

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
TOTAL GENERAL GOVERNMENT**



**Analysts: Ben Gielczyk and Perry Zielak**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$739,896,100	\$0	\$739,896,100	\$742,192,600	\$2,296,500	0.3
<b>Federal</b>	689,103,500	0	689,103,500	688,424,100	(679,400)	(0.1)
<b>Local</b>	9,969,700	0	9,969,700	17,050,900	7,081,200	71.0
<b>Private</b>	6,287,200	0	6,287,200	6,283,300	(3,900)	(0.1)
<b>Restricted</b>	2,048,873,600	6,150,000	2,055,023,600	2,054,823,800	(199,800)	(0.0)
<b>GF/GP</b>	1,211,782,700	(51,550,000)	1,160,232,700	1,202,374,200	42,141,500	3.6
<b>Gross</b>	<b>\$4,705,912,800</b>	<b>(\$45,400,000)</b>	<b>\$4,660,512,800</b>	<b>\$4,711,148,900</b>	<b>\$50,636,100</b>	<b>1.1</b>
<b>FTEs</b>	7,791.2	0.0	7,791.2	7,847.2	56.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Boilerplate Changes From FY 2014-15**

**Sec. 207. New Program Metrics – DELETED**

Requires benchmarks to be developed by the department of agency receiving funding for a new program for which funds in excess of \$500,000 are appropriated by November 1 and requires update of benchmarks on March 1. Expresses legislative intent that beginning in FY 2015-16, any new program proposed by the Executive include a list of benchmarks intended to measure performance of the program.

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

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Revises appropriated amount to \$95.0 million from \$94.0 million. Includes new subsection that dedicates 25 percent of FY 2015-16 GF/GP surplus revenues and 25 percent of FY 2015-16 GF/GP lapse funds to the BSF.

**Sec. 212. Receipt and Retention of Require Reports – DELETED**

Requires departments to receive and retain copies of all reports funded from appropriations in part 1; 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. 217. General Fund Restrictions – DELETED**

Prohibits use of General Fund appropriations where federal funds are available for the same purpose.

**Sec. 221. Reporting Requirements 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.

**Major Boilerplate Changes From FY 2014-15**

***Sec. 231. Full-Time Equated Position Report – DELETED***

Expresses intent of the Legislature that departments properly account for their spending and do not use FTE positions as placeholders for spending in other parts of their budgets; requires report.

***Sec. 235. Contract Request for Information and Qualification – DELETED***

Requires state departments and agencies to issue and receive a Request for Information (RFI) or Request for Quotation (RFQ) before a Request for Proposal (RFP) for any contract in excess of \$5.0 million. States that department may not issue RFP unless it first considers issuing an RFI or RFQ. Requires department to notify DTMB of evaluation process used to determine if an RFI or RFQ was not necessary.

***Sec. 239. State Building Energy Performance – DELETED***

Requires DTMB, with assistance from the Michigan Energy Office, to assess energy performance of state-owned buildings to identify energy savings achievable with internal resources and energy performance contracts.

***Sec. 1301. Anticipated Appropriations – DELETED***

Expresses intent of the Legislature to provide the same appropriations for fiscal year 2016 as provided in fiscal year 2015, except for where adjustments are made for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
ATTORNEY GENERAL**



**Analyst: Perry Zielak**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$27,783,800	\$0	\$27,783,800	\$28,533,900	\$750,100	2.7
<b>Federal</b>	9,857,200	0	9,857,200	9,278,600	(578,600)	(5.9)
<b>Local</b>	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	--
<b>Restricted</b>	17,914,200	0	17,914,200	17,281,700	(632,500)	(3.5)
<b>GF/GP</b>	38,267,100	0	38,267,100	36,847,400	(1,419,700)	(3.7)
<b>Gross</b>	<b>\$93,822,300</b>	<b>\$0</b>	<b>\$93,822,300</b>	<b>\$91,941,600</b>	<b>(\$1,880,700)</b>	<b>(2.0)</b>
<b>FTEs</b>	519.5	0.0	519.5	524.5	5.0	1.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>1. Sexual Assault Law Enforcement</b>			
Adds \$1.7 million GF/GP and 5.0 FTEs to test backlogged sexual assault kits in communities statewide with the exception of Wayne County, and to assist in investigations and prosecutions that may result.	FTE	0	5.0
	<b>Gross</b>	<b>\$0</b>	<b>\$1,700,000</b>
	GF/GP	\$0	\$1,700,000
<b>2. Sexual Assault Prosecutions</b>			
Eliminates \$3.0 million GF/GP of one-time funding for prosecutions of sexual assault cases within Wayne County that resulted from the testing of rape kits discovered upon the closure of the Detroit crime laboratory.	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
	GF/GP	\$3,000,000	(\$3,000,000)
<b>3. Fund Source Adjustments</b>			
Adjusts interdepartmental grant, federal, and restricted revenue fund sources to accurately reflect costs of providing legal services and memorandums of understanding with other state agencies and departments.	<b>Gross</b>	<b>NA</b>	<b>(\$239,200)</b>
	IDG	NA	866,400
	Federal	NA	(543,600)
	Restricted	NA	(562,000)
<b>4. Economics</b>			
Reflects net cost reduction of \$341,500 Gross (\$119,700 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	<b>Gross</b>	<b>NA</b>	<b>(\$341,500)</b>
	IDG	NA	(116,300)
	Federal	NA	(35,000)
	Restricted	NA	(70,500)
	GF/GP	NA	(\$119,700)

**Major Boilerplate Changes From FY 2014-15**

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

Appropriates \$1.7 million to test sexual assault kits statewide in order to eliminate county backlogs by the end of FY 2015-16, assist with prosecutions that may result and provide victim services.

**Sec. 320. *Sexual Assault Prosecutions* – DELETED**

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

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
CIVIL RIGHTS**



**Analyst: Perry Zielak**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$288,900	\$0	\$288,900	\$286,700	(\$2,200)	(0.8)
<b>Federal</b>	2,736,500	0	2,736,500	2,721,700	(14,800)	(0.5)
<b>Local</b>	0	0	0	0	0	--
<b>Private</b>	18,700	0	18,700	18,700	0	0.0
<b>Restricted</b>	151,900	0	151,900	151,900	0	0.0
<b>GF/GP</b>	13,448,200	0	13,448,200	12,949,700	(498,500)	(3.7)
<b>Gross</b>	<b>\$16,644,200</b>	<b>\$0</b>	<b>\$16,644,200</b>	<b>\$16,128,700</b>	<b>(\$515,500)</b>	<b>(3.1)</b>
<b>FTEs</b>	138.0	0.0	138.0	135.0	(3.0)	(2.2)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>1. Unclassified Funding</b>	<b>Gross</b>	<b>\$724,700</b>	<b>(\$90,000)</b>
Reduces funding by \$90,000 GF/GP that was not utilized by the department.	GF/GP	\$724,700	(\$90,000)
<b>2. Vacant Public Affairs Position</b>	FTE	124.0	(1.0)
Reduces funding by \$115,000 GF/GP through proposed elimination of a vacant Public Affairs position.	<b>Gross</b>	<b>\$14,091,800</b>	<b>(\$115,000)</b>
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$115,000)
<b>3. Librarian Position</b>	FTE	124.0	(1.0)
Reduces funding by \$105,000 GF/GP through proposed elimination of a librarian position.	<b>Gross</b>	<b>\$14,091,800</b>	<b>(\$105,000)</b>
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$105,000)
<b>4. Executive Secretary Position</b>	FTE	124.0	(1.0)
Reduces funding by \$90,000 GF/GP through proposed elimination of an executive secretary position.	<b>Gross</b>	<b>\$14,091,800</b>	<b>(\$90,000)</b>
	IDG	288,900	0
	Federal	2,721,500	0
	Restricted	58,500	0
	GF/GP	\$11,022,900	(\$90,000)

<b><u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u></b>	<b><u>FY 2014-15 Adjusted Year-to-Date</u></b>	<b><u>FY 2015-16 Executive Change</u></b>
<b>5. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>
Reflects net cost reduction of \$115,500 Gross (\$98,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	IDG	NA
	Federal	NA
	GF/GP	NA
		<b>(\$115,500)</b>
		(2,200)
		(14,800)
		(\$98,500)

**Major Boilerplate Changes From FY 2014-15**

**Sec. 404. Operations Report – DELETED**

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

**Sec. 405. Federal Complaint Report – DELETED**

Required 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 department.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
EXECUTIVE OFFICE**



**Analyst: Ben Gielczyk**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	0	0	0	0	0	--
Restricted	0	0	0	0	0	--
GF/GP	5,916,100	0	5,916,100	5,916,100	0	0.0
<b>Gross</b>	<b>\$5,916,100</b>	<b>\$0</b>	<b>\$5,916,100</b>	<b>\$5,916,100</b>	<b>\$0</b>	<b>0.0</b>
FTEs	88.2	0.0	88.2	88.2	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From FY 2014-15 YTD Appropriations**

There are no proposed budget changes for FY 2015-16

	Executive Changes	
FY 2014-15 YTD (as of 2/5/14)	FY 2014-15 to FY 2015-16	FY 2015-16 to FY 2016-17

**Major Boilerplate Changes From FY 2014-15**

There are no major boilerplate changes for FY 2015-16.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
LEGISLATURE**



**Analyst: Ben Gielczyk**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	--
Federal	0	0	0	0	0	--
Local	0	0	0	0	0	--
Private	400,000	0	400,000	400,000	0	0.0
Restricted	4,109,800	0	4,109,800	4,192,000	82,200	2.0
GF/GP	127,420,700	0	127,420,700	131,872,300	4,451,600	3.5
<b>Gross</b>	<b>\$131,930,500</b>	<b>\$0</b>	<b>\$131,930,500</b>	<b>\$136,464,300</b>	<b>\$4,533,800</b>	<b>3.4</b>
FTEs	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		
<b>1. Legislature Operations</b>	<b>Gross \$131,930,500</b>	<b>\$4,533,800</b>
Reflects \$4.5 million Gross (\$4.5 million GF/GP) related to legislative staff and other operations.	Private 400,000	0
	Restricted 4,109,800	82,200
	GF/GP \$127,420,700	\$4,451,600

**Major Boilerplate Changes From FY 2014-15**

**Sec. 609. Capitol Historic Site Fund – DELETED**

Designates appropriations from the Capitol Historic Site Fund subject to enrollment of Senate Bill 678 of the 97<sup>th</sup> Legislature.

**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 FY 2014-15.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
LEGISLATIVE AUDITOR GENERAL**



**Analyst: Ben Gielczyk**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$5,220,700	\$0	\$5,220,700	\$5,392,800	\$172,100	3.3
<b>Federal</b>	0	0	0	0	0	--
<b>Local</b>	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	--
<b>Restricted</b>	2,000,800	0	2,000,800	1,987,600	(13,200)	(0.7)
<b>GF/GP</b>	14,937,300	0	14,937,300	15,460,100	522,800	3.5
<b>Gross</b>	<b>\$22,158,800</b>	<b>\$0</b>	<b>\$22,158,800</b>	<b>\$22,840,500</b>	<b>\$681,700</b>	<b>3.1</b>
<b>FTEs</b>	0.0	0.0	0.0	0.0	0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Auditor General Operations**

Reflects increased costs of \$681,700 Gross (\$522,800 GF/GP) related to Auditor General staff and other operations.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>\$22,158,800</b>	<b>\$681,700</b>
IDG	5,220,700	172,100
Restricted	2,000,800	(13,200)
GF/GP	\$14,937,300	\$522,800

**Major Boilerplate Changes From FY 2014-15**

**Sec. 625. Information Technology Audits – DELETED**

Specifies that not more than \$400,000 may be used to hire up to 10 additional auditors for the specific purpose of providing audit support and oversight of this state's most critical information technology systems and services. Requires unobligated funds to revert to the General Fund.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
STATE**



**Analyst: Perry Zielak**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$20,000,000	\$0	\$20,000,000	\$20,000,000	\$0	0.0
<b>Federal</b>	1,460,000	0	1,460,000	1,460,000	0	0.0
<b>Local</b>	0	0	0	0	0	--
<b>Private</b>	100	0	100	100	0	0.0
<b>Restricted</b>	184,985,800	1,000,000	185,985,800	186,635,100	649,300	0.3
<b>GF/GP</b>	17,539,000	200,000	17,739,000	17,161,500	(577,500)	(3.3)
<b>Gross</b>	<b>\$223,984,900</b>	<b>\$1,200,000</b>	<b>\$225,184,900</b>	<b>\$225,256,700</b>	<b>\$71,800</b>	<b>0.0</b>
<b>FTEs</b>	1,593.0	0.0	1,593.0	1,593.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

		FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>1. Credit and Debit Assessment Service Fees</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$1,000,000</b>
Increases funding authorization by \$1.0 million state restricted revenue as usage of credit and debit cards by customers increase at branch locations.	Restricted	5,000,000	1,000,000
<b>2. Ignition Interlock Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
Continues funding authorization of \$1.0 million state restricted revenue to accommodate increasing workload with inspecting and regulating businesses related to the installation of ignition interlocks to motor vehicles. Initial increased authorization was added through HB 4112 for FY 2014-15.	Restricted	1,000,000	0
<b>3. Departmental Identified Budgetary Savings</b>	<b>Gross</b>	<b>NA</b>	<b>(\$500,000)</b>
Reduces funding by \$500,000 GF/GP through departmental identified budgetary savings in Branch Operations (\$241,800), Unclassified Positions (122,100), Department Service Operation (\$83,800), Central Operations (\$26,900), Election Administration and Services (\$25,000) and Legal Services (\$400).	GF/GP	NA	(\$500,000)
<b>4. Removal of FY 2014-15 One-Time Appropriations</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Eliminates one-time funding (added through HB 4112) of \$200,000 GF/GP for IT system changes related to the May 2015 transportation ballot proposal.	GF/GP	\$200,000	(\$200,000)
<b>5. Economics</b>	<b>Gross</b>	<b>NA</b>	<b>(\$228,200)</b>
Reflects net cost reduction of \$228,200 Gross (increase of \$122,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	Restricted	NA	(350,700)
	GF/GP	NA	\$122,500

**Major Boilerplate Changes From FY 2014-15**

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

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

***Sec. 718. Buena Vista Township Branch Office – DELETED***

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

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
TECHNOLOGY, MANAGEMENT, AND BUDGET**



**Analyst: Perry Zielak**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$677,193,600	\$0	\$677,193,600	\$678,478,500	\$1,284,900	0.2
<b>Federal</b>	7,974,100	0	7,974,100	7,997,300	23,200	0.3
<b>Local</b>	3,553,700	0	3,553,700	3,587,700	34,000	1.0
<b>Private</b>	190,400	0	190,400	190,100	(300)	(0.2)
<b>Restricted</b>	94,322,000	0	94,322,000	95,771,900	1,449,900	1.5
<b>GF/GP</b>	479,098,500	(33,300,000)	445,798,500	478,880,800	33,082,300	7.4
<b>Gross</b>	<b>\$1,262,332,300</b>	<b>(\$33,300,000)</b>	<b>\$1,229,032,300</b>	<b>\$1,264,906,300</b>	<b>\$35,874,000</b>	<b>2.9</b>
<b>FTEs</b>	2,823.0	0.0	2,823.0	2,839.0	16.0	0.6

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Removal of FY 2014-15 One-Time Appropriations**

Eliminates one-time funding of \$22.5 million Gross (\$14.7 million GF/GP) for various projects: Litigation Fund (\$2.0 million GF/GP, on top of EO 2015-5 reduction of \$2.0 million); Regional Prosperity Grants (\$500,000 GF/GP, on top of EO 2015-5 reduction of \$500,000); Technology Services funding (\$6.9 million IDG, \$300 GF/GP); Office of Urban Initiatives (\$4.0 million GF/GP, on top of EO 2015-5 reduction of \$1.0 million); Business One Stop – Depreciation (\$871,700 IDG); Special Projects (\$1.2 million GF/GP); and Enterprisewide Special Maintenance (\$7.0 million GF/GP).

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>\$22,522,000</b>	<b>(\$22,522,000)</b>
IDG	7,771,700	(7,771,700)
GF/GP	\$14,750,300	(\$14,750,300)

**2. State Building Authority (SBA) Rent Payments**

Restores \$17.8 million GF/GP to State Building Authority rent funding that was reduced in the FY 2014-15 mid-year negative supplemental (HB 4112).

<b>Gross</b>	<b>\$236,770,600</b>	<b>\$17,800,000</b>
GF/GP	\$236,770,600	\$17,800,000

**3. Capital Outlay – Enterprisewide Special Maintenance at State Facilities**

Increases funding by \$13.0 million GF/GP for maintenance and upkeep projects at state-owned properties. The figure includes \$5.0 million in restored funding from reductions made in Executive Order 2015-5.

<b>Gross</b>	<b>\$20,000,000</b>	<b>\$13,000,000</b>
IDG	2,000,000	0
GF/GP	\$18,000,000	\$13,000,000

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>4. Information Technology Investment Fund</b>		<b>Gross</b>	<b>\$60,500,000</b>
Increases funding by \$9.5 million GF/GP to continue upgrading various IT related projects and legacy systems. The figure includes \$2.5 million in restored funding from reductions made in Executive Order 2015-5. Total proposed funding is \$70.0 million. FY 2014-15 budget rolled out IT investment projects.		GF/GP	\$60,500,000
<b>5. Motor Vehicle Fleet</b>		<b>Gross</b>	<b>\$67,669,300</b>
Increases spending authorization by \$6.5 million IDG to meet anticipated costs of the state's motor vehicle fleet, which is wholly funded by charges paid by agencies using the fleet.		IDG	67,669,300
<b>6. General Services Technical Adjustments</b>		FTE	324.5
Aligns funding of the Information Technology IDGs with agency investment requests by \$3.8 million. Includes funding and FTE authorization for Treasury Business Portal (\$2.0 million IDG and 2.0 FTEs), Treasury City Income Tax Operations (\$1.2 million IDG and 2.0 FTEs), and Treasury Personal Property Tax Reform Operations (\$650,000 IDG and 1.0 FTE).		<b>Gross</b>	<b>\$90,562,100</b>
		IDG	90,562,100
<b>7. Office of Urban Initiatives</b>		FTE	NA
Establishes ongoing funding of \$2.5 million GF/GP and 5.0 FTEs, partially restoring an Executive Order 2015-5 reduction to one-time funding, for urban and metropolitan initiatives respective to transportation, public services, land use/sustainability, housing, and workforce development.		<b>Gross</b>	<b>NA</b>
		GF/GP	NA
<b>8. Information Technology Interdepartmental Grant (IDG) Adjustments</b>		<b>Gross</b>	<b>NA</b>
Reduces funding by \$2.0 million IDG to align funding of the Information Technology IDGs with adjusted anticipated agency costs.		IDG	NA
<b>9. Legal Services</b>		<b>Gross</b>	<b>NA</b>
Establishes ongoing funding of \$2.0 million GF/GP, restoring an Executive Order 2015-5 reduction to one-time funding, for major 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.		GF/GP	NA
<b>10. Michigan Public Safety Communications System (MPSCS)</b>		<b>Gross</b>	<b>\$38,359,000</b>
Increases funding by \$1.5 million GF/GP for radio replacement cycle and system maintenance. Funding was decreased by \$3.5 million in Executive Order 2015-5 for FY 2014-15, proposal maintains \$2.0 million of that reduction resulting in \$1.5 million increase over prior fiscal year adjusted numbers.		Local	2,212,100
		GF/GP	\$36,146,900
<b>11. Office of Retirement Services - Deferred Compensation Fund</b>		<b>Gross</b>	<b>\$25,983,700</b>
Increases funding authorization by \$1.2 million state restricted revenue to Defined Contribution/Deferred Compensation Fund in the Office of Retirement Services to cover increased administrative expenses.		Restricted	20,738,900
		GF/GP	\$5,244,800
<b>12. Civil Service Commission</b>		<b>Gross</b>	<b>\$4,385,800</b>
Reduces funding of \$1.1 million GF/GP to the Civil Service Commission's Information Technology Services and Projects.		Federal	1,025,400
		Restricted	1,407,800
		GF/GP	\$1,952,600
<b>13. Homeland Security/Cyber Security</b>		<b>Gross</b>	<b>\$8,068,200</b>
Restores \$1.0 million GF/GP of funding reductions made in Executive Order 2015-5: Homeland Security Initiative/Cyber Security.		GF/GP	\$8,068,200
<b>14. Procurement Improvement Plan – Category Management Implementation</b>		FTE	91.0
Includes funding of \$825,000 Gross (\$479,100 GF/GP) and 6.0 FTEs to examine state purchasing from an enterprisewide perspective and reduce the number of contracts and suppliers utilized.		<b>Gross</b>	<b>\$10,476,400</b>
		IDG	452,900
		Federal	100
		Restricted	4,916,300
		GF/GP	\$5,107,100

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>15. State Emergency Operations Center</b>	<b>Gross</b>	<b>\$91,352,000</b>	<b>\$631,700</b>
Increases authorization by \$631,700 IDG to the Building Operation Services line item to cover revenue, maintenance, utilities, security, and operations costs of the State Emergency Operations Center commencing October 1, 2015.	IDG	91,352,000	631,700
<b>16. One-Time Technology Service Funding</b>	<b>Gross</b>	<b>NA</b>	<b>\$600,000</b>
Increases funding by \$600,000 IDG to align agency IT funding costs for the Treasury Business Portal.	IDG	NA	600,000
<b>17. Offset of GF and Restricted Revenue</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Reduces funding by \$45,000 GF/GP for the Office of State Employer to offset increase in restricted revenue authorization for the Health Management Fund.	Restricted	NA	45,000
	GF/GP	NA	(\$45,000)
<b>18. Professional Development Funds</b>	<b>Gross</b>	<b>\$1,095,000</b>	<b>\$7,600</b>
Increases funding by \$7,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts.	IDG	1,095,000	7,600
<b>19. Various Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$478,100</b>
Makes fund source adjustments by replacing \$3,100 GF/GP with \$3,100 IDG and \$12,700 restricted revenue with \$12,700 IDG for various adjustments, including: funding authorization realignment, Statewide Cost Allocation Plan adjustment, and State Building Authority Rent adjustment. Finally restores \$478,100 in IDG user fee authorizations that were reduced based FY 2014-15 mid-year adjustment.	IDG	NA	493,900
	Restricted	NA	(12,700)
	GF/GP	NA	(\$3,100)
<b>20. Capital Outlay Planning Authorizations</b>	<b>Gross</b>	<b>NA</b>	<b>\$500</b>
Includes \$500 GF/GP for three university and two community college capital outlay planning authorizations: Lake Superior State – Center for Freshwater Research and Education, University of Michigan – Dearborn – Engineering Laboratory Building Replacement, University of Michigan – Ann Arbor – School of Dentistry Renovation and Addition, Delta College – Saginaw Center, and Mott Community College – Southern Lakes Branch Center Renovation.	GF/GP	NA	\$500
<b>21. Administrative Services Offsets</b>	<b>Gross</b>	<b>\$17,611,900</b>	<b>\$0</b>
Makes fund source adjustments that result in \$781,700 GF/GP increase. This includes a \$981,700 GF/GP increase to offset restricted revenues supporting departmental administrative services, in addition to a \$200,000 GF/GP decrease to offset an increase in procurement card revenue authorization.	IDG	11,259,200	(694,700)
	Restricted	4,232,500	(87,000)
	GF/GP	\$2,120,200	\$781,700
<b>22. Economics</b>	<b>Gross</b>	<b>NA</b>	<b>\$34,600</b>
Reflects net cost increase of \$34,600 Gross (\$405,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-required retirement rates, and other economic adjustments.	IDG	NA	(345,500)
	Federal	NA	23,200
	Local	NA	34,000
	Private	NA	(300)
	Restricted	NA	(82,000)
	GF/GP	NA	\$405,200

### **Major Boilerplate Changes From FY 2014-15**

#### **Sec. 808a. Building Occupancy; Vacated Space – DELETED**

Barred DTMB from charging for building occupancy for unoccupied space if the affected department or agency has given prior notice to vacate the space as specified by the section.

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

Required DTMB to maintain Internet 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. 813. Motor Vehicle Fleet – REVISED**

Deleted subsection promoting use of remanufactured parts.

#### **Sec. 814. Reporting on Information Technology Investment Projects – REVISED**

Changed quarterly status reports to annual and eliminated notice when transferring \$500,000 between projects.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 814a. *Enterprisewide Information Technology Investment Projects – NEW***

Explains purpose of the enterprisewide IT investment projects.

### **Sec. 815. *Energy Savings Performance Contracts – DELETED***

Required DTMB to review capital improvement projects over \$500,000 for possible inclusion in an energy savings performance contract; required report on use of energy savings performance contracts.

### **Sec. 816. *Privatization RFPs – DELETED***

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

### **Sec. 817. *Call Center Locations – DELETED***

Authorized DTMB to require a contractor providing state call center services to disclose to callers the location from which services are being provided.

### **Sec. 821. *Space Consolidation Plan – DELETED***

Required DTMB to annually update the office space consolidation plan and provide a report on space consolidation by February 15.

### **Sec. 822. *Report on Unclassified Salaries – DELETED***

Required a report on individual appointee and unclassified employee salaries by January 1.

### **Sec. 822f. *Fees and Rates Charged to State Agencies – DELETED***

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

### **Sec. 822g. *Wayland Police Post – DELETED***

Required DTMB to assist state police as necessary in discussions with City of Wayland regarding a potential joint public safety building.

### **Sec. 822h. *One Division Building – DELETED***

Required DTMB to evaluate the feasibility of repurposing the One Division Building in Grand Rapids for a new state police crime laboratory.

### **Sec. 824. *Spatial Information and Technical Services – REVISED***

Eliminated report requirement.

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

Eliminated report requirement.

### **Sec. 828. *IT-Related Appropriations and Expenditures – DELETED***

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

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

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

### **Sec. 830. *IT Contract Change Orders – DELETED***

Required report on IT change orders and contract extensions for contracts greater than \$50,000 entered into by DTMB

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

Provided for administration and expenditure of ICT innovation fund created under prior-year budget acts.

### **Sec. 832. *Child Support Enforcement System – DELETED***

Required 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. *Cloud Computing – DELETED***

Required DTMB to conduct analyses on use of public or private cloud computing technologies for new projects and for migration of existing projects or system platforms.

### **Sec. 840. *Online Citizens Guide – DELETED***

Required DTMB to issue RFP for publicly accessible statewide online citizens guide.

### **Sec. 862. *Required Reports – DELETED***

Required 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.

### **Sec. 866. *State Building Authority (SBA) Leases – DELETED***

Expressed legislative approval for execution of SBA leases for SBA-financed construction.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 867. Farnum Building – NEW**

Allocates proceeds from the sale of the Farnum Building to DTMB. If net proceeds are less than \$7.0 million, the shortfall would be appropriated to the department.

### **Sec. 890. Regional Prosperity Initiative – REVISED**

Changed to Sec. 822d, makes various minor changes.

### **Sec. 891. Litigation Fund – DELETED**

Required itemized report on litigation fund expenditures.

### **Sec. 895. Michigan Business One-Stop (MBOS) – DELETED**

Prohibited DTMB from charging other departments and agencies for continued MBOS operation, and allowed DTMB to spend up to \$1.5 million of its own funds on MBOS maintenance and operation to the extent necessary to minimize disruptions while transitioning to elimination of MBOS

### **Sec. 896. Farnum Building – DELETED**

Required DTMB to make up to \$7.0 million available to the Senate for future costs associated with the relocation from the Farnum Building. Proceeds from sale of Farnum Building would be used to repay DTMB

### **Sec. 897. Special Projects – DELETED**

From the \$1.25 million appropriated for special projects, allocated \$500,000 for 120 payments to National Guard retirees and \$250,000 to the Catholic Charities Center for Hope in Genesee, leaving \$500,000 unallocated.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
TREASURY**



**Analyst: Ben Gielczyk**

	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
<b>IDG/IDT</b>	\$9,409,100	\$0	\$9,409,100	\$9,500,700	\$91,600	1.0
<b>Federal</b>	39,705,400	0	39,705,400	39,661,500	(43,900)	(0.1)
<b>Local</b>	1,982,500	0	1,982,500	9,029,700	7,047,200	355.5
<b>Private</b>	23,100	0	23,100	25,400	2,300	10.0
<b>Restricted</b>	1,602,710,400	5,150,000	1,607,860,400	1,606,215,600	(1,644,800)	(0.1)
<b>GF/GP</b>	270,513,300	3,550,000	274,063,300	276,679,300	2,616,000	1.0
<b>Gross</b>	<b>\$1,924,343,800</b>	<b>\$8,700,000</b>	<b>\$1,933,043,800</b>	<b>\$1,941,112,200</b>	<b>\$8,068,400</b>	<b>0.4</b>
<b>FTEs</b>	1,873.5	0.0	1,873.5	1,911.5	38.0	2.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Constitutional Revenue Sharing**

Provides \$30.2 million in restricted sales tax revenues to adjust constitutional revenue sharing payments upward 4.0% from the FY 2014-15 budget act appropriated amount (3.1% above the January 2014 Consensus Revenue Estimating Conference (CREC) estimate for FY 2014-15). FY 2015-16 Executive Recommended amount is based on January 2015 CREC estimates plus \$6.0 million in revenues associated with the Main Street Fairness Act which were not included in the CREC estimate.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>\$758,272,400</b>	<b>\$30,224,600</b>
Restricted	758,272,400	30,224,600

**2. City, Village, and Township Revenue Sharing**

Removes \$5.8 million in one-time restricted sales tax revenues for City, Village, and Township Revenue Sharing and removes per capita distribution component (See Sec. 952 of boilerplate). By removing the one-time funding per capita distribution component, 101 townships that were added in FY 2014-15 would not receive a payment in FY 2015-16. Maintains FY 2014-15 CVT Revenue Sharing ongoing funding level of \$243.0 million.

<b>Gross</b>	<b>\$248,840,000</b>	<b>(\$5,800,000)</b>
Restricted	248,840,000	(5,800,000)

**3. County Revenue Sharing/County Incentive Program**

Increases county payments by \$3.5 million in restricted sales tax revenue to accommodate two new counties coming online for state payments in FY 2015-16. Maintains full-funding levels for county revenue sharing. Maintains 80% of funding distributed through county revenue sharing and 20% through County Incentive Program.

<b>Gross</b>	<b>\$211,200,000</b>	<b>\$3,500,000</b>
Restricted	211,200,000	3,500,000

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>4. Financially Distressed Cities, Villages, and Townships</b>	<b>Gross</b>	<b>\$8,000,000</b>	<b>(\$3,000,000)</b>
Removes \$3.0 million in one-time restricted sales tax revenues for Financially Distressed CVT grant program. Maintains \$5.0 million in ongoing funding for Financially Distressed CVT grant program.	Restricted	8,000,000	(3,000,000)
<b>5. Payments in Lieu of Taxes</b>	<b>Gross</b>	<b>\$21,174,900</b>	<b>\$4,919,200</b>
Increases by \$4.9 million Gross (\$4.5 million GF/GP) to support scheduled and statutory-required increases in payments in lieu of taxes (PILT). Swamp and tax reverted lands PILT increased from \$3 to \$4 per acre in FY 2015-16 per statute.	Private	23,100	2,300
	Restricted	4,482,500	448,400
	GF/GP	\$16,669,300	\$4,468,500
<b>6. Debt Service</b>	<b>Gross</b>	<b>\$152,395,000</b>	<b>\$4,054,000</b>
Increases by \$4.1 million GF/GP to support scheduled and statutory-required debt service payments. Funding increase allows for \$5.0 million in new bond issues related to the Strategic Water Quality Initiative.	GF/GP	\$152,395,000	\$4,054,000
<b>7. City Income Tax Administration Program</b>	FTE	NA	24.0
Includes \$7.1 million in local funds and 24.0 FTEs to support the City Income Tax Administration Program. Under the program, the Department of Treasury would collect the City of Detroit's individual income tax. A portion of the funding would support expansion of the system to include collection of the City of Detroit's business tax. Transfers additional 26.0 FTEs from Tax Processing to support program.	<b>Gross</b>	<b>NA</b>	<b>\$7,050,000</b>
	Local	NA	7,050,000
<b>8. Personal Property Tax Reform Administration</b>	FTE	NA	9.0
Includes \$3.3 million GF/GP and 9.0 FTEs to support administration of the personal property tax reform changes including collection and distribution of the essential services assessment.	<b>Gross</b>	<b>NA</b>	<b>\$3,345,000</b>
	GF/GP	NA	\$3,345,000
<b>9. Financial Review Commission</b>	FTE	NA	8.0
Includes \$2.0 million GF/GP and 8.0 FTEs to support new Financial Review Commission created under the Michigan Financial Review Commission Act. The commission will ensure that the City of Detroit is meeting statutory requirements under the city's debt-cutting plan, review and approve the city's four-year financial plan, and ensure fiscal management among other roles and responsibilities.	<b>Gross</b>	<b>NA</b>	<b>\$2,000,000</b>
	GF/GP	NA	\$2,000,000
<b>10. Financial Independence Teams</b>	<b>Gross</b>	<b>\$2,250,000</b>	<b>\$1,750,000</b>
Increases by \$1.8 million GF/GP to restore a portion of the FY 2014-15 mid-year negative supplemental (HB 4112) reduction of \$2.3 million GF/GP to the program.	GF/GP	\$2,250,000	\$1,750,000
<b>11. Treasury Online Business Portal</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,600,000</b>
Includes \$2.6 million GF/GP (\$600,000 GF/GP considered one-time) for the Department of Treasury's Business Portal. The portal allows businesses to conduct online business tax registration, tax returns, and tax payments.	GF/GP	NA	\$2,600,000
<b>12. Casino Gaming Legal Affairs and Gaming Regulation</b>	FTE	NA	12.0
Includes \$514,100 in restricted funds and 12.0 FTEs to support licensing and regulation with live horse races, verify electronic gaming devices, and enhance the agency's communication strategies.	<b>Gross</b>	<b>NA</b>	<b>\$514,100</b>
	Restricted	NA	514,100
<b>13. Lottery Promotion and Advertising</b>	<b>Gross</b>	<b>\$18,622,000</b>	<b>(\$18,622,000)</b>
Removes \$18.6 million in State Lottery Fund for promotion and advertising. Recommends elimination of line item and inclusion of boilerplate that would authorize the Bureau of State Lottery to collect 1% of the prior fiscal year's gross sales for promotion and advertising.	Restricted	18,622,000	(18,622,000)
<b>14. Contractual Services, Supplies, and Materials Reductions</b>	<b>Gross</b>	<b>NA</b>	<b>(\$300,000)</b>
Reduces various tax programs line items by \$300,000 GF/GP. Reflects budget savings from reductions in contracted services, supplies, and materials (CSS&M). Executive Order 2015-5 and HB 4112 implemented \$1.1 million in CSS&M reductions to Tax and Economic Policy (\$600,000 GF/GP) and Tax Compliance (\$500,000 GF/GP). The Executive Recommendation carries forward those reductions reducing both by an additional \$50,000 GF/GP and reduces Tax Processing and Office of Collections by \$100,000 GF/GP.	GF/GP	NA	(\$300,000)

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>	<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
<b>15. Fund Source Revenue Adjustments</b>	<b>Gross</b>	<b>NA (\$3,264,500)</b>
Net reduction of \$3.3 million Gross (\$0 GF/GP) to align with actual available revenues in fund source. Adjusts IDG for Data Collection Services Fee up by \$40,000 and Land Reutilization Fund restricted funds down by \$3.3 million. Makes technical adjustment in fund sourcing by shifting \$62,300 in restricted funding to IDG funding.	IDG	NA 102,300
	Restricted	NA (3,366,800)
<b>16. One-Time Appropriations</b>	<b>Gross</b>	<b>NA (\$20,350,000)</b>
Provides a net reduction of \$20.4 million Gross (\$15.2 million GF/GP) and 15.0 FTEs in one-time appropriations. Personal property tax payments to reimburse local units for lost debt service millages under the personal property tax reforms are retained at \$19.3 million GF/GP. Funding for the following items is removed: credit card payment services (\$500,000 GF/GP and 6.0 FTEs), personal property tax reform implementation (\$1.5 million GF/GP and 9.0 FTEs), City of Flint police and fire safety grant (\$1.1 million GF/GP), MBT adjustments under PA 282 of 2014 (\$1.0 million GF/GP), Financial Review Commission from PA 182 of 2014 (\$100,000 GF/GP), May Election Administration included in HB 4112 (\$10.0 million GF/GP), Driver Responsibility Fee Phase Out Administrative Costs included in HB 4112 (\$550,000 Restricted), Transportation Ballot Proposal IT included in HB 4112 (\$1.0 million GF/GP), Gaming Control Board IT Replacement included in HB 4112 (\$3.0 million Restricted), and Fraud Prevention Services included in HB 4112 (\$1.6 million Restricted).	FTE 15.0 Restricted 5,150,000 GF/GP \$34,500,000	(15.0) (5,150,000) (\$15,200,000)
<b>17. Economic Adjustments</b>	<b>Gross</b>	<b>NA (\$552,000)</b>
Reflects net cost reduction of \$552,000 Gross (\$101,500 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG Federal Local Restricted GF/GP	NA (10,700) NA (43,900) NA (2,800) NA (393,100) NA (\$101,500)

**Major Boilerplate Changes From FY 2014-15**

***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. 927. Personal Property Tax Audits – DELETED***

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

***Sec. 944. Pension Plan Consultant Report – DELETED***

Requires the Department of Treasury to forward any report received from a pension plan consultant within 30 days of receipt.

***Sec. 945. Assessment and Certification Division Reviews – REVISED***

Requires assessment and certification division to conduct 14-point reviews in at least one assessment jurisdiction per county. Revised to require the Department of Treasury to conduct an audit of minimum assessing requirements reviews for each county.

***Sec. 948. Fraud Prevention Appropriation – NEW***

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 refunds. 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.

***Sec. 949. Personal Property Tax Reimbursements Performance Measures – NEW***

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 of Treasury's role in reimbursing the local units will provide the department the ability to establish the technical and administrative support needed to ensure the payment information provided is accurate and timely.

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

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

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 949a. City Income Tax Administration Performance Measures – NEW**

Specifies that the department shall identify specific outcomes and performance measures for the administration of the city income tax program. Provides example of performance metric/outcome stating that the Department of Treasury shall track and reduce fraudulent returns by expanding compliance and enforcement services which will benefit Michigan cities by allowing the taxpayer to e-file the city return as part of the state return.

### **Sec. 949b. Operations Information Technology Services and Projects Performance Measures – NEW**

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. 949c. Financial Review Commission Performance Measures – NEW**

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. 949d. State Essential Services Assessment Program – NEW**

Specifies the purpose of the new program is to provide the department with the ability to collect the new state essential services assessment which is a phased in replacement of locally collected personal property taxes on eligible manufacturing personal property.

### **Sec. 949e. Tobacco Tax Revenue Distribution Appropriation Authorization – NEW**

Requires revenue received under the tobacco products act related to Wayne County to be appropriated and distributed as required under the act.

## **REVENUE SHARING**

### **Sec. 952. City, Village, and Township Revenue Sharing – REVISED**

Specifies distribution of \$248.8 million to all cities, villages, and townships (CVTs) with a population of 7,500 or more by providing the greater of a 3.05% increase over its FY 2013-14 payment or a per capita payment of \$2.65. CVTs with a population below 7,500 that were eligible for an Economic Vitality Incentive Program (EVIP) payment in FY 2013-14 would be eligible to receive a 3.05% increase from their FY 2013-14 EVIP payment. 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 eliminate per capita distribution option, thereby eliminating 101 townships that were added as new recipients in FY 2014-15. Includes new subsection that would allow payments to counties to be withheld if a county is more than three months delinquent in maintaining county child care fund or state ward board and care chargeback obligations pursuant to Section 5 of the Youth Rehabilitation Services Act.

### **Sec. 957. County Revenue Sharing Increased Funding Statement of Purpose – NEW**

Specifies that the increased funds for county revenue sharing are to provide the maximum amount of funding to eligible counties.

### **Sec. 958. Statewide Online Financial Accountability Reporting System – DELETED**

Requires department to work with DTMB to issue an RFP for a statewide online financial accountability reporting system accessible to the general public that displays local government audit data.

## **LOTTERY**

### **Sec. 963. Department of Human Services Bridge Cards – DELETED**

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

### **Sec. 964. Promotion and Advertising Appropriation – NEW**

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising.

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
TREASURY - MICHIGAN STRATEGIC FUND**



**Analyst: Ben Gielczyk**

	<b>FY 2014-15 Year-to-Date as of 2/11/15</b>	<b>Proposed FY 2014-15 Adjustments</b>	<b>Adjusted FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 Executive Recommendation</b>	<b>Change: FY 2015-16 vs. FY 2014-15 Adjusted</b>	
					<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	627,370,300	0	627,370,300	627,305,000	(65,300)	(0.0)
<b>Local</b>	4,433,500	0	4,433,500	4,433,500	0	0.0
<b>Private</b>	5,654,900	0	5,654,900	5,649,000	(5,900)	(0.1)
<b>Restricted</b>	142,678,700	0	142,678,700	142,588,000	(90,700)	(0.1)
<b>GF/GP</b>	244,642,500	(22,000,000)	222,642,500	226,607,000	3,964,500	1.8
<b>Gross</b>	<b>\$1,024,779,900</b>	<b>(\$22,000,000)</b>	<b>\$1,002,779,900</b>	<b>\$1,006,582,500</b>	<b>\$3,802,600</b>	<b>0.4</b>
<b>FTEs</b>	756.0	0.0	756.0	756.0	0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**Overview**

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

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Business Attraction and Community Revitalization**

Increases by \$1.2 million Gross (\$10.0 million GF/GP) to support Business Attraction and Community Revitalization. FY 2014-15 mid-year negative supplemental (HB 4112) removed \$10.0 million GF/GP and shifted \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund from Entrepreneurship Eco-System to this line item for a net reduction of \$2.2 million GF/GP to the line item. FY 2015-16 Executive Recommendation shifts \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund back to Entrepreneurship Eco-System and restores \$10.0 million GF/GP. Shifts \$1.0 million 21<sup>st</sup> Century Jobs Trust Fund to Pure Michigan. \$17.9 million of total funding is considered one-time appropriations.

	<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>Gross</b>	<b>\$127,800,000</b>	<b>\$1,200,000</b>
Restricted	28,800,000	(8,800,000)
GF/GP	\$99,000,000	\$10,000,000

**2. Entrepreneurship Eco-System**

Increases by \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund. FY 2014-15 mid-year negative supplemental (HB 4112) shifted \$7.8 million 21<sup>st</sup> Century Jobs Trust Fund to the Business Attraction and Community Revitalization to mitigate GF/GP reductions in that line item. FY 2015-16 Executive Recommendation shifts \$7.8 million back to Entrepreneurship Eco-System.

<b>Gross</b>	<b>\$17,200,000</b>	<b>\$7,800,000</b>
Restricted	17,200,000	7,800,000

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>3. Pure Michigan</b>	<b>Gross</b>	<b>\$29,000,000</b>	<b>\$1,000,000</b>
Shifts \$1.0 million 21 <sup>st</sup> Century Jobs Trust Fund from Business Attraction and Community Revitalization to increase support Pure Michigan. Funding would support enhanced international marketing, update Pure Michigan commercials, and upgrade the Pure Michigan website.	Restricted	29,000,000	1,000,000
<b>4. Film Incentives</b>	<b>Gross</b>	<b>\$38,000,000</b>	<b>\$12,000,000</b>
Increases by \$12.0 million GF/GP for a total of \$50.0 million GF/GP. FY 2014-15 mid-year negative supplemental (HB 4112) reduced film incentives by \$12.0 million. FY 2015-16 Executive Recommendation restores the reduction. \$25.0 million of total funding is considered one-time appropriations.	GF/GP	\$38,000,000	\$12,000,000
<b>5. One-Time Appropriations</b>	<b>Gross</b>	<b>\$17,750,000</b>	<b>(\$17,750,000)</b>
Removes \$17.8 million GF/GP in one-time appropriations for various special projects (\$15.8 million GF/GP) and the Automotive, Engineering, and Manufacturing Technology Fund (\$2.0 million GF/GP).	GF/GP	\$17,750,000	(\$17,750,000)
<b>6. Michigan Film Office</b>	<b>Gross</b>	<b>\$891,900</b>	<b>(\$237,100)</b>
Removes \$237,100 GF/GP from Michigan Film Office operations. Statute allows for the capture of 4.0% of film incentive appropriations to support administration thereby eliminating the need for appropriated GF/GP for Michigan Film Office operations.	Restricted	654,800	0
	GF/GP	\$237,100	(\$237,100)
<b>7. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$210,300)</b>
Reflects net cost reduction of \$210,300 Gross (\$48,400 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	Federal	NA	(65,300)
	Private	NA	(5,900)
	Restricted	NA	(90,700)
	GF/GP	NA	(\$48,400)

#### **Major Boilerplate Changes From FY 2014-15**

##### **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

###### **Sec. 980. Michigan State Housing Development Authority Annual Report – DELETED**

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.

###### **Sec. 981. Michigan Broadband Development Authority Report – DELETED**

Requires the department and MSHDA to report on the status of loans entered into by the Michigan Broadband Development Authority.

###### **Sec. 986. Land Bank Fast Track Authority Operations Report – DELETED**

Requires the Land Bank Fast Track Authority to provide a report including a listing of revenue generating activities mitigating or eliminating the need for GF/GP support, a listing of identified barriers to implement the activities, and a timeline for instituting the activities.

###### **Sec. 990. Housing Rehabilitation Task Force – DELETED**

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

##### **MICHIGAN STRATEGIC FUND**

###### **Sec. 1033. Film Incentives Status Report – REVISED**

Requires quarterly reports on the status of the film incentives approved under section 29h of the MSF Act. Revised to remove indirect economic impact, indirect jobs, and indirect investment from the reporting requirement.

###### **Sec. 1034. Business Incubator Program – REVISED**

Requires each of the 10 business incubators that received awards in FY 2012-13 from the Innovation and Entrepreneurship line item to submit a dashboard of indicators to gauge performance. Indicates intent of the legislature that any additional funding be based on performance of the business incubator. Strikes intent language.

## **Major Boilerplate Changes From FY 2014-15**

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

Stipulates that no long-term indebtedness shall be issued by the Michigan Strategic Fund until Michigan State University provides certification that all necessary approvals have been secured and federal funds are available to commence construction of the facility. 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. 1039b. Skilled Trades Training Program Administration – REVISED***

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Revised to include subsection allowing up to \$5.0 million 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.

### ***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, 2015.

### ***Sec. 1043. West Michigan Film Office – DELETED***

Requires \$250,000 of the funds appropriated in part 1 for film incentives to be dedicated to the West Michigan Film Office.

### ***Sec. 1044. Michigan Heritage Restoration Program – DELETED***

Directs distribution of \$600,000 GF/GP supporting the Michigan Heritage Restoration Program. Requires grant funds to support neighborhood organizations designated 501(c)(3) and stipulates that grants shall not exceed \$250,000.

### ***Sec. 1049. Michigan Law Enforcement Officers Memorial Monument Fund – DELETED***

Directs funds appropriated in part 1 for the Michigan Law Enforcement Officers Memorial Monument Fund to be used as match funds. For every \$1.00 raised in private money, \$2.00 is to be distributed from state funds up to a maximum of \$2.0 million.

### ***Sec. 1052. Community College Skilled Trades Equipment Program Debt Service – DELETED***

Stipulates that no long-term indebtedness may be issued by the MSF until the MSF board approves the RFP and guidelines for the Community College Skilled Trades Equipment Program. Specifies that up to \$50.0 million is to be made available for equipment and related investments at community colleges to deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions. States that plans demonstrating collaboration between postsecondary and school districts and ISDs should get additional consideration. Awards to be made by April 1, 2015 through a competitive process. Specifies required proposal requirements for community colleges. Provides guidelines for program and requirements for community colleges participating in program. Provides for the State Budget Director to 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. 1052. Status of Projects Report – NEW***

Requires MSF to provide a report on the status of projects by award recipient in an annual report to the legislature as required in the MSF Act.

### ***Sec. 1057. Aerospace Supplier Development Program – DELETED***

Authorizes the fund to appropriate funds dedicated to Entrepreneurship Eco-System for the Aerospace Supplier Development Program. Provides guidance on the expenditure of funds if granted.

### ***Sec. 1058. Transportation Workgroup – DELETED***

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

### ***Sec. 1059. Pre-College Engineering – DELETED***

Provides for distribution of funds appropriated to a pre-college engineering program in southeast Michigan.

### ***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. 1070. Welfare-to-Work Workgroup – DELETED***

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

### ***Sec. 1071. Business Attraction and Community Revitalization Performance Measures – NEW***

Requires MSF to identify specific outcomes and performance metrics for the one-time funds associated with the program that shall include, but not be limited to, monthly total jobs and private investment for community projects.

**Major Boilerplate Changes From FY 2014-15**

***Sec. 1072. Film Incentive Performance Measures – NEW***

Requires MSF to identify specific outcomes and performance metrics for the one-time funds associated with the program that shall include, but not be limited to, direct jobs created and private investment.