

**FY 2015-16: TOTAL GENERAL GOVERNMENT
Summary: As Reported by House Subcommittee
House Bill 4090 (H-1) Draft 1**



**Analyst: Ben Gielczyk
Perry Zielak**

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	<i>Difference: House From FY 2014-15 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$739,896,100	\$742,192,600	\$742,192,600			2,296,500	0.3
Federal	689,103,500	688,424,100	688,424,100			(679,400)	(0.1)
Local	9,969,700	17,050,900	17,050,900			7,081,200	71.0
Private	6,287,200	6,283,300	6,283,300			(3,900)	(0.1)
Restricted	2,055,023,600	2,054,823,800	2,073,445,800			18,422,200	0.9
GF/GP	1,160,232,700	1,202,374,200	1,123,513,600			(36,719,100)	(3.2)
Gross	\$4,660,512,800	\$4,711,148,900	\$4,650,910,300			(\$9,602,500)	(0.2)
FTEs	7,791.2	7,847.2	7,842.2			51.0	0.7

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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), 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. 211. Budget Stabilization Fund Pay-In – REVISED

Appropriates GF/GP revenue into the Countercyclical Budget and Economic Stabilization Fund (BSF). Executive 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. House revises to appropriate \$95.0 million to BSF. House does not include surplus revenues or lapse funds in BSF pay-in.

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. Executive and House delete section.

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. Executive and House delete section.

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. Executive and House delete section.

Sec. 1301. Anticipated Appropriations – REVISED

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. Executive deletes section. House revises to reflect new fiscal year.

FY 2015-16: ATTORNEY GENERAL
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Perry Zielak

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$27,783,800	\$28,533,900	\$28,533,900			\$750,100	2.7
Federal	9,857,200	9,278,600	9,278,600			(578,600)	(5.9)
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	17,914,200	17,281,700	17,281,700			(632,500)	(3.5)
GF/GP	38,267,100	36,847,400	36,847,400			(1,419,700)	(3.7)
Gross	\$93,822,300	\$91,941,600	\$91,941,600			(\$1,880,700)	(2.0)
FTEs	519.5	524.5	524.5			5.0	1.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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 2014-15 YTD Appropriations

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Sexual Assault Law Enforcement		
<u>Executive</u> 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. <u>House</u> concurs.	FTE Gross GF/GP	0 \$0 \$0
		5.0 \$1,700,000 \$1,700,000
2. Sexual Assault Prosecutions	Gross GF/GP	\$3,000,000 \$3,000,000
<u>Executive</u> 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. <u>House</u> concurs.		(\$3,000,000) (\$3,000,000)
3. Fund Source Adjustments	Gross IDG Federal Restricted	N/A N/A N/A N/A
<u>Executive</u> 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. <u>House</u> concurs.		(\$239,200) 866,400 (543,600) (562,000)
4. Economics	Gross IDG Federal Restricted GF/GP	N/A N/A N/A N/A N/A
<u>Executive</u> includes 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. <u>House</u> concurs.		(\$341,500) (116,300) (35,000) (70,500) (\$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. Executive adds new section. House concurs but revises with adding work and spending plan requirement.

Sec. 320. Sexual Assault Prosecutions – RETAINED

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

FY 2015-16: DEPARTMENT OF CIVIL RIGHTS
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Perry Zielak

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$288,900	\$286,700	\$286,700			(\$2,200)	(0.8)
Federal	2,736,500	2,721,700	2,721,700			(14,800)	(0.5)
Local	0	0	0			0	--
Private	18,700	18,700	18,700			0	0.0
Restricted	151,900	151,900	151,900			0	0.0
GF/GP	13,448,200	12,949,700	12,949,700			(498,500)	(3.7)
Gross	\$16,644,200	\$16,128,700	\$16,128,700			(\$515,500)	(3.1)
FTEs	138.0	135.0	135.0			(3.0)	(2.2)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Unclassified Funding	Gross \$724,700	(\$90,000)
<u>Executive</u> reduces funding by \$90,000 GF/GP that was not utilized by the department. <u>House</u> concurs.	GF/GP \$724,700	(\$90,000)
2. Vacant Public Affairs Position	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$115,000 GF/GP through proposed elimination of a vacant Public Affairs position. <u>House</u> concurs.	Gross \$14,091,800	(\$115,000)
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$115,000)
3. Librarian Position	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$105,000 GF/GP through proposed elimination of a librarian position. <u>House</u> concurs.	Gross \$14,091,800	(\$105,000)
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$105,000)
4. Executive Secretary Position	FTE 124.0	(1.0)
<u>Executive</u> reduces funding by \$90,000 GF/GP through proposed elimination of an executive secretary position. <u>House</u> concurs.	Gross \$14,091,800	(\$90,000)
	IDG 288,900	0
	Federal 2,721,500	0
	Restricted 58,500	0
	GF/GP \$11,022,900	(\$90,000)

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 House Change</u>
5. Economic Adjustments	Gross	N/A
<u>Executive</u> implements 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. <u>House</u> concurs.	IDG	(2,200)
	Federal	(14,800)
	GF/GP	(\$98,500)

Major Boilerplate Changes From FY 2014-15

Sec. 404. Operations Report – RETAINED

Requires the department to report on various details of department operations. Executive deletes. House retains section.

Sec. 405. Federal Complaint Report – RETAINED

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. Executive deletes. House retains section.

FY 2015-16: EXECUTIVE OFFICE
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House	
						From FY 2014-15 YTD Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	0	0	0			0	--
GF/GP	5,916,100	5,916,100	5,916,100			0	0.0
Gross	\$5,916,100	\$5,916,100	\$5,916,100			\$0	0.0
FTEs	88.2	88.2	88.2			0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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.

Major Budget Changes From FY 2014-15 YTD Appropriations

FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
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There are no proposed budget changes for FY 2015-16

Major Boilerplate Changes From FY 2014-15

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

FY 2015-16: LEGISLATURE
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	400,000	400,000	400,000			0	0.0
Restricted	4,109,800	4,192,000	4,192,000			82,200	2.0
GF/GP	127,420,700	131,872,300	131,236,400			3,815,700	3.0
Gross	\$131,930,500	\$136,464,300	\$135,828,400			\$3,897,900	3.0
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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.

Major Budget Changes From FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Legislature Operations	Gross \$131,930,500	\$3,897,900
<u>Executive</u> includes \$4.5 million Gross (\$4.5 million GF/GP) related to increased costs for legislative staff and other operations.	Private 400,000	0
<u>House</u> includes \$3.9 million Gross (\$3.8 million GF/GP) related to increased costs for legislative staff and other operations.	Restricted 4,109,800	82,200
	GF/GP \$127,420,700	\$3,815,799

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 97th Legislature. Executive and House delete section.

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. Executive and House delete section.

FY 2015-16: LEGISLATIVE AUDITOR GENERAL
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
IDG/IDT	\$5,220,700	\$5,392,800	\$5,392,800			\$172,100	3.3
Federal	0	0	0			0	--
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	2,000,800	1,987,600	1,987,600			(13,200)	(0.7)
GF/GP	14,937,300	15,460,100	15,385,400			448,100	3.0
Gross	\$22,158,800	\$22,840,500	\$22,765,800			\$607,000	2.7
FTEs	0.0	0.0	0.0			0.0	--

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Auditor General Operations	Gross	\$22,158,800
<u>Executive</u> includes \$681,700 Gross (\$522,800 GF/GP) related to increased costs for Auditor General staff and other operations.	IDG	5,220,700
<u>House</u> includes \$607,000 Gross (\$448,100 GF/GP) related to increased costs for Auditor General staff and other operations.	Restricted	2,000,800
	GF/GP	\$14,937,300
		\$607,000

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. Executive and House delete section.

FY 2015-16: DEPARTMENT OF STATE
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Perry Zielak

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$20,000,000	\$20,000,000	\$20,000,000			\$0	0.0
Federal	1,460,000	1,460,000	1,460,000			0	0.0
Local	0	0	0			0	--
Private	100	100	100			0	0.0
Restricted	185,985,800	186,635,100	186,635,100			649,300	0.3
GF/GP	17,739,000	17,161,500	17,161,500			(577,500)	(3.3)
Gross	\$225,184,900	\$225,256,700	\$225,256,700			\$71,800	0.0
FTEs	1,593.0	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 March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Credit and Debit Assessment Service Fees	Gross	\$5,000,000	\$1,000,000
<u>Executive</u> increases funding authorization by \$1.0 million state restricted revenue as usage of credit and debit cards by customers increase at branch locations. <u>House</u> concurs.	Restricted	5,000,000	1,000,000
2. Ignition Interlock Program	Gross	\$1,000,000	\$0
<u>Executive</u> 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 (H-1) for FY 2014-15. <u>House</u> concurs.	Restricted	1,000,000	0
3. Departmental Identified Budgetary Savings	Gross	N/A	(\$500,000)
<u>Executive</u> 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). <u>House</u> concurs.	GF/GP	N/A	(\$500,000)
4. Removal of FY 2014-15 One-Time Appropriations	Gross	\$200,000	(\$200,000)
<u>Executive</u> eliminates one-time funding (added through HB 4112 (H-1)) of \$200,000 GF/GP for IT system changes related to the May 2015 transportation ballot proposal. <u>House</u> concurs.	GF/GP	\$200,000	(\$200,000)
5. Election Machine Upgrades	Gross	N/A	\$100
<u>House</u> allocates \$100 for upgrades and replacement of election voting machines.	GF/GP	N/A	\$100

<u>Major Budget Changes From FY 2014-15 YTD Appropriations</u>	<u>FY 2014-15 Year-to-Date (as of 3/12/15)</u>	<u>FY 2015-16 House Change</u>
6. Economics	Gross	N/A
<u>Executive</u> implements 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. <u>House</u> concurs.	Restricted	N/A
	GF/GP	N/A
		(\$228,200)
		(350,700)
		\$122,500

Major Boilerplate Changes From FY 2014-15

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

Requires the Department of State to report on funding expended for the BAM project since its inception. Executive deletes. House retains section.

Sec. 718. Buena Vista Township Branch Office – RETAINED

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

Sec. 722. Bridge Card Work Group – NEW

Requires the department to form a work group with Department of Community Health and the Michigan State Police to investigate methods to deter Bridge Card fraud and report findings by February 1, 2016. House adds as new section.

**FY 2015-16: TECHNOLOGY, MANAGEMENT, AND BUDGET
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1**



Analyst: Perry Zielak

	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	<i>Difference: House From FY 2014-15 YTD</i>	
						<i>Amount</i>	<i>%</i>
IDG/IDT	\$677,193,600	\$678,478,500	\$678,478,500			\$1,284,900	0.2
Federal	7,974,100	7,997,300	7,997,300			23,200	0.3
Local	3,553,700	3,587,700	3,587,700			34,000	1.0
Private	190,400	190,100	190,100			(300)	(0.2)
Restricted	94,322,000	95,771,900	95,771,900			1,449,900	1.5
GF/GP	445,798,500	478,880,800	470,380,800			24,582,300	5.5
Gross	\$1,229,032,300	\$1,264,906,300	\$1,256,406,300			\$27,374,000	2.2
FTEs	2,823.0	2,839.0	2,834.0			11.0	0.4

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Removal of FY 2014-15 One-Time Appropriations	Gross	\$22,522,000	(\$22,522,000)
<u>Executive</u> 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). <u>House</u> concurs.	IDG	7,771,700	(7,771,700)
	GF/GP	\$14,750,300	(\$14,750,300)
2. State Building Authority (SBA) Rent Payments	Gross	\$236,770,600	\$17,800,000
<u>Executive</u> 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 (H-1)). <u>House</u> concurs.	GF/GP	\$236,770,600	\$17,800,000
3. Capital Outlay – Enterprisewide Special Maintenance at State Facilities	Gross	\$20,000,000	\$10,000,000
<u>Executive</u> 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. <u>House</u> increases funding by \$10.0 million GF/GP	IDG	2,000,000	0
	GF/GP	\$18,000,000	\$10,000,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
4. Information Technology Investment Fund	Gross	\$60,500,000	\$7,500,000
<u>Executive</u> 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. <u>House</u> increases funding by \$7.5 million GF/GP and rolls out IT investment project lines.	GF/GP	\$60,500,000	\$7,500,000
5. Motor Vehicle Fleet	Gross	\$67,669,300	\$6,515,500
<u>Executive</u> 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. <u>House</u> concurs.	IDG	67,669,300	6,515,500
6. General Services Technical Adjustments	FTE	324.5	5.0
<u>Executive</u> 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 & 2.0 FTEs), Treasury City Income Tax Operations (\$1.2 million IDG & 2.0 FTEs), and Treasury Personal Property Tax Reform Operations (\$650,000 IDG & 1.0 FTE). <u>House</u> concurs.	Gross	\$90,562,100	\$3,850,000
	IDG	90,562,100	3,850,000
7. Office of Urban Initiatives	FTE	N/A	0.0
<u>Executive</u> 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. <u>House</u> does not include.	Gross	N/A	\$0
	GF/GP	N/A	\$0
8. Information Technology Interdepartmental Grant (IDG) Adjustments	Gross	N/A	(\$2,018,800)
<u>Executive</u> reduces funding by \$2.0 million IDG to align funding of the Information Technology IDGs with adjusted anticipated agency costs. <u>House</u> concurs.	IDG	N/A	(2,018,800)
9. Legal Services	Gross	N/A	\$1,000,500
<u>Executive</u> 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. <u>House</u> establishes funding at \$1.0 million GF/GP.	GF/GP	N/A	\$1,000,500
10. Michigan Public Safety Communications System (MPSCS)	Gross	\$38,359,000	\$1,500,000
<u>Executive</u> 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. <u>House</u> concurs.	Local	2,212,100	0
	GF/GP	\$36,146,900	\$1,500,000
11. Office of Retirement Services - Deferred Compensation Fund	Gross	\$25,983,700	\$1,257,600
<u>Executive</u> 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. <u>House</u> concurs.	Restricted	20,738,900	1,257,600
	GF/GP	\$5,244,800	\$0
12. Civil Service Commission	Gross	\$4,385,800	(\$1,085,800)
<u>Executive</u> reduces funding of \$1.1 million GF/GP to the Civil Service Commission's Information Technology Services and Projects. <u>House</u> concurs.	Federal	1,025,400	0
	Restricted	1,407,800	0
	GF/GP	\$1,952,600	(\$1,085,800)
13. Homeland Security/Cyber Security	Gross	\$8,068,200	\$1,000,000
<u>Executive</u> restores \$1.0 million GF/GP of funding reductions made in Executive Order 2015-5: Homeland Security Initiative/Cyber Security. <u>House</u> concurs.	GF/GP	\$8,068,200	\$1,000,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
14. Procurement Improvement Plan – Category Management Implementation	FTE	91.0	6.0
Executive 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. <u>House</u> concurs.	Gross	\$10,476,400	\$825,000
	IDG	452,900	16,900
	Federal	100	0
	Restricted	4,916,300	329,000
	GF/GP	\$5,107,100	\$479,100
	Gross	\$91,352,000	\$631,700
15. State Emergency Operations Center	IDG	91,352,000	631,700
Executive 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. <u>House</u> concurs.			
16. One-Time Technology Service Funding	Gross	N/A	\$600,000
Executive increases funding by \$600,000 IDG to align agency IT funding costs for the Treasury Business Portal. <u>House</u> concurs.	IDG	N/A	600,000
17. Offset of GF and Restricted Revenue	Gross	N/A	\$0
Executive 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. <u>House</u> concurs.	Restricted	N/A	45,000
	GF/GP	N/A	(\$45,000)
18. Professional Development Funds	Gross	\$1,095,000	\$7,600
Executive increases funding by \$7,600 IDG for adjustments to employer contributions for Professional Development Funds based on negotiated contracts. <u>House</u> concurs.	IDG	1,095,000	7,600
19. Various Technical Adjustments	Gross	N/A	\$478,100
Executive 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. <u>House</u> concurs.	IDG	N/A	493,900
	Restricted	N/A	(12,700)
	GF/GP	N/A	(\$3,100)
20. Capital Outlay Planning Authorizations	Gross	N/A	\$0
Executive 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. <u>House</u> does not include.	GF/GP	N/A	\$0
21. Administrative Services Offsets	Gross	\$17,611,900	\$0
Executive 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. <u>House</u> concurs.	IDG	11,259,200	(694,700)
	Restricted	4,232,500	(87,000)
	GF/GP	\$2,120,200	\$781,700
22. Economics	Gross	N/A	\$34,600
Executive 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. <u>House</u> concurs.	IDG	N/A	(345,500)
	Federal	N/A	23,200
	Local	N/A	34,000
	Private	N/A	(300)
	Restricted	N/A	(82,000)
	GF/GP	N/A	\$405,200

Major Boilerplate Changes From FY 2014-15

Sec. 808a. Building Occupancy; Vacated Space – RETAINED

Bars 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. Executive deletes. House retains section.

Major Boilerplate Changes From FY 2014-15

Sec. 809. Computer Contracts – REVISED

Requires DTMB to report revisions that increase or decrease current contracts for computer software development, hardware acquisition, or quality assurance by more than \$500,000. Executive changes reporting to quarterly. House concurs.

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

Requires 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. Executive deletes. House retains section.

Sec. 813.(5) Motor Vehicle Fleet – RETAINED

Promotes use of remanufactured parts. Executive deletes. House retains section.

Sec. 814. Reporting on Information Technology Investment Projects – RETAINED

Requires quarterly status reports and notice when transferring \$500,000 between projects. Executive changes to annual reports and eliminates notice. House retains section without change.

Sec. 814a. Enterprisewide Information Technology Investment Projects – NOT INCLUDED

Explains purpose of the enterprisewide IT investment projects. Executive adds new section. House did not include.

Sec. 815. Energy Savings Performance Contracts – DELETED

Requires 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. Executive deletes. House concurs.

Sec. 816. Privatization RFPs – RETAINED

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

Sec. 817. Call Center Locations – RETAINED

Authorizes DTMB to require a contractor providing state call center services to disclose to callers the location from which services are being provided. Executive deletes. House retains section.

Sec. 821. Space Consolidation Plan – RETAINED

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

Sec. 822. Report on Unclassified Salaries – REVISED

Required a report on individual appointee and unclassified employee salaries by January 1. Executive deletes. House retains and revises to add electronic and online posting requirement.

Sec. 822f. Fees and Rates Charged to State Agencies – RETAINED

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

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. Executive deletes. House concurs.

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. Executive deletes. House concurs.

Sec. 824. Spatial Information and Technical Services – RETAINED

Authorizes DTMB to receive and expend funds for supplying spatial information and technical services to other state departments, local units of government, and other organizations; requires report of fund sources and expenditures. Executive eliminated report requirement. House retains report requirement.

Sec. 827.(4) Michigan Public Safety Communications System (MPSCS) – RETAINED

Requires report of receipts and expenditures for each six-month period of the fiscal year. Executive deletes. House retains section.

Sec. 828. IT-Related Appropriations and Expenditures – RETAINED

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

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

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

Sec. 830. IT Contract Change Orders – RETAINED

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

Major Boilerplate Changes From FY 2014-15

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

Provides for administration and expenditure of ICT innovation fund created under prior-year budget acts. Executive deletes. House retains section.

Sec. 832. Child Support Enforcement System – RETAINED

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. Executive deletes. House retains section.

Sec. 836. Cloud Computing – DELETED

Requires 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. Executive deletes. House concurs.

Sec. 840. Online Citizens Guide – DELETED

Required DTMB to issue RFP for publicly accessible statewide online citizens guide. Executive deletes. House concurs.

Sec. 862. Required Reports – RETAINED

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. Executive deletes. House retains section.

Sec. 866. State Building Authority (SBA) Leases – RETAINED

Expressed legislative approval for execution of SBA leases for SBA-financed construction. Executive deletes. House retains section.

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. Executive adds as new section. House concurs.

Sec. 890. Regional Prosperity Initiative – REVISED

Provides guidelines for the Regional Prosperity Initiative. Executive changed to Sec. 822d., makes various minor changes. House concurs.

Sec. 891. Litigation Fund – REVISED

Requires itemized report on litigation fund expenditures. Executive deletes. House retains and revises to legal services fund.

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

Prohibits 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. Executive deletes. House concurs.

Sec. 896. Farnum Building – DELETED

Requires 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. Executive deletes. House concurs.

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. Executive deletes. House concurs.

FY 2015-16: DEPARTMENT OF TREASURY
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$9,409,100	\$9,500,700	\$9,500,700			\$91,600	1.0
Federal	39,705,400	39,661,500	39,661,500			(43,900)	(0.1)
Local	1,982,500	9,029,700	9,029,700			7,047,200	355.5
Private	23,100	25,400	25,400			2,300	10.0
Restricted	1,607,860,400	1,606,215,600	1,624,837,600			16,977,200	1.1
GF/GP	274,063,300	276,679,300	274,929,300			866,000	0.3
Gross	\$1,933,043,800	\$1,941,112,200	\$1,957,984,200			\$24,940,400	1.3
FTEs	1,873.5	1,911.5	1,911.5			38.0	2.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (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), 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 FY 2014-15 YTD Appropriations	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
1. Constitutional Revenue Sharing	Gross	\$758,272,400
<u>Executive</u> 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. <u>House</u> concurs.	Restricted	758,272,400
		\$30,224,600
		30,224,600
2. City, Village, and Township Revenue Sharing	Gross	\$248,840,000
<u>Executive</u> 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. <u>House</u> concurs with funding level but revises distribution method by reducing CVT revenue sharing to the city of Detroit by \$5.8 million and shifting funding to all other CVTs that received CVT revenue sharing in FY 2014-15 and maintaining FY 2014-15 funding levels for those CVTs (See Sec. 952 of boilerplate).	Restricted	248,840,000
		(\$5,800,000)
		(5,800,000)

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. County Revenue Sharing/County Incentive Program	Gross	\$211,200,000	\$3,500,000
<u>Executive</u> 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. <u>House</u> concurs.	Restricted	211,200,000	3,500,000
4. Financially Distressed Cities, Villages, and Townships	Gross	\$8,000,000	(\$3,000,000)
<u>Executive</u> 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. <u>House</u> concurs.	Restricted	8,000,000	(3,000,000)
5. Payments in Lieu of Taxes	Gross	\$21,174,900	\$4,919,200
<u>Executive</u> 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 would increase from \$3 to \$4 per acre in FY 2015-16 per statute. <u>House</u> concurs.	Private	23,100	2,300
	Restricted	4,482,500	448,400
	GF/GP	\$16,669,300	\$4,468,500
6. Debt Service	Gross	\$152,395,000	\$4,054,000
<u>Executive</u> 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. <u>House</u> concurs.	GF/GP	\$152,395,000	\$4,054,000
7. City Income Tax Administration Program	FTE	NA	24.0
<u>Executive</u> 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 in the future. Transfers additional 26.0 FTEs from Tax Processing to support program. <u>House</u> concurs.	Gross	NA	\$7,050,000
	Local	NA	7,050,000
8. Personal Property Tax Reform Administration	FTE	NA	9.0
<u>Executive</u> 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. <u>House</u> concurs.	Gross	NA	\$3,345,000
	GF/GP	NA	\$3,345,000
9. Financial Review Commission	FTE	NA	8.0
<u>Executive</u> 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. <u>House</u> concurs.	Gross	NA	\$2,000,000
	GF/GP	NA	\$2,000,000
10. Financial Independence Teams	Gross	\$2,250,000	\$0
<u>Executive</u> increases by \$1.8 million GF/GP to restore a portion of the FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) reduction of \$2.3 million GF/GP to the program. <u>House</u> does not include.	GF/GP	\$2,250,000	\$0
11. Treasury Online Business Portal	Gross	NA	\$2,600,000
<u>Executive</u> 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. <u>House</u> concurs.	GF/GP	NA	\$2,600,000
12. Casino Gaming Legal Affairs and Gaming Regulation	FTE	NA	12.0
<u>Executive</u> 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. <u>House</u> concurs.	Gross	NA	\$514,100
	Restricted	NA	514,100

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
13. Lottery Promotion and Advertising			
<u>Executive</u> 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. <u>House</u> does not include. Retains FY 2014-15 funding level appropriated in line item.	Gross	\$18,622,000	\$0
	Restricted	18,622,000	0
14. Contractual Services, Supplies, and Materials Reductions			
<u>Executive</u> 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 (H-1) 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. <u>House</u> concurs.	Gross	NA	(\$300,000)
	GF/GP	NA	(\$300,000)
15. Fund Source Revenue Adjustments			
<u>Executive</u> includes net reduction of \$3.3 million Gross (\$0 GF/GP) to align appropriation 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. <u>House</u> concurs.	Gross	NA	(\$3,264,500)
	IDG	NA	102,300
	Restricted	NA	(3,366,800)
16. One-Time Appropriations			
<u>Executive</u> 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 (H-1) (\$10.0 million GF/GP), Driver Responsibility Fee Phase Out Administrative Costs included in HB 4112 (H-1) (\$550,000 Restricted), Transportation Ballot Proposal IT included in HB 4112 (H-1) (\$1.0 million GF/GP), Gaming Control Board IT Replacement included in HB 4112 (H-1) (\$3.0 million Restricted), and Fraud Prevention Services included in HB 4112 (H-1) (\$1.6 million Restricted). <u>House</u> concurs.	FTE	15.0	(15.0)
	Gross	\$39,650,000	(\$20,350,000)
	Restricted	5,150,000	(5,150,000)
	GF/GP	\$34,500,000	(\$15,200,000)
17. Economic Adjustments			
<u>Executive</u> includes 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. <u>House</u> concurs.	Gross	NA	(\$552,000)
	IDG	NA	(10,700)
	Federal	NA	(43,900)
	Local	NA	(2,800)
	Restricted	NA	(393,100)
	GF/GP	NA	(\$101,500)

Major Boilerplate Changes From FY 2014-15

Executive Boilerplate Deletions

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

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. House revises to include language stating legislative intent that contingency fee unclaimed property audits be eliminated for Michigan-based businesses.

Major Boilerplate Changes From FY 2014-15

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. Executive revises to require the Department of Treasury to conduct an audit of minimum assessing requirements reviews for each county. House revises reference to 14-point review to Audit of Minimal Assessing Requirements.

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. Executive includes as new section. House concurs.

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. Executive and House delete section.

Sec. 949a. 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'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. Executive includes as new section (Sec. 20-949). House concurs.

Sec. 949b. 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 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. Executive includes as new section (Sec. 20-949a). House concurs.

Sec. 949c. 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. Executive includes as new section (Sec. 20-949b). House concurs.

Sec. 949d. 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. Executive includes as new section (Sec. 20-949c). House concurs.

Sec. 949e. 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. Executive includes as new section (Sec. 20-949d). House concurs.

Sec. 949f. 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. Executive includes as new section (Sec. 20-949e). House concurs.

Major Boilerplate Changes From FY 2014-15

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. Executive revised to eliminate per capita distribution option, thereby eliminating 101 townships that were added as new recipients in FY 2014-15. Includes new subparagraph 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. House revises by reducing the eligible payment for the city of Detroit by \$5.8 million. CVTs that were eligible for a CVT Revenue Sharing payment in FY 2014-15 would be eligible to receive 100% of their FY 2014-15 eligible payment. House revises Executive language on new subparagraph allowing 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 by specifying that the amount that the county was in arrears would be the maximum amount withheld. House also included language specifying that a county would be deemed delinquent upon notification from the state.

Sec. 957. County Revenue Sharing Increased Funding Statement of Purpose – NOT INCLUDED

Specifies that the increased funds for county revenue sharing are to provide the maximum amount of funding to eligible counties. Executive included as new section. House did not include.

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. Executive and House delete section.

LOTTERY

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

Requires Lottery to notify lottery retailers that DHS bridge cards are not to be used to purchase lottery tickets. Executive deleted section. House retained.

Sec. 964. Promotion and Advertising Appropriation – NOT INCLUDED

Appropriates 1% of the Bureau of State Lottery's prior fiscal year's gross sales for promotion and advertising. Executive included as new section. House did not include.

FY 2015-16: MICHIGAN STRATEGIC FUND
Summary: House Subcommittee Chair's Recommendation
House Bill 4090 (H-1) Draft 1



Analyst: Ben Gielczyk

IDG/IDT	FY 2014-15 YTD as of 3/12/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Enacted	Difference: House From FY 2014-15 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	627,370,300	627,305,000	627,305,000			(65,300)	(0.0)
Local	4,433,500	4,433,500	4,433,500			0	0.0
Private	5,654,900	5,649,000	5,649,000			(5,900)	(0.1)
Restricted	142,678,700	142,588,000	142,588,000			(90,700)	(0.1)
GF/GP	222,642,500	226,607,000	158,707,000			(63,935,500)	(28.7)
Gross	\$1,002,779,900	\$1,006,582,500	\$938,682,500			(\$64,097,400)	(6.4)
FTEs	756.0	756.0	756.0			0.0	0.0

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including Executive Order 2015-5 and House Bill 4112). (2) 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 FY 2014-15 YTD Appropriations

1. Business Attraction and Community Revitalization

Executive 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 (H-1)) removed \$10.0 million GF/GP and shifted \$7.8 million 21st 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 21st Century Jobs Trust Fund back to Entrepreneurship Eco-System and restores \$10.0 million GF/GP. Shifts \$1.0 million 21st Century Jobs Trust Fund to Pure Michigan. \$17.9 million of total funding is considered one-time appropriations. House reduces by \$16.7 million Gross (\$8.9 million GF/GP). House does not include one-time funding.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$127,800,000	(\$16,700,000)
Restricted	28,800,000	(7,800,000)
GF/GP	\$99,000,000	(\$8,900,000)

2. Entrepreneurship Eco-System

Executive increases by \$7.8 million 21st Century Jobs Trust Fund. FY 2014-15 mid-year negative supplemental (HB 4112 (H-1)) shifted \$7.8 million 21st 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. House concurs.

	FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
Gross	\$17,200,000	\$7,800,000
Restricted	17,200,000	7,800,000

Major Budget Changes From FY 2014-15 YTD Appropriations		FY 2014-15 Year-to-Date (as of 3/12/15)	FY 2015-16 House Change
3. Pure Michigan	Gross	\$29,000,000	\$0
<u>Executive</u> shifts \$1.0 million 21 st 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. <u>House</u> does not include.	Restricted	29,000,000	0
4. Film Incentives	Gross	\$38,000,000	(\$38,000,000)
<u>Executive</u> 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 (H-1)) reduced film incentives by \$12.0 million. FY 2015-16 <u>Executive</u> Recommendation restores the reduction. \$25.0 million of total funding is considered one-time appropriations. <u>House</u> eliminates film incentives.	GF/GP	\$38,000,000	(\$38,000,000)
5. Special Programs	Gross	NA	\$1,000,000
<u>House</u> includes \$1.0 million GF/GP to support special programs.	GF/GP	NA	\$1,000,000
6. One-Time Appropriations	Gross	\$17,750,000	(\$17,750,000)
<u>Executive</u> 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). <u>House</u> concurs.	GF/GP	\$17,750,000	(\$17,750,000)
7. Michigan Film Office	Gross	\$891,900	(\$237,100)
<u>Executive</u> 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. <u>House</u> concurs.	Restricted	654,800	0
	GF/GP	\$237,100	(\$237,100)
8. Economic Adjustments	Gross	NA	(\$210,300)
<u>Executive</u> includes 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. <u>House</u> concurs.	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 - RETAINED

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

Sec. 981. Michigan Broadband Development Authority Report - RETAINED

Requires the department and MSHDA to report on the status of loans entered into by the Michigan Broadband Development Authority. Executive deletes section. House retains.

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. Executive and House delete section.

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. Executive and House delete section.

MICHIGAN STRATEGIC FUND

Sec. 1033. Film Incentives Status Report - RETAINED

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

Major Boilerplate Changes From FY 2014-15

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. Executive and House strike intent language.

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. Executive and House delete section.

Sec. 1039b. Skilled Trades Training Program Administration - REVISED

Requires the Skilled Trades Training Program to be administered according to specific guidelines outline in boilerplate. Executive revises 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. House concurs.

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

Requires MSF to request not more than 60% of the funds appropriated for Business Attraction and Community Revitalization prior to April 1, 2015. Executive deletes section. House retains.

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. Executive and House delete section.

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. Executive and House delete section.

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. Executive and House delete section.

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. Executive and House delete section.

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. Executive includes as new section. House concurs.

Sec. 1057. Aerospace Supplier Development Program - RETAINED

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. Executive deletes section. House retains.

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. Executive and House delete section.

Sec. 1059. Pre-College Engineering - DELETED

Provides for distribution of funds appropriated to a pre-college engineering program in southeast Michigan. Executive and House delete section.

Sec. 1064. Workforce Development Programs Reporting – NEW

Requires MSF to provide a status report on each discrete workforce development agency program supported by funds appropriated in part 1. House includes as new section.

Major Boilerplate Changes From FY 2014-15

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. Executive and House delete section.

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. Executive and House delete section.

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. Executive includes as new section. House concurs but eliminates reference to “one-time” funds.