

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 TOTAL GENERAL GOVERNMENT



Analysts: Ben Gielczyk and Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$742,192,600	\$762,996,600	\$20,804,000	2.8
Federal	825,221,900	832,556,900	7,335,000	0.9
Local	17,050,900	17,085,700	34,800	0.2
Private	6,253,300	6,064,500	(188,800)	(3.0)
Restricted	2,092,887,000	2,147,558,700	54,671,700	2.6
GF/GP	1,176,022,600	1,147,340,600	(28,682,000)	(2.4)
Gross	\$4,859,628,300	\$4,913,603,000	\$53,974,700	1.1
FTEs	8,717.2	8,749.7	32.5	0.4

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 General Government appropriations bill follow this page.

Major Boilerplate Changes From FY 2015-16

Sec. 207. New Program Metrics – DELETED

Requires benchmarks to be developed by November 1 by the department or agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated. Metrics developed are in addition to those metrics required under section 447 of the Management and Budget Act.

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

Appropriates \$95.0 million of GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Revised to eliminate a Budget Stabilization Fund Pay-in. Stipulates that 25% of unassigned GF/GP fund balance for FY 2015-16 shall be deposited in Budget Stabilization Fund.

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

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.

Sec. 215. Disciplinary Action Against State Employees – DELETED

Prohibits departments from taking disciplinary action against employees for communicating with legislators or their staff.

Sec. 221. Reporting Requirement on Policy Changes – DELETED

Requires departments to report on policy changes made in order to implement enacted legislation.

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

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

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
ATTORNEY GENERAL**



Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$28,533,900	\$28,989,700	\$455,800	1.6
Federal	9,278,600	9,476,700	198,100	2.1
Local	0	0	0	--
Private	0	0	0	--
Restricted	17,281,700	17,578,900	297,200	1.7
GF/GP	37,013,400	39,140,500	2,127,100	5.7
Gross	\$92,107,600	\$95,185,800	\$3,078,200	3.3
FTEs	524.5	533.0	8.5	1.6

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Prescription Drug Abuse Unit	FTE NA	4.5
Provides \$700,000 GF/GP in one-time funding and 4.5 FTEs to strengthen the statewide drug enforcement strategy.	Gross NA	\$700,000
	GF/GP NA	\$700,000
2. Home Protection Unit	FTE 475.5	4.0
Adds \$600,000 GF/GP and 4.0 FTEs for the Home Protection Unit, which assists home-owners defrauded from foreclosure-related crimes.	Gross \$81,501,200	\$600,000
	IDG 28,371,500	0
	Federal 6,589,700	0
	Restricted 16,877,700	0
	GF/GP \$29,662,300	\$600,000
3. Five-year Early Out Deferred Sick Leave Payments	Gross NA	(\$472,200)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted NA	(467,200)
	GF/GP NA	(\$5,000)
4. Human Trafficking Commission	Gross \$81,501,200	\$390,000
Appropriates \$390,000 Gross for prosecutions and public awareness regarding human trafficking in Michigan.	IDG 28,371,500	0
	Federal 6,589,700	0
	Restricted 16,877,700	390,000
	GF/GP \$29,662,300	\$0
5. Economic Adjustments	Gross NA	\$1,940,700
Reflects increased costs of \$1.9 million Gross (\$750,000 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG NA	618,200
	Federal NA	198,100
	Restricted NA	374,400
	GF/GP NA	\$750,000

Major Boilerplate Changes From FY 2015-16

Major Boilerplate Changes From FY 2015-16

Sec. 308. *Litigation Expense Reimbursements* – REVISED

Increases appropriation cap from \$500,000 to \$1.5 million from litigation expense reimbursements and allows for \$1.5 million of unexpended funds to be carried forward.

Sec. 313. *Mortgage Fraud Prosecutions* – NEW

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

Sec. 316. *Sexual Assault Kit Testing* – DELETED

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

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF CIVIL RIGHTS**



Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$286,700	\$293,600	\$6,900	2.4
Federal	2,721,700	2,763,000	41,300	1.5
Local	0	0	0	--
Private	18,700	18,700	0	0.0
Restricted	151,900	151,900	0	0.0
GF/GP	12,949,700	13,494,700	545,000	4.2
Gross	\$16,128,700	\$16,721,900	\$593,200	3.7
FTEs	135.0	138.0	3.0	2.2

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Advocates and Leaders for Police and Community Trust	FTE	NA
Provides \$250,000 GF/GP in one-time funding and 2.0 FTEs to strengthen outreach and education efforts between law enforcement and community leaders in three additional cities: Battle Creek, Traverse City, and Muskegon Heights.	Gross	2.0
	GF/GP	NA
		\$250,000
2. Commission on Middle Eastern American Affairs	FTE	NA
Provides \$100,000 GF/GP in one-time funding and 1.0 FTE for the Commission on Middle Eastern American Affairs, which was created by Executive Order 2015-6.	Gross	1.0
	GF/GP	NA
		\$100,000
3. Five-year Early Out Deferred Sick Leave Payments	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	GF/GP	NA
		\$70,800
4. Economic Adjustments	Gross	NA
Reflects increased costs of \$293,900 Gross (\$245,700 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA
	Federal	NA
	Restricted	NA
	GF/GP	NA
		\$293,900
		6,900
		41,300
		0
		\$245,700

Major Boilerplate Changes From FY 2015-16**Sec. 404. Operations Report – DELETED**

Requires the department to report on various details of department operations.

Sec. 405. Federal Complaint Report – DELETED

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.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 EXECUTIVE OFFICE



Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	0	0	0	--
GF/GP	5,531,100	5,636,300	105,200	1.9
Gross	\$5,531,100	\$5,636,300	\$105,200	1.9
FTEs	84.2	84.2	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Executive Office Operations	Gross \$4,002,900	\$105,200
Reflects increased costs of \$105,200 Gross and GF/GP related to Executive Office staff and other operations.	GF/GP \$4,002,900	\$105,200

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes for FY 2016-17.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17 LEGISLATURE



Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	0	0	0	--
Local	0	0	0	--
Private	400,000	400,000	0	0.0
Restricted	4,192,000	4,275,800	83,800	2.0
GF/GP	131,872,300	136,577,800	4,705,500	3.6
Gross	\$136,464,300	\$141,253,600	\$4,789,300	3.5
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 Farnum Building. The Michigan State Capitol Historic Site includes the Capitol Building, its grounds and parking lot, and the Michigan State Capitol Commission.

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
1. Legislature Operations	Gross \$136,464,300	\$4,789,300
Reflects increased costs of \$4.8 million Gross (\$4.7 million GF/GP) related to legislative staff and other operations.	Private 400,000	0
	Restricted 4,192,000	83,800
	GF/GP \$131,872,300	\$4,705,500

Major Boilerplate Changes From FY 2015-16

Sec. 618. Legislative Retirement Administration – DELETED

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 the FY 2015-16.

<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>	<u>FY 2015-16 Recommendation</u>
1. Legislative Redistricting	Gross \$450,000
Includes \$450,000 GF/GP to cover costs associated with House (\$225,000 GF/GP) and Senate (\$225,000 GF/GP) redistricting, including equipment, supplies, and services needed for tracking and reporting census and reapportionment information. Designates as work project with a tentative completion date of September 30, 2020. (SBO Letter 2/10/16)	GF/GP \$450,000
2. Legislative Information Technology Systems Design Project	Gross \$3,000,000
Includes \$3.0 million GF/GP to cover the design, development, and implementation of a legislative wide integrated computer system. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)	GF/GP \$3,000,000

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

3. Criminal Justice Policy Commission

Includes \$500,000 GF/GP to cover the administrative and operational costs associated with the Criminal Justice Policy Commission. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)

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

4. State Capitol Historic Site Restoration, Renewal, and Maintenance

Includes \$2.0 million GF/GP for the State Capitol Historic Site restoration, renewal, and maintenance. Specifically, the funds would cover the costs of additional equipment and services for scheduled maintenance and restoration. Designates as work project with a tentative completion date of September 30, 2019. (SBO Letter 2/10/16)

Gross \$2,000,000
GF/GP \$2,000,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
LEGISLATIVE AUDITOR GENERAL**



Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$5,392,800	\$5,558,600	\$165,800	3.1
Federal	0	0	0	--
Local	0	0	0	--
Private	0	0	0	--
Restricted	1,987,600	1,969,400	(18,200)	(0.9)
GF/GP	15,460,100	15,923,900	463,800	3.0
Gross	\$22,840,500	\$23,451,900	\$611,400	2.7
FTEs	0.0	0.0	0.0	--

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

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

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Auditor General Operations	Gross \$22,511,100	\$611,400
Reflects increased costs of \$611,400 Gross (\$463,800 GF/GP) related to Auditor General staff and other operations.	IDG 5,392,800	165,800
	Restricted 1,987,600	(18,200)
	GF/GP \$15,130,700	\$463,800

Major Boilerplate Changes From FY 2015-16

There are no major boilerplate changes in FY 2016-17.

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF STATE**



Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$20,000,000	\$20,000,000	\$0	0.0
Federal	1,460,000	1,460,000	0	0.0
Local	0	5,000,000	5,000,000	--
Private	100	100	0	0
Restricted	186,635,100	204,445,900	17,810,800	9.5
GF/GP	22,161,500	27,109,600	4,948,100	22.3
Gross	\$230,256,700	\$258,015,600	\$27,758,900	12.1
FTEs	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. State/Local Funding for Voting System Replacement	Gross	NA	\$15,000,000
Appropriates \$15.0 million Gross (\$10 million GF/GP) in one-time funding for the purchase of new voting systems statewide.	Local	NA	5,000,000
	GF/GP	NA	\$10,000,000
2. Increased Record Look-up Fee	Gross	\$21,945,300	\$14,100,000
Increases funding by \$14.1 million state restricted from raising the record look-up fee from \$8 to \$11 to replace department mainframe legacy systems.	Restricted	20,380,700	14,100,000
	GF/GP	\$1,564,600	\$0
3. Removal of FY 2015-16 One-Time Appropriation	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million GF/GP from appropriation made for voting machines in PA 268 of 2015.	GF/GP	\$5,000,000	(\$5,000,000)
4. Five-year Early Out Deferred Sick Leave Payments	Gross	NA	(\$598,800)
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	Restricted	NA	(568,100)
	GF/GP	NA	(\$30,700)
5. MI-Time Line Maintenance	Gross	\$83,462,100	\$470,000
Appropriates \$470,000 state restricted for system support and maintenance of kiosks that allows customers to schedule an appointment time online.	IDG	20,000,000	0
	Restricted	60,468,400	470,000
	GF/GP	\$2,993,700	\$0
6. Customer Delivery Services Fund Shift	Gross	\$83,462,100	\$0
Increases use of Transportation Administration Collection fund revenues by \$500,000 to offset \$500,000 GF/GP reduction.	IDG	20,000,000	0
	Restricted	60,468,400	500,000
	GF/GP	\$2,993,700	(\$500,000)
7. Economic Adjustments	Gross	NA	\$3,599,400
Reflects increased costs of \$3.6 million Gross (\$465,400 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Restricted	NA	3,134,000
	GF/GP	NA	\$465,400

Major Boilerplate Changes From FY 2015-16

Sec. 703. Record Look-up Fees – REVISED

Increases the fee charged for the record look-up of vehicles and various other crafts from \$8.00 to \$11.00.

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

Requires the Department of State to report on funding expended for the BAM project since its inception.

Sec. 718. Buena Vista Township Branch Office – DELETED

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

Sec. 722. Bridge Card Fraud Work Group – DELETED

Requires the department to participate in a work group with the Department of Health and Human Services and the Michigan State Police to investigate methods to deter Bridge Card fraud and to report the findings.

Sec. 722. Legacy System Modernization – NEW

Explains the purpose of modernizing legacy system mainframes.

Sec. 723. Voting Machines Replacement Program – NEW

Explains the purpose of the voting machines replacement program.

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Information Technology Services and Projects

Appropriates \$3.8 million GF/GP for ExpressSOS technology upgrades needed as a result of changes made in PA 174 of 2015, which increased registration fees.

Gross	\$3,800,000
GF/GP	\$3,800,000

**Summary: Executive Budget Recommendation
for Fiscal Year 2016-17
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT**



Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	764,102,800	773,944,800	9,842,000	1.3
Local	4,433,500	500,000	(3,933,500)	(88.7)
Private	5,619,000	5,619,000	0	0.0
Restricted	180,411,200	192,341,600	11,930,400	6.6
GF/GP	198,457,000	170,088,900	(28,368,100)	(14.3)
Gross	\$1,153,023,500	\$1,142,494,300	(\$10,529,200)	(0.9)
FTEs	1,619.0	1,615.0	(4.0)	(0.2)

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 Year-to-Date (YTD) Appropriations		FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Business Attraction and Community Revitalization	Gross	\$114,000,000	\$1,500,000
Includes net increase of \$1.5 million Gross: \$2.0 million increase in 21 st Century Jobs Trust Fund funding and \$500,000 GF/GP decrease. Shifted \$2.0 million 21 st Century Jobs Trust Fund from Entrepreneurship Eco-System line item (See Item #2). Portion of overall funding considered one-time is reduced from \$17.3 million GF/GP to \$13.0 million GF/GP.	Restricted	20,600,000	2,000,000
	GF/GP	\$93,400,000	(\$500,000)
2. Entrepreneurship Eco-System	Gross	\$21,400,000	(\$2,000,000)
Removes \$2.0 million 21 st Century Jobs Trust Fund and shifts to Business Attraction and Community Revitalization (See Item #1).	Restricted	21,400,000	(2,000,000)
3. Skilled Trades Training Program	Gross	\$25,600,000	\$10,000,000
Increases by \$10.0 million Gross (\$0 GF/GP). Funds will support expansion of program and help meet continued demand of Skilled Trades Training Program. Funds assist employers with designing training programs for potential employees lacking the requisite skills.	Federal	1,500,000	0
	Restricted	14,100,000	10,000,000
	GF/GP	\$10,000,000	\$0
4. Community Ventures	FTE	7.0	0.0
Includes \$2.0 million GF/GP in one-time appropriations to supplement the ongoing Community Ventures program with a new Community Ventures - Challenge Match program. Private funds raised would be matched dollar for dollar up to \$2.0 million.	Gross	\$9,800,000	\$2,000,000
	GF/GP	\$9,800,000	\$2,000,000
5. Financial Literacy Pilot Program	Gross	\$0	\$5,800,000
Includes \$5.8 million Gross (\$0 GF/GP) in one-time TANF funds for a competitive grant to operate a financial literacy pilot for Family Independence Program clients in up to three prosperity regions. Counseling sessions would be on a voluntary basis and focus on personal budgeting, debt reduction, establishing and improving credit, accessing safe and affordable banking services, building savings, and connecting to other support services through referrals.	Federal	0	5,800,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD	
6. Statewide Data System Integration	Gross	\$0	\$8,778,500
Includes \$8.8 million Gross (\$0 GF/GP) in one-time appropriations for the replacement of the state's current workforce reporting system with the Michigan Integrated Data System which will allow state to meet new federal workforce data reporting requirements. Funds will also support the enhancement of the Workforce Longitudinal Data System to enhance data integration and sharing between state agencies to measure effectiveness and outcomes of state and federal workforce and education programs.	Federal	0	4,800,000
	Restricted	0	3,978,500
7. Human Resources Transfer	FTE	4.0	(4.0)
Removes \$710,000 Gross (\$0 GF/GP) and 4.0 FTEs associated with human services functions in DTED. Funds and FTEs are transferred to the Civil Service Commission with the establishment of DTED as an Executive department.	Gross	\$710,000	(\$710,000)
	Federal	535,400	(535,400)
	Restricted	174,600	(174,600)
8. Technical Adjustment to Revenue Sources	Gross	\$954,566,500	(\$8,587,700)
Reduces various line items by \$8.6 million Gross (\$0 GF/GP) federal, local, private, and restricted fund sources to align with actual funds received.	Federal	764,102,800	(1,881,400)
	Local	4,433,500	(3,933,500)
	Private	5,619,000	(8,000)
	Restricted	180,411,200	(2,764,800)
9. Five Year Early Out Deferred Sick Leave Payments	Gross	\$577,700	(\$577,700)
Removes \$577,700 Gross (\$59,200 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years.	Federal	386,200	(386,200)
	Restricted	132,300	(132,300)
	GF/GP	\$59,200	(\$59,200)
10. Other One-Time Appropriations	Gross	\$30,150,000	(\$30,150,000)
Removes \$30.2 million GF/GP in one-time appropriations for Film Incentives (\$25.0 million GF/GP) and various special grants (\$5.2 million GF/GP).	GF/GP	\$30,150,000	(\$30,150,000)
11. Economics Adjustments	Gross	NA	\$3,417,700
Reflects increased costs of \$3.4 million Gross (\$341,100 GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	Federal	NA	2,045,000
	Private	NA	8,000
	Restricted	NA	1,023,600
	GF/GP	NA	\$341,100

Major Boilerplate Changes From FY 2015-16

Reporting Requirements – DELETED

Eliminates numerous boilerplate reporting requirements deemed one-time, duplicative due to requirements present in statute, or that covered outdated program requirements. The following sections and subsections were deleted or revised to eliminate reporting requirements:

- Sec. 990. Michigan State Housing Development Authority Housing Production Goals Annual Report
- Sec. 991. Michigan Broadband Development Authority Report
- Sec. 1005. Pure Michigan Slogan Revenue
- Sec. 1007. MSF/MEDC Program Reporting Requirements
- Sec. 1010. Jobs for Michigan Investment Fund Report
- Sec. 1031. Spending Plan Report for Entrepreneurship Eco-System and Business Attraction and Community Revitalization
- Sec. 1033. Film Incentives Status Report
- Sec. 1053. MSF Status of Projects by Award Recipient Report
- Sec. 1076. UIA Computer System Report
- Sec. 1077. UIA Internet Claims Report
- Sec. 1078. Internet Michigan Web Account Manager System Performance Metrics

Sec. 1014. Michigan Core Communities Fund – DELETED

Outlines purposes and authorized uses of the fund; establishes policies and procedures for disseminating grants from the fund; requires notification before grant distribution.

Sec. 1034. Business Incubator Program Dashboard – DELETED

Requires each business incubator that received an award from the fund to submit a dashboard of indicators to gauge performance.

Major Boilerplate Changes From FY 2015-16

Sec. 1035. Michigan Council for Arts and Cultural Affairs (MCACA) Arts and Cultural 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. Revised to eliminate language prohibiting funds from being used for administration.

Sec. 1037. Facility for Rare Isotope Beams Debt Service – DELETED

Caps reimbursement to Michigan State University at \$91.0 million. Provides that the State Budget Director shall retain the authority and fiduciary responsibility associated with the maintenance of the public's financial and policy interests related to state-financed construction projects.

Sec. 1040. MAIN System Reporting – DELETED

Requires MSF to use MAIN or a DTMB-administered successor program to report encumbrances and expenditures.

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

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1.

Sec. 1042a. Business Attraction and Community Revitalization Performance Metrics – NEW

Requires department to identify specific outcomes and performance metrics for the increased funds in part 1 associated with the Business Attraction and Community Revitalization line item. Provides nonexclusive list of performance metrics to be used.

Sec. 1056. Film Incentive Funds Transfer – DELETED

Requires the DTED to make a total payment of \$19.1 million from the funds appropriation in part 1 to Film Incentives to the Michigan retirement systems for obligations purchased or guaranteed for the financing, construction, or operation of a film production studio.

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

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.

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 a Michigan company has utilized its favored status from the Investments in Manufacturing Communities Partnership to receive an award from the federal government. Revised to eliminate funding restrictions for program and process-centered training organization employers. Revised matching funds language to broaden federal match language to allow the department flexibility if new federal funding was available.

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

Stipulates that funds appropriated in part 1 for the program are to be used to cover the cost of the GED test free of charge to individuals meeting certain requirements. Requires Workforce Development Agency to develop procedures, provide program information, provide a full-year cost estimate, and provide a report.

Sec. 1069. Community Ventures – Challenge Match – NEW

Stipulates that funding in part 1 for the Community Ventures – Challenge Match shall only be expended upon the commitment of matching dollars from private sources. States that private funds raised would be matched dollar for dollar up to \$2.0 million.

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

Requires Workforce Development Agency to conduct a workgroup with DHHS and members of the Senate and House of Representatives, unless a workgroup and report were provided in FY 2014-15, to determine how the state can align the spending on Michigan Works! Job readiness programs with the declining family assistance program caseload. Requires report.

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

Requires 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.

Sec. 1082. Financial Literacy Pilot Guidance – NEW

Provides guidance on purpose and of Financial Literacy Pilot Program for Family Independence Program (FIP) and Temporary Assistance for Needy Families (TANF) eligible individuals.

Summary: Executive Budget Recommendation for Fiscal Year 2016-17

DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET



Analyst: Perry Zielak

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$678,478,500	\$696,904,100	\$18,425,600	2.7
Federal	7,997,300	4,958,200	(3,039,100)	(38.0)
Local	3,587,700	2,320,000	(1,267,700)	(35.3)
Private	190,100	0	(190,100)	(100.0)
Restricted	95,771,900	111,490,800	15,718,900	16.4
GF/GP	477,198,200	504,423,100	27,224,900	5.7
Gross	\$1,263,223,700	\$1,320,096,200	\$56,872,500	4.5
FTEs	2850.0	2873.0	23.0	0.8

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. DTMB Rate Authorization	Gross \$596,060,800	\$10,632,400
Authorizes \$10.6 million GF/GP to collect increases in agencies' budgets for IT baseline and rated service model, mailing warehouse, and vehicle and travel service rate changes.	IDG 482,154,900	10,632,400
	Local 2,209,900	0
	GF/GP \$111,696,000	\$0
2. Enterprisewide Special Maintenance	Gross NA	\$10,000,000
Adds \$10.0 million GF/GP of one-time funding for maintenance and upkeep projects at state-owned properties.	GF/GP NA	\$10,000,000
3. State Building Authority Rent	Gross \$254,570,600	(\$8,000,000)
Reduces \$8.0 million GF/GP due to savings recognized through the cancellation of various leases in the July 2015 refunding deal.	GF/GP \$254,570,600	(\$8,000,000)
4. Capital Area Relocation Project	Gross NA	\$7,500,000
Includes \$7.5 million GF/GP in one-time funding for completion of the Capital Area Relocation project, which includes moving several departments around the Greater Lansing area.	GF/GP NA	\$7,500,000
5. Information Technology Investment Fund	Gross NA	\$7,000,000
Includes \$7.0 million GF/GP in one-time funding for a Department of Treasury legacy system replacement project and Project SIGMA updates.	GF/GP NA	\$7,000,000
6. Enterprise Identity Management System	FTE NA	6.0
Includes \$6.7 million GF/GP and 6.0 FTEs to create MiLogin, an enterprisewide single sign-in and identity management tool which allows for the establishment, management and authentication of user identities for statewide IT systems.	Gross NA	\$6,700,000
	GF/GP NA	\$6,700,000

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
7. Information Technology Technical Adjustments	Gross	\$596,060,800
Aligns funding of the Information Technology IDGs with agency investment requests.	IDG	482,154,900
	Local	2,209,900
	GF/GP	\$111,696,000
		\$0
8. Removal of FY 2015-16 One-Time Appropriations	Gross	\$5,205,000
Eliminates one-time funding of \$5.2 million Gross (\$4.6 million GF/GP) for various projects: Treasury –Technology Services (\$3.0 million GF/GP), Litigation Fund (\$1.0 million GF/GP), Technology Services Funding (\$600,000 IDG), Cost Study of 2014 PA 555 (\$500,000 GF/GP) and Special Projects (\$105,000 GF/GP).	IDG	600,000
	GF/GP	\$4,605,000
		(\$5,205,000)
9. Cyber Security Improvements	Gross	\$9,063,500
Includes \$5.0 million GF/GP to support the Cyber Security Improvement Program, which will enhance network security, develop a comprehensive security framework and asset security program, and implement an enterprisewide data loss prevention process.	GF/GP	\$9,063,500
		\$5,000,000
10. Legal Services	Gross	NA
Includes \$5.0 million GF/GP in one-time funding for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency. \$1.0 million GF/GP in one-time funding appropriated in FY 2015-16 for the Litigation Fund was eliminated.	GF/GP	NA
		\$5,000,000
11. Office of Retirement Services Technology Upgrades	FTE	491.5
Includes \$3.6 million in state restricted funds and 7.0 FTEs for IT infrastructure expansion, code libraries, data storage and access. The funding will also address more frequent system upgrades and other costs supporting customer service transactions.	Gross	\$120,926,000
	IDG	93,717,000
	Restricted	21,964,200
	GF/GP	\$5,244,800
		\$0
12. Capital Outlay – Enterprisewide Special Maintenance for State Facilities	Gross	\$31,500,000
Reduces funding by \$3.5 million GF/GP for maintenance and upkeep projects at state-owned properties.	IDG	2,000,000
	GF/GP	\$29,500,000
		(\$3,500,000)
13. Office of Retirement Service IT Modernization and Enterprise Mandates	Gross	NA
Includes \$2.9 million Gross one-time funding for various IT projects, including Filenet upgrades and electronic banking capabilities.	IDG	NA
		2,850,000
14. Office of Good Government	FTE	132.5
Increases funding by \$2.7 million Gross (\$1.5 million GF/GP) and 6.0 FTEs for costs related to employee engagement and citizen surveys that support various transformational initiatives.	Gross	\$17,362,900
	IDG	10,538,700
	Restricted	4,131,500
	GF/GP	\$2,692,700
		\$1,500,000
15. Five-year Early Out Deferred Sick Leave Payments	Gross	NA
Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentive, which were spread out over 5 years.	IDG	NA
	Federal	NA
	Local	NA
	Restricted	NA
	GF/GP	NA
		(\$1,595,500)
16. Office of Urban Initiatives	Gross	\$2,500,000
Reduces funding by \$1.0 million GF/GP for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development.	GF/GP	\$2,500,000
		(\$1,000,000)
17. Civil Service Commission Provision of Human Resources to Department of Talent and Economic Development (TED)	FTE	316.0
Transfer of \$710,000 in state restricted funds and 4.0 FTEs from TED to administer the department's human resources function.	Gross	\$35,878,600
	IDG	1,153,500
	Local	661,100
	Restricted	16,455,500
	GF/GP	\$17,608,500
		\$0

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
18. Professional Development Funds	Gross	\$1,102,600
Reduces funding by \$152,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts.	IDG	1,102,600
		(\$152,600) (152,600)
19. MSP Retirement Payment for Low-Income Retirees	Gross	\$27,209,000
Increases funding by \$132,000 GF/GP for anticipated costs associated with the State Police Retirement Act amendment to provide an additional payment to State Police retirees who retired before October 1, 1986 (and to their beneficiaries) whose annual pension is less than \$16,000.	Restricted	21,964,200
	GF/GP	\$5,244,800
		\$132,000 0 \$132,000
20. Bureau of Labor Market Information and Strategic Initiatives (LMISI)	Gross	\$5,376,400
Provides authorization for LMISI to begin collecting revenue from local customers for customized data.	Federal	4,776,400
	Local	0
	GF/GP	\$600,000
		\$35,000 0 35,000 \$0
21. Capital Outlay Planning Authorizations	Gross	NA
Includes \$900 GF/GP for four university, three community college and two state agency capital outlay planning authorizations: University of Michigan – Flint – Murchie Science Building addition, Saginaw Valley State University – College of Business and Management expansion, Wayne State University – STEM Innovation Learning Center, Eastern Michigan University – Strong Hall renovation, Kellogg Community College – Regional Manufacturing Technology Center renovation and addition, Wayne County Community College – Eastern Campus repurposing and upgrading, Northwestern Michigan College – West Hall Innovation Center renovation and expansion, Department of Natural Resources – Coolwater Rearing Hatchery improvements, and Department of Technology, Management, and Budget – Jackson State Office Building renovation.	GF/GP	NA
		\$900 \$900
22. Technical Adjustments	Gross	\$268,036,700
Makes fund source adjustments for funding authorization alignment and Statewide Cost Allocation Plan adjustment.	IDG	187,990,500
	Federal	4,934,700
	Local	60,100
	Restricted	34,870,700
	GF/GP	\$40,180,700
		\$0 270,400 0 0 26,200 (\$296,600)
23. Economic Adjustments	Gross	NA
Reflects increased costs of \$8.9 million Gross (\$2.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	NA
	Federal	NA
	Local	NA
	Private	NA
	Restricted	NA
	GF/GP	NA
		\$8,904,000 5,388,000 43,100 16,000 0 1,398,000 \$2,058,900

Major Boilerplate Changes From FY 2015-16

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

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.

Sec. 816. Privatization RFPs – DELETED

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

Sec. 819. Ronald Reagan Memorial Monument Fund – DELETED

Allows DTMB to collect and expend funds from the Ronald Reagan memorial monument fund.

Sec. 822. Report on Unclassified Salaries – DELETED

Requires a report on individual appointee and unclassified salaries by January 1st.

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

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

Sec. 822f. Regional Prosperity Initiative – REVISED

Various technical changes and additions to definitions within section.

Major Boilerplate Changes From FY 2015-16

Sec. 822j. Office of Good Government – NEW

Explains the purpose of the Office of Good Government.

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

Requires detailed report on funding and expenditures for IT services and projects.

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

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

Sec. 830. IT Contract Change Orders – DELETED

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

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.

Sec. 832. Child Support Enforcement System – DELETED

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.

Sec. 836. Information Technology Investment Fund – NEW

Explains the purpose of the Information Technology Investment Fund.

Sec. 837. Cyber Security Investment Projects – NEW

Explains the purpose of cyber security investment projects.

Sec. 838. Enterprise Identity Management Program – NEW

Explains the purpose of the Enterprise Identity Management Program.

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

Explains the purpose of the Office of Retirement Services' upgrades in information technology.

Sec. 862. Required Reports – DELETED

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

Flint-related Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. Flint Emergency Reserve Fund

Appropriates \$50.0 million GF/GP to the Flint Emergency Reserve Fund, which will fund expenditures addressing the needs of children in Flint in response to the Emergency Declaration made on January 5, 2016.

Gross **\$50,000,000**
GF/GP **\$50,000,000**

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

1. State Building Authority Rent

Provides for a reduction of \$26.5 million GF/GP as a result of savings from the State Building Authority's July 2015 refunding deal.

Gross **(\$26,500,000)**
GF/GP **(\$26,500,000)**

2. Legal Services

Includes \$5.0 million GF/GP for potential litigation involving the Governor and Attorney General in their official capacity and for securing outside legal advice on major statewide issues not unique to a single agency.

Gross **\$5,000,000**
GF/GP **\$5,000,000**

3. Retirement Services

Includes \$2.8 million in state restricted funds to support modifications costs associated with transitioning the Office of Retirement Services from MAIN to SIGMA.

Gross **\$2,800,000**
Restricted **2,800,000**

4. Civil Service Commission Training

Includes \$325,000 GF/GP to enhance manager training for state employees to further support performance and transformation initiatives.

Gross **\$325,000**
GF/GP **\$325,000**

Other Supplemental Recommendations for FY 2015-16 Appropriations

**FY 2015-16
Recommendation**

5. State Trooper Pension Supplemental Payment

Includes \$145,000 GF/GP to provide an additional payment to State Police retirees (and beneficiaries) who retired before October 1, 1986 and whose annual pension is less than \$16,000.

Gross	\$145,000
GF/GP	\$145,000

Summary: Executive Budget Recommendation for Fiscal Year 2016-17

DEPARTMENT OF TREASURY



Analyst: Ben Gielczyk

	FY 2015-16 Year-to-Date as of 2/10/16	FY 2016-17 Executive	Difference: FY 2016-17 Vs. FY 2015-16	
			Amount	%
IDG/IDT	\$9,500,700	\$11,250,600	\$1,749,900	18.4
Federal	39,661,500	39,954,200	292,700	0.7
Local	9,029,700	9,265,700	236,000	2.6
Private	25,400	26,700	1,300	5.1
Restricted	1,606,455,600	1,615,304,400	8,848,800	0.6
GF/GP	280,379,300	234,945,800	(45,433,500)	(16.2)
Gross	\$1,945,052,200	\$1,910,747,400	(\$34,304,800)	(1.8)
FTEs	1,911.5	1,916.5	5.0	0.3

Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (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.

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
1. Constitutional Revenue Sharing	Gross \$783,866,100	(\$2,364,700)
Decreases by \$2.4 million in restricted sales tax revenues to adjust constitutional revenue sharing payments downward 0.3% from the FY 2015-16 budget act appropriated amount (3.9% above the January 2016 CREC estimate for FY 2015-16). FY 2016-17 Executive Recommended amount is based on January 2016 Consensus Revenue Estimating Conference (CREC) estimates.	Restricted 783,866,100	(2,364,700)
2. City, Village, and Township Revenue Sharing	Gross \$248,840,000	(\$5,800,000)
Removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component. By removing the one-time funding per capita distribution component, 101 CVTs (100 townships and 1 city) that were included in FY 2015-16 would not receive a payment in FY 2016-17. CVTs eligible for a higher per capita payment would be reduced to previous appropriation level. Maintains FY 2015-16 CVT Revenue Sharing ongoing funding level of \$243.0 million.	Restricted 248,840,000	(5,800,000)
3. County Revenue Sharing/County Incentive Program	Gross \$214,700,000	\$467,500
Increases county payments by \$467,500 in restricted sales tax revenue to accommodate two new counties (Alcona and Charlevoix) coming online for state payments in FY 2016-17. Maintains full-funding levels for county revenue sharing. Maintains allocation of 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.	Restricted 214,700,000	467,500

Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations	FY 2015-16 YTD (as of 2/10/16)	Executive Change from YTD
4. Competitive Grant Assistance Program	Gross	\$0
Includes \$11.0 million in restricted sales tax revenue (\$5.2 million considered one-time) for the Competitive Grant Assistance Program. Funds would provide competitive grants to all local units of government that elect to combine government operations. Awards would be used to defray costs associated with consolidated services through mergers, interlocal agreements, and other cooperating efforts.	Restricted	0
		\$11,000,000
		11,000,000
5. Payments in Lieu of Taxes	Gross	\$26,094,100
Increases by \$1.3 million Gross (\$1.1 million GF/GP) to support scheduled and statutorily-required payments in lieu of taxes (PILT). To accommodate increased estimates, each PILT line item is increased by 5%.	Private	25,400
	Restricted	4,930,900
	GF/GP	\$21,137,800
		\$1,304,700
		1,300
		246,600
		\$1,056,800
6. General Obligation Bond Debt Service	Gross	\$156,449,000
Reduces by a net of \$19.4 million GF/GP due to scheduled and statutory-required debt service payment requirements. Reductions from payoffs and refundings were partially offset by debt service increase from \$10.3 million in new bond issuances associated with the Strategic Water Quality Initiative.	GF/GP	\$156,449,000
		(\$19,412,000)
		(\$19,412,000)
7. Subject Matter Experts for IT Systems	FTE	0.0
Provides \$750,000 GF/GP and 4.0 FTEs to provide testing and analytic review to assure IT systems are designed and tested properly during production and operation.	Gross	\$0
	GF/GP	\$0
		\$750,000
		\$750,000
8. Change to Rated Service Model for IT Services	Gross	\$28,959,700
Includes \$1.6 million Gross (\$551,100 GF/GP) for transitional support to cover costs changes for department as they transition to a rated service model with DTMB for the delivery of IT services.	IDG	400,000
	Federal	618,800
	Local	1,200,000
	Restricted	16,530,000
	GF/GP	\$10,210,900
		\$1,563,000
		0
		33,400
		64,700
		913,800
		\$551,100
9. Grants	Gross	\$550,000
Removes \$550,000 GF/GP for grants associated with the Chaldean Community Foundation (\$250,000 GF/GP) and Urban Search and Rescue Taskforce (\$300,000 GF/GP).	GF/GP	\$550,000
		(\$550,000)
		(\$550,000)
10. Fund Shifts to Replace General Fund	Gross	NA
Net change of \$0 Gross (\$1.8 million GF/GP) to reflect replacement of General Fund with available IDG and restricted fund revenue. The following line items were affected: Office of Accounting Services (\$105,600), Office of Collections (\$1.1 million), and Office of Financial Services (\$520,400).	IDG	NA
	Restricted	NA
	GF/GP	NA
		\$0
		1,644,400
		105,600
		(\$1,750,000)
11. Five Year Early Out Deferred Sick Leave Payments	Gross	\$701,300
Removes \$701,300 Gross (\$73,800 GF/GP). Recognizes the end of employee accumulated leave-time payouts from the 2010 early retirement incentives, which were spread out over five years.	IDG	25,700
	Federal	57,500
	Restricted	544,300
	GF/GP	\$73,800
		(\$701,300)
		(25,700)
		(57,500)
		(544,300)
		(\$73,800)
12. Casino Gaming Adjustments	FTE	141.0
Includes \$868,300 Gross (\$0 GF/GP) associated with the following casino gaming operations adjustments:	Gross	\$29,457,600
• Transfer in Horse Sample Testing from MDARD - \$250,000 Gross (\$0 GF/GP)	Restricted	29,457,600
• Ongoing support for IT services - \$500,000 Gross (\$0 GF/GP)		
• Includes additional auditor for tribal gaming operations - \$118,300 Gross (\$0 GF/GP) and 1.0 FTEs		
		\$868,300
		868,300

<u>Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations</u>	<u>FY 2015-16 YTD (as of 2/10/16)</u>	<u>Executive Change from YTD</u>
13. One-Time Appropriation Adjustments	Gross	\$29,900,000
Provides a net reduction of \$27.7 million GF/GP in one-time appropriations. Includes \$2.8 million GF/GP to support development and implementation costs associated with new Free Individual Income Tax E-File system. Funding for the following items is removed: Personal property tax payments to reimburse local units for lost debt service millages (\$19.3 million GF/GP); Online Business Portal (\$600,000 GF/GP); Presidential Primary (\$10.0 million GF/GP); and CVT Revenue Sharing (\$5.8 million GF/GP).	GF/GP	(\$27,057,500)
		(\$27,057,500)
14. Economics Adjustments	Gross	NA
Reflects increased costs of \$5.6 million Gross (\$1.1 million GF/GP) for negotiated salary and wage amounts (1.0% ongoing, 1.5% lump sum), insurance rate increases, actuarially required retirement contributions, and other economic adjustments.	IDG	\$5,627,200
	Federal	131,200
	Local	316,800
	Restricted	171,300
	GF/GP	3,956,000
		\$1,051,900

Major Boilerplate Changes From FY 2015-16

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

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.

Sec. 904a. Financial Services Expenditure Appropriation – REVISED

Provides funds to pay expenditures for financial services provided by financial institutions through restricting revenue from common cash interest earnings and investment earnings. Revised to state that if the amounts of common cash interest earnings are insufficient to cover the costs, then miscellaneous revenues shall be used to fund the remaining balance of the expenditures.

Sec. 917. Write-Offs and Advances – REVISED

Appropriates funds for write-offs and advances for Treasury programs of not more than current-year authorizations that would otherwise lapse to General Fund; requires report on amounts appropriated. Revised to delete reporting requirement.

Sec. 918. Tax Orientation Workshops and Seminars – DELETED

Authorizes Treasury to receive and expend funds for tax orientation workshops and seminars, not to exceed actual costs.

Sec. 919. Contracted Audit and Collection Services – REVISED

Appropriates funds to contract with private auditing firms to audit for and collect unclaimed property due the state; requires report on firms employed, amounts collected, and costs of collection. Requires a review of current practices and a report, by March 31, to a joint subcommittee of the House and Senate subcommittees on General Government. Revised to eliminate review of current practices and report by March 31.

Sec. 927. Personal Property Tax Audits – DELETED

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

Sec. 934. Expending of Authority Revenues – REVISED

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. Revised to delete reporting requirement.

Sec. 944. Pension Plan Consultant Report – DELETED

Requires Treasury to retain a copy of any report received from a pension plan consultant and make available upon request.

Sec. 949a. Personal Property Tax Reimbursements Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the personal property tax reimbursements to local units of government. Provides example of performance metric/outcome stating that the department's role in reimbursing the local units will provide the department with the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely.

Major Boilerplate Changes From FY 2015-16

Sec. 949c. Operations Information Technology Services and Projects Performance Measures – DELETED

Specifies that the department shall identify specific outcomes and performance measures for the operations information technology services and projects. Provides example of performance metric/outcome stating that the funding will provide businesses with the opportunity for electronic business tax registration, authentication of taxpayers, and tax filing for more than 325,000 Michigan businesses.

Sec. 949d. Financial Review Commission Performance Measures – DELETED

Specifies that the department shall expand financial review commission efforts in FY 2015-16. The funds shall cover ongoing costs associated with the operation of the commission. Provides example of performance metric/outcome stating that the funding will allow the department to perform critical fiscal review to ensure the city of Detroit does not reenter distress following its exit from bankruptcy.

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

Allocates \$300,000 to the urban search and rescue task force. Requires the task force to provide reports on FY 2014-15 revenues and expenditures, proposed FY 2015-16 grant expenditures, and a final report on FY 2015-16 grant expenditures.

Sec. 951. Competitive Grant Assistance Program – NEW

Includes direction for distribution of \$11.0 million appropriated for assistance grants to cities, villages, townships, and counties that elect to merge government services, enter an interlocal agreement, or cooperate in the provision of services via a Competitive Grant Assistance Program; \$5.2 million of total available funding considered one-time appropriation. Includes authorities, school districts, ISDs, public community colleges, and public universities; includes work project language.

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 2014-15 payment to all CVTs that were eligible for a payment in FY 2014-15. In order to qualify for its eligible payment a CVT would be required to comply with the items listed under accountability and transparency. To qualify for county incentive payment counties would be required to comply with the items listed under accountability and transparency. Any unexpended funds would be deposited in the Financial Distressed CVTs program in Sec. 956. Revised to remove per capita payment option and 101 townships from eligibility for a CVT Revenue Sharing payment. Includes new language allowing entity that does not comply with accountability and transparency on 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 August payment.

Sec. 957. CVT Revenue Sharing Workgroup – DELETED

States legislative intent that a workgroup be formed, to include members of the Executive Branch, to explore a new nonconstitutional revenue sharing distribution formula.

Sec. 957. Competitive Grant Assistance Program Metrics – NEW

Specifies that the department shall identify specific outcomes and performance measures for the Competitive Grant Assistance Program. Provides nonexclusive list of performance metrics to be used.

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

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

Sec. 978. Racing Commission Regulatory Changes – REVISED

Requires the Michigan Gaming Control Board to determine the actual regulatory costs of conducting race dates; it would limit reimbursement to actual expenses; and the language specifies that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations. Revised by striking language specifying that in the case of reduced revenues, race dates can be reduced, after consultation with certified horsemen's organizations and if a certified horsemen's organization funds more than the regular costs, the funds shall remain in the agriculture equine development fund for future race dates.

<u>Other Supplemental Recommendations for FY 2015-16 Appropriations</u>	<u>FY 2015-16 Recommendation</u>	
<i>1. Supervision of General Property Tax Law</i>	Gross	\$2,000,000
Includes \$2.0 million GF/GP to provide additional assistance to local units of government in areas experiencing financial distress through the Office of Fiscal Responsibility. Funds will support legal, financial, consulting, and accounting services. (SBO Letter 2/10/16)	GF/GP	\$2,000,000

Other Supplemental Recommendations for FY 2015-16 Appropriations

2. Detroit Public Schools Financial Assistance

Includes \$50.0 million GF/GP to fund an estimated operating deficit and cash flow deficiency for the Detroit Public Schools (DPS). Funds will provide resources for the daily operational costs of running the school district through an agreement with the state, emergency manager, and DPS. Designates funds as a work project appropriation with an estimated completion date of September 30, 2017. (SBO Letter 2/10/16)

FY 2015-16 Recommendation	
Gross	\$50,000,000
GF/GP	\$50,000,000

3. Michigan Infrastructure Fund Deposit

Includes \$165.0 million GF/GP boilerplate appropriation for deposit in the Michigan Infrastructure Fund to be created by amendatory legislation. The funds will be used to offset future infrastructure expenses in local units of government throughout the state of Michigan. (SBO Letter 2/10/16)

Gross	\$165,000,000
GF/GP	\$165,000,000