise Fund in FY 2017-18. The Medical Marihuana Excise Fund will receive revenues from the 3% excise tax that is levied upon marihuana provisioning centers. The funding will be used for payroll for one FTE and for contractual services. <u>House</u> concurs. | | Restricted | NA | 200,000 |
| | | GF/GP | NA | \$0 |
| 5. Increased Attorney General Costs for Unlicensed Activity Enforcement | | Gross | NA | \$439,300 |
| <u>Executive</u> increases funding to the Bureau of Professional Licensing in order to properly fund the activities conducted by the Attorney General (AG) for enforcement against unlicensed regulatory activity. The AG's office previously handled unlicensed activity cases only for unlicensed builders. Under a new Memorandum of Understanding, the AG's office is now handling unlicensed activity cases for Accountancy and Real Estate Brokers and Salespersons. The AG's office is also handling the criminal investigations for all three of the aforementioned areas of unlicensed activity. <u>House</u> concurs. | | Restricted | NA | 439,300 |
| | | GF/GP | NA | \$0 |
| 6. Michigan Administrative Hearing Authorization Decrease | | Gross | NA | (\$200,000) |
| <u>Executive</u> reduces funding to reflect decreased costs for the services that MAHS provides to the Department of Corrections. There has been a decrease in the amount of services required due to a declining population of prisoners in Michigan. <u>House</u> concurs. | | IDG | NA | (200,000) |
| | | GF/GP | NA | \$0 |
| 7. Video Franchise Services Funding Restoration | | Gross | NA | \$300,000 |
| <u>Executive</u> includes funding to support the Video Franchise Services program using revenues from Public Utility Assessments, pursuant to Public Act 438 of 2016. <u>House</u> concurs. | | Restricted | NA | 300,000 |
| | | GF/GP | NA | \$0 |
| 8. First Responder Presumed Coverage Claims | | Gross | NA | \$1,780,000 |
| <u>Executive</u> includes funding to cover payments of first responder presumed coverage claims pursuant to Public Act 515 of 2014. The appropriation is supported by revenues anticipated to be generated from the marihuana excise tax. <u>House</u> concurs. | | Restricted | NA | 1,780,000 |
| | | GF/GP | NA | \$0 |
| 9. Public Service Commission Natural Gas Pipelines – Federal Compliance | | FTE | 5.0 | 0.0 |
| <u>Executive</u> includes funding for the Public Service Commission to cover the costs of 5.0 FTEs in order to meet the mandated level of required inspection days for natural gas pipelines, which is determined by the Pipeline and Hazardous Materials Safety Administration (PHMSA). The additional 5.0 FTEs and \$770,000 in funds were appropriated in FY 2016-17 by Public Act 340 of 2016. <u>House</u> concurs. | | Gross | \$770,000 | \$144,300 |
| | | Federal | 623,700 | 115,100 |
| | | Restricted | 146,300 | 29,200 |
| | | GF/GP | \$0 | \$0 |
| 10. Ethnic Commission Service Expansion | | Gross | \$473,000 | \$75,000 |
| <u>Executive</u> includes increased funding of \$25,000 (GF/GP) each to the Hispanic/Latino commission of Michigan, the Asian Pacific American affairs commission, and the Commission on Middle Eastern American affairs. <u>House</u> revises, so that the total increase remains \$75,000 (GF/GP) but the Hispanic/Latino commission of Michigan and the Asian Pacific American affairs commission would each receive \$20,000 in additional funding, while the Commission on Middle Eastern American affairs would receive a \$35,000 increase. | | GF/GP | \$473,000 | \$75,000 |
| 11. Childcare Licensing Background Checks | | FTE | NA | 4.0 |
| <u>Executive</u> includes funding to conduct expanded background checks on childcare providers, as required by new federal rules associated with the Federal Child Care and Development Block Grant received by the Michigan Department of Education (MDE). <u>House</u> concurs. | | Gross | NA | \$800,000 |
| | | IDG | NA | 800,000 |
| | | GF/GP | NA | \$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 |
|---|--------------|---|--|
| 12. Removal of One-Time Funding | | | |
| <u>Executive</u> eliminates \$4.96 million (\$3.4 million GF/GP) in one-time funding that was included in the FY 2016-17 budget. FY 2016-17 one-time appropriations were made for Fire Protection Grant Enhancement and for the Michigan Liquor Control Commission IT project. <u>House</u> concurs with the elimination of one-time funding for the IT project, but retains \$1,000,000 (GF/GP) for Fire Protection Grant Enhancement. | Gross | \$4,960,000 | (\$3,960,000) |
| | Restricted | 1,560,000 | (1,560,000) |
| | GF/GP | \$3,400,000 | (\$2,400,000) |
| 13. Revenue Alignment and Reduction of Overstated Deducts | | | |
| <u>Executive</u> reduces federal, local, and restricted authorizations for a net decrease of \$3.0 million in order to accurately reflect available funds and to align with revenue estimates. Adjustments include: | Gross | NA | (\$2,983,300) |
| | Federal | NA | (83,700) |
| | Local | NA | (2,400) |
| | Restricted | NA | (2,897,200) |
| | GF/GP | NA | \$0 |
| <ul style="list-style-type: none"> Removal of the EPA Pollution Prevention Grant deduct due to the elimination of the award (\$83,700) A shift of \$1.0 million in authorization from the Tax Tribunal Fund to Corporation Fees in order to support MAHS due to declining revenues from the fees deposited to the Tax Tribunal Fund Multiple reductions in overstated deducts of state restricted funds and the local stabilization authority contract | | | |
| <u>House</u> concurs. | | | |
| 14. Economics Adjustment | | | |
| <u>Executive</u> reflects a net increase in costs 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, and building occupancy changes. <u>House</u> concurs. | Gross | NA | \$2,319,700 |
| | IDG | NA | 311,300 |
| | Federal | NA | 393,700 |
| | Local | NA | 800 |
| | Restricted | NA | 1,380,200 |
| | GF/GP | NA | \$233,700 |

Major Boilerplate Changes From FY 2016-17

Sec. 207. Out-of-State Travel Requirements and Report Title – REVISED

Stipulates a set of conditions under which out-of-state travel is permissible and requires LARA to submit a report pertaining to out-of-state travel for state employees, including the dates of each travel occurrence and the related expenses and fund sourcing. Executive deletes. House retains, but revises to include a requirement that out-of-state travel be approved by a departmental employee's immediate supervisor.

Sec. 217. Records Retention – RETAINED

Requires LARA to retain all records in accordance with state and federal guidelines. Executive deletes. House retains.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the Legislature or its staff. Executive deletes. House retains.

Sec. 219. Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive deletes. House retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – REVISED

Requires LARA, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system that allow for the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains, but revises to eliminate the requirement that the department provide relevant accounting structures and business objects codes.

Sec. 226. Regulatory Statistical Report – RETAINED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by agencies within LARA. Executive deletes. House retains.

Sec. 227. Departmental Employee Performance Monitoring Process – DELETED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Executive deletes. House deletes.

Major Boilerplate Changes From FY 2016-17

Sec. 301. Exploration of Carbon Dioxide Capture – DELETED

Tasks the Michigan Agency for Energy and the Michigan Public Service Commission with exploring sources of captured carbon dioxide and its use in enhanced oil recovery; the Michigan Agency for Energy is required to report its findings. Executive deletes. House deletes.

Sec. 301. Low-Income Energy Assistance Grants – NEW

Stipulates that funds supporting the grant program administered by the Michigan Agency for Energy on behalf of DHHS for low-income energy assistance are appropriated upon awarding of the grants, and may be expended for grant payments or administrative expenses for the operation of the program. Executive includes new language. House includes new language.

Sec. 401. IT Upgrades to Mitigate Licensure Delays – DELETED

Stipulates that funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available. Executive deletes. House deletes.

Sec. 402. Investigation of Direct Shipments of Wine and Report – RETAINED

Requires that the LCC should use funds as required under Section 203 of the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal shipments of wine, and to report on these activities to the legislature. Executive deletes. House retains.

Sec. 505. Homeowner Construction Lien Recovery Fund – REVISED

Appropriates unexpended funds in the Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to the repeal of the Fund on August 23, 2010 and includes a financial reporting requirement. Executive revises to eliminate the reporting requirement. House revises to eliminate the reporting requirement.

Sec. 513. Fees for False Final Inspections by the BFS – REVISED

Authorizes LARA to assess a fee not to exceed \$200 if the Bureau of Fire Services (BFS) responds to a confirmed false inspection appointment, requires LARA to explicitly identify revenue generated by the fee in MAIN and requires a report pertaining to the fee, its effects on the BFS' costs, and recommendations to the legislature. House revises so that the fee can only be collected on a second, or subsequent, false final inspection.

Sec. 516. Sawmill Inspection Method and Report – DELETED

Requires LARA to submit a report to the subcommittees and fiscal agencies detailing several findings from the department's inspections of wood products manufacturing facilities. Executive deletes. House deletes.

Sec. 517. Opioid Overprescribing Report – DELETED

Requires LARA to submit a report to the House and Senate Appropriations Committees detailing departmental action taken for overprescribing, it also requires LARA to provide information to prescribers on where they can obtain the most current federal guidelines on prescribing of opioids. Executive deletes. House deletes.

Sec. 517. MAPS and Opioid Report – NEW

House adds new language requiring LARA to submit a report detailing usage statistics for the MAPS system and the number of cases related to opioid overprescribing and overdispensing.

Sec. 519. Performance Metrics for MAPS IT Upgrades and Staffing Enforcement – DELETED

Requires that LARA improve the functionality of the Michigan Automated Prescription System, to consider releasing data that does not contain patient protected information, and that the department should report on progress made. Executive deletes. House deletes.

Sec. 519. Medical Marijuana Facilities Licensing and Tracking Report – NEW

House includes new language requiring LARA to submit a report regarding application determinations, timeliness, revenues, and expenses associated with the administration of the Medical Marijuana Facilities Licensing and Tracking program.

Sec. 705. Vocational Rehabilitation Matching Funds – RETAINED

Requires the Bureau of Services for Blind Persons (BSBP) to work collaboratively with service organizations and governments to identify match dollars and maximize federal vocational rehabilitation funds. Executive deletes. House retains.

Sec. 708. First Responder Presumed Coverage Fund Receive and Expend Authorization – NEW

Stipulates that funds received in excess of the appropriation in part 1 for first responder presumed coverage claims from the first responder presumed coverage fund are appropriated in an amount sufficient to pay approved claims due in the current fiscal year. Executive includes new language. House includes new language.

Sec. 800. Michigan Indigent Defense Commission Receipt of Federal Funding – NEW

Authorizes the Michigan Indigent Defense Commission (MIDC) to receive and expend up to \$250,000 as an interdepartmental grant from the Department of State Police if Byrne formula grant funding is awarded to the MIDC; the commission may receive and expend federal grant funding from the United States Department of Justice in an amount not to exceed \$300,000. Executive includes new language. House includes new language.

Major Boilerplate Changes From FY 2016-17

Sec. 801. Michigan Indigent Defense Commission Report on Incremental Costs – NEW

Requires the Michigan Indigent Defense Commission to submit a report on the incremental costs associated with the standard development process, the compliance plan process, and the collection of data from all indigent defense systems and attorneys providing indigent defense. Executive includes new language. House includes new language.

Sec. 802. Ethnic Affairs Commissions Report – NEW

House includes new language requiring the Michigan Office for New Americans to coordinate with the ethnic affairs commissions to produce a report pertaining to the activities that the ethnic affairs commissions undertake.

Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – REVISED

Stipulates that LARA award Medical Marihuana Operation and Oversight Grants to county law enforcement, requires LARA to post a listing of available grant funds, requires reports submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive revises to include language indicating that Fiscal Year 2017-18 will be the final year for the distribution of medical marihuana enforcement grants, due to the new regulatory structure created by 2016 PA 281. House revises.

Sec. 1001. Performance Metrics for LCC IT Upgrades – DELETED

Requires the Liquor Control Commission to maintain customer service standards and to identify outcomes and performance metrics. Executive deletes. House deletes.

FY 2017-18: DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary: As Reported by House Appropriations Committee Article XIV, House Bill 4323 (H-1)



Analyst: Kent Dell

| | 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 | \$101,800 | \$101,800 | \$101,800 | | | \$0 | 0.0 |
| Federal | 91,793,600 | 92,334,100 | 92,334,100 | | | 540,500 | 0.6 |
| Local | 1,522,400 | 1,528,400 | 1,528,400 | | | 6,000 | 0.4 |
| Private | 742,800 | 640,000 | 640,000 | | | (102,800) | (13.8) |
| Restricted | 24,696,000 | 22,332,600 | 22,332,600 | | | (2,363,400) | (9.6) |
| GF/GP | 58,243,600 | 63,067,500 | 62,067,500 | | | 3,823,900 | 6.6 |
| Gross | \$177,100,200 | \$180,004,400 | \$179,004,400 | | | \$1,904,200 | 1.1 |
| FTEs | 907.5 | 913.5 | 913.5 | | | 6.0 | 0.7 |

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 Department of Military and Veterans Affairs provides for the operations of the Michigan National Guard in support of the military and security needs of the state and the federal government. The department, through the Michigan Veterans Affairs Agency, also oversees state programs for veterans, including the state's veterans' homes, grants to veterans service organizations, and the Michigan Veterans Trust Fund.

| | | 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 FY 2016-17 One-Time Appropriations and Placeholders | Gross | \$4,100,100 | (\$4,100,100) |
| <u>Executive</u> removes all FY 2016-17 one-time appropriations as well as a \$100 GF/GP place holder for veterans' homes planning and \$300,000 GF/GP for housing construction at Camp Grayling. <u>House</u> concurs. | GF/GP | \$4,100,100 | (\$4,100,100) |
| 2. National Guard Armory Maintenance (One-Time) | Gross | NA | \$2,500,000 |
| <u>Executive</u> includes a one-time appropriation of \$2.5 million GF/GP for maintenance and repair projects at Michigan National Guard armories. Funds are matched 50-50 by the federal National Guard Bureau. <u>House</u> concurs. | GF/GP | NA | \$2,500,000 |
| 3. National Guard Tuition Assistance Fund | Gross | \$60,000 | \$3,447,000 |
| <u>Executive</u> includes \$3.9 million ongoing GF/GP to replenish the National Guard Tuition Assistance Fund, which is expected to be depleted by the end of FY 2016-17. These funds support of the National Guard Tuition Assistance Program. <u>House</u> includes \$3.4 million ongoing GF/GP. | GF/GP | \$60,000 | \$3,447,000 |
| 4. National Guard Tuition Assistance Program – Program Restructure | FTE | 1.0 | (1.0) |
| <u>Executive</u> includes a technical change with associated boilerplate language to allow funds deposited into the National Guard Tuition Assistance Fund to be authorized for expenditure as restricted funds in support of the National Guard Tuition Assistance Program. <u>House</u> concurs. | Gross | \$3,505,000 | (\$3,505,000) |
| | Restricted | 3,505,000 | (3,505,000) |
| | GF/GP | \$0 | \$0 |
| 5. Armory and Land Sales | Gross | \$1,000,000 | \$1,000,000 |
| <u>Executive</u> increases land and acquisitions authorization by \$1.0 million to allow for the receipt and expenditure of funds related to the sale of armories and land. Funds received from any sales will be deposited into the Michigan National Guard Construction Fund. <u>House</u> concurs. | Restricted | 1,000,000 | 1,000,000 |
| | 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 |
|--|--------------|---|--|
| 6. National Guard Operations – State Active Duty | Gross | \$338,200 | \$30,000 |
| <u>Executive</u> includes \$30,000 from the Mackinac Bridge Authority to support the activation of National Guard soldiers for the annual Mackinac Bridge walk. <u>House</u> concurs. | IDG | 101,800 | 0 |
| | Federal | 100,000 | 0 |
| | Restricted | 70,000 | 30,000 |
| | GF/GP | \$66,400 | \$0 |
| 7. Grand Rapids Home for Veterans – Staff and Training | Gross | \$49,229,000 | \$820,000 |
| <u>Executive</u> includes \$820,000 GF/GP to support competency evaluated nursing assistant (CENA) staffing and training at the veterans' home. 2016 PA 340 included a supplemental appropriation of \$2.0 million GF/GP to support additional contractual nursing services required to maintain U.S. Department of Veterans Affairs direct care staffing standards. <u>House</u> concurs. | Federal | 20,999,900 | 0 |
| | Restricted | 6,532,500 | 0 |
| | GF/GP | \$21,696,600 | \$820,000 |
| 8. Grand Rapids Home for Veterans – Accounting Service Staff | FTE | 355.0 | (8.0) |
| <u>Executive</u> transfers the accounting service staff FTEs to the Department of Technology, Management and Budget. <u>House</u> concurs. | Gross | \$49,229,000 | \$0 |
| | Federal | 20,999,900 | 0 |
| | Restricted | 6,532,500 | 0 |
| | GF/GP | \$21,696,600 | \$0 |
| 9. D.J. Jacobetti Home for Veterans – Staffing Increase | FTE | 164.5 | 15.0 |
| <u>Executive</u> includes 15.0 FTEs and \$800,000 GF/GP for increased staffing at the veterans' home in order to meet Centers for Medicare and Medicaid certification requirements. <u>House</u> concurs. | Gross | \$21,250,600 | \$800,000 |
| | Federal | 8,305,600 | 0 |
| | Restricted | 5,000,400 | 0 |
| | GF/GP | \$7,944,600 | \$800,000 |
| 10. Michigan Veterans' Facility Authority | Gross | \$1,000,000 | \$0 |
| <u>Executive</u> includes \$500,000 GF/GP for the FY 2017-18 staffing and operations of the recently established Michigan Veterans' Facility Authority. <u>House</u> removes. | GF/GP | \$1,000,000 | \$0 |
| 11. Michigan Veterans Affairs Agency – Veterans License Plate Fund | Gross | \$7,057,300 | \$50,000 |
| <u>Executive</u> includes \$50,000 from the recently established Veterans License Plate Fund to support the ongoing operations of the Michigan Veterans Affairs Agency. <u>House</u> concurs. | Restricted | 0 | 50,000 |
| | GF/GP | \$7,057,300 | \$0 |
| 12. Technical Adjustments | FTE | NA | 0.0 |
| <u>Executive</u> aligns authorizations with expected revenues, makes minor adjustments in appropriations and fund sources, and aligns FTEs, including: | Gross | NA | (\$212,600) |
| • Reduction in private revenue authorization for the Michigan Youth ChalleNGe Academy. | Federal | NA | (4,900) |
| • Reduction in rental fee revenue authorization for Headquarters and Armories. | Private | NA | (102,800) |
| • Removes authorizations associated with IT payroll and accounting services center personnel across the budget. | Restricted | NA | (101,800) |
| • Reduction in restricted authorization associated with the National Guard Tuition Assistance Program restructuring. | GF/GP | NA | (\$3,100) |
| • Net zero adjustments in authorizations and FTEs between line items. | | | |
| <u>House</u> concurs. | | | |
| 13. Economic Adjustments | Gross | NA | \$1,074,900 |
| <u>Executive</u> includes economic adjustments, which reflect increased costs of \$1.1 million Gross (\$360,100 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. | Federal | NA | 545,400 |
| | Local | NA | 6,000 |
| | Restricted | NA | 163,400 |
| | GF/GP | NA | \$360,100 |

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Executive updated to reflect FY 2017-18 appropriations. House concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Executive updated to reflect FY 2017-18 costs. House concurs.

Sec. 215. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains.

Sec. 217. Department Core Services – REVISED

States the core services, support services, and work projects of the department. House revises to include the Michigan Veterans' Facility Authority.

Sec. 219. Intention to Sell Department Property – RETAINED

Requires the department to notify the Legislature sixty days prior to publicly announcing the intention to sell department property. Executive deleted. House retains.

Sec. 234. One-Time Special Maintenance Carry Forward – DELETED

Allows unexpended, one-time special maintenance funds to be carried forward into the subsequent fiscal year. Executive deleted. House concurs.

Sec. 301. Unclassified Positions – RETAINED

Establishes the unclassified positions within the department and requires the department to notify the Legislature thirty days prior to requesting changes in the unclassified positions from the Civil Service Commission. Executive deleted. House retains.

Sec. 303. Michigan Youth ChalleNGe Academy – REVISED

Describes the purpose, staffing and training requirements, and outcome goals of the Michigan Youth ChalleNGe Academy. Executive revised to allow unexpended private donations to be carried forward into the subsequent fiscal year. House concurs.

Sec. 307. National Guard Tuition Assistance Program – REVISED

Requires the department to maintain the National Guard Tuition Assistance Program, and describes the program's purpose and goals. Executive revised to increase the participation goal from 1,000 to 1,100 National Guard members by the end of the program's third year; include language requiring GF/GP funds deposited into the National Guard Tuition Assistance Fund in Part 1 to be appropriated as restricted funds in support of the National Guard Tuition Assistance Program; and establish an appropriation cap of \$4,007,000 from the National Guard Tuition Assistance Fund to the National Guard Tuition Assistance Program. House concurs, but establishes the participation goal of 1,100 members by the end of the fourth year, and removes the appropriation cap.

Sec. 311. Information Technology Services and Projects – DELETED

Requires funds appropriated for information technology services and projects to be used as an interdepartmental grant to the Department of Technology, Management and Budget. Executive deleted. House concurs.

Sec. 401. Board of Managers (Veterans Homes) – REVISED

Establishes the regulatory, governance, advisory and advocacy roles of the veterans' homes' Board of Managers. Executive revised to include the Michigan Veterans' Facility Authority. House concurs.

Sec. 402. Veterans' Homes Service and Care Requirements – REVISED

Establishes service and care standards, minimum training standards for competency evaluated nursing assistants, and reporting requirements for the Grand Rapids and D.J. Jacobetti Homes for Veterans. Executive revised to include the Michigan Veterans' Facility Authority. House concurs.

Sec. 403. D.J. Jacobetti Home for Veterans CMS Certification – REVISED

Requires increased funding for the D.J. Jacobetti Home for Veterans to be used toward achieving Centers for Medicare and Medicaid Services (CMS) certification standards. Executive revised to state that the purpose is to obtain CMS certification during fiscal year 2017-18. House revised to state that the purpose is to obtain CMS certification by January 1st of fiscal year 2017-18.

Sec. 407. Grants to Veterans Service Organizations – REVISED

Establishes the purpose and goals of grants issued by the Michigan Veterans Affairs Agency to Veterans Service Organizations operating in the state to assist veterans receive U.S. Department of Veterans Affairs veterans' benefits. Executive revised to remove statewide service hour goal of 116,500 hours and replace it with a statewide service hour goal based upon appropriations and fixed hourly service rates. House concurs and establishes the MVAA paid fixed hourly service rate at \$34 per hour.

Sec. 501. Land and Acquisitions – RETAINED

Provides for the acquisitions and disposition of National Guard land, armories, and facilities, and requires the department to report property sales and acquisitions to the Legislature. Executive revised to remove sale and acquisition reporting requirements. House retains original language.

Sec. 605. Veterans' Homes Planning – DELETED

Establishes the purpose, restrictions, and reporting requirements of capital outlay projects for the construction or renovation of veterans' homes. Executive deleted. House concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 1201. Anticipated Appropriations – RETAINED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains.

Sec. 1202. MVAA Outreach – RETAINED

Establishes a goal of 100% contact with Michigan veterans and requires quarterly reporting to the appropriations subcommittees. Executive deleted. House retains.

Sec. 1203. MVAA Claims Services – RETAINED

Requires the Michigan Veterans Affairs Agency to maintain a minimum of 50% fully developed benefits claims to the U.S. Department of Veterans Affairs. Executive deleted. House retains.

FY 2017-18: DEPARTMENT OF NATURAL RESOURCES
Summary: As Reported by House Appropriations Committee
Article XV, House Bill 4323 (H-1)



Analyst: Austin Scott

| 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 | % |
| | \$1,375,900 | \$232,200 | \$232,200 | | | (\$1,143,700) | (83.1) |
| Federal | 72,765,400 | 70,095,700 | 70,095,700 | | | (2,669,700) | (3.7) |
| Local | 0 | 0 | 0 | | | 0 | -- |
| Private | 7,446,400 | 7,446,000 | 7,446,000 | | | (400) | (0.0) |
| Restricted | 283,956,400 | 274,553,100 | 274,553,100 | | | (9,403,300) | (3.3) |
| GF/GP | 43,410,000 | 64,047,300 | 48,984,000 | | | 5,574,000 | 12.8 |
| Gross | \$408,954,100 | \$416,374,300 | \$401,311,000 | | | (\$7,643,100) | (1.9) |
| FTEs | 2,243.8 | 2,270.8 | 2,261.8 | | | 18.0 | 0.8 |

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

The Department of Natural Resources (DNR) manages Michigan's natural and cultural resources through conservation and protection. State parks, wildlife, fisheries, forests, and minerals management are all administered by DNR.

| 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. Wetland Mitigation Bank Grants One-Time Funding | Gross | \$500,000 | \$2,175,000 |
| <u>Executive</u> increases by \$3.4 million GF/GP funding for the initial development and construction of wetland mitigation banks to be used by the Michigan Municipal Wetland Alliance, agricultural producers, and blueberry farmers. Wetland mitigation banking is the creation or restoration of wetlands to compensate for unavoidable impacts to wetlands at another location. | GF/GP | \$500,000 | \$2,175,000 |
| <u>House</u> increases by \$2.2 million GF/GP funding. | | | |
| 2. Wildlife Management – Wetland Mitigation Banking Program | Gross | \$400,000 | \$3,500 |
| <u>Executive</u> increases by \$3,500 in federal funding to administer the Wetland Mitigation Banking Program. | Federal | 400,000 | 3,500 |
| <u>House</u> concurs with Executive. | GF/GP | \$0 | \$0 |
| 3. Land Ownership Tracking System One-Time Funding | Gross | \$4,000,000 | (\$2,000,000) |
| <u>Executive</u> decreases by \$1.1 million Gross for the second year of funding for a project to convert an outdated land management IT system to a web-based system that can interact with current databases. | Federal | 100,000 | (100,000) |
| <u>House</u> decreases by \$2.0 million Gross. | Restricted | 3,900,000 | (2,900,000) |
| | GF/GP | \$0 | \$1,000,000 |
| 4. Abandoned Mines One-Time Funding | FTE | NA | 0.0 |
| <u>Executive</u> adds 1.0 FTE and \$2.0 million GF/GP funding to close abandoned mine shafts on DNR-managed lands. There are about 100 sites total, the majority of which are located in the western Upper Peninsula. This funding would provide for the closure of about 50% of these sites. | Gross | NA | \$0 |
| <u>House</u> does not fund this program. | GF/GP | NA | \$0 |
| 5. General Law Enforcement – Conservation Officers | FTE | 273.0 | 7.0 |
| <u>Executive</u> increases by 11.0 FTEs and \$1.7 million GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units. | Gross | \$40,506,000 | \$1,109,400 |
| <u>House</u> increases by 7.0 FTEs and \$1.1 million GF/GP. | Federal | 6,477,500 | 0 |
| | Restricted | 24,630,500 | 0 |
| | GF/GP | \$9,398,000 | \$1,109,400 |

| 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 |
|--|--------------|---|--|
| 6. Fisheries Resource Management – Conservation Officers | FTE | 156.5 | 1.0 |
| <u>Executive</u> increases by 1.0 FTE and \$108,900 GF/GP for additional conservation officers in the Great Lakes enforcement and special investigations units. | Gross | \$20,378,600 | \$108,900 |
| <u>House</u> concurs with Executive. | Federal | 4,205,800 | 0 |
| | Private | 136,200 | 0 |
| | Restricted | 15,777,400 | 0 |
| | GF/GP | \$259,200 | \$108,900 |
| 7. Recreation Improvements – Road Funding Revenue | FTE | NA | 9.0 |
| <u>Executive</u> adds 9.0 FTEs and \$2.8 million in restricted funding for recreational improvements made possible by increased road funding revenue as a result of Public Act 176 of 2015. This funding would be divided among forest recreation and trails, recreational boating, recreation improvement fund grants, and the snowmobile local grants program. | Gross | NA | \$2,817,500 |
| <u>House</u> concurs with Executive. | Restricted | NA | 2,817,500 |
| | GF/GP | NA | \$0 |
| 8. Wildfire Protection – Fire Equipment Replacement | FTE | 114.0 | 0.0 |
| <u>Executive</u> provides an additional \$350,000 in GF/GP funding to replace outdated forest fire equipment. Replacement will be determined by age and condition of equipment. | Gross | \$13,712,800 | \$350,000 |
| <u>House</u> concurs with Executive. | Federal | 1,339,900 | 0 |
| | Restricted | 5,396,300 | 0 |
| | GF/GP | \$6,976,600 | \$350,000 |
| 9. Minerals Management – Environmental Compliance | FTE | 17.0 | 0.0 |
| <u>Executive</u> provides an additional 2.0 FTEs and \$304,600 from the Michigan state parks endowment fund to provide environmental compliance with oil, gas, and mineral leases, on DNR-managed lands. | Gross | \$2,828,600 | \$0 |
| <u>House</u> does not provide increase. | Restricted | 2,828,600 | 0 |
| | GF/GP | \$0 | \$0 |
| 10. Michigan Historical Center – Public Infrastructure Records | FTE | 51.5 | 1.0 |
| <u>Executive</u> provides an additional 3.0 FTEs and \$565,100 GF/GP funding to provide long-term access to public infrastructure records at the Michigan Historical Center. | Gross | \$5,576,300 | \$188,400 |
| <u>House</u> provides an additional 1.0 FTE and 188,400 GF/GP funding. | Federal | 327,600 | 0 |
| | Private | 411,200 | 0 |
| | Restricted | 758,200 | 0 |
| | GF/GP | \$4,079,300 | \$188,400 |
| 11. Michigan Wildlife Council – Promotion of Wildlife Conservation | Gross | \$1,600,000 | \$500,000 |
| <u>Executive</u> provides an additional \$500,000 from the wildlife management public education fund to the Michigan Wildlife Council to promote the importance of wildlife conservation in Michigan. | Restricted | 1,600,000 | 500,000 |
| <u>House</u> concurs with Executive. | GF/GP | \$0 | \$0 |
| 12. State Parks Repair and Maintenance | Gross | \$13,500,000 | (\$195,400) |
| <u>House</u> reduces by \$195,400 Gross funding. An increase of \$304,600 in Michigan State Parks Endowment Fund support is exceeded by a \$500,000 decrease in GF/GP funding. | Restricted | 12,000,000 | 304,600 |
| | GF/GP | \$1,500,000 | (\$500,000) |
| 13. Michigan Conservation Corps | Gross | \$1,000,000 | (\$1,000,000) |
| <u>House</u> reduces by \$1.0 million GF/GP to eliminate program funding. | GF/GP | \$1,000,000 | (\$1,000,000) |
| 14. Wildlife Management (One-Time) | Gross | NA | \$1,000,000 |
| <u>House</u> provides \$1.0 million in one-time GF/GP funding for chronic wasting disease mitigation. | GF/GP | NA | \$1,000,000 |
| 15. Removal of FY 2016-17 Supplemental Funding | Gross | \$9,800,000 | (\$9,800,000) |
| <u>Executive</u> removes \$9.8 million Gross (\$1.7 million GF/GP) for FY 2016-17 supplemental appropriations included in Public Acts 340 and 382 of 2016. Appropriations included support for local and state boating infrastructure maintenance, recreational boating and improvement fund grants, snowmobile local grants, chronic wasting disease mitigation, and special maintenance on Mackinac Island (PA 340) as well as funding to address aquatic invasive species (PA 382). | Restricted | 6,800,000 | (6,800,000) |
| <u>House</u> concurs with Executive. | GF/GP | \$3,000,000 | (\$3,000,000) |

| 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 |
|---|--------------|---|--|
| 16. Removal of FY 2016-17 One-Time Funding | Gross | \$5,050,000 | (\$5,050,000) |
| <u>Executive</u> removes \$5.1 million Gross (\$1.7 million GF/GP) for one-time projects included in the previous fiscal year's budget. Projects included fisheries resource management, forest fire equipment, forestry investment (vegetative management system), invasive species funding, swimmer's itch pilot program, and water trail development. | Restricted | 3,400,000 | (3,400,000) |
| <u>House</u> concurs with Executive. | GF/GP | \$1,650,000 | (\$1,650,000) |
| 17. Capital Outlay Project Adjustments | Gross | NA | \$1,399,900 |
| <u>Executive</u> makes current services baseline adjustments to capital outlay projects by reducing federal and restricted funding and increasing GF/GP funding for a net increase of \$10.4 million Gross. Funding is increased for the following: state parks repair and maintenance, wetlands restoration, enhancement, and acquisition, East Tawas state harbor, local boating infrastructure maintenance, state boating infrastructure and maintenance, and trail development. | Federal | NA | (2,700,000) |
| <u>House</u> increases funding for state parks repair and maintenance by \$4.0 million GF/GP (rather than the recommended \$10.0 million GF/GP) and for trail development by \$2.0 million GF/GP (rather than the recommended \$5.0 million GF/GP) for a Gross increase of \$1.4 million. | Restricted | NA | (1,900,100) |
| | GF/GP | NA | \$6,000,000 |
| 18. Technical Adjustments | Gross | NA | (\$1,171,500) |
| <u>Executive</u> reduces IDG/IDT and federal authorization and increases restricted authorization for a net decrease of \$1.2 million Gross to reflect available funds. Adjustments include realignment of appropriation authority for over-appropriated funds and the reclassification of interdepartmental grants as restricted funding where necessary. | IDG/IDT | NA | (1,156,000) |
| <u>House</u> concurs with Executive. | Federal | NA | (139,900) |
| | Restricted | NA | 124,400 |
| | GF/GP | NA | \$0 |
| 19. Economic Adjustments | Gross | NA | \$2,421,200 |
| <u>Executive</u> reflects increased costs of \$2.4 million Gross (\$292,300 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. | IDG/IDT | NA | 12,300 |
| <u>House</u> concurs with Executive. | Federal | NA | 266,700 |
| | Private | NA | (400) |
| | Restricted | NA | 1,850,300 |
| | GF/GP | NA | \$292,300 |

Major Boilerplate Changes From FY 2016-17

Sec. 218. Retention of Reports – RETAINED

Requires DNR to retain copies of all reports funded from appropriations. Executive deletes, House retains.

Sec. 219. Waterways Fund Projects – RETAINED

Requires DNR to report on activities of Waterways Commission during the previous fiscal year; list of completed Waterways Fund projects to be provided to Legislature and State Budget Director by January 31. Executive deletes, House retains.

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DNR from disciplining state employees for communicating with members of the Legislature and their staffs. Executive deletes, House retains.

Sec. 251. Invasive Species Initiative – RETAINED

Requires \$3.6 million of funding for the Invasive Species Initiative be allocated for grants for prevention, detection, eradication, and control of invasive species. Executive deletes, House retains.

Sec. 503. Invasive Species Order Enforcement – RETAINED

Requires report on efforts taken to enforce the Natural Resources Commission's invasive species order concerning raising feral swine in Michigan. Executive deletes, House retains.

Sec. 504. Cervid Operation Fees – RETAINED

Requires report on the use of registration fees from privately owned cervid operations. Executive deletes, House retains.

Sec. 505. Urban Deer Management – DELETED

Requires the department to develop a plan for urban deer management. Executive deletes, House concurs.

Major Boilerplate Changes From FY 2016-17

Sec. 602. Water Control Structure Certification – RETAINED

Directs Fisheries Division to not interfere with the certification process for dams and other water control structures. Executive deletes, House retains.

Sec. 706. Grand River Waterway Study – DELETED

Directs DNR to work with the State Budget Office to ensure that the Grand River Waterway Study carryforward as a work project appropriation. This study was originally appropriated in 2013. Executive deletes, House concurs.

Sec. 808. Forest Management and Timber Market Development – RETAINED

Requires DNR to use increased funding available from the increased timber harvest for the purpose of forest management and timber market development, including investments in technology and equipment aimed at growing the timber economy. Renumbered section to 808 and revised to exclude technology and equipment enhancements and include a departmental requirement to develop corresponding metrics to assess performance. Executive deletes, House retains.

Sec. 809. Forest Fire Equipment Replacement – DELETED

Requires DNR to use increased funding available for forest fire equipment and forestry investment for the replacement of aging forest fire equipment. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House concurs.

Sec. 901. Snowmobile Law Enforcement Grants – RETAINED

Provides snowmobile law enforcement grant funds to county law enforcement agencies in counties with state snowmobile trails. Executive deletes, House retains.

Sec. 902. Marine Safety Grants – RETAINED

Requires report on the Marine Safety Grant Program. Report to include watercraft registrations revenues, revenues and expenditures of the Marine Safety Fund, grant distribution methodology, and a list of grant awards by county. Executive deletes, House retains.

Sec. 903. Conservation Officers – REVISED

Directs the use of the increased appropriation in part 1 for conservation officers to hire, train, and equip ten detectives and two support staff. Executive adds new section numbered 701, House revises to six detectives and rennumbers 903.

Sec. 1201. Forest Management and Timber Market Development Technology – DELETED

Requires DNR to use increased funding available for the increased timber harvest for the purpose of forest management and timber market development which includes investments in technology aimed at growing the timber economy. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House concurs.

Sec. 1202. Land Ownership Tracking System – DELETED

Requires DNR to use increased funding available for the land ownership tracking system to implement a new electronic system to facilitate state land records management for the purpose of increasing access to public land records and updating systems. The department is also required to develop corresponding metrics to assess performance. Executive deletes, House concurs.

Sec. 1203. Invasive Species – DELETED

Requires DNR to use increased funding available for invasive species and control to prevent, detect, eradicate, and control invasive species. Executive deletes, House concurs.

Sec. 1204. Swimmer's Itch Pilot Program – DELETED

Designates \$250,000 GF/GP in part 1 to be distributed to a Michigan-based nonprofit organization for swimmer's itch mitigation and research. Executive deletes, House concurs.

Sec. 1201. Wetland Mitigation Banking – NEW

Requires DNR to use the funds appropriated in part 1 for the wetland mitigation banking program to increase available wetland mitigation bank credits to 1,800 total. Executive adds new section, House concurs.

Sec. 1202. Abandoned Mine Shafts – DELETED

Requires DNR to use the funds appropriated in part 1 for abandoned mine shafts to close 50 mine shafts on DNR-managed lands. Executive adds new section, House deletes.

Sec. 1204. Wetland Mitigation Banking Planning Report – NEW

Requires DNR to provide a planning report to the House and Senate Appropriations Committees on the wetland mitigation banking program by March 31, 2018. House adds new section.

Sec. 1205. Wetland Mitigation Banking Progress Report – NEW

Requires DNR to provide a progress report to the House and Senate Appropriations Committees on the wetland mitigation banking program by September 30, 2018. House adds new section.

FY 2017-18: DEPARTMENT OF STATE POLICE
Summary: As Reported by House Appropriations Committee
Article XVI, House Bill 4323 (H-1)



Analyst: Kent Dell

| | 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 | \$26,580,400 | \$26,221,600 | \$26,221,600 | | | (\$358,800) | (1.3) |
| Federal | 94,186,800 | 83,662,500 | 83,662,500 | | | (10,524,300) | (11.2) |
| Local | 5,828,500 | 5,835,200 | 5,835,200 | | | 6,700 | 0.1 |
| Private | 78,100 | 178,100 | 178,100 | | | 100,000 | 128.0 |
| Restricted | 127,635,500 | 135,423,700 | 139,423,700 | | | 11,788,200 | 9.2 |
| GF/GP | 405,162,800 | 442,267,800 | 437,268,000 | | | 32,105,200 | 7.9 |
| Gross | \$659,472,100 | \$693,588,900 | \$692,589,100 | | | \$33,117,000 | 5.0 |
| FTEs | 3,229.0 | 3,440.0 | 3,434.0 | | | 205.0 | 6.3 |

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 Michigan Department of State Police (MSP) is the state's primary law enforcement and emergency response authority, responsible for criminal law enforcement and investigation, traffic and motor carrier safety, and homeland security; in addition to the administration and implementation of various state programs, technologies, and specialized services intended to enhance the capabilities and coordination of federal, state, and local law enforcement agencies, the criminal justice system, and the entire public safety community.

| | | 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 FY 2016-17 One-Time and Emergency Appropriations | Gross | NA | (\$18,696,000) |
| <u>Executive</u> removes FY 2016-17 one-time appropriations as well as \$3.8 million from the Disaster and Emergency Contingency Fund and \$6.2 million from the Department of Homeland Security for disaster-related expenditures. <u>House</u> concurs. | Federal | NA | (6,219,000) |
| | Restricted | NA | (3,777,000) |
| | GF/GP | NA | (\$8,700,000) |
| 2. Disaster and Emergency Contingency Fund – Deposit (One-Time) | Gross | NA | \$7,000,000 |
| <u>Executive</u> includes \$10.0 million one-time GF/GP to replenish the Disaster and Emergency Contingency Fund (DECF). The remaining \$3.7 million DECF balance has already been appropriated via administrative transfer and is expected to be depleted by the end of FY 2016-17. <u>House</u> includes \$7.0 million GF/GP. | GF/GP | NA | \$7,000,000 |
| 3. Trooper Recruit School – Training Costs (One-Time) | Gross | NA | \$6,246,900 |
| <u>Executive</u> includes \$6.2 million one-time GF/GP to cover the training-related costs of graduating 100 new State Police Troopers. The recruit school is expected to begin in June 2018 and end in November 2018. <u>House</u> concurs. | GF/GP | NA | \$6,246,900 |
| 4. Advanced 9-1-1 (One-Time) | Gross | NA | \$2,200,000 |
| <u>House</u> includes \$2.2 million one-time GF/GP to maintain a statewide advanced 9-1-1 system administered by the Michigan State Police, which allows for voluntarily-provided supplemental health and safety information to be accessed by first responders in the event of an emergency. | GF/GP | NA | \$2,200,000 |
| 5. Secure Cities Partnership – Equipment Replacement (One-Time) | Gross | NA | \$1,000,000 |
| <u>Executive</u> includes \$1.0 million one-time GF/GP appropriated to the Secure Cities Partnership in order to replace end-of-lifecycle equipment used in support of the program, including body armor, Tasers, and in-car cameras. <u>House</u> concurs. | GF/GP | NA | \$1,000,000 |

| 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 |
|---|--------------|---|--|
| 6. Fair and Impartial Policing – Training Grants (One-Time) | Gross | NA | \$1,000,000 |
| <u>Executive</u> includes \$1.0 million one-time GF/GP for grants to law enforcement agencies used for U.S. Department of Justice fair and impartial policing training. <u>House</u> concurs. | GF/GP | NA | \$1,000,000 |
| 7. Michigan International Speedway Traffic Control (One-Time) | Gross | NA | \$800,000 |
| <u>House</u> includes \$800,000 GF/GP to support the one-time costs of MSP traffic control services provided for the Michigan International Speedway. | GF/GP | NA | \$800,000 |
| 8. Forensic Science Biology Casework Support (One-Time) | Gross | NA | \$730,000 |
| <u>Executive</u> includes \$730,000 one-time GF/GP to replace an anticipated reduction in federal funding for biology casework. <u>House</u> concurs. | GF/GP | NA | \$730,000 |
| 9. Sexual Assault Prevention and Education Initiative (One-Time) | Gross | NA | \$600,000 |
| <u>Executive</u> provides \$600,000 one-time GF/GP for grants to higher education institutions to support on-campus sexual assault prevention and education initiatives. <u>House</u> concurs. | GF/GP | NA | \$600,000 |
| 10. Law Enforcement Job Task Analysis (One-Time) | Gross | NA | \$200,000 |
| <u>Executive</u> provides \$200,000 one-time GF/GP to conduct a job task analysis to identify essential skills and abilities for core law enforcement positions. Lead by the Michigan Commission on Law Enforcement Standards, these analyses are typically conducted every ten years. <u>House</u> concurs. | GF/GP | NA | \$200,000 |
| 11. Trooper Recruit School – Annualize FY 2016-17 | Gross | \$279,967,400 | \$5,237,700 |
| <u>Executive</u> includes \$5.2 million ongoing GF/GP to support the equipment, salary, and benefits costs of the State Police Troopers who have graduated from the FY 2016-17 recruit schools. <u>House</u> concurs. | Federal | 383,700 | 0 |
| | Restricted | 38,456,100 | 0 |
| | GF/GP | \$241,127,600 | \$5,237,700 |
| 12. Trooper Recruit School Administrative – FY 2016-17 | Gross | \$279,967,400 | \$1,145,200 |
| <u>Executive</u> includes \$1.1 million ongoing GF/GP to support the department-wide costs, such as fleet leasing and workers' compensation costs, of the State Police Troopers who have graduated from the FY 2016-17 recruit schools. <u>House</u> concurs. | Federal | 383,700 | 0 |
| | Restricted | 38,456,100 | 0 |
| | GF/GP | \$241,127,600 | \$1,145,200 |
| 13. Trooper Recruit School – Annualize FY 2017-18 | FTE | 1,908.5 | 100.0 |
| <u>Executive</u> includes \$3.5 million ongoing GF/GP to support the first year equipment, salary, and benefits costs of the 100 new State Police Troopers expected to graduate in November 2018. <u>House</u> concurs. | Gross | \$279,967,400 | \$3,461,100 |
| | Federal | 383,700 | 0 |
| | Restricted | 38,456,100 | 0 |
| | GF/GP | \$241,127,600 | \$3,461,100 |
| 14. Medical Marihuana Regulation and Licensing | FTE | NA | 48.0 |
| <u>Executive</u> includes 48.0 additional FTEs and \$8.8 million from the Marihuana Regulatory Fund, pursuant to 2016 PA 281, to support medical marihuana regulatory and licensing functions. This includes department-wide administrative costs (\$2.6 million), forensic science services (\$874,500 and 8.0 FTEs), investigative services (\$4.3 million and 30.0 FTEs), commercial vehicle enforcement (\$709,200 and 7.0 FTEs), and intelligence operations (\$309,200 and 3.0 FTEs). <u>House</u> concurs. | Gross | NA | \$8,775,700 |
| | Restricted | NA | 8,775,700 |
| | GF/GP | NA | \$0 |
| 15. Medical Marihuana Excise Tax Authorization – MCOLES | Gross | \$9,094,500 | \$330,000 |
| <u>Executive</u> includes \$330,000 in support of standards and training/justice training grants. Pursuant to 2016 PA 281 Sec. 602(3)(e), the Michigan Commission on Law Enforcement Standards receives 5% of the Medical Marihuana Excise Fund. <u>House</u> concurs. | Federal | 175,700 | 0 |
| | Restricted | 8,176,600 | 330,000 |
| | GF/GP | \$742,200 | \$0 |
| 16. Medical Marihuana Excise Tax Authorization – Investigative Services | Gross | \$28,626,500 | \$330,000 |
| <u>Executive</u> includes \$330,000 in support of investigative services. Pursuant to 2016 PA 281 Sec. 602(3)(f), the Department of State Police receives 5% of the Medical Marihuana Excise Fund. <u>House</u> concurs. | IDG/IDT | 6,776,800 | 0 |
| | Federal | 6,206,300 | 0 |
| | Local | 2,079,000 | 0 |
| | Restricted | 6,100,800 | 330,000 |
| | GF/GP | \$7,463,600 | \$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 |
|---|--------------|---|--|
| 17. Forensic Science Expansion | FTE | 248.0 | 14.0 |
| <u>Executive</u> includes \$1.8 million GF/GP to support 14.0 additional FTEs, including 4.0 for firearms casework and 10.0 for controlled substances casework. <u>House</u> concurs. | Gross | \$41,556,700 | \$1,840,000 |
| | Federal | 4,900,000 | 0 |
| | Restricted | 9,884,000 | 0 |
| | GF/GP | \$26,772,700 | \$1,840,000 |
| 18. Forensic Science – Supplies | Gross | \$41,556,700 | \$444,000 |
| <u>Executive</u> includes \$444,000 GF/GP to support inflation adjustments in supply and consumables costs. <u>House</u> concurs. | Federal | 4,900,000 | 0 |
| | Restricted | 9,884,000 | 0 |
| | GF/GP | \$26,772,700 | \$444,000 |
| 19. Combined DNA Index System – Testing Costs and Supplies | Gross | \$8,145,400 | \$400,700 |
| <u>Executive</u> includes \$400,700 GF/GP to support inflation adjustments in supply and testing costs associated with expanded DNA testing pursuant to 2014 PA 457. <u>House</u> concurs. | Restricted | 4,158,600 | 0 |
| | GF/GP | \$3,986,800 | \$400,700 |
| 20. Computer Crimes Unit Expansion | FTE | NA | 4.0 |
| <u>Executive</u> includes \$1.3 million GF/GP to support 7.0 additional FTEs within the Intelligence Operation Division to prevent, detect, and investigate cyber-crimes. <u>House</u> includes \$761,900 GF/GP and 4.0 FTEs. | Gross | NA | \$761,900 |
| | GF/GP | NA | \$761,900 |
| 21. Emergency Management and Homeland Security Division Expansion | FTE | 60.0 | 4.0 |
| <u>Executive</u> includes \$978,900 GF/GP to support 7.0 additional FTEs to increase training and planning capabilities for disasters and emergencies. <u>House</u> includes \$559,400 GF/GP and 4.0 FTEs. | Gross | \$14,933,800 | \$559,400 |
| | Federal | 11,898,900 | 0 |
| | GF/GP | \$3,034,900 | \$559,400 |
| 22. OK2SAY Student Safety Hotline | FTE | NA | 6.0 |
| <u>Executive</u> includes \$608,300 GF/GP to replace funding from the depleted Student Safety Fund and 6.0 FTEs to support the continuation of the student safety hotline. <u>House</u> concurs. | Gross | NA | \$608,300 |
| | GF/GP | NA | \$608,300 |
| 23. MCOLES Administration | Gross | NA | \$368,000 |
| <u>Executive</u> includes \$521,200 GF/GP to support Michigan Commission on Law Enforcement Standards administrative and operational costs, and cover a reduction in Secondary Road Patrol and Training Funds pursuant to 2016 PA 289. <u>House</u> concurs. | Restricted | NA | (153,200) |
| | GF/GP | NA | \$521,200 |
| 24. DTMB FTE for MIOC | Gross | NA | \$137,900 |
| <u>Executive</u> includes \$137,900 GF/GP to support one information technology-related FTE from the Department of Technology, Management and Budget tasked with supporting the Michigan Intelligence Operations Center. <u>House</u> concurs. | GF/GP | NA | \$137,900 |
| 25. Phase out State Services Fee Fund – Forensic Science | Gross | \$41,556,700 | \$0 |
| <u>Executive</u> includes \$4.0 million GF/GP in support of laboratory operations to replace a \$4.0 million reduction in appropriations from the state services fee fund. This is the second year of a planned three-year phase out. <u>House</u> retains SSFF funding for forensic science. | Federal | 4,900,000 | 0 |
| | Restricted | 9,884,000 | 0 |
| | GF/GP | \$26,772,700 | \$0 |
| 26. Roadside Saliva Testing Pilot | Gross | \$100 | \$0 |
| <u>Executive</u> removes placeholder for a roadside saliva testing pilot project. <u>House</u> includes the placeholder for possible future funding pursuant to 2016 PA 243. | GF/GP | \$100 | \$0 |
| 27. Impaired Driving Safety Commission Fund | Gross | NA | \$100 |
| <u>House</u> includes a placeholder for possible future funding of the Impaired Driving Safety Commission and a university-led study of the effects marijuana has on the ability to drive a motor vehicle, pursuant to 2016 PA 350. | GF/GP | NA | \$100 |
| 28. Transfers and Reorganization | FTE | NA | 0.0 |
| <u>Executive</u> includes multiple, net-zero shifts in FTEs and appropriations across the budget for the purpose of administrative reorganization. <u>House</u> concurs. | Gross | NA | \$0 |
| | GF/GP | NA | \$0 |

| <u>Major Budget Changes From FY 2016-17 YTD Appropriations</u> | <u>FY 2016-17 Year-to-Date (as of 2/8/17)</u> | <u>FY 2017-18 House Change</u> |
|---|--|---|
| 29. Technical Adjustments | FTE | NA 29.0 |
| <u>Executive</u> includes technical adjustments across the budget to align FTEs and fund sources with expected revenues and adjust for cost allocations, including: | Gross | NA (\$3,239,300) |
| | IDG/IDT | NA (551,200) |
| | Federal | NA (4,528,100) |
| | Local | NA (4,600) |
| | Private | NA 100,000 |
| | Restricted | NA 4,448,400 |
| | GF/GP | NA (\$2,703,800) |
| <ul style="list-style-type: none"> • Adjust allocations of costs by fund source for administration, information technology services, phone services, and rent and building occupancy charges. • Align authorizations with expected revenues by fund source. <u>House</u> concurs. | | |
| 30. Economic Adjustments | Gross | NA \$10,875,400 |
| <u>Executive</u> includes economic adjustments, which reflect increased costs of \$10.9 million Gross (\$8.6 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. | IDG/IDT | NA 192,400 |
| | Federal | NA 222,800 |
| | Local | NA 11,300 |
| | Restricted | NA 1,834,300 |
| | GF/GP | NA \$8,614,600 |

Major Boilerplate Changes From FY 2016-17

Sec. 201. State Spending and Appropriations Paid to Local Units of Government – REVISED

Provides for total state spending from state resources as well as total spending to local units of government. Executive revised to reflect FY 2017-18 appropriations. House concurs.

Sec. 204. IDG Funding Received by the Department – DELETED

Details each interdepartmental grant received by the Department of State Police. Executive deleted. House concurs.

Sec. 214. Legacy Costs – REVISED

Provides for estimated retirement costs. Executive revised to update for FY 2017-18 costs. House concurs.

Sec. 215. IDG Funding Made Available to Other State Departments – REVISED

Details each interdepartmental grant transferred by the Department of State Police to other departments. Executive revised to eliminate the interdepartmental grant details and retaining the language regarding the federal Byrne Justice Assistance Grant program. House concurs.

Sec. 216. Disciplinary Action Against State Employees – RETAINED

Forbids the department from taking disciplinary actions against employees who communicate with the Legislature. Executive deleted. House retains.

Sec. 219. Post Closure or Consolidation – RETAINED

Requires the department to notify the Legislature ninety days prior to recommending the closure or consolidation of a post, and requires a local and state impact study to accompany a notification. Executive deleted. House retains.

Sec. 220. Privatization Project Plans – RETAINED

Requires the department to develop a project plan and present it to the Legislature ninety days prior to beginning any effort to privatize any department services. Executive deleted. House retains.

Sec. 221. Contractual Services Reimbursement – REVISED

Requires the department to be reimbursed for services provided to local units of government, defines service cost models for reimbursement, and defines restrictions on reimbursable services provided to non-governmental entities. Executive revised to include sections that appropriate funds in excess of authorized amounts for reimbursed services, and requires any additional expenditure authorization approved under this section to be reported to Legislature within ten days after approval by the State Budget Office. House concurs.

Sec. 224. Receive and Expend Authorization for Federal Funds – REVISED

Authorizes the department to expend federal funds that it receives in excess of the federal authorizations in Part 1. Executive revised to standardize reporting language; does not substantively change the intent of the section. House concurs.

Sec. 402. Criminal Justice Information Center – REVISED

Requires the department to maintain and ensure compliance with Criminal Justice Information Center databases and applications. Executive revised to remove the concealed weapon enforcement fund revenue reporting requirement and the requirement that fees for FOIA requests be deposited into the Criminal Justice Information Center Service Fee fund. House concurs and also removes duplicate language regarding the sex offender registry and the Internet Criminal History Access Tool (ICHAT).

Major Boilerplate Changes From FY 2016-17

Sec. 403. Forensic Science – REVISED

Specifies the department's forensic science service requirements. Executive revised to remove reference to the American Society of Crime Laboratory Directors/Laboratory Accreditation Board; remove deadline of December 31, 2017 for obtaining thirty-day average turnaround time across forensic science disciplines; remove subject specific subsections requiring the department to maintain thirty-day average turnaround times for each discipline; and move reporting requirements regarding DNA analysis retention protocol to Sec. 404. House concurs.

Sec. 404. Biometrics and Identification – REVISED

Specifies the department's biometric and identification service requirements. Executive revised to include reporting requirements regarding DNA analysis retention protocol previously included in Sec. 403. House concurs.

Sec. 405. Sexual Assault Kit Analysis – REVISED

Requires the department to annually report on sexual assault kits processed during the previous fiscal year and the remaining backlog. Executive revised to change the reporting date from October 31 to December 1. House concurs.

Sec. 601. General Law Enforcement and Traffic Safety – REVISED

Specifies the general law enforcement and traffic safety service requirements of the department. Executive revised to increase required statewide patrol hours from 400,000 to 455,200 hours. House concurs.

Sec. 701. Special Operations – REVISED

Specifies the department's specialized service requirements. Executive revised to remove language regarding specialized units in order to separate special operations boilerplate into two sections to include one for the Michigan Intelligence Operation Center for Homeland Security and another for specialized units; increase the computer crimes unit caseload completion percentage from 20% to 40%, based on 2014-15 case completion numbers; and include a sixty-day average turnaround time requirement for digital forensic analysis cases. House concurs, but retains the 20% caseload completion percentage.

Sec. 702. Specialized Support Services – NEW

Executive includes special operations unit service and availability requirements moved from Sec. 701. House concurs.

Sec. 704. Emergency Management and Homeland Security – REVISED

Specifies the department's role in coordinating emergency preparation and response efforts. Executive revised to increase required minimum annual training sessions for disaster and emergency response from three to six. House concurs.

Sec. 901. School Safety Initiative – DELETED

Requirements of the FY 2016-17 one-time appropriations for the School Safety Initiative. Executive deleted. House concurs.

Sec. 902. Sexual Assault Prevention and Education Initiative – REVISED

The intent and restrictions of the Sexual Assault Prevention and Education Initiative one-time appropriation, to include awarding grants to institutions of higher education with a physical presence in this state for the purpose of preventing sexual assault on campuses, and establishes the initiative as a work project. Executive revised to reflect increased appropriations. House concurs.

Sec. 903. Advanced 9-1-1 – REVISED

Requirements of the one-time appropriations for Advanced 9-1-1 funding. Executive deleted. House retains and revises to remove FY 2016-17 implementation language.

Sec. 1201. Anticipated Appropriations – REVISED

Establishes the intent of the Legislature to provide appropriations in the subsequent fiscal year. Executive deleted. House retains and revises to update date references.

FY 2017-18: DEPARTMENT OF TRANSPORTATION
Summary: As Reported by House Appropriations Committee
Article XVII, House Bill 4323 (H-1)



Analyst: William E. Hamilton

| | 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 | \$4,013,400 | \$4,039,300 | \$4,039,300 | | | \$25,900 | 0.6 |
| Federal | 1,314,744,000 | 1,340,301,200 | 1,340,301,200 | | | 25,557,200 | 1.9 |
| Local | 50,418,500 | 50,532,000 | 50,532,000 | | | 113,500 | 0.2 |
| Private | 100,000 | 100,000 | 100,000 | | | 0 | 0.0 |
| Restricted | 2,736,727,700 | 2,952,470,500 | 2,952,470,500 | | | 215,742,800 | 7.9 |
| GF/GP | 9,750,000 | 0 | 0 | | | (9,750,000) | (100.0) |
| Gross | \$4,115,753,600 | \$4,347,443,000 | \$4,347,443,000 | | | \$231,689,400 | 5.6 |
| FTEs | 2,918.3 | 2,918.3 | 2,727.3 | | | (191.0) | (6.5) |

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 state transportation budget supports state and local highway programs, public transportation programs, aeronautics programs, and administration of the Michigan Department of Transportation (MDOT). Approximately two-thirds of the revenue in this budget comes from state restricted revenue, with approximately one-third from federal sources. Most of the state-restricted revenue in this budget is constitutionally restricted – from motor fuel taxes and vehicle registration taxes – and is first credited to the Michigan Transportation Fund (MTF) and then distributed in accordance with Public Act 51 of 1951 (Act 51) to other state transportation funds and programs, including the State Trunkline Fund (STF), the Comprehensive Transportation Fund (CTF), and local road agencies. Revenue from aviation fuel and registration taxes and from an earmark of the Airport Parking Tax is credited to the State Aeronautics Fund (SAF) for aeronautics programs.

Major Budget Changes From FY 2016-17 YTD Appropriations

1. Debt Service

Executive reduces debt service by \$9.0 million reflecting anticipated debt service schedules. The reduction in federal-aid supported debt service reflects the 2016 refunding of \$607.1 million in federal grant anticipation notes. [Total outstanding transportation-related debt at September 30, 2016, was \$1,578.1 million.] House concurs with Executive.

| | FY 2016-17 Year-to-Date (as of 2/8/17) | FY 2017-18 House Change |
|--------------|--|-------------------------------|
| Gross | \$237,925,300 | (\$8,985,900) |
| Federal | 45,767,900 | (7,984,600) |
| Restricted | 192,157,400 | (1,001,300) |
| GF/GP | \$0 | \$0 |

2. Asset Management Council

Executive includes \$250,000 MTF increase for increased costs of data collection and education efforts. The line has not been increased since first established in 2002. House concurs with Executive.

| | | |
|--------------|--------------------|------------------|
| Gross | \$1,626,400 | \$250,000 |
| Restricted | 1,626,400 | 250,000 |
| GF/GP | \$0 | \$0 |

3. Information Technology

Executive increases baseline STF support by \$1.0 million to reflect increasing IT costs and increased use of e-construction technology. House concurs with Executive.

| | | |
|--------------|---------------------|--------------------|
| Gross | \$32,364,500 | \$1,000,000 |
| Federal | 520,500 | 0 |
| Restricted | 31,844,000 | 1,000,000 |
| GF/GP | \$0 | \$0 |

| <u>Major Budget Changes From FY 2016-17 YTD Appropriations</u> | <u>FY 2016-17 Year-to-Date (as of 2/8/17)</u> | <u>FY 2017-18 House Change</u> |
|---|--|---|
| 4. MDOT FTE Reductions | FTE 1,969.3 | (191.0) |
| <u>House</u> reduces authorized FTE positions by 191.0 and related funding in various department operating lines. Reductions, as compared to the Executive recommendation, are as follows: | Gross \$173,208,200 | (\$20,055,000) |
| | Restricted 173,208,200 | (20,055,000) |
| | GF/GP \$0 | \$0 |
| <p>Unclassified salaries: (2.0 FTEs, \$210,000 STF) Business support: (2.0 FTEs, \$210,000 STF) Finance, contracts, support services: (20.0 FTEs, \$2.1 million STF) Transportation planning: (10.0 FTEs, \$1.05 million STF) Design & engineering: (150.0 FTE positions, \$15.75 million STF) Aeronautics services: (7.0 FTEs, \$735,000 SAF)</p> | | |
| <p>STF reductions of \$19.32 million would be redirected to the State trunkline road and bridge construction program (Item #6, below); the SAF reduction of \$735,000 would be redirected to the Airport Improvement Program, (Item #19 below).</p> | | |
| <p>[The FTEs shown in the FY 2016-17 YTD column on the right are total FTEs authorized in the six operating line items; the dollar figures represent only the STF and SAF funds in those lines.]</p> | | |
| 5. State Trunkline Maintenance | FTE 743.7 | 50.0 |
| <u>Executive</u> recommends increase in baseline funding of \$8.5 million STF targeted for improved drainage and flooding mitigation in Metropolitan Detroit. Also rolls up Welcome center operations, \$4.5 million STF and 50.0 FTEs positions into this line from Design and engineering services. | Gross \$303,948,000 | \$13,032,800 |
| <u>House</u> concurs with Executive. | Restricted 303,948,000 | 13,032,800 |
| | GF/GP \$0 | \$0 |
| 6. State Trunkline Road and Bridge Construction | Gross \$1,062,702,900 | \$88,238,900 |
| <u>Executive</u> budget reflects \$68.9 million net increase in state trunkline road and bridge capital construction/preservation program; the anticipated increase in federal aid of \$25.7 million and \$62.5 million in available state restricted STF revenue is partially offset by \$19.2 million reduction in Blue Water Bridge Fund revenue reflecting the end of one-time funding for Blue Water Bridge Plaza expansion project. | Federal 757,714,800 | 25,652,500 |
| | Local 30,000,000 | 3,500 |
| | Restricted 274,988,100 | 62,582,900 |
| | GF/GP \$0 | \$0 |
| <u>House</u> budget is \$88.2 million more than current year, \$19.32 million STF higher than Executive reflecting the redirection of STF revenue from MDOT operating lines described in Item #4, above. | | |
| 7. Local Federal Aid Road and Bridge Program | Gross \$272,511,000 | \$5,889,300 |
| Act 51 mandates that a portion of the federal-aid highway funds made available to the state be suballocated to local road agencies. Federal funds for local road agency construction and preservation programs would increase by \$5.9 million reflecting anticipated available federal revenue. | Restricted 272,511,000 | 5,889,300 |
| <u>House</u> concurs with Executive. | GF/GP \$0 | \$0 |
| 8. Local Agency Wetland Mitigation Fund Program | Gross \$4,000,000 | (\$3,999,900) |
| <u>Executive</u> includes this Act 51 earmark, \$2.0 million MTF. | Restricted 4,000,000 | (3,999,900) |
| <u>House</u> includes as a \$100 placeholder, redirects \$2.0 million MTF to local road agency MTF distribution, Item #10, below. | GF/GP \$0 | \$0 |
| 9. Local Bridge Program | Gross \$27,468,600 | \$814,300 |
| <u>Executive</u> budget reflects Act 51 earmarks to this program, including the dedication of one-half cent of the motor fuel tax on gasoline. | Restricted 27,468,600 | 814,300 |
| <u>House</u> concurs with Executive. | 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 |
|--|--------------|---|--|
| 10. MTF to Local Road Agencies | Gross | \$1,233,570,100 | \$150,560,500 |
| <u>Executive</u> budget MTF distribution to local road agencies would total \$1,372.1 million, an increase of \$138.6 million. County road commissions would receive \$880.9 million, an increase of \$89.0 million; cities/villages would receive \$491.2 million, an increase of \$49.6 million. These distributions reflect estimated MTF revenue and Act 51 statutory distribution formulas. | Restricted | 1,233,570,100 | 150,560,500 |
| | GF/GP | \$0 | \$0 |
| <u>House</u> is \$12.0 million MTF more than Executive. House includes \$10.0 million MTF from a redirection of TEDF Category A funds (Item #11 below) – \$6.6 million to county road commissions; \$3.4 million to cities and villages. House also redirects \$2.0 million MTF from the Local Agency Wetland Mitigation Fund (Item #8, above) – \$1.3 million to county road commissions; \$716,000 to cities and villages. | | | |
| 11. Transportation Economic Development Fund (TEDF) | Gross | \$24,447,500 | \$7,671,600 |
| The current year budget reflected the redirection of \$19.8 million in TEDF revenue – \$10.4 million to the STF and \$9.4 million to the state General Fund. <u>Executive</u> budget proposal is \$17.6 million more than the current year reflecting the end of these TEDF revenue shifts, as well as a reduction in estimated TEDF interest revenue. | Restricted | 24,447,500 | 7,671,600 |
| | GF/GP | \$0 | \$0 |
| <u>House</u> budget would redirect \$10.0 million from TEDF, Category A to the MTF distribution to county road commission and cities and villages, (Item #10 above). | | | |
| 12. Local Bus Transit | Gross | \$212,277,900 | \$5,500,000 |
| <u>Executive</u> recognizes anticipated increase in federal transit grant to non-urban transit agencies. <u>House</u> redirects \$3.5 million CTF to local bus operating from Rail operations and infrastructure (Item #15a, below). | Federal | 24,027,900 | 2,000,000 |
| | Local | 2,000,000 | 0 |
| | Restricted | 186,250,000 | 3,500,000 |
| | GF/GP | \$0 | \$0 |
| 13. Intercity Services | Gross | \$6,250,000 | \$1,610,000 |
| <u>Executive</u> increases baseline support by \$1.6 million CTF and local matching funds. <u>House</u> concurs with Executive. | Federal | 4,500,000 | 0 |
| | Local | 50,000 | 110,000 |
| | Restricted | 1,700,000 | 1,500,000 |
| | GF/GP | \$0 | \$0 |
| 14. Detroit Wayne County Port Authority | Gross | \$468,200 | (\$468,100) |
| <u>Executive</u> recommends same funding as current year. | Restricted | 468,200 | (468,100) |
| <u>House</u> includes as \$100 placeholder, redirects \$468,100 CTF to Rail operations and infrastructure, below. | GF/GP | \$0 | \$0 |
| 15a. Rail Operations and Infrastructure | Gross | \$118,894,800 | (\$3,935,200) |
| Current year line item includes operating support for three Amtrak service routes in Michigan, capital assistance for the Detroit-Chicago high speed rail corridor, and a rail economic development program. | Federal | 60,100,000 | 0 |
| | Local | 100,000 | 0 |
| | Private | 100,000 | 0 |
| | Restricted | 58,594,800 | (3,935,200) |
| <u>Executive</u> recommends \$7.5 million CTF increase identified as for capital improvements along the high-speed rail corridor. | GF/GP | \$0 | \$0 |
| <u>House</u> includes \$468,100 CTF from redirection of Detroit/Wayne County Port Authority; redirects \$3.5 million CTF to local bus operating; unrolls \$8.5 million into new Rail freight economic development line item, below. | | | |
| 15b. Rail Freight Economic Development – NEW | Gross | \$0 | \$8,500,000 |
| <u>House</u> establishes a new rail freight economic development line item by redirecting from the Rail operations and infrastructure line, \$6.0 million from the Rail Freight Fund and \$2.5 million CTF. | Restricted | 0 | 8,500,000 |
| | GF/GP | \$0 | \$0 |
| 16. Transit Capital | Gross | \$53,907,100 | \$5,496,400 |
| <u>Executive</u> increases CTF support by \$5.5 million to match available federal transit grants to local transit agencies. <u>House</u> concurs with Executive. | Federal | 15,300,000 | 0 |
| | Local | 1,250,000 | 0 |
| | Restricted | 37,357,100 | 5,496,400 |
| | 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 | | | |
| 17. Service Initiatives | | | |
| <u>Executive</u> increases CTF support by \$500,000 million to match available federal transit grants for programs targeted for seniors. | | | |
| <u>House</u> concurs with Executive. | | | |
| | Gross | \$2,889,200 | \$500,000 |
| | Federal | 1,650,000 | 0 |
| | Local | 325,000 | 0 |
| | Restricted | 914,200 | 500,000 |
| | GF/GP | \$0 | \$0 |
| 18. Capital Outlay – State Facilities/Salt Buildings | | | |
| <u>Executive</u> recommends \$2.5 million STF increase for salt buildings and containment systems at counties that perform state trunkline maintenance work for MDOT under contract. <u>House</u> concurs with Executive. | | | |
| | Gross | \$3,001,500 | \$2,500,000 |
| | Restricted | 3,001,500 | 2,500,000 |
| | GF/GP | \$0 | \$0 |
| 19. Airport Improvement Program | | | |
| <u>Executive</u> budget is \$3.8 million SAF less than current year, reflecting revenue estimates. Revenue from the redirection of aviation-related sales tax made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015) has been less than originally estimated. | | | |
| <u>House</u> is \$3.1 million less than current year; includes an additional \$735,000 SAF by redirecting funding from Aeronautics services (Item #4, above). | | | |
| | Gross | \$97,824,000 | (\$3,146,000) |
| | Federal | 79,000,000 | 0 |
| | Local | 12,508,500 | 0 |
| | Restricted | 6,315,500 | (3,146,000) |
| | GF/GP | \$0 | \$0 |
| 20. Detroit Metropolitan Wayne County Airport | | | |
| <u>Executive</u> includes \$6.5 million for the Detroit Metro Airport, a reduction of \$2.3 million from the current year. This is an earmark established through an amendment to the State Aeronautics Code made in the 2015 aviation funding package (Public Acts 258 through 262 of 2015). The reduction reflects revenue estimates. <u>House</u> concurs with Executive. | | | |
| | Gross | \$8,775,000 | (\$2,275,000) |
| | Restricted | 8,775,000 | (2,275,000) |
| | GF/GP | \$0 | \$0 |
| 21. End of One-Time Special Projects/Grants | | | |
| Current year budget includes \$8.5 million in one-time earmarks for projects in Berrien, Lenawee, and Macomb counties and \$1.2 million for erosion control grants to local road agencies. <u>Executive</u> budget reflects the end of these one-time appropriations. <u>House</u> concurs with Executive. | | | |
| | Gross | \$9,750,000 | (\$9,750,000) |
| | GF/GP | \$9,750,000 | (\$9,750,000) |
| 22. Technical and Revenue Adjustments | | | |
| <u>Executive</u> and <u>House</u> reflect other technical and revenue adjustments which reduce appropriated state restricted revenue by \$5.9 million. The largest technical adjustment is a \$4.9 million MTF reduction for the Movable Bridge Fund. The current year budget effectively includes twice the amount prescribed in Act 51. | | | |
| | Gross | NA | (\$5,882,400) |
| | Restricted | NA | (5,882,400) |
| | GF/GP | NA | \$0 |
| 23. Economic Adjustments | | | |
| Reflects increased costs of \$3.3 million Gross (\$0.0 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. | | | |
| | Gross | NA | \$3,255,900 |
| | IDG | NA | 25,900 |
| | Federal | NA | 603,100 |
| | Local | NA | 3,500 |
| | Restricted | NA | 2,623,400 |
| | GF/GP | NA | \$0 |

Major Boilerplate Changes From FY 2016-17

Sec. 215. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff. Executive deletes. House retains.

Sec. 217. Report on Proposed Federal Rule Changes – RETAINED

Requires the department to notify the Legislature on proposed federal rule changes that would impact state law. Executive deletes. House retains.

Sec. 270. Remanufactured Parts – RETAINED

Requires use of remanufactured parts for repair and maintenance of state motor vehicle fleet. Executive deletes. House retains.

Sec. 305. Rental of Public Transportation Properties – RETAINED

Authorizes department to rent space to public or private tenants at market rates; requires the department charge transit agencies and intercity bus tenants equal rates; requires the department to use rental revenue to maintain and improve the property. Executive deletes. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 313(3). State Infrastructure Bank Report – RETAINED

Section 313 provides guidance to department regarding the State Infrastructure Bank. Executive retains guidance language but deletes subsection that requires report. House retains reporting requirement.

Sec. 353. Prompt Payment – RETAINED

Directs department to review contractor payment process; references Special Provision 109.10. Executive deletes. House retains.

Sec. 357. Local Federal Aid Project Review – RETAINED

Directs MDOT to complete local federal aid project reviews within 120 days. Executive deletes. House retains.

Sec. 375. MDOT Open Houses and Groundbreaking Ceremonies – RETAINED

Prohibits department from reimbursing contractors or consultants for groundbreaking ceremonies, receptions, open houses, or press conferences related to transportation projects funded from appropriations. Executive deletes. House retains.

Sec. 376. Prohibition on Studies of Highway Signs and Motorist Behavior – RETAINED

Prohibits the department from studying the association between highway signs and motorist behavior. Executive deletes. House retains.

Sec. 381. E-Verify for Legal Status of Contractor/Subcontractor New Employees – RETAINED

Requires department to use the E-Verify system to verify legal status of contractor and subcontractor new hires. Executive deletes. House retains.

Sec. 382. Finalize Local Agency Cost Sharing Agreements – RETAINED

Requires department to submit final bill to the local agency within two years of final payment to construction contractor. Executive deletes. House retains.

Sec. 383(5). Report on Use of State Airfleet – DELETED

Subsection states legislative intent that department work with Michigan State Police on employing fixed winged aircraft. Executive and House delete.

Sec. 386. Toll Credits – NEW

House includes new section directing the department to use all available toll credits, sets priority order for use of toll credits.

Sec. 393. Best Practices for Public Transportation – RETAINED

Requires MDOT to promote best practices in public transportation, including transit vehicle rehabilitation to reduce life-cycle cost. Executive deletes. House retains.

Sec. 394. Priority of Preservation – RETAINED

Directs department and local road agencies to make preservation of the existing infrastructure a funding priority. Executive deletes. House retains.

Sec. 396. Assurance that Contractors Have Ability to Perform Work – DELETED

Requires department to obtain assurance that contractors, other than construction contractors, have ability to complete work. Executive and House delete.

Sec. 505. Road Innovation Fund Report – DELETED

Required the department to prepare a report on the amount of MTF revenue withheld if the Roads Innovation Fund created as part of the November, 2015 Road Funding Plan had not been released on or before October 1, 2016. Executive and House delete; Road Innovation Fund funds were released in 2016.

Sec. 601. Road Construction Warranties – REVISED

Directs the department to work with the road construction and engineering consulting community on warranty program; identifies warranty considerations; and provides reporting requirements. Executive deletes. House retains subsection 5 which requires department to maintain documentation; review and evaluate consultant evaluation requirements.

Sec. 605. Flood Mitigation – NEW

New section establishes performance measures related to additional maintenance funding provided for flood mitigation. Executive and House include.

Sec. 610. Dead Deer – DELETED

Section that indicates legislative intent with regard to cleanup of dead deer and other large animal remains. Executive and House delete.

Sec. 612. Incentive/Disincentive – RETAINED

Requires department to establish guidelines for use of incentive/disincentive contracts; reporting requirement. Executive deletes. House retains.

Major Boilerplate Changes From FY 2016-17

Sec. 613. Report on Engineering Costs – NEW

House includes new reporting requirement on engineering costs including breakout of department and consultant costs, engineering as a percentage of construction costs.

Sec. 660. Use of Alternative Materials – RETAINED

Encourages the department to examine the use of alternative road surface materials; use of crumb rubber from tires. Executive deletes. House retains.

Sec. 703. Rail Abandonment Notice – RETAINED

Requires notice to Legislature when railroad companies file for abandonment of lines. Executive deletes. House retains.

Sec. 704. Rail Operations and Infrastructure Report – REVISED

Requires report on anticipated expenditures from the rail operations and infrastructure line item. Executive changes "expenditures" to "obligations". House concurs with Executive.

Sec. 705. City of Woodhaven Grade Separation – DELETED

Indicates legislative intent that department assist the city of Woodhaven in established rail/street grade separation. Executive and House delete.

Sec. 711. Rail Passenger Service (AMTRAK) – REVISED

Provides for reporting requirement. Executive retains. House includes additional report element – fare revenue and fare revenue as a percentage of operating cost.

Sec. 712. Rail Economic Development – NEW

House includes guidance language regarding new rail freight economic development line item.

Sec. 802. MDOT-Owned Airports – RETAINED

Section encourages department to find private entities or local public agencies to assume ownership of state owned airports. Executive deletes. House retains.

Sec. 803. MDOT-Owned Airplanes – REVISED

Section requires the department to request proposals for management of the state airfleet. Executive deletes. House revises to require the sale of two state-owned planes.

Sec. 1001. One-time Special Projects – DELETED

Executive and House delete one-time earmarks for projects in Berrien, Lenawee, and Macomb counties.